Nomad Foods Limited

Third Quarter 2020 Earnings Conference Call

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PRESENTATION

Operator

Good day, and welcome to the Nomad Foods Third Quarter 2020 Earnings Conference Call.

Today's conference is being recorded.

At this time, I'd like to turn the call over to Taposh Bari, Head of Investor Relations. Please go ahead.

Taposh Bari

Thank you for joining us to review our third quarter 2020 earnings results. With me on the call today are Chief Executive Officer, Stefan Descheemaeker and Chief Financial Officer, Samy Zekhout.

Before we begin, I would like to draw your attention to the disclaimer on Slide 2 of our presentation. This conference call may make forward-looking statements that are based on our view of the Company's prospects, expectations, and intentions at this time, including consideration related to the impacts of COVID-19. Actual results may differ due to risks and uncertainties, which are discussed in our press release, our filings with the SEC, and this slide 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. Users may 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 2019 and 2020. All adjusted figures have been adjusted for exceptional items, acquisition-related, share based payment, and related expenses, as well as non-cash FX gains or losses. All comments from here on will refer to those adjusted numbers.

With that, I will hand the call over to Stefan.

Stefan Descheemaeker

Thank you, Taposh, and thank you all for joining us on the call today.

I hope you and your loved ones remain well, as we all continue to manage through these unprecedented times. As has been the case since the initial onset of the COVID-19 pandemic, we continue to prioritize the health and safety of our employees while ensuring the continued operation of our factories and meeting the needs of our consumers. With the number of confirmed cases rising across Europe, we will need to remain vigilant more than ever by sustaining the discipline and agility that has enabled us to navigate thus far.

Moving on to our results. We reported the third quarter earnings earlier today, which demonstrated continued momentum in the business with robust growth in our branded retail portfolio, offset by declines in food service and private label.

Third quarter financial highlights were as follows:

- Organic revenue growth of 5.4% driven by 4.2% increase in volume and mix and a 1.2% increase in price. This performance was in-line with our guidance of mid-single digit organic growth for the back half of this year.

- Gross margin of 30.4%, reflecting 90 basis points of expansion.

- Adjusted EBITDA growth of 13% to €109 million

- and Adjusted EPS growth of 20% to €0.30 cents per share

We sustained strong performance in the third quarter, even as countries began to relax their restrictions and consumers learned to co-exist with the virus. Offices, schools, and restaurants gradually reopened across Europe this summer, while other factors like unseasonably warm weather in the U.K.'s "Eat Out to Help Out" campaign reignited out-of-home consumption during the month of August.

As a result, there was a clear moderation of growth in packaged food, frozen savory and our business relative to the extraordinary growth that we experienced in Q2. Nevertheless, we were pleased to see Nomad out-grow both total frozen savory and packaged foods during the third quarter, a testament to the value that our portfolio of family favorites is providing consumers during these unprecedented times.

While COVID-19 continues to create a tailwind for companies like ours, we estimate that its uplift to our Q3 results was relatively small and a fraction of what it was in Q2 due to some of the aforementioned factors. What that implies, however, is that the underlying momentum in our business has accelerated every quarter this year.

With that said, as the number of cases surge across Europe, governments are resuming restrictions and we are beginning to see early signs of reaccelerated rates of consumption growth. This is something that we will continue to monitor closely, and we have prepared our supply chain with high levels of safety stock across the board.

Let's turn to some additional highlights of the quarter on Slide 5.

As the COVID 19 pandemic extends into the eighth month, it's increasingly clear that many of the new consumers who entered our portfolio during the March, April, and May months, are repurchasing our brands and are recognizing the value that frozen food has to offer.

Our aim is to directly engage these new consumers through increased A&P investments in the coming months, and to ultimately retain many of them in 2021 and beyond. Between the significant amount of new trial that we're experiencing and the enhancements that we have made to our portfolio under the Nomad ownership, we believe we are uniquely positioned in a post-COVID world.

Our gross margins expanded 90 basis points during the quarter, driven by a combination of pricing, favorable mix, and fixed cost leverage. I'm also happy to share that our pea and spinach harvests met our expectations this season, providing the necessary supply to help achieve our goals for the coming year. We are pleased to see an upward trajectory in our gross margins as the inflationary headwinds from the past two years abate.

Moving on, we continued our expansion of Green Cuisine during the quarter.

- In the U.K., our largest and most advanced markets, we demonstrated growth on growth by reaching a new record market share of 7% within the frozen plant protein category. We're building on our position as the number three brand in the space and establishing strong strategic partnership with many of our top retailers.

- From a distribution perspective, we entered three new markets during the quarter: Portugal, Sweden, and Finland. I'm happy to announce that Green Cuisine is currently available across 12 of our European markets.

- We activated a new multi-channel advertising campaign across several European markets during the quarter to drive trade and awareness.

- Finally, we launched a new range of chicken-free poultry products, which are demonstrating strong initial sales velocity early on.

As you know, Green Cuisine is a multi-country, multidimensional brand whose goal is to make meat-free mealtime easy and affordable for consumers. By the end of this year, we will have 28 Green Cuisine

SKU's across Europe that we have either developed or rebranded. It's quite an achievement, and we look forward to elevating this part of our business even further in the coming year.

Finally, we returned $467 million of capital to shareholders during the third quarter, the majority of which was executed through a successful tender offer in mid-September. Year-to-date, we have repurchased approximately $600 million of equity, which represents a 14% reduction in our share count versus the start of the year.

Our capital structure is now realigned to our strategy of consistent organic growth, coupled with complementary acquisitions within European frozen. We remain active on the M&A front and look forward to updating you in due course. We have the financial flexibility to pursue this objective, and in the meantime, continue to generate strong free cash flow.

I'd like to provide an update on our sustainability commitments, where we're making great progress. I'm proud to share the news that we recently joined the “TEN TWENTY THIRTY” initiative, a collaboration of more than 10 of the world's biggest food retailers and manufacturers, each committing to engage in the whole supply chain approach to halving food loss and waste by 2030. We believe that our influence within the food industry makes us perfectly positioned to raise awareness of the issue and lead the way in achieving the UN Sustainable Development Goal for a 50% reduction in food loss and waste worldwide by 2030, and we're looking forward to sharing future updates on our progress.

We have also achieved the SAI Platform, Farm Sustainability Assessment Gold Level for our pea farm management group. I'm incredibly proud to confirm that we are the first U.K. farm management group and the first globally in frozen food to be awarded the Gold Level. This is a major milestone for our agriculture team in the U.K. underpinning our commitment to sourcing 100% of our vegetables and potatoes through sustainable farming practices by the end of 2025. We're pleased with the progress that we're making along our sustainability goals, which we expect will help drive our societal objectives and support longer-term financial performance.

Staying with the theme of sustainable financial performance, I would like to share with you some preliminary thoughts on 2021, which I'm sure is an area of interest for many of you. There are a number of moving pieces, including how the pandemic may affect the balance of this year. The guidance that Samy will outline in his remarks does not yet include the potential impact from the recent COVID related restrictions across Europe. Having said that, we have strong underlying momentum supported with investments behind our core portfolio, Green Cuisine, and consumer retention, and we expect these actions to yield strong return next year.

Taking all this into consideration, I am pleased to share today that our current 2021 plans show organic revenue, Adjusted EBITDA, and Adjusted EPS growth when compared to the current 2020 consensus. This outcome will build on the extraordinary performance achieved this year while making a considerable acceleration on a two-year basis.

Importantly, it would make Nomad one of the few companies delivering growth before, during, and after the COVID-19 pandemic. As we always do, we will share more detailed guidance when we report Q4 results in early 2021. We plan to articulate our long-term strategy and growth drivers when we host our first ever Investor Day to be held virtually next Tuesday, November 10. This will be a unique opportunity for the investment community to hear from members of our Management team beyond myself and Samy, and to learn about the breadth and depth of our business model. We're excited to bring the Nomad story to life and hope you can join us for this engaging and unique session.

Now over to Samy to review our financial performance and guidance in more detail.

Samy Zekhout

Thank you, Stefan, and thank you all for your participation on the call today.

Turning to Slide 6. I will provide more detail on our key third quarter operating metrics, beginning with revenues, which increased 6.7% to €576 million, driven by 5.4% organic revenue growth, and a 1.7% benefit from calendar timing offset by 40 basis points from foreign exchange translation. Organic revenue growth was in line with our expectations, led by our branded retail business, which represents 90% of our sales and grew just over 7% during the third quarter. This was offset by a 2 percentage point drag from food service and private label, which declined 23% and 5%, respectively during the quarter.

Second quarter gross margins expanded 90 basis points to 30.4% due to a combination of pricing, favorable mix, and fixed cost leverage. This marks our second consecutive quarter of gross margin expansion as we realize the benefits of supply chain productivity and opportunistic raw material purchases.

Moving down to the rest of the P&L.

- Adjusted operating expenses increased 4% year-over-year, reflecting growth in indirects and a modest decline in A&P.
- Adjusted EBITDA increased 13% to €109 million, and Adjusted EPS increased 20% to €0.30 cents for the quarter.

Turning to cash flow on Slide 7. We generated €237 million of adjusted free cash flow during the first nine months of the year, equating to 122% cash conversion. This is an exceptional outcome when taking into consideration the rebuilding of our inventory stocks this summer and the fact that the third quarter is seasonally depressed due to the harvest and other factors. We continue to make significant progress on our “cash breakthrough” intervention focused on all parts of working capital, a true testament to our entire organization’s commitment to creating value across both the P&L and the balance sheet. We continue to expect to end the year with robust cash generation and cash conversion above 100%.

With that, let's turn to Slide 8 to review our 2020 guidance, which is based on foreign exchange rates as of November 3, 2020.

- For the full year 2020, we continue to expect organic revenue guidance in the high-single digits range, which implies mid-single digit organic revenue growth in the fourth quarter.
- Consistent with our original expectations, we expect organic revenue growth to be offset by a 3% headwind resulting from an unfavorable calendar shift in Q4.
- In addition, based on current foreign exchange rates, we expect FX translation to create another 2% headwind to the fourth quarter reported revenue, given the relative strength of the Euro versus the Pound Sterling and the Norwegian Kroner versus the prior year.
- In summary, we are reiterating our guidance for Adjusted EBITDA in excess of €460 million, which will be subject to how the impact from COVID-19 transpires over the coming weeks.
- This now equates to Adjusted EPS guidance in excess of €1.31 for the year, which is higher than our prior EPS guidance due to the successful completion of the tender offer in September and share repurchases to date. Our guidance assumes a weighted average sharecount of approximately €180 million for Q4 and €194 million for the year.
- When translated into U.S. dollars, the currency in which our shares trade, full-year 2020 Adjusted EBITDA guidance equates to at least $538 million and Adjusted EPS guidance equates to at least $1.53.
- Finally, gross margins are expected to increase year-on-year in Q4, and operating expenses are expected to grow significantly ahead of revenue growth due to the phasing of A&P into Q4.

That concludes our remarks. I will now turn the session over to Q&A. Thank you, Operator, back to you.

Operator

Thank you, sir. We will now begin the question-and-answer session. To join the question queue, you may press star, then one, on your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

The first question comes from Rob Dickerson from Jefferies. Please go ahead.

Rob Dickerson

All right. Great. Thank you so much. Good morning.

I guess, Stefan, just a clarification question upfront. I know you had mentioned or you had some commentary around 2021. I thought I heard you say organic revenue growth, EBITDA, EPS, and it kind of went out. I think the timing wasn't right, but all this was like, I didn't hear what you said about 2021. It sounds like we could be in line with consensus or maybe there's still growth in 2021 and that was in line with the follow-up commentary around growth in Nomad kind of pre, during, and post 2020 and the heart of the pandemic. I just want you to clarify the comments on 2021, thanks.

Stefan Descheemaeker

Okay. Good morning, Rob.

Let me clarify, and maybe thereafter I will leave it to Samy to further define the comments.

What we said is, growth across the board. What we want to achieve, our objective in 2021, is to achieve organic revenue growth, Adjusted EBITDA growth, Adjusted EPS, so all growing versus 2020 consensus.

What's also important to comment is we're doing this based on what we've seen so far. It doesn't take into consideration how the second wave is going to play out, which is obviously so volatile, it's very difficult to say, but at least that's what we see. That's our ambition and obviously, if you want to do this, you have to lap a significant COVID impact in 2020.

Rob Dickerson

Okay. I guess then, obviously, the expectation is—and maybe you said you would point to this or discuss this in more detail at the Investor Day next week. You must have some visibility on new innovation and distribution and maybe it's around Green Cuisine because, obviously, the lap is fairly significant.

If you still expect organic sales growth, there are at least some clear drivers of that growth that you see that can get you to growth on top of growth.

Samy Zekhout

Rob, I'll take that one.

Actually, you're right. I mean, we do have a perspective on retention for new consumers coming in. Green Cuisine, definitely, which will continue to be a growth driver for us. Recovery in food service has frankly continued, let's say, investments, the return of the investment that we have made this year carrying over into the next year.

Rob Dickerson

Okay. Super. I'll pass it on. Thank you.

Stefan Descheemaeker

Thank you, Rob.

Operator

Thank you. The next question comes from John Baumgartner from Wells Fargo. Please go ahead, sir.

John Baumgartner

Good morning. Thanks for the question.

Samy, could you comment from a supply chain perspective, sort of the setup as it pertains to contingency plans you lay into hard Brexit at this point, which I guess is still out there in addition to the COVID volatility. Anything different year-on-year relative to the plan last year, how you feel about inventory situation going forward? Just any thought there will be appreciated.

Samy Zekhout

Yes. I'll probably give you a general overview on the supply situation and maybe Stefan will add some further perspective on the Brexit specific element of the question.

We definitely took the learning of the wave one into account, into the way we are managing if you want, the rest of the year relating to rebuilding our safety stock. We continue to carry challenge because that means the demand is fluctuating a fair deal, but definitely, the situation we've taken the time over the summer to rebuild our inventory in order for us to start, if you want, Q4 with a much better visibility on our safety stock.

All of that is taken into consideration as well with the preparation of the Brexit. I mean, timing, that's going to come off if you want a plan for the end of December, early January. That's where we are.

Stefan, if you want to add maybe any further perspective on Brexit.

Stefan Descheemaeker

Yes. Good morning, John.

As you can imagine, this combination of Brexit and COVID makes it quite I would say interesting and volatile, and you have to plan for this. We've prepared very well for Brexit. Brexit in terms how to do business and obviously in terms of if the worst comes and happens. Obviously, we're going to plan in terms of inventory, and obviously it's a very dynamic situation, which changed again, by all or maybe in the few coming days, but that stage, that's how we planned our inventory, but obviously 2021 is based on a deal basis as opposed to a no deal basis.

John Baumgartner

Thanks, Stefan.

Maybe just a follow up. Your emphasis on sustainability really seems to be ramping up at this point, and I'm curious as to what you've seen or heard, or maybe your expectations, as to how the sustainability efforts may lead to any sort of direct cost improvements tied to the waste initiatives.

And maybe on the revenue side, the extent to which you think the program could provide a competitive advantage, incremental appeal for your brands relative to competitors, or even other frozen food categories. Any thought there will be helpful.

Stefan Descheemaeker

Yeah, definitely. I can imagine on November 10th, we'll spend quite some time on sustainability because it's really fundamental for business. The good news for us is sustainability does very well with frozen foods in terms of waste, but also if you're taking a more proactive approach, commercially it's critical for us because at the end of the day, it's great for the retailers, as you can imagine, again, back to waste.

Also, it's good for the consumers in terms of nutrition, in terms of how you can keep obviously the vitamin and how you can obviously keep this kind of label in terms of good for the planet and good for you.

All these things, and again, it's going back to label. It's everything, it covers the whole organization, the whole P&L, from cost, sometimes you're adding cost, sometimes indeed you can reduce cost, and then it goes, which is even more important, is goes back to your top line.

We see that little by little all consumers start to appreciate, especially during these times, how great our categories are doing in terms of sustainability. There's more to come as you can imagine during our Investor Day.

John Baumgartner

Great. Thanks for your time.

Stefan Descheemaeker

You're welcome.

Operator

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

Pete Lucas

Hi, good morning. It's Pete Lucas for John from CJS. Just wanted to touch base.

You touched on M&A, talked about it a little bit. I just wonder if you could talk about the number of opportunities that you're seeing, and also the willingness of people to sell in this environment.

Stefan Descheemaeker

Yes, it's a very good question. Let me start by providing a bit of background where we stand.

As you know, together with the buyback, we also redefined and even focused even further our strategy in terms of M&A. It's really focused on frozen foods consolidation in Europe, so that's the real backdrop. We believe with the cashflow generating, including, obviously, the right allocation of capital, we can do this. That's one thing.

Second, M&A wise, it's quite simple. You have to be ready because you have to be flexible, you have to be prepared. Then from the moment an owner decides to sell, you have to be there. As simple as that.

That's what we're doing. Sometimes you can be more proactive, sometimes a bit less, but things are coming.

Back to your question about how is it possible to do M&A? Time will tell. It's a volatile world, it has an impact on M&A as well, but you can see in the rest of the world M&A is still going on.

Pete Lucas

Very helpful. Thanks. My other questions have been covered. Thank you.

Stefan Descheemaeker

You're welcome.

Operator

The next question comes from Rob Moscow from Credit Suisse. Please go ahead.

Ariel Altaras

This is Ariel Altaras on for Rob. Thanks for taking my question.

Just on the reacceleration in your consumption growth: as consumers are set to spend more time at home now because of new lockdowns, are you seeing any meaningful distinctions across geographies?

Also, how has consumer behavior changed in the second lockdown period in terms of what they're buying and how much they're buying, compared to what you saw earlier in the year?

Stefan Descheemaeker

To your first question, the answer is across the board in Europe, not really. I think consumers are consumers and when you are at home, you start to appreciate even further frozen foods, whether you are in Finland, or Portugal, or Spain, or Italy, or in Germany. Obviously, the measures that the governments have been taking have impacted, let's say, not the behavior, but at least the intensity, depending on whether the schools are closed, the restaurants, and other things, but that's normal. Now to your second question, which is, how do we see the second wave? It's obviously early game, so it's early moment, but what we can see so far, and not limited to frozen food, by the way, is that there is less panic buying. People, we understand, have learned to cope with COVID. They know what's working, what's not working, and so it's a bit easier to handle the demand and the offer from the standpoint.

Ariel Altaras

All right. Great. Thanks.

Operator

The next question comes from Bill Chappell from Truist Securities. Please go ahead.

Grant O'Brien

Hi, this is actually Grant on for Bill. Thanks for taking the question.

Have one on the step up in investment in A&P going forward. Really a question on, has plans, or have plans changed where you guys are going to allocate that spend based on the current consumer economic environment? I would assume less promotional dollars more to the advertising side, but just want to get your thoughts on that and how you think about that going forward.

Samy Zekhout

Hi, there. I mean, it's a very dynamic environment as you can imagine. We have to remain super agile in the way we manage our own spending there. Clearly at these very early stage its on the current plan now to spend the proceeds and for us, it's all focused on maximizing the mix across the product lines and the different vectors of spending, if you want, in order to clearly end the year with a very strong momentum, and get into the next year with a strong momentum as well. I mean, at these very steady it's all about managing allocation and spendings.

Grant O'Brien

Got it, and then just one on the cashflow. Oh, sorry.

Stefan Descheemaeker

No, please keep going. I was just about to say that it's really this very delicate balance between navigating through Q4 and obviously how to make sure that we upforce a fast start with the right level of A&P in Q1, because again, as we said, growing organically sales have been done and EPS is what we want to achieve in 2021.

Grant O'Brien

Got it. Thanks for that. That's helpful.

And then one on the cashflow, very strong so far, especially the free cash flow conversion. Just a question on your comments on more safety stock inventory investment going forward just to have a little bit of a cushion. Should we expect to be more of a cash investment going forward with that dynamic? Or should we expect it based on some of the other initiatives that you have in place on payables, etc., to continue to be a cash generation? Thank you.

Samy Zekhout

We continue to be committed to clearly converting more than 100% of our profit into cash at this stage. The factor you're describing has already been taken into consideration to end the year with a strong momentum. I think we've been clearly stating that we want to continue to return significant cash level overall, and 100% is what we're after. We're trying to balance all of the items from the cash part and that's frankly what the cash breakthrough intervention is about. Definitely, all of these have been taken into consideration.

Grant O'Brien

Thank you. I'll pass it on.

Operator

Once again, if you have a question, please press star, then one on your telephone keypad.

The next question comes from Jason English from Goldman Sachs. Please go ahead.

Jason English

Hi, good morning, folks. Congratulations on another strong quarter.

A couple of questions. I think you guys have been signaling aside from the second quarter, where you pulled back. You've been signaling this ramp in investment into the third quarter, into the fourth quarter, yet we haven't actually seen it show up in the P&L yet. Is the spend just being deferred, or is it just not as substantial as perhaps I thought it was going to be?

Samy Zekhout

At this stage to be here with you, Jason, I mean, we are managing really our P&L on a full year basis at the stage. We were planning to start in Q3. I mean some of it has started in Q3 and the majority will be effective in Q4 focused as we had laid out, but we intend to continue to spend the amount of investment that we had planned for, as we said, because it's going in good return and it's the right thing to do to exit the year with the right momentum going into the next year.

Jason English

Okay. On the cost side, we had seen some spot market weakness in fish, and I haven't checked recently about on the back of food service weakness. Can you update us on whether or not you're seeing cost relief or where your input cost pressure relief stands both on an absolute basis and relative or post the currency transaction impacts as well?

Samy Zekhout

I would say on the cost side to the example that you used, but would frankly broaden the point on the input cost on virtually all of the critical material we have in our cost of goods. We've been very focused and opportunistic at the same time.

Definitely there has been some pockets of opportunity as you know, from a spot standpoint and some ingredients, and we've taken advantage from that perspective into this year. What we are seeing, when you project that in a broader sense from a projection moving forward, is that the current expectation that we have a low single digit inflation moving into the next year, which is pretty much in line with frankly our longer-term history. On that front, there's no change.

Stefan Descheemaeker

We'll be back to more normal years, to some extent, Jason.

Samy Zekhout

On your question on the effects effectively, we do see some effectively slight help, but it's not going to be that significant given the fact that we have a whole rolling hedging program there, and most of it is being reflected in the economics as we look at this year and the next year as well.

Jason English

Very helpful. Thank you. I'll pass it on.

Operator

The next question comes from Faiza Alwy from Deutsche Bank. Please go ahead.

Faiza Alwy

Yes. Hi. I wanted to talk about private label shares, just some of the data that we see in frozen fish. I know the data that we're getting from Nielsen doesn't encompass everything, but that's showing sort of some increase in private label shares just in the latest few weeks here. I just wanted to get your perspective on what you're seeing on private label versus branded side in the fish category.

Stefan Descheemaeker

Let me start, Samy, and please compliment it.

I think I understand your point. I think, quite frankly, a few weeks can be and will—and most of the time is also promo related. Sometimes you have a week or two weeks, which last year there was some promo and this year we don't. Quite frankly, fish remains more than ever a very strong category for us.

Back to the previous question, we're going to invest a lot and we're investing a lot in Q4 and onwards. It doesn't change anything to our game plan vis-a-vis private label. I think we're a branded company. We want to come up with product superiority, and we obviously need to manage the price gaps. That's an important consideration. But definitely we're a fish company and we intend to continue to be the leader, so I wouldn't be concerned.

Faiza Alwy

Okay. That's helpful. And then just back on the strategic investments that you had talked about and A&P and just going back to Jason's question, is that how you intended it? Did you intend that most of these investments will come through in the fourth quarter, or did you sort of make that decision as you got into third quarter and decided that you were going to sort of defer this to the end of the year so you get more of a return on it into next year? I'm just curious why you chose not to spend in the third quarter.

Stefan Descheemaeker

Well, as Samy said, it's something really that we're leaving to operators, and what I've seen is we believe that having it in Q4 and where they believe that heading in Q4 is going to be the most impactful solution for their respective market in every country where we are.

Back to the other question, which was you remember that we said, we're going to invest another €10 million, let's say how to keep these new consumers, so far so good. It's too early to say, we will inform you, but apparently, were trying to look at each different solutions, not limited by the way to television, but it's broader than that. We will inform you. We will monitor the situation and we'll let you know.

Again, I wouldn't really read too much about Q3, Q4 because that's not how we're managing the business. It's really up to the countries and the respective markets to see exactly when they want to invest.

Faiza Alwy

Got it. Perfect. Thank you so much.

Stefan Descheemaeker

You're welcome.

Operator

The next question comes from Ryan Bell from Consumer Edge Research. Please go ahead.

Ryan Bell

Hi, everyone.

For understandable reasons, we continue to see manufacturers across a number of countries focusing a bit more on meat alternatives, plant-based protein products, in the pursuit of incremental growth. Would you both offer a bit of perspective about how the competitive landscape in Europe is now and has been evolving? And then maybe a little bit more about the positioning of Green Cuisine products within that spectrum.

Stefan Descheemaeker

Okay. It's a very good question, and you can imagine for us it's a crucial question because Green Cuisine/plant protein is really a big bet for Nomad. We're investing accordingly, in terms of resource, cash, and time and talent obviously. So let me dissect a bit further. We started last year with U.K. and Ireland, especially U.K. is probably the most advanced market in Europe. We started almost from scratch and we're very pleased with the progress we have achieved. In something like a year or so, we already have achieved a 7% market share, the number three brand, and still making a lot of progress and very close to the retailers. We know that some of the retailers have big ambitions in that category and we want to be part of that together with them. That's one thing.

Then you have—you can go to other countries, especially in continental Europe, which are less advanced, and there you see some flurry of new initiatives in countries like Germany, which is fine because it means that the category needs to grow. We need to think a bit differently compared to a mature, let's say, category. The category first has to grow. We're pleased with these additional offers, and obviously it's our job with the quality of our products and with our A&P and obviously our instore activation to make the difference.

In some countries, we becoming as the fact the market leader because we're starting really from scratch. Again, it's our job to make sure that people are going to start to understand the beauty of plant protein. A lot of things to do from different angles, and obviously, at the same time, we also need to make sure that it's also a big impact in terms of R&D. We just started a new range of nuggets, so poultry-free, fantastic product, I can tell you. I don't know if obviously—if you happen to be in the U.K., which is difficult now I know, but you should try the new nuggets. They're just fantastic. We know it's going to make a difference. The numbers are very interesting. I could speak for hours about Green Cuisine. As you can imagine, it's big for us.

Ryan Bell

Thank you. That was very helpful.

Could you speak in a little bit more detail about how the COVID retail landscape is impacting your SKU assortment, essentially what learnings its provided about your brands and the package architecture. And then maybe how innovations are being able to get to market recently in the context of increasing cases and how retailers are positioned to handle that going forward.

Stefan Descheemaeker

Well, it's common knowledge that normally in trial times, the retailers tend to stick to the standard SKUs. In all fairness, we haven't seen that much with Green Cuisine, or at least it's difficult to compare because we're doing well. We don't think that innovation, the NPDs that came from green cuisines from some of the places have been, let's say, removed or slowed down by our retailers at this stage. It could happen but at this stage, we haven't seen it.

Now looking forward, expecting at some stage a recession, we know that frozen food is doing well, yes, we're going to work at some stage with the retailers and see how we can optimize the SKUs. Again, it's a very dynamic process that can happen country by country and retailer by retailer.

Ryan Bell

Okay. Thank you. It's sounding a little bit like Green Cuisine is an innovation that may be uniquely successful. Is it fair to say that maybe some of your competitors aren't having the same level of success spotting innovation, or am I interpreting that wrong?

Stefan Descheemaeker

Well, it's difficult to speak on behalf of our competitors, and let's not forget that competition goes both ways. It's frozen food and obviously in chilled and fresh. We have to think both ways: how to lead and obviously how to make sure that frozen is going to be well-represented. For the rest, it's difficult to comment on behalf of the others, but overall, what I would say, which is very important, is it's a long-term trend structurally, and we believe at this stage that we first need collectively to make sure that this category is going to grow and get to be big enough.

Ryan Bell

Great. Thanks. That's it for me.

Operator

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

Peter Saleh

Great. Thank you, and thanks for taking my question.

I think this was touched on a little bit, but I was hoping you could comment a little bit. I think you had mentioned that consumers are creating new purchasing habits, purchasing more frequently. Any sort of detail or insight into how much of that you think is more permanent versus transitory? I know that may be a little bit difficult at this point, but any sort of insight you could provide that gives us confidence that some of the change in consumer habits are a little bit more here to stay.

Stefan Descheemaeker

Let me start with just a global comment. As you can imagine, we're tracking these repeat rates on a monthly basis and we've given ourselves some targets. What I can see is it takes a bit of time, because obviously in frozen, the frequency is a bit lower than in chilled and, obviously, in ambiance. This being said, we're pleased with what we're seeing right now. My invitation is to come to the Investor Day because we will have more to say about our ambitions and how we're doing. I wouldn't like to empty the content of our conversation on November 10th.

Peter Saleh

Fair enough. Okay, so can I just ask about the plant-based meat category? When you look at the category as a whole, where do you think that is taking share from? I mean, I'm assuming consumers just aren't eating more food so there is some share loss coming. Is it really coming from actual meat products? Is it coming from fish? Do you see any sort of evidence in terms of where the growth is taking share from?

Stefan Descheemaeker

To your points. Compared to all the innovations we have in our must-win battles, where by definition you have a level of cannibalization, which is inherent from—it's the name of the game. Here the beauty for us is, the only thing I can say is, it's not coming from our own products, so that's great. Where is it coming from? I think it's too early to say, but we can imagine you can see on the macro basis that its meat is a bit more stable than it used to be, but I think we will see. I think I would give ourselves a bit of time to really see where it's coming from. It should come from there.

I think it's going to be also interesting to see from the retailers what their view is, but at least they already have voted. I'm talking about the retailers because even inside of, let's say, the frozen products, they're adding more space to plant protein at the expense mostly of lower value, frozen products where we're not anyway. It's probably a combination of lower value frozen products and also some meat content, which makes a lot of sense.

For us, it's a perfect innovation. It's a perfect new category, because it's highly incremental with margins that are obviously in line with our expectations, so, so far so good. We definitely, as you can imagine, it's also a category, and rightly so, where we need to invest ahead of time. That's what we've been doing in 2020, and that's what we're going to do in 2021.

Peter Saleh

Thank you very much.

Stefan Descheemaeker

You're welcome.

Operator

Next question comes from Andrew Olsen from UBS. Please go ahead.

Andrew Olsen

Hi, good morning, everybody.

I just wanted to touch a little bit on the Nordic region. I believe you’ve said you’ve started to lap the challenges there in Q2, so just wondering what you're seeing now and how you're seeing that turn around.

Stefan Descheemaeker

Yes. I wouldn't speak so much about the Nordics. I would just limit myself to Sweden because the rest of the business is doing well and in line with our expectations. In Sweden, as you know, we had to rebuild everything, I wouldn't say from scratch, but quite frankly, quite deeply and something we've been doing with Wayne Hudson who is now in charge of the U.K., Nordics and Ireland.

We have a new team in place. I think we've changed a bit the mindset as well. The mindset is much more customer driven and we see that we're starting to really make progress. Starting to make progress means a better relationship with these people and starting to see, obviously, the space allocated to us starting to increase again. We see that little by little, it's going to take place in the course of the next quarters. I don't expect anything spectacular in one quarter. It's something that's going to take place, but we're starting to see some interesting results. Also some interesting results pretty soon in terms of cost optimization, especially at the logistics level.

I'm starting to see some green shoots, but again, don't expect a quick quick turnaround, but I think it's really starting first from how to rebuild the top line and that's exactly what we are doing at this stage.

Andrew Olsen

Okay. Very helpful. Thank you. I'll pass it on.

Operator

There are no more questions at this time. I would like to turn the conference back over to Nomad CEO, Stefan Descheemaeker for any closing remarks.

Stefan Descheemaeker

Thank you, Operator, and thank you for joining our third quarter earnings call.

Our business continues to perform well amidst the COVID-19 pandemic. I'd like to reiterate the comments that I made in my prepared remarks. We're having an exceptional 2020, and now planning to build on that momentum in 2021 with organic revenue, Adjusted EBITDA, and Adjusted EPS growth. We're generating a significant amount of cash and remain active and well equipped to pursue our M&A strategy. We look forward to hosting you on our Investor Day next week to be held virtually, as you know, on Tuesday, November 10th.

Operator

Thank you. This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.