

## Boparan Holdings

**Q4 Results for the 13  
weeks and 52 weeks  
ended 29<sup>th</sup> July 2017**

7<sup>th</sup> 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
<b>Revenue: Like-for-like (£m)<sup>1</sup></b>	<b>802.2</b>	<b>775.0</b>	<b>3.5%</b>
Revenue (£m)	815.7	775.0	5.3%
<b>EBITDA: Like-for-like (£m)<sup>1,2</sup></b>	<b>38.0</b>	<b>51.8</b>	<b>(26.6)%</b>
<b>EBITDA margin: Like-for-like (%)<sup>1,2</sup></b>	<b>4.7%</b>	<b>6.7%</b>	<b>(200)bps</b>
EBITDA (£m) <sup>2</sup>	38.9	51.8	(24.9)%
<b>Cash flow from operations (£m)</b>	<b>12.4</b>	<b>52.3</b>	<b>(39.9)</b>
Net Debt (£m)	795.2	706.4	88.8
LTM EBITDA (£m) <sup>2</sup>	161.2	181.0	(19.8)
<b>Net debt to EBITDA ratio<sup>2</sup></b>	<b>4.93 x</b>	<b>3.90 x</b>	<b>1.03 x</b>

## 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

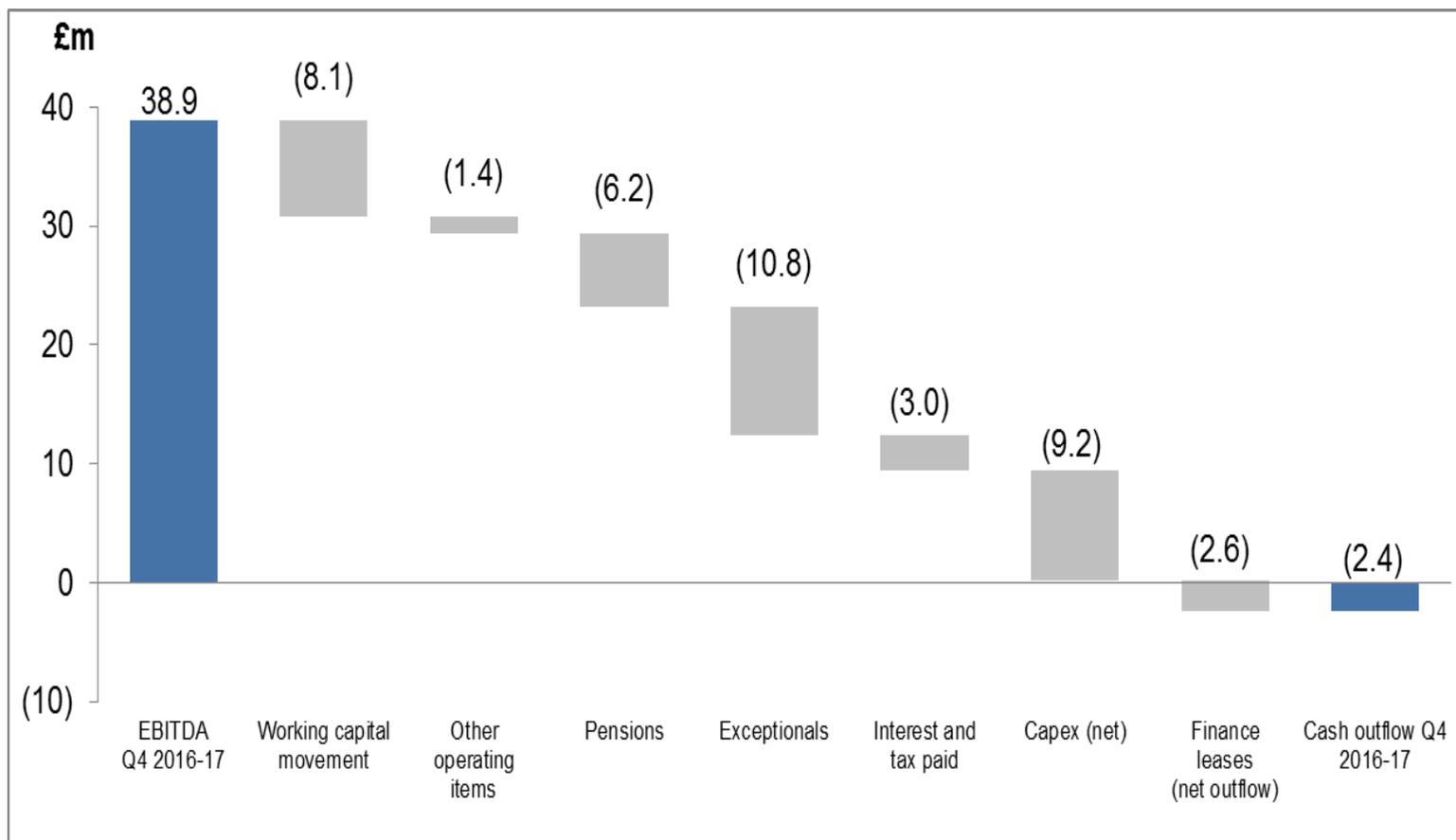
Q4 2017

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

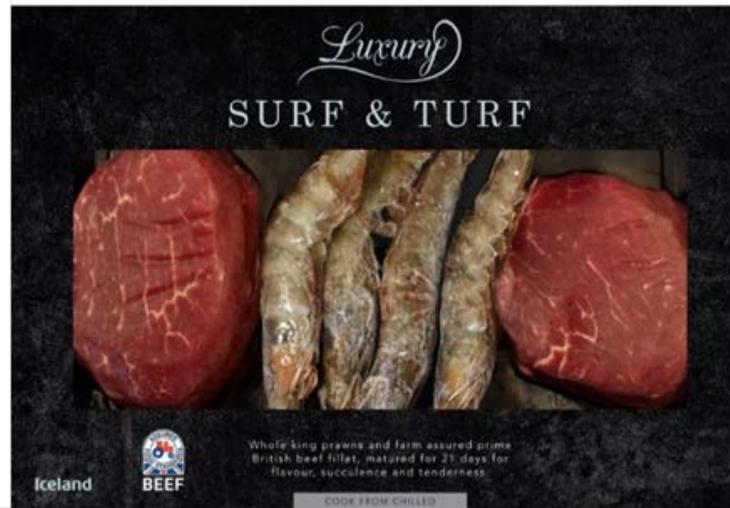


- Working capital outflow
- Normal quarterly pension contribution
- Site A closure
- Capex run rate reduced

# Protein performance

## Protein – UK and European Poultry & Red Meat

Year on year	Q4 2016-17	Q4 2015-16	Y-o-Y Variance
<b>Revenue: Like-for-like (£m)<sup>1</sup></b>	<b>575.7</b>	<b>542.0</b>	<b>6.2%</b>
Revenue (£m)	587.8	542.0	8.5%
<b>EBITDA: Like-for-like (£m)<sup>1</sup></b>	<b>16.6</b>	<b>21.1</b>	<b>(21.3)%</b>
<b>EBITDA margin: Like-for-like (%)<sup>1</sup></b>	<b>2.9%</b>	<b>3.9%</b>	<b>(100)bps</b>
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
<b>Revenue: Like-for-like (£m)<sup>1</sup></b>	<b>131.6</b>	<b>140.3</b>	<b>(6.2)%</b>
Revenue (£m)	131.7	140.3	(6.1)%
<b>EBITDA: Like-for-like (£m)<sup>1,2</sup></b>	<b>8.5</b>	<b>13.0</b>	<b>(34.6)%</b>
<b>EBITDA margin: Like-for-like (%)<sup>1,2</sup></b>	<b>6.5%</b>	<b>9.3%</b>	<b>(280)bps</b>
EBITDA (£m) <sup>2</sup>	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

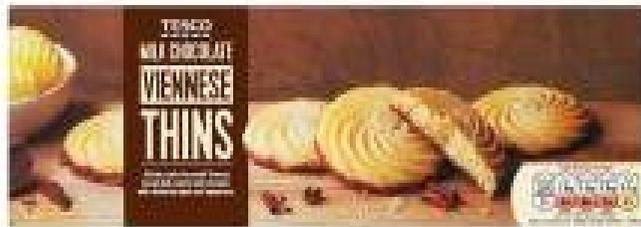
2 EBITDA excludes pension scheme admin expenses £nil (Q4 2015-16: £0.4m cost)

# Branded performance

## Branded – Frozen & Biscuits

Year on year	Q4 2016-17	Q4 2015-16	Y-o-Y Variance
<b>Revenue: Like-for-like (£m)<sup>1</sup></b>	<b>94.9</b>	<b>92.7</b>	<b>2.4%</b>
Revenue (£m)	96.2	92.7	3.8%
<b>EBITDA: Like-for-like (£m)<sup>1,2</sup></b>	<b>12.9</b>	<b>17.7</b>	<b>(27.1)%</b>
<b>EBITDA margin: Like-for-like (%)<sup>1,2</sup></b>	<b>13.6%</b>	<b>19.1%</b>	<b>(550)bps</b>
EBITDA (£m) <sup>2</sup>	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 3<sup>rd</sup> 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 6<sup>th</sup> 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
<b>Revenue: Like-for-like (£m)<sup>1</sup></b>	<b>3,221.0</b>	<b>3,129.8</b>		<b>2.9%</b>
Revenue (£m)	3,288.9	3,129.8		5.1%
<b>EBITDA: Like-for-like (£m)<sup>1,2</sup></b>	<b>155.8</b>	<b>181.0</b>		<b>(13.9)%</b>
<b>EBITDA margin: Like-for-like (%)<sup>1,2</sup></b>	<b>4.8%</b>	<b>5.8%</b>		<b>-100bps</b>
EBITDA (£m) <sup>2</sup>	161.2	181.0		(10.9)%
<b>Cash flow from operations (£m)</b>	<b>82.1</b>	<b>181.2</b>		<b>(99.1)</b>
Net Debt (£m)	795.2	706.4		88.8

2016-17 by quarter	Q1	Q2	Q3	Q4	YTD
<b>Revenue: Like-for-like (£m)<sup>1</sup></b>	<b>797.0</b>	<b>812.8</b>	<b>809.0</b>	<b>802.2</b>	<b>3,221.0</b>
Revenue (£m)	818.3	833.0	821.9	815.7	3,288.9
<b>EBITDA: Like-for-like (£m)<sup>1,2</sup></b>	<b>41.1</b>	<b>40.4</b>	<b>36.3</b>	<b>38.0</b>	<b>155.8</b>
<b>EBITDA margin: Like-for-like (%)<sup>1,2</sup></b>	<b>5.2%</b>	<b>5.0%</b>	<b>4.5%</b>	<b>4.7%</b>	<b>4.8%</b>
EBITDA (£m) <sup>2</sup>	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).