

5 October 2020

## Greencore Group plc

### FY20 Q4 and Full Year Trading Update

Greencore Group plc ("Greencore" or the "Group") a leading manufacturer of convenience foods in the UK, today issues a trading update for Q4 and the full year ended 25 September 2020, ahead of the publication of its full year results on 24 November 2020.

#### Highlights<sup>1,2</sup>

- Resolute focus on three clear priorities – keeping our people safe, feeding the UK, and protecting our business
- Progressive improvement in revenue, Adjusted EBITDA and cash generation in Q4, supported by continued increase in demand for food to go categories
- FY20 reported revenue of approximately £1,265m
- FY20 Adjusted EBITDA of approximately £85m, after charging in excess of £10m of non-recurring operating costs incurred by the Group in responding to the impact of COVID-19
- Net Debt (excluding lease liabilities) of approximately £345m at year end, with strong liquidity in place to support the business
- Production fully restored at the Northampton site by mid-September 2020

	Pro Forma Revenue Growth		
	Q3 2020	Q4 2020	FY20
Group	-36%	-19%	-14%
Food to go categories	-53%	-28%	-22%
Other convenience food categories	+2%	+3%	+3%

Commenting on the performance, Patrick Coveney, Chief Executive Officer, said:

*"The fourth quarter of our financial year has seen an ongoing improvement in demand for our products. I am hugely proud of the way that our people are supporting each other and our customers during this extraordinarily challenging period, and it is their hard work and dedication that is driving a resilient and improving trading performance. Our agile business model, the depth of our customer relationships and the strength of our product range has enabled us to already capitalise on new business opportunities that will help underpin the build back in Group revenue. We are realistic but also confident in our plans for FY21, and remain excited by Greencore's longer term prospects."*

#### Performance<sup>1,2</sup>

For the full year, the Group anticipates a reported revenue outturn of approximately £1,265m. Revenue trends continued to recover through Q4, with pro forma Group revenue for the quarter expected to be 19% below prior year levels; an improvement on the 36% reduction in Q3.

Although UK consumer sentiment and broader economic activity remain both fragile and subdued, the Group has seen a progressive uplift in demand for food to go categories through Q4 as the economy slowly reopened and as Greencore worked with its customers to tailor product ranges, formats and service models to this new environment. Underlying demand improved through the quarter, notwithstanding the decision to temporarily cease production at the Northampton site during August 2020 following the COVID-19 outbreak in the area and at the site. Production was restored fully at the site by the middle of September 2020.

Pro forma revenue growth in Q4 for the Group's other convenience categories is expected to be approximately 3%.

As anticipated, Adjusted EBITDA improved in the final quarter and the Group expects that for the full year, Adjusted EBITDA will be approximately £85m. This is after charging in excess of £10m of non-recurring COVID-19 related operating costs. These operating costs primarily comprise of front-line employee recognition payments, incremental costs relating to furloughed colleagues, costs incurred to reconfigure production areas and implement measures to ensure safe working and social distancing and are net of UK Government assistance under the Coronavirus Job Retention Scheme.

The Group expects Net Debt (excluding lease liabilities) at year end to be approximately £345m, reflecting an improvement in underlying cash generation in the final quarter as Adjusted EBITDA increased and as working capital started to benefit from increased volumes in the period. The Group retains strong liquidity, with total committed debt facilities of £578m and eligibility to access funding under the Covid Corporate Financing Facility ("CCFF"). The associated issuer limit for Greencore under the CCFF is £300m, although the Group has not drawn under this facility. As previously announced, Greencore secured agreement with its bank lending syndicate and its Private Placement Note Holders to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods.

Following a decisive response to the impact of COVID-19 in Q3, the Board of Greencore is encouraged by the progress seen in the final quarter of FY20. While fully recognising the uncertainties that lie ahead, the Group is well placed to continue to build back the business in FY21.

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<sup>1</sup> Unaudited

<sup>2</sup> Pro forma references throughout this statement are on a constant currency basis. Reported revenue in the current year is adjusted to reflect the ownership of Freshtime for the full period in FY19 and excludes the impact of revenue from the exit of longer life ready meals manufacturing at the Kiveton facility in H1 19.

## **About Greencore**

Greencore is a leading manufacturer of convenience food in the UK. It supplies grocery and other retailers including all of the major UK supermarkets. The Group has strong market positions in a range of categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings.

The Group's medium term financial ambitions are for mid single-digit organic revenue growth, high single-digit Adjusted EPS growth, the conversion of half of its Adjusted EBITDA to Free Cash Flow and for mid-teen ROIC.

For further information go to [www.greencore.com](http://www.greencore.com) or follow Greencore on social media.

Financial information relating to Greencore Group plc in this announcement are not statutory financial statements within the meaning of Section 340 of the Companies Act 2014 of Ireland and have been published for the purposes of updating investors on financial performance for the periods referenced in this announcement. The statutory financial statements for the year ended 25 September 2020 have not been prepared or reported on by the statutory auditors, and are expected to be delivered to the Registrar of Companies of Ireland within 28 days of 16 February 2021.

Certain statements made in this announcement are 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. These forward-looking statements may generally, but not always, be identified by the use of words such as 'will', 'aims', 'anticipates', 'continue', 'could', 'should', 'expects', 'is expected to', 'may', 'estimates', 'believes', 'intends', 'projects', 'targets', or the negative thereof, or similar expressions.

By their nature, forward-looking statements 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. 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 other than as required by law.