BAKKAVOR

Half Year Results

For the 26 weeks ended 26 June 2021

8 September 2021

Disclaimer – Forward-looking statements

This half-year results presentation, prepared by Bakkavor Group plc (the "Company"), may contain forward-looking statements about Bakkavor Group plc and its subsidiaries (the "Group"). These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. The Group has based these forward- looking statements on current expectations and projections about future events. These forward-looking statements may generally, but not always, be identified by the use of words such as 'will', 'aims', 'anticipates', 'continue', 'could', 'should', 'expects', 'is expected to', 'may', 'estimates', 'believes', 'intends', 'projects', 'targets', or the negative thereof, or similar expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. You should not place undue reliance on any forward looking statements. These forward-looking statements are made as of the date of this announcement. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements other than as required by law. Some numbers and period on period percentages in this statement have been rounded or adjusted in order to ensure consistency with the financial information.

Agenda

Welcome	Simon Burke, Chairman
Executive Summary	Agust Gudmundsson, CEO
Financial Review	Ben Waldron, CFO
Strategic & Operational Review Outlook	Agust Gudmundsson, CEO
Q&A	

Executive Summary

1 Returned to revenue growth with strong conversion to profits and cash

- Strong revenue momentum
- Profitability improved significantly in all regions
- Reduction in net debt

2 Significantly strengthened the Group’s platform for sustainable growth and enhanced returns

- Frequency of shopping visits back to 2019 levels, underpinned by innovation
- Delivered on efficiency and productivity improvements, as well as capacity investment for future growth
- Good progress on Trusted Partner ESG strategy

3 A positive outlook, in line with the Board’s expectations, despite industry wide challenges

- Strong H1 performance and encouraging start to H2
- Despite unprecedented labour challenges, full year operating profit margin expected to be in line with H1
- Enhanced strong financial position and interim dividend reinstated

Financial Performance

Ben Waldron,
Chief Financial Officer

Good revenue growth with strong conversion to profits and cash

H1 2021 financial overview

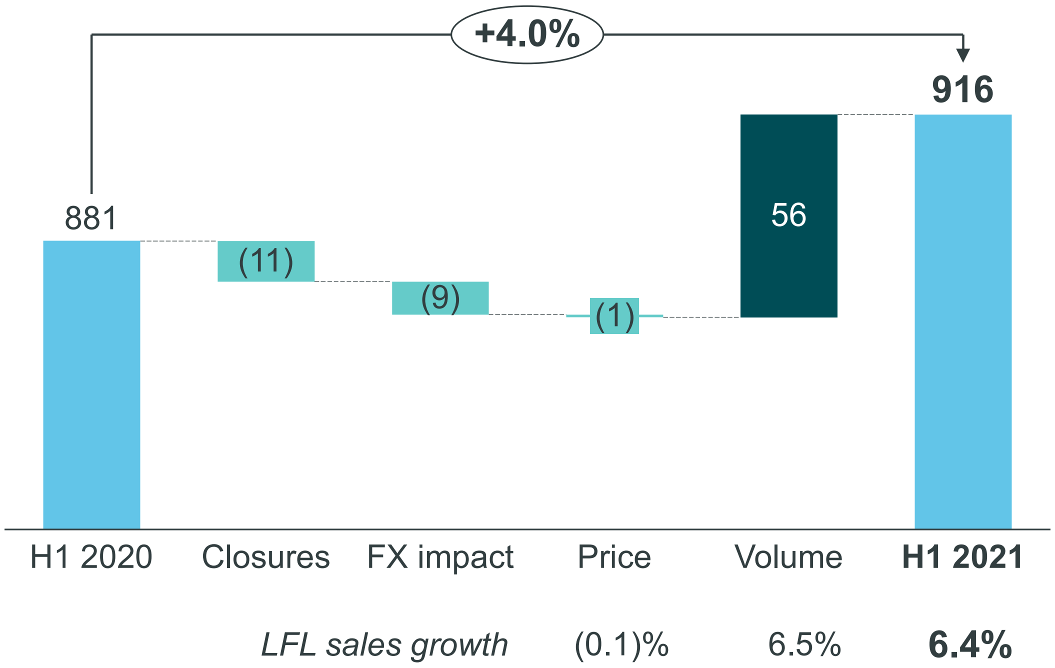
		Compared to H1 2020	Compared to H1 2019
Like-for-like revenue[1]	£924.9m	**6.4%** growth	**1.2%** growth
Adjusted operating profit[1]	£47.0m	**£18.3m** up	**£4.6m** up
Adjusted operating profit margin[1]	5.1%	**180bps** margin improvement	**50bps** margin improvement
Adjusted EPS[1]	4.8p	**2.2p** increase	**0.1p** decrease
Free cash flow[1]	£39.7m	**£43.0m** increase	**£24.7m** increase
Operational net debt[1]	£324.5m	**£42.9m** reduction	**£32.1m** reduction
Leverage	2.1x	**0.5x** improvement	**0.3x** improvement
ROIC[1]	7.6%	FY20 6.6%	FY19 8.0%
Interim dividend per share	2.64p	Dividend reinstated	0.64p higher than 2019 interim

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 Note 21 of the half year results statement for the 26 weeks to 26 June 2021.

Revenue improvement driven by volume growth

Group revenue bridge

£m



Like-for-like revenue by region

£m

		Compared to	
		H1 2020	H1 2019
UK	£787.5m	2.4%	(1.9%)
US	£89.5m	32.4%	46.3%
China	£47.9m	47.4%	(3.7%)
Group	**£924.9m**	**6.4%**	**1.2%**

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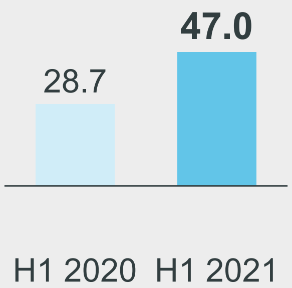
Profitability improved significantly

Adjusted operating profit

Group delivered strong performance

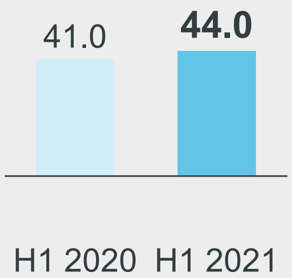
Up
63.8%



Adj. operating margin	3.3%	**5.1%**

Positive recovery in the UK

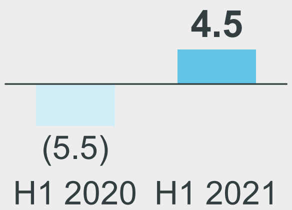
Up
7.3%



5.3% **5.6%**

US delivers significant step up

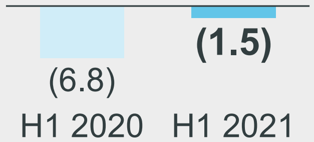
Up
181.8%



(8.1%) **5.5%**

China position improving

Up
77.9%



(21.1%) **(3.2%)**

 All figures in £m

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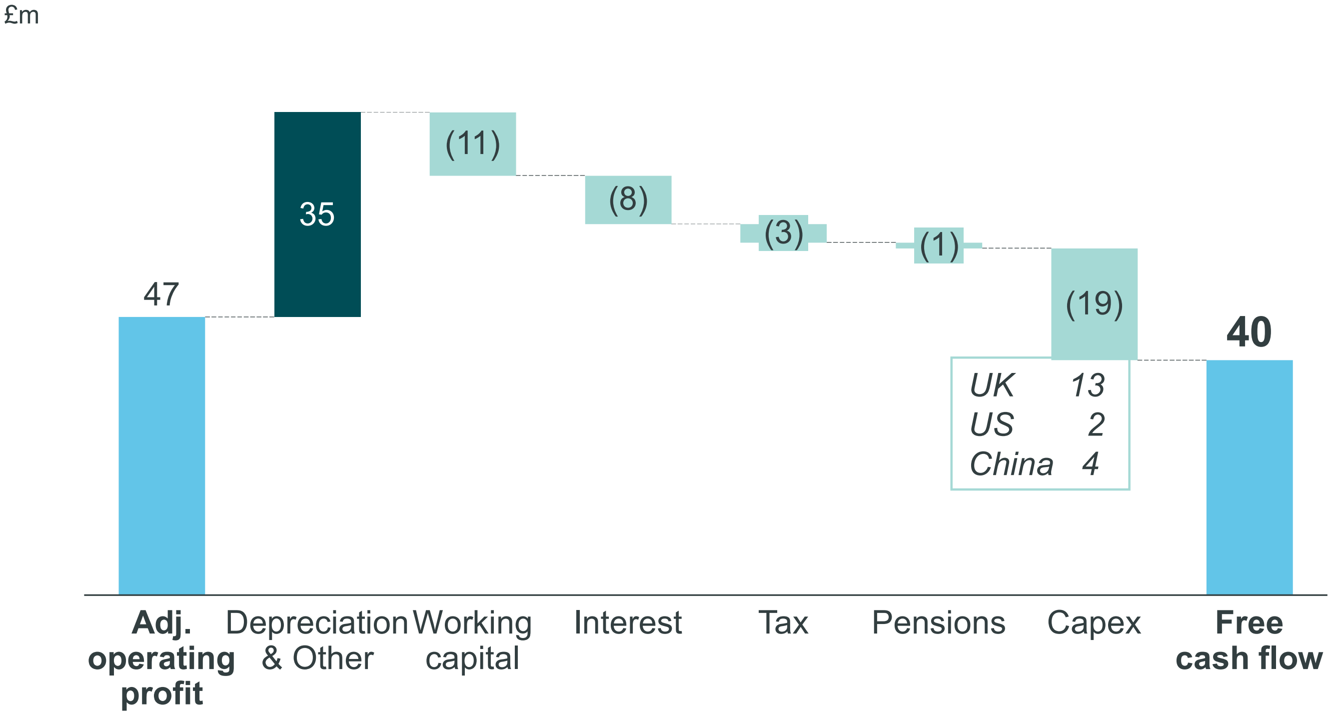
Strong conversion of profits to cash

Free cash flow bridge



- Seasonal profile resulted in £11m working capital outflow in H1 2021, with a £11m benefit year on year driven by the improvement in trading
- Interest cost of £8m, reduced compared to the prior period due to lower average debt in the period
- Tax paid of £3m, decreased year on year due to changes in UK legislation

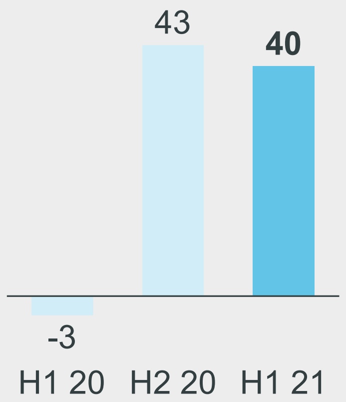
In a position of financial strength

H1 2021 financial overview

Free cash flow

£m

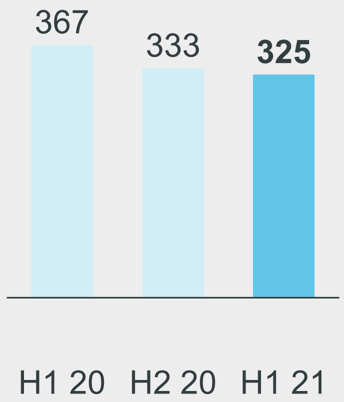
Improved by
£43.0m



Operational net debt

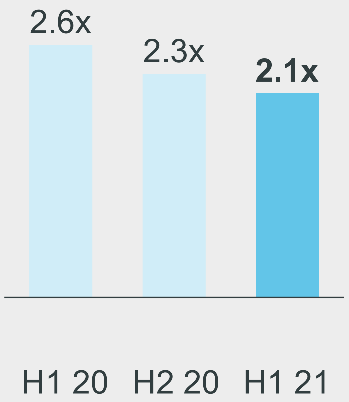
£m

Reduced by
£42.9m



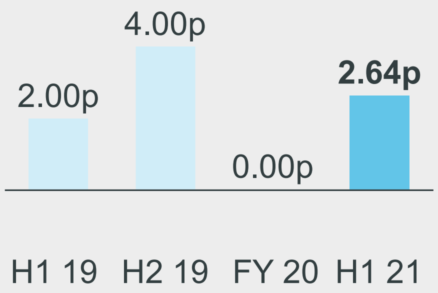
Leverage ratio

Reduced by
0.5x



Dividend per share

Dividend
reinstated



ROIC up 100bps versus FY20 to **7.6%**

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A positive outlook for the full year

Reinstatement of guidance

	FY21 guidance
Operating margin	In line with H1 2021; benefitting from operational leverage and efficiency, mitigating inflationary pressures
Capital expenditure	c.4.0% of sales for FY21
Working capital	Expect cashflow from working capital to be an inflow in the second half of 2021
Leverage	Continue to deliver progress towards medium term target 1.5 – 2.0x
Interest	Group cost of debt remains at c.3.5%
Tax	Forecast ETR of 29%; includes 9.2% impact of UK corporation tax rate change, effective 1 April 2023, on deferred tax
Dividend	Reinstated interim dividend payable Oct-21; £15.3m cash cost Expect to maintain progressive dividend policy over the medium term; interim dividend to comprise c.40% of total dividend

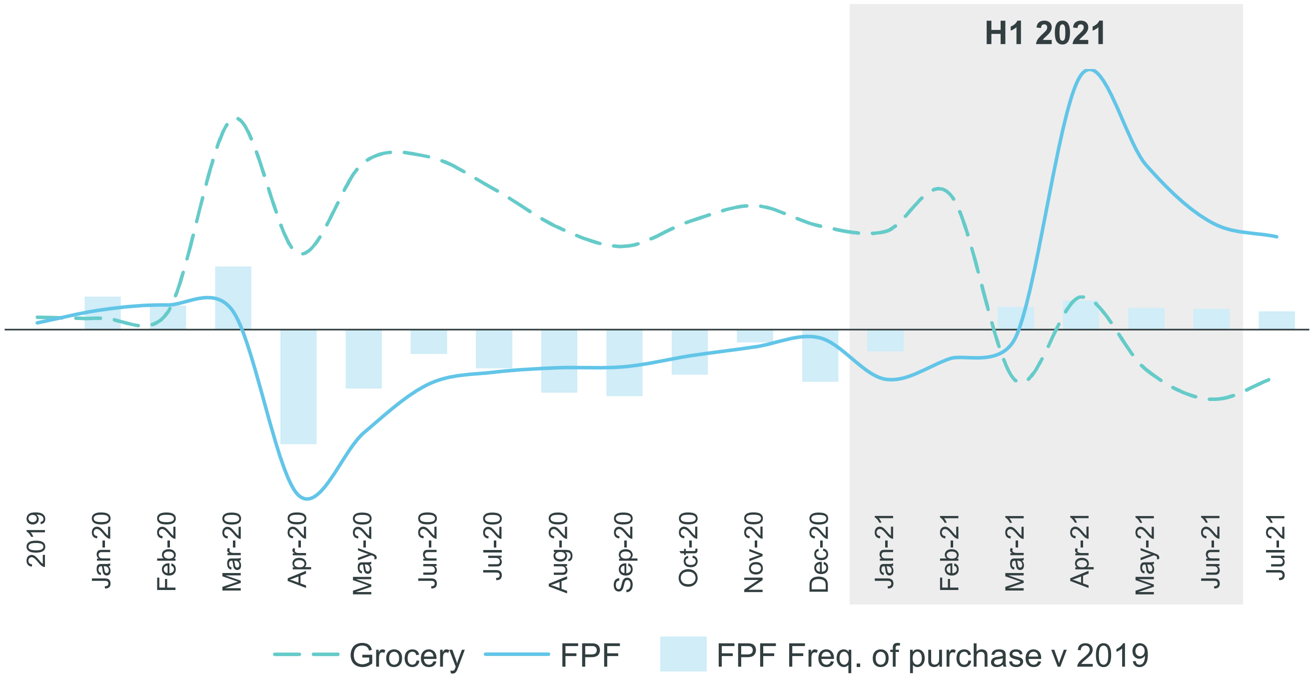
Strategic & Operational Review

Agust Gudmundsson,
Chief Executive Officer

UK market back to pre-pandemic levels

UK FPF market back in growth underpinned by return of frequency of shopping visits

YoY monthly growth



Positive recovery in all categories across regions

- In the UK, meals, pizza & bread and desserts **rebounded to 2019 levels**. Salads delivering good progress, but behind 2019 due to FTG recovery
- **Significant innovation** driving growth, as well as **strong seasonal events** and return of promotional offers
- Significant demand drives **continued growth in fresh meals in the US**
- Developing **new retail channel opportunities in China**, as well as steady recovery in foodservice customers, albeit dampened by local lockdowns

 Source: Kantar, Bakkavor market database | Fresh prepared food ('FPF')

Consumer led insight driving significant innovation

>450 new products in H1 2021

SUSTAINABLE

FRESH & NATURAL

RELEVANT ALL DAY

INVOLVED

EXPERIENTIAL

PART OF MORE MEALS

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Leveraging our leading desserts capability to launch two brands

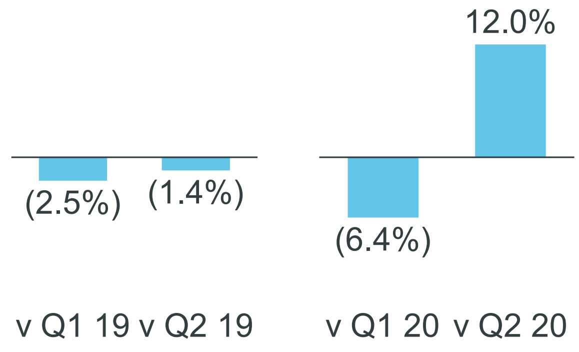
UK: Market leading credentials continue to strengthen

UK - H1 2021 overview

		Compared to H1 2020
LFL revenue	£787.5m	**2.4%** growth
Adjusted operating profit	£44.0m	**7.3%** up
Adjusted operating profit margin	5.6%	**30bps** up

- H1 2021 continued to be impacted by COVID-19 related constraints on sales and operations, coupled with a tightening labour market
- Q2 reassured with a positive recovery in sales as government restrictions unwound and shopping visit frequency returned
- Profitability improved as volumes returned and operational gearing picked up
- Breadth and quality of our customer offering continues to grow and adapt, leaving us well placed to meet the needs of the post-pandemic consumer
- Long-standing customer relationships strengthened through collaboration
- Maintained our market-leading position and remain well positioned to drive future growth

Quarterly like-for-like revenue growth



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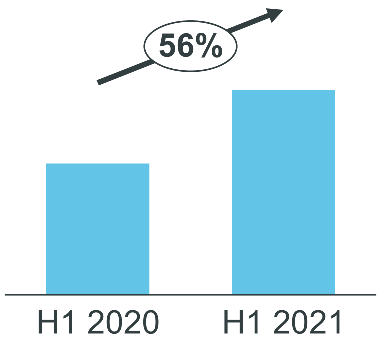
US: Significant momentum continues and demand unabated

US - H1 2021 overview

		Compared to H1 2020
LFL revenue	£89.5m	**32.4%** growth
Adjusted operating profit	£4.5m	**181.8%** up
Adjusted operating profit margin	5.5%	**1,360bps** up

- Significant growth momentum continues with existing strategic customers
- Awarded national supply of fresh meals; rollout commenced in May-21
- Profitable performance continues following successful commercial and operational reset; despite cost pressures
- Revenue momentum expected to continue in the second half
- Established a strong platform; focus on existing site capacity expansion and talent investment to support future growth

Strong sales growth in fresh meals



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China: Steady recovery post pandemic and ready for growth

China - H1 2021 overview

		Compared to H1 2020
LFL revenue	£47.9m	**47.4%** growth
Adjusted operating profit	(£1.5m)	**77.9%** up
Adjusted operating profit margin	(3.2%)	**1,790bps** up

- China most impacted by COVID-19, but volumes have recovered steadily as lockdown measures have eased
- Delivered progress in new channel opportunities, specifically retain and catering, as well as steady recovery in foodservice customers in mainland China
- Continued to develop presence in new channels; specifically retail and catering
- Bakery delivering good growth, and in Hong Kong, performance rebounded in the second quarter as lockdown eased
- Revenue expected to return to 2019 levels in early 2022
- Significant progress has been made; continue to expect a return to profitability during 2022

Enhancing our platform for future growth

- *New site in Wuhan opened in Apr-21*
- *Completed capacity investment in Bakery*
- *New site in Xi'an to open by the end of the year*

Well placed to manage through industry-wide challenges

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BRAND

TALENT

REWARD

People highlights

- People remain our top priority and we continue to strengthen our case as an employer of choice
- Positive progression in employee engagement survey results
- Continued to review and adapt controls to keep our people safe
- Introduced a variety of initiatives to mitigate current industry challenges, including;
  - Improved site facilities;
  - Increased flexible working;
  - Referral and retention incentives;
  - Accelerated of onboarding process; and
  - Continuing to work collaboratively with our customers to simplify our product ranges

Strong foundations in place to manage our supply chain

- Strategic relationships
- Category focus and expertise
- Inbound logistics centre of excellence
- Risk management

Supply chain highlights

- Successfully managed through Brexit related changes to importing and exporting goods; well prepared for changes to come
- 85% cover on materials through forward purchasing arrangements for the remainder of this year
- Pricing models in place in the UK combined with working closely with our customers, supports the recovery of raw material, freight, packaging and labour price increases
- Limited impact to date from the shortage of HGV drivers; continuing to support our customers with outbound distribution

Continued focus on driving operational efficiency

Our operational excellence model

MANUFACTURING EXCELLENCE

ENGINEERING EXCELLENCE

SUPPLY CHAIN EXCELLENCE

- Excellence Models
- Empowering BV Teams
- Lowering Operational Cost
- Driving Strategic Change Programs

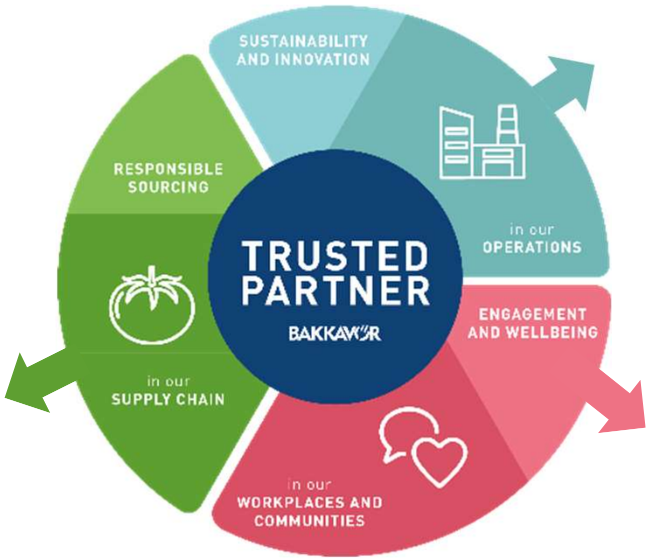
Optimising performance through control and investment remains a priority

- Accelerated implementation of best practice solutions to optimise labour productivity, drive operational efficiency and expand capacity
- Roll-out of smart technology across UK sites provides 'live' factory data enabling timely action to maximise performance
- Smaller payback projects delivering further management control improvements in raw materials and labour
- Leveraged scale to manage the seasonal and geographical balance of volume by switching production between sites
- Strong pipeline of projects in place with a focus on optimising labour efficiency
- Continue to assess automation opportunities to drive further improvement

Good progress across our Trusted Partner ESG strategy

- Newly formed ESG Executive Committee
- Appointed Jill Caseberry as workforce engagement Non-executive Director
- Non-executive Director Umran Beba sponsoring ESG strategy at Board level

- Engaged with 500+ direct suppliers on environmental, ethical and integrity criteria
- Continue to support suppliers to align performance to our requirements



- Commitment to become a Net Zero carbon business by 2040
- Climate risk analysis underway supporting reporting to TCFD[1] recommendations
- Removed over 300 tonnes of plastic so far in 2021, strong progress mitigating plastic tax

- Positive progression in employee engagement survey results
- Enhancing position as employer of choice underpins retaining and attracting talent
- Development of wellbeing, inclusion and diversity programmes

1. Task Force on Climate-Related Financial Disclosures

Our Outlook

Agust Gudmundsson,
Chief Executive Officer

A positive outlook, despite industry wide challenges

Confident in our FY21 outlook and in line with the Board's expectations

- Strong H1 performance and encouraging volume recovery at the start of H2
- Strong foundations in place across our people, supply chain, customers and operations to manage through industry-wide challenges
- Despite near-term challenges, full year operating profit margin expected to be in line with H1
- Continued focus on investment in capacity and productivity to drive growth and enhance returns
- Trusted Partner ESG Strategy continues to be a priority, increasingly embedded across the Group

Conclusion/ Q&A

Appendix

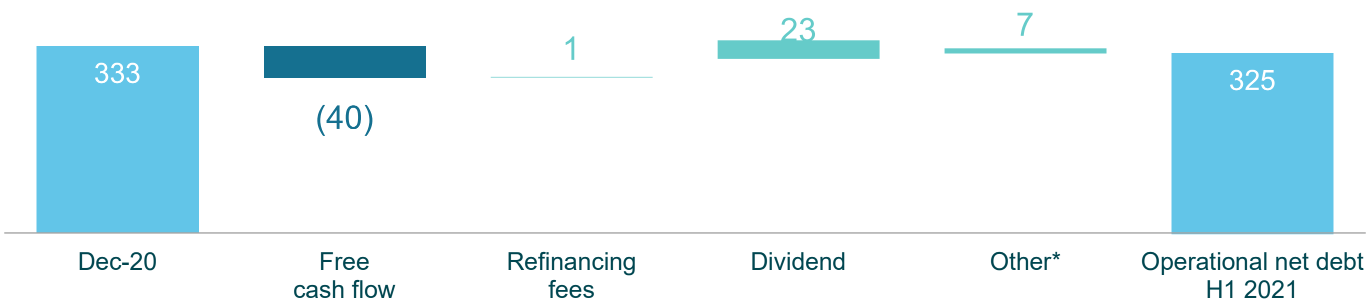
Balance sheet and metrics

£m	H1 2021	FY 2020
Underlying effective tax rate	27.7%	21.7%
Average invested capital	1,005.3	997.3
ROIC	7.6%	6.6%
IAS 19 pension surplus	28.0	11.2

Tax rate reconciliation	£ million	
Profit before tax	**34.6**	
Expected corporation tax rate	6.6	19.0%
Impact on UK deferred tax from 2023 rate change	3.2	9.2%
Other	0.2	0.8%
Total tax charge / corporation tax rate	**10.0**	**29.0%**
Impact of change in fair value of derivatives	0.6	
Underlying effective tax rate	**10.6**	**27.7%**

Net debt

£m	H1 2021
Cash and cash equivalents	(22.5)
Term loans	265.0
Revolving credit facility	45.0
Asset financing and finance leases	37.0
Operational net debt	324.5
IFRS 16 leases	84.7
Other adjustments	(2.2)
Statutory net debt	407.0



 *Other includes £5.6m of net lease movements, exceptional cash costs of £0.7m and £0.4m of foreign exchange movements

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Earnings per share

£m	H1 2021	H1 2020
Basic earnings	24.6	5.4
Exceptional items	-	15.0
Accelerated finance costs	-	1.7
Change in fair value of derivatives	3.6	(5.1)
Tax on the above items	(0.6)	(2.1)
Adjusted earnings	27.6	14.9
Weighted average number of Ordinary shares 000's	579,426	579,426
Basic earnings per share	4.2p	0.9p
Adjusted basic earnings per share	4.8p	2.6p

Other financial information

IFRS 16 earnings impact

£m	H1 2021	H1 2020
Operating lease charge	6.2	6.7
Depreciation	(5.5)	(5.7)
Operating profit	0.7	1.0
Finance costs	(1.2)	(1.3)
Profit/(loss) before tax	(0.5)	(0.3)
Tax	0.1	0.1
Profit/(loss) after tax	(0.4)	(0.2)

Pensions

- UK DB scheme closed to future accrual in March 2011
- Investment assets of c.£295m
- Surplus of £28.0m on IAS 19 basis (Dec 2020: surplus £11.2m)
- Cash contributions of £2.5m pa to 31 March 2024