

# Nomad Foods

Earnings Conference Call  
Q3 2015 Update  
Monday, November 16 2015



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# Today's Presenters



**Stéfán Descheemaeker**  
CEO



**Paul Kenyon**  
CFO

# Agenda

**1 Q3 and YTD Financial Performance**

**2 Strategy Evolution**

**3 Findus Overview**

# Investment Highlights

**Platform to Lead Consolidation  
in the Fragmented Global Food  
Sector**



**Leading Player in the Large and  
Resilient Western European  
Frozen Food Market**



**Iconic Brands with Strong  
Brand Equity**



**Experienced Team with a  
Strong Track Record**



**Attractive Financial  
Characteristics and Significant  
Cash Flow Generation**



**Multiple Organic Growth  
Drivers for Base Business**





# **Nomad Foods**

## **1. Q3 and YTD Financial Performance**

# Q3 and YTD 2015 Performance Highlights

## Q3

- Net Revenue decline was (8.4)%. Allowing for currency impacts and the exit from Romania, Slovakia and Turkey, like-for-like Net Revenue decline was (11.2)%.
- Gross margin declined by (3.3)pp driven by increased promotional investments coupled with the impact of lower volume recoveries.
- Indirects costs declined by €8.7m driven by lower bonus expenses.
- Q3 2015 Pro Forma as Adjusted EBITDA was €63.6m, (13.6%) down year-on-year.
- EPS was €0.18, €0.05 down year-on-year.
  
- Wholegrain platform continues to perform well across continental Europe – Net Sales €10m so far this year.
- Italian Breakfast range continues to develop – Net Sales €3m so far this year.
  
- Portugal on track for third successive year of mid-single-digit sales growth.
- Netherlands on track for second successive year of mid-single-digit sales growth.
- UK online grocery sales continue to grow at double digits: +13% in Q3 / +14% YTD.

## YTD (period from 1 January 2015 through 30 September 2015)

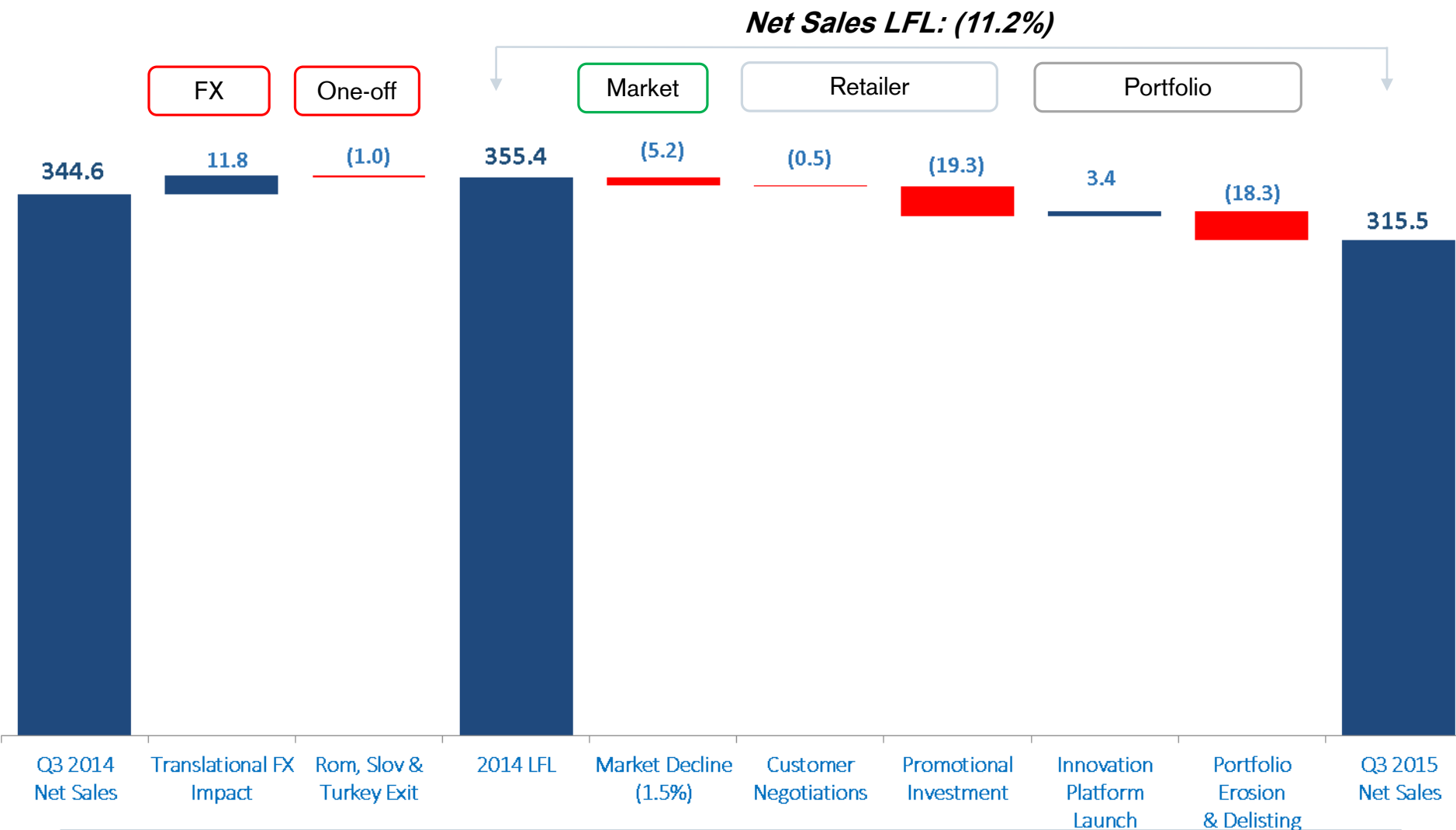
- Reported Net Revenue decline year-on-year was (4.3%). Allowing for currency impacts and the exit from Romania, Slovakia and Turkey and 1 less trading day year-on-year, like-for-like Net Revenue decline was (6.9)%.
- Pro Forma as Adjusted EBITDA decline year on year was (5.3%) successfully maintaining EBITDA Margin of 19.5%.
- EPS was €0.65; €0.07 down year-on-year.
- LTM Cash Conversion is 88.2%.
- LTM Leverage Rate is 2.7x (excluding Findus Group's continental European business)

# 2015: Q3 Operating Performance

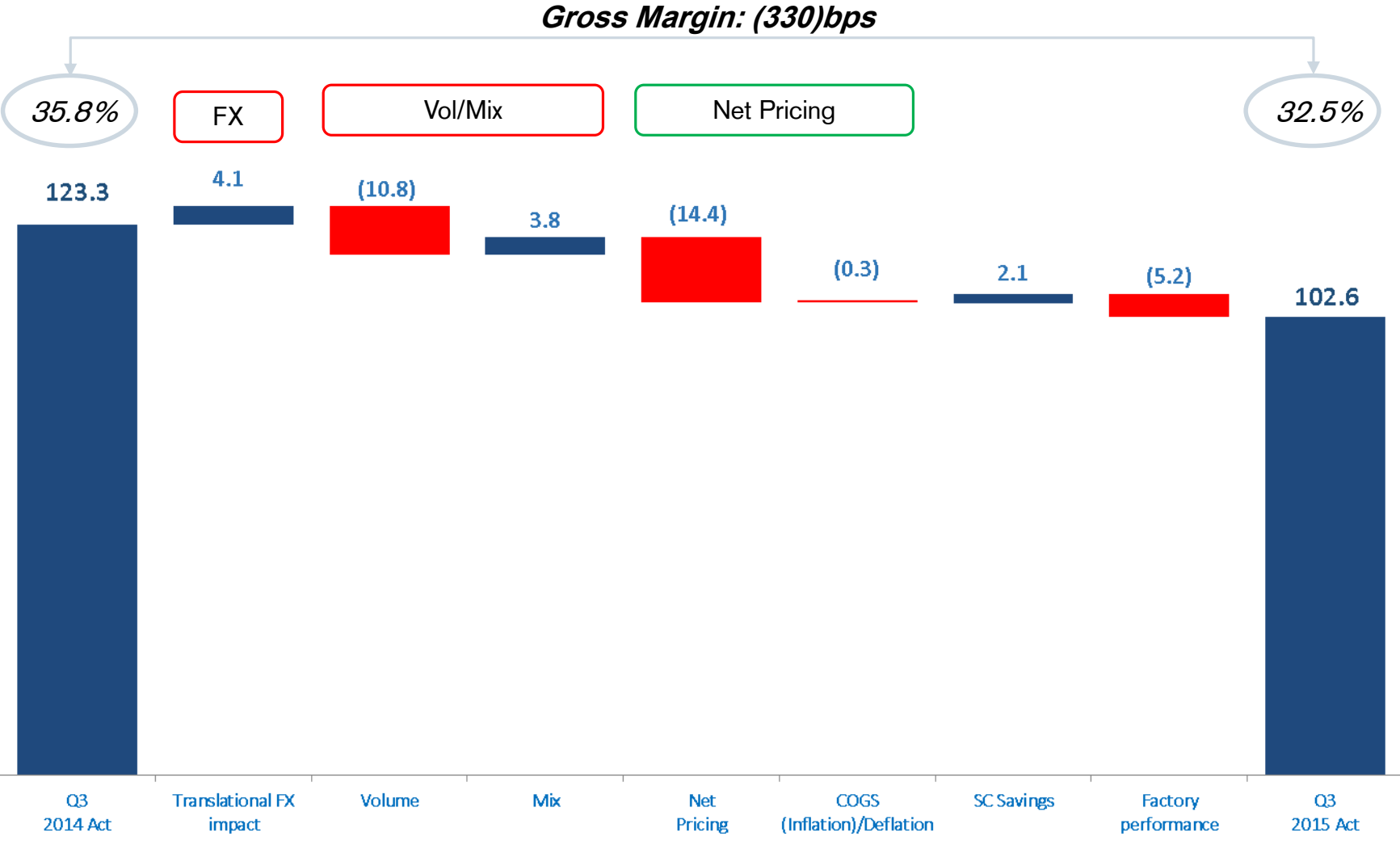
€m	Q3/14	Q3/15	Delta
<b>Net Revenue</b>	<b>344.6</b>	<b>315.5</b>	<b>-29.1</b>
<b>Gross Profit</b>	<b>123.3</b>	<b>102.6</b>	<b>-20.7</b>
<i>Gross profit margin (%)</i>	35.8%	32.5%	-3.3%
A&P	-21.8	-19.6	2.2
<i>A&amp;P (% Net revenues)</i>	6.3%	6.2%	0.1%
Indirects	-36.2	-27.5	8.7
<i>Indirects (% Net revenues)</i>	10.5%	8.7%	1.8%
Depreciation & Amortization	8.3	8.1	-0.2
<b>Pro Forma as Adjusted EBITDA</b>	<b>73.6</b>	<b>63.6</b>	<b>-10.0</b>
<i>Adj EBITDA margin (%)</i>	21.4%	20.2%	-1.2%
<b>FX Rate</b>	<b>1.2578</b>	<b>1.3837</b>	
Pro Forma as Adjusted Net Income	36.4	31.0	-5.4
Weighted avg shares outstanding (m)	155.5	170.4	14.9
<b>Earnings Per Share</b>	<b>€0.23</b>	<b>€0.18</b>	<b>-€0.05</b>



# 2015: Q3 Net Sales Bridge



# 2015: Q3 Gross Profit Bridge



# 2015: YTD Operating Performance

€m	YTD 2014	YTD 2015	Delta
<b>Net Revenue</b>	<b>1,105.8</b>	<b>1,058.6</b>	<b>-47.2</b>
<b>Gross Profit</b>	<b>387.8</b>	<b>359.3</b>	<b>-28.5</b>
<i>Gross profit margin (%)</i>	<i>35.1%</i>	<i>33.9%</i>	<i>-1.2%</i>
<b>A&amp;P</b>	<b>-87.0</b>	<b>-76.7</b>	<b>10.3</b>
<i>A&amp;P (% Net revenues)</i>	<i>7.9%</i>	<i>7.2%</i>	<i>0.7%</i>
<b>Indirects</b>	<b>-106.4</b>	<b>-100.2</b>	<b>6.2</b>
<i>Indirects (% Net revenues)</i>	<i>9.6%</i>	<i>9.5%</i>	<i>0.1%</i>
<b>Depreciation &amp; Amortization</b>	<b>23.7</b>	<b>24.1</b>	<b>0.4</b>
<b>Pro Forma as Adjusted EBITDA</b>	<b>218.1</b>	<b>206.5</b>	<b>-11.6</b>
<i>Adj EBITDA margin (%)</i>	<i>19.7%</i>	<i>19.5%</i>	<i>-0.2%</i>
<b>FX Rate</b>	<b>1.2308</b>	<b>1.3702</b>	
<b>Pro Forma as Adjusted Net Income</b>	<b>111.2</b>	<b>104.4</b>	<b>-6.8</b>
<b>Weighted avg shares outstanding (m)</b>	<b>155.5</b>	<b>160.5</b>	<b>5.0</b>
<b>Earnings Per Share</b>	<b>€0.72</b>	<b>€0.65</b>	<b>-€0.07</b>

# Cash Flow Generation Remains Strong

2015 NOMAD	YTD 2014	YTD 2015	Delta
<b>Proforma as adjusted profit/(loss) before tax</b>	<b>152.9</b>	<b>140.5</b>	<b>-12.4</b>
Net interest	41.5	41.9	0.4
Depreciation	20.7	22.9	2.2
Amortisation	3.0	1.2	-1.8
<b>Proforma as adjusted EBITDA before non-recurring (@ act. FX rate)</b>	<b>218.1</b>	<b>206.5</b>	<b>-11.6</b>
Working capital movement	-33.9	-33.6	0.3
Pensions & other cash flows	-1.0	-2.6	-1.6
Capital expenditure	-11.5	-14.2	-2.7
Tax	-10.2	-21.6	-11.4
<b>Pro Forma as Adjusted Operating Cashflow before non-recurring</b>	<b>161.5</b>	<b>134.5</b>	<b>-27.0</b>
<b>LTM Cash Conversion Rate</b>	<b>99.5%</b>	<b>88.2%</b>	<b>-11.3%</b>
<b>Leverage Rate (based on LTM EBITDA)</b>	<b>4.3x</b>	<b>2.7x</b>	<b>(1.6x)</b>



# Nomad Foods

## 2. Strategy Evolution

# Strategy

## Organic growth

- **Critical to respond to ongoing top-line pressures from discounters and private-label across our markets**
- **Long-term vision to stabilize and grow top-line based on an identified growth strategy**
  - Save to re-invest: Cost cutting and disciplined cost management to fund top-line growth and become lowest cost producer
  - Innovation and renovation: Renovate and strengthen core to protect sales with fewer, bigger innovations to drive growth
  - Recalibrate balance between local and global management and operations
  - Revenue and customer management: Narrow gross sales and net sales gap via improved efficiency to yield sales and gross margin expansion
- **Frozen category supports consumer demands for fresh and better-for-you products to be realized over long-term with consumer education**

## External growth

- **Developing best-in-class organization and structure for the future creates pathway to be a best-in-class integrator to lead consolidation**
- **Swift and effective integration to deliver synergies and re-invest behind top-line**
- **Disciplined M&A to create additional value creation opportunities**
- **Prudent leverage**



# Nomad Foods

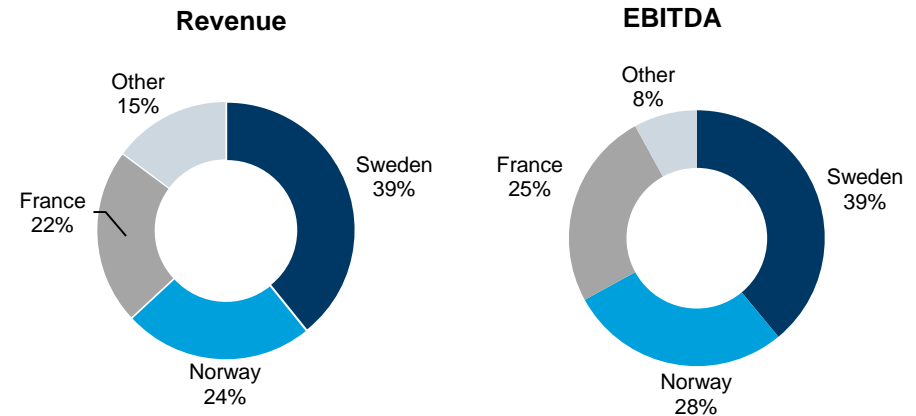
## 3. Findus Overview

# Findus Continental Europe Overview

## Business Snapshot

- **Transaction perimeter included non-UK operations only**
  - Key markets: Norway, Sweden, and France
  - Other markets: Spain, Finland, Denmark & Belgium
- Leading frozen food player in key markets and Spain
- Brands include **Findus, La Cocinera, and Lutosa**
- Key categories include **fish, vegetables and ready to eat meals**
- **LTM Sept-2015 sales of €619m and EBITDA of €71m (c.11% margin)** <sup>(1)</sup>

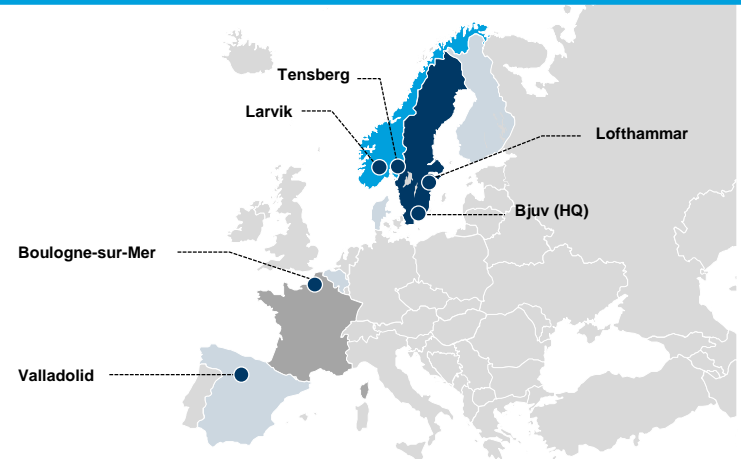
## Geographic Breakdown – FY2014



## Market Leadership



## Manufacturing Facilities





# Leading Frozen Food Player in Key Markets

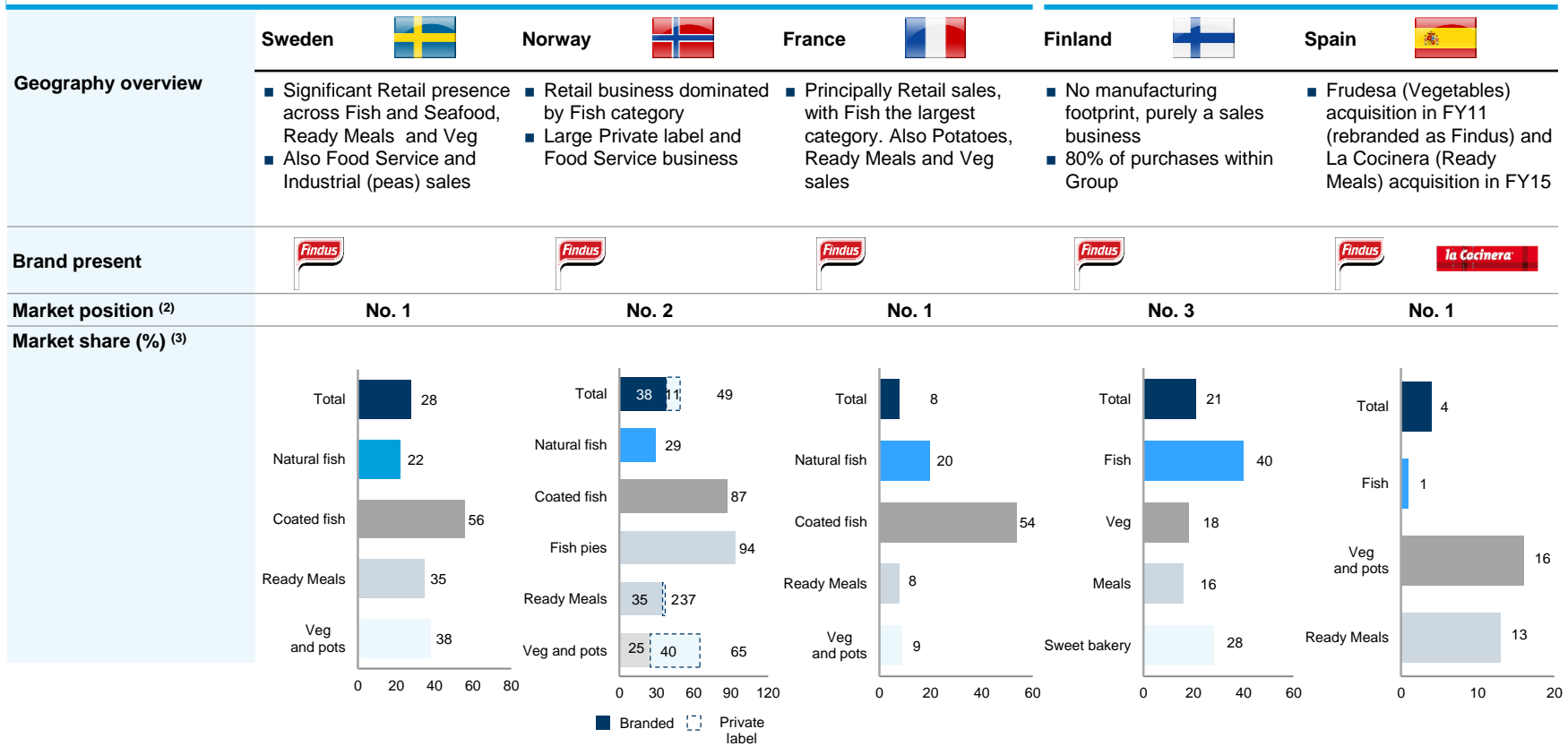
➤ Prominent market position

➤ Well known and recognized brand with long heritage



## Key markets

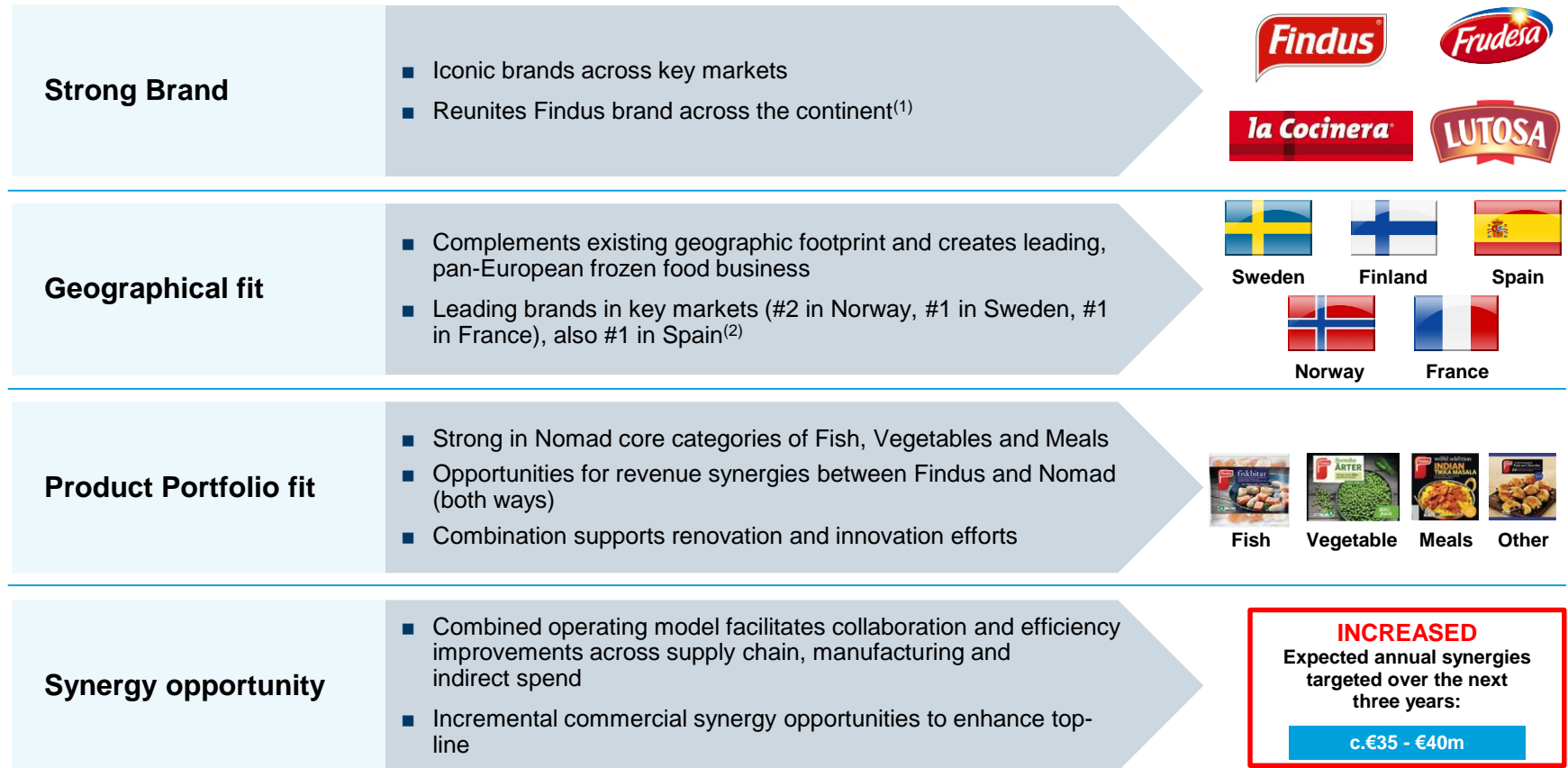
## Other<sup>(1)</sup>



(1) Other markets are Finland, Spain, Belgium and Denmark with Finland and Spain representing majority of revenues / EBITDA.  
 (2) Euromonitor  
 (3) Kantar, Nielsen and IRI to February 2015.

# Transaction Rationale

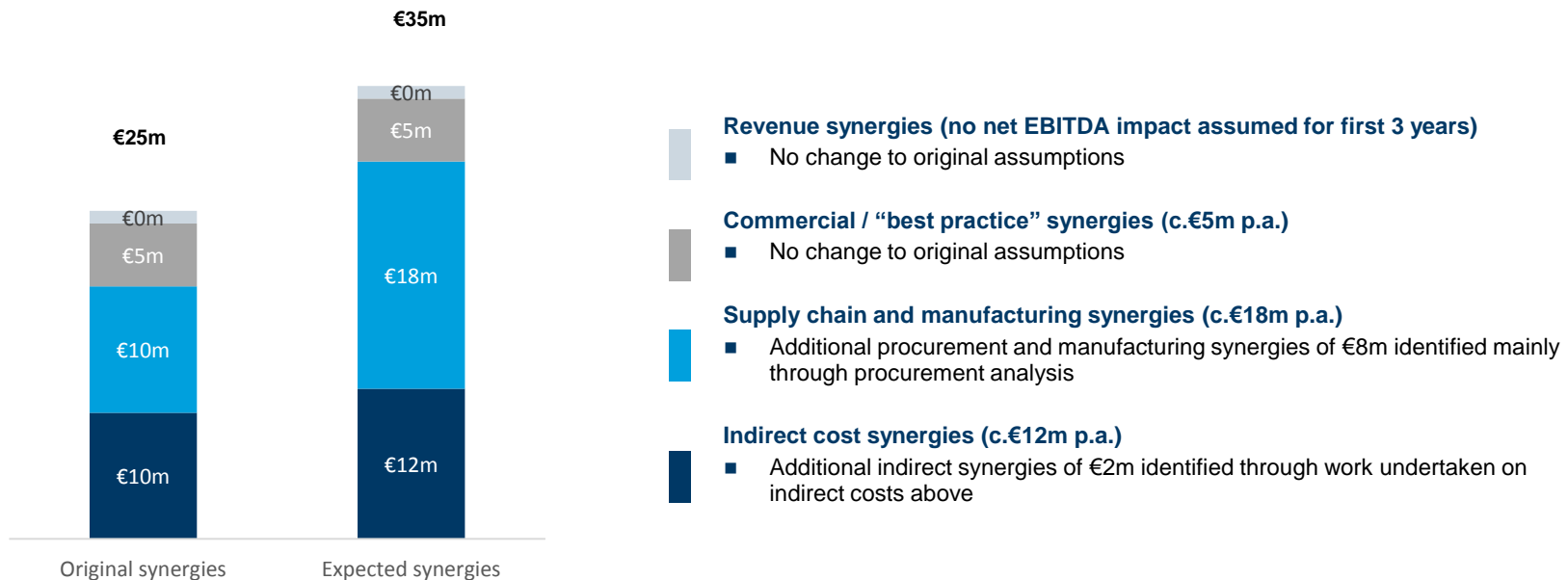
- Strong fit with Nomad’s stated acquisition criteria; compelling strategic and financial logic
- Further strengthens Europe’s leading frozen business
- Creates additional scale +c.43%
- €2.1 billion combined sales



(1) Nestlé owns and controls “Findus” within Switzerland.  
 (2) Euromonitor.

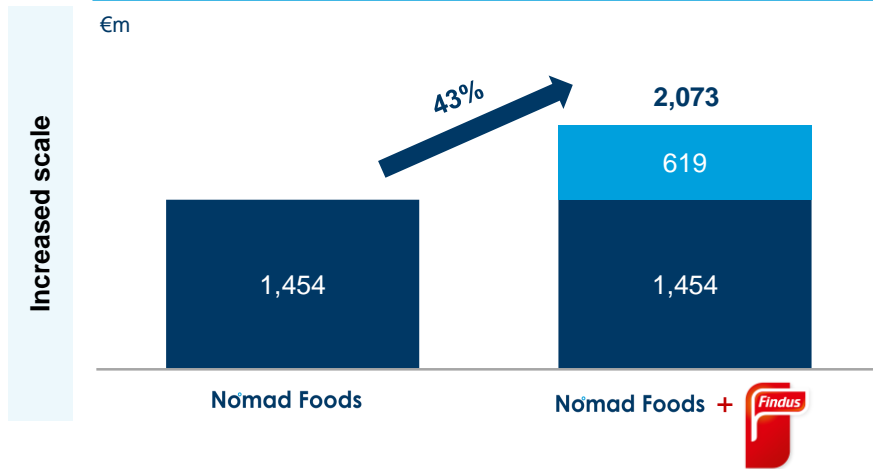
# Findus Synergy and Integration

- **Pre-deal preparation and planning has enabled a strong start to the integration of the two businesses with a focus on realizing operational cost synergies.**
  - **Supply Chain – procurement, manufacturing and logistics**
    - Boulogne-Sur-Mer works council agreement signed with a 3 year volume and €7m Capital Expenditure commitment; agreement consistent with business plan
    - Factory visits and review of productivity initiatives and current performance completed
    - Clean room spend analysis completed and integration meetings started
  - **Indirect costs**
    - Integration planning for France under Findus brand and Belgium under Iglo brand in progress (subject to consultation where appropriate)
    - Operating model confirmed for the combined business with a strong focus on lean organisation and efficient cost control across all areas of indirect spend
- **Latest view of the cost synergy provides a high level of confidence to deliver €35 million to €40 million by 2018 driven by:**

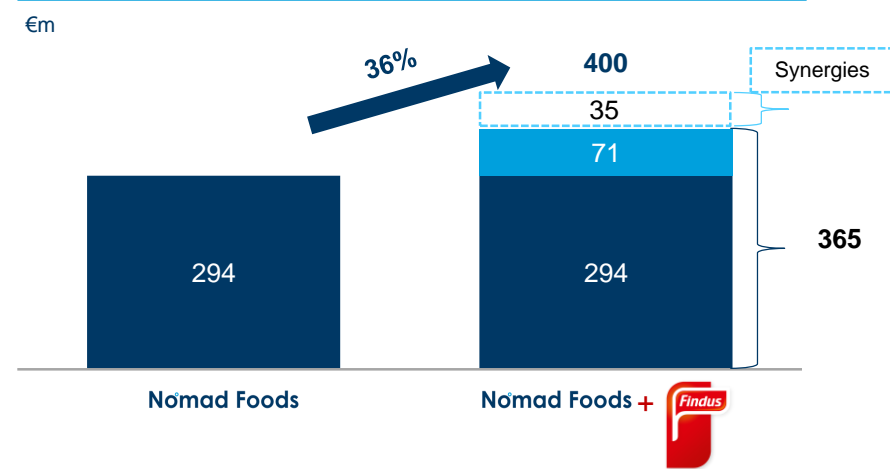


# Findus Acquisition is Transformative and Provides Diversification

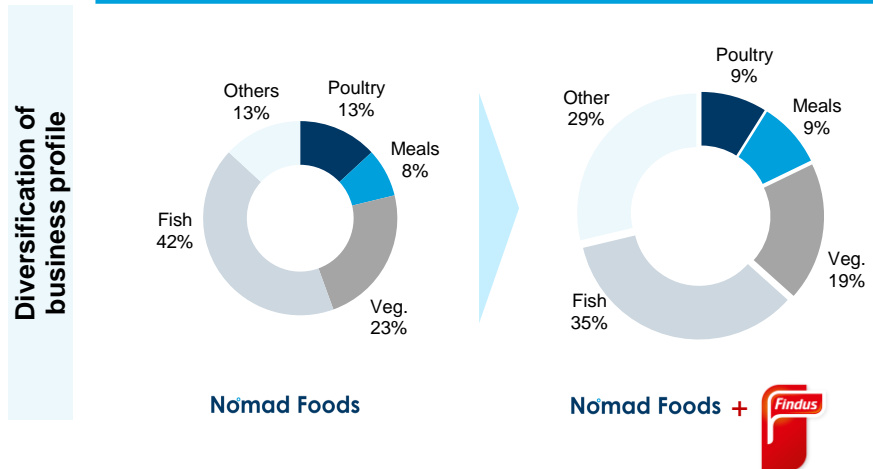
LTM Sept-2015 combined net sales <sup>(1)</sup>



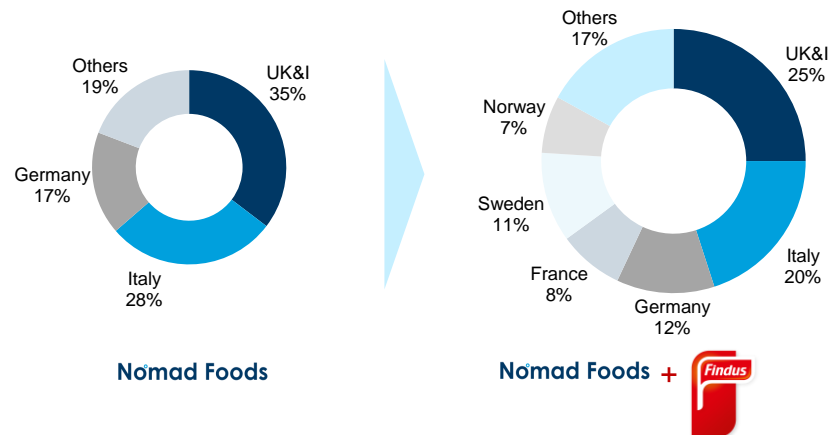
LTM Sept-2015 combined adjusted EBITDA <sup>(1)</sup>



2014A: Category split <sup>(2)</sup>



2014A: Geographical split <sup>(3)</sup>



- Note: Combined figures exclude synergies
- (1) Nomad Foods and Findus LTM Sep-15 stated at 2015 avg FX rates and based on management's estimate less estimated pea sales to Iglo Italy.
- (2) Nomad Foods and Findus Category split based on 2014A at 2015 plan FX rates (EUR / GBP 1.30)
- (3) Nomad Foods and Findus Geography split based on 2014A at 2015 plan FX rates (EUR / GBP 1.30)

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Characteristics and Significant  
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**Multiple Organic Growth  
Drivers for Base Business**



A vertical silver handle is mounted on a white door. The handle is cylindrical with a brushed metal finish and is secured with two screws. A soft shadow is cast to the left of the handle.

**Nomad Foods**

**Q&A**

A vertical silver handle is mounted on a white door. The handle is cylindrical with a brushed metal finish and is secured with two screws. A soft shadow is cast to the left of the handle.

**Nomad Foods**

**Appendix**

# EBITDA and Adjusted EBITDA (unaudited)

Nine Months Ended September 30, 2015

	Nomad Foods Limited for the six months ended September 30, 2015	Nomad Foods Limited for the three months ended March 31, 2015	Iglo Group results for the five months ended May 31, 2015	Adjustments (1)	Pro Forma As Adjusted for the nine months ended September 30, 2015
	€m	€m	€m	€m	€m
<b>Group Profit/(Loss) before tax</b>	<b>(385.0)</b>	<b>(144.4)</b>	<b>(93.2)</b>	<b>763.1</b>	<b>140.5</b>
Interest	39.6	-	115.8	(113.5)	41.9
Depreciation	10.3	-	11.3	1.3	22.9
Amortization	0.5	-	1.2	(0.5)	1.2
<b>Proforma as adjusted EBITDA</b>	<b>(334.6)</b>	<b>(144.4)</b>	<b>35.1</b>	<b>650.4</b>	<b>206.5</b>
Exceptional items:					
Transactions related costs	29.4	0.6	3.8	(33.8)	-
Purchase price adjustment to intangible assets	-	-	61.0	(61.0)	-
Costs related to management incentive plans	1.5	-	22.9	(24.4)	-
Investigation of strategic opportunities and other items	2.7	-	1.3	(4.0)	-
Cisterna fire net costs	0.6	-	1.3	(1.9)	-
Other restructuring costs	3.6	-	-	(3.6)	-
<b>Proforma as adjusted EBITDA</b>	<b>(296.8)</b>	<b>(143.8)</b>	<b>125.4</b>	<b>521.7</b>	<b>206.5</b>
Working capital movement	(12.5)	-	(21.1)	-	(33.6)
Pensions & other cash flows	(0.6)	-	(2.0)	-	(2.6)
Capital expenditure	(7.7)	-	(6.5)	-	(14.2)
Tax	(4.3)	-	(17.3)	-	(21.6)
<b>Proforma as adjusted operating cashflow</b>	<b>(321.9)</b>	<b>(143.8)</b>	<b>78.5</b>	<b>521.7</b>	<b>134.5</b>

(1a) Includes adjustments for non-cash charges related to the Founder Preferred Share Annual Dividend Amount, transaction-related items associated with Nomad Foods' acquisition of the Iglo Group on June 1, 2015, adjustments to reflect the capital structure of the business as at September 30, 2015 and adjustments to eliminate other exceptional items.

(1b) Add back of adjustments to eliminate non-cash foreign exchange movements, adjustments to reflect the capital structure of the business as at September 30, 2015 and add back non-recurring elements of the interest charge for the period.

(1c) Adjustment to exclude the incremental depreciation on property, plant and equipment fair value uplift recorded as part of purchase price accounting for the acquisition of the Iglo Group.

(1d) Adjustment to add back the amortisation charged on brands that were identified as being impaired.

(1e) Elimination of exceptional items. See notes 1f)-1j).

(1f) Transaction costs incurred relating to the acquisitions of the Iglo Group and Findus and costs incurred in preparation for listing on the US stock exchange as well as ongoing costs within the Iglo Group resulting from the acquisition of Findus Italy.

(1g) Elimination of impairments to the Findus Italy brand and certain items of property plant and equipment. These adjustments are reflected within the goodwill recognised by Nomad Foods following the acquisition of the Iglo Group, but within profit by the Iglo Group in the period ended May 31, 2015.

(1h) Costs incurred in relation to management incentive plans that are considered exceptional.

(1i) Costs incurred in relation to investigation of strategic opportunities including costs incurred as a result of the Group's decision to cease marketing its products in Romania, Slovakia, Turkey as well as exit costs for Russia, where closure was announced in September 2015

(1j) Ongoing incremental costs incurred as a result of an August 2014 fire in the Iglo Group's Italian production facility, excluding prospective insurance policy claims.

(1k) Costs relating to planned restructuring activities in the German factories.



# EBITDA and Adjusted EBITDA (unaudited)

Nine Months Ended September 30, 2014

	Nomad Foods Limited for the nine months ended September 30, 2014	Iglo Group results for the nine months ended September 30, 2014	Adjustments(1)	Pro Forma As Adjusted for the nine months ended September 30, 2014
	€m	€m	€m	€m
<b>Group Profit/(Loss) before tax</b>	<b>(23.1)</b>	<b>(73.6)</b>	<b>249.6</b>	<b>152.9</b>
Interest	(0.1)	231.0	(189.4)	41.5
Depreciation	-	18.4	2.3	20.7
Amortization	-	3.8	(0.8)	3.0
<b>Proforma as adjusted EBITDA</b>	<b>(23.2)</b>	<b>179.6</b>	<b>61.7</b>	<b>218.1</b>
Exceptional items:				
Transactions related costs	0.2	0.3	(0.5)	-
Costs related to management incentive plans	-	10.6	(10.6)	-
Investigation of strategic opportunities and other items	-	9.4	(9.4)	-
Cisterna fire net costs	-	7.4	(7.4)	-
Other restructuring costs	-	11.0	(11.0)	-
<b>Proforma as adjusted EBITDA</b>	<b>(23.0)</b>	<b>218.3</b>	<b>22.8</b>	<b>218.1</b>
Working capital movement	0.1	(34.0)	-	(33.9)
Pensions & other cash flows	-	(1.0)	-	(1.0)
Capital expenditure	-	(11.5)	-	(11.5)
Tax	-	(10.2)	-	(10.2)
<b>Proforma as adjusted operating cashflow</b>	<b>(22.9)</b>	<b>161.6</b>	<b>22.8</b>	<b>161.5</b>

(1a) Includes adjustments for non-cash charges related to the Founder Preferred Share Annual Dividend Amount, transaction-related items associated with Nomad Foods' acquisition of the Iglo Group on June 1, 2015, adjustments to reflect the capital structure of the business as at September 30, 2015 and adjustments to eliminate other exceptional items.

(1b) Add back of adjustments to eliminate non-cash foreign exchange movements, adjustments to reflect the capital structure of the business as at September 30, 2015 and add back non-recurring elements of the interest charge for the period.

(1c) Adjustment to exclude the incremental depreciation on property, plant and equipment fair value uplift recorded as part of purchase price accounting for the acquisition of the Iglo Group.

(1d) Adjustment to add back the amortisation charged on brands that were identified as being impaired.

(1e) Elimination of exceptional items. See notes 1f)-1j).

(1f) Transaction costs include costs incurred by Nomad relating to potential future acquisitions and ongoing costs within the Iglo Group resulting from the acquisition of Findus Italy.

(1g) Costs incurred in relation to management incentive plans that are considered exceptional.

(1h) Costs incurred in relation to investigation of strategic opportunities.

(1i) Costs incurred as a result of an August 2014 fire in the Group's Italian production facility, excluding prospective insurance policy claims.

(1j) Costs relating to planned restructuring activities in the German factories.