



**Greencore Group plc**

**11 February 2010**

## **GREENCORE GROUP PLC**

### **INTERIM MANAGEMENT STATEMENT AND CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING**

Greencore Group plc ('Greencore' or the 'Group'), today issues the following Interim Management Statement in accordance with the reporting requirements of the Transparency Regulations, 2007. The Chairman, Ned Sullivan, will present this at the Annual General Meeting taking place in the Crowne Plaza Hotel, Northwood Avenue, Santry, Dublin 9, at 11.00 am today.

The Group delivered a good performance overall in 2009 against the backdrop of a challenging consumer environment, which was particularly evident in the first quarter of the year. Adjusted EPS\* for the Group was 17.4 cent which was in line with 2008 on a constant currency basis but was down by 14.3% on the comparative amount for 2008 of 20.3 cent. However, firm foundations have been laid for the future. The last twelve months has seen significant progress in the Group with particular highlights being a more consistent and improved trading performance quarter on quarter, continuing momentum in the US, an executive and management team achieving real impact in the business and portfolio change consistent with the Group's strategy. This positions the Group very well for both the short and medium term.

The Group has recorded a very strong start to the current financial year in Convenience Foods with most category businesses experiencing both sales and operating profit growth year on year. It should, however, be noted that this comparison is against weak market conditions in the early part of our 2009 financial year. Sales in the first quarter of FY10 of €220.2m were 6.5% ahead of the first quarter of last year on a constant currency basis. UK sales (excluding Water) were 7.8% ahead year on year on a constant currency basis. In particular, the Food-to-Go and Prepared Meals categories are showing strong year on year growth. First quarter sales in the US were 30% ahead of the same quarter of 2009 driven by continuing positive customer and consumer take up of our fresh food offering. Additionally, we continue to build on the progress made in FY 09 of increasing operating margins in Convenience Foods to more acceptable levels.

Our Ingredients and Related Property division has performed in line with our expectations year to date. In line with previous guidance we remain cautious about the prospects for malt demand in the current year against the backdrop of the decline in European beer sales and reduced demand from distillers. Year to date malt margins have been supported by lower year on year energy pricing and good carryover volumes which were not delivered in the previous financial year.

Currency translation is having a less pronounced impact on year on year comparisons than in the previous two financial years. The EUR/GBP exchange rate

in the first quarter was 0.897 compared to 0.86 in the first quarter of the previous year with the year on year differential narrowing further in recent weeks.

*\* Before exceptional items, amortisation of intangibles, inter-company foreign exchange gains/losses and the movement in the fair value of all derivative financial instruments and related debt adjustments*

The Group has a well capitalised balance sheet which is sufficient to meet the operational and development needs of the business. In April 2009, the Group secured a new three year bank debt facility of €360m with a group of international banks and concluded a new two year bi lateral facility of €50m in August 2009. On that basis, all 2010 maturities have either been fully refinanced or repaid. This refinancing, a significant component of which is undrawn, provides the Group with the capacity for future growth.

Earlier today your Board was pleased to announce that it has agreed to sell the Group's Malt business to Axéreal Union De Coopératives Agricoles for consideration of up to €116.25 million, subject, inter alia, to shareholder approval having been obtained. This proposed disposal is consistent with the Group's strategy to develop its core Convenience Foods business in the UK and the US and it will provide the Group with additional balance sheet strength and management focus from which to do this. A circular containing further details relating to the proposed disposal and convening an Extraordinary General Meeting will be posted to shareholders shortly. Subject, inter alia, to shareholder approval having been obtained, the Group expects to complete the disposal of its Malt business in late March 2010.

The disposal of the Group's Water business is scheduled to complete before 30 April 2010 as outlined in our market announcement of 19 November 2009.

The Group has made a strong start overall to FY10 with very strong year on year earnings growth in Convenience Foods and performance in line with expectations in our Ingredients & Related Property division more than offsetting the impact of higher interest costs year on year associated with the Group's 2009 refinancing. As highlighted previously, however, the Convenience Foods comparison is against a weak comparative period in 2009. As we move through the remainder of the financial year we will be comparing against the improving performance we experienced in Convenience Foods from quarter two onwards in FY09. In addition, it is still early in the financial year and although encouraged by our recent trading performance we remain appropriately cautious about the consumer environment for the remainder of the year. Taking account of all of the above the Board is confident about the prospects for the Group in the year ahead and beyond.

E.F. Sullivan

Chairman

11 February 2010

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**Greencore Group**

- A leading international producer of convenience food, as well as an established ingredients supplier with operations in Ireland, the UK, the US, The Netherlands and Belgium.
- Strong market leadership positions in the UK convenience food market across sandwiches, chilled prepared meals, chilled soups and sauces, ambient sauces & pickles, cakes & desserts and Yorkshire puddings.
- Extending presence outside the UK with fast-growing convenience food businesses in the US.
- An established ingredients supplier with leading market positions in Malt production for the brewing and distilling industries in Ireland, the UK and Belgium.