

## THIRD QUARTER 2021 INTERIM MANAGEMENT STATEMENT

**Glanbia reports a strong Q3, FY 21 adjusted EPS<sup>1</sup> growth expected to be upper end of 17% to 22%**

**Memorandum of Understanding signed for the sale of 40% shareholding in Glanbia Ireland to Glanbia Cooperative for €307 million**

10 November 2021 – Glanbia plc, the global nutrition group (“Glanbia”, the ‘Group’, “plc” or the “Company”), is issuing this Interim Management Statement for the nine month period ended 2 October 2021 (“third quarter” or “Q3 2021” or “Q3”).

### Summary

- Q3 2021 year-to-date wholly-owned revenues up 15.7% on a constant currency basis (up 9.7% reported) versus prior year due to good demand across both Glanbia Performance Nutrition (“GPN”) and Glanbia Nutritionals (“GN”);
- GPN delivered revenue growth in the period up 23.2% on a constant currency basis with LFL branded revenue growth of 25.2% driven by strong performance nutrition consumption trends across the Americas and International which continued in the third quarter;
- GN Nutritional Solutions (“NS”) delivered volume growth in the period up 15.7% on a constant currency basis driven by strong ongoing customer demand for micro-nutrients and healthy snacking solutions;
- Acquisition completed of PacMoore Process Technologies, LLC (“PacMoore”), a US food ingredient solutions business for \$52m in Q3 2021;
- Announcing memorandum of understanding signed for the sale of the plc’s shareholding in Glanbia Ireland to Glanbia Cooperative Society Ltd (“Glanbia Co-op”) for €307 million;
- Strong operating cash flow; net debt at the end of Q3 2021 €589.0 million which represents a decrease of €39.1 million versus the net debt position in the prior year; and
- Following a strong third quarter, Glanbia expects FY 21 adjusted EPS to be at the upper end of the previously guided range of 17% to 22% growth on a constant currency basis.

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

“In the first nine months of 2021 Glanbia grew its wholly-owned revenue by 15.7% on a constant currency basis. This was driven by strong demand across our portfolio as GPN grew like-for-like branded revenue by 25.2% and NS grew like-for-like volume by 15.7%. We continue to make progress on our strategic initiatives. GPN’s transformation programme is running to schedule and NS completed the acquisition of PacMoore, a US based ingredients solutions business. Furthermore I’m pleased to announce that we have signed a memorandum of understanding for the sale of the plc’s shareholding in Glanbia Ireland to Glanbia Co-op for €307 million. A separate announcement with details of this agreement has been published today.

The Group continues to navigate the various impacts of the Covid-19 pandemic well delivering strong volume growth in the third quarter with our plants operating to plan and price increases implemented in response to cost inflation. We are focused on progressing our ESG agenda, working towards emissions reductions and implementing our diversity and inclusion strategy. The strong third quarter gives us confidence for the remainder of the year and we expect FY 21 adjusted EPS growth to be at the upper end of the previously guided range of 17% to 22%, on a constant currency

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<sup>1</sup> Full Year 2021 adjusted Earnings Per Share (“EPS”) on a constant currency basis.

basis. As we exit 2021 we will maintain our focus on driving top line growth and are planning further pricing actions for early in 2022 in response to the continued inflationary environment.”

### Summary revenue progression

Summary of YTD Q3 2021 revenue progression versus YTD Q3 2020						
	Constant currency movement					Reported movement
	Volume	Price	Like-for-like	Acquisition	Total constant currency	Total reported
<b>Glanbia Performance Nutrition</b>	18.0%	4.4%	22.4%	0.8%	23.2%	18.0%
<b>Glanbia Nutritionals</b>	18.2%	-6.6%	11.6%	1.0%	12.6%	6.3%
<i>Nutritional Solutions</i>	15.7%	1.9%	17.6%	3.3%	20.9%	15.1%
<i>US Cheese</i>	19.3%	-10.1%	9.2%	-	9.2%	2.8%
<b>Total wholly-owned businesses</b>	18.2%	-3.4%	14.8%	0.9%	15.7%	9.7%

In the nine months ended 2 October 2021 compared to the same period in 2020, wholly-owned revenue increased 15.7%, constant currency. On a reported basis, reflecting the weaker Euro US Dollar foreign exchange rate<sup>2</sup>, revenue increased 9.7%. The drivers of the revenue increase, on a constant currency basis was volume growth of 18.2% offset by a price decline of 3.4% and acquisitions representing 0.9%. Volume growth was broad based across the Group and reflected strong demand for performance nutrition products in GPN, micro-nutrients and healthy snacking solutions in NS as well as new joint venture capacity commissioned during the period. Price decline related to lower year-on-year US Cheese market prices offset price improvement in GPN and NS in the period. The LevUp and PacMoore acquisitions completed in May and September 2021 respectively are performing well.

### Outlook

The Group has delivered strong revenue growth in the first nine months of 2021 which is expected to continue in the fourth quarter driven by underlying consumer demand trends across key health and wellness end markets. Glanbia now expects full year 2021 adjusted EPS to be at the upper end of the previously guided range of 17% to 22% on a constant currency basis. Glanbia also expects to deliver FY 2021 operating cash conversion ahead of the targeted 80% level.

The Group remains vigilant to the continued volatile and disruptive potential of the Covid-19 pandemic, however plants across the Group have operated well throughout 2021 responding swiftly to the strong demand dynamics across both GPN and GN.

As expected, cost inflation has become a headwind for the Group as 2021 has progressed resulting in pricing action in both GPN and NS in the third quarter. During the course of 2022 both GPN and NS expect to mitigate inflation by further pricing actions, volume growth and the realisation of benefits from the GPN transformation programme.

<sup>2</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 YTD to Q3 2021 was €1 = \$1.196 (Q3 YTD 2020 was €1 = \$1.125).

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

GPN delivered revenue growth of 23.2% in the first nine months of 2021 compared to the prior year. This was driven by volume growth of 18.0%, price increase of 4.4% and the LevUp acquisition delivering 0.8%. Excluding the impact of North American contract business, which was exited during the year, like-for-like branded revenues increased by 25.2% in the period versus prior year.

Volume growth was driven by good demand in both the Americas and International portfolios. Price improvement was driven by the impact of increases implemented in the second half of 2020 and in the third quarter of 2021. Consumer demand has sustained to date following the most recent price increases.

The GPN transformation programme is on schedule and delivering cost improvement and revenue growth in the period. GPN has also, as planned, continued to prioritise brand building investment in marketing to drive revenue growth into 2022.

GPN price increases, volume growth and benefits from the transformation programme are expected to mitigate the impact of inflation during the course of 2022.

### **Americas**

GPN Americas delivered good revenue growth in the period driven mainly by the performance nutrition brand portfolio as consumption trends have remained robust with growth across all key channels.

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

The Lifestyle brand portfolio delivered revenue growth in the period with the think! and Amazing Grass brands performing well in response to increased consumer mobility and an ongoing focus on health and wellness. The SlimFast brand continued to be impacted by ongoing headwinds in the diet category which impacted consumption; a strong programme of brand activity is expected to improve trends into 2022.

### **International**

GPN International delivered strong revenue growth in the period across all regions with Asian and Middle Eastern markets being particularly solid. European markets and the direct-to-consumer business also performed well in the period delivering strong growth.

Route-to-market changes and improved revenue growth management processes implemented as part of the GPN transformation programme were embedded at the beginning of the year and this has provided a strong foundation for growth and brand re-investment in the International business. This has supported the strong performance in the International business to-date in 2021 and is expected to continue to drive growth into 2022.

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

GN delivered strong revenue growth in the first nine months of 2021 versus prior year. Revenue increased by 12.6% versus prior year. This was driven by a volume increase of 18.2% offset by a price decrease of 6.6% with acquisitions delivering 1.0% revenue growth.

NS completed the acquisitions of PacMoore in September 2021 and Foodarom in August 2020.

### **Nutritional Solutions**

NS revenue increased by 20.9% in the period. Volume growth was strong at 15.7%, pricing increased by 1.9% and acquisitions delivered 3.3% revenue growth.

Volume growth in the year-to-date to Q3 2021 was driven by strong ongoing customer demand for micro-nutrients and healthy snacking solutions as well as newly commissioned capacity.

Price increase was driven by dairy solutions as a result of strong market demand.

Throughout the year 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 for the remainder of the year and into 2022.

Both the PacMoore and Foodarom acquisitions are performing well.

### **PacMoore acquisition**

In September 2021, Glanbia acquired PacMoore, a US food ingredients company, for \$52 million. PacMoore has production and innovation facilities in Indiana and Illinois and will be integrated with NS. PacMoore provides a number of solutions for the healthy snacking category. This capability will be leveraged by NS with new and existing customers.

### **US Cheese**

US Cheese revenue increased by 9.2% in the period. This was driven by volume growth of 19.3% offset by a price decline of 10.1%. Volume growth was driven by US Cheese sales from the new large-scale joint venture plant in Michigan which was fully commissioned during the second quarter. Price decline was related to lower year-on-year market pricing.

### **Joint Ventures**

Glanbia's Joint Ventures have performed well in the first nine months of 2021.

### **Completion of share buyback**

On 20 October 2021, Glanbia completed its previously announced share buyback programme. Between 12 August 2021 and 20 October 2021, Glanbia deployed €50 million, repurchasing 3,509,007 ordinary shares on Euronext Dublin at an average price of €14.249. In total over the past 12 months Glanbia has returned €100 million to shareholders via share buybacks.

## **Financing**

The Group's balance sheet remains in a good position. Glanbia's net debt at 2 October 2021 was €589.0 million which represents a decrease of €39.1 million versus the net debt position at the end of the third quarter of 2020. This decrease was driven by improved earnings converted into operating cash flow across the business as a result of strong revenue growth in the period.

At the end of Q3 2021 the Group had €1.1 billion in committed debt facilities and an earliest maturity date of January 2024. Glanbia has access to considerable resources from unutilised debt facilities for further investment in the business.

## **Inside Information**

This announcement contains inside information in relation to the sale of the Plc's 40% interest in Glanbia Ireland. The person responsible for arranging for the release of this announcement on behalf of Glanbia plc is Michael Horan, Company Secretary. The time and date of this announcement is, at 7am GMT, 10 November 2021.

## **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. (GMT) 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:

Belgium	+32 (0)2 404 0659
France	+33 (0)1 76 77 22 88
Germany	+49 (0)69 2222 25574
Global	+353 (0)1 246 5638
Ireland	+353 (0)1 246 5638
Italy	+39 02 3600 8019
Netherlands	+31 (0) 20 703 8211
United Kingdom	+44 (0)330 336 9126
United States	+1 323-794-2093
<b>Pass code</b>	<b>3760563</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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