

Our Strategy

Evolving our strategy to reflect a changed external environment

Our strategy is fuelled by the accelerating trends around health and wellness. **Our strategy is growth.**

Covid-19 has driven demand for food and beverages that promote health and wellness, weight management, immunity, trust and sustainability. Glanbia's portfolio of brands and ingredients sit at the centre of these large and accelerating trends.

Key market trends

- As the foundation for healthy living has shifted from treatment to prevention and now optimisation, consumers increasingly make food and beverage choices based on nutritional benefit, energy, health and immunity;
- eCommerce has emerged as the trend of 2020 with penetration and usage accelerating at pace;
- Consumers are loyal to established and trusted brands in performance nutrition and weight management;
- Once the preserve of body builders, the interest in dairy protein as a nutrition source has gained mass appeal;
- Plant-based protein appeals to three growing consumer cohorts: flexitarian, vegetarian and vegan;
- Strong demand for functional ingredients that go beyond nutrient density and provide specific health and wellness benefits; and
- Customers want to know much more about where ingredients come from and to engage with, rather than be passive participants of the food system. Customers want sustainability embedded in supply chain.

Our key strengths and unique competitive advantage enable us to benefit from these accelerating trends

Our strong culture and values

Our people are fundamental to delivering success for Glanbia and we are committed to fostering a diverse and inclusive culture where our employees are motivated to live our Group's values.

Ambitious for future growth

Our growth strategy continues to be a blend of organic growth and strategic acquisition opportunities.

Strong brands and market position

We operate in attractive markets, which provide significant opportunity for growth for our flagship consumer brands, OPTIMUM NUTRITION™ and SLIMFAST™.

We are the **#1 US producer** of whey protein isolate, and the **#2 producer** of global micro-nutrient premixes.

Sustainable business model

Through our consumer-focused innovation, long-term partnerships, and talented people we deliver a portfolio of branded performance nutrition and lifestyle brands and of nutritional and functional ingredients.

Robust balance sheet

Our business has strong conversion of earnings to cash.

With strong financing metrics, we have considerable financial firepower and flexibility to fund strategic capital expenditure and acquisitions.

We have a clearly differentiated strategy for growth underpinned by a strong environmental, social, and governance focus and clear strategic priorities

Protect and grow our portfolio of core brands and ingredients

Purposeful growth through innovation and acquisitions

Drive efficiency by embedding operating enablers

[Read More in Our Strategy on pages 22 and 23](#)

Our Strategy continued

Strategic priorities

2020 progress

Looking forward

Strategic priority #1

Protect and grow our portfolio of core brands and ingredients

Our core brands and ingredients hold market-leading positions in categories that are driven by strong underlying health and wellness trends which have been further accelerated by the Covid-19 pandemic.

GPN

- Evolved the transformation project to deliver sustainable top and bottom line growth;
- Through focused consumer engagement OPTIMUM NUTRITION™ increased its Net Promoter Score to 59 and SLIMFAST™ increased its household penetration to 5; and
- Focused the brand development in growth channels with over 70% of sales in online and FDMC channels.

GN and JVs

- Ensured Nutritional Solutions resiliently played into trending categories driven by strong demand for functional and nutritional ingredients which deliver to consumer needs for improved immunity and general health; and
- Optimised performance in US Cheese and JVs as retail food staple demand increased through the pandemic.

GPN

- Complete GPN's transformation project driving like-for-like branded revenue growth and building on the margin improvements delivered in the second half of 2020;
- Build OPTIMUM NUTRITION™ brand and SLIMFAST™ as our global brands via channel development, innovation and consumer advocacy; and
- Capture further growth in key growing channels.

GN and JVs

- Maintain Nutritional Solutions' strong growth rate in healthy snacking and ingredients solutions;
- Continue to build out Nutritional Solutions' business through enhanced capabilities, innovative technologies and bolt-on acquisitions; and
- Solidify #1 position in US Cheese with full commissioning of the MWC-Southwest Holdings JV plant in Michigan.

Strategic priority #2

Purposeful growth through innovation and acquisitions

The growing global interest in healthy, active lifestyles means our portfolio of brands and ingredients have extensive appeal to a growing number of global consumers and customers. Our innovative mindset drives our investment in our brands and ingredient capabilities.

- Continued to grow with established online retailers and develop our Direct-to-Consumer channel;
- Acquired Foodarom, a Canadian flavours business, to expand NS into complementary flavours technologies; and
- Commenced the commissioning of a new dairy JV facility in Michigan, US (MWC) and a mozzarella JV facility in Ireland (Glanbia Cheese EU).

- Maintain growth and investment in broad eCommerce channel strategy;
- Selectively invest and grow in key strategic international markets in both GPN and GN;
- Consider strategically complementary acquisitions as opportunities arise;
- Continue to build differentiated, compelling capabilities and technologies that are attractive to NS' customers; and
- Complete commissioning of the new dairy JVs in Michigan, US and Ireland.

Strategic priority #3

Continue to embed operating enablers

The Group is supported by vital growth enablers across talent development, sustainability and risk management, all combining to set a consistent strategic direction.

- Restructured GPN's operating model;
- Developed Group-wide 2030 sustainability strategy with clearly defined targets;
- Rolled out a new Group-wide flexible working model to create an agile working environment which will remain post pandemic; and
- Enhanced employee culture and engagement including the developments of a Group-wide Diversity and Inclusion strategy.

- Continue to refine Group and Business Unit operating models;
- Invest in technology to support our strategic agenda;
- Continue ongoing talent development and engagement strategies;
- Implement our sustainability strategy; and
- Embed a transformative and flexible working environment.

Key Performance Indicators

Adjusted Earnings Per Share

73.78c

(2019: 88.10c)

-14.9% constant currency

GPN Revenue

€1.1bn

(2019: €1.4bn)

-15.0% constant currency

GN Revenue

€2.7bn

(2019: €2.5bn)

+9.0% constant currency

Revenue Volume Growth

-2.0%

(2019: 0.1%)

Key risks

- Continued disruption or a significant escalation in the spread of Covid-19 with resultant people, supply chain and market impacts.
- An increase in international trade volatility.
- Competitor activity across certain channels through high promotional activity or unexpected product innovation.
- A rapid change in consumer behaviour or preferences.
- A significant rise in social unrest.
- The loss of, or significant deterioration in commercial terms with, one of our key customers.

Link to remuneration

- Adjusted Earnings Per Share is a performance target in both the annual and long-term incentive for Executive Directors and all members of the Operating Executive;
- Business segment EBITA forms part of the annual and long-term incentive of the CEO of GPN and CEO of GN; and
- GPN LFL branded revenue growth and GN Nutritional Solutions volume growth form part of the annual incentive for the CEO of GPN and CEO of GN respectively.

Adjusted Earnings Per Share

73.78c

(2019: 88.10c)

-14.9% constant currency

OCF Conversion

122.4%

(2019: 86%)

+3,640bps

ROCE

9.0%

(2019: 10.9%)

-190bps

Total Shareholder Return

5.0%

(2019: -36.7%)

- A failure to effectively conduct due diligence, transaction completion or business integration which may prevent anticipated acquisition benefits from being realised.
- A failure to obtain accurate and relevant market and competitive intelligence.
- Not innovating ahead of or in-line with the market or failing to recognise shifts in consumer behaviour.
- Adjusted Earnings Per Share is a performance target in both annual incentive and LTIP for Executive Directors and all members of the Operating Executive;
- Conversion of earnings to cash is a performance target in the annual incentive for Executive Directors and the Operating Executive; and
- ROCE and TSR are performance targets in the LTIP for Executive Directors and the Operating Executive.

Employee Engagement Score

72%

Percentage of employees who said they were happy working at Glanbia.

Glanbia Risk Management System

All locations maintained or improved their individual site rating from the prior year.

- A failure to embrace diversity or invest in developing our people will impact employee retention;
- A failure to match technology with needs of new smart working model; and
- Below expected performance on sustainability targets.
- Development of talent is a personal objective of Executive Directors and the Operating Executive;
- New Environmental, Social and Governance (ESG) metrics are introduced into Executive remuneration for 2021.