Glanbia plc
2022 Half Year

Half year results for the six month period ended 2 July 2022

Delivering better nutrition for every step of life's journey

17 August 2022

glanbia

Glanbia half year 2022 results

Good first half momentum, full year outlook upgraded to 9% to 13% growth in adjusted EPS constant currency

17 August 2022 - Glanbia plc ("Glanbia", the "Group", the "Company", the "plc"), the global nutrition company, is publishing its financial results for the six month period ended 2 July 2022 ("half year 2022", or "HY 2022").

Half year highlights include:

- Group revenues of €2.8 billion (HY 2021: €2 billion) represents growth of 26.8% constant currency (up 38.5% reported);
- Strong operating performance
  - Glanbia Performance Nutrition ("GPN") branded like-for-like volume +1.9%, pricing +13.9%
  - Nutritional Solutions ("NS") like-for-like volume +1.6%, pricing +17.9%;
- Group EBITA pre-exceptional €171.7m (HY 2021: €159.9m), a decrease of 3.5% constant currency (up 7.4% reported);
- Adjusted earnings per share[1] ("EPS") ahead of expectations at 52.31 cent (HY 2021: 48.84 cent), a decrease of 3.8% constant currency (up 7.1% reported);
- Basic EPS of 66.13 cent (HY 2021: 27.90 cent);
- Net debt to adjusted EBITDA ratio of 1.83 times (HY 2021: 1.51 times);
- Completed the disposal of 40% interest in Glanbia Ireland and acquired Sterling Technology, a US bioactive ingredient company;
- Continued progress against ESG targets and Board diversity increased;
- Returned €127.1m to shareholders in the period via share buybacks;
- Interim dividend increased by 10% to 12.93 cent per share; and
- Strong H2 EBITA growth expected over prior year – full year guidance upgraded to 9% to 13% adjusted EPS constant currency growth (21% to 25% reported[2])

Commenting today Siobhán Talbot, Group Managing Director, said:
"I am pleased to report that half year 2022 results have exceeded our plans, demonstrating the impact of a series of actions implemented since the latter part of last year in response to unprecedented inflation.

Revenues grew strongly with significant pricing initiatives and volume growth in all business segments in the period. Adjusted EPS[1] at 52.31 cent, reflected improving momentum across the Group, building on a strong 2021 comparator. We continue to make progress on our strategic agenda and with the completion of the sale of the Company's minority interest in Glanbia Ireland, Glanbia plc continues to evolve as a focused, purpose led global nutrition company.

We will continue to monitor inflationary trends into the second half of the year but are confident that further pricing action and operational efficiencies will deliver improving margins and strong year-on-year EBITA growth.

Current expectations for improved EBITA growth in GPN underpin the upgrade in full year guidance for the Group, with growth in adjusted EPS[1] now expected to be 9% to 13%, constant currency. Based on current foreign exchange rates, the reported adjusted EPS growth is expected to be 21% to 25%."

[1] Adjusted earnings per share ("EPS") for continuing operations
[2] Based on foreign exchange rates being sustained for the reminder of 2022

Summary financials (pre-exceptional)[1]

2022 half year results €m	HY 2022	HY 2021	Reported Change	Constant Currency Change[2]
Wholly-owned business				
Revenue	2,828.8	2,042.2	+38.5%	+26.8%
EBITA[3]	171.7	159.9	+7.4%	-3.5%
EBITA margin	6.1%	7.8%		
Joint Ventures (continuing operations[4])				
Share of profit after tax	11.4	18.8		
Profit after tax	121.5	133.5		
Profit after tax – continuing operations	*121.5*	*122.4*		
Profit after tax - discontinued operations	-	*11.1*		
Adjusted earnings per share[5]	52.31c	52.86c	-1.0%	-10.4%
Adjusted earnings per share (continuing operations)	*52.31c*	*48.84c*	+7.1%	-3.8%
Adjusted earnings per share (discontinued operations)	-	*4.02c*		
Exceptional gains/(costs) (after tax) (continuing operations)	6.9	(52.2)		
Basic earnings per share (continuing operations)	46.1c	24.09c		
Basic earnings per share (discontinued operations)	20.03c	3.81c		

1. This release contains certain alternative performance measures. Detailed explanation of the key performance indicators and non-IFRS performance measures can be found in the glossary on pages 35 to 43.
2. To arrive at the constant currency change, the average exchange 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 exchange rate for HY 2022 was €1 = $1.093 (HY 2021: €1 = $1.204). Reported and constant currency movements are on a pre-exceptional basis.
3. EBITA is defined as earnings before interest, tax and amortisation.
4. Continuing operations. The Glanbia Ireland joint venture was classified as a discontinued operation on 17 December 2021. Results presented for continuing operations excludes the impact on the Group of the Glanbia Ireland joint venture. Discontinued operations reflects the contribution from the Glanbia Ireland joint venture. Prior year comparatives have been restated on the same basis.
5. Adjusted earnings per share includes the contribution of continuing and discontinued operations.

2022 financial half year results summary

Revenue progression	**HY 2022 versus HY 2021**					
	Constant currency movement					**Reported movement**
	Volume	**Price**	**Like-for-like**	**Acquisition**	**Total constant currency[2]**	**Total reported**
Glanbia Performance Nutrition	0.5%	13.6%	14.1%	0.8%	14.9%	24.4%
Glanbia Nutritionals	5.1%	25.4%	30.5%	1.7%	32.2%	44.9%
Nutritional Solutions	*1.6%*	*17.9%*	*19.5%*	*5.4%*	*24.9%*	*35.4%*
US Cheese	*6.6%*	*28.8%*	*35.4%*	-	*35.4%*	*49.2%*
Total wholly-owned businesses	3.7%	21.7%	25.4%	1.4%	26.8%	38.5%

Revenue, EBITA and margin						
	HY 2022			**HY 2021**		
€m	**Revenue**	**EBITA**	**Margin %**	**Revenue**	**EBITA**	**Margin %**
Glanbia Performance Nutrition	794.1	82.3	10.4%	638.4	90.2	14.1%
Glanbia Nutritionals	2,034.7	89.4	4.4%	1,403.8	69.7	5.0%
Nutritional Solutions	*588.8*	*71.7*	*12.2%*	*434.8*	*56.6*	*13.0%*
US Cheese	*1,445.9*	*17.7*	*1.2%*	*969.0*	*13.1*	*1.4%*
Total wholly-owned businesses	2,828.8	171.7	6.1%	2,042.2	159.9	7.8%

2022 half year overview

The Group's results for the first half of 2022 were very solid in the context of unprecedented inflationary trends across the business. Significant management actions were taken to mitigate cost inflation including price increases and other efficiency measures. Consumer response to date to higher pricing has been

better than expected in key areas with volume growth in both GPN and GN for the half year. EBITA margins in the period reduced as actions to mitigate inflation did not fully insulate year-on-year margins which, particularly in GPN, were comparatively high in the first half of 2021.

Glanbia wholly-owned revenue was €2,828.8 million, an increase of 26.8% constant currency (up 38.5% reported). GPN revenues grew by 14.9% constant currency (up 24.4% reported) on prior year driven by a 0.5% increase in volumes, favourable pricing of 13.6% and the positive impact of acquisitions of 0.8%. GPN had good volume and consumption growth in performance nutrition, healthy lifestyle and direct-to-consumer ("D2C") brands which was offset by continuing headwinds in the diet category and the SlimFast brand. Pricing was positive across all GPN brands. GN revenues were up 32.2% constant currency (up 44.9% reported) on prior period driven by volume increase of 5.1%, price increases of 25.4%, and the positive impact of the PacMoore and Sterling Technology acquisitions of 1.7%. GN volume growth was largely driven by growth in the Nutritional Solutions non-dairy ingredient portfolio and US Cheese.

Wholly-owned EBITA pre-exceptional was €171.7 million, down 3.5% constant currency (up 7.4% reported).

GPN pre-exceptional EBITA decreased by 18.1% constant currency (down 8.8% reported) to €82.3 million (HY 2021: €90.2 million). GPN pre-exceptional EBITA margin at 10.4% (HY 2021: 14.1%) was 370 basis points lower than prior year as significant inflation in cost of goods sold was not fully mitigated by increased pricing and incremental benefits from the GPN transformation programme. GN pre-exceptional EBITA increased by 15.5% constant currency (up 28.3% reported) to €89.4 million (HY 2021: €69.7 million) with good growth in both NS and US Cheese. GN pre-exceptional EBITA margin at 4.4% (HY 2021: 5.0%) was 60 basis points lower than prior year largely due to the dilutive impact of higher pricing.

The Group's joint ventures (continuing operations) performed in line with expectations with profit after tax decreasing by €7.4 million to €11.4 million for the first half of 2022 due to strong prior year comparatives.

Total Group profit after tax for continuing operations (pre-exceptional items) for the period was €121.5 million, down €0.9 million on prior half year.

Adjusted EPS for continuing operations for the period of 52.31 cent represents a decline of 3.8% constant currency (up 7.1% reported) versus a strong prior year comparative.

Capital investment

Glanbia's total investment in capital expenditure (tangible and intangible assets) was €29.3 million in the first half of 2022 (HY 2021: €39.7 million). Strategic investment totalled €22.0 million related largely to IT investment supporting a global transformation of the Group's HR systems and operating model. Total capital expenditure for the year is expected to be €70 million to €80 million.

Dividend per share

The Board is recommending an interim dividend of 12.93 cent per share (HY 2021: 11.75 cent per share) representing a 10% increase on prior year interim dividend. Glanbia's overall dividend policy remains unchanged at a target annual dividend payout ratio of between 25% and 35% of adjusted EPS. The interim dividend will be paid on 7 October 2022 to shareholders on the register of members as at 26 August 2022. Irish withholding tax will be deducted at the standard rate where appropriate.

Share buyback

Glanbia maintained share buyback activity through the first half of 2022, deploying €127.1 million in the period (HY 2021: €33.4 million). Following the Company's AGM on 5 May 2022, Glanbia consulted with, and received support from, a number of its independent shareholders on the use of share buy-backs as a capital allocation tool, where appropriate. On 23 June 2022, the Group launched a further €50 million share buyback which is ongoing. In the year to date Glanbia has deployed a total of €148.0 million on share buybacks.

Board update

As part of Glanbia's focus on Board renewal, on 29 July 2022, the Company announced the appointment of two non-executive Directors to the Board effective 1 August 2022, Ms. Ilona Haaijer and Ms. Kimberly Underhill. This follows the reduction in Glanbia Co-operative Society Limited's representation on the Board from seven Directors in 2021, to five in 2022 with a further agreed reduction to three in 2023. Ms. Haaijer, a Dutch citizen, brings extensive and significant leadership experience of strategic development, change management, mergers and acquisitions and leading complex, global businesses in the food ingredients and consumer sectors. Ms. Underhill, a US citizen, brings extensive and significant leadership experience in US and international consumer products businesses, with particular strength in product development, marketing, portfolio management, brand-building, strategic planning and international business development. The Board is currently made up of 14 members, five of which are female, and in 2023 the overall size of the Board is planned to reduce to 13 Members.

ESG update

Glanbia continues to make solid progress against its stated objectives in its environmental, social and governance agenda. As referenced above, recent Board changes have increased female Board membership to 36%. Initiatives in the roadmap to decarbonise operations (Scope 1 & 2) emissions in line with the Group's Science Based Targets initiative ("SBTi") targets are advancing through technical, engineering, procurement and financial evaluation and decision making. A separate working strand on dairy supply chain (Scope 3) emissions reductions is also progressing, together with assessing priority suppliers in all categories through EcoVadis, a provider of business sustainability ratings. The Group will finalise water targets, and is completing zero waste planning for all operational sites, in 2022. Glanbia's Diversity, Equity & Inclusion ("DEI") agenda has further progressed with the launch of an inclusive leadership development programme for senior leaders as well as additional employee resource groups for LGBTQ+ and multicultural employees. DEI targets have been cascaded into leadership incentives deeper in the organisation and, to assist target delivery, Glanbia is formally measuring employee attitudes to inclusion and belonging as well as female management participation levels.

Capital Markets Event

The Group will be holding a Capital Markets event on November 9th to update the market on its growth agenda, while also providing an opportunity to meet divisional management.

Outlook

The resilience and momentum of Glanbia's core brands and nutritional solutions ingredients portfolio in HY 2022 supports the Group's confidence in its ability to navigate continuing external risks including an increasingly challenging economic environment, the impact of geopolitical tensions, and unprecedented inflation. In the absence of any further unanticipated major market disruption, Glanbia expects sustained revenue and earnings momentum in H2 2022.

In FY 2022, GPN expects to deliver low teens percentage revenue growth while GN NS expects strong double-digit percentage revenue growth. As previously noted, revenue growth in both platforms will be primarily driven by pricing. EBITA growth is expected to be delivered in GPN, GN NS and US Cheese based on the momentum to date and the actions taken to mitigate material inflation headwinds. Full year expectations for joint ventures are unchanged from prior views. The full year GPN EBITA margin outlook has improved with the targeted EBITA margin of 12% expected to be achieved in the fourth quarter and full year margin contraction now expected to be up to 50bps versus prior year. In GN NS, the expected full year margin contraction of c.100bps will be driven by the mathematical dilution related to significant 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% for FY 2022.

Based on these latest expectations for full year earnings growth in GPN and GN, Glanbia is now confident to upgrade full year guidance for growth in adjusted EPS to a range of 9% to 13% constant currency. Should current foreign exchange rates be sustained for the remainder of 2022 the reported adjusted EPS growth would be expected to be in a range of 21% to 25%.

Inside Information

This announcement contains inside information as set out in the paragraphs titled Outlook. The person responsible for arranging for the release of this announcement on behalf of Glanbia plc is Liam Hennigan, Group Secretary and Head of Investor Relations. The time and date of this announcement is, at 7am BST, 17 August 2022.

Financial half year 2022 operations review

Glanbia Performance Nutrition

€m	HY 2022	HY 2021	Reported change	Constant currency change
Revenue	794.1	638.4	+24.4%	+14.9%
EBITA	82.3	90.2	-8.8%	-18.1%
EBITA margin	10.4%	14.1%		

Commentary on percentage movements is on a constant currency basis throughout.

GPN revenue increased by 14.9% in HY 2022 versus prior year. This was driven by volume growth of 0.5%, price increases of 13.6%, and the LevlUp acquisition contributing 0.8%. Excluding the impact of contract business, which has been exited in North America, branded like-for-like revenues increased by 15.8% with 13.9% growth in pricing and 1.9% volume growth. Pricing was driven by the execution of price increases in the third quarter of 2021 and first half of 2022 to mitigate cost inflation. Volume growth was strong in the performance nutrition and lifestyle brand portfolios with volume decline in SlimFast as the expected weakness in the diet category continues. Globally the Optimum Nutrition ("ON") brand grew by 23.2% in the period with strong volume and pricing growth. The healthy lifestyle brands of think!, Isopure and Amazing Grass also grew strongly at 28.1% with both volume and price growth. SlimFast revenue declined by 12.1% in the period and plans are well underway to navigate category weakness and drive brand performance into the key diet season of early 2023.

GPN EBITA decreased by 18.1% versus prior year to €82.3 million. Earnings declined in the period as the net impact of inflation reduced margins. The GPN transformation programme, the scope of which was increased in HY 2022 to help mitigate inflation, is providing a fundamental underpin to margins as the business moves through the current inflationary cycle. The continuing benefits from this programme together with further planned pricing action is expected to increase EBITA margins in the second half of the year with margins expected to reach the targeted level of 12% in the fourth quarter.

Americas

GPN Americas delivered 12.0% revenue growth in the first half of 2022 compared to the prior year, with branded like-for-like revenue increasing by 13.8%. This was driven by volume growth in the performance nutrition and healthy lifestyle categories offset by challenges in the diet category. Pricing was positive in all categories. The ON brand had a very strong performance in the period with ON consumption[1] growth in the 12 weeks to mid-June 2022 of 32.3%. ON continues to leverage its strong position with innovation to support new consumer opportunities in plant protein, dairy RTD and energy/hydration. The SlimFast brand performance continues to be impacted by headwinds in the diet category with consumption[1] in the 12 weeks to mid-June 2022 down 16.7%. The brand refresh planned for the second half of the year is on track to be in market in advance of the early 2023 key diet season, supported by new brand and pack design, creative content and innovation. The strong consumption trends in the healthy lifestyle portfolio continued in the period across the think!, Isopure and Amazing Grass brands.

International

GPN International, which includes D2C brands, grew like-for-like revenues by 19.0% in the first half of 2022 compared to prior year. This was driven by volume growth in key regional markets, with consumption trends in Europe and Asia particularly strong. Pricing was positive across all regions due to price increases in response to inflationary trends.

1. Consumption growth is measured in North American channels and includes Online, FDMC (Food, Drug, Mass, Club) and Specialty channels. Data compiled from published external sources and Glanbia estimates to 12 June 2022.

Glanbia Nutritionals

€m	HY 2022 Revenue	HY 2022 EBITA	HY 2022 Margin %	HY 2021 Revenue	HY 2021 EBITA	HY 2021 Margin %
Nutritional Solutions	588.8	71.7	12.2%	434.8	56.6	13.0%
US Cheese	1,445.9	17.7	1.2%	969.0	13.1	1.4%
Total Glanbia Nutritionals	2,034.7	89.4	4.4%	1,403.8	69.7	5.0%

Commentary on percentage movements is on a constant currency basis throughout.

Nutritional Solutions

€m	HY 2022	HY 2021	Reported change	Constant currency change
Revenue	588.8	434.8	+35.4%	+24.9%
EBITA	71.7	56.6	+26.7%	+14.4%
EBITA margin	12.2%	13.0%		

NS revenues increased in the first half of 2022 by 24.9%. This was driven by a 1.6% increase in volume, 17.9% increase in price, and the PacMoore and Sterling Technology acquisitions delivering 5.4% of the revenue growth. Volume growth for the period reflects strong growth in the non-dairy portfolio somewhat offset by a decline in dairy as NS increased internal sales to GPN in the period. Price increase was driven by dairy ingredients due to strong market pricing, along with pricing action taken across the portfolio to offset the impact of raw material cost inflation.

The PacMoore acquisition, which completed in September 2021, is performing well and NS completed the acquisition of Sterling Technology in March 2022 which further complements the NS portfolio.

NS EBITA was €71.7 million, 14.4% higher than prior year due to a strong performance across all areas of the business. Margins decreased from 13% to 12.2% due to the dilutive impact of higher pricing.

US Cheese

€m	HY 2022	HY 2021	Reported change	Constant currency change
Revenue	1,445.9	969.0	+49.2%	+35.4%
EBITA	17.7	13.1	+35.1%	+20.4%
EBITA margin	1.2%	1.4%		

US Cheese revenue increased in the first half of 2022 by 35.4%. This was driven by a 6.6% increase in volume and a 28.8% increase in price. Volume growth was related to the new joint venture plant in Michigan which was commissioned during 2021. Price increase was related to the higher year-on-year market pricing.

US Cheese EBITA increased by 20.4% to €17.7 million in HY 2022 due to incremental volumes. Margin declined from 1.4% to 1.2% as a result of the dilutive impact of higher pricing.

Joint Ventures (Glanbia share)

€m – pre-exceptionals	HY 2022	HY 2021	Change
Share of joint ventures' profit after tax – continuing operations	11.4	18.8	(7.4)
Share of joint ventures' profit after tax – discontinued operations	-	11.1	(11.1)
Total	11.4	29.9	(18.5)

Glanbia's principal joint ventures (continuing operations) include MWC-Southwest Holdings, Glanbia Cheese UK and Glanbia Cheese EU. Glanbia uses the equity method of accounting for its joint ventures and includes its share of joint venture profit after tax in the adjusted earnings per share calculation. The Group's share of joint ventures' profit after tax pre-exceptionals for continuing operations decreased by €7.4 million to €11.4 million in the first half of 2021. Joint ventures continue to perform in line with expectations with growth expected in the second half versus prior year.

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 (the 'Society') for €307 million. The transaction was approved by members of the Society on 17 December 2021, following which this joint venture investment was considered as an investment 'held-for-sale', with equity accounting ceasing to apply from that date. Other joint venture operations remain part of the Group and are unaffected by this transaction.

HALF YEAR 2022 FINANCE REVIEW

Half year 2022 Group Income Statement

	HY 2022			HY 2021		
€m	**Pre-exceptional**	**Exceptional**	**Total**	**Pre-exceptional**	**Exceptional**	**Total**
Revenue	**2,828.8**	**-**	**2,828.8**	2,042.2	-	2,042.2
Earnings before interest, tax and amortisation (EBITA)	**171.7**	**(0.6)**	**171.1**	159.9	(53.7)	106.2
EBITA margin	**6.1%**	**-**	**6.1%**	7.8%	-	5.2%
Intangible asset amortisation	**(36.2)**	**-**	**(36.2)**	(30.0)	-	(30.0)
Operating profit	**135.5**	**(0.6)**	**134.9**	129.9	(53.7)	76.2
Finance income	**0.5**	**7.3**	**7.8**	0.7	-	0.7
Finance costs	**(10.2)**	**-**	**(10.2)**	(11.5)	-	(11.5)
Share of results of Joint Ventures	**11.4**	**0.2**	**11.6**	18.8	(2.3)	16.5
Profit before taxation	**137.2**	**6.9**	**144.1**	137.9	(56.0)	81.9
Income taxes	**(15.7)**	**-**	**(15.7)**	(15.5)	3.8	(11.7)
Profit from continuing operations	**121.5**	**6.9**	**128.4**	122.4	(52.2)	70.2
Discontinued operations						
Profit after tax from discontinued operations	**-**	**55.9**	**55.9**	11.1	-	11.1
Profit for the half year	**121.5**	**62.8**	**184.3**	133.5	(52.2)	81.3

Revenue

Revenue increased by 26.8% versus prior half year on a constant currency basis to €2.8 billion, an increase of 38.5% on a reported basis. GPN revenues grew by 14.9% constant currency (up 24.4% reported) on prior period driven by a 0.5% increase in volumes, favourable pricing of +13.6% and acquisitions contributing a further 0.8%. GN also recorded a strong performance with revenues up 32.2% constant currency (up 44.9% reported) on prior period driven by volume increases of 5.1%, positive pricing of 25.4% and the positive impact of the recent PacMoore and Sterling Technology acquisitions of 1.7%.

EBITA

EBITA before exceptional items decreased by 3.5% constant currency (increase of 7.4% reported) to €171.7 million (HY 2021: €159.9 million).

GPN pre-exceptional EBITA decreased by 18.1% constant currency (decrease of 8.8% reported) to €82.3 million (HY 2021: €90.2 million). GPN pre-exceptional EBITA margin at 10.4% reduced from 14.1% at HY 2021.

GN pre-exceptional EBITA increased by 15.5% constant currency (up 28.3% reported) to €89.4 million (HY 2021: €69.7 million). GN pre-exceptional EBITA margin decreased from 5.0% to 4.4% since HY 2021.

Net finance costs

Net finance costs before exceptional items decreased by €1.1 million to €9.7 million (HY 2021: €10.8 million). The decrease was driven primarily by the full period impact of lower interest rates on fixed rate indebtedness refinanced during 2021. The Group's average interest rate in HY 2022 was 2.2% (HY 2021: 3.8%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 95% of projected 2022 debt currently contracted at fixed rates.

Share of results of Joint Ventures (continuing operations)

The Group's pre-exceptional share of joint venture (continuing operations) profits decreased by €7.4 million to €11.4 million (HY 2021: €18.8 million) in the half year. The share of results of joint ventures is stated after tax.

Income taxes

The half year 2022 pre-exceptional tax charge increased by €0.2 million to €15.7 million (HY 2021: €15.5 million). This represents an effective tax rate, excluding joint ventures, of 12.5% (HY 2021: 13%) and is in line with expectation. The Group currently expects that its effective tax rate for FY 2022 will be in the range of 12% to 13%.

Share of results of Joint Ventures (discontinued operations)

In November 2021, the Group announced its intention to sell its remaining 40% interest in Glanbia Ireland DAC to Glanbia Co-operative Society Limited, and following the receipt of all shareholder approvals and regulatory clearances, completed the disposal in April 2022. As the investment was considered 'held for sale' in the period, equity accounting did not apply. The resulting once off gain on disposal of the investment has been treated as an exceptional item in the period.

Exceptional items

Exceptional items incurred in the first half of 2022 resulted in a net post-tax exceptional gain of €62.8m (HY 2021: charge of €52.2m). Details of the exceptional items incurred in the period are as follows:

€m – continuing operations	HY 2022	HY 2021
Pension related costs (note 1)	(0.6)	(38.9)
Changes in fair value of contingent consideration (note 2)	7.3	-
Organisation redesign costs (note 3)	-	(14.8)
Wholly-owned exceptional gain/(charge) before tax	**6.7**	(53.7)
Share of results of equity accounted investees, net of tax (note 1)	0.2	(2.3)
Exceptional tax credit	-	3.8
Exceptional gain/(charge) after tax	**6.9**	(52.2)
€m – discontinued operations		
Exceptional gain from discontinued operations (note 4)	**55.9**	-
Exceptional gain after tax – discontinued operations	**55.9**	-
Total Exceptional gain/(charge) in the period	**62.8**	(52.2)

1. ***Pension related costs*** relate to the restructure of legacy defined benefit pension schemes associated with the Group and joint ventures, which included initiating a process for the ultimate buy out and wind up of these schemes and a further simplification of the schemes that remain. Costs incurred relate to the estimated cost of the settlement loss as a result of acquiring bulk purchase annuity policies to mirror and offset movements in known liabilities of the schemes ('buy-in' transaction), as well as related advisory and execution costs net of gains arising from risk reduction activities. This restructuring, which commenced in 2021 is on track and anticipated to conclude during the second half of 2022.
2. ***Changes in fair value of contingent consideration*** relate to contingent payments associated with the 2021 LevlUp acquisition that have now reduced following an assessment of conditions that give rise to the additional payments.
3. Prior year ***organisation redesign costs*** related to a fundamental reorganisation of the GPN segment that realigned operating and supply chain structures in support of individual businesses, sharpened focus on brands and optimised routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. The investment phase of this multi-year strategic programme is now complete, with no further costs incurred during the period.
4. ***Exceptional gain from discontinued operations*** relates to the gain arising on the completion of the disposal of the Group's 40% interest in Glanbia Ireland DAC ("Glanbia Ireland") to Glanbia Co-operative Society Limited. The gain represents the difference between proceeds received, net of transaction related costs, and the carrying value of the Group's investment in Glanbia Ireland. The transaction completed on 1 April 2022.

Profit after tax

Profit after tax for the half year was €184.3 million compared to €81.3 million in HY 2021, comprising continuing operations of €128.4 million (HY 2021: €70.2 million) and discontinued operations of €55.9 million (HY 2021: €11.1). Profit after tax from continuing operations comprises pre-exceptional profit of €121.5 million (HY 2021: €122.4 million) and exceptional gains of €6.9 million (HY 2021: charge of €52.2 million). Pre-exceptional profitability is consistent period on period.

Profit after tax from discontinued operations in both the current and preceding period relates entirely to Glanbia Ireland. As outlined above, the Group's share of Glanbia Ireland was disposed in April 2022, with the resulting gain on disposal being recognised as an exceptional gain.

Earnings per share (EPS)

	HY 2022	HY 2021	Reported change	Constant currency change
Basic EPS	**66.13c**	**27.90c**	**+137.0%**	**+107.4%**
- continuing operations	46.10c	24.09c	+91.4%	+64.2%
- discontinued operations	20.03c	3.81c	+425.7%	+425.7%
Adjusted EPS	**52.31c**	**52.86c**	**(1.0%)**	**(10.4%)**
- continuing operations	52.31c	48.84c	+7.1%	(3.8%)
- discontinued operations	-	4.02c	-	-

Basic EPS increased by 137.0% versus prior period, as a result of exceptional gains in the current period, compared to exceptional losses in the prior period.

Adjusted EPS is a key performance indicator ("KPI") of the Group and a key metric guided to the market and a key element of Executive Director and senior management remuneration. Adjusted EPS remained consistent with the prior period and comprises continuing operations of 52.31 cent (HY 2021: 48.84 cent) and discontinued operations (related to Glanbia Ireland which was divested in April 2022) of nil (HY 2021: 4.02 cent). Full year 2022 adjusted EPS is expected to be in the range of 9% to 13% growth on a constant currency basis versus prior year.

Cash flow

The principal cash flow KPIs of the Group and business segments are Operating Cash Flow ("OCF") and Free Cash Flow ("FCF"). OCF represents EBITDA of the wholly-owned businesses net of business-sustaining capital expenditure and working capital movements, excluding exceptional cash flows. FCF is calculated as the cash flow in the period before the following items: strategic capital expenditure, equity dividends paid, expenditure on share buyback, acquisition spend, proceeds received on disposal, exceptional costs paid, loans/equity invested in joint ventures, and foreign exchange movements. These metrics are used to monitor the cash conversion performance of the Group and Business Units and identify available cash for strategic investment. OCF conversion, which is OCF as a percentage of EBITDA, is a key element of the Executive Directors and senior management remuneration. OCF and FCF half year results for the Group are outlined below.

€m	HY 2022	HY 2021
EBITDA pre-exceptional	**204.0**	191.2
Movement in working capital (pre-exceptional)	**(225.3)**	(24.0)
Business-sustaining capital expenditure	**(7.3)**	(5.8)
Operating cash flow	**(28.6)**	161.4
Net interest and tax paid	**(31.8)**	(30.6)
Dividends from joint ventures	**2.6**	17.4
Payment of lease liabilities	**(7.4)**	(9.7)
Other (outflows)/inflows	**(2.0)**	3.2
Free cash flow	**(67.2)**	141.7
Strategic capital expenditure	**(22.0)**	(33.9)
Dividend paid to Company shareholders	**(49.0)**	(46.4)
Share buyback (purchase of own shares)	**(127.1)**	(33.4)
Payment for acquisition of subsidiaries	**(54.4)**	(31.4)
Exceptional costs paid	**(14.8)**	(43.5)
Repayment of/(loans) to joint ventures	**25.3**	(3.5)
Proceeds on disposal of interest in Glanbia Ireland	**307.0**	-
Net cash flow	**(2.2)**	(50.4)
Exchange translation	**(44.1)**	(9.8)
Cash acquired on acquisition	**0.9**	4.4
Net debt movement	**(45.4)**	(55.8)
Net debt at the beginning of the period	**(602.7)**	(493.9)
Net debt at the end of the period	**(648.1)**	(549.7)

OCF was an outflow of €28.6 million (HY 2021: inflow of €161.4 million) and represents a cash conversion on EBITDA of -14% (HY 2021: 84.4%) in the period. The decrease in OCF versus prior period was due primarily to an increased investment in working capital as a result of higher pricing in both inventory and receivables. The OCF conversion rate is expected to gradually adjust to more normalised levels during the second half of 2022 and full year cash conversion is expected to be c.80% in line with target.

FCF was an outflow of €67.2 million (HY 2021: inflow of €141.7 million), with the movement since prior period primarily as a result of movements in OCF outlined above, as well as a decrease in dividend income from Joint Ventures following the disposal of Glanbia Ireland.

Capital allocated for the benefit of shareholders includes regular dividend payments of €49 million (HY 2021: €46.4 million) and the execution of share buyback programmes of €127.1 million (HY 2021: €33.4 million), with the most recent buyback programme that launched in June 2022 ongoing at HY 2022.

Acquisition spend relates to the acquisition of Sterling Technology, a US based bioactive ingredient company, for an initial consideration of US$59.4 million which concluded in March 2022, and divestment proceeds relate to the completion of the disposal of the Group's 40% holding in Glanbia Ireland for a consideration of €307 million in April 2022.

Group financing

Financing key performance indicators	HY 2022	HY 2021
Net debt: adjusted EBITDA	1.83 times	1.51 times
Adjusted EBIT: net finance cost	16.0 times	14.5 times

The Group's financial position remains strong. Net debt at the 2022 half year was €648.1 million. This is an increase of €98.4 million from the prior half year net debt of €549.7 million. At half year 2022, Glanbia had committed debt facilities of €1.22 billion (HY 2021: €1.13 billion) with a weighted average maturity of 3.5 years. Glanbia's ability to generate cash as outlined above and available debt facilities ensures the Group has considerable capacity to finance future investments. Net debt to adjusted EBITDA was 1.83 times and interest cover was 16 times, with both metrics remaining well within financing covenants.

Use of capital

Capital expenditure

The cash outflow relating to capital expenditure for half year 2022 amounted to €29.3 million (HY 2021: €39.7 million) which includes €7.3 million of business-sustaining capital expenditure and €22 million of strategic capital expenditure.

Investments in equity accounted investees

During half year 2022, a further €3.5 million was invested in Glanbia Cheese EU, the joint venture mozzarella cheese plant in Portlaoise, Ireland, bringing the total invested to €42.2 million, with a further €13.0 million committed. Commissioning is ongoing and remains on track to be completed in 2022.

Pension

The Group's net pension position under IAS 19 (revised) 'Employee Benefits', before deferred tax, improved by €16.1 million since 1 January 2022, resulting in a net pension asset of €1.9 million at 2 July 2022. The defined benefit pension position is calculated by discounting the estimated future cash outflows using appropriate corporate bond rates. Restructuring of legacy defined pension schemes which began in 2021 is ongoing. Favourable market conditions resulted in actuarial gains in the period, which reduced the net pension liability resulting in a net asset position at period end.

Dividends

Glanbia's overall dividend policy remains unchanged at a target annual dividend payout ratio of between 25% and 35% of adjusted EPS. In line with this policy the Board is recommending an interim dividend of 12.93 cent per share (HY 2021: 11.75 cent per share). The dividend will be paid on 7 October 2022 to shareholders on the register of members as at 26 August 2022. Irish withholding tax will be deducted at the standard rate where appropriate.

Share buyback

During the first half of 2022, the Group completed a share buyback programme of €50 million which launched in December 2021 and commenced a further programme of €50 million in June 2022, which was ongoing at HY 2022. A total of €96.1 million was deployed under these programmes in the period, with a further €31.0 million deployed to participate in a share placement by Glanbia Co-operative Society in advance of completing the Glanbia Ireland transaction.

Foreign exchange

Glanbia generates over 90% of its earnings in US dollar currency and has significant assets and liabilities denominated in US dollars. As a result, and as Glanbia's reporting currency is euro, there can be a significant impact to reported numbers arising from currency movements year-on-year and on translation of US dollar non-monetary assets and liabilities in the preparation of the half year consolidated financial statements. Commentary has been provided within the income statement on a constant currency basis to provide a better reflection of the underlying operating results in the year, as this removes the translational currency impact. To arrive at the constant currency change, the average foreign exchange rate for the current period is applied to the relevant reported result from the same period in the prior year. At the balance sheet date, primarily due to the strengthening of the US dollar compared to 2021 year end, there was a translation gain arising on the translation of non-euro denominated assets and liabilities into euro. The gain on translation of non-monetary assets and liabilities into euro is presented within other comprehensive income and amounted to €140.3 million in the half year (HY 2021: €62.0 million). Period-end euro to US dollar rates were as follows:

	HY 2022	FY 2021	HY 2021
1 euro converted to US dollar	**1.0425**	1.1326	1.1823

Financial strategy

Glanbia's financial strategy is very much aligned with its overall strategy of ensuring the Group delivers on its key financial goals. Specific financial goals to enable this strategy include:

- Assessing both external and organic investment opportunities against a target benchmark of 12% return after tax by end of year three;
- Focusing the organisation on cash conversion through improved working capital management and disciplined business-sustaining capital expenditure, with a goal of greater than 80% cash conversion as a percentage of EBITDA;
- Leveraging the Group's activities to enable improved cost structures utilising shared services, procurement, IT and a continuous improvement mindset;
- Maintaining the capital structure of the Group within an implicit investment-grade credit profile; and
- Capital allocation policy to return capital to shareholders which includes a dividend policy with a payout ratio of between 25% and 35% and the authorisation to implement a share buyback programme.

Principal risks and uncertainties

The Board of Glanbia plc has the ultimate responsibility for the Group's systems of risk management and internal control. The Group's risk management framework outlines the key stakeholder risk management responsibilities. It is designed to ensure that there is input across all levels of the business to the management of risk and to enable the Group to remain responsive to the ever changing environment in which it operates. This framework, together with the processes to identify, manage and mitigate potential material key risks to the achievement of the Group's strategic objectives are set out in detail on pages 67-75 of Glanbia plc's 2021 Annual Report.

The Group's principal risks and uncertainties are summarised in the risk profile diagram below and remain relevant and unchanged from the risks reported for the year ended 1 January 2022, with no new principal risks identified. The underlying risk trend and potential impacts of some of these risks has evolved with the Market Disruption risk trend increasing partly due to the continued inflationary pressures which may disrupt consumer demand as price increases are implemented. There may be other risks and uncertainties that are not yet considered material or not yet known to the Group and this list will change if these risks assume greater importance in the future.

	Strategic/External	Financial	Technological	Operational/Regulatory
Risk where trend is stable	• Customer concentration	• Taxation changes	• Digital transformation	• Health and safety • Product safety and compliance • Acquisition/Integration
Risk where trend is increasing	• Economic, Industry and Political • Market disruption • Climate change		• Cyber security and data protection	• Supply chain • Talent management

The Board is closely monitoring the key risks that could materially and adversely affect the Group's ability to achieve its strategic objectives, particularly those whose probability of occurrence/extent of impact are elevated by the consequences of the ongoing war in Ukraine, the deteriorating global economic outlook and the increasing inflationary, energy and interest rate pressures together with the continually evolving nature of Covid-19.

In our previous disclosures, we explained how Covid-19 had wide-ranging consequences on our principal risks and uncertainties and was not presented as a single principal risk. This has not changed and the same approach has been taken in relation to the impacts of the Russian invasion of Ukraine, with the consequences being captured in the relevant principal risks rather than shown as a stand-alone item. The key risk factors and uncertainties with the potential to impact on the Group's financial performance in the second half of 2022 include:

- Economic, industry and political risk – continues to increase primarily due to the current and potential future consequences of the Russian invasion of Ukraine, the resulting geopolitical and macroeconomic uncertainties and the significant inflationary impacts affecting both our operational costs and our consumer's finances. The Board is also closely monitoring the escalating tensions in other key trading regions, particularly between China and Taiwan, where any potential conflict, economic sanctions or trade rulings would impact Glanbia's growth objectives.
- Market disruption risk – adverse changes in economic conditions, continued inflationary pressures, energy availability and cost impacts, and interest rate increases could result in reduced consumer spending which may disrupt demand and increase operational and financial costs. The risk of further waves of Covid-19 and the inability to contain the spread of new variants may also disrupt markets in the second half of 2022.
- Supply chain risk – Glanbia is actively monitoring a number of supply chain and inflationary pressures including:
  - The overall impact on margins of movements in dairy pricing, particularly in whey markets, which experienced significant price increases over the last eighteen months and may continue into the remainder of 2022. This has resulted in price increases to offset some of the increased input costs and further price increases are envisaged in H2 2022 which may disrupt demand due to price elasticity. Any further price increases will be managed against the Group's ambition to continue to drive revenue growth;
  - The ability of governments and medical agencies to suppress the spread of the Covid-19 virus. This continues to be important in preventing unexpected supply chain disruptions which could result in restrictions on the importation of key raw materials and/or negative impacts on our international sales channels. The Group is holding appropriate safety stocks of core raw materials, however a prolonged impact to supply chains due to Covid-19 or the geopolitical environment in key trading regions would have negative consequences from both a supply and pricing perspective; and
  - Labour markets continue to be competitive and plants are operating at a high capacity. Labour inflation, together with global supply chain cost increases in energy transport, logistics and containers will continue to require careful navigation.
- Customer concentration risk – while strategically the Group aims to build strong customer relationships with major customers, material disruption with, or loss of, one or more of these customers, or a significant deterioration in commercial terms, could materially impact profitability. This risk can also expose the Group to credit exposure and other balance sheet risks. The Board is focused on utilising available mitigation to limit such exposures where possible. This remains relevant for the remainder of 2022 as customers navigate the macroeconomic downturn on their operations and any potential challenges imposed by Covid-19 restrictions.
- Health and safety risk – a failure to maintain good health and safety practices or a significant escalation in the spread of the virus or new variants, in our core markets, may adversely impact performance. A wide range of additional measures and mitigations have been introduced as a result of the Covid-19 pandemic which build on the existing strong controls across the Group.

Thirteen thematic Climate-related Risks and Opportunities (CROs) were outlined in the plc's 2021 Annual Report following a comprehensive climate change risk assessment in conjunction with The Carbon Trust, an independent sustainability consultant, on the parts of the business over which Glanbia has operational control. This helped the plc to better understand the potential impacts from physical climate risks largely associated with a failure to act, and the potential transition risks associated with the transition to a decarbonised economy.

The reassessment of these CROs and the completion of scenario and quantification analysis which will consider available mitigation measures and the interplay of the material CROs identified with each other under a number of temperature scenarios and the associated potential impact, including taking into consideration a two-degree or lower scenario, are currently in progress and will be outlined in the plc's 2022 Annual Report.

The Group actively manages these and all other risks (inclusive of emerging risks) through its risk management and internal control processes.

Cautionary statement

Glanbia plc has made forward-looking statements in this document that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning the Group's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words 'believe', 'develop', 'expect', 'ensure', 'arrive', 'achieve', 'anticipate', 'maintain', 'grow', 'aim', 'deliver', 'sustain', 'should' or the negative of these terms or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements. The risk factors included on pages 72 to 75 of the Group's 2021 Annual Report, could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. These forward-looking statements are made as of the date of this document. The Group expressly disclaims any obligation to update these forward-looking statements other than as required by law. The forward-looking statements in this release do not constitute reports or statements published in compliance with any of Regulations 6 to 8 of the Transparency (Directive 2004/109/EC) Regulations 2007.

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