

Musgrave announces profit of €80 million for Financial Year 2017

22nd May 2018 – Musgrave today announced results for the financial year ended 30 December 2017, with sales of €3.7 billion and profit before tax of €80 million, a 9% increase on the previous year. Net cash was €71 million and net assets totalled €330 million, an increase of €82 million.

Commenting, Chris Martin, Musgrave Chief Executive said:

“We have delivered a strong financial performance, reporting a third consecutive year of profit growth with sales also performing well despite on-going food deflation. Our brands enabled local community retailers to go head-to-head with the multiple chains in a highly competitive market. These family businesses are benefiting from their partnership with us and our financial strength enables us to support them into the future. This financial strength also means we can continue to explore opportunities through acquisitions, exports and by developing new brands.

Business Review

The Musgrave business is combining brand and digital innovation to deliver a seamless shopping experience across the island of Ireland and exporting Irish food and our own brand products.

The total Irish food market, which combines both hospitality and grocery across the island of Ireland, is worth €30 billion which presents exciting growth opportunities for Musgrave and our retail partners. Building on our food expertise, Frank & Honest coffee is now available in over 630 stores and has become the number one selling coffee brand in Ireland. We also continued the rollout of our new Chipmongers brand and we expect to end this year with 30 outlets. The acquisition of La Rousse Foods also completed at the start of this year has allowed us to strengthen our food expertise and to broaden our offer into the premium foodservice market.

As we look to grow in the total food market our brands are well positioned, delivering value to our customers and are performing strongly.

SuperValu in the Republic of Ireland, recorded sales of €2.7 billion in 2017 a new record for the brand. Ongoing investment in innovation saw SuperValu’s online shopping offer go from strength to strength, with sales increasing by 23%. SuperValu also continued to expand its Real Rewards loyalty programme, adding new partners such as eir in 2017. Since the successful relaunch of the loyalty scheme, an additional 160,000 customers have joined the programme, bringing the total membership to 1.1 million people. SuperValu became the first retailer in Ireland to roll out autism-friendly stores, with additional supports such as desensitisation of store sounds and autism friendly trolleys.

Centra recorded sales of €1.58 billion in 2017, underlining its position as Ireland’s leading convenience retailer. Underpinning Centra’s performance was the continued demand by consumers for healthier options as part of living a balanced lifestyle. In 2017 alone, sales of

Centra's Grab & Go healthy sandwich range rose by 24%, impulse water purchases were up 10%, and sales of salad boxes rose to almost €2 million.

MarketPlace, our foodservice business, reported a strong sales performance which was helped by the full year contribution of the C.J. O' Loughlin business that we acquired in 2016 and the continued rollout of the successful Food Emporium format. The acquisition of La Rousse Foods will allow Musgrave to broaden our offer to premium food establishments.

Our wholesale and convenience food brands in Northern Ireland delivered a good performance in 2017 with sales and profit growth. 54 stores were revamped and Frank and Honest was rolled out across the entire store estate. With a strong emphasis on innovation and value for money the brands are set for good growth in 2018.

In addition to our brand innovation at home, we are also successfully developing international opportunities and have signed an agreement to export to Alosra in the Kingdom of Bahrain. Our Spanish business also had a good year delivering growth in both sales and profit. We opened new stores and continued our programme of revamping stores, positioning the business for continued growth in 2018.

Outlook

While Ireland continues to have one of the strongest economies in Europe, there is Brexit related uncertainty with the potential to slow growth in the food and grocery sector. We are working to ensure that our business is prepared for this environment, as well as providing support for our independent retail partners.

Notwithstanding this challenge, we see opportunities in a growing total food market across the island of Ireland. Our focus will be to continue to develop our existing brands, create new brands, and deliver a seamless integration of digital with bricks and mortar retail to provide shoppers with the flexibility and personalisation they expect."

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About Musgrave

Musgrave is one of Ireland's longest-running family businesses, founded in 1876 in Cork by brothers Thomas and Stuart Musgrave. Today Musgrave and its retail partners support more than 40,000 jobs, in more than 1,400 stores and offices across seven brands in three markets, with total retail sales of €3.7 billion.

Through its retail brands, Musgrave delivers sourcing, sales, marketing and supply chain expertise, so local entrepreneurs can go head-to-head with the international supermarket chains. Musgrave operates the following brands in three markets:

- Republic of Ireland - SuperValu, Centra, Daybreak, MarketPlace and Chipmongers
- Northern Ireland - SuperValu, Centra, Mace, DayToday and MarketPlace
- Spain - Dialprix and Dialsur

At Musgrave, Growing Good Business is at our core and we have an ongoing commitment to building sustainable communities across the island of Ireland as part of our sustainability strategy *Taking Care of Our World*

www.musgravegroup.com