

Review of annual results for 52 weeks ended 13 September 2014

4 November 2014



Financial Highlights

- Group revenue £12.9bn
- Adjusted operating profit £1,163m*
- Adjusted profit before tax up 2% to £1,105m**
- Adjusted earnings per share up 6% to 104.1p**
- Dividends per share up 6% to 34.0p
- Net capital investment of £691m
- Net debt reduced to £446m
- Operating profit down 1% to £1,080m, profit before tax up 18% to £1,020m and basic earnings per share up 30% to 96.5p

* and ** - see notes at end

- Four of five business segments delivered significant profit growth
 - profit and margin well ahead in Grocery
 - strong turnaround at Ingredients
 - record year at Agriculture
 - trading success and expansion at Primark
- Sugar
 - much lower EU prices
 - focus on cost improvement
- Record cash generation

Income Statement

Associated
British Foods
plc

£m	2014	2013 (restated)	Change	
			actual fx	constant fx
Revenue	12,943	13,315	-3%	+1%
Operating costs	(11,865)	(12,240)		
Share of joint ventures and associates	13	13		
Profits less losses on disposal of non-current assets	(11)	-		
Operating profit	1,080	1,088		
Adjusted operating profit*	1,163	1,180	-1%	+2%
Profits less losses on disposal of non-current assets	(11)	-		
Amortisation of non-operating intangibles	(72)	(92)		

Income Statement

Associated
British Foods
plc

£m	2014	2013 (restated)	Change
Operating profit	1,080	1,088	-1%
Loss on sale/closure of businesses	(2)	(128)	
Net interest expense	(58)	(87)	
Other financial income/(expense)	-	(5)	
Profit before tax	1,020	868	+18%
Tax	(237)	(240)	
Profit after tax	783	628	
Non-controlling interests	(21)	(43)	
Attributable to equity shareholders	762	585	
Adjusted profit before tax**	1,105	1,088	+2%

Tax

Associated
British Foods
plc

	2014		2013 (restated)	
	£m		£m	
Underlying charge	257	23.3%	263	24.2%
Credit on goodwill & intangible amortisation	(21)		(29)	
Charge on disposal of businesses and PP&E	1		6	
Reported charge	<u>237</u>	23.2%	<u>240</u>	27.6%

Earnings and Dividends Per Share

Associated
British Foods
plc

	2014	2013 (restated)	Change
Adjusted earnings per share *	104.1p	98.1p	+6%
Earnings per share	96.5p	74.0p	+30%
Dividends per share	34.0p	32.0p	+6%

Balance Sheet

Associated
British Foods
plc

£m	2014	2013 (restated)
Intangible assets (including goodwill)	1,467	1,581
PP&E and other non-current assets	5,137	5,015
Working capital	878	1,042
Biological assets - current	109	112
Current tax	(193)	(166)
Net debt	(446)	(804)
Other financial assets/(liabilities)	59	(11)
Deferred tax	(114)	(158)
Provisions	(101)	(77)
Net pension liability	(43)	(15)
Net assets	<u>6,753</u>	<u>6,519</u>
Equity shareholders' funds	6,437	6,155
Non-controlling interests	<u>316</u>	<u>364</u>
	<u>6,753</u>	<u>6,519</u>

Cash Flow

Associated
British Foods
plc

£m	2014	2013
Adjusted operating profit (before joint ventures and associates)	1,150	1,208
Depreciation and amortisation of operating intangibles	424	443
Working capital	100	(97)
Provisions	13	11
Capital expenditure - Primark	(378)	(228)
- Food	(298)	(365)
Purchase of intangibles	(32)	(22)
Tax	(246)	(252)
Net interest and other income	(67)	(97)
Pension cost less contributions	7	(24)
Other	(34)	2
Free cash flow	639	579
Dividends paid (incl minorities)	(277)	(261)
(Acquisitions)/disposals including loans to joint ventures	(8)	(45)
Net cash flow before financing	354	273

Segmental Analysis

**Associated
British Foods
plc**

By business

	Revenue		Profit [*]		Margin		ROCE	
	2014	2013	2014	2013	2014	2013	2014	2013
	(restated)		(restated)		(restated)		(restated)	
	£m	£m	£m	£m	%	%	%	%
Grocery	3,337	3,568	269	224	8.1	6.3	20.8	16.9
Sugar	2,083	2,677	189	434	9.1	16.2	10.5	23.3
Agriculture	1,312	1,410	50	47	3.8	3.3	17.3	16.4
Ingredients	1,261	1,360	41	5	3.3	0.4	5.8	0.6
Retail	4,950	4,273	662	513	13.4	12.0	33.2	26.0
Central costs	-	-	(49)	(51)	n/a	n/a	n/a	n/a
Continuing businesses	12,943	13,288	1,162	1,172	9.0	8.8	18.9	18.3
Businesses disposed	-	27	1	8	-	-	-	-
	<u>12,943</u>	<u>13,315</u>	<u>1,163</u>	<u>1,180</u>	<u>9.0</u>	<u>8.9</u>	<u>18.9</u>	<u>18.4</u>

Segmental Analysis

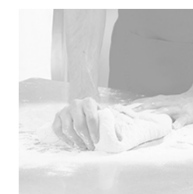
By geography

	Revenue		Profit*		Margin	
	2014	2013	2014	2013 (restated)	2014	2013 (restated)
	£m	£m	£m	£m	%	%
United Kingdom	5,631	5,728	602	710	10.7	12.4
Europe & Africa	3,924	3,790	393	386	10.0	10.2
The Americas	1,211	1,282	127	103	10.5	8.0
Asia Pacific	<u>2,177</u>	<u>2,488</u>	<u>40</u>	<u>(27)</u>	<u>1.8</u>	<u>(1.1)</u>
Continuing businesses	12,943	13,288	1,162	1,172	9.0	8.8
Businesses disposed	<u>-</u>	<u>27</u>	<u>1</u>	<u>8</u>	<u>-</u>	<u>-</u>
	<u>12,943</u>	<u>13,315</u>	<u>1,163</u>	<u>1,180</u>	<u>9.0</u>	<u>8.9</u>

Sugar

		2014	2013	Change	
			(restated)	actual fx	constant fx
Revenue	£m	2,083	2,677	-22%	-17%
Operating profit	£m	189	434	-56%	-54%
Margin		9.1%	16.2%		
ROCE		10.5%	23.3%		

- focus on cost improvement
- good operational performance
- globally competitive producer
- low world prices
- structural reduction in EU prices



Cost improvement

- continuous improvement programme in all businesses
 - agriculture
 - sugar extraction
 - factory throughput
 - energy reduction
- review of overheads
 - reduction in China
 - provision for reduction in EU
- beet and cane costs
 - 2015/16 UK beet reduction of 20%
 - ongoing discussions on net beet cost in Spain
 - further China cane costs reductions in 2014/15

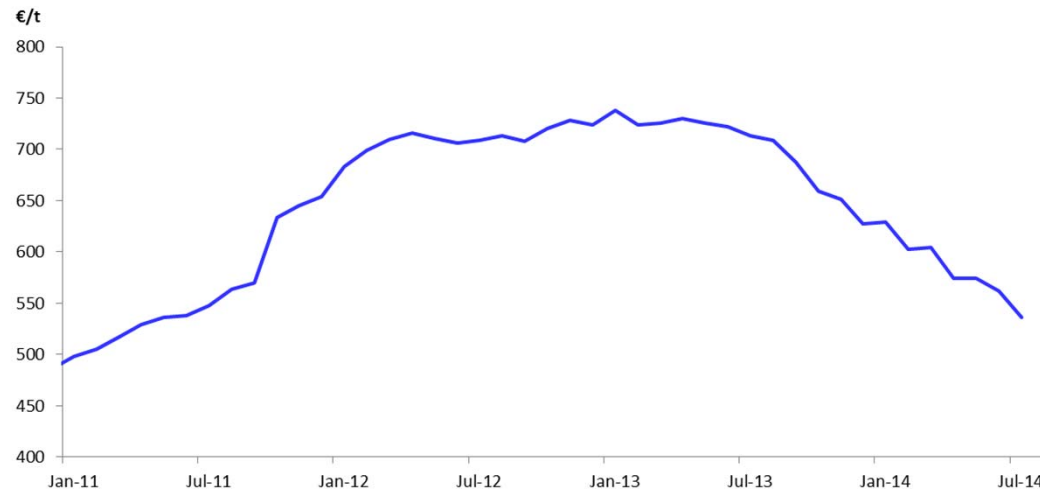


Sugar operations

- UK
 - all factories performed well
 - 1.32 million tonnes highest production since 2006
 - even better growing conditions for 2014/15
 - Vivergo production volumes significantly ahead
- Illovo
 - profit more resilient
 - production at 1.70 million tonnes
 - potable alcohol in Tanzania
- China
 - record campaign in south



EU sugar prices

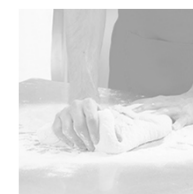


Source: European Commission Average

- supply shortage drove price sharply higher in 2012
- reduction since 2012
 - much higher EU stock levels
 - confirmation of quota removal in 2017
- challenging contract customer negotiations for 2014/15
- low prices until removal of excess stocks
- beyond 2014/15 much of structural price change behind us

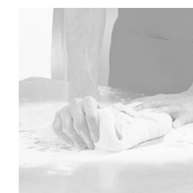
		2014	2013	Change	
			(restated)	actual fx	constant fx
Revenue	£m	1,312	1,410	-7%	-6%
Operating profit	£m	50	47	+6%	+11%
Margin		3.8%	3.3%		
ROCE		17.3%	16.4%		

- AB Vista strong growth
- Frontier ahead
 - higher demand for crop inputs
 - more difficult grain trading market
- cash margins in UK feed maintained
- revenues reflect lower commodity costs



		2014	2013	Change	
			(restated)	actual fx	constant fx
Revenue	£m	3,337	3,568	-6%	-1%
Operating profit	£m	269	224	+20%	+24%
Margin		8.1%	6.3%		
ROCE		20.8%	16.9%		

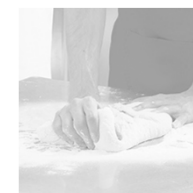
- major increase in profit and margin
- effect of food commodity price deflation
- revenue and profit growth for Twinings Ovaltine
- Australia recovering
- excellent performance at ACH



Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

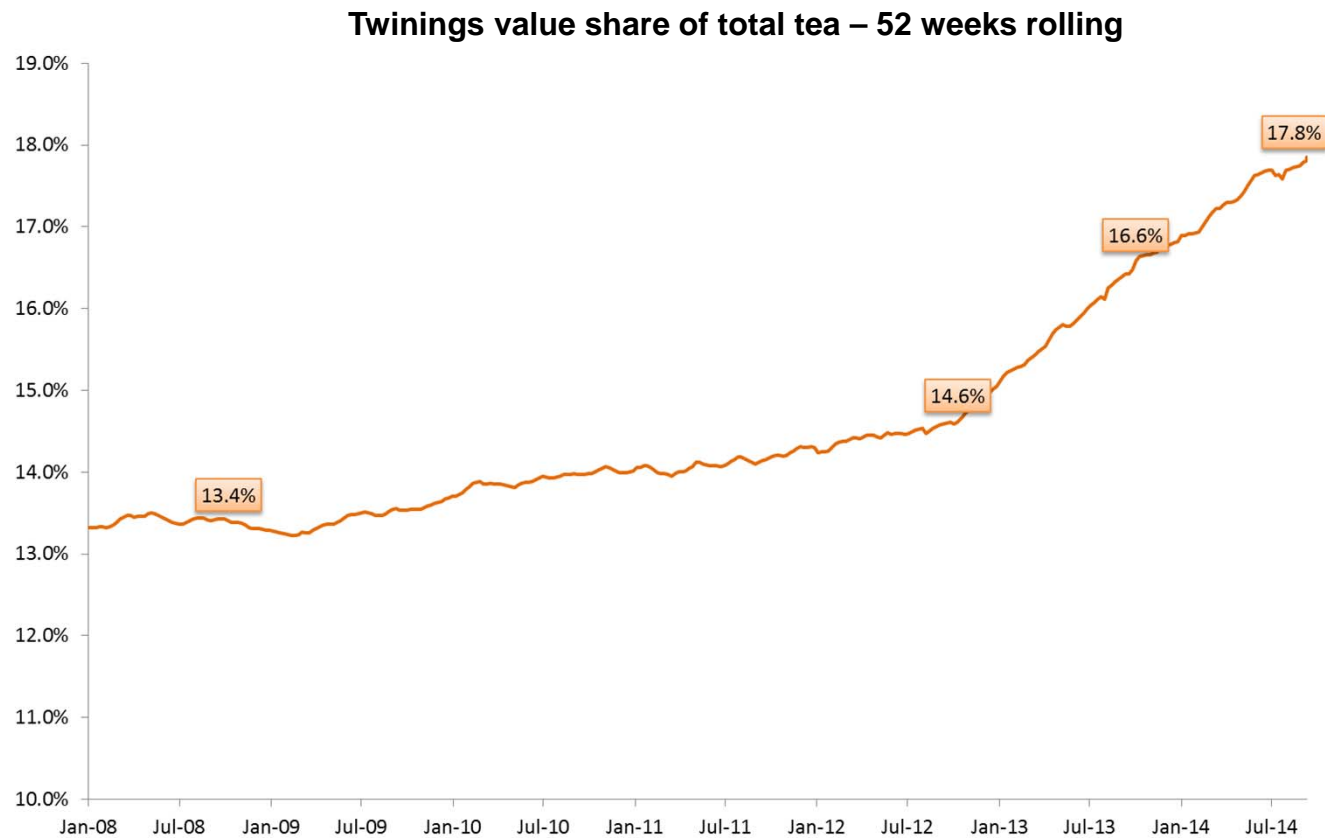
Twinings

- strong performance
- excellence in marketing and product development
- record UK market share



Twinings in the UK

- strong growth in market share
- now number 2 brand by value in tea category



Source: Nielsen Scantrack Total Coverage data to w/e 27.09.14

Twinings in the UK

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- success from improvements to Green Tea and Fruit & Herbal Infusions ranges
 - packaging with strong shelf presence
 - consumer insight-led segmentation and flavours



- relaunch of Black Teas next

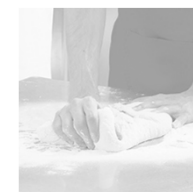
Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

Twinings

- strong performance
- excellence in marketing and product development
- record UK market share
- fastest growing tea brand in US

Ovaltine

- good trading in developing markets
- Nigerian packing line fully operational

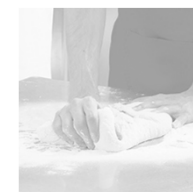


Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

UK Grocery

Allied Bakeries

- revenue and profit ahead
- five year capital investment programme
 - substantially complete
 - state-of-the-art baking capability
- new product success
 - Great White
 - Sandwich Thins



New line, new product

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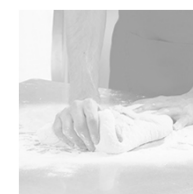


Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

UK Grocery

Jordans Ryvita

- revenue and profit growth
- increased demand for Ryvita Thins
- Dorset Cereals acquisition completed 20 October
 - healthy cereals category growth
 - particular strength in premium muesli
 - consumer differentiation from Jordans
 - cost synergies



Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

UK Grocery

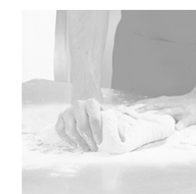
AB World Foods / Westmill Foods

- brand growth
 - Patak's
 - Blue Dragon
 - Lucky Boat noodles
 - Elephant Atta flour



Silver Spoon

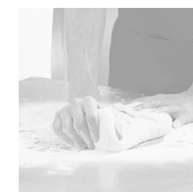
- some granulated sugar contracts lost
- commitment to volume recovery



Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

Australia

- much improved performance
- progress for major bread brands
- higher volumes and better productivity for meat
- creation of Mauri ANZ
 - flour milling
 - yeast and bakery enzymes
- redevelopment of former meat factory site in Western Australia



Scale of site in Western Australia

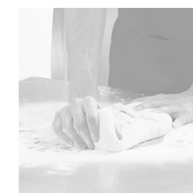
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Grocery		2014	2013 (restated)
	Revenue £m	3,337	3,568
	Operating Profit £m	269	224

ACH/Stratas

- profit well ahead
- Mazola volume growth
 - successful advertising campaign
 - lower corn oil costs
- Capullo increased market share in Mexico following relaunch



Ingredients

		2014	2013	Change	
			(restated)	actual fx	constant fx
Revenue	£m	1,261	1,360	-7%	+4%
Operating profit	£m	41	5		
Margin		3.3%	0.4%		
ROCE		5.8%	0.6%		

- Strong turnaround
- More to come under new management



Ingredients

Ingredients	2014	2013 (restated)	
	Revenue £m	1,261	1,360
	Operating Profit £m	41	5

AB Mauri

- progress in all regions
- yeast and bakery ingredients both ahead
- non-recurrence of 2013 restructuring costs

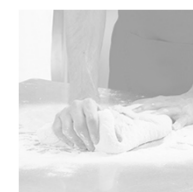
ABF Ingredients

- growth in bakery and feed enzymes
- new US extrusion factory operational



		2014	2013	Change	
			(restated)	actual fx	constant fx
Revenue	£m	4,950	4,273	+16%	+17%
Operating profit	£m	662	513	+29%	+30%
Margin		13.4%	12.0%		
ROCE		33.2%	26.0%		

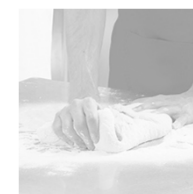
- excellent trading performance
- higher margin
- major expansion of selling space
- new markets
 - France success
 - announced north-east US



Primark trading

Retail	2014	2013 (restated)
	Revenue £m	4,273
	Operating Profit £m	513

- trading
 - 4% like-for-like growth
 - success of ranges throughout the year across all geographies
 - excellent Christmas and Easter periods
 - Spain and France exceptional
- margin improvement
 - lower markdowns
 - warehouse and distribution efficiencies
 - lower freight rates



Autumn / winter 2014

Associated
British Foods



Selling space expansion

- gross addition of 1.4 million sq ft
 - opened 25 new locations
 - relocated three stores
 - extended three stores
- major increase in stores in Spain, Netherlands
- large stores in Berlin, Cologne, Dusseldorf
- first five stores in France
- 5% growth in UK space
- relocation of first Spanish store, doubling size



Primark selling space

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	UK		Iberia		Northern Continental Europe		Republic of Ireland		Total	
	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores
September 2013	5,760	161	1,330	41	880	17	1,030	38	9,000	257
September 2014	6,040	164	1,570	47	1,560	30	1,030	37	10,200	278
	+5%		+18%		+77%		-		+13%	

Vive la France

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Dijon



Paris - Villeneuve la Garenne



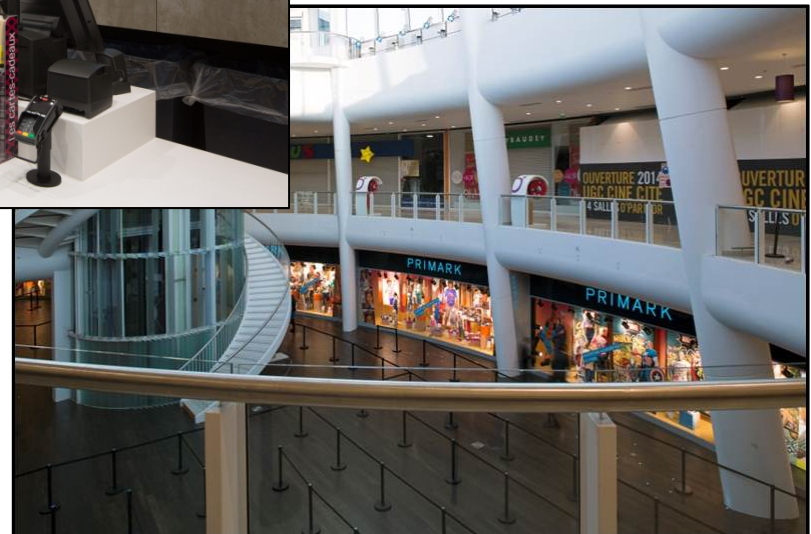
**Paris
Creteil**



Marseille

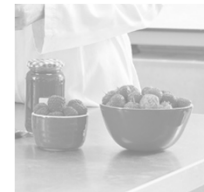


Paris - O'Parinor



Further expansion in UK and Continental Europe

- strong pipeline of new stores
- since year end
 - five stores already opened
 - another five stores before Christmas
 - total 0.5 million sq ft added by Christmas
- expect less than 1.0 million sq ft for full year
- full programme in autumn 2015



- first openings expected in late 2015
- location strategy
 - areas of high urban density
 - high existing customer footfall
- eight stores confirmed
 - Downtown Crossing, Boston
 - seven leased from Sears including King of Prussia shopping mall
 - 0.5 million sq ft by late 2016
- supported by leased warehousing in the region



- New financial year expectations
 - continued progress and expansion in Primark
 - progress in Grocery, Ingredients and Agriculture
 - further fall in EU sugar prices
 - limited opportunity for adjusted eps growth
- Beyond
 - much of structural change in EU sugar price behind us
 - confident of further progress for the group

Review of annual results for 52 weeks ended 13 September 2014

4 November 2014



Exchange rates

Average rates used to translate the income statement	2014	2013
US\$	1.66	1.56
euro	1.22	1.19
South African rand	17.43	14.37
Australian \$	1.80	1.56
Rates at year end used to translate the balance sheet	2014	2013
US\$	1.62	1.59
euro	1.25	1.19
South African rand	17.86	15.76
Australian \$	1.80	1.72

Prior year restatement

The results for the year ended 14 September 2013 have been restated upon adoption of IAS19 *Employee Benefits* Revised. The impact of this restatement on the income statement and segmental analysis is summarised below together with adjustments to reflect the merger, in 2014, of the activities of AB Mauri's yeast and bakery ingredients businesses in Australia and New Zealand with the flour milling business of George Weston Foods, and a small disposal made in the year ended 13 September 2014.

	Year ended 14 September 2013			
	restated	Transfer and disposals	IAS 19 adjustments	previously reported
Adjusted operating profit (£m)	1,180	-	(5)	1,185
Adjusted operating profit from continuing businesses (£m)	1,172	(2)	(5)	1,179
Adjusted profit before tax (£m)	1,088	-	(8)	1,096
Adjusted earnings (£m)	775	-	(6)	781
Adjusted earnings per share (p)	98.1	-	(0.8)	98.9
Segmental analysis				
<u>Continuing businesses</u>				
Adjusted operating profit:				
Grocery (£m)	224	(6)	(2)	232
Sugar (£m)	434	-	(1)	435
Ingredients (£m)	5	4	-	1
Retail (£m)	513		(1)	514
Central (£m)	(51)		(1)	(50)
<u>Disposed businesses</u>				
Grocery	2	2	-	-
Ingredients	6	-	-	6

The IAS19 adjustments only affect the United Kingdom geographic segment.
The transfers and disposals all arise in the Asia Pacific segment.

This presentation pack is directed only at investment professionals falling within article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and to other persons to whom the presentation pack may lawfully be promoted.

Notes

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

All figures stated after amortisation of non-operating intangibles, profits less losses on disposal of non-current assets, and profits less losses on sale and closure of businesses are shown on the face of the consolidated income statement.