

31 July 2018

Greencore Group plc

Strong pro forma revenue growth

Greencore Group plc ("Greencore" or "Group"), a leading manufacturer of convenience foods in the UK and US, today issues a trading update covering the 13 weeks to 29 June 2018 ("Quarter 3" or "Q3") and the 39 weeks to 29 June 2018 ("Year to Date").

Quarter 3 and Year to Date Trading¹

	Revenue Growth			
	Q3		Year to Date	
	Reported	Pro forma	Reported	Pro forma
Group	+0.5%	+8.1%	+14.0%	+8.0%
Convenience Foods UK & Ireland	+1.4%	+7.8%	+5.2%	+8.4%
Convenience Foods US	-0.8%	+8.6%	+29.9%	+7.5%

The Group recorded revenue of £639.6m in Q3, an increase of 0.5% on the prior year on a reported basis. On a pro forma basis, revenue increased by 8.1% in the quarter. Year to Date, the Group recorded revenue of £1,878.0m, an increase of 14.0% on the prior year on a reported basis, and an 8.0% increase on a pro forma basis.

Convenience Foods UK & Ireland

The division reported revenue of £375.9m in Q3, an increase of 1.4% on a reported basis and a 7.8% increase on a pro forma basis. Year to Date, the division recorded revenue of £1,110.8m, an increase of 5.2% on a reported basis and an increase of 8.4% on a pro forma basis.

Growth in Q3 was driven by the Food to Go business, where reported revenue increased by 10.7% and pro forma revenue increased by 10.5%. Growth in Food to Go was primarily driven by an increased revenue contribution from the distribution of third party products through our Direct to Store network. There was some modest improvement in the rate of underlying category growth, compared to Q2 levels. Reported revenue in the other parts of the Convenience Foods UK & Ireland division decreased by 12.8% in Q3, reflecting the elimination of cakes and desserts revenue. On a pro forma basis, revenue increased by 2.5%.

The Group continued to optimise its UK business portfolio. The phased closure of the desserts manufacturing facility in Evercreech was completed in June and the site was subsequently divested. In addition, as part of the strategy to transition part of its ready meals portfolio to fresher ready meal propositions, the Group is proposing to phase out longer life ready meals manufacturing at Kiveton (where it will continue to manufacture quiche and soup) and transfer volume to other parts of its ready meal network. The proposal requires employee consultation and if agreed, the proposed closure of the ready meal unit will occur in March 2019, incurring modest cash costs.

Convenience Foods US

The division reported Q3 revenue of £263.7m, a decrease of 0.8%, but an increase of 8.6% on a pro forma basis. Year to Date, the division reported revenue of £767.2m, an increase of 29.9% on a reported basis and an increase of 7.5% on a pro forma basis.

The strong pro forma revenue growth in the quarter was driven by the former Peacock Foods business where proforma growth accelerated to 19.4%, with a broadly similar level of volume growth. The volume growth reflects good underlying category growth and the impact of new business. Pro forma revenue in the original part of the US business decreased by 25.2% due to previously announced volume declines.

New business development continues to progress well. In Q3, several new product launches were successfully executed. In addition, future growth opportunities with key Branded Food Partner customers are progressing to plan.

Group Cash Flow and Returns

As anticipated, the scale of capital investment spending across the Group normalised in Q3. The Group anticipates cash generation and returns to continue to improve through the second half of FY18 and beyond.

Strategic Update and Senior Management Appointments

The Group continues to progress its refined US strategy to focus on the large and structurally growing Branded Food Partner channel. The Group has strengthened its US leadership team with the appointment of Anton Vincent who joined the Group as the CEO of Greencore USA in July 2018. Anton has more than 20 years' experience as a senior executive at General Mills, most recently as President of the Snacks Division.

In the UK the Group continues to strengthen its commercial relationships, implement initiatives to drive profit progression and streamline its leadership structures. To build on this momentum, Peter Haden, currently Group COO, has been appointed to the newly created role of CEO of Greencore UK, effective October 2018.

Outlook²

The Group anticipates good pro forma revenue growth in the final quarter of the financial year. The Group reiterates its FY18 guidance of Adjusted EPS in the range of 14.7p-15.7p. The improving outlook for underlying cash generation and returns remains unchanged.

The Group will report its FY18 Results on 4 December 2018.

Conference Call

A conference call for investors and analysts will be held at 8am BST today. Dial in details are below and a 7 day replay facility will be available afterwards at www.greencore.com.

Dial in details:

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¹Pro forma references throughout this statement are on a constant currency basis and are adjusted to reflect the ownership of Peacock Foods for the full period of FY17 and exclude the impact of the Heathrow acquisition in FY17. These figures also exclude sites disposed of and sites that have ceased trading during the year including Hull, Evercreech and Rhode Island. Please note pro forma references in the H1 18 statement were on a constant currency basis and adjusted to reflect the ownership of Peacock Foods for the full period of FY17 and exclude the impact of the Heathrow acquisition in FY17 and the disposal of Hull during the year.

²Earnings for the purpose of calculating Adjusted EPS are stated before exceptional items, pension finance items, amortisation of acquisition related intangibles, FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

NOTES TO EDITORS

Greencore is a leading international producer of convenience foods. Headquartered in Dublin, it employs approximately 15,000 people in 28 manufacturing facilities across the UK and the US. On average, it manufactures around 1.5 billion sandwiches, over 600m salad and lunch kits, and 140 million ready meals every year.

In the UK, it is a supplier of own-label convenience food products to all of the major UK supermarkets, and has world-class manufacturing sites with industry-leading technology and supply chain capabilities. It has strong market positions across sandwiches and other food to go products as well as complementary positions in other convenience food categories, including chilled prepared meals, chilled soups and sauces, ambient sauces, pickles and Yorkshire Puddings.

In the US, Greencore is a leading manufacturer of convenience food products for many of the largest food brands, convenience retail and food service leaders in the US. It produces a wide range of fresh, frozen and ambient products including sandwiches, meal kits and salad kits. It has a well invested network of high quality, scale facilities which supports the Group's ambitions to grow in value added, assembly-led, convenience food manufacturing.

For more information go to www.greencore.com or follow Greencore on social media.

This announcement is based on information sourced from unaudited management accounts.

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. The Group expressly disclaims any obligation to update these forward-looking statements other than as required by law.