

# Nomad Foods

## First Quarter 2019 Earnings Results

May 9, 2019



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The forward-looking statements in this Presentation speak only as of the date hereof and are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including (i) economic conditions, competition and other risks that may affect the Company's future performance, including increases in operating costs and the Company's ability to manage its cost structure; (ii) the Company's ability to recognize the anticipated benefits of strategic initiatives and its ability to successfully integrate recent acquisitions, (iii) the Company's ability to successfully implement its growth agenda, including its ability to identify suitable acquisition targets and successfully complete acquisitions, and to execute its other strategic initiatives; (iv) the Company's ability to successfully execute its marketing campaigns and the resulting impact of such campaigns on the Company's financial results; (v) the Company's ability to accurately predict the performance of certain of its brands in 2019; (vi) the adequacy of the Company's resources to achieve its anticipated growth agenda; (vii) the Company's ability to drive shareholder value in European frozen food and its ability to capitalize on related opportunities; (viii) fluctuations in the availability of food ingredients and packaging materials that the Company uses in its products; (ix) the Company's ability to effectively mitigate factors that negatively impact its supply of raw materials; (x) the Company's ability to protect its brand names and trademarks; (xi) uncertainty about the terms and timing of Brexit, as well as the potential adverse impact of Brexit on currency exchange rates, global economic conditions and cross-border agreements that affect the Company's business, (xii) loss of the Company's financial arrangements with respect to receivables factoring, (xiii) the loss of any of the Company's major customers or a decrease in demand for its products, (xiv) the Company's ability to effectively compete in its markets, (xv) changes in consumer preferences and the Company's failure to anticipate and respond to such changes or to successfully develop and renovate products, (xvi) the Company's ability to successfully interpret and respond to key industry trends and to realize the expected benefits of its responsive actions; (xvii) changes in applicable laws or regulations; and (xviii) the other risks and uncertainties disclosed in the Company's public filings and any other public disclosures by the Company. In addition, these forward-looking statements and the information in this Presentation is qualified in its entirety by cautionary statements and risk factor disclosures contained in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission on February 28, 2019. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Other than in accordance with its legal or regulatory obligations, the Company is not under any obligation and the Company and its affiliates expressly disclaim any intention, obligation or undertaking to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. This Presentation shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Presentation or that the information contained herein is correct as at any time subsequent to its date. No statement in this Presentation is intended as a profit forecast or estimate.

Market and competitive position data in this Presentation has generally been obtained from industry publications and surveys or studies conducted by third-party sources. There are limitations with respect to the availability, accuracy, completeness and comparability of such data. The Company has not independently verified such data, can provide no assurance of its accuracy or completeness and is not under any obligation to update, complete, revise or keep current the information contained in this Presentation. Certain statements in this document regarding the market and competitive position data are based on the internal analyses of the Company, which involves certain assumptions and estimates. These internal analyses have not been verified by any independent sources and there can be no assurance that the assumptions or estimates are accurate.

This Presentation includes certain additional key performance indicators which are considered non-IFRS financial measures including, but not limited to, organic revenue growth, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Gross Margin, Adjusted operating expenses, Adjusted profit for the period, Adjusted earnings per share and Adjusted Free Cash Flow. Nomad Foods believe these non-IFRS financial measures provide an important alternative measure with which to monitor and evaluate the Company's ongoing financial results, as well as to reflect its acquisitions. Nomad Foods' calculation of these financial measures may be different from the calculations used by other companies and comparability may therefore be limited. You should not consider the Company's non-IFRS financial measures an alternative or substitute for the Company's reported results. For a reconciliation of these non-IFRS financial measures to the most directly comparable IFRS measures, refer to the Company earnings press release and investor presentation for the three months ended March 31, 2019 included on the Company's website at [www.nomadfoods.com](http://www.nomadfoods.com).

# First Quarter 2019 Financial Results Overview

Organic Revenue Growth	Gross Margin	Adjusted EBITDA	Adjusted EPS
<b>+0.9%</b> +4.1% price (3.2%) volume/mix	<b>30.9%</b> +60bp before the impact of acquisition mix	<b>€122M</b> +18% growth	<b>€0.40</b> /share +14% growth

Note: Adoption of IFRS 16 benefited Adjusted EBITDA by €4 million, and was immaterial to EPS.

# First Quarter 2019 Highlights

**Organic revenue growth of 0.9% despite the shift of Easter sales to Q2**

**Implemented pricing actions to manage raw material inflation**

**Advanced the innovation strategy with the launch of plant protein in UK**

**Strengthened balance sheet to support future growth**

# Selected New Product & Marketing Campaigns for 2019

## New Artisan Coated Fish Innovation



[Nomad Foods](#)

## Goodfella's Pizza Relaunch



# First Quarter 2019 Key Operating Metrics

<i>(in €m unless otherwise noted)</i>	1Q 2019	1Q 2018	YoY Change
<b>Revenue</b>	<b>€618</b>	<b>€539</b>	<b>14.6%</b>
<i>Organic revenue growth</i>			<i>0.9%</i>
Gross profit	191	171	11%
<i>Gross margin</i>	<i>30.9%</i>	<i>31.8%</i>	<i>(90) bp</i>
Adjusted operating expense	(85)	(78)	9%
Advertising & promotion expense	(32)	(30)	6%
Indirect expense	(54)	(48)	11%
Depreciation & amortization	17	10	66%
<b>Adjusted EBITDA</b>	<b>€122</b>	<b>€103</b>	<b>18%</b>
<i>Adjusted EBITDA margin</i>	<i>19.8%</i>	<i>19.1%</i>	<i>70 bp</i>
<b>Adjusted profit for the period</b>	<b>€71</b>	<b>€62</b>	<b>14%</b>
<b>Adjusted EPS</b>	<b>€0.40</b>	<b>€0.35</b>	<b>14%</b>

# Key Free Cash Flow Metrics

<i>(in €m unless otherwise noted)</i>	1Q 2019	1Q 2018 <sup>1</sup>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>122</b>	<b>103</b>
Change in working capital	(11)	(11)
Capital expenditures <sup>3</sup>	(6)	(5)
Cash taxes	(4)	(3)
Cash interest & other <sup>4</sup>	(8)	(3)
<b>Adjusted free cash flow<sup>5</sup></b>	<b>€93</b>	<b>€82</b>
<b>Adjusted profit for the period</b>	<b>€71</b>	<b>€62</b>
<i>Adjusted free cash flow as % adjusted profit for the period</i>	<i>131%</i>	<i>132%</i>

<sup>1</sup> New cash metric introduced in 1Q 2019. Cash metrics for 2018 have been prepared on the same basis to be comparable.

<sup>2</sup> 2019 Adjusted EBITDA includes a €4 million benefit as a result of applying IFRS 16 *Leases*.

<sup>3</sup> Calculated as the sum of purchases of property, plant & equipment and intangible non-current assets.

<sup>4</sup> 2019 includes €5 million of lease liability payments on applying IFRS 16 *Leases*.

<sup>5</sup> Adjusted free cash flow is the amount of cash generated from operating activities before cash flows related to exceptional items, non-operating M&A costs and working capital movements for employer taxes related to share based payments, but after capital expenditure, net interest paid, proceeds/(payments) on settlement of derivatives where hedge accounting is not applied and payments of lease liabilities.

# 2019 Guidance

Organic Revenue Growth	Adjusted EBITDA	Adjusted EPS <sup>1</sup>
Growth at a <b>Low-single digit</b> rate	approximately <b>€420 to €430</b> million	approximately <b>€1.18 to €1.22</b> per share

<sup>1</sup>Adjusted EPS assumes a diluted weighted average share count of 192 million shares for 2019

2019 guidance equates to the following when translated into US dollars, the Company's equity trading currency.

- **Adjusted EBITDA** of approximately **\$470 to \$482** million
- **Adjusted EPS** of approximately **\$1.32 to \$1.37** per share

Translation of guidance into US dollars is for illustrative purpose and is based on the USD/Euro exchange rate of 1.12, as of May 7th, 2019.

# Nomad Foods

Questions?



# Appendix

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**The following tables have been included to allow users to reconcile Non-IFRS financial measures as well as Adjusted financial information included within this presentation to reported IFRS financial measures.**

1. Definitions of Non-IFRS financial measures referred to in this presentation.
2. Reconciliation of reported to organic revenue growth.
3. Reconciliation of Non-IFRS financial measures.

## 1. Definitions of Non-IFRS financial measures referred to in this presentation

*Non-IFRS financial measures should not be considered as substitutes for, or superior to, measures of financial performance prepared in accordance with IFRS. They are limited in value because they exclude charges that have a material effect on the Company's reported results and, therefore, should not be relied upon as the sole financial measures to evaluate the Company's financial results. The non-IFRS financial measures are meant to supplement, and to be viewed in conjunction with, IFRS financial measures. Investors are encouraged to review the reconciliation of these non-IFRS financial measures to their most directly comparable IFRS financial measures as provided in the tables accompanying this document.*

**Adjusted EBITDA** – EBITDA is profit or loss for the period before taxation, net financing costs, depreciation and amortization. Adjusted EBITDA is EBITDA adjusted to exclude, when they occur, the impacts of exited markets, acquisition purchase price adjustments, chart of account (“CoA”) alignments and exceptional items such as restructuring charges, goodwill and intangible asset impairment charges and other unusual or non-recurring items. In addition, we exclude other adjustments such as the impact of share based payment expenses and related employer payroll taxes, and non-operating M&A transaction costs, because we do not believe they are indicative of our normal operating costs, can vary significantly in amount and frequency, and are unrelated to our underlying operating performance. The Company believes Adjusted EBITDA provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

**Adjusted EPS** is defined as basic earnings per share excluding, when they occur, the impacts of exited markets, acquisition purchase price adjustments, chart of account (“CoA”) alignments and exceptional items such as restructuring charges, goodwill and intangible asset impairment charges, unissued preferred share dividends, as well as certain other items considered unusual or non-recurring in nature. In addition, we exclude other adjustments such as the impact of share based payment expenses and related employer payroll taxes, and non-operating M&A transaction costs, because we do not believe they are indicative of our normal operating costs, can vary significantly in amount and frequency, and are unrelated to our underlying operating performance. The Company believes Adjusted EPS provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

**Adjusted Financial Information** – Adjusted financial information presented in this presentation reflects the historical reported financial statements of Nomad Foods, adjusted for share based payment charges including employer payroll taxes, exceptional items and non-cash foreign currency translation charges/gain.

**Organic Revenue Growth** – Organic revenue growth is an adjusted measurement of our operating results. This comparison of current and prior period performance takes into consideration only those activities that were in effect during both time periods. Organic revenue growth is a method of valuation that attempts to exclude any effects of constant currency, expansion, acquisitions, disposals, closures, chart of account (“CoA”) alignments, trading day impacts or any other event that artificially impact the comparability of our results.

**Adjusted Free Cash Flow** – Adjusted free cash flow is the amount of cash generated from operating activities before cash flows related to exceptional items, non-operating M&A transaction costs and working capital movements on employer taxes associated with share based payment awards, but after capital expenditure (on property, plant and equipment and intangible assets), net interest paid, proceeds/(payments) on settlement of derivatives where hedge accounting is not applied and payments of lease liabilities. Adjusted free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund acquisitions or other strategic objectives.

## 2. Reconciliation of reported to organic revenue growth

Year on Year Growth – Three months ended March 31, 2019 compared with three months ended March 31, 2018

	Three Months Ended March 31, 2019
<b>Reported Revenue Growth</b>	<b>YoY Growth 14.6%</b>
<i>Of which:</i>	
- Organic Revenue Growth	0.9%
- Acquisitions	13.8%
- Translational FX (a)	(0.1)%
<b>Total</b>	<b>14.6%</b>

(a) Translational FX is calculated by translating data of the current and comparative periods using a budget foreign exchange rate that is set once a year as part of the Company's internal annual forecast process.

### 3. Reconciliation of Non-IFRS Financial Measures

Adjusted Statement of Profit or Loss (unaudited)  
Three months ended March 31, 2019

€ in millions, except per share data	As reported for the three months ended March 31, 2019	Adjustments		As adjusted for the three months ended March 31, 2019
Revenue	617.8	—		617.8
Cost of sales	(427.1)	—		(427.1)
<b>Gross profit</b>	<b>190.7</b>	<b>—</b>		<b>190.7</b>
Other operating expenses	(89.4)	4.2	(a)	(85.2)
Exceptional items	(46.6)	46.6	(b)	—
<b>Operating profit</b>	<b>54.7</b>	<b>50.8</b>		<b>105.5</b>
Finance income	1.6	(0.8)		0.8
Finance costs	(16.4)	(0.2)		(16.6)
<b>Net financing costs</b>	<b>(14.8)</b>	<b>(1.0)</b>	(c)	<b>(15.8)</b>
<b>Profit before tax</b>	<b>39.9</b>	<b>49.8</b>		<b>89.7</b>
Taxation	(17.6)	(1.2)	(d)	(18.8)
<b>Profit for the period</b>	<b>22.3</b>	<b>48.6</b>		<b>70.9</b>
<b>Profit attributable to:</b>				
Equity owners of the parent	22.4	48.6		71.0
Non-controlling interests	(0.1)	—		(0.1)
	<b>22.3</b>	<b>48.6</b>		<b>70.9</b>
Weighted average shares outstanding in millions - basic	178.4			178.4
<b>Basic earnings per share</b>	<b>0.13</b>			<b>0.40</b>
Weighted average shares outstanding in millions - diluted	178.4			178.4
<b>Diluted earnings per share</b>	<b>0.13</b>			<b>0.40</b>

(a) Adjustment to add back share based payment charge including employer payroll taxes.

(b) Adjustment to add back exceptional items. See Note 6, Exceptional items, within 'Exhibit 99.2 - Condensed Consolidated Interim Financial Statements' for a detailed list of exceptional items.

(c) Adjustment to eliminate €0.8 million of non-cash foreign exchange translation gains and €0.2 million of foreign exchange gains on derivatives.

(d) Adjustment to reflect the tax impact of the above at the applicable tax rate for each adjustment, determined by the nature of the item and the jurisdiction in which it arises.

### 3. Reconciliation of Non-IFRS Financial Measures (continued)

Adjusted Statement of Profit or Loss (unaudited)  
Three months ended March 31, 2018

€ in millions, except per share data	As reported for the three months ended March 31, 2018	Adjustments		As adjusted for the three months ended March 31, 2018
Revenue	539.2	—		539.2
Cost of sales	(367.9)	—		(367.9)
<b>Gross profit</b>	<b>171.3</b>	<b>—</b>		<b>171.3</b>
Other operating expenses	(82.8)	4.7	(a)	(78.1)
Exceptional items	(1.5)	1.5	(b)	—
<b>Operating profit</b>	<b>87.0</b>	<b>6.2</b>		<b>93.2</b>
Finance income	6.2	(6.1)		0.1
Finance costs	(12.3)	(0.9)		(13.2)
<b>Net financing costs</b>	<b>(6.1)</b>	<b>(7.0)</b>	(c)	<b>(13.1)</b>
<b>Profit before tax</b>	<b>80.9</b>	<b>(0.8)</b>		<b>80.1</b>
Taxation	(18.5)	0.5	(d)	(18.0)
<b>Profit for the period</b>	<b>62.4</b>	<b>(0.3)</b>		<b>62.1</b>
Weighted average shares outstanding in millions - basic	175.5			175.5
<b>Basic earnings per share</b>	<b>0.36</b>			<b>0.35</b>
Weighted average shares outstanding in millions - diluted	175.5			175.5
<b>Diluted earnings per share</b>	<b>0.36</b>			<b>0.35</b>

(a) Adjustment to add back share based payment charge including employer payroll taxes and non-operating M&A related costs.

(b) Adjustment to add back exceptional items. See Note 6, Exceptional items, within 'Exhibit 99.2 - Condensed Consolidated Interim Financial Statements' for a detailed list of exceptional items.

(c) Adjustment to eliminate €1.1 million of non-cash foreign exchange translation gains and €5.9 million foreign exchange gains on derivatives.

(d) Adjustment to reflect the tax impact of the above at the applicable tax rate for each exceptional item, determined by the nature of the item and the jurisdiction in which it arises.

### 3. Reconciliation of Non-IFRS Financial Measures (continued)

#### Reconciliation of Profit for the period to EBITDA and Adjusted EBITDA (unaudited)

€ in millions	Three months ended	
	March 31, 2019	March 31, 2018
<b>Profit for the period</b>	22.3	62.4
Taxation	17.6	18.5
Net financing costs	14.8	6.1
Depreciation	14.6	8.5
Amortization	2.0	1.5
<b>EBITDA</b>	<b>71.3</b>	<b>97.0</b>
Exceptional items <sup>(a)</sup>	46.6	1.5
Other adjustments <sup>(b)</sup>	4.2	4.7
<b>Adjusted EBITDA</b>	<b>122.1</b>	<b>103.2</b>
Revenue	617.8	539.2
<b>Adjusted EBITDA margin</b>	<b>19.8%</b>	<b>19.1%</b>

(a) Adjustment to add back exceptional items. See Note 6, Exceptional items, within 'Exhibit 99.2 - Condensed Consolidated Interim Financial Statements' for a detailed list of exceptional items.

(b) Other adjustments represents the elimination of share-based payment charges including employer payroll taxes for the three month period to March 31, 2019 of €4.2 million (2018: €2.2 million) and elimination of non-operating M&A related costs for the three month period to March 31, 2019 of nil (2018: €2.5 million).

### 3. Reconciliation of Non-IFRS Financial Measures (continued)

Reconciliation of reported net cash flows from operating activities to Adjusted free cash flow for the three months ended March 31, 2019 and the three months ended March 31, 2018

(in €m)	Three months ended	
	March 31, 2019	March 31, 2018
<b>Net Cash Flows From Operating Activities</b>	<b>100.8</b>	<b>81.5</b>
Add back:		
Cash flows relating to exceptional items <sup>(a)</sup>	5.4	6.0
Employer taxes related to share based payments <sup>(b)</sup>	0.8	—
Non-operating M&A costs <sup>(c)</sup>	—	2.5
Deduct:		
Capital expenditure <sup>(d)</sup>	(6.2)	(4.8)
Net interest paid	(7.8)	(7.1)
Proceeds on settlement of derivatives	5.0	3.7
Payment of lease liabilities <sup>(e)</sup>	(5.1)	—
<b>Adjusted free cash flow</b>	<b>92.9</b>	<b>81.8</b>

(a) Adjustment to add back cash flows related to exceptional items which are not considered to be indicative of our ongoing operating cash flows.

(b) Adjustment to add back working capital movements related to employer taxes related to share based payments which are not considered to be indicative of our ongoing operating cash flows.

(c) Adjustment to add back cash flows related to non-operating M&A costs which are not considered to be indicative of our ongoing operating cash flows.

(d) Defined as the sum of property, plant and equipment and intangible assets purchased in the year, which are considered part of the underlying business cash flows.

(e) As a result of the application of IFRS 16, these lease liabilities are now included in Net Cash Flows from Financing Activities rather than Net Cash Flows from Operating Activities. We believe these payments are part of the underlying business cash flows and should be reflected in Adjusted free cash flow.