



Source: JDE Peet's N.V.

February 21, 2024 01:00 ET

JDE Peet's reports full-year results 2023

Strong H2 23, marking the return to the long-term profitability algorithm

PRESS RELEASE

Amsterdam, 21 February 2024

Key items¹

- Organic sales up +3.9% (H2 23: +4.3%), with positive volume/mix momentum in H2
- Organic adj. EBIT up +1.1% (H2 23: +5.5%); up more than 6% FY when excluding Russia's performance
- Organic adj. gross profit increased +2.9% (H2 23: +4.7%), from premiumisation and efficiencies
- Free cash flow of EUR 522 million and leverage of 2.7x, despite currency headwinds
- Underlying EPS of EUR 1.51, with strong operating result offset by fair value changes of derivatives & FX
- GHG emissions reduced by 9% in 2023, cumulating to -21% in Scope 1 & 2 and -9% in Scope 3 vs 2020
- Proposal to pay a cash dividend of EUR 0.70 per share in two equal instalments

A message from Fabien Simon, CEO of JDE Peet's

"We concluded 2023 with a very strong second semester, marked by an acceleration of JDE Peet's organic top line and adjusted EBIT growth. We are back to our long-term profitability algorithm, excluding Russia's performance. While the Coffee industry had been confronted with compounding disruptions over the last 3 years, our 2023 performance is the result of the agility and disciplined execution of the transformation we went through since 2021, to become a more global, more digital, and more sustainable company.

We are rediscovering the power of our brands. While we stepped-up investments, execution and innovation, we have brought back relevance for our consumers and customers. As a result, we have gained market shares globally in 2023 across the premium coffee categories of Single-Serve, Instant and Beans.

In 2023, JDE Peet's was recognised as an innovation leader (GlobalData), as well as an industry mover in sustainability (S&P Global). We brought industry-first innovation with home-recyclable paper packs for instant coffee, and are leading progress on deforestation by leveraging AI and inclusive ecosystems at origin countries.

We are holding ground in Europe, growing double-digit in China, and are accelerating our globalisation organically, and more recently inorganically in the largest global coffee markets in value (US) and in cups (Brazil).

Strengthening our fundamentals, our brands and our innovation capabilities is elevating our premium growth trajectory and brings confidence in our ability to create sustaining long-term shareholder returns and societal value."

Sustainability

We continued to achieve meaningful results for each of the three pillars of our Common Grounds programme, that embodies our ambition to positively impact people, our planet, and the future of coffee & tea, and is driven by our purpose "To unleash the possibilities of coffee & tea for a better future".

During the year, we made strong progress on our goal towards 100% responsibly sourced green coffee by 2025, reaching 83.8% (2022: 77%). By year end, we had a portfolio of 63 active projects, through which we have reached more than 108,000 additional smallholder farmers, bringing the total number of smallholder farmers we have reached since 2015, to 700,900. 100% of the palm oil we used in 2023 was responsibly sourced, and we are on track to reach our goal towards 100% responsibly sourced tea in 2025.

We also continued to make strong progress in reducing our footprint with a reduction of -21% in Scope 1 & 2 emissions and -9% in Scope 3 emissions versus base year 2020. We also substantially increased our sustainability ambitions by defining a comprehensive strategic plan to deliver on our long-term targets, including new and stronger SBTi goals to net-zero, and we have built an integrated carbon accounting platform to track and accelerate the delivery of our Sustainability objectives.

In 2023, our pay-equity gap remained below 1%, which is well under the future's EU directive's threshold of 5%, and 41% of all leadership positions within JDE Peet's were held by women.

Outlook 2024

JDE Peet's expects the following for 2024:

- Organic sales growth at the lower end of the medium-term range of 3 to 5%
- Mid-single-digit organic adjusted EBIT growth, excluding Russia's performance;
Total company: low single-digit growth in H1 and mid-single-digit growth in H2
- Net leverage of around 3x (including Maratá and Caribou transactions) supported by Free Cash Flow above the level of FY 23
- A stable dividend

Dividend

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to FY 23. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday, 12 July 2024, with the ex-dividend date on Monday, 8 July 2024 and the record date on Tuesday, 9 July 2024. The second payment date will be on Friday, 24 January 2025, with the ex-dividend date on Monday, 20 January 2025 and the record date on Tuesday, 21 January 2025. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday, 30 May 2024.

FINANCIAL REVIEW FULL-YEAR 2023

in EUR m (unless otherwise stated)

	FY 2023	FY 2022	Organic change	Reported change
Sales	8,191	8,151	3.9 %	0.5 %
Adjusted EBIT	1,128	1,227	1.1 %	-8.1 %
Underlying profit for the period	734	936	—	-21.6%

Underlying EPS (EUR) ^{1, 2}	1.51	1.91	—	-20.9%
Reported basic EPS (EUR)	0.76	1.57	—	-51.6%

¹ Underlying earnings (per share) exclude all adjusting items (net of tax)

² Based on 485,747,602 shares (excluding treasury shares) outstanding at 31 December 2023 (2022: 485,235,677)

Total reported sales increased by 0.5% to EUR 8,191 million. Excluding a -3.7% effect related to foreign exchange and 0.3% related to scope and other changes, total sales increased by 3.9% organically. Organic sales growth reflects a price effect of 4.7% and a volume/mix effect of -0.8%. Volume/mix sequentially improved from -3.3% in H1 to 1.8% in H2. In-Home sales increased by 3.3% and sales in Away-from-Home increased by 6.4%.

Adjusted EBIT increased organically by more than 6%, excluding Russia's performance. Including Russia's performance, total adjusted EBIT increased organically by 1.1% to EUR 1,128 million supported by an organic increase in adjusted gross profit of 2.9%. In FY 23, the organic adjusted EBIT growth improved sequentially from -3.0% in H1 to 5.5% in H2. Including the effects of foreign exchange and scope/other, the adjusted EBIT decreased by 8.1%.

Underlying profit - excluding all adjusting items net of tax - benefited from stronger core operating performance (+7.8%) which was offset by fair value changes of derivatives & gains and losses in FX (of which the majority in 2023 is non-cash), translational FX results, and scope/other. Including these, the underlying profit decreased by 20.8% to EUR 734 million.

Net leverage was 2.73x (net debt to adjusted EBITDA), despite currency headwinds, with a net debt of EUR 3.9 billion on 31 December 2023.

Our liquidity position remains strong, with total liquidity of EUR 3.5 billion consisting of a cash position of EUR 2.0 billion and available committed RCF facilities of EUR 1.5 billion.

[For the full and original version of the press release click here](#)

CONFERENCE CALL & AUDIO WEBCAST

Fabien Simon (CEO) and Scott Gray (CFO) will host a conference call for analysts and institutional investors at 10:00 AM CET today to discuss the full-year 2023 results. A live and on-demand audio webcast of the conference call will be available via JDE Peet's' [Investor Relations website](#).

¹This press release contains certain non-IFRS financial measures and ratios, which are not recognised measures of financial performance or liquidity under IFRS. For a reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures, see page 7 of this press release.

ENQUIRIES

Media

Will Hummel
Media@JDEPeets.com
+31 6 39 17 72 80

Investors & Analysts

Robin Jansen
IR@JDEPeets.com
+31 6 159 44 569

About JDE Peet's

JDE Peet's is the world's leading pure-play coffee and tea company, serving approximately 4,100

cups of coffee or tea per second. JDE Peet's unleashes the possibilities of coffee and tea in more than 100 markets with a portfolio of over 50 brands including L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona. In 2023, JDE Peet's generated total sales of EUR 8.2 billion and employed a global workforce of more than 21,000 employees. Read more about our journey towards a coffee and tea for every cup at www.jdepeets.com.

IMPORTANT INFORMATION

Market Abuse Regulation

This press release contains information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Presentation

The condensed consolidated unaudited financial statements of JDE Peet's N.V. (the "Company") and its consolidated subsidiaries (the "Group") are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). In preparing the financial information in these materials, except as otherwise described, the same accounting principles are applied as in the consolidated financial statements of the Group as of, and for, the year ended 31 December 2022 and the related notes thereto. All figures in these materials are unaudited. In preparing the financial information included in these materials, most numerical figures are presented in millions of euro. Certain figures in these materials, including financial data, have been rounded. In tables, negative amounts are shown in parentheses. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

Forward-looking statements

These materials contain forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995 concerning the financial condition, results of operations and businesses of the Group. These forward-looking statements and other statements contained in these materials regarding matters that are not historical facts and involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. There are a number of factors that could affect the Group's future operations and could cause those results to differ materially from those expressed in the forward-looking statements including (without limitation): (a) competitive pressures and changes in consumer trends and preferences as well as consumer perceptions of its brands; (b) fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities, and its ability to secure an adequate supply of quality or sustainable coffee and tea; (c) global and regional economic and financial conditions, as well as political and business conditions or other developments; (d) interruption in the Group's manufacturing and distribution facilities; (e) its ability to successfully innovate, develop and launch new products and product extensions and on effectively marketing its existing products; (f) actual or alleged non-compliance with applicable laws or regulations and any legal claims or government investigations in respect of the Group's businesses; (g) difficulties associated with successfully completing acquisitions and integrating acquired businesses; (h) the loss of senior management and other key personnel; and (i) changes in applicable environmental laws or regulations. The forward-looking statements contained in these materials speak only as of the date of these materials. The Group is not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of these materials or to reflect the occurrence of unanticipated events. The Group cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements. Further details of potential risks and uncertainties affecting the Group are described in the Company's public filings with the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) and other disclosures.

Market and industry data

All references to industry forecasts, industry statistics, market data and market share in these materials comprise estimates compiled by analysts, competitors, industry professionals and organisations, of publicly available information or of the Group's own assessment of its markets and sales. Rankings are based on revenue, unless otherwise stated.

Responsible sourcing

Responsibly sourced green coffee: refers to green coffee covered by a sustainability scheme recognised by the coffee industry, such as GCP Equivalence Mechanism, including, Enveritas, Rainforest Alliance, 4C, Fairtrade, etc.

Responsibly sourced palm oil: refers to purchased palm oil with Roundtable on Sustainable Palm Oil (RSPO) certification.

Responsibly sourced tea: responsibly sourced tea (*Camellia sinensis*) and rooibos (*Aspalathus linearis*) refer to the tea (processed tea from sensitive origin) and rooibos purchased or manufactured by JDE Peet's for which the supplier has been independently audited by a recognised third party as meeting its sustainability requirements. These third parties may include, but are not limited to, Rainforest Alliance/UTZ, Fairtrade, ETP, Enveritas, etc.

For more information on the responsible sourcing pillar of Common Grounds, the Company's sustainability programme, please visit www.jdepeets.com/sustainability