

23 May 2024

## **Q1 2024 trading update**

### **Strong Q1 performance and continued momentum leads to improved outlook for FY24**

Bakkavor Group plc (the “Group”), the leading international provider of fresh prepared food (“FPF”), today updates on trading for the 13 weeks to 30 March 2024 (“Q1 24”).

<b>£ million</b>	<b>Like-for-like<sup>1</sup> (‘LFL’) revenue</b>	<b>LFL growth</b>	<b>Reported revenue</b>	<b>Growth</b>
Group	543.3	3.2%	541.3	2.3%
UK	458.4	4.1%	458.4	4.1%
US	57.7	(5.8%)	55.2	(9.8%)
China	27.2	9.8%	27.7	(0.4%)

### **Strong Q1 performance**

- Group LFL revenue up 3.2% driven predominantly by the UK
- UK: Volumes strengthened through the quarter, supported by improving consumer confidence, successful innovation, and excellent service
- US: Revenue reduced in line with expectations given the region’s focus on accelerating profit improvement
- China: With the impact of Covid now annualised, LFL growth returns to more normalised levels
- Strong profit performance driven by a return to volume growth in UK and continued focus on operational efficiency across the Group
- Leverage<sup>2</sup> reduced to 1.4x underpinned by improvements in profitability and working capital
- Strong financial performance replicated in our non-financial KPIs with good progress in food waste, carbon emissions and voluntary employee turnover

### **Improved outlook for FY24**

- Guidance for full year adjusted operating profit upgraded, with a new range of £103m to £108m
- Confidence in delivering ahead of current market expectations<sup>3</sup> is based on:
  - Further synergies and efficiencies in the UK following successful implementation of our 2023 plan, with inflation moderating and price recovery secured;
  - Accelerating profit improvement in the US; and
  - Stability in China, which continues to be cash generative and self-funding
- Continue to focus on reducing debt and improving leverage
- Post Q1 two strategic transactions completed:
  - In April, we sold our bakery business in China, further simplifying our operations in the region, leading to a profit on disposal of c.£3.5m<sup>4</sup>
  - In May, we acquired Moorish, a c.£2m revenue brand that supplies houmous to UK retail. This complements our dips business and provides an attractive opportunity to extend the brand into a broader range of Mediterranean products

**Mike Edwards, CEO commented:**

"Last year we executed a dynamic plan to reset the business and I am delighted that the momentum this has created across the Group has underpinned our strong Q1 performance.

"All three regions are making excellent progress against the Group's strategic priorities of rebuilding margins and reducing leverage and, as a result, we are confident in delivering our increased guidance for 2024.

"I'd like to thank the entire Bakkavor team, because it is their exceptional commitment and dedication that ensures we continue to deliver for our customers and shareholders."

1. Like-for-Like ('LFL') revenue adjusts reported revenue to remove the effect of currency. China LFL revenue also excludes revenue generated from the China frozen bakery business in both FY24 and FY23 as the business has now been sold.
2. Leverage is the ratio of operational net debt to adjusted EBITDA. Operational net debt is at 30 March 2024 and excludes the impact of non-cash items on the Group's net debt. Adjusted EBITDA is the last 12 months to 30 March 2024 pre IFRS 16 and including covenant adjustments.
3. Based on Group compiled consensus ("Consensus") which includes all covering analysts. Adjusted operating profit Consensus for FY24 of £100.8m, with a range of £100.0m to £102.5m. Previous guidance for FY24, as disclosed in the FY23 results, was for adjusted operating profit to be in excess of £100m.
4. The China bakery business compromised 1 site and c.13% of China FY23 revenues. Our China division is now wholly focused on fresh foods, serving foodservice and retail customers from eight factories and one farm.

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**About Bakkavor**

We are the leading provider of fresh prepared food 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. Around 18,000 colleagues operate from 43 sites across our three markets supplying a portfolio of over 3,000 products across meals, pizza & bread, salads and desserts to leading grocery retailers in the UK and US, and international food brands in China. Find out more at [www.bakkavor.com](http://www.bakkavor.com).

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