

Boparan Holdings Limited

2 Sisters Food Group Q4 2018/19 Update

Bondholder Presentation

13TH NOVEMBER 2019



Disclaimer

This presentation is for information purposes only and must not be used or relied upon for the purpose of making any investment decision or engaging in any investment activity. Whilst the information contained herein has been prepared in good faith, neither Boparan Holdings Limited (the “Company”), its subsidiaries (together, the “Group”) nor any of the Group’s directors, officers, employees, agents or advisers makes any representation or warranty in respect of the fairness, accuracy or completeness of the information or opinions contained in this presentation and no responsibility or liability will be accepted in connection with the same. The information contained herein is provided as at the date of this presentation and is subject to updating, completion, revision, verification and further amendment without notice.

This presentation contains forward-looking statements in relation to the Group. By its very nature, forward-looking information requires the Company to make assumptions that may not materialise or that may not be accurate. Forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Nothing in this presentation should be construed as a profit forecast. Past performance cannot be relied on as a guide to future performance.

Agenda



- 1 | Executive Summary
- 2 | Q4 Performance
- 3 | Full Year Performance
- 4 | Strategy Update
- 5 | Outlook

Key Headlines

1

Continued LFL sales growth in all core categories alongside second successive quarter of double digit LFL earnings growth.

2

Strong underlying working capital performance driving a return to operating cash inflow in the quarter.

3

2019 bonds repaid in full: £155m during Q4.

Q4 Results: Sustained earnings growth; turnaround delivering value

£m	Q4 18/19	Q4 17/18	YoY Change
Revenue ¹ , £m	650.1	803.7	(19.1)%
EBITDA ^{1,2} , £m	22.8	27.6	(17.4)%
LTM EBITDA ² , £m	89.6	118.4	(24.3)%
Revenue LFL ³ , £m	650.0	648.8	+0.2%
EBITDA LFL ^{2,3} , £m	22.9	17.9	+27.9%
EBITDA LFL Margin %	3.5%	2.8%	70bps
Net debt ⁴ , £m	626.9	601.8	(4.2)%
Adjusted Proforma Leverage ^{5,6}	7.7x	5.8x	(1.9)x

Q4 Performance overview

- Revenue declined due to disposals including the removal of Matthew Walker from Restricted Group.
- 0.2% increase in LFL revenue driven by UK Poultry business +1.3%, EUP +3.1%, Meals +6.1% & Fox's +4.3%.
- LFL earnings growth of 27.9% with EBITDA improvements across all segments, predominantly UK Poultry, as turnaround actions begin to take shape.
- £155m repayment of 2019 bonds completed in Q4.

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, Q4 FY18 excludes the results of the disposed Red Meat, Sandwiches, Green Isle Brands and Matthew Walker.
4. Net debt is stated as Statutory Group Net Debt reduced by third party loan in Bakery Foods Ltd (Matthew Walker) for £53m and increased by £49m loan to the Restricted Group from Bakery Foods Ltd.
5. Adjusted proforma leverage is calculated as Restricted Group Net Debt less £49m loan from Bakery Foods Ltd, divided by Restricted Group LFL LTM EBITDA
6. 17/18 Proforma Leverage calculated using reported EBITDA less Goodfellas and Red Meat disposals, as reported in Prior year



Agenda

- 1 | Executive Summary
- 2 | Q4 Performance
- 3 | Full Year Performance
- 4 | Strategy Update
- 5 | Outlook

Protein Q4 2018/19 Results

£m	Q4 18/19	Q4 17/18	YoY Change
Revenue LFL ¹ , £m	484.4	491.5	(1.4)%
EBITDA LFL ¹ , £m	12.7	9.1	+39.6%
EBITDA LFL Margin %	2.6%	1.9%	+70bps
Revenue, £m	484.4	601.9	(19.5)%
EBITDA, £m	12.7	9.7	+30.9%

Protein Performance overview

- LFL sales declined by (1.4)%. Underlying LFL, excluding the impact of the closure of Five Star Fish +1.9%.
- European Poultry 3.1% sales growth, EBITDA flat.
- EBITDA improvements driven by UK Poultry via efficiency improvement initiatives and positive customer mix.
- Witham site closed immediately following year end.
- Feed inflation flat YoY in Q4.

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. Therefore, Q4 FY18 excludes the results of the disposed Red Meat Business

£m	Q4 18/19	Q4 17/18	YoY Change
Revenue LFL ¹ , £m	106.0	99.8	+6.2%
EBITDA LFL, £m	2.1	2.3	(8.7)%
EBITDA LFL Margin %	2.0%	2.3%	(30)bps
Revenue ² , £m	106.1	137.3	(22.7)%
EBITDA ^{2,3} , £m	2.0	10.7	(81.3)%

Chilled Performance overview

- Core Meals continued growth with key customer. Pizzas and bakery also in growth.
- Return to sustainable profitability of Gunstones Bakery Business on the back of new customer agreement. Core Meals continue to experience negative product mix linked to changes in promotional strategy during the quarter.
- Commercial initiatives landed in Q4 positively impact EBITDA margin in Q1 19/20 and beyond.

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. Therefore, Q4 FY18 excludes the results of the disposed Sandwiches and Matthew Walker.
2. Revenue and EBITDA exclude performance of Matthew Walker from May 2019 following derestriction.
3. EBITDA is stated before depreciation, amortisation and pension scheme administration costs.

Branded Q4 2018/19 Results

£m	Q4 18/19	Q4 17/18	YoY change
Revenue LFL ¹ , £m	59.6	57.5	+3.7%
EBITDA LFL ¹ , £m	8.1	6.5	24.6%
EBITDA LFL Margin %	13.6%	11.3%	+230bps
Revenue, £m	59.6	64.5	(7.6)%
EBITDA, £m	8.1	7.2	+12.5%

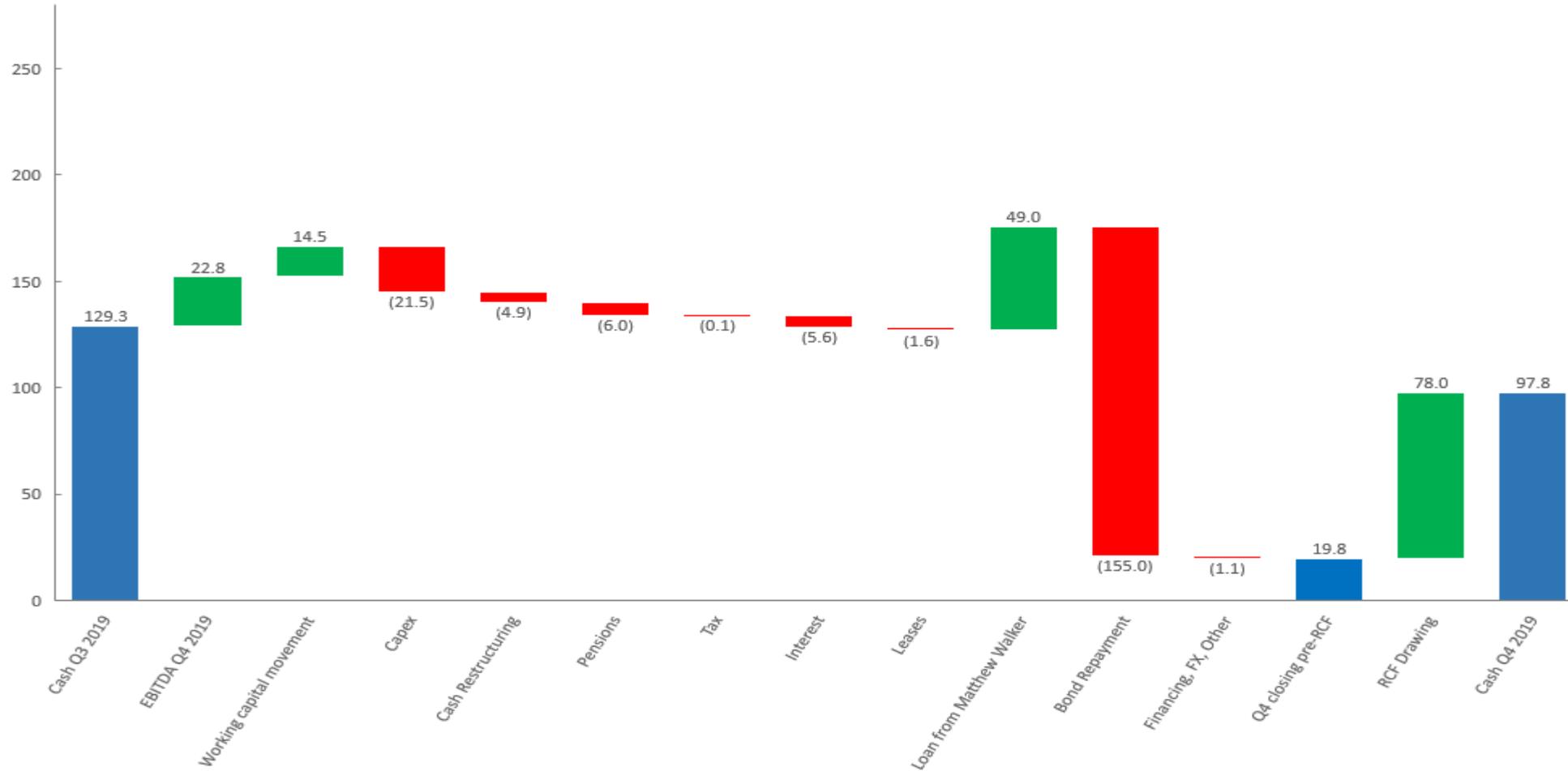
Branded Performance overview

- Brands revenue growth driven by volume in Fox's Biscuits branded sales.
- Brands segment stabilises as Fox's brand performance improves and efficiency improvement initiatives kick in.
- Hollands Pies business earnings growth driven by cost reduction.

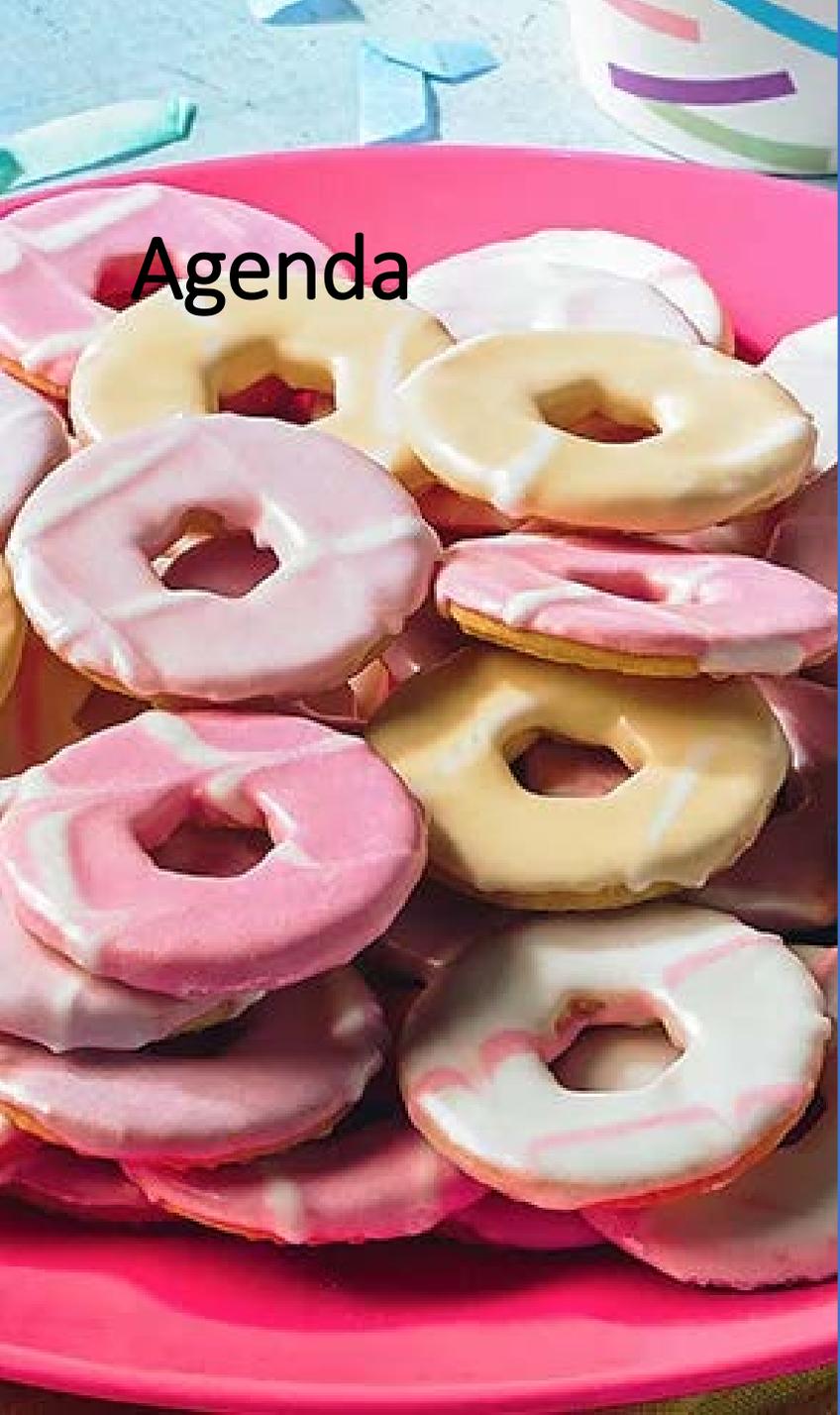
1. Like for like (LFL) sales and EBITDA are adjusted for the impact of exchange translation and including only those businesses that were owned throughout both periods. Therefore, Q4 FY18 excludes the results of the disposed Green Isle Brands businesses.

Q4 2018/19 Cashflow

Cashflow, £m



Quarter 4 cash flow movements for the Restricted Group, which exclude Matthew Walker trading



Agenda

- 1 | Executive Summary
- 2 | Q4 Performance
- 3 | Full Year Performance
- 4 | Strategy Update
- 5 | Outlook

Full Year Results: Turnaround driving second half LFL earnings growth to bring full year in line with previous year

£m	FY 18/19	FY 17/18	YoY Change
Revenue ¹ , £m	2,735.3	3,339.1	(18.1)%
EBITDA ^{1,2} , £m	89.6	118.4	(24.3)%
EBITDA Margin %	3.3%	3.5%	(20)bps
Revenue LFL ³ , £m	2,628.4	2,613.8	0.6%
EBITDA LFL ^{2,3} , £m	75.2	74.0	1.6%
EBITDA LFL Margin %	2.9%	2.8%	+10bps
Net debt ⁴ , £m	626.9	601.8	(4.2)%
Adjusted Proforma Leverage ^{5,6}	7.7x	5.8x	(1.9)x

Full Year Performance overview

- Revenue declined due to disposal of Red Meat, Sandwiches, GI Brands Business and Matthew Walker moving outside of Restricted Group.
- 0.6% increase in LFL sales, or 2.5% after adjusting for the Five Star Fish closure. Chilled + 7.2% offset by Brands (2.3)%, Protein (0.7)%.
- LFL earnings growth of 1.6% with EBITDA improvements in Protein segment offset by decline in Brands and Chilled. Turnaround plan driving improvements in second half of the year, offsetting previous decline.
- £250m repayment of 2019 bonds completed in 2018/19.

1. Revenue and EBITDA exclude performance of Matthew Walker in May 2019 following derestriction.
2. EBITDA is stated before depreciation, amortisation and pension scheme admin 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 throughout both periods. Therefore, Q4 FY18 excludes the results of the disposed Red Meat, Sandwiches, Green Isle Brands and Matthew Walker.
4. Net debt is stated as Statutory Group Net Debt reduced by third party loan in Bakery Foods Ltd (Matthew Walker) for £53m and increased by £49m loan to the Restricted Group from Bakery Foods Ltd.
5. Adjusted proforma leverage is calculated as Restricted Group Net Debt less £49m loan from Bakery Foods Ltd, divided by Restricted Group LFL LTM EBITDA
6. 17/18 Proforma Leverage calculated using reported EBITDA less Goodfellas and Red Meat disposals, as reported in Prior year

Proforma P&L Analysis

£m		Q1	Q2	Q3	Q4	LTM
Last 12 months	LFL Revenue, £m	657.9	658.0	662.5	650.0	2,628.4
	LFL EBITDA, £m	15.9	14.2	22.2	22.9	75.2
	LFL EBITDA Margin %	2.4%	2.2%	3.4%	3.5%	2.9%
Previous 12 months	LFL Revenue, £m	658.3	652.1	652.1	648.8	2,613.8
	LFL EBITDA, £m	19.4	17.5	19.2	17.9	74.0
	LFL EBITDA Margin %	2.9%	2.7%	2.9%	2.8%	2.8%

Commentary

- Table shows LFL revenue and EBITDA restated after stripping out Matthew Walker, as well as all other disposals.
- LFL revenue growth +0.5% driven by Core Meals.
- LFL EBITDA margins up 10bps year-on-year, with Q4 18/19 exit rate up at 3.5%.
- LFL EBITDA of £75.2m is +£1.2m higher than prior year driven by Protein.

Agenda

- 1 | Executive Summary
- 2 | Q4 Performance
- 3 | Full Year Performance
- 4 | Strategy Update
- 5 | Outlook



Our Poultry Plus Strategy 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

Strategic Pillar #2: We continue to realise value from non-core e.g. Matthew Walker completed during Q1 FY19/20

Previous Disposals:



Red Meat



Sandwiches



- Enterprise value £67m.
- Multiple of 8 times Proforma EBITDA
- Completed at end of Quarter 1 FY19/20



THE ORIGINAL
**MATTHEW
WALKER**
- EST. 1899 -

Strategic Pillar #1-5:

Performance improvement initiatives are being delivered...

Completed in 2018/19

UK Poultry

- ✓ Stop the margin decline by focusing on value over volume
- ✓ Rationalise footprint

EU Poultry

- ✓ Accelerate growth
- ✓ Increase efficiency
- ✓ Invest in Value Added capability in Poland

Meals

- ✓ Finalise agreement with key customer
- ✓ Embed gained business

Group

- ✓ Strengthen organisation
- ✓ Focus Technical, Transformation, Divisions

Gunstones

- ✓ Successful turnaround
- ✓ Sustainable platform for growth

Fox's

- ✓ Focus back on brand
- ✓ Restructuring of Uttoxeter factory and Logistics set up

Cash

- ✓ Embedded cash focus throughout group
- ✓ Flattened working capital profile

Culture

- ✓ New performance management process
- ✓ Launched values

Priorities for H1 2019/20

UK Poultry

- Close Witham, Site A and C
- Deliver operational improvements
- Continue value over volume

EU Poultry

- Complete VA investment in Poland
- Continue profitable growth

Meals

- Invest ahead of proposed Pennine closure
- Deliver sales growth in core customer

Group

- Full business alignment around OGSMA
- Embed new monthly drumbeat/governance
- Brexit preparation

Gunstones

- Deliver sales growth in core business
- Align with Foxes business into 'Bakery'

Fox's

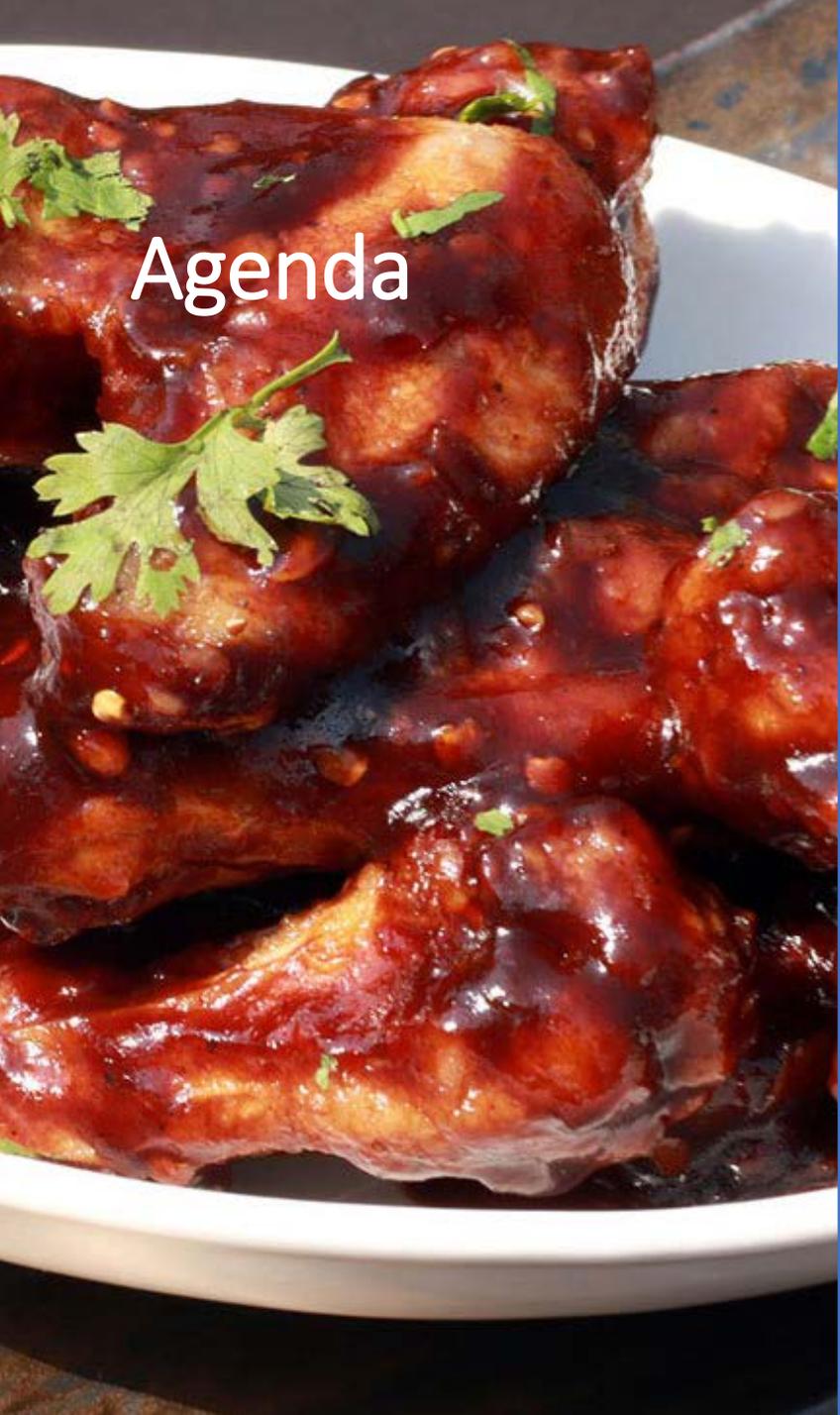
- Launch cost out programme
- Invest in Capacity expansion
- Prepare branded relaunch

Cash

- Manage smoother working capital profile
- Embed cash performance management into businesses

Cost

- Launch Cash Action Group
- Overhead reduction program



Agenda

- 1 | Executive Summary
- 2 | Q4 Performance
- 3 | Full Year Performance
- 4 | Strategy Update
- 5 | Outlook

Outlook

1

Continuation of EBITDA growth rate expected in Q1 19/20.

2

Continued focus on sustainable cash generation.

3

Completion of Matthew Walker in Quarter 1 further strengthens the balance sheet.

Boparan Holdings Limited

Appendix

Two Sisters Food Group



Reconciliation of Restricted Group to Statutory Reported Group

£m	Restricted Group	Bakery Foods Ltd	BHL Statutory Group
Q4 Revenue, £m	650.1	5.3	655.4
Q4 EBITDA ¹ , £m	22.8	2.1	24.9
18/19 Revenue, £m	2,735.3	5.3	2,740.6
18/19 EBITDA ¹ , £m	89.6	2.1	91.7

- Matthew Walker business moved outside of Restricted Group after period 10.
- Difference between Reported Group and Restricted Group is therefore final two months of Matthew Walker trading results.
- Restricted Group LFL excludes full year trading performance of Matthew Walker.
- Restricted Group LTM EBITDA £89.6m versus £75m covenant.

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