BAKKAVOR

Half Year Results

For 26 weeks ended
28 June 2014

Agenda

Business Highlights
Agust Gudmundsson

Financial Review
Peter Gates

Outlook and Q&A
Agust Gudmundsson

Business Highlights

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Headlines

Strong first half, building margin and gaining market share

Significant increase in capital spend to support business wins

Deleveraging trend continues through improved trading and strong cash conversion

Market environment

Reduction in promotional activity continues

UK fresh prepared food market contracts in the quarter vs prior year

Optimism in economy is not reflected in consumer spending patterns which remain subdued

Focus remains on key customers

Discounters continue to demonstrate strong growth within UK grocery market space

Fresh prepared foods remain small part of discounter offering

Bakkavor remains focused on existing key customers to support their growth plans

Consolidating our market position

Strategic pizza investment to consolidate our number one market position

Increases our stone baking and wood firing capacity

Expands offering whilst also delivering manufacturing flexibility

Increasing capacity

Increasing capacity at our salad facilities to support business wins and customer growth plans

Leveraging new technologies to further enhance quality

Significant increase in demand due to good summer met through capacity investment

Growing our international business

US delivering double digit growth

Investment in East Coast facility triples capacity

Underpinned by customer expansion strengthening our national coverage

Recognition for excellence

THE GROCER OWN-LABEL AWARDS :
4 GOLD, 2 SILVER,
CHAIRMAN'S CHAMPION

RANKED 26^{TH} IN *THE SUNDAY TIMES* TOP TRACK 100

2014 M&S FOOD SUPLIER CONFERENCE
'OUTSTANDING COLLABORATION' AWARD
'BEST QUALITY' AWARD

2014 CATEGORY SUPPLIER OF THE YEAR AWARD

4 GOLD *RoSPA* AWARDS FOR OCCUPATIONAL HEALTH & SAFETY

FIRST MANUFACTURING BUSINESS IN THE UK TO BE AWARDED "STAGE II – INVESTORS IN DIVERSITY ACCREDITATION" BY THE *NATIONAL CENTRE OF DIVERSITY.*

RANKED 8^{TH} IN *THE JOBCROWD* TOP CONSUMER GOODS COMPANIES FOR GRADUATES (SMALLER INTAKES CATEGORY)

Financial Review

Peter Gates

Financial Overview

£m	Q2 2014	Q2 2013		H1 2014	H1 2013	
Revenue	434.2	428.7	1%	842.1	821.4	3%
Revenue: Like-for-like	*442.5*	*428.8*	*3%*	*856.8*	*818.5*	*5%*
Adjusted EBITDA	33.5	31.8	5%	57.2	54.0	6%
Adjusted EBITDA margin	7.7%	7.4%	30bps	6.8%	6.6%	20bps
Free cash flow	23.0	26.1	(3.1)	8.7	0.1	8.6

Like for like revenues up 3% despite weak underlying market and reduced promotional activity

EBITDA margin up 30 basis points due to manufacturing efficiencies and good cost control

Cash generation supports investment for further growth

UK performance

£m	Q2 2014	Q2 2013		H1 2014	H1 2013	
Revenue	394.2	382.4	3%	758.3	725.1	5%
Revenue: Like-for-like	*398.2*	*386.6*	*3%*	*766.5*	*733.7*	*4%*
Adjusted EBITDA	32.3	30.7	5%	54.5	51.2	6%
Adjusted EBITDA margin	8.2%	8.0%	20bps	7.2%	7.1%	10bps

Eight consecutive quarters of market share gains

Revenue growth of 3% compares favourably to wider market decline of 0.7%

Annualised effect of business wins offsetting weaker trading environment

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Adjusted EBITDA	32.3	30.7	5%	54.5	51.2	6%
Adjusted EBITDA margin	8.2%	8.0%	20bps	7.2%	7.1%	10bps

Strengthening margin whilst also building market share

Raw material inflation starting to ease although offset by tightening labour market

Resigning low margin business and upgrading facilities supports margin improvement

International performance

£m	Q2 2014	Q2 2013		H1 2014	H1 2013	
Revenue	40.0	46.3	(14%)	83.8	96.3	(13%)
Revenue: Like-for-like	*44.3*	*42.2*	*5%*	*90.3*	*84.8*	*6%*
Adjusted EBITDA	1.2	1.1	9%	2.7	2.8	(4%)
Adjusted EBITDA margin	3.0%	2.4%	60bps	3.2%	2.9%	30bps

Statutory sales decline due to impact of sold and closed businesses

Like-for-like sales improve with growth in all regions

US performance particularly strong with double digit growth

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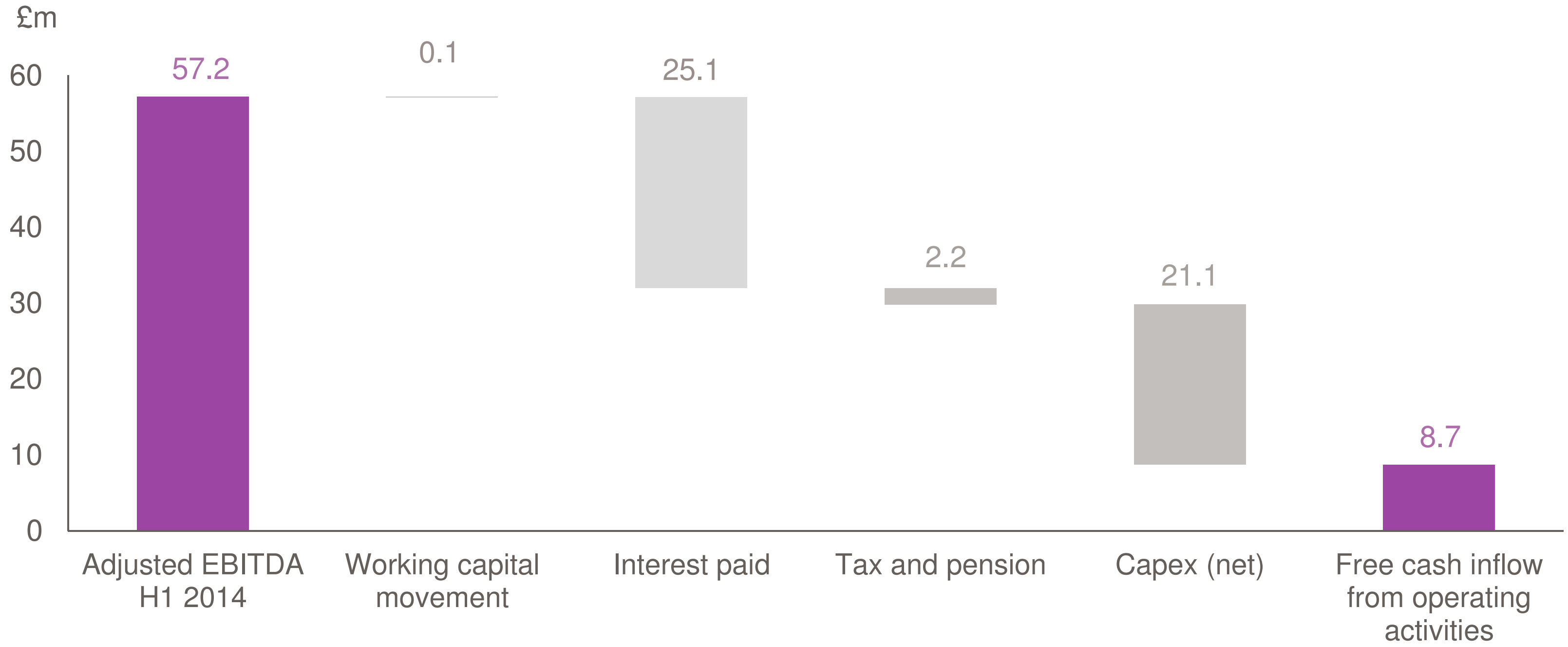
Revenue: Like-for-like	*44.3*	*42.2*	*5%*	*90.3*	*84.8*	*6%*
Adjusted EBITDA	1.2	1.1	9%	2.7	2.8	(4%)
Adjusted EBITDA margin	3.0%	2.4%	60bps	3.2%	2.9%	30bps

Profitability continues to improve with good opportunities across all regions

Margins stabilised in Q1 and are now recovering

Despite this, margins remain significantly behind UK levels

Free Cash

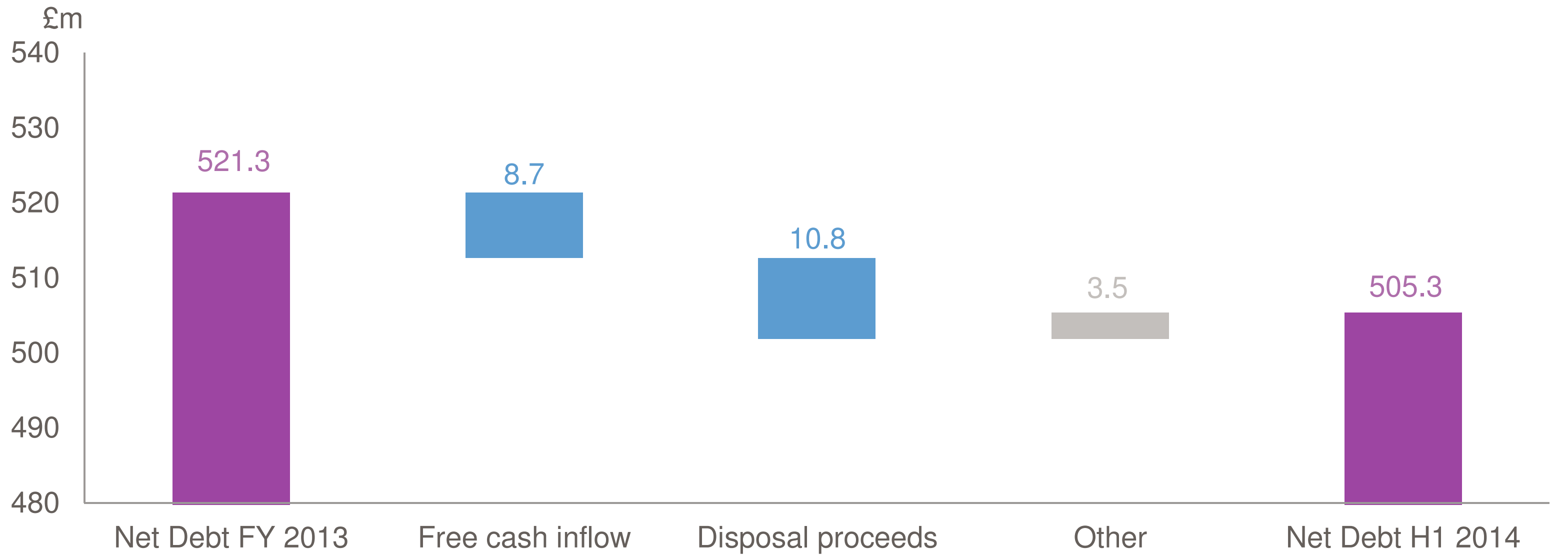


Working capital particularly strong compared to historic comparatives (2013: £11.6m outflow)

Reduced interest payments reflect lower average debt

Significant increase in capital investment to support customer growth

Net Debt



Reduction to net debt despite significant increase in capital spend

Disposal proceeds from 40% sale of Italian pizza operations and disposal of SA business benefits net debt

RCF and Receivables facility undrawn at quarter-end

Covenant Headroom

£m	H1 2014
Interest cover covenant	>2.00 x
Actual	2.3 x
Headroom	12%
Leverage covenant	<5.60 x
Actual	4.4 x
Headroom	21%

Comfortable headroom on financial covenants

Limited exposure to rising interest rates

Leverage down from 5.0x to 4.4x in past 12 months

Outlook and Q&A

Agust Gudmundsson

Outlook

Strong first half as we delivered market share gains whilst improving margin

Economic conditions improving but UK grocery market continues to face pressure and uncertainty

Targeted capital investment supports customers' growth plans and recent business wins

Appendix

Appendix: Composition of net debt

£m	June 2014
Cash and cash equivalents	(31.2)
Fixed rate bond 8.25% 2018	331.9
Fixed rate bond 8.75% 2020	148.4
Term loan	44.2
Receivables securitisation	-
Other loans and overdrafts	9.7
Finance leases	2.3
Operational net debt	**505.3**