

THE ISSUE GREEN SHOOTS EMERGING

Last Tuesday Greencore issued a solid set of first-half earnings, in line with market estimates. Management reiterated its guidance of 14.7p-15p earnings per share for the year ending September. Revenue grew 22.6% to £1.24bn (€1.4bn) while earnings per share fell by 12.7% to 5.5p, slightly above expectations.

The balance sheet position has improved since the end of the same period in 2017, with net debt falling to 2.5-times earnings before interest, tax, depreciation and amortisation. Management is working to a target of two times. In Ireland and the UK, its "food to go" segment performed well. In America, the recently acquired Peacock Foods drove returns while the legacy sandwich arm underachieved.

THE BOSS PATRICK COVENEY

Patrick Coveney took over the top job in 2008, aged 37, having served as chief financial officer for two years. He spent seven years at management consultant McKinsey Ireland, during which time he focused on the food and beverage industry. Son of the late Hugh Coveney, a Fine Gael minister, he boasts an impressive academic background, with a PhD in management studies from Oxford.

He is an avid rugby union supporter, playing senior rugby for University College Cork, Oxford University and London Irish. He represented Munster at an underage level and sits on the province's commercial board.

THE ANALYST DAVID FAHY, CANTOR

It has been a difficult couple of months for Greencore management and shareholders alike. The stock price fell 30% in March as management issued a profit warning and announced the closure of its Rhode Island facility.

Tuesday's results were well received by investors, with the stock trading up 11% in the following two days. The combination of solid earnings, a reiterated guidance, volume growth in key segments and its strategic plan for the future has helped boost market sentiment. Investors will have paid particular attention to the American side of the business, as it looks to further tilt towards the growing branded-food partner channel.

The stock trades at 12.61 times estimated full-year 2018 earnings and has a dividend yield of 3.01%.

◆ Greencore

250p



Source: FT.com

Market cap: £1.3bn (€1.48bn); **Share price:** £1.84; **DPS:** £0.056p; **EPS:** £0.147; **Top five shareholders:** FRM LLC, 8.71%; Pear Tree Advisors Inc, 5.89%; Axxion SA, 5.04%; Vanguard Group, 3.51%; Prudential PLC, 3.29%