

23 January 2024

Trading Update

Associated British Foods plc today issues its trading update for the 16 weeks to 6 January 2024 summarising the significant trading developments since the last market update.

Group revenue

The following table sets out revenues by business segment for the period.

	First Quarter / 16 weeks to 6 Jan £m	Change at actual currency	Change at constant currency
Grocery	1,414	+1.8%	+5.4%
Ingredients	698	-2.8%	+0.9%
Agriculture	572	-12.1%	-10.8%
Sugar	825	+3.8%	+13.0%
Retail	3,376	+7.3%	+7.9%
Group	6,885	+2.8%	+5.4%

References to growth in the following commentary are based on constant currency except where stated.

Trading performance

Our Grocery business performed well. Our US-focused brands, including our Stratas joint venture in edible oils, continued their strong performances from last year. Within international brands, Twinings traded well across its key markets. Ovaltine had a strong performance in Western Europe but was weaker overall as it continued to face challenges in Asia.

In Ingredients, our yeast and bakery ingredients business AB Mauri also maintained the strong performance of last year with further growth in sales and profit. As expected, parts of ABF Ingredients were softer due to continued customer destocking. In Agriculture, sales were weaker although certain of the compound feed markets are beginning to show signs of recovery.

In Sugar, processing of the UK sugar beet crop is under way and indications to date are that sugar production will still be significantly above last year despite the recent weather. This should bring production more broadly into line with historical production levels. Vivergo had a mixed period of trading but was overall much better than last year. Illovo, our sugar business in southern Africa, also had a mixed period with a combination of production and currency challenges.

Primark trading was good overall with sales up 7.9% for the period which was marked by a slow start given the unseasonal warm weather, and strong Christmas trading. Like-for-like sales grew by 2.1% driven by higher average selling prices.

Our product offer performed well in the period. Sales of womenswear and menswear were strong particularly in performance wear, leisure and tailored clothing and in our Rita Ora collection. Sales of our Christmas ranges were also strong and sold through well. At the start of the period sales of many of our cold weather categories were initially slower but have much improved with the recent cold temperatures.

In the UK, total sales in the period rose by 4.5% with like-for-like sales up by 3.8%. Following the period's early warm weather challenges, sales grew strongly in the run-up to Christmas. Primark's market share¹ reached a new record at 7.1% for the 12 weeks to 10 December, up 0.1 percentage point from last year.

In Europe excluding the UK, total sales in the period rose by 8.1%, with like-for-like sales up by 1.3%. Performance was mixed with some countries trading well and other countries impacted by a combination of strong comparatives in the same period last year and local economic conditions. Sales in the US grew by 45% in the period driven by new store openings.

We exited the period with stock levels in a good position. We continue to monitor the situation in the Red Sea but at this stage we do not expect any significant disruption to our supply chain.

Contribution from our new store opening programme remains very strong as our store expansion programme continues with eight stores opened in the period: three in France, three in the US, one in Spain, and one in Poland.

Overall

The Group continues to trade well. We continue to look forward to a year of meaningful progress in both profitability and cash generation, with the profitability improvement being driven by a recovery in Primark margin, a marked improvement in British Sugar profitability, and by reduced losses at Vivergo.

At this early stage in the year we now feel more confident in the continued strong performance of both our US-focused brands in Grocery and of AB Mauri in Ingredients.

We also feel more confident in the delivery of the Primark adjusted operating margin in this financial year, driven by a further improvement in product gross margin. This should insulate us well against potential additional costs of supply due to the disruption in the Red Sea should they arise.

1. Kantar, Primark market share of the total UK clothing, footwear and accessories market including online by value, 12-week data to 10 December 2023

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An investor and analyst call will be held at 08:30 today, Tuesday 23 January 2024. All participants must pre-register to join this conference using the Participant Registration link below. Once registered, an email will be sent with your unique Registrant ID. Please register via [participant registration link](#)