

## FIRST QUARTER 2019 INTERIM MANAGEMENT STATEMENT

### Q1 Revenue growth of 8.4%, constant currency – Full year guidance reiterated

24 April 2019 – Glanbia plc, the global nutrition group ('Glanbia', the 'Group' or the "plc"), is issuing this Interim Management Statement for the three month period ended 30 March 2019. This statement is issued in conjunction with the plc.'s Annual General Meeting which is being held today.

#### **Commenting today, Siobhán Talbot, Group Managing Director said:**

"Glanbia grew revenues by 8.4%, constant currency, in the first quarter of 2019 underpinned by growth in both Glanbia Nutritionals and Glanbia Performance Nutrition in the period. Glanbia Nutritionals was the main driver of revenue growth with a good performance in particular from the Nutritional Solutions business. Glanbia Performance Nutrition revenue growth in the first quarter was driven by a strong performance from the recently acquired SlimFast brand. Our strategy remains on track and we reiterate our full year guidance of 5% to 8% growth in adjusted earnings per share, constant currency, in 2019, with growth to be delivered in the second half of the year."

#### **Performance update**

In the three months ended 30 March 2019, wholly owned revenue increased 8.4%, constant currency. On a reported basis, reflecting the stronger US Dollar Euro foreign exchange rate, revenue increased 16.2% when compared to the same period in 2018. The drivers of revenue increase on a constant currency basis were volume growth of 1.4%, acquisitions of 9.7% offset by a price decline of 2.7%.

#### **Board changes**

On 20 February 2019, Glanbia announced changes to the composition of its Board with Ms Mary Minnick and Mr Richard Laube to be appointed as independent Non-Executive Directors on 1 May 2019.

Today, Glanbia is announcing that Mr John Daly will be appointed to the Board as an independent Non-Executive Director effective 1 May 2019. Accordingly, Paul Haran will retire on the same day.

John Daly (aged 62) currently serves as Chairman of both Britvic plc, a leading soft drinks company and Vivo Energy plc, a downstream petroleum company. He is also a member of the Board of G4S plc, a security services business, and has announced his intention to retire from this Board on 16 May 2019. He is a former Non-executive Director of Ferguson plc. Mr Daly retired from his position as an Executive Director of British American Tobacco ("BAT") in 2013. Over a 19 year international career at BAT, he held commercial leadership roles in both developed and emerging markets culminating as chief operating officer. Mr Daly holds an MBA from University College Dublin and a Diploma in Marketing from the Chartered Institute of Marketing (UK).

Mr. Daly has notified Glanbia plc that, save as disclosed herein, he does not have any details to be disclosed as required under Paragraph 6.6.7, Chapter 6 of the Euronext Dublin Listing Rules and Paragraph 9.6.13, Chapter 9 of the UK Listing Rules

On 1 May 2019, Mr Dan O'Connor will take up the role of Senior Independent Director on the Board.

The Company will announce changes to the composition of its Board Committees arising from these new appointments (which will continue to comprise only of Independent Non-Executive Directors) in due course.

### **Watson acquisition**

On 28 February 2019 Glanbia completed the acquisition of Watson LLC and Polymer Films LLC (collectively known as “Watson”) for \$89 million in cash (the “Transaction”). Watson is a US based non-dairy ingredient solutions business and is a complementary acquisition for the Group. Watson is now part of the Nutritional Solutions business within Glanbia Nutritionals. The Transaction was fully financed by Glanbia’s existing banking facilities and it is expected to be marginally accretive to earnings per share in 2019.

### **Glanbia Performance Nutrition (all commentary is on a constant currency basis\*\*)**

Glanbia Performance Nutrition (‘GPN’) delivered revenue growth in the first three months of 2019. Compared to the prior year, revenue increased by 4.9% and this was driven by the SlimFast acquisition delivering 24.8% offset by a volume decline of 16.5% and a price decline of 3.4%.

The SlimFast acquisition is performing strongly with the integration of the business continuing as planned. Growth was driven by the core range and particularly strong consumer demand for recent innovations in the UK and US, in particular the Keto range.

Volume decline in the first quarter reflects both the seasonality in the business following a strong Q4 2018 and specific supply chain initiatives in the period which impacted the phasing of sales in certain non-US markets. Price decline reflects a continuation of brand investment and pricing initiatives to negate the impact at consumer level of FX and tariff headwinds.

GPN’s lifestyle and direct-to-consumer brands performed well in the period. Product innovation continued in the first quarter with good performances from recently launched products in weight management, energy and plant based formats.

The full year 2019 outlook for GPN is good. Consumption growth trends are expected to remain positive for the remainder of the year and this is expected to drive growth over the full year. Price increases will be implemented in the second half of the year and full year revenue growth is expected to be driven by a mix of volume and price increases.

### **Glanbia Nutritionals (all commentary is on a constant currency basis\*\*)**

Glanbia Nutritionals (‘GN’) delivered strong revenue growth in the first three months of 2019. Revenue increased by 10.4% versus prior year. This was driven by a volume increase of 11.2%, offset by a price decline of 2.4% and the Watson acquisition delivering 1.6%. Revenue drivers across Nutritional Solutions and US Cheese are set out below. Glanbia has adopted the new revenue accounting standard IFRS 15 (Revenue from Contracts with Customers) in 2019. Revenue reporting in Glanbia Nutritionals recognises 100% of the sales from the Southwest Cheese Joint Venture (“SwC JV”) with comparisons to prior year on the same basis.

### **Nutritional Solutions (NS)**

NS is a leading provider of customised nutrient premixes, advanced-technology protein solutions, functional beverages and flavours. NS has a diverse product portfolio and supports its customers on both a global and regional basis, supplying solutions that improve product functionality and nutritional profile.

NS revenue increased by 22.1% in the period. This was driven by volume growth of 16.1%, a price increase of 0.7% and the Watson acquisition delivering 5.3%.

Volume growth was driven by a strong performance in value-added dairy solutions against a relatively weak first quarter in 2018. Non-dairy solutions also performed well with good volume growth in the Asian region in particular. Price increase was primarily driven by improved mix in dairy solutions.

### **US Cheese**

US Cheese is a leading producer and marketer of American-style cheddar cheese in the US supplying brand owners and private label companies who in turn supply major retail and food service operators. US Cheese operates all of the dairy processing plants within GN and also the SwC JV plant which produces cheese and whey ingredients.

US Cheese revenue increased by 5.5% in the period. This was driven by volume growth of 9.1% primarily due to capacity expansion in the SwC JV plant completed in the prior year. Pricing decreased by 3.6% as a result of lower cheese markets year on year. US Cheese operates a pass through pricing model which provides substantial protection against dairy price movements.

The full year 2019 outlook for GN is good with positive momentum continuing across the Nutritional Solutions business driven by strong underlying volume growth and expected positive pricing.

### **Joint Ventures (all commentary is on a constant currency basis\*)**

Revenues from Joint Ventures ("JVs") increased by 14.9% in the first three months of 2019. This was driven by volume growth of 13.6%, mainly from Glanbia Ireland and the SwC JV, and a price increase of 1.3% as a result of improved year on year dairy markets.

### **Financing**

Glanbia's net debt at 30 March 2019 was €809.8 million, which represents an increase of €424.7 million versus the net debt position at the end of the first quarter of 2018. This increase has been primarily driven by the acquisitions of Watson and SlimFast. The Group's balance sheet remains in a strong position.

### **Full year outlook**

Glanbia reiterates its guidance that adjusted earnings per share for the continuing Group is expected to grow between 5% - 8% constant currency for full year 2019. If the average Euro US Dollar foreign exchange rate for the full year remains at similar levels to the average rate for the first quarter of 2019 Glanbia expects the full year 2019 reported result to be 3% higher than the constant currency outlook.

\* To arrive at the Constant Currency change, the average FX rate for the current period is applied to the relevant reported result from the same period in the prior year. The average Euro US Dollar FX rate for Q1 2019 was €1 = \$1.136 (Q1 2018 was €1 = \$1.229).

### **Ends**

### Cautionary statement

This announcement contains forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements contained in this announcement, whether as a result of new information, future events, or otherwise.

### IMS conference call dial-in details

There will be an analysts' conference call to accompany this Interim Management Statement at **8.30 a.m.** (BST) today.

To listen to the call, please dial-in using the following numbers:

Ireland	UK	Europe	USA	Pass code
01 246 5638	0330 336 9125	+44 330 336 9125	323-994-2093	<b>8638109</b>

A replay of the call will be available for 30 days from this afternoon. Please see the link below to the Investor Relations section of the Glanbia plc website for details:

<http://www.glanbia.com/investors/results-centre>

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