

23 January 2025

Trading Update

Associated British Foods plc today issues its trading update for the 16 weeks to 4 January 2025 summarising the significant trading developments since the last market update.

Group revenue

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

	First Quarter / 16 weeks to 4 Jan £m	Change at actual currency	Change at constant currency
Retail	3,362	-0.4%	+1.9%
Grocery	1,389	-1.8%	+0.8%
Ingredients	687	-1.6%	+3.5%
Sugar	751	-6.0%	-2.1%
Agriculture	543	-5.1%	-4.1%
Group	6,732	-2.2%	0.5%

References to sales growth in the following commentary are based on constant currency and are in comparison to the same period in the prior year, except where stated.

Retail

Primark's sales grew 2%. We delivered good growth across our key growth markets, Spain, Portugal, France, Italy, Central and Eastern Europe and the US. Sales in the UK and Ireland declined in the period, with growth in like-for-like sales over the key Christmas period more than offset by weaker autumn trading in a challenging retail environment.

In womenswear, our performance was most impacted by weaker sales in cold-weather and seasonal clothing, however, we saw strong sales of performance, leisure and nightwear. Sales in both menswear and kidswear grew in the period. Our Christmas product range traded well and we had continued good growth from our Rita Ora, Paula Echevarría and Kem collections, as well as in our licensed products. Markdowns during the period were managed effectively, which resulted in good inventory levels and supported good gross margin delivery.

In Spain and Portugal, which accounted for approximately 18% of sales, our sales grew 9%, reflecting good underlying growth in both markets and a strong contribution from recently opened stores. In Spain, sales in the period were impacted by flooding in the Valencia region, which led to store disruption with one store still closed. During the period, we opened one new store in Portugal and relocated one store in Spain.

In France and Italy, which accounted for approximately 16% of sales, our sales grew 5%. In France, growth was driven by recent store openings. In Italy, we had a strong contribution from new store openings as well as underlying growth. During the period, we opened one new store in France and one in Italy.

In Central and Eastern Europe, which accounted for approximately 3% of sales, our sales grew 22% driven by recent store openings. During the period, we opened one new store in Czechia and one in Poland.

In the US, which accounted for approximately 5% of sales, our sales grew 17%. We continued to make good progress with store rollouts, opening two new stores in the period, including our first store in Texas. We now have 29 stores in total and an additional 17 leases signed.

In the UK and Ireland, which accounted for approximately 45% of sales, our sales declined 4% with like-for-like sales down 6.0%. In the UK specifically, sales declined 4% with like-for-like sales down 6.4%. During the period, the overall clothing retail market in the UK declined. Trading activity within elements of our shopper base was weak as a result of

cautious consumer sentiment and a lack of seasonal purchasing catalyst given the mild autumn weather. Primark's market share decreased slightly to 6.8%¹. Primark's trading pattern in the period was marked by a weak October and November, which had a strong comparator, followed by stronger sales and like-for-like growth in December over the key Christmas trading weeks. During the period, we opened one new store, relocated one store and right-sized one store in the UK. We also extended one store in Ireland. Our online participation through Click & Collect in the UK performed well as we drove increased customer awareness and made more of our product ranges available to more customers, particularly those who shop in our smaller stores. We made further progress with the Click & Collect rollout, which is now in 113 stores.

In Northern Europe, which accounted for approximately 13% of sales, our sales grew 3% and like-for-like sales grew 4.9%. Strong sales growth in Germany and the Netherlands reflects the recent restructuring of our store footprint, which has driven much-improved sales densities and profitability. Our growth in Germany also reflects the prior year impact of industry-wide strike action. During the period, we right-sized one store in the Netherlands.

Overall, we continued to make good progress with the execution of our store rollout programme in Europe and the US, which contributed around 4% to total sales growth in the period. We opened eight new stores, extended one store, right-sized two stores and relocated two stores. We also made good progress with our store refurbishment programme. Overall, Primark's total like-for-like sales declined by 1.9%, reflecting lower sales in the UK and Ireland as outlined above.

Grocery

Grocery revenue grew 1% reflecting good growth in our international brand businesses driven by Twinings and Ovaltine. This was partially offset by declines in certain US and UK-focused brands, as expected. Twinings grew well with good volume growth, supported by continued marketing investment and strong in-store visibility. Good growth in Ovaltine sales in most markets, particularly China and Africa, more than offset the continued decline in powder sales in Thailand. Our balsamic vinegar business delivered good growth in both Europe and the US.

In our regionally-focused businesses, our brands in the US performed broadly in line with our expectations, which included a negative impact from the normalisation in sales of consumer oils. Sales of our UK-focused businesses declined overall, primarily due to lower volumes and sales in Allied Bakeries, as expected. Our Australia and New Zealand-focused businesses saw some recovery, supported by our recent acquisition of The Artisanal Group.

Ingredients

Ingredients revenue grew 4%. Sales in our yeast and bakery ingredients business, AB Mauri, grew 4% led by good growth in our Central and South American markets. Our speciality yeast business, AB Biotek, had an encouraging start to the year.

Our portfolio of speciality ingredients businesses, focused on enzymes, precision extraction, health and nutrition and pharmaceutical delivery systems, had overall sales growth of 1%. Most businesses performed well, including strong growth in our enzymes and health and nutrition businesses. Sales in our pharmaceutical business were softer.

Sugar

Sugar sales declined 2%, with good sales growth in Africa offset by a decline in European sales prices, as expected.

Our African sugar business delivered sales growth across most markets. Growth was good in Zambia and Malawi, while sales in Tanzania continued to be impacted by the overhang of high levels of imports earlier in 2024. Our production in South Africa was impacted by lower cane yields due to drought. As expected, sales in the UK and Spain declined as a result of lower European sugar prices. The processing of our UK sugar beet crop is underway and early indications are that sugar production will be broadly in line with last year. Sales in Vivergo were significantly lower in the period. Bioethanol prices remain low and we have reduced our production levels in that business as a result.

¹ Kantar data for the 16-week period ending 8 December 2024

Agriculture

Agriculture revenue declined 4%. Our speciality feed and additives businesses delivered good growth. Our dairy business, which was formed through a number of acquisitions in 2023, also performed well. However, sales in our compound feed businesses continued to be lower due to reduced commodity prices and continued soft demand in the UK and China.

Outlook

Primark is now targeting low-single digit sales growth in 2025. This will be driven by our store rollout programme in growth markets in Europe and the US, which is on track to contribute around 4% to total Primark sales growth, offset by the weaker like-for-like sales in the UK and Ireland during the autumn. Despite the market conditions in the UK and Ireland, we remain confident in the Primark proposition and continue to focus on initiatives across product, digital and brand to drive underlying growth. We continue to expect Primark's adjusted operating profit margin to remain broadly in line with last year's level, as gross margins have continued to improve and good cost management offsets inflation and the step-up in investment.

For the other segments in the Group, there is no change to the guidance we provided in November 2024.

We are scheduled to announce our interim results for the 24 weeks to 1 March 2025 on 29 April 2025.

For further information please contact:

Associated British Foods:

+44 20 7399 6545

Eoin Tonge, Finance Director

Lucinda Baker, Head of Investor Relations

Chris Barrie, Corporate Affairs Director

Citigate Dewe Rogerson:

+44 20 7638 9571

Kevin Smith +44 7710 815 924

Angharad Couch +44 7507 643 004

An investor and analyst call will be held at 08:30 today, Thursday 23 January 2025. 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: <https://register.vevent.com/register/Blb5066429e7e043ff8d6410499673d03d>.