

27 January 2022

## Greencore Group plc

### Q1 revenue back above pre-COVID levels; FY22 guidance maintained

Greencore Group plc (“Greencore” or the “Group”), a leading manufacturer of convenience foods in the UK, today issues a trading update covering the 13 weeks to 24 December 2021 (“Q1” or “the quarter”).

#### Q1 Trading<sup>1</sup>

|                                   | Revenue | Growth<br>(versus Q1 21) |           | Growth<br>(versus Q1 19) |
|-----------------------------------|---------|--------------------------|-----------|--------------------------|
|                                   | £m      | Reported                 | Pro forma | Pro forma                |
| Group                             | 389.0   | +24.4%                   | +26.4%    | +7.5%                    |
| Food to go categories             | 254.3   | +34.9%                   | +34.9%    | +6.1%                    |
| Other convenience food categories | 134.7   | +8.5%                    | +13.1%    | +10.3%                   |

#### PERFORMANCE<sup>1</sup>

- Group reported revenue increased by 24.4% year on year, driven by strong growth in food to go categories and notwithstanding some limited impact on demand from the emergence of the Omicron COVID-19 variant in the UK during December. Pro forma revenue grew by 26.4% year on year and was 7.5% above equivalent pre-COVID levels in Q1 19
- Pro forma revenue in food to go categories increased by 34.9% year on year and was 6.1% above equivalent pre-COVID levels in Q1 19. The underlying recovery in food to go categories continued in the period, and was augmented by the onboarding of new business wins, continued growth in the distribution component of the Group’s business, and the emerging impact of inflation
- Pro forma revenue growth in other convenience categories was 13.1% year on year and 10.3% above equivalent pre-COVID levels in Q1 19
- In the quarter the Group continued to progress well with the recovery of input cost and other inflation with customers. The pace of profit conversion continued to be impacted by industry wide supply chain and labour challenges

#### STRATEGIC DEVELOPMENTS

- The Group is on track with its strategic capital investment programme of approximately £30m across three existing manufacturing sites, to support the delivery of previously announced business wins. Revenue from these wins is anticipated to begin in the second half of FY22
- The return to pre-COVID volume levels has enabled the Group to revitalise its Excellence cost efficiency programmes across operational and commercial functions. These programmes enable the Group to optimise capacity utilisation, enhance process engineering and make further progress with automation initiatives. This will be augmented by an extensive review

of costs across the Group that will also drive the recovery in profit conversion from the growing revenue base. More detail will be provided on this review in the Group's H1 22 Results

- In November 2021 the Group further strengthened its balance sheet when it extended the maturity on its £340m revolving credit facility by one year to January 2026. This increased the weighted average maturity of the Group's total committed debt facilities to 3.4 years, from 2.7 years at the end of FY21
- The Group continued to advance its sustainability agenda in Q1, including increasing engagement with suppliers on carbon intensive ingredients and progressing plans to transparently share data on the health and sustainability profile of its products with stakeholders
- The Group has also introduced a new share ownership scheme for all colleagues, details of which are provided in a separate announcement this morning
- The search process to appoint a new CEO is ongoing and an update on the appointment will be provided in due course

## OUTLOOK<sup>2</sup>

- The uncertainty regarding the duration and impact of COVID-19 variants on the Group's trading environment, particularly on demand in its food to go categories, has made it more difficult to predict FY22 performance. To date, there has been some impact on the Group's revenue momentum in what is its seasonally quieter period of the year. The Group welcomes the UK Government's recent announcement to ease the 'Plan B' restrictions on mobility arising from the Omicron COVID-19 variant
- The Group is committed to the recovery of input cost and other inflation with customers, with the scale of this inflation increasing again in recent months. Supply chain and labour challenges remain elevated across the UK food industry, exacerbated by the impact of the Omicron COVID-19 variant
- Though these challenges persist, the Group continues to anticipate a FY22 outturn in line with market expectations. This assumes no material resumption of mobility restrictions or lockdowns arising from increasing COVID-19 infection rates in the UK. Profitability will be heavily weighted towards the seasonally important second half of the year
- The Group is focussed on further deleveraging the balance sheet in FY22. The Board also remains committed to recommencing value return to shareholders in FY22
- Greencore will report its H1 22 results on 24 May 2022

### **Commenting on the performance, Gary Kennedy, Board Chair, said:**

*"I am encouraged by the progress that we have made during Q1 in what continued to be a challenging trading environment. We remain focused on rebuilding our economic model effectively and sustainably with all stakeholders, thereby positioning the company for a strong future."*

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## Conference Call

A conference call for investors and analysts will be held at 8.30am on 27 January 2022. Registration and dial in details are available at [www.greencore.com/investor-relations/](http://www.greencore.com/investor-relations/)

<sup>1</sup> Pro Forma Revenue Growth presents reported revenue on a constant currency basis. For the comparative pro forma revenue periods used for Q1 21, Q1 20 and Q1 19, reported revenue has also been adjusted for the impact of acquisitions and disposals during those periods.

<sup>2</sup> Consensus market expectations as compiled by Greencore from available analyst estimates on 13 January 2022 and as reported in the Investor Relations section of the Group website.

## About Greencore

We are a leading manufacturer of convenience food in the UK and our purpose is to make every day taste better. We supply all of the major supermarkets in the UK. We also supply convenience and travel retail outlets, discounters, coffee shops, foodservice and other retailers. We have 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.

In FY21 we manufactured 645m sandwiches and other food to go products, 117m chilled prepared meals, and 256m bottles of cooking sauces, pickles and condiments. We carry out more than 10,500 direct to store deliveries each day. We have 21 world-class manufacturing units across 16 locations in the UK, with industry-leading technology and supply chain capabilities. We generated revenues of £1.3bn in FY21 and employ approximately 13,000 people. We are headquartered in Dublin, Ireland.

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

## Forward-looking statements

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

Certain statements made in this document 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 based on information currently available to the Group. These forward-looking statements include all statements that are not historical facts and may generally, but not always, be identified by the use of words such as 'will', 'aims', 'achieves', 'anticipates', 'continue', 'could', 'develop', 'should', 'expects', 'is expected to', 'may', 'maintain', 'grow', 'estimates', 'ensure', 'believes', 'intends', 'projects', 'sustain', 'targets', or the negative thereof, or similar future or conditional 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. There may be risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. 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.