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Nomad Foods

Fourth Quarter 2024 Earnings Call

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CORPORATE PARTICIPANTS

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Stefan Descheemaeker, *Chief Executive Officer*

Ruben Baldew, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Andrew Lazar, *Barclays*

Steve Powers, *Deutsche Bank*

Rob Dickerson, *Jefferies*

John Baumgartner*, Mizuho Securities*

Jon Tanwanteng, *CJS Securities*

Peter Saleh*, BTIG*

PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to Nomad Foods' Fourth Quarter 2024 Earnings Conference Call.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. Please note that this conference is being recorded.

I would now like to turn the conference over to Jason English, Head of Investor Relations. Please go ahead.

Jason English

Hello, and welcome to Nomad Foods' Fourth Quarter 2024 Earnings call. I am Jason English, Head of Investor Relations. I'm joined on the call today by Stefan Descheemaeker our CEO; and Ruben Baldew, our CFO.

By now, everyone should have access to the earnings release for the period ended December 31, 2024 that was published at approximately 6:45 a.m. Eastern Time. The press release and investor presentation are available on Nomad Foods' website at nomadfoods.com. This call is being webcast and a replay will be available on the Company's website.

This conference call will include forward-looking statements that are based on our view of the Company's prospects, expectations and intentions at this time. Actual results may differ due to the risks and uncertainties which are discussed in our press release, our filings with the SEC and in our investor presentation, which includes cautionary language.

We will also discuss non-IFRS financial measures during the call today. These non-IFRS financial measures should not be considered a replacement for, and should be read together with IFRS results. You can find the IFRS to non-IFRS reconciliations within our earnings release and in the appendices at the end of the slide presentation available on our website.

Please note that certain financial information within this presentation represents adjusted figures for 2023 and 2024. All these adjusted figures have been adjusted primarily for share based payment expenses and related employer payroll taxes, non-operating M&A related costs, acquisition purchase price adjustments, exceptional items and foreign currency translation charges or gains. Unless otherwise noted, comments from here will refer to those adjusted numbers.

With that, I'll hand it over to Stefan.

Stefan Descheemaeker

Thank you, Jason. I'm happy to report that Nomad Foods had a strong finish to 2024, with impressive volume driven organic sales growth and robust margin expansion. But before I go too deep into the results, I want to step back and reflect on where we are in our journey.

As you can see on Slide 3, we have now delivered nine consecutive years of sales and Adjusted EBITDA growth. While this growth has been aided by M&A, organic growth has also been a strong and consistent contributor to this growth over time. In fact, in 2016, we have grown our organic sales at a nearly 3% CAGR with growth in every year other than 2021 when we lapped the COVID demand spike. We are now entering our 10th year as a public company and are well positioned to continue to deliver sustainable growth, including another year of organic growth in 2025 while generating considerable shareholder value.

We have created an enviable company since embarking on this journey in 2015. We have assembled a portfolio of iconic brands with superior equity and strong market share positions and we have accomplished this by remaining focused building a pure play frozen food business that now spans both developed and developing markets across Europe. We have acted with purpose, creating a portfolio of high quality, great tasting convenient food that is good value and good for you. Roughly two-thirds of our portfolio is comprised of vegetables, fish and poultry and 93% of our U.K. and Western European revenue is generated from products deemed healthy meal choices by the U.K. government. We've done this in a responsible way.

I'm happy to share that Nomad Foods has been included in the Annual Dow Jones Sustainability Europe Index for the fourth consecutive year, while receiving a maximum score of 100 in Health and Nutrition for the sixth consecutive year.

We are well positioned for the trends that are reshaping this industry. We have a clear portfolio advantage and we also have a people advantage. In recent years, we have reshaped the organization, we have rewired how we work to improve efficiency, agility and ID sharing. We have upgraded our talent pool by promoting high performers from within by selectively hiring externally to fill knowledge and capability gaps where necessary. This has helped us own our strategy to energize the organization and improve our execution.

Lastly, we've been able to lean in and arm our team with the tools they need to further strategies and initiatives. Our supply chain organization has delivered meaningful productivity over the past two years while our strategic focus on driving growth in our profitable investment platform and growth platform is delivering margin mix benefits that have allowed us to increase investing in our products or advertising in our in-store merchandising, while building capabilities in areas such as revenue growth management and cybersecurity, among others.

Given all of this, I feel great about how we're positioned as we enter our 10th year as a public company. I'm confident we will deliver our 10th consecutive year of top and bottom line growth in 2025. Recent results only emboldened my confidence in this. It became clear to us in 2023 that the period of outsized inflation and reduced (phon) revenue growth was nearing an end. We knew that growth would become more dependent on growing gains, market share expansion and effective revenue growth management initiatives. It was then that we introduced our new commercial flywheeling innovation framework while beginning to increase our investment in our products, advertising and merchandising.

Our A&P spend increased by 14% in 2023 and then again by high single digits last year to 4% of net sales. This places us in the top tier of our peer group and we expect A&P growth to once again outpace sales growth in 2025. I'm excited to share some of our new creatives with you later this year. It is some of the best I have ever seen from Nomad Foods.

Our innovation, meanwhile, jumped from 4.2% in 2023 to 4.8% in 2024 and we expect it to easily exceed 5% in 2025. When we combine innovation with renovation, we expect our renewal rate or percentage of sales, where our products are new or refreshed, to double from high single digits in 2024 to mid to high teens in 2025. We are upgrading our food and packaging to achieve superiority across an increasingly large percentage of our business. All of this is helping our commercial flywheel to spin faster and faster while delivering solid returns.

As you can see on Slide 5, we have now delivered three consecutive quarters of volume growth. Growth has moved around quarter-to-quarter so the trend line is clearly in the right direction. While it helps that our European food and food category is healthy and are controlling much of our own destiny, although, investments are supporting category growth while driving share growth.

As you can see on Slide 6, we have now achieved market share growth in each of the last two quarters. Impressively, we accomplished this by expanding our gross margin. In fact, our gross margin in the last nine months of 2024 modestly exceeded the pre-COVID level we achieved in 2019.

Focus has been a key contributor to our success and focus will continue to define how we go to market in the future. We continue to concentrate on this proportionate amount of our time, energy and investment in our must win battles. These are the four category combinations that are critically important to our success, are margin accretive and where we have a clear right to win.

The top 25 merchant backlogs recorded for more than half of our sales last year and an even larger share of gross profit and grew net sales by 2.7% for the year and 3.5% in the quarter. While our focus remains on our must win (phon) Battles, recently we have been strategically investing behind select growth platforms. These are primarily areas where we see opportunities to leverage the capability in one market to expand our presence in another market with a lift and launch approach.

Our organic sales for growth platforms grew by 16% in 2024 and 40% in the fourth quarter. Over the past year, we have been highlighting poultry as an example. We have more than doubled our poultry sales in U.K. over the past five years and it has gone from a growth platform to investment platform for us given the success. Our goal is to make all of our growth platforms into investment battles over time. Italy and Germany are two more recent markets where we have made poultry into a growth platform, seeking to replicate our success in the U.K. The frozen prepared poultry segment is underdeveloped in Italy and we began to invest in developing the segment there in early 2024.

I'm happy to say that it is working. In the fourth quarter, our retail sales for prepared poultry in Italy rose 98% year-on-year with our market share growing from 8% in Q4 2023 to 50% in Q4 '24. The category meanwhile is now growing 6% in Italy with Nomad accounting for more than 100% of the category growth. It is a great story for both us and our retail partners.

In the back half of 2024, we turned our attention to Germany where the frozen prepared poultry market is large and well developed, but dominated by private label. Here our strategy is to create a premium fee in the segment. I'm happy to say that we're finding success here too. It is early but in the fourth quarter, our retail sales for prepared poultry rose 35% year-on-year in Germany. We reached 2.7% market share in the fourth quarter, that is 17 basis points higher than the prior year, and illustrates how long the runway could be for us in this market.

The other growth platform we highlighted last year was potatoes. As a leading frozen fish company, it's only proper that we'll be a leading frozen chip company as well. In Belgium, we already have a strong market share position in potatoes but we are leaning in to make it a bit stronger and grew our market share by 420 basis points year-on-year in 2024. We're happy to report that we became the category leader in Belgium last year, climbing from number two to number one in value share. In France, our share grew 550 basis points to 16.1% in the quarter. In the U.K. where the market is very large, our share grew 70 basis points year-on-year to 8.9%, a great accomplishment even if it's not keeping pace with the fantastic results in France and Belgium.

Turning to 2025. Our playbook will not look meaningfully different. Our strategy is working and we will stay the course by championing frozen food. We will continue to focus on our investments beyond our merchant battles and targeted growth platforms but we will do it with more advertising, more innovation, more renovation and more revenue growth management initiatives.

Ongoing productivity realization from across organization is fueling investment growth, allowing us to deliver balanced top and bottom line growth. Hence, and as has always been the case with Nomad Foods, we will deploy capital in ways that create value for our shareholders and goes above and beyond organic growth. I'm excited to celebrate our 10th year as a public company with you in 2025.

With that, let me turn it over to Ruben to tell you more about what we expect and provide some more detail on what we achieved last quarter. Ruben?

Ruben Baldew

Thank you, Stefan, and good morning, everyone. I have been with the Company now for roughly eight months, and I'm increasingly confident in the opportunities that lie ahead of us. We have an amazing portfolio and great a pedigree with top tier talent and nutritional tailwinds at our back. Our playbook is working and the innovation, renovation and marketing plans we have to drive sustainable growth in '25 and beyond are compelling.

Turning to results. As you can see on Slide 7 and Slide 9, for the fourth quarter reported net revenues increased by 4.3% to €793 million. Organic growth was 3.1%, which marked our 10th consecutive quarter of organic growth. Our growth remained positive for the third consecutive quarter, rising by an impressive 4.7% while our price mix was a negative 1.6% offset to volume growth as we reinvested some of our margin upsides to drive impact from merchandising at retail. The net price investment was an 80 basis point headwind to gross margin and was more than overcome by 40 basis points of favorable mix and 160 basis points of productivity, thanks to efficiency gains.

This quarter, robust gross margin and healthy revenue growth delivered a 9% increase in gross profit, which was amplified by a 2.6% year-on-year decrease in SG&A expenses to result in 17.6% increase in Adjusted EBITDA. The lower SG&A expenses was driven by lower A&P expenses as we lapped the sharp increase in prior year investments and benefited from a more even investment cadence throughout the year. A&P investment rose high single digits for the year on top of double digit increase in 2023. Indirect investments growth slowed to low single digits in the quarter as we began to cycle the capability investment that we gained in late '23 and carried through to '24. Adjusted profit rose 28% year-on-year while adjusted EPS rose 31% to €0.42 as our diluted share count from 3% year-on-year.

For the full year, we delivered our ninth consecutive year of sales and Adjusted EBITDA growth. As you can see on Slide 8 and Slide 10, full year revenue grew 1.8% with organic sales rising 1% as volume returned to growth gaining 1.3% year-on-year. Gross margin rose from 40 basis points for the year to 29.6%, nearly reaching the 30% peak COVID gross margin we achieved in 2019. Investment in price and promotion was a 30 basis point year-on-year headwind to our full year gross margin, which was more than offset by 110 basis points of favorable margin mix and 100 basis of net productivity realized by our supply chain teams. Our teams have a robust pipeline of productivity initiatives and expect these benefits to continue funding our growth investments going forward.

Our SG&A expenses grew 7.4% for the full year as we increased our A&P and indirect investments each by high single digit. The higher A&P was a continuation of the reinvestment plans that we started in 2023 and continues in '24. We expect even more reinvestment in '25. The higher indirect expense was due to a combination of (inaudible) inflation and capability investments in areas such as cybersecurity and revenue growth management. With these investments now behind us, we expect much more moderate growth in indirect expenses going forward.

Despite these investments made in 2024, we were still able to grow our Adjusted EBITDA by 5.6% for the year, delivering near the high end of our initial 4% to 6% EBITDA growth guidance range that we gave this time last year. Our full year EPS of €1.78 was also near the high end of our initial €1.75 to €1.80 range.

Turning to cash flow now. Strong fourth quarter results helped us over-deliver on our full year cash flow guidance with free cash flow conversion of 101% coming in well above our initial 90% to 99% conversion guidance. We saw nice working capital inflows in the fourth quarter due to the normal seasonal timing of inventory balances and an unwind of the higher receivable balances that were a headwind in the third quarter due to timing dynamics.

The strong free cash flow allowed us to return €208 million to shareholders in '24 versus €171 million we returned to shareholders in '23, therefore, more than a 20% increase. Last year, we returned cash in the form of a $0.60 (phon) per share annual dividend and share repurchases. We finished the year with 156.1 million basic shares outstanding, a 4% reduction from where we finished 2023. Over the past two years, we've now repurchased €290 million of our shares.

Turning to our guidance for '25 on Slide 12. We are pleased with the progress our commercial team has made improving the market results and restoring our market share to growth, and we are happy to see our supply chain in delivering healthy productivity savings. It gives us strong momentum into '25, which will be our 10th year as a public company and is also expected to be our 10th year of positive revenue and Adjusted EBITDA growth.

We continue to expect organic sales growth of 1% to 3% for the year and Adjusted EBITDA growth of 2% to 4%. We had a stronger than expected finish to 2024, which means we now expect a higher absolute level of Adjusted EBITDA. As a result, we have raised our full year adjusted EPS range to €1.85 to €1.89 from the initial €1.81 to €1.85. At recent exchange rates, this translates into U.S. dollar denominated EPS of $1.94 to $1.98.

Lastly, we continue to expect full year adjusted free cash flow conversion of at least 90%. We expect to use this cash flow to create incremental value for shareholders that goes above and beyond organic growth. Our still relatively new dividend is a great example of this. As you may have seen in our announcement last month, our Board of Directors has approved 13% increase in the first quarter '25 cash dividend to $0.07 (phon) per share from the $0.15 quarterly pay out in 2024.

As we think about the shape of the year, we expect growth to be somewhat choppy quarter-to-quarter and in the phasing of investments, prior year comparisons and some seasonal movements. Nonetheless, we expect the underlying trend line of improvement to hold throughout the year in totality. While our advertising investment growth will be meaningful in late quarter one, our new innovation fuel distribution gains and associated merchandising activity is expected to be more phased into quarter two and quarter three this year. This, in combination with Easter falling into quarter two this year versus quarter one last year, will lead to revenue headwinds in the first quarter.

At this moment, we therefore expect organic sales to modestly decline in quarter one. These are just timing dynamics and not a reflection of the underlying health of the business. In fact, our shipments are moving around. We are happy to see our retail sales growing in the 1% to 2% range over the past two months despite the later phasing of our activity.

Overall, I'm pleased with the progress we are making. We returned the business to profitable volume and market share driven growth last year and are confident that we can keep the momentum going in 2025.

With that, I will now turn the call back to the Operator to open the line for questions.

Operator

We will now begin the question-and-answer session. To ask a question, you may press star, then one on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star, and then two.

Our first question comes from Andrew Lazar with Barclays. Please go ahead.

Andrew Lazar

Great, thanks so much. Good morning, good afternoon, everybody.

Stefan Descheemaeker

Good morning, Andrew.

Ruben Baldew

Good morning.

Andrew Lazar

Stefan, maybe to start off. What is your 1% to 3% organic sales growth forecast for full year '25 predicated on, with respect to—your expectations for category growth and market share performance?

Stefan Descheemaeker

Well, as you may have seen we—in the low inflation environment and we've come up with the 1% category growth as the first piece. The second piece is our sales. Obviously, overall, as we said, it's growing. But also very interestingly, our portfolio is really two-thirds is poultry, fish and vegetables, which are growing very nicely. The commercial flywheel is working nicely. Innovation, as we said, is around 5%. The rest of the 1% to 3% is coming from this market share and mix. Net ERP, I would put it that way, Andrew. You remember that, in Q3, we suffered of an ERP disruption in the U.K., which is the biggest business for us. Obviously, we keep going with ERP, which is the right thing to do. But this year, as we said, we decided to slow down the process, come up with the smaller part of the business and also all the lessons. That's why I'm using the word net ERP. Will there be some disruption? Maybe much, much, much more limited than Q3 last year. That's where the 1% to 3% is coming from.

Andrew Lazar

Great. No that's helpful. Then you mentioned in the fourth quarter, you reinvested some of the upside and some of the sort of promotional activity, getting sort of distribution and some retail work and whatnot and that obviously benefited volume pretty nicely. As you move through the first quarter, I realize there's some impact on volume, as you talked about due to a later Easter and such. How would you expect sort of the price mix piece to come in now that you're two months through the first quarter? Would it be consistent on a year-over-year basis as an impact with what you saw in 4Q or more modest, do you think, again, on the price mix side?

Ruben Baldew

Yes, let me answer that, Andrew. Hopefully, you appreciate that we cannot and will not give clear kind of guidance outlook between separate line items of the P&L and the price/volume. But let me try to give you some context. You're absolutely right. If you look at the last three quarters, you've seen positive volume, especially in quarter four where we almost had 5% positive volume growth. Volume will remain important to us. It's important from a consumer perspective, retailer perspective but also how it drives leverage in our factories. We're not, overnight, going to change that strategy where we drive efficiencies and reinvest that in volume. That's one thing.

To the point of Stefan, we've seen in the last two months, three months lower inflation and maybe that's also a separate question. If we look at kind of the full year—and we're not fully hedged yet, but we might see a bit more relation into this year. How that exactly plays out is still to be seen but then we would need to take some pricing back. Again, if we see inflation in our cost price, let me be absolutely clear, first of all, it's really to be cost competitive.

We'll continue all our efforts we've done in terms of saving programs on procurement, continue to drive efficiencies in our factories but also to drive efficiencies in indirects, but there might be that the latter is a remainder, which we need to do with price. Now how and when that price comes through is still to be seen. At this moment—and we've only had one month of actuals, we still see volume and a bit of pressure on price. Throughout the year, it could be that price comes back. I think that is the context we can give at this point.

Andrew Lazar

Thank you very much.

Operator

The next question comes from Steve Powers with Deutsche Bank. Please go ahead.

Steve Powers

Great. Thank you. Good morning, good afternoon, everybody. Stefan, the stepped up innovation and renovation activity that you mentioned in your prepared remarks, I'm curious as to how much of that you expect to be focused on existing must win battles as opposed to some of the new and emerging growth platforms that you talked about in '25? Just how you think about striking that balance?

Stefan Descheemaeker

Well, the thing is, to your point, it's going to be mostly growth—let's say must win battles in growth platforms. But let's say, let's put it that way, the must win battles are still very much the biggest piece of our business. It's around 50% of our business and that's where the bulk of the innovation is going to go. This being said, at the same time, growth platform, which is, let's say, north of 100 million at this stage is growing very, very nicely, very fast. There's going to be a lot of lift and launch, which is great. It's going to probably take proportionally a bigger part but obviously applied on the smaller part of the business. But that's where the bulk, let's say, the innovation is going to go. First and foremost, must win battles, then obviously growth platforms.

Steve Powers

Okay. Very good. Then you had talked about the organizational changes and the rewiring efforts that you've done to improve overall execution and agility, etc. To what extent do you feel that mission is sort of accomplished versus there being more work to do? What would be the priorities in '25 on that front?

Stefan Descheemaeker

Well, let me start with—well, my statement, it is never finished, that's the first piece. Never finished. Because, well, you may know me as—I'm never fully satisfied anyway. You'll never hear me say something like fantastic and all these things because this work doesn't include anything at least in my (audio interference).

Operator

Pardon me, ladies and gentlemen. Please stand by while we reconnect the speaker lines. This is the Operator. We have now brought in the speaker line. Stefan, you can proceed.

Stefan Descheemaeker

Thank you very much. Steve, sorry for the interruption…

Steve Powers

I can feel your passion. Your passion was so great it broke the line.

Stefan Descheemaeker

Yes, I'm not pleased what's happened right now. I can tell you. No, no, no, I'm fine. My point is, no, it's never finished. But this being said, we have really simplified the organization big time last year. You remember that we had, at some stage, 22 countries and the reporting was a bit—is positive. I wouldn't say it was optimal. Now we have all these guys reporting to one person, six clusters and I think it's a big, big change. In the meantime, we have obviously invested heavily in things like the revenue growth management, innovation as well, in service of obviously these clusters. Supply chain is really—it's a never ending process anyway, restructuring, improvement, making sure these savings are going to come back and then be in a position to invest behind the A&P and gross margin ultimately.

My point is, it's never finished, but let's say, what we have accomplished last year was really meaningful. Obviously, we also have to remain very, very cost conscious. Because basically, what I want to do, to achieve is, to put most of our, let's say, savings behind A&P and innovation and then obviously, in service of short term and long term EBITDA. But that's how we want to be. Lean in in terms of indirects after having restructured and clarified the whole structure and then making sure that, obviously, our top line will be served the right way.

Steve Powers

Very good. I appreciate all that. I'll pass it on. Thank you.

Stefan Descheemaeker

Thank you.

Operator

The next question comes from Rob Dickerson with Jefferies. Please go ahead.

Rob Dickerson

Great. Thanks so much. I guess maybe just first question on gross margin. I think about a year or so ago kind of the idea was you can gradually get back, right, to the 30% gross margin range or somewhere around there, really based on volume recovery also combined with just all the productivity initiatives and the mix benefits. As you think through kind of '25 relative to '24, I guess first question is, it seems like you're kind of already there, right? As you finish the full year '24, you're pretty close already. Is there any kind of change to the thinking in terms of like what the real gross margin benefit from here could be on the business, just given clearly the focus on must win battles, given the volumes starting to recover, given the productivity initiatives? That's just the first question. Thanks.

Ruben Baldew

Yes, let me answer that. Thanks for the question. Again, our strategy will continue in the same way, and no change in that. We will continue and that's our commitment, to drive efficiencies in supply chain. You've see that in quarter four in both the full year, we had full year of around 100 basis points, 110 basis points of supply chain efficiencies. Quarter four, we had supply chain efficiencies. We will continue to drive that, right? What we then said, we will reinvest those efficiencies together with our continued effort of driving mix into our brands and products. Now most of that will be an investment in A&P and into the products but it could also be that we do some investments in price as you've seen over the last three quarters.

That is our commitment. We're not, at this moment, going to say this is our guidance for gross margin in '25, whether that will be 30, we're very happy that you see the recovery in '24. We will continue to drive the drives. But as I said also, there will be a bit of inflation. Again, we need to be cost competitive. We have to take some prices and that will lead—and we'll see how we then end with the gross margin. On the long term, I think we will continue to drive the further gross margin recovery. How it plays out in '25 is still to be seen.

Rob Dickerson

Okay, great. Perfect. Then maybe just a bigger question for you, Stefan, just around kind of strategic opportunities, inorganic strategic opportunities and kind of where you sit now. For a long time, Nomad was clearly acquiring a lot more actively. Lots occurred over the past three, four years that made that maybe a little bit more completed, maybe valuations even a little lower. I'm just curious kind of where you sit today, are you kind of more actively thinking about acquisition potential? If there were something that were to come up that were attractive, would you still consider that or are you maybe in a period right now such that the focus on the core portfolio really is primary number one initiative? Do you really think, at some point, we'll get back there but right now, we're really not thinking about acquisition potential at this point. That's all. Thanks so much.

Stefan Descheemaeker

Thanks Rob. Well, the point is with or without acquisitions, Rob, the focus has always been for the existing portfolio, that's the first piece. We never deviated. Even when we did the Switzerland or Goodfella's or Aunt Bessie's or the Adriatic's, we never deviated, that's the key piece. That's the key piece because I don't think you can be a good acquirer if you're not doing the right job with your core business, because the business model behind the acquisitions are always predicated on a very solid model, organic model. That's why we never did any acquisitions between '15, '16 and '17, because we have nothing to offer. We had first to clean up the whole thing and then we started. Now, obviously, since basically 2022, we stopped. To your point, because basically, first, we need to focus on the business as such even more, that's one thing, and second, because there was a difference between sellers and buyers.

I think this is reducing. The gap is reducing a bit. In the meantime, no regrets. We keep buying back shares, which is the best acquisitions we can do. But also at the same time, I think what we also see is there are some, maybe under the radar screen things. not shiny objects that we could consider in our category, new—subcategories in some countries where we have a lot of synergies and that's the kind of things more and more we are considering.

Nothing done yet. But obviously, I'm not in the business of disclosing any names, that will not be the smart thing to do. No guarantee to do anything, Rob, because if you guarantee something, that's the best way to make mistakes, by the way. But definitely, we believe that we have something to offer, which is not necessarily the big names in Europe but other add-ons, deals. I think by doing so, we could create a nice pipeline of M&A as we're also creating a pipeline of innovation.

Ruben Baldew

Maybe just to build on that, and I can give credits to Stefan, I wasn't there. But since 2016, end of 2016, this business has deployed roughly 1.2 billion for M&A, while shrinking the share count by 13%. This, combined then with our organic growth has allowed us to increase our EBITDA per share by 97%, almost 100%, nearly doubling it from 2016 to 2024. We were doing this whilst—you've seen the dividends and lowering our net debt-to-EBITDA leverage. I think that also tells you something in my humble opinion.

Rob Dickerson

Yes, of course. Thank you so much. Very impressive.

Stefan Descheemaeker

Thank you Rob.

Operator

The next question comes from John Baumgartner with Mizuho. Please go ahead.

John Baumgartner

Good morning. Thanks for the question.

Stefan Descheemaeker

Hi John.

John Baumgartner

Hey, Stefan. Good morning, good afternoon. Maybe first question, I wanted to come back to the enterprise wide transformation. The charges taken for that program in the quarter were fairly sizable. How far along are you in terms of taking these charges at this point, implementing the program? Then on the other side of that, how should we think about the ramp and the related efficiency benefits? I know it's not something you normally discuss in detail, but should that ramp in efficiencies begin in 2025, is it more 2026? Just any thoughts there?

Ruben Baldew

Yes. No let me answer. It's a good question, John. A couple of points. You've seen that—there's a bit of disturbance on the line (audio interference). The ramp in terms of cost was around €5 million in the quarter, as well as if you look at the last year. What we said before in some interaction is we will bring that down but clearly, we don't all of a sudden going to half that. But can we bring that down, these run rates, with 20%, 25%, that's clearly the aim and we are working towards that. That's one point.

I think the other point is what Stefan said is—to your question on efficiencies. The other point is what Stefan just said, in terms of not having disruptions again, we will go slower, slower and simpler. Slower means one of the lessons is you need proper time to test it, to onboard our teams and our people and our suppliers. That's one point. We will go smaller. What we're going to provide at the end of this year, the current plan is that what we went live last year was around a third of our business. What we're going to put live this year is not even 15% of our business. We will go smaller. The third bit is where we can we're going to simplify it. That's the second point I want to bring in.

The third point is the efficiency ramp-up, there are elements related to the fact that you need a whole new enterprise system and that will help us. But the big efficiency gains in terms of what Stefan spoke about, simplifying the organization in terms of factory optimization, both at a factory as well as on a macro level in terms of supplier rationalization, nothing is stopping us to do that already in the next quarter and the next one year or two years.

John Baumgartner

Okay. Okay, great. Thanks for that. Then a follow-up on the commentary on price. I'm curious, as you sort of see the waves of material inflation having passed and you look back and assess how the volumes are evolving, after rebasing to these higher price levels for the category, how do you think about everyday value for your frozen categories at this point? Do you sense that anything has changed in terms of maybe cross elasticities relative to fresh or shelf stable options for consumers in the categories?

Stefan Descheemaeker

Well, I think, vis-à-vis, let's say, the center store and obviously fresh, it's a bit more difficult to see. The only thing we see—we've seen is during this crisis, as expected, as category leader, we led the price increases and the other guys have been a bit slower to react, including the private label. It's been a great time for private label in terms of market share, as expected, by the way. But we have no regrets because that was the right thing to do, by far. Back to Rob's question, where do we stand with the gross margin? I can tell you, we wouldn't have talked about when are you going to go back to 30%, we would have been very far from that.

Now what we see is at least in the category, John, I would put in the category, I think what we see is we—obviously its—we're gaining market share. It's a bit choppy still but we're gaining market share which this private label, which is good because the market—let's say, the price has stabilized, which is a good news as well.

Now back to your question, and correct me if I'm wrong, how are we doing versus other categories like fresh or center store? Well, I think overall, I think it's—more than ever, frozen has proven to be a very resilient and good category. I would say with all the things we have ahead of us in terms of long term trends, in terms of good food and obviously also waste and all these things, I think it's going to only amplify in the future.

John Baumgartner

Thank you.

Stefan Descheemaeker

You're welcome, John.

Operator

The next question comes from Jon Tanwanteng with CJS Securities. Please go ahead.

Jon Tanwanteng

Hi, good morning. Thank you for taking my question, and congrats on a nice quarter. First, just a small one for Ruben. Are there any repurchases assumed in the EPS guidance for the year or the capital allocation at all?

Ruben Baldew

No. We have not assumed that. Only to the fact—what we have assumed is that our share count will stay flat. There's always a bit of shares issued for the share program we have internally, and for that, we assume some buyback. For the rest, it is assumed flat. Additional share buyback could be a tailwind. On the other end, you also know that in EPS, there might be a bit of a headwind depending on what the floating interest rate will do and all of that. That's the assumption.

Jon Tanwanteng

Got it. Then second, have you thought about the potential for tariffs from the U.S. and how that might impact European markets and ability to procure seafood that's denominated in U.S. dollars and what the knock-on impacts might be to you and how you might change your strategy to mitigate anything that might flow through there to you?

Ruben Baldew

Yes. Just—because I heard you saying denominated in U.S. dollars. Also, to be clear, potentially the U.S. dollar moves, our hedging strategy is such that we don't see a big impact into this year of the strengthening of the dollar, which we've seen over the last one month or two months. Just to make that point clear. Secondly, and just to be clear, we don't export into the U.S. If you look at our buy-side outside fish, which I will come to, we don't import ingredients from the U.S. We don't see overall big impact on tariffs. Now if you do look at fish, and maybe the U.S,/Russian fish, there is an executive order that Russian fish is not allowed into the U.S. We think if you look also a bit the population base from a U.S. perspective where a lot of that is in Alaska, we don't think that will change. But again, no one knows in these times. What we then see, there is tariff in Europe, in UK on fish.

On that one, for U.K., we're an important U.S. fish, so not an impact for us. It could be that there's additional tariffs also in Europe. But at this moment, we're not foreseeing that. Also because you have to look at the overall fish supply where we would run out of fish if tariff would go up too much or a sanction would go up too much.

Actually, we don't see that as a major risk. That doesn't mean we're complacent about it. I think there's a more strategic work which we've done on looking at diversification of our fish sourcing, that we are assured that in five years to 10 years, we have the right fish sourcing. I think that's one element, the impact which—the element which could have an impact. But again, this is also a bit hypothetical or no one knows what will happen, is an impact on the gas prices. But again, that's not the biggest spend of the—item in our P&L where we freeze stuff instead of heating stuff. But that could have an impact. You've seen what happened today with the gas prices. But again, a lot of sentences. The main point is we don't see a major act impact of retaliation in terms of tariffs.

Jon Tanwanteng

Great. Thank you.

Operator

The next question comes from Peter Saleh with BTIG. Please go ahead.

Peter Saleh

Great. Thanks for taking the question. Congrats on a nice quarter. I just wanted to ask if you guys could provide a little bit more color on the overall consumer environment in Western Europe? Just given the inflation that you're seeing, the incremental, have you seen any change in behavior at all in some of your core markets? Given that you're starting to see a little bit more inflation, has that flowed through to the consumer already or are we still a little early on that front? Thank you.

Stefan Descheemaeker

Well, I would put it that way. I think it's easing. Little by little it's improving, but it remains—it's not the way it was before the crisis but little by little, I think it would—because when Ruben is talking about increased inflation, it's nothing comparable to what we had in 2022. It's a bit of a price increase but nothing major.

Yes, I think overall, it remains, as I said, slightly improving but takes a bit of time. What we also see, which is good, is private label is losing a bit of market share, which is something about obviously people coming back to brands and what they perceive, rightly so, by the way, in terms of quality. That's good. But yes, I think that's where we see it, which is fully reflected in our guidance, by the way.

Peter Saleh

Thank you very much.

Stefan Descheemaeker

You're welcome.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Stefan Descheemaeker for any closing remarks.

Stefan Descheemaeker

Thank you very much. I'm proud of the progress our company has made over the past year and confident in our growth outlook going forward. Our strategy is working and our teams are executing our plans well. We have compelling innovation, renovation, advertising and the merchandising plans slated for 2025, which, when combined with our ongoing productivity programs, give us good visibility to another year of top and bottom line growth. We expect to keep our top and bottom line growth streak going again in 2025, extending the streak to 10 years as we mark our 10 year anniversary as a public company. Thank you to all our employees and investors who have joined us on this journey. The best is yet to come.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.