

**Review of interim results
for 24 weeks ended
1 March 2008**



22 April 2008



- Strong growth from Grocery, Ingredients and Agriculture
- Primark excellent – both like-for-like and selling space growth
- Impact of EU reform on Sugar profit
 - but process of reform now essentially complete
- Benefit from recent major investment
- Further investment in capital and acquisitions

Financial Highlights

- Group revenue up 15% to £3,706m
- Adjusted operating profit up 9% to £296m *
- Adjusted profit before tax up 5% to £282m **
- Adjusted earnings per share up 8% to 25.2p **
- Interim dividend per share up 4% to 6.75p
- Net investment in capital and acquisitions of £363m
- Net debt of £848m

- Operating profit up 17% to £281m, profit before tax up 35% to £267m and basic earnings per share up 33% to 25.6p

* & ** - see notes at end

Income Statement

Associated
British Foods
plc

£m	2008	2007	Change
Revenue	3,706	3,220	+15%
Operating costs	(3,450)	(2,994)	
Share of joint ventures and associates	7	3	
Profits less losses on sale of property, plant & equipment	1	12	
Exceptional item	17	-	
Operating profit	<u>281</u>	<u>241</u>	
Adjusted operating profit	296	272	+9%
Profits less losses on sale of property, plant & equipment	1	12	
Amortisation of non-operating intangibles	(33)	(43)	
Exceptional item	17	-	

Income Statement

Associated
British Foods
plc

£m	2008	2007	Change
Operating profit	281	241	+17%
Loss on sale of businesses	-	(39)	
Net interest expense	(24)	(15)	
Other financial income	10	11	
Profit before tax	<u>267</u>	<u>198</u>	+35%
Tax	(59)	(43)	
Profit after tax	<u>208</u>	<u>155</u>	
Adjusted profit before tax*	<u>282</u>	<u>268</u>	+5%

* before amortisation of non-operating intangibles, profits less losses on the sale of PP&E and businesses and exceptional items

	2008		2007	
	£m		£m	
Underlying charge	72	25.5%	72	26.9%
Credit on intangible amortisation	(10)		(13)	
Credit for net loss on sale of businesses and PP&E	-		(16)	
Credit on exceptional items	(3)		-	
Reported charge	<u>59</u>	22.1%	<u>43</u>	21.7%

Earnings and Dividend Per Share

	2008	2007	Change
Adjusted earnings per share *	25.2p	23.3p	+8%
Earnings per share	25.6p	19.2p	+33%
Dividend per share	6.75p	6.50p	+4%

* Before amortisation of non-operating intangibles, profits less losses on the sale of PP&E and businesses and exceptional items

Balance Sheet

Associated
British Foods
plc

£m	2008	2007
Intangible assets (including goodwill)	1,629	1,454
PP&E and other non-current assets	3,059	2,656
Net assets classified as held for sale	49	3
Working capital	984	685
Biological assets - current	55	52
Current tax	(107)	(71)
Net debt	(848)	(350)
Other financial assets / (liabilities)	23	(9)
Deferred tax	(371)	(320)
Provisions	(68)	(68)
Net pension asset	304	152
	<u>4,709</u>	<u>4,184</u>
Equity shareholders' funds	4,475	3,976
Minority interests	234	208
	<u>4,709</u>	<u>4,184</u>

Cash Flow

£m	2008	2007
Adjusted operating profit (before joint ventures and associates)	289	269
Depreciation and amortisation of operating intangibles	114	109
Working capital	(345)	(65)
Provisions	8	(18)
Capital expenditure - Primark	(65)	(114)
- Food	(140)	(120)
Tax	(29)	(48)
Net interest and other income	(26)	(17)
Pension cost less contributions	(17)	(14)
Other	18	25
Free cash flow	<u>(193)</u>	<u>7</u>
Dividends paid (including minorities)	(111)	(108)
Sugar quota purchase	(48)	-
Acquisitions less disposals	(125)	59
	<u>(477)</u>	<u>(42)</u>

Segmental Analysis

By business	Revenue		Profit		Margin		ROCE (annualised)	
	2008	2007	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	%	%	%	%
Grocery	1,438	1,226	88	64	6.1	5.2	19.3	15.8
Sugar & agriculture	963	901	77	94	8.0	10.4	14.4	21.5
Ingredients	406	345	35	33	8.6	9.6	18.8	20.6
Retail	899	721	111	91	12.3	12.6	19.8	17.4
Central costs	-	-	(15)	(13)	-	-	-	-
Continuing businesses	<u>3,706</u>	<u>3,193</u>	<u>296</u>	<u>269</u>	<u>8.0</u>	<u>8.4</u>	<u>17.0</u>	<u>17.8</u>
Businesses disposed	<u>-</u>	<u>27</u>	<u>-</u>	<u>3</u>	<u>N/A</u>	<u>N/A</u>		
	<u>3,706</u>	<u>3,220</u>	<u>296</u>	<u>272</u>	<u>8.0</u>	<u>8.4</u>		

Segmental Analysis

By geography

	Revenue		Profit		Margin	
	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	%	%
United Kingdom	1,745	1,503	152	114	8.7	7.6
Europe, Middle East & Africa	708	614	60	62	8.5	10.1
The Americas	581	544	44	58	7.6	10.7
Asia Pacific	672	532	40	35	6.0	6.6
Continuing businesses	<u>3,706</u>	<u>3,193</u>	<u>296</u>	<u>269</u>	<u>8.0</u>	<u>8.4</u>
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	<u>3,706</u>	<u>3,220</u>	<u>296</u>	<u>272</u>	<u>8.0</u>	<u>8.4</u>

Sugar	2008	2007	Change
Revenue £m	567	579	-2%
Operating Profit £m	58	87	-33%



EU regime reform – the end game

- successful outcome for enhanced restructuring scheme

m tonnes

Renunciation

Target

6.0

Now announced

5.65

- British Sugar net renunciation of 112,000 tonnes

- m tonnes

Pre reform

Post reform

EU sugar production quota

17.6

13.3

EU domestic consumption

16.2

16.1

- scene set for return to market equilibrium

- renunciation effective October 2008 – LDC imports tariff free from October 2009

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EU Sugar

- £15m impact from higher restructuring levy, reduced quotas

UK

- impact of smaller crop at 1.05m tonnes, higher energy costs
- benefit of strong euro
- Wisington bioethanol fully operational

Poland

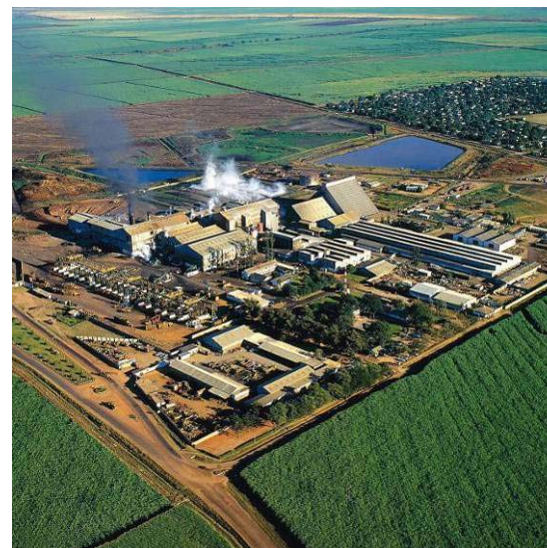
- excellent campaign
- operating records at Glinojek
- impact of strong zloty

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Illovo

- African sugar markets still strong
- Zambia expansion well underway
- sugar crop of 1.8m tonnes for 2007/8 year
- high rainfall in South Africa, Zambia held back volumes



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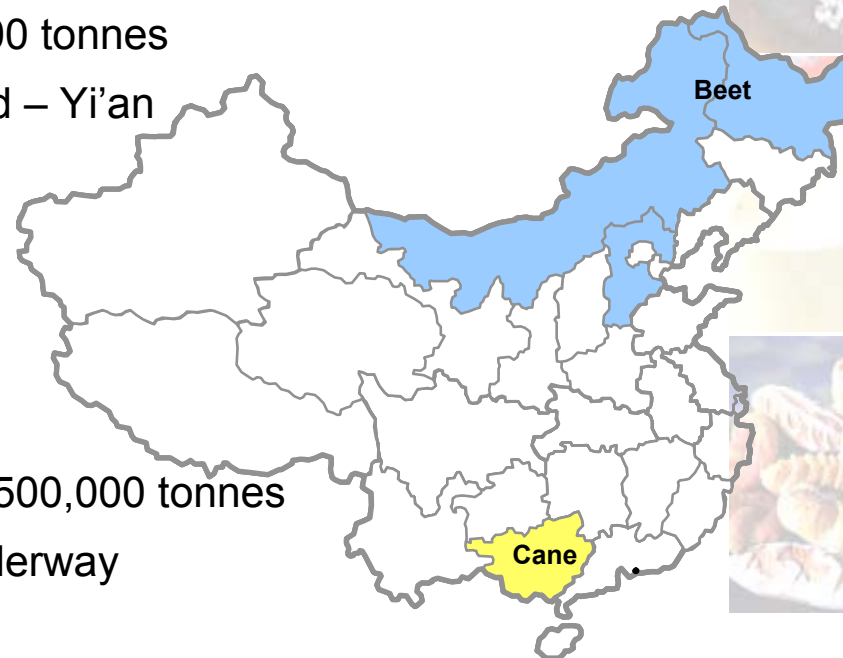
China

North

- major presence established
- now 11 beet sugar factories
- improved first campaign – 245,000 tonnes
- first factory expansion announced – Yi'an
- substantial growth potential

South

- late frost reduced crop – but still 500,000 tonnes
- construction of new cane mill underway



Beet sugar in north east China



Agriculture	2008	2007	Change
Revenue £m	396	322	+23%
Operating Profit £m	19	7	+171%



AB Agri

Frontier

- excellent result
 - cereals trading
 - agricultural inputs
- unique position, high customer confidence
 - strong financial resources
 - national coverage
 - investment in systems

UK animal feeds

- high demand for co-product feeds

Grocery	2008	2007	Change
Revenue £m	1,438	1,226	+17%
Operating Profit £m	88	64	+38%



Ovaltine

- new product launches in Thailand
- improved distribution in Brazil, Nigeria

Twinings

- strong sales and profit growth
- UK driven by Everyday, infusions, speciality, green
- US benefit from new distribution, packaging

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Allied Bakeries

- strong improvement
- continued improvement in operational performance
- autumn price increase
- higher volumes following Kingsmill relaunch
 - products with improved recipes: Great Everyday white, 50/50
- further development
 - relaunched Gold with batch, new products
 - relaunched Allinson



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AB World Foods

- integration of Patak's and Blue Dragon on schedule
- selling and distribution merged
- trading strong for both brands
- new Blue Dragon factory commissioned in Poland
- costs taken for factories closed



Westmill

- price increases recovered commodity inflation
- strengthened by addition of Patak's foodservice
- rice supply

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Ryvita

- premium varieties and snack packs growing in UK

Silver Spoon

- continued margin pressure
- speciality performed well – Billington's and Fairtrade
- homegrown emphasis for granulated offer



Business Overview

Grocery	2008	2007	Change
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Operating Profit £m	88	64	+38%



ACH

- decline in profit
- sharp increase in cost of corn, soy, canola oils
- lag in pricing recovery in consumer oils
- no trans fatty acids change also impacted foodservice margin
- new product benefit for spices

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Australia

- successful recovery of higher wheat costs
- further improvements at bakery in Sydney
- strengthened meat business
 - better trading
 - acquisition of KR Castlemaine



Ingredients	2008	2007	Change
Revenue £m	406	345	+18%
Operating Profit £m	35	33	+6%



AB Mauri

- very good progress
 - recovery in North America
 - improvement in Brazil
 - growth in China and Pacific
- further investment for expansion
- newly acquired plant in Italy – our largest

ABF Ingredients

- enzyme and yeast extract expansions
- exited small UK emulsifier business
- protein business impacted by lower lactose prices

Business Overview

Retail	2008	2007	Change
Revenue £m	899	721	+25%
Operating Profit £m	111	91	+22%



Primark

- excellent result
- like-for-like sales up 4%
- good pipeline for new stores
- Spain trading strongly



Primark - selling space expansion

	UK		Republic of Ireland		Spain		Total	
	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores
February 2007	3,550	123	830	36	50	2	4,430	161
February 2008	3,970	131	930	38	100	4	5,000	173
	+12%		+12%		+100%		+13%	

- further 8 stores to open in second half – including 4 in Spain

- Strong growth from Grocery, Ingredients and Agriculture
- Primark excellent – both like-for-like and selling space growth
- Impact of EU reform on Sugar profit
 - but process of reform now essentially complete
- Benefit from recent major investment
- Further investment in capital and acquisitions

Group remains on track

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

Notes

* before amortisation of non-operating intangibles, profits less losses on the sale of PP&E and exceptional items

** before amortisation of non-operating intangibles, profits less losses on the sale of PP&E, profits less losses on the sale and closure of businesses and exceptional items

All figures stated after amortisation of intangibles, profits or losses on the sale of PP&E, profits less losses on the sale and closure of businesses and exceptional items are shown on the face of the consolidated income statement.

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