

## FIRST QUARTER 2021 INTERIM MANAGEMENT STATEMENT

### **Glanbia reports a strong Q1, FY 21 Adj EPS<sup>1</sup> growth expected to be upper end of 6% to 12%**

06 May 2021 – Glanbia plc, the global nutrition group ('Glanbia', the 'Group', "plc" or the "Company"), is issuing this Interim Management Statement for the three month period ended 3 April 2021 ("first quarter" or "Q1 2021" or "Q1"). This statement is issued in conjunction with the plc's Annual General Meeting ("AGM") which is being held today.

#### **Summary**

- Q1 2021 wholly-owned revenues up 10.5% on a constant currency basis (up 2.0% reported) versus prior year due to good demand across both Glanbia Performance Nutrition ("GPN") and Glanbia Nutritionals ("GN");
- Q1 like-for-like<sup>2</sup> ("LFL") wholly-owned revenue growth of 9.7% versus prior year;
- GPN delivered revenue growth in Q1 2021 of 14.1% on a constant currency basis with LFL branded revenue growth of 17.6% largely driven by strong demand in North America and Asia Pacific;
- GN Nutritional Solutions ("NS") delivered volume growth in Q1 2021 of 10.3% driven by strong customer demand for vitamin and mineral premix and solid trends in dairy solutions;
- GPN Transformation Programme on track and delivering revenue and margin improvements;
- Strong operating cash flow; net debt at the end of Q1 2021 of €498.5 million, a decrease of €191.6 million versus the net debt position in the prior year; and
- Following a strong first quarter. Glanbia expects FY 21 adjusted EPS to be in the upper end of the previously guided range of 6% to 12% growth on a constant currency basis.

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

"I would like to thank our colleagues and partners around the world for their continued resilience in managing the challenges of Covid-19, keeping supply chains going, delivering essential nutrition and helping Glanbia to deliver a strong start to 2021. In the first quarter of 2021 Glanbia's revenues increased by 10.5%, constant currency, versus the prior year. Revenue growth was driven by improving trading conditions in North American and Asia Pacific markets for both the GPN and GN business segments. Globally, as we emerge from the pandemic, health, wellness and nutrition are prominent consumer trends. In our portfolio, we saw in Q1 strong consumer demand for the Optimum Nutrition brand within GPN and for vitamin and mineral premix from customers of Nutritional Solutions with revenue growth also reflecting the reopening of certain markets and channels. While the strong underlying demand for Glanbia's health and wellness focused portfolio is continuing into the second quarter we remain vigilant to the continued volatile and disruptive potential of the Covid-19 pandemic.

The strong first quarter gives us confidence for the remainder of the year and we expect FY 21 adjusted EPS growth to be in the upper end of the previously guided range of 6% to 12% on a constant currency basis."

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<sup>1</sup> Full Year 2021 Adjusted earnings per share on a constant currency basis.

<sup>2</sup> Like-for-like revenue represents the sales increase/(decrease) year-on-year, excluding acquisitions made in the prior 12 months on a constant currency basis.

## Summary revenue progression

Summary of Q1 2021 revenue progression versus Q1 2020						
Constant currency movement						Reported movement
	Volume	Price	Like-for-like	Acquisition	Total constant currency	Total reported
<b>Glanbia Performance Nutrition</b>	9.5%	4.6%	14.1%	-	14.1%	6.6%
<b>Glanbia Nutritionals</b>	12.4%	-4.5%	7.9%	1.1%	9.0%	0.1%
<i>Nutritional Solutions</i>	10.3%	0.9%	11.2%	3.7%	14.9%	6.5%
<i>US Cheese</i>	13.4%	-6.9%	6.5%	-	6.5%	-2.6%
<b>Total wholly-owned businesses</b>	11.5%	-1.8%	9.7%	0.8%	10.5%	2.0%

In the three months ended 3 April 2021 compared to the same period in 2020, wholly-owned revenue increased 10.5%, constant currency. On a reported basis, reflecting the weaker US Dollar Euro foreign exchange rate<sup>3</sup>, revenue increased 2.0%. The drivers of the revenue increase, on a constant currency basis was volume growth of 11.5% offset by a price decline of 1.8% and the Foodarom acquisition representing 0.8%. Volume growth was broad based and reflected strong demand across Glanbia's end-markets, in particular in North America and Asia Pacific. Price decline related to lower year-on-year US Cheese market prices which offset price improvement in GPN and Nutritional Solutions in the period. The Foodarom acquisition completed by the GN segment in August 2020 is performing well.

## Outlook

The Group remains vigilant to the continued volatile and disruptive potential of the Covid-19 pandemic. However, Glanbia has started 2021 well with strong revenue growth in the first quarter as trading conditions have improved in key regions in North America and Asia Pacific. This more than offset headwinds in European markets related to ongoing Covid related restrictions across the region. Some revenues in the first quarter are attributable to the reopening of channels and markets, however there is strong underlying demand for Glanbia's health and wellness focused portfolio which is continuing into the second quarter. Glanbia is confident of delivering good revenue growth in both GPN and Nutritional Solutions in FY 2021 assuming restrictions continue to ease in key markets.

The GPN Transformation Programme will support the delivery of double-digit margins in GPN in FY 2021 and will enable the business to invest in increased brand marketing as well as counteract some raw material inflation, which is expected in the second half of the year.

Following a strong first quarter performance, Glanbia expects FY 2021 adjusted EPS growth to be in the upper end of the previously guided range of 6% to 12% on a constant currency basis.

<sup>3</sup> 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 2021 was €1 = \$1.204 (Q1 2020 was €1 = \$1.101).

## **Glanbia Performance Nutrition (all commentary is on a constant currency basis<sup>2</sup>)**

GPN delivered revenue growth of 14.1% in the first quarter of 2021 compared to the prior year. This was driven by volume growth of 9.5% and by a price increase of 4.6%. Excluding the impact of North American contract business, which is being exited, like-for-like branded revenues increased by 17.6% in Q1 2021.

Volume growth was driven by good growth in both the Americas and International portfolios. Price improvement was driven by the impact of price increases which were implemented in the second half of 2020.

### **GPN Transformation Programme**

The GPN Transformation Programme has continued in Q1 2021 and is on track to deliver an overall GPN EBITA margin ambition by 2022 of between 12% and 13%.

Key efficiency work streams in 2021 include the exit of contract business in North America, which is expected to be completed in Q2, and a consolidation of supply chain activity which is expected to be largely completed by the end of 2021.

Key growth initiatives in 2021 include: an increase in marketing investment in the Optimum Nutrition (“ON”) and SlimFast brands primarily in digital channels to drive brand awareness and consumer engagement, as well as a reorganisation of talent and teams to align resourcing to growth opportunities with the revised organisational structure to be fully in place for H2 2021.

GPN will now be managed as Americas and International. The Americas region includes all markets in North and Latin America with the International business including all other geographic markets. Both regions have integrated leadership teams to drive growth and performance focused on markets, categories and channels. GPN’s direct-to-consumer (“DTC”) business has a centralised organisation that manages the DTC platform for the Body&Fit brand as well as supporting a number of GPNs’ “brand.com” ecommerce websites globally providing further ecommerce DTC capability to support local market teams in GPN’s fastest growing channel.

### **Americas**

GPN Americas delivered 69% of total GPN revenues in Q1 2021. The branded portfolio delivered a strong performance in the quarter delivering good volume and price growth. Volume growth was broad based across a number of channels. Some volume growth in the period is attributable to the reopening of certain channels as Covid related restrictions eased while consumer demand was robust.

Price improved as a result of price increases implemented in the second half of 2020 with all brands having positive price realisation in the period.

The ON brand had a strong performance in the first quarter of 2021 with positive consumption trends continuing into the second quarter.

The SlimFast brand was impacted by headwinds in the diet category as Covid restricted consumer mobility in the first quarter of 2021 with consumption improving in the second quarter.

Increased brand investment, innovation and a further easing of Covid related restrictions in Americas are expected to drive growth in both the ON and SlimFast brands for the remainder of the year.

### International

GPN International delivered 31% of total GPN revenues in Q1 2021 and had strong growth in the quarter versus the prior year. This was driven by strong volume growth in Asia Pacific markets as route-to-market transitions take effect. European volumes were modestly down year-on-year as a result of ongoing headwinds related to Covid restrictions across the region. Price improvement was broad based reflecting increases implemented in the second half of 2020. The ecommerce channel was a key driver of growth across the International business and is a key component of market development in key regions across owned DTC websites as well as third party online retailers.

Increased brand investment and easing of Covid related restrictions are expected to drive growth in the international region for the remainder of the year.

### **Glanbia Nutritionals (all commentary is on a constant currency basis<sup>2</sup>)**

GN delivered strong revenue growth in the first quarter of 2021 versus prior year. Revenue increased by 9.0% versus prior year. This was driven by a volume increase of 12.4% offset by a price decrease of 4.5%, and the Foodarom acquisition, completed in August 2020, delivering 1.1% revenue growth.

### Nutritional Solutions

NS revenue increased by 14.9% in the period. Volume growth was strong at 10.3%, pricing increased by 0.9% and the Foodarom acquisition delivered 3.7% revenue growth.

Volume growth in Q1 2021 was driven primarily by a strong performance in the vitamin and mineral premix business. Both dairy and non-dairy solutions drove a marginal improvement in price in the period.

Throughout Q1 there has been strong global demand from customers oriented to health, wellbeing and immune enhancing trends as well as mainstream food and beverage in a range of product formats. NS expects these trends to continue in the second quarter. Demand for dairy solutions across various consumer formats remained solid during Q1 2021. The Foodarom acquisition continues to perform well.

### US Cheese

US Cheese revenue increased by 6.5% in the period. This was driven by volume growth of 13.4% offset by a price decline of 6.9%. Volume growth was driven by US Cheese sales from the new large-scale joint venture plant in Michigan which is expected to be fully commissioned, as planned, during the second quarter. Overall end-market demand has remained robust during the quarter. Price decline was related to lower year-on-year market pricing. US Cheese operates a robust business model which largely provides margin protection against dairy price fluctuations.

## **Joint Ventures**

Glanbia's Joint Ventures delivered good volume driven revenue growth in Q1 2021 which more than offset negative price.

Construction of the new Glanbia Cheese EU JV plant in Portlaoise, Ireland is on track. Commissioning for this plant as well as the new JV plant in Michigan is expected to be completed in the second quarter of 2021.

## **Completion of share buyback**

On 9 April 2021, Glanbia completed its previously announced share buyback programme. Between 9 November 2020 and 9 April 2021 Glanbia deployed €50 million repurchasing 4,790,502 ordinary shares on Euronext Dublin at an average price of €10.4373. This represents a discount of 2% to the volume weighted average price over the same period. The total number of repurchased shares was equivalent to 1.6% of the Company's issued share capital prior to the buyback.

## **Financing**

The Group's balance sheet remains in a strong position. Glanbia's net debt at 3 April 2021 was €498.5 million which represents a decrease of €191.6 million versus the net debt position at the end of the first quarter of 2020. This decrease was driven by continuing strong operating cash flow across the business.

At the end of Q1 2021 the Group had €1.1 billion in committed debt facilities with a weighted average maturity of 4.6 years, and an earliest maturity date of January 2024. Glanbia has access to considerable resources from unutilised debt facilities for further investment in the business.

## **AGM**

Glanbia is holding its AGM at 11am today at the Company's head office, Glanbia House, Kilkenny, R95 E866, Ireland. Due to restrictions currently in place in Ireland to limit the spread of Covid-19 the meeting will be held as a closed meeting. Shareholders who wish to participate remotely in the AGM can find details on how to do so on the Company's website: [www.glanbia.com/agm](http://www.glanbia.com/agm)

**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 and webcast details

There will be an analysts' conference call and webcast presentation to accompany this Interim Management Statement at 8.30 a.m. (BST) today. Please access the webcast from the Glanbia website at <http://www.glanbia.com/investors/results-centre>, where the presentation can also be viewed or downloaded.

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

Ireland	+353 (0)1 246 5638
UK	+44 (0)330 336 9125
Netherlands	+31 (0)20 703 8211
France	+33 (0)1 70 72 25 50
Italy	+39 02 3600 8019
Europe	+44 (0)330 336 9125
USA	+1 323 794 2093
<b>Pass code</b>	<b>9555868</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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