

23 March 2020

Associated British Foods plc

Covid-19 Update

As a result of the rapidly changing situation regarding Covid-19, Associated British Foods plc is issuing an update on trading in its Primark stores, further to the update issued on 16 March 2020.

As at 16 March 2020, Primark stores representing 20 percent of selling space and 30 percent of sales were closed. Since then, and following the closure on Sunday of all stores in the UK which represented 41 percent of sales, all 376 stores in 12 countries are now closed until further notice. This represents a loss of some £650m of net sales per month.

A variety of work streams have been established to mitigate the effect of the contribution lost from these sales and all expenditure is being reviewed. In the first instance we have implemented a significant reduction in discretionary spend. We are making good progress in also reducing fixed costs following discussions with counterparties, in particular landlords, and welcome the recently announced government support in the countries in which our stores operate. As a result, we currently estimate being able to recover some 50 percent of total operating costs.

To manage Primark stock we have also regrettably informed suppliers that we will stop placing new orders.

The group has a strong balance sheet, substantial cash liquidity with some £800m of net cash at the half year, together with a revolving credit facility of some £1.1bn. Therefore, total available liquidity is £1.9bn.

Importantly, we reiterate that in aggregate, we have not seen a material impact in our sugar, grocery, ingredients and agriculture businesses.

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