

FOR RELEASE 23 APRIL 2024

Interim Results Announcement

24 weeks ended 2 March 2024

Associated British Foods plc results for the 24 weeks ended 2 March 2024**Financial Headlines**

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Actual currency change	Constant currency change
Group revenue	£9,734m	£9,560m	+2%	+5%
Adjusted operating profit	£951m	£684m	+39%	+46%
Adjusted profit before tax	£911m	£667m	+37%	
Adjusted earnings per share	90.4p	62.0p	+46%	
Operating profit	£931m	£663m	+40%	
Profit before taxation	£881m	£644m	+37%	
Basic earnings per share	87.4p	67.0p	+30%	
Gross investment	£571m	£527m	+8%	
Free cash flow	£468m	£(510)m		
Net cash before lease liabilities	£668m	£586m		
Total net debt	£(2,496)m	£(2,601)m		
Interim dividend	20.7p	14.2p	+46%	

Adjusted operating profit is derived from operating profit after taking certain charges and credits as shown on the face of the condensed consolidated income statement. References to changes in revenue and adjusted operating profit in the following segmental commentary are based on constant currency. The Group has defined and outlined the purpose of its Alternative performance measures in note 14. These measures are used within the Financial Headlines and in this Interim Results Announcement.

George Weston, Chief Executive of Associated British Foods, said:

"This is a very strong set of financial results, as we are now benefitting from the restoration of some normality in our markets and in our supply chains. Improvements to the Group's operational performance, driven by the investments and strong execution over the last few years, are now becoming visible. Group profit margins are recovering accordingly to more normal levels.

Looking ahead, we continue to invest with discipline to build further sustainable growth. Geopolitical risks remain, of course, and the consumer has yet to fully emerge from cost of living pressures. But the Group is well positioned to deliver good returns to shareholders."

Group performance

- Revenue growth, up 5%, driven by continued good momentum in Retail and food businesses
- Significant growth in adjusted operating profit, up 46%, reflecting strong margin recovery
- Investment of £571m, including a number of strategic initiatives to improve capacity, capability and sustainability
- Free cash flow of £468m, reflecting profit growth and a significant reduction in working capital outflow

Segmental performance

- Strong Retail sales growth and further margin recovery
 - Revenue up 7.5% to £4.5bn, reflecting continued growth in selling space
 - Like-for-like sales up 2.1%, driven by good performance across most markets due to pricing and well-received product ranges
 - Significant increase in adjusted operating profit, up 46% to £508m, with margin recovery to 11.3%
 - Rolling out Click + Collect service more broadly in the UK
- Significant profitability improvement in Grocery led by US-focused brands and reduction of losses in Allied Bakeries
- Strong profitability improvement in Sugar, driven by better Vivergo performance
- Good profit growth in Ingredients, driven by continued strong performance in AB Mauri
- Higher profitability in Agriculture due to lower input costs

Shareholder returns

- Significant increase in interim dividend, to 20.7p, reflecting growth in earnings
- Final £56m of first £500m and £225m of the second £500m share buyback programmes completed in the period

Full year outlook

The Group has delivered a strong first half performance and is on track to deliver significant growth in both profitability and cash generation ahead of expectations at the start of this financial year.

We expect Grocery to continue to perform well, supported by a step-up in marketing investment, although the strong profitability of our US-focused brands is expected to normalise somewhat towards the end of the second half. In Sugar, we continue to expect a substantial improvement in profitability, benefitting from a more typical beet crop and production level at British Sugar and the reduced losses in Vivergo. Following a better than expected first half, we now expect Ingredients to

perform well this financial year, driven by AB Mauri. We continue to expect Agriculture to move forward as markets improve and it integrates and leverages the acquisitions of the last two years.

We expect Primark to continue to perform well in the second half driven by our store expansion programme and the modest levels of like-for-like growth, as we focus on driving volumes. While the consumer environment remains soft, we expect to benefit from the strength of our value proposition, our product relevance and category stretch and our increasingly effective digital engagement. We expect a moderate improvement in adjusted operating margin in Primark in the second half compared to the first half, albeit with a step-up in investment to support medium-term growth.

The Group continues to prioritise investment in its businesses and we continue to expect to increase spend in each of the next few years to slightly above last year's level.

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There will be an analyst and investor presentation at 09.00am BST today which will be streamed online and accessed via our website [here](#).

Notes to editors

Associated British Foods is a diversified international food, ingredients and retail group with annual sales of £20bn and 133,000 employees in 55 countries. It has significant businesses in Europe, Africa, the Americas, Asia and Australia.

Our aim is to achieve strong, sustainable leadership positions in markets that offer potential for long-term profitable growth. We look to achieve this through a combination of growth of existing businesses, acquisition of complementary new businesses and achievement of high levels of operating efficiency.

Operating review

Grocery

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Actual currency	Constant currency
Revenue £m	2,124	2,105	+1%	+5%
Adjusted operating profit £m	230	173	+33%	+39%
Adjusted operating profit margin	10.8%	8.2%		
Operating profit £m	219	163	+34%	

Our Grocery segment performed better than expected in the period. Sales were higher than the same period last year, driven by last year's price increases to offset input cost inflation and by volume growth at some of our leading brands. There has generally been good demand for our brands, particularly in the US where Mazola, our consumer oils business, continued to perform very well. Losses reduced at Allied Bakeries year on year building on the improved performance in the second half of last year. In general, our brands are now trading in a more stable environment following last year's high input cost inflation. Across the Grocery businesses as a whole, adjusted operating profit margin recovered and adjusted operating profit was significantly higher.

Among our international brands, Twinings grew well with good volume growth in its major markets of the US, UK and France. The growth in the US and UK was supported by investment in brand and marketing, as well as strong instore execution. In the US, Twinings expanded its advertising across the Eastern seaboard and the brand continues to grow its distribution among key US customers with higher market share as a result. Sales in the UK were also well ahead, led by infusions and wellbeing teas. Ovaltine had a more mixed performance. In Thailand, sales of powder products were lower, partially offset by sales of lower margin ready-to-drink products, which continue to grow. Sales were also lower in China where economic conditions have impacted our channel mix. Sales growth in Ovaltine in Europe continued to be good. Profitability at both Twinings and Ovaltine reflected the higher marketing investment in both brands. Performance was generally good across our other international brands. Patak's delivered good sales growth against the same period last year, with international sales and the US in particular driving that performance. Jordans changed its promotional activity, which impacted sales but delivered improved results. Mazzetti, our balsamic vinegars brand enjoyed further good volume growth.

Our US-focused brands continued to trade very well. Our consumer oils business, the market leader Mazola, benefitted from increased production capacity and delivered growth in sales and volumes and, as a result, good growth in profitability. Sales of our Fleischmann's yeast and bakery ingredients business also grew. Stratas, our joint venture that supplies oils to the foodservice, ingredients and retail markets, traded in line with last year's strong performance.

Our UK-focused brands generally traded well. Allied Bakeries delivered a significant reduction in losses compared to last year with better sales and volumes as well as improved operational performance. Ryvita started to benefit from successful new product launches and Dorset Cereals' sales stabilised with new product development and advertising under way. Our Australia and New Zealand-focused brands faced a more challenging consumer environment. Our Tip Top bakery brand was held back by consumers trading down due to the higher cost of living. In our Don meat business, volumes were flat although profitability was impacted by higher input costs. Yumi's, which produces dips and snacks made with natural ingredients, delivered good growth in sales and profitability.

Ingredients

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Actual currency	Constant currency
Revenue £m	1,056	1,088	-3%	+1%
Adjusted operating profit £m	117	102	+15%	+19%
Adjusted operating profit margin	11.1%	9.4%		
Operating profit £m	110	95	+16%	

Performance in our Ingredients segment continued to be strong and ahead of expectations. This result was driven by AB Mauri, our yeast and bakery ingredients business, which maintained its strong performance from last year. Sales and profits were moderately lower at ABF Ingredients, our portfolio of specialty ingredients businesses, much as expected.

AB Mauri performed particularly well. Sales benefitted from both the annualisation of price increases and resilient underlying volume growth. In particular, we delivered strong performances in North America, Brazil, Mexico and Europe. Our business in Argentina continues to be impacted by currency devaluation, although performance on an underlying basis has been resilient. AB Mauri's profitability was supported by the strong sales and management of input costs. New Food Coatings, our joint venture in Australia, New Zealand and SE Asia specialising in seasonings, sauces and ingredients, traded well.

Production began in the period at our recently built specialty yeast plant in Hull in the UK, expanding our capability in innovation. Construction continued on our new yeast plant in northern India where we believe there will be considerable demand for bakery yeast. In our Australian and New Zealand Mauri business, our new animal feed mill in Hope Valley, Western Australia, stepped up production in the period and we closed our older facility at Bentley as planned.

ABF Ingredients traded broadly as expected with some continued customer destocking holding back sales volumes, particularly in our pharmaceutical ingredients business SPI Pharma, specialty lipids business ABITEC and in feed enzymes, impacting AB Enzymes. Fytexia, our life sciences polyphenols business, had good sales growth with botanicals performing strongly. All businesses benefitted from reduced input costs and were able to improve their margins. In these businesses, we continued to make long-term investments in R&D and commercial capabilities. Overall, we believe there are early signs of a recovery in volumes and trading towards the end of the period was better.

We continue to invest in capacity for Ohly in Hamburg, Germany. Construction of our new enzyme powder packing plant for AB Enzymes is progressing well and will bring more capacity. During the period, we announced that Jeremy Xu would join to become chief executive of ABF Ingredients succeeding Fabienne Saadane-Oaks who is retiring.

Agriculture

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Actual currency	Constant currency
Revenue £m	850	950	-11%	-9%
Adjusted operating profit £m	14	12	+17%	+27%
Adjusted operating profit margin	1.7%	1.3%		
Operating profit £m	10	7	+43%	

Sales were lower than the same period a year ago due to continued soft demand for compound animal feed in the UK and China, but profits improved on better procurement, improved pricing and contribution from acquisitions.

Our Dairy business, which is developing a unique full-service offer to the dairy sector, performed well in the period, supported by a good contribution from National Milk Records, which was acquired last year.

We continue to make progress in our other global agricultural technology businesses, built around a combination of established and recently-acquired businesses. At AB Vista, our international feed additives business, sales and profit declined from weaker enzyme additives, although we are starting to see the benefit from growth in non-enzyme additives and product development is progressing. Profitability improved at AB Neo, our starter feed business. Profitability also improved at Germain's, our seed supply and development business. Nutritional Supplements, our equine and pet feed business, traded resiliently.

Our compound feed businesses in the UK and China continued to have soft demand. Reduced herd sizes and excess feed production capacity continued to drive market conditions in the UK, while the Chinese market continued to be driven by low volumes and reduced herd sizes as a result of challenging farm profitability. However, there are some signs of stabilisation in the compound feed businesses, particularly in the poultry market.

Frontier, our joint venture business specialising in arable farm inputs and grain marketing in the UK, had a decline in profits in the period as a result of reduced demand for its services due to wet weather.

Sugar

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Actual currency	Constant currency
Revenue £m	1,170	1,168	In line	+9%
Adjusted operating profit £m	125	97	+29%	+74%
Adjusted operating profit margin	10.7%	8.3%		
Operating profit £m	121	86	+41%	

Sales increased against the same period last year, driven in part by strong prices in our European businesses, and by higher volumes at Azucarera and Vivergo. Profitability improved significantly, driven by a much-reduced loss at Vivergo and the stronger performance at Azucarera, partially offset by the phasing of profits at British Sugar. It is worth noting that there was a foreign exchange translation loss of £36m on our non-sterling earnings in the period, which mostly impacted Illovo and resulted in flat profit growth for that business on an actual currency basis.

Sales at British Sugar were lower in the period, due to lower stock levels held over from last year's production campaign, which was severely affected by adverse weather. We were also impacted by lower co-product prices in the period. As expected, profits were somewhat lower as a result. However, despite some disruption caused by wet weather, sugar production from the 2023/24 campaign is expected to be 1.1 million tonnes, significantly ahead of last year's unusually low crop (0.74m tonnes) and broadly in line with historical levels.

British Sugar continues to make progress in decarbonising its operations. In the period we approved two projects: the replacement of a coal boiler at our Cantley plant and new evaporators at our Wissington plant to increase efficiency and significantly reduce energy usage.

Sales grew at Azucarera reflecting larger acreage and higher volumes, supported by higher European sugar prices. Profits grew accordingly, despite higher beet and raw cane costs, which were partially offset by lower energy costs.

Illovo, our set of sugar businesses in southern Africa, traded well in general with good domestic sales growth. Profits were flat in actual currency after the impact of foreign currency translation. Our business in Zambia had good trading with higher sales and production. Our business in Malawi had higher sales but lower production due to adverse weather and poor cane yields

caused by recent cyclones. It was also impacted by currency devaluation but this was managed effectively through pricing. Tanzania also had lower production due to adverse weather. The half year on half year results benefitted from non-recurring prior-year losses in Mozambique, which remains closed due to severe flooding last year.

Vivergo, our bioethanol plant in the UK, is now delivering a good operational performance. However, margins continued to be volatile, which impacted financial performance in the period. Notwithstanding these trading conditions, the business reduced its losses substantially in the period. Due to this volatility in margin, an impairment of £18m was recognised.

Following a review, we closed our sugar business in the north of China and we are in the process of selling its assets and this has now been disclosed as a business to be closed rather than a continuing activity.

Retail

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Actual currency	Constant currency
Revenue £m	4,500	4,228	+6%	+7.5%
Adjusted operating profit £m	508	351	+45%	+46%
Adjusted operating profit margin	11.3%	8.3%		
Operating profit £m	508	351	+45%	

Primark delivered strong sales growth in the period. This was driven by newly-opened stores and by last year's carefully selected price increases to offset inflation. Sales of womenswear and menswear both grew well, as did sales of our health and beauty ranges. Our digital engagement continued to support sales growth in the period.

Sales were up 7.5% in the period, following the previously reported sales growth up 7.9% in the 16 weeks to 6 January 2024. Trading in that period was marked by a slow start for many cold weather categories due to unseasonal warm weather, followed by strong Christmas trading with our seasonal ranges selling through well. Sales of womenswear and menswear were strong, particularly in performance wear, leisure, knitwear as well as our Rita Ora collection. In the 8 weeks to 2 March 2024, sales increased by 6.3%. Trading was generally softer in terms of volumes. Due to prolonged colder weather, average selling prices were higher than expected in the period across cold-weather products with generally good sell-through of stock. Sales of Home were strong, but cold and wet weather slowed sales of luggage, beach and swimwear.

Overall, new stores contributed 5.4% of sales growth, due to both increased selling space and higher sales densities. Like-for-like sales growth was 2.1% in the period, driven by higher average selling prices, partially offset by slightly smaller basket sizes and accordingly lower volumes. Footfall was broadly in line with the same period last year and we saw notably strong trading at our destination city centre stores, particularly where located in tourist destinations.

In the UK, sales grew by 4.3% against the same period last year, driven by like-for-like sales growth of 3.6% and a contribution from new space of 0.7%. Trading was marked by warm weather early in the period, good sales of seasonal ranges at Christmas and soft trading in January and February due to wet weather and commuter transport disruption. Our city centre stores performed well with the continued return of tourists and office workers particularly benefitting our stores in Oxford Street, London, Edinburgh and Birmingham. Primark's market share⁽¹⁾ continued to grow, increasing from 6.7% to 6.9% in the 24 weeks to the end of the period.

In Europe (excluding the UK), sales grew by 7.9%. New selling space contributed 6.4% to that growth, with like-for-like sales up 1.5%. This like-for-like metric was impacted by the fast pace of store expansion, particularly in France and Italy. Trading in France was very good, with footfall driving significant growth in total sales, supported by good like-for-like sales growth, strong performance from our new stores and overall outperforming the market. Trading in Spain was good, also outperforming the market, with strong sales growth in our stores located in regions benefitting from tourism, albeit partially offset by adverse weather conditions. In Italy, sales were well ahead with a very strong performance in new stores. In the Republic of Ireland and Portugal, we had only satisfactory trading with warm weather holding back pre-Christmas sales and slower recovery in consumer sentiment. Trading in the Netherlands was strong, with good like-for-like sales driven by operational improvements. In Germany, underlying trading was strong with total sales lower as a consequence of our reduced selling space but like-for-like sales increased despite industry-wide strike action. The restructuring in Germany is now largely complete and has resulted in improved sales densities and profitability, as expected. We also launched our first ever multi-media brand campaign in the country.

Sales growth in the US was 38.4%, driven by new store openings which performed well. Adjusted operating profit improved significantly in the period. We opened three new stores in the period: Woodfield Mall in Chicago, Smith Haven Long Island, and Charlotte North Carolina. We opened a new distribution centre in Jacksonville, Florida, to serve our expansion in southern states and at the same time, we announced lease agreements for stores in Tennessee, Maryland and Texas.

Our digital growth strategy continues to progress. Traffic to our websites increased in all markets in the period, with record traffic levels over Christmas. In most markets, some 20% of visitors now use the stock checker facility and we believe this facility, combined with the other improvements we have made to the websites, provide meaningful support to sales. We continue to invest in search engine optimisation, CRM and paid marketing.

We have completed our latest Click + Collect trial in the UK. The trial showed good basket sizes and strong additional attachment store sales. The trial also demonstrated that the Click + Collect service is satisfying unfulfilled demand from both new and existing customers by offering them extended choice beyond their local store offering. We believe we have developed a bespoke version of ecommerce that is additive to our store-led model, enhances our overall digital engagement programme

and delivers incremental sales. The results give us confidence to roll out this service across all our stores in England, Wales and Scotland, with a curated product range across womenswear, kids, menswear and a selection of homewear.

Adjusted operating profit margin for the period recovered to 11.3%, significantly higher than the same period last year, reflecting an increase in all countries. This growth in margin was driven by a significant improvement in product gross margin, driven by lower material and freight costs and the annualisation of prior year price increases, partially offset by the impact of foreign exchange. Stock loss remained high in most countries and we continue to invest in actions to mitigate this loss. Labour costs in the period increased in line with our expectations. We have been stepping up investment across technology, digital and customer activities to support growth. We expect this investment to continue to increase over the medium term.

Retail selling space increased by 0.2m sq ft since the last financial year-end and on 2 March 2024 we were trading from 440 stores from 18.4m sq ft of selling space. Nine new stores opened in the period: three in the US, three in France, two in Spain, and one in Poland. One store in Germany was closed in the period and seven stores are now rightsized. We have also rightsized four stores in the Netherlands in the period. Towards the end of the period Primark opened a store at La Vaguada in Madrid, the first of four openings in the city this year. We are expanding into our 16th market in the second half of the financial year, opening our first store in Hungary. We continue to target 530 stores by the end of 2026 and have visibility for continued footprint expansion beyond.

1. Kantar, Primark market share of the total UK clothing, footwear and accessories market including online by value, 24-week data to 3 March 2024

Financial review

Group performance

Group revenue in the period was £9.7bn, 2% ahead of last year at actual rates and 5% at constant currency, driven by continued good momentum in our Retail and food businesses. The Group generated an adjusted operating profit of £951m, an increase of 39% at actual rates compared to last year, reflecting strong margin recovery, and improvements in operational performance. Operating profit for the Group of £931m was 40% ahead, after charging exceptional items of £6m (2023 half year - nil).

For the period, there was a translation loss of £57m of our non-sterling earnings, primarily driven by the strengthening of sterling against the US dollar and the euro, as well as against some of our trading currencies in our businesses in Africa.

Segmental summary

	Revenue				Adjusted operating profit			
	24 weeks ended	24 weeks ended	Change	52 weeks ended	24 weeks ended	Change	52 weeks ended	
	2 March 2024	4 March 2023		16 September 2023	2 March 2024		4 March 2023	16 September 2023
At actual rates	£m	£m	%	£m	£m	%	£m	
Grocery	2,124	2,105	+0.9	4,198	230	173	+32.9	448
Ingredients	1,056	1,088	-2.9	2,157	117	102	+14.7	214
Agriculture	850	950	-10.5	1,840	14	12	+16.7	41
Sugar	1,170	1,168	+0.2	2,474	125	97	+28.9	179
Retail	4,500	4,228	+6.4	9,008	508	351	+44.7	735
Central	–	–	–	–	(45)	(40)	-12.5	(94)
	9,700	9,539	+1.7	19,677	949	695	+36.5	1,523
Business to be closed								
Sugar	34	21		73	2	(11)		(10)
	9,734	9,560	+1.8	19,750	951	684	+39.0	1,513

The segmental analysis by division has been set out in the operating reviews. The closure of our China North Sugar business has now been disclosed as a business to be closed rather than a continuing activity.

The segmental analysis by geography is set out in note 1 of the condensed financial statements. Of note is the increase in adjusted operating profit in Europe and the UK driven by Retail and an improved performance in our Sugar segment. The North America increase was driven by the continued success of our Grocery and Ingredients businesses and Retail in the US.

Adjusted earnings per share

	24 weeks ended	24 weeks ended	Change	52 weeks ended
	2 March 2024	4 March 2023		16 September 2023
	£m	£m	%	£m
Adjusted operating profit	951	684	+39.0	1,513
Net finance income excluding lease interest	18	4		11
Other financial (expense)/income	(13)	20		40
Lease interest	(45)	(41)		(91)
Adjusted profit before taxation	911	667	+36.6	1,473
Taxation on adjusted profit	(211)	(165)		(346)
Adjusted profit after tax	700	502	+39.4	1,127
Adjusted earnings attributable to equity shareholders	685	487	+40.7	1,103
Adjusted earnings per share (in pence)	90.4	62.0	+45.8	141.8

Net finance income and other financial expense

Finance income continued to increase as a result of higher interest rates earned on our cash balances. In other financial expenses, we recorded losses on cash and foreign exchange balances on some of our African countries of operations, such as Nigeria and Malawi, where material currency devaluations have taken place. Lease interest increased during the period due to higher interest rates and as we continue our Primark store expansion programme. We expect a similar level of finance income and lease interest in the second half, however, we do not expect the losses on cash and foreign exchange balances in other financial expenses to repeat.

On an adjusted basis, profit before tax was up 36.6%, to £911m.

Taxation on adjusted profit

In the period, the adjusted tax charge increased to £211m, primarily driven by the increase in adjusted profit before tax, offset by a decrease in the adjusted effective tax rate to 23.2% from 24.7% for the same period last year. The adjusted effective tax rate includes the full-year impact of the increase in UK corporation tax rate from 19% to 25% in April 2023 but this is more than offset by the changes to the mix in profits by jurisdiction.

Adjusted earnings per share increased by 45.8% to 90.4p per share for the period. This increase is driven by the increase in adjusted earnings. The adjusted earnings per share also continued to benefit from the reduction in weighted average number of shares, from 786 million for the same period in 2023 to 758 million for the same period in 2024, as a result of the continuing buyback programmes. The weighted average number of shares will continue to reduce from the completion of the remaining £275m of our second share buyback programme.

Basic earnings per share

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	Change	52 weeks ended 16 September 2023
	£m	£m	%	£m
Adjusted profit before taxation	911	667	+36.6	1,473
Acquired inventory fair value adjustments	(1)	(2)		(3)
Amortisation of non-operating intangibles	(20)	(20)		(41)
Exceptional items	(6)	–		(109)
Profits less losses on sale and closure of businesses	(10)	(2)		(3)
Profits less losses on disposal of non-current assets	8	2		28
Transaction costs	(1)	(1)		(5)
Profit before taxation	881	644	+36.8	1,340
Taxation	(203)	(102)		(272)
Profit after tax	678	542	+25.1	1,068
Earnings attributable to equity shareholders	663	527	+25.8	1,044
Basic earnings per share (in pence)	87.4	67.0	+30.4	134

Profit before tax of £881m was 36.8% ahead of the prior period.

This included a non-cash exceptional impairment charge of £6m in our Sugar segment. This comprised an impairment charge of £18m in our Vivergo business, which continues to be impacted by the volatility in margin. In addition, a £12m reversal of the £35m impairment recognised in the Sugar business in Mozambique at the end of financial year 2023 was also taken. No exceptional impairment charge was recognised in the same period in 2023.

A non-cash provision of £10m was included in profit less losses on sale and closure of business in respect of the closure of our China North Sugar business.

Total tax charge in the period was £203m (2023 half year – £102m). The increase compared to the prior period reflects the increase to the adjusted tax charge. Last year included a £58m deferred tax credit on exceptional items, reflecting the recognition of deferred tax assets relating to Primark Germany.

Earnings attributable to equity shareholders were £663m and basic earnings per share were 87.4p, 30.4% ahead of the same period last year.

Cash flow

	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m
Adjusted EBITDA	1,377	1,090	2,361
Repayment of lease liabilities net of incentives received	(148)	(123)	(246)
Working capital	6	(703)	(216)
Capital expenditure	(565)	(498)	(1,073)
Purchase of subsidiaries, joint ventures and associates	(4)	(29)	(94)
Sale of subsidiaries, joint ventures and associates	–	4	4
Net interest paid	(29)	(35)	(74)
Income taxes paid	(145)	(148)	(341)
Share of adjusted profit after tax from joint ventures and associates	(51)	(51)	(127)
Dividends received from joint ventures and associates	43	43	107
Other	(16)	(60)	(32)
Free cash flow	468	(510)	269
Share buyback	(281)	(140)	(448)
Dividends	(348)	(235)	(345)
Movement in loans and current asset investments	52	(10)	(10)
Cash flow	(109)	(895)	(534)

There was free cash inflow in the period totalling £468m as a result of higher operating profit generated by the Group, and lower working capital movement compared to the same period last year. The better performance in working capital reflects a normalisation of inventory at Primark as expected, stock reductions in most of our food businesses, reducing inflation overall, and other working capital initiatives. Overall, we continue to expect a decrease in working capital at the year end, primarily driven by the lower Primark inventory.

The capital expenditure increase was driven by the number of large capital projects in Primark and the food businesses.

The level of cash tax was lower as expected due to the reallocation of historical overpayments and favourable settlements of historical enquiries and returns. We expect this lower level to continue for the year. 'Other' cash flow benefitted from the abatement of UK employer pension contributions.

There was cash outflow of £281m for our continued share buyback programmes. We also paid £348m for total dividends in this period, which reflects the final 2023 dividend of £251m and a special dividend of £97m that was declared in respect of the 2023 financial year.

Financing and liquidity

	At 2 March 2024 £m	At 4 March 2023 £m	At 16 September 2023 £m
Short-term loans	(109)	(17)	(99)
Long-term loans	(432)	(480)	(394)
Lease liabilities	(3,164)	(3,187)	(3,160)
Total debt	(3,705)	(3,684)	(3,653)
Cash at bank and in hand, cash equivalents and overdrafts	1,209	1,080	1,388
Current asset investments	–	3	–
Total net debt	(2,496)	(2,601)	(2,265)
Leverage ratio	0.9	1.2	1.0

At 2 March 2024, the Group held cash and cash equivalents, net of bank overdrafts of £1,209m. In addition, the Group has an undrawn Revolving Credit Facility ('RCF') for £1.5bn, which is free from performance covenants. Following the first extension in 2023, the facility was extended for an additional year in April 2024 bringing the final maturity to June 2029. Our final \$100m Private Placement notes were repaid on 2 April 2024.

Total liquidity at 2 March 2024 was £2.5bn, comprising the £1.3bn of cash, less £0.2bn of short-term loans and overdrafts and £0.1bn of inaccessible cash, plus the £1.5bn RCF. This compares to £2.7bn at the end of the 2023 financial year and £2.5bn at the end of the same period last year.

Pensions

Employee benefits assets primarily comprise the accounting surplus of the Group's UK defined benefit scheme. At the end of the period the surplus in the UK was £1,476m (2023 half and full year – £1,397m). The increase from the end of the last financial year reflects positive asset returns and a decrease in long term expected inflation, partially offset by an increase in the liabilities due to a decrease in corporate bond yields.

Dividends and share buyback

During the period, we completed our first £500m share buyback programme and £225m of our second £500m share buyback programme, with the remaining amount anticipated to be completed by the end of the financial year. On 2 March 2024, the financial leverage ratio was 0.9 times.

The Board has declared an interim dividend of 20.7p a share, an increase of 46% on same period last year reflecting the growth in earnings. The dividend will be paid on 5 July 2024 to shareholders registered at the close of business on 31 May 2024.

Our principal risks and uncertainties

Details of the principal risks facing the Group's businesses at an operational level were included on pages 68 to 75 of the Group's Annual Report and Accounts for the 52 weeks ended 16 September 2023, as part of the Strategic Report. We have reassessed our principal risks for the remaining six months of the financial year as the world continues to face political and economic uncertainties.

The ongoing Russian war in Ukraine continues to drive some economic uncertainty in global markets. We have experienced no direct impact by the conflict in the Middle East, but we are monitoring the situation. Whilst supply chain volatility has eased and energy prices and sea freight costs have reduced, the ongoing geopolitical situation remains fragile. We continue to monitor the situation in the Red Sea but at this stage we do not expect any significant disruption to our supply chain. All geopolitical uncertainty could have an impact on the cost of raw materials and key commodities. Our procurement teams continue to work closely with suppliers to maintain the effective operation of our supply chains.

Consumer spending has continued to be resilient in this trading period. However, a number of our countries continue to face the risk of recession that could trigger market instability. The impact on our businesses will depend on the extent of government intervention and the duration of any economic downturns.

General elections are planned in a number of our key markets, including UK, USA, and in a number of countries in South America, Africa and South East Asia. The commercial implications of any governmental changes are being evaluated.

On average, sterling has slightly strengthened against most of our trading currencies this year, resulting in a small negative translation impact on operating profit. A number of businesses have benefitted from lower input costs due to the depreciation of energy costs. Agriculture commodity prices varied across the Group with some indexes seeing higher levels of volatility. Businesses continue to manage commodity price risk under their existing risk management frameworks and, where appropriate, reflect this in pricing of products.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence to the end of the 2025 financial year. For this reason, they continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements. See note 11 to the Condensed Consolidated Interim Financial Statements.

Condensed consolidated income statement

for the 24 weeks ended 2 March 2024

		24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
Continuing operations	Note	£m	£m	£m
Revenue	1	9,734	9,560	19,750
Operating costs before exceptional items		(8,854)	(8,949)	(18,410)
Exceptional items	2	(6)	–	(109)
		874	611	1,231
Share of profit after tax from joint ventures and associates		49	50	124
Profits less losses on disposal of non-current assets		8	2	28
Operating profit		931	663	1,383
Adjusted operating profit		951	684	1,513
Profits less losses on disposal of non-current assets		8	2	28
Amortisation of non-operating intangibles		(20)	(20)	(41)
Acquired inventory fair value adjustments		(1)	(2)	(3)
Transaction costs		(1)	(1)	(5)
Exceptional items	2	(6)	–	(109)
Profits less losses on sale and closure of businesses	7	(10)	(2)	(3)
Profit before interest		921	661	1,380
Finance income		35	22	48
Finance expense		(62)	(59)	(128)
Other financial (expense)/income		(13)	20	40
Profit before taxation		881	644	1,340
Adjusted profit before taxation		911	667	1,473
Profits less losses on disposal of non-current assets		8	2	28
Amortisation of non-operating intangibles		(20)	(20)	(41)
Acquired inventory fair value adjustments		(1)	(2)	(3)
Transaction costs		(1)	(1)	(5)
Exceptional items	2	(6)	–	(109)
Profits less losses on sale and closure of businesses	7	(10)	(2)	(3)
Taxation – UK (excluding tax on exceptional items)		(59)	(28)	(40)
– UK (on exceptional items)		4	–	–
– Overseas (excluding tax on exceptional items)		(148)	(132)	(300)
– Overseas (on exceptional items)		–	58	68
	3	(203)	(102)	(272)
Profit for the period		678	542	1,068
Attributable to				
Equity shareholders		663	527	1,044
Non-controlling interests		15	15	24
Profit for the period		678	542	1,068
Basic and diluted earnings per ordinary share (pence)	4	87.4	67.0	134.2
Dividends per share paid and proposed for the period (pence)	5	20.7	14.2	47.3
Special dividend per share proposed for the period (pence)		–	–	12.7

Condensed consolidated statement of comprehensive income

for the 24 weeks ended 2 March 2024

	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m
Profit for the period recognised in the income statement	678	542	1,068
Other comprehensive income			
Remeasurements of defined benefit schemes	65	18	(7)
Deferred tax associated with defined benefit schemes	(17)	(2)	4
Items that will not be reclassified to profit or loss	48	16	(3)
Effect of movements in foreign exchange	(151)	(179)	(470)
Net gain on hedge of net investment in foreign subsidiaries	2	1	1
Deferred tax associated with movements in foreign exchange	–	–	(5)
Current tax associated with movements in foreign exchange	–	–	6
Movement in cash flow hedging position	(11)	(271)	(260)
Deferred tax associated with movement in cash flow hedging position	4	62	40
Share of other comprehensive loss of joint ventures and associates	(3)	(6)	(18)
Effect of hyperinflationary economies	41	26	40
Items that are or may be subsequently reclassified to profit or loss	(118)	(367)	(666)
Other comprehensive loss for the period	(70)	(351)	(669)
Total comprehensive income for the period	608	191	399
Attributable to			
Equity shareholders	609	191	397
Non-controlling interests	(1)	–	2
Total comprehensive income for the period	608	191	399

Condensed consolidated balance sheet

at 2 March 2024

	Note	2 March 2024 £m	4 March 2023 £m	16 September 2023 £m
Non-current assets				
Intangible assets		1,885	1,901	1,870
Property, plant and equipment		5,944	5,702	5,766
Right-of-use assets		2,365	2,386	2,350
Investments in joint ventures		297	297	303
Investments in associates		99	91	91
Employee benefits assets		1,523	1,440	1,446
Income tax		23	23	23
Deferred tax assets		186	204	193
Other receivables		70	58	63
Total non-current assets		12,392	12,102	12,105
Current assets				
Assets classified as held for sale	6	–	92	–
Inventories		3,120	3,601	3,207
Biological assets		128	129	99
Trade and other receivables		1,677	1,824	1,778
Derivative assets		87	92	96
Current asset investments	8	–	3	–
Income tax		69	68	102
Cash and cash equivalents	8	1,268	1,213	1,457
Total current assets		6,349	7,022	6,739
Total assets		18,741	19,124	18,844
Current liabilities				
Liabilities classified as held for sale	6	–	(26)	–
Lease liabilities	8	(345)	(322)	(335)
Loans and overdrafts	8	(168)	(150)	(168)
Trade and other payables		(2,799)	(2,892)	(2,953)
Derivative liabilities		(71)	(134)	(69)
Income tax		(95)	(140)	(109)
Provisions		(61)	(60)	(55)
Total current liabilities		(3,539)	(3,724)	(3,689)
Non-current liabilities				
Lease liabilities	8	(2,819)	(2,865)	(2,825)
Loans	8	(432)	(480)	(394)
Provisions		(55)	(28)	(48)
Deferred tax liabilities		(660)	(593)	(626)
Employee benefits liabilities		(71)	(77)	(69)
Total non-current liabilities		(4,037)	(4,043)	(3,962)
Total liabilities		(7,576)	(7,767)	(7,651)
Net assets		11,165	11,357	11,193
Equity				
Issued capital		43	45	44
Other reserves		180	178	179
Translation reserve		(178)	253	(42)
Hedging reserve		(10)	(49)	2
Retained earnings		11,043	10,830	10,910
Total equity attributable to equity shareholders		11,078	11,257	11,093
Non-controlling interests		87	100	100
Total equity		11,165	11,357	11,193

Condensed consolidated cash flow statement

for the 24 weeks ended 2 March 2024

	Note	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m
Cash flow from operating activities				
Profit before taxation		881	644	1,340
Profits less losses on disposal of non-current assets		(8)	(2)	(28)
Profits less losses on sale and closure of businesses		10	2	3
Transaction costs		1	1	5
Finance income		(35)	(22)	(48)
Finance expense		62	59	128
Other financial expense/(income)		13	(20)	(40)
Share of profit after tax from joint ventures and associates		(49)	(50)	(124)
Amortisation		41	39	82
Depreciation (including of right-of-use assets)		403	386	804
Exceptional items		6	–	109
Acquired inventory fair value adjustments		1	2	3
Effect of hyperinflationary economies		5	8	14
Net change in the fair value of current biological assets		(56)	(39)	(11)
Share-based payment expense		13	8	18
Pension costs less contributions		25	(2)	(8)
Decrease/(increase) in inventories		47	(437)	(94)
Decrease/(increase) in receivables		57	(115)	(107)
Decrease in payables		(98)	(151)	(15)
Purchases less sales of current biological assets		5	–	(9)
Decrease in provisions		(3)	(20)	(27)
Cash generated from operations		1,321	291	1,995
Income taxes paid		(145)	(148)	(341)
Net cash generated from operating activities		1,176	143	1,654
Cash flow from investing activities				
Dividends received from joint ventures and associates		43	43	107
Purchase of property, plant and equipment		(523)	(444)	(997)
Purchase of intangibles		(42)	(54)	(76)
Lease incentives received		12	12	62
Sale of property, plant and equipment		12	11	48
Purchase of subsidiaries, joint ventures and associates	7	(4)	(29)	(94)
Sale of subsidiaries, joint ventures and associates		–	4	4
Purchase of other investments		(2)	–	(4)
Interest received		26	22	44
Net cash used in investing activities		(478)	(435)	(906)
Cash flow from financing activities				
Dividends paid to non-controlling interests		(12)	(5)	(7)
Dividends paid to equity shareholders	5	(348)	(235)	(345)
Interest paid		(55)	(57)	(118)
Repayment of lease liabilities	8	(160)	(135)	(308)
Increase/(decrease) in short-term loans	8	11	(11)	(13)
Increase in long-term loans	8	41	–	–
Decrease in current asset investments	8	–	1	3
Share buyback		(281)	(140)	(448)
Movement from changes in own shares held		(3)	(21)	(46)
Net cash used in financing activities		(807)	(603)	(1,282)
Net decrease in cash and cash equivalents		(109)	(895)	(534)
Cash and cash equivalents at the beginning of the period		1,388	1,995	1,995
Effect of movements in foreign exchange		(70)	(20)	(73)
Cash and cash equivalents at the end of the period	8	1,209	1,080	1,388

Condensed consolidated statement of changes in equity

for the 24 weeks ended 2 March 2024

	Note	Issued capital	Other reserves	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
		£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 16 September 2023		44	179	(42)	2	10,910	11,093	100	11,193
Total comprehensive income									
Profit for period recognised in income statement		–	–	–	–	663	663	15	678
Remeasurements of defined benefit schemes		–	–	–	–	65	65	–	65
Deferred tax associated with defined benefit schemes		–	–	–	–	(17)	(17)	–	(17)
Items that will not be reclassified to profit or loss		–	–	–	–	48	48	–	48
Effect of movements in foreign exchange		–	–	(135)	–	–	(135)	(16)	(151)
Net gain on hedge of net investment in foreign subsidiaries		–	–	2	–	–	2	–	2
Movement in cash flow hedging position		–	–	–	(11)	–	(11)	–	(11)
Deferred tax associated with movement in cash flow hedging position		–	–	–	4	–	4	–	4
Share of other comprehensive income of joint ventures and associates		–	–	(3)	–	–	(3)	–	(3)
Effect of hyperinflationary economies		–	–	–	–	41	41	–	41
Items that are or may be subsequently reclassified to profit or loss		–	–	(136)	(7)	41	(102)	(16)	(118)
Other comprehensive income		–	–	(136)	(7)	89	(54)	(16)	(70)
Total comprehensive income		–	–	(136)	(7)	752	609	(1)	608
Inventory cash flow hedge movements									
Amounts transferred to cost of inventory		–	–	–	(5)	–	(5)	–	(5)
Total inventory cash flow hedge movements		–	–	–	(5)	–	(5)	–	(5)
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(348)	(348)	–	(348)
Net movement in own shares held		–	–	–	–	10	10	–	10
Share buyback		(1)	1	–	–	(281)	(281)	–	(281)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(12)	(12)
Total transactions with owners		(1)	1	–	–	(619)	(619)	(12)	(631)
Balance as at 2 March 2024		43	180	(178)	(10)	11,043	11,078	87	11,165
Balance as at 17 September 2022		45	178	422	154	10,649	11,448	106	11,554
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	527	527	15	542
Remeasurements of defined benefit schemes		–	–	–	–	18	18	–	18
Deferred tax associated with defined benefit schemes		–	–	–	–	(2)	(2)	–	(2)
Items that will not be reclassified to profit or loss		–	–	–	–	16	16	–	16
Effect of movements in foreign exchange		–	–	(164)	–	–	(164)	(15)	(179)
Net gain on hedge of net investment in foreign subsidiaries		–	–	1	–	–	1	–	1
Movement in cash flow hedging position		–	–	–	(271)	–	(271)	–	(271)
Deferred tax associated with movement in cash flow hedging position		–	–	–	62	–	62	–	62
Share of other comprehensive income of joint ventures and associates		–	–	(6)	–	–	(6)	–	(6)
Effect of hyperinflationary economies		–	–	–	–	26	26	–	26
Items that are or may be subsequently reclassified to profit or loss		–	–	(169)	(209)	26	(352)	(15)	(367)
Other comprehensive income		–	–	(169)	(209)	42	(336)	(15)	(351)
Total comprehensive income		–	–	(169)	(209)	569	191	–	191
Inventory cash flow hedge movements									
Amounts transferred to cost of inventory		–	–	–	6	–	6	–	6
Total inventory cash flow hedge movements		–	–	–	6	–	6	–	6
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(235)	(235)	–	(235)
Net movement in own shares held		–	–	–	–	(13)	(13)	–	(13)
Share buyback		–	–	–	–	(140)	(140)	–	(140)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(6)	(6)
Total transactions with owners		–	–	–	–	(388)	(388)	(6)	(394)
Balance as at 4 March 2023		45	178	253	(49)	10,830	11,257	100	11,357

Condensed consolidated statement of changes in equity (continued)		Issued	Other	Translation	Hedging	Retained	Total	Non-	Total
		capital	reserves	reserve	reserve	earnings		controlling	equity
	Note	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 17 September 2022		45	178	422	154	10,649	11,448	106	11,554
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	1,044	1,044	24	1,068
Remeasurements of defined benefit schemes		–	–	–	–	(7)	(7)	–	(7)
Deferred tax associated with defined benefit schemes		–	–	–	–	4	4	–	4
Items that will not be reclassified to profit or loss		–	–	–	–	(3)	(3)	–	(3)
Effect of movements in foreign exchange		–	–	(448)	–	–	(448)	(22)	(470)
Net gain on hedge of net investment in foreign subsidiaries		–	–	1	–	–	1	–	1
Deferred tax associated with movements in foreign exchange		–	–	(5)	–	–	(5)	–	(5)
Current tax associated with movements in foreign exchange		–	–	6	–	–	6	–	6
Movement in cash flow hedging position		–	–	–	(260)	–	(260)	–	(260)
Deferred tax associated with movement in cash flow hedging position		–	–	–	40	–	40	–	40
Share of other comprehensive income of joint ventures and associates		–	–	(18)	–	–	(18)	–	(18)
Effect of hyperinflationary economies		–	–	–	–	40	40	–	40
Items that are or may be subsequently reclassified to profit or loss		–	–	(464)	(220)	40	(644)	(22)	(666)
Other comprehensive income		–	–	(464)	(220)	37	(647)	(22)	(669)
Total comprehensive income		–	–	(464)	(220)	1,081	397	2	399
Inventory cash flow hedge movements									
Amounts transferred to cost of inventory		–	–	–	68	–	68	–	68
Total inventory cash flow hedge movements		–	–	–	68	–	68	–	68
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(345)	(345)	–	(345)
Net movement in own shares held		–	–	–	–	(28)	(28)	–	(28)
Share buyback		(1)	1	–	–	(448)	(448)	–	(448)
Deferred tax associated with share-based payments		–	–	–	–	1	1	–	1
Dividends paid to non-controlling interests		–	–	–	–	–	–	(8)	(8)
Total transactions with owners		(1)	1	–	–	(820)	(820)	(8)	(828)
Balance as at 16 September 2023		44	179	(42)	2	10,910	11,093	100	11,193

1. Operating segments

The Group has five operating segments. These are the Group's operating divisions, based on the management and internal reporting structure, which combine businesses with common characteristics, primarily in respect of the type of products offered by each business, but also the production processes involved and the manner of the distribution and sale of goods. The Board is the chief operating decision-maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefits assets, income tax assets, deferred tax assets, and all current assets except cash and cash equivalents, current asset investments and income tax assets. Segment liabilities comprise trade and other payables, derivative liabilities, provisions and lease liabilities.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefits balances and current and deferred tax balances.

Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year, comprising property, plant and equipment, right-of-use assets and operating intangibles.

Businesses disposed, closed or to be closed during the period are shown separately and comparatives have been re-presented.

The Group is comprised of the following operating segments:

Grocery

The manufacture of grocery products, including hot beverages, sugar and sweeteners, vegetable oils, balsamic vinegars, bread and baked goods, cereals, ethnic foods, and meat products, which are sold to retail, wholesale and foodservice businesses.

Ingredients

The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.

Agriculture

The manufacture of animal feeds and the provision of other products and services for the agriculture sector.

Sugar

The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the Grocery segment.

Retail

Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

Geographical information

In addition to the required disclosure for operating segments, disclosure is also given of certain geographical information about the Group's operations, based on the geographical groupings: United Kingdom; Europe & Africa; the Americas; and Asia Pacific.

Revenues are shown by reference to the geographical location of customers. Profits are shown by reference to the geographical location of the businesses. Segment assets are based on the geographical location of the assets.

	Revenue			Adjusted operating profit		
	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m
Operating segments						
Grocery	2,124	2,105	4,198	230	173	448
Ingredients	1,056	1,088	2,157	117	102	214
Agriculture	850	950	1,840	14	12	41
Sugar	1,170	1,168	2,474	125	97	179
Retail	4,500	4,228	9,008	508	351	735
Central	–	–	–	(45)	(40)	(94)
	9,700	9,539	19,677	949	695	1,523
Business to be closed						
Sugar	34	21	73	2	(11)	(10)
	9,734	9,560	19,750	951	684	1,513
Geographical information						
United Kingdom	3,585	3,590	7,271	339	261	488
Europe & Africa	3,717	3,508	7,552	367	235	559
The Americas	1,248	1,219	2,420	213	160	353
Asia Pacific	1,150	1,222	2,434	30	39	123
	9,700	9,539	19,677	949	695	1,523
Business to be closed						
Asia Pacific	34	21	73	2	(11)	(10)
	9,734	9,560	19,750	951	684	1,513

Operating segments for the 24 weeks ended 2 March 2024

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	2,134	1,159	852	1,230	4,500	(175)	9,700
Internal revenue	(10)	(103)	(2)	(60)	–	175	–
External revenue from continuing businesses	2,124	1,056	850	1,170	4,500	–	9,700
Business to be closed	–	–	–	34	–	–	34
Revenue from external customers	2,124	1,056	850	1,204	4,500	–	9,734
Operating profit	219	110	10	121	508	(37)	931
Adjusted operating profit before joint ventures and associates	201	99	14	121	508	(45)	898
Share of adjusted profit after tax from joint ventures and associates	29	18	–	4	–	–	51
Business to be closed	–	–	–	2	–	–	2
Adjusted operating profit	230	117	14	127	508	(45)	951
Finance income	–	–	–	–	–	35	35
Finance expense	–	–	–	(1)	(43)	(18)	(62)
Other financial expense	–	–	–	–	–	(13)	(13)
Adjusted profit before taxation	230	117	14	126	465	(41)	911
Profits less losses on disposal of non-current assets	–	–	–	–	–	8	8
Amortisation of non-operating intangibles	(10)	(6)	(4)	–	–	–	(20)
Acquired inventory fair value adjustments	(1)	–	–	–	–	–	(1)
Transaction costs	–	(1)	–	–	–	–	(1)
Exceptional items	–	–	–	(6)	–	–	(6)
Profits less losses on sale and closure of businesses	–	–	–	(10)	–	–	(10)
Profit before taxation	219	110	10	110	465	(33)	881
Taxation	–	–	–	–	–	(203)	(203)
Profit for the period	219	110	10	110	465	(236)	678
Segment assets (excluding joint ventures and associates)	2,720	2,034	654	2,541	7,181	146	15,276
Investments in joint ventures and associates	51	138	155	52	–	–	396
Segment assets	2,771	2,172	809	2,593	7,181	146	15,672
Cash and cash equivalents						1,268	1,268
Income tax						92	92
Deferred tax assets						186	186
Employee benefits assets						1,523	1,523
Segment liabilities	(672)	(371)	(183)	(617)	(4,120)	(187)	(6,150)
Loans and overdrafts						(600)	(600)
Income tax						(95)	(95)
Deferred tax liabilities						(660)	(660)
Employee benefits liabilities						(71)	(71)
Net assets	2,099	1,801	626	1,976	3,061	1,602	11,165
Non-current asset additions	95	78	15	163	323	2	676
Depreciation and non-cash lease adjustments	(48)	(32)	(11)	(43)	(266)	(3)	(403)
Amortisation	(12)	(6)	(5)	(1)	(17)	–	(41)

Operating segments for the 24 weeks ended 4 March 2023

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	2,117	1,194	953	1,229	4,228	(182)	9,539
Internal revenue	(12)	(106)	(3)	(61)	–	182	–
External revenue from continuing businesses	2,105	1,088	950	1,168	4,228	–	9,539
Business to be closed	–	–	–	21	–	–	21
Revenue from external customers	2,105	1,088	950	1,189	4,228	–	9,560
Operating profit	163	95	7	86	351	(39)	663
Adjusted operating profit before joint ventures and associates	141	91	8	93	351	(40)	644
Share of adjusted profit after tax from joint ventures and associates	32	11	4	4	–	–	51
Business to be closed	–	–	–	(11)	–	–	(11)
Adjusted operating profit	173	102	12	86	351	(40)	684
Finance income						22	22
Finance expense	(1)	–	–	(1)	(39)	(18)	(59)
Other financial income						20	20
Adjusted profit before taxation	172	102	12	85	312	(16)	667
Profits less losses on disposal of non-current assets	1	–	–	–	–	1	2
Amortisation of non-operating intangibles	(11)	(7)	(2)	–	–	–	(20)
Acquired inventory fair value adjustments	–	–	(2)	–	–	–	(2)
Transaction costs	–	–	(1)	–	–	–	(1)
Profits less losses on sale and closure of businesses	–	4	–	(6)	–	–	(2)
Profit before taxation	162	99	7	79	312	(15)	644
Taxation						(102)	(102)
Profit for the period	162	99	7	79	312	(117)	542
Segment assets (excluding joint ventures and associates)	2,866	2,113	643	2,509	7,501	147	15,779
Investments in joint ventures and associates	52	141	147	48	–	–	388
Segment assets	2,918	2,254	790	2,557	7,501	147	16,167
Cash and cash equivalents						1,213	1,213
Current asset investments						3	3
Income tax						91	91
Deferred tax assets						210	210
Employee benefits assets						1,440	1,440
Segment liabilities	(696)	(391)	(190)	(670)	(4,193)	(187)	(6,327)
Loans and overdrafts						(630)	(630)
Income tax						(140)	(140)
Deferred tax liabilities						(593)	(593)
Employee benefits liabilities						(77)	(77)
Net assets	2,222	1,863	600	1,887	3,308	1,477	11,357
Non-current asset additions	67	86	11	131	282	2	579
Depreciation and non-cash lease adjustments	(57)	(30)	(9)	(47)	(239)	(4)	(386)
Amortisation	(13)	(7)	(3)	(1)	(15)	–	(39)

Operating segments for the 52 weeks ended 16 September 2023

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	4,222	2,366	1,849	2,591	9,008	(359)	19,677
Internal revenue	(24)	(209)	(9)	(117)	–	359	–
External revenue from external customers	4,198	2,157	1,840	2,474	9,008	–	19,677
Business to be closed	–	–	–	73	–	–	73
Revenue from external customers	4,198	2,157	1,840	2,547	9,008	–	19,750
							–
Operating profit	402	201	32	119	717	(88)	1,383
							–
Adjusted operating profit before joint ventures and associates	368	190	25	172	735	(94)	1,396
Share of adjusted profit after tax from joint ventures and associates	80	24	16	7	–	–	127
Business to be closed	–	–	–	(10)	–	–	(10)
Adjusted operating profit	448	214	41	169	735	(94)	1,513
Finance income						48	48
Finance expense	(1)	(1)	–	(3)	(86)	(37)	(128)
Other financial income						40	40
Adjusted profit before taxation	447	213	41	166	649	(43)	1,473
Profits less losses on disposal of non-current assets	19	–	–	–	–	9	28
Amortisation of non-operating intangibles	(23)	(13)	(5)	–	–	–	(41)
Acquired inventory fair value adjustments	(1)	–	(2)	–	–	–	(3)
Transaction costs	–	–	(2)	–	–	(3)	(5)
Exceptional items	(41)	–	–	(50)	(18)	–	(109)
Profits less losses on sale and closure of businesses	–	3	–	(6)	–	–	(3)
Profit before taxation	401	203	32	110	631	(37)	1,340
Taxation						(272)	(272)
Profit for the period	401	203	32	110	631	(309)	1,068
Segment assets (excluding joint ventures and associates)	2,759	2,011	640	2,179	7,530	110	15,229
Investments in joint ventures and associates	58	133	155	48	–	–	394
Segment assets	2,817	2,144	795	2,227	7,530	110	15,623
Cash and cash equivalents						1,457	1,457
Income tax						125	125
Deferred tax assets						193	193
Employee benefits assets						1,446	1,446
Segment liabilities	(689)	(407)	(196)	(501)	(4,326)	(166)	(6,285)
Loans and overdrafts						(562)	(562)
Income tax						(109)	(109)
Deferred tax liabilities						(626)	(626)
Employee benefits liabilities						(69)	(69)
Net assets	2,128	1,737	599	1,726	3,204	1,799	11,193
Non-current asset additions	154	174	20	289	711	4	1,352
Depreciation and non-cash lease adjustments	(114)	(62)	(19)	(75)	(526)	(8)	(804)
Amortisation	(26)	(15)	(7)	(3)	(31)	–	(82)

Geographical information for the 24 weeks ended 2 March 2024

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	3,585	3,717	1,248	1,184	9,734
Segment assets	5,850	6,530	1,775	1,517	15,672
Non-current asset additions	171	348	83	74	676
Depreciation (including of right-of-use assets)	(147)	(187)	(43)	(26)	(403)
Amortisation	(9)	(29)	(2)	(2)	(42)
Acquired inventory fair value adjustments	–	(1)	–	–	(1)
Transaction costs	–	(1)	–	–	(1)
Exceptional items	(18)	12	–	–	(6)

Geographical information for the 24 weeks ended 4 March 2023

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	3,590	3,508	1,219	1,243	9,560
Segment assets	5,916	6,744	1,803	1,704	16,167
Non-current asset additions	143	292	105	39	579
Depreciation (including of right-of-use assets)	(136)	(175)	(41)	(34)	(386)
Amortisation	(8)	(26)	(2)	(3)	(39)
Acquired inventory fair value adjustments	(2)	–	–	–	(2)
Transaction costs	(1)	–	–	–	(1)

Geographical information for the 52 weeks ended 16 September 2023

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	7,271	7,552	2,420	2,507	19,750
Segment assets	5,690	6,651	1,792	1,490	15,623
Non-current asset additions	305	732	217	98	1,352
Depreciation (including of right-of-use assets)	(279)	(374)	(84)	(67)	(804)
Amortisation	(17)	(56)	(4)	(5)	(82)
Acquired inventory fair value adjustments	(2)	(1)	–	–	(3)
Transaction costs	(4)	(1)	–	–	(5)
Exceptional items	–	(53)	–	(56)	(109)

The Group's operations in the following countries met the criteria for separate disclosure:

	Revenue			Non-current assets		
	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
	£m	£m	£m	£m	£m	£m
Australia	687	705	1,407	571	606	541
Spain	991	880	1,836	694	647	651
United States	833	806	1,580	893	854	887

All segment disclosures are stated before reclassification of assets and liabilities classified as held for sale.

2. Exceptional items

2024

At half year, there was a non-cash exceptional impairment charge of £6m in our Sugar Division. The Vivergo business has been impacted by the volatility in margin and an impairment was recognised of £17m against property, plant and equipment and £1m against right-of-use assets. This was partially offset by a partial reversal of the impairment recognised in the Maragra Sugar business in Mozambique at the end of the 2023 financial year where market valuations indicate in the first half of this half year a resale value of £12m on the impaired property, plant and equipment. The impairment of £35m in Maragra in 2023 was due to severe flooding and damage to the sugar crop fields and included the full write down of £25m against property, plant and equipment, £7m against current biological assets, £2m provided for personnel costs and a £1m write down of inventory.

2023

At half year, there were no exceptional items. For the full year, a non-cash exceptional impairment charge was included of £109m specifically £41m for the Don business in the Grocery segment, £50m for the Sugar segment including £15m for China North Sugar and £35m for Maragra, and £18m for the Retail segment relating to the German Primark store portfolio..

3. Income tax expense

	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m
Current tax expense			
UK - corporation tax at 25% (2023 - 21.8%)	21	23	26
Overseas - corporation tax	147	112	249
UK - over provided in prior years	–	(7)	(14)
Overseas - (over)/under provided in prior years	(3)	–	18
	165	128	279
Deferred tax expense			
UK - deferred tax	34	12	54
Overseas - deferred tax	3	20	28
UK - over provided in prior years	–	–	(26)
Overseas - under/(over) provided in prior years	1	(58)	(63)
	38	(26)	(7)
Total income tax expense in the income statement	203	102	272
Reconciliation of effective tax rate			
Profit before taxation	881	644	1,340
Less share of profit after taxation from joint ventures and associates	(49)	(50)	(124)
Profit before taxation excluding share of profit after taxation from joint ventures and associates	832	594	1,216
Nominal tax charge at UK corporation tax rate of 25% (2023 - 21.8%)	208	129	265
Effect of higher and lower tax rates on overseas earnings	(43)	–	(16)
Effect of changes in tax rates on the income statement	1	2	5
Expenses not deductible for tax purposes	39	28	66
Disposal of assets covered by tax exemptions or unrecognised capital losses	3	1	(2)
Deferred tax not recognised	(3)	7	39
Adjustments in respect of prior periods	(2)	(65)	(85)
	203	102	272
Other comprehensive income or equity			
Deferred tax associated with defined benefit schemes	17	2	(4)
Deferred tax associated with share-based payments	–	–	(1)
Deferred tax associated with movements in cash flow hedging position	(4)	(62)	(40)
Deferred tax associated with movements in foreign exchange	–	–	5
Current tax associated with movements in foreign exchange	–	–	(6)
	13	(60)	(46)

The adjusted effective tax rate of 23.2% (2023 half year – 24.7%) is the estimated weighted average annual tax rate based on full year projections and was applied to profit before adjusting items for the 24 weeks ended 2 March 2024. The tax impact of adjusting items was calculated on an item-by-item basis. In the prior half year a £58m exceptional tax credit was recognised in relation to deferred tax asset recognition in Germany. The UK corporation tax rate of 19% increased to 25% from 1 April 2023.

As in the prior year, the Group considers a provision is not required in relation to the EU State Aid ruling on the UK's controlled foreign company legislation based on our assessment of the issue. The ruling is currently being appealed in the Court of Justice of the European Union ('CJEU'). The maximum potential liability is £26m (2023 half and full year – £26m).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, including the UK. The legislation will be effective for the Group's 2025 financial year. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on data available from the Group's 2023 consolidated financial statements and the 2023 financial year Country-by-Country Report. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply. Of these jurisdictions, the most noteworthy is Ireland, where the statutory tax rate is 12.5%, but where there will be a local top up tax to 15%. Based on a high-level assessment, the impact in 2023 of Pillar 2 on the ABF adjusted effective tax rate would have been less than 1%. The Pillar 2 legislation is complex and still evolving. We will continue to monitor the impact of future developments.

The Group recognises the importance of complying fully with all applicable tax laws as well as paying and collecting the right amount of tax in every country in which the Group operates. The Group's board-approved tax strategy is based on seven tax principles embedded in the Group's financial and non financial processes and controls. This tax strategy is available in the Policies section of the Group's website.

4. Earnings per share

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
	pence per share	pence per share	pence per share
Adjusted earnings per share	90.4	62.0	141.8
Disposal of non-current assets	1.1	0.3	3.6
Sale and closure of businesses	(1.4)	(0.3)	(0.4)
Acquired inventory fair value adjustments	(0.1)	(0.3)	(0.4)
Transaction costs	(0.2)	(0.1)	(0.6)
Exceptional items	(0.8)	–	(14.0)
Tax effect on above adjustments and exceptional tax	0.3	7.4	8.2
Amortisation of non-operating intangibles	(2.6)	(2.5)	(5.3)
Tax credit on non-operating intangibles amortisation	0.7	0.5	1.3
Earnings per ordinary share	87.4	67.0	134.2

5. Dividends

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
	pence per share	pence per share	pence per share	£m	£m	£m
2022 final	–	29.9	29.9	–	235	235
2023 interim	–	–	14.2	–	–	110
2023 final and special	45.8	–	–	348	–	–
	45.8	29.9	44.1	348	235	345

The 2023 final dividend of 33.1p approved by shareholders on 8 December 2023, together with the special dividend of 12.7p totalled £348m when paid on 12 January 2024. The 2024 interim dividend of 20.7p per share, totalling an estimated cost of £155m will be paid on 5 July 2024 to shareholders on the register on 31 May 2024.

6. Assets and liabilities classified as held for sale

The Group has no assets and liabilities classified as held for sale in 2024.

In the prior half year period, the Group disclosed its China North Sugar business as held for sale on the expectation the business was to be disposed. This business was not disposed but instead is now set to close (see note 7). As part of this disclosure last year, £92m of assets were classified as held for sale comprising inventories, property, plant and equipment, operating intangibles, trade and other receivables and a deferred tax asset and £26m of liabilities classified as held for sale comprised of trade and other payables.

7. Acquisitions and disposals

Acquisitions

2024

AB World Foods in our Grocery segment, acquired the UK business Capsicana, provider of Latin American products including tortillas, pastes, kits and seasoning mixes. Total consideration for this transaction was £11m, comprising £3m cash consideration and £8m deferred consideration. Net assets acquired included non-operating intangible assets of £12m, with related deferred tax of £3m and £1m of other operating liabilities. Goodwill of £3m resulted from this acquisition.

2023

In the first half, the Agriculture division acquired Kite Consulting, Advance Sourcing and Progres. Kite Consulting is a specialist dairy consultant and Advance Sourcing provides specialist products to create value by improving herd performance and supports dairy farmers to improve herd efficiency and build resilience across the agri-food supply chain. Progres in Finland uses a patented additive to support good health, reduce inflammation and stimulate recovery, which improves gut integrity and the performance of animals.

In April, the Ingredients division acquired Vital Solutions, a German company specialising in natural science-based ingredients for application in dietary supplements and functional foods.

The Agriculture division acquired IFCN AG, a dairy research and consulting company in June and in August acquired National Milk Records plc (NMR) for £48m. NMR is the leading agri-tech supplier of management information and testing services to the UK dairy supply chain, developing technology used to inform farming efficiency and animal welfare, and quantify food provenance.

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £32m of non-operating intangibles in respect of brands, technology and customer relationships, a £7m related deferred tax liability, a £6m uplift to the investment in joint ventures and goodwill of £39m. Cash flow on acquisition of subsidiaries, joint ventures and associates of £94m comprised £78m cash consideration less £1m cash and overdrafts acquired, £16m of deferred consideration relating to previous acquisitions and a £1m contribution to an existing joint venture in China.

Disposals

2024

A non-cash provision of £10m was included in profit less losses on sale and closure of business for the closure of the Group's China North Sugar business.

2023

The Group agreed to sell property, plant and equipment to its Chinese joint venture partner. Profit on sale was £3m for the full year (2023 half year – £4m)..

In March 2023, Gledhow, the Group's 30% equity-accounted associate in Illovo South Africa formally went into business rescue. A non-cash provision of £6m was booked on the financial guarantee held on this business' liabilities.

8. Analysis of net debt

	At 16 September 2023	Cash flow	New leases, non- cash items and transfers	Exchange adjustments	At 2 March 2024
	£m	£m	£m	£m	£m
Short-term loans	(99)	(11)	–	1	(109)
Long-term loans	(394)	(41)	–	3	(432)
Lease liabilities	(3,160)	160	(180)	16	(3,164)
Total liabilities from financing activities	(3,653)	108	(180)	20	(3,705)
Cash at bank and in hand, cash equivalents and overdrafts	1,388	(109)	–	(70)	1,209
Net debt including lease liabilities	(2,265)	(1)	(180)	(50)	(2,496)

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less. £59m (2023 half year – £133m; 2023 full year – £69m) of bank overdrafts that are repayable on demand form part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Net cash before lease liabilities is £668m, comprising cash at bank and in hand, cash equivalents and overdrafts of £1,209m, short-term loans of £109m, long-term loans of £432m and current asset investments of £nil (2023 half year – £586m, £1,080m, £17m, £480m and £3m respectively; 2023 full year – £895m, £1,388m, £99m, £394m and £nil respectively).

£59m (2023 half year – £133m; 2023 full year – £69m) of bank overdrafts plus the £109m (2023 half year – £17m; 2023 full year – £99m) of short-term loans shown above comprise the £168m (2023 half year – £150m; 2023 full year – £168m) of current loans and overdrafts shown on the face of the balance sheet.

Current and non-current lease liabilities shown on the face of the balance sheet of £345m and £2,819m respectively (2023 half year – £322m and £2,865m respectively; 2023 full year – £335m and £2,825m respectively) comprise the £3,164m (2023 half year – £3,187m; 2023 full year – £3,160m) of lease liabilities shown above.

Current asset investments comprise term deposits and short-term investments with original maturities of greater than three months.

Interest paid is included within financing activities. The roll-forward of the liabilities associated with interest paid is an opening balance of £(25)m, expense of £(62)m, payments of £55m, effect of hyperinflationary economies of £3m and a closing balance of £(29)m (2023 half year: opening balance of £(18)m, expense of £(59)m, payments of £57m, interest on the interest rate swap £(5)m and a closing balance of £(25)m; 2023 full year: opening balance of £(18)m, expense of £(128)m, payments of £118m, effect of hyperinflationary economies £3m and a closing balance of £(25)m).

9. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Full details of the Group's other related party relationships, transactions and balances are given in the Group's financial statements for the 52 weeks ended 16 September 2023. There have been no material changes in these relationships in the 24 weeks ended 2 March 2024 or up to the date of this report. No related party transactions have taken place in the first 24 weeks of the current financial year that have materially affected the financial position or the performance of the Group during that period.

10. Defined benefit pension schemes

Employee benefits assets primarily comprise the accounting surplus of the Group's UK defined benefit scheme. At the end of the period, the surplus in the UK was £1,476m (2023 half and full year – £1,397m). The increase from the end of the last financial year reflects positive asset returns and a decrease in long term expected inflation, partially offset by an increase in the liabilities due to a decrease in corporate bond yields.

Under the UK Pensions Act and Regulation requirements, a court case outcome on 16 June 2023 involving Virgin Media has revealed potential challenges with other previously contracted-out defined benefit schemes in the UK. This development may cast doubt on the validity of scheme changes made between 1997 and 2016, where those changes were not accompanied by appropriate actuarial certificates.

The ABF UK pension scheme was contracted out during this period and made amendments that potentially impacted members' benefits. Until completion of a full analysis of the scheme changes undertaken during this period the company is unable to determine whether there is any impact or if this could be reliably estimated.

11. Basis of preparation

Associated British Foods plc ('the Company') is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company for the 24 weeks ended 2 March 2024 comprise those of the Company and its subsidiaries (together referred to as 'the Group') and the Group's interests in joint ventures and associates. In the prior half year, the share buyback was shown as a movement in other reserves. This has been re-presented as a movement in retained earnings in line with the treatment for the full year.

The consolidated financial statements of the Group for the 52 weeks ended 16 September 2023 are available upon request from the Company's registered office at 10 Grosvenor Street, London, W1K 4QY or at www.abf.co.uk.

The condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the 52 weeks ended 16 September 2023.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence to the end of the 2025 financial year. For this reason, they continue to adopt the going concern basis in preparing the consolidated interim financial statements.

The directors have reviewed a detailed cash flow forecast to the end of the 2025 financial year. Having reviewed this forecast and having applied a downside sensitivity analysis and performed a reverse stress test, the directors consider it a remote possibility that the financial headroom could be exhausted.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business. The financial leverage policy requires that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial period, the financial leverage ratio was 0.9x and the Group had total cash of £1.3bn and an undrawn committed Revolving Credit Facility of £1.5bn.

In March 2023, S&P Global Ratings reaffirmed their assignment to the Group of an 'A' grade long-term issuer credit rating. The Group's funding basis is supported by the existing £400m public bond due in 2034. Furthermore the Group's committed Revolving Credit Facility is free of performance covenants and matures in 2029, after a further one year extension was made in April 2024. The \$100m of outstanding private placement notes were repaid on 2 April 2024 after which point Group funding is not subject to financial performance covenants.

In reviewing the cash flow forecast for the period, the directors reviewed the trading for both Primark and the food businesses in light of the experience gained from events of the last three years of trading and emerging trading patterns. The directors have a thorough understanding of the risks, sensitivities and judgements included in these elements of the cash flow forecast and have a high degree of confidence in these cash flows.

As a downside scenario the directors considered the adverse scenario in which inflationary costs are not fully recovered, there are adverse foreign exchange impacts, operations are materially impacted by extreme weather events and there is a global recession, reducing demand for goods further than the base levels forecast. This downside scenario was modelled without taking any mitigating actions within their control. Under this downside scenario the Group forecasts liquidity throughout the period.

In addition, the directors also considered the circumstances which would be needed to exhaust the Group's total liquidity over the assessment period – a reverse stress test. This indicates that, on top of the downside scenario outlined above, cost inflation would need to exceed £2.7bn over the going concern period without any price increases or other mitigating actions being taken before total liquidity is exhausted. The likelihood of these circumstances is considered remote for two reasons. Firstly, over such a long period, management could take substantial mitigating actions, such as reviewing pricing, cost cutting measures and reducing capital investment. Secondly, the Group has significant business and asset diversification and would be able to, if it were necessary, dispose of assets and/or businesses to raise considerable levels of funds.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating Review. Note 26 on pages 166 to 177 of the 2023 Annual Report provides details of the Group's policy on managing its financial and commodity risks.

The 24 week period for the condensed consolidated interim financial statements of the Company means that the second half of the year is usually a 28 week period, and the two halves of the reporting year are therefore not of equal length. For the Retail segment, Christmas, falling in the first half of the year, is a particularly important trading period. For the Sugar segment, the balance sheet, and working capital in particular, is strongly influenced by seasonal growth patterns for both sugar beet and sugar cane, which vary significantly in the markets in which the Group operates.

The condensed consolidated interim financial statements are unaudited but have been subject to an independent review by the auditor and were approved by the board of directors on 23 April 2024. They do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the 52 weeks ended 16 September 2023 have been abridged from the Group's 2023 financial statements and are not the Company's statutory financial statements for that

period. Those financial statements have been reported on by the Company's auditor for that period and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

This Interim Results Announcement has been prepared solely to provide additional information to shareholders as a body, to assess the Group's strategies and the potential for those strategies to succeed. This Interim Results Announcement should not be relied upon by any other party or for any other purpose.

12. Significant accounting policies

Except where detailed otherwise, the accounting policies applied by the Group in these condensed consolidated interim financial statements are substantially the same as those applied by the Group in its consolidated financial statements for the 52 weeks ended 16 September 2023 including for derivatives and current biological assets, which are recognised in the balance sheet at fair value and fair value less costs to sell, respectively. The methodology for selecting assumptions underpinning the fair value calculations has not changed since 16 September 2023.

New accounting standards

The following accounting standards, amendments and clarifications were adopted in the period with no significant impact:

- International Tax Reform – Pillar Two Model Rules (*Amendments to IAS 12*) (refer to note 3)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to IAS 12*)
- Definition of Accounting Estimates (*Amendments to IAS 8*)
- Disclosure of Accounting policies (*Amendments to IAS 1 and IFRS Practice Statement 2*)
- IFRS 17 *Insurance Contracts*, Amendments to IFRS 17, Initial Application of IFRS 17 and IFRS 9 – Comparative Information

Accounting standards not yet applicable

The Group is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the UK Endorsement Board (UKEB), these changes will be adopted on the effective dates noted. Where not yet endorsed by the UKEB, the adoption date is less certain:

- Lease Liability in a Sale and Leaseback (*Amendments to IFRS 16*) effective 2025 financial year
- Amendments to IAS 1 Presentation of Financial Statements effective 2025 financial year
- Supplier Finance Arrangements (*Amendments to IAS 7 and IFRS 7*), effective 2025 financial year
- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*, effective 2026 financial year (not yet endorsed by the UKEB).

13. Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the 52 weeks ended 16 September 2023.

14. Alternative performance measures

In reporting financial information, the Board uses various alternative performance measures ('APMs') which it believes provide useful additional information for understanding the financial performance and financial health of the Group. These APMs should be considered in addition to IFRS measures and are not intended to be a substitute for them. Since IFRS does not define APMs, they may not be directly comparable to similar measures used by other companies.

The Board also uses APMs to improve the comparability of information between reporting periods and geographical units (such as like-for-like sales) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, the Board and management use APMs for performance analysis, planning, reporting and incentive-setting.

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Like-for-like sales	No direct equivalent	<p>The like-for-like sales metric enables measurement of the performance of our retail stores on a comparable year-on-year basis.</p> <p>This measure represents the change in sales at constant currency in our retail stores adjusted for new stores, closures and relocations. Refits, extensions and downsizes are also adjusted for if a store's retail square footage changes by 10% or more. For each change described above, a store's sales are excluded from like-for-like sales for one year.</p> <p>No adjustments are made for disruption during refits, extensions or downsizes if a store's retail square footage changes by less than 10%, for cannibalisation by new stores or for the timing of national or bank holidays.</p> <p>It is measured against comparable trading days in each period.</p>	Consistent with the definition given
Adjusted operating (profit) margin	No direct equivalent	Adjusted operating (profit) margin is adjusted operating profit as a percentage of revenue.	See note A
Adjusted operating profit	Operating profit	<p>Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items.</p> <p>Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit.</p>	A reconciliation of this measure is provided on the face of the condensed consolidated income statement and by operating segment in note 1
Adjusted profit before taxation	Profit before tax	<p>Adjusted profit before taxation is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses.</p> <p>Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted profit before taxation.</p>	A reconciliation of this measure is provided on the face of the condensed consolidated income statement and by operating segment in note 1
Adjusted earnings per share	Earnings per share	<p>Adjusted earnings per share is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses together with the related tax effect.</p> <p>Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted earnings per share.</p>	Reconciliation of this measure is provided in note 4
Exceptional items	No direct equivalent	Exceptional items are items of income and expenditure which are material and unusual in nature and are considered of such significance that they require separate disclosure on the face of the condensed income statement.	Exceptional items are included on the face of the condensed consolidated income statement with further detail provided in note 2
Constant currency	Revenue and adjusted operating profit (non-IFRS) measure	Constant currency measures are derived by translating the relevant prior year figures at current year average exchange rates, except for countries where CPI has escalated to extreme levels, in which case actual exchange rates are used. There are currently three countries where the Group has operations in this position – Argentina, Venezuela and Turkey.	See note B
Effective tax rate	Income tax expense	The effective tax rate is the tax charge for the period expressed as a percentage of profit before tax.	Whilst the effective tax rate is not disclosed, a reconciliation of the tax charge on profit before tax at the UK corporation tax rate to the actual tax charge is provided in note 3

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Adjusted effective tax rate	No direct equivalent	The adjusted effective tax rate is the tax charge for the period excluding tax on adjusting items expressed as a percentage of adjusted profit before tax.	The tax impact of reconciling items between profit before tax and adjusted profit before tax is shown in note 3
Dividend cover	No direct equivalent	Dividend cover is the ratio of adjusted earnings per share to dividends per share relating to the period.	See note C
Capital expenditure	No direct equivalent	Capital expenditure is a measure of investment each period in non-current assets in existing businesses. It comprises cash outflows from the purchase of property, plant and equipment and intangibles.	See note D
Gross investment	No direct equivalent	Gross investment is a measure of investment each period in non-current assets of existing businesses and acquisitions of new businesses. It includes capital expenditure as well as cash outflows from the purchase of subsidiaries, joint ventures and associates, additional shares in subsidiary undertakings purchased from non-controlling interests and other investments, as well as net debt assumed in acquisitions.	See note E
Net cash/debt before lease liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments and loans.	A reconciliation of this measure is shown in note 8
Net cash/debt including lease liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments, loans and lease liabilities.	A reconciliation of this measure is shown in note 8
Adjusted EBITDA	See Adjusted operating profit (non-IFRS) measure	Adjusted EBITDA is stated before depreciation, amortisation and impairment charged to adjusted operating profit.	See note F
Financial leverage ratio	No direct equivalent	Financial leverage is the ratio of net cash/debt including lease liabilities to adjusted EBITDA based on the last 12 months rolling adjusted EBITDA.	See note F
Free cash flow	No direct equivalent	<p>This measure represents the cash that the Group generates from its operations after maintaining and investing in its capital assets.</p> <p>All the items below Adjusted EBITDA can be found on the face of the cash flow statement or derived directly from it.</p> <p>Working capital comprises the movements in inventories, receivables and payables within net cash generated from operating activities.</p> <p>Net interest paid is the sum of interest received within net cash used in investing activities and interest paid within net cash used in financing activities.</p> <p>Share of adjusted profit after tax from joint ventures and associates is the amount on the face of the cash flow statement, plus the £2m (2023 half year – £1m; 2023 full year – £3m) non-operating intangible amortisation which is not included in Adjusted EBITDA.</p> <p>Other includes all other items from net cash generated from operating activities and net cash used in investing activities except for the purchase and sale of subsidiaries, joint ventures and associates, plus dividends paid to non-controlling interests and the movement from changes in own shares held.</p>	See note G
Total liquidity	No direct equivalent	<p>Total liquidity comprises cash at bank and in hand and cash equivalents less current loans and overdrafts, and an estimate of inaccessible cash, plus the undrawn RCF.</p> <p>Cash at bank and in hand and cash equivalents and current loans and overdrafts are set out in note 8.</p> <p>Inaccessible cash is generally located in jurisdictions where there is limited access to foreign currency or where there are exchange controls. It is estimated at 5% of cash at bank and in hand and cash equivalents.</p> <p>The RCF is long-term, legally committed and contains no performance covenants.</p>	See note H

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
(Average) capital employed	No direct equivalent	<p>Capital employed is derived from the management balance sheet and does not reconcile directly to the Group balance sheet. All elements of capital employed are calculated in accordance with UK-adopted IFRS.</p> <p>Average capital employed for each segment and the Group is calculated by averaging the capital employed for each period of the financial year based on the reporting calendar of each business.</p>	Consistent with the definition given
Return on (average) capital employed	No direct equivalent	The return on (average) capital employed measure divides annualised adjusted operating profit by average capital employed.	Consistent with the definition given
(Average) working capital	No direct equivalent	<p>Working capital is derived from the management balance sheet and does not reconcile directly to the Group balance sheet. All elements of working capital are calculated in accordance with UK-adopted IFRS.</p> <p>Average working capital for each segment and the Group is calculated by averaging the working capital for each period of the financial year based on the reporting calendar of each business.</p>	Consistent with the definition given
(Average) working capital as a percentage of revenue	No direct equivalent	This measure expresses (average) working capital as a percentage of revenue.	Consistent with the definition given

Note A

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central and business to be closed £m	Total £m
24 weeks ended 2 March 2024							
External revenue from continuing businesses	2,124	1,056	850	1,170	4,500	34	9,734
Adjusted operating profit	230	117	14	125	508	(43)	951
Adjusted operating margin %	10.8%	11.1%	1.7%	10.7%	11.3%		9.8%
24 weeks ended 4 March 2023							
External revenue from continuing businesses	2,105	1,088	950	1,168	4,228	21	9,560
Adjusted operating profit	173	102	12	97	351	(51)	684
Adjusted operating margin %	8.2%	9.4%	1.3%	8.3%	8.3%		7.2%

Note B

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central and business to be closed £m	Total £m
24 weeks ended 2 March 2024							
External revenue from continuing businesses at actual rates	2,124	1,056	850	1,170	4,500	34	9,734
24 weeks ended 4 March 2023							
External revenue from continuing businesses at actual rates	2,105	1,088	950	1,168	4,228	21	9,560
Impact of foreign exchange	(76)	(40)	(15)	(98)	(42)	(1)	(272)
External revenue from continuing businesses at constant currency	2,029	1,048	935	1,070	4,186	20	9,288
% change at constant currency	+5%	+1%	-9%	+9%	+7.5%		+5%

	Grocery £m	Ingredients £m	Agriculture £m	Sugar £m	Retail £m	Central and business to be closed £m	Total £m
24 weeks ended 2 March 2024							
Adjusted operating profit at actual rates	230	117	14	125	508	(43)	951
24 weeks ended 4 March 2023							
Adjusted operating profit at actual rates	173	102	12	97	351	(51)	684
Impact of foreign exchange	(7)	(4)	(1)	(25)	(2)	5	(34)
Adjusted operating profit at constant currency	166	98	11	72	349	(46)	650
% change at constant currency	+39%	+19%	+27%	+74%	+46%		+46%

Note C

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
Adjusted earnings per share (in pence)	90.4	62.0	141.8
Dividend relating to the period (in pence) - excluding special dividend proposed	20.7	14.2	47.3
Dividend cover	4	4	3

Note D

	24 weeks ended 2 March 2024 £m	24 weeks ended 4 March 2023 £m	52 weeks ended 16 September 2023 £m
From the cash flow statement			
Purchase of property, plant and equipment	523	444	997
Purchase of intangibles	42	54	76
Capital expenditure	565	498	1,073

Note E

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
From the cash flow statement	£m	£m	£m
Purchase of property, plant and equipment	523	444	997
Purchase of intangibles	42	54	76
Purchase of subsidiaries, joint ventures and associates	4	29	94
Purchase of other investments	2	–	4
Gross investment	571	527	1,171

Note F

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
	£m	£m	£m
Adjusted operating profit	951	684	1,513
Charged to adjusted operating profit:			
Depreciation of property, plant and equipment	264	258	531
Amortisation of operating intangibles	23	20	44
Depreciation of right-of-use assets and non-cash lease adjustments	139	128	273
Adjusted EBITDA	1,377	1,090	2,361
Net debt including lease liabilities	(2,496)	(2,601)	(2,265)
Financial leverage ratio	0.9	1.2	1.0

Note G

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
	£m	£m	£m
Adjusted EBITDA (see note F)	1,377	1,090	2,361
Repayment of lease liabilities net of incentives received	(148)	(123)	(246)
Working capital	6	(703)	(216)
Capital expenditure (see note D)	(565)	(498)	(1,073)
Purchase of subsidiaries, joint ventures and associates	(4)	(29)	(94)
Sale of subsidiaries, joint ventures and associates	–	4	4
Net interest paid	(29)	(35)	(74)
Income taxes paid	(145)	(148)	(341)
Share of adjusted profit after tax from joint ventures and associates	(51)	(51)	(127)
Dividends received from joint ventures and associates	43	43	107
Other	(16)	(60)	(32)
Free cash flow	468	(510)	269

Note H

	24 weeks ended 2 March 2024	24 weeks ended 4 March 2023	52 weeks ended 16 September 2023
	£m	£m	£m
Cash at bank and in hand and cash equivalents	1,268	1,213	1,457
Current loans and overdrafts	(168)	(150)	(168)
Estimated inaccessible cash	(63)	(61)	(73)
RCF	1,500	1,500	1,500
Total liquidity	2,537	2,502	2,716

Cautionary statements

This report contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Responsibility statement

The Interim Results Announcement complies with the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report.

The directors confirm that to the best of their knowledge:

- this financial information has been prepared in accordance with UK-adopted International Accounting Standard 34 Interim Financial Reporting;
- this Interim Results Announcement includes a fair review of the important events during the first half and their impact on the financial information, and a description of the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and
- this Interim Results Announcement includes a fair review of material related party transactions and changes therein since the last annual report as required by DTR 4.2.8R.

On behalf of the board

Michael McLintock

Chairman

23 April 2024

George Weston

Chief Executive

Eoin Tonge

Finance Director

Independent review report to Associated British Foods plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the Interim Results Announcement for the 24 weeks ended 2 March 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the Interim Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the Interim Results Announcement for the 24 weeks ended 2 March 2024 are not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 *Interim Financial Reporting* and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with the International Standard on Review Engagements 2410 (UK and Ireland) *Review of Interim Financial information* ('ISRE') performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 11, the annual financial statements of the Group will be prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this Interim Results Announcement has been prepared in accordance with UK-adopted International Accounting Standard 34 *Interim Financial Reporting*.

Conclusions relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the Interim Results Announcement in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Interim Results Announcement, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the Interim Results Announcement, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the Interim Results Announcement. Our conclusion, including our Conclusions Relating to Going Concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) *Review of Interim Financial information performed by the Independent Auditor* of the Entity issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Birmingham

23 April 2024