

Group Managing Director's review

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Sustaining growth momentum



Dear Shareholder,

I am delighted to report that Glanbia enters 2023 with confidence.

Our performance in 2022 once again clearly demonstrates the strength and agility of the Group. There were of course, challenges with accelerating inflationary pressures, the lasting impacts of Covid-19 and the terrible conflict in Ukraine. The fact that the Group prospered, despite these challenges, is testimony to the commitment of our people and to the strength of our consumer-focused better nutrition portfolio.

Delivering double digit growth

In 2022, we delivered the highest earnings that Glanbia has ever delivered in terms of adjusted earnings per share. Adjusted EPS from continuing operations rose by 17.6% constant currency to 104.02c. Group Revenue increased to €5.6bn, an increase of 21.2% constant currency, (+34.4% reported) over the previous year. And pre-exceptional operating profit rose to €272.1m an increase of 31.6% reported.

We significantly evolved our portfolio and are very pleased that we delivered across all our key financial metrics over the period 2018–2022 as set out in 2018. In November 2022 as part of our Capital Markets Day, we set new guidance for consistent and sustainable growth for 2023–2025. The core of our ambition is to grow the consumer relevance of our leading ingredients solutions and brands through sustained investment in innovation, technology and brand marketing. This strategy will translate into financial growth across revenue, earnings and investment returns.

The bedrock of our portfolio is a deep knowledge and expertise in the application of protein technologies across a range of consumer occasions. We have reshaped and broadened this portfolio to focus on that better nutrition space. Ten years ago, that better nutrition element of our portfolio was about 50%. As we progressively moved from largely commodity-based spaces into higher value-added areas, better nutrition is now 90% of what we do. We achieved this by portfolio evolution; redeploying the capital from areas we divested; and driving organic and acquired growth in performance nutrition and nutritional solutions.

Two core growth platforms

Our journey of focus on better nutrition has now consolidated into our two core growth platforms, Glanbia Nutritionals

Nutritional Solutions ("GNS") and Glanbia Performance Nutrition ("GPN"). There is a strong complementary thread of protein nutrition expertise across both businesses providing functional and nutritional benefits through a range of protein ingredient solutions and leading consumer brands. Informed by increasing investment in consumer engagement, insights and research and development, both platforms, have significantly extended their nutrition propositions beyond protein, both organically and by acquisition, to serve a variety of consumer nutrition needs across multiple occasions, formats and indeed geographies. On this strategic journey we have significantly evolved our operating models to best serve our customers and consumers. Aligned with centres of excellence in financial operations, capital allocation and risk management, each business unit team now has clarity of focus on driving 'one face to the customer' supported by centres of excellence in key functional areas. This evolution of our operating models has been most evident recently in GPN through the successful execution of the transformation programme which has driven both revenue and margin growth.

Our portfolio changes and focused strategic approach has served Glanbia well in navigating the volatile external environment of recent years. This is ultimately reflected in a strong 2022 financial performance building on the 2021 achievements. GPN continued to build on the 2021 momentum with strong, pricing led, revenue growth of 13.9%, constant currency and earnings growth of 10.5%, constant currency. In the context of unprecedented inflation both businesses delivered a strong margin performance sustaining margins at, or close to, prior year levels. Nutritional Solutions ("NS") continues to demonstrate great resilience growing revenue by 16.6% constant currency, largely driven by pricing with strong earnings growth of 13%, constant currency.

Our focus on working capital in 2022 sustained our cash conversion performance and strengthened our balance sheet, positioning us well for future growth.

An evolved and simplified strategy

I want to pay tribute to my Glanbia colleagues not just for the strong performance delivered in 2022, but also for the strong progress we have already achieved across our refreshed strategic pillars of lead and grow the core; optimising our business; and disciplined financial management:

Lead and grow the core: We have leading positions in our North American market and capabilities that we can extend to other geographies. We remain a protein powerhouse within our Nutritional Solutions business, and we are proud to be the #1 global supplier of whey protein isolate and #2 in global premix. We are home to the #1 sports nutrition brand in the world – Optimum Nutrition, a \$1 billion brand, in a growing category which is available in over 90 countries, and we have an on-trend growing portfolio of lifestyle nutrition brands:

Optimising our business: In 2022, post completion of the disposal of our 40% interest in Glanbia Ireland, we enhanced our strategic planning processes to complete a thorough review of our Group strategy and structure. This review reaffirmed the significant strategic growth opportunity inherent in our current focus on driving performance in our complementary nutrition platforms of GPN and NS. As part of our ongoing focus on our core growth platforms, we have announced our intention to sell our interest in our UK and EU Glanbia cheese joint ventures. After a long and successful partnership with Leprino Foods for over 20 years,

where we built a strong European market leading mozzarella business, strategically now is the right time for the business to transfer to full ownership of Leprino. The proceeds of the sale will be used to drive further growth in our core business and to return capital to shareholders. See page 43 for more details.

We will continue to refine our operating model, understanding and responding to our customers and consumers through innovation and active portfolio management. As mentioned earlier, in 2022 GPN's transformation programme was completed, driving revenue and margin progression, and embedding new capabilities to drive future growth momentum.

Disciplined financial management: Strong financial management has been a key ethos of the Group for a long number of years. We are disciplined in the deployment of our shareholders' capital. We will always be cautious, but ambitious. This has stood us in good stead through the recent volatile times.

With that said, given the inherent uncertainties of the current external environment, our strategy is underpinned by both responsiveness and resilience – a responsiveness to opportunities and resilience to volatility. This gives us the confidence that we are resilient to the heightened volatility in the marketplace.

Sustainable operations

As you would expect in an organisation that has, through our co-operative heritage, been involved in the nutrition business for over 100 years, we understand that the environmental impact of what we do is hugely important. We have signed up to SBTi targets for carbon emission reduction. We are very clear on our roadmap now across Scope 1 and 2 emissions.

We remain committed to our diversity, equity and inclusion journey as detailed on page 22. We firmly believe that everybody should be able to thrive in an environment that values their contribution and celebrates what makes them unique. Across Glanbia we champion inclusion and diversity, from how we attract, recruit and develop our teams to the ways we portray the diverse richness of society across our portfolio.

Ambition 2023–2025

Our strong 2022 results highlight the strength of our business, the diversity of our products and markets, our geographic spread, robust financing and an organisational design that permits fast and agile decision-taking.

We have built capabilities and platforms to drive sustainable growth. We have incredible teams of people, passionate about the delivery of our better nutrition agenda.

In today's environment there is no shortage of opportunities for a global organisation focused on better nutrition. We shall continue to invest and grow our Nutritional Solutions and Glanbia Performance Nutrition portfolios to drive sustainable growth for our shareholders.



Siobhán Talbot
Group Managing Director