

Full year 2023 trading update

2023 profits, net debt and leverage ahead of market expectations with encouraging outlook for 2024

Bakkavor Group plc (“Bakkavor” or the “Group”), the leading international provider of fresh prepared food (“FPF”), today updates on trading for the 52 weeks to 30 December 2023 (“FY23”), ahead of the publication of its full year results on 5 March 2024.

£ million	Reported revenue	Growth	Like-for-like ¹ ('LFL') revenue	LFL growth
Group	2,203.8	3.0%	2,214.2	5.3%
UK	1,852.7	3.9%	1,852.7	5.7%
US	229.4	(10.1%)	230.6	(8.4%)
China	121.7	20.7%	130.9	32.0%

2023 profits, net debt and leverage all expected to be ahead of market expectations

- LFL revenue up 5.3% driven by price, as well as volume recovery in China
- UK: Continued to win market share, driven by strong service, targeted innovation and net business gains
- US: As previously guided, focus shifted from revenue growth to profit, with a return to profitability in H2 after a break-even H1
- China: Seamlessly built back volumes and continued to diversify into the retail channel, importantly the business is now cash generative and self-sustaining
- Our Group-wide plan to protect profitability, which we enacted in November 2022, has delivered synergies and efficiencies ahead of our expectations
- The Group anticipates FY23 Group adjusted operating profit to be at least in line with the upper end of the range of market expectations²
- Our focus on working capital improvement, combined with a targeted approach to capital expenditure, delivered a further reduction in operational net debt in the second half, with the full year outturn significantly ahead of market expectations³, at c. £230m. As a result, leverage is also ahead of expectations

Encouraging outlook for 2024

- Momentum is building in all three regions, with refreshed priorities providing clear direction to our local teams, which will underpin delivery in 2024
- 2024 revenue to be slightly ahead of 2023, as we expect volumes to remain subdued given the continued challenging consumer environment in the UK and the reshaping of our US business
- Despite this, we are confident 2024 will be another year of increased profitability as we continue to effectively mitigate inflation and drive internal improvements
- We will continue our focus on leverage reduction, despite increasing capital investment, through sustaining working capital improvements and increasing profitability

Development in the Group's ownership structure

- As announced on 15 January 2024, Baupost, who previously held a significant shareholding (20.1%) in the Group, have now sold this entire stake to LongRange Capital
- Bob Berlin, who leads LongRange, will join the Board as Patrick Cook (Baupost's representative) steps down
- Bob previously held a position on our Board, between January 2016 and July 2018. He has a wide range of experience holding a number of strategic roles in the consumer goods, food, technology and financial sectors

Mike Edwards, CEO, commented:

"2023 required us to develop a decisive and dynamic plan to successfully manage another year of external challenges. We executed this plan at pace and as a result we expect to deliver improved profitability and reduced leverage for the full year.

As we enter 2024, momentum is building in all three regions, which gives us confidence to deliver further financial improvements in the year ahead. This is clearly important as unprecedented levels of inflation have impacted profit margins over the last two years.

I would like to take this opportunity to thank everyone at Bakkavor for their continued commitment and energy during a year of significant change, which saw the Group exceed expectations and set a clear path for delivery in 2024.

Finally, I would like to extend a warm welcome to Bob Berlin, who rejoins our Board representing LongRange capital. He has a deep understanding of our business as well as our markets and his experience will be invaluable as we continue to build positive momentum and deliver our strategic ambition."

1. LFL revenue adjusts reported revenue to exclude the additional 53rd trading week in FY22 and adjusts for the effect of foreign currency movements.
2. Based on company compiled consensus ("Consensus") which includes; Citi, Goodbody, HSBC, Investec, Kepler, Numis and Peel Hunt. Adjusted operating profit Consensus for 2023 of £90.2m, with a range of £89.7m to £91.1m.
3. Based on company compiled consensus ("Consensus") which includes; Citi, Goodbody, HSBC, Investec, Kepler, Numis and Peel Hunt. Operational net debt Consensus for 2023 of £273.6m, with a range of £256.4m to £298.2m.

ENQUIRIES

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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, high-growth markets. We leverage our consumer insight and scale to provide innovative food that offers quality, choice, convenience, and freshness. Over 18,500 colleagues operate from 44 sites across our three markets supplying a portfolio of over 2,900 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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