



Aurivo Co-Operative Society Limited Full Year Financial Results for year ended 31 December 2022.

Aurivo reports strong and resilient performance for 2022 in tandem with the delivery of a record milk price.

Continued investment of €19.9m in 2022 in operating assets to ensure future sustainable growth for members and suppliers.

Wednesday 3rd May 2023: Aurivo the globally focused Agri business headquartered in the Northwest of Ireland, today announced full-year financial results for the year ended 31 December 2022.

Building on growth achieved over the past five years, and in a very challenging period of inflationary pressures and volatility, the Co-Operative delivered another strong and resilient financial and operational performance in 2022.

Aurivo's revenues increased by 34% to €764.2m (FY21: €570.3m). Operating profit was up by 41.2% to €17.8m (FY21: €12.6m). Aurivo recorded EBITDA of €24.9m, an increase of 28.1% (FY21: €19.4m). Aurivo invested €19.9m in operating assets, an increase of 180.7% (FY21: €7.1m) to ensure future sustainable growth and delivered a record average milk price over the year of 61.4 cpl (FY21: 40.7 cpl) an increase of some 50.9%.

Financial Performance:	2022	2021	% Change
	€m	€m	
Group turnover	764.2	570.3	34.0
Group operating profit	17.8	12.6	41.2
Capital Investment	19.9	7.1	180.7
EBITDA	24.9	19.4	28.1
Net cash/(debt)	2.8	0.4	
Shareholder funds	96.1	81.1	18.5
Average Milk Price	61.4 cpl	40.7 cpl	50.9
Consumer Foods turnover	137.2	104.5	31.3
Dairy Ingredients turnover	340.4	235.5	44.6
Agri Business turnover	187.7	143.3	31.0
Marts' turnover	98.9	87.0	13.7

Operational highlights:

- Strong and resilient performance achieved in tandem with a record average milk price paid to suppliers across the year.
- Average milk price for 2022 was 61.4 cpl compared to 40.7 cpl in 2021.
- Investment of €19.9m on capital expenditure in 2022 bringing Investment programme to €65.6m since 2018.
- 29 new Dairy entrants in 2022.
- 250 family farms added to the Soil Sustainability Programme
- Aurivo milk pool up 2.4% to 514m litres in 2022 V 502m in 2021
- Awarded Origin Green Gold Membership in 2022

Commenting on the annual results and outlook for 2023, Donal Tierney, Chief Executive of Aurivo said:

“The year under review was an exceptionally challenging one with significant inflationary pressure and volatility causing added uncertainty both on farms and within our Co-Operative. Despite these challenges, Aurivo delivered a record financial performance – building on its continued growth over the past five years. This was achieved in 2022 in tandem with the delivery of an all-time high milk price to our suppliers while continuing to invest in our operations and our people, both of which are critical to the continued growth of Aurivo.

“Our business is facing further volatility and headwinds in 2023, so having in place, as Aurivo does, a firm, sustainable and efficient business model has never been more important. Whilst inflation is showing signs of moderating, it is likely that input costs for both farmer and processor will continue to be higher than historical averages. Dairy commodity prices suffered a sharp decline during the fourth quarter of 2022, and we have experienced further decreases in Q1 and early Q2 of 2023. While there has been a noticeable reduction in farmgate milk price, we expect the milk price to settle above the historical average milk price.”

Raymond Barlow, Chairman of Aurivo said:

“Thanks to our farmers, employees and customers, Aurivo has been able to deliver this exceptional performance for 2022. A strong, sustainable financial performance is a must for Aurivo as we continue to deliver ongoing value for our key stakeholders in the challenging periods ahead.”

FY22 business performance review

Progress in 2022 is outlined as follows across Aurivo’s businesses:

Consumer Foods

Consumer Foods revenues rose by 31.3% to €137.2m (FY21: €104.5m).

Retail butter sales increased by 9% in 2022 with Connacht Gold Half sales increasing by 10% on the previous year.

Aurivo’s For Goodness Shakes sports nutrition brand had an exceptional year in 2022. Volume sales were 30% higher than our previous record year in 2021, while revenues also increased by 41%.

Aurivo’s proposal to acquire the Liquid Milk and Retail Butter Van Sales Business of Arrabawn is currently before the Competition and Consumer Protection Commission for approval. On the basis of a successful outcome relating to the transaction, Aurivo looks forward to a positive year of growth in its Consumer Foods business. The addition of Arrabawn / Dawn liquid milk and retail butter to the Aurivo family of brands will strengthen the Co-Op’s position in the coming years.

Dairy Ingredients

Dairy Ingredients revenues rose by 44.6% to €340.4m (FY21: €235.5m).

Aurivo’s Dairy business had a very strong year with record volumes of milk being processed over the year. The business unit continued to execute its strategic goal of broadening its reach globally and to that end, significant progress was made in 2022 on growing sales in Central America, Middle East and Southeast Asia. The process to extend Aurivo’s product range continued with great success in innovation with the introduction of lower protein, higher returning product ranges. The preparation for the production and sales of high value skim milk powder is well under way and is envisaged for the third quarter of 2023. The flexibility to evolve into other product categories alongside enriched milk powder gives Aurivo’s Dairy business additional options and flexibility on the basis of customer demand and market sentiment.

2022 saw 29 new entrants to dairying across seven counties and the business looks forward to welcoming approximately 22 new entrants in 2023. Our Farm Profitability Programme continues to fulfil its strategic goals, assisting suppliers with on farm improvements, such as improving average butterfat levels by 7% in 2022 over 2021 and an additional 6% of herds availing of Aurivo’s subvention on milk recording in 2022. Our farm

profitability team will also continue to assist our milk suppliers in navigating the ever changing environmental challenges facing Dairy farmers.

Aurivo's Dairy Ingredients site at Ballaghaderreen, Roscommon is a very large user of thermal energy, and the current situation in Ukraine has had an impact. It is fortunate however, that 35% of energy needs at the site comes from the Woodchip/Biomass boiler installed in 2014, and pricing on this raw material has not been impacted to the same extent by global events. In 2022, due to the escalating cost and growing doubts about energy availability the business facilitated two additional sources of thermal energy, namely Liquefied Petroleum Gas and Diesel to add to the pre-existing three sources (Liquified Natural Gas, Heavy Fuel Oil and Biomass). This will give us greater flexibility/availability and the ability to select the most competitively priced energy source at any given time.

The installation of a €15.5m Evaporator project is going to schedule and is currently being commissioned for peak milk supply season. The site in Ballaghaderreen is also undertaking upgrades and improvements to its effluent wastewater treatment system.

The quality of our Dairy farmers produce and the high standards of Dairy farming in the Aurivo region was celebrated nationally during the year with Connolly family farm based in Tuam, County Galway winning the NDC & Kerrygold Quality Milk Awards. This was the second time in three years that an Aurivo supplier has won this prestigious award. Also, our supplier, Christopher Tuffy from Sligo was named as the 2022 FBD Young Farmer of the Year.

Agri Business

Agri Business revenues rose by 31% to €187.7m (FY21: €143.3m).

Aurivo's Agribusiness recorded a strong performance in 2022. Retail sales through our network of Homeland stores were robust over the period and were normalised after two years of Covid related consumer purchasing trends. There were 1.6m transactions in the year. Feed volumes increased by 4.7% while fertiliser volumes fell by 9% from a record high in 2021. The Feed, Fuel and Agri categories had a particularly strong performance.

The Board approved a €2m fodder fund that directly supported farmers through a direct discount on feed, fertiliser and lime from July to December of 2022.

A third pelleting line, which provides for much needed production capacity and increased product range to meet current demand levels, was successfully installed and commissioned in the Mill at Ballaghaderreen for an investment of €4m.

Livestock Marts

Marts' revenues rose by 13.7% to €98.9m (FY21: €87.0m).

Aurivo Marts had a strong year with numbers up by 4.5% on the prior year, while sheep numbers were back 9.4%. Throughput for the year stood at over 76,000 cattle with the average price of cattle up by 11.8%. In 2022, Balla Mart celebrated its 50th year in business.

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 670 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 2022

	2022 €(000)	2021 €(000)
Turnover	764,220	570,290
Cost of sales	(638,314)	(463,535)
Gross profit	125,906	106,755
Operating expenses	(108,332)	(94,448)
Other operating income	274	335
Group operating profit	17,848	12,642
Group's share of profit/(loss) in:		
-Associated undertaking	114	306
-Joint venture	(133)	(2)
Total operating profit	17,829	12,946
Net fair value movement on:		
-Quoted investments	120	184
-Investment properties	756	510
Income from other financial assets	21	-
Net interest payable and similar charges	(1,770)	(1,292)
Profit before taxation	16,956	12,348
Taxation on profit	(3,322)	(1,656)
Profit for the financial year	13,634	10,692
Attributable to:		
Shareholders of the Parent Society	13,630	10,541
Minority interests	4	151
Total profit for the financial year	13,634	10,692

Raymond Barlow
Chairman

Donal Tierney
Chief Executive



Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2022

	2022 €(000)	2021 €(000)
Profit for the financial year	13,634	10,692
Other comprehensive income/(expense)		
Foreign exchange differences on translation of foreign operations	(955)	1,103
Re-measurement of net defined benefit asset	1,409	1,694
Deferred taxation on net defined benefit asset	(176)	(212)
Effective portion of changes in fair value of cash flow hedges	(44)	(34)
Other comprehensive income for the financial year, net of income tax	234	2,551
Total comprehensive income for the financial year	13,868	13,243
Attributable to:		
Shareholders of the Parent Society	13,864	13,092
Minority interests	4	151
Total comprehensive income for the financial year	13,868	13,243

Raymond Barlow
Chairman

Donal Tierney
Chief Executive



Consolidated Balance Sheet

As at 31 December 2022

	2022 €(000)	2021 €(000)
Fixed assets		
Goodwill	13,286	15,296
Other intangible assets	10,256	11,589
	23,542	26,885
Tangible assets	67,521	51,333
Investment properties	1,278	2,195
Financial assets		
Investment in associate	771	842
Investment in joint venture	-	251
Other investments	2,433	2,525
	95,545	84,031
Current assets		
Stocks	46,610	33,145
Debtors	58,461	47,409
Cash at bank and in hand	21,379	24,086
Total current assets	126,450	104,640
Creditors: amounts falling due within one year	(105,497)	(77,047)
Net current assets	20,953	27,593
Total assets less current liabilities	116,498	111,624
Creditors: amounts falling due after more than one year	(13,141)	(17,711)
Provision for liabilities		
Other provisions for liabilities	(8,795)	(11,002)
Capital grants	(1,800)	(2,007)
Net assets excluding retirement benefit asset	92,762	80,904
Retirement benefit asset	3,696	552
Net assets including retirement benefit asset	96,458	81,456
Capital and reserves		
Called up share capital presented as equity	21,766	19,996
Equity reserve	187	203
Capital reserve	1,859	1,859
Bonus reserve	127	344
Cash flow hedging reserve	28	72
Profit and loss account	72,151	58,646
Equity attributable to the Parent Society's shareholders	96,118	81,120
Minority interests	340	336
Total equity	96,458	81,456

On behalf of the Board

Raymond Barlow
Chairman

Donal Tierney
Chief Executive