

Bakkavor Group plc Improving performance as lockdown restrictions begin to ease

**20/04/2021**

Bakkavor Group plc ("Bakkavor", "the Group" or "the Company"), the leading international provider of fresh prepared food, today announces a trading update for the 13 weeks to 27 March 2021.

### **Trading performance**

At a Group level, we continue to see an encouraging recovery in sales despite ongoing COVID-19 restrictions, with Group reported revenues for the quarter 4.4% lower than the prior year and 2.6% lower on a like-for-like basis. Our organisation, supply chain and production network all functioned well in the period, enabling the Group to maintain its high level of customer service and satisfaction in this challenging operating environment.

In the UK, we were reassured by a recovery in sales as lockdown restrictions started to ease, first with schools returning in early March and then with limited outdoor meetings being reintroduced at the end of March. Although it is early days, we are seeing an increase in the frequency of shopping visits and a steady return to more normalised shopping habits. Overall, UK like-for-like sales were down 6.4% for the quarter, and down only 3.5% in March.

The disruption created by the initial impact of Brexit to our business and our supply chain was minimal. We are now firmly in our second phase of managing Brexit, as further rules governing the import and export of goods become operational in the coming months. We are confident of our ongoing mitigation plans to limit further disruption.

In the US, we continued to experience strong like-for-like sales growth in the quarter of 17.9% in line with the levels reported at the end of 2020. Demand for fresh prepared meal solutions continues unabated and as a result we are looking to accelerate investments to enhance capacity across our existing footprint.

In China, we have seen a significant year-on-year uplift in Q1 sales of 56.2% as we have recovered much of the volumes lost in mainland China, however, we continue to see reduced demand in Hong Kong due to ongoing lockdown restrictions. Following the end of the quarter, we have opened a new site in Wuhan to replace the existing factory, and extended capacity at our bakery. Both projects were completed on time and to budget.

### **Financial position**

The financial position of the Group is robust and has strengthened over the last year. During the COVID-19 pandemic, we have been able to demonstrate a resilient financial performance through restricting costs and a strong focus on cash, which has led to a reduction in net debt. The Group's leverage has been maintained at 2.3x and we continue to operate with significant headroom of around £200m against our debt facilities of £538m.

While uncertainty remains, improved visibility on sales for the coming months has made the Board more confident about the Group's liquidity position and so we will be recommending the payment of the previously suspended final dividend for 2019 of 4 pence per share. This dividend will be recommended to shareholders at the Company's AGM, to be held on 20 May 2021, and if approved, will be paid on 25 May 2021 to shareholders on the register as of 30 April 2021.

## **ENQUIRIES**

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## **ABOUT BAKKAVOR**

Bakkavor is the leading provider of fresh prepared food ("FPF") in the UK, with a growing international presence in the US and China. The Group is the number one by market share in the UK in the four FPF product categories of meals, salads, desserts and pizza & bread, providing high-quality, fresh, healthy and convenient food. Its customers include some of the UK's leading grocery retailers, including Tesco, Marks & Spencer, Sainsbury's and Waitrose. The Group's International segment operates in the US and China. Bakkavor was founded in 1986 and has its headquarters in London. The Group has over 19,000 employees and operates 23 factories in the UK, 5 in the US and 9 in China.