

**Boparan Holdings Limited**

# 2 Sisters Food Group Q1 2020/21 Update

Bondholder Presentation

17<sup>TH</sup> DECEMBER 2020



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# Agenda

- 1 | Executive Summary
- 2 | Q1 Performance
- 3 | Strategy Update and Priorities

## Key Headlines

1

+20.0% improvement LFL EBITDA despite considerable COVID headwinds

2

+£219.4m cash inflow in the period driven by Fox's disposal

3

Refinancing of capital structure completed post period-end with issue of new bond and RCF





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# Turnaround actions continue to deliver year-on-year LFL EBITDA growth despite substantial adverse COVID impacts

£m	Q1 20/21	Q1 19/20	YoY Change
Revenue <sup>1</sup> , £m	654.0	662.7	(1.3)%
EBITDA <sup>1,2</sup> , £m	24.5	22.7	7.9%
LTM EBITDA <sup>2</sup> , £m	126.9	88.3	43.7%
Revenue LFL <sup>3</sup> , £m	596.2	605.1	(1.5)%
EBITDA LFL <sup>2,3</sup> , £m	20.4	17.0	20.0%
EBITDA LFL Margin %	3.4%	2.8%	60bps
LFL LTM EBITDA <sup>2,3</sup> £m	110.0	67.8	62.2%
Net debt, £m	360.0	581.9	38.1%
Adjusted Leverage <sup>4</sup>	3.9x	7.1x	3.2x

## Q1 Performance overview

- LFL revenue decreased (1.5)% after adjusting for the disposal of Fox's Biscuits.
- LFL margin growth +60bps with strong EBITDA improvements despite significant COVID impacts.
- Strong EBITDA improvements in UK Poultry and Ready Meals businesses driven by turnaround strategy.
- Fox's Biscuits business disposed at the end of the period. Segments restated to combine Meals and Bakery.
- Leverage improved from 7.1x to 3.9x following Fox's disposal and full capital structure refinancing.

1. Revenue and EBITDA exclude performance of Matthew Walker from May 2019 following derestriction.

2. EBITDA is stated before depreciation, amortisation and pension scheme administration costs.

3. Like for like (LFL) sales and EBITDA are adjusted for the impact of exchange translation and including only those businesses that were owned by the Restricted Group throughout both periods. Therefore the results of the disposed Fox's Biscuits business are excluded.

4. Leverage adjusted for committed payment to Northern Foods Pension Scheme in respect of Fox's disposal.

# Poultry Q1 2020/21 Results

£m	Q1 20/21	Q1 19/20	YoY Change
Revenue LFL <sup>1,2</sup> , £m	473.2	475.4	(0.5)%
EBITDA LFL <sup>1,2</sup> , £m	13.2	10.9	21.1%
EBITDA LFL Margin %	2.8%	2.3%	50bps
Revenue, £m	473.2	474.4	(0.3)%
EBITDA <sup>2</sup> , £m	13.5	11.1	21.6%

## Poultry Performance overview

- LFL sales decreased by (0.5)%, driven by COVID-19 impacts in European Poultry.
- LFL sales in European Poultry decreased by (6.8)%. UK Poultry sales grew +2.8%.
- Continuation of EBITDA improvements in UK Poultry driven by the turnaround strategy, despite two week shutdown at Coupar Angus Poultry Site.
- European Poultry EBITDA significantly impacted by COVID, market pricing and continuing closure to Chinese exports.

1. Like for like (LFL) sales and EBITDA are adjusted for the impact of exchange translation and including only those businesses that were owned throughout both periods. There were no disposals in the Poultry Segment in FY19 or FY20.
2. EBITDA is stated before depreciation, amortisation and pension scheme administration costs.

# Meals & Bakery Q1 2020/21 Results

£m	Q1 20/21	Q1 19/20	YoY Change
Revenue LFL <sup>1</sup> , £m	123.0	129.7	(5.2)%
EBITDA LFL <sup>1,2</sup> , £m	7.2	6.1	18.0%
EBITDA LFL Margin %	5.9%	4.7%	120bps
Revenue, £m	180.8	188.3	(4.0)%
EBITDA <sup>2</sup> , £m	11.0	11.6	(5.2)%

## Meals & Bakery Performance overview

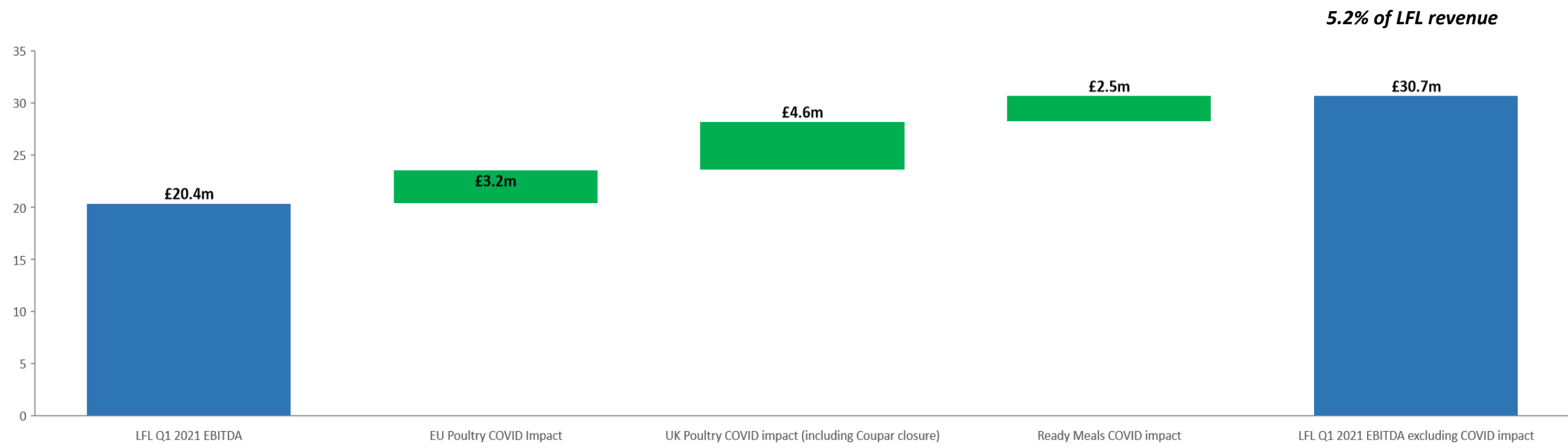
- Meals and Bakery Segments combined following Fox's Biscuits disposal at the end of the period.
- LFL sales declined (5.2)%, after stripping out Fox's, driven by COVID impacts in Ready Meals.
- EBITDA improvement driven by Pennine Site closure, cost reduction and commercial initiatives, despite COVID disruption.

1. Like for like (LFL) sales and EBITDA are adjusted for the impact of exchange translation and including only those businesses that were owned throughout both periods. The results of the Matthew Walker and Fox's Biscuits businesses are excluded, as Matthew Walker was outside of the the Restricted Group prior to disposal in Q1 19/20 and Fox's Biscuits was disposed of at the end of Q1 20/21.

2. EBITDA is stated before depreciation, amortisation and pension scheme administration costs.



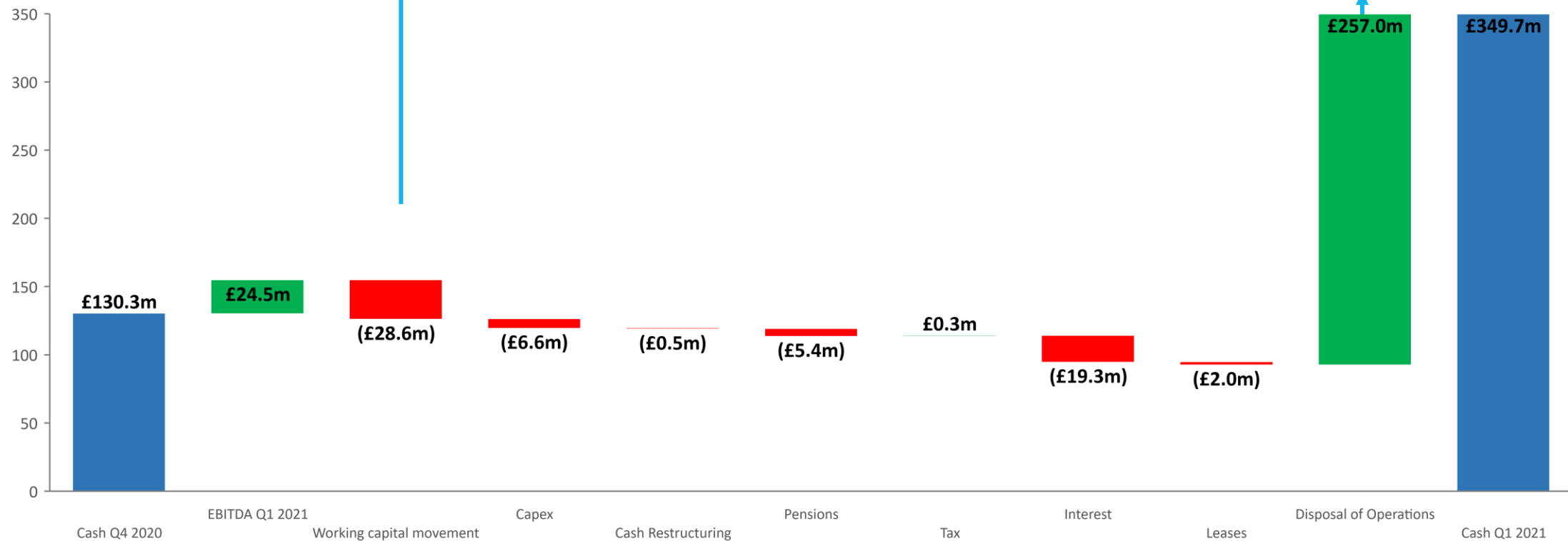
# Turnaround remains on track in Q1 when adjusting for COVID related impacts



# Q1 Cashflow

Q1 Working Capital	£m
PAYE holiday repayment	(8.8)
Stock build	c.(15.0)
Underlying seasonal Working Cap movement	(4.8)
<b>Total</b>	<b>(28.6)</b>

Disposal of Operations	£m
Net Proceeds after Pension Contribution	164.0
Pensions timing	c.70.0
Working Capital Timing	18.2
Transaction Costs Timing	5.7
<b>Fox's Disposal Proceeds</b>	<b>257.9</b>
Matthew Walker Completion Accounts Adjustment	(0.9)
<b>Total</b>	<b>257.0</b>





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# Poultry Plus strategy is delivering and is on track

1

**Focus on our core  
poultry businesses**

2

**Add value to and realise  
value from our non-  
poultry businesses**

3

**Increase operational  
effectiveness and  
efficiency**

4

**Build a high performance  
organisation and culture**

5

**Improve cash generation  
and margin**



# High Performance Organisation to continue to drive operational excellence in context of challenging Covid environment

## BHL COVID-19 Strategic Response Framework

### 1. Keep People Safe

- **Keep people safe and healthy**
- Prevent the spread
- Contain
- **Manage** local outbreaks

### 2. Feed the Nation

- **Handle operational disruption**
- Ensure process continuity
- Mitigate procurement disruption

### 3. Strengthen reputation

- Pro-actively lead the response planning
- **Prioritise strategic customers**
- Work collaboratively with customers to meet strongly fluctuating demand
- Support critical workers in the NHS, Care and food industry

### 4. Protect our business

- Protect and increase short term liquidity
- Understand impact on business EBITDA & Cashflow
- **Plan for longer term structural changes**

# Business Initiatives next 6-12 months

## Core Poultry

- Accelerate automations plans in UK and EU
- Mitigate material inflation
- Continue to drive yield via CI initiatives
- Improve UK Agri performance
- Capitalise on British demand post Brexit & mitigate risk for EU
- Drive higher welfare chicken concepts in EU

## Meals & Bakery

- Meals to fully absorb efficiency benefits from Pennine closure and additional CI
- Gunstones to benefit from capacity increasing investment
- Manage Brexit risk
- Simplify and increase productivity of back office

# Outlook

1

Deliver Christmas trading in challenging COVID environment

2

Relentless implementation of key deliverables to offset temporary headwinds

3

Continue focus on free cashflow generation.