



Review of interim results for 24 weeks ended 2 March 2019

Financial Highlights

| | | |
|------------------------------------|-----------------|---------------|
| Group revenue | up 2%* | £7.5bn |
| Adjusted operating profit | down 2%* | £639m |
| Adjusted profit before tax | in line | £627m |
| Adjusted earnings per share | in line | 61.1p |
| Interim dividend per share | up 3% | 12.05p |
| Gross investment | | £433m |
| Net cash | | £386m |

* constant currency

Business Highlights

- profit in line with expectations
- Primark
 - profit up 25% driven by margin improvement
 - strong sales growth in UK, Spain, France, Italy, US
- AB Sugar
 - low contracted European prices
 - efficiency improvements continue
- Grocery
 - strong underlying profit growth
 - UK bread
- strong cash flow

Income Statement

| £m | 2019 | 2018 | Change | |
|---|---------|---------|-----------|-------------|
| | | | actual fx | constant fx |
| Revenue | 7,532 | 7,422 | +1% | +2% |
| Operating costs before exceptional items | (6,945) | (6,830) | | |
| Exceptional items | (79) | - | | |
| Share of joint ventures and associates | 24 | 24 | | |
| Profits less losses on disposal of non-current assets | 2 | 2 | | |
| Operating profit | 534 | 618 | | |
| Adjusted operating profit | 639 | 648 | -1% | -2% |
| Profits less losses on disposal of non-current assets | 2 | 2 | | |
| Amortisation of non-operating intangibles | (20) | (17) | | |
| Acquired inventory fair value adjustments | (7) | (15) | | |
| Transaction costs | (1) | - | | |
| Exceptional items | (79) | - | | |

Income Statement

| £m | 2019 | 2018 | Change |
|---|-------|-------|---------|
| Operating profit | 534 | 618 | -14% |
| (Loss)/profit on sale and closure of businesses | (7) | 5 | |
| Net interest expense | (15) | (18) | |
| Other financial income/(expense) | 3 | (2) | |
| Profit before tax | 515 | 603 | -15% |
| Tax | (118) | (112) | |
| Profit after tax | 397 | 491 | |
| Adjusted profit before tax | 627 | 628 | in line |

Tax

| £m | 2019 | | 2018 | |
|--|------------|-------|------------|-------|
| Underlying charge | 136 | 21.7% | 134 | 21.3% |
| Credit on intangible amortisation | (5) | | (13) | |
| Credit on acquired inventory fair value adjustments | (2) | | (4) | |
| Credit on exceptional items | (12) | | - | |
| Charge/(credit) on transaction costs, disposal of businesses and fixed assets | 1 | | (5) | |
| Reported charge | <u>118</u> | 22.9% | <u>112</u> | 18.6% |

Earnings and Dividend Per Share

| | 2019 | 2018 | Change |
|-----------------------------|--------|--------|---------|
| Adjusted earnings per share | 61.1p | 61.3p | in line |
| Earnings per share | 49.2p | 60.9p | -19% |
| Dividend per share | 12.05p | 11.70p | +3% |

Balance Sheet

| £m | 2019 | 2018 |
|--|--------------|--------------|
| Intangible assets (including goodwill) | 1,658 | 1,627 |
| PP&E and other non-current assets | 5,974 | 5,917 |
| Working capital | 1,152 | 1,191 |
| Biological assets – current | 106 | 103 |
| Current tax | (94) | (138) |
| Net cash | 386 | 123 |
| Other net financial assets/(liabilities) | 33 | (4) |
| Deferred tax | (174) | (181) |
| Provisions | (115) | (130) |
| Net pension asset | 249 | 350 |
| Net assets | <u>9,175</u> | <u>8,858</u> |
| | | |
| Equity shareholders' funds | 9,089 | 8,774 |
| Non-controlling interests | 86 | 84 |
| | <u>9,175</u> | <u>8,858</u> |

Cash Flow

| £m | 2019 | 2018 |
|--|--------------|--------------|
| Adjusted operating profit (before joint ventures and associates) | 615 | 624 |
| Depreciation and amortisation of operating intangibles | 277 | 244 |
| Working capital | (289) | (401) |
| Provisions | (24) | (25) |
| Capital expenditure - Primark | (189) | (204) |
| - Food | (159) | (147) |
| Purchase of intangibles | (34) | (37) |
| Tax | (122) | (111) |
| Net interest and other income | (10) | (18) |
| Pension costs less contributions | 2 | 1 |
| Dividends received from joint ventures and associates | 25 | 25 |
| Other | (11) | 3 |
| Free cash flow | 81 | (46) |
| Dividends paid (including non-controlling interests) | (264) | (236) |
| Acquisitions less disposals, net of tax | (42) | (195) |
| Net cash flow before financing | (225) | (477) |

Segmental Analysis

By business

| | Revenue | | Profit | | Margin | | ROCE | |
|-----------------------|--------------|--------------|------------|------------|------------|------------|--------------|-------------|
| | | | | | | | (annualised) | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | £m | £m | £m | £m | % | % | % | % |
| Grocery | 1,721 | 1,672 | 167 | 159 | 9.7 | 9.5 | 26.5 | 27.0 |
| Sugar | 769 | 881 | 1 | 106 | 0.1 | 12.0 | 0.1 | 14.1 |
| Agriculture | 665 | 614 | 15 | 24 | 2.3 | 3.9 | 8.3 | 14.1 |
| Ingredients | 744 | 716 | 64 | 63 | 8.6 | 8.8 | 15.7 | 15.9 |
| Retail | 3,630 | 3,477 | 426 | 341 | 11.7 | 9.8 | 29.4 | 25.3 |
| Central costs | - | - | (34) | (29) | - | - | - | - |
| Continuing businesses | 7,529 | 7,360 | 639 | 664 | 8.5 | 9.0 | 19.0 | 20.9 |
| Disposed businesses | 3 | 62 | - | (16) | | | | |
| Total | <u>7,532</u> | <u>7,422</u> | <u>639</u> | <u>648</u> | <u>8.5</u> | <u>8.7</u> | <u>19.1</u> | <u>20.4</u> |

Segmental Analysis

By geography

| | Revenue | | Profit | | Margin | |
|----------------------------|--------------|--------------|------------|------------|------------|------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | £m | £m | £m | £m | % | % |
| United Kingdom | 2,784 | 2,723 | 230 | 251 | 8.3 | 9.2 |
| Europe & Africa | 2,854 | 2,833 | 255 | 245 | 8.9 | 8.6 |
| The Americas | 780 | 742 | 116 | 102 | 14.9 | 13.7 |
| Asia Pacific | 1,111 | 1,062 | 38 | 66 | 3.4 | 6.2 |
| Continuing businesses | 7,529 | 7,360 | 639 | 664 | 8.5 | 9.0 |
| Disposed/closed businesses | 3 | 62 | - | (16) | | |
| Total | <u>7,532</u> | <u>7,422</u> | <u>639</u> | <u>648</u> | <u>8.5</u> | <u>8.7</u> |

Sugar

| £m | | 2019 | 2018 | Change | |
|-------------------------|----|------|-------|-----------|-------------|
| | | | | actual fx | constant fx |
| Revenue | £m | 769 | 881 | -13% | -11% |
| Operating profit | £m | 1 | 106 | | |
| Margin | | 0.1% | 12.0% | | |
| ROCE | | 0.1% | 14.1% | | |

- Illovo profit in line with last year but later phasing
- lower EU prices but sugar stocks tightening
- performance improvement savings
- reduced beet prices notified in Spain
- lower yielding beet crop in China

Sugar operations

- UK production 1.15m tonnes
- good campaign in British Sugar
- lower production in Spain
- poor quality beet in China reduced production
- Illovo production expected ahead at 1.76m tonnes

Illovo drip irrigation

- investment in capacity and efficiency
- target lowest yielding land
- reduces water consumption by 30%
- 25% cane yield improvement
- Eswatini and Malawi in progress



European price environment

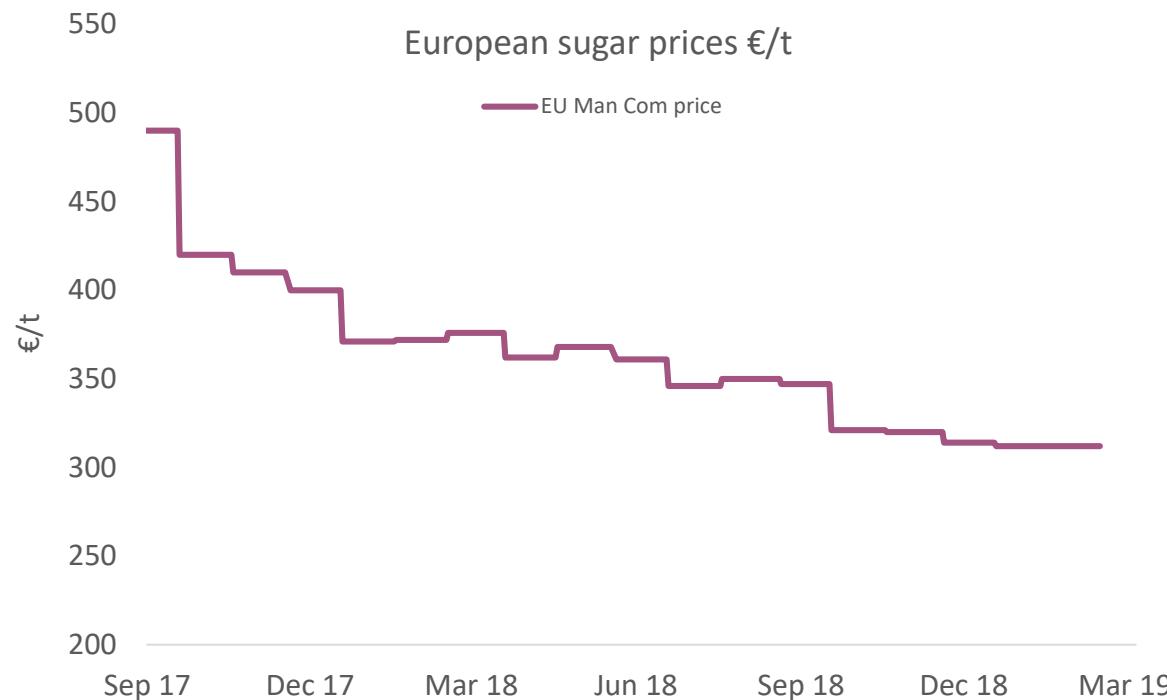


- contracted prices to date reflect huge crop in 2017/18
- reduced sugar production in 2018/19
- EU stock levels tightening during 2018/19

EU (export)/import balance



European price environment



- contracted prices to date reflect huge crop in 2017/18
- reduced sugar production in 2018/19
- EU stock levels tightening during 2018/19
- 2019/20 EU crop area down – UK 7% lower
- spot EU sugar prices increasing

Agriculture

| | | 2019 | 2018 | Change | |
|-------------------------|----|------|-------|-----------|-------------|
| | | | | actual fx | constant fx |
| Revenue | £m | 665 | 614 | +8% | +8% |
| Operating profit | £m | 15 | 24 | -38% | -40% |
| Margin | | 2.3% | 3.9% | | |
| ROCE | | 8.3% | 14.1% | | |

- higher feed prices in UK and China
- reduced margin and adverse sales mix in UK feed
- profit phasing - second half benefit from Frontier and sugar beet feed

Grocery

| | | 2019 | 2018 | Change | |
|-------------------------|----|-------|-------|-----------|-------------|
| | | | | actual fx | constant fx |
| Revenue | £m | 1,721 | 1,672 | +3% | +3% |
| Operating profit | £m | 167 | 159 | +5% | +2% |
| Margin | | 9.7% | 9.5% | | |
| ROCE | | 26.5% | 27.0% | | |

- strong underlying profit growth of 10%
- Twinings Ovaltine continued growth
- margin improvement in George Weston Foods, ACH and Acetum
- Allied Bakeries – some pricing success but private label contract loss

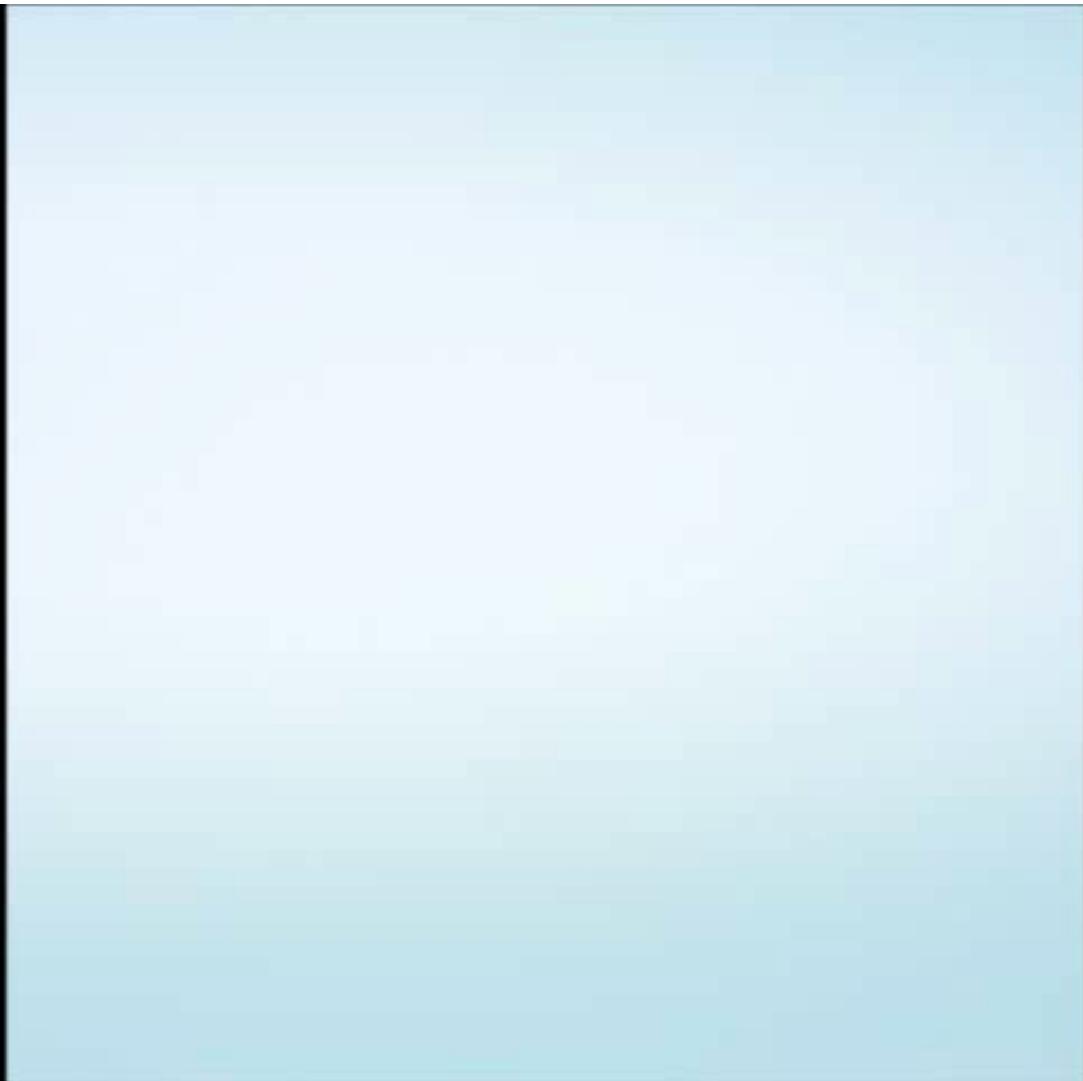
Grocery

| | | 2019 | 2018 |
|------------------|----|-------|-------|
| Revenue | £m | 1,721 | 1,672 |
| Operating profit | £m | 167 | 159 |

- Twinings
 - Cold Infuse success in UK and Australia
 - supply chain investment and efficiency improvement



Cold Infuse



Twinings Poland



Grocery

| | | 2019 | 2018 |
|-------------------------|----|-------|-------|
| Revenue | £m | 1,721 | 1,672 |
| Operating profit | £m | 167 | 159 |

- Twinings
 - successful launch of Cold Infuse
 - supply chain investment and efficiency improvement

- Ovaltine
 - extensive Ovaltine product offering

Ovaltine



Switzerland



Thailand



Crunchy Cream – Germany,
Switzerland, France, Brazil, Austria,
Benelux, Italy

Brazil



Grocery

| | | 2019 | 2018 |
|------------------|----|-------|-------|
| Revenue | £m | 1,721 | 1,672 |
| Operating profit | £m | 167 | 159 |

■ North America

- good profit growth
- increased Mazola volumes
- Mexico much improved



■ Australia

- margin, profit well ahead
- Tip Top volumes ahead
- Don KRC: factory efficiency improvements, lower procurement costs
- market share gains for recently acquired Yumi's



Yumi's



Grocery

| | | 2019 | 2018 |
|------------------|----|-------|-------|
| Revenue | £m | 1,721 | 1,672 |
| Operating profit | £m | 167 | 159 |

- Jordans Dorset Ryvita
 - international market growth
 - supply chain improvements

- Acetum
 - brand development
 - margin well ahead

The Mazzetti logo, featuring a crest with a 'M' and the text 'Mazzetti L'ORIGINALE'.

The Italian Art of dressing.

A stylized illustration of a woman's body formed entirely from sliced strawberries, with a single strawberry at her head. She is holding a small bunch of strawberries. A large brushstroke is shown to her right, and a bottle of Mazzetti Balsamic Vinegar of Modena P.G.I. is positioned at the bottom right.

Balsamic Vinegar of Modena P.G.I.

Le fragole sono perfette con Mazzetti L'Originale

TASTED BY EXPERTS

Every drop of Mazzetti L'Originale Balsamic Vinegar of Modena is a drop of Italian inspiration, capable of transforming ordinary dishes into extraordinary creations. Because in every drop there is our art of combining a centuries-old flavour with timeless quality: The Italian Art of Dressing. It has conquered the world.

mazzettioriginale.co.uk

Grocery

| | | 2019 | 2018 |
|-------------------------|----|-------|-------|
| Revenue | £m | 1,721 | 1,672 |
| Operating profit | £m | 167 | 159 |



- Allied Bakeries
 - continued work to reduce costs
 - successful new product development
 - some pricing success
 - end of uneconomic private label contract from next financial year
 - developing further options to improve profitability



Ingredients

| | | 2019 | 2018 | Change | |
|-------------------------|----|-------|-------|-----------|-------------|
| | | | | actual fx | constant fx |
| Revenue | £m | 744 | 716 | +4% | +5% |
| Operating profit | £m | 64 | 63 | +2% | +2% |
| Margin | | 8.6% | 8.8% | | |
| ROCE | | 15.7% | 15.9% | | |

■ ABF Ingredients

- pharma excipients and plant cereal crisps well ahead
- growth in enzymes for bakery, food, detergent markets
- feed enzyme prices lower

Ingredients

| | | 2019 | 2018 | Change | |
|-------------------------|----|-------|-------|-----------|-------------|
| | | | | actual fx | constant fx |
| Revenue | £m | 744 | 716 | +4% | +5% |
| Operating profit | £m | 64 | 63 | +2% | +2% |
| Margin | | 8.6% | 8.8% | | |
| ROCE | | 15.7% | 15.9% | | |

■ AB Mauri

- sales growth in all regions
- price increases secured in North America
- businesses in South America performed well
- continued investment in plant operating efficiency and capacity expansion

Retail

| | | 2019 | 2018 | Change | |
|-------------------------|----|-------|-------|-----------|-------------|
| | | | | actual fx | constant fx |
| Revenue | £m | 3,630 | 3,477 | +4% | +4% |
| Operating profit | £m | 426 | 341 | +25% | +25% |
| Margin | | 11.7% | 9.8% | | |
| ROCE | | 29.4% | 25.3% | | |

- 4.4% sales growth
- store expansion – 0.3 million sq ft added
- consolidation of buying in Dublin
- in-store efficiency
- strong womenswear offering
- margin ahead with weaker US dollar, better buying and lower markdowns

Retail

■ UK

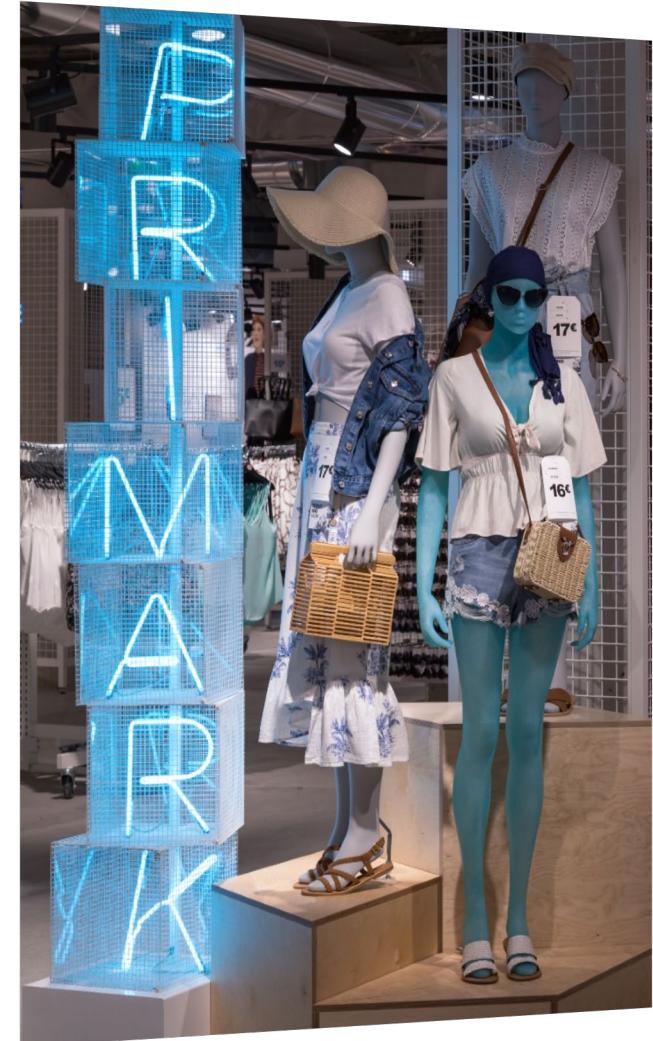
- sales up 2.3%
- 0.6% like-for-like growth
- total clothing market share well ahead

■ US

- strong performance

■ Eurozone

- sales up 5.3%
- strong growth in Spain, France, Italy and Belgium
- like-for-like sales down 3.2%
- Germany



Germany

- strengthened management team
- optimise store cost base
- listening to our customers and tailoring our communication
- Primark Cares messaging now in all German stores
- certified as a 'Top Employer Germany 2019' by the Top Employers Institute



Primark Cares - sustainable cotton

- top 5 Primark selling product
- product same price as non-sustainable cotton



£13

Recycled polyester - Alice Liveing

A photograph of Alice Liveing, a blonde woman, smiling and posing in a tie-dye crop top and matching leggings. She is standing in front of several large potted plants, including a banana plant, in a bright room with a window and a radiator in the background.

primark • Follow

primark Our new workout range get the @aliceliveing seal of approval! Made with recycled polyester 💪 Prices from £5/€6/\$7 #Primark #AliceLiveingxPrimark

Load more comments

paula_louise93 @sho_eloisex I'll keep my eye out for these!

m0niekelize @jackiev85 mooi pakkie te koop.. wanneer gaan we 💁♀️ p.s zó goed @mike.vandersteen

nataliejane91 @racheljaneprior ooooh 😊

jackiev85 @m0niekelize haha ja moet nu echt van start gaan 😺😉

mousseiri Tw hakka hobek tetsawer @myassine36

gswinbourne @prosecco_queen_86

racheljaneprior @nataliejane91 😊😊💪 a

14,739 likes

21 HOURS AGO

Log in to like or comment. ...

Key collaborations



Saffron Barker



Stacey Solomon



Alex Steinherr

Digital and social

- a million followers added on social media
- total following now over 14 million
- Instagram
 - now 7 million followers
 - 5 channels in total
- increased engagement through #Primania



192,000 likes

Womenswear



Animal Print Top £6
Snake Print Trousers £13



Cord Pinafore
Dress £12



Military Cargo
Dress £15



Short £10
Stripe Shirt £7

Menswear



Hoodie £12
Cross-Body Bag £7



Striped Crew £12
Retro Trainers £16



Printed Shirt £7
Twill Short £10



Embroidered tee £7
Bucket hat £4

Licensed product



Health and Beauty



Fragrances £3.50



Eye Palette £4.00



Birmingham store opening



Store environment – Stratford 2011



Store environment – Oxford Street West 2007



New stores



Bluewater, UK



Toulouse, France



Sevilla Torre, Spain



Berlin Zoom, Germany

Primark selling space

| | HY 19 | | HY 18 | |
|---------------------|-------------|-----------|-------------|-----------|
| | # of stores | sq ft 000 | # of stores | sq ft 000 |
| UK | 185 | 7,151 | 184 | 6,987 |
| Spain | 47 | 1,875 | 44 | 1,675 |
| Germany | 28 | 1,755 | 25 | 1,587 |
| Republic of Ireland | 37 | 1,083 | 37 | 1,084 |
| Netherlands | 19 | 902 | 18 | 850 |
| France | 14 | 730 | 12 | 607 |
| USA | 9 | 506 | 8 | 485 |
| Portugal | 10 | 348 | 10 | 348 |
| Belgium | 6 | 292 | 5 | 227 |
| Austria | 5 | 242 | 5 | 242 |
| Italy | 4 | 203 | 4 | 203 |
| | 364 | 15,087 | 352 | 14,295 |

Further expansion

- expect to add 950,000 sq ft of new selling space this financial year
- some 150,000 sq ft reduction
 - closure smaller store in Oviedo
 - space reduction in US store King of Prussia, small number of German stores
- store opening programme for second half
 - UK Hastings, Bluewater, Milton Keynes, Belfast, Birmingham
 - France Bordeaux
 - Germany Wuppertal, Bonn
 - Belgium Brussels Chaussee d'Ixelles
 - Netherlands Utrecht
 - Slovenia Ljubljana

Six stores in six days

| | Opening Date |
|-----------------------------|--------------|
| Birmingham, High Street | 11 April |
| Bordeaux | 12 April |
| Brussels Chaussee d'Ixelles | 15 April |
| Wuppertal | 16 April |
| Milton Keynes | 16 April |
| Belfast, Donegall Place | 16 April |



Belfast

- Bank Buildings devastating fire 28 August 2018
- 1,500 customers and employees all safely evacuated
- over 300 employees temporarily relocated
- two temporary stores: Commonwealth House and Donegall Place
- plans for rebuild of the 220 year old listed building

- working closely with Belfast City Council to reduce the cordon
- donated £500,000 to City Council's Recovery Investment Programme

Opening Summer 2019 - Ljubljana, Slovenia



Outlook

- second half

- underlying growth in Grocery to continue
 - Sugar second half profits in line with last year
 - Primark second half margin reduction and full year profit remain as expected

- full year

- adjusted earnings per share in line with last year



Review of interim results for 24 weeks ended 2 March 2019

24 April 2019



Exchange rates

| Average rates used to translate the income statement | 2019 | 2018 |
|--|-------|-------|
| US\$ | 1.29 | 1.35 |
| euro | 1.13 | 1.13 |
| South African rand | 18.27 | 17.55 |
| Australian \$ | 1.80 | 1.74 |

| Closing rates used to translate the balance sheet | 2019 | 2018 |
|---|-------|-------|
| US\$ | 1.32 | 1.38 |
| euro | 1.16 | 1.12 |
| South African rand | 18.82 | 16.54 |
| Australian \$ | 1.87 | 1.78 |

This presentation pack is directed only at investment professionals falling within article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and to other persons to whom the presentation pack may lawfully be promoted.

Notes

Adjusted operating profit is stated before the amortisation of non-operating intangibles, profits less losses on disposal of non-current assets, transaction costs, amortisation of acquired inventory fair value adjustments and exceptional items. These items, together with profits less losses on the sale and closure of businesses, are excluded from adjusted profit before tax and adjusted earnings per share.

Constant currency figures are derived by translating the 2018 results at 2019 average exchange rates, except for countries where consumer price inflation has escalated to extreme levels, in which case actual exchange rates are used, applied to local currency data before the application of IAS 29.

Underlying profit for Grocery excludes a £12m charge in 2019 in respect of the closure of the Twinings tea factory in Jinqiao, China.