



Review of annual results for 53 weeks ended 18 September 2021

9 November 2021

Resilience in a challenging year

- we have been squarely in the path of this pandemic
 - 43 employees lost to COVID-19
 - economic effects evident in these results
- resilience of the Group demonstrated more than ever
 - Primark trading recovering well
 - strong food performance underpinned by strength and diversity of our brands, products and markets
 - Group net cash before lease liabilities of £1.9bn at year end
- confidence in Primark rollout and further development of food

Financial highlights

Group revenue	up 1%*	£13.9bn
Adjusted operating profit	up 2%*	£1,011m
Adjusted profit before tax	down 1%	£908m
Adjusted earnings per share	down 1%	80.1p
Dividends per share		26.7p
Special dividend per share		13.8p
Gross investment		£721m
Net cash (before lease liabilities)		£1,901m
Net debt (including lease liabilities)		£1,380m

* at constant currency

Business highlights

- Primark
 - customers returned to our stores in large numbers
 - strong profit margin recovery reaching 10.6% in second half
 - wide-reaching new sustainability strategy
- food businesses delivered adjusted operating profit increase of 10%
- strong year for AB Sugar
- extensively engaged with investors on key ESG factors for the Group
- new capital allocation policy
- assigned 'A' grade, stable outlook, credit rating by S&P Global

Income Statement

£m	2021	2020	Change	
			actual fx	constant fx
Revenue	13,884	13,937	In line	+1%
Operating costs before exceptional items	(13,008)	(13,046)		
Exceptional items	(151)	(156)		
Share of joint ventures and associates	79	57		
Profits less losses on disposal of non-current assets	4	18		
Operating profit	808	810		
Adjusted operating profit	1,011	1,024	-1%	+2%
Profits less losses on disposal of non-current assets	4	18		
Amortisation of non-operating intangibles	(50)	(59)		
Acquired inventory fair value adjustments	(3)	(15)		
Transaction costs	(3)	(2)		
Exceptional items	(151)	(156)		

Income Statement

£m	2021	2020	Change
Operating profit	808	810	In line
Profit/(loss) on sale and closure of businesses	20	(14)	
Net interest expense	(102)	(113)	
Other financial (expense)/income	(1)	3	
Profit before tax	<u>725</u>	<u>686</u>	+6%
Tax	(227)	(221)	
Profit after tax	<u>498</u>	<u>465</u>	
Adjusted profit before tax	<u>908</u>	<u>914</u>	-1%

Tax

£m	2021		2020	
Underlying charge	255	28.1%	263	28.8%
Credit on intangible amortisation	(5)		(6)	
Credit on acquired inventory fair value adjustments	(1)		(4)	
Credit on exceptional items	(37)		(37)	
Charge on transaction costs, disposal of businesses and fixed assets	15		5	
Reported charge	<u>227</u>	31.3%	<u>221</u>	32.2%

Earnings and Dividends per share

	2021	2020	Change
Adjusted earnings per share	80.1p	81.1p	-1%
Earnings per share	60.5p	57.6p	+5%
Dividends per share			
Interim	6.2p	nil	
Final	20.5p	nil	
Special	13.8p		

Dividends

- cover of 3 times for ordinary dividends re-established this financial year
- special dividend of 13.8p per share a sign of confidence and to return surplus cash
- special dividend, taken with the proposed final dividend, amounts to 34.3p per share which equates to the final dividend for financial year 2019
- special dividend to be paid at same time as final dividend

Balance Sheet

£m	2021	2020
Intangible assets (including goodwill)	1,581	1,629
PP&E and other non-current assets	5,702	5,985
Right-of-use assets	2,649	2,990
Working capital	1,132	1,160
Biological assets (current)	85	72
Current tax	(114)	(141)
Net cash	1,901	1,558
Lease liabilities	(3,281)	(3,639)
Other net financial assets	90	15
Deferred tax (liability)/asset	(145)	2
Provisions	(102)	(164)
Net pension asset/(liability)	493	(66)
Net assets classified as held for sale	13	38
Net assets	<u>10,004</u>	<u>9,439</u>
Equity shareholders' funds	9,921	9,355
Non-controlling interests	83	84
	<u>10,004</u>	<u>9,439</u>

Financial resources

- sufficient financial resources and credit strength to invest for growth and meet operational challenges
- financial leverage policy adopted
 - Group's net debt:EBITDA* ratio to be well under 1.5 times each half-year and year-end reporting date
- assigned 'A' grade, stable outlook, credit rating by S&P Global
 - strength of the Group's businesses
 - diversity of our businesses
 - strong Group credit metrics
 - conservative financial policy
- £223m high coupon Private Placement Notes mature next financial year
- undrawn Revolving Credit Facility £1,088m, term to July 2023

* on an IFRS16 basis and pre-exceptional items

Capital allocation policy

- priority always to invest in our businesses, both organically and by acquisition
- investment at appropriate pace and wherever attractive returns on capital can be generated
- considerable opportunities, both over the short and medium-term in all our businesses
- from time to time, the Board may conclude it has surplus cash and capital
 - financial leverage consistently below 1.0x and substantial net cash balances at both half and full year ends
 - surplus capital may be returned to shareholders by special dividend or share buy-backs

Cash Flow

£m	2021	2020
Adjusted operating profit (before joint ventures and associates)	930	964
Depreciation and amortisation of operating intangibles	849	875
Repayment of lease liabilities	(290)	(247)
Working capital	(43)	106
Provisions	(40)	41
Capital expenditure - Primark	(253)	(316)
- Food	(298)	(245)
Purchase of intangibles	(76)	(61)
Sale of property, plant and equipment	21	30
Tax	(298)	(254)
Net interest and other income	(107)	(93)
Pension costs less contributions	4	10
Dividends received from joint ventures and associates	63	43
Other	7	45
Free cash flow (after lease liability payments)	469	898
Dividends	(49)	(271)
Dividends paid to non-controlling interests	(4)	(7)
Acquisitions net of disposals	(46)	(16)
Net cash flow before financing	370	604

Segmental Analysis

By business

	Revenue		Profit		Margin		ROCE	
	2021	2020	2021	2020	2021	2020	(annualised)	
	£m	£m	£m	£m	%	%	2021	2020
							%	%
Grocery	3,593	3,528	413	437	11.5	12.4	31.4	31.3
Sugar	1,650	1,594	152	100	9.2	6.3	10.2	6.3
Agriculture	1,537	1,395	44	43	2.9	3.1	10.6	10.5
Ingredients	1,508	1,503	151	147	10.0	9.8	16.9	16.7
Retail	5,593	5,895	321	362	5.7	6.1	5.1	5.6
Central costs	-	-	(70)	(63)	-	-	-	-
Continuing businesses	13,881	13,915	1,011	1,026	7.3	7.4	9.8	9.5
Disposed/closed businesses	3	22		(2)				
Total	13,884	13,937	1,011	1,024	7.3	7.3	9.8	9.5

Segmental Analysis

By geography

	Revenue		Profit		Margin	
	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	%	%
United Kingdom	4,982	5,054	293	312	5.9	6.2
Europe & Africa	4,944	5,048	302	298	6.1	5.9
The Americas	1,678	1,619	259	254	15.4	15.7
Asia Pacific	2,277	2,194	157	162	6.9	7.4
Continuing businesses	13,881	13,915	1,011	1,026	7.3	7.4
Disposed/closed businesses	3	22		(2)		
Total	13,884	13,937	1,011	1,024	7.3	7.3

Business review



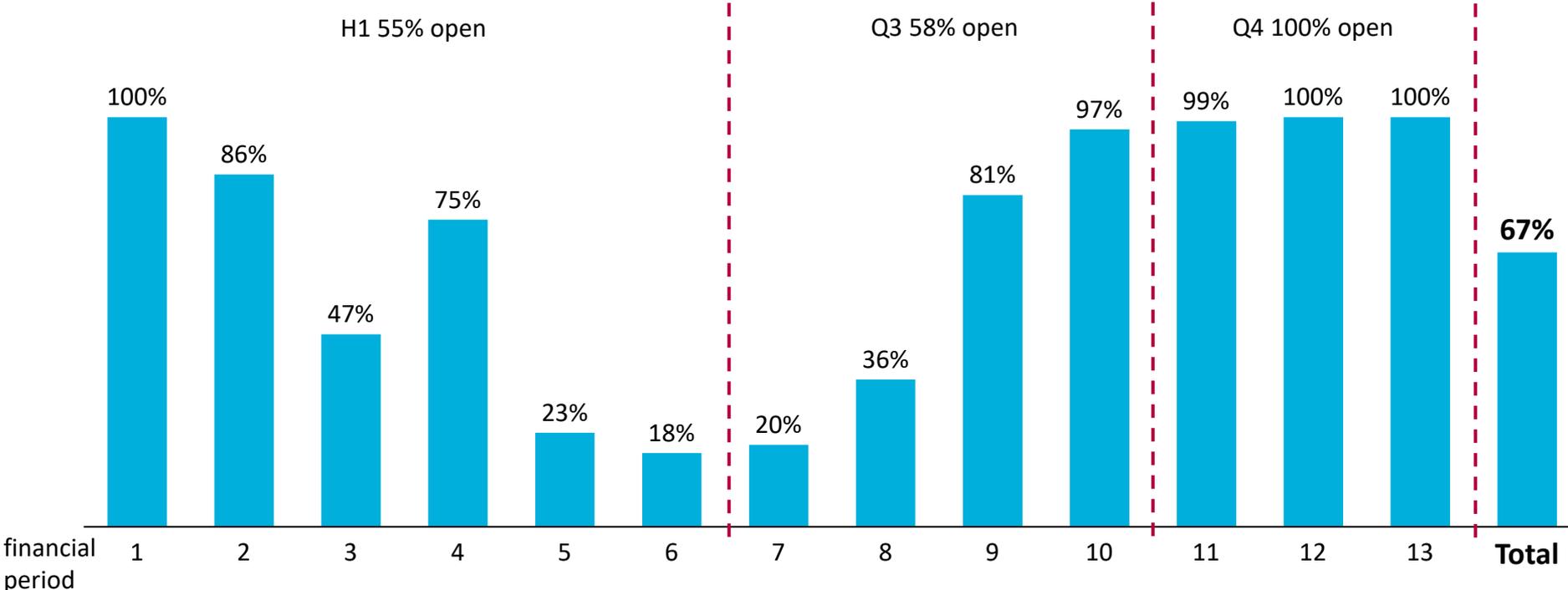
Retail

		2021	2020	Change	
				actual fx	constant fx
Revenue	£m	5,593	5,895	-5%	-5%
Operating profit	£m	321	362	-11%	-11%
Operating profit*	£m	415	362	+15%	+15%
Margin*		7.4%	6.1%		
ROCE*		6.6%	5.6%		

- estimated £2bn loss of sales due to store closures
- customers returned in large numbers to well ordered stores
- inventory returned to normal levels
- strong profit margin recovery, reaching 10.6% in second half
- wide-reaching new sustainability strategy launched
- 15 stores added in 8 markets including first in Czechia

*before job retention scheme repayments

One third of available trading days lost this financial year



■ one quarter of available trading days lost in prior year

% number of days each store was open, as a proportion of available trading days

Like-for-like sales compared to two years ago

- trading more volatile, and varied considerably across markets
- first half: -15%
 - lower category spend, lower footfall
 - trading restrictions in Continental Europe
- third quarter: +3%
 - customers returned in large numbers after lockdowns
 - very high basket sizes
- fourth quarter: -17%
 - UK particularly affected by restrictions following contact tracing alerts
 - Iberia impacted by absence of foreign tourism

Trading outlook

- currently all stores trading
- significant improvement in like-for-like run rate from fourth quarter last financial year
- a post pandemic equilibrium has not yet been reached
- nonetheless
 - confident in Christmas
 - confident in return of holidays and tourism
 - nervousness of shopping on high streets will reduce
- navigating supply chain disruptions

Supply chain disruptions

- experiencing delays in inventory handover from suppliers and delays in shipping/delivery to store
 - limited availability on small number of lines
- managing this closely:
 - prioritising product most in demand
 - taking advantage of our scale
 - support from our logistics providers
 - efficient warehouses
- good stock cover for Christmas

Operating profit margin outlook

- we expect a sharp improvement in full year operating profit margin, to above 10% this year
- major drivers will be
 - stores remain open for the year
 - improvement in like-for-like trading
- current supply chain and raw material inflationary pressures to be broadly mitigated by lower store operating costs and transaction currency gain from weaker US dollar exchange rate

Maximising opportunities in Licence

- significant and fast growing
- strategic partnerships with global brands
- gaming, TV, lifestyle, music, theatrical, toys, sports
- wide and increasing number of product categories and services
- new partnerships with NBA and NFL across a broad range of products
- dedicated Sports Zones



new Sports Zones

Snuddie®



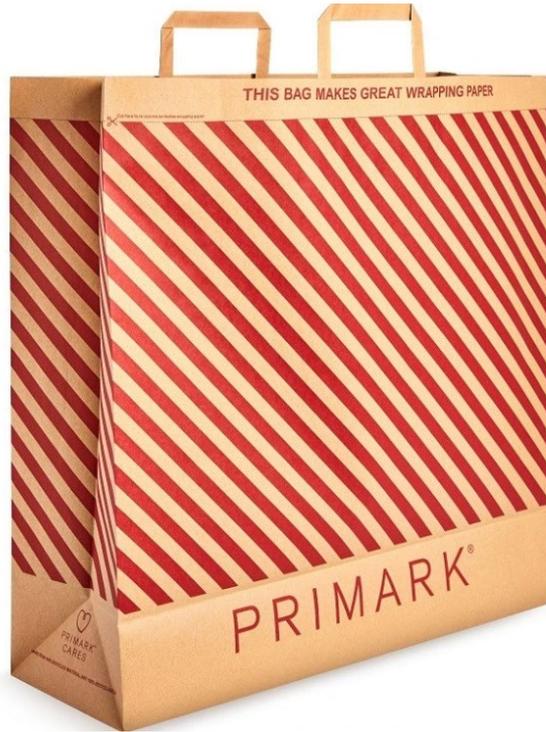
Christmas 2021



Famjams

Adults - £13, €15, \$17

Kids - £10, €12, \$14



Homeware

Embracing customer trends



Great Outdoors



Primark Edit

Primark Cares: new wide-reaching sustainability strategy

- positioning Primark as a pioneer for making more sustainable fashion affordable for all
- Product, Planet and People
- already 1 in 4 of all clothes sold made from recycled or more sustainably sourced materials
- opportunity to drive further sales with both new and existing customers
- confident in our ability to mitigate increased costs without any significant movement in margin over long term
- launched with bold, new customer campaign 'How Change Looks' across all markets

Primark Cares commitments

GIVING CLOTHES A LONGER LIFE



We will become a circular and more sustainable business

AFFORDABLE CLOTHES DESIGNED TO LAST

We will strengthen the durability of our clothes.

BY 2025



CLOTHES THAT CAN BE RECYCLED

Our clothes will be recyclable by design.

BY 2027



CLOTHES MADE OF RECYCLED FIBRES

All our clothes will be made from recycled or more sustainably sourced materials.

BY 2030



PROTECTING LIFE ON THE PLANET



We will nurture nature, halve carbon emissions and eliminate waste

HALVE OUR CARBON FOOTPRINT

We will halve carbon emissions across our value chain.

BY 2030



ELIMINATE NON-CLOTHING WASTE

We will eliminate single-use plastics and all our non-clothing waste.

BY 2027



RESTORE BIO-DIVERSITY

Our Sustainable Cotton Programme will use more regenerative agricultural practices.

BY 2030



IMPROVING PEOPLE'S LIVES



We will protect and improve the livelihoods and resilience of the people who make our clothes

CREATE FINANCIAL RESILIENCE

We will pursue a living wage for workers in the supply chain and support with financial literacy training and access to social protection.

BY 2030



PROMOTE EQUAL OPPORTUNITIES FOR WOMEN

We will strengthen the position of women through skills development and addressing barriers to progression.

BY 2030



IMPROVE HEALTH AND WELLBEING

We will ensure access to effective grievance processes and widen access to help for mental and physical wellbeing.

BY 2030



How Change Looks

Sustainable cotton.

Carefree kids.

Search
Primary Carex

By 2027, all the cotton in our clothing will be organic, recycled or sourced from our Sustainable Cotton Programme.

Primary Carex

How Change Looks

Turning circular.

Turning heads.

Primary Carex

By 2021, our clothes will be made by design.

Primary Carex

How Change Looks

Less plastic. Real you.

Primary Carex

We're removing all single-use plastic from our business by 2021.

Primary Carex

How Change Looks

We empower her.

You empower her.

Primary Carex

Creating opportunities for women across our supply chain through performance ability, empowerment and inclusivity from women to progression by 2025.

Primary Carex

How Change Looks

Halving carbon emissions.

Feel twice as good.

Primary Carex

We will halve carbon emissions on our entire supply chain by 2025.

Primary Carex

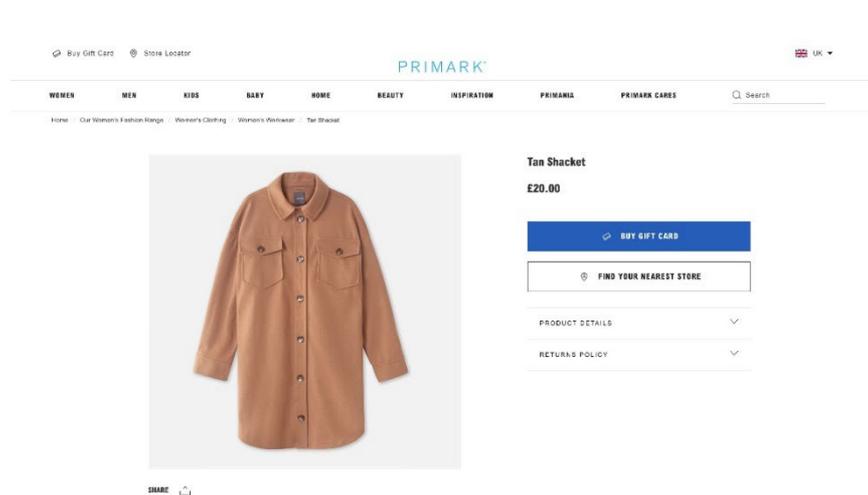
How Change Looks

- 24m loyal, engaged followers on our social channels
- limitations of the current Primark website
 - poor user experience
 - no links from social channels to website
 - small selection of products shown
- limited 'passing digital footfall' from non-Primark related search
- design and development of new digital platform progressing well
 - launch of new website first quarter calendar 2022
 - building a digital marketing capability

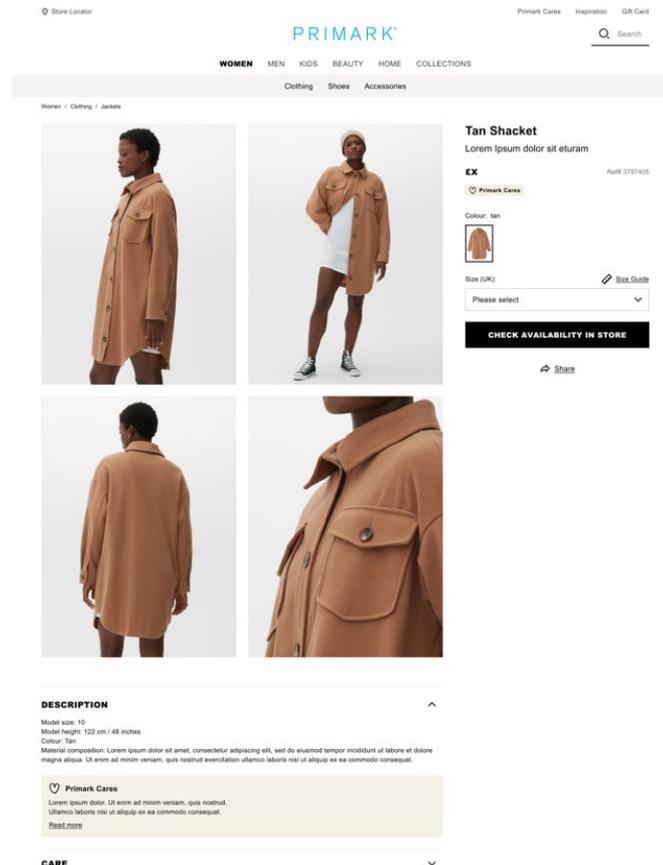
The digital opportunity

- new website
 - mobile-first design
 - integration with social channels
 - expect to show 70% of product range, up from current 20%
 - will showcase products which customers expect to browse online
 - much richer product information
 - ability to check product availability in chosen stores
- selective digital marketing activities to drive search from non-Primark terms
- driving conversion to purchase in store

New website: richer product content



Before



After

Wider digital and technology application

- strategic investments to build greater operational capabilities and deliver efficiencies
- Oracle implementation well progressed
 - technology backbone to support further scaling of Primark
 - Financials and Purchase-To-Pay already implemented
 - final phase: warehouse and store stock management rolling out this financial year
- all stores equipped with state-of-the-art point of sale terminals, rolled out by calendar year end 2022
 - facilitates a consistent and improved customer experience
- ongoing programme of warehouse expansion and automation
 - Roosendaal completed
 - Bor and Naas underway

Successfully opened 15 new stores in 8 markets in past year

- Czechia
 - Prague, Wenceslas Square
- France
 - Coquelles
- Italy
 - Roma Est
 - Roma Maximo
- Netherlands
 - Rotterdam Forum
- Poland
 - Poznan
- Spain
 - Marbella, La Canada
 - Bilbao, Gran Via
 - Barcelona, Sant Cugat
 - Espacio Leon
- UK
 - Tamworth
- USA
 - American Dream, NJ
 - Sawgrass Mills, FL
 - Chicago State Street, IL
 - Philadelphia Fashion District, PA

New stores



Prague, Wenceslas Square



Philadelphia Fashion District, Pennsylvania

Selling space expansion

- planning to add net 0.5m sq. ft additional selling space this financial year
 - four stores in Italy, four in Spain and one in each of US, Czechia and Ireland
- growth opportunities in all our existing markets
- well-resourced team of in-market specialist acquisition surveyors
- further growth in Central and Eastern Europe
- markets with biggest opportunities: Iberia, France, Italy and the US

US expansion

- proven profitable store model and market now profitable
- strong trading performance: 6% two year like-for-like growth excluding Boston city centre store
- trade in newly-opened stores demonstrates Primark resonating with customers
- currently trading from 13 stores, 11 in the north-east, 1 in Chicago and 1 in Florida
- new leases already signed:
 - Jamaica Avenue, Queens, New York
 - Green Acres Mall, Long Island, New York
 - Fulton Street, Brooklyn, New York
 - Roosevelt Field Mall, Garden City, New York
 - Albany, Crossgates, New York State
 - Tysons Corner, Washington DC

The next five years

- US to reach 60 stores from 13 stores this year end
- European growth markets of Iberia, France and Italy to reach 145 stores from 89 stores this year end
- growth in Central and Eastern Europe
- total estate to reach 530 stores from 398 stores this year end
- continue to investigate further markets

Drivers of growth

- return to more normalised trading
 - shopping behaviour
 - tourism and holidays
 - supply chain
- more opportunities to increase existing customer loyalty and win new customers to Primark
 - innovation in core product categories and extensions into new areas
 - delivery of our commitment to make more sustainable fashion affordable for all
 - investment in digital platform to drive increased footfall to store
- accelerate expansion of selling space in major growth markets, and continue to explore opportunities in new markets

Sugar

		2021	2020	Change	
				actual fx	constant fx
Revenue	£m	1,650	1,594	+4%	+8%
Operating profit	£m	152	100	+52%	+75%
Margin		9.2%	6.3%		
ROCE		10.2%	6.3%		

- excellent improvement, ROCE reached 10.2%
- strong Illovo performance
- higher sugar prices
- significant cost savings
- UK sugar production well down
- Vivergo bioethanol plant to restart in early 2022

Sugar operations

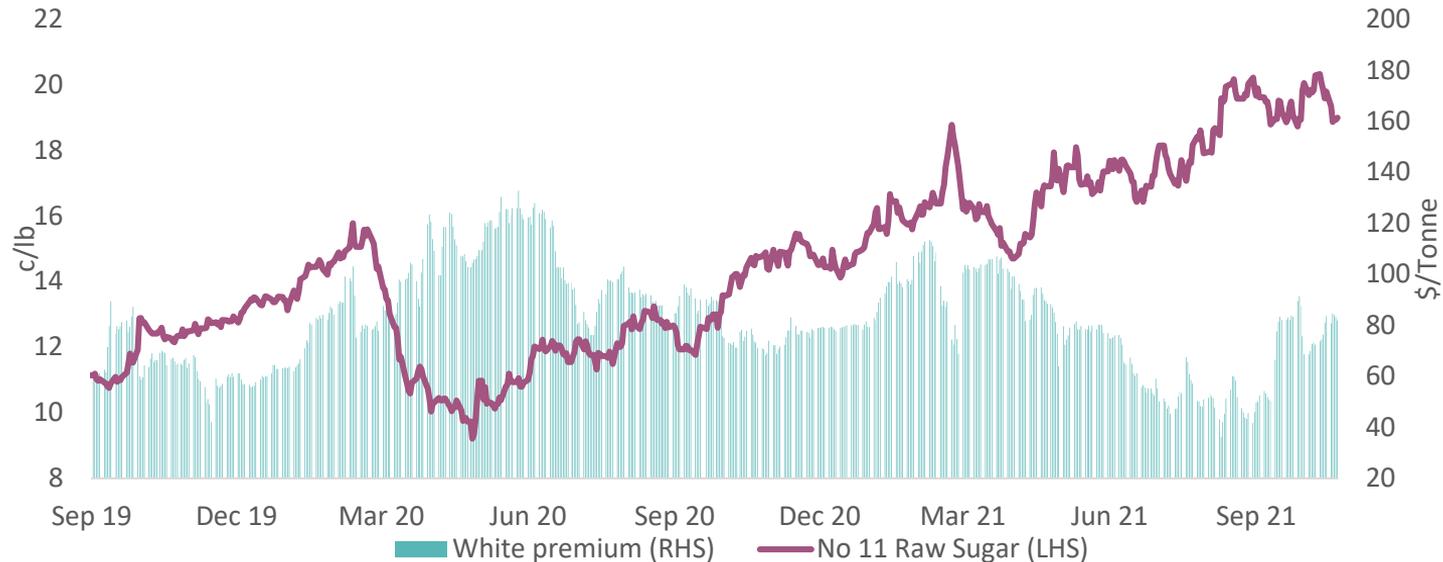
- UK
 - 2020/21 campaign
 - 0.9m tonnes sugar produced, well down on 1.19m tonnes produced last year
 - adverse weather at time of planting and severe impact of virus yellows on yield
 - 2021/22 campaign
 - over 1.0m tonnes production, reversion to normal yields offsetting reduced planting area
 - currently experiencing significant energy cost inflation
- Spain
 - lower volumes from northern beet crop
- Illovo
 - sugar production ahead, particularly Tanzania and Mozambique

Illovo well ahead of last year

- extraordinary response to civil unrest in South Africa
- profit recovery very strong
- higher African domestic and regional sales
- ongoing development of retail route-to-market
- benefits from restructuring activities last year
- significant cost reductions this year



Sugar prices



- world sugar price (No 11 raw sugar) has risen consistently since May 2020
- higher European sugar prices this year with tighter inventories
- next year we expect sugar production in Europe to be broadly in line with consumption

Vivergo bioethanol plant



- plant to recommission early 2022
- UK transition to E10 in blended petrol underpins strong demand for bioethanol

Grocery

		2021	2020	Change	
				actual fx	constant fx
Revenue	£m	3,593	3,528	+2%	+3%
Operating profit	£m	413	437	-5%	-2%
Margin		11.5%	12.4%		
ROCE		31.4%	31.3%		

- revenue growth despite high sales levels last financial year
- Twinings Ovaltine strong revenue progress
- increased marketing investment, new product launches and international development
- margin compression following sharp increase in North American commodity corn oil costs
- currently experiencing considerable cost inflation as well as supply chain disruptions

Grocery

		2021	2020
Revenue	£m	3,593	3,528
Operating profit	£m	413	437

- Twinings Ovaltine
 - strong revenue growth, especially China
- Twinings
 - development of Wellness tea ranges
 - leading tea brand in France
- Ovaltine
 - strong sales growth in emerging markets
 - new route-to-market in Germany



Twinnings UK Superblends advertising campaign



Grocery

		2021	2020
Revenue	£m	3,593	3,528
Operating profit	£m	413	437

- AB World Foods
 - record sales year
 - increased marketing investment
 - promising US growth
- Acetum
 - fast growth of Mazzetti brand



Grocery

		2021	2020
Revenue	£m	3,593	3,528
Operating profit	£m	413	437

- Allied Bakeries
 - lower sales following exit from Co-op
 - new bakery partnership with leading UK multiple retailer
 - Kingsmill a leader in using recycled material in bread bags



Grocery

		2021	2020
Revenue	£m	3,593	3,528
Operating profit	£m	413	437

- ACH North America
 - sharp increase in corn oil commodity costs
 - price increases now implemented
 - baking ingredients still well ahead of pre COVID-19 levels



Grocery

		2021	2020
Revenue	£m	3,593	3,528
Operating profit	£m	413	437

- George Weston Foods
 - COVID-19 lockdowns
 - response to operational disruption
 - focus on employee wellbeing
 - WA animal feed mill construction underway
 - another year of strong growth for Yumi's



Television advertising of premium range – Yumi's Choice



Ingredients

		2021	2020	Change	
				actual fx	constant fx
Revenue	£m	1,508	1,503	In line	+4%
Operating profit	£m	151	147	+3%	+8%
Margin		10.0%	9.8%		
ROCE		16.9%	16.7%		

■ AB Mauri

- strong margin and profit growth
- South America, South and South East Asia well ahead
- opened our new Global Technology Centre in the Netherlands

New global technology centre, Etten Leur, the Netherlands



Ingredients

		2021	2020	Change	
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Revenue	£m	1,508	1,503	In line	+4%
Operating profit	£m	151	147	+3%	+8%
Margin		10.0%	9.8%		
ROCE		16.9%	16.7%		

■ ABF Ingredients

- yeast extracts growth driven by flavourings for meat substitutes
- enzymes
 - record year with growth of products for bakery, foods and textiles markets
 - development of enzymes to enable customer environmental improvements
 - innovative new products, operational efficiencies facilitated by new pilot plant

Enzymes pilot plant, Rajamäki, Finland



Agriculture

		2021	2020	Change	
				actual fx	constant fx
Revenue	£m	1,537	1,395	+10%	+11%
Operating profit	£m	44	43	+2%	+7%
Margin		2.9%	3.1%		
ROCE		10.6%	10.5%		

- higher commodity prices, increase in feed volumes
- much-improved grain trading result in Frontier
- AB Neo building well
- China feed well ahead - recovery from African Swine Fever
- substantial investment announced in new animal feed mill in east of England
- precision agriculture

Food businesses

- working to manage current significant cost inflation and supply chain disruption
- development of geographic reach, brand growth and new products
- fewer acquisitions given current elevated price multiples
- increased organic investment across Sugar, Agriculture, Ingredients and Grocery

Outlook

**Associated
British Foods**
plc



Outlook

■ Primark

- absent imposed store closures, sales and profitability to improve significantly
- recovery in full year adjusted operating margin to above 10%
- cost inflation and supply chain challenges to be broadly mitigated
- confidence in medium-term growth prospects

■ Food

- working to mitigate significant cost increases
- major investment projects underway

■ ESG

- reopening of Vivergo bioethanol plant
- next investor briefing: environmental factors most material for the Group

■ significant progress in Group adjusted operating profit and adjusted earnings per share at both half and full year

■ another year of strong cash generation



Review of annual results for 53 weeks ended 18 September 2021

9 November 2021

Appendix 1 - Primark selling space at year end

	FY 21		FY 20	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	191	7,597	190	7,534
Spain	52	2,143	48	1,988
Germany	32	1,841	32	1,841
Republic of Ireland	36	1,076	36	1,076
France	20	1,044	19	996
Netherlands	20	1,016	20	971
USA	13	563	9	470
Belgium	8	403	8	403
Portugal	10	383	10	383
Italy	7	361	5	257
Austria	5	242	5	242
Poland	2	77	1	40
Czechia	1	50	n/a	n/a
Slovenia	1	46	1	46
	398	16,842	384	16,247

Appendix 2 - Exchange rates

Average rates used to translate the income statement	2021	2020
US\$	1.37	1.27
euro	1.14	1.14
South African rand	20.34	20.53
Australian \$	1.82	1.88

Closing rates used to translate the balance sheet	2021	2020
US\$	1.38	1.28
Euro	1.17	1.08
South African rand	20.27	21.40
Australian \$	1.89	1.76

Appendix 3 - Government job retention schemes

- claims only made in respect of Primark
- £123m received this financial year and recorded as a reduction to staff costs
- repayment of job retention scheme monies
 - amounted to £94m
 - paid in countries with an established repayment mechanism
 - UK, Ireland, Portugal, Slovenia and Czechia

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Notes

The group has defined, and outlined the purpose of, its alternative performance measures in note 30 of the Annual Report and Accounts for the year ended 18 September 2021. These measures are used within this presentation.