



IGLO GROUP FULL YEAR 2014 RESULTS

26 February 2015, Feltham, UK: Iglo Group, Europe's leading frozen food business, today provides its Full Year 2014 performance update.

Key Full Year 2014 highlights include:

- Reported Net Sales broadly flat year-on-year; -1.9% in constant currency versus category trend of -0.5%, reflecting difficult market conditions in the UK and Germany
- Net Sales grew in 8 out of 12 markets on a constant currency basis
- Italy recorded a 5th successive quarter of Net Sales growth; up 2.1% for the year in a market which declined by 0.3%
- Gross margin increase of 1.8% year-on-year
- Invested in our Better Meals Together strategy; launching three new innovation platforms - Inspirations, Steamfresh and Stir Your Senses - and increasing our A&P spend by 11% to support our Food of Life media campaign.
- Indirects increased by €10m, driven by investment in marketing capability & R&D capacity in 2014 and a higher level of bonus pay-out versus prior year
- EBITDA* broadly flat on a constant currency basis year-on-year; 20.3% margin on a constant currency basis in line with our strategic target
- Negative working capital for the 4th successive year
- Operating cash flow conversion of 90% in line with our strategic target
- Net debt reduced by €100m year on year; €125m at constant currency; net debt to EBITDA* leverage reduced to 4.6x (2013: 5.0x)
- Refinancing successfully completed in July 2014 with predicted annual interest savings of around €14 million
- Ceased marketing activities in Romania, Slovakia and Turkey following a review of the Group's geographical footprint

Elio Leoni Sceti, Chief Executive said:

"Against a backdrop of difficult economic and tough retail conditions across Europe, our Better Meals Together strategy is starting to deliver some positive results. We have started to build momentum in a number of markets, growing net sales in 8 out of 12 markets where we operate, driven by our new innovation platforms, such as Inspirations and Steamfresh. Italy, where we launched our strategy first, has now delivered five successive quarters of net sales growth.

"Despite a disappointing decline in overall sales, we have been able to boost NPD, expand our gross margin by 180 basis points and invest in our strategy, launching new innovation platforms and increasing our A&P spend to support our Food of Life media campaign. We have repositioned the company for growth whilst maintaining our EBITDA* margin in line with our strategic target.

"Market conditions will continue to be tough in 2015 but the innovations which we are bringing to market, as well as our focus on growing gross margin, position us well to overcome these challenges. In the UK our new Inspirations platform has been judged by Kantar to be the biggest FMCG product launch of 2014, reflecting the success of our big initiatives. We are focussed on building a nimbler and more competitive business and the momentum that we have established will continue to help mitigate the effects of the overall economic environment."

* EBITDA before exceptional items.



Business Review

1. Frozen Food Market Overview

The European retail market has continued to be challenging throughout 2014 and frozen food has not been immune, with the defined frozen market declining by 0.5% during this period. Against this background it is encouraging that our Italian business has delivered five successive quarters of net sales growth. This performance was driven by the execution of our new strategy, which is focussed on delivering innovation and investing in marketing to support our core portfolio and innovation launches.

2. New Product Development in 2014

Our results for 2014 confirms that innovation will be central to Iglo Group's future success. In the markets where we grew sales, that growth was driven primarily by new products. This is strong confirmation of our strategy, as it proves the appeal of the new concepts we are bringing to market. It enables us to continue to reposition our business towards higher margin products that deliver a value consumers can recognise.

A key factor in the performance of our Italian business has been the successful launch of innovative products, notably in the Seafood and Pyramid Meals categories. In Q2 we launched the Inspirations platform, which included the introduction of innovative fish and chicken products as well as the migration of existing premium range products, under the Birds Eye brand in the UK. Inspirations continued to gain momentum throughout the year, with retail sales value of €60 million in 2014, as well as has being judged by Kantar to be the biggest FMCG product launch of 2014

The new Steamfresh platform was a key launch in Q3 in the UK and Austrian markets. Steamfresh combines strong existing ranges, such as Rice and Vegetable Fusions, with newly launched products, such as pasta-based dishes and vegetable mixes. The range has been well received with retail sales value of €35 million in the UK.

Q4 saw the launch of our Stir Your Senses adult meals platform in Germany and the Netherlands. Stir Your Senses is a range of pan-cooked meals, inspired by cuisines from around the world, which can be prepared in less than 10 minutes. Sales have been encouraging to date, with a launch in the UK in Q1 expected to add momentum.

3. Business Developments

Throughout 2014 the Group invested in the future of the business, most notably in media to support our Better Meals Together strategy and innovation roll-out, as well as in marketing capability and research and development capacity. This has been enabled in part by the strong margin performance in 2014 where gross margin grew by 1.8% on a year-on-year basis.

Cash generation remains a key management focus with a cash conversion level of 90% over the last twelve months, which has enabled the Group to reduce net debt by €100 million year on year or €125 million on a constant currency basis.



In July 2014, the Group successfully refinanced its debt through the issuance of new term debt and a bond listed on the Luxembourg Stock Exchange. This allowed the Group access to additional investors and is predicted to yield annual interest savings of around €14 million.

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Notes for editors:

Iglo Group is a leading European food company whose iconic products have been part of people's lives for over half a century. It is committed to bringing consumers great tasting food that can be enjoyed at every meal, every day by everybody.

The Group's mission is to realise its full potential to deliver Better Meals Together. The freezing process preserves the intrinsic qualities of food such as taste and nutrition, as well as providing a good platform for reducing food waste. These characteristics offer great potential for innovation, ensuring that consumers can have the best ingredients for exciting and enjoyable meals.

The Group's core brands of Iglo, Birds Eye and Findus (in Italy only) are category-defining names synonymous with high quality, great tasting food. The UK, Italy, Germany and Austria are the Group's largest markets, representing approximately 85% of turnover.