

GNC Greencore Group plc

Greencore lifts FY26 profit guidance to about £248m as Bakkavor volumes outpace market

Following the Q4 Trading Update · 13 October 2026

FY26 ADJUSTED OPERATING PROFIT c .£248m ▲ against £238m consensus and previous £234-242m guidance	Q4 MANUFACTURED VOLUME +2.1% ▲ against 0.5% for the wider grocery market	Q4 PRO FORMA REVENUE £1,036m ▲ up 4.5%	FY26 NET DEBT (EX LEASES) c .£600m c.1.8x adjusted EBITDA, against 1-1.5x medium-term target
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Share price, past 12 months

Daily close; latest price as at 09:05 on 13 October 2026 · Ticker Data API



Greencore raised its profit guidance again today, now expecting about £248m of FY26 adjusted operating profit from the continuing UK business. That is above the £238m consensus compiled from eight analysts and above the £234-242m range set in July. Fourth-quarter manufactured volume rose 2.1% on a pro forma basis against 0.5% for the wider grocery market, with both legacy Greencore and the acquired Bakkavor business ahead of the market. Pro forma revenue rose 4.5% to £1,036m in the quarter and 3.6% to £3,378m for the year. Net debt excluding leases is expected at about £600m, or about 1.8 times adjusted EBITDA under the financing agreements, still above the 1-1.5x medium-term target.

The trading record this year is clear: guidance has moved from "in line" in May to two successive raises. The cash record is less clear. At the half year the group reported £73.3m of adjusted operating profit alongside a £13.4m statutory operating loss and negative £76m statutory free cash flow, and the new update gives no cash figure beyond calling cash flow strong. The shares rose about 30% in the three months before today. The FY26 results on 1 December 2026, which will include a capital allocation framework for the enlarged group, are where the profit upgrade either shows up in cash and lower debt or does not.

“Greencore has had a monumental year, and we finished it with a strong performance in Q4. We grew volume ahead of the market, drove strong profit growth and we continue to make strides in our integration with Bakkavor.”

Dalton Philips, Chief Executive Officer · Q4 Trading Update, 13 October 2026

Both halves of the enlarged group beat the market

Greencore's fourth quarter, the 13 weeks to 25 September 2026, produced manufactured volume growth of 2.1% on a pro forma basis, up from the full-year rate of 1.1%. The wider grocery market grew 0.5% over both periods on Circana's data. Chilled salads, dips, quiche and sandwiches led the quarter, and the legacy Greencore and Bakkavor businesses each outperformed the market. That second point matters because at the half year legacy Bakkavor UK volume had fallen 1.3% in the ten weeks after the acquisition, partly from lapping earlier business exits.

The pro forma basis needs a word of explanation. For the quarter it counts Greencore and Bakkavor for the whole period in both years and removes the Bristol site, sold in January 2026 to meet competition concerns, from the comparison. The full-year volume figure also strips out the Wigan closure and Bakkavor's business exits. The figures describe the business as it now stands, which is the right lens for the future but is not what the statutory accounts will show.

Greencore launched 167 new products in the quarter, including premium Italian ready meals and a limited-edition mac and cheese range. The commercial case for buying Bakkavor rested on selling its "Food for Later" categories, such as ready meals and desserts, to customers who already bought Greencore's sandwiches and salads. The first combined wins, in desserts, launched in August, and a further c.£30m of annualised revenue across salads, ready meals, dips and breads will launch across Q2 and Q3 FY27. The US business remains held for sale and is trading in line with expectations.

Today's update does not mention the precautionary product recall reported by Food Manufacture on 9 October, which involved products withdrawn from Tesco and M&S over potential Salmonella contamination linked to a bought-in ingredient. Its scope and any effect on customer relationships are unknown from the material available.

FIGURE	VALUE	CHANGE
Q4 manufactured volume growth (pro forma) Q4 FY26	2.1%	against market 0.5%
FY26 manufactured volume growth FY26	1.1%	against market 0.5%
New products launched Q4 FY26	167	
Cross-selling wins (annualised revenue) Launching Q2-Q3 FY27	£30m	75bp of annualised revenue growth
Legacy Bakkavor UK volume Ten weeks post-acquisition, H1 FY26	-1.3%	

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

Profit guidance has risen twice since May

FY26 adjusted operating profit for the continuing UK business is now expected at £248m. Consensus stood at £238m, within a £236-241m range, and July's guidance was £234-242m. In May Greencore had only said it expected to be in line with market expectations. The new figure is £10m above consensus and £6m above the top of July's range, a modest beat in pounds but the second upgrade in three months.

Revenue grew faster than volume. Q4 pro forma revenue rose 4.5% to £1,036m against 2.1% volume growth, and Greencore attributes the difference to recovering labour, packaging and certain raw material inflation. At the half year the split was 0.8% from volume and mix and 2.4% from inflation recovery and price. Passing costs through to supermarkets is normal in this industry, and the profit upgrade suggests margins held while it happened, but it means the headline revenue growth flatters underlying demand.

Greencore credits the profit momentum to volume and continued margin improvement from its efficiency programmes, plus a fast start on central reorganisation, procurement and distribution synergies from Bakkavor. July's update expected c.£15m of in-year cost synergies for FY26. At the half year, adjusted operating profit rose 15.3% on a pro forma basis to £73.3m and the adjusted operating margin was 5.6% against 5.0%. Dividing £248m by £3,378m of pro forma revenue does not give a clean margin, because the revenue measure combines businesses over different ownership periods.

FIGURE	VALUE	CHANGE
FY26 adjusted operating profit guidance FY26	£248m	previous guidance £234-242m
Consensus adjusted operating profit FY26	£238m	range £236-241m, 8 analysts
Q4 pro forma revenue Q4 FY26	£1.04bn	+4.5%
FY26 pro forma revenue FY26	£3.38bn	+3.6%
In-year cost synergies expected FY26	£15m	
Adjusted operating profit H1 FY26	£73.3m	pro forma growth of 15.3%
Adjusted operating margin H1 FY26	5.6%	prior 5%

Sources: Q4 Trading Update RNS, 13 Oct 2026; Q3 Trading Update RNS, 22 Jul 2026; Interim Results Statement, 27 May 2026

Debt is falling, but the cash bridge is missing

Net debt excluding leases (expected), FY26 year end c . £600m	Capex, FY25 £42.7m	Lease liabilities, FY25 £78.4m
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Net debt excluding lease liabilities is expected at £600m at the year end, or 1.8 times adjusted EBITDA as measured under the financing agreements. That ratio implies covenant-defined EBITDA of about £333m. The medium-term target is 1-1.5x, so leverage is above where management wants it, though a target is not

a covenant limit. Neither the covenant ceiling, the headroom against it, the maturity profile of the enlarged group's borrowings nor its interest cost appears in the update.

The half-year statement reported net debt of £818m. The expected fall to £600m looks like strong deleveraging, but the two figures may not be on the same definition, and treating the £218m difference as cash generated would need a reconciliation that the update does not provide. The H1 numbers themselves showed a wide gap between adjusted and statutory results: a £13.4m statutory operating loss against £73.3m adjusted operating profit, and negative £76m statutory free cash flow. Acquisition and integration costs account for much of that kind of gap, and their cash cost over the full year is the central unknown.

Some arithmetic sets the scale. At unchanged EBITDA, reaching 1.5x requires net debt to fall by about £100m. A 10% fall in covenant EBITDA with debt unchanged would take leverage to about 2.0x, and a 20% fall to about 2.25x. Whether either would trouble lenders cannot be judged without the covenant terms.

The pre-acquisition business converted profit to cash well: FY25 operating cash flow was £166m against £57.6m of after-tax profit, with capex of £42.7m. Those were largely standalone Greencore accounts, so they say little about the enlarged group. FY25 leases of £78.4m belong to the smaller business too. After the FY25 year end, the £350m revolving credit facility was extended to November 2030. Greencore needed a covenant waiver in FY21, and raised equity through a placing on 30 April 2026.

H1 FY26 against the prior period

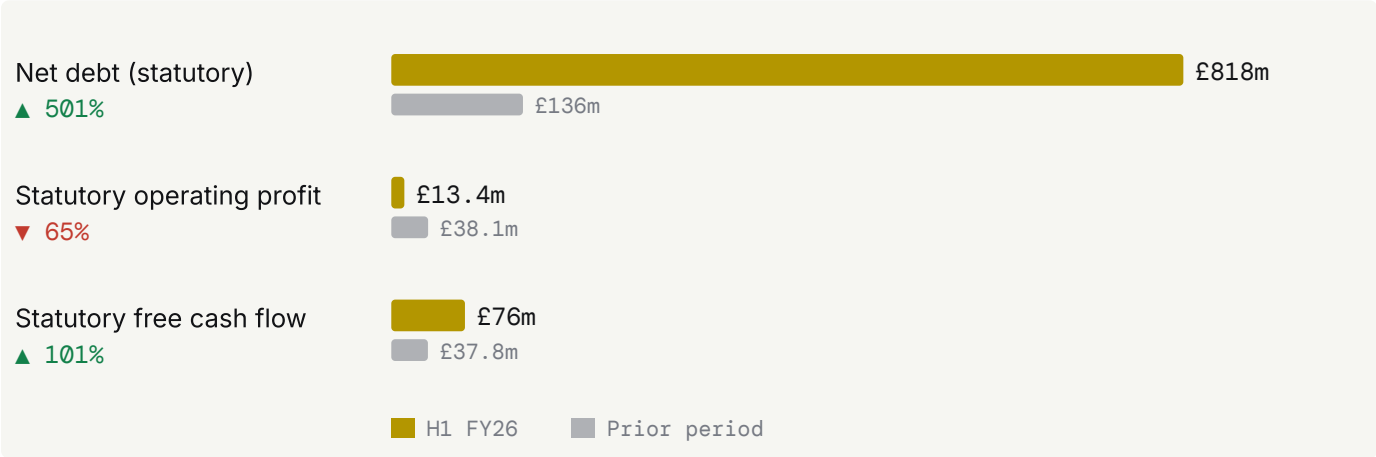


FIGURE	VALUE	CHANGE
Net debt/adjusted EBITDA (financing agreements) FY26 year end	c.1.8x	medium-term target 1-1.5x
Net debt (statutory) H1 FY26	£818m	+502% prior £136m
Statutory operating profit H1 FY26	-£13.4m	-65% prior £38.1m
Statutory free cash flow H1 FY26	-£76.0m	+101% prior £37.8m
Adjusted ROCE H1 FY26	10.8%	prior 13.1%
Operating cash flow FY25	£166m	FY24 £112m
Revolving credit facility Extended to November 2030	£350m	

“We have real momentum in our business and Greencore has never been in a stronger place. Customers want to do more with us and we are seeing encouraging progress from cross-selling categories across our expanded customer base.”

Dalton Philips, Chief Executive Officer · Q4 Trading Update, 13 October 2026

FY27 starts well, with no number attached yet

Q1 FY27 trading has started positively, with volume momentum continuing from the fourth quarter. Greencore describes the macroeconomic environment as uncertain but says it remains confident in its outlook and in demand for its core categories. There is no numerical FY27 profit guidance yet, and the c. £30m of annualised cross-selling revenue does not start until Q2 and Q3 FY27, so it will contribute little to the first half and is a revenue figure, not a profit forecast.

The cost backdrop has hardened. Brent crude stood at \$104.72 a barrel on 9 October, up 37.8% over three months, which feeds into a business that runs its own delivery fleet. CPIH inflation was 3.10% in August, and UK retail sales volume growth slowed to 2.40% year on year. The two-year gilt yield rose 0.61 points over three months to 4.99% on 8 October, which matters for a company carrying an expected £600m of net debt, although without the debt's maturities and rate protection the effect on Greencore's interest bill cannot be measured. Supermarket convenience food may hold up better than eating out if households economise, but renewed input inflation would test how quickly Greencore can recover costs again.

The sale of the US business continues with no price or timetable given. The FY26 results on 1 December 2026 will cover the drivers of performance, integration progress and the capital allocation framework for the enlarged group.

FIGURE	VALUE	CHANGE
FY26 results date	1 December 2026	
Brent crude 9 Oct 2026	\$104.72/bbl	+38% +over three months
2-year gilt yield 8 Oct 2026	4.99%	+0.61 points over three months
10-year gilt yield 8 Oct 2026	5.79%	+0.41 points over three months
CPIH inflation Aug 2026	3.10%	+0.30 points over three months
Retail sales volume, year on year Aug 2026	2.40%	-0.80 points over three months

About 11 times guided profit, before leases

Market capitalisation, 13 Oct 2026 snapshot	Director purchase (Van De Walle), 22 Jul 2026	Director purchase (Philips), 29 May 2026
£2.12bn	350,000 shares at 238p	35,700 shares at 204p

At 260.80p in the price snapshot taken on the day of the update, with 811m shares in issue, Greencore's market value was £2.12bn. Adding the expected £600m of net debt excluding leases gives an enterprise value (market value plus net debt) of roughly £2.72bn, about 11 times the newly guided £248m of adjusted operating profit. The multiple excludes lease liabilities and uses adjusted profit, both of which make it look lower than a statutory measure would.

The argument that 11 times is undemanding rests on the business being the UK's largest fresh convenience food maker, taking volume share and still early in delivering acquisition synergies. The argument that it is not obviously low rests on the unexplained gap between adjusted and statutory results, unknown integration cash costs and undisclosed leases. Both readings use the same figure and turn on the same missing disclosures.

Insiders bought heavily this year. Leslie Van De Walle, who leads the board, and a person closely associated with him bought 350,000 shares at 238p on 22 July, after earlier purchases at prices down to 194.9p. Dalton Philips bought 35,700 shares at 204p on 29 May. Disclosed short positions sum to 27.47% in the database, but that total adds dated snapshots together: the latest single disclosed position was 2.89% on 5 October, so the figure supports neither a squeeze story nor a distress story. Oasis Management holds 10.10% and LRC Fund I Fresh 8.75%.

FIGURE	VALUE	CHANGE
Share price 13 Oct 2026 snapshot	260.8p	+2.0% +on the day
Shares in issue 30 Sep 2026	811,177,888	
Latest disclosed short position 5 Oct 2026	2.89%	
Oasis Management holding Disclosed 3 Jun 2026	10.10%	

Sources: Price & Valuation; Total Voting Rights RNS, 30 Sep 2026; Disclosed short positions; Major shareholders; Director/PDMR Shareholding RNS, 23 Jul 2026; Director dealings

A 30% run left little room for surprise

The shares came into today's update in a clear uptrend. By the 262.2p close on 12 October they were up 30.1% over three months and 7.5% over the previous week, above all their main moving averages, with the 50-day average crossing above the 200-day on 11 September. The 200-day average was still almost flat, so the longer trend had only just turned. Momentum gauges were stretched: the relative strength index (a 0-100 measure of recent gains against losses) stood at 65.6 and the commodity channel index at 285.2, an extreme reading. The price sat almost exactly on the 61.8% retracement of the February-to-June fall from 307.5p to 191.1p, at 263.04p.

The one real bout of selling came on 1 and 2 October, when the shares fell to 244.4p on the heaviest volume of the fortnight, 4.17m shares on the first day. Buyers absorbed it within days, and on 9 October, the day the recall was reported, the shares rose to 255.4p on above-average volume. Volume in the latest sessions was ordinary, with nothing resembling the surge of forced buying that a short squeeze produces.

The nearest support, a level where buyers have repeatedly stepped in, is 256.96p, touched 11 times and less than half a normal day's trading range below the 12 October close. Below that sits 235.05p. Resistance lies at 274.35p and then at the 307.50p 52-week high. A close below 256.96p on heavy volume would be the first sign that the balance-sheet questions are weighing on the shares, while a move through 274.35p on strong volume would show buyers extending the rally. In the snapshot taken today the shares traded between 255.60p and 262.80p, and they were up just 0.1% for the year to date.

FIGURE	VALUE	CHANGE
52-week range To 13 Oct 2026	191.10p-307.50p	
Day range 13 Oct 2026 snapshot	255.60p-262.80p	
Year-to-date performance To 13 Oct 2026		+0.1%

Sources: Price & Valuation

The case for and against

FOR

The case for starts with delivery. Greencore has raised profit guidance twice since May, both businesses are taking volume share in a market growing 0.5%, synergies are running at pace and Q1 FY27 has begun well. Volume growth through a fixed network of factories and delivery vehicles should lift margins, because each extra product shares costs already being paid. The first cross-selling wins are signed and dated, which is early evidence that the Bakkavor deal does more than add scale. Directors bought shares at prices from 194.9p to 241p this year. On this reading, about 11 times adjusted operating profit is a modest price for a share-gaining market leader, and the US sale, once priced, would cut debt further.

AGAINST

The case against starts with cash. The half year showed an £86.7m gap between adjusted and statutory operating profit and negative £76m of statutory free cash flow, and today's update describes cash generation without quantifying it. Leverage of 1.8x is above target, the covenant terms are unknown and the H1 net debt of £818m has not been reconciled to the £600m expected now. Revenue growth has leaned on price recovery, while oil near \$105, higher gilt yields and 3.1% CPIH threaten a fresh round of cost pressure. The recall, though apparently contained, involved two of the largest customers. And after a 30% three-month rise, the shares had already absorbed much of the good news before it was published.

WHAT TO WATCH

The 1 December results will test these positions directly. The figures to look for are operating cash flow after working capital and integration costs, a reconciliation of net debt from H1 to year end, lease liabilities for the enlarged group, the covenant limit and headroom, and the scale of any FY27 guidance. After that, the evidence comes from whether the c.£30m of cross-selling revenue launches on schedule in Q2 and Q3 FY27, whether margins hold if input costs rise again, whether the recall leaves any mark on customer contracts, and what price and timing the US sale achieves. On the chart, the 256.96p support and 274.35p resistance mark the levels at which the market's own response will show.

Risks

- ! The adjusted-to-statutory gap may persist: H1 showed a £13.4m statutory operating loss and negative £76m free cash flow, and the full-year cash cost of integration is undisclosed.
- ! Leverage of 1.8x sits above the 1-1.5x target, and with covenant limits, maturities and the enlarged group's lease liabilities undisclosed, a 10-20% shortfall in EBITDA would lift the ratio to about 2.0-2.25x.
- ! Oil at \$104.72 a barrel and CPIH at 3.10% could renew input and distribution cost pressure before price recovery catches up with supermarket customers.
- ! The precautionary recall reported on 9 October involved Tesco and M&S products, and any lasting effect on those relationships would hit a business dependent on a few large grocers.
- ! The US sale has no price or timetable, and a delay or weak price would prolong the period above the leverage target.
- ! Integration of Bakkavor remains a principal risk named in the FY25 annual report, alongside cyber security, which the company flagged as increased.

THE OTHER VIEW

The strongest alternative reading treats today's upgrade as less informative than it looks. The beat is £10m against consensus on a profit figure that excludes the acquisition and integration costs that turned H1 into a statutory loss, and revenue growth outran volume because of price recovery that supermarkets may resist in the next cost cycle. The fall in net debt from £818m to an expected £600m is unreconciled, so it may reflect definitions or disposals rather than cash earned, and the only cash evidence on the enlarged group, the negative £76m half-year free cash flow, points the other way. On this view the multiple of about 11 times looks low only because it uses adjusted profit and ignores leases, the shares' 30% three-month run had already priced the upgrade, and the risk lies in the 1 December results showing that the enlarged group earns much less cash than its adjusted profit suggests.

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