

**21/07/2021**

**Clear sales momentum as lockdown measures have eased and shopping frequency normalises**

Bakkavor Group plc ("Bakkavor", "the Group" or "the Company"), the leading international provider of fresh prepared food, today provides an update on its trading performance for the 13 weeks to 26 June 2021, in advance of its half year results to be announced on 8 September 2021.

**Q2 Trading Performance**

**The Group returned to revenue growth**

We have seen strong sales momentum as COVID-19 restrictions have eased, delivering growth on the comparative period in 2020, which was heavily impacted by lockdown measures, and on the equivalent period in 2019. Group reported revenues were up 13.0% compared to the second quarter in 2020 and 16.1% higher on a like-for-like basis, and 0.7% and 1.8% higher, respectively, than the equivalent period in 2019. Overall, Group reported revenues for the half year were up 4.0% compared to the first half of 2020.

**Positive recovery in the UK as frequency of shopping visits returns**

In the UK, sales in the first quarter were adversely impacted by lockdown restrictions, however early signs of recovery became apparent in March as government restrictions began to ease. We have since seen this improvement in sales gather pace throughout the second quarter as lockdown measures were eased further, and the frequency of shopping visits returned to pre-COVID-19 levels. As a result of more normalised shopping habits, we have seen meals, pizza & bread and desserts return to pre-pandemic levels. Salads delivered a strong year-on-year performance driven by recovery in food-to-go, however this remained behind 2019 levels as a result of the continuation of government guidance to work from home, and mixed weather in the quarter. UK like-for-like sales increased 12.0% in the quarter compared to 2020, and were down only 1.4% compared to 2019.

**US continues its strong growth trajectory**

In the US, we have seen continued strong sales momentum through a combination of restrictions easing and growth with customers in both traditional grocery retail and online channels. Like-for-like sales increased 48.7% in the quarter compared to 2020, when the business was most impacted by the pandemic, and 50.3% ahead of 2019. We continue to see demand for fresh prepared meal solutions grow significantly and will invest to increase capacity across our existing footprint in the second half of the year to accommodate this growth.

**Steady recovery in China**

In China, we continued to experience significant like-for-like sales growth in the quarter of 40.8%, as volumes return and we build back to pre-COVID-19 levels, leaving sales down 5.5% compared to 2019. The performance was driven by a steady recovery in our foodservice customers in mainland China, good momentum in the bakery business as it benefits from our recent capacity investment and a return to growth in Hong Kong, following a challenging first quarter. We completed the transition of business to our new replacement site in Wuhan in April

and our new site in Xi'an will be operational by the end of the year, as we build out our capacity to meet strong market demand for fresh, healthy and convenient food.

### **Operational Update**

As our business recovers from COVID-19, our key operational focus continues to be on labour recruitment, retention, and planning, to ensure we can effectively and efficiently ramp up production to meet the increase in demand. Across our industry, the labour market is increasingly challenging as shortages persist, particularly in the UK and US. Mitigating actions are already underway, and we will continue to monitor the ongoing situation and adapt our approach accordingly. We are also seeing some inflation in raw materials and we are working closely with our customers to mitigate this impact. With regards to Brexit, the effect on our business and the supply chain has been minimal in the period as a result of our ongoing mitigation plans.

AGUST GUDMUNDSSON, CEO, COMMENTED:

*“We are pleased to see improving trends across all of our businesses as lockdown measures have eased, with Group sales for the quarter ahead of 2019. We are also encouraged by the return to pre-pandemic levels of shopping visit frequency, a key driver for our fresh prepared food offering. Looking ahead, industry wide cost pressures and labour challenges are expected to persist and we will continue to work hard across the Group to attract, recruit and retain talent, and with our customers, to mitigate the impact. Overall trading remains in line with management expectations.”*

### **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. As these FPF markets continue to grow, Bakkavor seeks to leverage its UK expertise in order to build its presence in these territories. 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.