



Boparan Holdings Limited

2 Sisters Food Group Q3 2018/19 Update

Bondholder Presentation

26TH JUNE 2019



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Agenda

- 1 | Executive Summary
- 2 | Financial Performance
- 3 | Strategy Update
- 4 | Outlook

Executive Summary

1

Return to year-on-year LFL earnings growth for first time in two and a half years, driven by core businesses

2

Transformation taking shape with Fox's investment and Poultry footprint rationalisation announced

3

Focus on driving towards sustainable leverage & free cash flow generation

Turnaround actions start to deliver; earnings growth driven by core businesses

£m	Q3 18/19	Q3 17/18	YoY Change
Revenue, £m	665.4	836.7	(20.5%)
EBITDA, £m	21.7	27.7	(21.7%)
LTM EBITDA, £m	94.4	129.7	(27.2%)
Revenue LFL, £m	663.0	655.4	+1.2%
EBITDA LFL, £m	21.9	18.4	+19.0%
EBITDA LFL Margin %	3.3%	2.8%	50bps
LFL LTM EBITDA, £m	78.1	91.2	(14.4%)
Net debt, £m	624.8	622.6	0.4%
Proforma Leverage	8.00x	5.74x	2.26x

Q3 Performance overview

- Reported revenue and EBITDA declines driven by disposals
- LFL Growth in key businesses - UKP +2.1%, EUP +5.1%, Meals +7.4% & Fox's +4.6%
- LFL year-on-year earnings growth driven by UK and EU Poultry Businesses, as turnaround actions begin to take shape
- Full quarter benefit from closure of 5 Star
- Repayment of 2019 bonds completed shortly after quarter-end

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, Q3 FY18 excludes the results of the disposed businesses Goodfella's Pizza, Red Meat, Sandwiches & Green Isle Brands Businesses.
2. EBITDA is stated before depreciation, amortisation and pension scheme administration costs.
3. 17/18 Proforma Leverage calculated using reported EBITDA less Goodfella's Pizza (£21.2m)



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Protein Q3 2018/19 Results



£m	Q3 18/19	Q3 17/18	YoY Change
Revenue LFL	471.0	475.3	(0.9%)
EBITDA LFL	12.6	7.9	+59.5%
EBITDA LFL Margin	2.7%	1.7%	+100bps
Revenue	471.0	588.6	(20.0%)
EBITDA	12.6	5.7	+121.1%

- Underlying LFL sales growth 2.7%, excluding the impact of the closure of Five Star Fish.
- UK & European Poultry Businesses both in sales and margin growth.
- Five Star closure drives £2m of the segment EBITDA improvement
- 6.7% feed price inflation in UK Poultry, recovered in full

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, Q3 FY18 excludes the results of the disposed Red Meat Business



Chilled Q3 2018/19 Results



£m	Q3 18/19	Q3 17/18	YoY Change
Revenue LFL	131.9	121.3	+8.7%
EBITDA LFL	5.5	6.3	(12.7%)
EBITDA LFL Margin	4.2%	5.2%	(100)bps
Revenue	131.9	148.6	(11.2%)
EBITDA	5.1	10.3	(50.5%)

- Major new business win drives continued growth in Core Meals +7.4%.
- Change in customer promotional tactics have led to an adverse mix impact in ready meals
- Gunstones Bakery 27% sales growth over seasonal peak.
- Long term commitment to Gunstones following successful delivery of Easter seasonal peak.

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, Q3 FY18 excludes the results of the disposed Sandwiches Business.



Branded Q3 2018/19 Results



£m	Q3 18/19	Q3 17/18	YoY change
Revenue LFL	60.1	58.8	+2.2%
EBITDA LFL	3.8	4.2	(9.5%)
EBITDA LFL Margin	6.3%	7.1%	(80)bps
Revenue	62.5	99.5	(37.2%)
EBITDA	4.0	11.7	(65.8%)

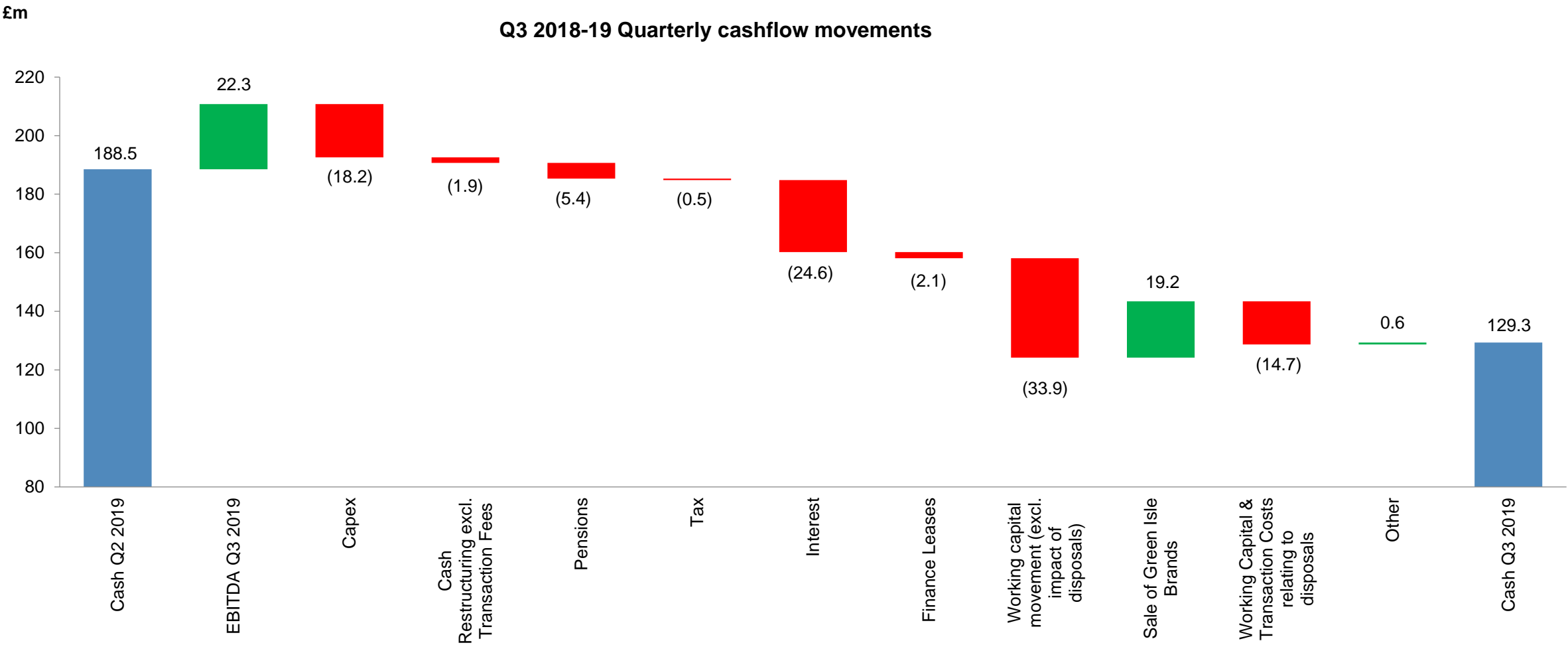
- Fox's sales +4.6% driven by growth in both retailer own label and brands.
- Margin stabilisation with EBITDA up 90bps on Qtr 2 vs (520)bps decline same period last year
- Pies and Pastry businesses continue to perform in line with expectations

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, Q3 FY18 excludes the results of the disposed Goodfellas & Green Isle Brands businesses.



Q3 2018/19 Cashflow

Cashflow, £m



Working Capital Movements



Q3 YTD Working Capital Impact	£m
Inventory	(1.7)
Debtors	(32.9)
Creditors	(49.9)
Total Net Working Capital Movement	(84.5)
Impact of Closures & Disposals	33.1
Tactical Working Capital Build	c.10.0
Impact of Quarter End Timing	c.20.0
Underlying Working Capital Outflow	c.(21.4)

- Of £84.5m YTD working capital, £21.4 represents a real underlying working capital outflow
- Focus on driving less volatile cashflows and better all year round liquidity
- Further disruption in working capital cycle expected amidst substantial restructuring





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Update on M&A

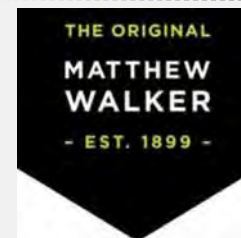
- Green Isle Brands completed during Qtr 3
- Process to sell Matthew Walker Christmas Pudding business commenced



Red Meat



Sandwiches



Our *Poultry Plus* Strategy addresses these fundamental issues



Margin improvement initiatives are being delivered...

Completed in Q3 19/20

UKP

Stop the
Margin Decline

EUP

Accelerate
Growth

Gunstones

Successful
Turnaround

Overall

Strengthen the
Organisation

Progressing for completion in Q4 19/20 and Q1 19/20

UKP

- Footprint Rationalisation;
- Efficiency Drive

EUP

- Value Added Sales Growth;
- Efficiency Projects

Fox's

- Brand Rehaul
- Efficiency Initiatives

Core Meals

- Inflation Recovery
- Volume Growth
- Efficiency

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Outlook

- 1** Expectation of continued year on year margin improvement in Poultry
- 2** Fox's turnaround to drive margin improvement and focus on converting sales growth in ready meals into improved earnings
- 3** Focus on driving free cash flow generation and EBITDA improvement to achieve a sustainable leverage ratio

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Thank you!

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