



Review of interim results for 24 weeks ended 27 February 2016

19 April 2016

Financial Highlights

Group revenue	up 2%*	£6.1bn
Adjusted operating profit	up 5%*	£486m
Adjusted profit before tax	up 4%	£466m
Adjusted earnings per share	level at	46.1p
Interim dividend per share	up 3%	10.3p
Gross capital investment		£348m
Net debt	reduced to	£421m

* constant currency

Business Highlights

- Progress in all our businesses despite currency
- Primark expansion
- Better result for Sugar
- Margin improvement for Grocery, Agriculture
- Profit well ahead at Ingredients
- Strong cash flow performance

Income statement

£m	2016	2015	Change	
			actual fx	constant fx
Revenue	6,117	6,248	-2%	+2%
Operating costs	(5,663)	(5,820)		
Exceptional item	-	(98)		
Share of joint ventures and associates	23	18		
Profits less losses on disposal of non-current assets	-	5		
Operating profit	477	353		
Adjusted operating profit	486	474	+3%	+5%
Profits less losses on disposal of non-current assets	-	5		
Amortisation of non-operating intangibles	(9)	(28)		
Exceptional item	-	(98)		

Income statement

£m	2016	2015	Change
Operating profit	477	353	+35%
Profits less losses on sale and closure of businesses	-	(116)	
Net interest expense	(24)	(26)	
Other financial income	4	2	
Profit before tax	457	213	+115%
Tax	(97)	(89)	
Profit after tax	360	124	
Adjusted profit before tax	466	450	+4%

Tax

£m	2016		2015	
Underlying charge	99	21.2%	96	21.3%
Credit on intangible amortisation	(2)		(4)	
Credit on one-off items	-		(3)	
Reported charge	<u>97</u>	21.2%	<u>89</u>	41.8%

Earnings and Dividend Per Share

	2016	2015	Change
Adjusted earnings per share	46.1p	46.1p	level
Earnings per share	45.1p	18.1p	+149%
Dividend per share	10.3p	10.0p	+3%

Balance Sheet

£m	2016	2015
Intangible assets (including goodwill)	1,425	1,431
PP&E and other non-current assets	5,080	4,900
Working capital	1,032	1,210
Biological assets – current	90	102
Current tax	(112)	(175)
Net debt	(421)	(801)
Other net financial assets	56	131
Deferred tax	(114)	(113)
Provisions	(60)	(92)
Net pension asset/(liability)	16	(101)
	<u>6,992</u>	<u>6,492</u>
Equity shareholders' funds	6,799	6,210
Non-controlling interests	193	282
	<u>6,992</u>	<u>6,492</u>

Cash Flow

£m	2016	2015
Adjusted operating profit (before joint ventures and associates)	463	456
Depreciation and amortisation of operating intangibles	212	212
Working capital	(192)	(365)
Provisions	(7)	(17)
Capital expenditure - Primark	(172)	(152)
- Food	(160)	(137)
Purchase of intangibles	(16)	(17)
Tax	(87)	(102)
Net interest and other income	(19)	(23)
Pension costs less contributions	5	6
Dividends from joint ventures and associates	10	30
Other	(23)	29
Free cash flow	14	(80)
Dividends paid (including non-controlling interests)	(205)	(200)
Acquisitions less disposals	(9)	(57)
	<u>(200)</u>	<u>(337)</u>

Illovo minority buy-out

- £262m investment to acquire remaining 48.65%
- Immediately earnings accretive
- Agreement with Board of Illovo
- Support obtained from a majority of minority shareholders
- Approval required at extraordinary general meeting

Segmental Analysis

By business

	Revenue		Profit		Margin		ROCE	
	2016 £m	2015 £m	2016 £m	2015 £m	2016 %	2015 %	(annualised) 2016 %	2015 %
Grocery	1,520	1,580	130	128	8.6	8.1	22.7	21.4
Sugar	843	928	6	(3)	0.7	(0.3)	0.8	(0.4)
Agriculture	491	577	22	23	4.5	4.0	14.4	16.5
Ingredients	596	616	40	28	6.7	4.5	11.8	8.0
Retail	2,667	2,547	313	322	11.7	12.6	32.0	31.2
Central costs	-	-	(25)	(24)	-	-	-	-
Continuing businesses	<u>6,117</u>	<u>6,248</u>	<u>486</u>	<u>474</u>	<u>7.9</u>	<u>7.6</u>	<u>17.6</u>	<u>16.0</u>

Segmental Analysis

By geography

	Revenue		Profit		Margin	
	2016 £m	2015 £m	2016 £m	2015 £m	2016 %	2015 %
United Kingdom	2,488	2,574	210	248	8.4	9.6
Europe & Africa	2,080	2,077	163	142	7.8	6.8
The Americas	654	622	77	73	11.8	11.7
Asia Pacific	895	975	36	11	4.0	1.1
Continuing businesses	<u>6,117</u>	<u>6,248</u>	<u>486</u>	<u>474</u>	<u>7.9</u>	<u>7.6</u>

Sugar

		2016	2015	Change	
				actual fx	constant fx
Revenue	£m	843	928	-9%	+3%
Operating profit	£m	6	(3)	n/a	n/a
Margin		0.7%	(0.3%)		
ROCE		0.8%	(0.4%)		

- more favourable outlook
 - EU prices strengthening
 - cost and performance improvement

- Illovo minority buy-out

Operations

- UK
 - lower beet cost
 - strong factory performance
 - smaller crop
 - weaker euro
- Spain
 - operating result improved significantly
 - lower beet costs, better pricing, higher production
- China
 - closure of uneconomic factories last year
 - increase in prices
 - strong performance in north, lower production in south
- Vivergo
 - consistent operating performance, higher bioethanol prices

Illovo minority buyout

- one of world's lowest cost producers
- capitalise on domestic market growth
- AB Sugar will accelerate
 - commercial development
 - delivery of performance improvement
- ten year relationship



Agriculture

		2016	2015	Change	
				actual fx	constant fx
Revenue	£m	491	577	-15%	-15%
Operating profit	£m	22	23	-4%	-8%
Margin		4.5%	4.0%		
ROCE		14.4%	16.5%		

- lower revenues
- margin improving with growth of feed ingredients
 - strong growth at AB Vista
 - speciality feed volumes ahead

Grocery

		2016	2015	Change	
				actual fx	constant fx
Revenue	£m	1,520	1,580	-4%	-1%
Operating profit	£m	130	128	+2%	+2%
Margin		8.6%	8.1%		
ROCE		22.7%	21.4%		

- food commodity price deflation
- trading in Australia much improved
- Dorset Cereals
- further margin increase

Grocery

		2016	2015
Revenue	£m	1,520	1,580
Operating profit	£m	130	128

■ Twinings Ovaltine

- Twinings market share gains in UK, Italy, the US and Australia
- Ovaltine
 - better in Thailand, good progress in Vietnam
 - brand extensions drive growth in new categories



Grocery

		2016	2015
Revenue	£m	1,520	1,580
Operating profit	£m	130	128

■ Allied Bakeries

- substantial increase in sales volumes
- Kingsmill market share growth
- margins remained under pressure
- Sandwich Thins



■ Jordans Dorset Ryvita

- international progress
- Dorset trading particularly well



Grocery

		2016	2015
Revenue	£m	1,520	1,580
Operating profit	£m	130	128

- AB World Foods
 - Patak's and Blue Dragon strong in UK
 - international expansion
- Westmill
 - casual dining increasing
 - Lucky Boat, Elephant Atta



Grocery

		2016	2015
Revenue	£m	1,520	1,580
Operating profit	£m	130	128

- ACH / Stratas
 - strong performance by Stratas
 - growth in foodservice
 - competitive vegetable oil market for Mazola
 - Mexico margin pressure from weak peso
- Australia
 - trading much improved
 - Don KRC higher sales, lower procurement costs
 - Tip Top ahead



Ingredients

		2016	2015	Change	
				actual fx	constant fx
Revenue	£m	596	616	-3%	+4%
Operating profit	£m	40	28	+43%	+54%
Margin		6.7%	4.5%		
ROCE		11.8%	8.0%		

- strong improvement continues
- AB Mauri
 - recovery in both yeast and bakery ingredients
 - progress in all regions
- ABF Ingredients
 - strength in enzymes, functional excipients and protein extrusions

Retail

		2016	2015	Change	
				actual fx	constant fx
Revenue	£m	2,667	2,547	+5%	+7%
Operating profit	£m	313	322	-3%	-1%
Margin		11.7%	12.6%		
ROCE		32.0%	31.2%		

- 7% increase in retail selling space
- early US trading encouraging
- Italy great first week
- currency related margin decline
- good buying, well-managed stock
- like-for-like sales down 1%

Retail

		2016	2015
Revenue	£m	2,667	2,547
Operating profit	£m	313	322

- trading
 - strong start
 - weaker Christmas
- like-for-like sales up 1% excluding Netherlands and Germany
- by country
 - France, Ireland well ahead
 - Spain positive
 - UK retail market challenging



Cami €11/£8/\$13
Print Drawstring Jogger
€10/£8/\$12

Zip Hem Jumper
€12/£9/\$14
High Waist Jean
€12/£9/\$14



Denim Jacket
€14/£10/\$17



Short Sleeved Denim Shirt
€10/£8/\$14
Faded Indigo Paisley Print T-Shirt
€10/£8/\$14
Washed Tobacco Chino
€10/£7/\$11

Early US trading

- Two stores now open
- Many early learnings
- Brand awareness
 - started at low level
 - continues to grow
- Very positive customer feedback
 - exceptional value for money
 - breadth of product range

Expansion in half year

- 0.3 million sq ft of new retail selling space added
- 133,000 sq ft flag ship opened on Gran Via, Madrid
- Second US store, King of Prussia mall in Pennsylvania

King of Prussia



Primark – selling space expansion

	HY 16		HY 15	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	166	6,113	164	6,064
Spain	41	1,503	40	1,338
Germany	19	1,208	16	1,014
Republic of Ireland	36	1,028	37	1,035
Netherlands	13	585	12	547
France	6	270	5	231
Portugal	8	267	8	267
Austria	4	192	3	142
Belgium	4	166	2	52
USA	2	158	-	-
	299	11,490	287	10,690

Since half year

A further 0.3 million sq ft already added in second half

Broughton Park	UK
Birmingham Fort	UK
Cagnes-sur-Mer	France
Toulon	France
Almada Forum	Portugal
Leipzig	Germany
Milan Arese	Italy

Leipzig



Milan Arese



Milan Arese

Second day of opening – store at full capacity with access restricted



Further expansion

- 1.4 million sq ft of new selling space will be added in financial year
- Newest markets
 - seven more stores in the US
 - two more stores in Italy
- By year end warehousing capacity doubled since 2013

Summary and outlook

- Primark expansion
- Better result for Sugar
- Margin improvement for Grocery, Agriculture
- Profit well ahead at Ingredients
- Strong cash flow performance
- Underlying trading outlook unchanged
- Progress in all our businesses




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Exchange rates

Average rates used to translate the income statement	2016	2015
US\$	1.49	1.57
euro	1.36	1.29
South African rand	22.01	17.76
Australian \$	2.09	1.87

Closing rates used to translate the balance sheet	2016	2015
US\$	1.40	1.54
euro	1.27	1.37
South African rand	21.96	17.95
Australian \$	1.93	1.98



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

Adjusted operating profit is shown before amortisation of non-operating intangibles, profits less losses on the disposal of non-current assets, and exceptional items.

Adjusted profit before tax is shown before amortisation of non-operating intangibles, profits less losses on the disposal of non-current assets, profits less losses on the sale and closure of businesses, and exceptional items.