

26 July 2016

Greencore Group plc – Trading Statement
Continued revenue momentum driven by food to go

Greencore Group plc (“the Group”) today issues a trading update covering the 13 weeks to 24 June 2016 (“Quarter 3” or “Q3”) and the 39 weeks to 24 June 2016 (“Year to Date”).

Quarter 3 and Year to Date Trading

The Group recorded revenue of £360.4m in the 13 weeks to 24 June 2016, an increase of 4.0% on the prior year on a reported basis and of 3.1% in constant currency. Year to Date, the Group recorded revenue of £1,052.0m, 6.7% ahead on the prior year on a reported basis and 5.9% ahead on a constant currency basis.

Convenience Foods

The Convenience Foods division recorded Q3 revenue of £349.9m, 5.4% higher than the prior year on a reported basis and up 4.6% in constant currency. Year to Date, the division recorded revenue of £1,017.9m, 7.5% higher than the prior year on a reported basis and 6.7% higher on a constant currency basis.

In the UK, Q3 revenue was 5.7% higher than in the prior year and 6.7% higher Year to Date. Growth was driven by the Food to Go business which continues to outperform its market. The Food to Go business is benefitting both from new business wins reported in the year and from the impact of new product launches. Commissioning of new sandwich capacity in Northampton has progressed in line with plan. The business is also well advanced in adding new production lines at its other UK sandwich facilities to enable the roll-out of new business wins.

In the US, Q3 reported revenue was 4.1% higher than in the prior year and 1.0% lower on a constant currency basis in the context of a particularly strong comparator period. Year to Date, reported revenue was 12.4% higher than prior year and up 6.8% on a constant currency basis. The modest underlying revenue decline in Q3 reflected product exits following the closure of the Brockton site (an estimated impact of three percentage points) and the phasing of shipments in frozen products. US financial performance has been encouraging in the quarter, in line with the expectations set out at the half year.

Ingredients and Property

The Ingredients and Property division, which now represents less than 5% of Group activity, recorded revenues of £10.5m in Q3, £4.1m or 28.1% lower on a reported basis and 32.9% lower on a constant currency basis. Year to Date, the division recorded revenues of £34.2m, £5.5m or 13.9% lower than the prior year and 13.1% lower on a constant currency basis. The year on year decline in revenue reflects lower commodity prices and a decrease in demand from milk powder producers given the challenges faced by the global dairy market. Financial performance is largely unaffected due to improved mix.

Group Development Update

As announced yesterday, the Group has acquired The Sandwich Factory Holdings Limited from Cranswick plc for a total consideration of up to £15m. The acquired business will extend Greencore’s UK Food to Go channel presence, modestly increase overall production capacity and bring new capabilities to the Group.

During June, the business completed construction of the new greenfield facility in Seattle and the shipment of finished products commenced. This project was delivered on time and on budget. To date, operational performance, customer service and colleague recruitment and retention have been in line with plan.

Impact of EU Referendum

The EU referendum has resulted in greater uncertainty with regard to the UK economic outlook and the longer term implications remain unknown. At this stage, our assessment is that the short-term impact on Greencore is likely to be modest.

The Greencore UK businesses import less than a quarter of their ingredients and packaging materials. Given forward purchase arrangements, the depreciation in sterling is not expected to impact profit delivery in the current financial year. However, if current exchange rates persist, net debt at year end will be higher than expected at the half year due to translation of US dollar denominated borrowings.

Outlook

The Group continues to deliver good revenue growth while managing significant levels of change associated with the major capacity and capability investment programmes. We remain confident in our ability to deliver performance in line with market expectations.

Conference Call

A conference call for investors and analysts will be held at 8.30am BST today. Dial in details are below and a replay facility will be available afterwards at www.greencore.com.

Conference Call Details:

Ireland: +353 1 246 5603

UK/International: + 44 20 3427 1909

Access code: 6424822

For further information:

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NOTES TO EDITORS

- 1) Greencore:
 - A leading manufacturer of convenience food in the UK and the US
 - Strong market positions in the UK convenience food market across food to go, chilled prepared meals, chilled soups and sauces, ambient sauces & pickles, cakes & desserts and Yorkshire Puddings
 - A fast growing food to go business in the US, serving both the convenience and small store channel and the grocery channel
- 2) This announcement is based on information sourced from unaudited management accounts
- 3) This announcement contains certain forward looking statements with respect to the financial conditions, results of operations and businesses of the Group. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. Nothing in this announcement should be construed as a profit forecast