

Growing  
Good Business



# A YEAR LIKE NO OTHER

*Annual Report & Review 2020*

*Musgrave*

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*Musgrave*

## OUR PURPOSE:

# Growing *Good* Business

We're focused on growth for ourselves and our partners but not in a way that compromises our values of honesty, working hard, achievement, long-term stable relationships and not being greedy.



It's this and the resilience of our partnerships with retailers, foodservice customers, suppliers and local people that has helped sustain and inspire us through this difficult year.

For **144 years**, Musgrave has been championing a better way of doing business. And we think we have a good track record for **balancing profitability with doing the right thing**.

We are a sixth generation family-owned company, this means we look at business in a different way. **What Musgrave looks like to future generations matters as much to us as our activities today.** We see the future of Musgrave as that of a dynamic and trusted brand that uses its scale and reach to help communities to thrive, entrepreneurs succeed and for people to access quality, healthy and inspiring food in-store, online and on the go. But we also know that we need to do more.

Musgrave may have been around since 1876 **but we recognise that we still have much to learn.** As the first retailer in the world to sign up to the UN's Sustainable Development Goals, we may have led the way in championing sustainability in our sector, but the scale and urgency of the climate emergency means that companies like ours need to step up and do more.

We think this means **moving beyond doing everything possible to minimise the impacts of our operations** on the planet to having a positive impact on society and on the local communities in which we live and work.

We have to continue to tackle head-on contradictions like reducing plastics while minimising food waste, meeting the growing need for online shopping while reducing vehicle emissions, satisfying demand for meals-to-go while cutting back on packaging.

*We don't pretend to have all the answers yet. But as we come out of this pandemic these are the issues that are front of mind.*

And we believe we really can help to bring about positive change because **what makes us different is a team of extraordinary retailers embedded in local communities, trusted brands and colleagues** who share a passion for building thriving communities.

Because our brands are trusted we can make them work harder – not just to deliver outstanding choice and value to shoppers but also to support the very significant changes we're already experiencing in how people want to live and what they value.

Evolving the Musgrave brand is part of our DNA – we've done it since 1876. **We think for the long term and we are committed to enterprise that has the potential for financial growth and to positively impact everyday lives.**

*We want to build a resilient and prosperous Musgrave and support a more sustainable and prosperous society.*

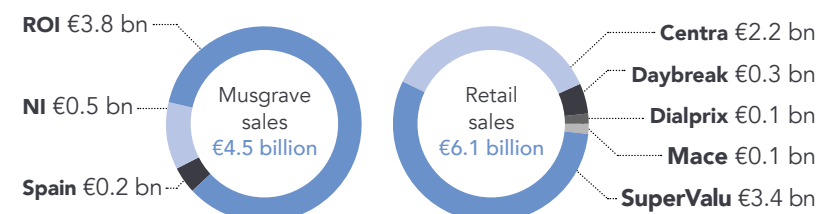
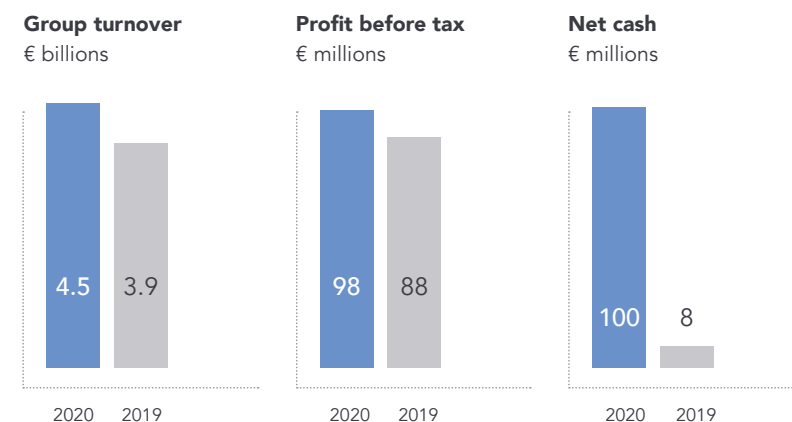
That's why we are in the business of **Growing Good Business**.

# At a glance

*“During 2020 our purpose Growing Good Business really came to life. We ensured our growth and success benefited more than just our own business and brands.”*

Noel Keeley, CEO

## 2020 financial highlights



## Number of retail stores

as of 31 December 2020

	Republic of Ireland	Northern Ireland	Spain
SuperValu	222	37	–
Centra	477	97	–
Mace	–	76	–
Daybreak	268	–	–
Dialprix	–	–	88
Donnybrook Fair	5	–	–

## Our people



**gradireland:**  
Silver award for Best Graduate Training & Development Programme – Business/Management



**Deloitte:**  
Best Managed Company award



**CIPD:**  
Best Large L&D Organisation for Leadership Development award



**ShelfLife Grocery Management Awards:**  
Seven wins

## Our brands



**Blas na hÉireann Awards:**

**119**

wins for SuperValu

**36**

wins for Centra



**FreeFrom Food Awards:**

**24**

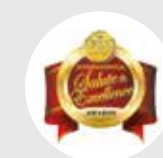
awards for SuperValu and Centra combined



**NPPA:**

**Gold**

award for SuperValu for Best Family Friendly Supermarket



**PLMA International Salute to Excellence Awards:**

**2**

awards for Centra Own Brand products

## Investment

MUSGRAVE  
**MarketPlace**

**€3.4 million**

investment in Musgrave MarketPlace Republic of Ireland and £1 million in Northern Ireland in last two years

**Centra**

**16**

new stores across the island of Ireland

**€15 million**

Revamp investment in Republic of Ireland and £2.3 million in Northern Ireland

**SuperValu**

**3**

new stores across the island of Ireland

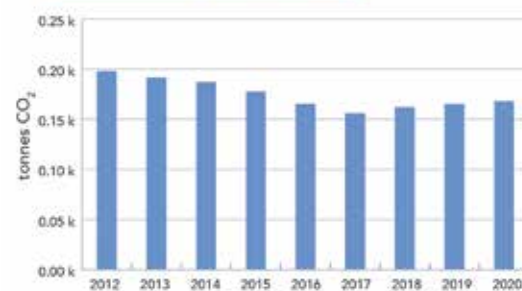
**€16 million**

Revamp investment in Republic of Ireland and £214,000 in Northern Ireland



## Sustainability KPIs

Carbon footprint per case



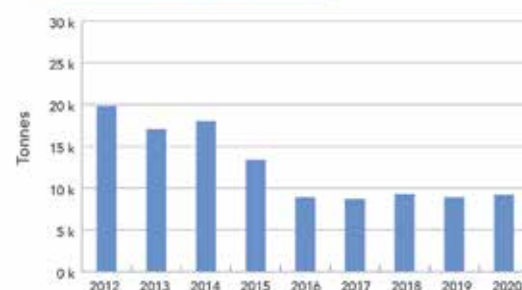
Despite significant increases in case volumes, emissions per case have reduced by 15% since 2012

Energy use in building per m<sup>2</sup>



Building energy remained flat despite increased case volumes and operations at depots and cash and carry sites

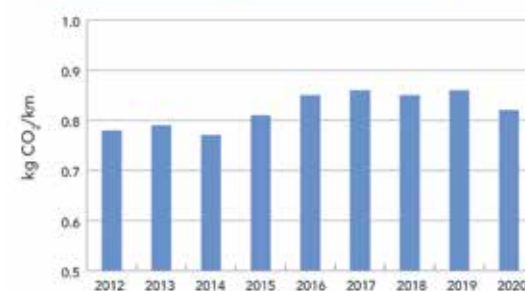
Total waste generation



Total waste remained flat despite significant increases in throughput

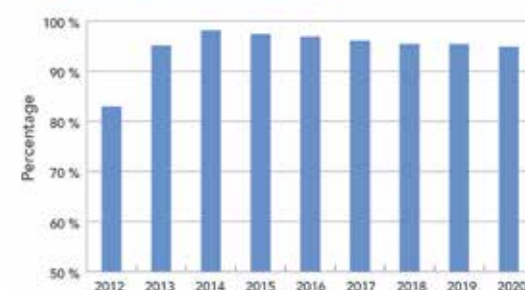


Fleet emissions per KM travelled



Despite increased distances, emissions per kilometre (and per case) reduced due to a combination of newer engines, route planning and more efficient driving

PC recycled/recovered



Recycling remained flat at 95%



## UN SDG Champions

Musgrave is one of the Irish Government's SDG Champions – a role that gives us the opportunity to share experience and best practice in delivering positive change in relation to the UN Sustainable Development Goals.

Musgrave is one of 12 Irish companies and organisations to be chosen as an SDG Champion. Our Champion Goals are:



## Achievements



1st retailer to introduce reusable, compostable shopping bags



50% of SuperValu stores run off green electricity generated from renewable resources



290 Food Academy producers



Musgrave achieves Gold Level in NI Environmental Benchmarking Survey

## Community



Verified Origin Green Member



**€6 million**  
raised for Action Breast Cancer



**€5 million**  
raised since 2002



**1,385,193**  
meals donated to Irish charities



**NICKY HARTERY**

CHAIRMAN, MUSGRAVE

"Going forward, what we can take from our performance is how nimble and adaptable we can be as a business – qualities we will need as we adapt to the new normal and a post-Brexit landscape"

## Transforming our landscape



Through these extraordinary months, since the first measures to combat Covid-19 were implemented in March 2020, our colleagues have demonstrated outstanding commitment to our purpose Growing Good Business, by supporting shoppers and communities through challenging times. Yet what has stood out for me personally, has been the resilience, strength and innovation of our people.

As a family-owned business, people have always been the beating heart of Musgrave and in the past year our values really came to life. We were defined as an essential business in Ireland and Spain and on behalf of the Board, I would like to thank all our colleagues for their commitment to keeping communities fed, the supply chain clean, and shoppers safe throughout the pandemic. All of our colleagues went over and above to support both the business and one another in every possible way. While it was one of the most challenging years imaginable, it was a challenge that everyone rose to with pride.

Going forward, what we can take from our performance is how nimble and adaptable we can be as a business – qualities we will need as we adapt to the new normal and a post-Brexit landscape. As we gradually emerge from the pandemic, it seems clear the market has changed for good. Certainly, some of the mainstays that all but disappeared during the pandemic – like food-to-go – will return. But some of the dramatic realignment of channels – such as the intense focus on online services – are here to stay, supporting our decisions around the ongoing investment in digital transformation.

The Group's ambition is to be the most trusted and most sustainable business in Ireland, making a real difference to people's lives and creating a positive impact on the planet. Our focus on ESG continues to be a key priority for the business.

Our business performance this year reflects the consequences of asymmetric demand. The retail side of our business delivered strong growth and we exited 2020 as number one in the grocery retail market. At the same time with the effective closure of the hospitality sector over many months our wholesale and foodservice brands all experienced significant decline. Throughout we have been helping town centre convenience partners, foodservice customers and hundreds of local suppliers to stay afloat and prepare for business as the lockdowns ease.

I would like to thank our shareholders for their support during the pandemic and hope they and their families are keeping safe and well. I appreciate their patience as we adapted to new ways of working and reporting, and for backing the Board's strategy for unlocking Musgrave as a world-class food and beverage business – not just through technology investment and rollout, but also as we explore new channels and global markets.

Key to delivering our strategy is our approach: working as one team, leveraging our strengths and expertise across retail, wholesale and foodservice as One Musgrave. This journey will be transformational to the Group in the coming years.

Finally, I would like to extend my thanks to Noel Keeley, Musgrave CEO, and his management team who have steered the business through an extremely challenging year. The executive team has and continues to do an excellent job navigating the business through the worst health crisis in living memory, but they have also laid the foundations for the transformation of Musgrave for the future.

**NOEL KEELEY**

CEO, MUSGRAVE

“With so much of the world at a standstill, our job was to ensure uninterrupted supplies of food and essentials across the island of Ireland and Spain, while keeping shoppers and our people safe at all times”

## A clear vision

When I stepped into the role of CEO in January 2020, I had a clear vision for the future of the business, and ambitious plans for the year ahead. None of those plans involved a global pandemic, the biggest health emergency any of us has experienced in our lifetime.

However, when faced with a crisis that turned lives upside down, devastated so much of the economy, and presented extreme challenges to supply chains, our people and partners gave their very best day after day. Working with our teams and witnessing their relentless dedication to keeping communities fed and people safe, it was truly inspiring to be part of the extended Musgrave family.

It took a monumental group effort to adapt to this new world, particularly in the early days of the pandemic when our stores came under unprecedented pressure. Supply chains were stretched to their limits, working 24/7 to keep food on the shelves, and ensuring that everyone could access essential groceries, particularly the vulnerable and isolated.

I want to take this opportunity to call out not only my colleagues, but our retail partners, suppliers and the people in the communities we work in. So many went the extra mile, pulling together through very tough times.

On the road, in warehouses and on the frontline, none of us had the crib-sheet for transforming business and operations at this kind of pace and with such urgency. With so much of the world at a standstill, our job was to ensure uninterrupted supplies of food and essentials across the island of Ireland and Spain, while keeping shoppers and our people safe at all times.

What we implemented was soon recognised as best practice for our industry. I am especially

proud that we were the first Irish retailer to install plexiglass screens across our stores to keep colleagues and shoppers safe, as well as introducing social distancing measures and sanitising stations.

At the same time, we took 1,500 office-based colleagues out of buildings and into home-working in a matter of days, implementing the IT and HR changes needed for such a dramatic change, as well as innovative ways of supporting their health and well-being.

The pandemic has undoubtedly impacted the pace of change for Musgrave. In response to the many challenges associated with trading and working through these extraordinary times, we accelerated the transformation of our business, aligned with our strategy for future growth.

During 2020, we ramped up our digital transformation and collaborated across brands and divisions in exceptional ways to get things done more efficiently. Initiatives that previously might have taken weeks or months were delivered in days – because we had to, and because we stretched ourselves to find new ways to achieve our goals, re-writing the rule book time and again.

Our supply chain is an excellent example. With the arrival of lockdown, resources, operations and logistics were transferred and transformed overnight to meet sudden and unprecedented demand from shoppers, and throughout the crisis our teams continued to respond to escalating demand for grocery essentials and online shopping. We will embrace these new ways of working into 2021 and beyond.

The pandemic also reinforced our conviction that local is the best way to deliver services – this is something we have always been committed to through our network of community-based retail partners. We operate a local model because we believe that it meets the customers’ needs better. Whether in-store or online, delivering services through local channels achieves better results, and we can ensure a nimble approach to any scenario, flexing with needs and demands in different towns and cities.



## 2020 results

Our 2020 financial performance was profoundly impacted by the pandemic, which placed exceptional demands on essential retail and online service delivery, while impacting the majority of wholesale and foodservice channels.

This means that, overall, the retail side of the business delivered strong growth, especially in SuperValu and via digital channels. With lockdown, online grocery shopping grew week on week, increasing by 300% at the height of the pandemic. At the same time, the closure of offices, travel restrictions and a radical reduction of footfall in our towns and cities significantly reduced convenience, food-to-go and special event shopping.

With the effective closure of the hospitality industry over many months, our wholesale and foodservice brands all experienced significant decline. Throughout this difficult time, we have taken all possible measures to support our people and foodservice customers and are continuing to work with hotels and restaurants to help ensure this vital sector for social and economic life emerges in the best possible shape.

In 2020 turnover was up 14% to €4.5 billion, and profit before tax up 11% to €98 million, with net cash of €100 million.

These results reflect an unprecedented year, a year like no other in which retail growth was driven up sharply by necessity and the requirement to stay at home and protect vital health services.

At the same time in 2020, another critical moment was on the horizon – the departure of the UK from the European Union.

It is too early to be clear about the impact of Brexit on our business. Confirmation of the EU-UK Trade and Cooperation Agreement in late December was good news, as it brought long-

awaited clarity. However, the impact of the UK no longer being a member of the Single Market or Customs Union has resulted in significant change and complexity for business, hauliers and authorities through new requirements for trade with Great Britain.

Whilst this resulted in some delays and disruption in early 2021, our extensive Brexit preparations and robust and agile supply chain and logistics network ensured any disruption was minimised and availability was protected. We continue to work closely with our suppliers and other key stakeholders as all parts of the supply chain continue to adjust to this 'new normal'.

Our 2020 results reflect the extent to which we have been able to leverage the strength of our retail brands to support our partners, customers and foodservice brands during the health crisis, while accelerating investment in digital platforms and operations to deliver on our 2025 vision for the business.



## Growing *Good* Business

As Ireland's largest private sector employer, and a food and beverage business that has been able to trade through the pandemic, we now have a responsibility to continue to grow and innovate, helping drive economic recovery across the island of Ireland.

Our business model has communities at its heart, and we owe it to our retail partners and their teams, local suppliers and the many businesses that support our sector to power a virtuous circle of enterprise to take us from pandemic to prosperity.

During 2020 our purpose **Growing Good Business** really came to life. We ensured our growth and success benefited more than just our own business and brands. We were able to support a devastated hospitality sector, invested early and heavily in safety measures to keep retail staff, supply chain colleagues and shoppers safe, partnered with still more local Irish suppliers and collaborated with local government and community groups to support the vulnerable and isolated members of the community through projects like Club Together.

Today our focus must be to continue to stay ahead of the market and consumer demand; to innovate and evolve, creating new market-leading services and solutions that strengthen our brands, grow the businesses of our partners and delight shoppers.

Even in the darkest days of the pandemic I was comforted by the certainty that we will emerge from this, although things may look a little different on the other side.

At the same time, I'm clear that many of the consumer preoccupations that dominated pre-Covid will be with us in the months and years ahead, particularly health and well-being, plant-based eating and sustainability.

**Centra A1:** Our first drive thru facility opened in September 2020 following a £1 million revamp to the Northern Ireland store



# 1st

Irish retailer to install plexiglass screens to protect colleagues and shoppers

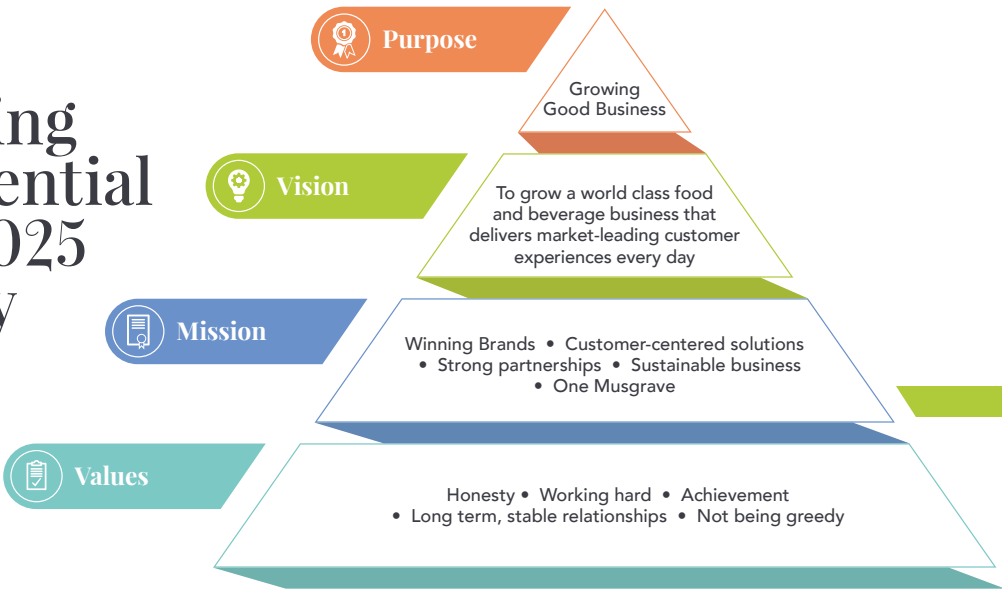
Online shopping and the digitisation of the retail experience have rapidly accelerated. Online retail is here to stay, and brings a rich diversity of online consumer experiences – from delivered food, to in-app purchases, contactless payments and click and collect. This is an area in which we aim to lead and continue to invest.

There is no longer one way to shop, but instead a host of convenient ways for consumers to access what they want, when they want it. And at the same time this is translating into the foodservice sector – where the lines continue to blur. As a business we are perfectly placed to make the most of this opportunity because we are experts in both retail and foodservice and our business has adapted channels and platforms to meet the converging needs of both sectors.





# Unlocking the potential – our 2025 strategy



My vision when I came into the job at the beginning of 2020 was to create a world-class food and beverage business that delivers market-leading customer experiences every day; this underpins our business growth strategy to 2025 and beyond.

Despite the challenges and disruption of the past 12 months, my vision for the business is unchanged. If anything, many of the demands associated with the pandemic have simply accelerated our strategy, giving us the confidence to be bold and deliver radical and innovative changes quickly, effectively and with the consumer front of mind.

The many changes in our business are about realising the full potential of Musgrave – unlocking the potential of our market-leading brands and the full potential of our people, who we know from this last year are capable of quite remarkable things.

It is also about unlocking the potential in the markets we operate in both at home and abroad. There is real opportunity for our world-class brands to seize opportunities internationally, bringing the very best of Irish products to global markets. At the same time, there remains huge growth potential in our existing markets in Ireland, Northern Ireland and Spain, where we already have strong market share and where we will continue to innovate and evolve brands, channels and platforms to better serve a food and beverage market that is undergoing significant changes.

To deliver on our vision, we will grow and leverage our award-winning brands and create

customer-centered solutions that alleviate pain-points for shoppers. We will build on our local model and strong partnerships, while at the same time operating a sustainable business that minimises negative impacts and waste.

Much of this work is already underway, including significant investment in our retail brands, and the creation of digital platforms for our wholesale, foodservice and international brands. The latter are important elements of an extensive digital transformation roadmap that will underpin and improve service delivery and help scale brand and business development in the years ahead.

As we plan future growth, our aim is not just to build back better post-pandemic – but to build back greener. With growth at the heart of our agenda, we are equally focused on ensuring that our growth benefits our people, our partners, suppliers, the wider economy and communities.

Our values continue to guide everything we do, and as a family business, thinking long-term and laying foundations for future generations to prosper is part of who we are, and why we are here. Our aim is to lead a green recovery of our communities, and with a local retail model we are best placed to do this. We can inspire change in so many ways, from reducing plastic packaging and food waste, to supporting local producers and positively impacting the communities where we operate.

I am confident that Musgrave will achieve all this and more, and remain optimistic for the future of our industry, our communities and the economy as we emerge from the pandemic.



**Dialprix:** During the pandemic our Dialprix retail stores in Spain teamed up with local foodbanks to ensure food and other basics reached vulnerable people, and those in need

**1,500**  
colleagues supported with home-based working and well-being

## Our people and culture

Our people have always been the beating heart of Musgrave. We are a 144-year-old, family-run business, with a strong set of values that guide us in everything we do. The past 12 months have really shone a light on our people and the talent and innovation that is delivered through colleagues working together.

Throughout the health crisis we have continued to re-structure the business to align with our ambitions, while developing a culture of collaboration across departments and brands. At the same time, we have worked hard to minimise the downsides of home-working and support colleagues whose well-being and mental health have been impacted by the pandemic.

Our own experience has proven that we can work and deliver extraordinary outcomes in a 'non-traditional' way, enabled by technology and by meeting and collaborating virtually. Now is the opportune time to consider how we work at Musgrave, to consciously re-imagine how work is done and re-shape the future function of our work locations.

I want to reiterate my gratitude and admiration for colleagues who have gone over and above what has been asked of them, focusing on keeping people safe and the supply chain moving, while juggling the competing pressures of home schooling, online conferencing and absent friends.

I also want to call out our retail partners, who were truly on the frontline of this crisis, and who really delivered at the moments it mattered. Extra hours were put into keeping stores meticulously clean every day, new safety measures were implemented, shelves were kept stocked, and all the while they continued to deliver exceptional customer service and support their local communities.

In addition to our people and partners, I would like to thank the executive team, our Board members and shareholders for their support during one of the most challenging years our business has faced. I am immensely proud of what we have all achieved in 2020 and I'm sure we can all look forward to better times ahead.

“The past 12 months have really shone a light on our people and the talent and innovation that is delivered through colleagues working together.”





# Growing *Good* Business into the future



In the short to medium term many economic analysts are predicting an uneven recovery for Ireland and across much of Europe. The uncertainties of Covid and Brexit are countered by the optimism associated with the significant progress on vaccines and our collective, passionate determination to get back to something close to normal after many months of restrictions.



Many consumer preoccupations that dominated pre-Covid will continue to grow in significance in the years ahead. Indeed, trends such as health and well-being, plant-based eating and sustainability have moved still further up the agenda, as people focus not just on their own personal health but also that of the communities and the world around them.

In addition, we all now expect more from brands than the products or services associated with them. Shoppers want to feel that they are supporting businesses that align with their passions and values. They demand brands that deliver a consistent and seamless experience online and via social channels, on the move, or at the till. They expect constant evolution and innovation in physical and digital retail spaces.



**Growing great brands:** The Happy Pear is one of the brands we are partnering with to support long term sustainable growth for businesses delivering healthy and inspiring food and beverage ranges



SuperValu leads the way in autism-friendly shopping in collaboration with AslAm



As an essential business that has traded through lockdowns, our overarching purpose of **Growing Good Business** is more relevant than ever. By **Growing Good Business** we mean creating a sustainable business that benefits our people, partners, our shareholders, local communities and the wider local economy.

Our teams have worked tirelessly to transform supply chains and logistics to keep shelves stocked and Ireland fed. At the same time, the commitment of our retail partners and their people to their local communities has never been greater.

Throughout the pandemic our retail partners have provided vital links to isolated people and critical

food deliveries to the vulnerable. SuperValu has increased its work with autism charity AslAm and will re-ignite TidyTowns with a new narrative for younger generations to get involved in. As we emerge from the pandemic, our brands will continue to support community and charity initiatives around the areas of health, education and children.

With many Irish businesses challenged over the past 12 months, we've done everything we can to support local suppliers and customers to ensure as many as possible can reopen as restrictions are eased. In particular, our foodservice clients have been front of mind throughout the pandemic and our teams have worked to reduce the pressure on these businesses in every way possible.







*“Our digital platform will become the primary shopping channel for our wholesale customers”*

**60%**  
of our business will be transacted digitally by 2026

## Future of food and retail

Covid-19 has accelerated the rise in omni-channel. Online demand grew significantly at the height of the pandemic, a trend that is expected to continue into the future as consumers see the benefit in the convenience and control it gives them.

Aggregators and delivered food have also seen significant growth, a trend expected to continue into the future. Similarly, ‘frictionless’ retail has also increased – i.e. contactless, paying by phone, shopping through superscan, or click and collect – where shoppers are looking to self-serve and have a seamless experience.

At the same time brands recognise that in isolation, the digitisation of the retail experience limits opportunities for differentiation and offers less than today’s consumers expect.

Trends such as cooking from scratch and in-home eating experiences of high-quality, pre-prepared food, have been amplified by the pandemic but are also likely to stay, in addition to an increasingly sophisticated take-away market.

In the future, the traditional grocery store or supermarket will be re-imagined as a destination, a place of food inspiration and advice, a social hub – the place where people will go not just to buy products but also for great food and dining experiences. Technology will enhance the relationship with the consumer and make shopping, either in-store or online, an easier and more personalised experience.

Prior to the pandemic, our stores were already developing into these multi-purpose destinations where people go for food demonstrations, nutritional advice and personal service from artisan butchers, bakers and greengrocers.

Post-Covid we have exciting plans to transform and grow SuperValu, both as a brand and as

a shopping destination. Our ambition is to transform the food experience for shoppers; meals prepared in-store by chefs; reimagined butcher, fish and deli counters to meet every taste and preference; a destination place to shop that delivers a modern and contemporary experience, redefining what shoppers expect from a supermarket in a unique and differentiated way.

We have already begun to see stores evolving along these lines in SuperValu Westport, Strokestown, Middleton and Killester, with SuperValu in Knocklyon representing our latest thinking and due for completion by the end of the year. We are innovating in other areas too: we launched the first ever drive-through at SuperValu Carrigaline, part of our future plans to make shopping easier, faster and more convenient for our shoppers.

Meanwhile, food trends and lifestyle choices challenge us to innovate at pace to keep ahead of consumer demand. Healthy living is now mainstream, while quality with convenience is expected in-store, online and on-the-go. Shoppers are increasingly interested in what they are eating, the impact it has on the environment and the role of nutrition for themselves and their families.

The pandemic has turned staying healthy from a lifestyle choice into a way of life with clean eating and living being really important in the future; similarly plant-based eating and trends such as veganism have fuelled people’s appetite for better diets.

Our brands have been ahead of the curve when it comes to health, launching new product ranges and in-store solutions for healthy eating before these trends became mainstream. They will continue to adapt and meet every eating occasion whether that be in-store, at home, or online.

This is the case in convenience where the performance of Centra remains strong and the pandemic has further emphasised our role in communities. Our plans for 2021 and beyond are geared towards maintaining that momentum and amplifying growth opportunities as the brand continues to play a leadership role in the channel.

We will continue to roll out our market-leading formats through revamps and new stores. Our priorities will ensure the brand remains competitive by leveraging our value proposition and maximising our Own Brand ranges. Our quality food and beverage solutions will differentiate us and we will prioritise solutions that will enable us to further establish our evening credentials.

Aligned with the trends we are seeing in the sector, we will innovate for growth in areas like pizza, fast food, online shopping and delivery through third party aggregators. As the focus on health and sustainability continues, we will leverage the strength of The Happy Pear brand, including convenience-led product innovation, and increase our emphasis on sustainability.

Our community leadership has never been stronger; we will develop this further through our partnerships such as with the GAA.

Looking to the future we will continue to position Centra as a modern and energetic brand which offers exciting and relevant ranges to our consumers everyday needs. We will revolutionise convenience retailing in Ireland by evolving what we sell, and how and where we sell it to stay ahead of the consumer.

Along with healthier eating during the pandemic, trends in buying patterns show that Irish

consumers have become more interested in the provenance of their purchases, notably their food choices and are actively looking for an Irish option. Underpinning all of our brands is a commitment to more authentic, locally-sourced food and support for great Irish suppliers.

In relation to wholesale, our digital platform will become the primary shopping channel for our customers, with 60% of our business being transacted digitally by 2026. It will revolutionise the shopping experience by enabling our customers to buy everything they need to run their businesses from our current and new extended range of products and services.

Our digital platform will launch in 2021 and deliver an enhanced customer experience; a broader range of products to augment our existing offering with a digital extended range direct from suppliers; and a new order management system providing live product availability updates linked to a systemised delivery schedule. Data will be a key part of this platform; we will use analytics to personalise the experience, improve customer satisfaction, drive sales across all channels and maximise additional supplier revenue opportunities.

Building on the success of our existing Food Emporiums we will also bring a Next Generation Food Emporium to the market, again demonstrating our leadership and how we are continually innovating.

Ultimately our combined plans for Musgrave MarketPlace represents a significant opportunity to play a leadership role and disrupt the wholesale channel, drive growth and realise our ambitions for the brand.



*“We will also bring a Next Generation Food Emporium to the market”*





*“Our SuperValu Food Academy programme will be an important focus into the future”*

1,800

local food producers and suppliers are supported by SuperValu

## Buy Irish, shop local



Our commercial teams have collaborated with Irish suppliers not just to keep our stores stocked, but also to optimise our channels at a time when other opportunities are reduced or closed altogether to smaller businesses.

Encouraging the public to buy Irish, in order to sustain businesses in their communities and support the local economy, has become even more important than ever before. That is why we are focused on encouraging shoppers to buy Irish and shop local, giving local businesses a

national platform through our partnership with Guaranteed Irish.

Additionally, SuperValu supports more than 1,800 local food producers and suppliers and, through its Monday Market initiative, has opened its social media platforms to help other local businesses in towns nationwide. Similarly, our SuperValu Food Academy programme, with food made locally by small scale producers and sustainably sourced, will be an important focus for us into the future.



## Reimagining the future of work

Throughout the pandemic we’ve been mindful of colleagues dealing with the pressures of working from home while transforming operations, supply chains and ways of working – sometimes literally overnight.

We made the decision to work remotely to protect everyone in the business, but especially those in roles across the island of Ireland and Spain who continued to work on the frontline every day in stores, warehouses, distribution centres and the supply chain.

During these challenging times we’ve worked hard to foster a strong health and well-being culture among our people. Our Be Well, Work Well programme has been central to this, moving into the virtual world to deliver everything from yoga classes to mindfulness sessions to online seminars on nutrition.

Recent events have given us all pause to reflect on what’s important to us, to re-assess our

priorities and how we organise our daily lives. As an organisation we have decided that now is an opportune time to consider how we work at Musgrave; to consciously re-imagine and challenge our assumptions on how work is done; and consider re-shaping the future function of our work locations, while prioritising our people, partners and the communities in which we operate.

Our agile mindset has enabled us to respond positively to the Covid-19 challenge. We have learnt a huge amount during these times; ways of working and collaborating together as one. We will take the best of these and build on them.

As we look to the future, it’s important that we enhance this organisational agility. It is more than just about how we work – it’s about who we are, how we do things and how this links to our purpose, our vision, our mission and our values.



*“Our agile mindset has enabled us to respond positively to the Covid-19 challenge. We have learnt a huge amount during these times”*



**Making a difference:**  
We remain committed to our sustainability targets and reducing the use of plastics across the whole business



100%

of our own brand, in-store and fresh produce packaging either reusable, recyclable or compostable by 2025

## A sustainable future

Today, the world is faced with huge environmental and societal challenges and an accelerating need to make changes if we are to improve the environmental outlook for future generations. Climate change, plastics and food waste are some of the critical issues, while at the same time, our communities have become more important than ever.

Guided by the UN Sustainable Development Goals, our sustainability strategy tackles these key areas, from carbon reduction to the sourcing of produce, from plastic packaging to supporting local communities. With 11 leading food and beverage brands and a network of over 1,000 retail partners, we have a significant opportunity to drive our sustainability agenda and inspire others to make changes in a collective effort to benefit people, protect the planet and create prosperity. Our vision takes our responsibilities to shoppers beyond the till and the transaction and into lives and communities.

We have been reporting on the carbon impacts of our business for well over a decade and sustainability is now embedded in every part of the business. Our new sustainability strategy focuses on four key areas where we can make a real difference – Climate Action, with our ambition to be net zero-carbon; the Circular Economy,

which includes plastic packaging and food waste; Sourcing, and Communities. Our ambition is to be the most trusted and sustainable business in Ireland, making a real difference to people's lives and ensuring our actions have a positive impact on our planet.

There is no doubt that Covid has caused the re-introduction of plastic on health grounds, and in fact consumers have made changes in the opposite direction to previous years, choosing plastic wrapped items over loose produce. We have to understand that this is temporary, and as a business we are aware that as things change, we must work quickly to reverse these trends.

Despite the pandemic slowing the pace of improvement in this area, we are not going to change our targets around plastic – we remain committed to making 100% of our own brand, in-store and fresh produce packaging either reusable, recyclable or compostable by 2025.

We have already removed all non-detectable black plastics and replaced them with recyclable alternatives. We're also removing expanded polystyrene, plastic straws, stirrers and cutlery from our stores. And we are challenging our suppliers to improve their packaging in line with our 2025 target.

At the same time, we continue to focus on all aspects of waste. We are committed to preventing food waste wherever possible, and where there is surplus in our operations, we are ensuring that it is re-distributed to alleviate food poverty through our charity partnerships.

In addition, we aim to extend what we have learned in the operation of our own logistics, warehousing and buildings to make a difference at a community level through all the stores associated with our brands. Our brands are at the forefront of the green recovery, and our stores are at the very centre of the communities they serve. They are ideally placed to inspire change.



*“Our brands are at the forefront of the green recovery, and our stores are at the very centre of the communities they serve”*





# 2020 financial results



## Consolidated profit & loss account

	Notes	2020	2019
		Total	Total
		€m	€m
Group turnover		4,486.0	3,947.6
Cost of sales		(3,677.0)	(3,229.2)
Gross profit		809.0	718.4
Distribution costs		(543.2)	(493.2)
Administration expenses		(172.6)	(143.2)
Other operating income		5.9	7.4
Operating profit	2	99.1	89.4
Net interest expense		(1.1)	(1.4)
Profit before taxation		98.0	88.0
Tax charge on profit		(17.5)	(12.0)
Profit for the financial year		80.5	76.0

## Consolidated balance sheet

	2020	2019
	€m	€m
<b>Fixed assets</b>		
Intangible assets	65.3	83.1
Tangible assets	423.0	421.9
Investment properties	33.1	38.1
	521.4	543.1
<b>Current assets</b>		
Stocks	167.5	157.5
Debtors – amounts falling due within one year	493.1	532.1
Debtors – amounts falling due after more than one year	38.3	43.9
Cash at bank and in hand	125.0	58.6
	823.9	792.1
<b>Debt and finance leases – amounts falling due within one year</b>	<b>(0.6)</b>	<b>(26.6)</b>
<b>Other creditors – amounts falling due within one year</b>	<b>(712.1)</b>	<b>(728.1)</b>
	<b>(712.7)</b>	<b>(754.7)</b>
<b>Net current assets</b>	<b>111.2</b>	<b>37.4</b>
<b>Total assets less current liabilities</b>	<b>632.6</b>	<b>580.5</b>
Debt and finance leases – amounts falling due after more than one year	(24.1)	(24.1)
Other creditors – amounts falling due after more than one year	(2.0)	(4.3)
Provisions for liabilities	(48.2)	(36.4)
Pension liability	(61.9)	(66.7)
<b>Net assets</b>	<b>496.4</b>	<b>449.0</b>
<b>Capital and reserves</b>		
Share capital, share premium and capital reserves	34.0	34.0
Revaluation and other reserves	21.7	21.6
Profit and loss account	440.7	393.4
<b>Equity shareholders' funds</b>	<b>496.4</b>	<b>449.0</b>

## On behalf of the Board

**Noel Keeley**  
Group Chief Executive Officer

**Alan Cunningham**  
Acting Chief Financial Officer

## Consolidated cash flow statement

	Notes	2020	2019
		€m	€m
<b>Cash flows from operations</b>	4	<b>214.0</b>	105.3
Corporation tax paid		(13.0)	(10.2)
<b>Net cash generated from operating activities</b>		<b>201.0</b>	95.1
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(85.0)	(79.0)
Disposal of fixed assets		4.5	6.8
Purchase of subsidiaries		–	(2.5)
Interest received		2.2	2.0
<b>Net cash used in investing activities</b>		<b>(78.3)</b>	(72.7)
<b>Cash flows from financing activities</b>			
Dividends paid		(18.3)	(18.4)
Interest paid		(1.9)	(1.7)
Payments to acquire own shares		(9.2)	(10.5)
Other cash flows		(0.9)	0.5
<b>Net cash used in financing activities</b>		<b>(30.3)</b>	(30.1)
<b>Increase/decrease in net cash</b>		<b>92.4</b>	(7.7)
Opening net cash		7.9	15.6
<b>Closing net cash</b>		<b>100.3</b>	7.9



## 1 Statement of compliance

The Group's reporting period ends on the Saturday closest to 31 December, being 2 January 2021 for the current year and 28 December 2019 for the prior year. There are 371 days in the current year and 364 days in the prior years.

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 102") and Irish law. They are presented in the currency units of the Republic of Ireland, the euro (€).

## 2 Operating profit

	2020	2019
	€m	€m
<b>Operating profit of the Group has been arrived at after charging/(crediting):</b>		
Staff costs	381.9	347.6
Amortisation and impairment of intangible assets	39.7	24.6
Depreciation and impairment of tangible assets	52.7	44.7
Operating lease expense	37.9	37.7
Operating lease income	(10.2)	(9.2)
Deficit on revaluation of investment properties	3.9	0.5
Defined benefit pension gains – net	(5.3)	(4.2)

During the year further members of both the Superquinn Contributory defined benefit pension scheme and the Musgrave Limited defined benefit scheme exercised the option to transfer their accumulated benefits, plus an enhancement, to a personal defined contribution scheme. This resulted in €1.3 million (2019: €4.2 million) being paid in contributions to fund enhancements resulting in a €5.8 million (2019: €5.1 million) settlement gain. The costs associated with this programme were €0.5 million (2019: €0.9 million).

## 3 Dividends

	2020	2019
	€m	€m
<b>Dividends paid on ordinary shares:</b>		
Ordinary dividends of 32.6 cent (2019: 32.6 cent) per share	18.3	18.4

## 4 Cash flows from operations

	2020	2019
	€m	€m
<b>Group operating profit</b>	<b>99.1</b>	<b>89.4</b>
Depreciation and impairment of tangible assets	52.7	44.7
Amortisation and impairment of intangible assets	39.7	24.6
Profit arising on disposals	(1.0)	(0.4)
Deficit on the revaluation of investment properties	3.9	0.5
Share-based payments charge	4.9	4.1
Net movement in working capital	15.0	(60.9)
Currency translation adjustment	(0.3)	3.3
Cash flows from operations	214.0	105.3

## Exceptional times, exceptional people



During the past year, our purpose **Growing Good Business** has been brought to life through our people. Never before have colleagues, from every area of the business, had to pull together and work so hard to support local communities and businesses across the island of Ireland and Spain.

When we look back to March 2020, when the pandemic really took hold in Europe, we were quick to respond and our people were at the heart of that response. When faced with challenges on a scale previously unknown to many of us, our people and partners stepped up and did what was necessary to keep food on the shelves, to keep shoppers and colleagues safe.

This is not about calling out individuals. The point here is that this has been a time when we were all in it together. If anyone ever doubted it, this pandemic has shown us that across our business

every role is important – from the warehouse staff and the lorry drivers, to the managers and the staff on the shop floor – everyone can and did make a difference. And we should all be proud, because what we achieved was outstanding – people were able to access vital food, shoppers and staff were kept safe, and vulnerable members of our communities were cared for.

Many of our colleagues went even further, organising donations to local hospitals and community groups, delivering and checking on isolated members of the communities, and raising money for charities and groups in need during the pandemic. We showed our very best, when times were at their hardest.

**We would like to thank our colleagues and retail partners, who continue to go above and beyond to support the communities we serve.**





# *Our values*

- ◆ Honesty
- ◆ Working hard
- ◆ Achievement
- ◆ Long-term stable relationships
- ◆ Not being greedy

## **Musgrave Group plc**

Musgrave House  
Ballycurreen  
Airport Road  
Cork  
Ireland  
T12 TN99

Tel: +353 (0)21 452 2100  
Email: [group@musgrave.ie](mailto:group@musgrave.ie)

Follow Musgrave on LinkedIn and Twitter

[www.musgravegroup.com](http://www.musgravegroup.com)

**SuperValu**

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*Musgrave*