



Aurivo Co-Operative Society Limited Full Year Financial Results for year ended 31 December 2021

Aurivo reports strong performance for 2021

Wednesday 6 April 2022: Aurivo the globally focused Agri business headquartered in the Northwest of Ireland, today announced full-year financial results for the year ended 31 December 2021.

The Co-Operative delivered a strong and resilient financial and operational performance in 2021. Turnover increased by 16.7% to €570.3m (FY20: €488.7m). Operating profit (before exceptionals) increased by 48.6% to €12.6m (FY 20: €8.5m). Group EBITDA increased by 28.2% to €19.4m (FY20: €15.1m). Aurivo's closing net cash position for 2021 was €0.4m (FY20: net debt €2.2m).

| Financial Performance: | 2021 | 2020 | % Change |
|--|-------------|-------------|-----------------|
| | €m | €m | |
| Group turnover | 570.3 | 488.7 | 16.7% |
| Group operating profit (before exceptionals) | 12.6 | 8.5 | 48.6% |
| Capital Investment | 7.1 | 4.7 | |
| EBITDA | 19.4 | 15.1 | 28.2% |
| Net cash/(debt) | 0.4 | -2.2 | |
| Shareholder funds | 81.1 | 66.8 | 21.4% |
| Consumer Foods turnover | 104.5 | 96.9 | 7.8% |
| Dairy Ingredients turnover | 235.5 | 198.0 | 18.9% |
| Agribusiness turnover | 143.3 | 127.9 | 12.1% |
| Marts' turnover | 87.0 | 65.9 | 32.1% |
| Net debt to EBITDA (times) | 0 | 0.15 | |

Operational highlights:

- Strong performance achieved in tandem with a strong milk price paid to suppliers across the year.
- Average milk price for 2021 was 40.9cpl compared to 35.61cpl in 2020.
- Milk stability fund in support of future milk price volatility increased to €7m (FY20: €3m).
- Capex of €7.1m. Cumulative investment over past four years has been €45.7m.
- 39 new entrants to Co-Op.

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

“Building on the progress gained in 2020, Aurivo succeeded in 2021 in delivering a record year for the co-op in terms of milk volume handled, increased sales across all facets of our business, improving our profitability while continuing to invest for the future sustainable growth of Aurivo. These results demonstrate the strength and relevance of our brands, our agile response to shifts in consumer demand and the extraordinary efforts of our committed employees and suppliers. These attributes helped position us to manage through the volatility and disruption caused by Covid-19 and emerge an even stronger business. It is also gratifying to note that the results for 2021 were achieved in tandem with a strong milk price paid to our suppliers across the year.”

“Notwithstanding many positive elements that have carried over into 2022, such as: the ending of pandemic restrictions, and strong global dairy and food service demand; the dramatic and ongoing rise in input and operational costs for both our suppliers and the co-op (exacerbated by war in Ukraine) will pose significant challenges for the business in 2022. Our approach over the coming year will be one of prudence to secure business continuity and future sustainable growth.”

Raymond Barlow, Chairman of Aurivo said:

“2021 was an exceptional year for Aurivo despite the uncertainty, disruption brought about by the Covid-19 pandemic. Thanks to our farmers, employees, contract partners and customers, we have been able to deliver a record set of financial results while continuing to create value for all our stakeholders.

“During the year and particularly as we move through 2022, we are experiencing significant price inflation on both processor and farmer inputs. The impacts of increasing input costs and supply chain difficulties are of significant concern and need to be carefully managed. As a business we are responding to inflationary pressures by driving efficiencies wherever possible.”

FY21 business performance review

Progress in 2021 is outlined as follows across Aurivo’s businesses:

Consumer Foods

Aurivo’s Consumer Foods business division delivered a strong performance for 2021, recording a sales turnover of €104.5m, an increase of 7.8% on 2020 (FY20: €96.9m).

Aurivo’s liquid plant in Killygordan, Co Donegal processed 111 million litres of liquid milk, an increase of a further one million litres on 2020.

The Co-Op’s consumer milk and butter brands performed strongly in the period. Connacht Gold butter retained its number 2 position as Ireland’s most consumed and popular butter brand. The For Goodness Shakes brand, which suffered a significant loss of volume in 2020 due to reduced footfall in large cities throughout the UK, has now fully recovered, with volumes now running higher than pre-Covid levels.

Dairy Ingredients

Aurivo’s Dairy Ingredients’ business performed strongly in 2021 with turnover increasing by 18.9% to €235.5m (FY20: €198.0m). The year under review saw the co-op processing a record volume of milk.

Remaining focused on its strategy to diversify its product range and geographical customer base, the business shipped its first order of enriched milk powder (EMP) to Malaysia (a growing EMP market, estimated at between 10,000 to 12,000 tonnes per annum) during spring of 2021.

Responding to customer needs, the business developed a range of lower protein products in 2021, which are gaining traction with customers.

Agri Business

Aurivo’s Agribusiness had a robust year, with sales turnover up by some 12.1% to €143.3m (FY20: €127.9m).

The record performance in 2021 continues to build on prior years as the business constantly innovates to ensure the highest level of service and expertise to customers. The redevelopment plan covering a wide range of projects across the Homeland store network continued to be successfully rolled out across the year.

To meet continued demand from new and existing customers, and to support future growth plans, an investment of over €4m commenced in 2021 for the installation of an additional press line in the Agribusiness feed mill in Ballaghaderreen. The new line is expected to be operational in the first quarter and will provide state-of-the-art production facilities and enhance capacity for the production of high quality and innovative feed products.

Marts

Aurivo's Livestock Marts had a good year in 2021. While Aurivo's marts were forced to operate on an online basis for much of 2020, the business unit strove hard in 2021 to retrieve lost ground. The business unit is successfully operating a dual system through the traditional mart services and through its live online service for those choosing to purchase livestock remotely. The year under review saw record prices for forward beef cattle, which resulted in a return to the ringside of these cattle which normally would have gone direct to factory.

The business had a strong year in 2021 with sales turnover increasing by 32.1% to €87.0m (FY20: €65.9m).

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:

Contact Paddy Hughes / Claire Fox at 087 616 7811 (PH) / 086 392 6584 (CF)

Email: paddy.hughes@drury.ie / claire.fox@drury.ie



Consolidated Profit and Loss Account

For the financial year ended 31 December 2021

| | 2021 €(000) | 2020 €(000) |
|--|----------------|----------------|
| Turnover | 570,290 | 488,703 |
| Cost of sales | (463,535) | (393,453) |
| Gross profit | 106,755 | 95,250 |
| Operating expenses | (94,448) | (87,003) |
| Other operating income | 335 | 263 |
| Group operating profit before exceptional items | 12,642 | 8,510 |
| Exceptional items | - | (152) |
| Group operating profit after exceptional items | 12,642 | 8,358 |
| Group's share of profit/(loss) in: | | |
| -Associated undertaking | 306 | 250 |
| -Joint venture | (2) | 21 |
| Total operating profit | 12,946 | 8,629 |
| Net fair value movement on: | | |
| -Quoted investments | 184 | (228) |
| -Investment properties | 510 | - |
| Income from other financial assets | - | 7 |
| Net interest payable and similar charges | (1,292) | (1,390) |
| Profit before taxation | 12,348 | 7,018 |
| Taxation on profit | (1,656) | (645) |
| Profit for the financial year | 10,692 | 6,373 |
| Attributable to: | | |
| Shareholders of the Parent Society | 10,541 | 6,379 |
| Minority interests | 151 | (6) |
| Total profit for the financial year | 10,692 | 6,373 |

Raymond Barlow
Chairman

Donal Tierney
Chief Executive



Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2021

| | 2021 €(000) | 2020 €(000) |
|---|----------------|----------------|
| Profit for the financial year | 10,692 | 6,373 |
| Other comprehensive income/(expense) | | |
| Foreign exchange differences on translation of foreign operations | 1,103 | (843) |
| Re-measurement of the net defined benefit asset/(liability) | 1,694 | 32 |
| Deferred taxation on the net defined benefit asset/(liability) | (212) | (4) |
| Effective portion of changes in fair value of cash flow hedges | (34) | (60) |
| Other comprehensive income/(expense) for the financial year, net of income tax | 2,551 | (875) |
| Total comprehensive income for the financial year | 13,243 | 5,498 |
| Attributable to: | | |
| Shareholders of the Parent Society | 13,092 | 5,504 |
| Minority interests | 151 | (6) |
| Total comprehensive income for the financial year | 13,243 | 5,498 |

Raymond Barlow
Chairman

Donal Tierney
Chief Executive



Consolidated Balance Sheet

As at 31 December 2021

| | 2021 €(000) | 2020 €(000) |
|--|----------------|----------------|
| Fixed Assets | | |
| Goodwill | 15,296 | 16,004 |
| Other intangible assets | 11,589 | 11,546 |
| | 26,885 | 27,550 |
| Tangible assets | 51,333 | 49,041 |
| Investment properties | 2,195 | 2,847 |
| Financial assets | | |
| Investment in associate | 842 | 721 |
| Investment in joint venture | 251 | 253 |
| Other investments | 2,525 | 2,719 |
| | 84,031 | 83,131 |
| Current assets | | |
| Stocks | 33,145 | 21,978 |
| Debtors | 47,409 | 39,567 |
| Cash at bank and in hand | 24,086 | 24,224 |
| Total current assets | 104,640 | 85,769 |
| Creditors: amounts falling due within one year | (77,047) | (68,823) |
| Net current assets | 27,593 | 16,946 |
| Total assets less current liabilities | 111,624 | 100,077 |
| Creditors: amounts falling due after more than one year | (17,711) | (22,466) |
| Provision for liabilities | | |
| Other provisions for liabilities | (11,002) | (6,518) |
| Capital grants | (2,007) | (1,818) |
| Net assets excluding retirement benefit asset/(liability) | 80,904 | 69,275 |
| Retirement benefit asset/(liability) | 552 | (2,246) |
| Net assets including retirement benefit asset/(liability) | 81,456 | 67,029 |
| Capital and reserves | | |
| Called up share capital presented as equity | 19,996 | 18,102 |
| Equity reserve | 203 | 367 |
| Capital reserve | 1,859 | 1,859 |
| Bonus reserve | 344 | 328 |
| Cash flow hedging reserve | 72 | 106 |
| Profit and loss account | 58,646 | 46,082 |
| Equity attributable to the Parent Society's shareholders | 81,120 | 66,844 |
| Minority interests | 336 | 185 |
| Total equity | 81,456 | 67,029 |

On behalf of the Board

Raymond Barlow
Chairman

Donal Tierney
Chief Executive