

**Review of annual results
for 52 weeks ended
17 September 2011**

8 November 2011



Financial Highlights

- Group revenue up 9% to £11.1bn
- Adjusted operating profit up 1% to £920m*
- Adjusted profit before tax up 1% to £835m **
- Adjusted earnings per share up 2% to 74.0p**
- Dividends per share up 4% to 24.75p
- Net capital investment of £825m
- Net debt of £1,285m
- Operating profit up 3% at £842m, profit before tax down 1% to £757m and basic earnings per share down 1% at 68.7p

* and ** - see notes at end

- Another year of progress
- Strong business performance
 - record profits at AB Sugar and AB Agri
 - Twinings Ovaltine and UK Grocery
 - Primark like-for-like growth
- Challenges overcome
 - high commodity cost inflation
 - weaker consumer demand
- George Weston Foods and Ingredients disappointing
- Capital investment
 - Primark selling space expansion
 - AB Sugar capacity increase

Income Statement

Associated
British Foods
plc

£m	2011	2010	Change
Revenue	11,065	10,167	+9%
Operating costs	(10,265)	(9,355)	
Share of joint ventures and associates	37	16	
Profits less losses on disposal of non-current assets	5	(9)	
Operating profit	842	819	
Adjusted operating profit*	920	909	+1%
Profits less losses on disposal of non-current assets	5	(9)	
Amortisation of non-operating intangibles	(83)	(81)	

Income Statement

Associated
British Foods
plc

£m	2011	2010	Change
Operating profit	842	819	+3%
Profit on sale/closure of businesses	-	28	
Net interest expense	(92)	(76)	
Other financial income/(expense)	7	(8)	
Profit before tax	<u>757</u>	<u>763</u>	-1%
Tax	(180)	(194)	
Profit after tax	<u>577</u>	<u>569</u>	
Non-controlling interests	(36)	(23)	
Attributable to equity shareholders	<u>541</u>	<u>546</u>	
Adjusted profit before tax**	<u>835</u>	<u>825</u>	+1%

Tax

Associated
British Foods
plc

	2011		2010	
	£m		£m	
Underlying charge	205	24.6%	221	26.8%
Credit on goodwill & intangible amortisation	(25)		(27)	
Reported charge	<u>180</u>	23.8%	<u>194</u>	25.4%

Earnings and Dividends Per Share

Associated
British Foods
plc

	2011	2010	Change
Adjusted earnings per share *	74.0p	72.2p	+2%
Earnings per share	68.7p	69.3p	-1%
Dividends per share	24.75p	23.8p	+4%

Balance Sheet

Associated
British Foods
plc

£m	2011	2010
Intangible assets (including goodwill)	1,893	1,925
PP&E and other non-current assets	4,961	4,388
Working capital	1,057	826
Biological assets - current	112	100
Current tax	(133)	(132)
Net debt	(1,285)	(816)
Other financial assets/(liabilities)	4	(5)
Deferred tax	(254)	(238)
Provisions	(136)	(205)
Net pension liability	(44)	(99)
	<u>6,175</u>	<u>5,744</u>
Equity shareholders' funds	5,748	5,293
Non-controlling interests	427	451
	<u>6,175</u>	<u>5,744</u>

Cash Flow

Associated
British Foods
plc

£m	2011	2010
Adjusted operating profit (before joint ventures and associates)	883	893
Depreciation and amortisation of operating intangibles	330	332
Working capital	(199)	193
Provisions	(69)	(57)
Capital expenditure - Primark	(314)	(207)
- Food	(480)	(487)
Purchase of intangibles	(49)	(32)
Tax	(156)	(155)
Net interest and other income	(88)	(73)
Pension cost less contributions	(38)	(34)
Other	(5)	29
Free cash flow	<u>(185)</u>	<u>402</u>
Dividends paid (incl minorities)	(212)	(200)
(Acquisitions)/disposals including loans to joint ventures	<u>(75)</u>	<u>(120)</u>
Net cash flow before financing	<u>(472)</u>	<u>82</u>

Segmental Analysis

By business

	Revenue		Profit*		Margin		ROCE	
	2011	2010	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	%	%	%	%
Grocery	3,638	3,406	249	229	6.8	6.7	17.6	19.7
Sugar	2,134	1,941	315	240	14.8	12.4	17.3	14.0
Agriculture	1,127	954	40	33	3.5	3.5	19.0	18.1
Ingredients	1,123	1,067	56	104	5.0	9.7	8.3	16.5
Retail	3,043	2,730	309	341	10.2	12.5	18.2	23.5
Central costs	-	-	(48)	(42)	n/a	n/a	n/a	n/a
Continuing businesses	<u>11,065</u>	<u>10,098</u>	<u>921</u>	<u>905</u>	<u>8.3</u>	<u>9.0</u>	<u>15.8</u>	<u>17.7</u>
Businesses disposed	<u>-</u>	<u>69</u>	<u>(1)</u>	<u>4</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
	<u>11,065</u>	<u>10,167</u>	<u>920</u>	<u>909</u>	<u>8.3</u>	<u>8.9</u>	<u>15.8</u>	<u>17.8</u>

Segmental Analysis

By geography

	Revenue		Profit*		Margin	
	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	%	%
United Kingdom	4,788	4,411	491	480	10.3	10.9
Europe & Africa	2,735	2,495	213	219	7.8	8.8
The Americas	1,176	1,120	118	121	10.0	10.8
Asia Pacific	2,366	2,072	99	85	4.2	4.1
Continuing businesses	11,065	10,098	921	905	8.3	9.0
Businesses disposed	-	69	(1)	4	n/a	n/a
	<u>11,065</u>	<u>10,167</u>	<u>920</u>	<u>909</u>	<u>8.3</u>	<u>8.9</u>

Sugar

		2011	2010	Change
Revenue	£m	2,134	1,941	+10%
Operating profit	£m	315	240	+31%
Margin		14.8%	12.4%	
ROCE		17.3%	14.0%	

- another step change in profitability
- strong world prices
- weather-related poor harvests
 - UK, South Africa, southern China
- improvement in north east China, Iberia
- benefits of recent capital investment



Sugar	2011	2010	Change
Revenue £m	2,134	1,941	+10%
Operating Profit £m	315	240	+31%



EU sugar

- profit reduction in UK
 - under 1.0 million tonnes sugar
 - high cost to meet customer requirements
- Azucarera much improved performance
 - good beet campaigns
 - substantial increase in cane sugar
- Vivergo bioethanol plant scheduled to open spring 2012
- discussions started for regime reform



Sugar	2011	2010	Change
Revenue £m	2,134	1,941	+10%
Operating Profit £m	315	240	+31%



Illovo

- profit lower but recovering
- South Africa volumes drought-affected
- stronger regional prices
- expanded factory in Zambia producing at capacity
- Swaziland investment completed
 - major factory expansion
 - power co-generation



Sugar	2011	2010	Change
Revenue £m	2,134	1,941	+10%
Operating Profit £m	315	240	+31%



China

- major improvement again in revenue and profit
 - higher prices and volumes
- beet sugar production doubled to 210,000 tonnes
 - increased beet crop area
 - higher yield
- cane sugar constrained at 415,000 tonnes
- relocation of Zhangbei beet sugar factory underway



Agriculture

		2011	2010	Change
Revenue	£m	1,127	954	+18%
Operating profit	£m	40	33	+21%
Margin		3.5%	3.5%	
ROCE		19.0%	18.1%	

- a record year
- revenue growth in all sectors
- strong development of feed enzymes, speciality feeds and nutrition
- Frontier ahead
 - grain trading
 - growth in crop inputs to farmers



Grocery

		2011	2010	Change
Revenue	£m	3,638	3,406	+7%
Operating profit	£m	249	229	+9%
Margin		6.8%	6.7%	
ROCE		17.6%	19.7%	

- profit growth
 - strong performance from Twinings Ovaltine and UK Grocery
 - lower restructuring charge
- difficult trading for George Weston Foods in Australia
- capital investment in capacity expansion, efficiency and product quality



Grocery	2011	2010	Change
Revenue £m	3,638	3,406	+7%
Operating Profit £m	249	229	+9%



Twinings

- growth in major markets: UK, US and Australia
- supply chain
 - capacity expansion completed in China
 - new Polish factory fully operational
- marketing
 - improvement to products and packaging
 - creative excellence



Ovaltine

- strong sales growth in developing markets



Twinings tasting bar at Westfield

Associated
British Foods
plc



Grocery	2011	2010	Change
Revenue £m	3,638	3,406	+7%
Operating Profit £m	249	229	+9%



UK Grocery

Delivery on investment in recent years with growth and much improved margins:

- Jordans Ryvita
 - premium products and successful advertising for crispbread
 - much improved performance for Country Crisp and Frusli
- AB World Foods
 - relaunch of Blue Dragon
 - continued growth of Patak's



Grocery	2011	2010	Change
Revenue £m	3,638	3,406	+7%
Operating Profit £m	249	229	+9%



UK Grocery

- Allied Bakeries
 - Kingsmill traded well
 - tighter margins with higher promotional activity
 - investment in West Bromwich and Glasgow
- Silver Spoon grew with caster, icing and homebaking specialities



ACH / Stratas

- price recovery at ACH for vegetable oil and spices
- Stratas profit improvement from streamlining operations



Grocery	2011	2010	Change
Revenue £m	3,638	3,406	+7%
Operating Profit £m	249	229	+9%



Australia

- lower revenues and reduction in profitability
- greater promotional price activity on everyday staples
- switch to private label and in-store bakery bread
- meat production
 - new factory
 - old factory closed in August
- focus of the new management team
 - margin improvement in bread
 - full commissioning of meat factory
 - overhead reduction

Ingredients

		2011	2010	Change
Revenue	£m	1,123	1,067	+5%
Operating profit	£m	56	104	-46%
Margin		5.0%	9.7%	
ROCE		8.3%	16.5%	



AB Mauri

- revenue growth
- under-recovery of higher raw material costs
 - molasses
- difficult market conditions in Europe and China
- Harbin commissioning costs

ABF Ingredients

- good progress with feed, bakery and speciality enzymes

Retail

		2011	2010*	Change
Revenue	£m	3,043	2,682	+13%
Operating profit	£m	309	335	-8%
Margin		10.2%	12.5%	
ROCE		18.2%	23.5%	

* 52 week basis

- like-for-like sales net of VAT up 3%
 - growth in UK and Ireland
 - strong performance in Continental Europe
- 12% increase in selling space to 7.3 million sq ft
- maintained price leadership on high street
- warehouse network and store design development



Primark margins

- investment in margin to support volumes
- decline from 12.5% to 10.2%
 - VAT increases
 - higher cotton prices
- benefit of lower input costs to come



Primark - selling space expansion

Associated
British Foods
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	UK		Republic of Ireland		Iberia		Northern Continental Europe		Total	
	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores
September 2010	4,720	143	1,010	38	570	19	180	4	6,480	204
September 2011	5,190	154	1,010	38	760	24	320	7	7,280	223
	+10%		-		+33%		+78%		+12%	

- warehouse network
 - Naas, Ireland fully operational
 - Torija, Spain doubled with full capability
 - plans for new centre in northern Europe in 2012
- evolving store design showcased at Stratford City
 - contemporary
 - improved layout
 - enhanced merchandising
 - fashionable shop windows

Major store openings

		Date	'000 sq ft
Dortmund	Germany	September	52
Stratford City	UK	September	48
Stockport	UK	September	47
Braga Parque	Portugal	October	31
Malaga	Spain	October	40
Hannover	Germany	October	94
Essen	Germany	November	90
Edinburgh	UK	December	75
Saarbrucken	Germany	December	63
Berlin	Germany	Summer '12	63
Oxford Street	UK	Summer '12	80



Capital investment

- Significant level of investment in recent years

Major areas of spend	2011	2010
	£m	£m
Primark selling space	314	207
AB Sugar	211	225

- Completed during year
 - Twinings China and Poland, Swaziland sugar, Harbin yeast, UK bread
- Expected to complete next year
 - Vivergo, Australia meat, Primark stores
 - £500m invested to date, returns to come
- Higher level of Primark investment expected to continue
Other investment expected to decline somewhat

Looking ahead...

- Economic growth in developed economies subdued
- Continued pressure on consumer disposable incomes

but

- Higher sugar pricing
- Commodity costs appear to be subsiding
- Returns on recently completed capital investments

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