



Boparan Holdings Limited

2 Sisters Food Group Q2 2018/19 Update

Bondholder Presentation

27TH MARCH 2019



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Agenda

- 1 | Executive Summary
- 2 | Financial Performance
- 3 | M&A Update
- 4 | Strategy Update
- 5 | Outlook

Protein margins up Year on Year; continued net debt reduction

£m	Q2 18/19	Q2 17/18	YoY Change
Revenue, £m	711.5	849.7	(16.3)%
EBITDA, £m	21.1	30.2	(30.1)%
LTM EBITDA, £m	100.4	139.2	(27.9)%
Revenue LFL, £m	684.1	677.5	1.0%
EBITDA LFL, £m	17.3	21.9	(21.0)%
EBITDA LFL Margin %	2.5%	3.2%	(70)bps
LFL LTM EBITDA, £m	77.3	101.8	(24.1)%
Net debt, £m	570.0	788.7	(27.7)%
Proforma Leverage	7.37x	5.67x	(1.70)x

Q2 Performance overview

- +1.0% LFL sales growth after adjusting for impact of disposals. 2.7% after adjusting for Five Star Fish Closure
- Significant EBITDA improvements in Added Value and European Poultry Businesses.
- Margin challenges in Chilled and Branded driven by adverse product mix and one off operational costs.
- Sandwich Business disposed of at the end of the period. Excluded from LFL.
- Net debt continues to reduce ahead of anticipated refinance in 2020.

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, Q2 FY18 excludes the results of the disposed businesses Goodfella's Pizza, Red Meat and Sandwich Business.
2. EBITDA is stated before depreciation, amortisation and pension scheme administration costs.



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Protein Q2 2018/19 Results



£m	Q2 18/19	Q2 17/18	YoY change
Revenue LFL	454.5	456.4	(0.4)%
EBITDA LFL	4.9	0.9	444.4%
EBITDA LFL Margin	1.1%	0.2%	90bps
Revenue	454.5	569.6	(20.2)%
EBITDA	4.9	2.6	88.5%

- LFL Protein sales down 0.4%; Total Poultry LFL +2.2%
- Margin gains from site closures and EU Business performance despite 12% yoy feed inflation in UK and disruption in export markets
- Contract wins in Added Value Poultry set to further improve EBITDA from Q3
- Turnaround progressing with Total Poultry EBITDA % improvements expected from Q3

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, Q2 FY18 excludes the results of the disposed Red Meat Business



Chilled Q2 2018/19 Results



£m	Q2 18/19	Q2 17/18	YoY Change
Revenue LFL	153.5	145.3	5.6%
EBITDA LFL	8.0	11.4	(29.8)%
EBITDA LFL Margin	5.2%	7.8%	(260)bps
Revenue	180.9	171.6	5.4%
EBITDA	11.8	14.4	(18.1)%

- LFL Sales growth in Chilled +5.6% driven by core meals contract wins
- Adverse product category mix and high distribution costs impacting EBITDA margins
- LFL restated to exclude Manton Wood

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, Q2 FY18 excludes the results of the disposed Sandwiches Business.



Branded Q2 2018/19 Results



£m	Q2 18/19	Q2 17/18	YoY change
Revenue LFL	76.1	75.8	0.4%
EBITDA LFL	4.4	9.6	(54.2)%
EBITDA LFL Margin	5.8%	12.7%	(690)bps
Revenue	76.1	108.5	(29.9)%
EBITDA	4.4	13.2	(66.7)%

- Fox's sales flat yoy
- Continued margin pressures on Biscuits driven by branded / own label product mix and input cost inflation
- New strategy expected to deliver substantial margin improvements

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, Q2 FY18 excludes the results of the disposed Goodfellas business.



Proforma P&L Analysis

Historic Reported Revenue and EBITDA adjusted to exclude Red Meat, Pizza, Manton and for forex differences

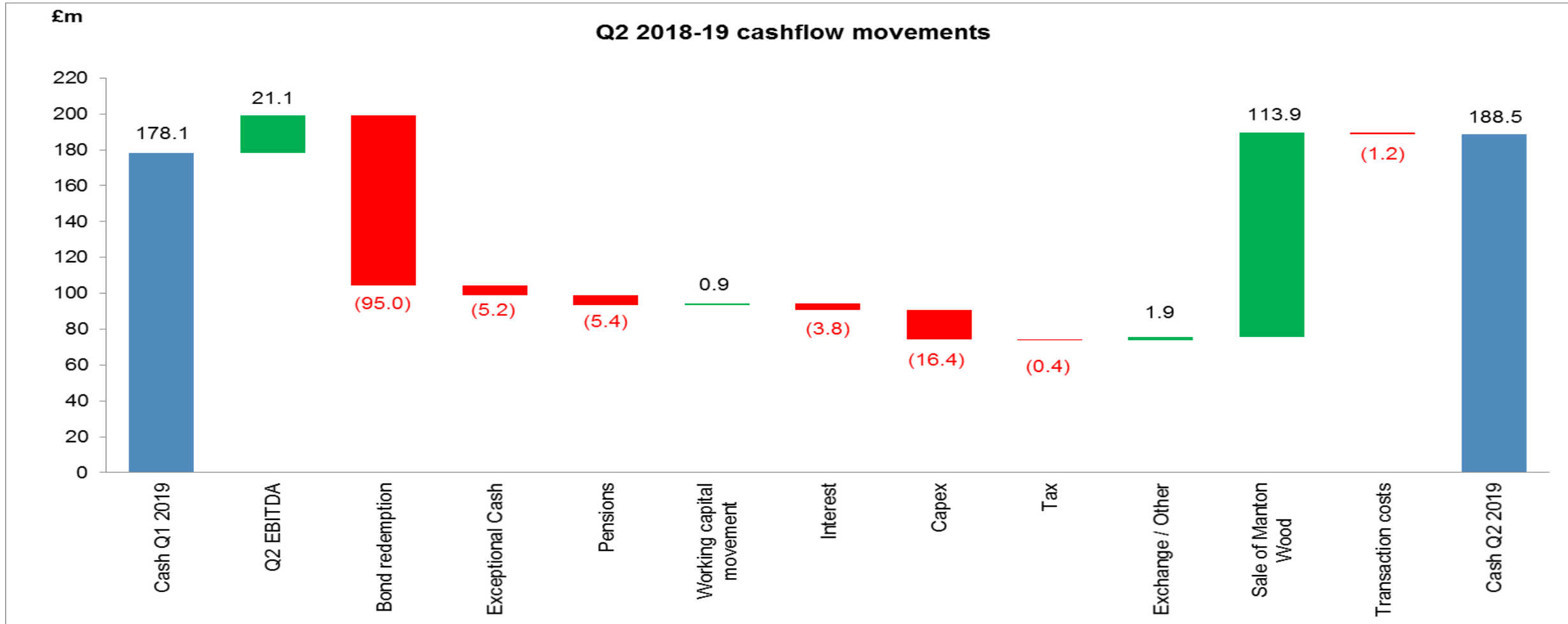
£m		Q2	Q1	Q4	Q3	LTM
Last 12 months	LFL Revenue	684.1	679.1	662.1	663.5	2,688.8
	LFL EBITDA	17.3	20.0	20.4	19.6	77.3
	LFL EBITDA Margin	2.5%	2.9%	3.1%	3.0%	2.9%
Previous 12 months	LFL Revenue	677.5	679.8	655.5	652.8	2,665.6
	LFL EBITDA	21.9	24.2	29.0	26.7	101.8
	LFL EBITDA Margin	3.2%	3.6%	4.4%	4.1%	3.8%

Commentary

- Continued sales growth driven by core categories
- Margin fell by circa 70 basis points vs prior year
- Margin gains from Poultry turnaround strategy expected from Q3

Q2 2018/19 Cashflow

Cashflow, £m





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Update on M&A

- Manton completed during Qtr 2
- Green Isle Brands completed shortly after Qtr 2



Red Meat



Sandwiches





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Reminder: Our *Poultry Plus* turnaround strategy

2SFG has redefined strategy clearly especially in where to play and how to play

Focus on Poultry (UK + EU) and Ready Meals (UK)

Create the
Spike

Turnaround
the core

Turnaround the UK
Poultry Business

Turnaround the NL
Poultry Business

For Future Growth:
Consolidate European
Poultry market

Deliver Growth
in Ready Meals

Drive Growth
in Poland

Build the
Enablers

Fix the basics

Excellence in
Execution

Realise Value
from Non-Core

High Performance Team
and Organisation

Progress update of our turnaround implementation

We are making significant progress across all fronts

UK Poultry	<ol style="list-style-type: none"> Ensuring right customer mix (value over volume) Adapting footprint to size of profitable business Increasing Kill/Cut/Pack capacity in key sites Improved planning and analytical capability (Nerve centre) Cost savings from restructuring and past factory closures 	Ready Meals	<ol style="list-style-type: none"> Embedding new business Collaborating with key customer to drive growth and right mix Pennine factory sustainability reviewed and potential actions identified
NL Poultry	<ol style="list-style-type: none"> Improved operations Increased efficiency Improved customer relationships 	Bakery	<ol style="list-style-type: none"> Strategic plan for Fox's developed: <ul style="list-style-type: none"> Reposition the brand for growth Efficiency increasing capex Gunstones factory sustainability reviewed; pending customer commitment
PO Poultry	<ol style="list-style-type: none"> Continued growth Improved customer relationships Export to China Finalise build of Value Added Poultry factory 	Excellence in Execution	<ol style="list-style-type: none"> Project Management Office being built Increased alignment of goals and strategies Core processes under review in critical functions
		High Performance Team	<ol style="list-style-type: none"> Strengthened top team and direct reports Operating model review and changes introduced New values and new ways of working soon to be launched

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Summary

- 1** Embedding a new way of working in the UK Poultry Business and delivering the turnaround plan
- 2** Ambitious improvement opportunities identified in Fox's
- 3** Continued focus on debt reduction and cash improvements

Boparan Holdings Limited

Thank you!

Two Sisters Food Group