

greencore
group



Refocusing Greencore

15 October 2018

1 IMMEDIATE REALISATION OF US VALUE

- **Sale of Greencore US** to Hearthside for \$1,075m¹
- **Compelling valuation**, EV / EBITDA multiple of 13.4x / 14.2x²
- Enables **special dividend of 72p** per share³ and **reduced leverage**

2 FOCUSED RETAINED GROUP

- **Industry-leading position** in UK generating attractive growth and returns
- **Significant opportunities** in a dynamic UK marketplace
- **Team, focus, and financial flexibility** to drive future shareholder returns

¹ Transaction includes the entirety of Greencore US business; comprising both the former Peacock Foods business as well as the original Greencore US business. Purchase price on a cash- and debt-free basis, subject to standard working capital and other adjustments

² Transaction enterprise value calculated as \$1,075m. Adjusted EBITDA for 13.4x multiple calculated based on Adjusted EBITDA for Greencore US for the 12 month period ended 29 September 2017. Adjusted EBITDA for 14.2x multiple calculated on the same basis, but also including allocated central costs

³ Subject to board approval, the agreement of the relevant lenders to waive any applicable prepayment obligations or an agreement to refinance the existing debt and the completion of the proposed capital reduction (requiring shareholder approval and Irish High Court approval)

1 KEY TRANSACTION TERMS & TIMELINE

Key transaction terms

Transaction

- \$1,075m purchase price¹
- Entire Greencore US business, including 13 manufacturing facilities and ~3,000 employees
- Net proceeds of £802m²

Acquirer

- Hearthside: Scale US contract food manufacturer with diverse production capabilities, \$1.5bn revenues pre-Transaction, heritage in US food industry outsourcing

Conditions to closing

- Greencore shareholder approval
- US HSR³ approval

Transaction timeline

- Distribution of circular on 15 October with Extraordinary General Meeting on 7 November
- Expected transaction completion by late November

¹ Purchase price on a cash- and debt-free basis

² Based on gross proceeds of disposal of £817m and transaction costs of £15m and GBP/USD FX rate of 1.3158 as at 12 October 2018

³ Hart-Scott-Rodino Antitrust Improvements Act of 1976

1 COMPELLING VALUE, IMMEDIATELY REALISED

- Transaction EV / EBITDA multiple of 13.4x / 14.2x¹
- Valuation represents 41% of Greencore Group estimated enterprise value²
- Immediate realisation of value from Greencore US
- Premium to both \$747.5m³ paid for Peacock Foods and Greencore's total invested capital in the US of \$979m⁴

¹ Transaction enterprise value calculated as \$1,075m. Adjusted EBITDA for 13.4x multiple calculated based on Adjusted EBITDA for Greencore US for the 12 month period ended 29 September 2017. Adjusted EBITDA for 14.2x multiple calculated on the same basis, but also including allocated central costs. The Group calculates Adjusted EBITDA as Adjusted Operating Profit plus depreciation and amortisation. The Group calculates Adjusted Operating Profit as net profit before net finance costs, taxation, share of associate's profit/loss after tax, exceptional items and acquisition related amortisation.

² Based on market capitalisation of £1,467m as at 12 October 2018, net debt of £522.2m as at 30 March 2018, and GBP/USD FX rate of 1.3158 as at 12 October 2018

³ Peacock Foods acquisition prospectus, 14 November 2016

⁴ Based on net assets of Greencore US as at 30 March 2018 of £699.4m, translated at the GBP/USD FX rate of 1.40 as at 30 March 2018



- **Returns 72p per share (£509m) via special dividend¹**
 - Represents 35% of market cap²
 - Concurrent share consolidation³

- **Strengthens balance sheet**
 - Upon completion, up to £293m to be used to reduce leverage¹

- **Enables greater financial flexibility and more dynamic capital management**
 - Target leverage ratio of 1.5-2.0x Net Debt / EBITDA⁴
 - Flexibility for further investment and value return to shareholders
 - Progressive dividend policy from FY19

¹ Subject to board approval, the agreement of the relevant lenders to waive any applicable prepayment obligations or an agreement to refinance the existing debt and the completion of the proposed capital reduction (requiring shareholder approval and Irish High Court approval)

² Based on market capitalisation of £1,467m as at 12 October 2018, and GBP/USD FX rate of 1.3158 as at 12 October 2018

³ Share consolidation to be used to maintain the reference share price and earnings per share on a comparable basis to prior years, subject to EGM approval. See appendix for further detail

⁴ As measured under financing agreements

1 FINANCIAL EFFECTS AND CURRENT TRADING

Financial effects

- Retained Group will principally comprise Convenience Foods UK & Ireland
- Pre-transaction central cost base to be subsequently optimised
- Proposed share consolidation to reduce share count¹

Current trading

- Reiterating previously announced Adjusted EPS range of 14.7p-15.7p for FY18²
- Completed disposal of Rhode Island facility for additional cash consideration of \$10.8m in FY18
- FY18 Results will be issued on 4 December 2018

¹ See appendix for further detail

² This statement constitutes a profit estimate for the purposes of the listing rules, as described in part IV of the shareholder circular; 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 a trust on behalf of Greencore and held in trust in respect of the Deferred Bonus Plan, the Performance Share Plan and the Executive Share Option Scheme

TRACK RECORD OF SUSTAINED GROWTH IN DYNAMIC UK MARKET

Greencore UK revenue growth rates, FY11-FY17

CAGR %,

UK convenience food¹



driven by...

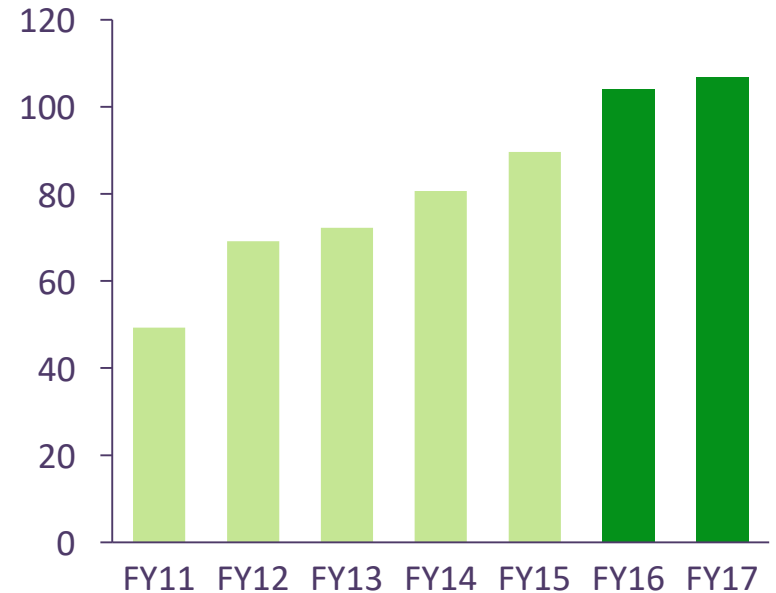
Food to go categories²



Illustrative Adjusted Operating Profit, FY11-FY17

£m

Convenience Foods³ Convenience Foods, UK&I⁴



¹ Revenue from Greencore's UK total convenience food activities

² Revenue from Greencore's UK food to go activities

³ Greencore annual reports; Convenience Foods Division as reported - includes UK and US activities but excludes Irish activities

⁴ Greencore annual reports; Convenience Foods UK&I Division as reported - includes UK and Irish activities but excludes US activities

2 A FOCUSED RETAINED GROUP AND STRATEGY

a **Extend leadership position in attractive and structurally growing categories**

b **Deepen our long-term customer partnerships**

c **Execute value-creating initiatives**

d **Focus organisation on UK market opportunities**

e **Drive sustained growth, returns and cash flow**

EXTEND LEADERSHIP POSITION IN ATTRACTIVE AND STRUCTURALLY GROWING CATEGORIES

Important categories for our customers and consumers...

- Drives strong customer economics
- Provides point of brand differentiation
- Supports new format and channel growth strategies
- Attracts incremental consumer footfall
- Aligns with health, freshness, local and convenience trends

...have driven strong structural growth¹...

Market CAGR, FY13-FY18

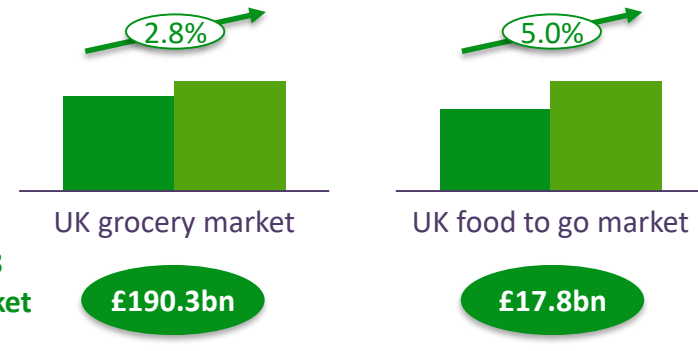
FY13 FY18



...with positive momentum expected to continue²

Market CAGR, 2018-2023

2018 2023



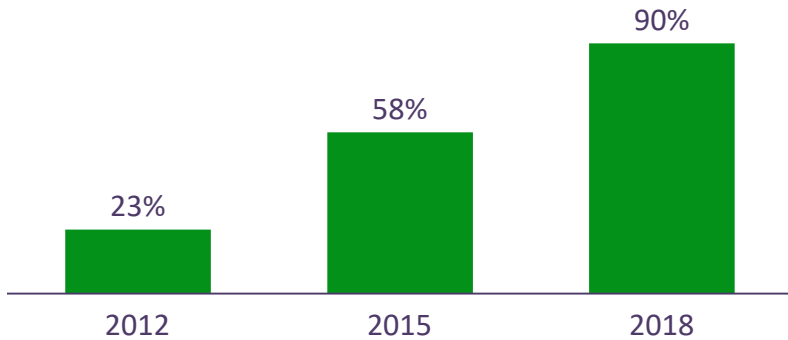
¹ Market historical growth rates, FY13-FY18 (Source: Nielsen)

² Market forecasts, 2018-2023 (Sources: IGD, *UK Channel Opportunities: 2018-2023*, June 2018; *UK Food-to-Go Market 2018*, August 2018)

DEEPEN OUR LONG-TERM CUSTOMER PARTNERSHIPS

Long-term, sole-supply partnerships

% of Greencore UK net sandwich sales in 3-yr+ contracts



Expanding capabilities throughout supply chain

- New Product Development
- Technical & Food Safety
- Sourcing
- Order Management
- Manufacturing
- Distribution
- Merchandising

Valued partner to our customers

Advantage Report – retailers’ ranking of suppliers¹

Manufacturers	Overall Performance (Rank of 5)	Strategic Alignment	People	Category Development	Retailer Own Label	Trade & Shopper Marketing	Supply Chain	Customer Service
Greencore	1	1	1	1	1	1	1	3
Competitor 1	2	2	3	2	2	*	2	2
Competitor 2	3	2	2	2	2	2	1	1

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., August 2018

Organic investment

New capacity



New capabilities



Operational effectiveness



Inorganic investment

Both transformational...



...and tactical acquisitions





the
greencore
way



- Single UK organisation to drive performance and growth
- Tightened Group team to drive strategy
- Strong overall team with wide-ranging industry experience and relationships
- Industry-leading expertise across strategy, commercial, manufacturing, technical/food safety and sourcing
- Strong track record of people development and colleague engagement

- Strong historic revenue growth with positive future growth prospects
- Well-invested network and working capital discipline, supporting strong cash generation
- Attractive return on capital profile
- Deleveraged balance sheet providing financial flexibility
- Dynamic capital management model driving shareholder returns

- Attractive disposal valuation that accelerates realisation of intrinsic value
- Significant cash returns with 72p special dividend¹
- Group well positioned with enhanced strategic and financial flexibility
- Focus on a dynamic UK market with significant change and opportunity

¹ Subject to board approval, the agreement of the relevant lenders to waive any applicable prepayment obligations or an agreement to refinance the existing debt and the completion of the proposed capital reduction (requiring shareholder approval and Irish High Court approval)

APPENDIX

Transaction timeline

- Distribution of circular: 15 October 2018
- Extraordinary General Meeting: 7 November 2018
- Expected transaction completion: by late November 2018
 - Subject to shareholder and HSR approvals

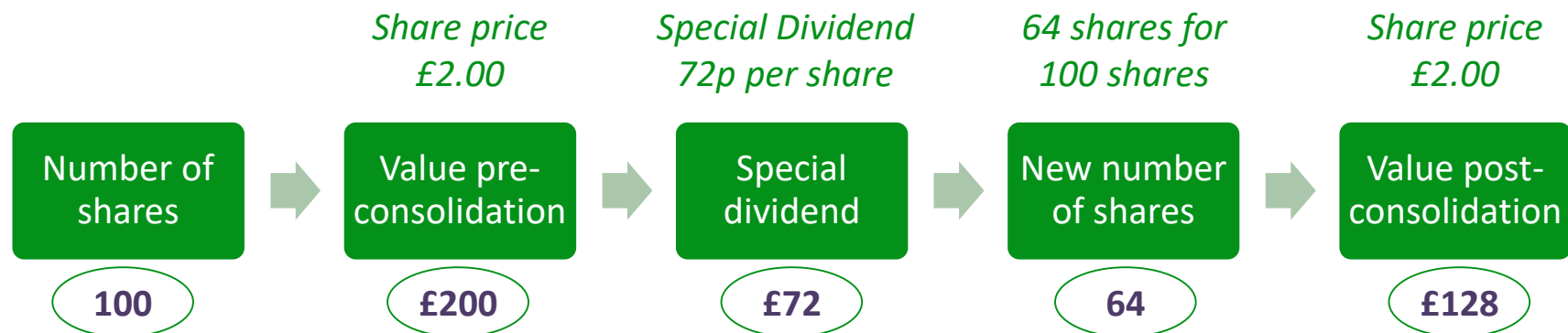
Special dividend and share consolidation information¹ (subject to EGM approval)

- Record date and share consolidation: mid-December 2018
- Special dividend paid: mid-January 2019

¹ Subject to board approval, the agreement of the relevant lenders to waive any applicable prepayment obligations or an agreement to refinance the existing debt and the completion of the proposed capital reduction (requiring shareholder approval and Irish High Court approval)

ILLUSTRATIVE SHARE CONSOLIDATION EXAMPLE

Illustrative example using current share price and a shareholder owning 100 shares




Dividend + Share value post consolidation = £200

Special DPS/Share Price = % share reduction
Consolidation ratio required for share reduction = 64 new shares for every existing 100 shares

FY18 Full Year Results	4 December 2018
Q1 Trading Update	29 January 2019
Annual General Meeting	29 January 2019
H1 19 Period End	29 March 2019
H1 19 Results	21 May 2019
Q3 Trading Update	30 July 2019
FY19 Period End	27 September 2019
FY19 Results	26 November 2019

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