

Boparan Holdings

**Q4 Results for the 13
weeks and 52 weeks
ended 29th July 2017**

7th November 2017

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Headlines

Solid sales growth; disappointing earnings



Strong sales performance

Overall sales up 5.3% to £815.7m;
LFL sales up 3.5% to £802.2m

Tough external environment impacting bottom line

Newly strengthened management team in place focused on resetting the business, performance improvement and cash generation

Building a Better Business

Tough Quarter

Q4 – THE FACTS

- Commodity inflation
- Poultry Site A closure and disruption
- Avian influenza impact on European business

WHY HAS THIS HAPPENED?

- Timing of inflation recovery
- Longer than expected transition into Scunthorpe

WHAT WE ARE DOING

- Driving core business
- Focused on cash generation



Building a Better Business

Laying strong foundations for organic growth

NEW TEAM

- Strategy reviewed
- Tighter areas of focus moving forward
- Weaker areas will be addressed

FOCUS

- Balance sheet strengthening
- Drive more cash through the business
- Clear prioritised action plan
- Accelerating cultural change programmes

STRONG CORE

- Attractive, solid business
- Poultry sector in growth
- Excellence in Chilled markets



Financial overview

	Q4 2016-17	Q4 2015-16	Y-o-Y Variance
Revenue: Like-for-like (£m)¹	802.2	775.0	3.5%
Revenue (£m)	815.7	775.0	5.3%
EBITDA: Like-for-like (£m)^{1,2}	38.0	51.8	(26.6)%
EBITDA margin: Like-for-like (%)^{1,2}	4.7%	6.7%	(200)bps
EBITDA (£m) ²	38.9	51.8	(24.9)%
Cash flow from operations (£m)	12.4	52.3	(39.9)
Net Debt (£m)	795.2	706.4	88.8
LTM EBITDA (£m) ²	161.2	181.0	(19.8)
Net debt to EBITDA ratio²	4.93 x	3.90 x	1.03 x

Q4 results:

- Strong top line
- EBITDA 25% below Q4 last year but 5% above Q3
- Most marked quarter in terms of commodity inflation impact
- Cash flow decline due to EBITDA, capex and working capital
- Net debt increased



1. LFL CY Revenue & EBITDA adjusted for the impact of exchange rate movements year on year.
 2. EBITDA excludes pension scheme admin expenses credit of (£0.1m) (Q4 2015-16: £1.0m cost).

One-off issues affecting the quarter

Exceptional items

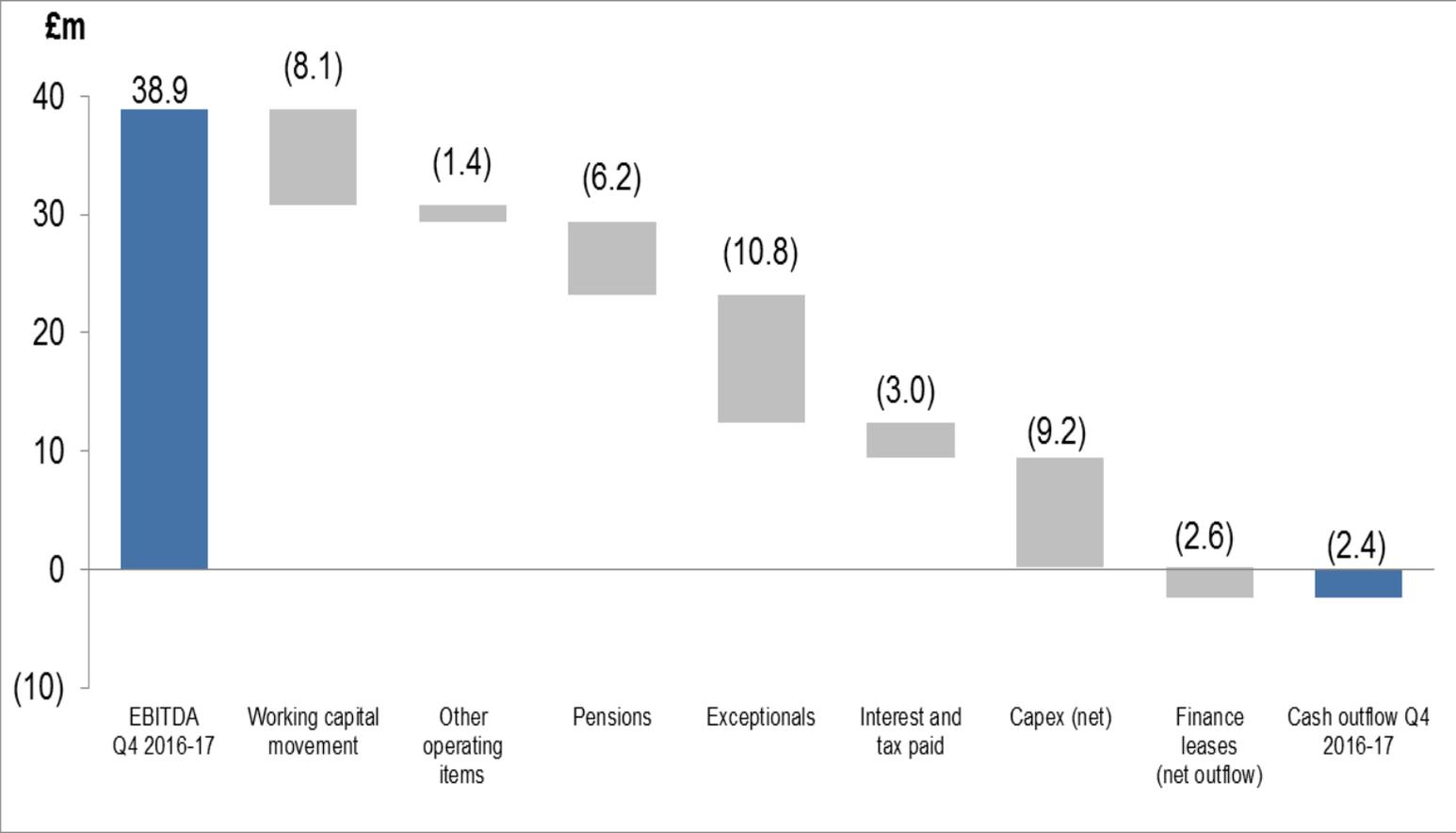
Q4 2017

Write off of balance sheet items	10.9
Impairment of goodwill	2.4
Impairment of fixed assets	8.3
Redundancy, disruption and closure costs	11.0
Other exceptional items	0.4

- £10.9m related to financial reporting irregularities and control deficiencies at small standalone site
- £10.7m related to impairment of assets as a result of above
- £11.0m related to restructuring and disruption from site closures

Cashflow

Q4 2016/17 Cashflow

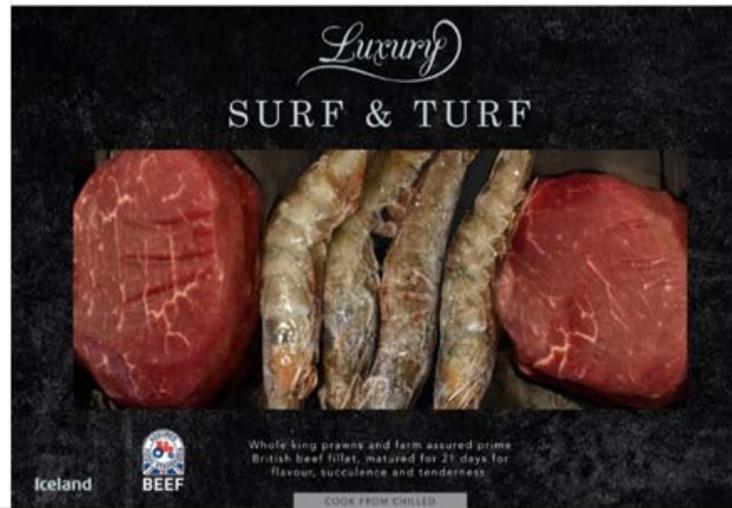


- Working capital outflow
- Normal quarterly pension contribution
- Site A closure
- Capex run rate reduced

Protein performance

Protein – UK and European Poultry & Red Meat

Year on year	Q4 2016-17	Q4 2015-16	Y-o-Y Variance
Revenue: Like-for-like (£m)¹	575.7	542.0	6.2%
Revenue (£m)	587.8	542.0	8.5%
EBITDA: Like-for-like (£m)¹	16.6	21.1	(21.3)%
EBITDA margin: Like-for-like (%)¹	2.9%	3.9%	(100)bps
EBITDA (£m)	17.0	21.1	(19.4)%



- Majority of volume growth in Ready to Eat
- Offset by sales decline in Red Meat due to lost volume and a change in mix between retail and non-retail
- Majority of commodity inflation recovered in poultry, but not in fish / beef
- Avian influenza related export restrictions ongoing impacting European business

Chilled performance

Chilled – Meal Solutions

Year on year	Q4 2016-17	Q4 2015-16	Y-o-Y Variance
Revenue: Like-for-like (£m)¹	131.6	140.3	(6.2)%
Revenue (£m)	131.7	140.3	(6.1)%
EBITDA: Like-for-like (£m)^{1,2}	8.5	13.0	(34.6)%
EBITDA margin: Like-for-like (%)^{1,2}	6.5%	9.3%	(280)bps
EBITDA (£m) ²	8.5	13.0	(34.6)%

- Loss of pizza business (as previously reported)
- Partially offset by sales volume growth with strategic customers
- Promotional increases partially offsetting inflationary pressures
- Positive run rate in terms of ongoing cost reduction efforts



1 CY At constant currency

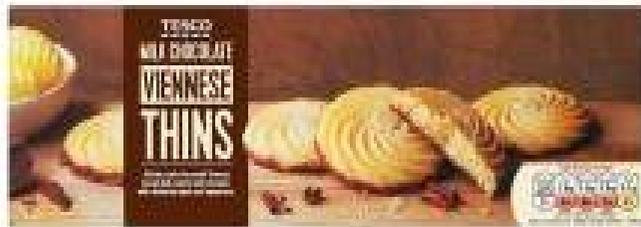
2 EBITDA excludes pension scheme admin expenses £nil (Q4 2015-16: £0.4m cost)

Branded performance

Branded – Frozen & Biscuits

Year on year	Q4 2016-17	Q4 2015-16	Y-o-Y Variance
Revenue: Like-for-like (£m)¹	94.9	92.7	2.4%
Revenue (£m)	96.2	92.7	3.8%
EBITDA: Like-for-like (£m)^{1,2}	12.9	17.7	(27.1)%
EBITDA margin: Like-for-like (%)^{1,2}	13.6%	19.1%	(550)bps
EBITDA (£m) ²	13.4	17.7	(24.3)%

- Increased promotional activity
- Marked inflation in mozzarella, beef and fish
- Cost reduction efforts ongoing



1. CY At constant currency

2. EBITDA excludes pension scheme admin expenses credit of £0.1m (Q4 2015-16: £0.6m cost)

Building a Better Business

Update on Site D, West Bromwich

BACKGROUND

- Management call 3rd October
- Four main allegations
- Action – production suspended for workforce re-training

LATEST POSITION

- All staff retrained and site procedures reviewed to ensure quality and safety
- Working closely with FSA and customers
- Site recommenced supply to customers on 6th November

Q1 IMPACT

- Costs of suspension
- Associated disruption costs



Summary

Strong sales performance

Sector headwinds leading to a challenging quarter will continue

Working on pricing initiatives to recover inflation

Increased focus on cash generation

Continuing commitment to quality, service and price



Appendix 1

FULL YEAR RESULTS

Full year	2017	2016	Y-o-Y	Variance
Revenue: Like-for-like (£m)¹	3,221.0	3,129.8		2.9%
Revenue (£m)	3,288.9	3,129.8		5.1%
EBITDA: Like-for-like (£m)^{1,2}	155.8	181.0		(13.9)%
EBITDA margin: Like-for-like (%)^{1,2}	4.8%	5.8%		-100bps
EBITDA (£m) ²	161.2	181.0		(10.9)%
Cash flow from operations (£m)	82.1	181.2		(99.1)
Net Debt (£m)	795.2	706.4		88.8

2016-17 by quarter	Q1	Q2	Q3	Q4	YTD
Revenue: Like-for-like (£m)¹	797.0	812.8	809.0	802.2	3,221.0
Revenue (£m)	818.3	833.0	821.9	815.7	3,288.9
EBITDA: Like-for-like (£m)^{1,2}	41.1	40.4	36.3	38.0	155.8
EBITDA margin: Like-for-like (%)^{1,2}	5.2%	5.0%	4.5%	4.7%	4.8%
EBITDA (£m) ²	42.8	42.3	37.2	38.9	161.2

1. LFL CY Revenue & EBITDA adjusted for the impact of exchange rate movements year on year.

2. EBITDA excludes pension scheme admin expenses of £1.9m (Q4 2015-16: £4.0m).