For release 20 April 2021

Associated British Foods plc

Interim Results Announcement

24 weeks ended 27 February 2021

For release 20 April 2021

ASSOCIATED BRITISH FOODS PLC RESULTS FOR THE 24 WEEKS ENDED 27 FEBRUARY 2021

Exceptional delivery in food; retail strong when stores open

Financial headlines

		Actual	Constant currency
• Group revenue	£6,313m	-17%	-18%
• Adjusted operating profit	£369m	-46%	-46%
• Adjusted profit before tax	£319m	-50%	
• Adjusted earnings per share	25.1p	-59%	
• Dividend per share	6.2p		
• Gross investment	£382m		
• Net cash (before lease liabilities)	£705m		
• Net debt (including lease liabilities)	£2,715m		
• Statutory operating profit	£320m	-8%	
• Statutory profit before tax	£275m	-8%	
• Basic earnings per share	20.5p	-25%	

Statutory operating profit is stated after exceptional charges and other items shown on the face of the condensed consolidated income statement. Exceptional charges of £25m this year compare to £309m in the last financial half year.

George Weston, Chief Executive of Associated British Foods, said:

"I am proud of how our people have responded to the many challenges presented by COVID-19. Our food businesses delivered an exceptional increase in adjusted operating profit of 30% and we have provided safe and nutritious food under the most demanding of conditions.

With most of the Primark stores closed for more than half the period, the management team demonstrated operational agility in response to the measures employed by governments to tackle the pandemic. Primark sales after store reopenings demonstrate the relevance and appeal of our value-for-money offering. We are excited about welcoming customers back into our stores as the lockdowns ease and are delighted with record sales in England and Wales in the week after reopening on 12 April. With our success in a number of new markets, as wide-ranging as Poland and Florida, we are as convinced as we have ever been in the long-term growth prospects for Primark.

Looking ahead, with stores reopening and Primark once again becoming cash generative, our confidence is reflected in our decisions to repay the job retention scheme monies in respect of this financial year and to declare an interim dividend."

The group has defined, and outlined the purpose of, its Alternative Performance Measures in note 12. These measures are used within the Financial headlines and in this Interim Results Announcement.

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For release 20 April 2021

INTERIM RESULTS ANNOUNCEMENT

For the 24 weeks ended 27 February 2021

CHAIRMAN'S STATEMENT

A year ago the human tragedy of COVID-19 was unfolding on a scale that both shocked and saddened us. None of us could have anticipated the profound global impact on people's lives and livelihoods over this past year.

The economic effects of the measures taken by governments to restrict the pandemic were evident in the financial results for our last financial year and in the results for this financial half year. The Board recognises that a group of our scale and significance has responsibilities to many stakeholders. I want to say thank you once again to every employee for their hard work and determination in these difficult times. So many have continued to go beyond the ordinary call of duty and I am proud of the many examples of this that I have seen.

Our food businesses worldwide have adapted to working safely in this environment and continued to provide safe, nutritious and affordable food to customers. During this first half, with most stores closed for more than half of the time, the Primark team have demonstrated operational agility in responding to the fast changing and wide range of measures employed by governments to tackle the pandemic.

Revenue in Grocery, Sugar, Agriculture and Ingredients was ahead of the first half last year at constant currency. Adjusted operating profit in each of these food businesses was well ahead of both expectations and last year, and in aggregate were an exceptional 30% up on last year. Primark's performance in the first half was materially lower than expected impacted, as outlined above, by extensive store closures and restrictions on trading. We have been very encouraged by Primark's trading when the stores were open.

Revenue for the group of £6.3bn was 17% behind last year at actual exchange rates driven by the loss of Retail sales as a consequence of the trading restrictions placed on Primark. Adjusted operating profit of £369m was 46% lower than last year at actual exchange rates as a result of the contribution lost at Primark. Net finance expense was in line with last year, but the adjusted effective tax rate increased substantially to 35% as a result of lower profitability for Primark expected for the full year which will now include the repayment of job retention scheme monies relating to the current financial year. Adjusted earnings per share decreased by 59% to 25.1p per share.

The statutory operating profit for the period reduced by 8% to £320m, a much lower reduction than the decline in adjusted operating profit. Statutory operating profit is stated after exceptional items which decreased from a charge £309m last year to £25m this year. To ensure that Primark greets its customers with fresh spring/summer collections in its stores when they reopen this month, exceptional items this year include an inventory charge of £21m which relates to the clearing of some autumn/winter seasonal items in those stores which have been closed since December.

The cash outflow for the group in the first half was £860m. We normally have a seasonal outflow in this period for our Sugar businesses in the northern hemisphere and payment was made for Primark orders delayed from last financial year. The major part of the cash outflow, some £650m, is a result of the Primark store closures and relates to both the loss of revenue and the consequent increase in stocks.

The group's net cash before lease liabilities of £705m at this half year compared to £801m at the same time last year. The cash outflow as a result of the periods for which Primark's stores were closed over the last year has been substantially offset by higher cash generation by our food businesses, targeted cost control initiatives and the non-payment of dividends for our last financial year. Our balance sheet has been strengthened this half year by a substantial increase since the start of the financial year in the aggregate net assets of the group's defined benefit pension schemes. The aggregate net assets reached £382m at the half year end and the improvement was driven by the main UK pension scheme.

We are delighted that our stores in England and Wales delivered record sales in the first week after reopening on 12 April. We welcomed our customers back with our value-for-money offering, exciting new season ranges and a safe store environment.

Government job retention schemes

To contain the spread of COVID-19 over the past year governments have taken unprecedented measures which have had drastic economic effects on many businesses and their employees. In turn governments have provided economic support for those most affected.

Primark has been required to close its stores several times over the past year, with a consequent loss of over £3bn of sales and over £1bn of profit over the past 12 months. We have also seen huge cash outflows with a £650m outflow in the first half of this year alone. During this time we have accessed the job retention schemes offered by the UK and European governments to pay those employees not working while the stores were closed. These schemes have enabled us to preserve all the jobs in Primark's 65,000 workforce.

Last financial year we took measures to protect the business and its liquidity which included stopping discretionary spend. All Primark employees saw a reduction in their income either through being placed on a job retention scheme or through voluntary salary reduction. As reported last year, senior management at Primark and at group level elected to take material reductions in their pay, and no bonuses were paid. No dividends were paid to shareholders. We received £98m from job retention schemes in that year.

This financial year, we were eligible for a further £79m from job retention schemes in respect of the first half and at the date of this announcement this has reached £121m. Although uncertainty remains, a large proportion of the UK adult population has now been vaccinated and last week we saw the successful reopening of Primark's English and Welsh stores which represent some 40% of our total retail selling space. On the assumption that our English and Welsh stores remain open, Primark will return to cash generation. Accordingly, we do not plan to make any further claims from government job retention schemes for which we would be eligible from this date, and we intend to repay the £121m referred to above. This includes the repayment of £72m to the UK government.

Board

I am delighted to welcome Dame Heather Rabbatts as a non-executive director of the Company with effect from 1 March 2021. Heather brings a wealth of experience having held a number of executive and non-executive roles across local government, infrastructure, media and sports. She was the first woman to join the board of the Football Association. She continues to work in film and sports and is a non-executive director of Kier Group plc. We very much look forward to working with her.

Dividends

We decided not to declare an interim dividend nor propose a final dividend relating to the last financial year. This was due to the impact of COVID-19 on the group's cash flow driven by the duration and number of Primark store closures. The scale of this was demonstrated by the cash outflow of some £800m experienced in the period from March to May 2020. Uncertainty was particularly acute in April and again in November 2020 when the Board considered the payment of dividends.

The degree of uncertainty is now substantially lower than last year due to a large proportion of the UK adult population having been vaccinated and the successful reopening of Primark's English and Welsh stores. In the light of the net cash position before lease liabilities for the group of £705m reported at the half year and our cash flow projections, which demonstrate the substantial headroom available to the group, the Board has decided to declare an interim dividend for this financial year.

The dividend per share has been based on the adjusted earnings per share for the first half. The decision to repay the monies received from the job retention schemes has been taken after the half year and so the first half income statement does not include the repayment of the £79m in respect of that period. Therefore, for the purpose of this dividend calculation, a deduction of the repayment amount has been taken into account which on a pro-forma basis would reduce the adjusted earnings per share for the first half from 25.1p to 18.5p.

The Board has declared an interim dividend of 6.2 pence per share (2020: nil, 2019: 12.05 pence per share) totalling £49m. This will be paid on 9 July 2021 to shareholders registered at the close of business on 4 June 2021.

In due course, the Board will consider whether to pay a final dividend determined by the trading of the group in the second half and the outlook at that time.

ESG

It is our belief that businesses that have a sound culture and balance the interests of their many stakeholders will be both more sustainable and successful than businesses which do not. In addressing Environmental, Social and Governance (ESG) factors, every company has to prioritise and apply most resources to those ESG factors which are of greatest relevance to its businesses. Last month the group held the first in a series of investor events designed to set out our approach to this important topic. This first presentation is available on our website www.abf.co.uk and our second event will be held in the summer with the date to be confirmed in due course.

Outlook

Following the exceptional performance of our Grocery, Sugar, Agriculture and Ingredients businesses in the first half, we expect a softer performance in the second half. Full year profit at AB Sugar will be ahead of last year and in line with expectation. The profit recovery in Illovo primarily benefited the first half but further recovery in the second half will offset the one-time costs associated with the recommissioning of Vivergo, our bioethanol plant in Hull, UK. Full year profits at Ingredients and Agriculture are expected to be in line with last year with the impact of higher commodity costs affecting the second half. Grocery volumes are expected to be softer in the second half compared to the very strong retail channel sales experienced last year at this time and margins will be impacted by significantly higher US commodity vegetable oil costs.

In the first half further peaks of COVID-19 infections led to additional restrictions and store closures for Primark. At the half year, 22% of its selling space was open. With the reopening of stores in England and Wales last week, and expected reopenings in some markets over the coming weeks, we will be trading at the end of April from 68% of our retail selling space, which increases to 79% if stores with restricted trading are included. The reopening dates for France, the Republic of Ireland and the remaining stores in Germany are yet to be confirmed. We will increase our retail selling space with an additional nine stores opening in the second half. We continue to expect the profit for Primark to be somewhat lower than last year. The repayment of the job retention scheme monies will be treated as an expense in adjusted operating profit in the full year.

For the full year the recent strengthening of sterling against our major currencies would lead to a translation loss of some £30m and the group's effective tax rate is expected to be 35%.

Michael McLintock
Chairman

CHIEF EXECUTIVE'S STATEMENT

COVID-19

In the past twelve months we have lost 30 employees to COVID-19 and we mourn them all. I am proud of how our people have responded to the many challenges presented by the pandemic. We have provided safe and nutritious food under the most demanding of conditions and when permitted to be open, we have safely served millions of customers in our Primark stores.

Over the past year Primark stores have been closed for extended periods of time in most markets and our retail operations teams have had to react to changes at short notice. As a business we have faced huge uncertainty and our financial results starkly demonstrate the economic consequences. Primark has accessed the job retention schemes made available by governments in those markets where we operate. These funds provided income for employees while work was not available. Operationally these schemes have been critical in enabling us to preserve the skills and capability within the business and to preserve all the jobs in Primark.

Vaccinations are now underway, and progress has been made in many countries in controlling the spread of the virus. However the pandemic is still very much present in many parts of the world and will continue to affect our businesses for some time. We have seen a number of Primark stores reopen since the half year and we now expect to be trading from 68% of our retail selling space at the end of April, which rises to 79% if stores with restricted trading are also included. We are looking forward to the time when all restrictions have been lifted in our markets and all of our Primark stores are open once again.

Review of the first half

Group revenue of £6.3bn was 18% behind the same period last year at constant currency reflecting the material impact on Retail of the measures taken to control the spread of COVID-19. The majority of Primark stores were closed for more than half of this period. The decline in adjusted operating profit was a consequence of this and at £369m was 46% lower than last year.

Each of our food businesses: Sugar, Grocery, Agriculture and Ingredients delivered exceptional performances in this first half. In aggregate they delivered an increase in adjusted operating profit of 30%.

Sugar continued to deliver a much-improved performance driven in this first half by Illovo. Grocery delivered a strong increase in adjusted operating profit through a combination of successful new product launches and increased volumes through retail sales channels. Twinings Ovaltine is the biggest profit contributor to Grocery and delivered strong growth in this period. Our recent acquisitions have all performed well. Acetum, our Italian premium balsamic vinegar business, Yumi's in Australia and Anthony's Goods in the US are all thriving. Profits at both AB Agri and Ingredients were well ahead of last year. Agriculture delivered growth in its high value markets. AB Mauri experienced increased demand for yeast and bakery ingredients and our joint venture in China with Wilmar International is now operational. ABF Ingredients saw further growth in demand for its nutritional and pharmaceutical products.

Our businesses have worked hard to overcome the many challenges presented by COVID-19 over the past year. Throughout this period however, we have maintained a focus on developing plans for the future. Substantial new capital investment projects are underway in many of our businesses and in a difficult environment for opening stores Primark added 0.7m sq ft of retail selling space. Our ambition is now to accelerate the pace of new store openings, particularly in France, Spain, Italy, the US and eastern Europe. With our success over the last year in entering a number of new markets, as wide ranging as Poland and Florida, we are as convinced as we have ever been in the long-term growth prospects for Primark.

OPERATING REVIEW

Grocery

Ongoing businesses	2021	2020	Actual fx	Constant fx
Revenue £m	**1,834**	1,689	+9%	+8%
Adjusted operating profit £m	**199**	189	+5%	+6%

Grocery performance in the first half was strong. Revenue was significantly ahead of last year, 8% at constant currency, with increased retail sales more than offsetting weaker foodservice as a result of COVID-19. Adjusted operating profit was up by 6% at constant currency, driven by Twinings Ovaltine and our UK Grocery businesses.

Twinings and Ovaltine both had a strong first half despite weaker demand in out-of-home channels. Twinings revenue was ahead of last year, driven by growth in herbal and fruit infusions with an outstanding performance in France, which delivered a significant improvement in market share. Volume benefited from an increase in home consumption as a result of COVID-19, as well as successful new product launches. Ovaltine delivered growth in its major markets with a much-improved performance in Thailand and Brazil, further expansion in Switzerland and excellent progress in e-commerce and foodservice in China.

Jordans, Dorset Cereals, Ryvita, Patak's and Blue Dragon all delivered growth as they benefited from international development and significant increases in consumer demand through the retail channel. Consumer demand for home baking products in the UK continued and Silver Spoon was well ahead as a result. Revenue in Allied Bakeries was in line with last year and following our decision last year to exit the Co-op contract, cost reductions have been delivered to mitigate the loss in contribution. Sales at Acetum, our premium balsamic vinegar business in Modena, continued to progress as distribution gains and successful marketing increased the reach of the Mazzetti brand in many markets.

At ACH, our baking businesses, ACH Mexico, and Anthony's Goods all continued to deliver profit growth. However, the profit contribution from Mazola declined due to significantly higher commodity costs and reduced availability of corn oil in the US.

At George Weston Foods in Australia, our bakery business Tip Top continued to make strong progress with both market share gains and tight cost control. Successful new product launches and higher consumer demand in both the dips and vegetarian categories delivered substantially increased volumes at Yumi's. However, total operating profit at George Weston Foods was lower with reduced volumes in the Don meat business as a result of COVID-19. Weston Animal Nutrition has announced plans to build a large state-of-the-art feed mill in Western Australia that will provide additional capacity, reduce costs and will ensure that the latest strict feed safety and quality standards are met.

Sugar

	2021	2020	Actual fx	Constant fx
Revenue £m	**763**	803	-5%	+1%
Adjusted operating profit £m	**66**	12	+450%	+633%

AB Sugar revenue was marginally ahead of last year in the first half at constant currency. Adjusted operating profit was significantly ahead, driven by Illovo, which benefited from increased domestic demand and higher prices. All businesses continued to deliver savings from the ongoing performance improvement programme.

UK sugar production for the 2020/21 campaign was 0.9m tonnes, well down on last year's 1.19m tonnes, due to wet weather conditions at the time of planting and the severe impact of virus yellows, which is transmitted by aphids, on the sugar beet. As a result of prolonged cold temperatures this February which substantially reduced the likelihood of virus yellows this summer, the conditional permit for the use of neonicotinoids was not needed. We continue to work to secure a neonicotinoid-free long-term solution in partnership with sugar beet growers and seed producers. Looking ahead to the 2021/22 campaign good progress was made in drilling the crop in March due to favourable planting conditions. Sugar production is expected to be just over 1.0m tonnes with a reduced planting area compensated by more normal yields.

The UK Department for Transport has announced an increase in the mandated inclusion levels of renewable ethanol in petrol moving from E5 to E10. We now plan to reopen the Vivergo facility in Hull, which uses domestic feed-grade wheat to produce bioethanol and supply to UK fuel blenders is expected from early 2022.

Sugar production in Spain this financial year is expected to be in line with last year. The beet campaigns have progressed successfully in the north and the area planted in the south was ahead again this year. The volume of raw sugar refined at the Guadalete facility is likely to be ahead of last year.

Illovo margins and adjusted operating profit were well ahead of last year. Major contributors to this improvement were a non-repeat of the restructuring costs taken last year, significant cost reductions this year from the performance improvement programme and a recovery from the operational difficulties experienced in Mozambique last year. We saw some recovery of sugar prices in many markets and exports benefited from the higher world sugar price. The sales mix improved with higher domestic volumes, including those in South Africa, and regional market volumes.

The campaign in China has now been completed with sugar production ahead of last year. Although revenue was lower in the first half, with reduced sales ahead of Chinese New Year, the profit impact has been partially offset by strong factory performances. Domestic sugar prices have risen, supported by higher world prices.

For the full year, our expectation remains for operating profit to be well ahead of last year with the major driver being the strong recovery in Illovo. We expect nonetheless a softer performance in the second half compared to last year with the earlier profit phasing by Illovo this year and the recommissioning costs for Vivergo now included in the second half.

Agriculture

	2021	2020	Actual fx	Constant fx
Revenue £m	**746**	692	+8%	+8%
Adjusted operating profit £m	**19**	16	+19%	+27%

Revenue and adjusted operating profit were well ahead at AB Agri in the first half. The revenue growth was delivered by higher commodity prices and increase in feed volumes with notable growth in China. AB Neo, which specialises in feed for animals in the early stages of life, increased sales, particularly in Spain.

Adjusted operating profit was significantly ahead of last year. China delivered a much-improved performance with the benefit of a recovery from the effects of African Swine Fever, strong feed sales for other species, good procurement, the earlier phasing of sugar beet sales and the non-recurrence of restructuring costs taken last year. Frontier was ahead with a much-improved result from grain trading with increased commodity price volatility driven by reduced UK wheat availability, Brexit uncertainty and tightening global supply and demand.

Profit at AB Vista was ahead of last year, with improved feed enzyme volumes.

Our UK pig and poultry animal feed business has announced its intention to build a state-of-the-art animal feed mill in the East of England. This substantial investment will provide much needed capacity and will also ensure consistent quality at a lower cost.

Ingredients

Ongoing businesses	2021	2020	Actual fx	Constant fx
Revenue £m	**735**	737	in line	+2%
Adjusted operating profit £m	**78**	62	+26%	+28%

Adjusted operating profit was significantly ahead of last year driven by increased margins in both AB Mauri and ABF Ingredients.

AB Mauri benefited from increased sales and margins in yeast. Demand for retail yeast and retail bakery ingredients have been particularly high driven by the popularity of home baking. Our joint venture with Wilmar in China became fully operational in October and the business integration of our production and technology assets with Wilmar's wider distribution is progressing well. Despite the difficult conditions in South America, our businesses continue to make good progress with continued growth in Non-Dairy Toppings.

We have just opened our new Global Technology Centre in the Netherlands. This provides an upgraded international hub for the research and development of bakery solutions, as well as accommodating a pilot plant, laboratories and training facilities.

Profit growth at ABF Ingredients was driven by our nutritional and pharmaceutical lipids business and further good progress in yeast extracts.

Retail

	2021	2020	Actual fx	Constant fx
Revenue £m	**2,232**	3,710	-40%	-41%
Adjusted operating profit £m	**43**	441	-90%	-90%

This period has been characterised by greater than expected restrictions on the ability of Primark to trade as a consequence of the measures taken by UK and European governments to limit the spread of COVID-19. The extent and timing of these restrictions have varied by market, with different approaches taken by each government. Nonetheless, at no time were all of our stores closed during this first half, unlike the first lockdown. The majority of our stores were closed during November and from December to the end of the period. We estimate the loss of sales while stores were closed to be some £1.1bn and when stores were open, the restrictions resulted in like-for-like sales of -15% compared to last year.

We consider this like-for-like performance to be strong and it should be seen in the context of lower category spend, lower footfall reflecting government advice to limit journeys from home and, in many eurozone markets, more severe trading restrictions while open. Like-for-like performance in the UK was -6% in the first half and -1% excluding four major city centre stores. Although stores remained open in a number of eurozone countries, in many cases they were subject to restrictions on trading hours and allowed travelling distances from home. In some cases, the range of merchandise we were permitted to sell was limited. Consequently, the like-for-like performance in the first half in the eurozone was -20%.

Performance has varied by store reflecting the prevailing circumstances of our customers including home working, less commuting and very little tourism. Like-for-like sales at our stores in retail parks were higher than a year ago, shopping centre and regional high street stores were lower than last year, and large destination city centre stores, which are heavily reliant on tourism and commuters, continued to see a significant decline in footfall. Excluding our 16 major city centre stores like-for-like sales were -11%.

Our US business performed well and is now profitable. No stores were required to close during the period and like-for-like sales performance was -11%, and -3% excluding the city centre Boston store, which we consider to be strong given that customers were limiting their journeys from home. We are particularly pleased with the strong trading at the recently opened stores of Sawgrass Mills Florida, American Dream New Jersey and, during March, State Street Chicago. Primark is clearly resonating with the US customer and brand awareness continues to build.

Sales in those stores open during the festive season reflected the excitement and broad appeal of the Primark offering. All Christmas and gifting lines were sold out and the performance for "stay at home" product categories was strong, especially in nightwear and loungewear. The level of markdown was substantially lower than the same period last year. Some £260m of autumn/winter regular seasonal stock, which was not delivered to the stores, will be held over and sold later this calendar year. All orders placed with our suppliers have been honoured.

For the period while stores were closed, measures to reduce operating costs included savings in logistics, store variable costs, central overheads and access to government job retention schemes. Combined these have been delivering savings of some 25%.

Retail selling space has increased by 0.3m sq ft since the last financial year end and at the half year, we had 390 stores with 16.5m sq ft of retail selling space which compared to 15.8m sq ft a year ago. Six new stores were opened in the period, Coquelles near Calais in France, Barcelona

Sant Cugat and Espacio León in Spain, Sawgrass Mills Florida and American Dream New Jersey in the US and Roma Maximo in Italy. In addition, we relocated to larger premises in Southend UK. We had a very positive customer reaction to all these store openings and Roma Maximo in particular has traded well beyond expectation.

At the time of our last trading update on 25 February we were trading from 77 stores representing 22% of our retail selling space. Our stores in England and Wales reopened on 12 April, which we expect to be followed by our 20 stores in Scotland on 26 April, following the roadmap laid out by the UK authorities at the end of February. However, progress in the eurozone has been mixed. Some store reopening dates have been delayed and some stores have reopened albeit with restricted trading as the authorities have endeavoured to find ways to keep stores trading. A pre-booking system which controls the number of customers in the store at any one time, "click and meet", has been introduced in our reopened stores in the Netherlands, Germany and Belgium. This format allows trading to continue albeit at a much-reduced level, where otherwise stores might have been closed. As of the end of April, we expect 275 stores representing 68% of our retail selling space to be open, which increases to 79% of our retail selling space if stores with restricted trading are included.

On the basis of published expected reopening dates, our estimate for the sales which will be lost during the second half of our financial year in respect of the remaining periods of store closures is now some £700m.

Our stores in England and Wales delivered record sales in the first week after reopening. Over half of the stores broke their own sales records. After such a challenging year, this performance demonstrates that the relevance and appeal of our value-for-money offering continues to resonate strongly with customers. A notable feature of our performance after reopening in June and December was an increase in basket size compared to pre-COVID-19 levels. The performance last week was driven not only by increased basket sizes but more importantly by an improvement in footfall across all our high street, shopping centre and retail park locations to bring footfall for the whole estate back to pre-COVID-19 levels. Demand for nightwear, lingerie and leisurewear continued to be strong. However, compared to previous reopenings, this time we have seen excellent demand for our fashion ranges, particularly in womenswear. Customer response to the new trends for spring/summer, which have featured on our digital social media channels, has been very strong. Safety remains our priority so that colleagues and customers can return to our stores with confidence as we have maintained the high safety standards implemented over the past year. Extended opening hours were offered across most stores to help reduce queues, spread demand and give customers more time to shop safely.

We expect the period after the reopening of stores to be very cash generative as we sell the higher than normal inventory on hand. In line with our normal practice, we have placed substantial orders for merchandise for the coming autumn/winter season.

Status	Country	Reopening Date	Stores		Space m sq ft	
Open by end of April 2021						
	Austria		3		0.1	
	Italy		5		0.3	
	Spain		44		1.8	
	US		12		0.6	
	Germany		1		0.1	
	Slovenia	12-Apr	1		0.0	
	England	12-Apr	153		6.3	
	Wales	12-Apr	8		0.3	
	Portugal	19-Apr	10		0.4	
	Poland	19-Apr	1		0.1	
	Belgium	26-Apr	8		0.4	
	Scotland	26-Apr	20		0.7	
	Northern Ireland	30-Apr	9		0.2	
	Subtotal		***275***	**70%**	***11.3***	**68%**
Open restricted trading						
	Italy		1		0.0	
	Spain		6		0.2	
	Netherlands		20		1.0	
	Germany		11		0.6	
	Subtotal		*38*	**10%**	***1.8***	**11%**
	Cumulative Total		**313**	**80%**	**13.1**	**79%**
Opening dates to be confirmed						
	Austria		2		0.1	
	France		20		1.0	
	Republic of Ireland		36		1.1	
	Germany		20		1.2	
	Total		**391**	**100%**	**16.5**	**100%**

We expect to add a net 0.7m sq ft of selling space in this financial year. Following the opening of our store in Chicago in March we plan to open a further eight stores in the remainder of this financial year: Prague Wenceslas Square in Czechia, Poznań in Poland, Roma Est in Italy, three further stores in Spain, Tamworth in the UK and Rotterdam Forum, the Netherlands.

We continue to feel very optimistic about the opportunities for growth in the Primark business. We have a strong pipeline of store openings across a number of growth markets for the brand, with a particular focus on southern Europe and eastern Europe. We see further opportunity to expand our selling space in France, Spain, Portugal and Italy, where the Primark brand resonates strongly with consumers. We are opening three further stores in Spain this financial year, and a second store in Rome, the first of eight new store openings in Italy by 2022. We are in the early stages of our expansion into eastern Europe, with a second store to open in Poland and our first store in Czechia, as we build our pipeline of new stores across the region. In addition, we have plans to accelerate our growth in the US over the next five years. This builds on strong trading in our first twelve stores including a great response to our latest opening in Chicago last month. Further to the leases already announced for stores in Queens, New York and Green Acres Mall in Long Island, New York, we have also now signed a lease for a new store in Tysons Corner, just outside Washington DC. With more than 22 million highly engaged followers across the Primark social channels, digital plays an important role in our business, showcasing our latest ranges, building engagement and driving customers into store. As we look ahead, we are actively exploring ways to leverage our digital channels to support our plans for growing our store estate. This will involve investing in our website and digital marketing to help us target content and communications to customers.

George Weston
Chief Executive

PRINCIPAL RISKS AND UNCERTAINTIES

The delivery of our strategic objectives is dependent on effective risk management. There are a number of potential risks and uncertainties which could have a material impact on the group's performance and could cause actual results to differ materially from expected and historical results. Details of the principal risks facing the group's businesses at an operational level were included on pages 84 to 91 of the group's Annual Report and Accounts for the 52 weeks ended 12 September 2020, as part of the Strategic Report.

We have reassessed our principal risks and uncertainties as the COVID-19 pandemic continues to be a worldwide crisis and uncertainty remains in a number of our markets. Whilst the UK now has an advanced vaccination programme and a roadmap for exiting the COVID-19 lockdown, the outlook is currently more mixed in a number of countries in which we operate.

Effective communication both within our businesses and across the group has ensured that our food businesses continued to operate, providing safe, nutritious and affordable food to customers. Primark's leadership demonstrated agility in responding to store activities being restricted at short notice. In addition, their effective planning ensured that the UK stores were well prepared for a safe reopening from 12 April.

Throughout the pandemic, the Audit Committee, on behalf of the Board has provided ongoing support and challenge to management's processes and internal controls. Numerous lessons have been learnt and we have developed a flexible set of possible responses that are ready to be deployed in the event of further restrictions being imposed, whether that be locally, regionally or globally.

The purchase of merchandise denominated in foreign currencies by Primark is the most material currency transaction risk for the group but Primark is now fully bought for this financial year. Sterling has strengthened in recent months against a number of our major trading currencies, which will likely lead to a translation loss in the second half of the financial year.

The group purchases a wide range of commodities in the ordinary course of business. We constantly monitor the markets in which we operate and manage certain of these exposures with exchange traded contracts and hedging instruments. The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products. Margins in our ACH oils business are likely to be adversely affected in the second half following a significant increase in US vegetable oil costs.

The number of employees working from home continues to be very high and are supported by effective collaboration tools with appropriate IT infrastructure and bandwidth. Remote working has increased the exposure to phishing attacks, which together with socially engineered fraud, have become more sophisticated. In response to this we have worked on increasing user awareness and have implemented higher levels of monitoring.

Our businesses were well prepared for the end of the Brexit transition period and we have seen no material disruption to our supply chains. We have experienced a small increase in the administrative costs of trading and in limited cases duties related to our trading with the EU.

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements. See note 9 to the Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 24 weeks ended 27 February 2021

Continuing operations	Note	**24 weeks ended 27 February 2021 £m**	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Revenue	1	**6,313**	7,646	13,937
Operating costs before exceptional items		**(5,996)**	(7,024)	(13,046)
Exceptional items	2	**(25)**	(309)	(156)
		292	313	735
Share of profit after tax from joint ventures and associates		**26**	27	57
Profits less losses on disposal of non-current assets		**2**	9	18
Operating profit		**320**	349	810
Adjusted operating profit	1	**369**	682	1,024
Profits less losses on disposal of non-current assets		**2**	9	18
Amortisation of non-operating intangibles		**(24)**	(24)	(59)
Acquired inventory fair value adjustments		**(1)**	(8)	(15)
Transaction costs		**(1)**	(1)	(2)
Exceptional items		**(25)**	(309)	(156)
Profits less losses on sale and closure of businesses	6	**5**	(5)	(14)
Profit before interest		**325**	344	796
Finance income		**5**	7	11
Finance expense		**(52)**	(54)	(124)
Other financial (expense)/income		**(3)**	1	3
Profit before taxation		**275**	298	686
Adjusted profit before taxation		**319**	636	914
Profits less losses on disposal of non-current assets		**2**	9	18
Amortisation of non-operating intangibles		**(24)**	(24)	(59)
Acquired inventory fair value adjustments		**(1)**	(8)	(15)
Transaction costs		**(1)**	(1)	(2)
Exceptional items		**(25)**	(309)	(156)
Profits less losses on sale and closure of businesses		**5**	(5)	(14)
Taxation – UK (excluding tax on exceptional items)		**(18)**	(34)	(69)
– UK (on exceptional items)		**3**	25	1
– Overseas (excluding tax on exceptional items)		**(90)**	(103)	(189)
– Overseas (on exceptional items)		**2**	35	36
	3	**(103)**	(77)	(221)
Profit for the period		**172**	221	465
Attributable to				
Equity shareholders		**162**	217	455
Non-controlling interests		**10**	4	10
Profit for the period		**172**	221	465
Basic and diluted earnings per ordinary share (pence)	4	**20.5**	27.5	57.6
Dividends per share paid and proposed for the period (pence)	5	**6.2**	nil	nil

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 24 weeks ended 27 February 2021

	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Profit for the period recognised in the income statement	**172**	221	465
Other comprehensive income			
Remeasurements of defined benefit schemes	**448**	17	(89)
Deferred tax associated with defined benefit schemes	**(84)**	(3)	15
Items that will not be reclassified to profit or loss	**364**	14	(74)
Effect of movements in foreign exchange	**(335)**	(283)	(97)
Net gain/(loss) on hedge of net investment in foreign subsidiaries	**11**	10	(3)
Deferred tax associated with movements in foreign exchange	**–**	–	1
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	**(6)**	–	–
Movement in cash flow hedging position	**(26)**	18	(15)
Deferred tax associated with movement in cash flow hedging position	**(1)**	(3)	–
Share of other comprehensive income of joint ventures and associates	**(10)**	(6)	(1)
Effect of hyperinflationary economies	**12**	12	17
Items that are or may be subsequently reclassified to profit or loss	**(355)**	(252)	(98)
Other comprehensive income/(loss) for the period	**9**	(238)	(172)
Total comprehensive income/(loss) for the period	**181**	(17)	293
Attributable to			
Equity shareholders	**177**	(15)	296
Non-controlling interests	**4**	(2)	(3)
Total comprehensive income/(loss) for the period	**181**	(17)	293

CONDENSED CONSOLIDATED BALANCE SHEET

At 27 February 2021

	27 February 2021 £m	29 February 2020 £m	12 September 2020 £m
Non-current assets			
Intangible assets	**1,570**	1,631	1,629
Property, plant and equipment	**5,417**	5,620	5,651
Right-of-use assets	**2,772**	3,057	2,990
Investments in joint ventures	**256**	216	233
Investments in associates	**59**	54	56
Employee benefits assets	**531**	247	100
Deferred tax assets	**217**	183	212
Other receivables	**58**	50	45
Total non-current assets	**10,880**	11,058	10,916
Current assets			
Assets classified as held for sale	**–**	42	43
Inventories	**2,596**	2,025	2,150
Biological assets	**96**	96	72
Trade and other receivables	**1,381**	1,379	1,328
Derivative assets	**64**	96	102
Current asset investments	**33**	29	32
Income tax	**13**	–	30
Cash and cash equivalents	**1,112**	1,320	1,996
Total current assets	**5,295**	4,987	5,753
Total assets	**16,175**	16,045	16,669
Current liabilities			
Liabilities classified as held for sale	**–**	(6)	(5)
Lease liabilities	**(290)**	(273)	(297)
Loans and overdrafts	**(213)**	(204)	(154)
Trade and other payables	**(1,931)**	(2,134)	(2,316)
Derivative liabilities	**(48)**	(40)	(87)
Income tax	**(101)**	(69)	(171)
Provisions	**(102)**	(108)	(123)
Total current liabilities	**(2,685)**	(2,834)	(3,153)
Non-current liabilities			
Lease liabilities	**(3,130)**	(3,279)	(3,342)
Loans	**(227)**	(344)	(318)
Provisions	**(47)**	(33)	(41)
Deferred tax liabilities	**(300)**	(248)	(210)
Employee benefits liabilities	**(149)**	(194)	(166)
Total non-current liabilities	**(3,853)**	(4,098)	(4,077)
Total liabilities	**(6,538)**	(6,932)	(7,230)
Net assets	**9,637**	9,113	9,439
Equity			
Issued capital	**45**	45	45
Other reserves	**175**	175	175
Translation reserve	**(11)**	136	323
Hedging reserve	**–**	6	(7)
Retained earnings	**9,359**	8,662	8,819
Total equity attributable to equity shareholders	**9,568**	9,024	9,355
Non-controlling interests	**69**	89	84
Total equity	**9,637**	9,113	9,439

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the 24 weeks ended 27 February 2021

	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Cash flow from operating activities			
Profit before taxation	**275**	298	686
Profits less losses on disposal of non-current assets	**(2)**	(9)	(18)
Profits less losses on sale and closure of businesses	**(5)**	5	14
Transaction costs	**1**	1	2
Finance income	**(5)**	(7)	(11)
Finance expense	**52**	54	124
Other financial expense/(income)	**3**	(1)	(3)
Share of profit after tax from joint ventures and associates	**(26)**	(27)	(57)
Amortisation	**34**	33	89
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	**409**	386	827
Impairment of property, plant & equipment and right-of-use assets	**–**	–	15
Exceptional items	**25**	309	156
Acquired inventory fair value adjustments	**1**	8	15
Effect of hyperinflationary economies	**2**	4	5
Net change in the fair value of current biological assets	**(32)**	(20)	(1)
Share-based payment expense	**8**	7	8
Pension costs less contributions	**4**	3	10
(Increase)/decrease in inventories	**(565)**	29	199
(Increase)/decrease in receivables	**(113)**	3	81
Decrease in payables	**(269)**	(318)	(174)
Purchases less sales of current biological assets	**–**	–	(1)
(Decrease)/increase in provisions	**(16)**	(14)	41
Cash generated from operations	**(219)**	744	2,007
Income taxes paid	**(160)**	(151)	(254)
Net cash from operating activities	**(379)**	593	1,753
Cash flows from investing activities			
Dividends received from joint ventures and associates	**27**	29	43
Purchase of property, plant and equipment	**(263)**	(315)	(561)
Purchase of intangibles	**(44)**	(43)	(61)
Lease incentives received	**12**	12	35
Sale of property, plant and equipment	**9**	18	30
Purchase of subsidiaries, joint ventures and associates	**(39)**	(3)	(16)
Sale of subsidiaries, joint ventures and associates	**34**	2	2
Purchase of other investments	**(13)**	(2)	(1)
Interest received	**6**	6	11
Net cash from investing activities	**(271)**	(296)	(518)
Cash flows from financing activities			
Dividends paid to non-controlling interests	**(2)**	(4)	(7)
Dividends paid to equity shareholders	**–**	(271)	(271)
Interest paid	**(56)**	(42)	(104)
Repayment of lease liabilities	**(131)**	(115)	(247)
Increase/(decrease) in short-term loans	**4**	(18)	(43)
Decrease in long-term loans	**–**	–	(2)
Increase in current asset investments	**(2)**	(3)	(2)
Purchase of shares in subsidiary undertaking from non-controlling interests	**(23)**	(2)	(2)
Net cash from financing activities	**(210)**	(455)	(678)
Net (decrease)/increase in cash and cash equivalents	**(860)**	(158)	557
Cash and cash equivalents at the beginning of the period	**1,909**	1,358	1,358
Effect of movements in foreign exchange	**(23)**	(17)	(6)
Cash and cash equivalents at the end of the period	**1,026**	1,183	1,909

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 24 weeks ended 27 February 2021

		Attributable to equity shareholders							
	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 12 September 2020		45	175	323	(7)	8,819	9,355	84	9,439
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	162	162	10	172
Remeasurements of defined benefit schemes		–	–	–	–	448	448	–	448
Deferred tax associated with defined benefit schemes		–	–	–	–	(84)	(84)	–	(84)
Items that will not be reclassified to profit or loss		–	–	–	–	364	364	–	364
Effect of movements in foreign exchange		–	–	(329)	–	–	(329)	(6)	(335)
Net gain on hedge of net investment in foreign subsidiaries		–	–	11	–	–	11	–	11
Movements in foreign exchange on businesses disposed		–	–	(6)	–	–	(6)	–	(6)
Movement in cash flow hedging position		–	–	–	(26)	–	(26)	–	(26)
Deferred tax associated with movements in cash flow hedging position		–	–	–	(1)	–	(1)	–	(1)
Share of other comprehensive income of joint ventures and associates		–	–	(10)	–	–	(10)	–	(10)
Effect of hyperinflationary economies		–	–	–	–	12	12	–	12
Items that are or may be subsequently reclassified to profit or loss		–	–	(334)	(27)	12	(349)	(6)	(355)
Other comprehensive income		–	–	(334)	(27)	376	15	(6)	9
Total comprehensive income		–	–	(334)	(27)	538	177	4	181
Inventory cash flow hedge movements									
Gains transferred to cost of inventory		–	–	–	34	–	34	–	34
Total inventory cash flow hedge movements		–	–	–	34	–	34	–	34
Transactions with owners									
Net movement in own shares held		–	–	–	–	8	8	–	8
Dividends paid to non-controlling interests		–	–	–	–	–	–	(2)	(2)
Acquisition and disposal of non-controlling interests		–	–	–	–	(6)	(6)	(17)	(23)
Total transactions with owners		–	–	–	–	2	2	(19)	(17)
Balance as at 27 February 2021		**45**	**175**	**(11)**	**–**	**9,359**	**9,568**	**69**	**9,637**
Balance as at 14 September 2019		45	175	409	(9)	8,832	9,452	98	9,550
IFRS 16 opening balance adjustment		–	–	–	–	(149)	(149)	(1)	(150)
Balance as at 15 September 2019		45	175	409	(9)	8,683	9,303	97	9,400
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	217	217	4	221
Remeasurements of defined benefit schemes		–	–	–	–	17	17	–	17
Deferred tax associated with defined benefit schemes		–	–	–	–	(3)	(3)	–	(3)
Items that will not be reclassified to profit or loss		–	–	–	–	14	14	–	14
Effect of movements in foreign exchange		–	–	(277)	–	–	(277)	(6)	(283)
Net gain on hedge of net investment in foreign subsidiaries		–	–	10	–	–	10	–	10
Movement in cash flow hedging position		–	–	–	18	–	18	–	18
Deferred tax associated with movements in cash flow hedging position		–	–	–	(3)	–	(3)	–	(3)
Share of other comprehensive income of joint ventures and associates		–	–	(6)	–	–	(6)	–	(6)
Effect of hyperinflationary economies		–	–	–	–	12	12	–	12
Items that are or may be subsequently reclassified to profit or loss		–	–	(273)	15	12	(246)	(6)	(252)
Other comprehensive income		–	–	(273)	15	26	(232)	(6)	(238)
Total comprehensive income		–	–	(273)	15	243	(15)	(2)	(17)
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(271)	(271)	–	(271)
Net movement in own shares held		–	–	–	–	7	7	–	7
Dividends paid to non-controlling interests		–	–	–	–	–	–	(4)	(4)
Acquisition and disposal of non-controlling interests		–	–	–	–	–	–	(2)	(2)
Total transactions with owners		–	–	–	–	(264)	(264)	(6)	(270)
Balance as at 29 February 2020		**45**	**175**	**136**	**6**	**8,662**	**9,024**	**89**	**9,113**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

For the 24 weeks ended 27 February 2021

		Attributable to equity shareholders							
	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 14 September 2019		45	175	409	(9)	8,832	9,452	98	9,550
IFRS 16 opening balance adjustment		–	–	–	–	(149)	(149)	(1)	(150)
Balance as at 15 September 2019		45	175	409	(9)	8,683	9,303	97	9,400
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	455	455	10	465
Remeasurements of defined benefit schemes		–	–	–	–	(89)	(89)	–	(89)
Deferred tax associated with defined benefit schemes		–	–	–	–	15	15	–	15
Items that will not be reclassified to profit or loss		–	–	–	–	(74)	(74)	–	(74)
Effect of movements in foreign exchange		–	–	(83)	(1)	–	(84)	(13)	(97)
Net loss on hedge of net investment in foreign subsidiaries		–	–	(3)	–	–	(3)	–	(3)
Deferred tax associated with movement in foreign exchange		–	–	1	–	–	1	–	1
Movement in cash flow hedging position		–	–	–	(15)	–	(15)	–	(15)
Share of other comprehensive income of joint ventures and associates		–	–	(1)	–	–	(1)	–	(1)
Effect of hyperinflationary economies		–	–	–	–	17	17	–	17
Items that are or may be subsequently reclassified to profit or loss		–	–	(86)	(16)	17	(85)	(13)	(98)
Other comprehensive income		–	–	(86)	(16)	(57)	(159)	(13)	(172)
Total comprehensive income		–	–	(86)	(16)	398	296	(3)	293
Inventory cash flow hedge movements									
Gains transferred to cost of inventory		–	–	–	18	–	18	–	18
Total inventory cash flow hedge movements		–	–	–	18	–	18	–	18
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(271)	(271)	–	(271)
Net movement in own shares held		–	–	–	–	8	8	–	8
Deferred tax associated with share-based payments		–	–	–	–	1	1	–	1
Dividends paid to non-controlling interests		–	–	–	–	–	–	(8)	(8)
Acquisition and disposal of non-controlling interests		–	–	–	–	–	–	(2)	(2)
Total transactions with owners		–	–	–	–	(262)	(262)	(10)	(272)
Balance as at 12 September 2020		**45**	**175**	**323**	**(7)**	**8,819**	**9,355**	**84**	**9,439**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the 24 weeks ended 27 February 2021

1. Operating segments
The group has five operating segments, as described below. These are the group's operating divisions, based on the management and internal reporting structure, which combine businesses with common characteristics, primarily in respect of the type of products offered by each business, but also the production processes involved and the manner of the distribution and sale of goods. The board is the chief operating decision-maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefits assets and deferred tax assets, and all current assets except cash and cash equivalents, current asset investments and income tax assets. Segment liabilities comprise trade and other payables, derivative liabilities, provisions and lease liabilities.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefits balances and current and deferred tax balances. Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year, comprising property, plant and equipment, right-of-use assets, operating intangibles and biological assets. Businesses disposed are shown separately and comparatives have been re-presented for businesses sold or closed during the period.

The group is comprised of the following operating segments:

Grocery	The manufacture of grocery products, including hot beverages, sugar & sweeteners, vegetable oils, balsamic vinegars, bread & baked goods, chilled foods, cereals, ethnic foods and meat products, which are sold to retail, wholesale and foodservice businesses.
Sugar	The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the Grocery segment.
Agriculture	The manufacture of animal feeds and the provision of other products and services for the agriculture sector.
Ingredients	The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts, cereal specialities and pharmaceutical excipients.
Retail	Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

Geographical information
In addition to the required disclosure for operating segments, disclosure is also given of certain geographical information about the group's operations, based on the geographical groupings: United Kingdom; Europe & Africa; The Americas; and Asia Pacific.

Revenues are shown by reference to the geographical location of customers. Profits are shown by reference to the geographical location of the businesses. Segment assets are based on the geographical location of the assets.

	Revenue			Adjusted operating profit		
	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m	**24 weeks ended 27 February 2021 £m**	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Operating segments						
Grocery	**1,834**	1,689	3,528	**199**	189	437
Sugar	**763**	803	1,594	**66**	12	100
Agriculture	**746**	692	1,395	**19**	16	43
Ingredients	**735**	737	1,503	**78**	62	147
Retail	**2,232**	3,710	5,895	**43**	441	362
Central	**–**	–	–	**(37)**	(37)	(63)
	6,310	7,631	13,915	**368**	683	1,026
Businesses disposed:						
Grocery	**2**	10	13	**1**	(1)	(1)
Ingredients	**1**	5	9	**–**	–	(1)
	6,313	7,646	13,937	**369**	682	1,024
Geographical information						
United Kingdom	**2,186**	2,881	5,054	**99**	254	312
Europe & Africa	**2,180**	2,882	5,048	**69**	241	298
The Americas	**801**	804	1,619	**130**	122	254
Asia Pacific	**1,143**	1,064	2,194	**70**	66	162
	6,310	7,631	13,915	**368**	683	1,026
Businesses disposed:						
Asia Pacific	**3**	15	22	**1**	(1)	(2)
	6,313	7,646	13,937	**369**	682	1,024

1. Operating segments for the 24 weeks ended 27 February 2021

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,835	798	747	825	2,232	(127)	6,310
Internal revenue	(1)	(35)	(1)	(90)	–	127	–
External revenue from continuing businesses	1,834	763	746	735	2,232	–	6,310
Businesses disposed	2	–	–	1	–	–	3
Revenue from external customers	1,836	763	746	736	2,232	–	6,313
Adjusted operating profit before joint ventures and associates	186	64	16	69	43	(37)	341
Share of profit after tax from joint ventures and associates	13	2	3	9	–	–	27
Businesses disposed	1	–	–	–	–	–	1
Adjusted operating profit	200	66	19	78	43	(37)	369
Finance income						5	5
Finance expense	–	(1)	–	–	(37)	(14)	(52)
Other financial expense						(3)	(3)
Adjusted profit before taxation	200	65	19	78	6	(49)	319
Profits less losses on disposal of non-current assets	1	–	–	1	–	–	2
Amortisation of non-operating intangibles	(20)	–	(1)	(3)	–	–	(24)
Acquired inventory fair value adjustments	(1)	–	–	–	–	–	(1)
Transaction costs	–	–	–	(1)	–	–	(1)
Exceptional items	–	–	–	–	(21)	(4)	(25)
Profits less losses on sale and closure of businesses	–	–	–	5	–	–	5
Profit before taxation	180	65	18	80	(15)	(53)	275
Taxation						(103)	(103)
Profit for the period	180	65	18	80	(15)	(156)	172
Segment assets (excluding joint ventures and associates)	2,585	1,925	466	1,394	7,417	167	13,954
Investments in joint ventures and associates	36	27	139	113	–	–	315
Segment assets	2,621	1,952	605	1,507	7,417	167	14,269
Cash and cash equivalents						1,112	1,112
Current asset investments						33	33
Income tax						13	13
Deferred tax assets						217	217
Employee benefits assets						531	531
Segment liabilities	(609)	(334)	(153)	(302)	(3,924)	(226)	(5,548)
Loans and overdrafts						(440)	(440)
Income tax						(101)	(101)
Deferred tax liabilities						(300)	(300)
Employee benefits liabilities						(149)	(149)
Net assets	2,012	1,618	452	1,205	3,493	857	9,637
Non-current asset additions	44	50	10	59	162	8	333
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	(56)	(47)	(8)	(27)	(266)	(5)	(409)
Amortisation	(24)	(1)	(2)	(4)	(2)	(1)	(34)

1. Operating segments for the 24 weeks ended 29 February 2020

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,690	833	694	824	3,710	(120)	7,631
Internal revenue	(1)	(30)	(2)	(87)	–	120	–
External revenue from continuing businesses	1,689	803	692	737	3,710	–	7,631
Businesses disposed	10	–	–	5	–	–	15
Revenue from external customers	1,699	803	692	742	3,710	–	7,646
Adjusted operating profit before joint ventures and associates	173	10	14	54	441	(37)	655
Share of profit after tax from joint ventures and associates	16	2	2	8	–	–	28
Businesses disposed	(1)	–	–	–	–	–	(1)
Adjusted operating profit	188	12	16	62	441	(37)	682
Finance income						7	7
Finance expense	–	(1)	–	–	(37)	(16)	(54)
Other financial income						1	1
Adjusted profit before taxation	188	11	16	62	404	(45)	636
Profits less losses on disposal of non-current assets	9	–	–	–	–	–	9
Amortisation of non-operating intangibles	(22)	–	–	(2)	–	–	(24)
Acquired inventory fair value adjustments	(8)	–	–	–	–	–	(8)
Transaction costs	(1)	–	–	–	–	–	(1)
Exceptional items	(25)	–	–	–	(284)	–	(309)
Profits less losses on sale and closure of businesses	(6)	–	–	1	–	–	(5)
Profit before taxation	135	11	16	61	120	(45)	298
Taxation						(77)	(77)
Profit for the period	135	11	16	61	120	(122)	221
Segment assets (excluding joint ventures and associates)	2,674	2,120	444	1,444	7,158	156	13,996
Investments in joint ventures and associates	36	27	137	70	–	–	270
Segment assets	2,710	2,147	581	1,514	7,158	156	14,266
Cash and cash equivalents						1,320	1,320
Current asset investments						29	29
Deferred tax assets						183	183
Employee benefits assets						247	247
Segment liabilities	(561)	(394)	(140)	(296)	(4,263)	(219)	(5,873)
Loans and overdrafts						(548)	(548)
Income tax						(69)	(69)
Deferred tax liabilities						(248)	(248)
Employee benefits liabilities						(194)	(194)
Net assets	2,149	1,753	441	1,218	2,895	657	9,113
Non-current asset additions	55	35	11	54	251	8	414
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	(52)	(49)	(8)	(27)	(246)	(4)	(386)
Amortisation	(26)	(1)	(1)	(3)	(1)	(1)	(33)
Impairment of property, plant and equipment on sale and closure of businesses	(2)	–	–	–	–	–	(2)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the 24 weeks ended 27 February 2021

1. Operating segments for the 52 weeks ended 12 September 2020

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,530	1,658	1,398	1,685	5,895	(251)	13,915
Internal revenue	(2)	(64)	(3)	(182)	–	251	–
External revenue from continuing businesses	3,528	1,594	1,395	1,503	5,895	–	13,915
Businesses disposed	13	–	–	9	–	–	22
Revenue from external customers	3,541	1,594	1,395	1,512	5,895	–	13,937
Adjusted operating profit before joint ventures and associates	404	98	33	132	362	(63)	966
Share of profit after tax from joint ventures and associates	33	2	10	15	–	–	60
Businesses disposed	(1)	–	–	(1)	–	–	(2)
Adjusted operating profit	436	100	43	146	362	(63)	1,024
Finance income						11	11
Finance expense	(1)	(3)	–	–	(79)	(41)	(124)
Other financial income						3	3
Adjusted profit before taxation	435	97	43	146	283	(90)	914
Profits less losses on disposal of non-current assets	9	7	1	(1)	3	(1)	18
Amortisation of non-operating intangibles	(52)	–	(1)	(6)	–	–	(59)
Acquired inventory fair value adjustments	(15)	–	–	–	–	–	(15)
Transaction costs	–	–	–	(2)	–	–	(2)
Exceptional items	5	(23)	–	–	(138)	–	(156)
Profits less losses on sale and closure of businesses	(4)	–	–	(4)	–	(6)	(14)
Profit before taxation	378	81	43	133	148	(97)	686
Taxation						(221)	(221)
Profit for the period	378	81	43	133	148	(318)	465
Segment assets (excluding joint ventures and associates)	2,689	1,893	429	1,470	7,372	155	14,008
Investments in joint ventures and associates	51	27	136	75	–	–	289
Segment assets	2,740	1,920	565	1,545	7,372	155	14,297
Cash and cash equivalents						1,998	1,998
Current asset investments						32	32
Income tax						30	30
Deferred tax assets						212	212
Employee benefits assets						100	100
Segment liabilities	(637)	(351)	(147)	(334)	(4,523)	(219)	(6,211)
Loans and overdrafts						(472)	(472)
Income tax						(171)	(171)
Deferred tax liabilities						(210)	(210)
Employee benefits liabilities						(166)	(166)
Net assets	2,103	1,569	418	1,211	2,849	1,289	9,439
Non-current asset additions	104	88	21	97	476	13	799
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	(109)	(85)	(16)	(57)	(546)	(14)	(827)
Amortisation	(62)	(2)	(2)	(7)	(14)	(2)	(89)
Impairment of property, plant & equipment and right-of-use assets	(15)	–	–	–	–	–	(15)
Impairment of property, plant and equipment on sale and closure of businesses	(1)	–	–	(1)	–	–	(2)
Impairment of right-of-use assets on sale and closure of businesses	–	–	–	(2)	–	–	(2)

2021 half year

During the period, Primark received £79m from government job retention schemes in the UK and Europe. This was recorded as a reduction to staff costs.

2020 full year

In the prior year, Primark received £98m from government job retention schemes in the UK and Europe, all of which arose in the second half of the year. This was recorded as a reduction to staff costs.

1. Operating segments – geographical information

For the 24 weeks ended 27 February 2021

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,186	2,180	801	1,146	6,313
Segment assets	5,577	6,020	1,214	1,458	14,269
Non-current asset additions	98	164	32	39	333
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	(144)	(203)	(30)	(32)	(409)
Amortisation	(17)	(10)	(4)	(3)	(34)
Acquired inventory fair value adjustments	–	(1)	–	–	(1)
Exceptional items	(18)	(7)	–	–	(25)
Transaction costs	–	–	–	(1)	(1)

For the 24 weeks ended 29 February 2020

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,881	2,882	804	1,079	7,646
Segment assets	5,458	6,050	1,328	1,430	14,266
Non-current asset additions	106	208	64	36	414
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	(138)	(183)	(33)	(32)	(386)
Amortisation	(20)	(7)	(3)	(3)	(33)
Acquired inventory fair value adjustments	–	(7)	(1)	–	(8)
Exceptional items	(151)	(150)	(8)	–	(309)
Transaction costs	(1)	–	–	–	(1)
Impairment of property, plant and equipment on sale and closure of businesses	–	–	–	(2)	(2)

For the 52 weeks ended 12 September 2020

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	5,054	5,048	1,619	2,216	13,937
Segment assets	5,249	6,263	1,314	1,471	14,297
Non-current asset additions	197	406	128	68	799
Depreciation (including depreciation of right-of-use assets and non-cash lease adjustments)	(292)	(397)	(70)	(68)	(827)
Amortisation	(48)	(27)	(6)	(8)	(89)
Acquired inventory fair value adjustments	–	(15)	–	–	(15)
Exceptional items	(4)	(108)	(44)	–	(156)
Transaction costs	–	(1)	–	(1)	(2)
Impairment of property, plant & equipment and right-of-use assets	(15)	–	–	–	(15)
Impairment of property, plant and equipment on sale and closure of businesses	–	–	–	(2)	(2)
Impairment of right-of-use assets on sale and closure of businesses	–	–	–	(2)	(2)

The group's operations in the following countries met the criteria for separate disclosure:

	Revenue			Non-current assets		
	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Australia	601	564	1,161	545	503	558
Spain	541	673	1,097	776	834	849
United States	530	526	1,055	651	740	727

All prior year segment disclosures are stated before reclassification of assets and liabilities classified as held for sale

2. Exceptional items

2021

Exceptional items of £25m for the 24 weeks ended 27 February 2021 comprise an inventory charge of £21m in Primark, which relates to certain autumn/winter seasonal items already on display in closed stores and which could not be sold before the end of the season. This has been cleared from stores to allow spring/summer stock to be displayed as our stores prepare to reopen, and an exceptional provision of £21m has been charged to reflect the write-down of this inventory to net realisable value. The exceptional items also include a £4m pension service cost taken for members of the Company's UK defined benefit pension scheme following a further High Court ruling on 20 November 2020 regarding the equalisation of Guaranteed Minimum Pensions.

2020

Exceptional items of £156m for the 52 weeks ended 12 September 2020 included impairments of £116m in property, plant and equipment and right-of-use assets at Primark, an impairment of £23m in goodwill relating to Azucarera, charges of £22m relating to inventory in Primark and a £5m gain on closure of our Speedibake Wakefield factory.

Following the successful downsizing of three stores in the US and three stores in Germany, plans for several more stores in those markets resulted in non-cash write-downs of £34m against property, plant and equipment and £82m against right-of-use assets.

In the light of the beet volumes contracted by Azucarera in the second crop year after reducing the beet price paid to farmers, we revised our forecasts for this business. This resulted in a £23m non-cash write-down of goodwill recorded in the Sugar and Europe & Africa operating segments.

Our prior year half year results were announced on 21 April 2020 and included an exceptional inventory impairment charge of £248m and an onerous contract provision of £36m. At the time of the interim announcement, the dates for the reopening of Primark stores were not known and more than half of the impairment charge related to stock already on display in the closed stores. The earlier reopening of the stores and subsequent successful trading of the spring/summer inventory avoided the need for this provision. At the year-end a markdown provision of £22m was created for inventory stored on our behalf by suppliers for longer than usual as a result of the pandemic.

Our Speedibake Wakefield factory was destroyed by fire in February 2020 and an exceptional charge of £25m was recognised in the prior year half year results. This comprised an £18m non-cash write-down of property, plant and equipment, a £1m provision against inventory and £6m of closure costs. Net insurance proceeds of £30m were received in the second half of last year, more than offsetting the exceptional charge recorded in the first half. The prior year full year position was an exceptional gain of £5m recorded in the Grocery and United Kingdom operating segments.

3. Income tax expense

	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Current tax expense			
UK – corporation tax at 19.00% (2020 – 18.08%)	**12**	9	57
Overseas – corporation tax	**98**	72	203
UK – under provided in prior periods	**–**	–	3
Overseas – over provided in prior periods	**(2)**	–	(4)
	108	81	259
Deferred tax expense			
UK deferred tax	**3**	–	5
Overseas deferred tax	**(8)**	(4)	(53)
UK – under provided in prior periods	**–**	–	3
Overseas – under provided in prior periods	**–**	–	7
	(5)	(4)	(38)
Total income tax expense in income statement	**103**	77	221
Reconciliation of effective tax rate			
Profit before taxation	**275**	298	686
Less share of profit after tax from joint ventures and associates	**(26)**	(27)	(57)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**249**	271	629
Nominal tax charge at UK corporation tax rate of 19.00% (2020 – 18.08%)	**47**	49	120
Effect of higher and lower tax rates on overseas earnings	**26**	9	18
Effect of changes in tax rates on income statement	**–**	–	13
Expenses not deductible for tax purposes	**26**	18	54
Disposal of assets covered by tax exemptions or unrecognised capital losses	**–**	–	1
Deferred tax not recognised	**6**	1	6
Adjustments in respect of prior periods	**(2)**	–	9
	103	77	221
Income tax recognised directly in equity			
Deferred tax associated with defined benefit schemes	**84**	3	(15)
Deferred tax associated with share-based payments	**–**	–	(1)
Deferred tax associated with movement in cash flow hedging position	**1**	3	–
Deferred tax associated with movements in foreign exchange	**–**	–	(1)
	85	6	(17)

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020 and UK income tax and deferred tax has accordingly been calculated at 19%. On 3 March 2021, the UK Government announced that the UK corporation tax rate applicable from 1 April 2023 will increase to 25% from 19%. The change was not substantively enacted at the balance sheet date and hence the impact has not been reflected in the measurement of deferred tax balances at the period end, but it is anticipated that substantive enactment will occur later in the year. The group has calculated that the impact of applying the rate change to the opening deferred tax balance sheet would increase the net deferred tax liability by approximately £23m. Whilst this will increase the group's total effective tax rate, it is expected to have a minimal impact on the group's adjusted effective tax rate for 2021.

In April 2019 the European Commission published its decision on the Group Financing Exemption in the UK's controlled foreign company legislation. The Commission found that the UK law did not comply with EU State Aid rules in certain circumstances. The group has arrangements that may be impacted by this decision as might other UK-based multinational groups that had financing arrangements in line with the UK's legislation in force at the time. The group has appealed against the European Commission's decision, as have the UK Government and a number of other UK companies. We have calculated our maximum potential liability to be £27m, however we do not consider that any provision is required in respect of this amount based on our current assessment of the issue. Following receipt of charging notices from HM Revenue & Customs ('HMRC') at the end of February, we made payment to HMRC in March. However, receipt of the charging notices does not change our assessment of the maximum potential liability nor our assessment that no provision is required in respect of this amount. We will continue to consider the impact of the Commission's decision on the group and the potential requirement to record a provision.

4. Earnings per share

	24 weeks ended 27 February 2021 pence	24 weeks ended 29 February 2020 pence	52 weeks ended 12 September 2020 pence
Adjusted earnings per share	**25.1**	61.8	81.1
Disposal of non-current assets	**0.3**	1.1	2.3
Sale and closure of businesses	**0.6**	(0.6)	(1.8)
Acquired inventory fair value adjustments	**(0.1)**	(1.0)	(1.9)
Transaction costs	**(0.1)**	(0.1)	(0.3)
Exceptional items	**(3.2)**	(39.1)	(19.7)
Tax effect on above adjustments	**0.3**	7.8	4.6
Amortisation of non-operating intangibles	**(3.0)**	(3.0)	(7.5)
Tax credit on non-operating intangibles amortisation and goodwill	**0.6**	0.6	0.8
Earnings per ordinary share	**20.5**	27.5	57.6

5. Dividends

	24 weeks ended 27 February 2021 pence	24 weeks ended 29 February 2020 pence	52 weeks ended 12 September 2020 pence
2019 final	**–**	34.30	34.30
	–	34.30	34.30

	24 weeks ended 27 February 2021 £m	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
2019 final	**–**	271	271
	–	271	271

No 2020 interim dividend was paid in the prior year and no 2020 final dividend was paid this year.

The 2021 interim dividend of 6.2p per share, total value of £49m, will be paid on 9 July 2021 to shareholders registered at the close of business on 4 June 2021.

6. Acquisitions and disposals

Acquisitions

2021

During the period the group contributed £39m to the bakery ingredients joint venture in China with Wilmar International. There were no other acquisitions in the first half.

2020

In December 2019, the group's Grocery business in the UK acquired Al'Fez, a Middle Eastern food brand with customers in the UK and Europe. In the second half of the year the group acquired two small Agriculture businesses in Europe and the group's Ingredients business acquired Larodan, a Swedish manufacturer and international marketer of state-of-the-art, high-purity research-grade lipids that will expand our research and product development capabilities to better serve the pharmaceutical, nutritional and industrial market sectors.

Total consideration for these acquisitions was £19m, comprising £16m cash consideration and £3m deferred consideration. Net assets acquired comprised non-operating intangible assets of £15m, which were recognised with their related deferred tax of £3m, and £1m of other operating assets. Goodwill of £6m resulted from these acquisitions.

Disposals

2021

In the first half of 2021 the group sold the businesses classified as a disposal group and held for sale at the previous year end, into the yeast and bakery ingredients joint venture in China with Wilmar International. Cash proceeds amounted to £34m with the purchaser also assuming £11m of debt, resulting in total proceeds of £45m. Net assets disposed were £43m. Provisions for associated restructuring costs were £6m, with a £8m gain on the recycling of foreign exchange differences and foreign exchange on the cash proceeds. The gain on disposal was £4m.

Closure provisions of £1m relating to disposals made in previous years were also no longer required and were released to sale and closure of business in the Asia Pacific and Ingredients segments.

6. Acquisitions and disposals (continued)

Disposals

2020

In 2020 the group announced the closure of the Cake business in the Grocery segment in Australia and the Jasol New Zealand business in the Ingredients segment, with £10m included in loss on closure of business, comprising £2m non-cash impairment of property, plant and equipment, £2m non-cash impairment of right-of-use assets and £6m of restructuring provisions.

The group also sold a small business in China, reported within the Asia Pacific and Grocery segments. Cash proceeds amounted to £2m on £1m of net assets disposed, resulting in a pre-tax profit on disposal of £1m.

Warranty provisions of £1m relating to disposals made in previous years were no longer required and were released to sale and closure of business in the Americas and Ingredients segments. The group also charged a £6m onerous lease provision to sale and closure of business (in the Central and UK segments) in respect of guarantees given on property leases assigned to third parties that the group expects to be required to honour.

7. Analysis of net debt

	At 12 September 2020 £m	Cash flow £m	Disposals £m	New leases and non-cash items £m	Exchange adjustments £m	**At 27 February 2021 £m**
Cash at bank and in hand, cash equivalents and overdrafts	1,909	(860)	–	–	(23)	**1,026**
Current asset investments	32	2	–	–	(1)	**33**
Short-term loans	(65)	(4)	11	(72)	3	**(127)**
Long-term loans	(318)	–	–	72	19	**(227)**
Net cash before lease liabilities	1,558	(862)	11	–	(2)	**705**
Lease liabilities	(3,639)	131	–	(54)	142	**(3,420)**
	(2,081)	(731)	11	(54)	140	**(2,715)**

8. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Full details of the group's other related party relationships, transactions and balances are given in the group's financial statements for the 52 weeks ended 12 September 2020. There have been no material changes in these relationships in the 24 weeks ended 27 February 2021 or up to the date of this report. No related party transactions have taken place in the first 24 weeks of the current financial year that have materially affected the financial position or the performance of the group during that period.

9. Basis of preparation

Associated British Foods plc ('the Company') is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company for the 24 weeks ended 27 February 2021 comprise those of the Company and its subsidiaries (together referred to as 'the group') and the group's interests in joint ventures and associates.

The consolidated financial statements of the group for the 52 weeks ended 12 September 2020 are available upon request from the Company's registered office at 10 Grosvenor Street, London, W1K 4QY or at www.abf.co.uk.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the 52 weeks ended 12 September 2020.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

The directors have taken into consideration that restrictions on trading activity and the movement of people applied by most governments to contain the spread of COVID-19 since March last year have had a severe effect on economic activity. The directors have reviewed a detailed cash flow forecast to the end of the 2022 financial year which takes into account conservative judgements where there is continued uncertainty.

At the half year, the group had net cash before lease liabilities of £705m and had an undrawn, committed revolving credit facility (RCF) of £1,088m for the coming year. The directors have satisfied themselves that the RCF is available throughout the going concern period having assessed the group's projected compliance with the terms and covenants of this facility. Last year the group's headroom was increased following confirmation by the Bank of England of our eligibility to access funding under its COVID Corporate Financing Facility (CCFF). This facility was not utilised at any time, and we have now confirmed with the Bank of England that this eligibility has now lapsed. As at the date of approval of these interim results, the group has available central cash on hand of £622m.

9. Basis of preparation (continued)

In reviewing the cash flow forecast for the coming year, the directors reviewed the trading of the non-Primark businesses and the cash outflows for Primark under the base scenario of the likely reopening dates of those stores still closed. The directors have a thorough understanding of the risks, sensitivities and judgements included in these elements of the cash flow forecasts and have a high degree of confidence in these cash flows. The main uncertainties in the year ahead were considered to be the length of time for which the Primark stores might be closed and the measures and trading restrictions imposed by different governments, as well as the strength of the trading in our stores as they reopen. In this regard, the base forecast assumes that all Primark stores will be open from May this year until the end of this financial year and it also assumes the possibility of a number of regional lockdowns impacting the estate during the first half of 2022. This cash flow has been stress tested assuming that half of the Primark estate is closed for all of the first half of next year which is in line with the store closures experienced during the first half of this financial year.

Under both of these scenarios the group has a forecast net cash position throughout the 18 months and forecast compliance with the covenants in the debt facilities. In addition, we also considered the circumstances which would be needed to exhaust the group's cash resources over the assessment period - a reverse stress test. This would indicate that all Primark stores would need to remain completely closed for more than five months, including the peak Christmas sales period, without management taking any mitigating actions. The likelihood of these circumstances is remote for two reasons. Firstly, over such a long period, management could take substantial mitigating actions, such as cost cutting measures, accessing government job retention schemes, and reducing capital investment. Secondly, we have seen governments develop a number of measures to contain the virus, including widespread vaccination programmes, which make it likely that any future lockdowns would be regional.

Headroom throughout the period is substantial, the directors did not consider the need for any mitigating actions and so the likelihood of the headroom being exhausted was considered remote.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating Review. Note 26 on pages 176 to 187 of the 2020 Annual Report provides details of the group's policy on managing its financial and commodity risks.

The 24 week period for the condensed consolidated interim financial statements of the Company means that the second half of the year is usually a 28 week period, and the two halves of the reporting year are therefore not of equal length. For the Retail segment, Christmas, falling in the first half of the year, is a particularly important trading period. For the Sugar segment, the balance sheet, and working capital in particular, is strongly influenced by seasonal growth patterns for both sugar beet and sugar cane, which vary significantly in the markets in which the group operates.

The condensed consolidated interim financial statements are unaudited but have been subject to an independent review by the auditor and were approved by the board of directors on 20 April 2021. They do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the 52 weeks ended 12 September 2020 have been abridged from the group's 2020 financial statements and are not the Company's statutory financial statements for that period. Those financial statements have been reported on by the Company's auditor for that period and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

This Interim Results Announcement has been prepared solely to provide additional information to shareholders as a body, to assess the group's strategies and the potential for those strategies to succeed. This Interim Results Announcement should not be relied upon by any other party or for any other purpose.

10. Significant accounting policies

Except where detailed otherwise, the accounting policies applied by the group in these condensed consolidated interim financial statements are substantially the same as those applied by the group in its consolidated financial statements for the 52 weeks ended 12 September 2020 including for derivatives and current biological assets, which are recognised in the balance sheet at fair value and fair value less costs to sell, respectively. The methodology for selecting assumptions underpinning the fair value calculations has not changed since 12 September 2020.

New accounting standards

The following accounting standards and amendments were adopted during the period and had no significant impact on the group:

- Amendments to IFRS 3 *Definition of a Business*
- Amendments to IAS 1 and IAS 8 *Definition of Material*
- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*

Accounting standards not yet applicable

The group is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the EU (before 31 December 2020) or by the UK Endorsement Board (UKEB) (from 1 January 2021), these changes will be adopted on the effective dates noted. Where not yet endorsed, the adoption date is less certain:

- IFRS 17 *Insurance Contracts* effective 2022 financial year (not yet endorsed by the UKEB)
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* effective 2023 financial year.

11. Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the 52 weeks ended 12 September 2020.

12. Alternative performance measures

In the reporting of financial information, the Board uses various Alternative Performance Measures (APMs) which they believe provide useful additional information for understanding the financial performance and financial health of the group. These APMs should be considered in addition to IFRS measures and are not intended to be a substitute for them. As they are not defined by IFRS, they may not be directly comparable with other companies who use similar measures.

APMs are also used to improve the comparability of information between reporting periods and geographical units (such as like-for-like sales) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the group's performance.

Consequently, APMs are used by the Board and management for performance analysis, planning, reporting and incentive-setting purposes.

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Like-for-like sales	No direct equivalent	The like-for-like sales metric enables measurement of the performance of our retail stores on a comparable year-on-year basis. This measure represents the change in sales at constant currency in our retail stores adjusted for new stores, closures and relocations. Refits, extensions and downsizes are also adjusted for if a store's retail square footage changes by 10% or more. For each change described above, a store's sales are excluded from like-for-like sales for one year. No adjustments are made for disruption during refits, extension or downsizes, for cannibalisation by new stores, or for the timing of national or bank holidays. It is measured against comparable trading days in each year.	Consistent with the definition given
Two year like-for-like sales	No direct equivalent	The like-for-like sales metric expressed over two years enables measurement of the performance of our retail stores compared to our experience in 2019, which was before any of the economic effects of COVID-19. It is calculated as described above for like-for-like sales, but with 2019 data as the comparator.	Consistent with the definition given
Adjusted operating (profit) margin	No direct equivalent	Adjusted operating (profit) margin is adjusted operating profit as a percentage of revenue.	Reconciliation/calculation see Note A below
Adjusted operating profit	Operating profit	Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items. Items defined above which arise in the group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit.	A reconciliation of this measure is provided on the face of the condensed consolidated income statement and by operating segment in note 1
Adjusted profit before tax	Profit before tax	Adjusted profit before tax is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses. Items defined above which arise in the group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted profit before tax.	A reconciliation of this measure is provided on the face of the condensed consolidated income statement and by operating segment in note 1
Adjusted earnings per share	Earnings per share	Adjusted earnings per share are stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses together with the related tax effect. Items defined above which arise in the group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted earnings per share.	A reconciliation of adjusted earnings per share is provided in note 4
Exceptional items	No direct equivalent	Exceptional items are items of income and expenditure which are material and unusual in nature and are considered of such significance that they require separate disclosure on the face of the income statement.	Exceptional items are included on the face of the consolidated income statement with further detail provided in note 2

12. Alternative performance measures (continued)

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Constant currency	Revenue and adjusted operating profit (non-IFRS) measure	Constant currency measures are derived by translating the relevant prior year figure at current year average exchange rates, except for countries where CPI has escalated to extreme levels, in which case actual exchange rates are used. There are currently two countries where the group has operations in this position – Argentina and Venezuela.	Reconciliation/calculation see Note B below
Effective tax rate	Income tax expense	The effective tax rate is the tax charge for the year expressed as a percentage of profit before tax.	Whilst the effective tax rate is not disclosed, a reconciliation of the tax charge on profit before tax at the UK corporation tax rate to the actual tax charge is provided in note 3
Adjusted effective tax rate	No direct equivalent	The adjusted effective tax rate is the tax charge for the year excluding tax on adjusting items expressed as a percentage of adjusted profit before tax.	The tax impact of reconciling items between profit before tax and adjusted profit before tax is shown in note 4
Dividend cover	No direct equivalent	Dividend cover is the ratio of adjusted earnings per share to dividends per share relating to the year.	Reconciliation/calculation see Note C below
Capital expenditure	No direct equivalent	Capital expenditure is a measure of investment each year in non-current assets in existing businesses. It comprises cash outflows from the purchase of property, plant and equipment and intangibles.	Reconciliation/calculation see Note D below
Gross investment	No direct equivalent	Gross investment is a measure of investment each year in non-current assets of existing businesses and acquisitions of new businesses. It includes capital expenditure (see above) as well as cash outflows from the purchase of subsidiaries, joint ventures and associates, additional shares in subsidiary undertakings from non-controlling interests and other investments, as well as net debt assumed in acquisitions.	Reconciliation/calculation see Note E below
Net cash/debt before lease Liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments and loans.	A reconciliation of this measure is in note 7
Net cash/debt including lease Liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments, loans and lease liabilities.	A reconciliation of this measure is in note 7
(Average) capital employed	No direct equivalent	Capital employed is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of capital employed are calculated in accordance with adopted IFRS. Average capital employed for each segment and the group is calculated by averaging the capital employed for each period of the financial year based on the reporting calendar of each business.	Consistent with the definition given
Return on (average) capital Employed	No direct equivalent	The return on (average) capital employed measure divides adjusted operating profit by average capital employed. Also referred to as ROCE and ROACE.	Consistent with the definition given
(Average) working capital	No direct equivalent	Working capital is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of working capital are calculated in accordance with adopted IFRS. Average working capital for each segment and the group is calculated by averaging the working capital for each period of the financial year based on the reporting calendar of each business.	Consistent with the definition given
(Average) working capital as a percentage of revenue	No direct equivalent	This measure expresses average working capital as a percentage of revenue.	Consistent with the definition given

Note A

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central and disposed businesses £m	Total £m
24 weeks ended 27 February 2021							
External revenue from continuing businesses	1,834	763	746	735	2,232	3	6,313
Adjusted operating profit	199	66	19	78	43	(36)	369
Adjusted operating margin %	10.9%	8.7%	2.5%	10.6%	1.9%		5.8%
24 weeks ended 29 February 2020							
External revenue from continuing businesses	1,689	803	692	737	3,710	15	7,646
Adjusted operating profit	189	12	16	62	441	(38)	682
Adjusted operating margin %	11.2%	1.5%	2.3%	8.4%	11.9%		8.9%

12. Alternative performance measures (continued)

Note B

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Disposed businesses £m	Total £m
24 weeks ended 27 February 2021							
External revenue from continuing businesses at actual rates	1,834	763	746	735	2,232	3	6,313
24 weeks ended 29 February 2020							
External revenue from continuing businesses at actual rates	1,689	803	692	737	3,710	15	7,646
Impact of foreign exchange	12	(47)	1	(14)	88	1	41
External revenue from continuing businesses at constant currency	1,701	756	693	723	3,798	16	7,687
% change at constant currency	+8%	+1%	+8%	+2%	-41%		-18%

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central and disposed businesses £m	Total £m
24 weeks ended 27 February 2021							
Adjusted operating profit at actual rates	199	66	19	78	43	(36)	369
24 weeks ending 29 February 2020							
Adjusted operating profit at actual rates	189	12	16	62	441	(38)	682
Impact of foreign exchange	(2)	(3)	(1)	(1)	8	1	2
Adjusted operating profit at constant currency	187	9	15	61	449	(37)	684
% change at constant currency	+6%	+633%	+27%	+28%	-90%		-46%

Note C

	24 weeks ended 27 February 2021	24 weeks ended 29 February 2020	52 weeks ended 12 September 2020
Adjusted earnings per share (pence)	**25.1**	61.8	81.1
Adjustment to reflect the impact of the future repayment of £79m job retention monies received in the first half taxed at the adjusted effective tax rate (pence)	**(6.6)**	–	–
	18.5	61.8	81.1
Dividends relating to the period (pence)	**6.2**	–	–
Dividend cover	**3**	n/a	n/a

Note D

From the cash flow statement	**24 weeks ended 27 February 2021 £m**	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Purchase of property, plant and equipment	**263**	315	561
Purchase of intangibles	**44**	43	61
	307	358	622

Note E

From the cash flow statement	**24 weeks ended 27 February 2021 £m**	24 weeks ended 29 February 2020 £m	52 weeks ended 12 September 2020 £m
Purchase of property, plant and equipment	**263**	315	561
Purchase of intangibles	**44**	43	61
Purchase of subsidiaries, joint ventures and associates	**39**	3	16
Purchase of shares in subsidiary undertaking from non-controlling interests	**23**	2	2
Purchase of other investments	**13**	2	1
	382	365	641

13. Subsequent events

During the first half, we were eligible for £79m from government job retention schemes which, at the date of this announcement, has increased to £121m. We are announcing in these interim results that we do not plan to make any further claims from government job retention schemes for which we would be eligible from this date, and that we intend to repay the £121m, including £72m to the UK government, for which we were eligible in this financial year up to this date.

This decision was made after the half year end and so the condensed consolidated income statement for the first half does not reflect the repayment of the amount relating to the first half. The expense of the repayment for the full financial year will be charged to adjusted operating profit in the second half and will be reflected in the full year income statement.

CAUTIONARY STATEMENTS

This Interim Results Announcement contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

RESPONSIBILITY STATEMENT

The Interim Results Announcement complies with the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report.

The directors confirm that to the best of their knowledge:

- this financial information has been prepared in accordance with IAS 34 as adopted by the EU;
- this Interim Results Announcement includes a fair review of the important events during the first half and their impact on the financial information, and a description of the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and
- this Interim Results Announcement includes a fair review of the disclosure of related party transactions and changes therein as required by DTR 4.2.8R.

On behalf of the board

Michael McLintock	**George Weston**	**John Bason**
Chairman	**Chief Executive**	**Finance Director**

20 April 2021

INDEPENDENT REVIEW REPORT TO ASSOCIATED BRITISH FOODS PLC

Introduction

We have been engaged by the Company to review the condensed consolidated interim financial statements in the Interim Results Announcement for the 24 weeks ended 27 February 2021 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the Interim Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Interim Results Announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results Announcement in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 9, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Interim Results Announcement has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Results Announcement based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the Interim Results Announcement for the 24 weeks ended 27 February 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London

20 April 2021