

Bakkavör Group Q2 2009 Results

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Lýður Guðmundsson, Chairman

Ágúst Guðmundsson, CEO

Richard Howes, CFO

- 1 Business Highlights
- 2 Financial Results
- 3 Operational Review
- 4 Looking Ahead



Q2 2009

Restructuring is now complete and as expected this has started to deliver a greatly improved profit performance and a return to good cash generation”

BUSINESS HIGHLIGHTS – Q2 2009

	Q2 09	Chg from Q2 08	Like-for-like % Chg from Q2 08	
EBITDA* Underlying EBITDA ratio	£37.3m 8.7%	6% 40bps		Q2 demonstrates significant improvement in EBITDA due to UK restructuring programme and improved trading
Cash generated from operations*	£48.7m	85%		Reflects better operational efficiencies, improved profits and greater working capital control
UK FPF sales	£318.8m	3%	7%**	UK FPF sales accelerating driven by market share gains, promotional activity, new launches and warm weather in qtr
NET PROFIT	£26.4m	+£50m		Underpinned by the completion of restructuring activities, mark to market gains

*Excluding restructuring costs

**Excluding low margin product lines withdrawn as part of restructuring

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CORE UK PREPARED SALES IMPROVING

Total sales and like-for-like sales, Q2

Sales in £ million	Actual Q2 09	Actual Q2 08	Actual % Chg	Like-for-like % Chg
UK Prepared	319	311	3%	2%
UK Produce	45	60	(26%)	(23%)
Europe	51	46	10%	(7%)
Rest of World	12	9	44%	4%
Total	427	426	0%	(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

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

4% SALES GROWTH

Despite tough trading climate

Total sales and like-for-like sales, 6M

Sales in £ million	Actual 6M 09	Actual 6M 08	Actual % Chg	Like-for-like % Chg
UK Prepared	605	592	2%	2%
UK Produce	97	113	(14%)	(13%)
Europe	107	83	28%	(2%)
Rest of World	27	15	82%	8%
Total	836	803	4%	(1%)

UK prepared sales include foodservice

Like for like % change on a constant currency basis

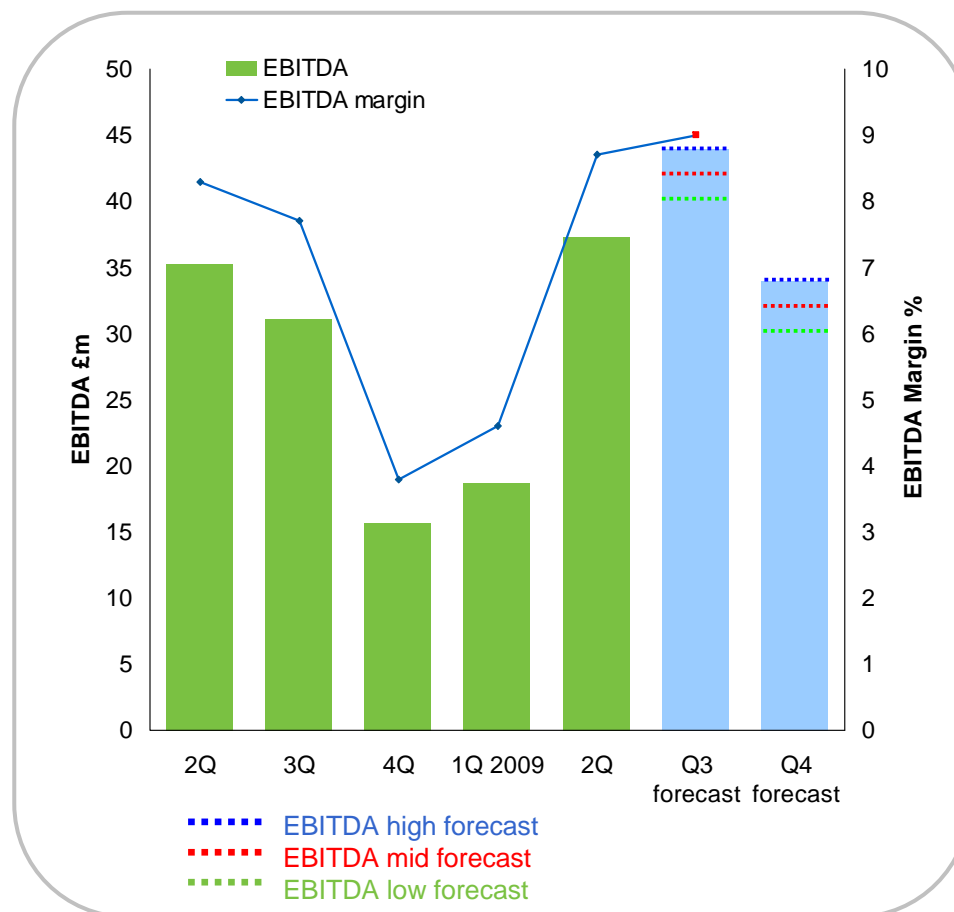
Like-for-like sales include all new businesses and turnover relating to JVs

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EBITDA EXCEEDS EXPECTATIONS

Underlying EBITDA* and EBITDA margin

- // Underlying EBITDA £37.3 million in Q2, up 5.7% on Q2 2008
- // EBITDA margin 8.7%, up 40 bps yoy
- // Expect to achieve c.£42 million in Q3, up 25%
- // Expect EBITDA to grow by c.20% by end of year to £130 million



*EBITDA pre-one off costs

RETURN TO PROFIT

A £55 million turnaround in the six months

	Q2 2009 £m	Q2 2008 £m	yoy Difference £m
Operating profit	21.8	20.4	1.4
Net finance costs	(24.1)	(23.6)	(0.5)
Other gains and losses	31.3	13.9	17.4
Loss on financial assets	(3.7)	(30.4)	26.7
Profit before tax	25.3	(19.7)	45.0
Income tax	1.1	(3.8)	4.9
Q2 Profit for the period	26.4	(23.5)	49.9
H1 Profit for the period	18.3	(36.3)	54.6

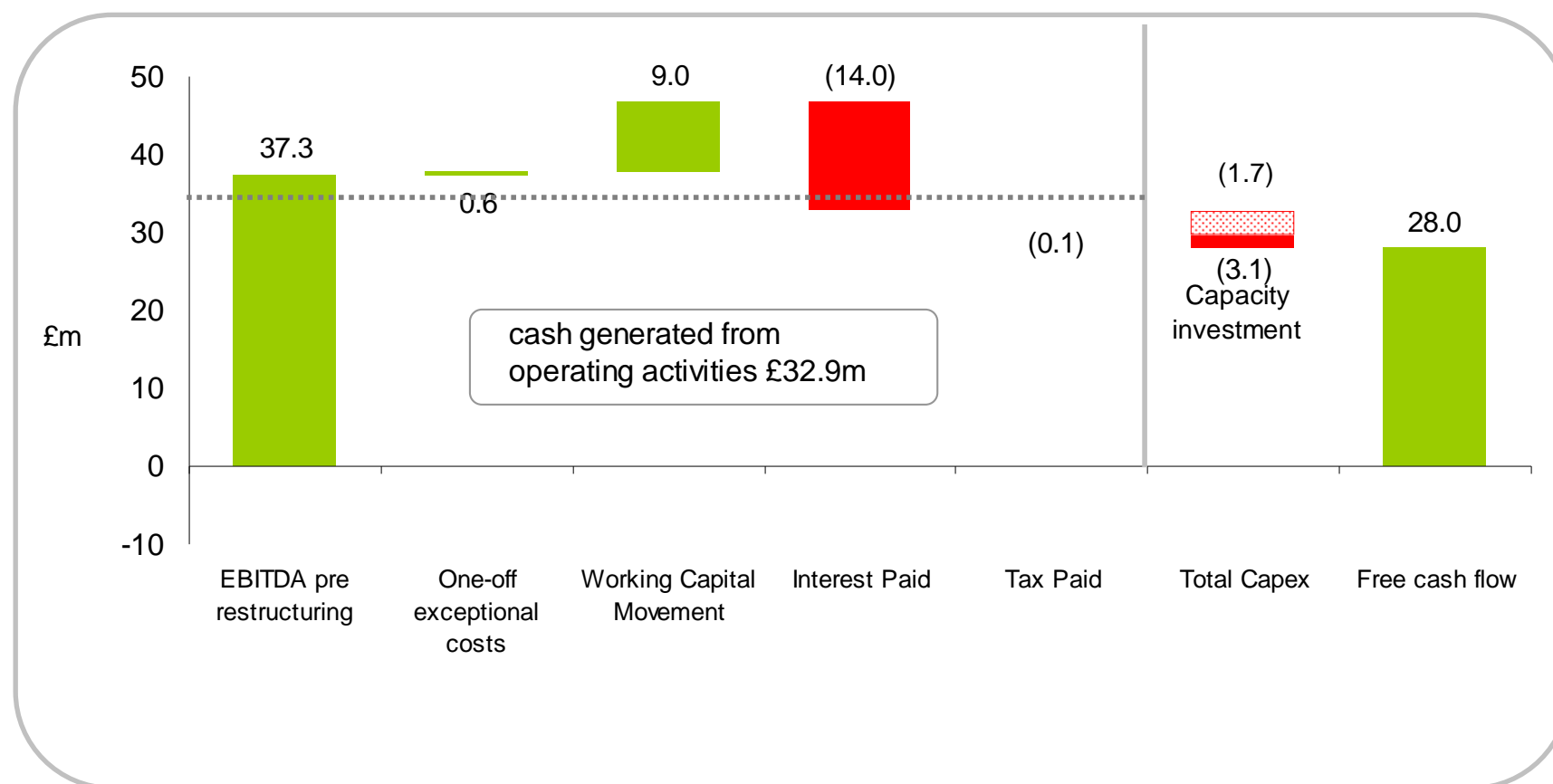
EQUITY INCREASING

Equity ratio up 40 bps on year end

Amounts in £ million	30.6.2009	31.3. 2009	Change %
Non-current assets	1,200.5	1,216.1	(1%)
Current assets	328.7	477.3	(31%)
Total assets	1,529.2	1,663.4	(8%)
Equity	114.5	105.6	8%
Non-current liabilities	817.9	966.2	(15%)
Current liabilities	596.8	591.6	1%
Total equity and liabilities	1,529.2	1,663.4	(8%)

RETURN TO GOOD CASH GENERATION

Cash flow, Q2 2009



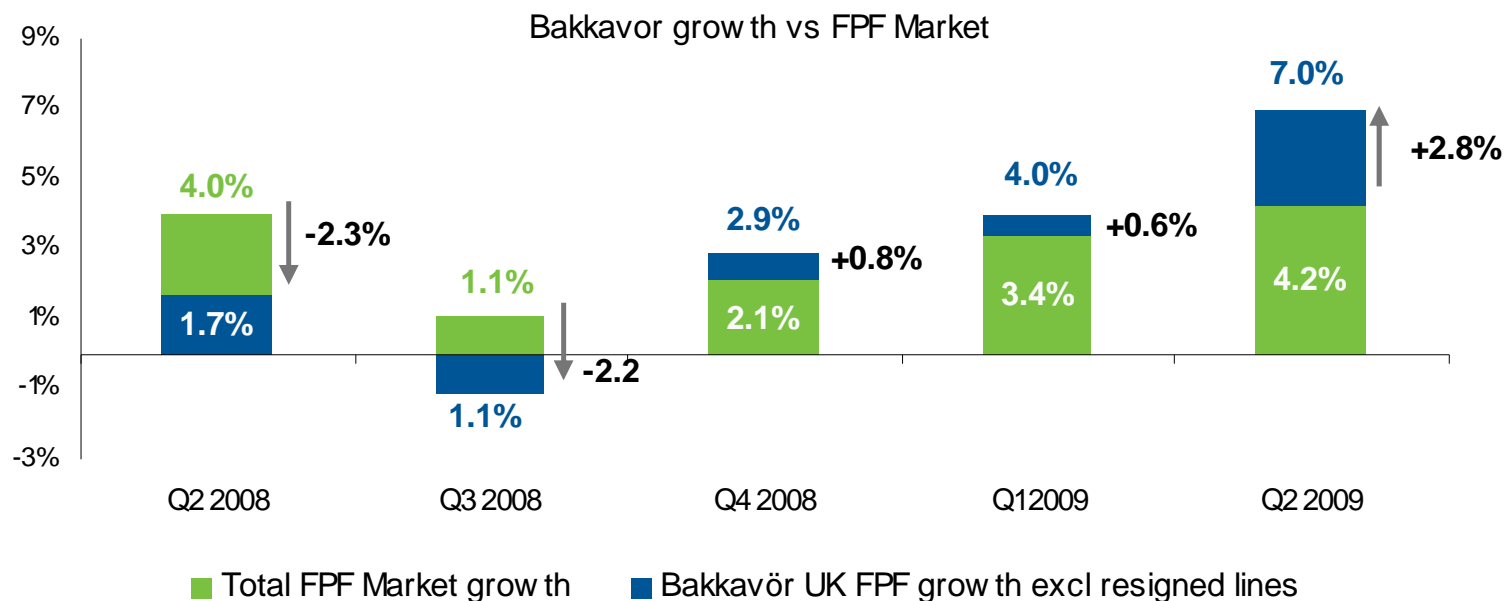
- // Reflects the improved controls over working capital
- // YTD cash generation £47.7 million, up £15.0 million

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PREPARED FOODS MARKET GROWTH

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



- // Fresh prepared foods market growth has accelerated over past three quarters
- // Achieved 7% like-for-like growth in the quarter excluding resigned low margin business (ready meals, soups, pasta)

Source:

TNS RST Summary
Bakkavor internal sales

OUR UK PREPARED FOODS SALES IMPROVING

Responding to changing consumer demand through strengthened operations

Drivers



Market share gains and solid growth in key markets

Ready meals, dips, pizza, prep veg



Increased promotional activity and new product launches



Favourable UK weather in the quarter

Impact

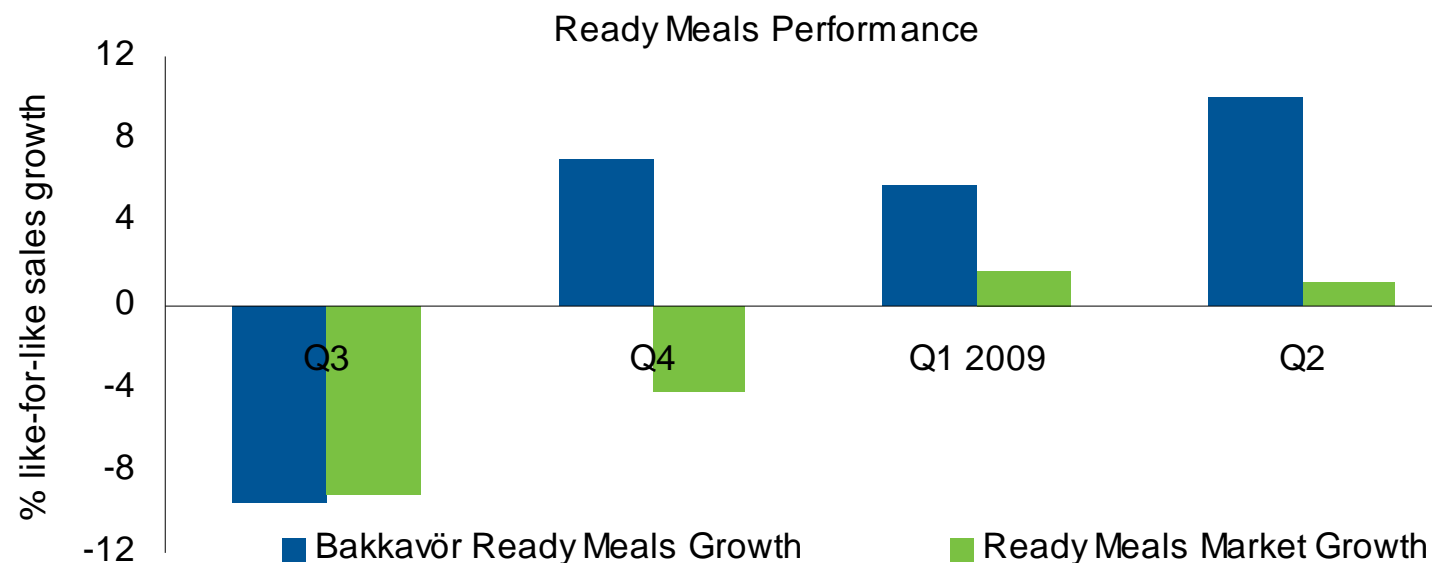
Driving our UK growth to achieve target of outpacing fresh prepared foods market growth

Delivering volume increases in the short term and building market penetration in the long term

Driving up sales of seasonal foods – particularly cold eating categories such as salads, dips, dressings

UK READY MEALS UPTURN

Market and Bakkavör



- // Ready meals a core drive market, 20% of our UK FPF turnover
- // Our ready meals sales now up by 10% against 1% market growth
- // Strong performance considering sales in Q2 impacted by strategic resignation of supply of certain ready meals lines as part of restructuring process
- // Growth reflects market share gains, high level of promotional activity and new launches

Source:

TNS RST Summary
Bakkavör internal sales

FOCUSED ON FUTURE GROWTH

Whilst managing tough market conditions in the short term

Like-for-like sales 6M



Rest of World +8%

The US
(California/ Pennsylvania)
Asia
(China/Hong Kong)



Europe -2%

Prepared Foods +7%
Prepared Produce -7%

Action

Businesses diversifying into new product areas and with new customers:

Chilled pizzas – France
Bakery range – US
Wood-fired pizza bases – Hong Kong
Soups/sauces – China

Business gains:

Blinis and dips – France
Italian ready meals – Holland

Consolidation:

Leafy salads in France

RETURNING TO GOOD CASH GENERATION

Further cash benefits expected

Drivers



UK restructuring completed



Improved trading and working capital control



Inflationary costs easing

Start of UK sourcing season delivers reduced costs of imported produce

Utility costs easing - market prices lower and long-term hedging contracts expired

Impact

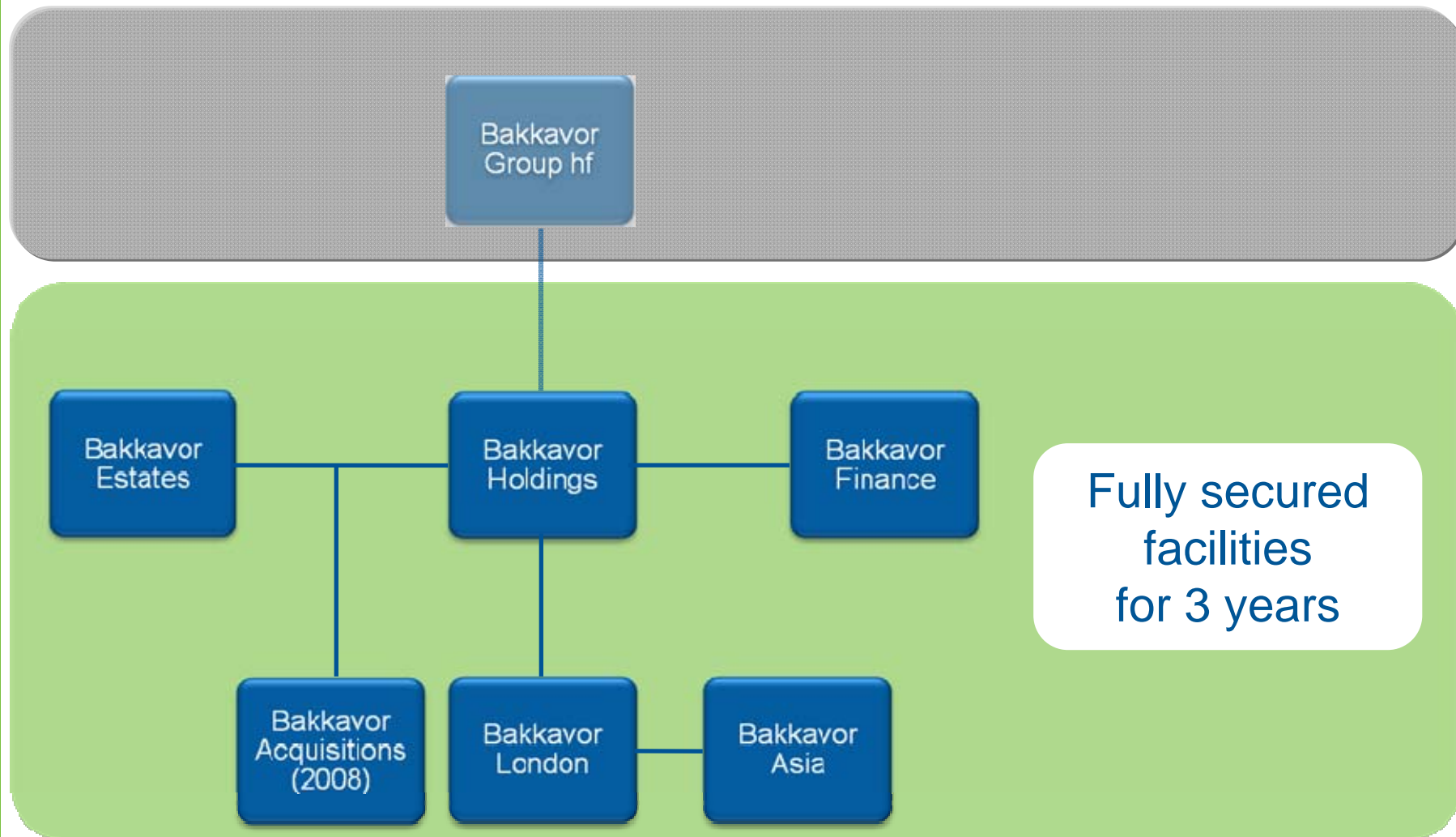
Improvement to operational capacity, efficiency and productivity

Prepared foods sales accelerate with ready meals uplifts

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

Results delivered despite imported produce inflation of £7m and £1m increase in utility costs in H1

FULLY REFINANCED OPERATING BUSINESSES



HOLDING COMPANY DEBT DISCUSSIONS IN ADVANCED STAGES

Bakkavor
Group hf

Hope to announce
a conclusion shortly

Base of discussions:

- Allowing bondholders and other stakeholders to benefit from business recovery
- Significant enhancement of current terms
- Extension of maturity to 2012

Bakkavör principles:

- Aim to repay all creditors in full
- Treat all creditors equally
- Same extension request made to all creditors

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CURRENT AND FUTURE TRADING

Q3 expectations

SALES:

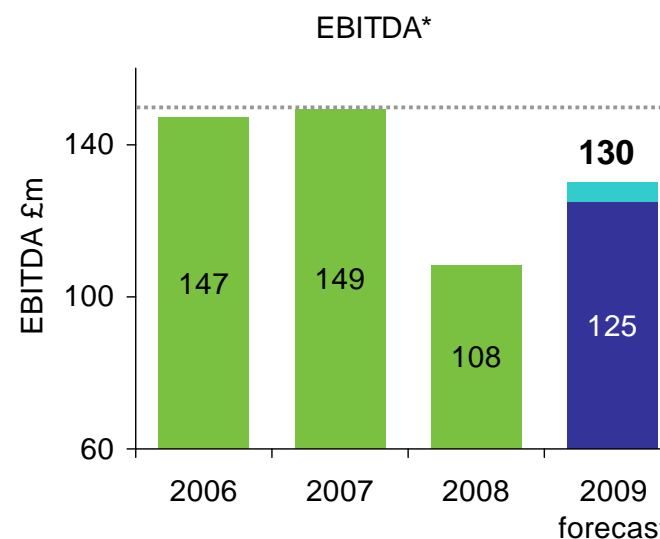
Q3 sales to date strong despite poor UK weather in July

UK prepared like-for-like sales up 7%

EBITDA:

Expect to achieve EBITDA* of c.£42 million in Q3.
25% ahead of 2008

Year end expectations



Forecast EBITDA* raised to £130 million at the end of the year, up around 20%

LOOKING AHEAD

“We are confident our EBITDA will continue to improve throughout the remainder of the year underpinned by operational efficiencies and capacity utilisation which will continue to deliver further cash benefits to the Group.”

Q & A