

**Associated
British Foods
plc**

Review of full year results for 52 weeks ended 14 September 2024

5 November 2024



Strong performance across our key financial metrics

Group revenue *

£20,073m
+4%

Adjusted operating profit *

£1,998m
+38%

Adjusted earnings per share

196.9p
+39%

Free cash flow

£1,355m
+£1.1bn

Return on avg. capital employed

18.1%
Up from 13.6%

Total dividend **

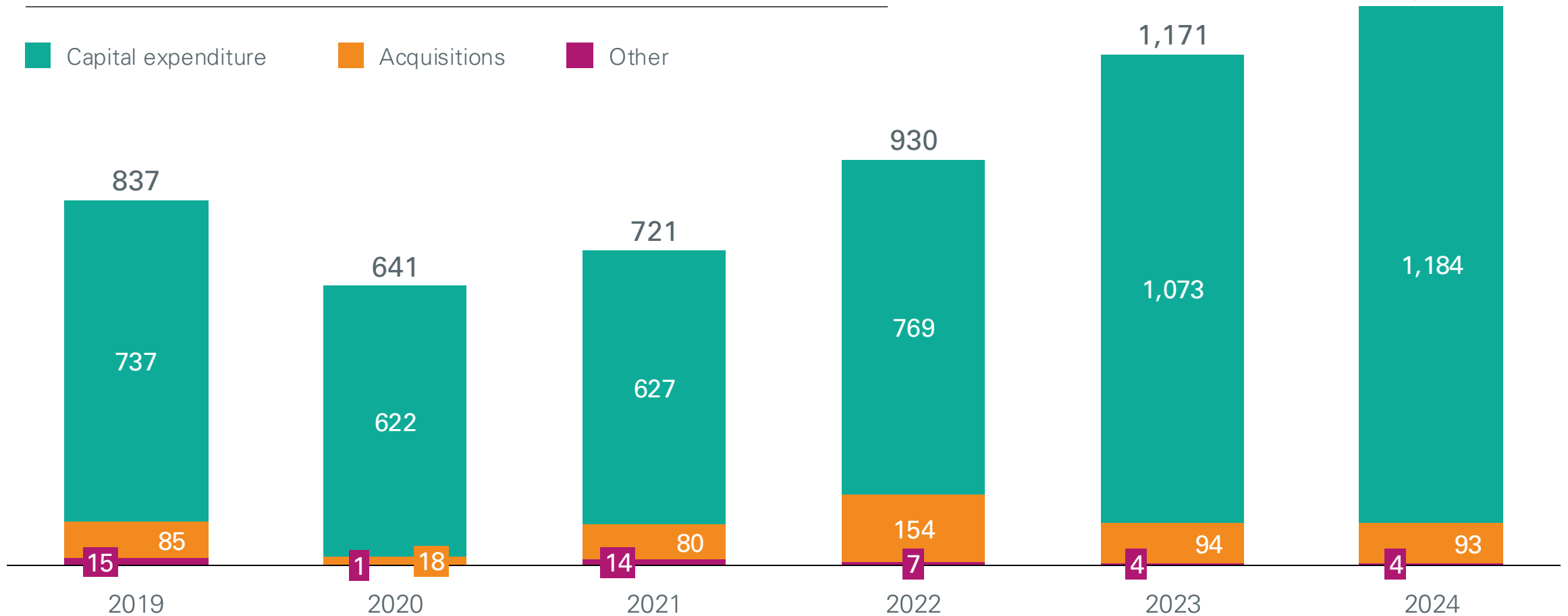
90.0p
+50%

Year of very strong financial and operational progress across the Group

- Substantial improvement in profitability, excellent cash generation and strong returns
- Strong execution and performance across Retail and Food businesses
- A return to some normality in our markets and supply chains
- Result of consistent, multi-year growth investment
- Focused approach is delivering progress in sustainability priorities
- Strong returns to shareholders through dividends and buybacks

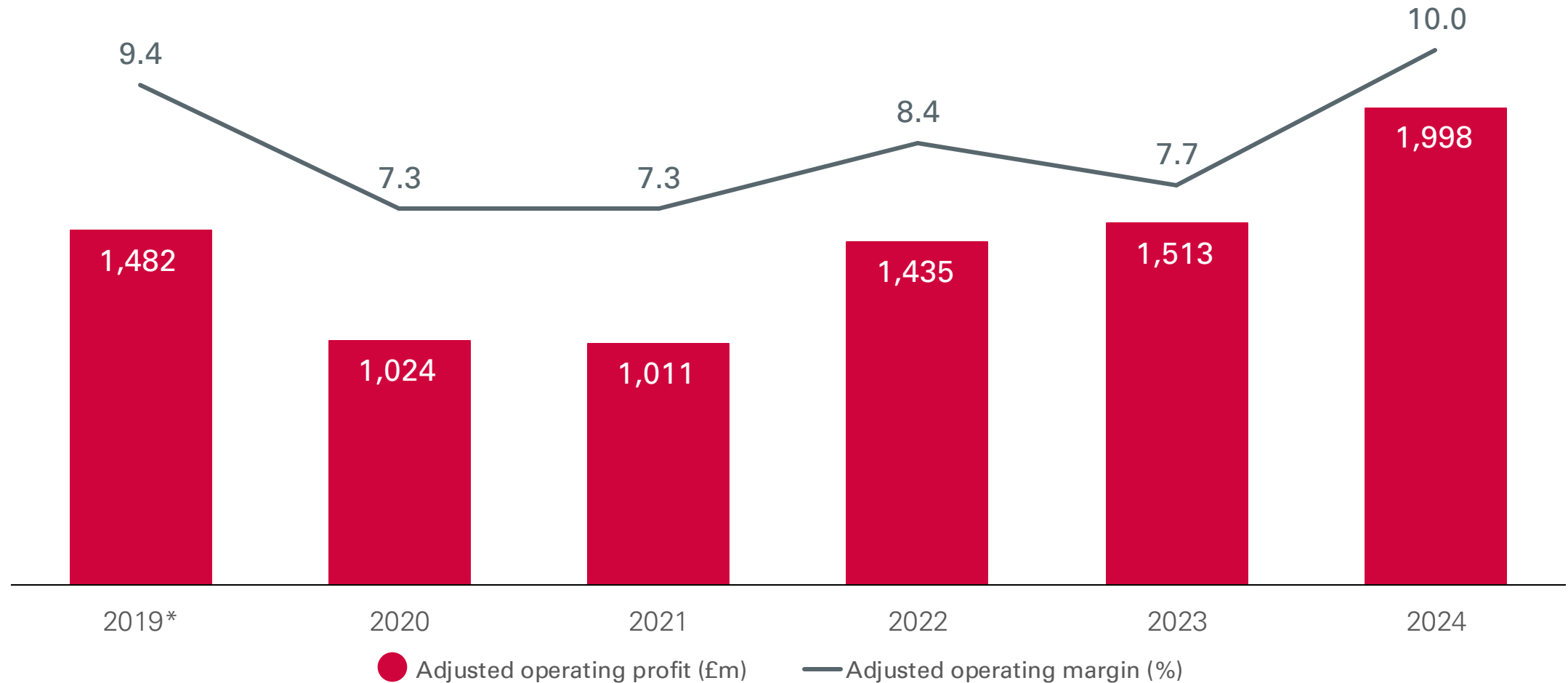
Consistent multi-year investment driving long-term growth

Gross investment 2019 to 2024, £m



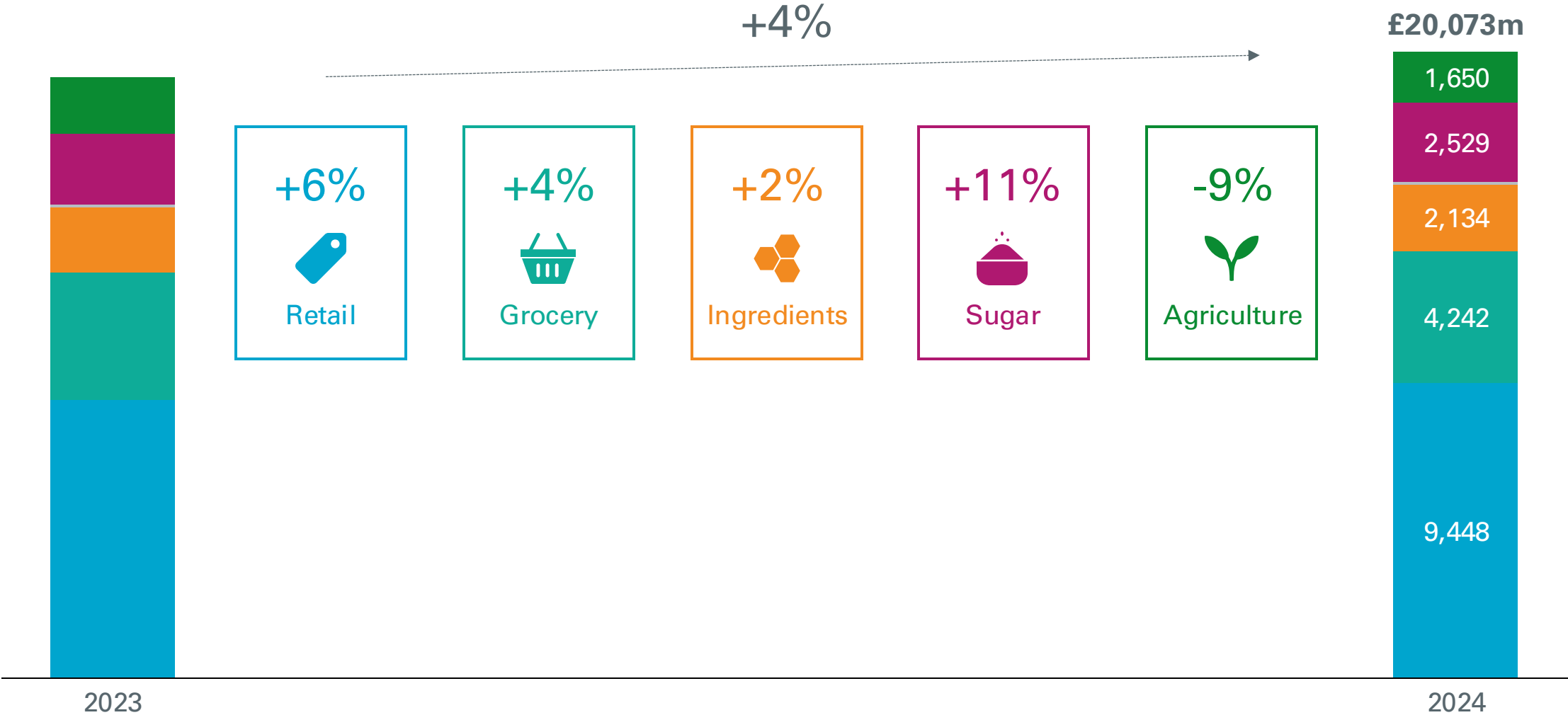
Significant growth in operating profit and margin recovery

Group adjusted operating profit and margin, 2019 to 2024



Revenue growth driven by both Retail and Food businesses

Group revenue, 2023 to 2024, £m*

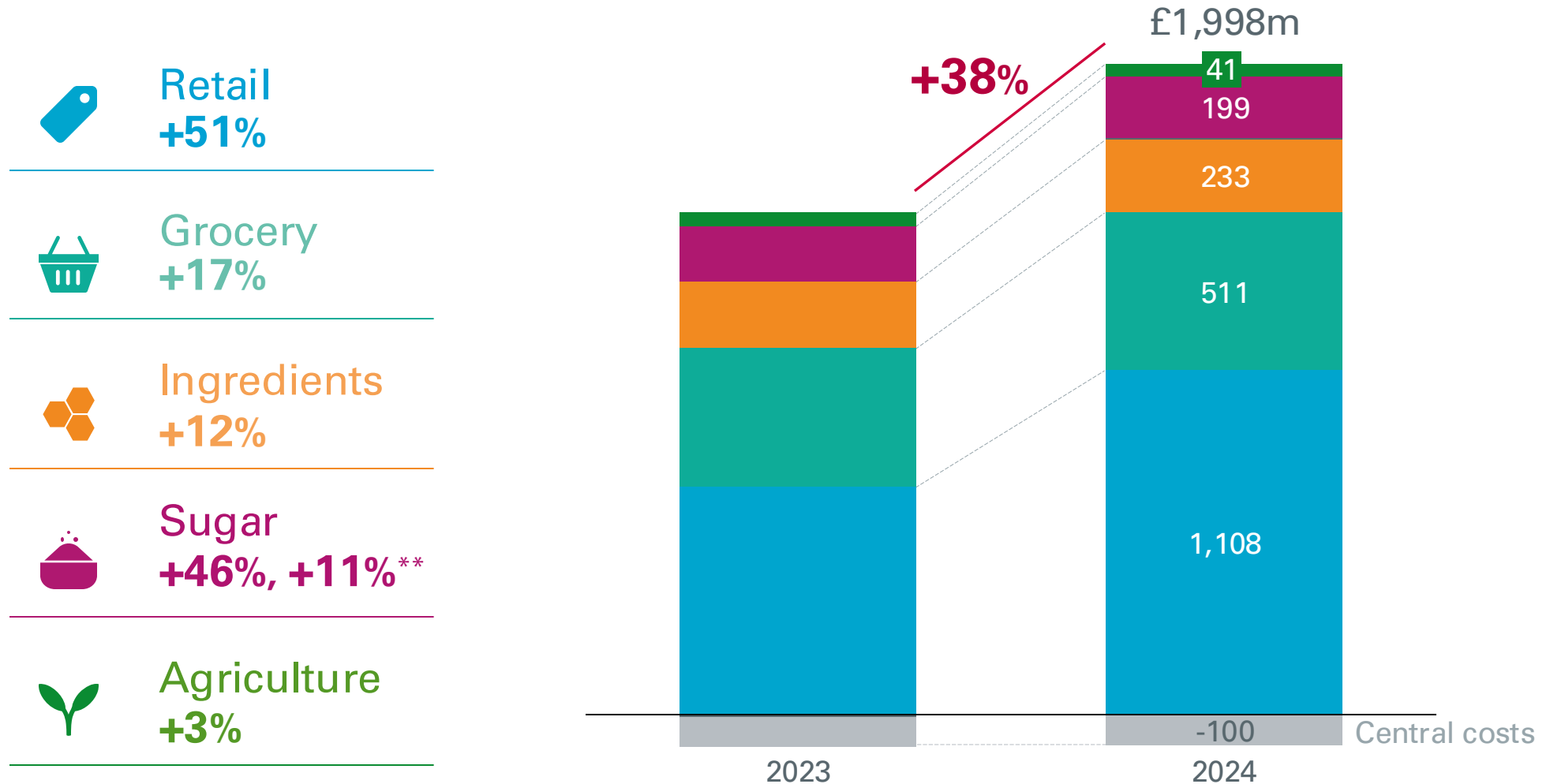


* 2023 and 2024 includes revenue from disposed businesses of £73m and £70m respectively;

Comparisons to prior year presented at constant currency

Substantial growth in adjusted operating profit while investing for growth

Group adjusted operating profit, £m*, and % change at constant currency, 2023-2024

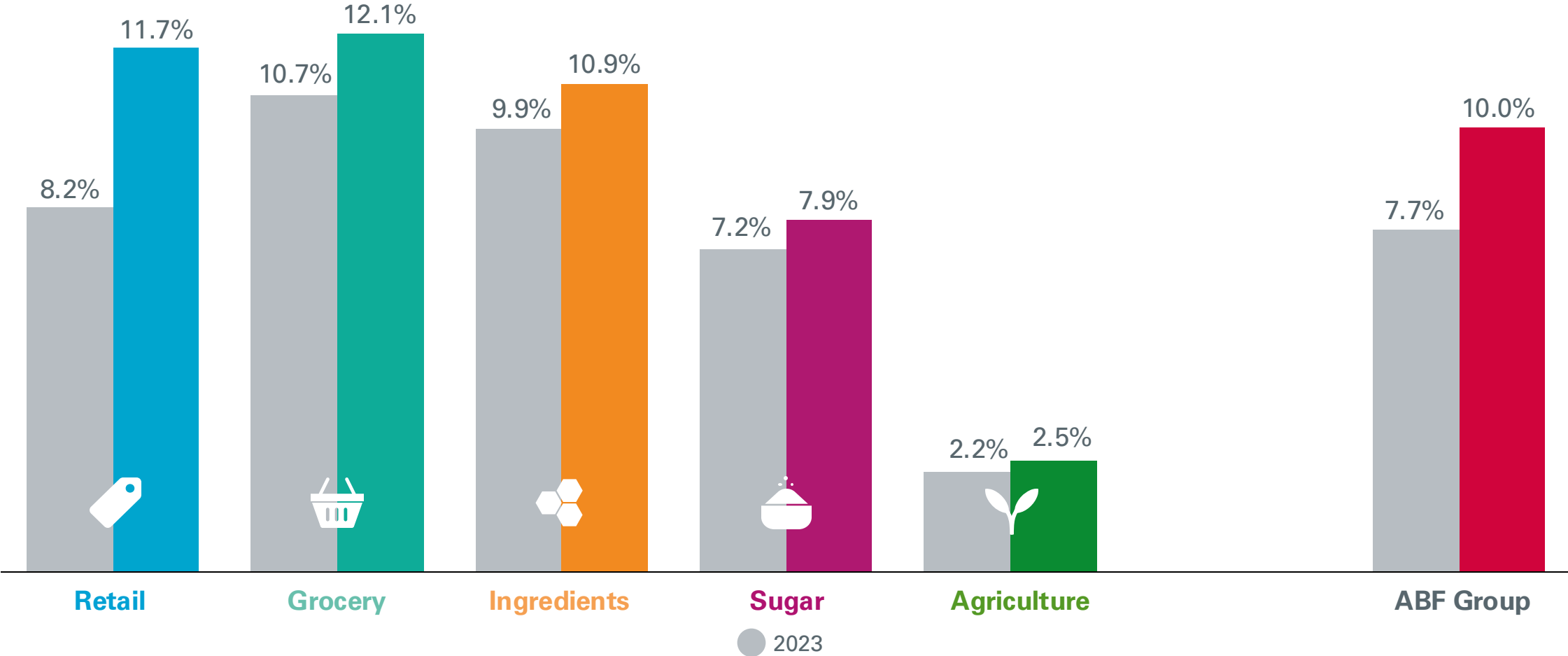


* Adjusted operating profit includes a (loss)/profit from disposed businesses of £(10)m in 2023 and £6m in 2024

** Change at actual currency, with the impact primarily in our sugar businesses in Africa

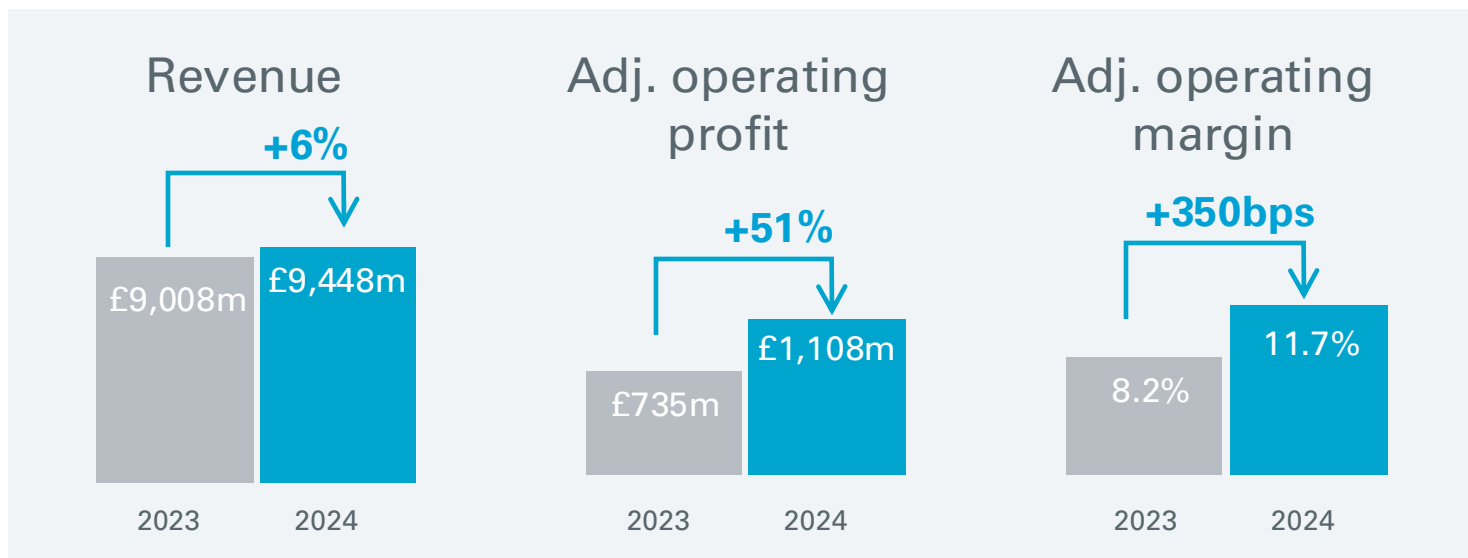
Significant recovery in adjusted operating margins across the Group

Group adjusted operating margin, 2023 to 2024, %



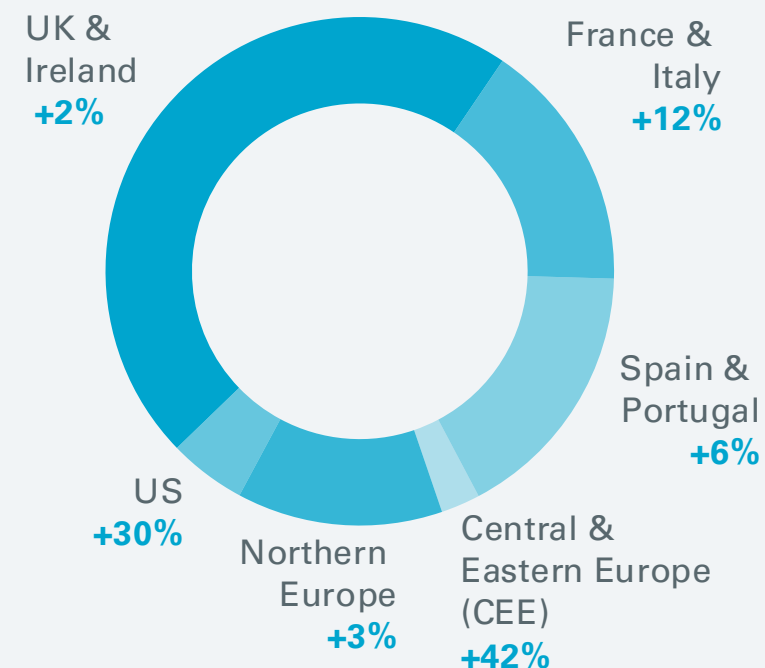


Sales growth and significant margin recovery



- Strong performance in key growth markets: US, France, Spain, Italy & CEE
- Growth in largest market, the UK; like-for-like sales up 1.0%
- Operating margin recovery led by increase in gross margin
- Investing in initiatives across digital, product and brand
- Increase in return on average capital employed to 18.7%, up from 12.0%

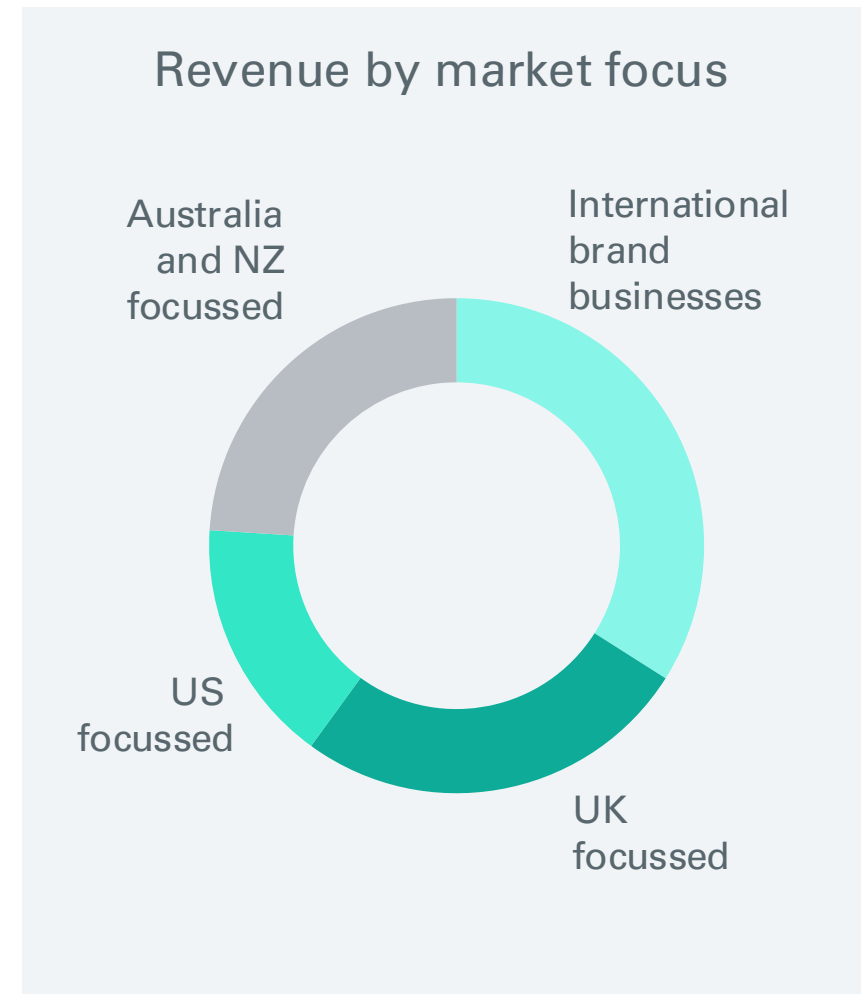
Revenue and growth % by market





Strong margin improvement while investing in marketing

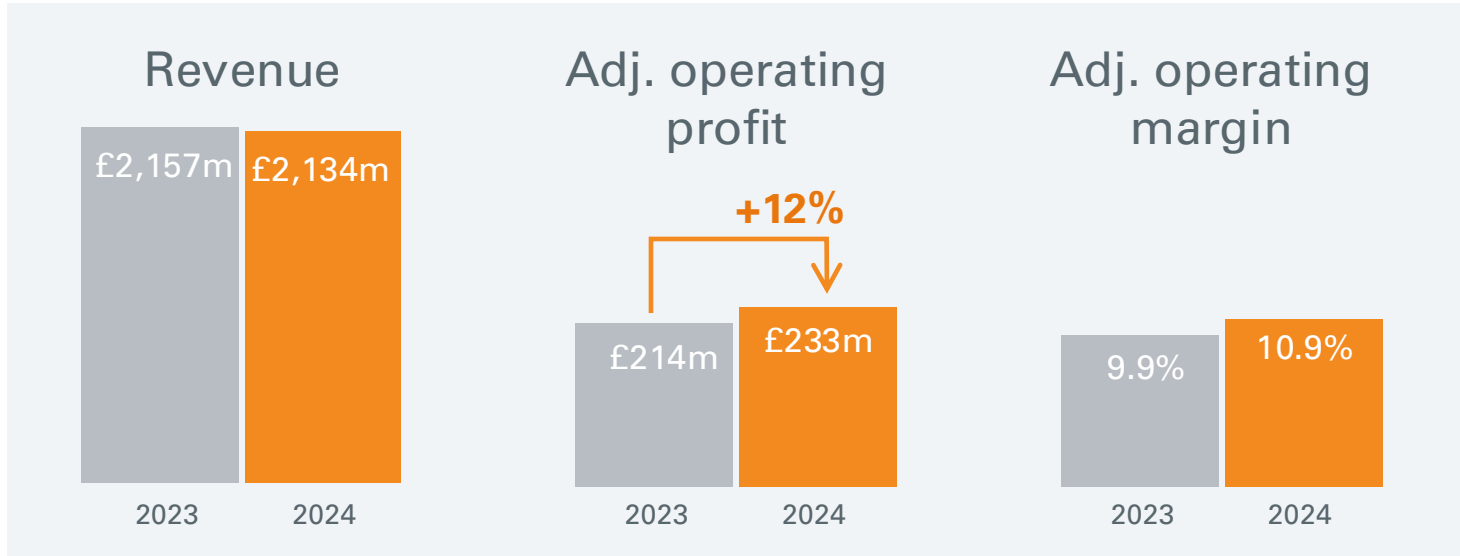
Grocery



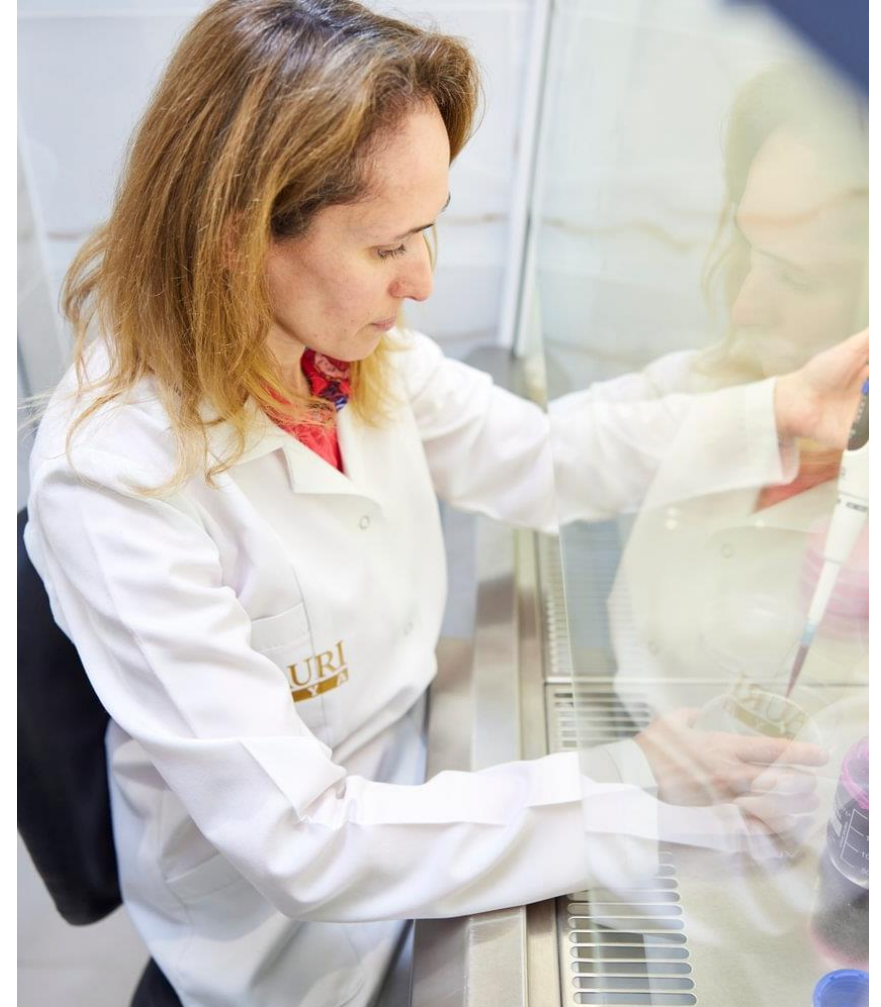
- Benefitting from increased investment in effective marketing
- Strong commercial execution and successful new products
- Easing in input cost pressures reflected in margin recovery
- Strong performance in US business; started to normalise in Q4
- Increase in return on average capital employed to 35.8%, up from 30.0%



Good growth in operating profit while continuing to invest



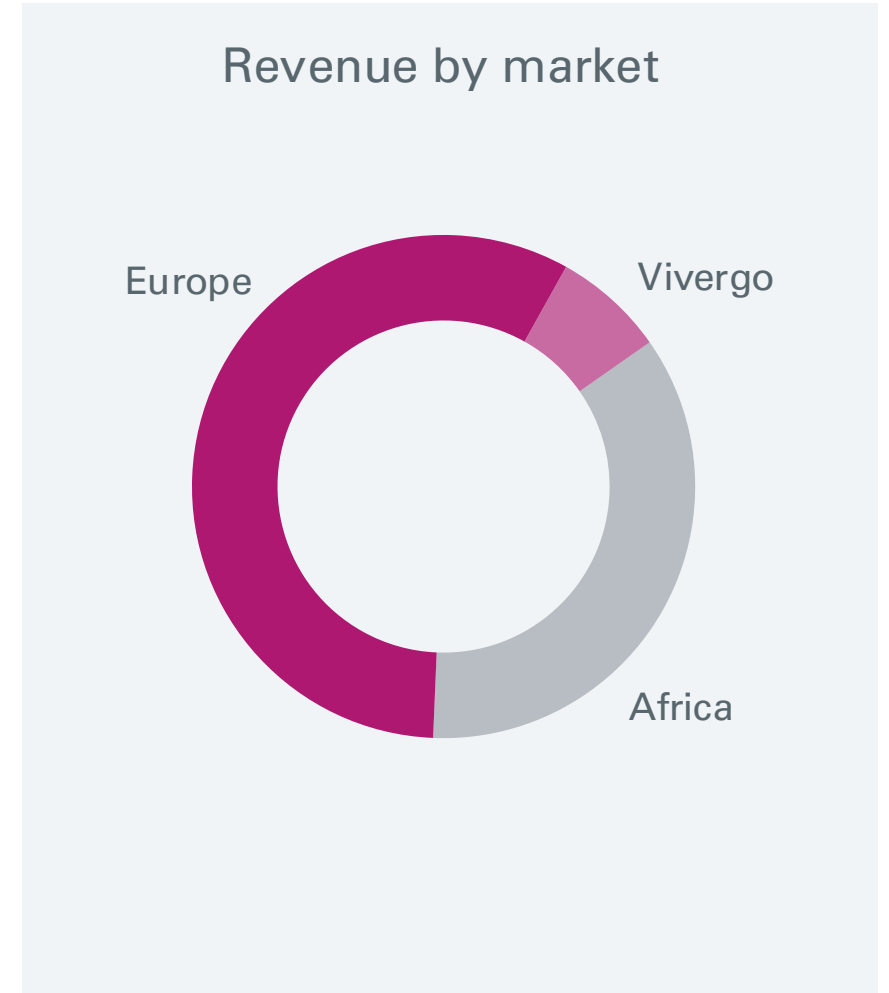
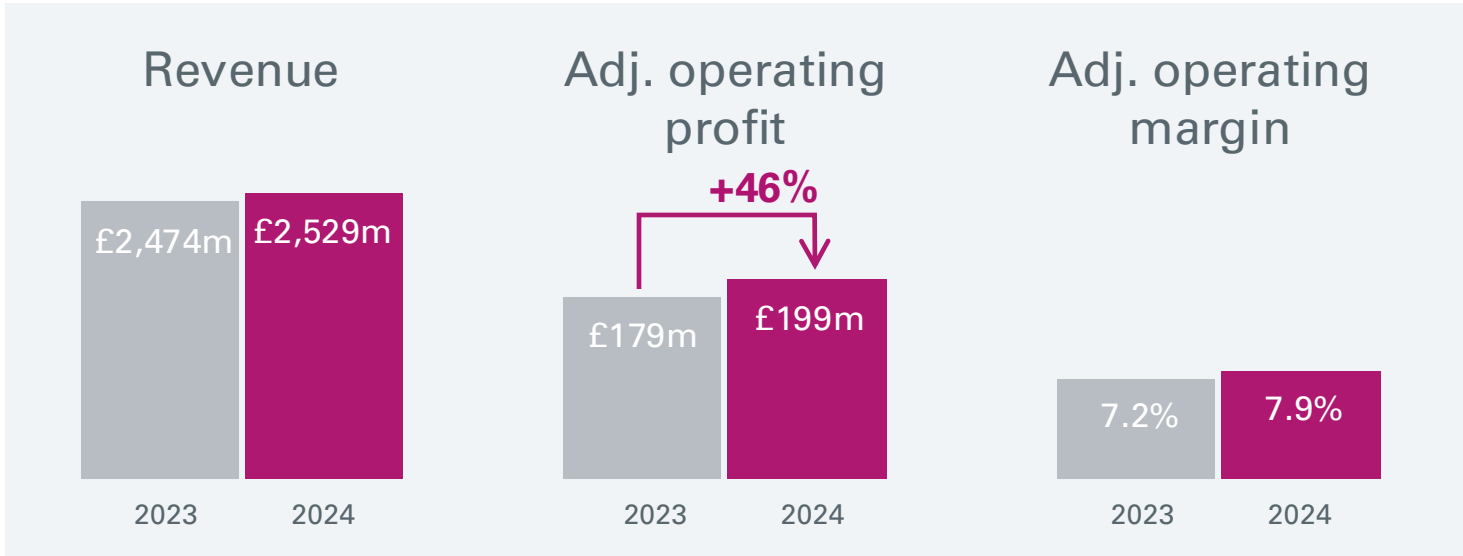
- Strong performance in yeast and bakery ingredients
- Growing our presence and capabilities through strategic acquisitions
- Speciality ingredients impacted by customer destocking in H1; improved in H2
- Return on average capital employed of 16.9%





Significant growth in operating profit

Sugar



- High UK/European sugar prices in H1; significant price fall in Q4
- Good growth in most markets in Africa; particularly Zambia and South Africa
- Strong operational performance drove much-reduced losses in Vivergo
- Exited business in China
- Return on average capital employed of 10.9%



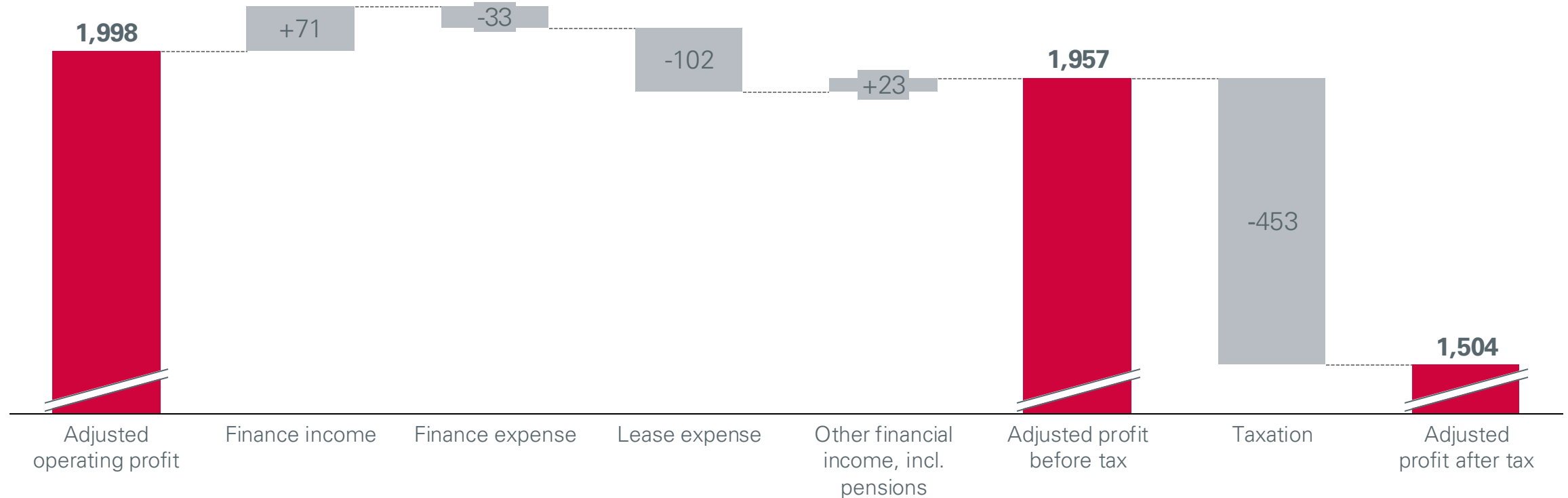
Operating profit in line with prior year



- Speciality feed and additives performed well
- Dairy business performed well as the integration continued
- Soft demand in compound feed in UK and China
- Frontier JV, impacted by wet weather in UK in autumn 2023
- Return on average capital employed of 8.0%



Growth in adjusted earnings driven by increase in profit



£1,479m: +34%

Adjusted earnings attributable to equity shareholders

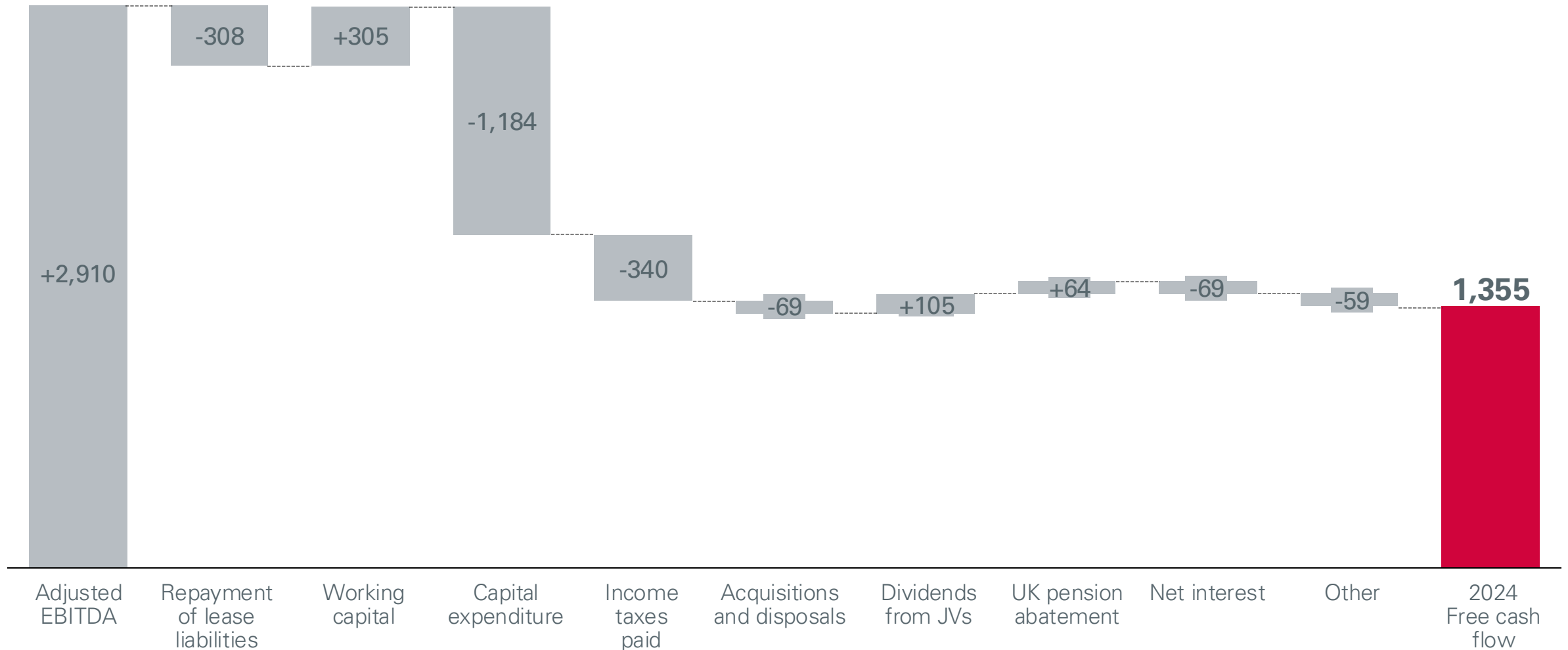
196.9p: +39%

Adjusted earnings per share

Basic earnings

	2024 £m	2023 £m	Change %
Adjusted profit before tax	1,957	1,473	+33
Acquired inventory fair value adjustments	(2)	(3)	
Amortisation of non-operating intangibles	(40)	(41)	
Exceptional items	(35)	(109)	
Profits less losses on sale and closure of businesses	26	(3)	
Profits less losses on disposal of non-current assets	16	28	
Transaction costs	(5)	(5)	
Profit before tax	1,917	1,340	+43
Taxation	(437)	(272)	
Profit after tax	1,480	1,068	+39
Profit attributable to equity shareholders	1,455	1,044	+39
Basic earnings per share (in pence)	193.7p	134.2p	+44

Free cash flow increased £1.1 billion driven by profit and working capital



Strong balance sheet and low leverage underpins our capital allocation

	2024 £m	2023 £m
Cash, cash equivalents, overdrafts and current asset investments	1,569	1,388
Total liquidity	2,869	2,716
Net cash before lease liabilities	1,044	895
Total net debt	(2,021)	(2,265)
Leverage ratio (times)	0.7x	1.0x

Invested £1.3bn in 2024 to underpin long-term sustainable growth

Retail £530m

- 22 new stores opened
- Store refurbishment programme continues
- Depot expansion and automation
- Various technology and digital investments

Ingredients £238m

- New fresh yeast plant in India
- Expanded capacity in Ohly Hamburg
- Flour mill relocation in Australia
- High-care enzyme powder packing
- Various acquisitions for AB Mauri

Grocery £226m

- Tip Top capacity expansion in Australia
- New Ovaltine production in Nigeria
- Capacity expansion for Patak's in Poland
- New Scrocchiarella capacity in the UK
- Various technology investments
- Acquisition of The Artisanal Group

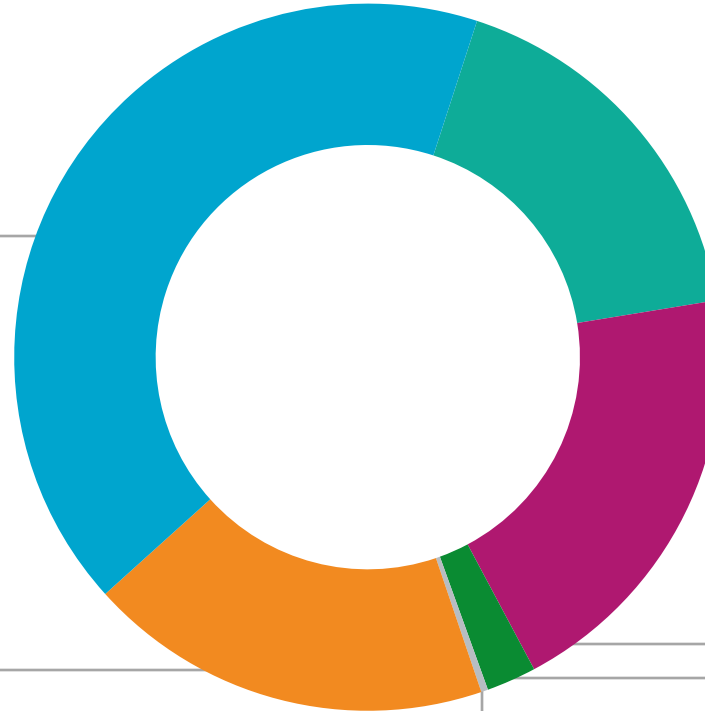
Sugar £252m

- New sugar mill in Tanzania
- Energy reduction for Wissington site
- New sugar refinery in Spain
- Various investments in irrigation and yields
- ERP upgrade

Agriculture £29m

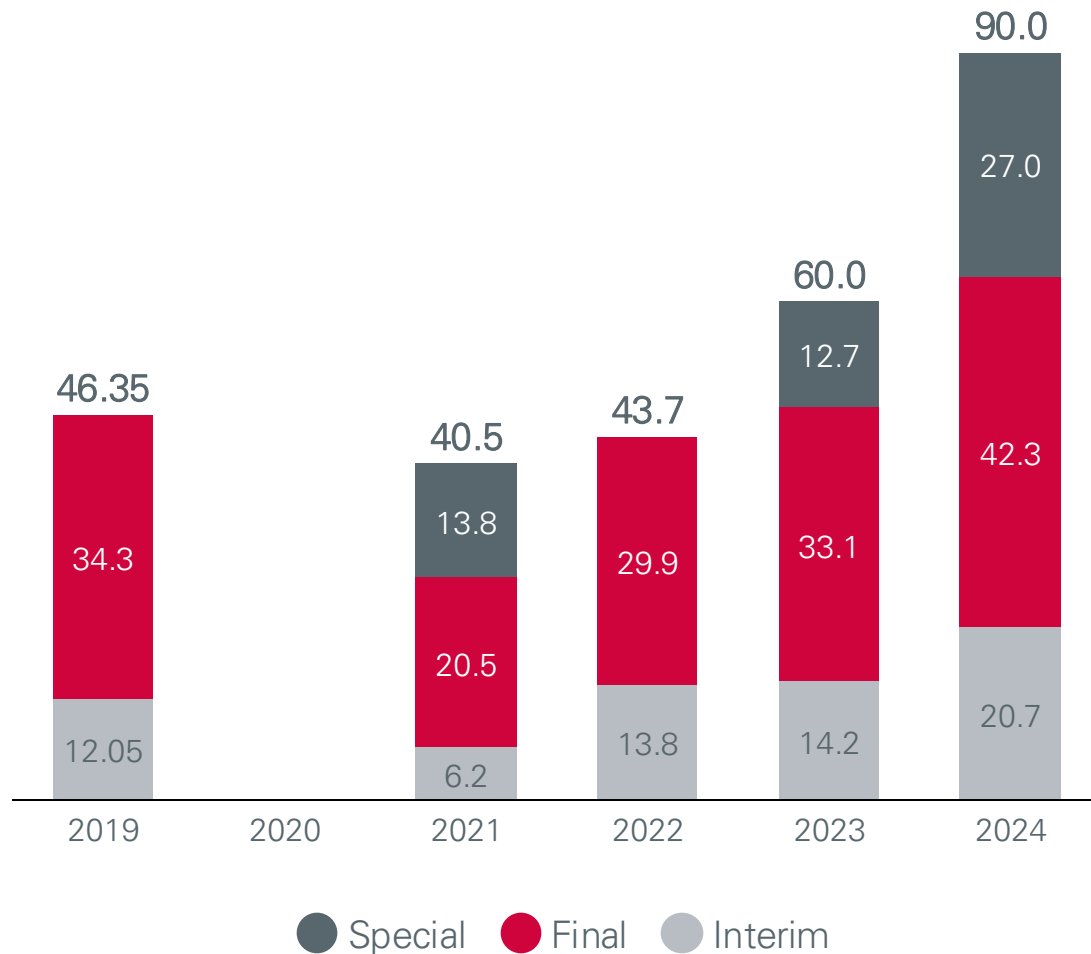
- New premix plant in China & Vietnam
- ERP upgrade

Central £6m

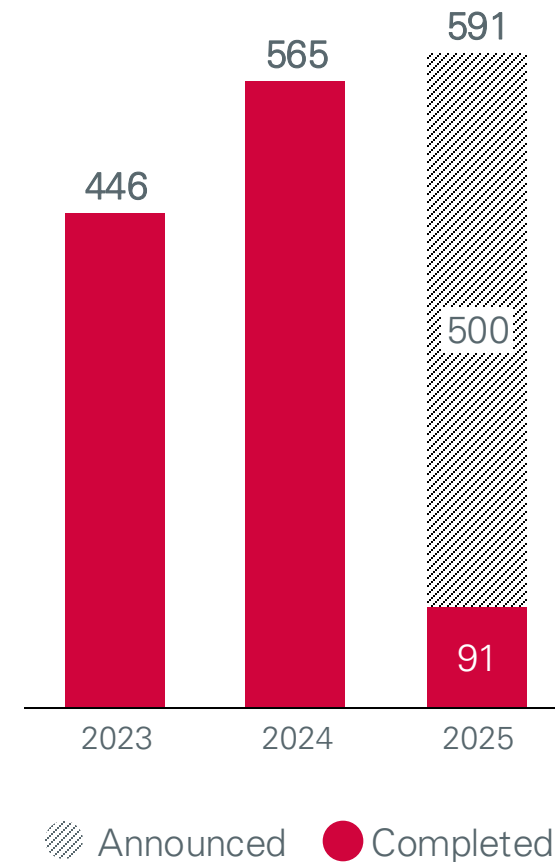


Strong returns to shareholders through dividends and buybacks

Total declared dividend per share, 2019-2024



Share buybacks executed in year, 2023-2025



Outlook

Primark

- Targeting to deliver mid-single digit sales growth driven by store rollouts in our growth markets in Europe and US
- Continue to focus on like-for-like sales growth in more mature markets
- Growth supported by investment in initiatives across product, digital and brand
- Adjusted operating margin to remain broadly in line with 2024

Grocery

- Continued sales momentum, underpinned by increased marketing investment
- Full year effect of performance in our US-focused businesses normalising

Ingredients

- Growth in yeast and bakery ingredients and improved growth in speciality ingredients

Sugar

- Sugar operating profit to be in the range of £50m to £75m
- Reduction in European pricing in Q4 2024 to impact Sugar performance significantly
- Profitability to recover in 2026 to be more in line with 2024, as a result of the lower beet prices that have been contracted and a rebalancing of supply and demand in the market

Agriculture

- Some improvement, particularly as our grain trading business recovers in the UK

Retail

CK & CO



Shop online
at [primark.com](https://www.primark.com)

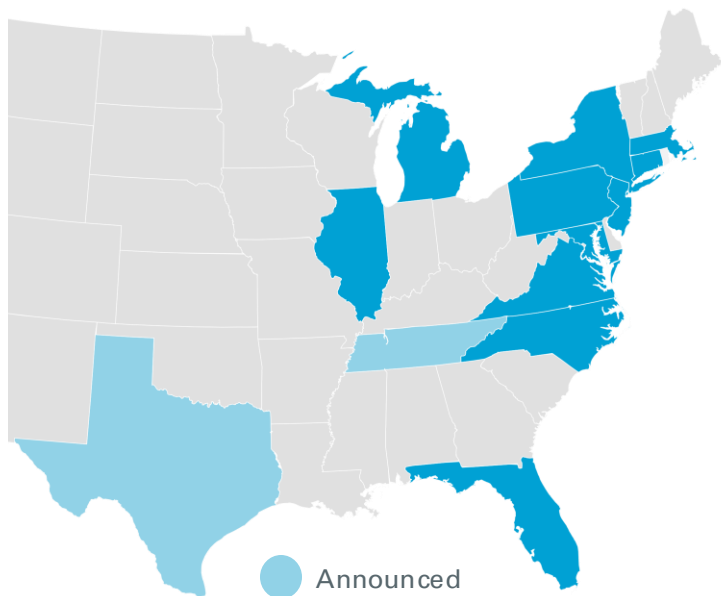


...g up?
...n pay for
...n-store
...ases here too.





Good growth momentum across our markets



US: £0.5bn
Growth: **+30%**
New stores: **6 (27)***



UK and Ireland: £4.4bn
Growth: **+2%**
New stores: **3 (232)***



Italy & France: £1.5bn
Growth: **+12%**
New stores: **5 (44)***



Northern Europe: £1.2bn
Growth: **+3%**
Stores closed: **3 (60)***



Spain & Portugal: £1.6bn
Growth: **+6%**
New stores: **5 (74)***



Central & Eastern Europe: £0.2bn
Growth: **+42%**
New stores: **3 (14)***



Good execution of store rollout programme continues

Strong momentum in Europe

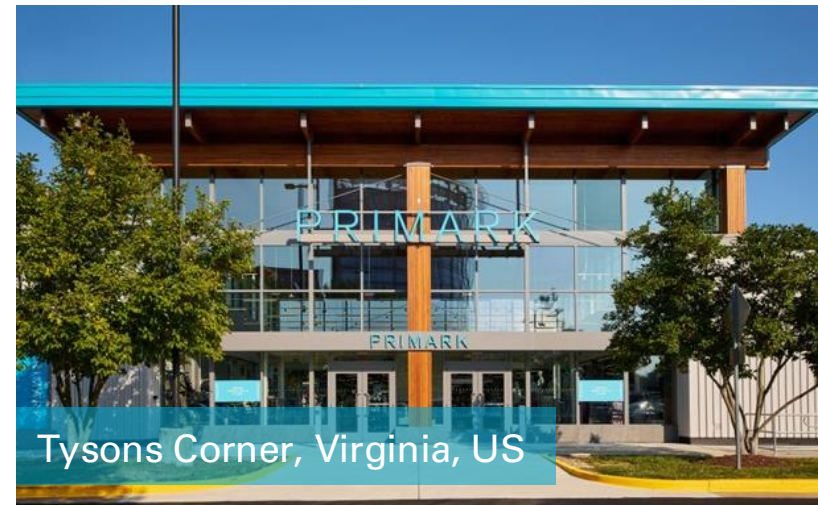
- 16 stores opened in 2024
- 3 stores in CEE, 1st store in Hungary
- 5 stores in Spain, 12th store in Madrid

Good progress in US

- Stores performing well with good densities
- 6 stores opened in 2024: 1st stores in Virginia, North Carolina & Michigan
- 14 leases signed, including in Manhattan, NYC



Budapest, Hungary



Tysons Corner, Virginia, US

Driving medium and long-term growth

Clear roadmap for new store rollouts

- Significant white space remains in Europe & US
- Announced intention to open stores in GCC markets
- Store rollout programme continues to drive strong growth

Targeting new stores to contribute around 4% to 5% per annum to total sales growth for the foreseeable future





Winning with customers through unbeatable prices and great-quality products

Great-value essentials



Almost 85% of units we sell are £10 and under

Broadening our product offering



Collaborations, licensing and the Edit collections contributing strong growth

Category expansion

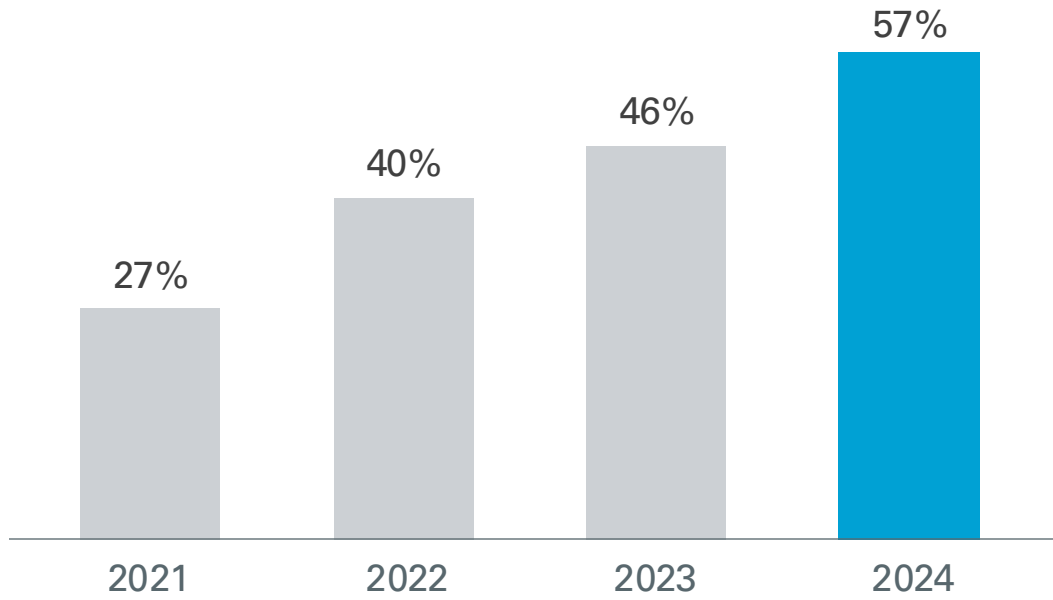




Good progress on our sustainability priorities

Making progress on cotton

% of clothing units sold containing cotton that is organic, recycled or sourced from our **Primark Cotton Project**



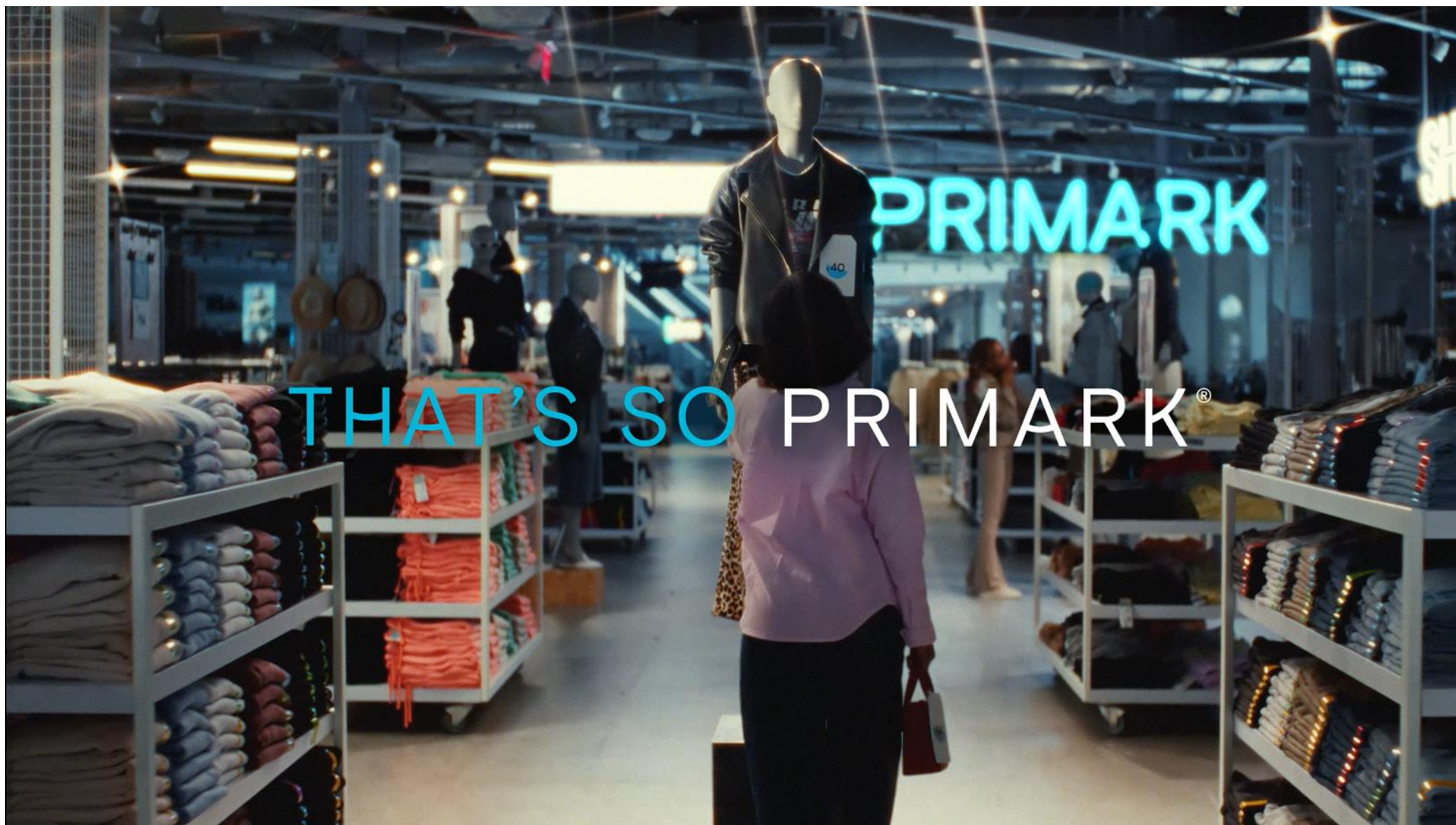
Implementing a new durability framework





Investing in targeted marketing campaigns





THAT'S SO PRIMARK®

Using digital to drive engagement and footfall

Digital engagement

- Website traffic increased 23% to 140m visits
- Grown customer database to c.3m
- Stock checker usage 15%-25%, up 35%

Click & Collect

- Now in 87 stores in GB
- Roll out to all GB stores in 2025
- Driving incremental in store purchases and attracting new and returning customers





Cost optimisation and efficiency to support margins and enable investment

Stores and central costs

- Self-check outs driving efficiencies
- Cost optimisation through store operating model
- Energy cost efficiencies



Supply chain

- New distribution centre in Florida, US
- Increasing warehouse automation across Europe





Encouraging progress on reducing our carbon emissions

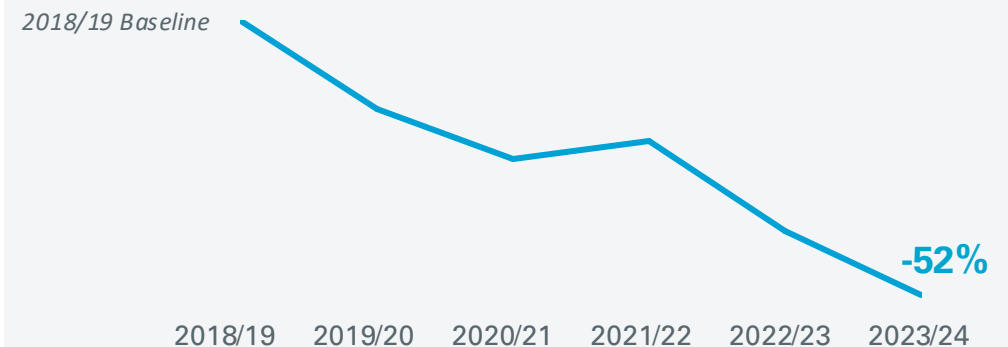
Scope 3 emissions

- Reduced by 12% compared to 2023
- 0.6% lower than 2018/19 baseline, despite increased volume
- Focus on supplier factory efficiency programmes
- Investing in the Environmental Sustainability Team

Scope 1 and 2 (market-based) emissions

- Reduced by 21% compared to 2023
- 52% lower than 2018/19 baseline
- Energy efficiency in stores and procurement of renewable and low-carbon electricity

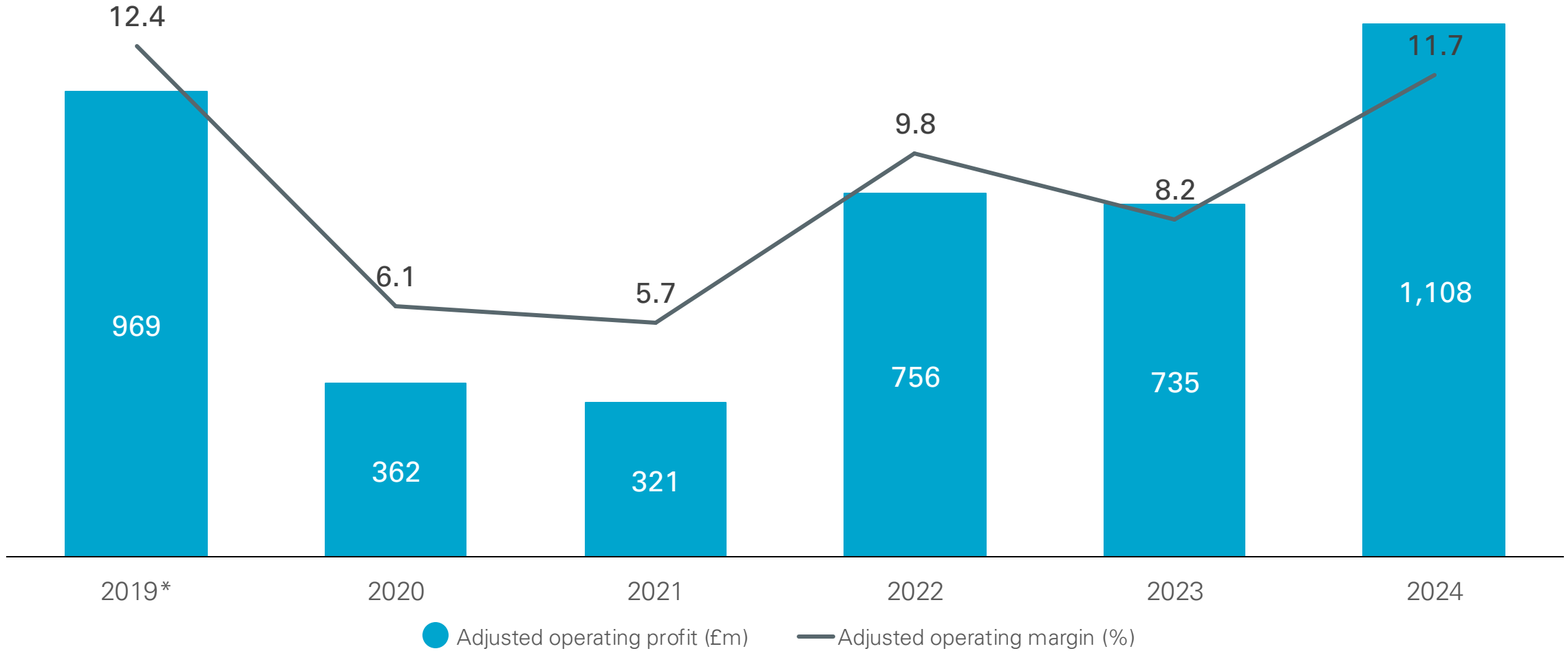
Scope 1 and 2 emissions (market-based) % reduction vs baseline





Significant improvement in profitability and margin recovery

Adjusted operating profit and margin, 2019 to 2024



Grocery





Grocery delivered strong profit growth and returns

- Increased investment in effective marketing and reached more consumers
- Successful product innovation to meet changing consumer needs
- Investing in capacity, capability and new market entry
- Evolving our portfolio in Australia and New Zealand



Increased investment in effective marketing



Effective targeting of our core consumers in the US



Building a consistent brand campaign globally



Investing in innovation to meet changing consumer needs





Investment for capacity, capability and market expansion

Grocery



Expanded bakery capacity at Tip Top Canning Vale, Australia



New Scrocchiarella capability Bradford, UK

Scrocchiarella



New production market for Ovaltine Lagos, Nigeria





Evolving our grocery portfolio in Australia and New Zealand



Ingredients





Good profit growth with continued investment in yeast and bakery ingredients

- Bakery ingredients markets in good health, bakery yeast industry margins have recovered
- Well positioned across more mature markets
- Growth opportunity across both emerging markets and product categories
- Investing in capacity and capability
- Delivering innovation in bakery ingredients and speciality yeast



Bakery yeast



Bakery ingredients



Retail



Speciality yeast



Expanding our yeast portfolio and capacity



OMEGA YEAST





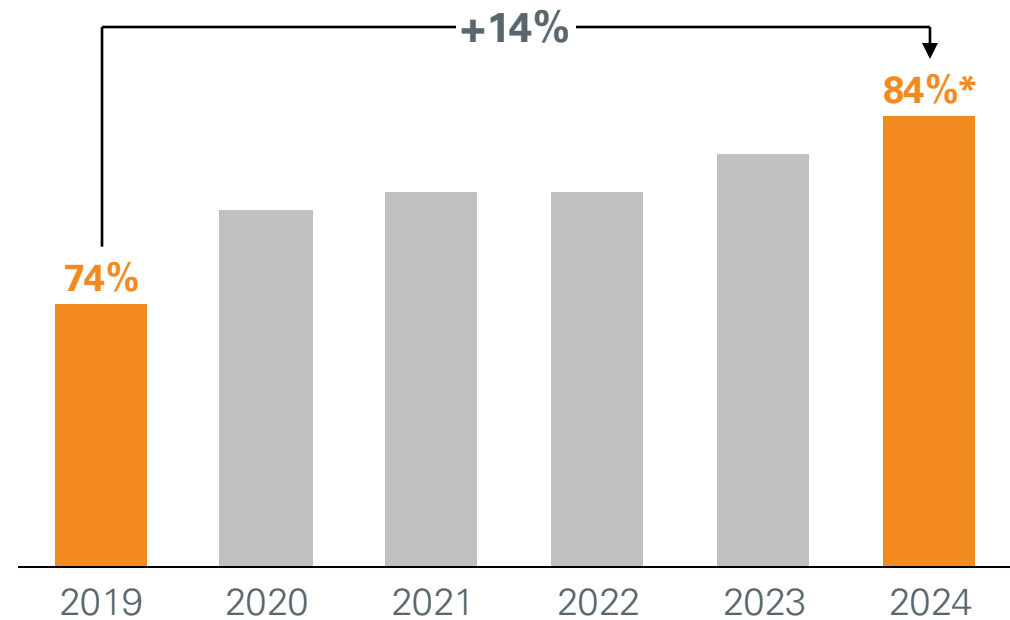
Multi-year investment in water stewardship in our yeast plants

Invested \$120m since 2010 on effluent treatment across our yeast plants

Significant progress across our yeast plants



Year-on-year increase in the proportion of water used that is treated and returned safely to the environment





ABF Ingredients: setting ourselves up for success in speciality ingredients

Ingredients



Technology platforms

Industrial Biotechnology

Precision Extraction

Synthetic Chemistry

Food & Beverage

Health & Nutrition

Industrial

Animal feed

Pharmaceutical delivery systems

Markets



Adding new capabilities and capacity for speciality ingredients



Fermentation and drying capacity in Germany



Powder packing expansion in Finland

Sugar 🍷





Strong fundamentals to support growth in our African businesses

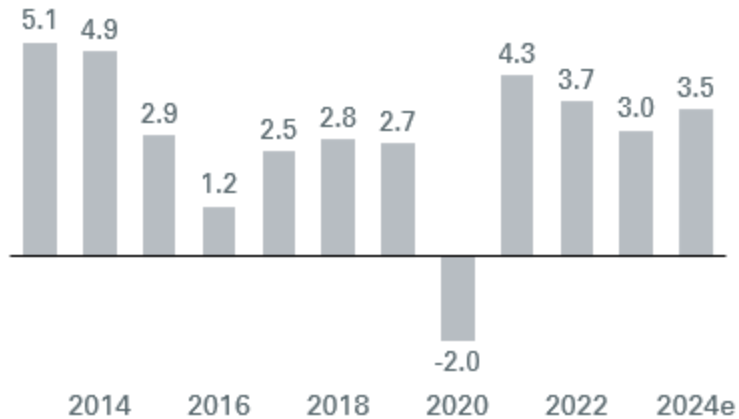
Growth in Africa

Sub-Saharan growing strongly

*Population growth for sub-Saharan Africa**

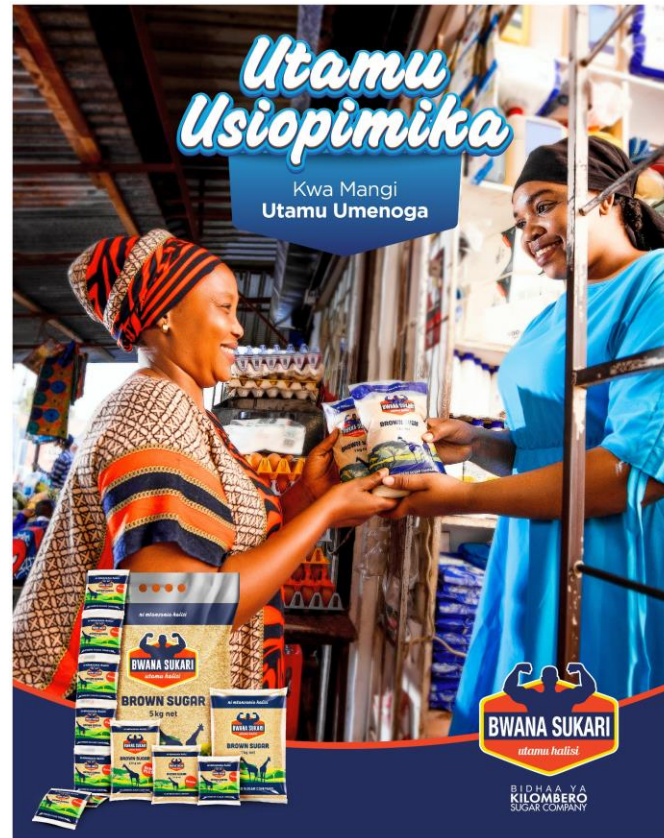


*Annual GDP growth for sub-Saharan Africa**



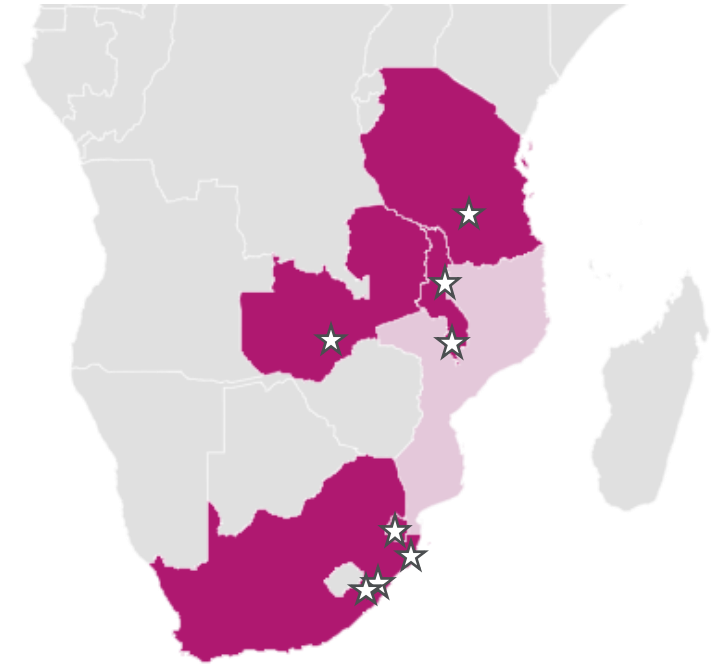
Strong market positions

Leading with our retail brands



Well-established footprint

Cane estates and manufacturing





Opportunity for continuous improvement in African sugar businesses

Agriculture



- New farming method which improves soil health
- Upgrading to precision agriculture technologies
- Yields increased by >15% vs. historical averages

Manufacturing



- Much-improved performance in South Africa and Zambia after a “back to basics” approach
- Focusing on investments that make the biggest impact
- Real opportunity to continue improving our production recoveries

Commercial



- Expanding and strengthening our routes-to-market
- Commercial execution benefitting from strong brand equity
- Leveraging distributor relationships to grow our sales coverage



Lower cost of beet expected to drive improved profitability in 2026

2024 and 2025

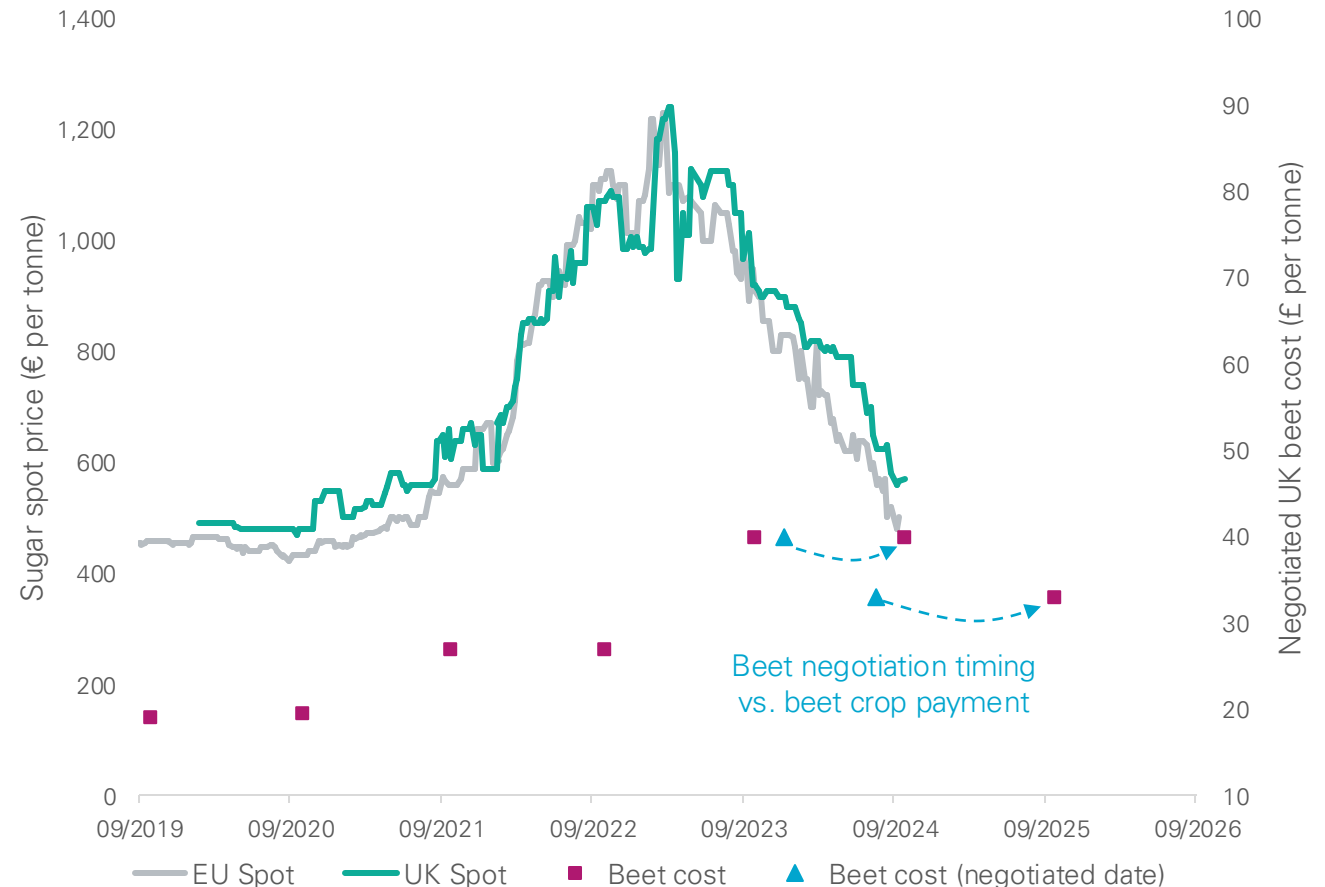
- High beet prices of £40/t for 2023/24 and 2024/25 campaigns
- Sharp reduction in European and UK sugar prices in second half of 2024

2026

- Lower beet price of £33/t for 2025/26 campaign
- Expect rebalancing of supply and demand in the sugar market

European spot sugar prices and UK negotiated beet prices

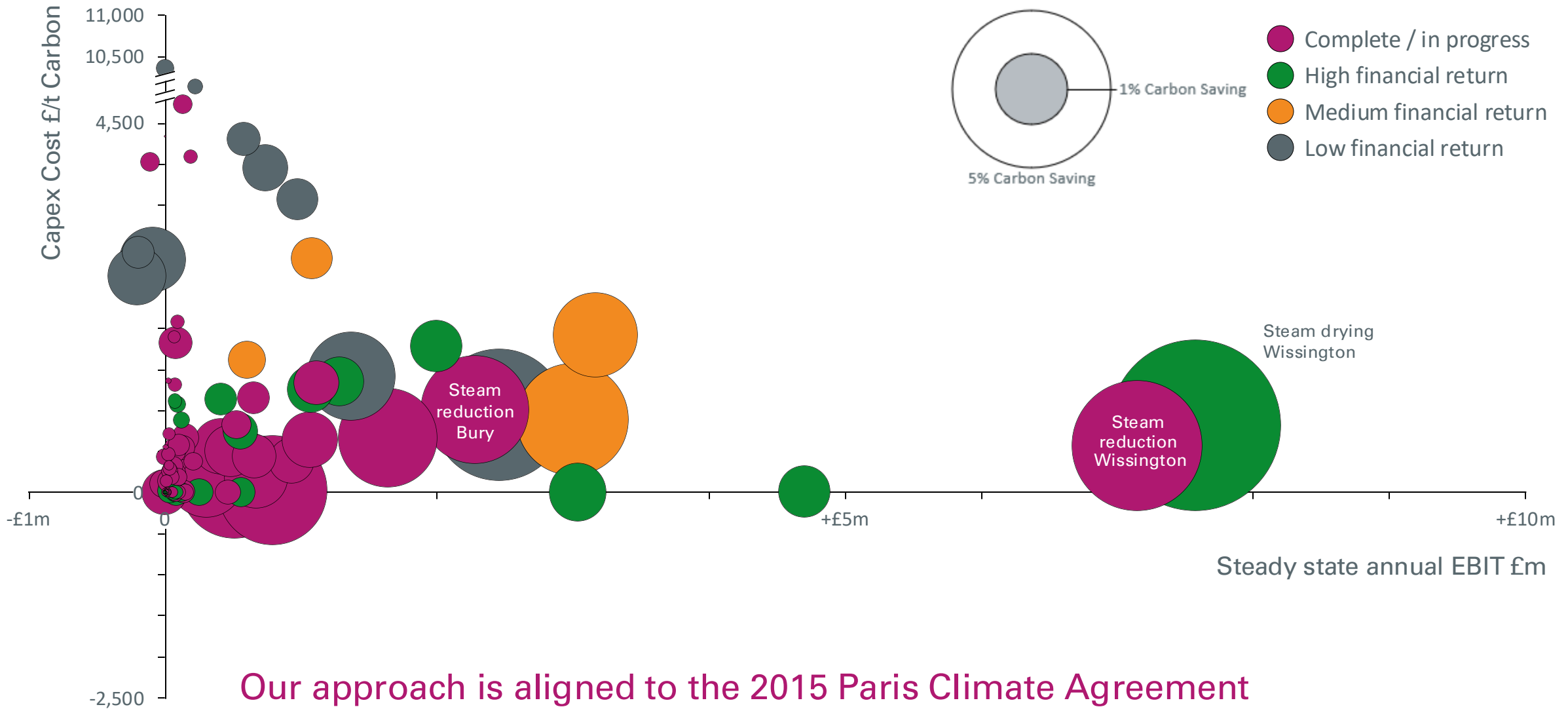
Beet price negotiations occur on average one year prior to implementation





Progress at British Sugar towards net zero with strong return on investment

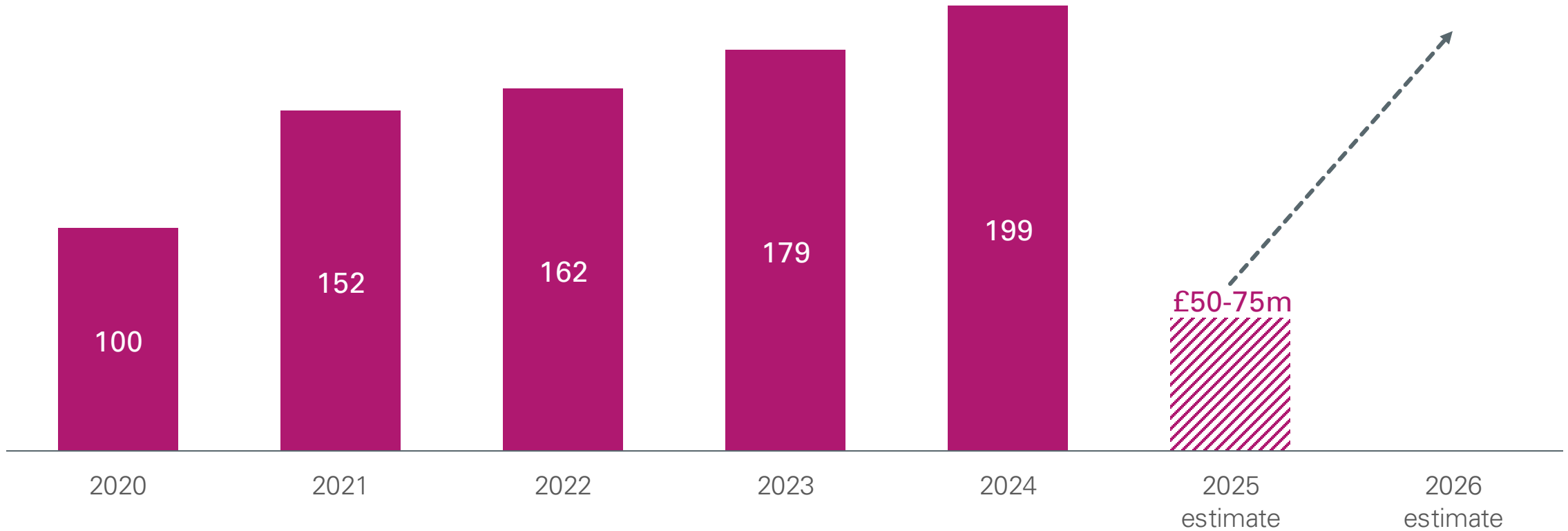
Sugar





Sugar profit expected to be significantly lower in 2025 before recovering in 2026

Adjusted operating profit (£m), 2020 to 2026 estimate



Agriculture





Growing our presence in value-added products and services

- Leveraging strong foundation in UK agriculture
- Continued integration of full service offering in the UK dairy market
- Improving animal nutrition through investment in innovation
- Growing internationally in speciality feed ingredients
 - Premixes
 - Feed additives
 - Starter feeds

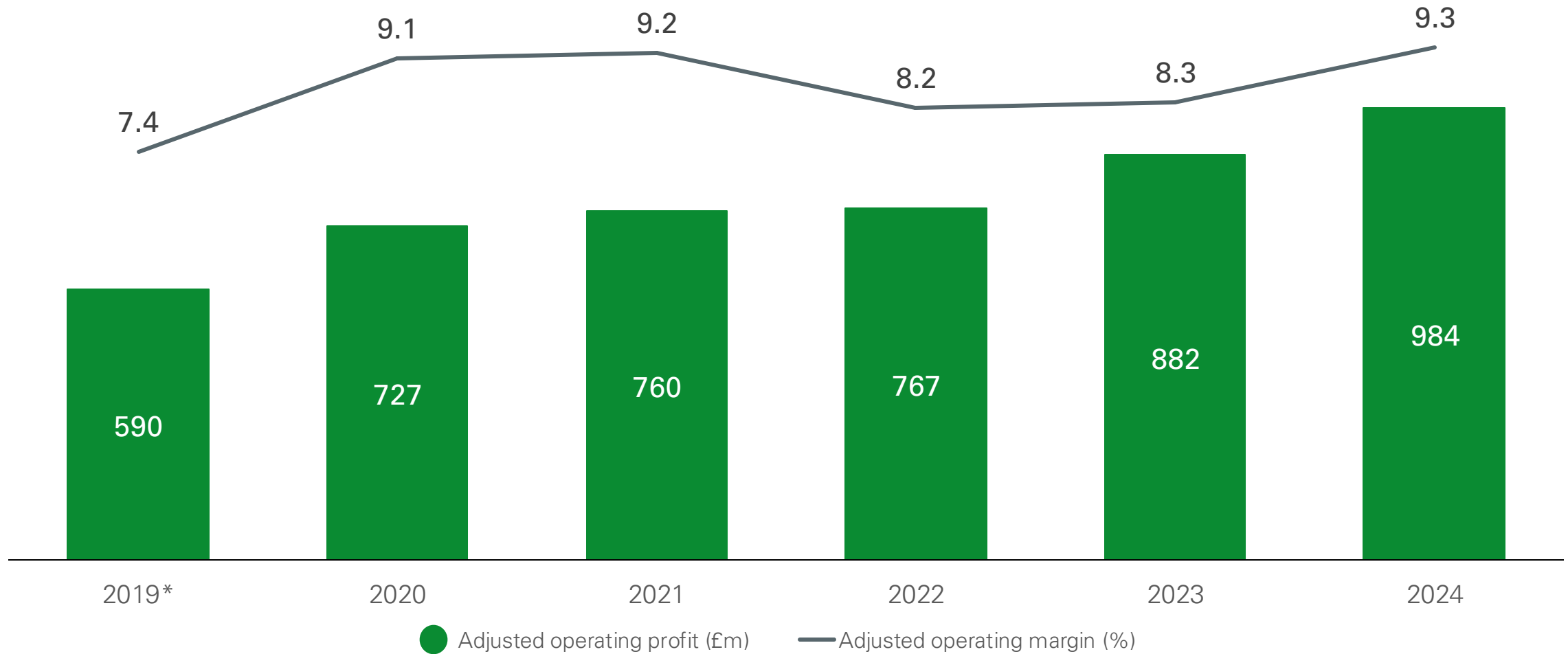


Summary



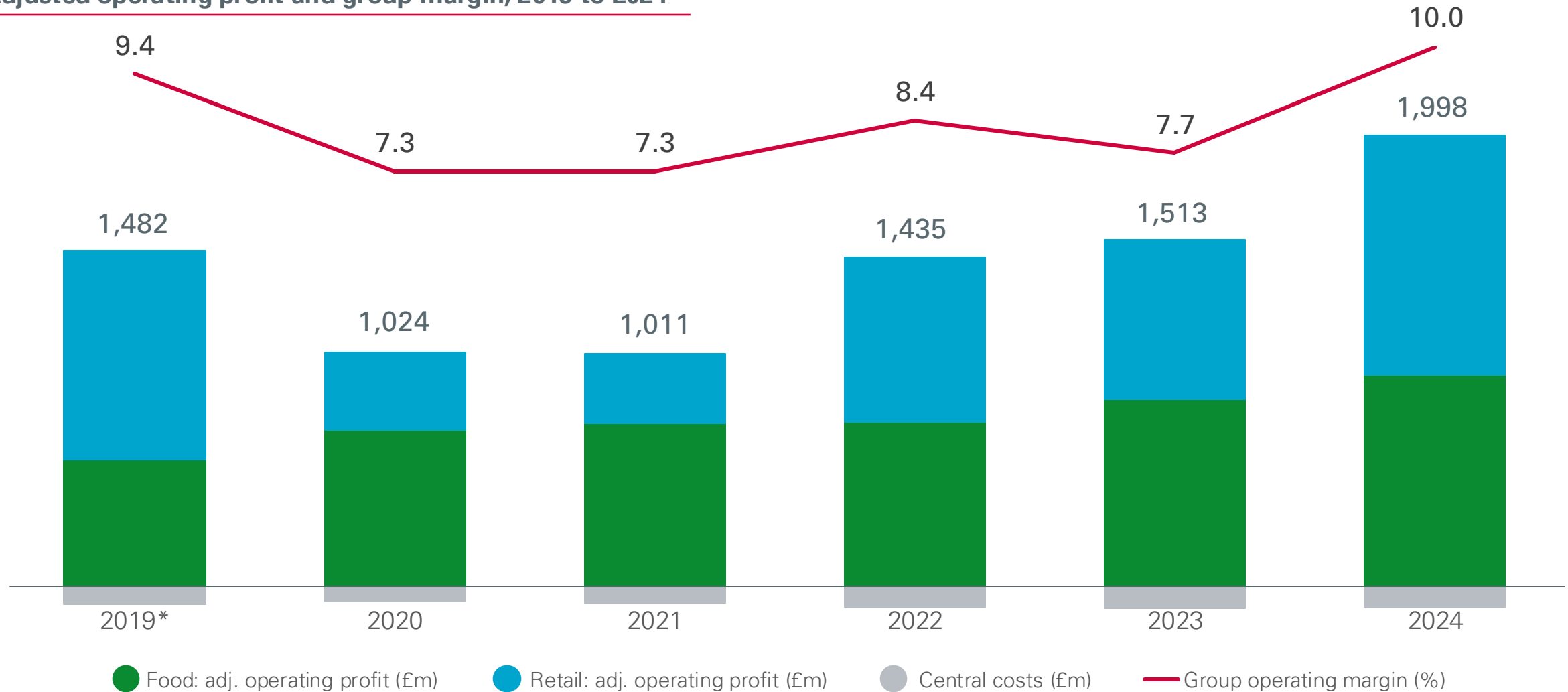
Margins and operating profit of Food businesses strongly ahead of 2019

Total Food businesses, adjusted operating profit and margin, 2019 to 2024



Both Retail and Food businesses driving profit growth and margin recovery

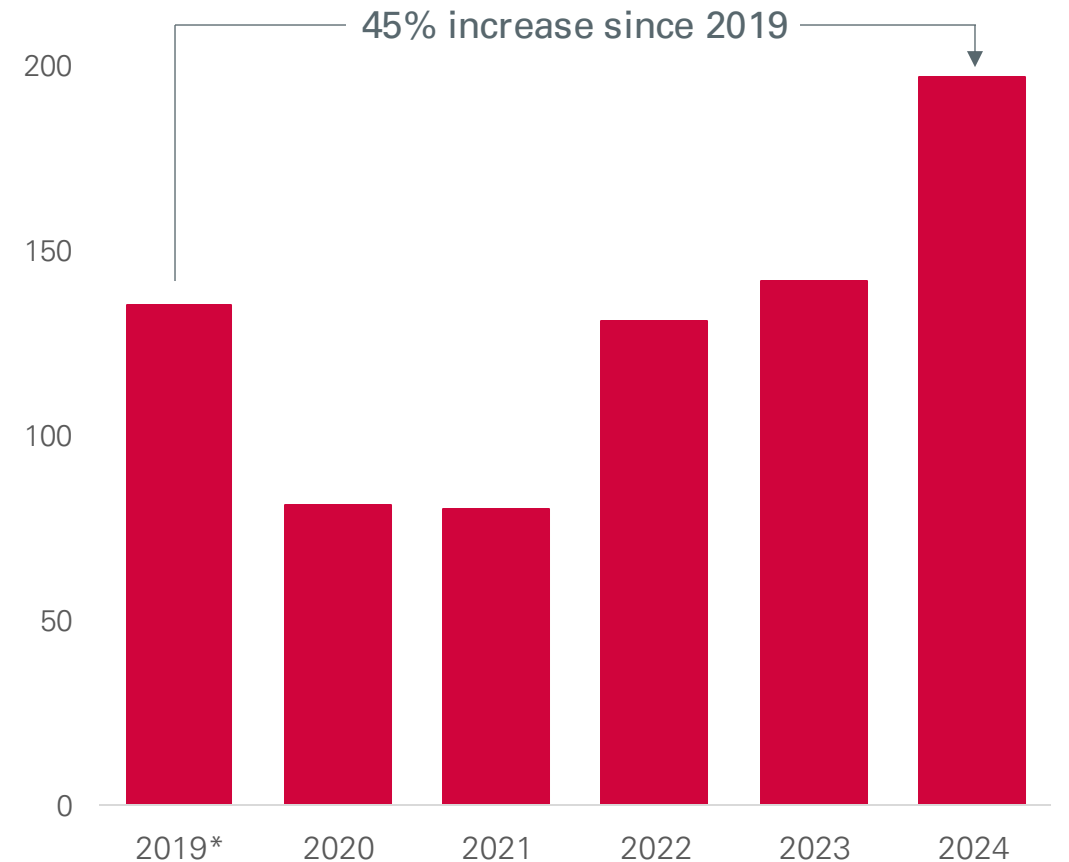
Adjusted operating profit and group margin, 2019 to 2024



Group well positioned for the medium term

- Good momentum in Retail, Grocery and Ingredients
- Short-term Sugar volatility to recover in 2026
- Completing a number of multi-year capital projects in 2025 to support future growth
- Significant white space for Retail growth
- Strong cash generation is enabling continued investment and shareholder returns

Adjusted earnings per share (pence)



Associated
British Foods
plc

Appendices for the full year results for 52 weeks ended 14 September 2024



Appendix 1 – Primark selling space at year end

	Year end 2024		Year end 2023	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	194	7,815	192	7,725
Spain	64	2,587	59	2,390
Germany	27	1,380	30	1,605
France	27	1,352	24	1,203
Republic of Ireland	38	1,184	37	1,165
US	27	1,084	21	873
Netherlands	20	943	20	1,016
Italy	17	820	15	747
Belgium	8	403	8	403
Portugal	10	401	10	383
Austria	5	242	5	242
Poland	6	233	5	197
Romania	3	107	2	75
Czechia	2	89	2	89
Slovenia	1	46	1	46
Slovakia	1	39	1	39
Hungary	1	34	-	-
	451	18,759	432	18,198

Appendix 2 – Primark net sales growth in 2024 and 2023

	52 weeks ending 14 September 2024							52 weeks ending 16 September 2023						
	Q1	Q2	H1	Q3	Q4	H2	Full year	Q1	Q2	H1	Q3	Q4	H2	Full year
UK & Republic of Ireland	4%	4%	4%	0%	0%	0%	2%	14%	14%	14%	7%	8%	7%	10%
Spain & Portugal	4%	5%	4%	3%	10%	7%	6%	10%	18%	12%	17%	14%	15%	14%
France & Italy	20%	9%	18%	7%	8%	8%	12%	24%	46%	30%	38%	36%	37%	33%
Northern Europe	0%	5%	1%	4%	4%	4%	3%	16%	12%	15%	1%	2%	1%	7%
Central & Eastern Europe	53%	36%	48%	44%	33%	37%	42%	81%	119%	90%	81%	118%	103%	97%
US	45%	23%	38%	26%	23%	24%	30%	4%	34%	11%	27%	43%	36%	24%
Group	8%	6%	7%	4%	5%	5%	6%	15%	20%	17%	13%	14%	14%	15%

Appendix 3 – Capital allocation policy

- Priority to invest in our businesses, organically and by acquisition
- Investment at appropriate pace where attractive returns on capital can be generated
- Considerable opportunities over the short and medium term in all our businesses
- From time to time, the Board may conclude it has surplus cash and capital
 - Financial leverage consistently below 1.0x and substantial net cash balances at both half and full year ends
 - Surplus capital may be returned to shareholders by special dividend or share buybacks

Appendix 4 – Exchange rates

	2024	2023
Average rates used to translate the income statement		
US dollar	1.26	1.22
Euro	1.17	1.15
Closing rates used to translate the balance sheet		
US dollar	1.32	1.24
Euro	1.19	1.16

Appendix 5 - Segmental analysis by geography

<i>By geography</i>	Revenue £m		Adj. operating profit £m		Margin %	
	2024	2023	2024	2023	2024	2023
United Kingdom	7,297	7,271	708	488	9.7	6.7
Europe & Africa	7,830	7,552	754	559	9.6	7.4
The Americas	2,513	2,420	406	353	16.2	14.6
Asia Pacific	2,363	2,434	124	123	5.2	5.1
Business disposed	70	73	6	(10)		
	20,073	19,750	1,998	1,513	10.0	7.7

Caution concerning forward-looking statements

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