

**Review of interim results
for 24 weeks ended
5 March 2011**

27 April 2011



Financial Highlights

- Group revenue up 9% to £5,207m
- Adjusted operating profit up 5% at £390m*
- Adjusted profit before tax up 7% to £353m **
- Adjusted earnings per share up 8% at 32.9p **
- Interim dividend per share up 4% to 7.9p
- Net debt of £1,361m after net capital investment of £399m
- Operating profit up 6% to £356m, profit before tax level at £319m and basic earnings per share down 3% to 30.6p

* and ** - see notes at end

Business Highlights

- Good results built on last year's excellent growth
- Profit up in four of five business segments
- Sugar well ahead
 - benefit from higher world sugar prices
 - lower production
- Primark
 - strong top-line growth
 - maintained price leadership
- Continuing substantial capital investment

Income Statement

Associated
British Foods
plc

£m	2011	2010	Change
Revenue	5,207	4,796	+9%
Operating costs	(4,870)	(4,470)	
Share of joint ventures and associates	17	6	
Profits less losses on disposal of non-current assets	<u>2</u>	<u>4</u>	
Operating profit	356	336	
Adjusted operating profit	390	370	+5%
Profits less losses on disposal of non-current assets	2	4	
Amortisation of non-operating intangibles	(36)	(38)	

Income Statement

Associated
British Foods
plc

£m	2011	2010	Change
Operating profit	356	336	+6%
Profit/(loss) on sale/closure of businesses	-	23	
Net interest expense	(39)	(37)	
Other financial income/(expense)	2	(2)	
Profit before tax	<u>319</u>	<u>320</u>	-
Tax	(83)	(74)	
Profit after tax	<u>236</u>	<u>246</u>	
Adjusted profit before tax*	<u>353</u>	<u>331</u>	+7%

* before amortisation of non-operating intangibles, profits less losses on disposal of non-current assets, and profits less losses on the sale and closure of businesses

Tax

Associated
British Foods
plc

	2011		2010	
	£m		£m	
Underlying charge	94	26.6%	88	26.6%
Credit on intangible amortisation	(11)		(12)	
Credit for net profit on sale of businesses and non-current assets	-		(2)	
Reported charge	<u>83</u>	26.0%	<u>74</u>	23.1%

Earnings and Dividend Per Share

Associated
British Foods
plc

	2011	2010	Change
Adjusted earnings per share *	32.9p	30.5p	+8%
Earnings per share	30.6p	31.6p	-3%
Dividend per share	7.9p	7.6p	+4%

* before amortisation of non-operating intangibles, profits less losses on disposal of non-current assets, and profits less losses on the sale and closure of businesses

Balance Sheet

Associated
British Foods
plc

£m	2011	2010
Intangible assets (including goodwill)	1,903	1,972
PP&E and other non-current assets	4,705	4,242
Working capital	1,160	1,075
Biological assets - current	112	119
Current tax	(144)	(122)
Net debt	(1,361)	(1,090)
Other financial liabilities (net)	(23)	(14)
Deferred tax	(291)	(233)
Provisions	(198)	(259)
Net pension asset/(liability)	41	(114)
	<u>5,904</u>	<u>5,576</u>
Equity shareholders' funds	5,492	5,127
Non-controlling interests	412	449
	<u>5,904</u>	<u>5,576</u>

Cash Flow

Associated
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plc

£m	2011	2010
Adjusted operating profit (before joint ventures and associates)	373	364
Depreciation and amortisation of operating intangibles	159	156
Working capital	(395)	(115)
Provisions	(12)	(18)
Capital expenditure - Primark	(145)	(87)
- Food	(259)	(216)
Tax	(51)	(52)
Net interest	(26)	(23)
Other	(11)	17
Free cash flow	<u>(367)</u>	<u>26</u>
Dividends paid (including non-controlling interests)	(138)	(123)
Acquisitions less disposals	(47)	(69)
	<u>(552)</u>	<u>(166)</u>

Segmental Analysis

Associated
British Foods
plc

By business	Revenue		Profit		Margin		ROCE (annualised)	
	2011	2010	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	%	%	%	%
Grocery	1,726	1,597	111	95	6.4	5.9	18.2	18.0
Sugar	1,024	931	108	85	10.5	9.1	13.1	11.0
Agriculture	507	432	18	12	3.6	2.8	19.3	14.3
Ingredients	544	509	29	47	5.3	9.2	9.6	16.7
Retail	1,406	1,263	151	144	10.7	11.4	20.4	21.6
Central costs	-	-	(27)	(18)	n/a	n/a	n/a	n/a
Continuing businesses	<u>5,207</u>	<u>4,732</u>	<u>390</u>	<u>365</u>	<u>7.5</u>	<u>7.7</u>	<u>15.1</u>	<u>15.7</u>
Businesses disposed	<u>-</u>	<u>64</u>	<u>-</u>	<u>5</u>	<u>n/a</u>	<u>n/a</u>		
	<u>5,207</u>	<u>4,796</u>	<u>390</u>	<u>370</u>	<u>7.5</u>	<u>7.7</u>		

Segmental Analysis

Associated
British Foods
plc

By geography

	Revenue		Profit		Margin	
	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	%	%
United Kingdom	2,194	2,061	230	195	10.5	9.5
Europe & Africa	1,336	1,202	56	63	4.2	5.2
The Americas	571	520	59	66	10.3	12.7
Asia Pacific	1,106	949	45	41	4.1	4.3
Continuing businesses	<u>5,207</u>	<u>4,732</u>	<u>390</u>	<u>365</u>	<u>7.5</u>	<u>7.7</u>
Businesses disposed	<u>-</u>	<u>64</u>	<u>-</u>	<u>5</u>	<u>n/a</u>	<u>n/a</u>
	<u>5,207</u>	<u>4,796</u>	<u>390</u>	<u>370</u>	<u>7.5</u>	<u>7.7</u>

Sugar

		2011	2010	Change
Revenue	£m	1,024	931	+10%
Operating profit	£m	108	85	+27%
Margin		10.5%	9.1%	
ROCE (annualised)		13.1%	11.0%	

- higher world and regional sugar prices
- considerable improvements in Spain and China
- partial offset by declines in the UK and Illovo



Sugar	2011	2010	Change
Revenue £m	1,024	931	+10%
Operating Profit £m	108	85	+27%



EU Sugar

UK

- sugar production just below 1.0 million tonnes
 - beet badly damaged by weather
 - shortfall made up by third party purchases, reserve stock drawdown
 - full year profit impact of £20m
- new season
 - acreage in line with expectation
 - planting completed ahead of schedule



Spain

- profit well ahead
 - high cost stock last year
 - good campaign
 - higher pricing



Sugar	2011	2010	Change
Revenue £m	1,024	931	+10%
Operating Profit £m	108	85	+27%

China

- substantial increase in profit
- strong pricing
- sugar production up 8%
 - larger growing area and improved field yields in North
 - lower production in South
 - lower sugar content
- buyout of minorities in BoTian joint venture in North



Sugar	2011	2010	Change
Revenue £m	1,024	931	+10%
Operating Profit £m	108	85	+27%



Illovo

- profit decline
 - 1.6 million tonnes produced, South Africa drought
 - rand strength
- new cane season started positively
- expanded Zambia mill achieving expected output
- expansion in Swaziland commissioning shortly

Ubombo Mill, Swaziland



Agriculture

		2011	2010	Change
Revenue	£m	507	432	+17%
Operating profit	£m	18	12	+50%
Margin		3.6%	2.8%	
ROCE (annualised)		19.3%	14.3%	

- UK feed revenues ahead in all sectors
- continued growth in feed enzymes and speciality feeds
- excellent performance from grain trading and crop inputs at Frontier



Grocery

		2011	2010	Change
Revenue	£m	1,726	1,597	+8%
Operating profit	£m	111	95	+17%
Margin		6.4%	5.9%	
ROCE (annualised)		18.2%	18.0%	

- reduced provisioning for manufacturing reorganisation
- recovery of higher commodity costs
- UK Grocery and Twinings Ovaltine performed well
- Australia disappointing



Grocery	2011	2010	Change
Revenue £m	1,726	1,597	+8%
Operating Profit £m	111	95	+17%



UK Grocery

- Kingsmill volume and share growth
- capital investment
 - bread lines in Glasgow and Stevenage
 - rolls line in West Bromwich
- successful advertising and new products for Ryvita
- speciality sugars and bakery ingredients growth in Silver Spoon
- Blue Dragon relaunched



Grocery	2011	2010	Change
Revenue £m	1,726	1,597	+8%
Operating Profit £m	111	95	+17%



Twinnings Ovaltine

- strong growth for both brands
- Twinings
 - success in UK, Australia and US
- restructuring of tea supply chain
 - expansion of factory in China complete
 - production started at new factory in Poland
- Ovaltine
 - continued growth in developing markets



Grocery	2011	2010	Change
Revenue £m	1,726	1,597	+8%
Operating Profit £m	111	95	+17%



ACH

- pricing to recover commodity cost inflation
- US market share gains
- Spice Islands, Weber performing well in growing market
- Capullo affected by competitive pressure



Stratas

- new leadership team
- business optimisation



Grocery	2011	2010	Change
Revenue £m	1,726	1,597	+8%
Operating Profit £m	111	95	+17%



Australia

- very difficult trading environment
 - food price deflation
 - limited commodity cost recovery
- Tip Top relaunched
 - meat business strengthening
 - commissioning at Castlemaine going well



Ingredients

		2011	2010	Change
Revenue	£m	544	509	+7%
Operating profit	£m	29	47	-38%
Margin		5.3%	9.2%	
ROCE (annualised)		9.6%	16.7%	

- margin reduced
 - competitive pressure in European yeast
 - higher molasses costs in China
 - high commissioning costs in Harbin
- capital investment
 - yeast and yeast extracts plant in Harbin both complete
 - greenfield yeast sites in Mexico and Shandong, China under way
- feed and bakery enzyme new products



Retail

		2011	2010	Change
Revenue	£m	1,406	1,263	+11%
Operating profit	£m	151	144	+5%
Margin		10.7%	11.4%	
ROCE (annualised)		20.4%	21.6%	

- sales up 13% at constant currency
- strong programme new store openings
- like-for-like sales up 3%
- capital investment of £145m in first half
- determination to retain price leadership



Retail	2011	2010	Change
Revenue £m	1,406	1,263	+11%
Operating Profit £m	151	144	+5%



Trading

UK

- sales excellent in period up to Christmas
- high street slowdown after New Year
- very pleased with sales performance since end February

Ireland

- encouraging recovery

Continental Europe

- further share gains and strong like-for-like growth in Iberia
- Germany, Belgium and the Netherlands very strong



Retail	2011	2010	Change
Revenue £m	1,406	1,263	+11%
Operating Profit £m	151	144	+5%

Margin

- strategy to offer best value on the high street
- decision to absorb partially higher input costs
 - mainly cotton
 - UK VAT increase
- reduction in second half more than previously indicated
- like-for-likes reported and recent trading validate approach



Retail	2011	2010	Change
Revenue £m	1,406	1,263	+11%
Operating Profit £m	151	144	+5%



Store openings

- pace and scale of investment increasing
- ten new stores in first half
 - six in UK
 - two in Spain
 - one in Germany
 - one in the Netherlands
- 214 stores, 6.9 million sq ft at half year

Gelsenkirchen, Germany



Primark - selling space expansion

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	UK		Republic of Ireland		Spain		Other		Total	
	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores
Half year 2010	4,460	138	980	38	410	14	250	6	6,100	196
Half year 2011	4,970	149	1,010	38	570	19	350	8	6,900	214
	+11%		+3%		+39%		+40%		+13%	

Retail	2011	2010	Change
Revenue £m	1,406	1,263	+11%
Operating Profit £m	151	144	+5%

Further store openings

- six in second half
- 7.1 million sq ft of selling space by year end
- expansion in Germany next year
 - five stores
 - 350,000 sq ft



Substantial Capital Investment

		Status
Ethanol	Vivergo biofuels	delayed 2012
Sugar	Swaziland capacity	commissioning shortly, on schedule
Grocery	Twinings	China complete Poland commissioning, on schedule
Grocery	Castlemaine meat	production transferring on schedule
Ingredients	China yeast, yeast extracts	process optimisation
Ingredients	Mexico, Shandong China yeast	greenfield sites started
Retail	Store expansion across Europe	pace increasing

Summary

- Good results built on last year's excellent growth
- Profit up in four of five business segments
- Sugar
 - higher world prices
- Primark
 - strong top-line growth
 - price leadership
 - expansion accelerating
- Continuing substantial capital investment
- Outlook for full year
 - continue to expect good revenue growth
 - adjusted earnings expected to be similar to last year

**Review of interim results
for 24 weeks ended
5 March 2011**

27 April 2011



Exchange rates

Average rates for the first half used to translate the income statement	2011	2010
US\$	1.59	1.62
euro	1.17	1.12
South African rand	11.05	12.15
Australian \$	1.60	1.79
Rates at half year end used to translate the balance sheet	2011	2010
US\$	1.63	1.52
euro	1.16	1.12
South African rand	11.19	11.71
Australian \$	1.60	1.70

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Notes

- * before amortisation of non-operating intangibles, and profits less losses on the disposal of non-current assets
- ** before amortisation of non-operating intangibles, profits less losses on the disposal of non-current assets, and profits less losses on the sale and closure of businesses