



Capital Markets Day

26 September 2019

DISCLAIMER — FORWARD LOOKING STATEMENTS

Financial information relating to Greencore Group plc in this announcement are not statutory financial statements within the meaning of Section 340 of the Companies Act 2014 of Ireland and have been published for the purposes of updating investors on financial performance for the periods referenced in this announcement. The statutory financial statements for the year ended 27 September 2019 have not been prepared or reported on by the statutory auditors, and are expected to be delivered to the Registrar of Companies of Ireland within 28 days of 16 February 2020.

Certain statements made in this document are forward-looking. These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. The Group has based these forward-looking statements on current expectations and projections about future events. These forward-looking statements may generally, but not always, be identified by the use of words such as “will”, “aims”, “anticipates”, “continue”, “could”, “should”, “expects”, “is expected to”, “may”, “estimates”, “believes”, “intends”, “projects”, “targets”, or the negative thereof, or similar expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements.

You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this presentation. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements other than as required by law.

WELCOME

Gary Kennedy



INTRODUCTION

Eoin Tonge



TODAY'S SPEAKERS



Patrick Coveney

*Chief Executive
Officer*



Eoin Tonge

*Chief Financial
Officer*



Peter Haden

*Chief Operating
Officer*



Clare Evans

*Manufacturing
Director*



Kevin Moore

*Chief Commercial
Officer*

TODAY'S AGENDA

08.30 **Welcome & Introduction**
Gary Kennedy & Eoin Tonge

08.45 **Strategy**
Patrick Coveney

09.30 **Business Model**
Peter Haden

10.00 **Q&A Panel**
The leadership team

10.15 **Coffee break & food showcase**

10.45 **Strategy and Model in Action**
Commercial (Kevin Moore) Operations (Clare Evans)

11.55 **Break**

12.00 **Value Creation Model**
Eoin Tonge

12.30 **Final Q&A Panel & Concluding Remarks**
The leadership team

13.00 **Lunch & food showcase**

GREENCORE — SET UP FOR GROWTH



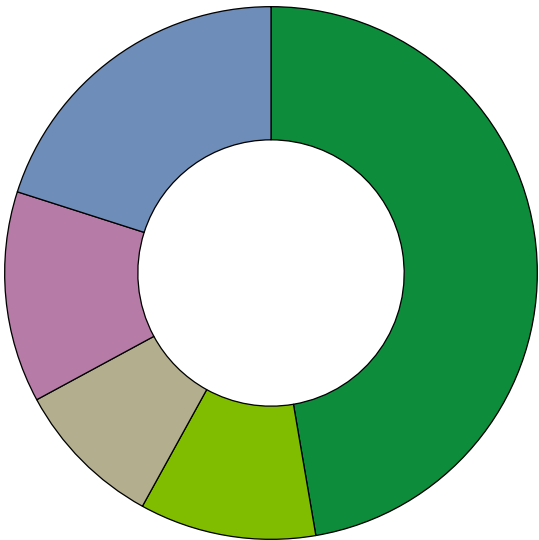
Portfolio weighted towards food to go

Food to go categories

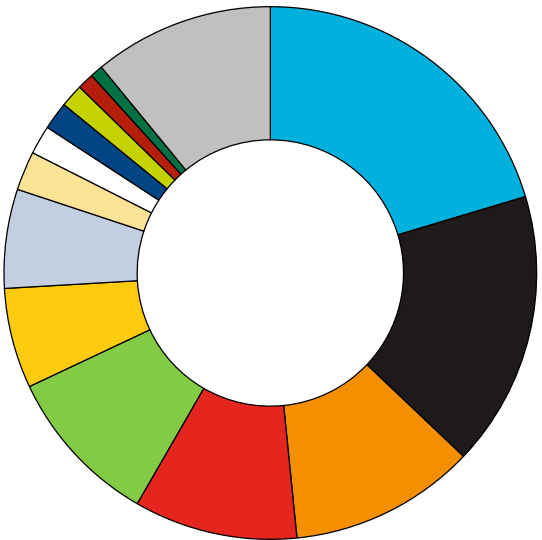
- Sandwiches
- Salads, sushi & chilled snacking
- 3rd party goods distribution

Other convenience categories

- Ready Meals
- Other (inc. Irish ingredients)



Diverse customer base



Source: Company; latest revenue estimated splits post Freshtime acquisition (LE FY19)

GREENCORE — WELL-INVESTED, NATIONWIDE NETWORK WITH CAPACITY FOR GROWTH

FOOD TO GO



13 production units
across 9 locations

- 8 sandwich-focussed units
- 3 salad-focussed units
- 2 sushi-focussed units

OTHER CONVENIENCE CATEGORIES¹



8 production units
across 7 locations

- 3 chilled ready meal units
- 2 chilled soup and sauces units
- 1 chilled quiche unit
- 1 ambient cooking sauces unit
- 1 frozen Yorkshire pudding unit

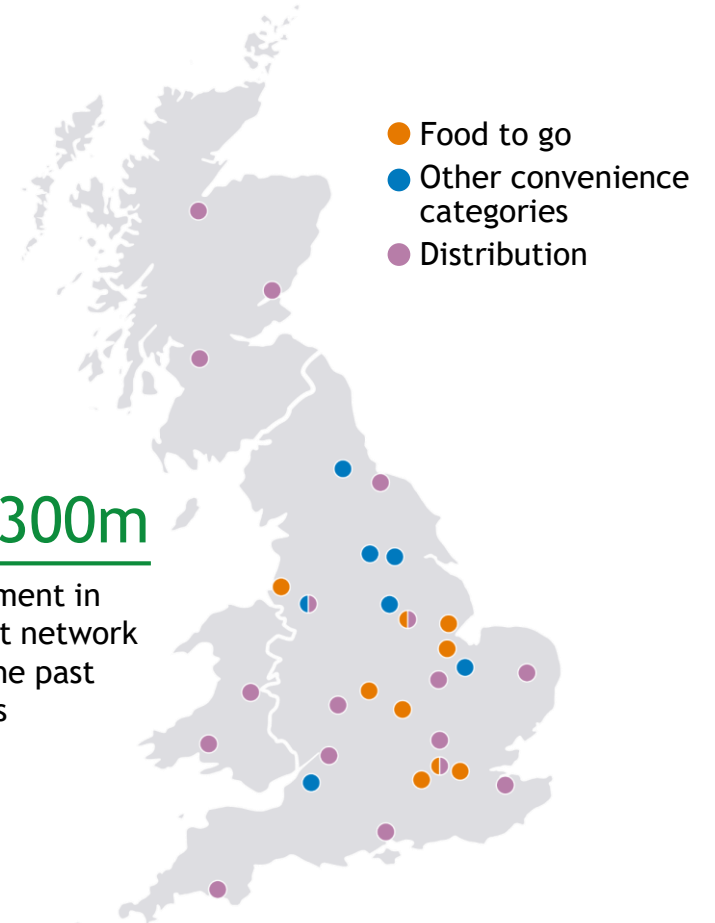
DISTRIBUTION



17 distribution depots

c.£300m

investment in
current network
over the past
5 years



¹ Other convenience categories also includes 2 Irish ingredients businesses

GREENCORE — ATTRACTIVE ECONOMIC MODEL

STRONG FINANCIAL METRICS¹...

Revenue

£1.5bn

Adjusted EBITDA

£140.0m

Adjusted Operating Profit

£104.6m

Adjusted EBITDA margin

9.3%

Adjusted Operating Profit margin

7.0%

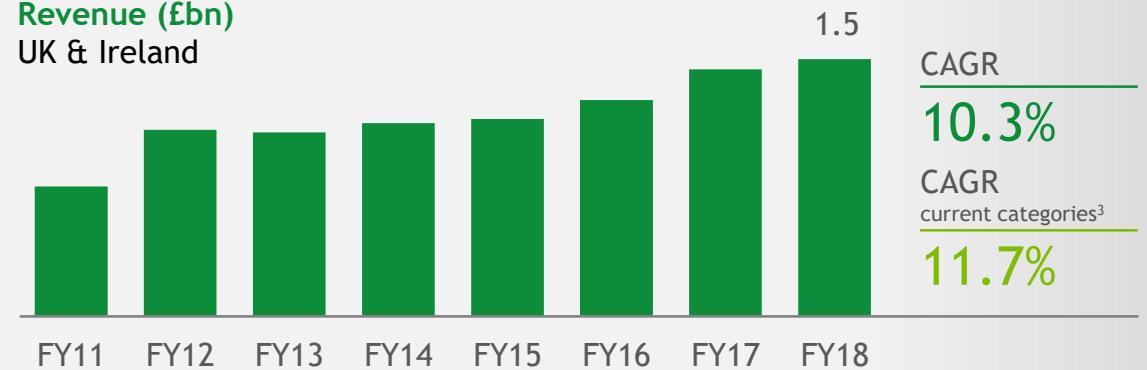
ROIC

15.6%

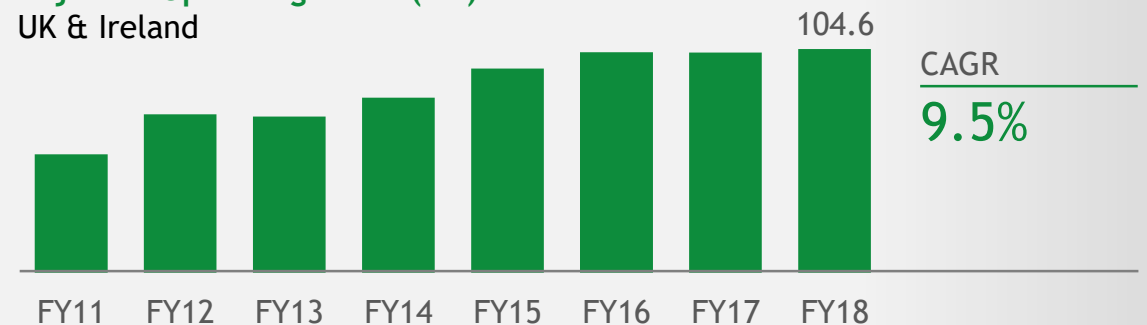
¹ FY18, continuing operations

...WITH A TRACK RECORD OF DELIVERY²

Revenue (£bn)
UK & Ireland



Adjusted Operating Profit (£m)
UK & Ireland



² Continuing operations, excluding US operations: all central costs have been allocated to the UK & Ireland

³ Excludes categories exited in the period

OUR INVESTMENT CASE

MULTIPLE PLATFORMS ON WHICH TO BUILD

Deep customer relationships with mandate to do more

Leadership positions in food to go - the UK's most attractive food category

Network, capability and team set up for future growth

Track record of outperformance with strong margin and returns profile

MEDIUM TERM FINANCIAL AMBITION



MID SINGLE-DIGIT ORGANIC REVENUE GROWTH



HIGH SINGLE-DIGIT ADJUSTED EPS GROWTH



CONVERT HALF OF ADJUSTED EBITDA TO FREE CASH FLOW



MID TEEN ROIC

STRATEGY

Patrick Coveney



GREENCORE — RELEVANT, DISTINCTIVE AND FAST-GROWING

RELEVANT



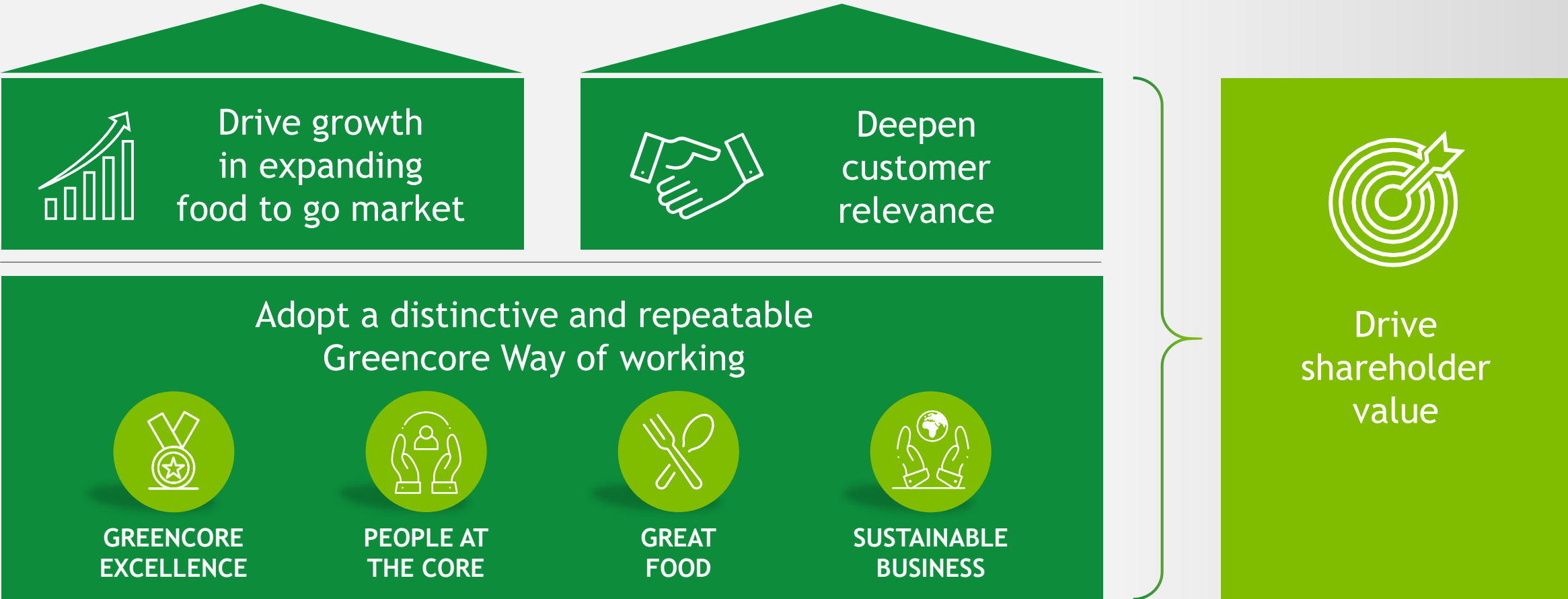
DISTINCTIVE



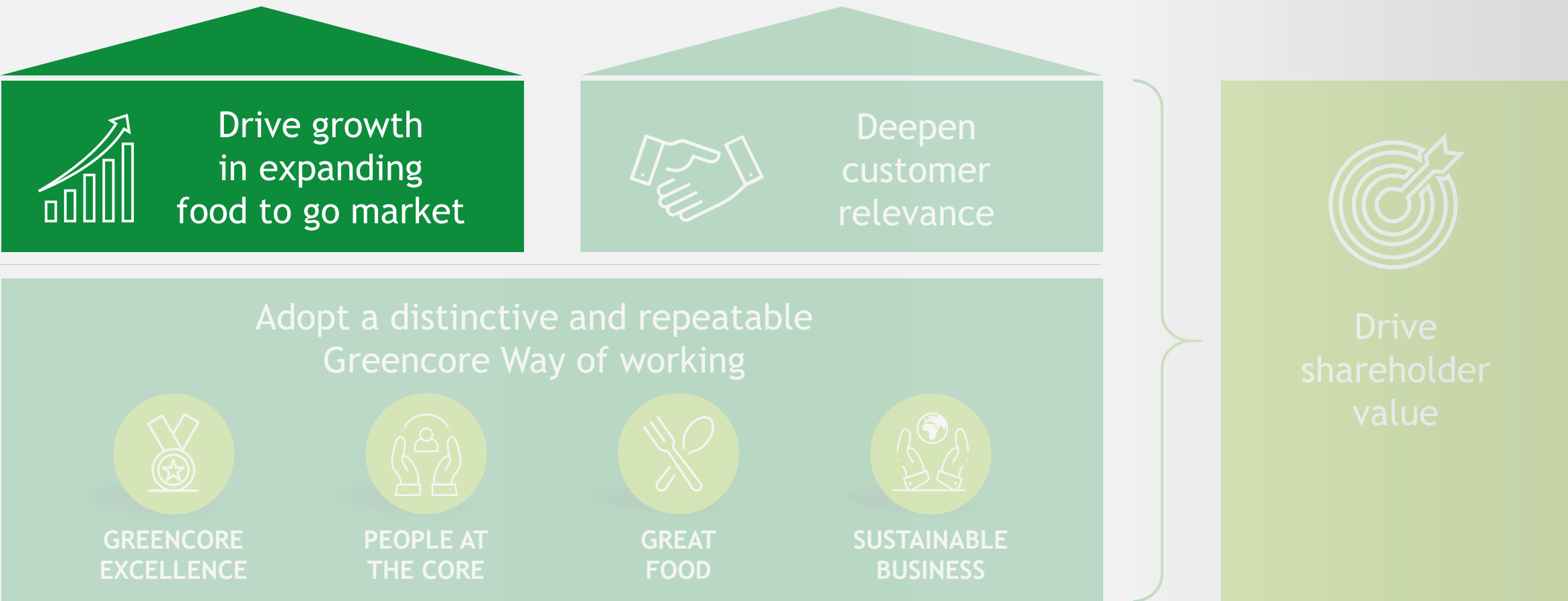
FAST-GROWING



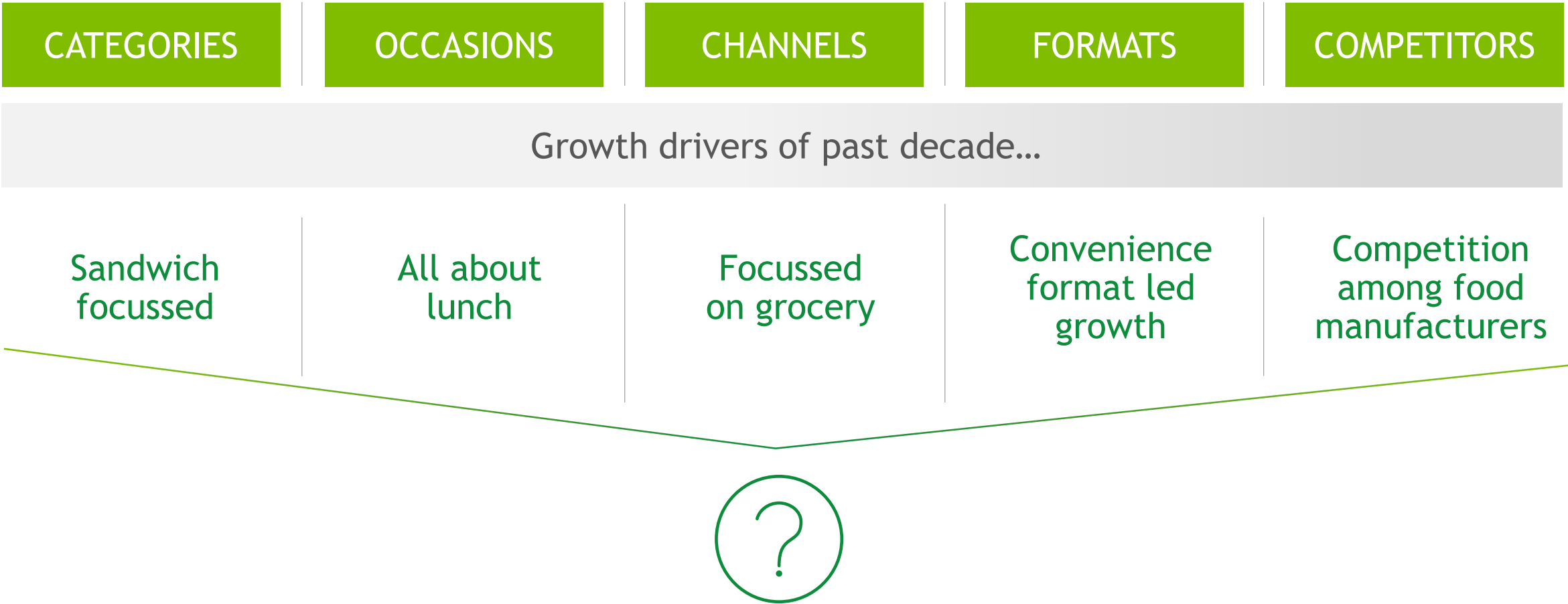
OUR STRATEGY



OUR STRATEGY



DRIVE GROWTH IN EXPANDING FOOD TO GO MARKET



CONSUMER DEMANDS — HEALTH, FRESHNESS, LOCAL SOURCING, SUSTAINABILITY

CATEGORIES

OCCASIONS

CHANNELS

FORMATS

COMPETITORS



FRAGMENTING MEAL TIMES — MUCH MORE THAN LUNCH









CATEGORIES

OCCASIONS

CHANNELS

FORMATS

COMPETITORS

		Need-led moments				% split
		 Grab & Go	 Everyday	 Healthy	 Treat	
Occasion-led moments	 Breakfast	3.1%	2.2%	1.0%	2.3%	8.7%
	 Snack	9.0%	7.5%	3.0%	10.3%	29.8%
	 Lunch	15.5%	8.2%	3.9%	7.6%	35.3%
	 Evening	8.8%	4.9%	2.6%	9.9%	26.2%
%split		36.4%	22.9%	10.6%	30.1%	100.0%

Source: Greencore research (Mealtrak) based on engagement with 36,500 consumers annually

NEW CHANNELS — DISRUPTIVE AND EXISTING PLAYERS OVERLAPPING

CATEGORIES

OCCASIONS

CHANNELS

FORMATS

COMPETITORS



FORMATS — CUSTOMERS NEEDS EVOLVING

CATEGORIES

OCCASIONS

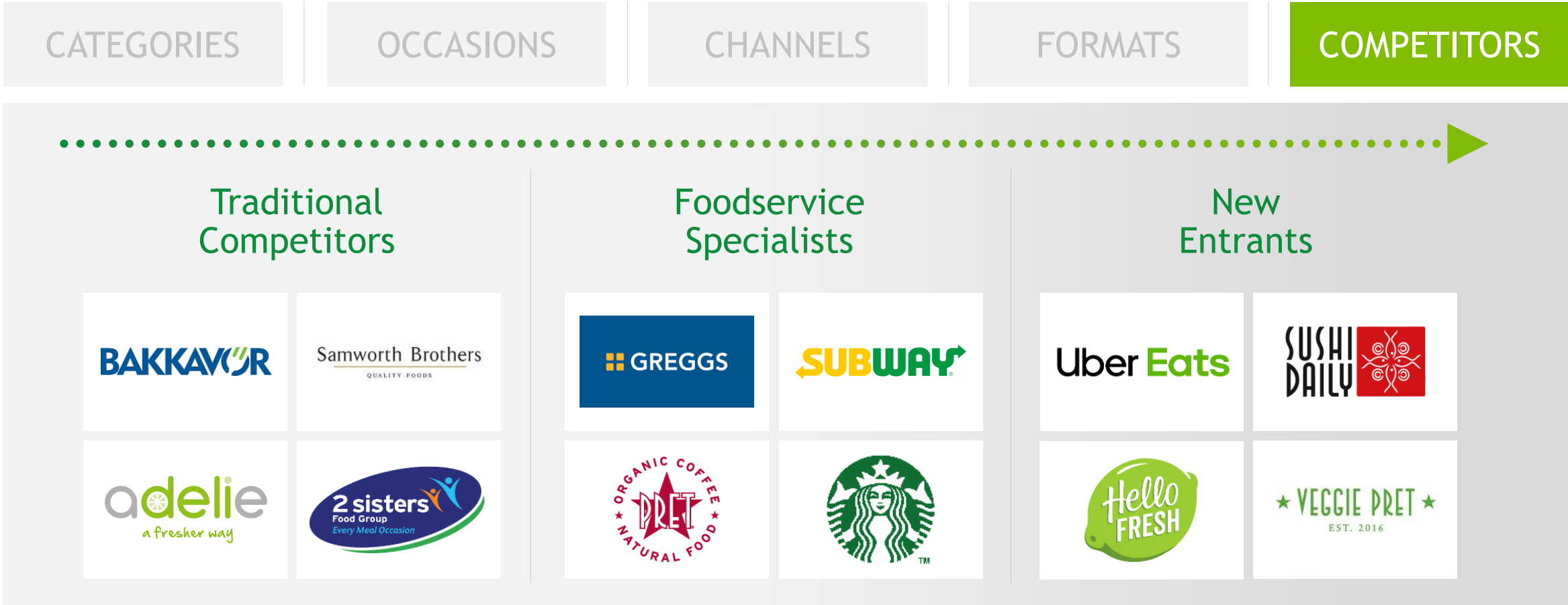
CHANNELS

FORMATS

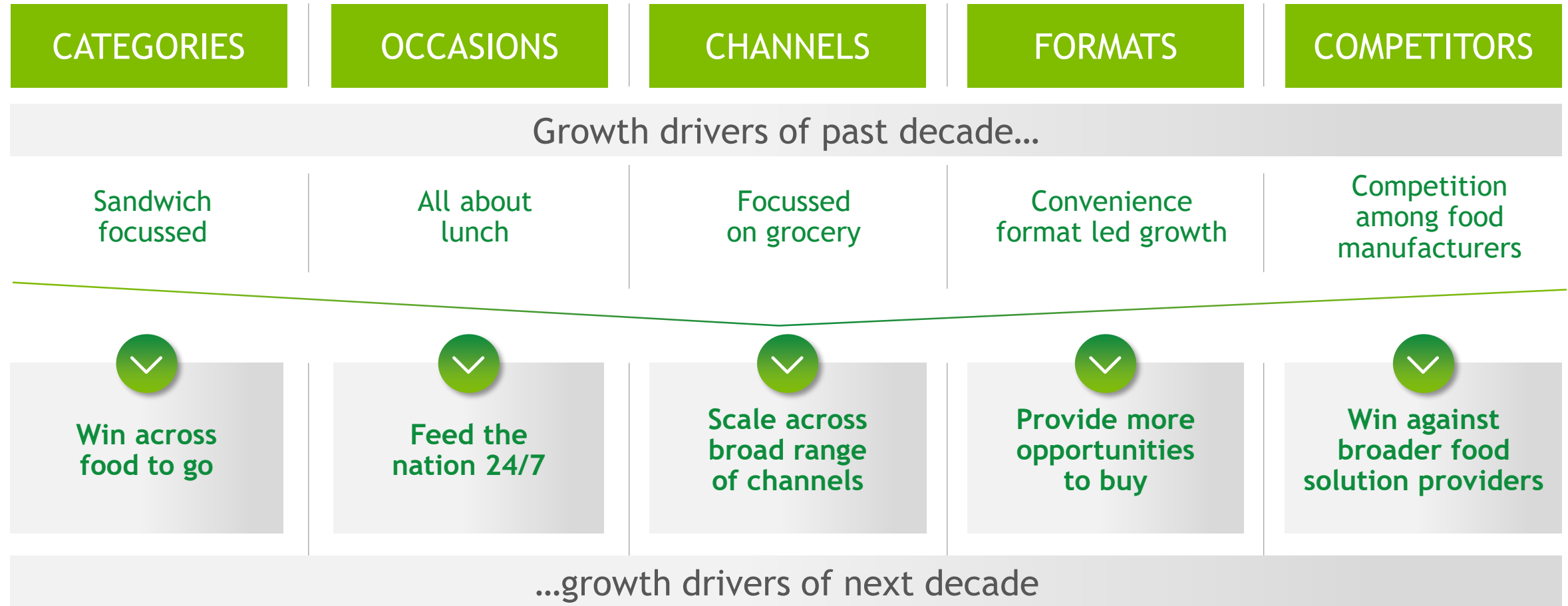
COMPETITORS



COMPETITORS — BLURRING WITH POTENTIAL CUSTOMERS



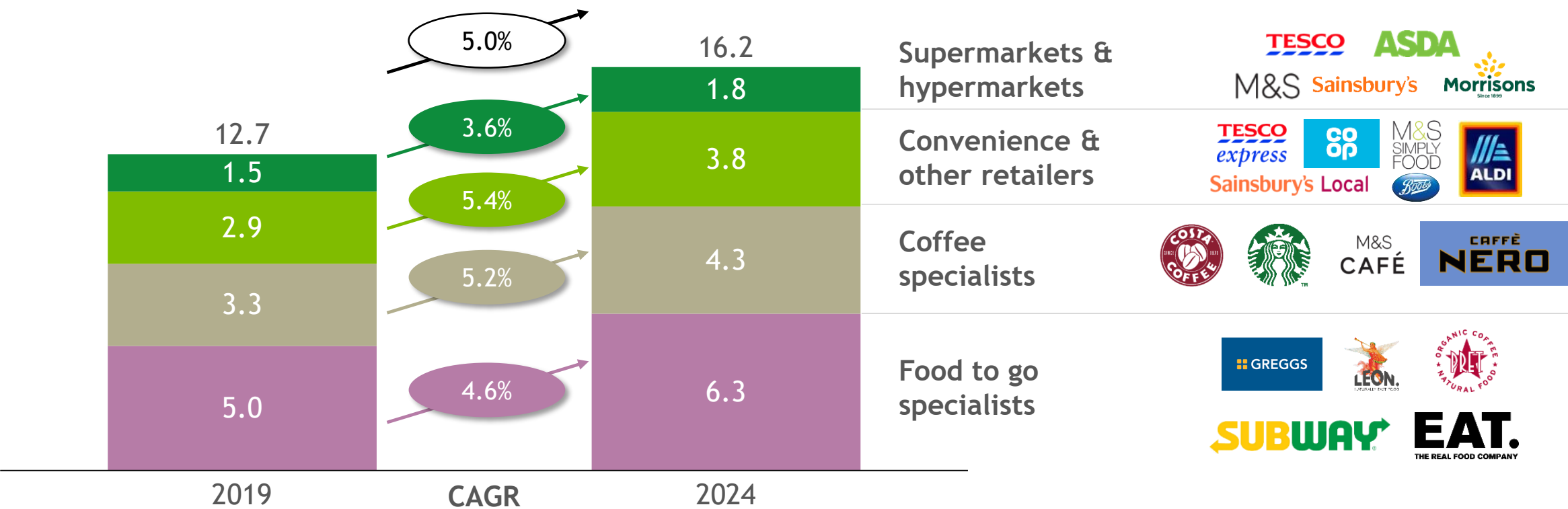
DRIVE GROWTH IN EXPANDING FOOD TO GO MARKET



FOOD TO GO MARKET – DIVERSE, ATTRACTIVE, GROWING



Food to Go market size, by channel: 2019-2024 (RSP, £bn)



Source: IGD UK Food-to-Go 2019, Market landscape and future growth outlook; excludes QSR channel where we have no presence currently

DRIVE GROWTH IN EXPANDING FOOD TO GO MARKET



Drive growth
in expanding
food to go market

BROADENING OUR PRODUCT PROPOSITION

- Drive innovation across core range
- Build scale in expanding food to go categories

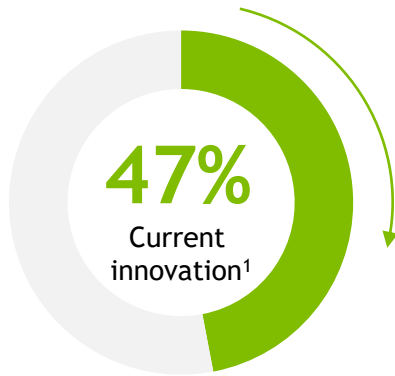
ENABLING CONSUMERS TO BUY MORE

- Make current space work harder
- Expand consumer reach



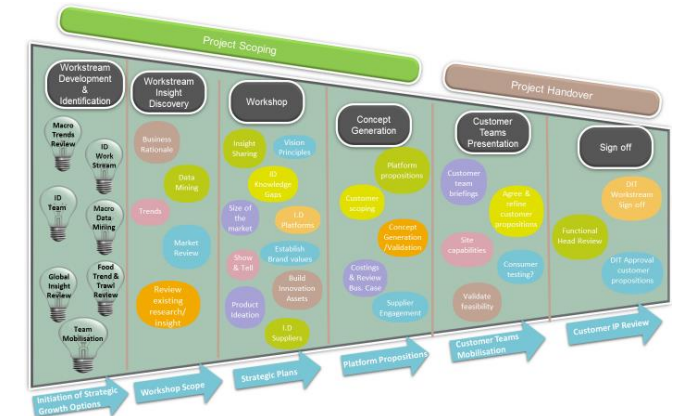
DRIVE INNOVATION ACROSS CORE RANGE

Distinctive approach to innovation



~2,500 products today¹

- Large, diverse innovation and product development teams
- Bespoke research in food to go market
- “California to Cambodia, via Italy”
- Joint approach with customers



Selective examples



¹ Includes Freshtime

BUILD SCALE IN EXPANDING FOOD TO GO CATEGORIES

SCALE-UP IN MEAL SALADS



BROADEN SUSHI OFFER



CAPTURE CHILLED SNACKING GROWTH



EXPLOIT HOT FOOD OPPORTUNITY



MAKE CURRENT SPACE WORK HARDER



Challenge

Solution

'One-size-fits-all'
ranging

- Jointly planned ranging (by format, region and store)
- Unit level pick and distribution

Variable and often
low availability at
end of day

- Joint approach to order management
- Embedded supply chain analytics resource

Product wastage
and discounting

- Technical innovation to extend life
- Supply chain optimisation to maximise time on shelf

EXPAND CONSUMER REACH

Closer to grocery
& convenience
customers



Café and serve-over



Wholesale



Online



Vending / events



D2C



Travel retail

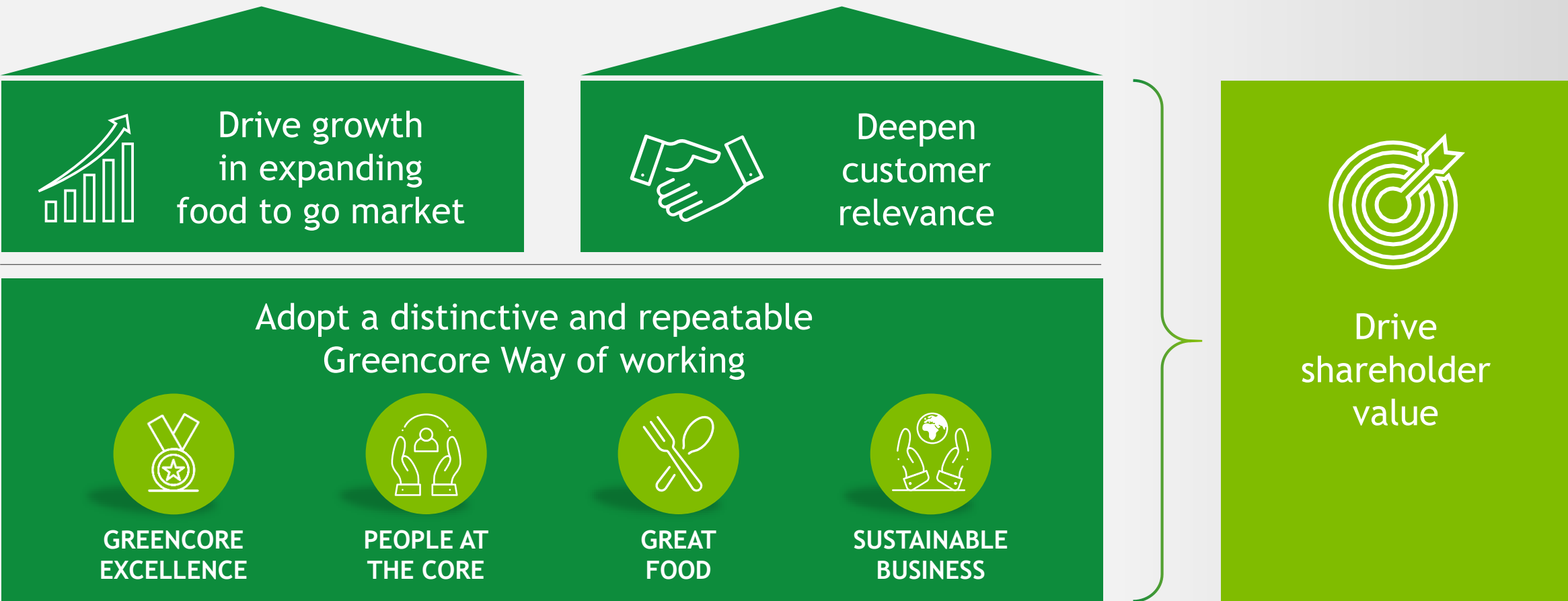
Newer channels
and customers

A STRATEGY TO EXPAND OUR CATEGORY AND CHANNEL REACH



Source: Kantar WorldPanel, 52 weeks 14th July 2019 (Approximated value, RSP); growth rates derived from IGD 'UK Food-to-Go 2019, Market landscape and future growth outlook'

OUR STRATEGY

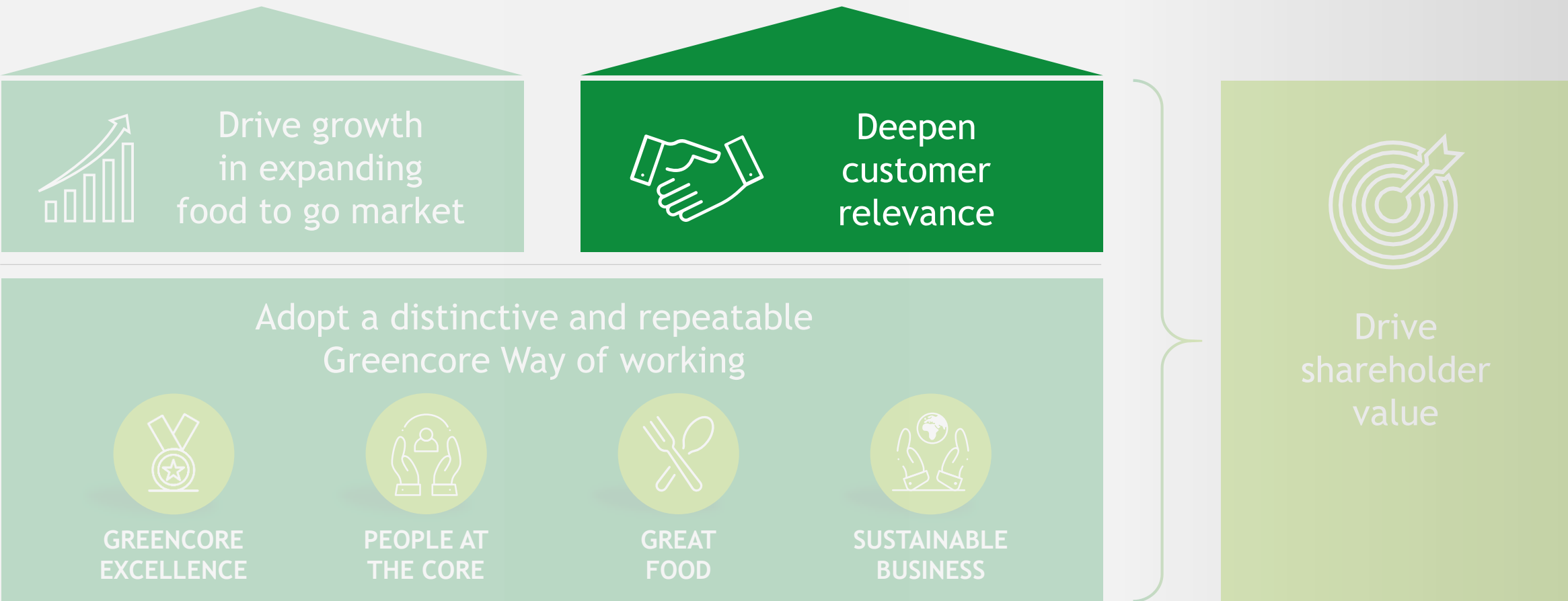


BUSINESS MODEL

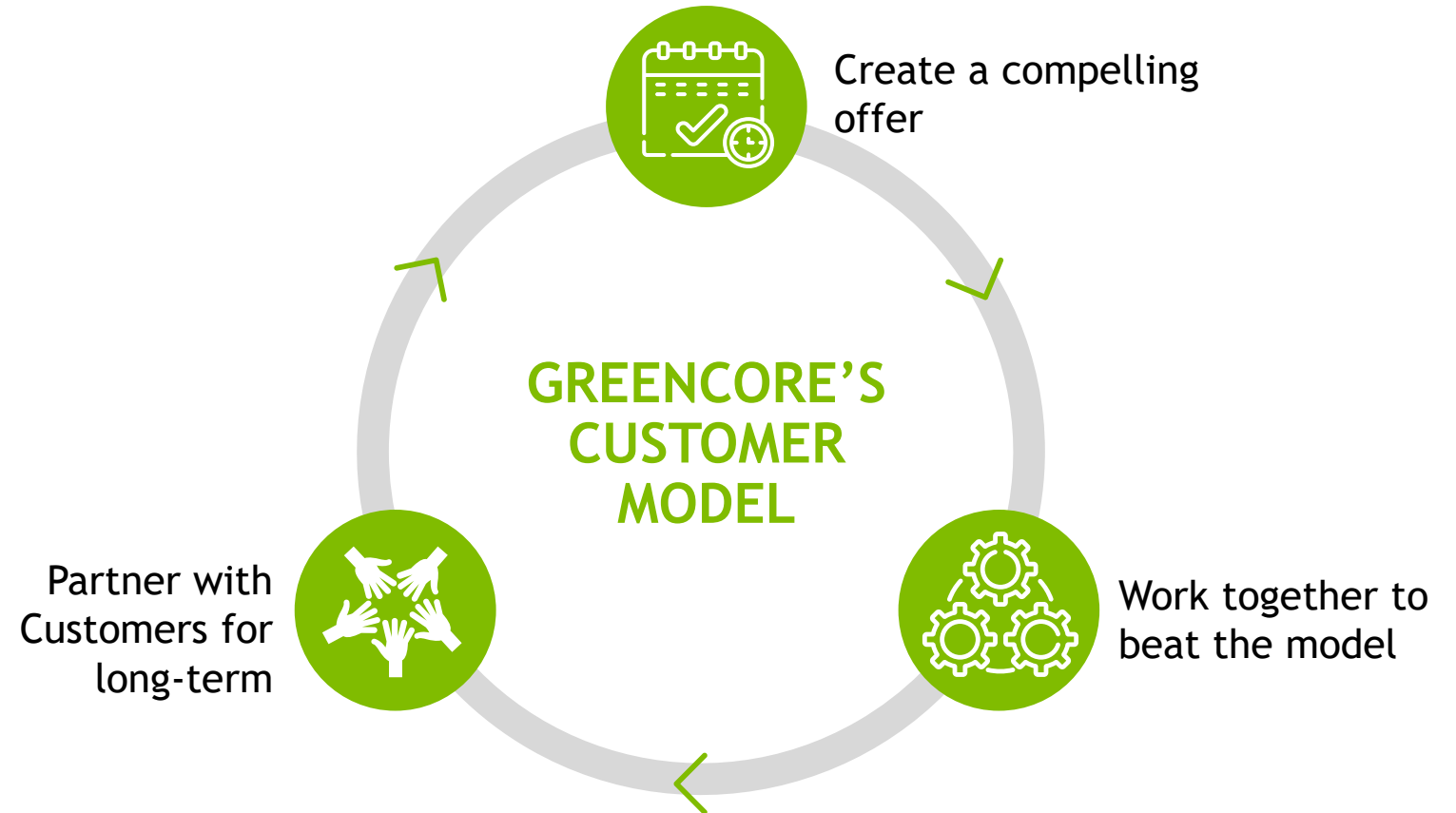
Peter Haden



OUR STRATEGY



DEEPEN CUSTOMER RELEVANCE



DRIVE SHARED RETURNS

SHARED VALUE CHAIN

ENHANCE BUYING AND MANUFACTURING CHOICES



- Optimise recipe design
- Manage cost through the process
- Drive scale and network efficiency

IMPROVE OUR JOINT SUPPLY CHAIN



- Shorten delivery times and cut miles
- Manage demand peaks and troughs
- Reduce waste and discounting

DRIVE RETAIL GROWTH



- Support shared innovation agenda and premiumisation
- Bespoke ranging

ONE BUSINESS MINDSET

INCREASE RELEVANCE AND VALUE THROUGH OUR PORTFOLIO

Deepen customer
relevance



Leverage
capabilities



Build purchasing
scale



Broaden
talent

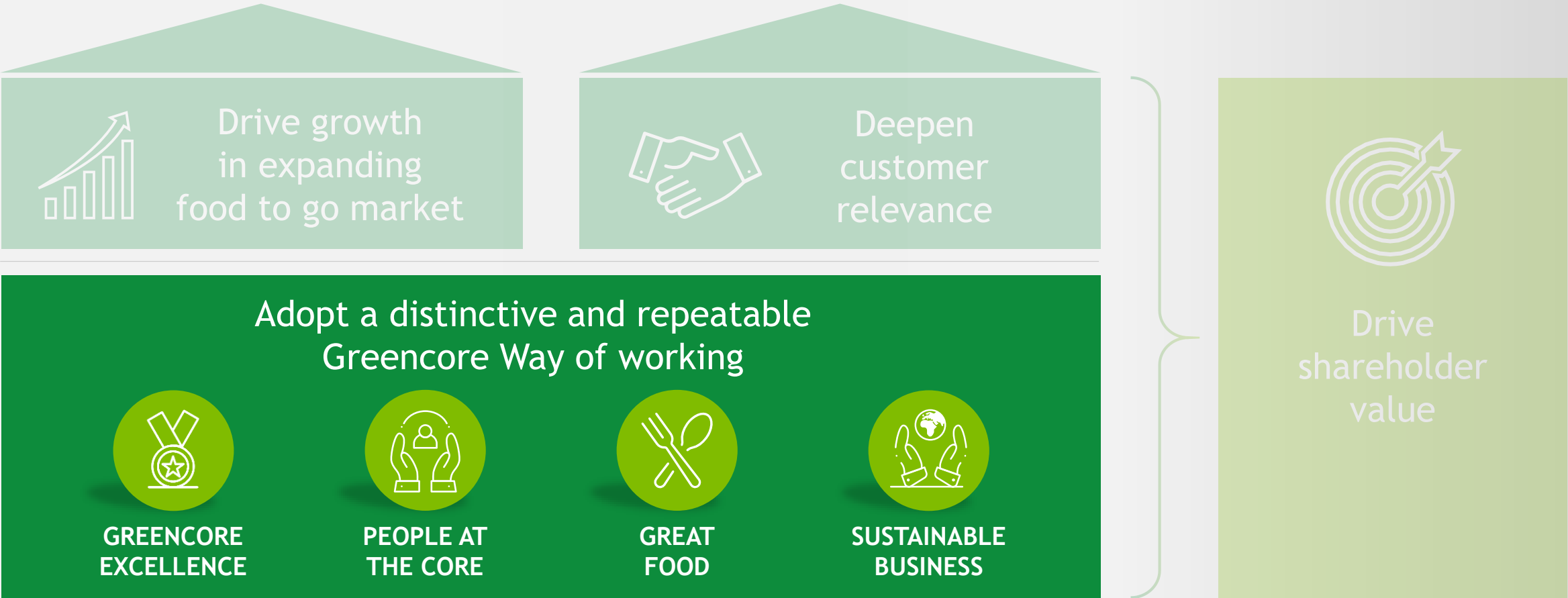


INCREASE RELEVANCE BY DOING MORE WITH CUSTOMERS

SHARED VALUE CHAIN



OUR STRATEGY



GREENCORE EXCELLENCE

BUILDING A DISTINCTIVE AND REPEATABLE WAY OF WORKING



- Strengthen existing capability
- Consistently great
- Builds on external best practice
- Multi-year sustained effort

GREENCORE EXCELLENCE

STEP CHANGING OUR CAPABILITIES IN THREE KEY AREAS



PURCHASING EXCELLENCE

- Analytical breakdown of ingredient costs
- Partnership approach with top suppliers
- New negotiation tools



MANUFACTURING EXCELLENCE

- Consistently excellent operating disciplines
- Bespoke technology to support colleagues
- Experimenting with next wave automation



COMMERCIAL EXCELLENCE

- Bespoke consumer insight and trends research
- Category management to drive growth
- End-to-end resources and toolkit

PEOPLE AT THE CORE

MORE IMPORTANT THAN EVER

FRONT-LINE COLLEAGUES ARE CRITICAL TO OUR BUSINESS

- First line of food safety
- Protects our customer responsiveness
- Direct impact on day to day performance
- Intrinsic to our manufacturing model

EXTERNAL CHANGES TO OUR LABOUR MODEL

- Steady rise in living wage
- Introduction of the apprenticeship levy
- Uncertainty on future immigration policy



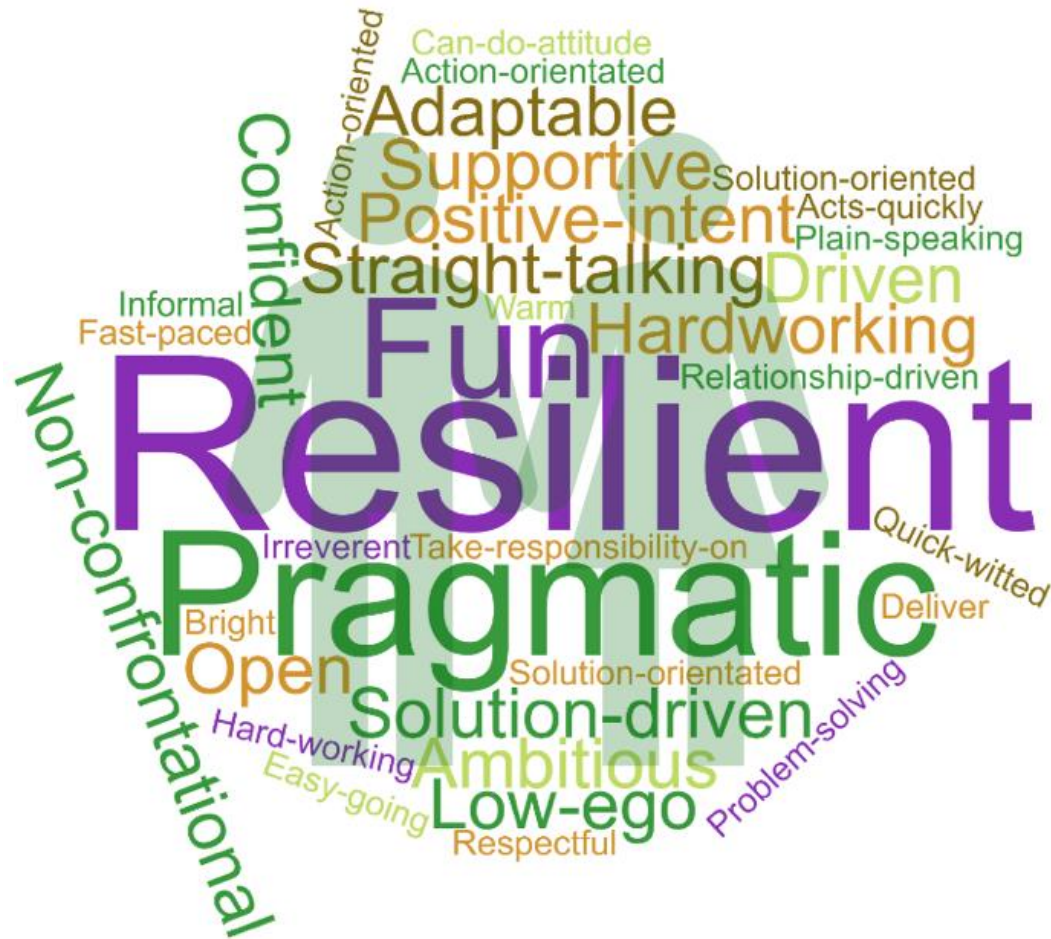
PEOPLE AT THE CORE

INVESTING TO STRENGTHEN OUR MODEL

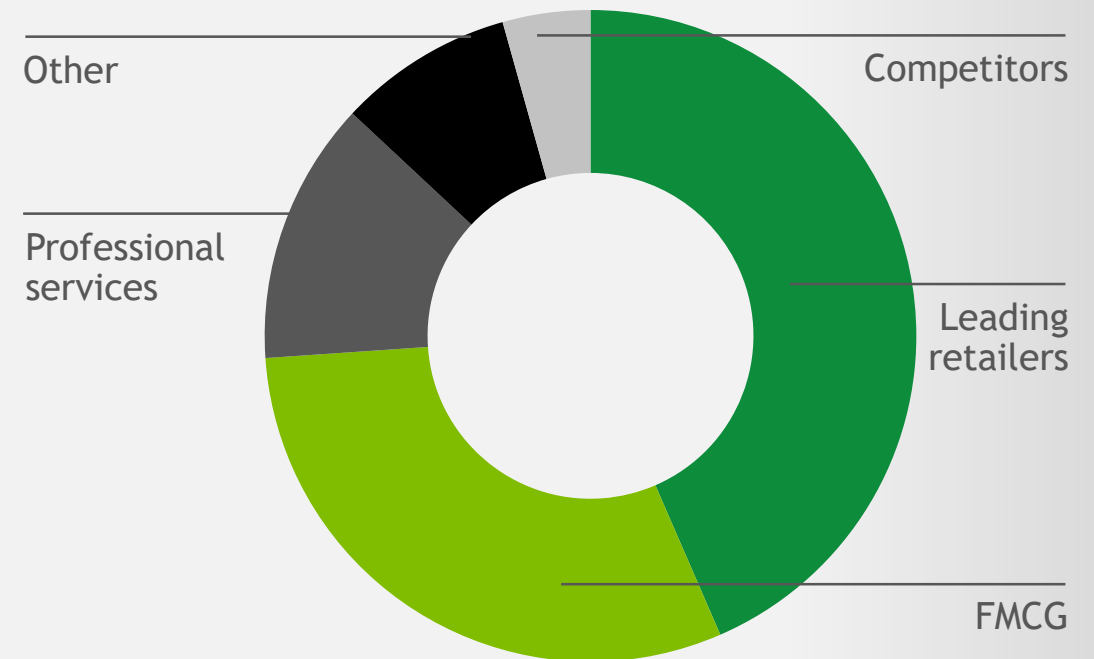
EFFECTIVE WORKFORCE MANAGEMENT

- Adoption of manufacturing excellence
- Commitment to leadership training at all levels
- Bespoke technology to support front-line colleagues
- Building next wave automation
- Exploring new labour model





Most recent job prior to Greencore



GREAT FOOD

LEAD THE INDUSTRY IN FOOD INTEGRITY

- Exceptional team at all levels
- Deep subject matter experts in key ingredients
- Leverage insight into investment choices
- Well established protocols, KPIs and performance management

INVEST IN INNOVATION TO DELIVER THE TASTE, NUTRITION AND COST GOALS OUR CUSTOMERS NEED

- Shared approach to new product development
- Balance of creative brilliance with efficiency
- Meaningful investment in consumer insight and trends monitoring
- Focus on full supply chain solutions



SUSTAINABLE BUSINESS

STRENGTHENING OUR BUSINESS MODEL

- Help our people thrive
- Lower manufacturing food waste
- Reduce environmental footprint
- Ensure world-class food safety
- Support local communities

REINFORCING OUR PARTNERSHIPS

- Plastic packaging recyclability
- Food waste across the supply chain
- Sustainable sourcing
- Ethical treatment of workers in the supply chain
- Focus on nutrition



Q&A PANEL

Patrick Coveney

Eoin Tonge

Peter Haden

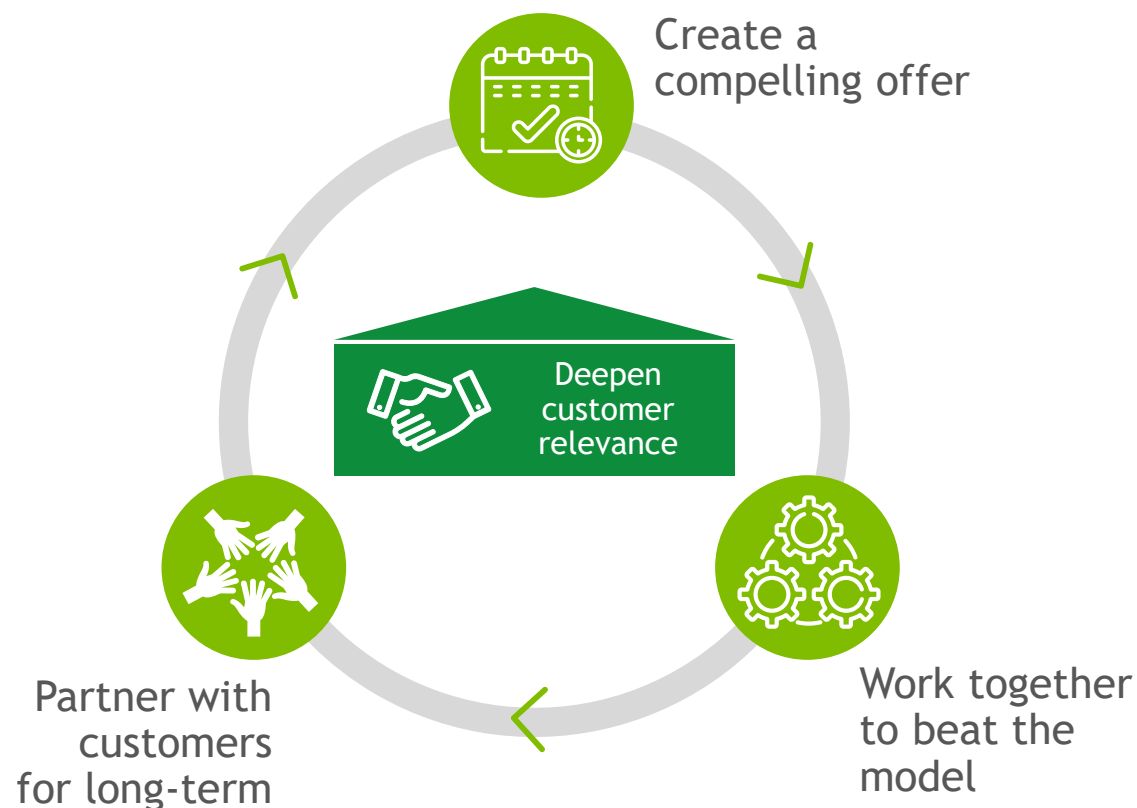


STRATEGY & MODEL IN ACTION - COMMERCIAL

Kevin Moore

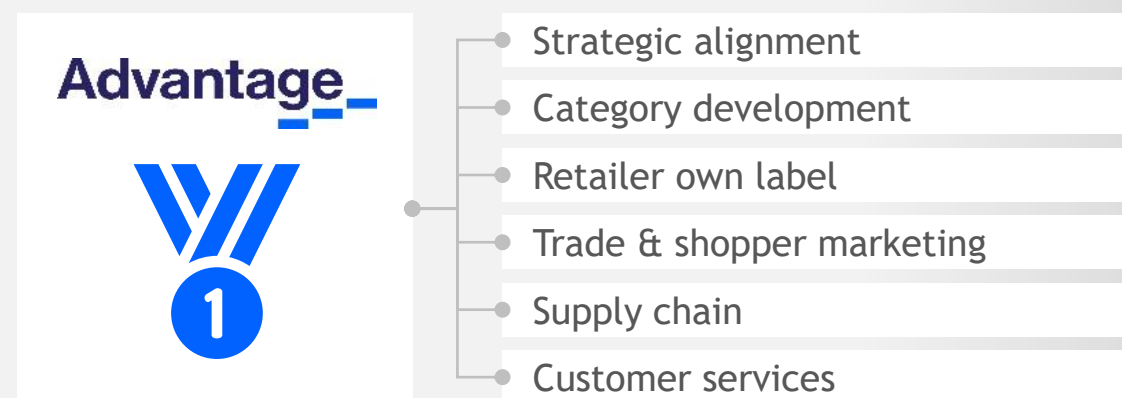


AN EMBEDDED COMMERCIAL MODEL TO SUPPORT OUR GROWTH



OUR COMMERCIAL MODEL IN ACTION

- Dedicated, cross-functional teams
- Continuous multi-level engagement
- Integrated, joint strategic plans



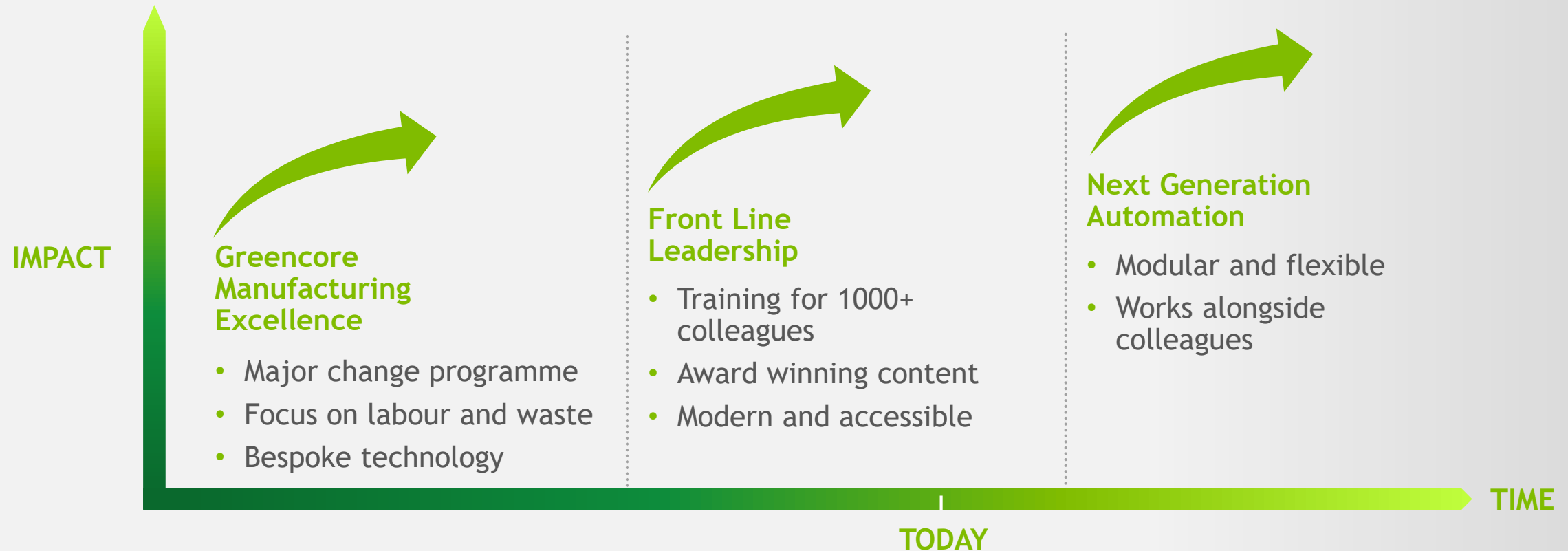
¹ The Advantage Report, part of a worldwide programme, whereby retailers rate and rank all of their suppliers, both branded and own-label; © The Advantage Group International, Inc., 2018

STRATEGY & MODEL IN ACTION - OPERATIONS

Clare Evans



SINCE 2017 WE HAVE BEEN DRIVING OUR EXCELLENCE PROGRAMME TO BECOME 'FAMOUS FOR MANUFACTURING'



SINCE 2017 WE HAVE BEEN DRIVING OUR EXCELLENCE PROGRAMME TO BECOME 'FAMOUS FOR MANUFACTURING'



GREENCORE MANUFACTURING EXCELLENCE

WHAT DID WE DO

Vision: 'famous for manufacturing'

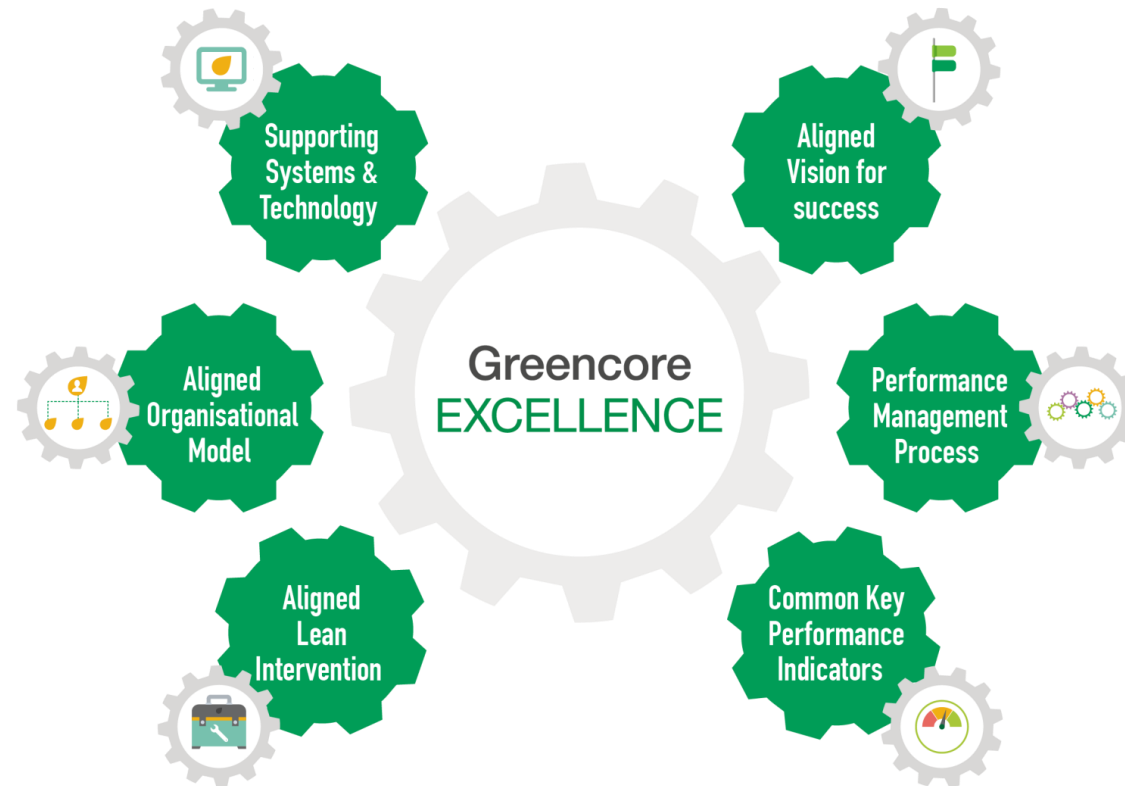
Common way of working across 16 locations

Consistent view of performance

New organisational model

New and different talent

Bespoke technology



IMPACT OF THE CHANGE

Big step up in lean savings

Much stronger leverage of the network

Greater overall level of operational control

Better able to attract and retain talent

Confidence we can apply the model elsewhere

GREENCORE MANUFACTURING EXCELLENCE

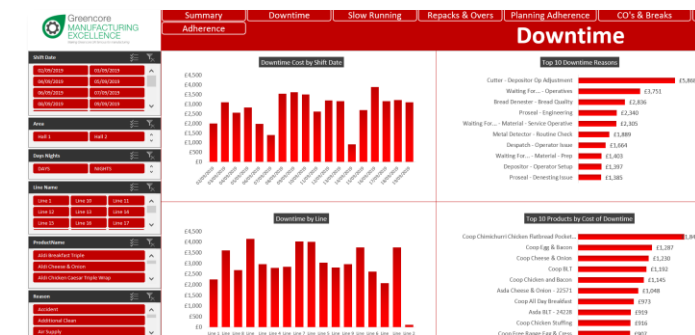
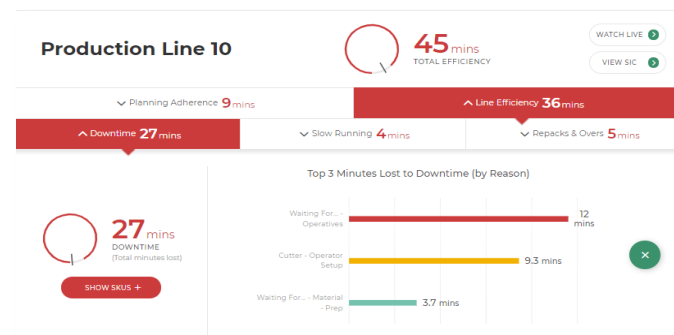
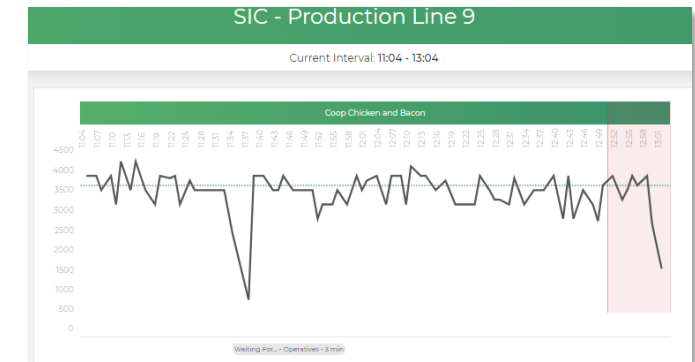
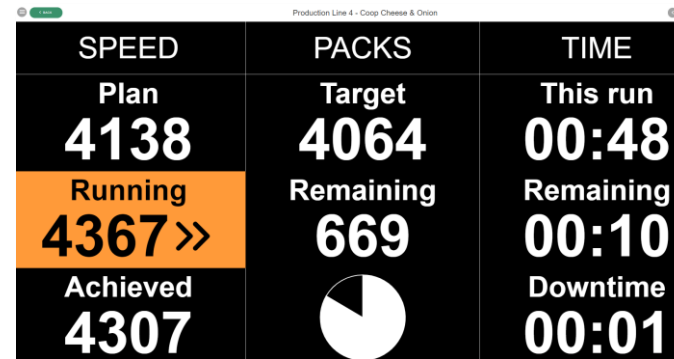
TECHNOLOGY APPROACH



OUR FOCUS AREAS

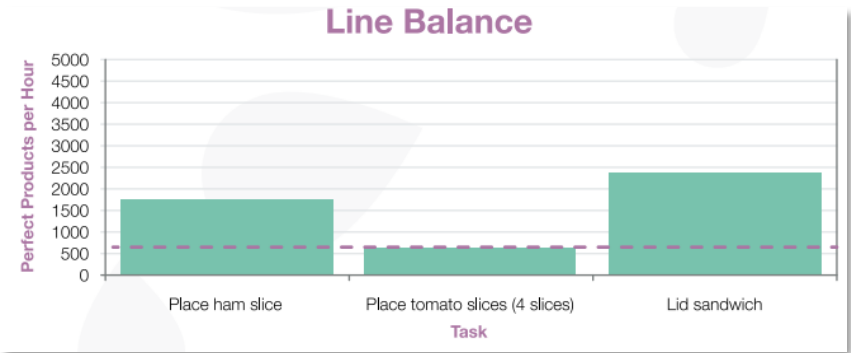
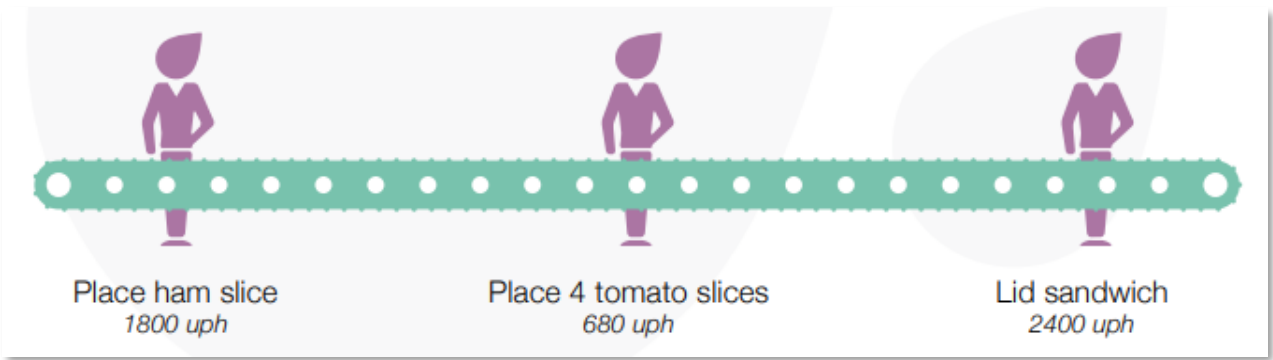
- Initial focus areas based on diagnostic
 - Line balancing
 - Downtime recording
 - Materials tracking & traceability
- Support performance management
 - Line information
 - Relevant and simple formats
- Help line balancing
 - Offering solutions
 - “Real world” flexibility

DRIVING PRODUCTIVITY



GREENCORE MANUFACTURING EXCELLENCE

INCREASED PRODUCTIVITY THROUGH LINE BALANCING



Labour options (Authorised)

Re-calculate Print

● Proficient ● Competent ● Novice ● Support ○ Automated ⚙ Asset

Task name	Rate	17	18	19	20	21	22	23	24	25	26
Total Depositor requirement		2	2	2	2	2	2	2	2	2	2
Support Staff		3	3	3	3	3	3	3	3	3	3
Debag, Feed Bread into Denester	5455	1	1	1	1	1	1	1	1	1	1
Deposit, Spread using Depositor ⚙	0	1	1	1	1	1	1	1	1	1	1
Deposit using Depositor ⚙	0	1	1	1	1	1	1	1	1	1	1
Spread Wet Mix Tomatade & Mayo on Bread using Palette Knife	2400	1	1	2	2	2	2	2	2	2	2
Place Sliced Cheese (2 slices Barbers)	2000	2	2	2	2	2	2	2	2	2	3
Fold, Place 20g Sliced, Folded Ham - 2 slices	1002	2	3	3	3	3	4	4	4	4	4

TABLET DEMONSTRATION

SINCE 2017 WE HAVE BEEN DRIVING OUR EXCELLENCE PROGRAMME TO BECOME 'FAMOUS FOR MANUFACTURING'



FRONT LINE LEADERSHIP

OVERVIEW OF OPERATIONAL LEADERSHIP DEVELOPMENT

WHO ARE WE TARGETTING?

- c.2,000 front line managers and coordinators
- Directing c.12,000 colleagues
- Very diverse backgrounds



WHY ARE THEY CRITICAL?

- Front line for food safety
- Drive site economics
- Set our culture
- Lead health and safety



WHAT'S THE INTERVENTION?

- Modular and targeted
- Wide variety of delivery methods
- Accessible through mobile
- Award-winning content
- Designed by and for Greencore



FRONT LINE LEADERSHIP

LINE MANAGER/LINE COORDINATOR FRAMEWORK

THE ROLE OF A LINE COORDINATOR IS ALL ABOUT:



PEOPLE



SAFETY



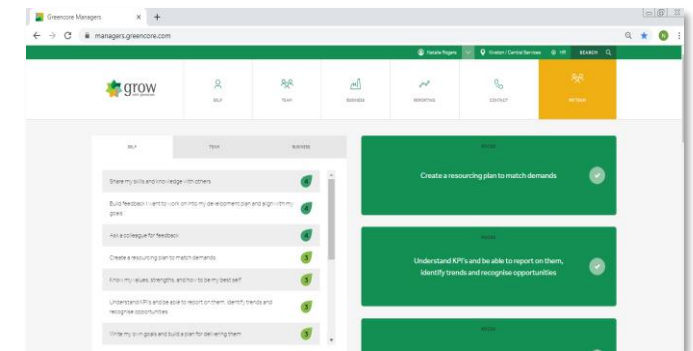
OPERATIONS

The job tasks are focused into

Our modular programme comprises

PEOPLE

- Meet and greet team on arrival and departure
- Point of contact for colleagues
- Working time coordination, cover breaks, reporting absences
- Give feedback on task performance
- Show thanks and appreciation
- Teach colleagues tasks/act as Buddy
- Coordinate colleagues job rotation across different tasks



FRONT LINE LEADERSHIP

MEASURES OF SUCCESS



PEOPLE

Improve engagement

Reduce colleague attrition



SAFETY

Increased reporting
of near misses

Improve quality of pre-start
safety check



OPERATIONS

Reduction of waste

Cost avoidance

Effective labour planning

SINCE 2017 WE HAVE BEEN DRIVING OUR EXCELLENCE PROGRAMME TO BECOME 'FAMOUS FOR MANUFACTURING'



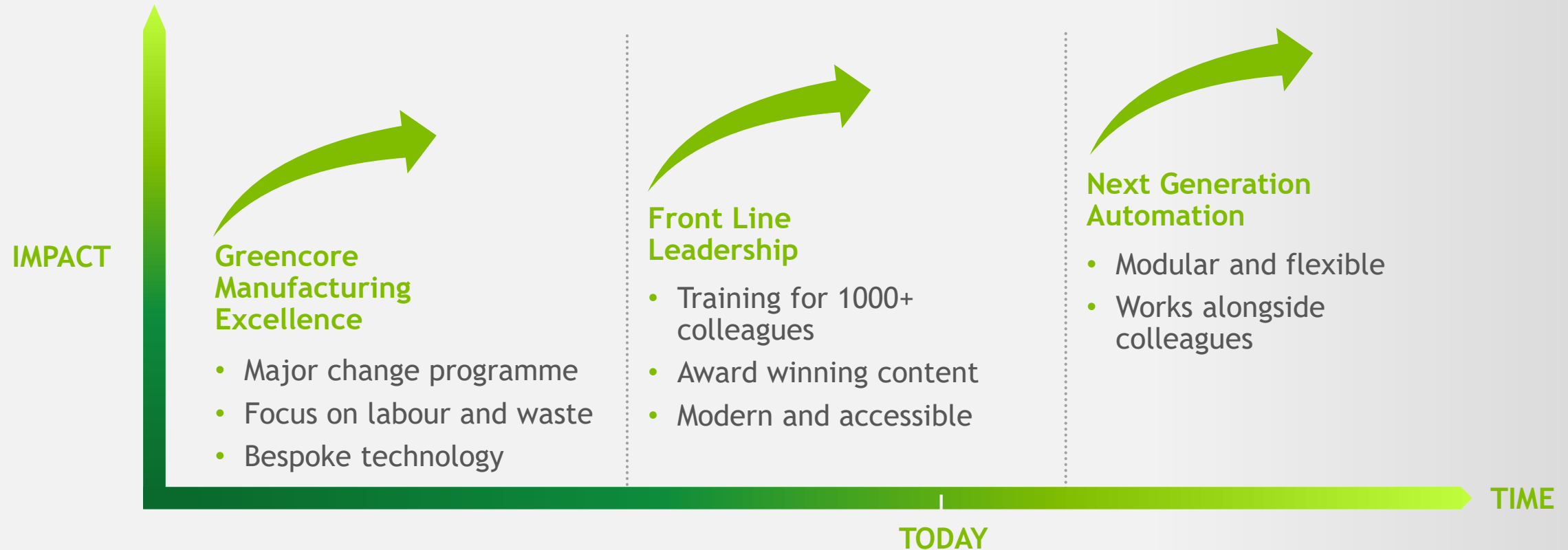
NEXT GENERATION AUTOMATION

BESPOKE TECHNOLOGY IN SANDWICH MANUFACTURING

TASK EXAMPLES



SINCE 2017 WE HAVE BEEN DRIVING OUR EXCELLENCE PROGRAMME TO BECOME 'FAMOUS FOR MANUFACTURING'

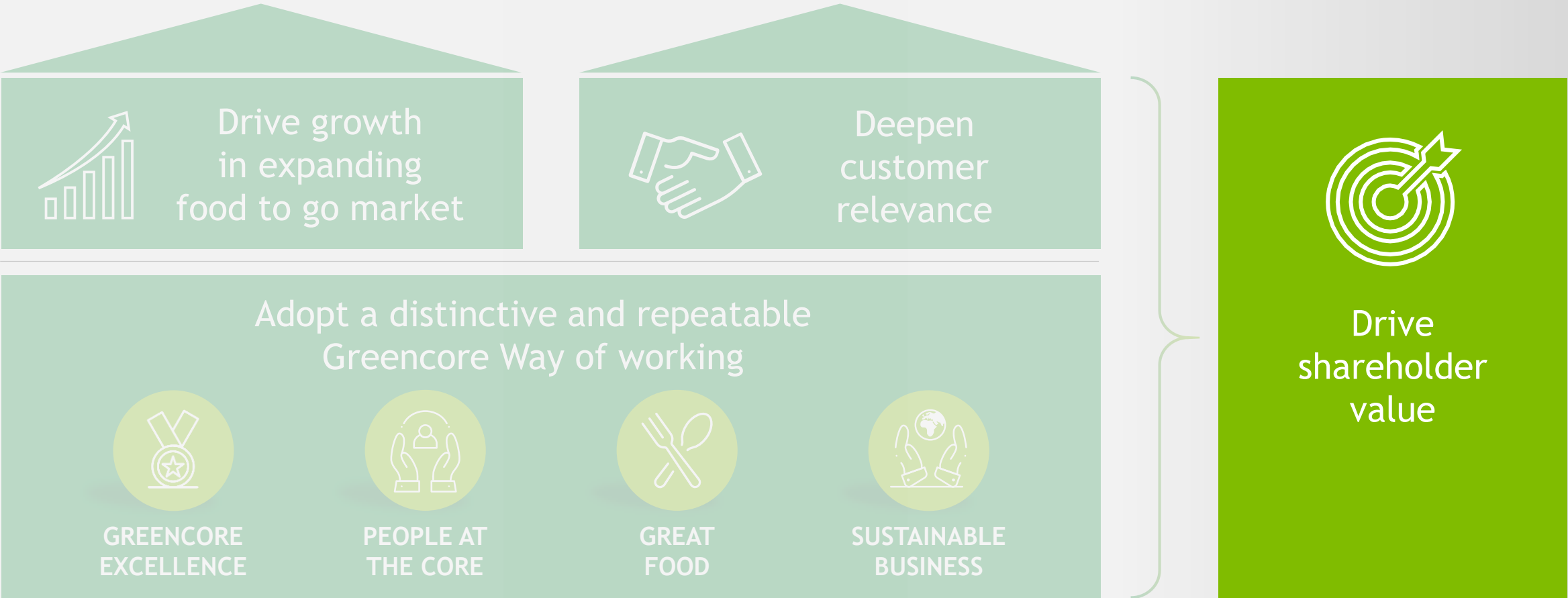


VALUE CREATION MODEL

Eoin Tonge



OUR STRATEGY



GREENCORE — ATTRACTIVE ECONOMIC MODEL

STRONG FINANCIAL METRICS¹...

Revenue

£1.5bn

Adjusted EBITDA

£140.0m

Adjusted Operating Profit

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Adjusted EBITDA margin

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Adjusted Operating Profit margin

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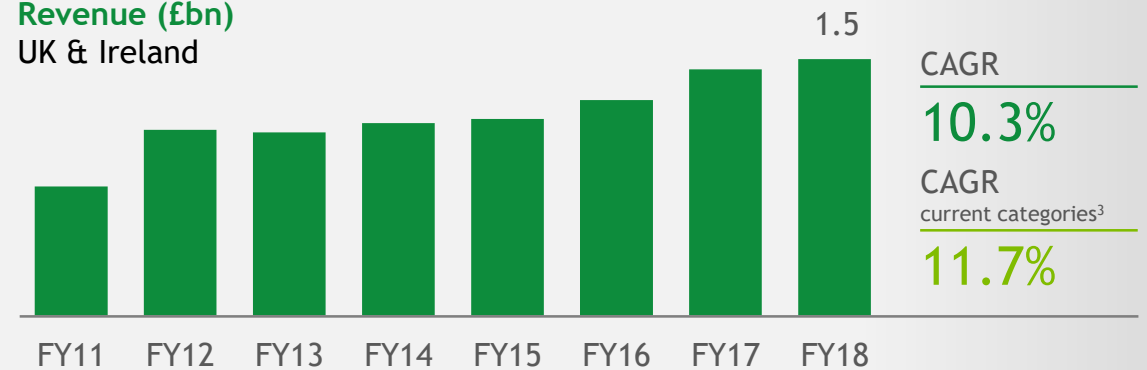
ROIC

15.6%

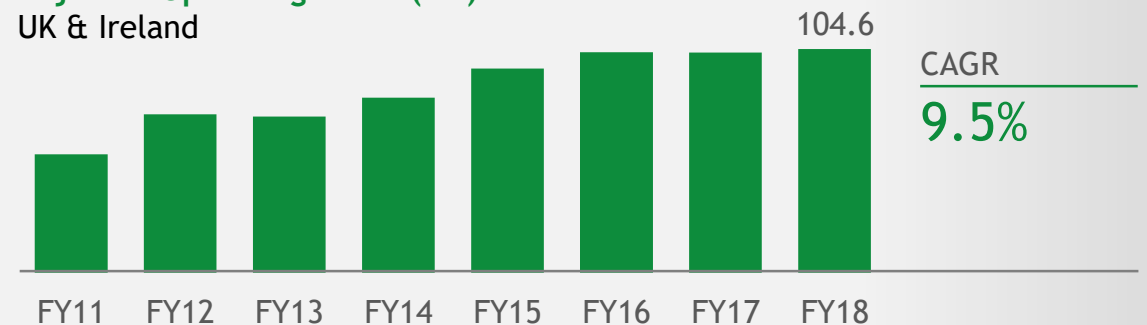
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...WITH A TRACK RECORD OF DELIVERY²

Revenue (£bn)
UK & Ireland



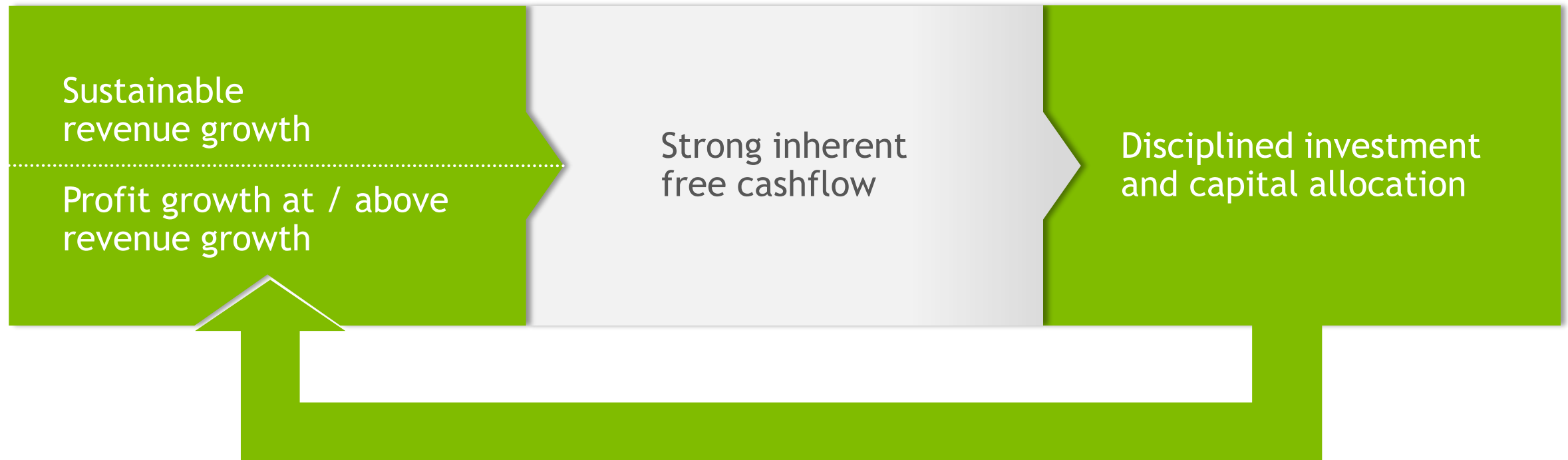
Adjusted Operating Profit (£m)
UK & Ireland



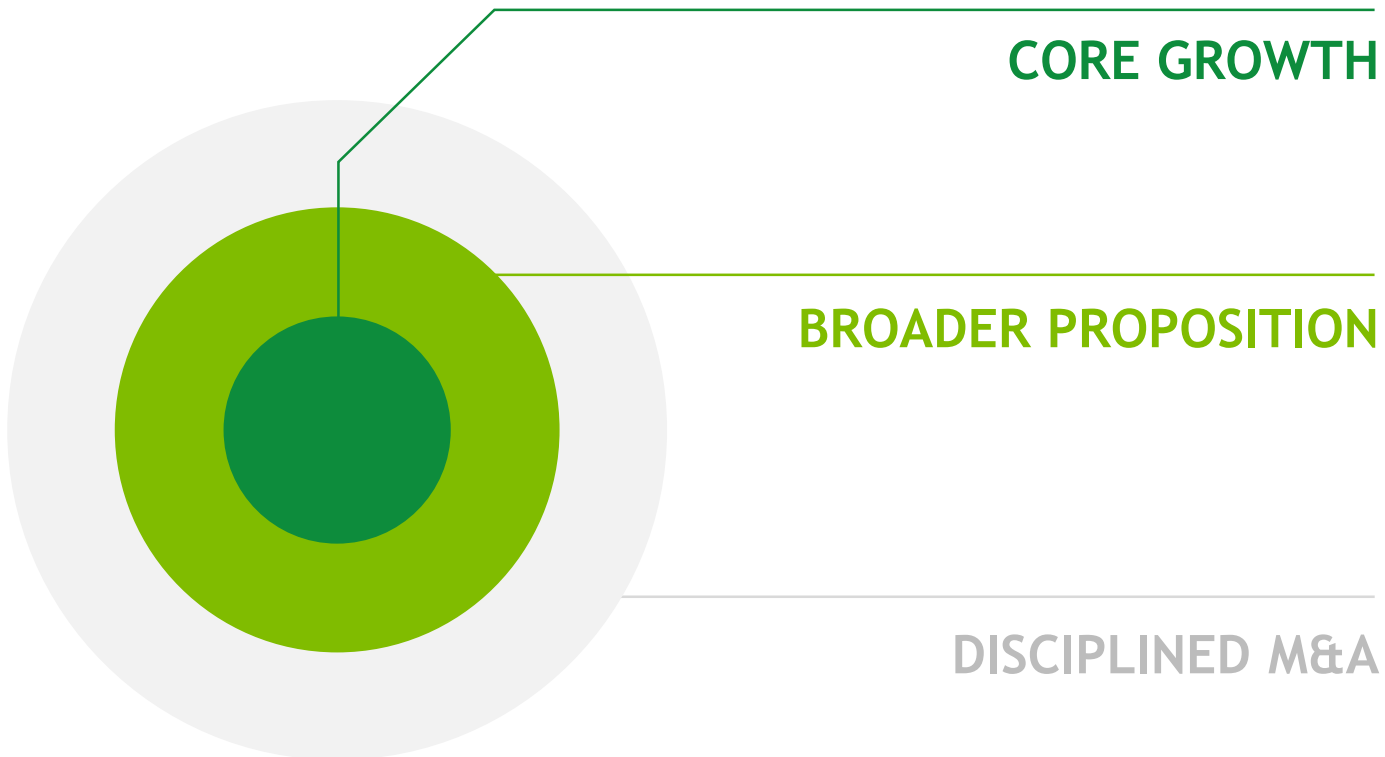
² Continuing operations, excluding US operations: all central costs have been allocated to the UK & Ireland

³ Excludes categories exited in the period

DRIVING LONG-TERM VALUE CREATION



SUSTAINABLE REVENUE GROWTH



MEDIUM TERM
FINANCIAL AMBITION



MID SINGLE-
DIGIT ORGANIC
REVENUE
GROWTH

...PLUS M&A

PROFIT GROWTH AT / ABOVE REVENUE GROWTH

TRACK RECORD OF MITIGATING MARGIN PRESSURE

Raw material
price volatility

Ongoing labour
inflation

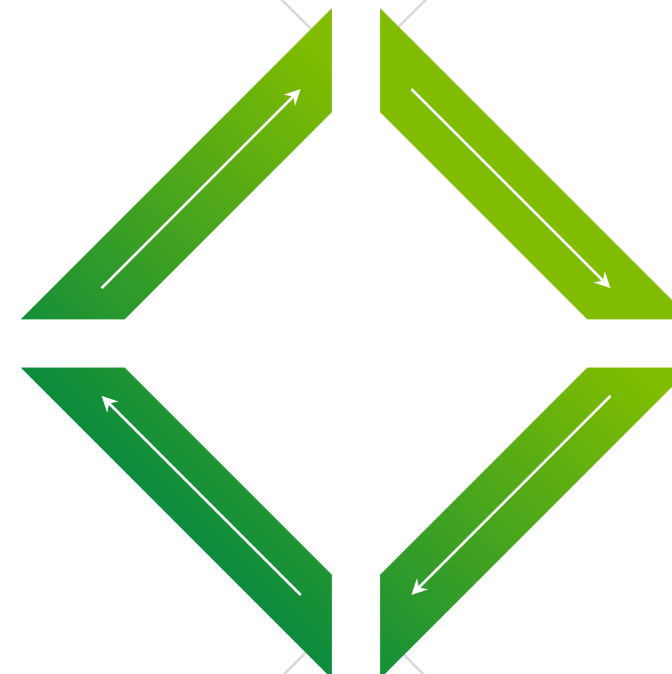
Customer margin
support

CUSTOMER
PARTNERSHIPS

DYNAMIC
PRODUCT
PORTFOLIO

OPERATING
LEVERAGE

GREENCORE
EXCELLENCE
PROGRAMMES



STRONG INHERENT FREE CASH FLOW

MEDIUM TERM
FINANCIAL AMBITION

Well-invested network

A 'cleaner' organisational profile

Disciplined cash flow management



**CONVERT HALF
OF ADJUSTED
EBITDA TO
FREE CASH
FLOW**

DISCIPLINED INVESTMENT

ORGANIC INVESTMENT

- Strong asset turn for capacity investments
- Demanding payback for efficiency investments

INORGANIC INVESTMENT

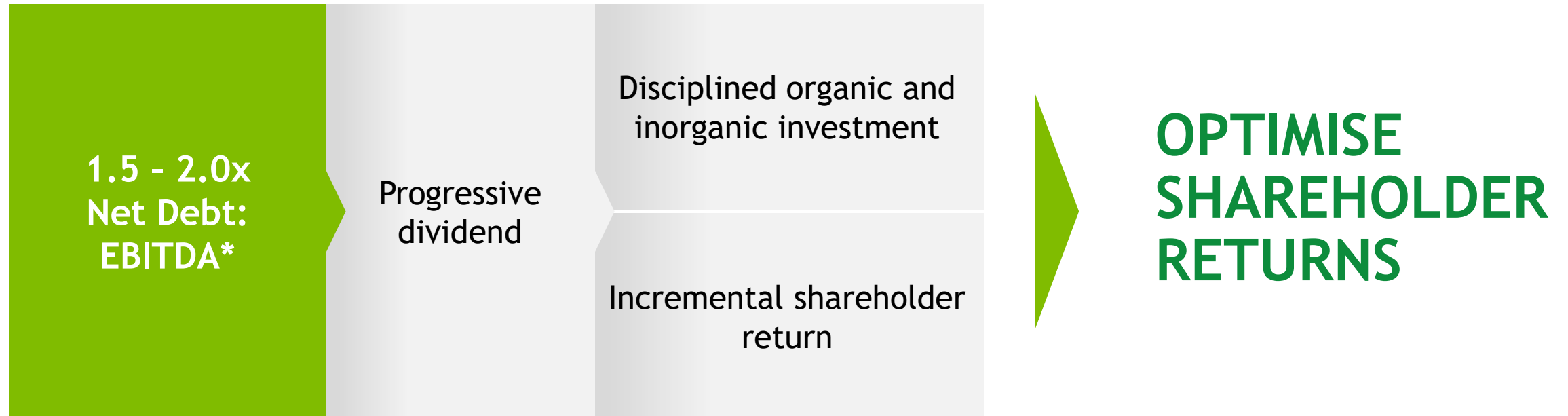
- Reasonable acquisition multiples
- Scope for growth and synergies

MEDIUM TERM
FINANCIAL AMBITION



MID TEEN ROIC

CAPITAL ALLOCATION



*As measured under financing agreements

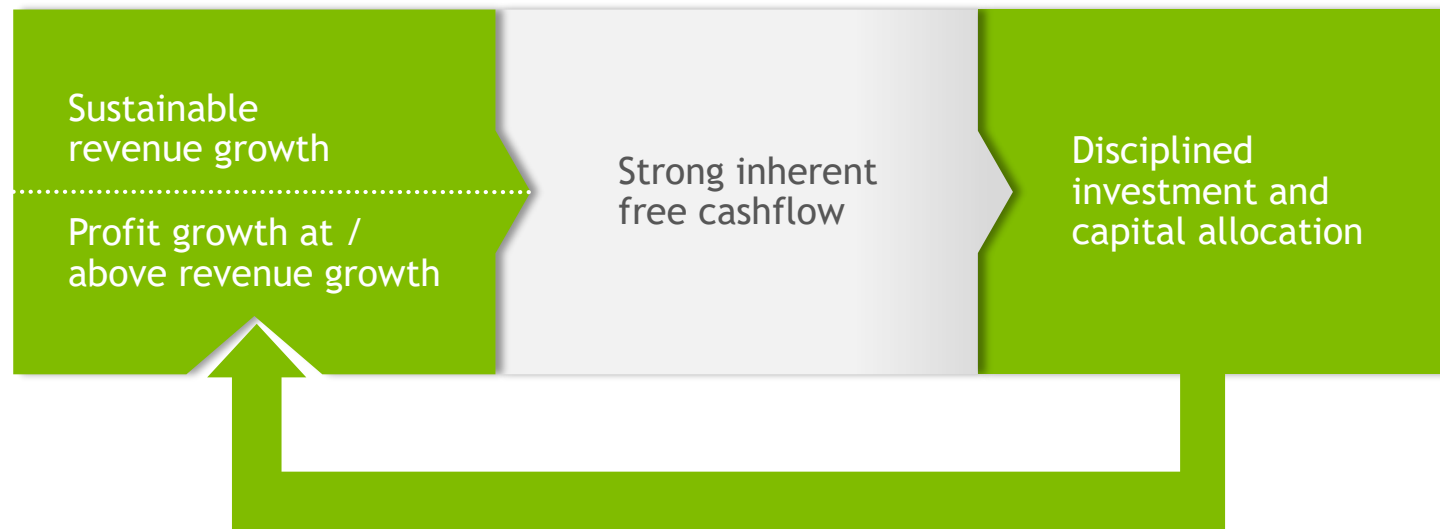
CAPITAL ALLOCATION — DISCIPLINED INVESTMENT IN ACTION

*fresh*time

- Strategic fit
- Strong financial profile
- Reasonable acquisition multiple (8x pre-synergy EBITDA)
- Scope for growth and synergies
- Short and medium term returns profile



DRIVING LONG-TERM VALUE CREATION



MEDIUM TERM FINANCIAL AMBITION



MID SINGLE-DIGIT
ORGANIC REVENUE
GROWTH



HIGH SINGLE-DIGIT
ADJUSTED EPS GROWTH



CONVERT HALF OF
ADJUSTED EBITDA TO
FREE CASH FLOW



MID TEEN ROIC

Q&A PANEL

Patrick Coveney
Eoin Tonge
Peter Haden



CONCLUDING REMARKS

Patrick Coveney



OUR INVESTMENT CASE

MULTIPLE PLATFORMS ON WHICH TO BUILD

Deep customer relationships with mandate to do more

Leadership positions in food to go - the UK's most attractive food category

Network, capability and team set up for future growth

Track record of outperformance with strong margin and returns profile

MEDIUM TERM FINANCIAL AMBITION



MID SINGLE-DIGIT ORGANIC REVENUE GROWTH



HIGH SINGLE-DIGIT ADJUSTED EPS GROWTH



CONVERT HALF OF ADJUSTED EBITDA TO FREE CASH FLOW



MID TEEN ROIC

APPENDIX



IFRS16 — ESTIMATED IMPACT ON GRENCORE

- IFRS16 is the new accounting standard for leases
 - Changes to accounting for leases in financial statements, but no economic impact on Group
- For Greencore, the first half of FY20 will be the first accounting period to be reported under IFRS16
 - No restatement of prior periods
- Summary impact on financial statements in the transition year (FY20)
 - Insignificant impact on Adjusted Operating Profit and Adjusted EPS, albeit significant (high single digit percentage) increase in reported Adjusted EBITDA
 - No impact on Free Cash Flow movement
 - c.£45m increase in liabilities, corresponding increase in assets with a small net adjustment to reserves
- No impact on Group's Net Debt:EBITDA metric, as measured under financing agreements
- Impact on ROIC of just under 1%

FURTHER DETAIL TO BE PROVIDED AT FY19 RESULTS ON 26 NOVEMBER



DEFINITIONS OF APMS

The Group uses the following Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole

ADJUSTED EBITDA, ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING MARGIN

The Group calculates Adjusted Operating Profit as operating profit before amortisation of acquisition related intangibles and exceptional charges. Adjusted EBITDA is calculated as Adjusted Operating Profit plus depreciation and amortisation of intangible assets. Adjusted Operating Margin is calculated as Adjusted Operating Profit divided by reported revenue.

ADJUSTED EARNINGS AND ADJUSTED EARNINGS PER SHARE ('EPS')

Adjusted Earnings is calculated as Profit attributable to equity holders (as shown on the Group's Income Statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax).

Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Annual Bonus Plan and the Performance Share Plan. Adjusted EPS is also referred to as Adjusted Basic EPS.

DEFINITIONS OF APMS (CONTINUED)

CAPITAL EXPENDITURE

The Group defines Maintenance Capital Expenditure as the expenditure required for the purpose of sustaining the operating capacity and asset base of the Group, and of complying with applicable laws and regulations. It includes continuous improvement projects of less than £1m that will generate additional returns for the Group.

The Group defines Strategic Capital Expenditure as the expenditure required for the purpose of facilitating growth and developing and enhancing relationships with existing and new customers. It includes continuous improvement projects of greater than £1m that will generate additional returns for the Group. Strategic Capital Expenditure is generally expansionary expenditure creating additional capacity beyond what is necessary to maintain the Group's current competitive position and enables the Group to service new customers and/or contracts or to enter into new categories and/or new manufacturing competencies.

FREE CASH FLOW

Free Cash Flow is calculated as the net cash inflow/outflow from operating and investing activities before Strategic Capital Expenditure, acquisition and disposal of undertakings and adjusting for dividends paid to non-controlling interests.

NET DEBT

Net Debt comprises current and non-current borrowings less net cash and cash equivalents

RETURN ON INVESTED CAPITAL ('ROIC')

The Group calculates ROIC as Net Adjusted Operating Profit after tax ('NOPAT') divided by average Invested Capital for continuing operations. NOPAT is calculated as Adjusted Operating Profit plus share of profit of associates before tax, less tax at the effective rate in the Income Statement. Invested Capital is calculated as net assets (total assets less total liabilities) excluding Net Debt and the carrying value of derivatives not designated as fair value hedges, it also excludes retirement benefit obligations (net of deferred tax assets). Average Invested Capital is calculated by adding together the invested capital from the opening and closing balance sheet and dividing by two.