

Nōmad Foods



FIRST QUARTER 2023

Earnings

Results

May 10, 2023

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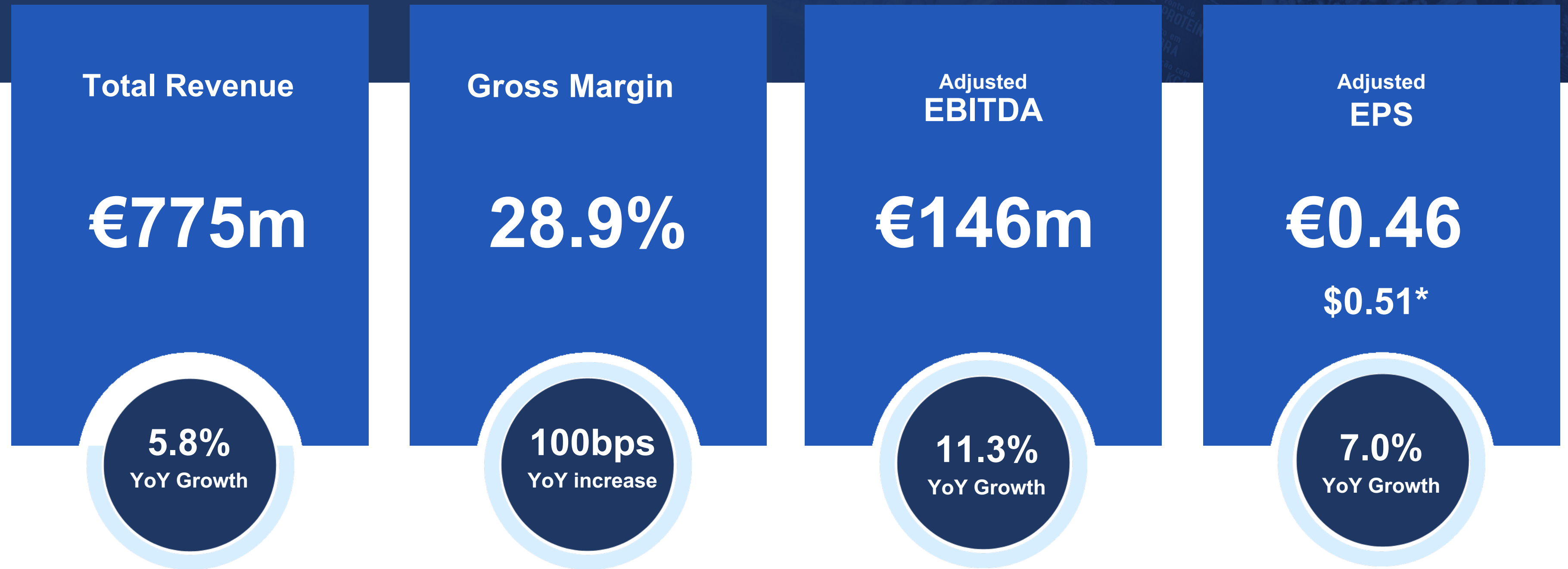
These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: (i) the Company’s ability to effectively mitigate factors that negatively impact its supply of raw materials, including the conflict in Ukraine; (ii) the Company’s ability to successfully mitigate inflationary changes in the market, (iii) the impact of the COVID-19 pandemic on the Company’s business, suppliers, co-manufacturers, distributors, transportation or logistics providers, customers, consumers and employees; (iv) disruptions or inefficiencies in the Company’s operations or supply chain, including as a result of the COVID-19 pandemic and the conflict in Ukraine, and the Company’s ability to maintain the health and safety of its workforce; (v) the Company’s ability to successfully implement its strategies (including its M&A strategy) or strategic initiatives and recognize the anticipated benefits of such strategic initiatives; (vi) the commercial success of the Green Cuisine brand of products, including as a result of its expansion into continental Europe, and other innovations introduced to the markets and the Company’s ability to accurately forecast the brands’ performance; (vii) the Company’s ability to effectively compete in its markets, including the ability of Green Cuisine to effectively compete in continental Europe; (viii) changes in consumer preferences, such as meat substitutes, and the Company’s failure to anticipate and respond to such changes or to successfully develop and renovate products; (ix) the effects of reputational damage from unsafe or poor quality food products; (x) increases in operating costs, including labor costs, and the Company’s ability to manage its cost structure; (xi) fluctuations in the availability of food ingredients and packaging materials that the Company uses in its products, including as a result of the conflict in Ukraine; (xii) the Company’s ability to protect its brand names and trademarks; (xiii) new regulations governing the import and export of goods between the UK and the European Union as a result 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; (xiv) the loss of any of the Company’s major customers or a decrease in demand for its products; (xv) economic conditions that may affect the Company’s future performance including exchange rate fluctuations; and (xvi) the other risks and uncertainties disclosed in the Company’s public filings and any other public disclosures by the Company.

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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 EPS, Adjusted EPS growth, Adjusted EBITDA growth, Adjusted EPS growth, Adjusted Free Cash Flow and Free Cash Flow Conversion. Nomad Foods believes 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 maybe 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 Appendix to this Presentation. The Company is unable to reconcile, without unreasonable efforts, Adjusted EBITDA and Adjusted EPS guidance to the most directly comparable IFRS measures.

First Quarter 2023 Key Financial Metrics



*Q1 23 EPS converted to USD, the currency in which Nomad Foods shares trade, for illustrative purposes and based on USD/EUR FX rate of 1.10 as of May 3, 2023

First Quarter Performance

- Strong start to the year with organic revenues +8% in a challenging cost of living environment
- Double-digit pricing helped further close the gap between price and raw material costs, in-line with our strategy to offset cumulative two-year cost inflation by year-end 2023
- Supply chain execution supported growth: Q1 23 service levels are at multi-year highs and we are covered for nearly 80% of raw material costs for the balance of the year
- Overall value share down about 1% across Europe
- We are raising the lower end of our 2023 Adjusted EPS guidance to €1.52 to €1.55 (\$1.67 to \$1.71 at current spot rates) from €1.50 to €1.55

First Quarter Business Highlights

Strong pricing and supply chain execution: Driving a positive margin path

- Gross and EBITDA margins improved 100 bps on strong pricing execution and cost discipline
- We remain on target for flat gross margins for 2023

Affordability execution: Addressing the cost of living crisis

- Executed new affordability strategy across multiple markets
- Included tactical promotion to retain consumers
- New communication is reinforcing the message of low waste, high nutrition, and good value

Fish supply: Farmed fish strategy now fully operational

- New farmed fish supply fully up and running in Q1 23
- Four markets (UK, DE, NE, FR) launched this quarter with three more market launches planned for the second half of the year

First Quarter 2023 Key Operating Highlights

(in €m unless otherwise noted)	1 Q 2023	1 Q 2022	YoY Change
Revenue	€775	€733	5.8%
Organic revenue growth/(decline)			8.0%
Gross profit	224	205	10%
Gross margin	28.9%	27.9%	100 bp
Adjusted operating expense	(100)	(94)	6%
Depreciation & amortization	22	21	5%
Adjusted EBITDA	€146	€132	11%
Adjusted EBITDA margin	18.9%	17.9%	100 bp
Adjusted profit for the period	81	75	7%
Adjusted EPS	€0.46	€0.43	7%

First Quarter 2023 Free Cash Flow Highlights

(in €m unless otherwise noted)	3 months ended March 31, 2023	3 months ended March 31, 2022
Adjusted EBITDA	€146	€132
Change in working capital	(65)	(29)
Capital expenditures ¹	(21)	(21)
Cash taxes	(10)	(9)
Cash interest & other ²	(25)	(27)
Adjusted free cash flow	€25	€46
Adjusted profit for the period	€81	€75
Adjusted free cash flow as % adjusted profit for the period	32%	62%

¹ Calculated as the sum of purchases of property, plant & equipment and intangible non-current assets.

² Calculated as the sum of net interest paid, proceeds/payments on settlement of derivatives and lease liability payments.

Updating 2023 Guidance

Total Revenue

**Mid-single-digit
Growth**

Cash Flow
Conversion

90 - 95%

Adjusted EPS

€1.52 - €1.55

Adjusted EPS
\$1.67 - \$1.71*

*2023 EPS guidance range converted to USD, the currency in which Nomad Foods shares trade, for illustrative purposes and based on USD/EUR FX rate of 1.10 as of May 3, 2023

A photograph of a plate of food, likely a sandwich or burger, with a blue overlay. The text "Questions?" is centered on the image.

Questions?

A photograph of a plate of food, possibly a sandwich or burger, with a blue overlay. The word "Appendix" is written in white text across the center of the image.

Appendix

Contents

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/(decline).
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 and exceptional items to the extent included in our financial statements such as material restructuring charges, material goodwill and intangible asset impairment charges, other material unusual or non-recurring items, as well as additional items that management deems to be exceptional and appropriate for adjustment. 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 related 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 Profit for the period is defined as profit for the period excluding, when they occur, the impacts of exited markets, acquisition purchase price adjustments 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 related 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 Profit after tax provides important comparability of underlying operating results, allowing investors and management to assess operating performance on a consistent basis.

Adjusted EPS - Adjusted EPS is defined as basic earnings per share excluding, when they occur, the impacts of exited markets, acquisition purchase price adjustments and exceptional items to the extent included in our financial statements such as material restructuring charges, material goodwill and intangible asset impairment charges, unissued preferred share dividends, other material unusual or non-recurring items, as well as additional items that management deems to be exceptional and appropriate for adjustment. 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 related 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 (as described above) and non-cash foreign currency translation charges/gain.

Organic Revenue Growth/(Decline) – Organic revenue growth/(decline) 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 reflects reported revenue adjusted for currency translation and non-comparable trading items such as expansion, acquisitions, disposals, closures, 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 (as described above), non-operating M&A related 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/(decline)

Year on Year Growth - March 31, 2023 compared to March 31, 2022

	Three Months Ended March 31, 2023
	YoY Change
Reported Revenue Growth	5.8%
<i>Of which:</i>	
- <i>Organic Revenue Growth/(Decline)</i>	8.0%
- <i>Translational FX (a)</i>	(2.2)%
Total	5.8%

(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, 2023

€ in millions, except per share data	As reported for the three months ended March 31, 2023	Adjustments		As adjusted for the three months ended March 31, 2023
Revenue	775.1	—		775.1
Cost of sales	(550.9)	—		(550.9)
Gross profit	224.2	—		224.2
Other operating expenses	(114.5)	14.3	(a)	(100.2)
Exceptional items	(30.1)	30.1	(b)	—
Operating profit	79.6	44.4		124.0
Finance income	1.1	—		1.1
Finance costs	(30.1)	5.9		(24.2)
Net financing costs	(29.0)	5.9	(c)	(23.1)
Profit before tax	50.6	50.3		100.9
Taxation	(9.4)	(10.9)	(d)	(20.3)
Profit for the period	41.2	39.4		80.6
Weighted average shares outstanding in millions - basic	174.5			174.5
Basic earnings per share	0.24			0.46
Weighted average shares outstanding in millions - diluted	174.5			174.5
Diluted earnings per share	0.24			0.46

(a) Represents share based payment charge including employer payroll taxes of €13.9 million and non-operating M&A transaction costs of €0.4 million.

(b) Represents exceptional items which management believes are non-recurring and do not have a continuing impact. See Note 6, Exceptional items, within 'Exhibit 99.2 - Condensed Consolidated Interim Financial Statements' for a detailed list of exceptional items.

(c) Elimination of €5.8 million of foreign exchange translation losses and €0.1 million of losses on derivatives.

(d) Represents 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, 2022

€ in millions, except per share data	As reported for the three months ended March 31, 2022	Adjustments		As adjusted for the three months ended March 31, 2022
Revenue	732.9	—		732.9
Cost of sales	(528.2)	—		(528.2)
Gross profit	204.7	—		204.7
Other operating expenses	(98.1)	3.7	(a)	(94.4)
Exceptional items	(19.0)	19.0	(b)	—
Operating profit	87.6	22.7		110.3
Finance income	0.9	(0.9)		—
Finance costs	(15.5)	—		(15.5)
Net financing costs	(14.6)	(0.9)	(c)	(15.5)
Profit before tax	73.0	21.8		94.8
Taxation	(17.0)	(2.5)	(d)	(19.5)
Profit for the period	56.0	19.3		75.3
Weighted average shares outstanding in millions - basic	174.4			174.4
Basic earnings per share	0.32			0.43
Weighted average shares outstanding in millions - diluted	174.4			174.4
Diluted earnings per share	0.32			0.43

(a) Share based payment charge including employer payroll taxes of €1.3 million and non-operating M&A transaction costs of €2.4 million.

(b) Exceptional items which management believes are non-recurring and do not have a continuing impact. See Note 6, Exceptional items, within 'Exhibit 99.2 - Condensed Consolidated Interim Financial Statements' for a detailed list of exceptional items.

(c) Elimination of €0.9 million of foreign exchange translation gains.

(d) Represents 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 Adjusted EBITDA (unaudited)

€ in millions	Three months ended	
	March 31, 2023	March 31, 2022
Profit for the period	41.2	56.0
Taxation	9.4	17.0
Net financing costs	29.0	14.6
Depreciation & amortization	22.3	21.2
Exceptional items ^(a)	30.1	19.0
Other add-backs ^(b)	14.3	3.7
Adjusted EBITDA	146.3	131.5
Revenue	775.1	732.9
Adjusted EBITDA margin ^(c)	18.9%	17.9%

(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) Represents the elimination of share-based payment charges including employer payroll taxes for the three month period to March 31, 2023 of €13.9 million (2022: €1.3 million) as well as the elimination of non-operating M&A related costs for the three month period to March 31, 2023 of €0.4 million (2022: €2.4 million).

(c) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Revenue.

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, 2023 and the three months ended March 31, 2022

(in €m)	Three months ended March 31, 2023	Three months ended March 31, 2022
Net Cash Flows From Operating Activities	55.3	78.2
Add back:		
Cash flows relating to exceptional items ^(a)	14.0	12.6
Employer taxes related to share based payments ^(b)	1.6	0.1
Non-operating M&A costs ^(c)	0.4	2.4
Deduct:		
Capital expenditure ^(d)	(20.6)	(20.4)
Net interest paid	(18.2)	(22.7)
Proceeds on settlement of derivatives	—	1.7
Payment of lease liabilities ^(e)	(7.0)	(5.5)
Adjusted free cash flow	25.5	46.4

(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) These lease liabilities are included in Net Cash Flows from Financing Activities. We believe these payments are part of the underlying business cash flows and should be reflected in Adjusted free cash flow.