

28 July 2020

## Greencore Group plc

### Progressive improvement in demand during Q3; well positioned to build back the business

Greencore Group plc (“Greencore” or the “Group”) a leading manufacturer of convenience foods in the UK, today issues a trading update covering the 13 weeks from 27 March to 26 June 2020 (“Q3” or “the quarter”).

#### Q3 Highlights <sup>1,2</sup>

- Focused on three priorities - keeping our people safe, feeding the UK, and protecting our business
- Group revenue down 36.0% on a pro forma basis in Q3, but 23% below prior year levels in July to date
- Encouraging sequential improvement of demand in food to go categories through Q3 and into Q4
- Production recommenced at the Group’s Bow, Atherstone and Heathrow facilities
- Delivered positive Adjusted EBITDA for the quarter
- Strong liquidity to both support the business in the near term and to build back as the pandemic eases
- Well positioned to capture new business opportunities in a changing marketplace

#### Performance and Outlook <sup>1,2</sup>

	Revenue Growth			
	Q3		9 months	
	Reported	Pro forma	Reported	Pro forma
Group	-34.1%	-36.0%	-10.6%	-12.4%
Food to go categories	-50.6%	-52.5%	-16.9%	-20.2%
Other convenience food categories	+2.2%	+1.8%	+1.4%	+3.3%

	Pro Forma Revenue Growth			
	April 2020	May 2020	June 2020	July 2020 <sup>2</sup>
Group	-43%	-40%	-27%	-23%
Food to go categories	-63%	-58%	-41%	-35%
Other convenience food categories	+0%	+1%	+3%	+7%

The Group continues to manage through this challenging trading environment by focusing on its three priorities - keeping our people safe, feeding the UK, and protecting our business. The organisation, supply chain, commercial relationships and production network have remained resilient during this testing period.

Reported Group revenue was £240.6m in Q3, a decrease of 34.1% on the prior year, primarily reflecting the impact of COVID-19 on food to go categories during the period. On a pro forma basis revenue decreased by 36.0% in the quarter.

COVID-19 has had a dramatic and volatile impact on UK food consumption patterns in the period. The Group has partnered closely with its customers to develop and re-activate product ranges as they reopen formats and channels. In this context the Group has recommenced production at its Bow, Atherstone and Heathrow facilities and has extended production at its Northampton site as demand trends improve.

Year to date, the Group's reported revenue was £953.3m, a decrease of 10.6% on the prior year, again reflecting the impact of COVID-19 on performance at the end of Q2 and during Q3. On a pro forma basis, Group revenue decreased by 12.4%.

In the Group's food to go categories, reported revenue was £123.8m in Q3, a decrease of 50.6%. Pro forma Q3 revenue decreased by 52.5%. Revenues have recovered progressively as restrictions on population movements have eased. On a pro forma basis, demand in food to go categories declined by 63% in April, by 58% in May, and by 41% in June, as the Group's customers' formats and locations have met the emerging demand. This has continued in July to date, where revenues from the Group's food to go categories were 35% below prior year levels. In the 9 months to the end of Q3, reported revenue in food to go categories was £579.6m, a reduction of 16.9% on a reported basis.

Reported revenue in the Group's other convenience food categories totalled £116.8m in Q3, an increase of 2.2% on a reported basis, and a 1.8% increase on a pro forma basis. In the 9 months to the end of Q3, reported revenue increased by 1.4% to £373.7m.

The Group has responded quickly and decisively to the impacts of COVID-19, and its extensive range of mitigating actions, together with an improving revenue trajectory, delivered positive Adjusted EBITDA for the quarter.

The Group secured formal agreement with its bank lending syndicate and its Private Placement Note Holders to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods. It also received confirmation of its eligibility to access funding under the Covid Corporate Financing Facility ("CCFF") although the Group has not issued under this facility. These initiatives, along with the measures to mitigate cash outflows, provide the Group with strong liquidity to support the business in the near term and to ensure it is well positioned to build back the business and to capture new business opportunities as the pandemic eases.

Given the ongoing level of uncertainty around the possible duration and impact of COVID-19, the Group's financial guidance for FY20 remains suspended, as announced on 30 March, and the Group's outlook as included in the FY19 Full Year Results Statement and FY20 Q1 Trading Update should no longer be considered current.

The Group has also separately announced today that it has entered into a conditional agreement to sell its interests in its molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited.

Greencore will report its FY20 results on 24 November 2020.

**Commenting on the performance, Patrick Coveney, Chief Executive Officer, said:**

*“I am hugely proud of the way in which our teams have responded during this extraordinarily challenging period. The decisive actions that we have taken are enabling us to keep our people safe, helping to feed the UK, and protecting our business. Our Group has traded resiliently, with our deep customer relationships strengthened further, and we are encouraged to see a sustained improvement in demand and category mix. We remain confident in the relevance and attractiveness of the food to go channels and categories that we serve. In addition, we are well positioned for new business opportunities and a return to growth as the pandemic subsides.”*

**Conference Call**

A conference call for investors and analysts will be held at 8.30am today. Registration and dial in details are available at [www.greencore.com/investor-relations/](http://www.greencore.com/investor-relations/)

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<sup>1</sup> Pro forma references throughout this statement are on a constant currency basis. Reported revenue in the current year is adjusted to reflect the ownership of Freshtime for the full period in FY19 and excludes the impact of revenue from the exit of longer life ready meals manufacturing at the Kiveton facility in H1 19

<sup>2</sup> Three weeks to 17 July 2020

**About Greencore**

Greencore is a leading manufacturer of convenience food in the UK. It supplies grocery and other retailers including all of the major UK supermarkets. The Group has strong market positions in a range of categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings.

The Group's medium term financial ambitions are for mid single-digit organic revenue growth, high single-digit Adjusted EPS growth, the conversion of half of its Adjusted EBITDA to Free Cash Flow and for mid-teen ROIC.

For further information go to [www.greencore.com](http://www.greencore.com) or follow Greencore on social media.

This announcement is based on information sourced from unaudited management accounts.

Certain statements made in this Trading Update 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 Trading Update. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements other than as required by law.