

Musgrave announces profit of €84.5 million for Financial Year 2018

10th May – Musgrave today announced results for the financial year ended 29 December 2018, with turnover up 3.8% to €3.9 billion and profit before tax of €84.5 million, a 5.6% increase on the previous year. Net assets were €410 million, an increase of €79 million on 2017 and the business ended the year with net cash of €16 million.

Commenting, Chris Martin, Musgrave Chief Executive said:

“2018 has been another successful year for Musgrave. Despite very competitive markets, for the fourth year in a row we have reported increased profit, with all our brands performing well and growing. Our performance underlines the success of our Growing Good Business strategy, which is on track to deliver long-term growth. Through this strategy, we are successfully evolving our business to provide people with unique food experiences when, where and how they want them. This is being delivered through investment in digital, a focus on innovation and with our retail partners who are responsive to the local needs of shoppers. We are pleased that our recent acquisitions, La Rousse Foods and Donnybrook Fair, which we acquired in 2018, are performing well and we continue to explore further acquisition opportunities.”

Business Review

Musgrave’s Growing Good Business strategy has seen the business grow its existing brands, create new brands and look for opportunities to build or acquire businesses in new and emerging sectors of the food industry. We are setting up the business for the long-term to realise opportunities in a growing food market across the island of Ireland estimated to be worth in excess of €30 billion and set to rise to €37 billion by 2025.

As Ireland’s largest private sector employer our brands underline our commitment to innovation and our entrepreneurial culture. SuperValu and Centra both celebrate their 40th anniversary this year. SuperValu was Ireland’s first supermarket brand and has gone from strength to strength, recording a new retail sales milestone of €2.9 billion across the island of Ireland in 2018.

SuperValu provides value, great quality Irish produce and a differentiated offer which aligns with the changing expectations that consumers have of grocery retail particularly in the areas of health and sustainability. In 2018 this included the roll-out of dedicated vegetarian/vegan zones across SuperValu stores, the introduction of fully compostable and biodegradable bags and the piloting of a living herb wall

concept, giving shoppers the option to pick their own fresh produce from the plant, while reducing packaging and food waste.

In 2018 Centra performed strongly and has redefined the convenience market by focusing on unique food experiences and fresh, healthy food-to-go products, as the breakfast roll makes way for healthy alternatives like Cold Pressed Turmeric Shots and Paleo Superbowls. With retail sales of €1.9 billion in 2018, Centra is now globally recognised as the future of convenience grocery shopping.

In the symbol market, our Daybreak brand continues to perform strongly with 17 new stores added in 2018 bringing the total to 237 stores. The new brand format includes the introduction of three new sub-brands – Munch and Co. deli; 9 Grams coffee and Lickety Split ice cream providing shoppers with a diverse offering throughout the day.

Our wholesale and foodservice business continues to flourish with sales in 2018 up 13 percent to €0.6 billion. Musgrave MarketPlace has evolved from a cash and carry concept into Ireland's leading wholesale business for retailers and a one-stop shop for the country's growing hospitality sector. The acquisition of fine food specialist La Rousse Foods has allowed us to broaden our presence in the restaurant market, sourcing and supplying the highest quality produce for Ireland's top chefs. We are now able to service every area of the hospitality and foodservice sector across the island of Ireland with more than 1,800 products; from basic everyday items, to premium, artisan and locally sourced produce.

Musgrave's Spanish business performed well with sales of €190 million in 2018 benefiting from the addition of two new Dialprix stores during the year and the recent opening of a new cash & carry outlet in the South East region of Spain.

We continue to see international opportunities and we are exploring more partnerships similar to our export agreement with Alosra, where we have responded to increasing demand for great quality own brand products.

In 2018 we continued to innovate with new brands and ranges. Building on the success of Frank & Honest, which is now the largest coffee brand in Ireland, we established new brands including Moo'd – an ice cream brand that combines the best Irish dairy and Italian ingredients; Caramico – a premium pizza range which will be freshly cooked in stone-based ovens in-store at select Centra stores; and Green Kitchen – a new brand that allows customers to create their own salads from a wide selection of fresh ingredients.

We also completed the acquisition of Donnybrook Fair in 2018 as part of our focus on identifying new growth opportunities. Donnybrook Fair supports our strategy

of building brands that provide people with unique food experiences at home and out of home and it strengthens our presence in the growing Dublin food market.

Outlook

While the Irish economy remains robust, there are a series of international factors including Brexit that could have a negative effect on consumer confidence here in Ireland. We have been systematically planning for Brexit for the last two years in order to minimize the impact on shoppers, support our retailers and protect our business. Our ambition remains to become the undisputed number one in grocery retail and wholesale across the island of Ireland.

In this evolving retail and food environment, there has never been a better time to be part of independent retailing and our partners are benefitting as they adapt and react to consumer needs and changing food trends. With their local approach and community insight, coupled with our expertise in brand innovation, we have a winning combination that works today, and give us confidence as we look to the future.