

FY24 results

for the 52 weeks ended 28
December 2024



AGENDA

Today's key messages

Mike

Financial review

Lee

FY24 strategic update, FY25 outlook & Summary

Mike

Q&A



Winning through our values

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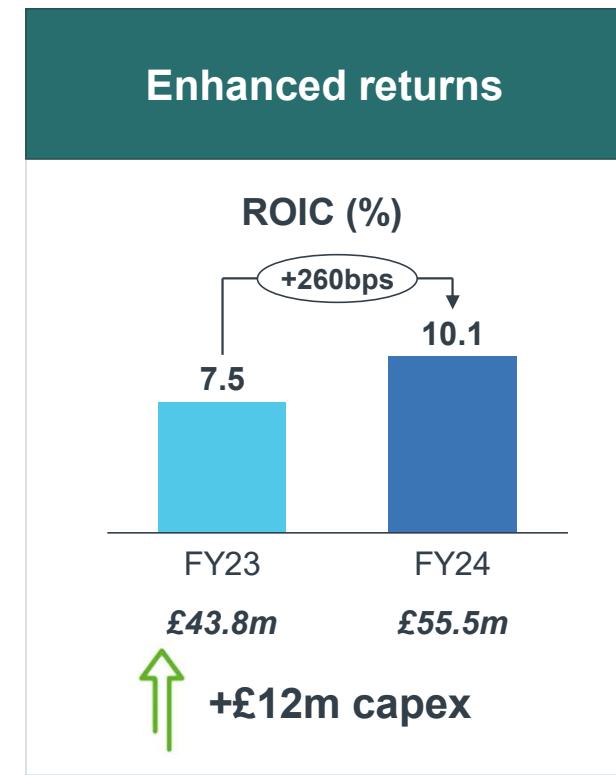
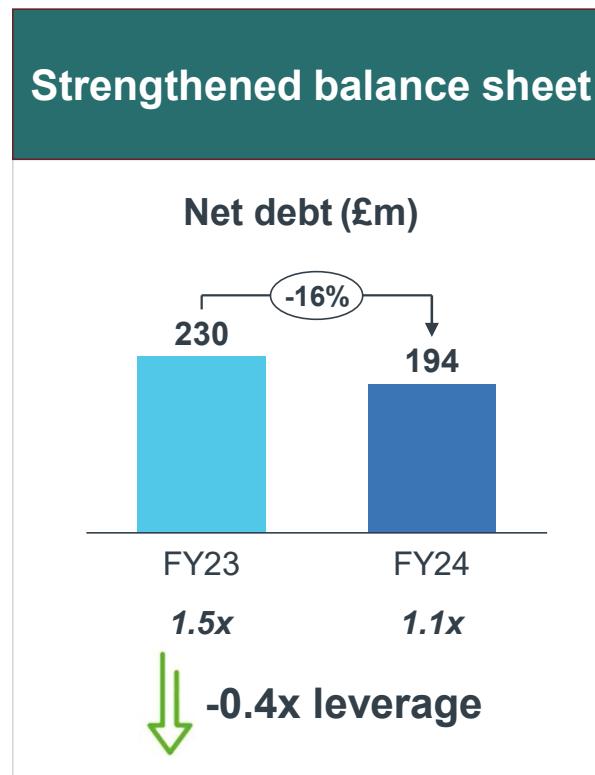
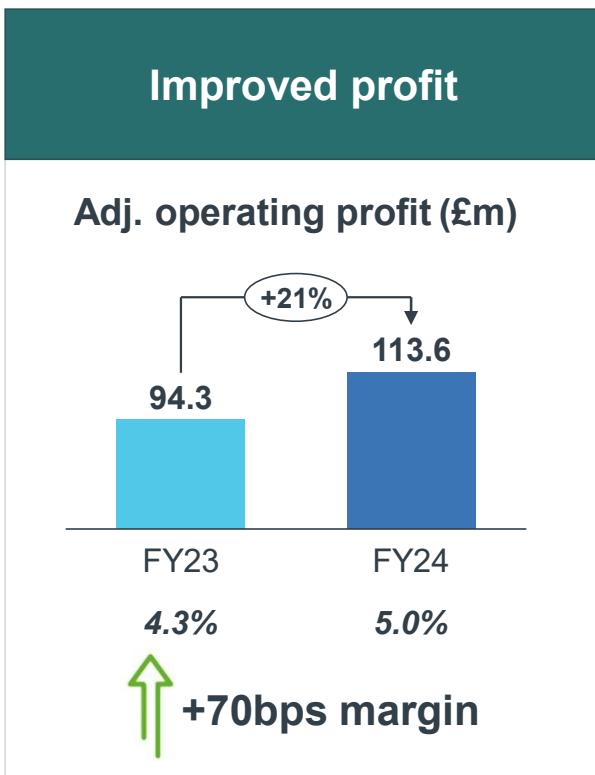
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Today's key messages

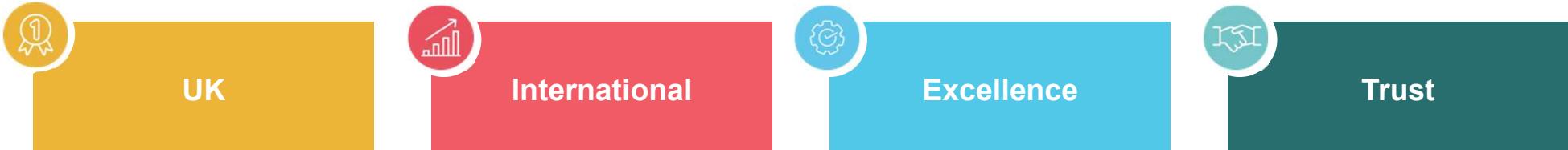
Mike

Strong 2024 performance ahead of market expectations



Our strategy continues to deliver strong performance

FY25 expected to deliver further margin improvement



Recovering inflation,
and enhancing margin
through **exit of**
underperforming
business

Driving profitable
growth in the US,
whilst completing
strategic review in
China

Further leveraging
Bakkavor Operating
System for efficiency in
all regions

Continuing to invest
behind non-financial
KPIs, with a **focus on**
people & ESG
priorities



Adjusted operating profit “in line with market expectations”

Consensus £118.6m, range £114.0m - £123.1m³



Financial review

Lee

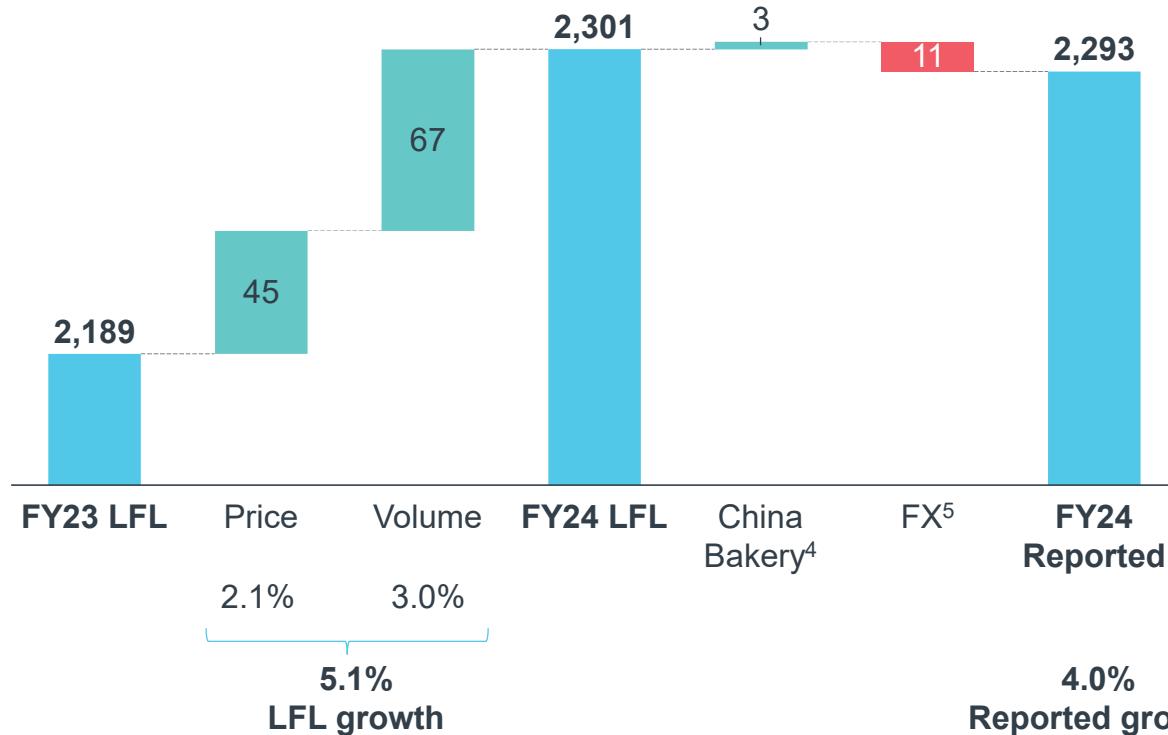
Strong 2024 financial performance

£ million (unless otherwise stated)		FY24	FY23	Change
Continued growth & improved profit	Reported revenue	2,292.7	2,203.8	4.0%
	Like-for-like revenue ("LFL")	2,300.9	2,188.5	5.1%
	Adjusted operating profit	113.6	94.3	20.5%
	Adjusted operating profit margin	5.0%	4.3%	70bps
	Operating profit	93.4	97.1	(3.7)
Significantly stronger balance sheet	Free cash flow	88.7	103.2	(14.5)
	Operational net debt	(193.8)	(229.6)	35.8
	Leverage	1.1x	1.5x	(0.4)x
Enhanced shareholder returns	Adjusted EPS	12.3p	8.8p	39.8%
	Basic EPS	9.6p	9.4p	2.1%
	ROIC	10.1%	7.5%	260bps
	Total dividend per share	8.00p	7.28p	10.0%

LFL revenue up 5.1%, with all regions in volume growth

Group revenue bridge

£m



LFL revenue growth by region

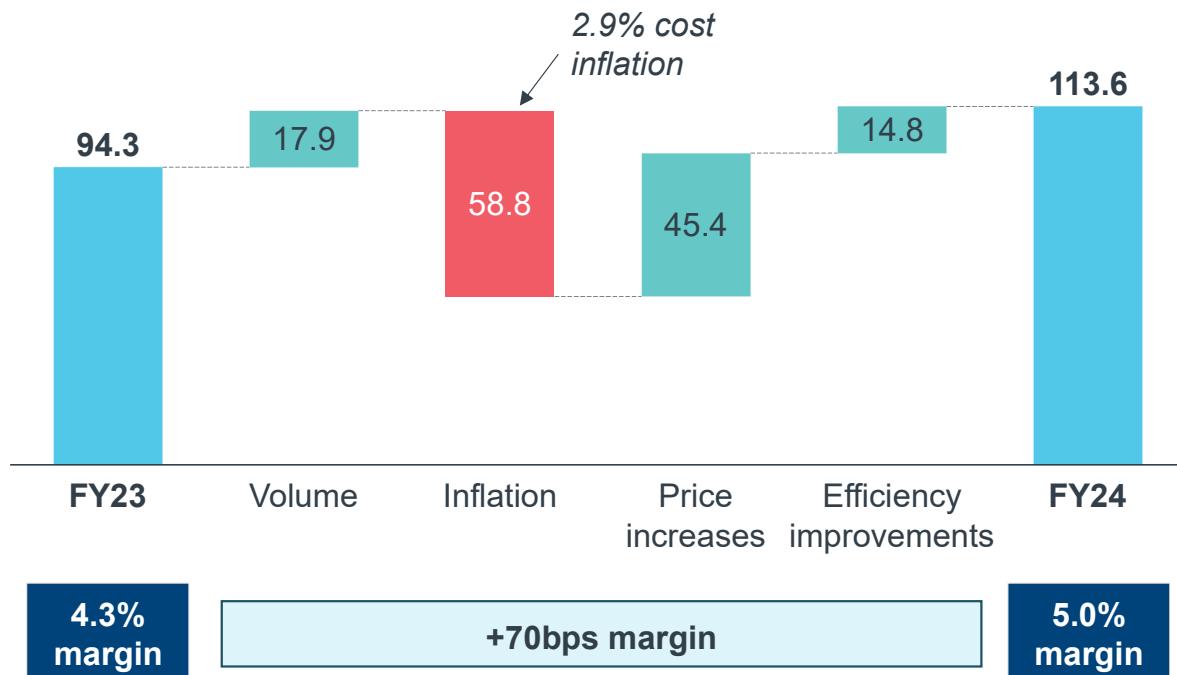
YoY growth %, LFL revenue £m



Margin improved, driven by volume growth and efficiencies

Adjusted operating margin up 70bps

Group adjusted operating profit bridge, £m



Driven by volume growth and efficiencies



Volume growth in all regions



Inflation moderated but remains substantial, primarily related to UK labour. Expect FY25 inflation of c.£50m



Price recovery secured with good support from customers



Strong factory performance partially offset by overhead investment to support growth

Margin progression in all three regions

Adjusted operating profit & margin

£m	FY24	FY23	Change
UK	105.2	93.9	11.3
US	9.9	3.4	6.5
China	(1.5)	(3.0)	1.5
Group	113.6	94.3	19.3
Exceptionals	(20.2)	2.8	(23.0)
Operating profit	93.4	97.1	(3.7)

Margin		
FY24	FY23	Change
5.4%	5.1%	30bps
4.3%	1.5%	280bps
(1.3%)	(2.5%)	120bps
5.0%	4.3%	70bps
4.1%	4.4%	(30)bps

Performance by region

UK: Margin progression driven by volume growth and efficiency focus

US: Recovery complete, now focussed on leveraging stability to optimise performance

China: Losses reduced as simplification and lean initiatives deliver

Exceptionals

FY24 primarily relates to the **closure of Wigan** (£21.4m) & **impairment of Hong Kong** business held for sale (£3.2m), partially offset by profit on **sale of China Bakery** (£4.0m). FY23 primarily relates to the sale of a Hong Kong associate

Strong cash generation & leverage at lower end of range

Improved profitability drives cash generation

	FY24	FY23
Adjusted operating profit	113.6	94.3
Depreciation, amortisation & other ⁶	71.2	73.8
Working capital	9.3	28.4
Capex	(55.5)	(43.8)
Interest, tax & pensions	(37.9)	(37.5)
IFRS 16 lease payments	(12.0)	(12.0)
Free cash flow	88.7	103.2
Dividends paid	(43.8)	(40.8)
Other movements ⁷	(9.1)	(7.1)
Debt reduction	35.8	55.3
Net debt	193.8	229.6
Leverage	1.1x	1.5x

Continued debt reduction & successful refinancing

Operational net debt

£194m

£(36)m vs Dec-23

Leverage

1.1x

(0.4)x vs Dec-23

Refinancing

£350m

Debt facilities, Jul-28 maturity
25bps margin improvement

FY25 guidance

Reported revenue growth	Adjusted EBIT	Net interest cost	Effective tax rate
 Broadly in line with FY24	 £114-123m	 c.£24m	 c.26%
Wigan exit (c.£80m) largely offset by underlying UK growth & expected price recovery US & China mid-single digit growth	FY25 in-line with market expectations ³ & will deliver margin improvement Confident in 6% FY27 target	Refinancing secured 25bps margin improvement Cash cost broadly in line with P&L charge	Slightly above UK corporation tax rate Cash tax lower than P&L due to the benefit of UK capital allowances

Capital allocation to enhance future returns

Capital investment	Strategic growth	Debt reduction	Dividends
 c.£70m <i>FY25 capital spend</i>	 Enhancing <i>ROIC</i>	 1.0x – 2.0x <i>Leverage target range</i>	 Progressive <i>policy</i>
Return to more normal spend levels Includes c.£7m on UK ERP transformation	Further ROIC improvement expected in medium-term Well-positioned to explore M&A	Ongoing net working capital improvements Further debt reduction	Continued strong cash generation Maintain progressive policy, c.5% p.a.



FY24 strategic update

Mike

Clear strategy will deliver our margin improvement target



FPF market back in volume growth

Consumer behaviour normalising



Convenience: Looking for easy meal solutions as time pressured



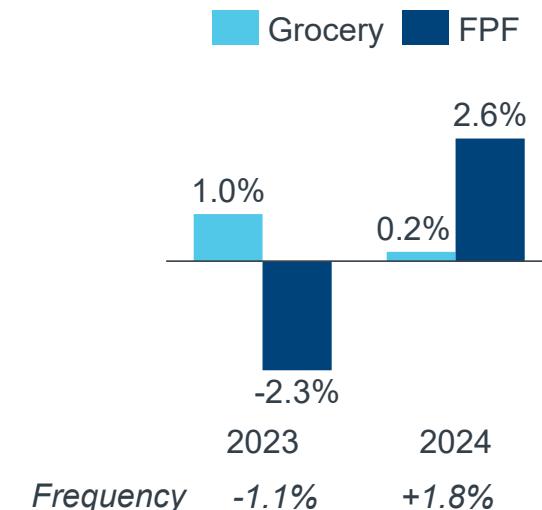
Quality: Seeking quality meals at home, instead of eating out



Value: Focusing more on value than price

FPF outperforming grocery

Year-on-year volume growth⁸



Frequency has helped return the market to growth⁹

Category dynamics evolving

Volume growth vs FPF market



Meals

✓ Grew steadily, premium ranges performed well



Salads

✓ Demand returned as cost-of-living pressures eased



Desserts

✗ Strong Christmas sees volume growth return in Q4



Pizza & bread

✗ Normalised following strong demand in 2023

Leveraging our scale to outperform

Outperforming the market

Year-on-year volume growth

	FPF ⁸	Bakkavor
2024	2.6%	2.8%

Bakkavor category performance



Vs FPF
volume
growth

Why are we winning?



Strong customer service

>99% service level through 2024



Leading innovation

>700 new products



Net business gains

Significant desserts win

Market leadership in action

Winning in Desserts



- >190 new SKUs onboarded, including major customer win
- Exceptional Christmas delivery; service, quality & innovation
- New desserts innovation centre of excellence



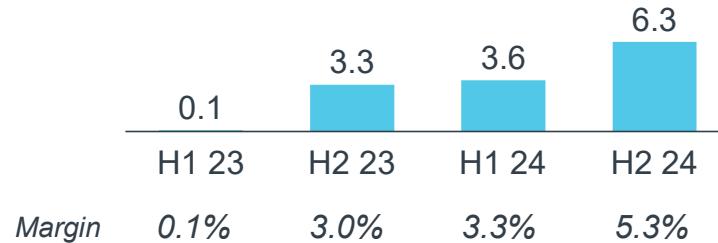
INTERNATIONAL

Strong progress internationally



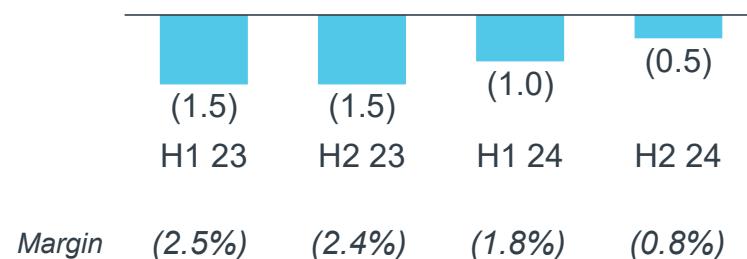
Strong profit improvement

US adjusted operating profit, £m



Losses halved

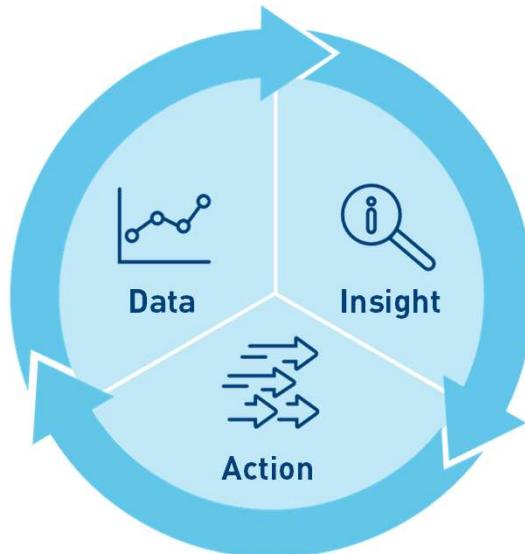
China adjusted operating loss, £m



- Growth returned in H2 as expected
- Bakkavor Operating System basics in place & driving efficiencies
- Efficiencies also underpin future capacity
- Mainland China key driver of improvement
- Sale of underperforming Hong Kong business due to complete in April 2025
- Focus now solely on well-invested mainland China business, with strategic review ongoing

Bakkavor Operating System fuelling efficiencies

BOS model



Key principles

STANDARDISATION

Consistent tools & ways of working for efficiency

PEOPLE

Centralised team of experts & upskilled operational teams

OPTIMISATION

Winning the day & fuelling future activity pipeline

Excellence in action



- Automated houmous filling process reduced labour & packaging
- Sponge automation driving waste reduction in Desserts
- RedZone rollout in US will underpin BOS



TRUST

On-track to deliver on medium-term ESG targets

UK net food waste

6.0%

(FY23: 6.6%)

↓ -320bps vs 2017

Focusing on reducing waste through standard KPIs

Strengthening redistribution partnerships

Group net carbon emissions

+2.9%

(FY23: -5.3%)

↓ -20.9% vs 2021

UK stable, but US up due to refrigeration leak

c.£30m spend on refrigeration & energy efficiency in last 5 years

ESG in action



- Automated craft bread line reduced energy costs, as well as labour
- Emissions targets validated by Science Based Target initiative
- FareShare partnership to deliver 500,000 meals to tackle food insecurity



TRUST

Investment in our people delivering

Invested in pay



Above inflation UK weekly colleague pay increases

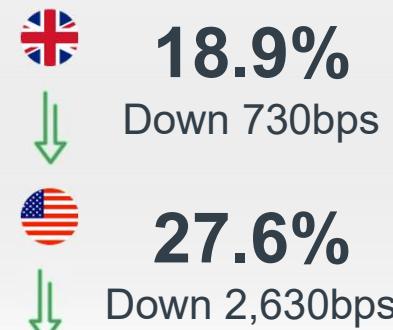
21.0%

22.6%

CPI growth over three years

Hourly rate increase over three years

Employee turnover down



Engagement improved



Enhanced benefits



£7m investment in facilities

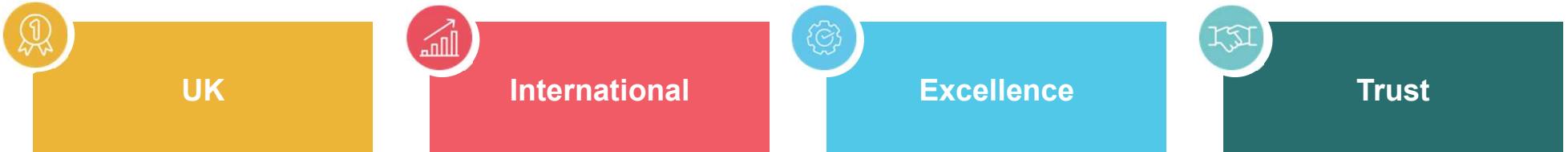
1m Staff Shop meals for our UK colleagues¹⁰



FY25 outlook & summary

Mike

FY25 expected to deliver further margin improvement



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Summary

- 2024 was a strong year step changing our financial delivery
- 2025 started well & we are confident of delivering in line with expectations
- Our strategy & plan are clear and support performance
- Confident of delivering our 6% margin target in FY27
- Balance sheet strength underpins our ability to further enhance returns



Winning through our values



Q&A



Appendix

Alternative Performance Measures

- Alternative Performance Measures are referred to as ‘like-for-like’, ‘adjusted’ and ‘underlying’, and are applied consistently throughout this presentation.
- Refer to Note 12 in the Bakkavor Group plc full year results 2024 for a reconciliation
- The following APMs have been included within this presentation:
 - Like-for-like revenue
 - Adjusted EBITDA
 - Adjusted operating profit / loss
 - Adjusted operating margin
 - Free cash flow
 - Net debt (operational)
 - Leverage
 - Adjusted earnings
 - Adjusted EPS – Adjusted basic Earnings Per Share
 - ROIC – Return On Invested Capital

Returns

Earnings per share

£m	2024	2023
Basic earnings	55.7	53.9
Exceptional items	20.8	(2.8)
Tax on the above items	(5.4)	-
Adjusted earnings	71.1	51.1
Weighted average number of Ordinary shares (000's)	578,881	576,129
Basic earnings per share	9.6p	9.4p
Adjusted basic earnings per share	12.3p	8.8p

ROIC

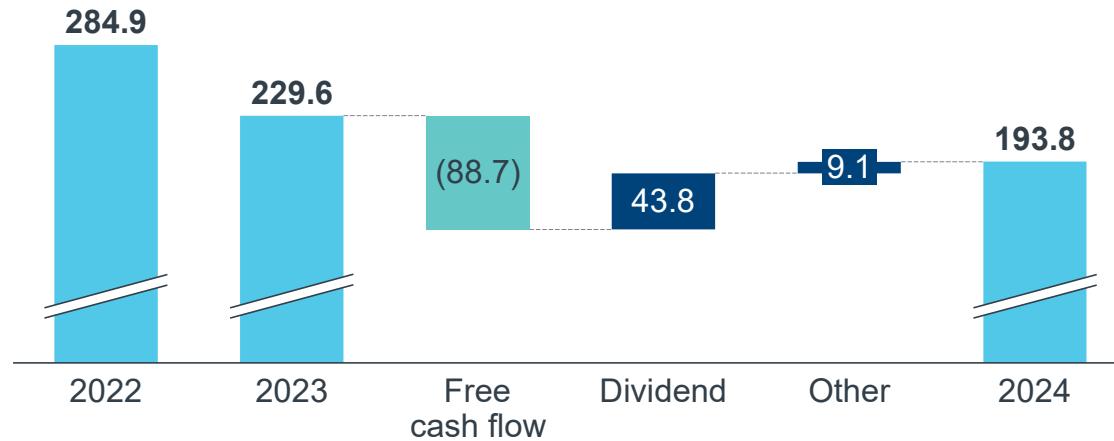
£m	2024	2023
Adjusted operating profit	113.6	94.3
Tax at the underlying effective rate	(23.3)	(23.0)
<i>Effective tax rate</i>	<i>20.5%</i>	<i>24.4%</i>
Adjusted operating profit after tax	90.3	71.3
Average invested capital	898.3	952.7
ROIC	10.1%	7.5%

Group net debt

Group net debt reconciliation

£m	2024
Cash and cash equivalents	(29.9)
Term loans	150.0
Revolving credit facility	45.0
Asset financing, finance leases & overdrafts	28.7
Operational net debt	193.8
IFRS 16 leases	84.2
Other adjustments	(1.3)
Statutory net debt	276.7

Group operational net debt movement



Refinancing of core debt facilities

- On 25 July 2024 the Group completed a refinancing of its core debt facilities
- Aggregate loan amount of £350m; £150m term loan and £200m revolving credit facility
- This replaces the £225m term loan and £230 RCF that were due to mature in March 2026
- Four year tenure, with maturity in Jul-28 with the option of two one-year extensions
- Margin of 1.85%, a 25 basis point improvement versus the previous facilities
- Liquidity headroom of c.£185m

Other Balance Sheet metrics

Tax reconciliation

£m	2024		2023	
Profit before tax	68.6		70.3	
Tax charge at the UK corporation tax rate of 25% (2023: 23.5%)	17.2	25.0%	16.5	23.5%
Non-deductible items	(2.1)	(3.0%)	(1.5)	(2.1%)
Prior period adjustments	(2.3)	(3.3%)	1.0	1.4%
Tax effect of losses carried forward not recognised	0.1	0.1%	1.0	1.4%
Unprovided deferred tax assets now recognised	-	-	(0.4)	(0.5%)
Overseas taxes at different rates	0.2	0.3%	0.3	0.4%
Deferred tax rate differential	-	-	0.2	0.3%
Exceptional non-taxable income/expense	(0.2)	(0.3%)	(0.7)	(1.0%)
Tax charge for the period and effective tax rate	12.9	18.8%	16.4	23.4%
Tax on exceptional items	5.4	-	-	-
Underlying tax charge and effective tax rate	18.3	20.5%	16.4	24.4%

Pension

£m	FY24	FY23
IAS 19 pension surplus	18.8	12.0

- £18.8m UK DB scheme surplus on IAS19 basis
- UK DB scheme closed to future accrual in March 2011
- Pension Fair value of Scheme assets of £176m (2023 £190m)
- Cash contributions of £2.5m p.a. to 31 March 2025

Other financial information

Adjusted operating profit

£m	2024	2023
Operating profit	93.4	97.1
Exceptional (income) / costs	20.2	(2.8)
- UK	21.5	(2.8)
- US	0.6	2.9
- China	(1.9)	(2.9)
Adjusted operating profit	113.6	94.3

IFRS 16 earnings impact

£m	2024	2023
Operating lease charge	14.6	14.0
Depreciation	(11.6)	(12.1)
Operating profit	3.0	1.9
Finance costs	(2.7)	(3.0)
Loss before tax	0.3	(1.1)
Tax	(0.1)	0.3
Loss after tax	0.2	(0.8)

China – Bakery

£m	FY24	H1 23	FY23
Reported revenue	2.8	7.5	15.2

- On 28 March 2024 the Group completed the disposal of its 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited

