



INTERIM RESULTS

For the 26 weeks ended 30 June 2018

6 September 2018

DISCLAIMER – FORWARD-LOOKING STATEMENTS

This presentation, prepared by Bakkavor Group plc (the "Company"), may contain forward-looking statements about Bakkavor Group plc and its subsidiaries (the "Group"). Forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will, or may, occur in the future. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. Forward-looking statements speak only as of the date they are made and the Company undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast. Some numbers and period on period percentages in this statement have been rounded or adjusted in order to ensure consistency with the financial information.

AGENDA

Welcome & Highlights – Agust Gudmundsson, CEO

Financial Review – Peter Gates, CFO

Operational Review & Outlook – Agust Gudmundsson, CEO

Q&A

HIGHLIGHTS

Further underlying revenue growth across the business

Increase in profitability with margins maintained

Strong cash generation continues

All four development projects on track

Acquisition of Haydens broadens desserts capabilities

Well placed to deliver further growth



BAKKAVOR

FINANCIAL REVIEW
PETER GATES, CFO

FINANCIAL OVERVIEW

£m	H1 2018	H1 2017	
Revenue	910.4	903.3	0.8%
Revenue: Like-for-like	910.1	885.7	2.8%
Adjusted EBITDA	78.6	77.7	1.2%
Adjusted EBITDA margin	8.6%	8.6%	-
Basic EPS	7.0p	1.4p	5.6p
Adjusted EPS	7.4p	6.8p	0.6p
Free cash flow	32.4	30.2	7.3%
Leverage	1.8x	2.4x	0.6x

Note: Alternative performance measures are used as a guide to underlying performance throughout this presentation, with definitions and calculations set out in Note 18 to the Company's Announcement of 6 September 2018

UK PERFORMANCE

£m	H1 2018	H1 2017	
Revenue	816.6	816.9	-
Revenue: Like-for-like	810.4	799.3	1.4%
Adjusted EBITDA	74.5	74.0	0.7%
Adjusted EBITDA margin	9.1%	9.1%	-

- Encouraging volumes from April, giving volume growth of 0.2%
- Raw material inflation continues but impact limited by price increases of 1.2%
- Rising labour costs largely offset by further efficiency benefits
- Margins maintained in inflationary environment

INTERNATIONAL PERFORMANCE

£m	H1 2018	H1 2017	
Revenue	93.8	86.4	8.6%
Revenue: Like-for-like	99.7	86.4	15.4%
Adjusted EBITDA	4.1	3.7	10.8%
Adjusted EBITDA margin	4.4%	4.3%	10bps

- Strong like-for-like volume growth with key customers
- Reported revenue impacted by strength of sterling
- Volume benefits deliver increase in profitability
- Margin up 10 bps despite further investment in infrastructure

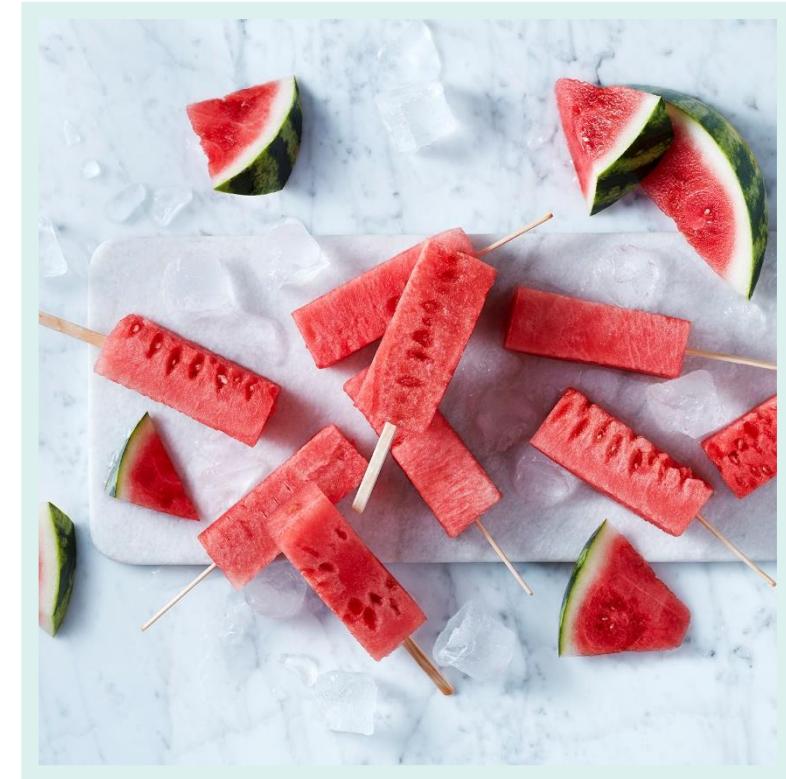
CASH FLOW AND DEBT

£m	H1 2018	H1 2017
Adjusted EBITDA	78.6	77.7
Working capital	(12.5)	(4.2)
Interest paid	(3.7)	(14.2)
Tax	(5.8)	(5.6)
Pensions	(1.7)	(1.0)
Core capex (net)	(22.5)	(22.5)
Free cash flow	32.4	30.2
Development capex	(29.1)	-
Exceptionals	(4.3)	(1.5)
Refinancing costs	-	(16.3)
Net cash flow	(1.0)	12.4
Operational net debt	271.4	372.2

- Working capital outflow due to phasing
- Interest lower due to benefits from refinancing and lower debt levels
- Net core capex 2.5% of revenue
- Increase in free cash generation
- Development projects on track

BALANCE SHEET AND RATIOS

£m	H1 2018	FY 2017
Goodwill and intangibles	651	650
Fixed assets	402	358
Current assets	218	204
Operational net debt	(271)	(271)
Other liabilities	(440)	(431)
Net assets	560	510
Leverage ratio	1.8x	1.8x
ROIC	11.8%	12.2%
Underlying effective tax rate	14.3%	17.1%



GUIDANCE 2018

Revenue	UK: Low to mid-single digit growth International: Mid-teens growth
EBITDA	Maintain margins in 2018
Capex	Base capex c.3.5% of revenue, incl c.1.5% maintenance Development projects largely completed by end of 2018
Tax	Effective tax rate between 14% and 15%
Leverage	Net Debt / EBITDA of 1.5 - 2.0x
Dividends	40% of Adjusted Profit After Tax with approximately a third paid as an interim



OPERATIONAL REVIEW & OUTLOOK

AGUST GUDMUNDSSON, CEO

BAKKAVOR

OUR STRATEGY



Leveraging number one position in the UK

- Strengthening partnerships with key customers
- Exploiting insight, innovation and breadth of capabilities
- Ongoing capital investment programme



Accelerating growth in international markets

- Established in both regions for more than 10 years
- Developing our customer partnership model
- Investing to capitalise on high growth markets



Improving operational efficiency

- Productivity investments across the Group
- Focused on driving efficiencies
- A culture of continuous improvement

LEVERAGING NUMBER ONE POSITION IN THE UK

Close customer partnerships enables further inflation recovery

Strength of consumer insight and innovation supports our customers

Increased focus on our people agenda

Capital investment maximises benefits from growth



ACCELERATING INTERNATIONAL GROWTH

Strong underlying volume growth with all key customers



Broadening the market for chilled foods



UK expertise invaluable in extending capabilities



Building infrastructure and capacity to support future growth

IMPROVING OPERATIONAL EFFICIENCY

Increased focus on process standardisation

Productivity investments key to offsetting rising labour costs

Extensive pipeline of projects gives confidence in future opportunities

Leveraging strong supply chain to manage volatility



STRATEGIC ACQUISITION OF HAYDENS FOR £12M

Leading manufacturer of premium bakery products with revenues of £31.3m¹

Increases the breadth and depth of desserts range with our key customers

Recent investment of £15m secures significant capacity and state of the art automation

Expected to realise meaningful operational synergies



1. Revenues for the 12 month ending 31 March 2017

SUMMARY

Further underlying revenue growth across the business

Increase in profitability with margins maintained

Strong cash generation continues

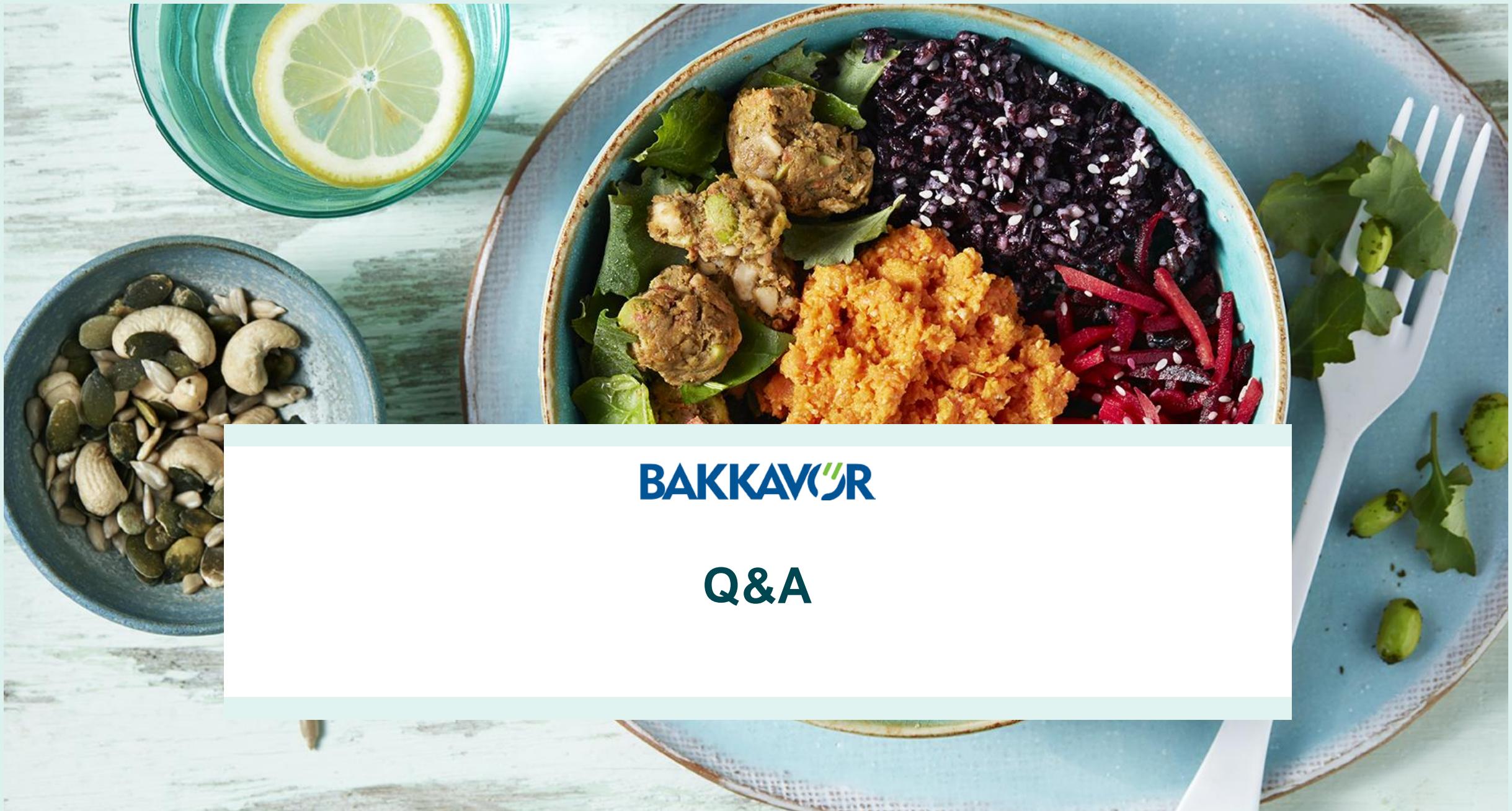
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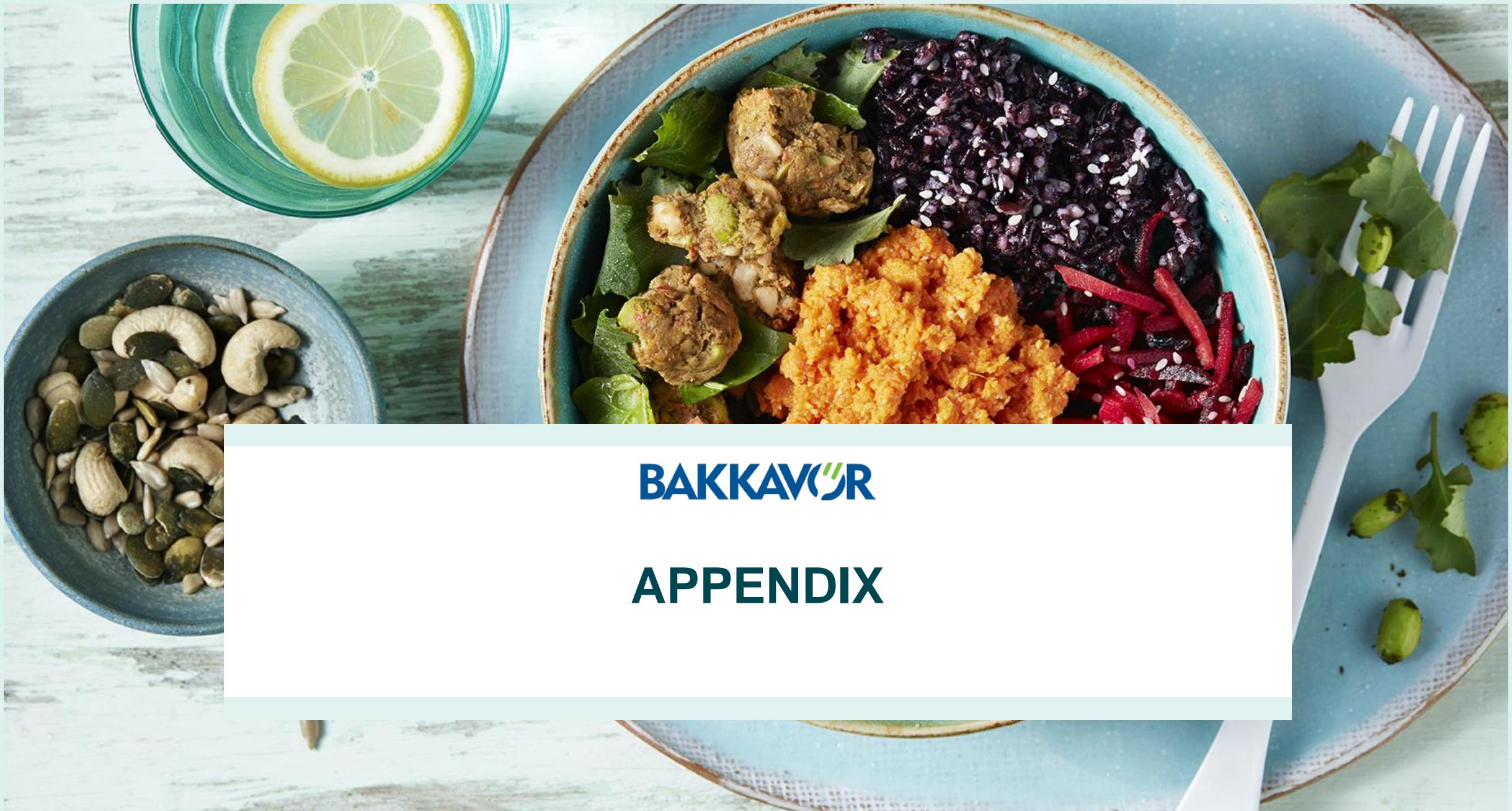
OUTLOOK

“Looking ahead, we continue to remain cautious and anticipate little change in underlying economic and market trends. In particular, input price volatility continues which may in turn impact consumer demand going forward. Despite these pressures, our scale, passion for food and close partnerships with our customers leave us well placed and our expectations for the full year remain unchanged.”



BAKKAVOR

Q&A



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APPENDIX

NET DEBT

£m

270.5

(32.4)

29.1

4.2

271.4

2017

Free
cash inflow

Development
projects

Other*

H1 2018

£m

H1 2018

Cash and cash equivalents

(19.7)

Term loan A

210.0

Term loan B

37.5

Revolving credit facility

40.0

Finance leases

3.6

Operational net debt

271.4

22 *Other includes exceptional cash costs of £4.3m and £0.1m of foreign exchange gains

EARNINGS PER SHARE

£m	H1 2018	H1 2017
Profit attributable to equity shareholders of the Company	40.5	7.3
Basic earnings	40.5	7.3
Exceptional items	3.2	4.1
Finance costs	-	13.2
Change in fair value of call option	-	17.2
Tax on the above items	(0.6)	(6.4)
Adjusted earnings	43.1	35.4
Weighted average number of Ordinary shares	579,426	523,870
Effect of dilutive Ordinary shares	3,552	-
Weighted average number of Ordinary shares for diluted earnings per share	582,978	523,870
Basic earnings per share	7.0p	1.4p
Diluted earnings per share	6.9p	1.4p
Adjusted basic and diluted earnings per share	7.4p	6.8p

OTHER FINANCIAL INFORMATION

Tax

£m	Profit before tax	Tax charge	Profit after tax	Effective tax rate
Statutory profit	47.1	(6.6)	40.5	14.0%
Exceptional costs	3.2	(0.6)	2.6	
Statutory profit before exceptional costs	50.3	(7.2)	43.1	14.3%

Pensions

UK DB scheme closed to future accrual in March 2011

Surplus of £11.9m on IAS 19 basis (Dec 2017: surplus £5.2m)

Actuarial valuation at March 2016 completed

Cash contributions of £22.5m over 8 years to 31 March 2024

