



Review of annual results for 52 weeks ended 17 September 2022

8 November 2022

Associated
British Foods
plc

Business highlights

- robust delivery in food; retail performance strongly ahead
- Food
 - 10% sales growth at constant currency demonstrating price actions
 - adjusted operating profit for Sugar, Agriculture and Ingredients ahead
 - improved Grocery sales, margin reduction due to high inflation and held back by UK bakeries
- Primark
 - strong recovery in sales, margin and ROCE
 - UK trading particularly strong
 - Continental Europe slower recovery
 - continue to build store pipeline and digital capability
- gross investment £930m
- shareholder returns
 - total dividends of 43.7p up 8%
 - announcement of £500m share buyback programme

Financial highlights

	2022	Change
Group revenue	£17.0bn	+22% *
Adjusted operating profit	£1,435m	+38% *
Adjusted profit before tax	£1,356m	+49%
Adjusted earnings per share	131.1p	+64%
Dividends per share	43.7p	+8%
Gross investment	£930m	
Net cash (before lease liabilities)	£1.5bn	
Net debt (including lease liabilities)	£1.8bn	

* at constant currency

Income statement

	2022 £m	2021 £m	Change actual FX	Change constant FX
Revenue	16,997	13,884	+22%	+22%
Operating costs before exceptional items	(15,729)	(13,008)		
Exceptional items	(206)	(151)		
Share of joint ventures and associates	109	79		
Profits less losses on disposal of non-current assets	7	4		
Operating profit	1,178	808		
Adjusted operating profit	1,435	1,011	+42%	+38%
Profits less losses on disposal of non-current assets	7	4		
Amortisation of non-operating intangibles	(47)	(50)		
Acquired inventory fair value adjustments	(5)	(3)		
Transaction costs	(6)	(3)		
Exceptional items	(206)	(151)		

Income statement

	2022 £m	2021 £m	Change
Operating profit	1,178	808	+46%
(Loss)/profit on sale and closure of businesses	(23)	20	
Net interest expense	(92)	(102)	
Other financial income/(expense)	13	(1)	
Profit before tax	1,076	725	+48%
Tax	(356)	(227)	
Profit after tax	720	498	
Adjusted profit before tax	1,356	908	+49%

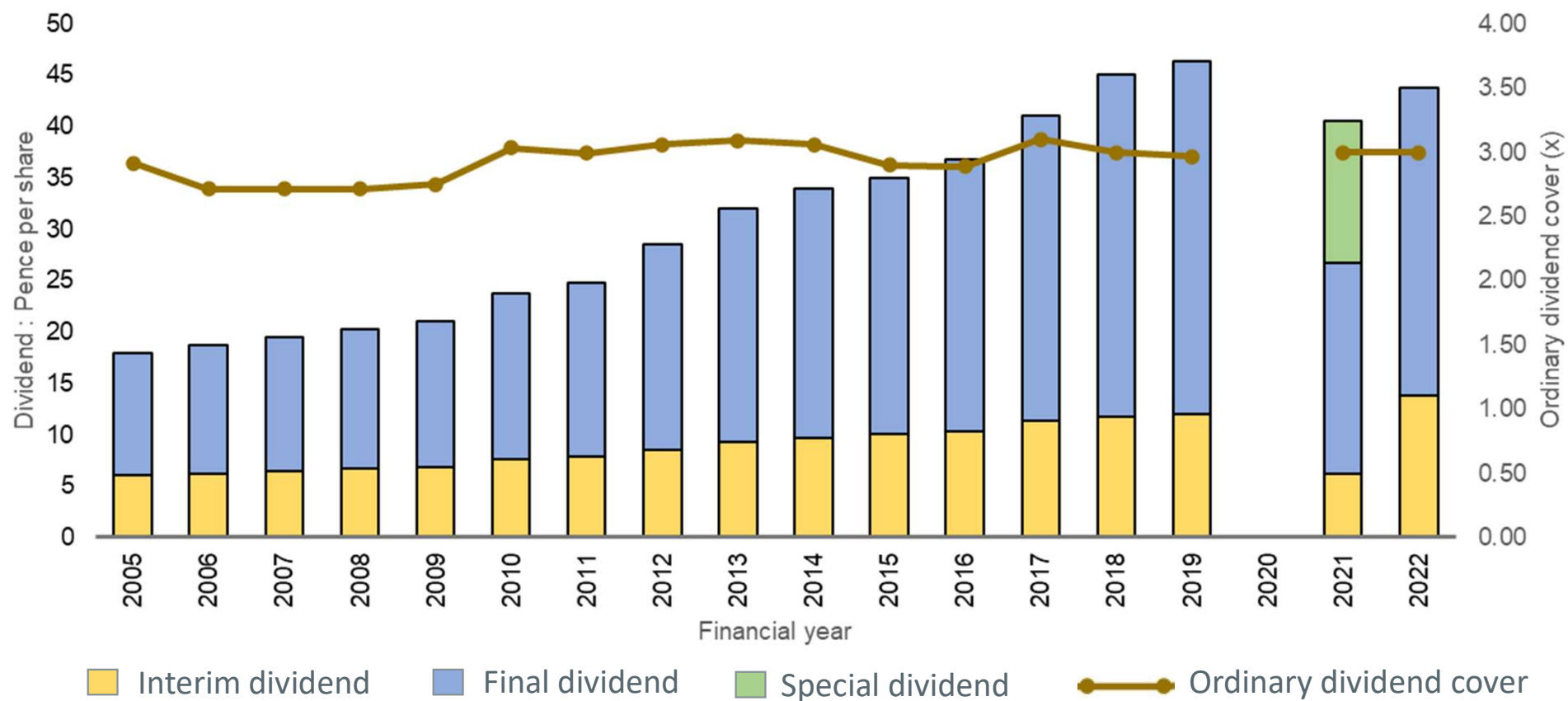
Tax

	2022 £m		2021 £m	
Underlying charge	301	22.2%	255	28.1%
Credit on intangible amortisation	(9)		(5)	
Credit on acquired inventory fair value adjustments	(1)		(1)	
Charge/(credit) on exceptional items	63		(37)	
Charge on transaction costs, disposal of businesses and fixed assets	2		15	
Reported charge	356	33.1%	227	31.3%

Earnings and dividends per share

	2022	2021	Change
Adjusted earnings per share	131.1p	80.1p	+64%
Earnings per share	88.6p	60.5p	+46%
Dividends per share	43.7p	40.5p	+8%

Dividends per share and dividend cover



Balance sheet

	2022	2021
	£m	£m
Intangible assets (including goodwill)	1,868	1,581
PP&E and other non-current assets	6,066	5,702
Right-of-use assets	2,456	2,649
Working capital	1,903	1,132
Biological assets (current)	105	85
Current tax	(93)	(114)
Net cash	1,488	1,901
Lease liabilities	(3,252)	(3,281)
Other net financial assets	270	90
Deferred tax	(489)	(145)
Provisions	(113)	(102)
Net pension asset	1,314	493
Net assets classified as held for sale	31	13
Net assets	11,554	10,004
Equity shareholders' funds	11,448	9,921
Non-controlling interests	106	83
	11,554	10,004

Treasury

- financing of the Group significantly strengthened
 - more diversified, tenure extended, free of financial performance covenants
 - inaugural public bond: £400m at 2.5% due 2034
 - £1.5bn Revolving Credit Facility, 5 years +1 +1

- Group's net cash before lease liabilities £1.5bn, net debt of £1.8bn

- financial leverage ratio at year end of 0.8 times

- £500m share buyback programme

Cash flow

	2022	2021
	£m	£m
Adjusted operating profit (before joint ventures and associates)	1,323	930
Depreciation and amortisation of operating intangibles	826	849
Working capital	(729)	(43)
Provisions	7	(40)
Capital expenditure – Primark	(277)	(253)
– Food	(403)	(298)
Purchase of intangibles	(89)	(76)
Sale of property, plant and equipment	30	21
Tax	(304)	(298)
Net interest and other income	(97)	(107)
Pension cost less contributions	7	4
Dividends received from joint ventures and associates	93	63
Repayment of lease liabilities	(321)	(290)
Other	12	7
Free cash flow (after lease liability payments)	78	469
Dividends	(380)	(49)
Dividends paid to non-controlling interests	(8)	(4)
Acquisitions	(154)	(46)
Net cash flow before financing	(464)	370

Segmental analysis

<i>By business</i>	Revenue £m		Profit £m		Margin %		ROCE %	
	2022	2021	2022	2021	2022	2021	2022	2021
Grocery	3,735	3,593	399	413	10.7	11.5	29.3	31.4
Sugar	2,016	1,650	162	152	8.0	9.2	10.3	10.2
Agriculture	1,722	1,537	47	44	2.7	2.9	10.3	10.6
Ingredients	1,827	1,508	159	151	8.7	10.0	14.8	16.9
Retail	7,697	5,593	756	321*	9.8	5.7*	12.9	5.1*
Central costs			(88)	(70)				
Continuing operations	16,997	13,881	1,435	1,011	8.4	7.3	14.0	9.8
Disposed/closed businesses	-	3	-	-				
Total	16,997	13,884	1,435	1,011	8.4	7.3	14.0	9.8

* Before job retention scheme repayments, profit £415m, margin 7.4%, ROCE 6.6%

2022/23 inflation and currency exchange rate risks

- energy costs
 - first half, UK government support, elsewhere hedged
 - second half, seasonally lower consumption
- currency: limited Primark US dollar purchase transaction risk, 10% left to cover
- commodities
 - cotton, polyester declining, limited exposure in year
 - wheat, hedged for first half
- labour: availability remains tight
- ocean freight: higher but will benefit from falling rates



Business review

Retail

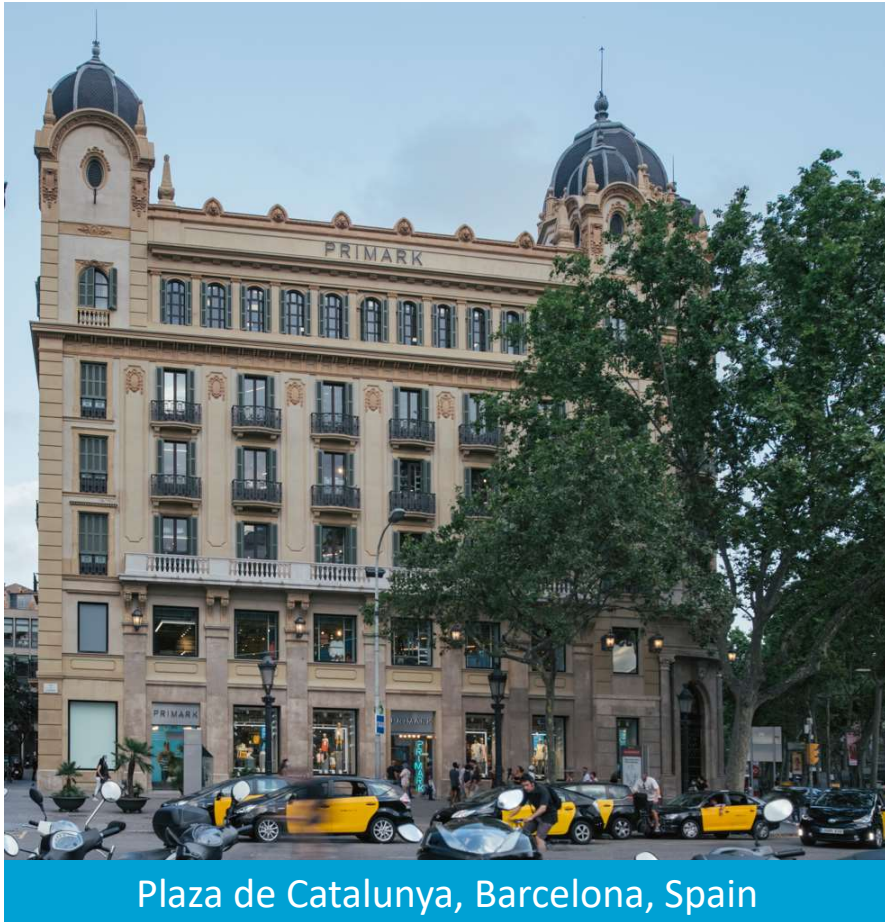


Primark anchors the high street

- high street evolving, competitor landscape changing
- Primark drives footfall to town and shopping centres
- investing where others aren't



 Our favourite stores



 Our favourite stores



Gran Via, Madrid, Spain

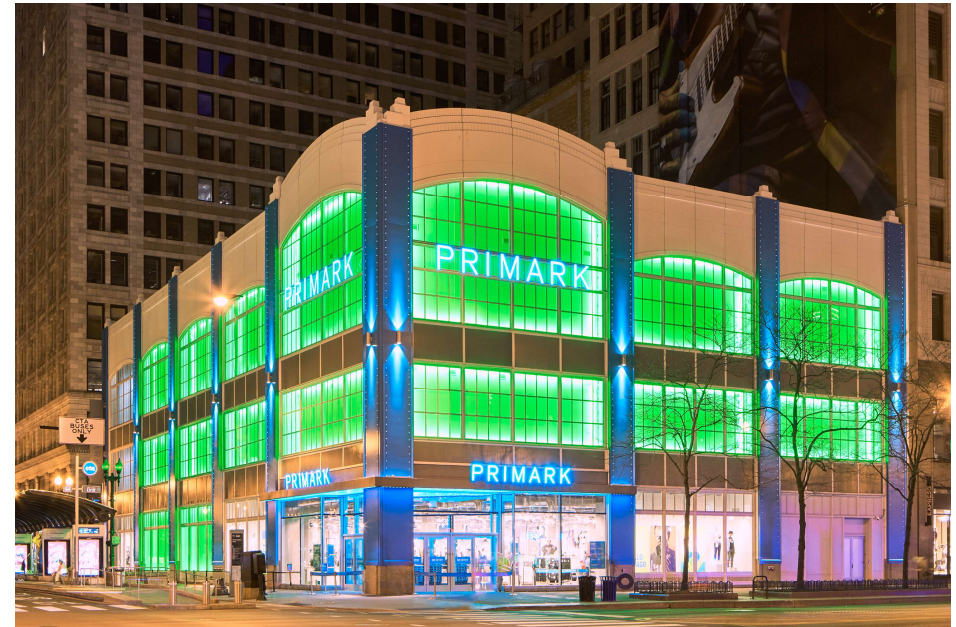


Via Torino, Milan, Italy

 Our favourite stores



Wenceslas Square, Prague, Czechia



State Street, Chicago, US

 Our favourite stores



Rotterdam Forum, The Netherlands



Toulouse, France

 Our favourite stores



Strasbourg, France



Antwerp, Belgium



Retail

	2022	2021	Change actual fx	Change constant fx
Revenue £m	7,697	5,593	+38%	+40%
Operating profit £m	756	321	+136%	+135%
Operating profit £m*	756	415	+82%	+81%
Margin*	9.8%	7.4%		
ROCE*	12.9%	6.6%		

- strong recovery in sales, margin and ROCE
 - increase in customer footfall
 - return of more normal customer behaviours
- UK: like-for-like sales and value market share both broadly in line with pre-COVID levels
- Continental Europe: consumer confidence generally weaker
- repositioning in Germany under consideration
- good performance in US
- building digital capability, UK Click and Collect trial
- good progress in building new store pipeline

* Before job retention scheme repayments in 2021

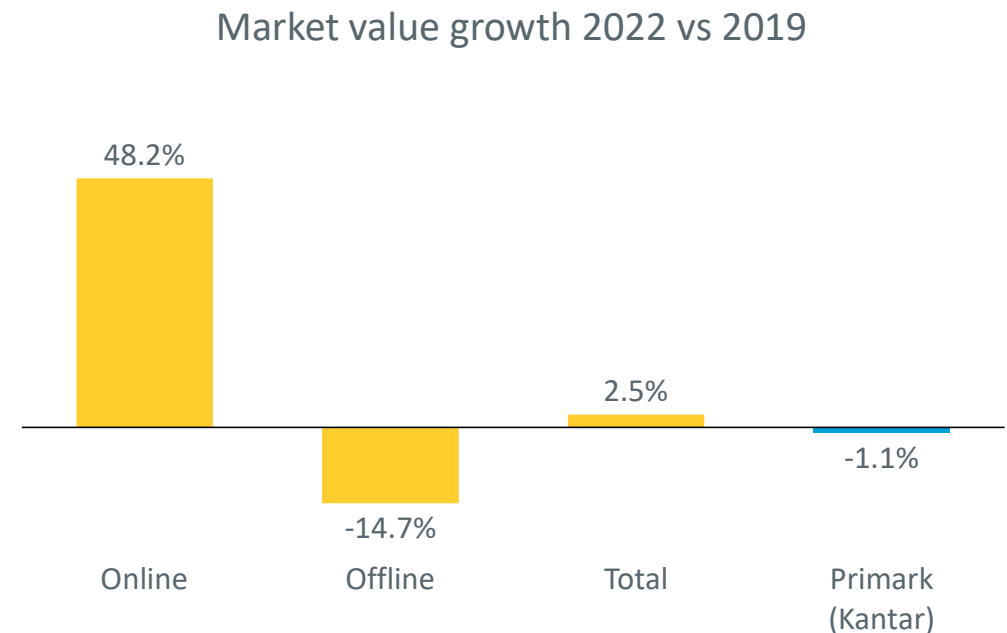
Primark like-for-like sales performance

	3 year like-for-like sales (2022 on 2019)	1 year like-for-like sales	Fourth quarter 1 year like-for-like sales
UK	-6%	-1%	+13%
Continental Europe	-16%	+5%	+1%
Ireland	-4%	-16%	-1%
Group	-10%	+1%	+6%

- UK:
 - return of many customer behaviours to a level broadly experienced pre-pandemic
 - improvement throughout the year with strong fourth quarter
- Continental Europe:
 - consumer confidence generally weaker compared to pre-COVID level
 - year-on-year: improved footfall, higher sales densities, non-repeat of COVID restrictions, return of tourism
- Ireland: first half lapping strong 2021 re-opening performance

UK clothing, footwear and accessories market, three year change from pre-COVID levels

- market growth of 2.5% by value
 - online share 27% to 40%
 - but shoppers use both channels
- Primark share of total market by value resilient
 - 2022: 6.4%, 2019: 6.6%

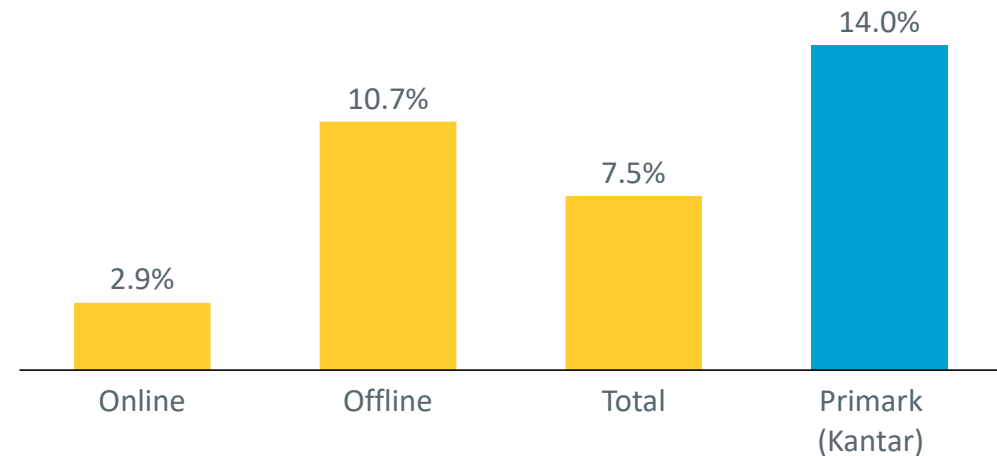


Source: Kantar, 12 w/e 22 Sept 2019 to 12 w/e 18 Sept 2022

UK clothing, footwear and accessories market, one year change

- market growth of 7.5% by value
- much higher footfall in Primark stores, particularly city centres
- Primark growth of 14% by value
- delighted with increase in Primark value share
 - 2022: 6.4%, 2021: 6.0%

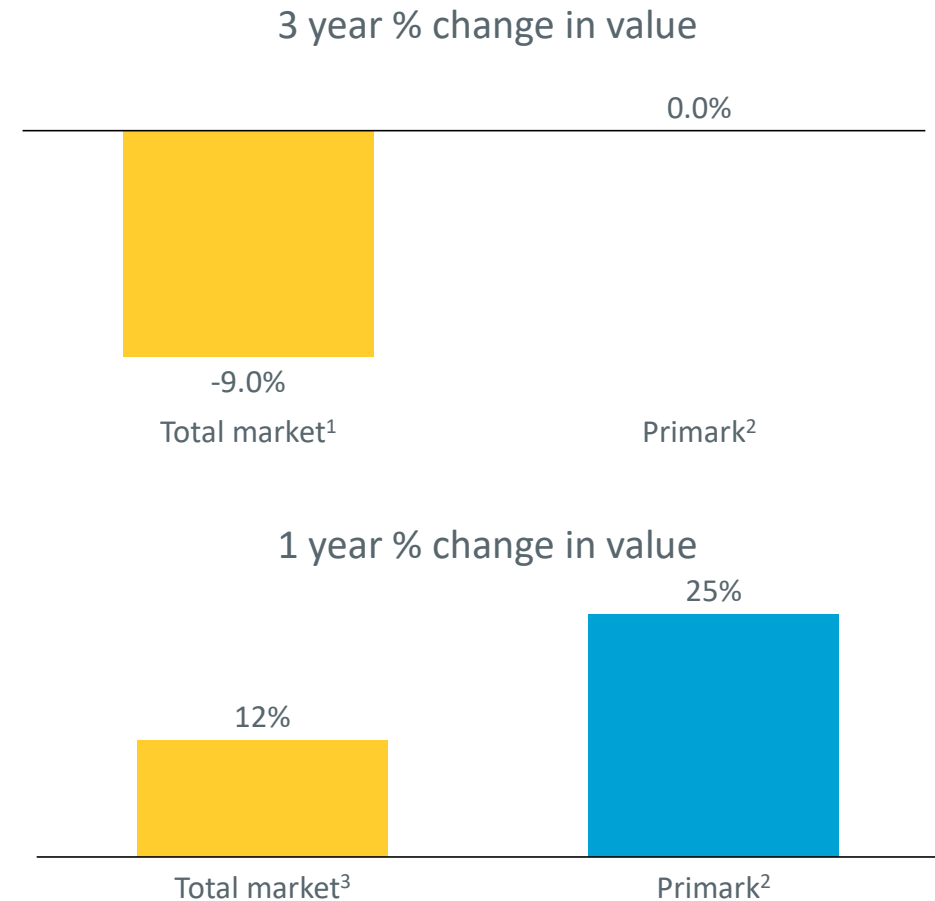
Market value growth 2022 vs 2021



Source: Kantar, 12 w/e 19 Sept 2021 to 12 w/e 18 Sept 2022

Spain clothing, footwear and accessories market

- compared to pre-COVID levels¹
 - market 9% smaller by value
 - online share 9% to 20%
 - Primark 22% selling space increase
 - Primark value sales unchanged
- year-on-year³
 - market growth of 12% by value
 - online share declining
 - Primark sales growth of 25%



Source: ¹ calendar year to end Sept 2022 vs calendar year to end Sept 2019, ² Primark internal sales figures, excluding Canaries, ³ calendar year to end Sept 2022 vs calendar year to end Sept 2021

Germany

- entered market 2009
- early success led to larger than average store sizes for new openings
- sales densities declined in the latter years to 2019, not returned to pre-COVID levels
- high cost to serve, store profitability at unacceptable levels
- exceptional impairment of £206m in the value of German assets
- continue to see real opportunity for Primark in the German market
- reviewing options to return business in Germany to long-term profitability
 - potential to optimise the retail selling space by store
 - reviewing the footprint of the overall store portfolio
 - investing in building awareness and loyalty to the brand

Pricing actions

- implemented selective price increases across autumn/winter stock
- spring/summer increases planned
- decision not to implement further price increases on this year's ranges beyond those already implemented and planned
- supports our core proposition of everyday affordability and price leadership
- expecting much reduced disposable consumer income

 Strong sales of cold weather essential products



'Snuddie' - £16/€18



Fluffy pyjamas - £12/€14/\$16



Velvet plush leggings - £7/€8/\$10

 Christmas is back



Gifting: DIY sushi kit - £10/€12




Seasonal homeware and decor




Fam Jams
Adults from £11/€13/\$15
Kids from £9/€12/\$14

 Exclusive collaborations driving incremental sales




 Kem Cetinay
2.7m followers



 Paula Echevarria
3.6m followers



 Stacey Solomon
5.4m followers

 Vintage clothing

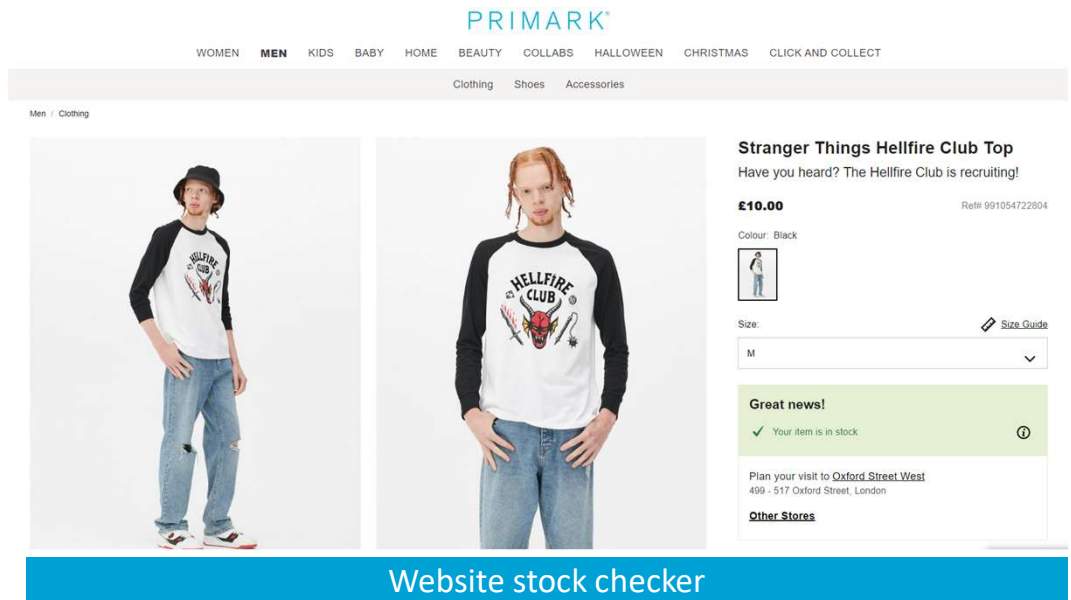


Primark Cares

- foundational year
 - processes and programmes
 - robust metrics
 - gathering data to set baselines for measurement
- update on commitments
 - 45% of all clothes sold in the financial year contain recycled or more sustainably sourced materials (25% at launch)
 - 40% of cotton clothing now contains cotton that is organic, recycled or sourced from Primark Sustainable Cotton Programme (27% at launch)
 - 2.6% carbon emission increase against baseline
 - commissioned new or updated living wage benchmarks for key sourcing markets
- first annual Ethics and Sustainability report published later this month

Digital update

- digital capability transformed
- strong customer reaction to new UK website
 - traffic to new site up 83% compared to last year
 - twice as many page views on average per session
 - some 15% of visitors are using new stock checker functionality
 - early data indicates a resulting increase in sales
- roll out to all remaining markets by end of the first half of 2023



PRIMARK®

WOMEN **MEN** KIDS BABY HOME BEAUTY COLLABS HALLOWEEN CHRISTMAS CLICK AND COLLECT

Clothing Shoes Accessories

Men / Clothing

Stranger Things Hellfire Club Top
Have you heard? The Hellfire Club is recruiting!

Ref#: 991054722804

£10.00

Colour: Black

Size: [Size Guide](#)

Great news!
✓ Your item is in stock

Plan your visit to [Oxford Street West](#)
499 - 517 Oxford Street, London

[Other Stores](#)

Website stock checker

Click and Collect trial

- drive footfall in store and deliver incremental sales
- UK trial to launch before Christmas: 25 stores in the north of England and Wales
- far wider range of nursery, baby and children's products, many exclusively available online
- potential to satisfy unfulfilled demand from both existing and new customers



 New stores opened in second half



Tallaght, Ireland



Brno, Czechia



San Sebastián, Spain



Chieti, Italy



Bologna, Italy

Store pipeline

- remain on track to grow to 530 stores by end of our 2026 financial year
- new store pipeline building well
- particular focus on growth markets of Italy, France, Iberia and the US
- this financial year:
 - plan to open 27 new stores, ten openings before Christmas
 - expect to add net one million sq ft of retail selling space

Selling space expansion in 2023 financial year

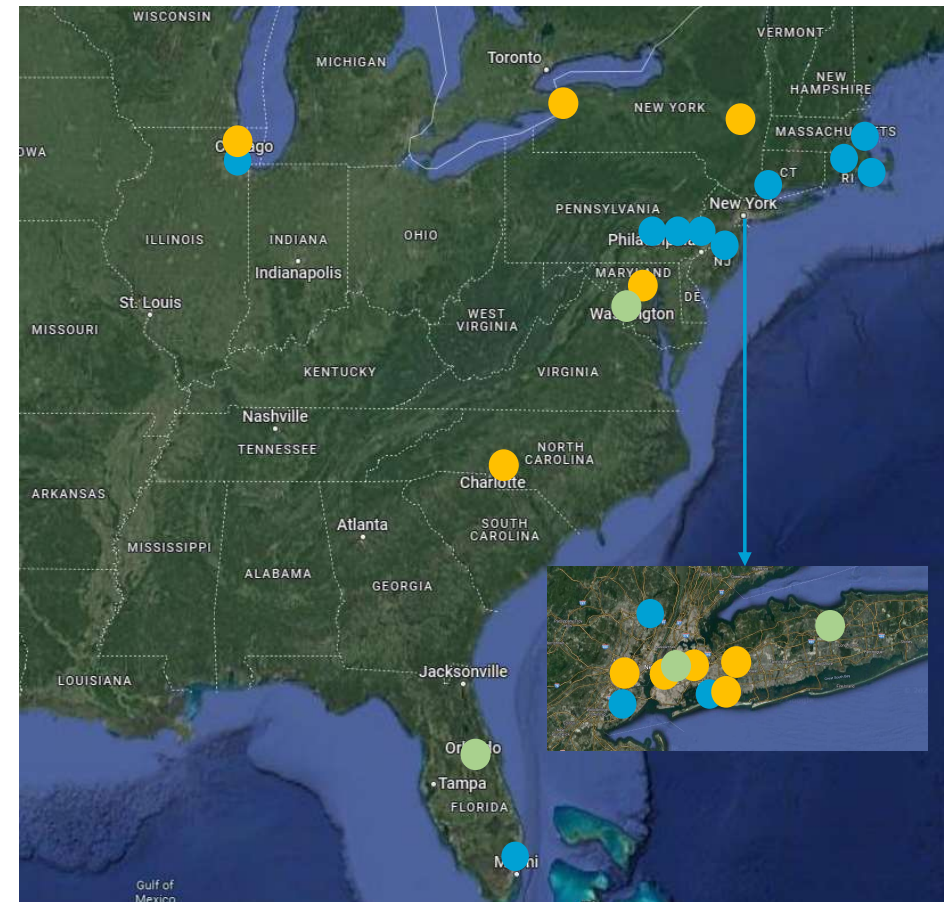
- Italy: four new stores
 - two before Christmas
- France: four new stores
- Spain: three new stores
- two new markets
 - two stores in Bucharest, Romania
 - one store in Bratislava, Slovakia



Catania, Italy

US expansion

- 2023 pipeline
 - near doubling of selling space
 - ten new stores, averaging 37 k sq ft
 - three to open before Christmas
 - Roosevelt Field, Long Island, NY
 - Jamaica Avenue, Queens, NY
 - City Point, Brooklyn, NY
- building on strong trading in Florida and Chicago
 - extending recently-opened Sawgrass Mills store size
 - signed lease for second store The Florida Mall, Orlando
 - second store opening in Chicago, Woodfield Mall



● Trading store ● Opening this financial year ● Lease signed

Primark outlook

- significant sales growth expected from both pricing and selling space growth
- decision not to implement further price increases on this year's ranges
- margin lower than the 8.0% margin in second half of 2022
- remain focused on returning the business to an operating profit margin of some 10%
- reviewing options to return business in Germany to long-term profitability
- breakout year for the United States
- more digital development including website roll out to all markets and Click and Collect trial in the UK
- strategic advisory board led by John Bason



Food

Food

- inflation
 - energy
- pricing throughout year
- supply chain disruption reduced through year
- value of diversity of portfolio apparent
- suite of ESG reporting available on website today

Sugar

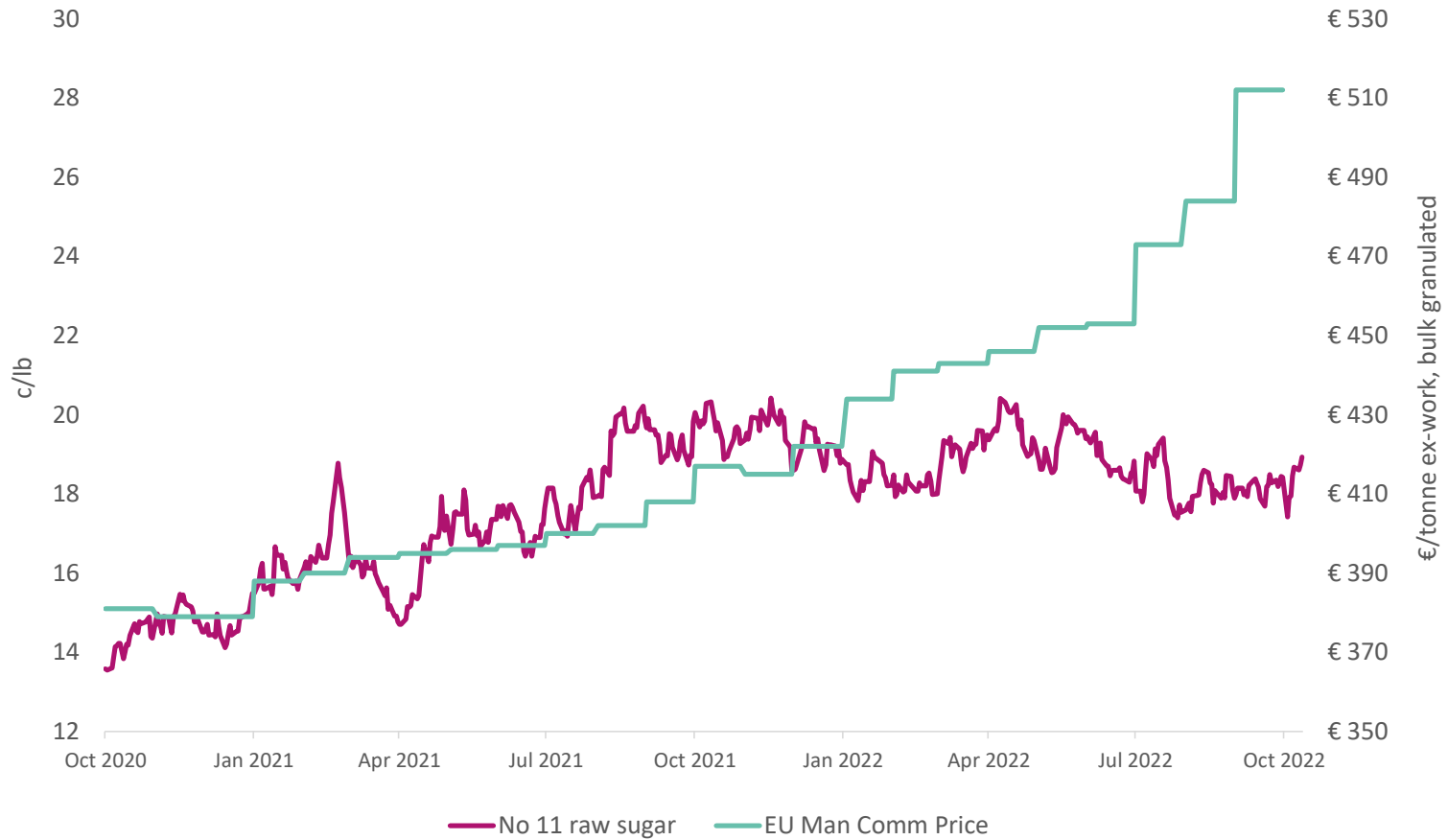
	2022	2021	Change actual fx	Change constant fx
Revenue £m	2,016	1,650	+22%	+18%
Operating profit £m	162	152	+7%	-5%
Margin	8.0%	9.2%		
ROCE	10.3%	10.2%		

- revenues substantially higher
- higher sugar and co-product prices
- higher yield and increased sugar production in UK
- lower sugar production in Illovo
- recommissioned Vivergo bioethanol plant
- retirement of Dr. Mark Carr, Chief Executive





World and European sugar prices



Sugar operations

- UK
 - 2021/22 campaign
 - 1.03m tonnes sugar production, up from 0.9m tonnes in prior year
 - 2022/23 campaign forecast
 - 0.9m tonnes production - yield reduced by drought
- Spain
 - improved performance with higher prices, production and sales volumes
- China
 - production volumes much lower on smaller acreage



- sales and profit broadly in line
- higher market pricing
- lower production following extreme weather events
- strong co-products contribution
- significant progress in developing retail capability
- construction of sugar factory in Tanzania underway



Olivewood packing facility, Malawi

Vivergo Fuels

- recommissioning costs this year £33m
- production increasing and consistent
- Europe remains a deficit market for bioethanol
- volatility in financial results likely



Grocery

	2022	2021	Change actual fx	Change constant fx
Revenue £m	3,735	3,593	+4%	+3%
Operating profit £m	399	413	-3%	-5%
Margin	10.7%	11.5%		
ROCE	29.3%	31.4%		

- revenues ahead benefiting from price increases
- operating profit solid in a highly inflationary environment
- further pricing underway
- margin recovery will take time



Al'Fez: Middle Eastern inspired dishes

Grocery

	2022 £m	2021 £m
Revenue	3,735	3,593
Operating profit	399	413

- Twinings Ovaltine
 - sales ahead, especially Ovaltine
 - China and Myanmar markets disrupted
 - retirement of Bob Tavener, Chief Executive
- Twinings
 - retail return to more normal demand from COVID elevated levels
 - encouraging growth in the wellness category
 - work underway to remove plastic overwrap in most markets
- Ovaltine
 - continued strong performances in Switzerland, Thailand, Brazil and Nigeria
 - return to better out-of-home consumption and foodservice sales



Grocery

	2022 £m	2021 £m
Revenue	3,735	3,593
Operating profit	399	413

- AB World Foods
 - good work to recover inflation
- Westmill Foods
 - improvement in restaurant and take-away sales
 - essential mineral fortification of basmati rice
- Acetum
 - good growth in Mazzetti brand
 - capacity expansion for aged and organic vinegars
- Jordans Dorset Ryvita
 - brand relaunch of Jordans and Ryvita
 - very heavy cost inflation



 Grocery – Ryvita advertising campaign



Grocery

	2022 £m	2021 £m
Revenue	3,735	3,593
Operating profit	399	413

- Allied Bakeries
 - progress delayed by inflation
 - margin impacted by much higher costs for wheat, energy, logistics
 - further pricing action underway
 - actions beyond pricing



Grocery

	2022 £m	2021 £m
Revenue	3,735	3,593
Operating profit	399	413

- Stratas
 - strong procurement and effective price negotiations
 - profit significantly ahead
- ACH
 - revenue growth driven by pricing actions over last year
 - higher commodity costs well managed
 - baking ingredients volumes still higher than pre-COVID



Grocery

	2022 £m	2021 £m
Revenue	3,735	3,593
Operating profit	399	413

- George Weston Foods
 - good sales and profit growth
 - managed through COVID disruption
 - labour shortages
 - Tip Top performed well
 - volumes to Quick Service Restaurants strongly ahead
 - Don KRC margin recovery
 - several extreme weather events



Tip Top: Golden crumpets

Agriculture

	2022	2021	Change actual fx	Change constant fx
Revenue £m	1,722	1,537	+12%	+11%
Operating profit £m	47	44	+7%	+7%
Margin	2.7%	2.9%		
ROCE	10.3%	10.6%		

- strong trading performance
- higher feed prices reflect commodity inflation
- good raw material procurement in UK
- record Frontier profit
- Greencoat acquisition, equine and pet supplements



Ingredients

	2022	2021	Change actual fx	Change constant fx
Revenue £m	1,827	1,508	+21%	+19%
Operating profit £m	159	151	+5%	+3%
Margin	8.7%	10.0%		
ROCE	14.8%	16.9%		

- AB Mauri
 - sales ahead with significant pricing actions taken
 - margin impacted by timing of new prices
 - baking ingredient volume growth in the Americas and Europe
 - decline in retail yeast from elevated levels during COVID lockdowns
 - initial work commenced on new Indian fresh yeast plant



Ingredients

	2022	2021	Change actual fx	Change constant fx
Revenue £m	1,827	1,508	+21%	+19%
Operating profit £m	159	151	+5%	+3%
Margin	8.7%	10.0%		
ROCE	14.8%	16.9%		

■ ABF Ingredients

- record revenue and profit performance
 - volume growth, new business wins
 - strong price execution to offset input cost inflation
- AB Enzymes and Ohly delivered record performances
- acquisition of Fytexia Group



Food outlook

- aggregate profit ahead
- Sugar profit well ahead
- Ingredients and Agriculture profit broadly in line
- inflation leading to lower Grocery margins
 - cash costs of inflation to be recovered during year



Investment

**Associated
British Foods
plc**

Group investment

- gross investment £930m, notably up on £721m last year
 - includes £160m on acquisitions

Completed projects

- Primark
 - new stores
 - warehouse automation
 - technology

- Food
 - Mauri Brazil expansion
 - Acetum storage
 - ACH bottling
 - Western Australian feed mill
 - African retail packing facilities
 - enzyme test bakeries

Projects underway

- Primark
 - new stores
 - further depot investment
 - technology
 - energy reduction

- Food
 - new sugar factory in Tanzania
 - major expansion of yeast extracts facility in Germany
 - flour mill relocation in Victoria
 - fresh yeast plant in India



Group Outlook

Associated
British Foods
plc

Group outlook

- our outlook remains unchanged
- Group well positioned
 - Primark proved its resilience and has momentum
 - Food benefiting from diversification
- significant input cost inflation
- strong increase in sales
- continue to expect lower adjusted operating profit and adjusted earnings per share
- good cash generation
- strong balance sheet even after £500m share buyback

Today in Turin



Review of annual results for 52 weeks ended 17 September 2022

8 November 2022

Associated
British Foods
plc

Appendix 1 – Primark selling space at year end

	FY 22		FY 21	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	191	7,620	191	7,597
Spain	56	2,305	52	2,143
Germany	32	1,841	32	1,841
Republic of Ireland	37	1,121	36	1,076
France	20	1,044	20	1,044
Netherlands	20	1,016	20	1,016
US	13	563	13	563
Italy	11	552	7	361
Belgium	8	403	8	403
Portugal	10	383	10	383
Austria	5	242	5	242
Czechia	2	89	1	50
Poland	2	77	2	77
Slovenia	1	46	1	46
	408	17,302	398	16,842

Appendix 2 – Financial leverage

- Group's net debt : EBITDA ratio to be well under 1.5 times each half-year and year-end reporting date
- IFRS 16 basis
- net debt is net cash including lease liabilities
- EBITDA based on rolling prior 12 month period, excluding exceptionals

Appendix 3 – Capital allocation policy

- priority always to invest in our businesses, both organically and by acquisition
- investment at appropriate pace and wherever attractive returns on capital can be generated
- considerable opportunities, both 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

	2022	2021
Average rates used to translate the income statement		
US \$	1.29	1.37
Euro	1.18	1.14
Australian \$	1.80	1.82
Closing rates used to translate the balance sheet		
US \$	1.14	1.38
Euro	1.14	1.17
Australian \$	1.70	1.89

Appendix 5 - Segmental Analysis

<i>By geography</i>	Revenue £m		Profit £m		Margin %	
	2022	2021	2022	2021	2022	2021
United Kingdom	6,378	4,982	533	293	8.4	5.9
Europe & Africa	6,291	4,944	482	302	7.7	6.1
The Americas	2,028	1,678	279	259	13.8	15.4
Asia Pacific	2,300	2,277	141	157	6.1	6.9
Continuing operations	16,997	13,881	1,435	1,011	8.4	7.3
Disposed/closed businesses	-	3	-	-		
Total	16,997	13,884	1,435	1,011	8.4	7.3

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