

# Aurivo Co-Operative Society Limited

## Full Year Financial Results for year ended 31 December 2018

### Robust performance in 2018 aligned with the deployment of key investments to solidify and underpin future performance

**Wednesday 17 April 2018:** Aurivo, the globally focused agri business headquartered in the North West of Ireland, today announced full-year financial results for the year ended 31 December 2018. In a year marked by ongoing volatility in global dairy markets, financial performance for the year was robust and in line with expectations. 2018 saw the largest investment in the history of the Co-operative with new capital investment of €22m, just the start of a €48m five-year investment programme to ensure Aurivo is well-positioned to take advantage of future market opportunities.

#### Financial performance:

Turnover for the year was €443.8m, an increase of 4% on FY 17 (2017: €426.4m). Aurivo reported a Group operating profit (before exceptional items) of €3.0m, (2017: €3.9m). In a year marked by volatility and significant investment, the FY 18 financial performance illustrates the strength of Aurivo's underlying business and that of its operational and commercial platforms.

#### Key financial performance figures:

	2018 €m	2017 €m	Year on year % change
Group turnover	443.8	426.4	4
Group operating profit (before exceptionals)	3.0	3.9	[23]
Investment in plant and machinery	22.0	3.9	464
Net debt	14.6	5.7	[157]
Consumer Foods turnover	98.8	99.1	-
Dairy Ingredients turnover	153.4	143.5	7
Agribusiness turnover	120.7	102.1	18
Marts turnover	71.0	81.6	[13]

#### Operational highlights:

- €48m, five-year capital investment programme underway.
- 439m litres of milk processed – a record year equating to a 7.8% growth on 2017.
- Fourth Fixed Milk Price Scheme launched – reaffirming Aurivo's commitment to supporting suppliers through strong Co-op performance.
- Improved market returns saw the average Aurivo quoted milk price recover to 32c/L
- A solid year for new product development and innovation across the business.

#### Commenting on the financial performance of Aurivo and the outlook for the Co-Operative:

Aaron Forde, Chief Executive of Aurivo said, "2018 was a challenging year for the Irish Dairy sector. Weather conditions at this point have been well documented and these were further compounded by volatility in global markets. Against this backdrop, Aurivo commenced its largest investment programme, and in the process delivered a satisfactory outturn for 2018.

*“The uncertainties and implications of Brexit pose significant challenges to the sector. Within that environment, our focus as a diverse Co-operative will continue to be on growing a sustainable business that will not only create value for our members but will ensure a certain future for our farms, and our communities for generations to come.*

*“The bedrock of Aurivo’s value generation is grounded on a philosophy of operational excellence and continuous improvement that takes precedence in all operations and business functions throughout the Co-op. Our €48m planned investment programme aims to ensure we become a sustainable partner of choice for our customers, both nationally and internationally, with the facilities and capabilities to produce the best possible products.”*

Pat Duffy, Chairman of Aurivo said, *“We are forging ahead to deliver a sustainable and positive outcome for Aurivo in the years ahead. 2019 will see us further expanding our business as we continue to be one of the strongest member-owned organisations in the country.”*

### **FY 18 business performance overview:**

Progress in 2018 is outlined as follows across Aurivo’s businesses:

#### Consumer Foods

Processing 112 million litres of milk and with a portfolio of sales across milk, butter and sports nutrition, turnover remained steady for the consumer business at €98.8m (2017: €99.1m). It was a satisfactory year for the business contributed to by continued growth in customer brand milk and extremely volatile butter prices.

Our nutrition business, operating under the For Goodness Shakes brand, reported another strong year of growth with sales up by 20%. Our milk brands, Connacht Gold and Donegal Creameries performed well and continue to be supported by our loyal customers in the West and North West.

We continued to develop and enhance the Connacht Cold brand in 2018 where we introduced Connacht Gold MÓR milk to our milk range. With first mover advantage, the introduction of Connacht Gold MÓR to the range was a significant innovation highpoint for Aurivo. Specifically formulated for children from 1 – 12 years, the product is a fresh and nutrient-rich whole milk fortified with iron, prebiotic fibre, vitamin A, C, D, E and Zinc – the only Irish fresh milk, enriched for children currently on the market.

#### Dairy Ingredients

Dairy Ingredients had a strong year with turnover growing at the business to €153.4m (2017: €143.5m).

It was another record year for milk processing with 439 million litres processed in total, of which 327 million litres were allocated to dairy ingredients as manufacturing milk processed into milk powders and butter. This was an increase of eight million litres processed in 2018, equating to 7.8% growth on 2017.

As a truly global business, distributing to 50 markets worldwide, Aurivo continues to expand its global export dairy ingredients operation and customer base in the Middle East and Africa. As part of its international drive, Aurivo has committed to invest in its dairy ingredients’ capability, focusing on formulating products suitable for the evolving needs of its customers.

#### Agri Business

Aurivo’s Agribusiness had a stellar year reporting turnover of €120.7m, an 18% increase on 2017 (2017: €102.1m). Homeland store sales were up 15% on the previous year and fertiliser tonnage up 16%.

To support its farmers through the difficult fodder crisis of 2018, Aurivo was one of several Co-op’s that sourced fodder from other EU member states. For its own members, the Agribusiness team worked hard to assist farmers in completing their fodder budgets, to forecast their fodder deficits and identify shortfalls and the means of filling the gaps by the most cost-effective measures.

Aurivo’s Farm Profitability programme, supporting farm efficiency and aiding knowledge transfer, grew from strength to strength in 2018.

Further enhancing its digital presence, 2018 saw the opening of Aurivo's 35<sup>th</sup> Homeland Store – an online e-commerce store Homeland.ie. The vision for Homeland.ie is to position as Ireland's number one agri retailer, designed to support Aurivo's store network.

### Marts

It was an extremely challenging year for Aurivo's Livestock Marts. Turnover at the business was €71.0m (2017: €81.6m). Following an incident in Mohill Mart, the business made a prudent decision to carry out a complete evaluation of each mart that resulted in a substantial investment to facilitate enhanced safety operating procedures. Although measures come as a change for customers, the health and safety of Aurivo's customers, suppliers, members and employees is of paramount importance.

### **About Aurivo:**

Aurivo is one of Ireland's leading co-operatives, with businesses in Consumer Foods, Dairy Ingredients, Retail Stores, Animal Feeds, and Livestock Trading. Employing approximately 650 people, Aurivo is a globally focused agri-business with regional, national and international brands, and dairy ingredients exports to almost 50 countries in markets as diverse as Afghanistan, Africa, Central America, Costa Rica, Germany, Iraq and the United Kingdom.

### **Issued on behalf of Aurivo by Drury Porter Novelli:**

Contact Paddy Hughes / Claire Rowley at 01 2605000.

Email: [paddy.hughes@drurypn.ie](mailto:paddy.hughes@drurypn.ie) / [claire.Rowley@drurypn.ie](mailto:claire.Rowley@drurypn.ie)

Mobile: 087 6167811 (PH) / 087 2695014 (CR).