



## Aurivo Co-Operative Society Limited Full Year Financial Results for year ended 31 December 2020

### A strong and resilient performance by Aurivo in a uniquely challenging year

**Thursday 15 April 2021:** 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 2020.

In what was a uniquely challenging year due to the global pandemic, the Co-op delivered a strong financial performance for 2020. It achieved a record sales turnover of €488.7m, an increase of 9.4% on FY19 (2019: €446.8m) and delivered an operating profit (before one off exceptionals) of €8.5m, an increase of 170% on the previous year (2019: €3.2m). Group EBITDA was €15.1m, an increase of 69.7% on FY19 (2019: €8.9m). The closing net debt position on 31 December 2020 was significantly improved at €2.2m (2019: €18.8m).

#### Key financial performance figures:

	2020	2019	YOY % change
	€m	€m	
<b>Group turnover</b>	488.7	446.8	9.4%
<b>Group operating profit (before exceptionals)</b>	8.5	3.2	170%
<b>Capital Investment</b>	4.7	11.9	
<b>EBITDA</b>	15.1	8.9	69.7%
<b>Net debt</b>	2.2	18.8	-88.3%
<b>Shareholder funds</b>	66.8	59.8	11.8%
<b>Consumer Foods turnover</b>	96.9	95.1	1.9%
<b>Dairy Ingredients turnover</b>	198	169.2	17.0%
<b>Agribusiness turnover</b>	127.9	115	11.2%
<b>Marts' turnover</b>	65.9	67.5	-2.4%
<b>Net debt to EBITDA (times)</b>	0.15	2.11	

#### Operational highlights:

- Group Operating Profit up 170% to €8.5m (2019 €3.2m).
- Net debt reduced to €2.2m from €18.8m.
- A new milk stability fund created of €3m in support of future milk price volatility (to be paid out in future years).
- Further capex of €4.7m in 2020. Cumulative investment over the past three years was €38.6m.
- Aurivo milk pool for 2020 was 477m litres – growth of 5.5% on 2019.
- Average price paid for milk in 2020 was 35.61cpl including VAT (2019: 34.35cpl including VAT)
- A new fixed milk price scheme was introduced in 2020, bringing the number of fixed milk price schemes to seven.
- A solid year for new product development and innovation across the business.

## Performance

Commenting on the annual results, Donal Tierney, Chief Executive of Aurivo said:

*“Aurivo has reported a strong and resilient set of results for 2020, in what was a uniquely challenging year. Against the backdrop of a global crisis, the hard work and agility of our employees, suppliers and members enabled the Co-op to maintain essential supplies, services, and food products across domestic and global markets. As CEO, I am particularly proud of the very high service levels that have been provided across all business units.*

*“The Aurivo milk pool expanded by 5.5% in 2020 and despite initial concerns about the impact of Covid-19 and a noticeable fall in activity in the food service sector, overall demand for dairy held up well in 2020, with the decline in food service being countered by the surging demand in the retail sector. The Aurivo average milk price for the year was 35.61cpl compared to 34.35cpl in 2019. In addition, we established a milk stability fund of €3m which will be paid out in future years to help our milk supply base manage market volatility.”*

Looking to 2021 and beyond, Donal Tierney said:

*“Notwithstanding the unique year that was 2020, our strategic priorities for the business continue to resonate throughout Aurivo and underpin our approach to sustainable growth. While we expect pandemic restrictions to ease during 2021, its ongoing impact, however, will ensure another year of uncertainty and global disruption. We need to remain vigilant and adaptable to ensure the health and safety of our employees, customers, and farmer suppliers, while securing business continuity and future growth.”*

Raymond Barlow, who was newly elected as Chairman of Aurivo in November 2020 said:

*“In an extraordinary year of volatility and global disruption, Aurivo stayed on track to record an impressive Group business performance that enabled us to deliver for our shareholders and sustain and improve milk price in 2020.*

*“Fully recognising that our farmers are facing numerous challenges including increasing production costs and additional requirements, we are confident that the Co-op has a robust, efficient, and sustainable business model to effectively deliver for all our shareholders, suppliers and customers for the years to come.”*

### **FY 20 business performance overview:**

Progress in 2020 is outlined as follows across Aurivo’s businesses:

#### Consumer Foods

Aurivo’s Consumer Foods business unit delivered a robust outturn for 2020, recording sales turnover of €96.9m, an increase of 1.9% on the previous year (2019: €95.1m).

Aurivo’s liquid milk plant in Killygordon, Co Donegal processed 110 million litres in 2020, an increase of one million litres on 2019.

The Co-op’s consumer foods milk brands are performing well in a very competitive marketplace – reporting an 8% increase in the retail channel.

In 2021, Aurivo will celebrate 30 years of our Connacht Gold hero butter product – Half Fat Butter, so during 2020, we took the opportunity to revise brand packaging and bring the brand through an evolution process. The new design represents our Co-op heritage in a modern world and has been positively received by both our loyal and newly targeted consumers with an 8% increase in sales reported in 2020.

As a 'food-to-go' business, My Goodness Limited (trading as For Goodness Shakes), Aurivo's sports nutrition business was most impacted by Covid-19. Due to the implementation of remote working and the notable reduction in footfall across London and the regional cities across the UK and Ireland, sales volumes fell significantly in 2020. However, indications of sales recovery post lockdown have proven positive, with volumes increasing parallel to the lifting of restrictions across our primary markets.

#### Dairy Ingredients

Aurivo's Dairy Ingredients business performed well in 2020 with a 17% uplift in turnover in 2020 to €198m (2019: €169.2m).

While the business marked the official opening and investment of the new spray dryer in 2019, it was in 2020 that the business reaped the benefits of the investment with the new dryer producing 25,000 tonnes of various grades of enriched milk powder (EMP) ingredients. This investment has been a central enabler allowing us to process 35% extra milk per week on the ADI site; with 2020 seeing the largest powder production volumes ever recorded at the plant.

#### Agri Business

Designated as an essential retail and manufacturing business throughout the pandemic, Aurivo's Agribusiness continued to grow at record rates in 2020, with a strong performance recorded across all categories in terms of both volume and revenue. Agribusiness delivered an exceptional performance recording a sales turnover of €127.9m, an 11.2% increase on the previous year (2019: €115m).

Aurivo's Homeland store network traded throughout 2020 contributing strongly to the overall performance for the business unit. Changes in consumer behaviours brought about by Covid-19 saw strong customer engagement both in-store and online resulting in 1.65 million transactions in 2020. With increased consumer spending moving online, this resulted in strong growth of Homeland.ie, which delivered an essential service for many throughout lockdown. A further online development included the launch of Aurivo's animal nutrition site Nutrias.ie to further build our online presence.

Feed tonnage also delivered a strong performance with an increase in volume of 8%.

#### Marts

Difficulties already faced by the Livestock Marts business were compounded in 2020 by Covid-19, with enforced closures experienced by the industry in April 2020. Reporting a turnover of €65.9m (2019: €67.5m), the business adapted to the environment, in an effort to protect our customers and employees, by moving to online auctions for the first time in its history, in May and June of 2020. The online auction offered an opportunity to buyers to purchase stock online, while providing real-time bidding information to farmers.

#### **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.

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## Consolidated Profit and Loss Account

For the financial year ended 31 December 2020

	2020 €(000)	2019 €(000)
<b>Turnover</b>	488,703	446,764
Cost of sales	(393,453)	(359,663)
<b>Gross profit</b>	95,250	87,101
Operating expenses	(87,003)	(84,159)
Other operating income	263	209
<b>Group operating profit before exceptional items</b>	8,510	3,151
Exceptional items	(152)	(6,394)
<b>Group operating profit/(loss) after exceptional items</b>	8,358	(3,243)
Group's share of profit/(loss) in:		
-Associated undertaking	250	228
-Joint venture	21	(1)
<b>Total operating profit/(loss)</b>	8,629	(3,016)
Net fair value movement on:		
-Quoted investments	(228)	(465)
Income from other financial assets	7	54
Net interest payable and similar charges	(1,390)	(1,761)
<b>Profit/(loss) before taxation</b>	7,018	(5,188)
Taxation on profit/(loss)	(645)	(306)
<b>Profit/(loss) for the financial year</b>	6,373	(5,494)
Attributable to:		
Shareholders of the Parent Society	6,379	(5,523)
Minority interests	(6)	29
<b>Total profit/(loss) for the financial year</b>	6,373	(5,494)

On behalf of the Board

**Raymond Barlow**  
Chairman

**Donal Tierney**  
Chief Executive



## Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

	2020 €(000)	2019 €(000)
<b>Profit/(loss) for the financial year</b>	6,373	(5,494)
<b>Other comprehensive income/(expense)</b>		
Foreign exchange differences on translation of foreign operations	(843)	1,025
Re-measurement of the net defined benefit liability	32	606
Deferred taxation on the net defined benefit liability	(4)	(76)
Effective portion of changes in fair value of cash flow hedges	(60)	156
<b>Other comprehensive (expense)/income for the financial year, net of income tax</b>	(875)	1,711
<b>Total comprehensive income/(expense) for the financial year</b>	5,498	(3,783)
Attributable to:		
Shareholders of the Parent Society	5,504	(3,812)
Minority interests	(6)	29
<b>Total comprehensive income/(expense) for the financial year</b>	5,498	(3,783)

On behalf of the Board

**Raymond Barlow**  
*Chairman*

**Donal Tierney**  
*Chief Executive*



## Consolidated Balance Sheet

As at 31 December 2020

	2020 €(000)	2019 €(000)
<b>Fixed Assets</b>		
Goodwill	16,004	17,983
Other intangibles	11,546	12,956
	27,550	30,939
Tangible assets	49,041	48,958
Investment properties	2,847	2,847
Financial assets		
Investment in associate	721	621
Investment in joint venture	253	232
Other investments	2,719	3,053
	83,131	86,650
<b>Current assets</b>		
Stocks	21,978	18,466
Debtors	39,567	35,838
Cash at bank and in hand	24,224	12,668
<b>Total current assets</b>	85,769	66,972
<b>Creditors: amounts falling due within one year</b>	(68,823)	(58,843)
<b>Net current assets</b>	16,946	8,129
<b>Total assets less current liabilities</b>	100,077	94,779
<b>Creditors: amounts falling due after more than one year</b>	(22,466)	(27,351)
<b>Provision for liabilities</b>		
Retirement benefit obligations	(2,246)	(3,103)
Other provisions for liabilities	(6,518)	(3,649)
Capital grants	(1,818)	(702)
<b>Net assets</b>	67,029	59,974
<b>Capital and reserves</b>		
Called up share capital presented as equity	18,102	16,112
Equity reserve	367	304
Capital reserve	1,859	1,859
Bonus reserve	328	302
Cash flow hedging reserve	106	166
Profit and loss account	46,082	41,040
<b>Equity attributable to the Parent Society's shareholders</b>	66,844	59,783
<b>Minority interests</b>	185	191
<b>Total equity</b>	67,029	59,974

On behalf of the Board

**Raymond Barlow**  
Chairman

**Donal Tierney**  
Chief Executive