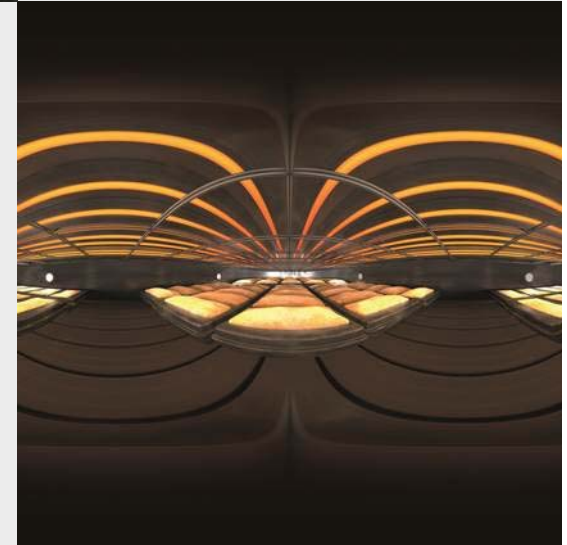


# Review of interim results for 24 weeks ended 3 March 2018

17 April 2018



## Financial Highlights

<b>Group revenue</b>	<b>up 3%*</b>	<b>£7.4bn</b>
<b>Adjusted operating profit</b>	<b>up 1%*</b>	<b>£648m</b>
<b>Adjusted profit before tax</b>	<b>up 1%</b>	<b>£628m</b>
<b>Adjusted earnings per share</b>	<b>up 3%</b>	<b>61.3p</b>
<b>Interim dividend per share</b>	<b>up 3%</b>	<b>11.70p</b>
<b>Gross investment</b>		<b>£672m</b>
<b>Net cash</b>		<b>£123m</b>

\* constant currency

# Business Highlights

- Profit growth in line with expectations
- Primark
  - UK trading very strong
  - selling space expansion on track
- AB Sugar
  - further progress to reduce costs
  - increased sugar production
  - lower European prices
- Strong profit growth in Grocery, Ingredients and Agriculture

# Income Statement

£m	2018	2017	Change	
			actual fx	constant fx
Revenue	7,422	7,296	+2%	+3%
Operating costs	(6,830)	(6,684)		
Share of joint ventures and associates	24	26		
Profits less losses on disposal of non-current assets	2	2		
Operating profit	618	640		
Adjusted operating profit	648	652	-1%	+1%
Profits less losses on disposal of non-current assets	2	2		
Amortisation of non-operating intangibles	(17)	(11)		
Acquired inventory fair value adjustments	(15)	-		
Transaction costs	-	(3)		

# Income Statement

£m	2018	2017	Change
Operating profit	618	640	-3%
Profits less losses on sale of businesses	5	255	
Net interest expense	(18)	(25)	
Other financial expense	(2)	(3)	
Profit before tax	603	867	-30%
Tax	(112)	(221)	
Profit after tax	491	646	
Adjusted profit before tax	628	624	+1%

# Tax

£m	2018		2017	
Underlying charge	134	21.3%	142	22.7%
Credit on intangible amortisation	(13)		(2)	
Credit on acquired inventory fair value adjustments	(4)		-	
Credit on transaction costs	-		(1)	
(Credit)/charge on disposal of businesses and fixed assets	(5)		82	
Reported charge	<u>112</u>	18.6%	<u>221</u>	25.5%

## Earnings and Dividend Per Share

	2018	2017	Change
Adjusted earnings per share	61.3p	59.7p	+3%
Earnings per share	60.9p	80.5p	-24%
Dividend per share	11.70p	11.35p	+3%

# Balance Sheet

£m	2018	2017
Intangible assets (including goodwill)	1,627	1,467
PP&E and other non-current assets	5,917	5,703
Working capital	1,437	1,140
Biological assets – current	103	121
Current tax	(138)	(169)
Net cash	123	190
Other net financial (liabilities)/assets	(4)	75
Deferred tax	(181)	(90)
Provisions	(130)	(134)
Other non-current payables	(246)	(214)
Net pension asset/(liability)	350	(203)
	<u>8,858</u>	<u>7,886</u>
Equity shareholders' funds	8,774	7,803
Non-controlling interests	84	83
	<u>8,858</u>	<u>7,886</u>



# Cash Flow

£m	2018	2017
Adjusted operating profit (before joint ventures and associates)	624	626
Depreciation and amortisation of operating intangibles	244	245
Working capital	(401)	(44)
Provisions	(25)	(9)
Capital expenditure - Primark	(204)	(252)
- Food	(147)	(147)
Purchase of intangibles	(37)	(22)
Tax	(111)	(109)
Net interest and other income	(18)	(20)
Pension costs less contributions	1	8
Dividends from joint ventures and associates	25	38
Other	3	-
Free cash flow	(46)	314
Dividends paid (including non-controlling interests)	(236)	(209)
Disposals less acquisitions net of tax	(195)	319
Net cash flow before financing	(477)	424

# Segmental Analysis

## By business

	Revenue		Profit		Margin		ROCE	
	2018	2017	2018	2017	2018	2017	(annualised) 2018	2017
	£m	£m	£m	£m	%	%	%	%
Grocery	1,672	1,658	159	151	9.5	9.1	27.0	26.5
Sugar	938	1,081	90	123	9.6	11.4	11.9	16.6
Agriculture	615	552	24	23	3.9	4.2	14.0	14.6
Ingredients	720	730	63	61	8.8	8.4	15.9	14.9
Retail	3,477	3,222	341	323	9.8	10.0	25.3	26.0
Central costs	-	-	(29)	(31)	-	-	-	-
Continuing businesses	7,422	7,243	648	650	8.7	9.0	20.3	21.2
Disposed businesses	-	53	-	2				
Total	7,422	7,296	648	652	8.7	8.9	20.4	20.9

# Segmental Analysis

## By geography

	Revenue		Profit		Margin	
	2018	2017	2018	2017	2018	2017
	£m	£m	£m	£m	%	%
United Kingdom	2,752	2,589	235	204	8.5	7.9
Europe & Africa	2,861	2,800	245	278	8.6	9.9
The Americas	746	752	102	107	13.7	14.2
Asia Pacific	1,063	1,102	66	61	6.2	5.5
Continuing businesses	7,422	7,243	648	650	8.7	9.0
Disposed businesses	-	53	-	2		
Total	7,422	7,296	648	652	8.7	8.9

# Sugar

		2018	2017	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	938	1,081	-13%	-12%
<b>Operating profit</b>	£m	90	123	-27%	-24%
<b>Margin</b>		9.6%	11.4%		
<b>ROCE</b>		11.9%	16.6%		

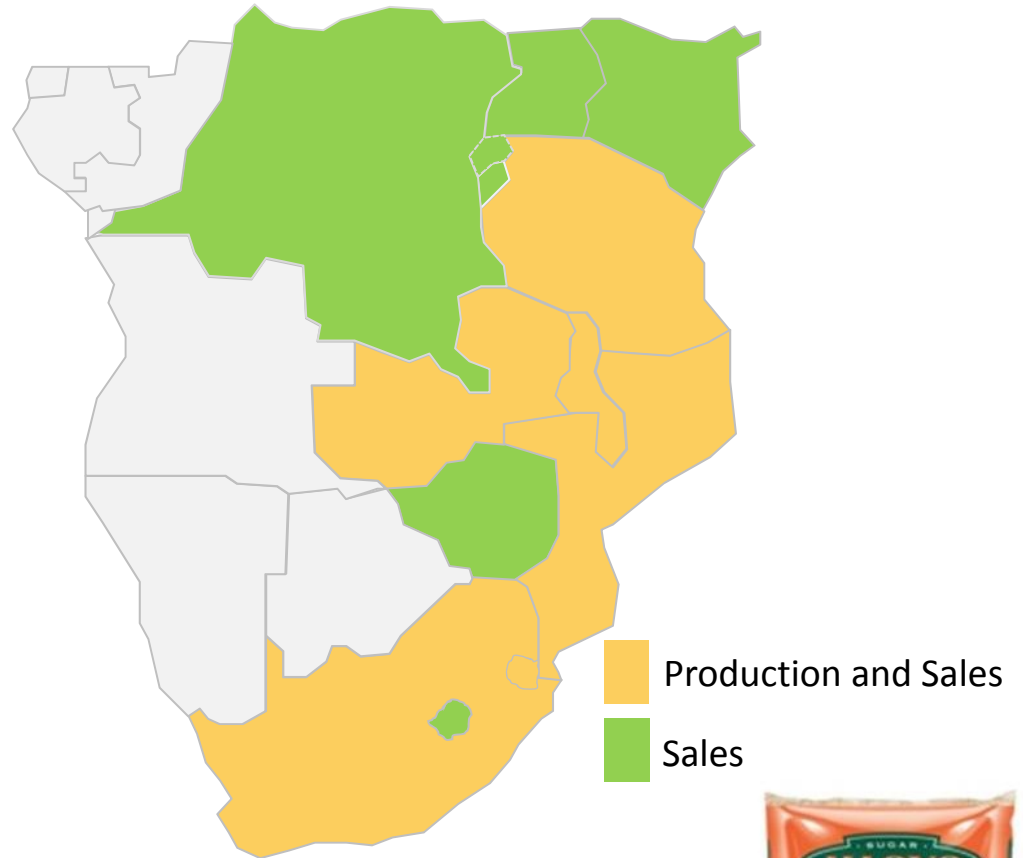
- performance improvement savings
- Illovo profit in line with last year
- China business in good shape
- significantly lower EU sugar prices

# Sugar operations

- Improvement in cost base
  - agricultural development
  - process efficiencies
  - co-product revenues
  
- British Sugar
  - lowest cost producer in the EU
  - “one of the most competitive sugar manufacturers in the world” (LMC International)
  
- Illovo
  - full year production over 1.7 million tonnes
  - favourable weather, improved crop management

# Illovo

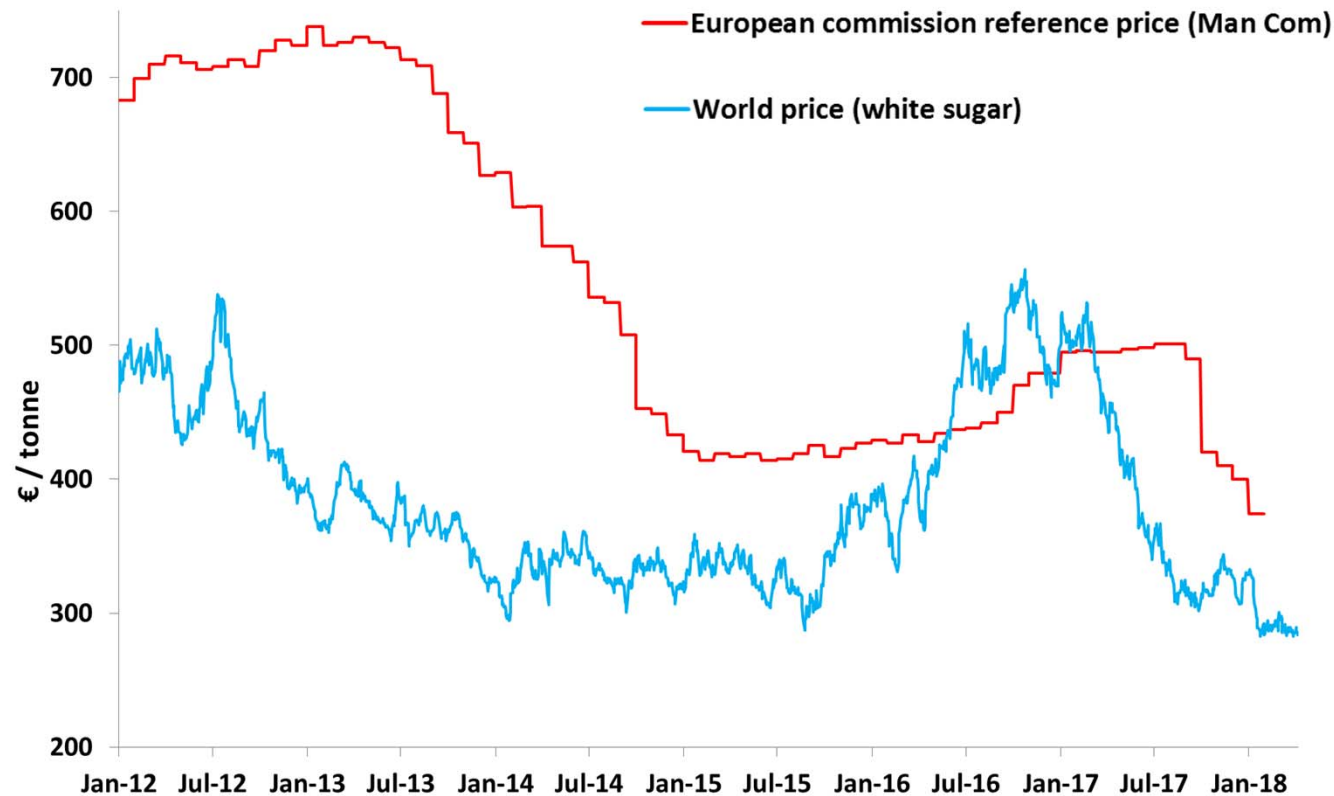
- Sugar in African diet
  - basic nutrition
  - growth in consumption
- Regional sales markets
- Development of consumer offering
- Building local brands
- Regional price environment



# Sugar operations

- China
  - improved beet quality, excellent campaign, consistent domestic price
  
- UK
  - record beet yield, larger area
  - production up from 0.9 million tonnes to 1.37 million tonnes
  
- Spain
  - beet sugar production ahead

## European price environment



- EU sugar regime ended September 2017
- lower world sugar prices
- substantially higher EU production
- domestic premium over world price for service and product



# Agriculture

		2018	2017	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	615	552	+11%	+13%
<b>Operating profit</b>	£m	24	23	+4%	+9%
<b>Margin</b>		3.9%	4.2%		
<b>ROCE</b>		14.0%	14.6%		

- feed volume and price growth
- China business much improved
- development of speciality proteins

# Grocery

		2018	2017	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	1,672	1,658	+1%	+4%
<b>Operating profit</b>	£m	159	151	+5%	+9%
<b>Margin</b>		9.5%	9.1%		
<b>ROCE</b>		27.0%	26.5%		

- Twinings Ovaltine strong growth
- continued improvement at George Weston Foods
- progress in reducing Allied Bakeries loss
- contribution from Acetum

# Grocery

		2018	2017
Revenue	£m	1,672	1,658
Operating profit	£m	159	151

## Twinings Ovaltine

- Ovaltine
  - Thailand good growth
  - Switzerland product category and channel development
  - future large markets: China, Brazil, Nigeria, Vietnam
- Twinings
  - green teas, infusions in Australia, France
  - good progress in US, Italy
  - UK superblends launched



# UK superblends



# Grocery

		2018	2017
Revenue	£m	1,672	1,658
Operating profit	£m	159	151

## ■ Allied Bakeries

- shift to private label
- progress in reducing operating loss
- continued investment
  - new products
  - national Kingsmill advertising
  - world's largest doughnut line



# Grocery

		2018	2017
Revenue	£m	1,672	1,658
Operating profit	£m	159	151

- Jordans Dorset Ryvita
  - international growth
  - Ryvita: Thins success, competition in crispbread
- acquisition of Acetum balsamic vinegar business
  - integration progressing well
  - higher raw material cost
- AB World Foods
  - Patak's paste pots



# Grocery

		2018	2017
Revenue	£m	1,672	1,658
Operating profit	£m	159	151

- Australia
  - reduced overhead and operating costs
  - improved bread volumes
  - Don KRC factory performance continues to improve
- ACH
  - Mazola growth
  - US freight cost increases



# Ingredients

		2018	2017	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	720	730	-1%	+5%
<b>Operating profit</b>	£m	63	61	+3%	+11%
<b>Margin</b>		8.8%	8.4%		
<b>ROCE</b>		15.9%	14.9%		

## ■ AB Mauri

- operating performance improvement
- technology and manufacturing investment
- North America well ahead, South America resilient

## ■ ABF Ingredients

- sustained growth in speciality lipids and cereal crisps
- enzymes growth, capacity increase completed



# Enzyme facility in Finland



# Retail

		2018	2017	Change	
				actual fx	constant fx
<b>Revenue</b>	£m	3,477	3,222	+8%	+7%
<b>Operating profit</b>	£m	341	323	+6%	+4%
<b>Margin</b>		9.8%	10.0%		
<b>ROCE</b>		25.3%	26.0%		

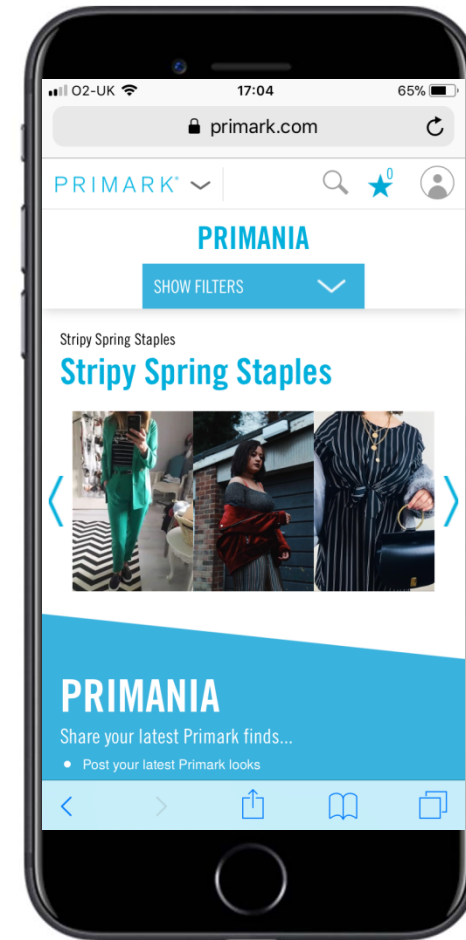
- 7% sales growth
- store expansion – 0.4 million sq ft added
- increasing benefit of digital and social media
- margins in line with last year
- benefit of weaker dollar to come

# Retail

- UK
  - sales up 8%
  - 3% like-for-like growth
  - total clothing market share well ahead
- Continental Europe
  - sales up 6%
  - share growth in all markets
- Like-for-like sales
  - down 1.5% for the 24 weeks
  - up 1% for 15 weeks to 24 February 2018
- Operating margin
  - better buying
  - stock tightly managed

# Digital and social media

- Primark website visits strongly up
- Total social media following 11.4 million people
- Instagram now most followed account
- Video remains key format





# Top Instagram posts



primark • Following

primark Floral favs 🌸 Pick up these perfect treats for Mother's Day! 🌸 Prices from only £2/€2.50 (Available in: 🇬🇧 🇮🇪 🇪🇸 🇵🇹) #Primark #PrimarkHome #homedecor

Load more comments

23clouds @da\_ku\_89 dann bekomme ich aber bitte diese hier!!!! 🌸🌸  
 xi.ngehiddema @x.annafrouk zo mooi!!!  
 x.annafrouk @xi.ngehiddema jaaaa 🌸  
 xi.ngehiddema @x.annafrouk als die er is, dan..... 🌸  
 hollesutherland\_x @robz\_sutherland  
 keevameadee @cmeade06  
 shan.sky @antonia\_liberato  
 @maisebellepriest omg i wanna look at the home section next time lol  
 pix\_dust @cassiebeebebum

127,398 likes



primark • Following

primark We LOVE this look! Total spring casj goals 🌸 Prices from only €3/\$3.50! (Available in: 🇬🇧 🇮🇪 🇪🇸 🇵🇹) #Primark #womenswear #fashion

Load more comments

mathildetekeurst 🌸  
 @anneclairrekeurst wanneer gaan we weer naar primark?? 🌸  
 anneclairrekeurst @mathildetekeurst ons plan was dus zomervakantie naar dat duurt eigenlijk veel te lang hehe  
 camcat81 What about the UK??? Cha! 🇬🇧  
 mir\_murphy @buckfastlover 🌸  
 mariamelariny Hm??? Is the trousers in uk  
 mathildetekeurst Uchh ja klopt 🌸  
 @anneclairrekeurst  
 janjic560 ako mogu ovaj ranac da narucim

95,051 likes



primark • Following

primark Got an appetite for decadent beauty? Pop down to Primark and treat yourself to this sweet beauty range 🍫 Prices from £2/€3 (Available in: 🇬🇧 🇮🇪 🇪🇸 🇵🇹) #Primark #PrimarkBeauty #makeup

Load more comments

x.alex.hxxx Wish this was available in Ireland  
 rachael\_omc When is it coming to Ireland?  
 lfeoflucce Why not Ireland? :/  
 paulapielo95 @mariadelvalleim  
 rafapmeira @Lagojorge  
 mjs\_45 @becca\_101\_ oh la 🌸  
 plll\_g\_r.14 En España no ??  
 sanamongia @snigdasuda  
 snigdasuda @sanamongia miss primark soo much 🌸

82,762 likes



primark • Following

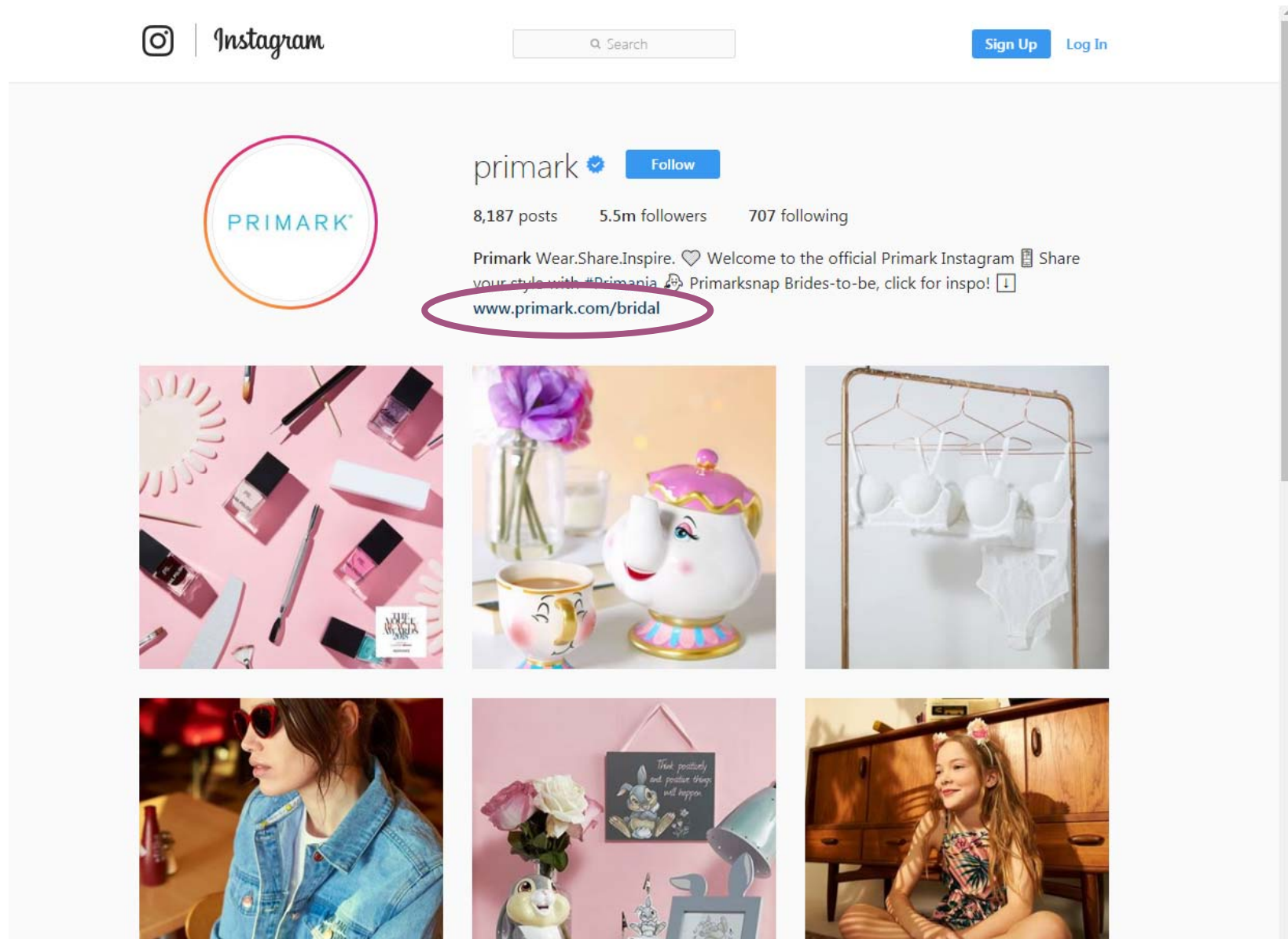
primark Last year's must-have has come back with a twist 🌸 Introducing bubble-blowing Chipi! Add this little cutie to your Disney collection for only £5/€6 🌸 #Primark #PrimarkXDisney #BeautyAndTheBeast

Load more comments

hparrott Have these sold out. Can't find in two of my local primarks 🌸  
 fleurrb @fittikelies  
 tabea\_m\_s Wann kommt der nach Deutschland? Und kommt mrs potts auch wieder?  
 kcowling06 @primark we need it 🌸  
 ilenaflocco Pure 10000  
 andreace19 @teirycrospenate tutuuuu 🌸  
 antdidi Whose I can find these in Spain

155,063 likes

# Instagram drives traffic to website





## Instagram drives traffic to website

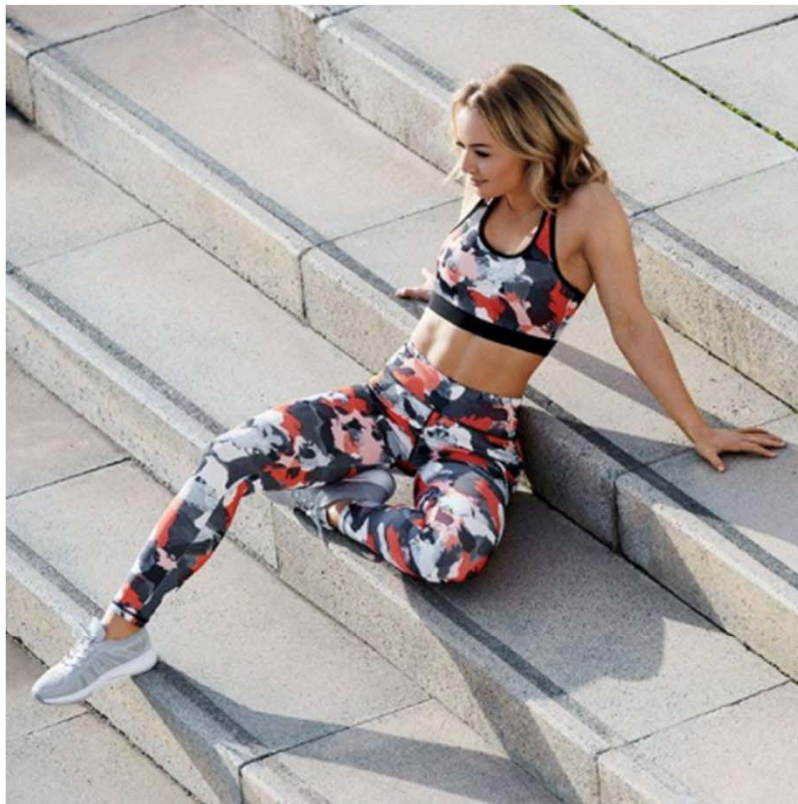
PRIMARK<sup>®</sup>

PRIMARK BRIDAL

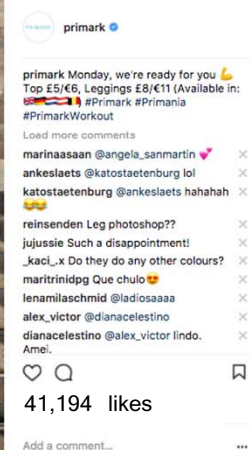
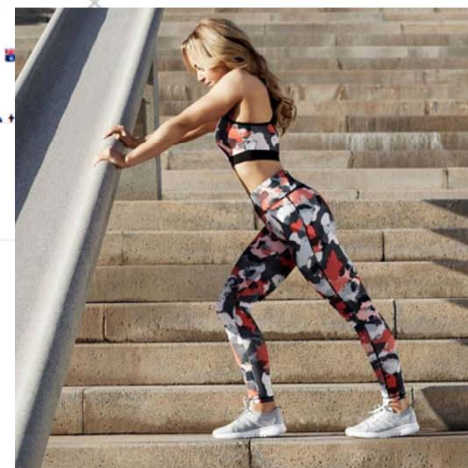
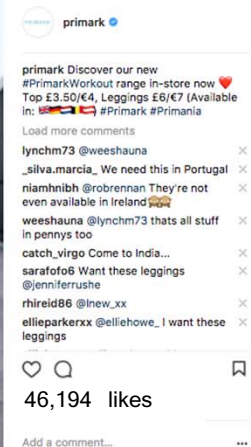
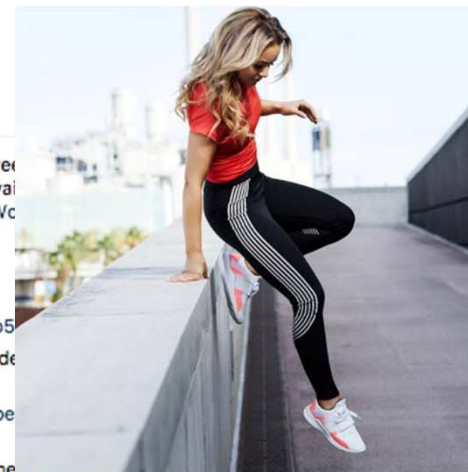
PRIMARK<sup>®</sup>  
**BRIDAL**



# Online influencers



Workout Crop Top £5/€6/\$7  
Workout Leggings £8/€11/\$13





## Primark top sellers



Hooded Puffer Jacket £21/€28/\$30



Mustard Puffer £20/€25/\$28



Denim Jacket £20/€25/\$28  
Super High Waist £9/€11/\$12  
Multi Rip Skinny £15/€19/\$22  
Denim Shirt £10/€13/\$15  
Rip Repair Denim £15/€19/\$22



## Slogans, sliders and beauty





## Fashion credentials



AS SEEN IN  
**GLAMOUR**



**GQ**



## Inflatables are back





## New stores



Charlton, UK



Loulé, Portugal



Metz, France

## Primark selling space

	HY 18		HY 17	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	184	6,987	176	6,622
Spain	44	1,675	42	1,565
Germany	25	1,587	22	1,401
Republic of Ireland	37	1,084	37	1,084
Netherlands	18	850	16	770
France	12	607	10	503
USA	8	485	6	375
Portugal	10	348	9	300
Austria	5	242	5	242
Belgium	5	227	4	166
Italy	4	203	2	99
	352	14,295	329	13,127

## Further expansion

- Expect to add 1.2 million sq ft of selling space this financial year
- Store opening programme for second half

Toulouse	France
Munich, Ingolstadt	Germany
Antwerp	Belgium
Valencia	Spain
Tilburg	Netherlands
Westfield White City, Burnley	UK
Brooklyn	US

## US

- Continue to refine operating model of existing eight stores
- Brooklyn to open May 2018
- New store in Sawgrass Mills, Florida
  - expect to reach agreement soon
  - open late 2019
  - supplied from existing US warehouse
  - 35,000 sq ft



# Sawgrass Mills, Florida

- Hybrid mall north of Miami
- Second largest Florida tourist destination
- 45 million visitors annually
- International tourists from over 110 countries comprise half of all visitors



# Outlook

## ■ Second half

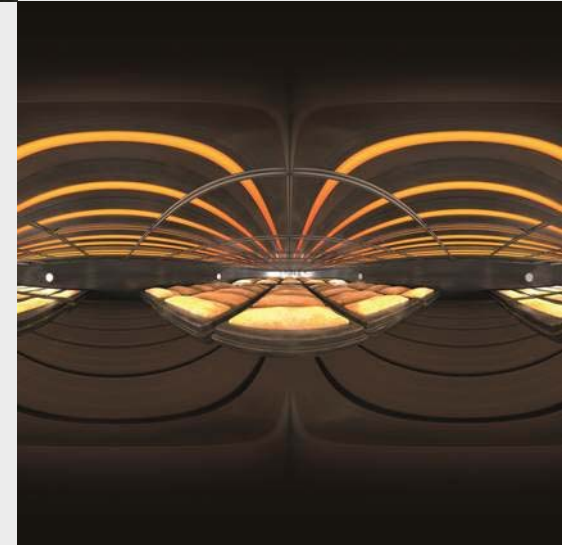
- acceleration in profit growth at Primark
- continued growth from Grocery, Ingredients, Agriculture
- to more than offset decline in AB Sugar profit

## ■ Full year

- progress expected in both adjusted operating profit and adjusted earnings per share

# Review of interim results for 24 weeks ended 3 March 2018


17 April 2018



## Exchange rates

Average rates used to translate the income statement	2018	2017
US\$	1.35	1.25
euro	1.13	1.16
South African rand	17.55	17.06
Australian \$	1.74	1.66

Closing rates used to translate the balance sheet	2018	2017
US\$	1.38	1.23
euro	1.12	1.16
South African rand	16.54	16.03
Australian \$	1.78	1.62



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 stated before the amortisation of non-operating intangibles, profits less losses on disposal of non-current assets , transaction costs and acquired inventory fair value adjustments . 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 2017 results at 2018 average exchange rates.