GNC XLON Greencore Group PLC

Q4 Trading Update · RNS 6422Y · 13 October 2026

Greencore raises FY26 profit guidance to about £248m as volumes beat market

Share price	260.8p
Market cap	£2.12bn
52-week range	191.1p - 307.5p
Shares in issue	811.2m
12-month change	+7.9%

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SUMMARY

Greencore raised its profit guidance for the second time in three months today, now expecting about £248m of FY26 adjusted operating profit from the continuing UK business, above the £238m consensus and July's £234-242m range. Fourth-quarter manufactured volume rose 2.1% against 0.5% for the wider grocery market, with both legacy Greencore and Bakkavor ahead, and Q1 FY27 has started positively. Net debt excluding leases is expected at about £600m, or about 1.8 times adjusted EBITDA, still above the 1-1.5x target. The trading record is strong but the cash record is thinner. H1 showed a £13.4m statutory operating loss and negative £76m statutory free cash flow, and today's update does not quantify cash generation. The FY26 results on 1 December 2026 will show whether the upgrade turns into cash and lower debt.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
FY26 adjusted operating profit guidance (continuing UK business)	approximately £248m	FY26	Consensus £238m (range £236-241m); previous guidance £234-242m
Q4 pro forma revenue	£1,036m	Q4 FY26	+4.5%
FY26 pro forma revenue	£3,378m	FY26	+3.6%
Q4 manufactured pro forma volume growth	2.1%	Q4 FY26	Wider grocery market 0.5%
Expected net debt excluding leases	approximately £600m	FY26 year end	Net Debt/Adjusted EBITDA approximately 1.8x vs 1-1.5x medium-term target
New cross-selling wins	c.£30m of annualised revenue	Launching Q2-Q3 FY27	75bp of annualised revenue growth
Statutory free cash flow	-£76.0m	H1 FY26	Prior £37.8m
Statutory operating profit	-£13.4m	H1 FY26	Adjusted operating profit £73.3m
Net debt (statutory)	£818m	H1 FY26	

Sources: Q4 Trading Update RNS, 13 Oct 2026; Interim Results Statement, 27 May 2026

THE ANNOUNCEMENT

- FY26 adjusted operating profit for continuing operations (UK business) is now expected at £248m, ahead of the £238m market consensus and the £234-242m range given with the Q3 update in July.
- Q4 manufactured pro forma volume grew 2.1% against 0.5% for the wider grocery market, with salads, dips, quiche and sandwiches strong and both the legacy Greencore and Bakkavor businesses outperforming. FY26 volume grew 1.1%.
- Q4 pro forma revenue rose 4.5% to £1,036m, helped by recovery of labour, packaging and certain raw material inflation as well as volume. FY26 pro forma revenue rose 3.6% to £3,378m.
- Net debt excluding lease liabilities is expected at £600m at the year end, 1.8x adjusted EBITDA as measured under the financing agreements, against a 1-1.5x medium-term target.
- Further cross-selling wins worth c.£30m of annualised revenue (75bp of growth) across salads, ready meals, dips and breads will launch across Q2 and Q3 FY27, and Q1 FY27 has started with volume momentum continuing.
- The US business remains held for sale and is trading in line with expectations. FY26 results, including a capital allocation framework for the enlarged group, are due on 1 December 2026.

AGAINST GUIDANCE

The new figure of £248m is £10m above the £238m consensus compiled from eight analysts (range £236-241m) and £6m above the top of the £234-242m range set at the Q3 update on 22 July. In May Greencore had said only that it expected to be in line with market expectations, so guidance has now risen twice since the half year. July's update also expected c.£15m of in-year cost synergies for FY26, and synergy delivery is described as progressing strongly. There is no numerical FY27 guidance yet.

BULL CASE

- Delivery on operating promises has been consistent this year: profit guidance moved from in line in May to two successive raises, and both halves of the enlarged group grew volume faster than a market growing 0.5%.
- Volume growth through an existing network of factories and delivery vehicles spreads fixed costs, and the first cross-category wins (desserts in August, a further c.£30m of annualised revenue from Q2 FY27) are early evidence that the Bakkavor deal brings more than scale.
- Directors bought shares repeatedly this year, including 350,000 at 238p by Leslie Van De Walle and a person closely associated on 22 July and 35,700 at 204p by Dalton Philips on 29 May, and a priced US sale would offer a further route to lower debt.

BEAR CASE

- Cash is unproven for the enlarged group: H1 showed an £86.7m gap between adjusted and statutory operating profit and negative £76m statutory free cash flow, and the fall from £818m H1 net debt to the expected £600m has not been reconciled.
- Leverage of 1.8x is above the 1-1.5x target, and the covenant limit, headroom, maturities and lease liabilities of the enlarged group are undisclosed. At unchanged EBITDA, a 20% fall would take the ratio to about 2.25x.
- Revenue growth has leaned on inflation recovery, while Brent at $104.72 a barrel on 9 October, CPIH at 3.10% and a two-year gilt yield of 4.99% point to renewed cost and financing pressure. The shares rose 30.1% in the three months to the 262.2p close on 12 October, so much of the good news was already in the price.

WHAT TO WATCH

- FY26 results on 1 December 2026: operating cash flow after working capital and integration costs, a net debt bridge from H1's £818m, lease liabilities, covenant headroom and the capital allocation framework.
- Whether the c.£30m of annualised cross-selling revenue launches on schedule across Q2 and Q3 FY27, and whether margins hold if input and distribution costs rise again.
- Any lasting customer effect from the precautionary recall of Tesco and M&S products reported by Food Manufacture on 9 October, which today's update does not mention.
- The price and timing of the US sale, and how the shares behave around support at 256.96p and resistance at 274.35p, having traded between 255.60p and 262.80p in the snapshot taken on the day of the update (260.80p).

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