

Bakkavör Group Q3 and 9M 2009 Results

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1 Business Highlights

2 Financial Results

3 Funding

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Q3 2009

“Showing strong recovery – delivering greatly improved profit performance and cash generation

An agreement in principle has been reached in securing funding of Bakkavör Group hf, the holding company”

BUSINESS HIGHLIGHTS – Q3 2009

	Q3 09	Chg from Q3 08	Like-for-like % Chg from Q3 08	
EBITDA* Underlying EBITDA ratio	£45.2m (ISK 9.0bn) 10.6%	45.3% 290 bps		Q3 demonstrates significant improvement in EBITDA due to UK restructuring programme and improved trading
Cash generated from operations*	£66.5m (ISK 13.3bn)	86%		Reflects better operational efficiencies, improved profits and greater working capital control
UK FPF sales	£325.6m (ISK 65.0bn)	11%	7%**	UK FPF sales accelerating driven by market share gains, promotional activity and new launches
Operating profit ***	£33.7m (ISK 6.7bn)	+£15.5m		Reflects better operational efficiencies and control of operating expenses

*Excluding restructuring costs

**Excluding low margin product lines withdrawn as part of restructuring

*** Before one-off items

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OUR CORE UK PREPARED SALES ACCELERATING

Total sales and like-for-like sales, Q3

Sales in £ million	Actual Q3 09	Actual Q3 08	Like-for-like % Chg
UK Prepared	326	292	4%
UK Produce	35	50	(33%)
Europe	52	50	(16%)
Rest of World	13	11	(15%)
Total	426	403	(4%)

UK prepared sales include foodservice

Like for like % change on a constant currency basis

Like-for-like sales include all new businesses and turnover relating to JVs

Some figures in the tables may not correspond exactly owing to rounding

OUR CORE UK PREPARED SALES ACCELERATING

Total sales and like-for-like sales, 9M

Sales in £ million	Actual 9M 09	Actual 9M 08	Like-for-like % Chg
UK Prepared	930	884	3%
UK Produce	132	162	(19%)
Europe	159	134	(7%)
Rest of World	40	26	1%
Total	1,262	1,206	(2%)

UK prepared sales include foodservice

Like for like % change on a constant currency basis

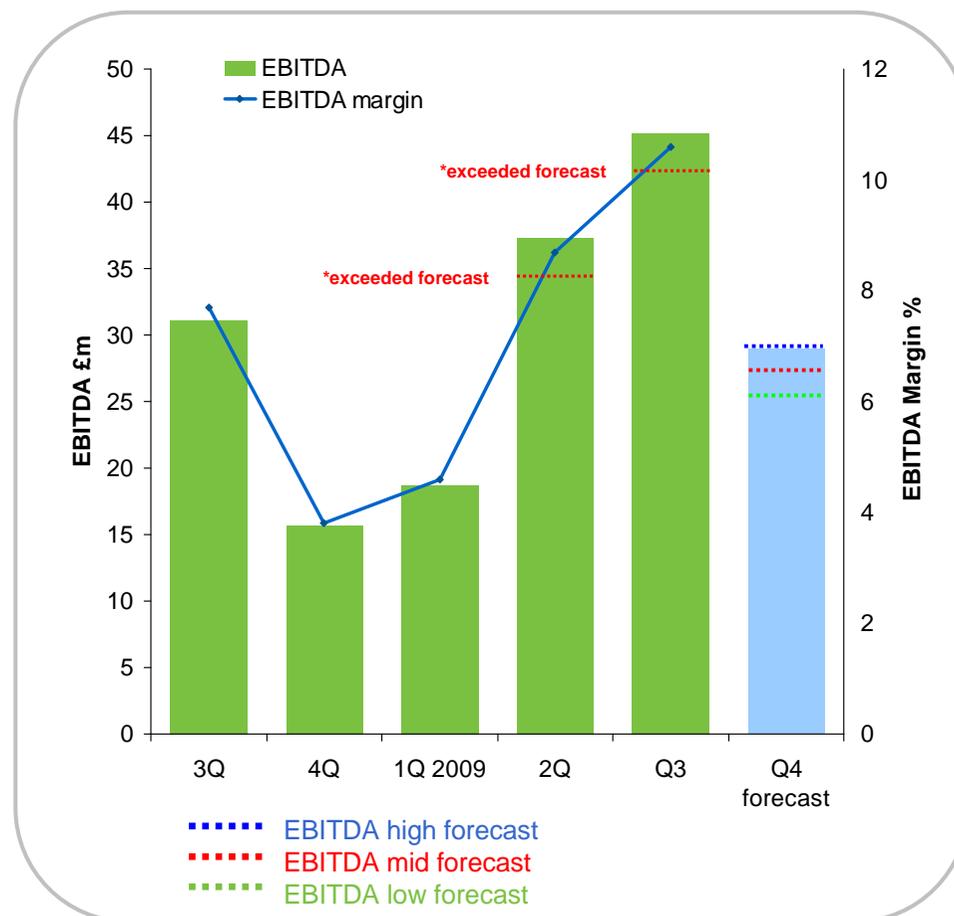
Like-for-like sales include all new businesses and turnover relating to JVs

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SIGNIFICANTLY IMPROVED EBITDA

Underlying EBITDA* and EBITDA margin

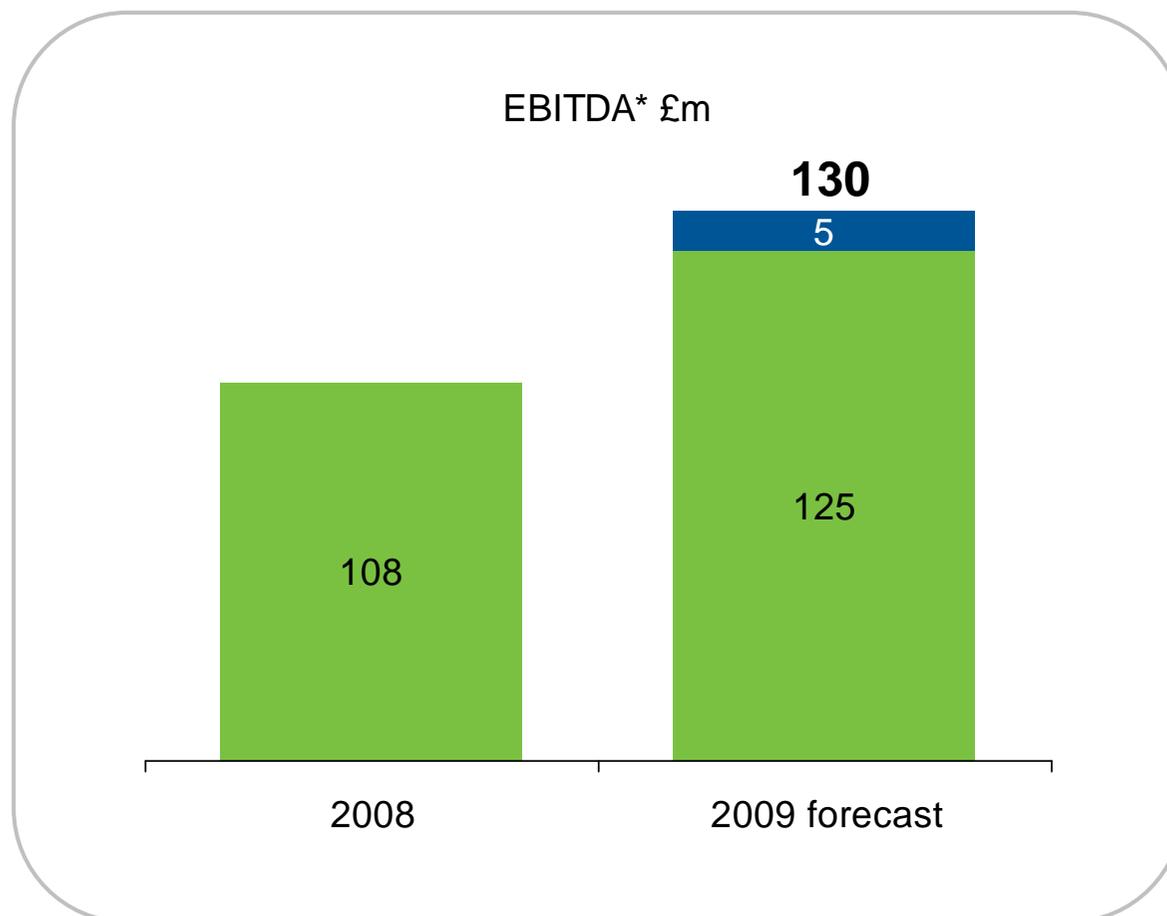
- // Underlying EBITDA* £45.2 million (ISK 9 billion) in Q3, up 45% on Q3 2008
- // EBITDA margin 10.6%, up 290 bps yoy
- // Expect to achieve c.£29 million (ISK 5.8 billion) in Q4, up 85%



*EBITDA pre one-off costs

IMPROVING SIGNIFICANTLY ON 2008

Expect EBITDA to grow by c.20% by end of year to £130 million (ISK 25.9 billion)



*EBITDA pre one-off costs

STRONG RECOVERY – RETURN TO PROFIT

A £60 million turnaround in the nine months

£m	Before restructuring, refinancing & other gains and losses	Restructuring, refinancing & other gains and losses	Total	Variance to 2008
Year to date				
Operating profit	68.2	(5.0)	63.2	8.6
Net finance costs	(61.0)	(9.6)	(70.6)	(21.0)
Other gains and losses	-	5.7	5.7	2.9
Loss on other assets	-	(4.5)	(4.5)	58.0
Profit (loss) before tax	7.2	(13.4)	(6.2)	48.5
Income tax	6.3	4.1	10.4	11.6
Profit (loss) after tax	13.5	(9.3)	4.2	60.1

EQUITY INCREASING

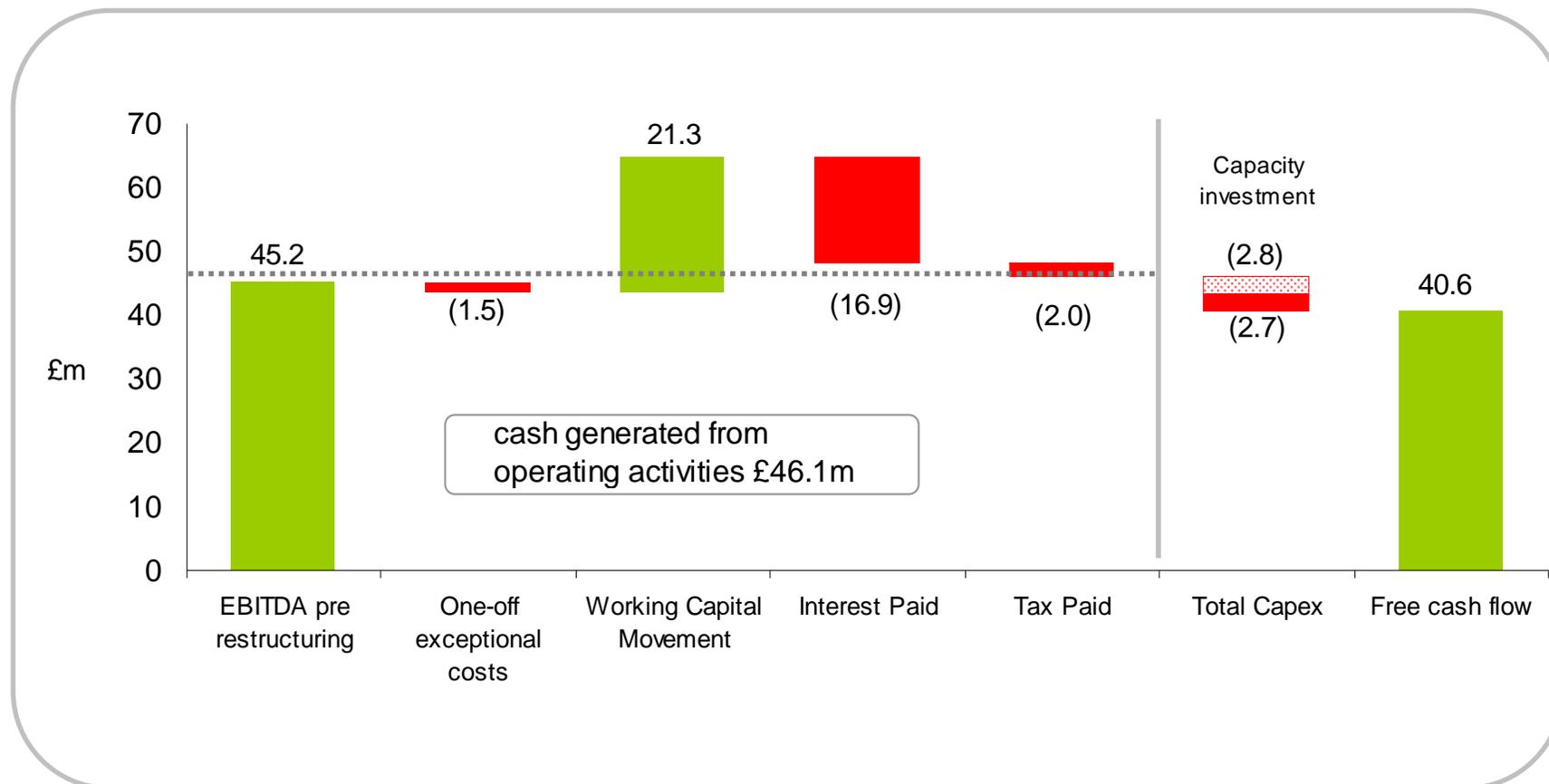
Equity ratio up 100 bps on year end to 8.0%

Amounts in £ million	30.9. 2009	30.6.2009	Change %
Non-current assets	1,211.3	1,200.5	1%
Current assets	306.9	328.7	(7%)
Total assets	1,518.2	1,529.2	(1%)
Equity	122.1	114.5	7%
Non-current liabilities	747.8	817.9	(9%)
Current liabilities	648.3	596.8	9%
Total equity and liabilities	1,518.2	1,529.2	(1%)

Amounts in £ million	30.9. 2009	30.6.2009	Change %
Net debt (Operating)	640.8	671.1	(5%)
Net debt (Group)	294.8	277.7	6%
Total net debt	935.6	948.8	(1%)

RETURN TO GOOD CASH GENERATION

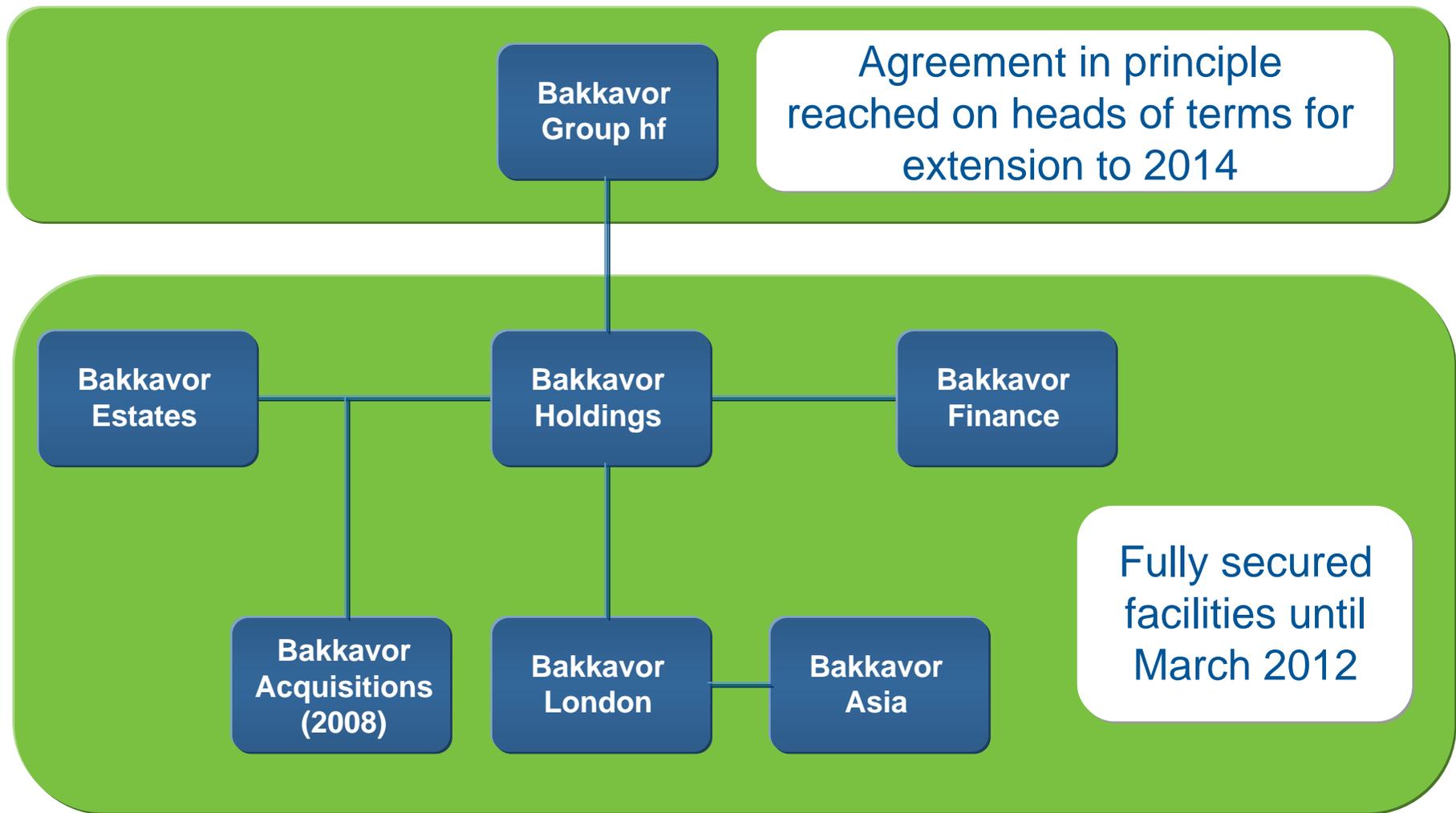
Cash flow, Q3 2009



// Reflects the improved controls over working capital

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- A top-down view of a light-colored wooden bowl filled with a variety of fresh green leafy vegetables. The mix includes large, dark green spinach leaves and smaller, lighter green arugula leaves with prominent veins. The bowl is set against a plain white background.
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SIGNIFICANT MILESTONE IN SECURING FUNDING FOR THE GROUP



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OUR UK PREPARED FOODS SALES IMPROVING

Responding to changing consumer demand through strengthened operations

Drivers

Solid growth in key markets

Ready meals, desserts, dressed salads



Increased promotional activity and new product launches



Impact

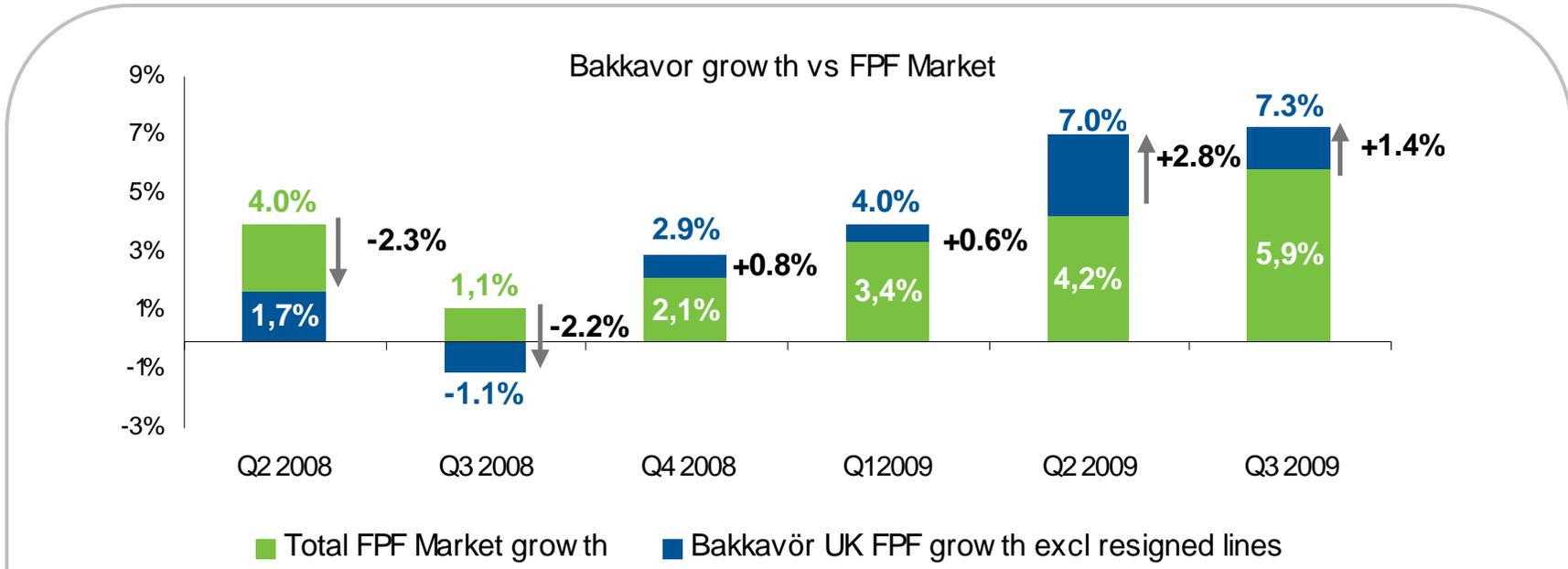
Achieving our target of outpacing fresh prepared foods market growth

Consumers buying FPF more often – frequency up 4% ytd

Delivering volume increases

EXCEEDING MARKET GROWTH

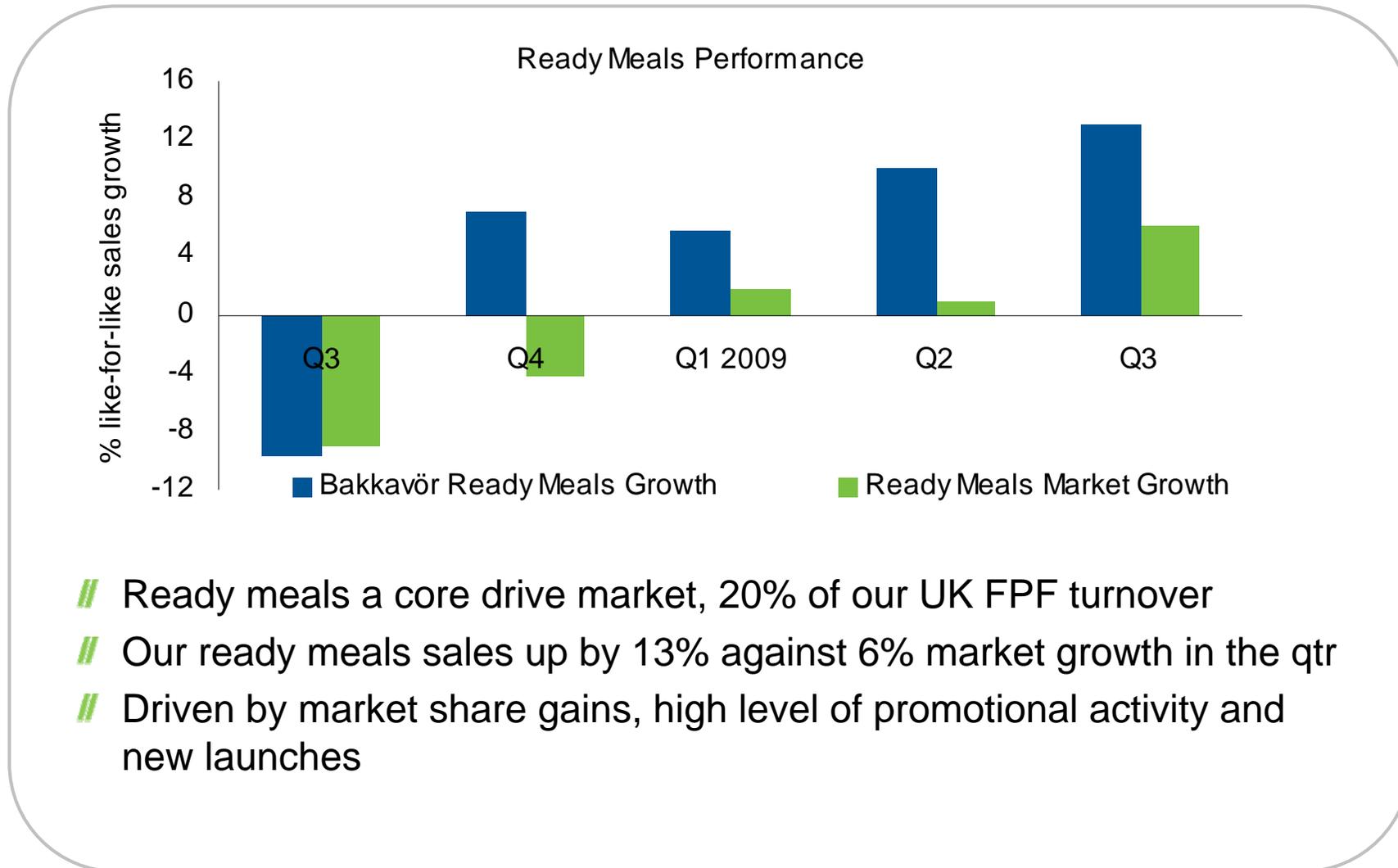
UK like-for-like sales performance, quarter by quarter



- // Achieved 7% like-for-like growth in the quarter excluding resigned low margin business (ready meals, soups, pasta)
- // Expect our growth in Q4 to slow down as we reach anniversary of business gains
- // Fresh prepared foods market growth continues to accelerate

UK READY MEALS UPTURN

Market and Bakkavör



Source: TNS RST Summary
Bakkavör internal sales

CONTINENTAL EUROPE

Focused on future growth whilst managing tough market conditions

Performance

In Continental Europe like-for-like sales on constant currency basis in decline due to tighter consumer spending and intense competition

Outlook

Economic recovery more advanced than that of the UK with indications that these major economies have started to come out of recession in Q3 2009

Action

Consolidated leafy salads production in France

Exploiting Group synergies

Businesses diversifying into new product areas and with new customers



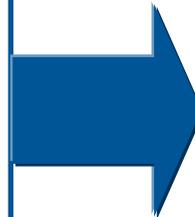
REST OF WORLD – ASIA & US

Focused on future growth whilst managing tough market conditions

Performance

In the US like-for-like sales have increased despite tough conditions.

In Asia like-for-like sales on constant currency basis in decline due to tighter consumer spending and discontinued low margin product lines



Action

Exploiting Group synergies

Businesses diversifying into new product areas and with new customers

M&S Hong Kong

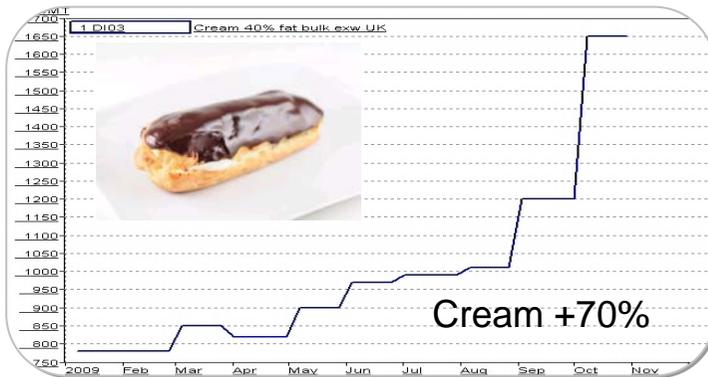


MANAGING INFLATIONARY PRESSURES

Recovery of costs remains a priority

Drivers

Commodity volatility



Currency exchange rates



Impact

Whilst certain pressures have eased, purchasing costs remain affected and managing our exposure and cost recovery remain business priorities

DELIVERING GOOD CASH GENERATION

Expect cash generation to remain strong

Drivers

UK and French restructuring completed

Improved trading and working capital control

Focused capital expenditure



Impact

Group has generated £114.2 million cash from operations YTD*

Improved operational capacity, efficiency and productivity

Greater control of working capital despite continued impact of industry-wide credit insurance withdrawal on payments

* before one-off exceptional costs

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CURRENT AND FUTURE TRADING

Q4 expectations

SALES:

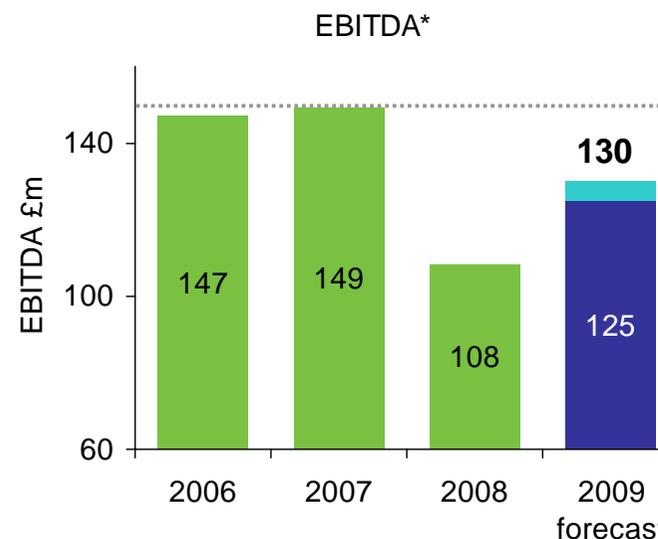
Sales to date as expected – Christmas an important period for sales

EBITDA:

Expect to achieve EBITDA* of c.£29 million (ISK 5.8 billion) in Q4 - 85% ahead of 2008

Expect to deliver further improved profits in 2010

Year end expectations



Forecast EBITDA* raised to £130 million (ISK 25.9 billion) at the end of the year, up around 20%

*Excluding restructuring costs

LOOKING AHEAD

“Whilst we expect trading conditions to remain challenging we are very confident that the actions we have taken and the fundamental growth proposition we offer will drive significant profit growth”

Q & A