

**25/05/2022**

***Resilient Q1 trading performance; FY22 in line with management expectations***

Bakkavor Group plc (the “Company”) and its subsidiaries (“Bakkavor” or “the Group”), the leading international provider of fresh prepared food (“FPF”), today announces its trading update for the 13 weeks to 26 March 2022.

**Q1 2022 financial summary**

<b>£ million</b>	<b>Reported revenue</b>	<b>Growth</b>	<b>Like-for-like<sup>1</sup> ('LFL') revenue</b>	<b>LFL growth</b>
Group	485.4	11.5%	483.1	11.0%
UK	407.4	8.7%	407.4	8.7%
US	55.1	40.9%	53.8	37.4%
China	22.9	5.5%	21.9	1.4%

**Resilient Q1 trading performance; Group in a strong financial position**

- Reported revenue up 11.5% to £485.4m. LFL revenue up 11.0% on 2021 and up 8.0% on 2020
- UK LFL sales growth driven by price and good volumes against a period impacted by lockdown
- Strong sales momentum in the US, driven by continued volume growth with strategic customers, particularly in fresh meals
- In China, regional restrictions have significantly impacted performance from March onwards, with Q1 LFL sales marginally up
- Whilst inflationary headwinds have intensified in the period, successful price recovery, strict focus on cost control and continued efficiency improvements have helped to offset the impact
- Leverage maintained at 1.9x, with over £180m of liquidity headroom on debt facilities of £487.8m

**Continued strategic and operational progress**

- Our UK business remains in a strong position, and our scale, category leadership and strong customer relationships underpin the resilience of our business model
- The Delicious Dessert Company, our new brand launched in the UK in April 2021, has delivered ahead of expectations and is now in over 900 stores, successfully attracting new consumers to the category
- Productivity improvements from our new automated ‘smart’ manufacturing system are being realised, and the remaining seven UK sites are on-track to have this system implemented by the end of 2022

- To support continued strong growth in the US, planned capacity investment in our existing sites is underway
- Continued focus on initiatives to support recruitment and retention which have included out-of-cycle pay increases, training programmes and launching our new values
- Development of our 'roadmap' to reach Net Zero by 2040, and initiatives to drive energy efficiency and reduce food waste, are progressing well; Bakkavor received a rating of A in the recent MSCI ESG Ratings assessment<sup>2</sup>

#### **FY22 in line with management expectations**

- While the operating environment remains challenging, we are working in partnership with our customers to mitigate the impact of inflationary headwinds, alongside maintaining strict cost control and enhancing productivity
- In the UK, further price increases in the market may have some impact on volumes, however, our category breadth and strong pipeline of innovation mean we are well placed to underpin growth
- Strong volume growth is expected to continue in the US, and whilst a lag on inflation recovery is expected to hold back margin in the short-term, we remain positive about the margin potential for our US business
- The near-term outlook in China remains uncertain while the government's zero-tolerance COVID-19 policy remains in place
- We currently anticipate the full year outturn to be in line with management expectations

#### **Agust Gudmundsson, CEO, commented:**

*"The Group has had a positive start to the year; successful price recovery has helped offset the impact of inflation in the period, and our teams have worked hard to deliver excellent service levels for our customers."*

*"We expect the trading environment to remain challenging and for input costs to continue to escalate. However, we remain well placed to navigate the ongoing headwinds as our price recovery to date, combined with our continued drive for efficiency improvements and disciplined approach to cost control will help to mitigate the impact. Despite further recent increasing pressure on household budgets, we are highly focused on driving volumes across our categories and further strengthening our customer relationships by bringing innovation to our product ranges. We remain confident in our medium-term growth opportunity, both in the UK and internationally."*

1. The Group defines 'like-for-like' as revenue from continuing operations adjusted for the revenue generated from businesses closed or sold in the current and prior year, revenue generated from businesses acquired in the current and prior period and the effect of foreign currency movements.
2. MSCI rating improved from BBB in 2021 to A in 2022.

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## **About Bakkavor**

We are the leading provider of fresh prepared food (“FPF”) in the UK, and our presence in the US and China positions the Group well in these, highgrowth markets. We leverage our consumer insight and scale to provide innovative food that offers quality, choice, convenience, and freshness. Over 19,000 colleagues operate from 46 sites across our three markets supplying a portfolio of over 3,200 products across meals, pizza & bread, salads and desserts to leading grocery retailers in the UK and US, and international food brands in China.

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## **Disclaimer - forward-looking statements**

This statement, prepared by Bakkavor, may contain forward-looking statements about Bakkavor. 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. There may be risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. 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.

