



2023 FULL YEAR RESULTS

For the 52 weeks ended 30 December 2023

Execution of plan delivered strong performance & underpins confidence in outlook

Disclaimer – Forward-looking statements

This presentation, prepared by Bakkavor Group plc (the "Company"), may contain forward-looking statements about Bakkavor Group plc and its subsidiaries (the "Group"). Forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will, or may, occur in the future. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. Forward-looking statements speak only as of the date they are made and the Company undertakes no obligation to update these forward-looking statements. Nothing in this presentation should be construed as a profit forecast. Where relevant, some numbers and period on period percentages have been rounded or adjusted in order to ensure consistency with the financial information for the latest financial reporting year unless otherwise stated.

AGENDA

Welcome

Simon

Today's key messages

Mike

Financial review

Ben

FY23 Performance

Mike

2024 Outlook & Summary

Mike

Q&A



Anna, Operational Excellence



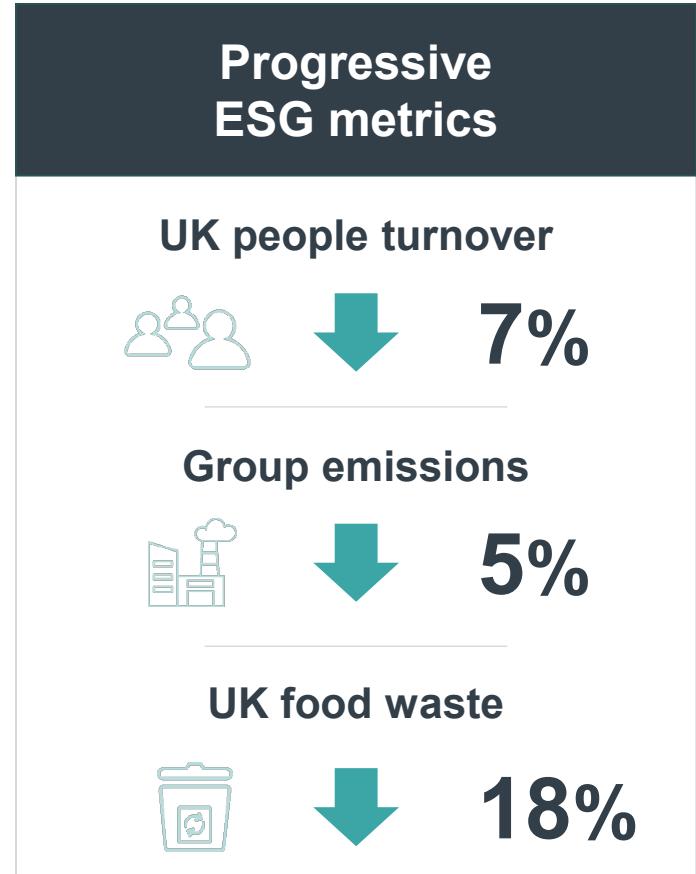
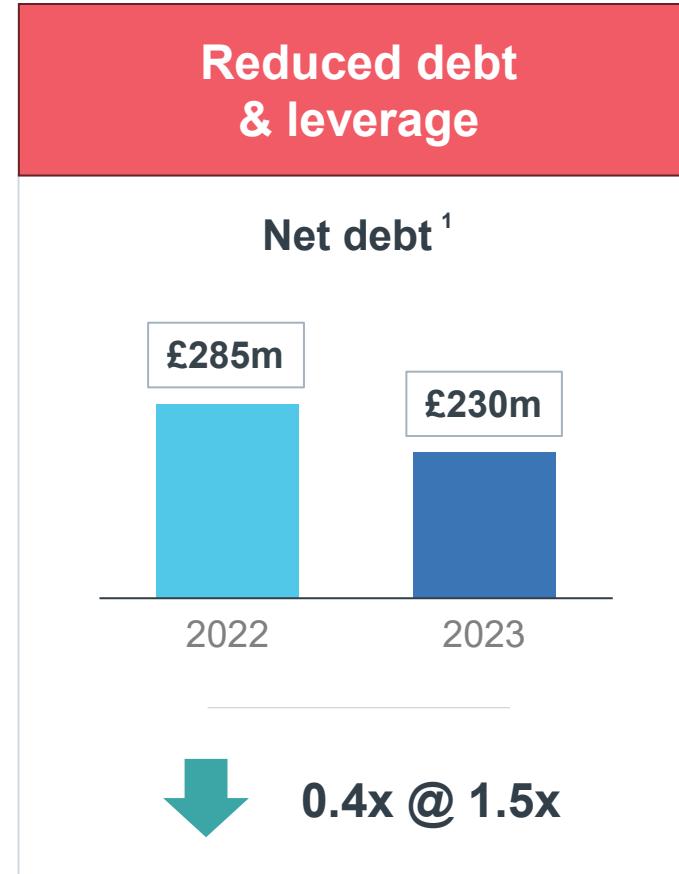
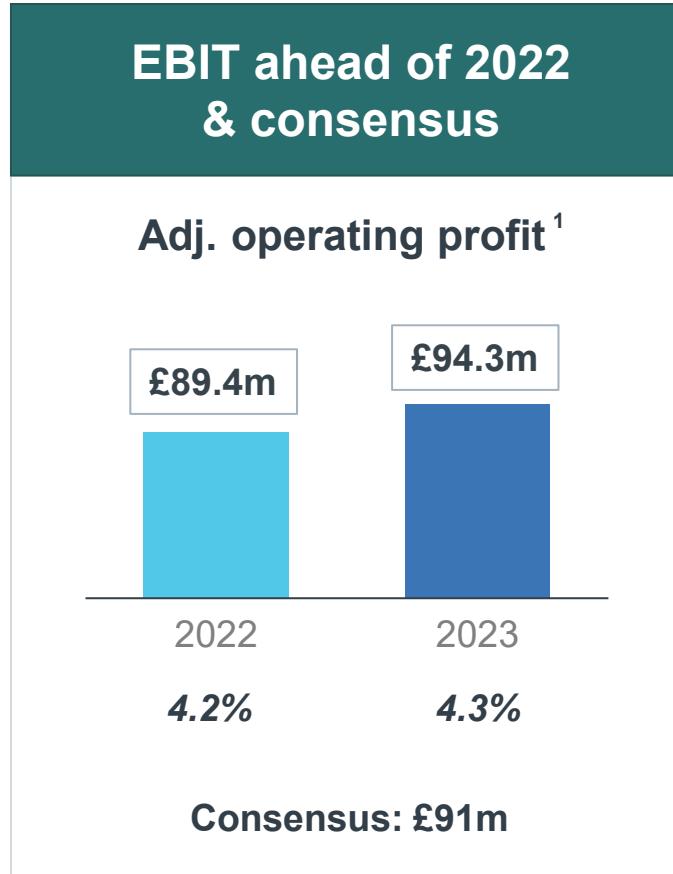
Wandi, Quality



Dannii, Manufacturing

Today's key messages

Execution of plan delivered strong performance in 2023



1. Alternative Performance Measures are referred to as 'like-for-like', 'adjusted', 'underlying' and are applied consistently throughout this presentation. These are defined in full and reconciled to the reported statutory measures in the 2023 full year results in Note 11

Confidence in outlook for 2024

We exited 2023 with momentum



Progressive EBIT with encouraging signs of return to volume growth



Business stabilised & **profit rebuilt** in H2



Covid bounce-back with business now **cash generative**



FY24 EBIT Outlook

“At least in line with the upper end of market expectations”

Current range: £95m to £100m



Lauren, Procurement



Financial review

Strong performance & improved financial strength

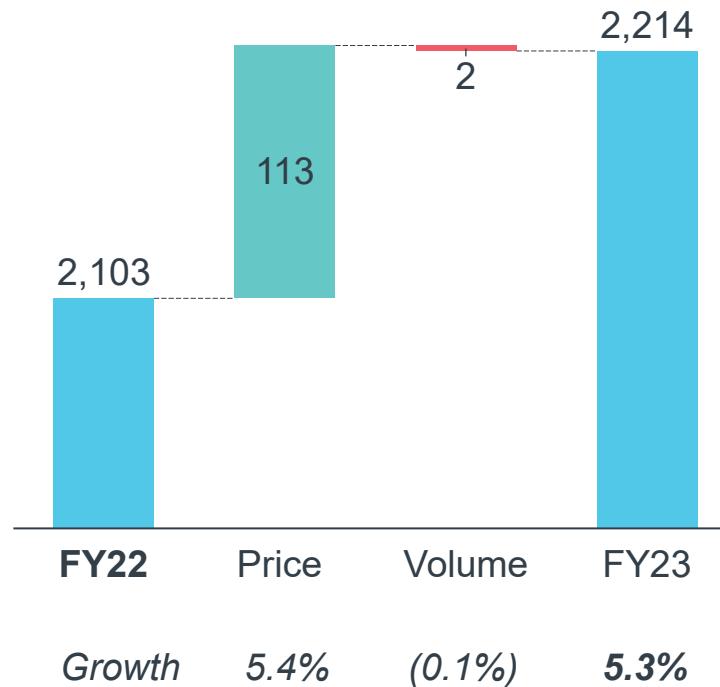
FY23 financial overview

		FY23	FY22	Change
Revenue	Group revenue	£2,203.8m	£2,139.2m	3.0%
	Like-for-like revenue ¹	£2,214.2m	£2,103.2m	5.3%
Profit	Adjusted operating profit ¹	£94.3m	£89.4m	5.5%
	Adjusted operating profit margin ¹	4.3%	4.2%	10bps
	Operating profit	£97.1m	£37.8m	156.9%
EPS	Adjusted EPS ¹	8.8p	9.5p	(0.7)p
	Basic EPS	9.4p	2.2p	7.2p
Cash/debt	Free cash flow ¹	£103.2m	£53.4m	£49.8m
	Operational net debt ¹	£(229.6)m	£(284.9)m	£55.3m
	Leverage ¹	1.5x	1.9x	(0.4)x
Returns	ROIC ¹	7.5%	7.1%	40bps
	Total dividend per share	7.28p	6.93p	5.0%

Revenue growth driven by price, as volumes remain subdued

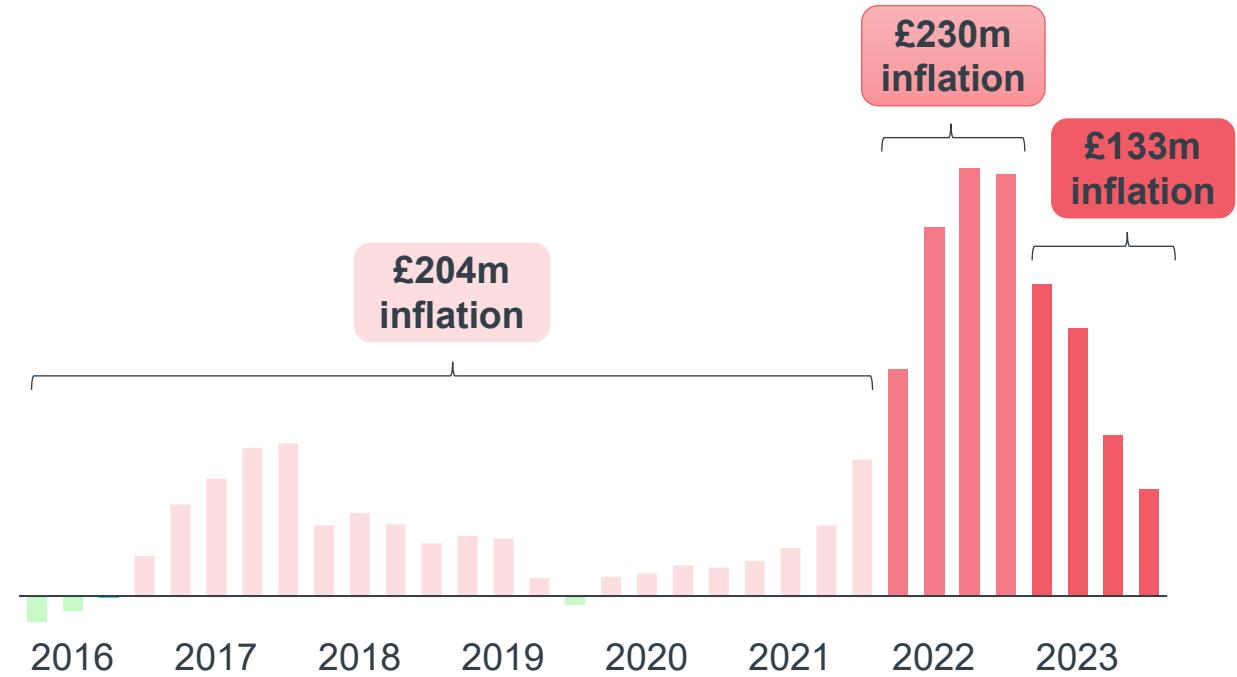
Price-led growth ...

Group LFL revenue^{1,2} bridge, £m



... driven by ongoing inflation

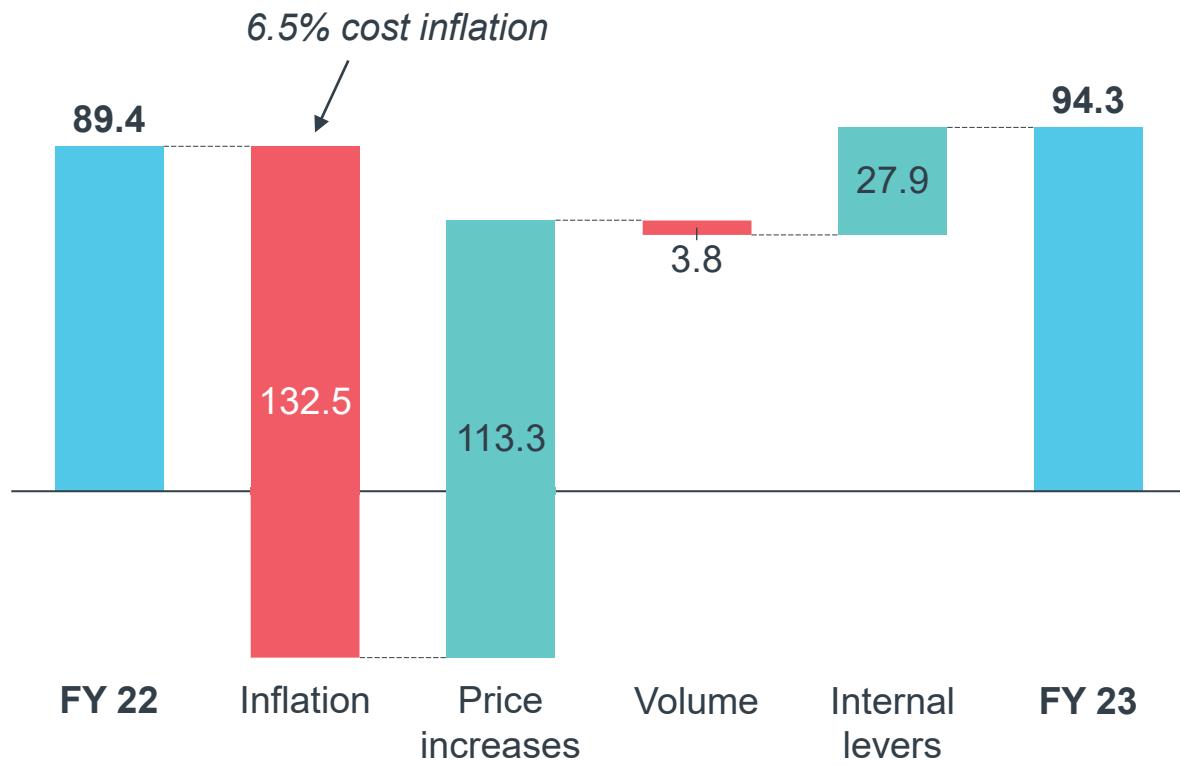
Group net inflation/(deflation)³, £m



Price & internal levers protected profits

Internal levers critical given unrecovered inflation

Group adjusted operating profit¹ bridge, £m



Momentum building through the year

Group adjusted operating profit¹, £m

£m	2023	YoY
H1	43.4	+0.9
H2	50.9	+4.0
FY	94.3	+4.9

Strong performance & ahead of expectations

Adjusted operating profit¹

£m	FY23	FY22	YoY
UK	93.9	92.7	1.2
US	3.4	3.3	0.1
China	(3.0)	(6.6)	3.6
Group	94.3	89.4	4.9
Adjustments ⁴	2.8	(51.6)	54.4
Operating Profit	97.1	37.8	59.3

FY23 Margin	FY22 Margin
5.1%	5.2%
1.5%	1.3%
(2.5%)	(6.5%)
4.3%	4.2%
4.4%	1.8%

Performance by region

- **UK:** Internal levers & price recovery protected profits from continued significant inflation
- **US:** Business stabilised and delivered profitable H2 with momentum into FY24
- **China:** Post-Covid volumes onboarded efficiently which delivered profitability improvement

Operating profit

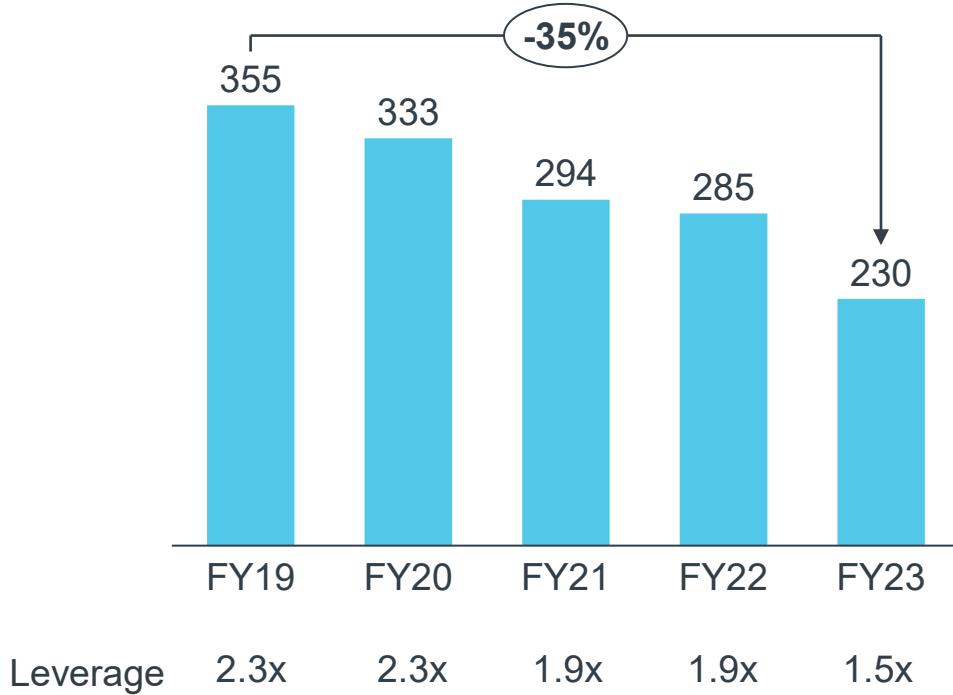
Excluded from adjusted operating profit:

- FY23 exceptional net income of £2.8m
- FY22 exceptional costs of £50.1m predominantly relate to restructuring activity as part of plan to protect profits

Significant debt reduction & leverage improvement

£55m debt reduction in 2023

Operational net debt¹, £m



Disciplined working capital & capex spend

Group Free Cash Flow¹ and utilisation, £m

	FY23	FY22
Adj. operating profit	94	89
Depreciation & other	74	69
Capital expenditure	(44)	(64)
Working capital	28	(2)
Interest	(24)	(19)
Tax	(11)	(5)
Pensions	(2)	(2)
IFRS 16 lease payments	(12)	(13)
Free Cash Flow	103	53
Dividend	(41)	(39)
Other ⁵	(7)	(5)
Debt Reduction	(55)	(9)

2024 P&L guidance

Revenue	Adj. Operating Profit ¹	Interest costs	Effective tax rate
 c.1-2% <p>Planning for subdued volumes, although seeing encouraging signs in the market</p>	 ≥ £100m <p>At least in line with the upper end of market expectations⁶</p>	 c. £26m <p>In line with 2023, expiry of attractive swaps in early 2024 offset by debt reduction</p>	 c. 26% <p>Slightly above UK corporation tax, although cash tax lower due to UK capital allowances</p>

6. Based on company compiled consensus ("Consensus") which includes all covering analysts. Adjusted operating profit Consensus for FY24 at £97.1m with a range of £95.0m to £99.9m

Capital allocation

Capital	Leverage	Dividend	Strategic Growth
 c. £70m FY24 Capital spend Return to more normalised levels of capital spend Includes £10m relating to phase 1 of UK ERP replacement project Total UK ERP project cost c. £35m - £40m over the next 3 to 4 years	 1.0 to 2.0x Revised target range Leverage of 1.5x, now sits at bottom end of our target range Broader range provides flexibility if strategic opportunities arise	 Progressive FY23 Dividend increase – 5% Attractive dividend payout with increased affordability Confident outlook supports progressive dividend	 Enhancing FY23 ROIC ¹ – 7.5% Focus on UK opportunities given limited acquisition targets in US Medium term US factory footprint expansion



Rosie, Manufacturing



FY23 Performance

We expected a tough 2023

Further inflation



High interest rates



Volume pressure in the UK



Fragile supply chain



Labour availability



Following record levels in 2022

Fifteen-year highs in the UK & US

Cost-of-living crisis affecting confidence

Extreme weather & geopolitical issues

Improved but skills a concern

We entered the year with a plan & executed it decisively

Our clear & simple plan

1

Create a leaner senior organisational structure

2

Establish clear & focused regional priorities

3

Enhance focus on preserving cash & reducing debt



New structure fuelled synergies & efficiencies ahead of our expectations, contributing to **self-help measures of £28m**

New priorities created focus & clarity for our leadership teams delivering a **£5m (+10 bps) YoY increase in profitability**

Disciplined capital allocation & working capital improvements supported **£55m debt reduction and leverage of 1.5x**

Progress & momentum in all three regions



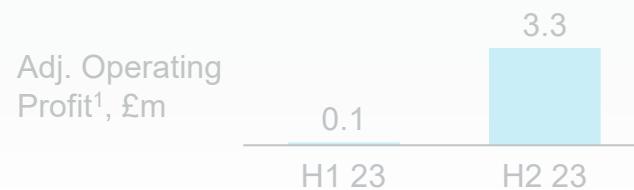
Progressive EBIT despite inflation & volume pressure

- Dealt with £129m of inflation through price & cost reduction
- Leaner organisational structure & rationalised footprint
- Market outperformance (business gains, innovation & availability)



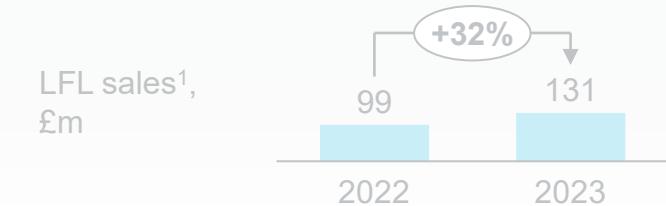
Business stabilised with EBIT momentum in H2

- Improved technical standards & customer engagement
- New leadership team embedded & focused on rebuilding profit
- Factory performance & reduced overheads underpinned recovery



Business now cash generative & self-funding

- Disposed of La Rose Noire to reduce complexity
- EBITDA positive with capacity in place & investment complete
- Post Covid volume unwind seamlessly onboarded

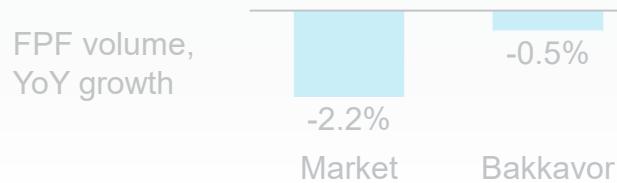


Progress & momentum in all three regions



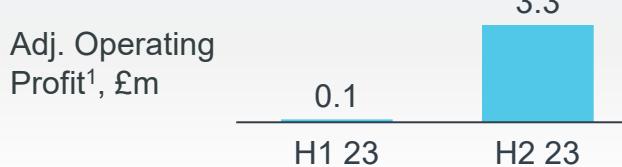
Progressive EBIT despite inflation & volume pressure

- Dealt with £129m of inflation through price & cost reduction
- Leaner organisational structure & rationalised footprint
- Market outperformance (business gains, innovation & availability)



Business stabilised with EBIT momentum in H2

- Improved technical standards & customer engagement
- New leadership team embedded & focused on rebuilding profit
- Factory performance & reduced overheads underpinned recovery



Business now cash generative & self-funding

- Disposed of La Rose Noire to reduce complexity
- EBITDA positive with capacity in place & investment complete
- Post Covid volume unwind seamlessly onboarded

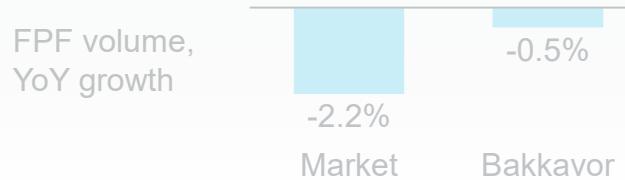


Progress & momentum in all three regions



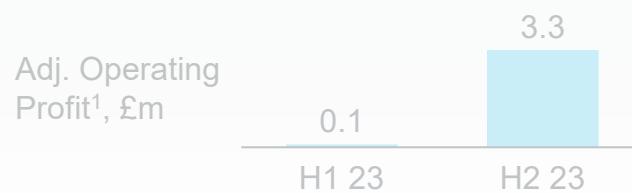
Progressive EBIT despite inflation & volume pressure

- Dealt with £129m of inflation through price & cost reduction
- Leaner organisational structure & rationalised footprint
- Market outperformance (business gains, innovation & availability)



Business stabilised with EBIT momentum in H2

- Improved technical standards & customer engagement
- New leadership team embedded & focused on rebuilding profit
- Factory performance & reduced overheads underpinned recovery



Business now cash generative & self-funding

- Disposed of La Rose Noire to reduce complexity
- EBITDA positive with capacity in place & investment complete
- Post Covid volume unwind seamlessly onboarded



The foundations are in place for a strong 2024

► **Renewed purpose through our structure**

► **Refreshed regional priorities**

► **Enhanced focus on capital & debt**





Alister, Engineering



2024 Outlook

What does success look like in 2024



A cash-generative business delivering **improved margin** through conversion of modest volume growth & ongoing efficiency improvements



A robust business **delivering consistently**, showing **progressive margin** & returning to volume growth by year end



A **self-funding** business driving performance improvement to underpin competitiveness & therefore volume growth



FY24 EBIT Outlook

“At least in line with the upper end of market expectations”

Focus to underpin delivery in 2024 & beyond

Deliver the basics



- Minimise 'noise'
- Engage our People
- Deliver our KPIs

Execute clear plans



- Customer business plans
- Operational excellence
- Improved financial return

Underpin the future



- Ongoing footprint review
- Return-enhancing investments
- International priorities



Madison, Finance



Summary

Summary

- 2023 was a good year given the headwinds we were facing into
- The business has momentum & we are confident of delivering a strong 2024
- We are in good shape & ready to capitalise on future opportunities





Joshua, Engineering



Questions?



Iman, Engineering



Mantas, Logistics



Monika, Manufacturing

Appendix

Returns

Earnings per share

£m	FY23	FY22
Basic earnings	53.9	12.5
Exceptional items	(2.8)	50.1
Configuration and customisation costs for SaaS projects	-	1.5
Change in fair value of derivative financial instruments	-	0.1
Tax on the above items	-	(9.4)
Adjusted earnings¹	51.1	54.8
Weighted average number of Ordinary shares (000's)	576,129	577,576
Basic earnings per share	9.4p	2.2p
Adjusted basic earnings per share¹	8.8p	9.5p

- Decrease in weighted average number of Ordinary shares due to purchase of own shares through Employee Benefit Trust

ROIC¹

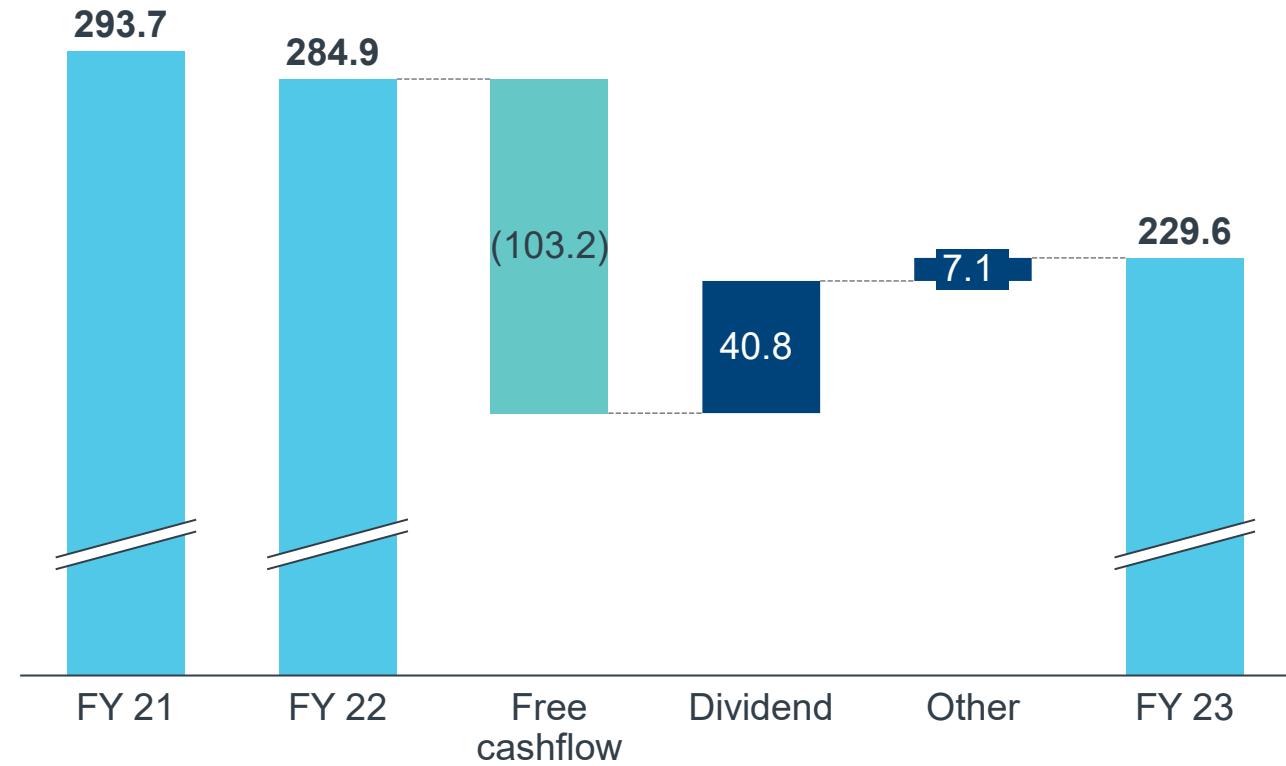
£m	FY 23	FY 22
Underlying effective tax rate	24.4%	21.5%
Average invested capital	952.7	987.7
ROIC¹	7.5%	7.1%

Group net debt

Group net debt reconciliation

	FY23
Cash and cash equivalents	(36.6)
Term loans	225.0
Revolving credit facility	-
Asset financing, finance leases & overdrafts	41.2
Operational net debt ¹	229.6
IFRS 16 leases	90.3
Other adjustments	(0.6)
Statutory net debt	319.3

Group net debt movement



Debt highlights:

- >£260m of liquidity headroom against debt facilities of £493m
- Maturity of 95% of core debt facilities in Mar-26
- £130m of interest rate swaps in place to Mar-26

Other Balance Sheet metrics

Tax reconciliation

£m	FY 23		FY 22	
Profit before tax	70.3		18.1	
Tax charge at the UK corporation tax rate of 23.5% (2022: 19%)	16.5	23.5%	3.4	19.0%
Net non-deductible expenses/(non-taxable income)	(1.5)	(2.1%)	(1.2)	(6.9%)
Non-deductible impairment of investment	-	-	1.8	10.2%
Adjustment in respect of prior periods	1.0	1.4%	(0.3)	(1.7%)
Other reconciling items ⁷	0.4	0.6%	1.9	10.3%
Tax charge for the period and effective tax rate	16.4	23.4%	5.6	30.9%
Tax credit on exceptional items	-		9.1	
Tax credit on adjusting items	-		0.3	
Underlying tax charge and effective tax rate	16.4	24.4%	15.0	21.5%

Pension

£m	FY 23	FY 22
IAS 19 pension surplus	12.0	12.8

Pension information:

- £12.0m UK DB scheme surplus on IAS19 basis
- UK DB scheme closed to future accrual in March 2011
- Pension Fair value of Scheme assets of £190m
- Cash contributions of £2.5m p.a. to 31 March 2024, which may extend to 31 August 2025

Other financial information

Adjusted operating profit

£m	FY 23	FY 22
Operating profit	97.1	37.8
SaaS project costs	-	1.5
Exceptional (income) / costs	(2.8)	50.1
- <i>UK</i>	(2.8)	36.6
- <i>US</i>	2.9	3.8
- <i>China</i>	(2.9)	9.7
Adjusted operating profit¹	94.3	89.4

IFRS 16 earnings impact

£m	FY 23	FY 22
Operating lease charge	14.0	13.8
Depreciation	(12.1)	(12.1)
Operating profit	1.9	1.7
Finance costs	(3.0)	(3.1)
Loss before tax	(1.1)	(1.4)
Tax	0.3	0.4
Loss after tax	(0.8)	(1.0)

Software as a service ('SaaS') project costs

- In response to IFRIC agenda decision, the Group revised its accounting policy in relation to upfront costs incurred to configure or customise SaaS arrangements
- This revision has resulted in £1.5m of costs, that would previously have been capitalised, being expensed to administration costs in FY22. No such costs were incurred in FY23

