

THE ISSUE US SALES FILL SANDWICH GAP

Last week Greencore reported third-quarter earnings to the end of June, with group revenues of £639.6m (€717m) — up 8.1% on a pro-forma basis. Profit guidance for the year was reiterated. Revenue at the Irish and UK convenience food division rose by 7.8%, driven by Food to Go products.

Category growth was underwhelming, but management cited a pick-up in July. The American side of the business showed impressive revenue growth of 19.4% in the former Peacock Foods, which was acquired in 2016. The legacy US sandwich business maintained its downward trend, with revenues falling by 25.2%.

Two senior management appointments were made: Anton Vincent, formerly of General Mills, was appointed chief executive of Greencore US; and Peter Haden, the chief operating officer, was made chief executive of Greencore UK.

THE BOSS PATRICK COVENEY

Patrick Coveney took over the top job in 2007, at the age of 37, having served as chief financial officer for two years. He previously spent seven years at management consultant McKinsey, focusing on the food and beverage industry. Coveney has a PhD in management studies from Oxford University. An avid rugby fan and former player, he sits on the Munster commercial board.

Following a profit warning in March,

Coveney committed to spending half of his time in America, where the company's legacy sandwich business was haemorrhaging losses.

THE ANALYST DAVID FAHY, CANTOR

Broadly positive results should add to investor confidence following the March profit warning. Full-year profit guidance of 14.7p-15.7p per share was maintained. The Peacock Foods acquisition is fulfilling potential though the legacy US business continues to decline. A 60% share of the UK sandwich market leaves little room for volume increases. Margin improvement will have to drive growth. The stock, up 40% since the profit warning, trades at 12 times estimated 2018 earnings and with a prospective dividend yield of 3.19%.

◆ Greencore



Source: FT.com

Market cap: £1.26bn (€1.41bn);
Share price: £1.75; **DPS:** £0.057;
EPS: £0.148; **Top five shareholders:**
FMR LLC, 8.29%; Polar Capital Management LLC, 8.07%; Pear Tree Advisors, 6.38%; Axxion SA, 5.04%; Prudential, 3.32%