

27 July 2021

## Greencore Group plc

### Strong improvement in trading and cashflow momentum in Q3

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 26 March 2021 to 25 June 2021 (“Q3” or “the quarter”).

#### PERFORMANCE<sup>1</sup>

- Strong revenue momentum in Q3 with Group pro forma revenue 53.1% above prior year levels and only 2.8% below equivalent pre-COVID levels in Q3 19. Progressive improvement in monthly trading with Group pro forma revenue in June 1% above comparative pre-COVID levels in FY19
- Pro forma revenue growth in food to go categories 91.1% above prior year levels and 9.3% below the equivalent pre-COVID levels in Q3 19
- Positive Adjusted Operating Profit for the quarter, in line with management expectations

#### STRATEGIC DEVELOPMENTS

- Strong execution on new business wins and extending customer relationships, supplementing underlying revenue growth in Q3
- Significant progress in driving improved cash generation and balance sheet strength, with debt reduction, improved leverage metrics, lower annual cash contributions agreed for pension scheme funding from FY22, and the successful refinancing of the Group’s Private Placement Notes due in October 2021
- Good progress on the Group’s sustainability objectives, in particular the launch of fully recyclable sandwich skillet trials for customers in September 2021

#### OUTLOOK<sup>2</sup>

- Revenue momentum has remained encouraging in the first three trading weeks of July
- Notwithstanding the supply chain and labour challenges impacting the broader UK food industry at present, the Group is confident in its ability to deliver strong year on year profit and cashflow progression in the second half of the year
- The Group now expects to generate an FY21 Adjusted Operating Profit outturn of between £36m and £40m, versus previous guidance of above FY20 levels of £32.5m
- Given strong cashflow momentum, Net Debt (excluding lease liabilities) at the end of FY21 is anticipated to be below £240m with Net Debt:EBITDA comfortably below 3x, as measured under financing agreements
- Greencore will report its FY21 results on 30 November 2021

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

*“We are encouraged by the improvement in revenue, profitability and cash flow momentum in Q3 and the early weeks of Q4. Against the backdrop of the UK economy reopening fully, we are rebuilding our economic model effectively and sustainably with all stakeholders, supported by our long-standing customer relationships and further enhanced by the new business wins we have secured this year. The performance is underpinned in particular by the energy and dedication of our people. We are also delighted to have made progress in creating a fully recyclable sandwich skillet, a key commitment of our sustainability strategy. We have a strong position in the dynamic UK convenience food market and are confident about our medium-term prospects.”*

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

	Revenue	Revenue Growth (versus FY20)			
	£m	Q3		9 months	
		Reported	Pro forma	Reported	Pro forma
Group	360.2	+49.7%	+53.1%	-1.7%	-0.6%
Food to go categories	236.5	+91.1%	+91.1%	-0.7%	-0.7%
Other convenience food categories	123.7	+5.9%	+11.1%	-3.2%	-0.4%

	Pro Forma Revenue Growth (versus FY20)				
	April 2021	May 2021	June 2021	Q3 2021	July 2021 <sup>2</sup>
Group	+66%	+60%	+40%	+53%	+28%
Food to go categories	+129%	+111%	+62%	+91%	+42%
Other convenience food categories	+13%	+10%	+10%	+11%	+6%

	Pro Forma Revenue Growth (versus FY19)				
	April 2021	May 2021	June 2021	Q3 2021	July 2021 <sup>2</sup>
Group	-7%	-4%	+1%	-3%	-2%
Food to go categories	-16%	-10%	-4%	-9%	-7%
Other convenience food categories	+14%	+11%	+13%	+13%	+14%

The UK trading environment improved markedly in Q3 as the economy reopened and mobility restrictions were eased, supporting demand growth in food to go categories in particular. In addition to the underlying market recovery, the Group benefitted from its strong market position in the grocery retail channel, its customer and format mix, and its portfolio across food to go and other convenience categories. The Group worked closely with customers to reactivate product ranges and formats during the period. Group revenue growth in Q3 was also supported by an increasing contribution from new business wins.

Reported Group revenue in Q3 was £360.2m, an increase of 49.7% on the prior year. On a pro forma basis revenue increased by 53.1% in the quarter, and was only 2.8% below the equivalent pre-COVID levels in Q3 19. In June 2021, pro forma revenues were approximately 1% above equivalent pre-COVID levels. In the first three trading weeks of July, pro forma revenues were approximately 2% below equivalent pre-COVID levels.

Revenue in the Group's food to go categories was £236.5m in Q3, representing growth of 91.1% on a reported and pro forma basis. Pro forma Q3 revenue was 9.3% below equivalent pre-COVID levels in Q3 19. Revenues recovered progressively through the quarter against improving prior year comparatives. In the first three trading weeks of July, revenues from the Group's food to go categories were 7% below the equivalent pre-COVID levels in FY19.

Reported revenue in the Group's other convenience food categories totalled £123.7m in Q3, an increase of 5.9% on a reported basis, and a 11.1% increase on a pro forma basis.

Q3 inflation trends in the Group's main UK cost components were broadly as anticipated. Supply chain and labour challenges are increasing across the UK food system and the Group is working closely with customers and suppliers to mitigate these challenges and to maintain strong operational service levels.

The Group's improving profitability and strong cashflows supported a reduction in Net Debt (excluding lease liabilities) and an improvement in leverage metrics during Q3. As such the Group comfortably met with the Net Debt: EBITDA covenant test at June 2021 of 5.0x. As at the end of Q3, the Group had committed debt facilities of £570.1m with a weighted average maturity of 3.0 years.

In July 2021, the Group successfully completed a refinancing of its near-term debt with its lending syndicate that improves the maturity profile of the Group's debt and lowers annual interest costs. The Private Placement Notes of \$65m, which mature in October 2021, are being replaced by a new three-year term loan facility of £45m, maturing in June 2024.

During the quarter the Group also concluded the latest triennial assessment of the valuation and funding plan for its principal UK legacy defined benefit pension scheme. The Group expects the annual cash funding requirement for all schemes to be modestly below previously guided levels of £15m, inclusive of the cash contributions that were deferred over the course of the pandemic.

<sup>1</sup> Pro forma references throughout this Trading Update are on a constant currency basis. Reported revenue has been adjusted to reflect the disposal of Premier Molasses Company Limited (Premier Molasses) in Q1 2021. The adjustment excludes from reported revenue, the revenue generated by Premier Molasses for the nine month period to 26 June 2020 and the revenue generated in FY21 up to the date of its disposal

<sup>2</sup> July 2021 performance based on three trading weeks to 16 July 2021

## CONFERENCE CALL

A conference call for investors and analysts will be held at 8.30am on 27 July 2021. Registration and dial in details are available at [www.greencore.com/investor-relations/](http://www.greencore.com/investor-relations/)

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## **About Greencore**

We are a leading manufacturer of convenience food in the UK and our purpose is to make every day taste better. We supply foodservice, grocery and other retailers, including all of the major UK supermarkets. We have strong market positions in a range of categories including sandwiches, salads, sushi, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings.

In FY20 we manufactured 619m sandwiches and other food to go products, 116m chilled prepared meals, and 264m bottles of cooking sauces, pickles and condiments. We carry out more than 10,000 direct to store deliveries each day. We have 16 world-class manufacturing sites in the UK, with industry-leading technology and supply chain capabilities. We generated revenues of £1.3bn in FY20 and employ approximately 12,200 people. We are headquartered in Dublin, Ireland.

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.