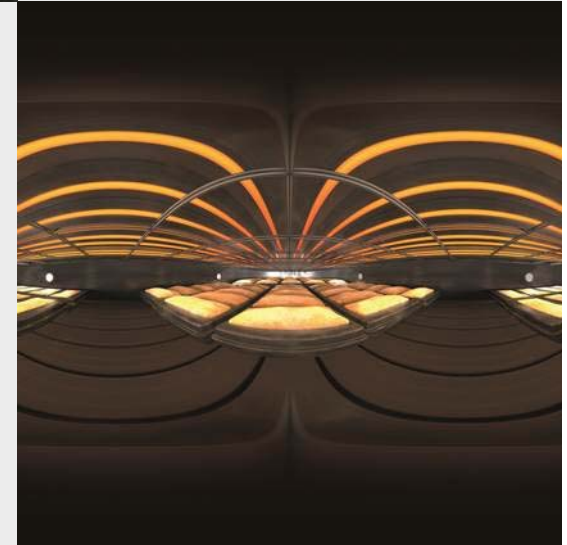


# Review of annual results for 52 weeks ended 16 September 2017

7 November 2017



## Financial Highlights

<b>Group revenue</b>	<b>up 6%*</b>	<b>£15.4bn</b>
<b>Adjusted operating profit</b>	<b>up 13%*</b>	<b>£1,363m</b>
<b>Adjusted profit before tax</b>	<b>up 22%</b>	<b>£1,310m</b>
<b>Adjusted earnings per share</b>	<b>up 20%</b>	<b>127.1p</b>
<b>Dividends per share</b>	<b>up 12%</b>	<b>41.0p</b>
<b>Gross investment</b>		<b>£945m</b>
<b>Net cash</b>		<b>£673m</b>

\* constant currency

## Business Highlights

- Excellent progress across the group
  - good underlying growth
  - benefit of currency translation
- Primark
  - strong sales performance
  - further significant expansion
- Step change in Sugar profit
- Further Ingredients profit and margin progress
- Very strong cash flow after record capital investment

# Income statement

£m	2017	2016	Change	
			actual fx	constant fx
Revenue	15,357	13,399	+15%	+6%
Operating costs	(14,090)	(12,364)		
Share of joint ventures and associates	63	57		
Profits less losses on disposal of non-current assets	6	11		
Operating profit	1,336	1,103		
Adjusted operating profit	1,363	1,118	+22%	+13%
Profits less losses on disposal of non-current assets	6	11		
Amortisation of non-operating intangibles	(28)	(21)		
Transaction costs	(5)	(5)		

## Income statement

£m	2017	2016	Change
Operating profit	1,336	1,103	+21%
Profit/(loss) on sale of businesses	293	(14)	
Net interest expense	(50)	(50)	
Other financial (expense)/income	(3)	3	
Profit before tax	1,576	1,042	+51%
Tax	(365)	(221)	
Profit after tax	1,211	821	
Non-controlling interests	(13)	(3)	
Attributable to equity shareholders	1,198	818	
Adjusted profit before tax	1,310	1,071	+22%

# Tax

£m	2017		2016	
Underlying charge	293	22.4%	227	21.2%
Credit on intangible amortisation	(15)		(5)	
Charge/(credit) on transaction costs, disposal of businesses and PP&E	87		(1)	
Reported charge	<u>365</u>	23.2%	<u>221</u>	21.2%

## Earnings and Dividends Per Share

	2017	2016	Change
Adjusted earnings per share	127.1p	106.2p	+20%
Earnings per share	151.6p	103.4p	+47%
Dividends per share	41.0p	36.75p	+12%

# Balance Sheet

£m	2017	2016
Intangible assets (including goodwill)	1,414	1,348
PP&E and other non-current assets	5,778	5,446
Working capital	727	819
Biological assets – current	90	86
Current tax	(142)	(138)
Net cash/(debt)	673	(330)
Other net financial (liabilities)/assets	(34)	32
Deferred tax	(88)	-
Provisions	(132)	(88)
Net pension asset/(liability)	126	(290)
Net assets classified as held for sale	-	237
Net assets	<u>8,412</u>	<u>7,122</u>
Equity shareholders' funds	8,339	7,054
Non-controlling interests	73	68
	<u>8,412</u>	<u>7,122</u>



# Cash Flow

£m	2017	2016
Adjusted operating profit (before joint ventures and associates)	1,295	1,061
Depreciation and amortisation of operating intangibles	546	465
Working capital	126	(10)
Capital expenditure - Primark	(487)	(434)
- Food	(336)	(340)
Purchase of intangibles	(43)	(30)
Sale of property, plant and equipment	49	27
Tax	(264)	(211)
Net interest and other income	(51)	(56)
Pension costs less contributions	12	7
Dividends received from joint ventures and associates	69	25
Other	8	(21)
Free cash flow	924	483
Dividends paid (including non-controlling interests)	(303)	(289)
Disposals less acquisitions net of tax	278	(262)
Net cash flow before financing	899	(68)

# Segmental Analysis

## By business

	Revenue		Profit		Margin		ROCE	
	2017 £m	2016 £m	2017 £m	2016 £m	2017 %	2016 %	2017 %	2016 %
Grocery	3,381	3,097	303	294	9.0	9.5	24.7	24.2
Sugar	2,174	1,636	223	35	10.3	2.1	14.1	2.3
Agriculture	1,203	1,084	50	58	4.2	5.4	14.2	17.7
Ingredients	1,493	1,294	125	93	8.4	7.2	15.3	13.1
Retail	7,053	5,949	735	689	10.4	11.6	27.3	30.2
Central costs	-	-	(75)	(60)	n/a	n/a	n/a	n/a
Continuing businesses	15,304	13,060	1,361	1,109	8.9	8.5	20.5	18.4
Disposed businesses	53	339	2	9				
Total	15,357	13,399	1,363	1,118	8.9	8.3	20.5	18.1

# Segmental Analysis

## By geography

	Revenue		Profit		Margin	
	2017 £m	2016 £m	2017 £m	2016 £m	2017 %	2016 %
United Kingdom	5,702	5,375	504	484	8.8	9.0
Europe & Africa	5,865	4,564	555	364	9.5	8.0
The Americas	1,538	1,226	189	158	12.3	12.9
Asia Pacific	2,199	1,895	113	103	5.1	5.4
Continuing businesses	15,304	13,060	1,361	1,109	8.9	8.5
Disposed businesses	53	339	2	9		
Total	15,357	13,399	1,363	1,118	8.9	8.3

# Sugar

		2017	2016	Change	
Continuing businesses				actual fx	constant fx
<b>Revenue</b>	£m	2,174	1,636	+33%	+21%
<b>Operating profit</b>	£m	223	35	+537%	+374%
<b>Margin</b>		10.3%	2.1%		
<b>ROCE</b>		14.1%	2.3%		

- ongoing performance improvement programme
- one of world's lowest cost producers
- higher EU sugar prices
- reshaped business
  - strong delivery from Illovo
  - South China cane sugar sold
- EU quotas now removed

# Sugar

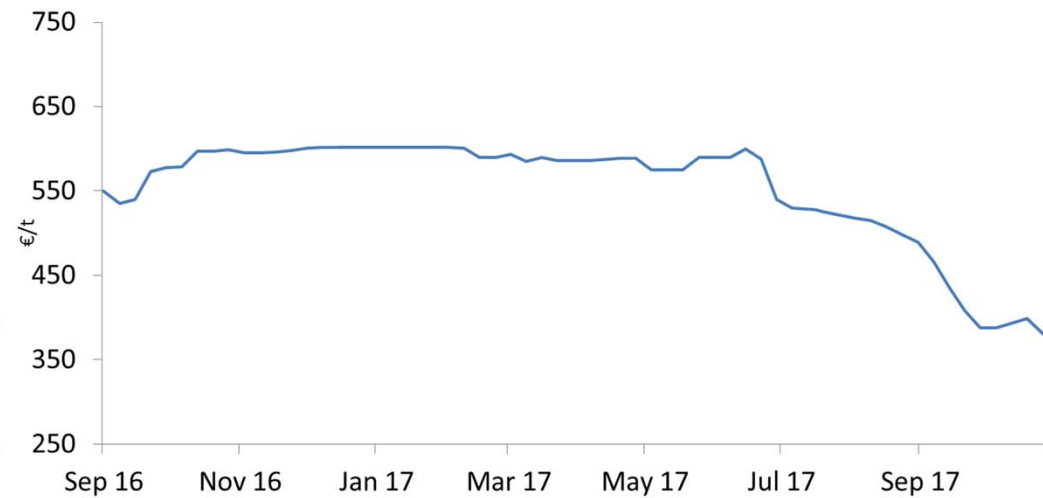
- Record benefit from performance improvement programme
- Substantial increase in EU profit
  - higher prices
  - production in UK lower but Spain well ahead
  - multi-year contracts with UK beet growers
- Illovo
  - volume increase 1.40 to 1.65 million tonnes
  - further improvement in consumer offering
- China
  - record beet crop
  - profit ahead

# Sugar prices

**World NY #11**



**Kingsman Western European Spot**



- World production in excess of consumption
- Huge EU crop

# Agriculture

		2017	2016	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	1,203	1,084	+11%	+8%
<b>Operating profit</b>	£m	50	58	-14%	-21%
<b>Margin</b>		4.2%	5.4%		
<b>ROCE</b>		14.2%	17.7%		

- revenue well ahead
- profit held back
  - smaller sugar beet crop, competition and higher raw material costs
- AB Vista progress
- investment in new business opportunities

# Grocery

		2017	2016	Change	
Continuing businesses				actual fx	constant fx
<b>Revenue</b>	£m	3,381	3,097	+9%	Level
<b>Operating profit</b>	£m	303	294	+3%	-6%
<b>Margin</b>		9.0%	9.5%		
<b>ROCE</b>		24.7%	24.2%		

- Twinings Ovaltine growth
- margin improvement at ACH, George Weston Foods
- difficult trading environment for UK bakeries
- acquisition of Sports Nutrition and Acetum



# Sports Nutrition

- Healthier, more active consumer lifestyle trend
- Nascent, fragmented market with significant growth
- Acquisition of two leading brands

**HIGH5**  
**SPORTS NUTRITION**

Hydration and energy sports nutrition  
for endurance athletes



**reflex**<sup>®</sup>  
Tomorrow's Nutrition Today™

Premium protein-based recovery products



# Acetum



# Grocery

		2017	2016
Revenue	£m	3,381	3,097
Operating profit	£m	303	294

## ■ Twinings Ovaltine

- Twinings performed well in major markets
- expanded ranges for infusions, green tea
- consistent improvement in tea bag format and packaging
- Ovaltine sustained growth in Thailand
- Ovomaltine Crunchy Cream production in-house



# Grocery

		2017	2016
Revenue	£m	3,381	3,097
Operating profit	£m	303	294

## ■ Australia

- successful Tip Top Thins launch
- Don KRC higher volumes, production efficiencies



## ■ North America

- Mazola advertising driving sales
- good year for home baking
- strong performance by Stratas





# Grocery

		2017	2016
Revenue	£m	3,381	3,097
Operating profit	£m	303	294

- Jordans Dorset Ryvita
  - Jordans and Dorset international growth
  - new Ryvita crispbread factory on track
- AB World Foods / Westmill
  - striking Blue Dragon rebranding
  - Patak's, Blue Dragon increased UK market share
  - noodle growth



## Grocery

		2017	2016
<b>Revenue</b>	£m	3,381	3,097
<b>Operating profit</b>	£m	303	294

### ■ Allied Bakeries

- well-invested bakeries, tight cost control
- continued brand investment including Kingsmill relaunch
- significant commodity inflation
- loss-making and unsustainable

# Ingredients

		2017	2016	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	1,493	1,294	+15%	+2%
<b>Operating profit</b>	£m	125	93	+34%	+18%
<b>Margin</b>		8.4%	7.2%		
<b>ROCE</b>		15.3%	13.1%		

## AB Mauri

- continued profit and margin improvement
- progress in all geographies
- North America bakery ingredients
  - successful trading
  - integration of Specialty Blending
- robust performance in South America

# Ingredients

		2017	2016	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	1,493	1,294	+15%	+2%
<b>Operating profit</b>	£m	125	93	+34%	+18%
<b>Margin</b>		8.4%	7.2%		
<b>ROCE</b>		15.3%	13.1%		

## ABF Ingredients

- strong sales, profit, margin growth
  - particularly enzymes and speciality lipids
- enzyme production capacity increase completed
- human nutrition and pharmaceutical market focus



# Retail

		2017	2016	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	7,053	5,949	+19%	+12%
<b>Operating profit</b>	£m	735	689	+7%	+3%
<b>Margin</b>		10.4%	11.6%		
<b>ROCE</b>		27.3%	30.2%		

- 14% sales growth on comparable basis
  - growth UK 10%, Continental Europe 16%
- exceptional summer trading
- major expansion in selling space
- 15 of top 20 stores by sales density in Continental Europe

## Retail

		2017	2016
<b>Revenue</b>	£m	7,053	5,949
<b>Operating profit</b>	£m	735	689

- market share growth in all countries
- Primark committed to price leadership

## Autumn Winter 2017



Statement Tee €6/£5/\$7



Hoodie €8/£7/\$9



Cord Jacket €28/£25/\$32

## Fashion credentials



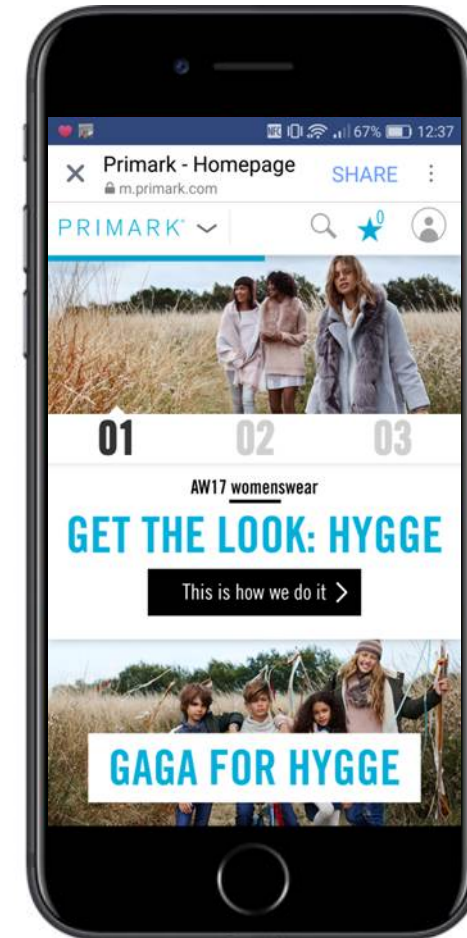
Check Coat €25/£20/\$30



Aviator Jacket €40/£30/\$47

# Digital and social media

- Primark website 10 million visits in August 2017
- total social media following now 10.7 million people
- Instagram milestone – 5 million followers
- across all geographies and languages
- video has become key format
- beauty and home focus





## Top post on Instagram



primark ✓

Follow

primark Monday done! ✓ Time to relax with these homeware treats from only £3/€4! (Image credit: @ellenextdoor, available in: GB □ TDEBEN □) #Primark #PrimarkHome #homeware #regram #interiorinspo

Load more comments

lovelybunnies1 Stunning! @emilyhay\_x

emilyhay\_x @lovelybunnies1 I know xx

\_albaherreros\_ @\_aliciapaz

jadelouiise17 @bellecleary this is also so cute

s.sou\_ @imann.o

imann.o C'est notre lit hihii @s.sou\_

levivanliesh0ut @manonneke2000 dit dek bed ☹️

miss\_denise\_25 @primark is the geometric



118,300 likes

AUGUST 7

Log in to like or comment.



## Licensed products



Chip Mug €6/£5/\$7





# Hygge



Grey Long Robe €19/£17/\$21

Cream Mid Robe €17/£15/\$19

PJ Set €13/£12/\$15





And coming





## New stores



**Zwolle**



**Val d'Europe**



**Bracknell**



## In-store experience





## In-store experience





## In-store experience

Colchester





## In-store experience

### Val d'Europe



## Selling space expansion

- 1.5 million sq ft added across nine countries
- net 30 new stores, two relocated, two extended
- three more stores in Italy

## Primark – selling space expansion

	2017		2016	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	182	6,835	171	6,362
Spain	44	1,675	41	1,503
Germany	22	1,401	20	1,272
Republic of Ireland	37	1,083	36	1,032
Netherlands	18	849	15	679
France	11	562	8	407
USA	8	485	5	322
Portugal	9	300	9	300
Austria	5	242	5	243
Belgium	5	227	4	166
Italy	4	203	1	56
	345	13,862	315	12,342



## Primark US

- eight stores now open
  - three stores added this year
  - Boston extended by 20%
- fine-tuning our product ranges
- optimisation of store sales densities
  - Braintree trading successfully from smaller selling space
  - three earlier stores to be reduced in size
- Brooklyn, New York to open next summer

## Further expansion

- 1.2 million sq ft to open
- most space added in France, Germany and UK
- larger stores: Stuttgart, Munich, Toulouse, Bordeaux, Antwerp

## Summary of these results

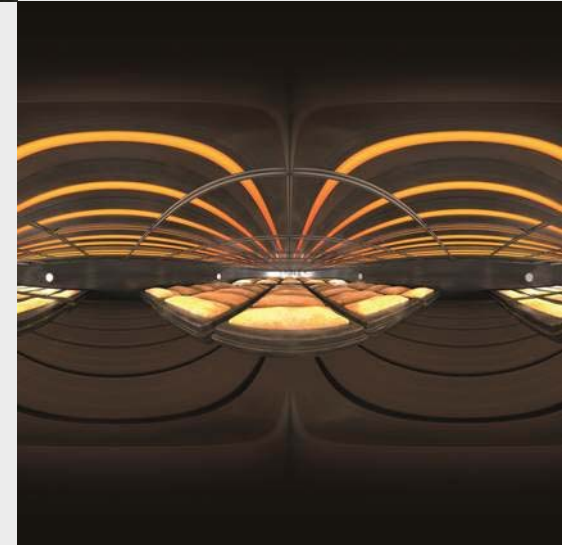
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- Very strong cash flow after record capital investment

## Looking ahead

- Primark selling space expansion, margins in line with current year
- Progress from Grocery, Agriculture, Ingredients
- Sugar – higher volumes, lower costs only partially mitigate much lower EU prices
- No material currency effects
- Progress in group adjusted operating profit and earnings in coming year

# Review of annual results for 52 weeks ended 16 September 2017


7 November 2017



## Exchange rates

Average rates used to translate the income statement	2017	2016
US\$	1.27	1.43
euro	1.15	1.29
South African rand	16.96	21.17
Australian \$	1.67	1.96

Closing rates used to translate the balance sheet	2017	2016
US\$	1.36	1.31
euro	1.14	1.17
South African rand	17.87	18.74
Australian \$	1.70	1.75



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 the amortisation of non-operating intangibles, profits less losses on the disposal of non-current assets and transaction costs. These items, together with profits less losses on the sale and closure of businesses, are excluded from adjusted profit before tax and adjusted earnings per share. Constant currency is derived by translating the 2016 results at 2017 average exchange rates.