



# Musgrave



*Annual Report  
& Review 2018*

**SuperValu**

**Centra**

**Daybreak**

**MACE**



DONNYBROOK FAIR

**Dialprix**

MUSGRAVE  
**MarketPlace**

**Dialsur**   
TU CASH & CARRY

LA ROUSSE  
— FOODS —

  
**FRANK AND HONEST**  
GOURMET COFFEE COMPANY

  
**CHIPMONGERS**  
FOR CHIP LOVERS

*“ While our  
business strategy  
looks out to 2025,  
our reinterpreting  
of retail is a process  
of constant evolution  
in which our brands  
deliver a consistent and  
seamless experience  
online, on the move  
or at the till”*

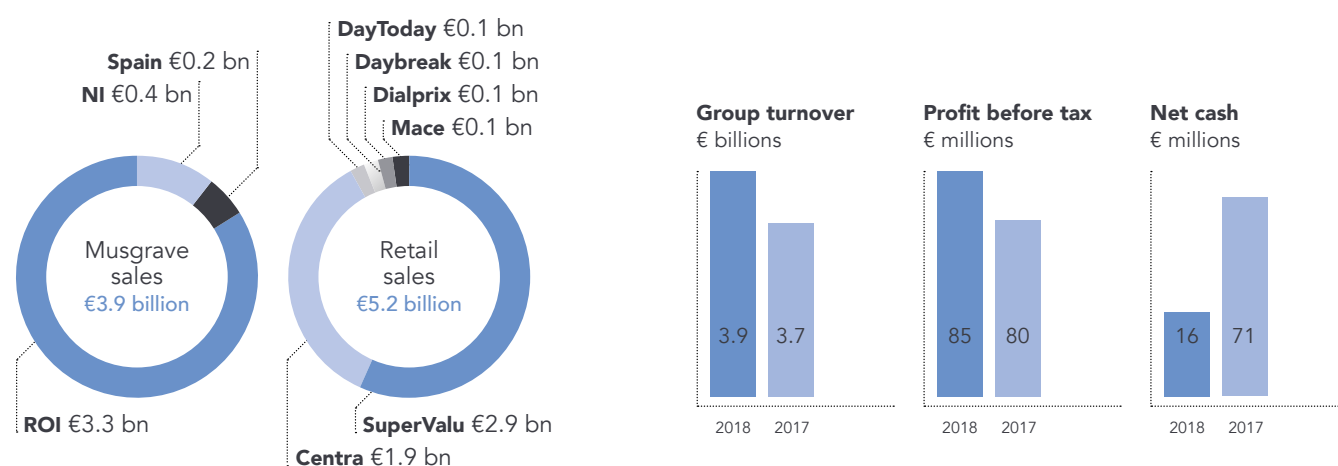
*Musgrave*

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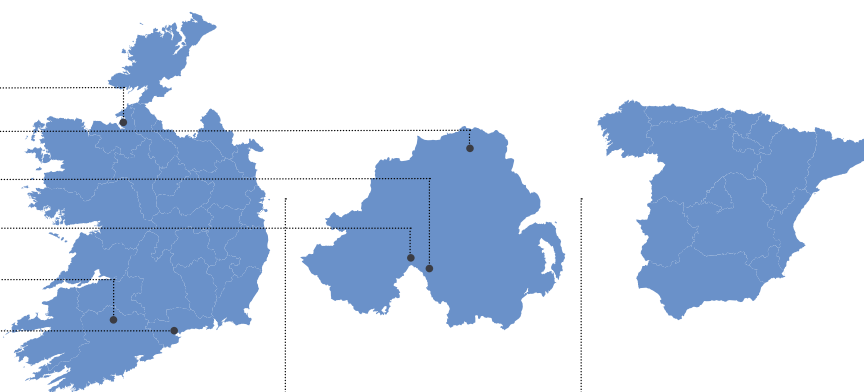
# At a *glance*

## 2018 financial highlights



## Stores of the year

- Cosgrove's **Centra**, Maugheraboy
- McCool's **SuperValu**, Ballymoney
- Boyd's **Centra**, Junction One
- Boyd's **Mace**, Toomebridge
- Dano's **SuperValu**, Mallow
- Daybreak**, Dungarvan



## Number of retail stores as of 31 December 2018

	Republic of Ireland	Northern Ireland	Spain
<b>SuperValu</b>	219	35	—
<b>Centra</b>	460	89	—
<b>Mace</b>	—	88	—
<b>DayToday</b>	145	82	—
<b>Daybreak</b>	234	—	—
<b>Dialprix</b>	—	—	83
<b>Donnybrook Fair</b>	5	—	—

## Investing in people



41,000

people  
employed



5,000+

employees received  
Breakthrough  
development training



graduate employer of the year



best training and  
development programme  
for business/management

## Investing in brands

MUSGRAVE  
**MarketPlace**

€10 million

invested in the brand  
over two years

**Centra**

€34 million

invested in store revamps  
and refreshes  
(RoI and NI)

**SuperValu**

€21 million

invested in store revamps  
and refreshes  
(RoI and NI)

## Awards

11

Checkout Best in Fresh  
Awards for SuperValu and  
Centra

4

awards for Centra and  
Mace at the Neighbourhood  
Retailer Awards



Top Family Business in  
the European Family  
Business Awards



IGD Award –  
Shopper Insight  
for Centra



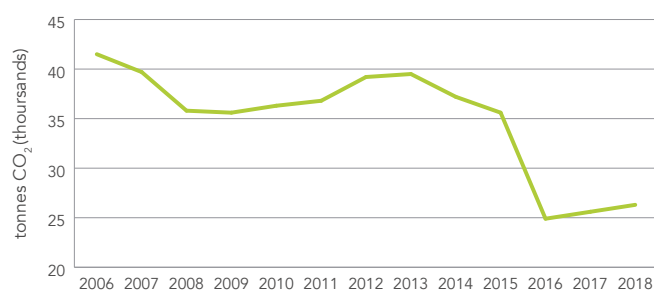
Service Design  
Award



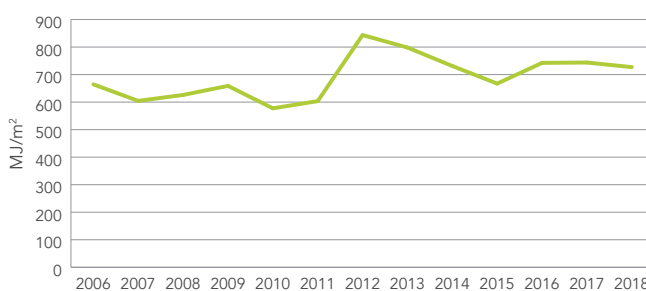
# Taking care of our world

## Reducing our impacts on the environment

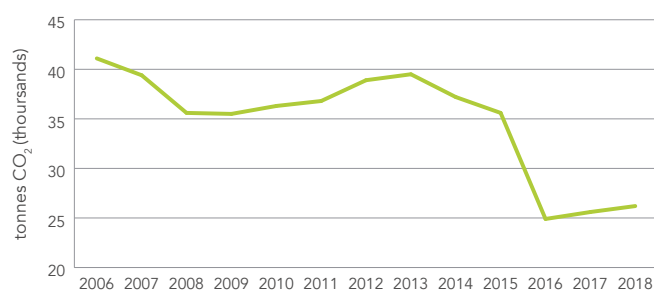
Carbon footprint



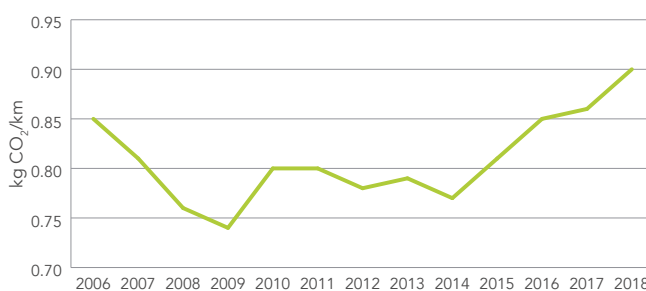
Energy use in buildings per sqm



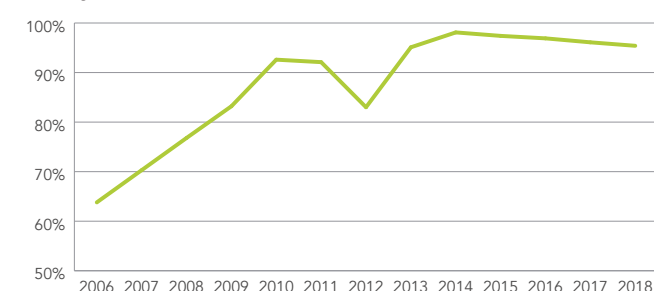
Fleet emissions



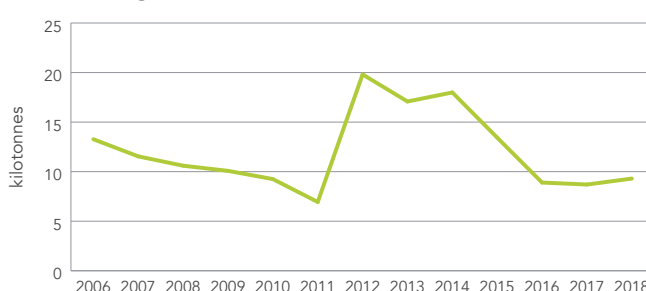
Fleet emission per km travelled



PC recycled/recovered



Total waste generation



### Retail partner 20/20 programme

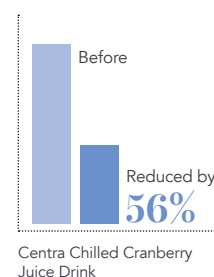
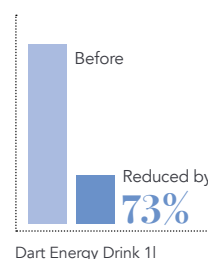
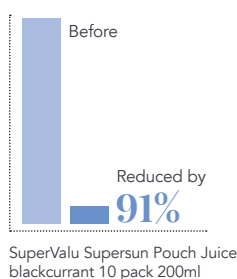
**SuperValu Centra**

**20%**

reduction in carbon emissions by 2020  
(compared to 2014 figures)

### Making our own brand food healthier

Our programme of product reformulation is seeing results





**1.1 million**

meals donated to Irish charities through FoodCloud



**Musgrave Triathlon**

**€4.4 million**

raised for charities since 2002



**100**

autism-friendly SuperValu stores

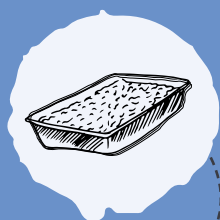


**€3 million**

raised by Centra for Action Breast Cancer over last ten years

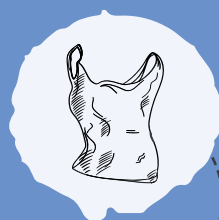
## Plastic packaging reduction

We are committed to ensuring 100% of our own brand, fresh produce and in-store packaging will be recyclable, reusable or compostable by 2025



**460,000kgs**

of non-recyclable black plastic fruit & veg trays have been replaced with recyclable alternatives



**2.7 million**

single-use plastic SuperValu bags removed from our supply chain



**100%**

compostable Frank and Honest coffee cups and lids

Our sustainability strategy is aligned with the UN Sustainable Development Goals





*“Our priority is to build our pool of talent and to develop skills from within our business, ensuring that we have the people to deliver on our future vision”*

Nicky Hartery, Chairman, Musgrave



# Driven by purpose

2018 was a year of good progress for the business across both retail and wholesale, and the fourth consecutive year of improved profits. This result has been driven by our purpose, **Growing Good Business**, which challenges us to deliver sustainable profits, not just for the benefit of the business and shareholders, but for our partners, local communities and the wider economy.

Turnover was up 3.8% to €3.9 billion and profit before tax of €84.5 million was a 6% increase on the previous year. Net assets were €410 million, an increase of €79 million on 2017 and the business ended the year with net cash of €16 million. This is a good financial performance and I would like to thank all our people for their continued dedication and commitment to the business.

I would like to acknowledge in particular our retail partners, who are dedicated, community-focused entrepreneurs at the heart of their communities who deliver a unique and local service to shoppers every day.

This positive financial performance needs to be set against a backdrop of Brexit, and we are acutely aware of the disruption this will cause in the short term to the economy, consumer confidence and the food sector on the island of Ireland and beyond.

I want to emphasise that the Board has supported and helped inform detailed preparations for Brexit, which Chris and his team have been working on for the past two years. We are confident that whatever the final political arrangements, we have made the best possible plans to protect our business, partners and consumers from potentially negative impacts.

Our shareholders and the Musgrave family play an important role in allowing the business to work towards long term and stable growth. As a purpose-led business, **Growing Good Business** is an inspirational catalyst for growth, inspiring our long term vision for feeding Ireland and exporting internationally.

This year we celebrate the 40-year anniversary of SuperValu and Centra. Both market-leading brands

epitomise the way Musgrave has consistently evolved retail in Ireland, staying ahead of consumer and industry trends to offer something different and better. Both brands have undergone major transformations over the past 40 years – in terms of store design, own brand, food experiences and an increased emphasis on providing healthy choices. However, the one element that has remained consistent is the outstanding local delivery from our independent retail partners who have a passion for the communities in which they live and work. These entrepreneurs, coupled with our vision for food retail in Ireland, hold the key to our success going forward.

This year the Board has been forging a clear strategy for reinterpreting retail and wholesale that will ensure our brands remain leaders in their markets. I have personally experienced how this vision of Musgrave has energised our people; they have shown great insight and innovation in developing a clear strategy that blends digital technology with real, personal in-store experiences.

Our priority is to build our pool of talent and to develop skills from within our business, ensuring that we have the people to deliver on our future vision. The world of work is changing; businesses today are data driven and the food retail industry is no different. I am pleased to report that Adriaan Thierry has joined the Board of Musgrave as a non-executive director to assist with the delivery of our digital future.

We are also working to ensure that our business consciously becomes more diverse and inclusive. This is an important issue for the Board with new policies in place to increase diversity within Musgrave.

Finally, I would like to extend my thanks to Chris and the management team for their leadership, their hard work and their continued vision and passion for the business which is delivering strong results; and to the Family Board Directors and Non-Executive Board Directors for their support.

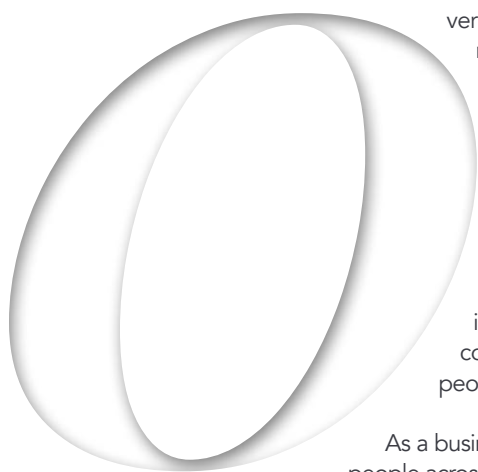
**Nicky Hartery, Chairman**

# *Reinterpreting* **retail,** *transforming* **wholesale**

As a family business with the clear purpose of **Growing Good Business** and a compelling vision for reinterpreting food retail for consumers in Ireland, Northern Ireland and Spain, we have continued to put growth and innovation at the heart of everything we do.



*By 2025 we see technology as fundamentally changing the relationship with the consumer*



Over the past 12 months, this has meant finessing and rolling out many of the fresh ideas, ranges and services trialled in our flagship stores in recent years. At the same time, we have continued to stretch and evolve our brands towards a future vision for food retail in Ireland that resonates with consumers and energises our people and partners.

As a business that feeds one in three people across the island of Ireland, it is our job to anticipate and help minimise the short to medium term disruption associated with Brexit so that consumers can get on with their lives and our partners can plan the development of their businesses with certainty. Our absolute priority is to minimise the impacts of Brexit on shoppers, support our retailers and protect our business. This is why for the last two years we have been systematically

planning for Brexit, making all necessary preparations for whatever outcome is eventually decided.

At the same time, we have worked hard to ensure these near term concerns do not distract from our long term strategy.

## **2018 performance**

I am pleased to report that 2018 has been a successful year for Musgrave. Despite extremely competitive markets, for the fourth year in a row the Group has reported increased profit, with all of our brands performing well throughout the year. Group turnover amounted to €3.9 billion, up 3.8% on 2017 when adjusted for the impact of currency.

Profit before tax was €84.5 million, which is €4.5 million higher than 2017 and up from €73 million in 2016. The Group's net assets were €410 million, an increase of €79 million on 2017 and the business ended the year with net cash of €16 million.



€84.5million

pre-tax profit in 2018

What these figures tell us is that our business can continue to grow as long as we continue to focus on brand innovation and leverage the food retail expertise that has been at the heart of our business for more than 140 years. This period of sustained and stable growth is also testament to the energy and hard work of colleagues and our retail partners who share our values and commitment to a better way of doing business.

Looking ahead, we should also be mindful of the fact that, although the markets in which we operate are extremely competitive, right now Ireland remains one of the strongest economies in Europe. However, in the short to medium term the vibrancy of the Irish economy will almost certainly be impacted by Brexit. This means that as business we must be agile, play to our strengths and listen to and act upon the deep local knowledge of our retail partners to understand and keep ahead of consumer needs. ↓

*“At every opportunity we aim to combine our deep local roots with brand and digital innovation to deliver a seamless shopping experience that meets the needs of individuals, not demographics”*

Chris Martin, CEO, Musgrave





## Vision

We have set our purpose as **Growing Good Business** – developing the company sustainably for the benefit of partners, colleagues and the company – and this underpins a vision for transforming the food business in Ireland. It is a vision that creates opportunities for Musgrave at every eating occasion and the prize for making this a reality is considerable.

The food market across the island of Ireland is currently worth €30 billion and by 2025 it is estimated it will be worth €37 billion. With market-leading convenience and supermarket brands in every community in Ireland, we are uniquely placed to address this opportunity but are also keenly aware that we can take nothing for granted.

On the one hand, we need to remain at the top of our game to deliver value and quality 24/7 so that shoppers enjoy the everyday staples they have come to expect from our brands in-store, online and on-the-go. Differentiation here is all about being highly competitive on price and offering the best value for money for our shoppers.

At the same time, with growth at the heart of our agenda, we are committed to innovation and food leadership to stretch our existing brands, create new brands and look for opportunities to build or acquire businesses in new and emerging sectors of the food industry.

We already have a strong track record of creating value through disruption. For example, it is easy to forget that Frank and Honest is just two years old and already the largest coffee brand in Ireland. Our Irish dairy ice cream brand, Moo'd, is seeing similar rapid growth, with an increase from 56 Moo'd concessions in Centra and SuperValu stores in 2017 to 134 stores in 2018. At the same time, we have introduced healthier choices across all our own brand ranges and transformed food-to-go with initiatives like Green Kitchen in Centra and Munch & Co deli in our revamped Daybreak stores.

From expanding vegan and vegetarian ranges, to evolving our quality offer through SuperValu Signature Tastes, Inspired by Centra and Musgrave Excellence, as a business we are thriving as the result of a restless and entrepreneurial mindset committed to excellence in grocery retailing, wholesale and foodservice across Ireland.

Our acquisitions of foodservice business La Rousse Foods and luxury food retail brand Donnybrook Fair, both represent new opportunities for our business in the growing high-end food sector, broadening our reach in the hotel and restaurant market and strengthening our presence in the expanding Dublin food market. We remain open to opportunities where we see the chance to deliver on our strategy of building brands that provide people with unique food experiences both at home and out of the home.

## Reinterpreting retail

Last year I shared our company strategy that looks out to 2025, where we see an evolution of the food industry through a dissolution of the boundaries between eating at home and eating out of the home and consumers making increasingly informed choices about the health benefits of what they buy, coupled with growing concern about the sustainability of the food eco-system.

Shoppers also continue to demand new levels of convenience, speed and availability online and on-the-go, while at the same time expecting a richer experience in-store.

Coupled with the inexorable rise of online and digital transformation across our industry, these are seismic changes. Yet it is important to recognise that it has been change and transformation that have been defining our industry for the best part of half a century and Musgrave's ability to anticipate, embrace and leverage such changes has been crucial to our long term success.

Forty years ago, we transformed the grocery business in Ireland with the creation of SuperValu and Centra. This was a high-risk strategy at the time and a great example of the entrepreneurial culture that continues to inform and drive the business.

SuperValu was Ireland's first supermarket brand and won its place in the hearts of the nation through a combination of value, range, availability, food leadership and innovation, coupled with the industry, enterprise and commitment of outstanding local entrepreneurs. This year we are reporting €2.9 billion in retail sales for SuperValu across the island of Ireland.

SuperValu was also the first retailer in Ireland to announce a major commitment to own brand, when this was an unfamiliar choice for Irish consumers. Our unprecedented investment in these ranges has ensured that own brand is now an integral part of the weekly shop in Ireland, while at the same time creating an extensive line of award-winning products developed in collaboration with some of the country's leading local producers – first choice brand differentiators rather than simply value alternatives.

In the same 40 years, Centra has redefined convenience shopping, turning the corner shop into a community hub focused on consistency and availability; fresh, healthy food-to-go; excellent customer service and unique food experiences. With retail sales on the island of Ireland of more than €1.9 billion in 2018, Centra is now globally



**Our SuperValu and Centra stores looked very different 40 years ago**

recognised as the future of convenience grocery shopping; a world class offer, with national scale and local responsiveness.

Today, Centra stores are delivering on our strategy of 'owning every eating occasion in and out of the home', by offering a range of complementary sub-brands in store to attract consumers to shop, eat and drink at any time of day. From a Frank and Honest coffee, to an artisan pizza takeaway from Caramico or a healthy, freshly-made salad box from Green Kitchen, these stores provide unique and inspiring food options that shoppers come back to time and again. We plan to open 25 new Centra stores this year and revamp a further 80.

While our business strategy looks out to 2025, our reinterpreting of retail is a process of constant evolution in which our brands deliver a consistent and seamless experience online, on the move or at the till. And while online grocery will continue to be driven by speed and convenience, our traditional high street stores are already developing into multi-purpose destinations where people go not just to buy products but also for great dining experiences, food demonstrations, nutritional advice and personal service from artisan butchers, bakers and greengrocers.

40

*Celebrating  
40 years of  
transforming retail  
in Ireland through  
SuperValu and  
Centra*







**SuperValu's living herb wall trial in Castletroy**



*Delivering a fresh and healthy approach to convenience food*

Indeed, we have already begun implementing and trialling many aspects of this destination shopping experience across our estate. The newly revamped SuperValu Castletroy is a flagship store that includes a range of food experience areas under one roof, from fishmonger and health and wellbeing zones to one of our recently launched vegetarian zones. The store is also piloting a living herb wall concept, giving shoppers the unique option to pick their own fresh produce from the plant, which, at the same time, is a sustainable step forward in reducing packaging and food waste.

The Daybreak brand continues to experience strong growth. In 2018, we opened 17 new stores with 38 stores adopting the new identity. The new brand identity brings a fresh, new look and feel while very much keeping to the brand's core principles of fast, easy and local shopping. With the introduction of three new sub-brands: Munch & Co (deli), 9 Grams (coffee) and Lickety Split (ice cream), the new format provides a diverse offering to shoppers throughout the day.

A key focus in 2018 was to provide healthy convenience options to consumers. For instance, the new Munch & Co deli features many healthy options such as signature sandwiches, salad bowls and egg pots, as well as toast and toppings.

Our business is all about creating outstanding brands that outpace consumer expectations and are strongly differentiated in relentlessly competitive markets. This differentiation and commitment to reinterpreting retail to remain relevant and essential to consumers is hardwired into our corporate culture but we can't do it alone. It can only be brought to life through the expertise and passion of some of the country's leading entrepreneurs.

**Leveraging local**

Musgrave has a 140-year heritage in food and brand innovation and what continues to set us apart from our competitors is our unique network of independent retail partners; thousands of individual entrepreneurs with a deep understanding of the needs of their local communities – family business leaders who have invested heavily to ensure their enterprises remain the thriving hub of the town or city they serve.

To reinterpret retail and create destination outlets offering rich food experiences tailored to local shoppers and families requires frontline expertise and local knowledge that can only be provided by outstanding partners who operate in the communities in which they live.

We are very proud of our relationships with our retailers, some of which go back many decades. We recognise that not only are they key to the local innovation that is such an important differentiator alongside international competitors, but they also hold the key to the continuing relevance and indeed resurgence of the physical store; social and community hubs delivering outstanding food experiences to local communities.

We have led the way in Ireland, Northern Ireland and Spain, investing heavily in technology to unify the retail experience and to deliver an increasingly personal experience to individual consumers.

At the same time, we see the rise of online and the digitalisation of the retail experience offering limited space for differentiation. It is our retail partners who are uniquely placed to bring the human and digital food experiences together, bringing our brands to life in compelling physical environments that host a rich theatre of food and dining excellence tailored to the needs of local communities.

It is a bright and exciting future for these independent retailers, who will thrive in this evolving retail environment. As small and medium-sized businesses, they are better able to adapt and react to consumer needs and changing food trends. With their local approach and community insight, coupled

## *“Our aim is to continue to explore international opportunities; putting Irish food on the map worldwide and exporting the best of our local own brand produce”*

with our expertise in brand innovation, we have a winning combination that works today, and will work in the future.

### Transforming wholesale

While we continue to stretch our retail brands, the wholesale side of the business has followed a similarly transformative journey. Musgrave MarketPlace has evolved from an outmoded cash and carry concept into Ireland's leading wholesale business for retailers, SMEs and a one-stop shop for the country's growing hospitality sector. Today, with the addition of the newly acquired fine food specialist La Rousse Foods, we are able to service every area of the hospitality and foodservice sector in Ireland, with more than 24,000 products from basic everyday items to premium, artisan and locally-sourced produce.

Similarly, digital technology is shaping wholesale as much as it is retail, driving speed, convenience and choice for our customers, from online ordering and delivery to social media events. Meanwhile our outlets and people have become central to the Musgrave MarketPlace experience. For example, in our Food Theatres professional chefs are available to work with businesses on menu design, as well as demonstrating new products and hosting food tastings. Bringing La Rousse Foods into the Musgrave family was a strategic move that has allowed us to broaden our reach in the hotel and restaurant market in Ireland, sourcing and supplying the highest quality produce for Ireland's top chefs.

We recognise that the future of wholesale is about being nimble and responsive to changing food trends in the industry, delivering unique product ranges and more locally-sourced products, while leveraging digital technology to source, supply and deliver products quicker than ever before.

The growing alignment between the retail and wholesale sides of our business is helping to drive synergies and encourage a sharing of expertise and innovation that is strengthening brands and operations.

### Reinterpreting international

In 2018, our Spanish business performed well with the addition of five new Dialprix stores during the year and the recent opening of a new cash and carry outlet in the South East region of Spain.

The continuing strength of our wholesale and foodservice offer coupled with the global demand for quality own brand products is opening export opportunities for the business. We have recently appointed Stefan Sick as Managing Director of our new Musgrave International division. Our aim here is to continue to explore international opportunities, putting Irish food on the map worldwide and exporting the best of our local own brand produce. Our own brand products are increasingly recognised as safe, high quality and with outstanding provenance and traceability.

We recently announced an agreement with Alosra, Bahrain's leading premium supermarket group, where we are supplying a selection of products from our Excellence own brand range as well as a number of Irish products. I am pleased to report that we are investigating a number of similar partnerships.

**Our acquisition of La Rousse strengthens our foodservice offering in the high-end area of the hospitality sector**







**SuperValu will invest €3 million over two years in a programme of solar panel installations**



*Caring for our World is a collection of 27 commitments in four areas of sustainability*

### **Growing Good Business**

Three years ago, when we set our purpose as **Growing Good Business**, it was partly to inspire and launch the next phase of growth in the year of our 140th anniversary. But it was also to make sure that our values – long term stable relationships, not being greedy, working hard, honesty and achievement – remain embedded in our business for the next 140 years, and to emphasise that while sustainable growth remains a key driver for the business, it needs to be pursued in line with those values.

Sustainability has always been important to the business, and it is reflected in the clear, measurable commitments outlined in our *Taking Care of our World* strategy. In 2015, we became one of the first businesses globally to align its sustainability strategy with the United Nations Sustainable Development Goals. The SDG's underpin our approach and ensure that we work consistently across the three core areas of sustainability: economic, social and environmental.

Fostering a more inclusive, diverse and healthy workplace where people can grow and thrive is also an important part of our strategy. To

support this culture change we are continuing to invest in our people development programme, Breakthrough, which has seen more than 5,000 colleagues participate and more than 50 Musgrave people qualify as Breakthrough trainers. In addition, we are continuing to develop our award-winning Be Well Work Well programme which supports and encourages our employees to eat healthily, stay active and reduce stress. And earlier this year we launched the new Diversity and Inclusion policy. We want to do more here, not just because it is the right thing to do, but because research indicates that more diverse businesses are more engaged and better businesses.

The need for a strategic approach to sustainability is greater than ever. Global challenges like climate change demand coordinated action by governments, businesses and civil society if we are to avoid the potentially catastrophic impacts that continued global warming will bring about. Through the choices we make, each of us has a role to play in mitigating climate change. This includes rethinking our patterns of consumption, changing our approach to food production, decarbonising our energy systems, introducing a more circular use of resources and eliminating waste.

Our ambition is to leave a positive and lasting legacy for future generations, with a clear and committed approach to sustainability in every area of our business, and to take our partners on this journey with us.

For example, we are working hard to offer shoppers a more sustainable shop. We are committed to reducing packaging in-store and to making 100% of SuperValu's own brand and fresh produce packaging reusable, recyclable or compostable by 2025. In SuperValu we have already moved to compostable fruit and vegetable bags, which has resulted in 2.7 million plastic bags being removed from our supply chain. We are also pleased to have completed our rollout of 100% compostable coffee cups and lids in Frank and Honest, the first coffee brand in Ireland to do so.

At the same time, given our central role in feeding Ireland, we recognise our responsibility to provide healthier choices, especially in the context of our own brands. Shoppers are increasingly aware of and interested in the food they eat, the ingredients in the products they choose and the nutritional information on the packaging.

**Centra continues to redefine convenience with healthy and nutritious grab-and-go options**



With more public awareness of the damage eating excessive amounts of salt, sugar and saturated fat can cause, we are playing a role in helping people to enjoy the food they love without compromising on their health. We will reduce sugar and salt by 10% in our own brand ranges for our consumers. To this end, we embarked on a major reformulation programme in 2016, tackling the issue product by product and seeing how we could reduce levels of salt, sugar and saturated fats without compromising on taste, texture or quality.

## Conclusion

Today I am inspired to see just how engaged our people and our partners are in delivering on our 2025 vision. They are energised by the opportunities that the transformation of retail and wholesale promises for our business and focused on overcoming the challenges we face in getting there.

Our continued investment in our people development programme has fostered an entrepreneurial culture that is driving innovation and creativity in everything we do. At the same time, our people have embedded our **Growing Good Business** ethos into their ways of working, which is making a tangible difference to energy and ambition right across the company.

I would like to personally thank each and every Musgrave colleague, our retail partners and our suppliers for their commitment and dedication over the last year to **Growing Good Business**, and for playing a crucial role in shaping our future vision for the business.

I remain positive and inspired by that future vision; one that not only redefines retail and wholesale, but also benefits people, businesses and communities, and leaves a lasting legacy for future generations.

**Chris Martin, CEO**



# *Growing Good Business*



We characterise our purpose as **Growing Good Business** because we believe that growth should not come at the expense of doing the right thing. This clarity of focus inspires our people and drives us to grow sustainably for the long term.

**A**s a 140-year-old sixth generation family business, we have a strong set of values that guide our actions and support our ambition to leave a lasting legacy for future generations. Together, our purpose and values inspire us to reduce the impact of our operations on the environment, encourage our people and retail partners to grow and thrive while supporting local communities and our shoppers to live happier and healthier lives.

Our ambition is to be the most trusted and sustainable business in Ireland, but we can't do it alone. Working with our people, suppliers and retail partners, we believe we can bring about real positive change. For example, our sustainability strategy has the ambition to improve the health of more than 2 million people on the island of Ireland. As a business, Musgrave invests heavily in initiatives to make own brand products healthier and in communications campaigns to promote healthy living and more sustainable choices. However, these messages only come to life in local stores and through the passion of our retail partners who have a long term commitment to their customers and communities.

Our *Taking Care of our World* sustainability strategy is a set of 27 commitments, which stretch our business in the four core areas of health, people, communities and the environment – from reducing plastic packaging across our supply chain, to growing sales of healthy food items by 25% in SuperValu and Centra stores.



## Sustainability commitments

Within our sustainability strategy, *Taking Care of our World*, we have four main ambitions which comprise 27 individual commitments, stretching targets that take us to 2020 and beyond.



### CARING FOR OUR WORLD

We will minimise the impact of our operations on the world around us and use our network to influence others to do likewise.



### INSPIRING HEALTHIER LIVES

We will improve the health of 2 million consumers across the island of Ireland.



### PEOPLE & PARTNERSHIPS

We will support our people and our partners to live and work sustainably, ensuring our business is the most trusted in Ireland.



### BUILDING SUSTAINABLE COMMUNITIES

We will make a positive impact on the planet by enabling our partners to make every local community in Ireland a sustainable community.



1,000+

retail partners across  
the island of Ireland

As a business that partners thousands of SMEs across the island of Ireland, we are uniquely placed to take more sustainable ways of doing business right to the heart of local communities. Our retail partners are all family businesses that share our values and are in it for the long haul. Working together, we can forge a different and better way of doing business – business that is better for individuals, communities and the planet.

### Musgrave named European Family Business of the Year 2018

We were delighted to be awarded Family Business of the Year at the seventh European Family Business Awards 2018. This was international recognition of the positive impact of our family values on business performance. The judges recognised the efficacy of our progressive governance structure and the commitment to sustainability and wellbeing across the business.

Being a family business has always been important to us, and our structure has enabled us to grow and evolve sustainably, which has allowed us to come out stronger during economic

downturns. We believe family businesses are the lifeblood of local and national economies and we are proud to share our values and support thousands of other family businesses through our retail partners and our supplier network.





1,500

local jobs created due to the Food Academy programme

### Supporting our retail partners to make a positive impact

As a business we have been reporting on our environmental impacts for nearly two decades, and we have made significant improvements to carbon emissions and waste. We power all our business facilities with 100% green energy, and we send zero recoverable waste to landfill. However we know that to do more, we need to support our retail partners to make similar changes and reduce their impact on the environment.

Since 2015 we have been running our 20/20 project, an initiative to reduce energy consumption across SuperValu and Centra stores by 20% by 2020 (compared to 2014 figures). This is being achieved through a programme of store revamps and behavioural training. Revamps include retro-fitting energy-efficient refrigeration, lighting and fans as well as changes to freezers, whilst training is given on reducing energy through behavioural changes like switching off equipment that isn't in use, which typically achieves reductions of around 5% a year. We are delighted to report that this project is on track to achieve its 20% reduction target.

### Helping artisan producers thrive

Our Food Academy programme celebrated its fifth anniversary in 2018 and continues to extend in range and reach, supporting hundreds of local producers and bringing unique and consistently innovative artisan products in-store.



**Our Food Academy programme supports early-stage Irish food entrepreneurs in bringing their products to market**



Since the programme's inception in 2013, Food Academy graduates have sold €110 million worth of produce in SuperValu stores – some 329 suppliers creating around 1,500 local jobs across the island of Ireland.

Food Academy was established to support early-stage Irish food businesses and is a joint initiative between SuperValu, Bord Bia and Ireland's network of Local Enterprise Offices. Two years ago, we established the FoodService Academy, a similar scheme to help small Irish artisan producers grow and develop in the foodservice market.

Both programmes champion locally made produce by small producers, and give them support to bring their product to market.

To mark Food Academy's anniversary a number of events were held, and celebrity foodie, Hector, travelled around the country meeting the people behind produce celebrating the progress they have made since joining the Food Academy.





*Keeping ahead of shoppers*

# *Keeping ahead of shoppers*



**Retail Food Loyalty Programme  
of the Year**

For more than 140 years we have been leveraging our expertise in food and brand innovation to develop market-leading brands that keep ahead of shoppers to offer something unique and inspiring for every eating occasion.

**T**his year we celebrate 40 years of transforming food retail with our market-leading brands SuperValu and Centra. For four decades these brands have been leading the way in delivering exciting, healthy and inspiring food that is value for money and supports local producers, coupled with a unique and trusted local customer service.

Today, food retail and dining out-and-in continue to evolve at pace, transforming in new and exciting ways that respond to changing consumer demand and leverage the ubiquity of digital technologies. A decade ago we couldn't have imagined being able to shop online via our smartphone, to pre-order our lunch via an app, or leave a store without so much as having to get a purse or wallet out to pay. But today this is already happening, and we take it for granted.

Our stores are constantly evolving and our 2025 vision to reimagine retail and wholesale brings together our industry knowledge, customer insight and the unique expertise and local knowledge of our retail partners, building this into a roadmap for change and innovation.

The first is the alignment of convenience and digital. Speed and ease of shop will be enabled by technology and innovation that will allow convenience shopping to become a seamless

experience between the digital and human world. From the continuing growth of SuperValu online to the exponential take-up of in-store apps like Beat the Queue and Real Rewards, the digital extension of our brands is already supporting convenience and building loyalty.

The second major feature of future retail will be destination shopping – creating unique shopping and eating experiences that bring brands to life in-store in ways that extend and transcend the online experience.

Our people and partners are already working towards this vision, trialling and rolling out new initiatives, new brands and experiences within stores. SuperValu, for example, has always had a focus on in-store expertise – such as butchers, bakers and greengrocers, able to advise on how best to cook, flavour or serve specific fresh products. In the stores of the future our food leadership will be taken to another level. They will become social hubs where innovation, expertise and food theatre come together to deliver foodie experiences coupled with opportunities to eat-in, take-away, grab a coffee or stop to meet friends and family, join a cookery lesson or learn more about nutrition.

Part of our strategy is about evolving our offer while diversifying into complementary marketplaces. Value, fresh and convenience will remain crucial to shoppers going forward, as will ↓





*“A major feature of future retail will be destination shopping – creating unique shopping and eating experiences that bring brands to life in-store in ways that extend and transcend the online experience.”*

the opportunities for providing food solutions for special occasions. Our recent acquisitions of high-end foodservice brand La Rousse, and Dublin based retail chain Donnybrook fair, are part of our future vision for the business.

### Luxury food sector in Dublin

Donnybrook Fair is a unique and inspiring food retail brand that is already delivering on many aspects of the future destination shopping experience. Donnybrook Fair stores are exciting food emporiums dedicated to the very best Irish produce, luxury food items from around the world, and an extensive wine collection. Shopping in store is a foodie heaven, with demonstrations, tastings, events and dishes created fresh in-store



by top chefs and experts who are passionate about food and drink.

Our acquisition of Donnybrook Fair builds on our strategy to own a larger share of the food retail market in Dublin, where there is an appetite for more unique and luxury food experiences, and a large and growing population able to sustain growth in this sector.

### Technology for the future of retail

Technology will be the enabler of future retail, delivering the speed and convenience shoppers will demand, with personalised service and complete flexibility. Data is also defining our industry, allowing us to tailor experiences to individual customers, such as bespoke offers based on shopping preferences delivered via smartphone apps.

The demand for shopping via the web continues to grow with 26,000 customers shopping via SuperValu online in 2018, and sales growth of 25% year on year. In conjunction with this, SuperValu Real Rewards, our online and in-store rewards scheme, also continues to strengthen. Real Rewards has over 1.2 million users and this year the scheme was awarded Retail Food Loyalty Programme of the Year, at the Irish Loyalty Awards.

Meanwhile we have been investing heavily in the development of a range of mobile apps for our brands, to make shopping and ordering food quicker and easier for our consumers.



Centra's Beat the Queue app was launched two years ago as trial in several Centra stores, enabling shoppers to choose, order and pay for their lunch item in advance and simply pick it up at a chosen time slot. Today 53 Centra stores are currently offering customers the Beat the Queue app, with more stores scheduled to offer this service by year end.

This year an adapted version of the app goes on trial in Daybreak stores for shoppers to pre-order takeaway food orders. Innovation in digital such as these apps, is delivering the hyper convenience our customers are demanding.

### Destination shopping in action – Castletroy SuperValu

As we develop our 2025 vision of food retail, we are working with our retail partners to trial many aspects of destination shopping in key stores across Ireland. One of these stores is Castletroy SuperValu – a flagship supermarket which is showcasing a range of next generation destination shopping features.



For example, the Castletroy greengrocer section has a larger organics section, over 60 new products and a living herb wall – the first trial of its kind in the SuperValu brand. The herb wall gives shoppers the choice to cut their own fresh herbs from the wall, or buy potted 'grow at home' herbs – this seeks to both inspire healthy living and cooking at home, and to reduce waste and packaging by selling the herbs loose.

Further destination zones include a health and wellness area and a vegetarian zone, a dedicated space for vegetarian and vegan products with increased own brand ranges and exclusive Happy Pear products. These vegetarian zones have already been rolled out to over 80 SuperValu stores, and they have proven a success with consumers, with a 42% increase in vegetarian chilled range sales in 2018.

Bringing these destination shopping zones together with other key sections like our traditional fishmonger and butchery, Castletroy SuperValu is on the very cusp of consumer trends, delivering a retail experience that is one-step ahead of the industry.

### Delivering unique foodie experiences

We always want to remain one step ahead of consumer and food trends across the island of Ireland. With the rise in popularity of social media platforms like Facebook and Instagram, food bloggers and healthy eating influencers, staying on top of trends and delivering an exciting experience for our shoppers is increasingly important.

Over the last few years our brands have been creating and sponsoring key food events that tap into trends, introduce new foods and expose our brands to a diverse range of audiences.

For example, over the past two years SuperValu has sponsored Wellfest, providing a dedicated SuperValu WellFood zone. In 2018, festival-goers were able to benefit from cutting edge discussions on healthy eating together with top chefs and nutritionists from Ireland and the UK sharing some inspirational ideas on cooking meals and providing top tips on how to maintain a healthy, balanced lifestyle.

Meanwhile, in Northern Ireland, SuperValu, has the mission to 'Get NI Cooking' and the campaign is a mixture of social media and in-store inspiration, coupled with events like the Let's Cook Roadshow, with input from celebrity chefs and top food experts.

# Own brand innovation

Musgrave has consistently led the way in introducing outstanding own brand food ranges to Ireland. As the first Irish retailer to put own brand products at the heart of its offer, we have made this approach central to the successful delivery of value, quality and brand differentiation.



Own brand is important to our commitment to food leadership. For example, we are continuously re-evaluating and reinventing our own brand ranges to ensure they offer healthy and nutritionally balanced choices; that they are delicious and enticing for shoppers, introducing new tastes and satisfying every eating occasion; and that they remain value for money.

And we continue to develop and launch new ranges to anticipate and satisfy the changing needs of shoppers. For example, Centra's new Inspired by Centra range is an extensive, quality convenience offer that delivers tempting products and healthy alternatives for modern consumers with little time to shop and cook. Meanwhile Green Kitchen is our new fresh takeaway concept, which couples convenience with handmade, freshly prepared and to order.

Meanwhile, within SuperValu we are always looking at new ways of offering our shoppers exciting opportunities to eat freshly cooked food





# €6.3 million

worth of Inspired by Centra  
own brand sales since its launch  
in July

at home. For example, our fresh meal solutions in SuperValu offer the convenience of prepared food to take away, coupled with the foodie experience of meals being prepared fresh in-store. The Prepared By Our Butcher & Fishmonger ranges encompass everyday family favourites, meals for one and children's ranges.

We have extended this offering to include larger items such as family joints of meat and premium range products, and this year we are launching new value products to the range. Over the last three years customer demand for these prepared meal solutions has grown significantly, with sales growth of 20% – equivalent to an additional €4.5 million. In 2018 the Prepared By meal solutions range was worth €25.5 million with an estimated €2 million incremental sales for 2019.

We know our brands and products resonate with shoppers. Over the last two years, our SuperValu and Centra own brand products have picked up 112 Great Taste awards, 79 Blas na hEireann, 10 Free From Awards, nine World Cheese awards, five World Steak Challenge awards, five Salute to Excellence awards, three Royal Bath & West awards, three NPPA awards, two Maternity & Infant awards and three Irish Cheese Awards. Of the total 231 awards, Signature Tastes won 123 awards, and Inspired by Centra won 19 awards in its first year of launch alone.

Our food brands, both retail and wholesale, are also resonating with international markets, and this is strengthening our exports of Musgrave products globally. We know that Irish food has a

global perception as being fresh and high quality making it a top choice for retailers, wholesalers and hospitality businesses in many countries.

### Aligning health with convenience

Convenience food has changed radically over the past decade – with Centra leading the transformation – and consumers' expectations have risen dramatically. Shoppers expect fresh, nutritious, inspiring and delicious food that is quick, easy and value for money.

Over the past two years we have worked to make Centra synonymous with healthier choices, responding directly to shoppers' demands for more and more innovative vegan and vegetarian offerings; more information about sourcing and ingredients; and more creative in-store design that makes it easier for shoppers to opt for healthier choices.

Inspired by Centra is a direct response to these trends, offering quality on-the-go products, as well as healthy and convenient take-home ranges – from cold pressed fruit and vegetable juice shots and salad boxes, to ready meals, matured steaks and soups made with wholesome ingredients. The brand has seen rapid growth, with recorded sales of €6.3 million since its launch in July.

Green Kitchen has been rolled out to 43 Centra stores. This unique new takeaway provides fresh 'made-to-order' salads in store, from a menu of dishes, or a custom 'build-your-own' option.



### Best-in-class nutritional labelling

Centra has rolled out a new front of pack IGD recommended 'health lozenge' – a nutritional information area on own brand products that allows shoppers to make informed decisions about the food they are buying and encourage healthy choices.

In addition, Centra has also launched the 'Live Well' icon on the front of pack where there is a best-in-class nutritional claim that can be made about the product. This immediately highlights the health benefits of certain products, allowing shoppers to make quick and informed decisions on the best product to match their needs.

### Making our own brand healthier

As part of our sustainability strategy we have committed to reducing salt and sugar in our own brand ranges by 10% by 2020. In fact, we're going further by also tackling additives and fats in core staples, making our own brand food products as healthy as they can be, without compromising on quality or taste.

For the past two years we have been working with our suppliers on a programme of reformulation across our ranges, considering recipes product by product and seeing how much the sugar or salt content can be reduced. We have already made significant progress in products from cooking sauces to soft drinks.

For example, in pre-packed cooked chicken and turkey ranges, we removed all artificial additives and reduced salt content by an average of 40% and sugar by 26% across the range. In yoghurts, just over 30% reduction in sugar was achieved in children's yoghurts and Greek style natural yoghurt ranges.

Our reformulation project remains ongoing, and we know we have more to do across thousands of products to ensure we are achieving the healthiest possible outcome for consumers.

### Reinventing on-the-go food

Our Daybreak symbol brand continues to evolve, with its new store identity rolled out to 38 stores in 2018, and a further 40 stores projected to

**The Munch & Co deli concept for Daybreak provides on-the-go healthy and nutritious options**







# 231 awards

picked up by our SuperValu  
and Centra own brand products  
over the last two years

## Own brand for export

make the move in 2019. This means the new look will be embedded in more than a third of the Daybreak estate which includes forecourt, high street convenience and neighbourhood stores.

The new store identity is focused on a fresh and healthy food offering for every time of day. For example, the Munch & Co deli concept features a range of nutritious salad boxes, freshly made sandwiches and wraps to take away and breakfast items, such as porridge and granola pots.

New healthy snack options are displayed at the front of store, giving shoppers an alternative to chocolate and crisps.

Following the success of our partnership in 2017 with Alibaba Group to use its Tmall Global e-commerce platform to sell SuperValu own brand products directly to Chinese consumers, in 2018 we agreed an export deal worth €5 million annually by 2023 with Alosra, the Kingdom of Bahrain's leading high-end supermarket.

Musgrave supplies a selection of products from its SuperValu and Musgrave Excellence own brand range, as well as a number of Irish brands including products from the Food Academy programme made by small local producers.

There is growing appeal in Bahrain and across the Middle East for specific Irish products, and our international team is working on further agreements and partnerships with global businesses.



The *evolving* store

# *The evolving store*

Today the lines between online shopping, food retail stores, cafes and takeaways are becoming blurred. Our brands must deliver for consumers who want a full weekly shop online or in-store, those who wish to shop and grab a coffee at the same time, or families who want to pick up a freshly cooked pizza along with their shopping in the evening.

**T**his evolving and flexible approach to consumption must be met with a similarly flexible approach to the retail environment. It provides an exciting opportunity for our brands and partners to deliver a unique shopping and eating experience.

Convenience shopping now looks very different to how it looked a decade ago.

Today it brings together a quick and easy shopping experience for groceries in a small shop format, coupled with the convenience of grab-and-go food items – from cold lunches and snacks to quality coffee and hot food takeaways – all under one roof.

That is why, over the past three years, we have been creating and launching a range of food sub-brands that deliver on this future retail experience. This began two years ago with Frank and Honest, now Ireland's biggest takeaway coffee brand, and Chipmongers, a traditional fish and chip shop brand. This was followed by Moo'd ice cream, Caramico Pizza and Green Kitchen. We also have smaller sub-brand offerings within Daybreak and Mace, such as 9 Grams coffee and Munch & Co deli. All of these brands bring together a range of inspiring eating experiences to delight our customers and make the most of every eating occasion, both in and out of the home.



## Frank and Honest puts sustainability at the heart of the brand

Frank and Honest is the biggest takeaway coffee brand in Ireland, with a 15% growth in volume in 2018. We wanted to make the most of this commercial success by taking the lead on sustainability and making a positive impact on the environment, with changes to our packaging that were a first in the Irish market.



In 2018 we completed our rollout of 100% compostable coffee cups and lids across the Frank and Honest brand, which will result in diverting millions of non-recyclable, single-use cups from landfill every year.

The cups are manufactured in Ireland, which has created 20 new Irish jobs. The Irish made Frank & Honest cups are constructed of an inner wall made from sustainably-managed Scandinavian forests with an outer wall made from 100% recycled European paper pulp – all adding to the sustainability of the product.

Meanwhile, in October we launched a new range of Frank and Honest reusable 12oz and 16oz cups across SuperValu and Centra. The stores offer a discount when shoppers purchase their coffee in any reusable cup, encouraging consumers to make their own positive impact on the environment.



**15%**

**growth in volume**



## The *evolving* store

Meanwhile in wholesale and foodservice, our customers expect a one-stop solution to all their business needs, from everyday value basic items, to unique artisan products, combined with kitchen equipment, and the support and expertise to help them deliver exceptional food experiences to their customers. Our store formats in Musgrave MarketPlace are delivering on this both under one roof and online.

### Globally recognised store design and customer service

Over the last two years, the design of our stores and the level of customer service our partners provide have been globally recognised by major industry organisations. We have invested heavily in store layout and design, as well as customer experience for our brands, to ensure that our stores meet the needs of modern shoppers.

Centra is Ireland's leading convenience brand, which has twice won global IGD Awards: Innovative Store of the Year in 2017 and the Shopper Insight Award in 2018. This follows two A.R.E Design awards at GlobalShop for Centra and SuperValu. Meanwhile, Centra and Mace scooped four awards in 2018, including best customer service at the recent Retail Industry Awards.



### Moo'd ice cream to be in over 200 stores across the island of Ireland

Moo'd has experienced fast-paced and strong growth over the last year. In 2017 Moo'd was in 56 Centra and SuperValu stores. In 2018 our unique Irish dairy ice cream brand was in 134 stores, and will be in more than 200 stores in both Ireland and Northern Ireland by the end of 2019.

As a business, we saw a gap in the market for ice creams and cold drinks sales in warmer weather, and an opportunity to capitalise on the growing ice cream market. Moo'd is a youthful and fun brand, which has its roots in the local Irish dairy industry, made by a family-run business in Cavan. It appeals to millennials with Italian gelato ingredients and flavours. Alongside the already popular menu of ice cream cones, tubs, 'whirlies', sundaes and milkshakes, this year we are launching a further seven products in the Moo'd range and new take-home packs in three flavours.



## Wholesale redefined

Two years ago, we trialled and launched our Musgrave MarketPlace Food Theatre concept – our in-store inspiration zone where experienced chefs develop on-trend food concepts offering their expertise and assistance to foodservice customers on everything from dish concepts to menu planning.



Today these theatres are central to the Musgrave MarketPlace offering, and key to what makes our brand stand out. We are staying ahead of the industry and food trends and ensuring our customers get the best and most up-to-date products available.

We are also responding to the changing inspiration of chefs, who want new and different ingredients to meet the needs of every part of the foodservice chain. Our Foodservice Academy, run in partnership with Bord Bia, is now in its fourth year, and gives small Irish producers the chance to sell their products to major retail and hospitality businesses across the country. With support from Musgrave MarketPlace in product development and marketing, these artisan producers are able to get their unique products on the shelves. Our foodservice customers really love the strong provenance of these products.

*“Food Theatres are central to the Musgrave MarketPlace offering and key to what makes our brand stand out”*



### Caramico Pizza – artisan takeaways

In 2018 we launched our new pizza brand Caramico, as an alternative to artisan pizza restaurants, which have become popular in cities across Ireland.

Our takeaway pizza brand, which has been rolled out to six Centra stores in Ireland, brings together on-trend food experiences, with high quality ingredients from local producers, in a simple takeaway format. Caramico produces authentic stone-baked pizzas with premium toppings, such as Fior Di Latte mozzarella and locally-sourced produce, such as cheese from Gubbeen Farmhouse in West Cork and Hampshire ham from the Bogue's farm in Co Cavan.

We have stayed true to our sustainable approach to business, with fully compostable pizza boxes. Customers and retailers have given us positive feedback and see Caramico as an excellent opportunity to grow sales. We plan to have 13 Caramicos by the end of this year.

# *People and Communities*







People are at the very heart of our business. Our colleagues and our partners invest their energy and passion into making Musgrave not only a profitable business with market-leading brands, but also a happy and healthy place to work.

**D**uring 2018 we continued our focus on developing Musgrave into a destination place to work, where our people can grow and thrive. This included continued investment in people development and training programmes as well as our award-winning graduate programme.

With digital technology a significant part of future retail we are developing skill-sets from within the business and recruiting for talented individuals who want to work on some of the biggest ICT infrastructure projects in Ireland. We have also focused on 'giving back' to our employees and celebrating their successes, with internal awards like our Musgrave Heroes.

When we talk about our people, that also means our retail partners and store employees, whose community engagement and local knowledge are key differentiators for our brands. In a world

where digital technology is driving consumers online by default, and longer working hours result in busy lives, social interactions and genuine people experiences are increasingly important to all of us.

Our retail partners are delivering these social experiences and helping communities to thrive every day by delivering a personal service at the heart of communities, providing local employment and through their commitment to local charities and initiatives. Together with our retail partners we employ over 41,000 people across the island of Ireland, and as a single force for good each retailer supports the livelihoods of many other local families.

In a landscape of multi-national brands, consumers come to trust brands with local service, provided by community-based family businesses – this is not something that will change as technology and online shopping grows. In fact, in the future we believe consumers will place even more value on destination stores informed by a deep local knowledge.





Our retail partners have invested heavily in their communities again this year, with many thousands of euros donated to charities and local causes, and €3 million contributed to GAA clubs up and down the country through jersey sponsorship and funding for club development.

### Health and wellbeing

Across our business we are always looking for ways to support our people, to inspire them to be the best they possibly can be and to live healthy lives. Through our Health & Safety Steering Group, which incorporates representatives from across the business, we are focused on sustaining a safe and healthy work environment in Musgrave where all colleagues are actively engaged and participate in making it a safer and healthier place to work.

Our Be Well, Work Well programme is an award-winning HR initiative that supports and encourages our employees to eat healthily, stay active, reduce stress and enjoy time with work colleagues. This programme has been rolled out right across the business and is having good results. It focuses on four key aspects; food, fitness, awareness and benefits. This includes everything from our cycle to work scheme, healthier food choices in the canteens and fresh fruit available at work to awareness events and fitness challenges. Popular programmes have included a six-week mindfulness and yoga course, the Couch to 5K running group and

Workplace Wellbeing Day workplace massages. This programme has been recognised by both the CIPD and IGD for 'embedding a culture of workplace wellbeing'.

### Learning and development

We continue to develop our people to ensure that we have the skills and capabilities we need now and for the future. Just over three years ago we launched a new people development programme called Breakthrough, which has transformed our culture and driven an entrepreneurial mindset through the business. Today we continue to invest in this training, and to date over 5,000 employees and retail partners have been trained with Breakthrough skills.



**100**  
**autism-friendly**  
**SuperValu stores**

**In association with charity AsIAM  
SuperValu is bringing autism-friendly  
shopping to stores across Ireland to  
help reduce social isolation**



### Musgrave named Graduate Employer of the Year

Our graduate programme has grown significantly in recent years with an increase in applications of over 25% and we continue to invest in the programme and the graduates themselves. It is testament to our people, our values and our workplace, that most graduates stay at Musgrave after completing their programme, with some moving into new job roles in brand new departments that reflect the changing nature of retail today. At the 2019 gradireland Graduate Recruitment Awards, Musgrave was named Graduate Employer of the Year (up to 40 intake) and we also picked up the award for Best Graduate Training & Development Programme for Business/Management. Our new graduate website was recognised with a silver award.



## Diversity & Inclusion

In 2018, we developed our plan to build a more diverse and inclusive Musgrave, which embraces and encourages difference and creates a positive high performing environment for our people. There are three core pillars to our approach:



Engaging and educating colleagues



Enabling the attraction and recruitment of more diverse talent



Integrating diversity and inclusion into our workplace polices and ways of working







€3m

Donated by our retail partners to GAA clubs

### SuperValu and Centra celebrate continued support of the GAA

SuperValu and Centra have long been associated with their support of GAA clubs, both nationally and through local retailer contributions. In 2018 SuperValu and Centra celebrated their ninth year sponsoring the All Ireland Senior Football and Hurling championships respectively.

Over the last two years, as part of SuperValu's GAA #Behindtheball campaign, 110,000 footballs were donated to clubs across the country, with the specific aim of helping the next generation live healthier and more active lives. This was also supported by a series of 'Take 10' videos, encouraging children and parents to get 10 minutes of exercise together.

The Centra #WeAreHurling campaign showcased key members of the hurling community through in-store and TV adverts, aimed at amplifying the sport to the wider public and shining a light on those who devote their life to the game and make our national sport a pillar of Irish pride.

### TidyTowns puts focus on urban regeneration and sustainability

In its 27th year, SuperValu TidyTowns attracted a record number of entries, with nearly 900 town and village communities from across Ireland entering the annual competition.

Since our partnership with TidyTowns began, SuperValu has seen the competition grow and evolve. Traditionally, TidyTowns projects focused on improving the look and feel of villages and towns through clean-ups and by making common spaces look better. In recent years, the competition has also embraced sustainability, urban regeneration and it has attracted a whole new generation of volunteers, with many SuperValu TidyTowns groups setting up junior committees.

Many of our retailers are heavily involved in their local TidyTowns committees. For example, Liam Ryan from SuperValu Glanmire and the local TidyTowns committee have worked together on a unique project to get local unemployed people back to work.



They have partnered with a government group called TUS to train and upskill people to work with the TidyTowns committees, so they can help with hedge and grass cutting and planting flowers.

Through local interactions like this, TidyTowns, SuperValu stores and their employees, are helping to tackle isolation and unemployment, and promote social cohesion and community spirit.

### Investing in the future of the food industry

Our market-leading foodservice brand Musgrave MarketPlace is supporting the chefs and food leaders of the future through a major sponsorship of Ireland's first Technological University, TU Dublin.

The TU Dublin Transforms Tomorrow campaign will create a centre of excellence for Ireland's food and drink sector at TU Dublin's new campus at Grangegorman. Musgrave MarketPlace has made a donation of €350,000 as part of its ongoing commitment to supporting the progression of the Irish food sector and investing in up-and-coming chefs and future leaders of the food industry.

TU Dublin offers an inclusive and open learning experience with pathways to graduation, from apprenticeship to PhD. With 28,500 students, it is the largest university in Ireland with a focus on practice-based education.

The sponsorship will go towards supporting the future of the Irish Foodservice sector and creating a new student chef training restaurant, providing eight annual scholarships and supporting four PhD students. This will accelerate the School of Culinary Arts and Food Technology's mission to develop a Centre of Excellence for Food and Drink at TU Dublin, and gain a designation as European Centre of Excellence for Food and Drink.







# Summary financial statements



## Consolidated profit &amp; loss account

	Notes	2018 Total €m	2017 Total €m
<b>Turnover</b>		<b>3,850.4</b>	3,713.2
Cost of sales		(3,171.8)	(3,066.8)
<b>Gross profit</b>		<b>678.6</b>	646.4
Distribution costs		(470.1)	(437.6)
Administration expenses		(127.1)	(133.7)
Other operating income		9.2	12.6
<b>Operating profit</b>	2	<b>90.6</b>	87.7
Net interest expense		(6.1)	(7.7)
<b>Profit before taxation</b>		<b>84.5</b>	80.0
Tax charge on profit		(9.1)	(8.3)
<b>Profit for the financial year</b>		<b>75.4</b>	71.7

## Consolidated balance sheet

	2018 €m	2017 €m
<b>Fixed assets</b>		
Intangible assets	103.1	55.6
Tangible assets	400.2	366.2
Investment properties	37.3	37.4
	540.6	459.2
<b>Current assets</b>		
Stocks	146.2	144.0
Debtors – amounts falling due within one year	486.6	478.3
Debtors – amounts falling due after more than one year	29.3	28.2
Cash at bank and in hand	54.3	145.7
	716.4	796.2
Debt and finance leases – amounts falling due within one year	(13.6)	(75.1)
Other creditors – amounts falling after more than one year	(691.1)	(673.0)
	(704.7)	(748.1)
<b>Net current assets</b>	11.7	48.1
<b>Total assets less current liabilities</b>	552.3	507.3
Debt and finance leases – amounts falling due after more than one year	(25.1)	0.2
Other creditors – amounts falling due after more than one year	(8.7)	(7.5)
Provisions for liabilities	(42.3)	(48.6)
Pension liability	(66.4)	(121.0)
<b>Net assets</b>	409.8	330.4
<b>Capital and reserves</b>		
Share capital, share premium and capital reserves	34.0	34.0
Revaluation and other reserves	22.6	25.7
Profit and loss account	353.2	270.7
<b>Equity shareholders' funds</b>	409.8	330.4

## On behalf of the Board

**Chris Martin**  
Group Chief Executive Officer

**David O'Flynn**  
Chief Financial Officer

## Consolidated cash flow statement

	Notes	2018 €m	2017 €m
<b>Cash flows from operations</b>	4	<b>124.3</b>	77.0
Corporation tax paid		(7.5)	(6.4)
<b>Net cash generated from operating activities</b>		<b>116.8</b>	70.6
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(69.9)	(96.2)
Disposal of fixed assets		1.6	4.5
Purchase of subsidiaries	5	(73.3)	–
Interest received		2.3	1.2
<b>Net cash used in investing activities</b>		<b>(139.3)</b>	(90.5)
<b>Cash flows from financing activities</b>			
Dividends paid		(17.9)	(17.0)
Interest paid		(5.0)	(5.2)
Payments to acquire own shares		(7.1)	(7.1)
Other cash flows		(2.3)	(1.3)
<b>Net cash used in financing activities</b>		<b>(32.3)</b>	(30.6)
<b>Decrease in net cash</b>		<b>(54.8)</b>	(50.5)
Opening net cash		70.8	121.3
Cash and finance leases acquired during year		(0.4)	–
<b>Closing net cash</b>		<b>15.6</b>	70.8



## 1 Statement of compliance

The Group's reporting period ends on the Saturday closest to 31 December, being 29 December 2018 for the current year and 30 December 2017 for the prior year. There are 364 days in both years.

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 102"). The entity has chosen to early adopt the provisions of "Amendments to FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' – Triennial Review 2017 – Incremental Improvements and Clarifications" (December 2017). They are presented in the currency units of the Republic of Ireland, the euro (€).

## 2 Operating profit

	2018	2017
Operating profit of the Group has been arrived at after charging/(crediting):	€m	€m
Staff costs	323.3	303.4
Amortisation of intangible assets	12.3	7.5
Depreciation and impairment of tangible assets	44.5	39.2
Operating lease expense	30.5	29.8
Operating lease income	(7.9)	(7.2)
Surplus on revaluation of investment properties	(1.0)	(0.8)
Defined benefit pension gains – net	(8.9)	–

During the year, the Musgrave Limited defined benefit pension scheme members were offered the option to transfer their accumulated benefits, plus an enhancement, to a personal defined contribution scheme. As a result employer contributions of €14.0 million were paid to the scheme for member fund value enhancements and a €10.0 million settlement gain arose. The costs associated with this programme were €0.7 million. In addition an adjustment was made to the valuation of defined benefit scheme liabilities in Northern Ireland to reflect a change in legislation in relation to guaranteed minimum pensions and a curtailment loss arose of €0.4 million. The net impact of these two matters was a gain of €8.9 million.

### 3 Dividends

	2018 €m	2017 €m
<b>Dividends paid on ordinary shares:</b>		
Ordinary dividends of 31.8 cent (2017: 29.9 cent) per share	17.9	17.0

### 4 Cash flows from operations

	€m	€m
<b>Group operating profit</b>	<b>90.6</b>	87.7
Depreciation and impairment of tangible assets	44.5	39.2
Amortisation of intangible assets	12.3	7.5
Loss/(profit) arising on disposals	0.1	(3.3)
Surplus on the revaluation of investment properties	(1.0)	(0.8)
Share-based payments charge	4.7	4.0
Net movement in working capital	(26.7)	(57.2)
Currency translation adjustment	(0.2)	(0.1)
<b>Cash flows from operations</b>	<b>124.3</b>	77.0

### 5 Purchase of subsidiaries

The Group made two acquisitions during the year – La Rousse Foods on 26 January 2018 and Donnybrook Fair on 12 November 2018. The total amount paid during the year for both acquisitions was €73.3 million.

# 40 years of innovation

For 40 years our market-leading retail brands SuperValu and Centra have been transforming how Ireland shops and eats. It was SuperValu that brought the supermarket and own brand to Ireland, Centra that transformed the image of convenience shopping internationally. At every opportunity we have been redefining an industry that has been around for hundreds of years, making it relevant, different and better for shoppers.

Today our mission is to redefine retail into the future. Our roadmap for retail in 2025 and beyond will focus on flexibility, technology and the integration of a growing diversity of channels, combining the deep local roots of our retail partners with brand and digital innovation to deliver a seamless shopping experience.

**SuperValu**

**Centra**



The background is a solid teal color with several large, abstract, darker teal shapes that create a sense of movement and depth. These shapes are organic and flowing, with some resembling stylized leaves or petals. The text is positioned in the upper right quadrant, set against a lighter teal area.

*“Our business is all about creating outstanding brands that outpace consumer expectations and are strongly differentiated in relentlessly competitive markets”*

# *Our values*

- ◆ Long term stable relationships
- ◆ Working hard
- ◆ Not being greedy
- ◆ Achievement
- ◆ Honesty

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