

FIRST QUARTER 2022 INTERIM MANAGEMENT STATEMENT

Glanbia reports a strong Q1, FY 22 guidance raised

05 May 2022 – 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 2 April 2022 (“first quarter” or “Q1 2022” or “Q1”). This statement is issued in conjunction with the plc’s Annual General Meeting (“AGM”) which is being held today.

Summary

- Q1 2022 wholly-owned revenues up 25.0% on a constant currency basis (up 33.5% reported) versus prior year due to good demand across both Glanbia Performance Nutrition (“GPN”) and Glanbia Nutritionals (“GN”);
- Significant action taken across the Group to mitigate inflation with pricing increased by 17.0% and volume growth sustained at 6.9%;
- Q1 like-for-like¹ (“LFL”) wholly-owned revenue growth of 23.9% versus prior year;
- GPN delivered LFL revenue growth in Q1 2022 of 14.7% on a constant currency basis driven by pricing actions and strong demand in sports nutrition, healthy snacking and plant based products;
- GN Nutritional Solutions (“NS”) delivered LFL revenue growth in Q1 2022 of 19.0% on a constant currency basis driven by pricing and strong customer demand in micro-nutrients;
- NS acquired Sterling Technology, a US bioactive ingredient company focused on immunity solutions, for \$60 million plus deferred consideration;
- Glanbia Ireland disposal closed during Q1;
- Net debt at the end of Q1 2022 of €552.3 million, (Q1 2021, €498.5 million) with significant borrowing capacity on balance sheet; and
- Following a strong first quarter, Glanbia is raising guidance and now expects to deliver 5% to 10% growth in adjusted EPS on a constant currency basis.

Commenting today, Siobhán Talbot, Group Managing Director said:

“I am pleased to announce a strong 2022 first quarter performance for Glanbia. Glanbia continues to grow as a focused, purpose-led global nutrition company serving powerful consumer health and wellness trends. This strategy underpins our growth, which continued in first quarter of 2022 with revenues up 25.0%, on a constant currency basis, versus prior year. Inflation remains a key dynamic for Glanbia and we have taken significant mitigating actions across the Group by increasing prices by 17.0% in the first quarter and delivering volume growth of 6.9% while managing our cost base prudently. The GPN consumer branded business has performed well delivering volume growth across performance nutrition, healthy snacking and plant based brands as consumer demand for our brands remains robust. Our NS ingredients business delivered an excellent quarter as customer demand across micro-nutrients in particular remains strong.

¹ 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.

We have maintained momentum on our strategic agenda in the period by completing the disposal of our interest in the Glanbia Ireland joint venture as well as acquiring Sterling Technology, a bioactive ingredient company, which builds on our offering in immunity solutions in NS. To-date in 2022 we have also invested €123.4 million in share buybacks.

The strong first quarter gives us confidence for the remainder of the year and we have raised our expectations for full year 2022, and now expect to deliver between 5% to 10% growth in adjusted EPS on a constant currency basis.”

Summary revenue progression

Summary of Q1 2022 revenue progression versus Q1 2021						
Constant currency movement						Reported movement
	Volume	Price	Like-for-like	Acquisition	Total constant currency	Total reported
Glanbia Performance Nutrition	1.7%	13.0%	14.7%	1.0%	15.7%	22.8%
Glanbia Nutritionals	9.4%	18.8%	28.2%	1.1%	29.3%	38.3%
<i>Nutritional Solutions</i>	4.2%	14.8%	19.0%	3.4%	22.4%	29.9%
<i>US Cheese</i>	11.7%	20.7%	32.4%	-	32.4%	42.2%
Total wholly-owned businesses	6.9%	17.0%	23.9%	1.1%	25.0%	33.5%

In the three months ended 2 April 2022 compared to the same period in 2021, wholly-owned revenue increased 25.0%, constant currency. On a reported basis, reflecting the stronger Euro US Dollar foreign exchange rate², revenue increased 33.5%. The drivers of the revenue increase, on a constant currency basis was volume growth of 6.9%, price increase of 17.0% and acquisitions representing 1.1%. Volume was positive across all segments as demand in the Group’s end markets remains robust. The Group has been proactively raising prices materially across its portfolio of brands and ingredients to counteract cost inflation in raw materials in particular. Acquisitions remain a core strategy for the Group with the PacMoore and LevlUp acquisitions in GN and GPN respectively contributing to growth in the period.

Outlook

Glanbia is successfully growing revenue year to-date despite a number of significant risks including inflation, geopolitical tensions and continued Covid related supply chain disruption, particularly in Asia.

In the absence of any further major market disruption, the strong start to 2022 provides increasing confidence in the Group’s ability to stay close to the nutrition needs of consumers and navigate external challenges. Glanbia is now confident to raise its outlook and for full year 2022, GPN expects to deliver double digit revenue growth while GN NS expects strong double digit revenue growth. Revenue growth in both platforms will be primarily driven by pricing as previously noted.

EBITA growth is expected to be delivered in both GPN and GN NS for FY 2022.

² 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 2022 was €1 = \$1.122 (Q1 2021 was €1 = \$1.204).

Full year expectations for US Cheese and JVs are unchanged from prior views.

As previously outlined, some full year margin contraction is expected in GPN, due to the lag effect of inflation and pricing action. In GN NS full year margin contraction will be driven by the mathematical dilution of significant top line pricing changes particularly in dairy ingredients.

From a Group perspective, the strong focus on cash generation is expected to deliver an operating cash flow conversion rate of over 80% in 2022.

The Group now expects to deliver 5% to 10% growth in adjusted EPS on a constant currency basis. Based on current foreign exchange rates the reported adjusted EPS result is expected to be 10% higher than the constant currency basis.

Glanbia Performance Nutrition (all commentary is on a constant currency basis²)

GPN delivered revenue growth of 15.7% in the first quarter of 2022 compared to the prior year. This was a strong performance in the context of the prior year comparative and was driven by a price increase of 13.0%, a volume increase of 1.7% and the LevUp acquisition adding 1.0%. Branded revenue for the first quarter grew on a like-for-like basis by 16.7% with 13.4% growth in pricing and volume growth of 3.3%.

Volume performance was driven by good growth in performance nutrition, healthy snacking and plant based categories offset by declines in the diet category. Price improvement was driven by the impact of price increases which were implemented in the third quarter of 2021 and in the first quarter of 2022.

Americas

GPN Americas delivered 13.8% revenue growth in the first quarter of 2022. This was driven by a good performance in sports nutrition, healthy snacking and plant based categories with key brands in these categories delivering good volume growth. The majority of price increase was focused on these categories and the consumer response has been positive with strong consumption trends continuing into the second quarter.

Consumers remain focused on returning to healthy lifestyles as well as making healthy choices in their everyday nutrition and this continues to be a powerful driver of demand across the portfolio and in particular for the ON, think!, Isopure and Amazing Grass brands.

The diet category continued to experience headwinds during the key first quarter and this impacted consumption trends and revenue performance for the SlimFast brand. Informed by consumer research, GPN is in the process of broadening the brand appeal of SlimFast from diet into weight management, a refresh that will be supported by new brand and pack design, new creative content and new innovation in the second half of the year.

International

GPN International delivered 20.1% revenue growth in the first quarter with both volume and price growth as well as the LevUp acquisition.

Demand and consumption trends in the first quarter across key international markets has remained robust across performance nutrition categories. Pricing action to mitigate inflation has been taken globally across the portfolio.

The European direct-to-consumer (“DTC”) business has performed well in the period delivering revenue growth as consumer demand for performance nutrition remained robust in its core markets.

Glanbia Nutritionals (all commentary is on a constant currency basis²)

GN delivered strong revenue growth in the first quarter of 2022 versus prior year. Revenue increased by 29.3% versus prior year driven by a volume increase of 9.4%, a price increase of 18.8% and acquisitions delivering 1.1% revenue growth.

Nutritional Solutions

NS revenue increased by 22.4% in the period. Volume growth was good at 4.2%, pricing increased by 14.8% and acquisitions delivered 3.4% revenue growth.

Volume growth in Q1 2022 was driven primarily by a strong performance in micro-nutrients due to strong end market demand in immunity and mainstream food and beverage. NS has taken pricing action across the portfolio to mitigate inflation including pass-through pricing of dairy market inflation 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. The PacMoore acquisition, completed in September 2021, is performing well. NS completed the acquisition of Sterling Technology in March 2022.

Sterling Technology acquisition

On 11 March 2022 Glanbia acquired Sterling Technology (“Sterling”), a bioactive ingredient company based in South Dakota, USA for a purchase price of \$60 million plus deferred consideration. Sterling will complement the existing ingredient technology portfolio of NS providing bioactive ingredients which are mainly used in the growing immunity and gut-health segments as well as in pet nutrition. Sterling 2021 revenue was \$23.6 million and the acquisition is expected to be marginally accretive to earnings in FY 2022.

US Cheese

US Cheese revenue increased by 32.4% in the period. This was driven by volume growth of 11.7% and pricing growth of 20.7%. Volume growth was driven by US Cheese sales from the new large-scale joint venture plant in Michigan which was commissioned during 2021. Overall end market demand has remained robust during the quarter. Pricing reflects the higher year-on-year market pricing. US Cheese operates a robust business model which largely provides margin protection against dairy price fluctuations.

Joint ventures – continuing operations

The Group's joint ventures have performed in line with expectations with share of profit after tax lower versus prior year due to strong comparatives.

Glanbia Ireland disposal

On 1 April 2022, Glanbia completed the disposal of its 40% interest in the Glanbia Ireland joint venture ("Glanbia Ireland") to Glanbia Co-operative Society Limited for €307 million. Up to date of disposal, Glanbia Ireland will continue to be presented as a discontinued operation, separate to the other joint venture operations which remain part of the Group and are unaffected by this transaction.

The Group expects a net exceptional gain related to this transaction.

Share Buyback

Glanbia maintained share buyback activity through the first quarter deploying €91.5 million in the period. Buyback activity has continued and to-date in 2022 Glanbia has deployed a total of €123.4 million on share buybacks. Glanbia is proposing to renew its authority to complete share buybacks at the Company's annual general meeting ("AGM") today. Following the AGM, the Board will keep the option for further share buybacks under consideration as a capital allocation tool.

Financing

The Group's balance sheet remains in a strong position. Glanbia's net debt at 2 April 2022 was €552.3 million which represents an increase of €53.8 million versus the net debt position at the end of the first quarter of 2021. Net Debt increased due to increased investment in working capital, share buybacks and the Sterling Technology acquisition net of the receipt of the proceeds of the sale of the Group's stake in Glanbia Ireland. Working capital investment was driven by increased inventory valuations and business activity as well as strategic sourcing of key ingredients to ensure availability throughout the year and manage input price changes. Working capital levels are expected to reduce during the remainder of the year and the Group is confident of delivering its 80%+ operating cash conversion target for the full year.

At the end of Q1 2022 the Group had €1.2 billion in committed debt facilities. Glanbia has access to considerable resources from unutilised debt facilities for further investment in the business.

AGM

Glanbia is holding its AGM in person at 11.00 a.m. (Irish time) today at Hotel Kilkenny, College Road, Kilkenny, R95 XD74, Ireland. Shareholders who alternatively wish to participate remotely in the AGM can do so and will find details on how to do this on the Company's website: 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 8.00 a.m. (BST) today. Please access the webcast from the Glanbia website at <https://www.glanbia.com/investors/results-and-events>, where the presentation can also be viewed or downloaded.

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

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Pass code 2526909

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:

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

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