
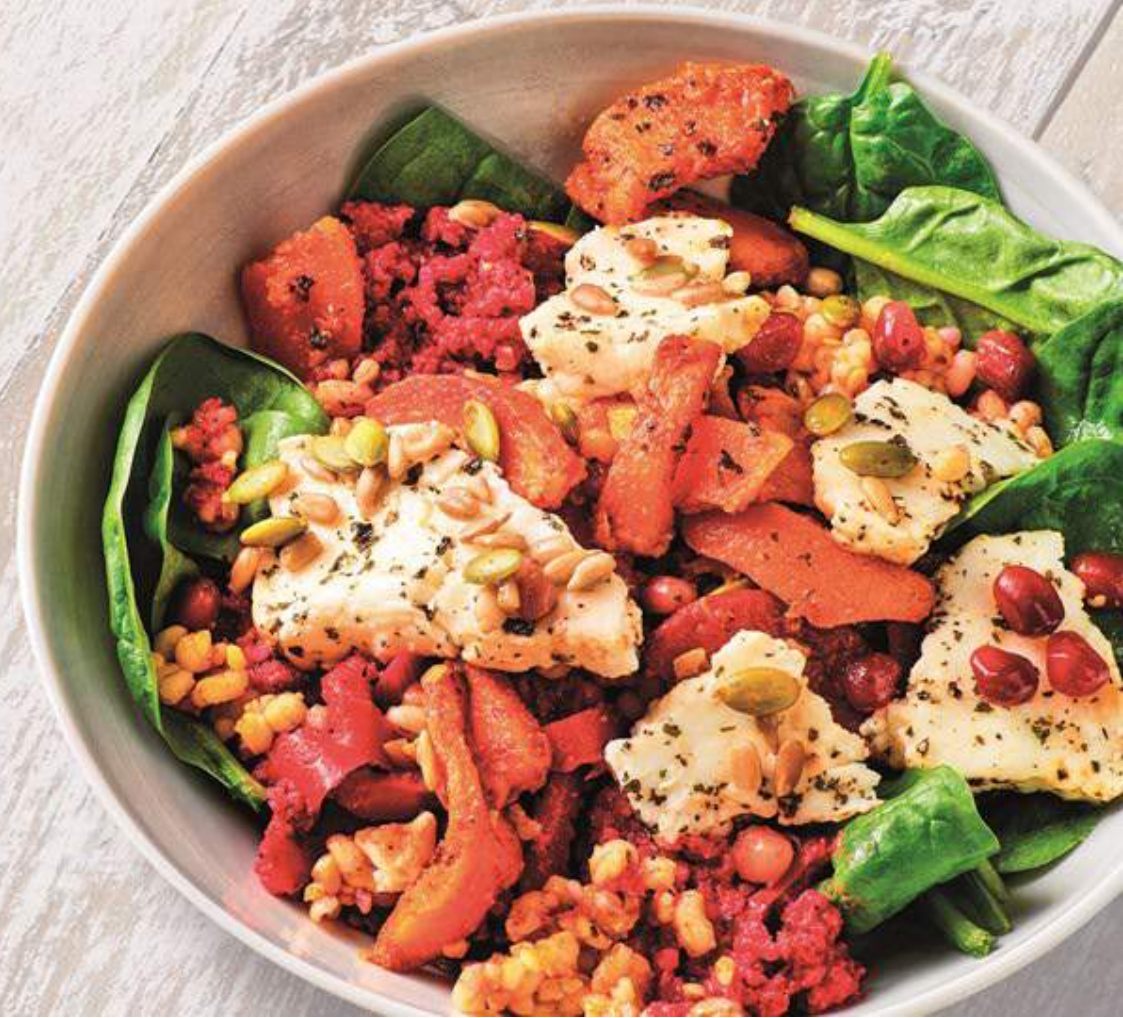


# RESULTS

Greencore 

For the half year ended 25 March 2022

Making every day taste *better*



# Disclaimer – forward looking statements

Certain statements made in this document are, or may be deemed to be, 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 based on information currently available to the Group. The forward-looking statements contained in this document include statements relating to the financial condition, results of operations, business, viability and future performance of the Group and certain of the Group's plans and objectives. These forward-looking statements include all statements that do not relate only to historical or current facts and may generally, but not always, be identified by the use of words such as 'will', 'aims', 'achieves', 'anticipates', 'continue', 'could', 'develop', 'should', 'expects', 'is expected to', 'may', 'maintain', 'grow', 'estimates', 'ensure', 'believes', 'intends', 'projects', 'sustain', 'targets', or the negative thereof, or similar future or conditional expressions, but their absence does not mean that a statement is not forward-looking.

By their nature, forward-looking statements are prospective and 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. Investors should read 'Principal Risks and Uncertainties' in the Interim Financial Report for the half year ended 25 March 2022 and also the discussion of risk in the Group's Annual Report and Financial Statements for the year ended 24 September 2021. There may be risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. None of the Company or any of its associates or Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this announcement. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

# Today's agenda



**H1 22 Highlights**

Gary Kennedy, *Executive Chair*

**Financial Review**

Emma Hynes, *CFO*

**Operating & Strategic Update**

Kevin Moore, *Deputy CEO*

**Outlook**

Emma Hynes, *CFO*

# H1 22 HIGHLIGHTS

Greencore 

Gary Kennedy, *Executive Chair*



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# Executive summary

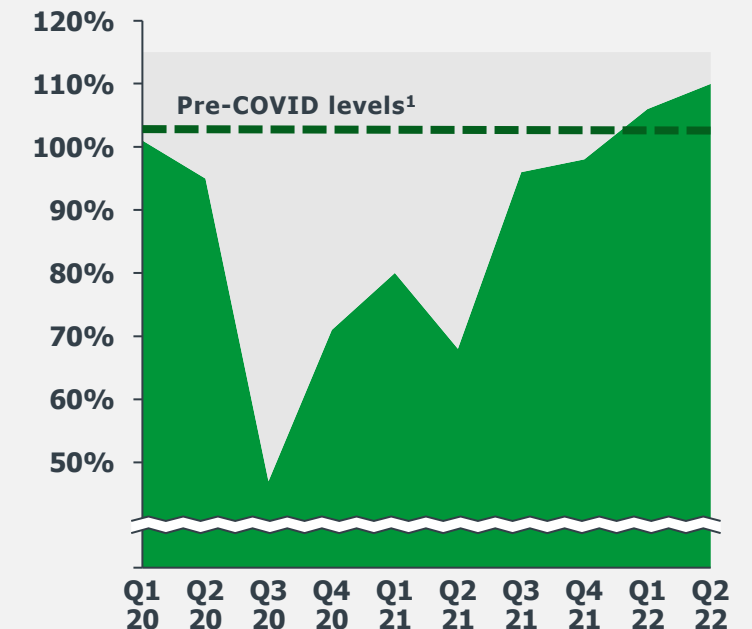
## Advanced our economic model in H1 22

- Revenue above pre-COVID levels
- Onboarding new business wins successfully, alongside active product and category development
- Customer service levels restored, improved profit conversion year on year
- Better Greencore transforming the company. Multi-phase programme with Phase 1 to deliver recurring annual benefits of £30m in FY24
- Effective management of inflation, labour and supply chain challenges
- High calibre CEO appointment

## Looking forward with confidence


- Absolute focus on profit conversion
- Anticipating FY22 outturn in line with market expectations
- Intention to recommence value return of up to £50m over the next two years, initially in the form of a share buyback programme and consistent with capital management policy

### FTG revenues now above pre-COVID levels



<sup>1</sup>Pre-COVID levels defined as equivalent trading periods in FY19. Pro forma revenue growth illustrated

# FINANCIAL REVIEW

Greencore 

Emma Hynes, *CFO*

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*better*



# H1 22 key financial metrics

Pro Forma Revenue Growth

**+34.9%**

Adjusted Operating Profit

**£17.2m**

+£17.0m

Adjusted EPS

**1.8p**

+3.2p

Free Cash Flow

**£-17.8m**

+£5.8m

FCF  
Conversion  
(12mth)

**71%**

ND:EBITDA\*

**2.1x**

(H1 21:7.2x)

ROIC

**6.3%**

+690bps

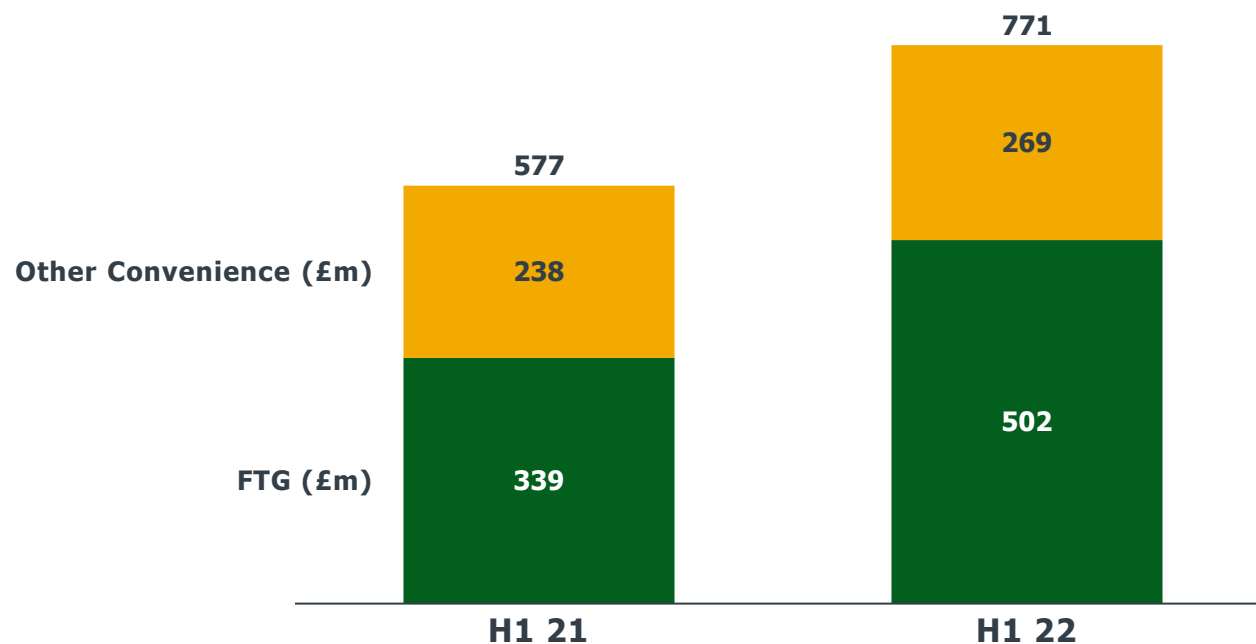
\*As per financing agreements, excluding lease liabilities  
Note: all comparisons versus H1 21

# Much improved year on year performance

£m unless otherwise stated	H1 22	H1 21	Change
Group Revenue	770.8	577.1	+33.6%
<i>Pro Forma Revenue Growth (%)</i>			+34.9%
Adjusted EBITDA	43.8	26.5	+65.3%
Adjusted Operating Profit	17.2	0.2	+£17.0m
Adjusted Operating Margin (%)	2.2%	0.0%	+220bps
Adjusted Profit / (Loss) Before Tax	11.7	(7.9)	
Group Exceptional Items (after tax)	(6.5)	9.9	
Adjusted EPS (pence)	1.8	(1.4)	+3.2p
Basic EPS (pence)	0.2	0.0	
Interim DPS (pence)	-	-	



# Strong revenue momentum across FTG and convenience categories



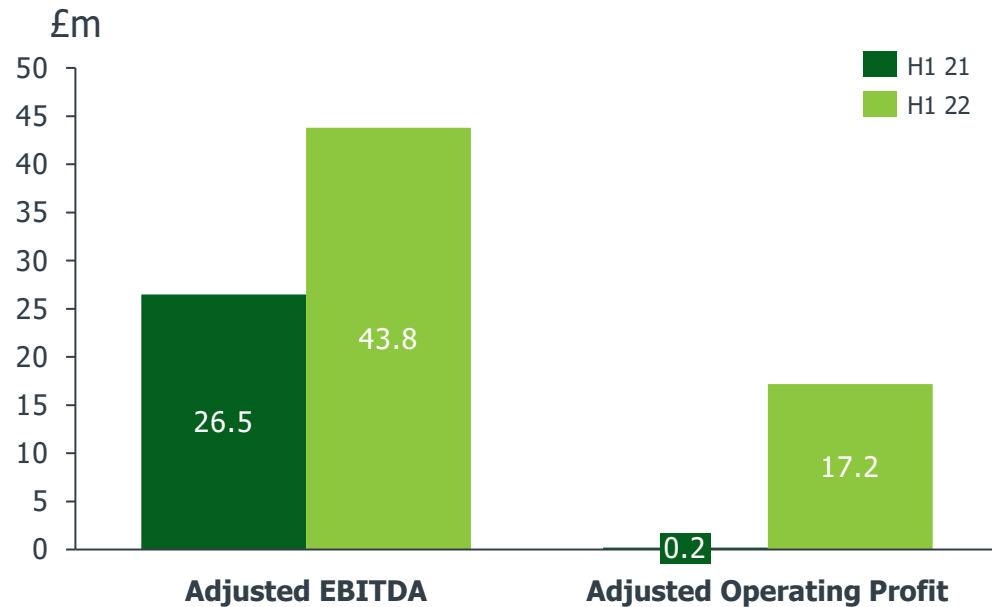
## Highlights

- Strong revenue momentum in both food to go and other convenience categories
- Solid execution against new business wins
- Pro forma FTG growth driven by recovery in underlying categories and new business wins
- Pro forma growth in other convenience categories driven by ready meals and Irish ingredients

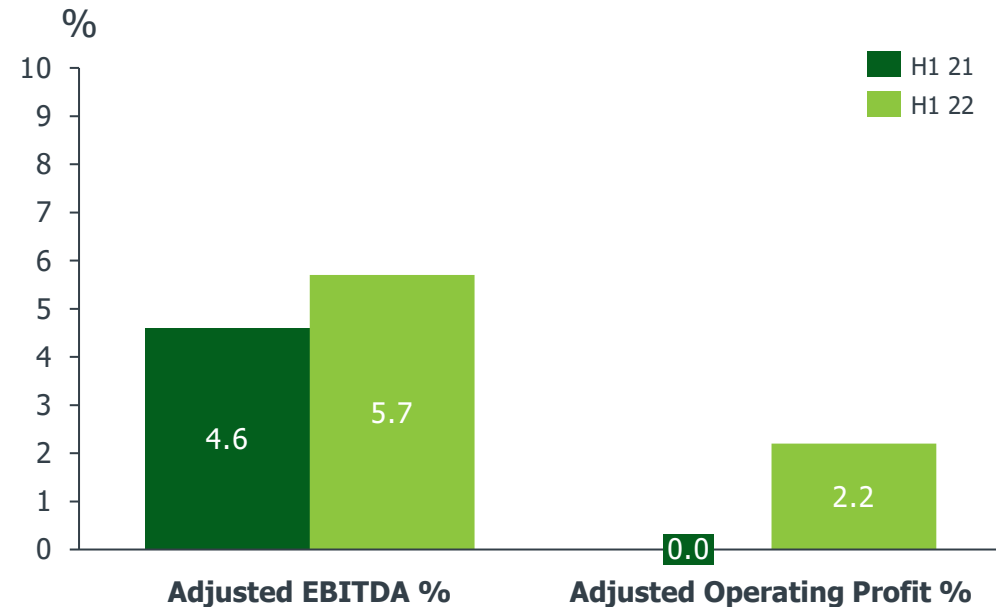
Pro Forma Revenue Growth	Q1 22	Q2 22	H1 22
<b>Group</b>	<b>+26%</b>	<b>+45%</b>	<b>+35%</b>
<i>Food to go categories</i>	<i>+35%</i>	<i>+65%</i>	<i>+48%</i>
<i>Other convenience food categories</i>	<i>+13%</i>	<i>+19%</i>	<i>+16%</i>

# Some progress in profit conversion despite challenging environment

## Profit performance



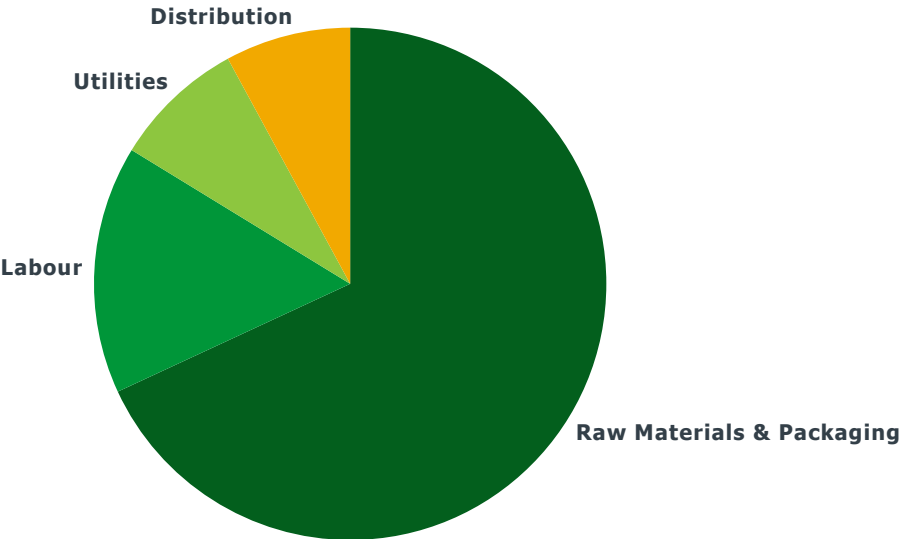
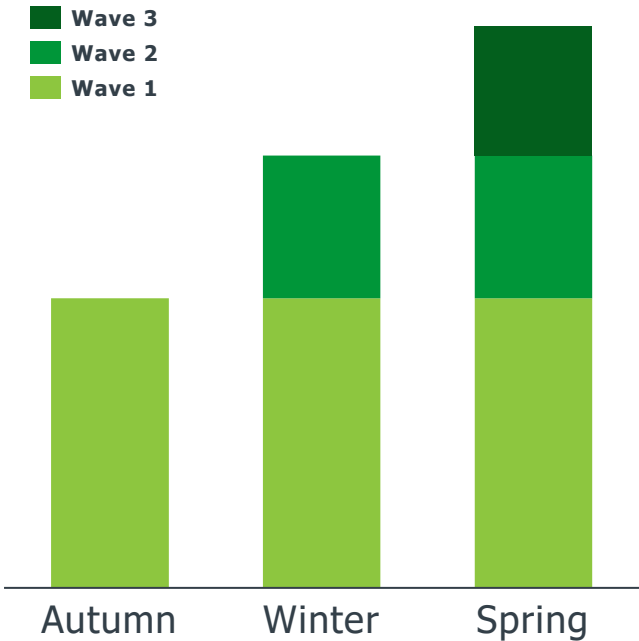
## Margin performance



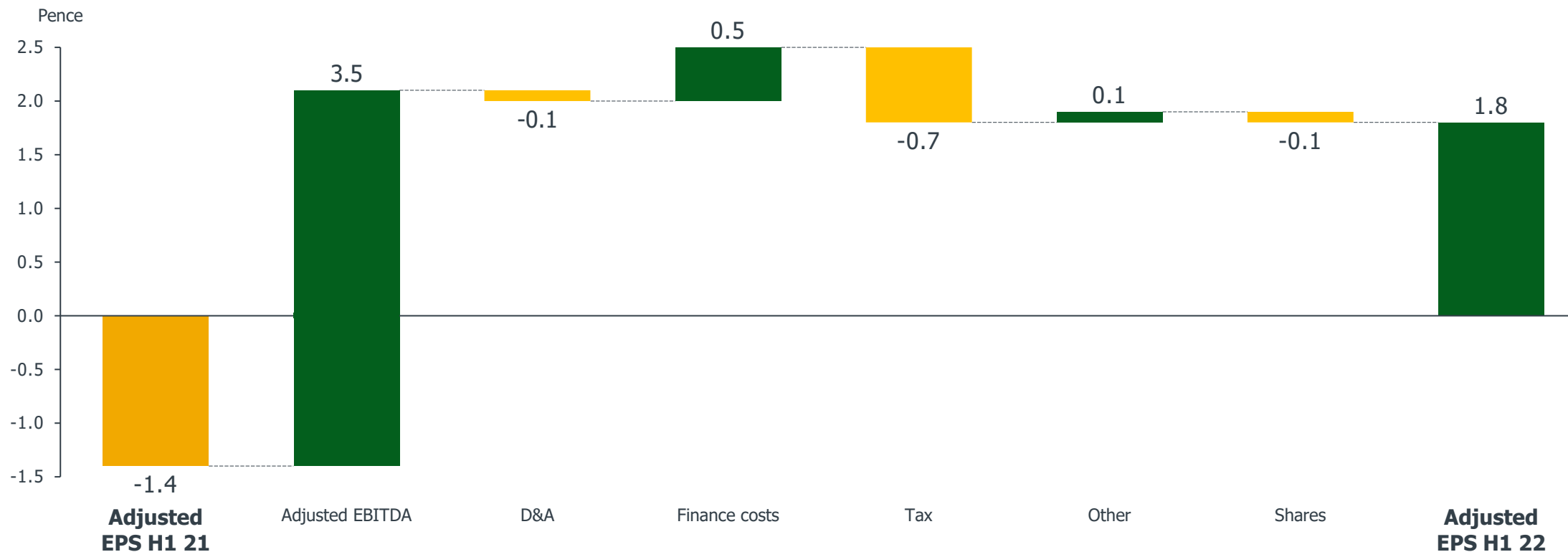
# Working effectively through an inflationary environment

Currently in 'third wave' of inflationary challenge...

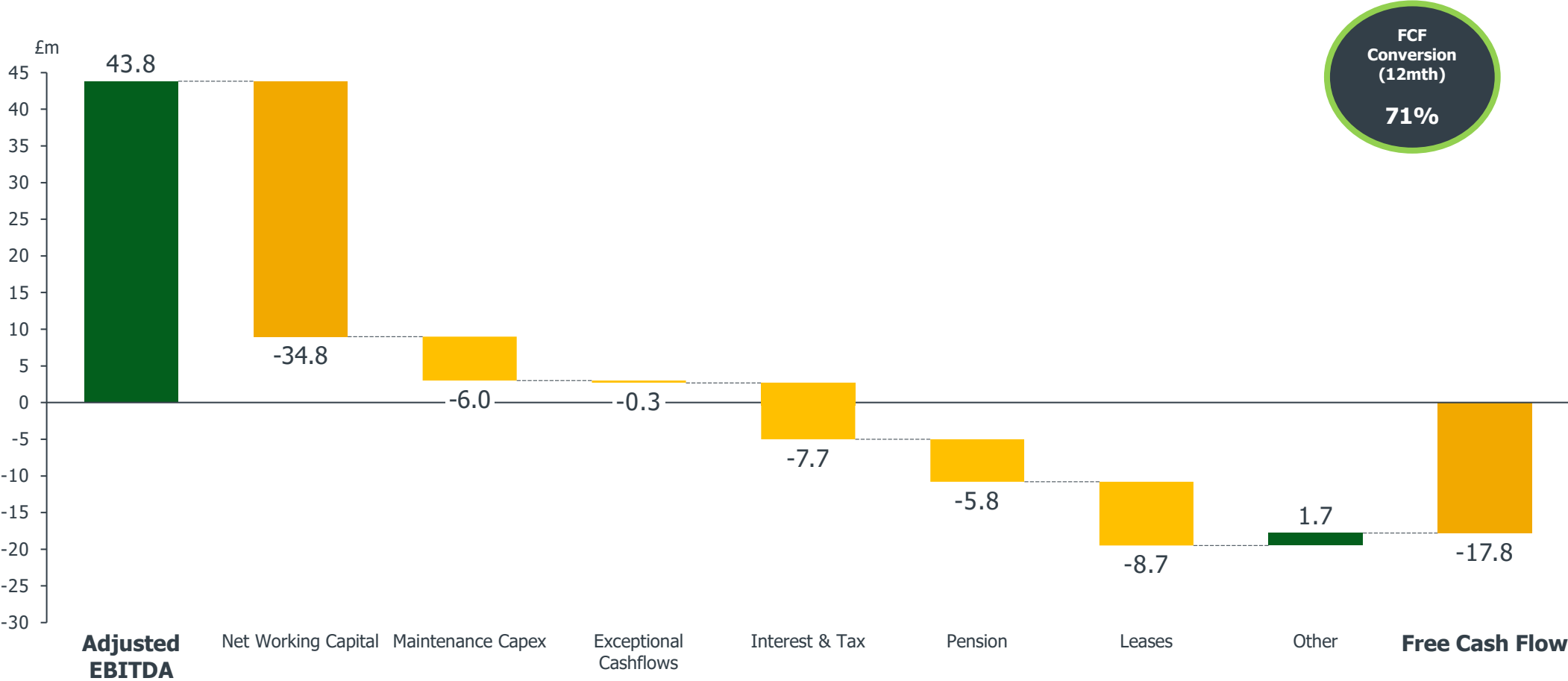
...we are recovering inflation mechanistically, via direct negotiation, via internal productivity...



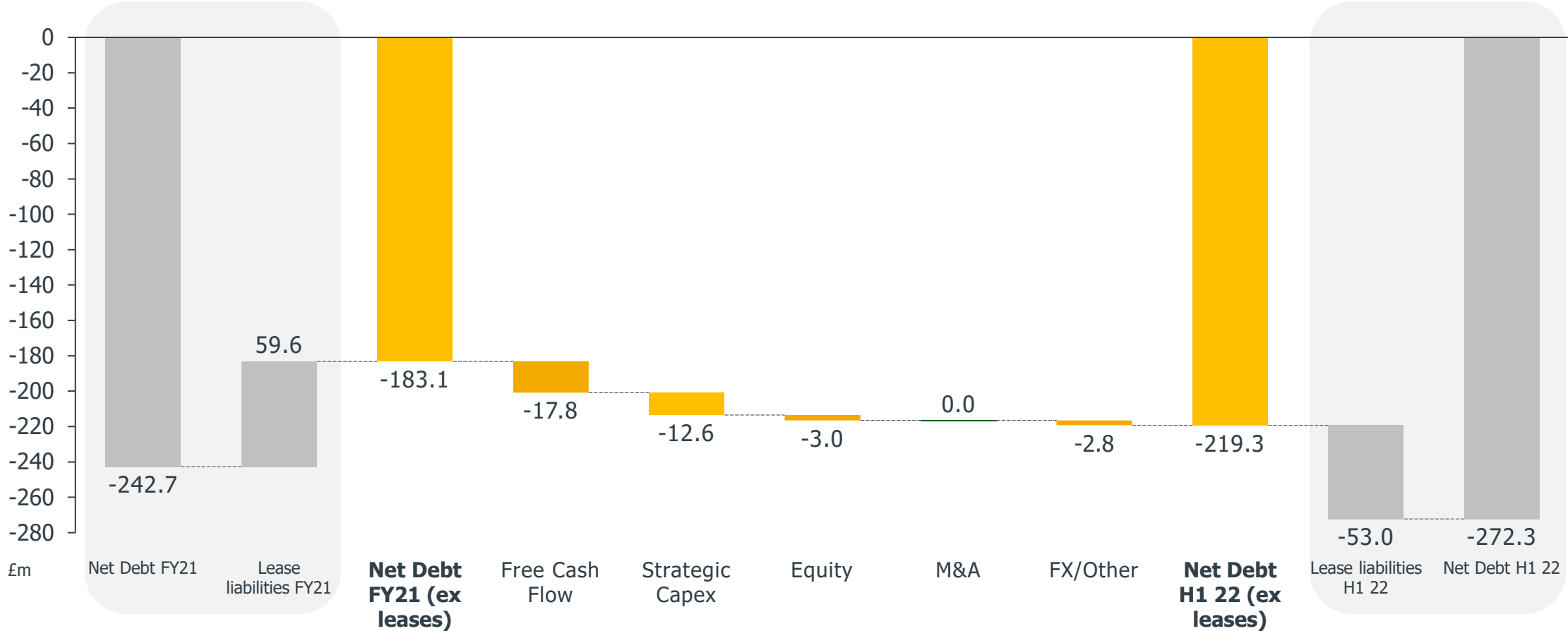
# Adjusted EPS growth driven by increased profits



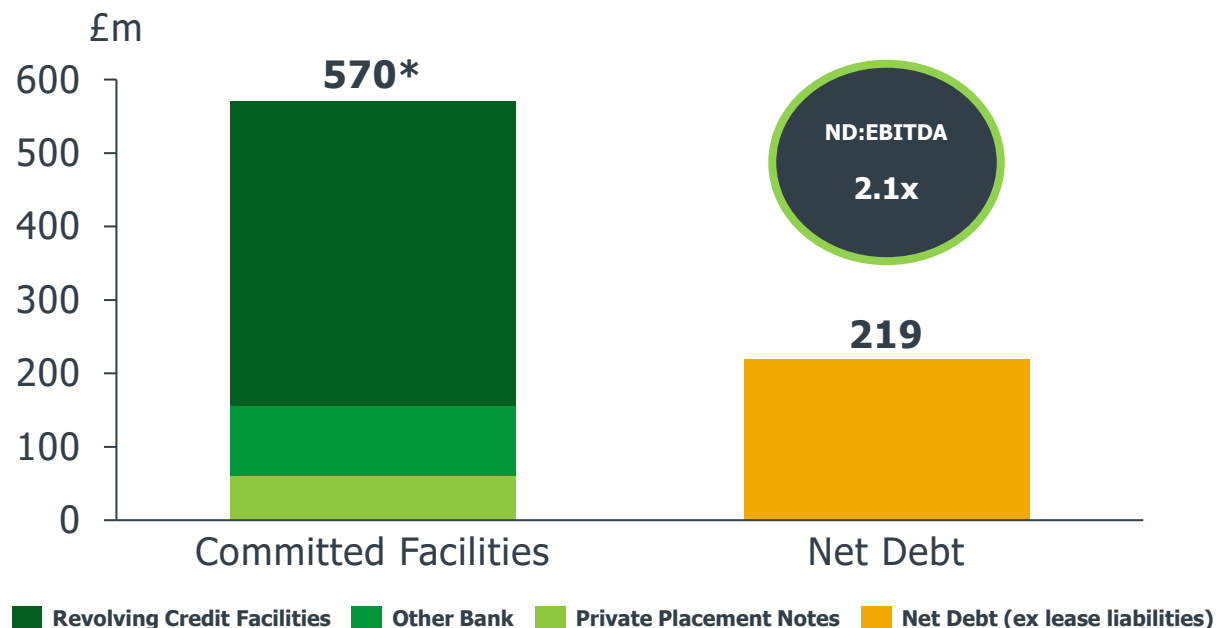
# Cash outflow in H1, as anticipated – with strong conversion over the last 12 months



# Free cash outflow, strategic capex drive increase in H1 Net Debt



# Strong year on year progression in deleveraging



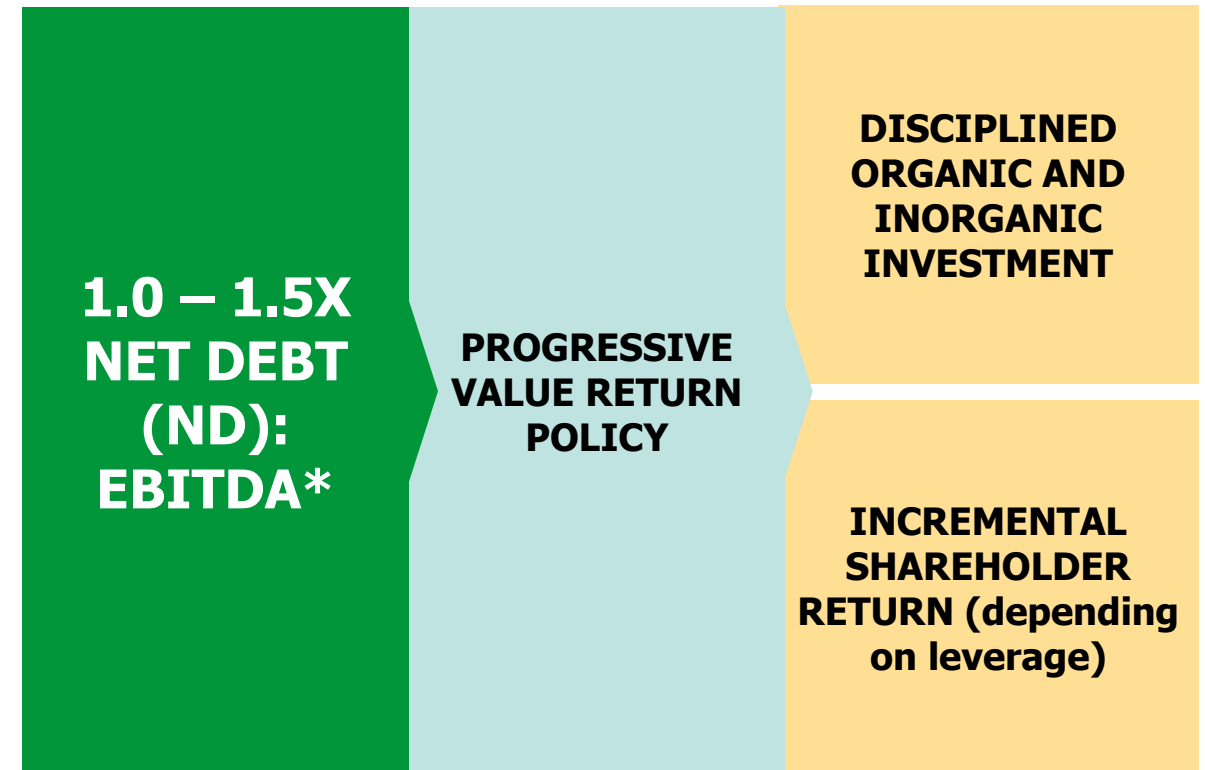
## H1 22 highlights

- Strong year on year progression in deleveraging, from 7.2x to 2.1x, on improved profitability
- Cash and undrawn facilities of £349.5m at end of H1 22
- Weighted average maturity of debt healthy at 3.1 years
- £20.6m reduction in net pension deficit since the end of FY21, to £8.7m, driven by actuarial gain on scheme liabilities as discount rates increased

\* As at 25 March 2022

# Capital management framework

- Commitment to recommence value return in FY22
- Further deleveraging remains a key priority
- Medium term leverage target of 1.0-1.5x
- Intention to recommence value return of up to £50m over the next two years, initially in the form of a share buyback programme
- Future composition of value return – share buyback, dividends, or a combination of both



\* As measured under financing agreements



# OPERATING & STRATEGIC UPDATE

Kevin Moore, *Deputy CEO*

Greencore 

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# We have outperformed our markets

## Growth ahead of overall market

- Attractive customer, portfolio and category mix
- Growth balanced across FTG and other convenience categories

## FTG market now approaching pre COVID levels

- FTG market value approximately 7% below pre COVID levels in H1 22, and 5% below in April 2022
- Individual customer performance influenced by the levels of suburban mix in store portfolio
- Grocery share of market remains higher than pre-COVID, with coffee shops regaining share

## Our growth in FTG is faster still

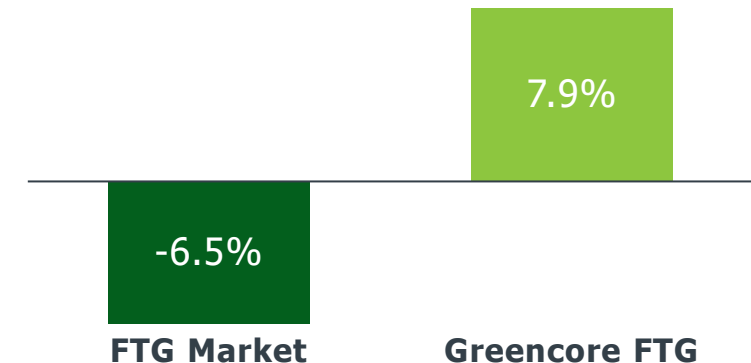
- Favourable customer mix allowed us to outperform on underlying growth
- Expanding channel penetration with new and existing customers
- Supplemented by new business wins

H1 22 performance versus H1 19



Source: Kantar 24we March 2022 versus equivalent period in 2019, Greencore pro forma revenue growth

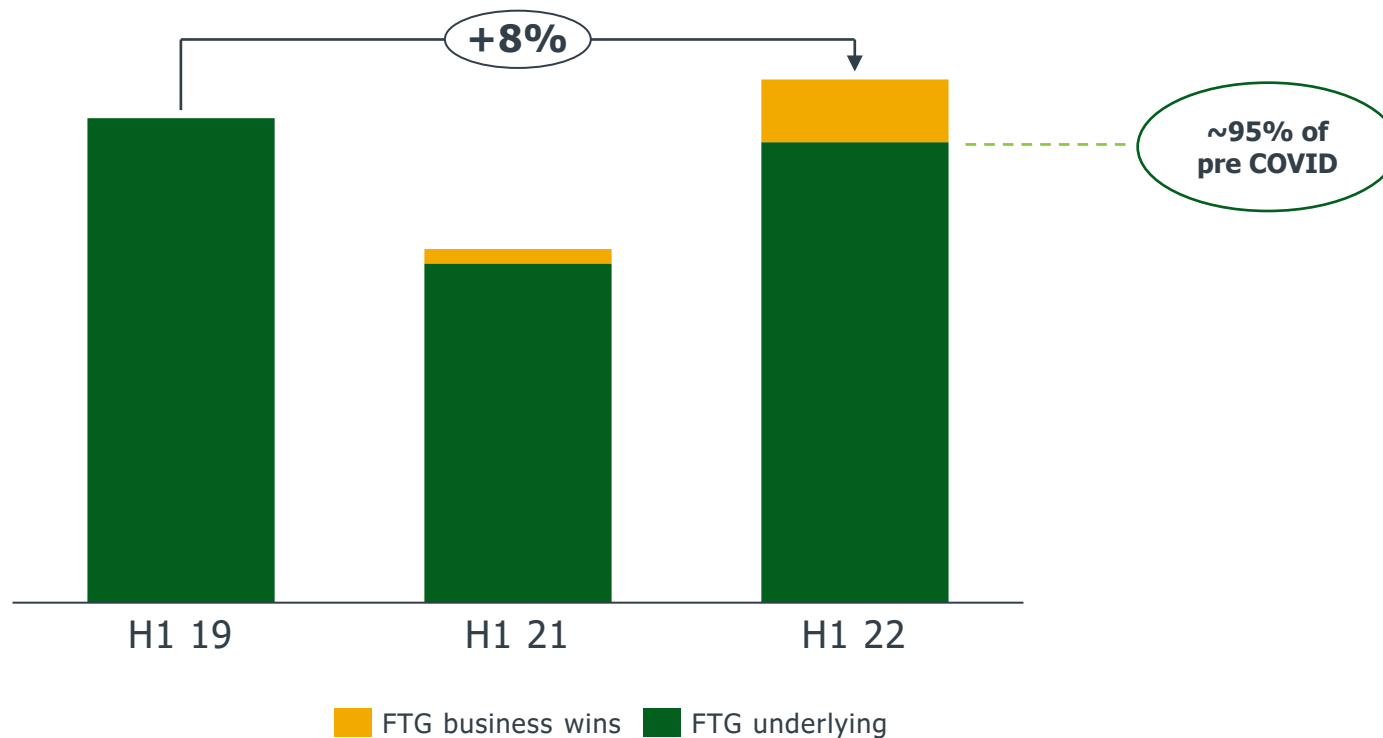
H1 22 performance versus H1 19



Source: IRI 24we 20<sup>th</sup> March 2022 versus equivalent period in 2019, Greencore pro forma revenue growth

# New business wins supporting growth...

## H1 22 highlights



- Underlying FTG outperformance augmented by new business wins
- Annualised revenue run-rate:
  - c£110m from onboarded FTG wins
  - c£120m total Group
- Focus on management of network to optimise output
- Customer service levels restored

\* As at 25 March 2022

# ...while we continue to drive product and category development



# Strategic capital investment programme

**Multi-year capital investment of c.£30m across three key sites to onboard new business**

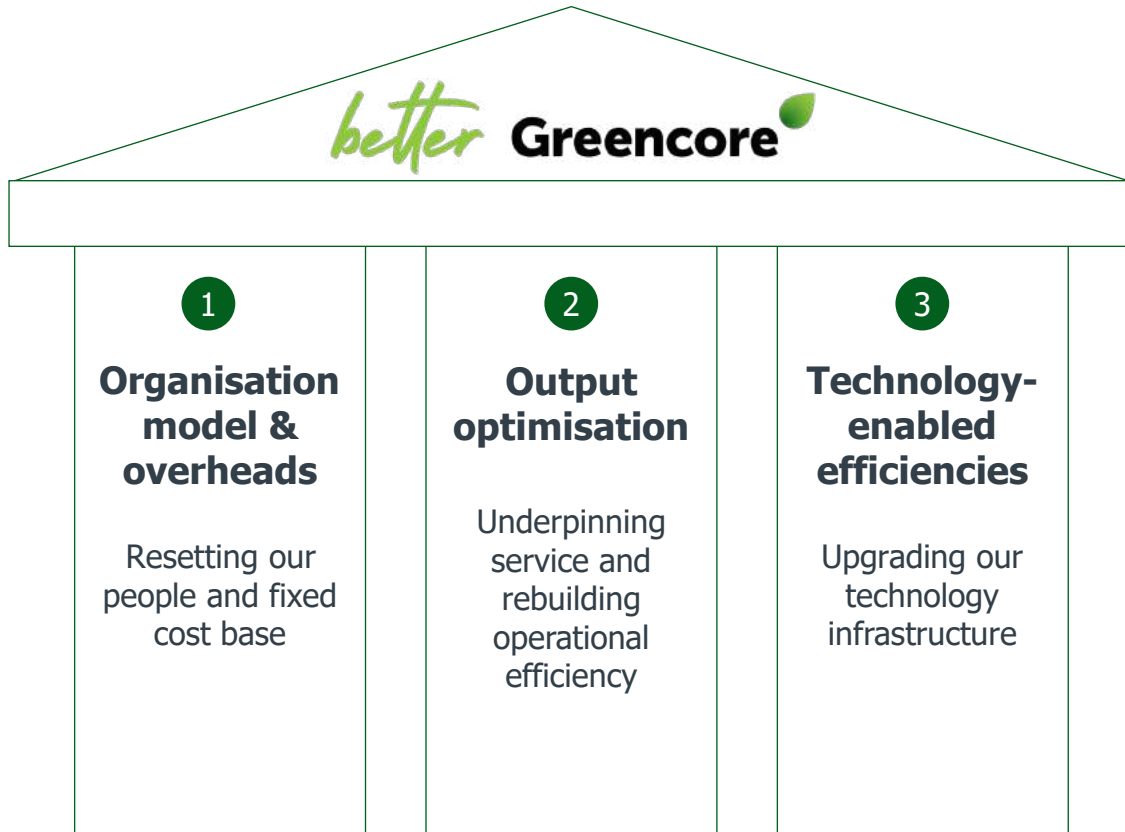


**Adding c.70 SKUs to our ready meals and salads offering; expanding meals capacity by c.30%**



**Investment on track for completion in Q4 22**





## Multi-phase programme to drive profit improvement

- Three areas of focus across multiple workstreams
  - *organisation model and overheads;*
  - *output optimisation;*
  - *technology-enabled efficiencies*
- First phase to deliver annual recurring benefit of approximately £30m in FY24
- First phase investment of approximately £24m during FY22 and FY23

# Making progress in our Better Future Plan

Sourcing with  
*Integrity*

**By 2030 we will source every ingredient from a sustainable and fair supply chain**

## FY22 roadmap

- Committing to 100% deforestation free supply chain by 2025, signatory of Soy Manifesto
- Commitment made to source 100% of our eggs, cage-free by 2025

Making with  
*Care*

**By 2040 we will operate with net zero emissions**

## FY22 roadmap

- We will roll out Net Zero roadmaps for all manufacturing sites
- We will ensure all of our food surplus product goes to feed those in need

Feeding with  
*Pride*

**By 2030 we will have increased our positive impact on society through our products and community engagement**

## FY22 roadmap

- We will transparently share healthy and sustainable food data for all our products with our stakeholders
- By 2030, we will reduce the average meat content across our product portfolio by 30%

## Better future

*plan*



## H1 22 progress

- Building a nutritional profile of the portfolio
- Working with customers to develop product footprinting
- Enhancing energy management strategy at factory level
- Developing climate scenario analysis as part of our TCFD disclosures in FY22
- Introduced new share ownership scheme for colleagues

# OUTLOOK

Greencore 

Emma Hynes, *CFO*

Making every day taste *better*





# Outlook

- Encouraging revenue momentum and improved profit conversion entering peak seasonal trading
- Strong recovery to date against inflationary challenge
- Profit conversion underpinned by Better Greencore programme
- Anticipate FY22 outturn in line with current market expectations
- Continued focus on deleveraging, value return recommencing
- Strong position in our markets, confident about medium term prospects



# Q&A

# APPENDIX 1

Greencore 

## Supplementary financial information



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# H1 22: other financial items

£m	H1 22	H1 21
Net finance costs	(6.2)	(9.7)
Tax (before exceptional items)	(1.7)	2.0
Group exceptional items (after tax)	(6.5)	9.9

Pence per share	H1 22	H1 21
Adjusted EPS (pence)	1.8	(1.4)
Basic EPS (pence)	0.2	(0.0)
Total DPS (pence)	-	-

## Highlights

- Lower net bank interest payable as debt levels reduced, with lower associated rates
- Effective tax rate 19% (H1 21:18%)
- Net exceptional items driven by cost of Better Greencore initiatives
- Weighted average share count increased following equity placing in November 2020

# H1 22 cashflow

£m	H1 22	H1 21
<b>Opening Net Debt (excluding lease liabilities)</b>	<b>183.1</b>	<b>350.5</b>
Adjusted EBITDA	43.8	26.5
Working capital	(34.8)	(21.1)
Maintenance capex	(6.0)	(7.9)
Exceptional cashflows	(0.3)	(2.4)
Interest/tax	(7.7)	(9.2)
Pension	(5.8)	(3.0)
Leases	(8.7)	(7.9)
Other	1.7	1.4
<b>Free Cash Flow</b>	<b>(17.8)</b>	<b>(23.6)</b>
Strategic capex	(12.6)	(8.6)
Dividends	-	-
M&A (net)	-	16.3
Equity	(3.0)	87.1
FX/Other	(2.8)	8.0
<b>Decrease/(Increase) in Net Debt</b>	<b>(36.2)</b>	<b>79.2</b>
<b>Closing Net Debt (excluding lease liabilities)</b>	<b>219.3</b>	<b>271.3</b>

# H1 22 balance sheet highlights

£m	H1 22	H1 21
Net Debt	272.3	332.1
Net Debt (excluding lease liabilities)	219.3	271.3
Net Debt: EBITDA (x) <sup>1</sup>	2.1	7.2
Pension deficit (net of deferred tax)	8.7	55.7
Average Invested Capital	743.5	758.6
ROIC (%)	6.3	(0.6)

<sup>1</sup> as measured under financing agreements

# 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*

## Pro Forma Revenue Growth (vs FY21)

Pro Forma Revenue Growth adjusts reported revenue to reflect the disposal of Premier Molasses Company Limited for the period in FY21 up to the date of disposal. It also presents the revenue on a constant currency basis utilising FY21 FX rates on FY22 reported revenue.

## Pro Forma Revenue Growth (vs FY19)

Pro Forma Revenue Growth adjusts reported revenue to reflect the impact of disposals and exits of manufacturing lines, and the acquisition of Freshtime UK Limited in FY19. It also presents the revenue on a constant currency basis utilising FY19 FX rates on FY22 reported revenue.

## Adjusted EBITDA, Adjusted Operating Profit & Adjusted Operating Margin

The Group calculates Adjusted Operating Profit as operating profit before acquisition related amortisation 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 Profit Before Tax

The Group calculates Adjusted PBT as profit before taxation, excluding tax on share of profit of associates and before exceptional items, pension finance items, amortisation of acquisition related intangibles, FX on inter-company and certain external balances and the movement on the fair value of all derivative financial instruments and related debt adjustments.

## 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 described as an APM here is 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 to comply 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

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

## Free Cash Flow Conversion

The Group calculates Free Cash Flow Conversion as Free Cash Flow divided by Adjusted EBITDA. This is calculated on a 12 month basis.

## Net Debt and Net Debt Excluding Lease Liabilities

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

Net Debt excluding Lease Liabilities is a measure used by the Group to measure Net Debt excluding the impact of IFRS 16 *Leases*. Net Debt excluding Lease Liabilities is used for the purpose of calculating leverage under the Group's financing agreements.

## Return on Invested Capital ('ROIC')

The Group calculates ROIC as Net Adjusted Operating Profit After Tax ('NOPAT') divided by average Invested Capital. 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.



# IR CONTACTS & CALENDAR

**Emma Hynes**

Chief Financial Officer

**Jack Gorman**

Head of Investor Relations



[investor.relations@greencore.com](mailto:investor.relations@greencore.com)



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**H1 22 Results**

24 May 2022

**Q3 22 Trading Update**

26 July 2022


**Full Year Period End**

30 September 2022

**FY22 Results**

29 November 2022

# APPENDIX 2

Greencore 

Greencore at a glance

Making every day taste *better*



**£1.3**  
billion  
annual turnover



Leading the industry with food safety



**645**  
million



sandwiches and other food to go items each year

**117**  
million  
chilled prepared meals per year



**2,160**  
products  
across 20 categories



**10,500**  
direct to store  
deliveries each day



**47**  
million  
chilled soups and sauces per year



**483**  
million

Yorkshire puddings per year



**13,000**  
colleagues

**Greencore**

Making every day taste

*better*

**256**  
million

bottles of cooking sauces, pickles and condiments per year



The world's largest fresh pre-packaged sandwich maker



Our strategy is built on three pillars:



Growth



Relevance



Differentiation

Pioneering the way in inclusion



**30**  
million  
quiche each year



**35+**  
locations



**140**  
million  
salads each year



Award winning products



# Making every day taste better



## Food to go categories

We operate 13 manufacturing units across nine locations, including eight sandwich units, three salad units and two sushi focused units.

## Other convenience categories

We operate eight manufacturing units across seven locations, comprising three chilled ready meal units, two chilled soup and sauce units, one chilled quiche unit, one ambient cooking sauce and pickles unit and one Yorkshire Pudding unit. We also operate an Irish ingredients business that imports and distributes edible oils.

## Distribution

We have built a strong direct to store distribution operation comprising over 600 vehicles, five regional distribution centres and 13 transport hubs, delivering to more than 10,500 small format stores throughout the UK every day.



# Our business model

Making every day taste *better*



## Our inputs

People

**c.13,000**

Ingredients

**c.3,500**

Manufacturing units

**21**

Distribution fleet

**600+**

Invested capital

**c.£700m**

## Our differentiators



People at the core



Sustainability



Great Food



Excellence

## Sourcing with Integrity

We are committed to ensuring that the raw materials we use in the products we supply to our customers are sourced sustainably and responsibly.

Our Subject Matter Experts work with our Purchasing and Sustainability teams to reduce complexity and risk within the supply chain. We source our raw materials from local suppliers where feasible, and we have also developed long term strategic partnerships to support effective, sustainable and transparent supply chains.

Number of ingredients suppliers we source from

**c.350**

Percentage of ingredients sourced from UK-based suppliers

**c.80%**

## Making with Care

Our Great Food is underpinned by our dedication to food safety, taste and quality.

We source and prepare our Great Food to the highest food safety standards every day. Our customers and their consumers can trust what we make. We work relentlessly to ensure we reach industry-leading food quality standards in everything we do. We also leverage our expertise in food manufacturing and assembly to provide 'ready to eat' products using processes that are people intensive and environments that are 'high care'.

Number of different products produced by Greencore in total

**c.2,200**

Internal and external audits across all sites during the year

**c.32,000**

## Feeding with Pride

We design products with taste, freshness, sustainability, health and affordability at front of mind, and strive to package and distribute these as efficiently and responsibly as possible.

We work closely with our customers to innovate and improve recipes and technologies that add value for them. This is done across a range of product categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings. We distribute through our chilled distribution network to customers' distribution centres and to selected food outlets through our dedicated fleet of over 600 Direct to Store vehicles.

Number of daily deliveries by our Direct to Store vehicles

**10,500+**

Sandwiches and other food to go items produced in FY21

**645m**

## Our contribution

### Shareholders

Creating sustainable value through disciplined capital allocation.

### Customers

Providing best-in-class customer outcomes and satisfaction.

### Suppliers

Enabling collaboration for all parties to achieve goals and drive growth.

### Consumers

Addressing key consumer demand drivers through food innovation.

### Colleagues

Investing in career development and shaping career opportunities that engage, reward and retain our people.

### Community

Creating stronger and healthier communities through education and food-focused engagement.

# Our strategy defines the direction of the Group



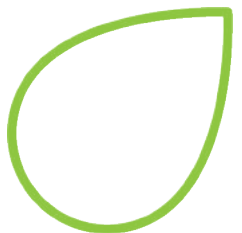
## **Growth**

Our leadership positions in attractive and structurally growing food categories underpin a strategy that combines strong organic growth potential with disciplined strategic investment



## **Relevance**

Our model of embedded, long term customer partnerships is the cornerstone of our commercial offer, ensuring we are strategically relevant for our customers



## **Differentiation**

Our comprehensive capability set provides us with a distinctive and repeatable Greencore way of working, to ensure we exploit potential growth opportunities available to us

# Our differentiators drive our strategy



## People at the Core

By embedding a safety culture, providing inspiring leadership and having engaging and effective teams, we ensure that people are at the core of our business

## Sustainability

Sustainability underpins all areas of our business from sourcing with integrity, to making with care and feeding with pride

## Great Food

Protecting food safety, leading on taste and winning on quality are all essential to our continued success

## Excellence

We strive for excellence in everything we do by building capability, driving efficiency and delivering value for all our stakeholders