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For immediate release

10 October 2017



Bakkavor Group plc

Intention to Float on the London Stock Exchange

Strong first half performance and significant strengthening of the Board

Bakkavor, a leading provider of fresh prepared food, today announces its intention to proceed with an initial public offering (the “**IPO**” or the “**Offer**”). Bakkavor intends to apply for admission of its Shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). Bakkavor expects that Admission will occur in November 2017.

Business Highlights

- Bakkavor is the leading provider in the large and fast-growing United Kingdom fresh prepared food (“**FPF**”) market and has a growing international presence in the United States and China.
- Bakkavor is the number one producer by market share in the UK of the four FPF product categories of Meals, Salads, Desserts and Pizza & Bread. The Group had a 30% share of the UK FPF market by revenue in 2016, 3.8 times that of the nearest competitor. The UK FPF market is expected to grow at a CAGR of approximately 5% in the four years to the end of 2019, driven by a number of factors, most notably the growing demand from consumers for high-quality, fresh, healthy and convenient food.¹
- Bakkavor’s customers include some of the UK’s leading grocery retailers, which sell the Group’s products to consumers under their respective brands including Tesco, Marks & Spencer, Sainsbury’s and Waitrose. These four retailers together accounted for 70% of the UK FPF market in 2016 and Bakkavor had a 38% market share of their FPF sales.¹
- Bakkavor’s International segment operates in the US and China. As these markets are not as well developed as the UK FPF market, Bakkavor seeks to have a transformative influence on their continued development.

Bakkavor's target markets in these countries are forecast to grow at a CAGR of approximately 9% (US) and 10% (China) between 2016 - 2019.¹

- Bakkavor was founded in 1986 and has its headquarters in London. As at FY 2016, Bakkavor had a total of approximately 19,000 employees. The Group operates 26 factories in the UK, three in the US (plus one under construction) and eight in China (plus one under construction).
- Bakkavor has a strong track record of profitable growth and cash flow generation.
 - FY 16 Revenue: £1,763.6 million (3.1% CAGR FY 14-FY 16 on a 52-week basis)
 - FY 16 Adjusted EBITDA²: £146.4 million (13.7% CAGR FY 14-FY 16)
 - FY 16 Adjusted EBITDA margin³: 8.3% (140 basis points increase FY 14-FY 16)
 - FY 14-FY 16 average Cash Flow Conversion⁴: 85%
 - FY 16 ROIC: 11.6%⁵
- Bakkavor saw continued financial momentum in H1 17.
 - H1 17 Revenue: £903.3 million (5.7% growth vs H1 16)
 - H1 17 Adjusted EBITDA²: £77.7 million (8.1% growth vs H1 16)
 - H1 17 Adjusted EBITDA margin³: 8.6% (20 basis points increase vs H1 16)

All notes are set out at the end of this document

Offer summary

- Bakkavor intends to apply for its Shares to be admitted to listing on the premium listing segment of the Official List and admitted to trading on the main market of the London Stock Exchange. It is expected that Admission will take place in early November 2017 and that, following Admission, the Company will be eligible for inclusion in the FTSE UK indices.
- The Offer will comprise a primary issue of new Shares by the Company to raise gross proceeds of approximately £100 million (net proceeds of approximately £90 million) and the sale of part of the Shares held by Baupost (41.0% shareholder) and the founders, Agust and Lydur Gudmundsson (59.0% shareholders) (the "**Founders**", and together with Baupost the "**Selling Shareholders**"). The Directors believe that the offer will enable the Group to further invest in the business; enable the Group to reduce its current leverage; and provide a partial realisation of the investment in the Group by the Selling Shareholders.
- Immediately following Admission, the Company intends to have a free float of at least 25% of the issued share capital. The Founders and Baupost will remain significant shareholders in the Group.

Full details of the Offer will be included in the Prospectus expected to be published in due course.

Board appointments

- In conjunction with the intention to float, the Company announces that prior to Admission, Simon Burke, currently an Independent Non-executive Director, will be appointed as Independent Non-executive Chairman. The Company's current Non-executive Chairman, Lydur Gudmundsson, will remain on the Board as a Non-executive Director. Peter Gates, CFO, will be appointed to the Board as an Executive Director prior to Admission.
- The Company also announces the further strengthening of the Board with the appointment of Sue Clark as Independent Non-executive Director, effective prior to Admission. Sue has considerable experience, having been formerly Managing Director of SABMiller Europe BV from 2012 to 2016. She is currently a non-executive director on the boards of Akzo Nobel and Britvic plc, where she also chairs the Remuneration Committee.

Agust Gudmundsson, CEO of Bakkavor, said:

“We are delighted to be listing Bakkavor at a very exciting time for the Group. Our passion for making the best tasting fresh prepared food, underpinned by our expertise and our focus on innovation, has made us the clear leader in an attractive and fast-growing market.

We have long-established relationships with the UK’s leading food retailers and our quality products are core in their efforts to gain greater exposure in the exciting fresh convenience sector. We have a long track record of delivering sustainable growth in both revenue and profits and there is considerable momentum right across the Group. Our experienced management team has the ability and ambition to ensure we can further strengthen our position in the UK while accelerating our international growth ambitions.

This IPO will enable us to continue to invest to ensure we create value for all investors and stakeholders, and bring more great tasting food to our customers. I am hugely proud of what has been achieved to date at Bakkavor and look forward to leading the business through the years to come.”

Simon Burke, Chairman-elect of Bakkavor, said:

“Over the past 30 years Bakkavor has grown to become the clear leader in the UK market for fresh prepared foods and a vital partner for retailers and food service companies. Through that time the business has retained its entrepreneurial edge, while putting in place a hugely experienced management team with strength in depth across manufacturing, supply chain and innovation.

I have been impressed by the significant growth that Bakkavor has delivered as a private company. Now, with solid foundations in place for the next stage of the Company’s development, Bakkavor is excellently positioned to continue to build on its success and capitalise on the growth opportunities ahead. The Board and I look forward to working with Agust and the rest of the management team to ensure the delivery of long-term returns for all investors.”

Investment highlights

The Directors believe that the Group benefits from the following key business strengths:

Clear leadership in the attractive UK FPF market and across product categories

The FPF market in the UK generated £7 billion of sales in 2016. The FPF market is a sub-set of the fresh and chilled market (which accounted for £44 billion in sales in 2016), which in turn is part of the wider UK grocery market (which accounted for £179 billion in sales in 2016).¹ The UK FPF market has historically outgrown the total grocery and fresh & chilled markets, primarily driven by the consumer move towards fresh and innovative food and the retailers’ response thereto. OC&C forecast continued strong growth of the FPF market, with a CAGR of approximately 5% between 2016 - 2019. According to OC&C, the Group holds a leading position in the UK FPF market, with a 30% market share in 2016, approximately 3.8x the share of its closest competitor.

The Group is the only supplier operating at scale across all four FPF categories, and according to OC&C holds a clear number one position in each category.

Proven business model in a complex operational environment

The Directors believe that the Group’s competitive advantage lies in (i) its efficient management of the complexity of manufacturing short shelf-life products at scale, (ii) its track record of, and investment in, food safety, (iii) its ability to generate cash for reinvestment into the business for efficiencies, maintenance and growth, and (iv) its ability to generate customer- and consumer-specific insights to drive innovation.

Bakkavor has developed a proven business model for a complex operational environment, which management believes is a unique competitive advantage in the UK. It supplies 8 major retailers with approximately 1,900

different products from 25 sites dedicated to FPF. Sites are operational 24 hours 7 days a week, 364 days a year. Given the short shelf-life of its products, sites receive orders early in the morning for despatch later that day (“on-the-day, for-the-day”). In order to fulfil orders on-time and in-full, the Group commits to materials and labour in advance of the orders received. The Group’s unique operating know-how is evidenced by 99% of its orders being fulfilled on time, in full (OTIF), ahead of industry standards.

The Directors believe that the Group is industry-leading in ensuring food safety across its operations. The Group employs over 500 food safety experts, and conducts over 2,000 microbiological and chemical tests every day. The Group’s reputation for food safety with its customers is built on its application of internal standards and procedures that are more stringent than regulatory requirements.

The large scale of the Group’s operations, combined with the just-in-time nature of its products, requires the Group to create and maintain an efficient manufacturing, distribution and operating structure. The Group has made significant investments over many years, with a total £133 million in capital expenditure in the UK during FY 2014 through FY 2016. As a result, the Directors believe the Group’s manufacturing facilities are some of the most advanced facilities in the global fresh prepared foods industry, and are well prepared to accommodate growth.

The Group’s Insights team draws on a wide variety of general and bespoke consumer data to drive tailored innovation for each of its customers. In FY 2016, the Group launched approximately 700 new products in the UK, representing an annual product portfolio churn of approximately 40%. This ability to innovate and produce fresh food that meets fast-changing consumer tastes sets the Group apart from other food manufacturers. Because its customers look to the Group for consumer trend analysis, product development and promotional ideas, the Group has developed its customer relationships at all levels of the decision-making process. Bakkavor operates dedicated teams for each of its strategic customers for a collaborative and partnership approach to drive overall growth in the fresh prepared foods category.

Clear leadership with leading UK FPF retailers

The Group derives 86% of its UK revenue from four strategic customers (Tesco, Marks & Spencer, Sainsbury’s and Waitrose). In turn, Bakkavor’s strategic customers are clear leaders in FPF retail and accounted for 70% of the UK FPF market by retail sales value in 2016.¹ Bakkavor has established itself as the leading FPF supplier to each of its strategic customers, and the Group’s share of sales in 2016 for each strategic customer was larger than the next two suppliers combined. Moreover, according to OC&C the closest competitor is different for each strategic customer.

International growth potential

The Group has established itself as a pioneer in driving the fresh prepared foods proposition in the US, and in supplying Western foodservice chains in China, with Western standards of food safety and quality. The Directors believe that the US and China represent highly attractive opportunities for growth.

Bakkavor US operates in the Meals category, which consists of chilled ready meals, dips, and soups & sauces. Management estimates that the Meals category generated approximately \$7 billion in retail sales in the US in 2016. Management estimates that the Meals category grew at a CAGR of approximately 8% from 2011 through 2016 and believes that the category will continue to grow at a CAGR of 9% between 2016 - 2019. This growth is facilitated by significant under-penetration of the Meals category in the US on a value per capita basis compared to the UK (US penetration is about one-third of the UK’s) and driven by the same macro consumer trends seen in the UK, such as preference for high quality, fresh, healthy and convenient food.

Bakkavor China operates as a supplier to Western foodservice operators. The Western Chained Foodservice market⁶ in China nearly doubled from 2011 through 2016, according to Euromonitor, which estimated the retail sales value of this market to have totalled £19 billion in 2016. Going forward, Euromonitor has forecast the Western Chained Foodservice market to grow at a CAGR of 10% between 2016 - 2019. This growth will be driven by the continuing expansion of Western Chained Foodservice restaurants and shops throughout China, with low penetration compared to Western markets.⁷

In FY 2016, 10% of the Group's revenue was generated in the US and China. The Group increased its revenue from continuing operations across these markets by 11.7% between FY 2015 and FY 2016, with Adjusted EBITDA growth of 55.4% over the same period.

Founder-led experienced management team

Agust Gudmundsson, a founder and CEO, leads an experienced senior management team with over 130 combined years of service. The management team has demonstrated the flexibility and commitment to innovative thinking that the Directors believe is necessary to successfully lead the development of the fresh prepared foods market. The founders, Agust and Lydur Gudmundsson, own 59% of the Shares, and they will remain significant shareholders in the Group. The Group continues to invest in the future of its management team through "emerging talent" programmes that foster and build leadership skills and experience, and the Directors believe that it has a strong senior management succession plan in place.

Strong financial profile

The Group's focus on profitable growth, combined with investments into capacity, capability and efficiencies, has allowed the Group to maintain a strong financial profile. It has grown Adjusted EBITDA at 14% CAGR from 2014 - 16, from £113 million to £146 million, which resulted in Adjusted EBITDA margin of 8.3% in FY 2016. The Group increased its Adjusted EBITDA margin by 140 basis points from FY 2014 through FY 2016.

Bakkavor has a strong track record of organic growth and converting profitability into cash flow, generating £94 million, £144 million, and £105 million in adjusted free cash flow⁸ during FY 2014, 2015 and 2016, and £50 million in H1 2017. Cash Flow Conversion in each of these periods was 78%, 106%, 72%, 69% and 64%, respectively. This strong financial profile has enabled the Group to invest in its business to deliver further capacity and efficiencies, as well as develop new products to further strengthen its market positions.

The Group's momentum continued into 2017, with revenue growing 6% in H1 2017 compared to H1 2016. Adjusted EBITDA margin continued to expand by 20 basis points to 8.6%, and was £78 million. The Group has continued to trade in line with management's expectations since the end of H1 2017. For FY 2017, management is targeting mid-single digit revenue growth and to generally maintain its Adjusted EBITDA margin.

Strategy

Bakkavor has a clear strategy to deliver sustainable long-term growth, which is to leverage its number one position in the growing UK FPF market and accelerate growth in high-potential international markets. The Group plans to support these strategies through a continued focus on capital investment and efficiencies.

Leverage number one position in the UK

Bakkavor is the undisputed leader in the large and fast-growing UK FPF market, which was valued at £7.3 billion in 2016.¹ It has nearly four times the market share of its nearest competitor, leaving it ideally positioned to benefit from the forecast market CAGR of approximately 5% between 2016 - 2019 (according to OC&C), and the Directors believe that the FPF market will continue to see growth in the longer term, driven by favourable macro trends.

In the UK, the Group has long-standing relationships extending back for over 30 years with its strategic customers (Tesco, Marks & Spencer, Sainsbury's and Waitrose). The Directors believe that these four strategic customers represent the biggest source of future growth for Bakkavor, given their current market position (combined, they have 70% total market share, representing £5.2 billion of retail sales). Sales to these customers accounted for 86% of the Group's UK segment revenue in FY 2016, and Bakkavor accounted for 38% of its strategic customers' FPF sales in 2016. This has allowed Bakkavor to establish itself as a trusted partner to these retailers, working closely with them on product development, and playing an instrumental role in bringing new products to the market.

Bakkavor derives 13% of its UK segment revenues from four other key customers: Co-op; Aldi; ASDA; and Morrisons. Management believes that Co-op, and discounters in general, represent an attractive new source of

future growth, currently accounting for approximately 10% of the FPF market and growing.¹ Management is confident that Bakkavor's established scale and expertise in the market leave the Group ideally placed to drive growth in the FPF category with these retailers as they expand their offerings and look for partners to provide products across categories at scale.

The Directors believe that the ongoing general UK capital investment programme of approximately £50 million per annum will enable the business to keep pace with the forecast market growth rate, with the possible exception of the Desserts category. To address this, the Group is currently planning a £35 million investment into one of its Desserts sites, which is expected to generate approximately £45 million additional annual revenue. Management is confident that it will be able to fill much of the new capacity, either with orders that it currently cannot accept due to capacity constraints, or with orders arising from consolidation opportunities.

Accelerate growth in high-potential international markets

The Directors are also focused on driving growth in the US and China, where Bakkavor has operated for over ten years. These markets are particularly attractive for Bakkavor given their size and their long term growth rates, which are built on consumers' growing preference for fresh, convenient and healthy food options. The Directors believe that Bakkavor is well placed to establish a strong position in these regions by leveraging its many years of experience in the UK market. Management remains open to the possibility of making bolt-on acquisitions as relevant opportunities arise, but believes that these are in no way a pre-requisite for success in these markets.

Improve operational efficiency

The Group continues to invest in operational efficiencies across its entire estate. These investments are supported by Bakkavor's operational finance team, created by bringing some of the Group's best manufacturing and finance leaders together to work across the Group as a whole. The emphasis is on using benchmarking, cross-business activity and sharing improvement projects to identify instances of operational excellence that can be replicated elsewhere within the business. This team is also instrumental in evaluating and prioritising the Group's productivity improvement plans. The Directors believe that performance initiatives can be accelerated across all Bakkavor's sites over the short to medium term.

Further offer details

Bakkavor intends to apply for its Shares to be admitted to listing on the premium listing segment of the Official List and admitted to trading on the main market of the London Stock Exchange. Shares will be offered (i) to certain institutional and other investors in the UK and elsewhere outside the US; and (ii) in the US only, to qualified institutional buyers in reliance on an exemption from the registration requirements of the US Securities Act of 1933, as amended.

The Directors believe that this is an appropriate time to bring the Group to the public markets, reflecting the robust platform and strategy for future growth. The Directors believe that the Offer will:

- enable further investment in the business;
- enable the Group to reduce its current leverage; and
- provide a partial realisation of the investment in the Group by certain existing shareholders.

Immediately following Admission, the Company intends to have a free float of at least 25% of the issued share capital. The Founders and Baupost will remain significant shareholders in the Group.

Baupost will be subject to a 180 day lock-up arrangement in respect of its retained holding of Shares following Admission. Each of the Directors (including the Founders) and Senior Management will be subject to a 365 day lock-up arrangement in respect of its retained holding of Shares following Admission.

The Founders and Baupost will enter into separate relationship agreements which will, conditional upon Admission, regulate the Company's ongoing relationship with the Founders and Baupost, respectively, and meet the independence provisions set out in the UK Listing Rules.

Dividend Policy and Capital Structure

The Group intends to adopt a progressive dividend policy with a 40% payout ratio of FY 2018 adjusted profit after tax.

The Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the annual total dividend. The current intention of the Directors is that the first dividend to be paid by the Company following Admission will be an interim dividend in respect of H1 2018, based on a target payout ratio of 40% of H1 2018 adjusted profit after tax annualised for a full year. The Company may revise its dividend policy from time to time.

The Company expects to raise gross proceeds of approximately £100 million and net proceeds of approximately £90 million in the Offer. This is expected to result in a post-IPO net debt to Adjusted EBITDA ratio of approximately 1.8x based on the last twelve months (to 1 July 2017) Adjusted EBITDA.

The Group is targeting a net debt to Adjusted EBITDA ratio of 1.5x-2.0x on an on-going basis.

FURTHER INFORMATION ON THE GROUP

History of the Group

Bakkavor was founded in 1986 by Agust and Lydur Gudmundsson in Iceland, manufacturing and exporting fish products to Scandinavia, and was named after the street that they grew up on. The Company quickly expanded, and by 1996, Bakkavor had become a medium-sized Icelandic company dedicated to manufacturing and selling processed seafood directly to Europe and the US. Over the next ten years, the business continued to expand its Scandinavian operations and growing its customer base in Europe. In 2000, Bakkavor entered the UK market through the acquisition of Wine & Dine, a dips and dressings company, followed the next year by the acquisition of Katsouris Fresh Foods, a UK supplier of Greek dips and ready meals. Over the next five years, Bakkavor continued acquiring businesses in Europe, the UK and China.

In 2002, the Group sold off all of its seafood operations in order to focus on the promising fresh prepared foods market. The Group made a transformational acquisition in 2005 when it purchased Geest Plc, a leading UK producer of fresh prepared foods with over 30 years of experience. Between 2006 and 2008, the Group made a number of further acquisitions across the UK, Europe, China and the US that allowed it to develop a platform to supply to key retailers across all major categories.

In 2010, Bakkavor began repositioning itself by exiting low margin businesses and low growth geographies, ultimately exiting Continental Europe and focusing its international operations solely on China and the US. The Group expanded its established operations in China and in April 2013 opened the Xiamen factory to meet customer demand in China's growing fresh prepared foods market. In January 2015, the Group acquired the US prepared foods manufacturer, B. Roberts, based in Charlotte, North Carolina, and subsequently rebranded the company as Bakkavor Charlotte. Since then, the Group has focused its efforts on growing its UK operations, and expanding within the developing fresh prepared foods market of the US and the food-to-go supplier market in China.

Overview of the Business

Bakkavor is the leading provider of FPF in the UK and has a growing international presence in the US and China. In partnership with some of its long-standing retailer customers, the Group has helped to develop and grow the fresh

prepared food market in the UK, and today, the UK is one of the largest and most dynamic fresh prepared food markets in the world. The Group's customers include some of the UK's most reputable and well-known grocery retailers, which sell the Group's products to consumers under their respective brands. According to OC&C, the Group held a 30% share of the UK fresh prepared food market by revenue in 2016.

As set out above, Bakkavor has developed a proven business model for a complex operational environment, which management believes is a unique competitive advantage in the UK and is evidenced by 99% of its orders fulfilled on time, in full ("OTIF"), ahead of industry standards.

Management believes that the Group's extensive knowledge of consumer food trends and experience creating product offerings that align with these trends is one of the Group's unique selling propositions. UK retailers benefit from over 230 of the Group's employees who are dedicated to the development of innovative, high-quality products that meet retailer customers' needs. The Group's commitment to product development and innovation allows it to frequently renew its product offerings, ensuring the Group remains at the forefront of current trends, stimulates consumer interest and delivers growth through incremental revenue. For example, in FY 2016, Bakkavor created and launched approximately 700 new products in the UK in conjunction with its customers. The Group has won a number of awards, including innovation winner of the Prepared Salads Category and the overall Innovative Product of the Year at the Grocer Food & Drink Own Label Awards 2017, as judged by The Grocer magazine and industry representatives.

The Group is the leading provider of fresh prepared food products and is the number one producer by market share in the UK in its four product categories: Meals, Salads, Desserts and Pizza & Bread. These product categories account for four of the five fastest growing product categories in the fresh & chilled food market in the UK, according to OC&C. In FY 2016, the Group derived £1,589.9 million (£1,563.7 million on a 52 week basis) in revenue from its continuing UK operations, representing 90% of the Group's total revenue from continuing operations, an increase of £70.9 million from FY 2015 (£44.7 million on a 52-week basis). The Group has 25 factories and three distribution centres dedicated to its UK FPF business.

Bakkavor's International segment consists of the fresh prepared foods market in the US and the Western Chained Foodservice market in China. As these markets are not as well developed as the UK FPF market, Bakkavor seeks to have a transformative influence on the continued development and availability of fresh prepared foods. The Group believes that it is well positioned to lead the development of these growing markets due to its industry expertise and know-how of managing and building relationships with leading retailers and foodservice providers. The Group's international operations generated £173.7 million, or £171.7 million on a 52 week basis, in revenue from continuing operations in FY 2016. The Group increased its revenue from continuing operations across its International segment by 11.7% between FY 2015 and FY 2016 (10.4% on a 52-week basis).

As at FY 2016, Bakkavor had a total of approximately 19,000 employees, with approximately 17,000 employees in the UK, 550 in the US and 1,500 employees in China. The Group operates a total of 26 factories in the UK (with 25 dedicated to FPF), three in the US (plus one under construction) and eight in China (plus one under construction). In FY 2016, the Group's total revenue and profit from continuing operations was £1,763.6 million and £50.8 million, respectively. In the same period, The Group's Adjusted EBITDA was £146.4 million, with £137.7 million from the Group's UK operations and £8.7 million from the Group's International segment.

Key Financial Information

	Fiscal Year			H1	
	2014	2015	2016	2016	2017
	(£ million)				
Revenue.....	1,633.5	1,674.5	1,763.6	854.5	903.3
Adjusted EBITDA ⁽²⁾	113.2	129.6	146.4	71.9	77.7
Adjusted EBITDA margin (%) ⁽³⁾	6.9	7.7	8.3	8.4	8.6
Net cash from operating activities.....	86.4	105.0	112.1	48.3	34.5
Net debt (as at period end) /Adjusted EBITDA ⁽⁹⁾	3.9x	2.9x	2.5x		
Net debt (as at period end) /Adjusted LTM EBITDA.....					2.4x ⁽¹⁰⁾
ROIC ⁽⁵⁾	7.2%	9.4%	11.6%		

Current Trading and Outlook

The Group saw continued financial momentum through H1 17 and has continued to trade in line with management expectations since.

Looking ahead, in the UK, while the Group is mindful of the current inflationary environment and the potential for increased retail pricing, it expects to deliver mid-single digit revenue growth as compared to FY 2016 (on a 52-week basis). Internationally, revenue growth is expected to accelerate in H2 as the businesses benefit from strong underlying growth from existing customers and new business wins. For the full year, the Group expects mid-teen revenue growth as compared to FY 2016 (on a 52-week basis, excluding sold businesses on a reported currency basis).

The Group confirms that it expects to maintain its Adjusted EBITDA margin for FY 2017 at FY 2016 levels through the combination of volume benefits and effective cost controls.

Board of Directors and Senior Management

The following table lists the names, positions and ages of the Directors on Admission.

Name	Age	Position
Simon Burke.....	59	Independent Non-executive Chairman
Agust Gudmundsson	52	Chief Executive Officer and Director
Peter Gates	60	Chief Financial Officer and Director
Lydur Gudmundsson.....	50	Non-executive Director
Todd Krasnow	59	Independent Non-executive Director
Robert Q. Berlin	51	Non-executive Director
Denis Hennequin	59	Independent Non-executive Director
Sue Clark	53	Independent Non-executive Director

The Board is committed to the highest standards of corporate governance. Save as set out below, on and following Admission, the Board will comply fully with the UK Corporate Governance Code (the "Governance Code") published in April 2016 by the Financial Reporting Council. As envisaged by the Governance Code, the Board has established an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

The Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and

judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. The Board intends to achieve full compliance with the Governance Code, and intends to appoint one additional independent non-executive director within nine months of Admission.

The Governance Code recommends that all members of the audit committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that one such member has recent and relevant financial experience. The audit committee will be chaired by Simon Burke, acting as interim chairman. The Board intends that the new independent non-executive director appointed to the Board following Admission will join the audit committee as chairman.

Simon Burke (Independent Non-executive Chairman-elect)

Simon Burke has served as an Independent Non-executive Director of the Bakkavor Group since February 2017, and will be appointed Independent Non-executive Chairman prior to Admission. He is a chartered accountant with over 30 years' experience in the retail and food sectors. Following a decade in financial and advisory roles, Mr Burke was appointed CEO of Virgin Retail UK in 1988, and following a turnaround of that business, held increasingly senior roles until appointed CEO of the global Virgin Entertainment Group in 1996. In 1999, Mr Burke was appointed Chairman and Chief Executive of Hamleys plc where he completed a successful restructuring and subsequent sale of the company in 2003. Mr Burke then specialised in value creation roles in both quoted companies and private equity backed businesses. He has chaired many well-known consumer businesses, including Majestic Wine, Mitchells & Butlers, Bathstore.com, and Superquinn. He is currently senior independent director of the British Broadcasting Corporation and a Non-executive Director of the Co-operative Group Limited. He is also Chairman of The Light Cinemas (Holdings) Limited and Blue Diamond Limited.

Agust Gudmundsson (Chief Executive Officer and Director)

Agust Gudmundsson is one of the founders of the Bakkavor Group and has been serving as the Chief Executive Officer of the Group since May 2006. He served as Executive Chairman of the Group from 1986, the year the Group was founded, through May 2006. Mr Gudmundsson received his education from the College of Ármúli in Reykjavik, Iceland.

Peter Gates (Chief Financial Officer and Director)

Peter Gates joined the Group as Chief Financial Officer in November 2010, and will be appointed as an Executive Director prior to Admission. He is a Chartered Accountant and a member of the Association of Corporate Treasurers. Prior to joining the Group, Mr Gates worked for a number of international companies, including Saatchi & Saatchi Co. plc and Avis Europe plc. He holds a Bachelor of Science in Economics from the University of Southampton.

Lydur Gudmundsson (Non-executive Director)

Lydur Gudmundsson is one of the founders of the Bakkavor Group. He is currently serving as Non-executive Chairman, and will continue to serve as a Non-executive Director post-Admission. He served as Chief Executive Officer of the Group from 1986 to 2006; Executive Chairman from 2006 to 2010; and Chairman of the Board of Directors from 2010 to 2017. Mr Gudmundsson received his education from the Commercial College of Iceland.

Todd Krasnow (Independent Non-executive Director)

Todd Krasnow has served as a Non-executive Director of the Bakkavor Group since January 2016. He is a senior executive at a number of multi-national companies with extensive experience in the retail and consumer services sectors. In addition, Mr Krasnow currently serves on the boards of Carbonite, Tileshop, Kids II and C&S Wholesale Grocers. He holds a bachelor's degree from Cornell University and an MBA from Harvard Business School.

Robert Q. Berlin (Non-executive Director)

Robert Berlin is currently a Non-executive Director of the Bakkavor Group and has been serving since Baupost’s investment into the Bakkavor Group in January 2016. He is a senior investment professional with wide-ranging experience, including foodservice and consumer companies, having held a number of strategic roles within the tech and financial sectors. Mr Berlin is currently a Managing Director of Baupost and received his education from the Washington & Lee University in Virginia, US.

Denis Hennequin (Independent Non-executive Director)

Denis Hennequin has served as a Non-executive Director of the Bakkavor Group since February 2017. He has extensive leadership experience within the retail sector, spending the majority of his career with the McDonald’s Corporation in a variety of senior financial and operational roles before becoming President and Chief Executive Officer of McDonald’s Europe, where he was responsible for changing the image and concept and securing its market leading position. Mr Hennequin was appointed Chairman and CEO of Accor in 2011 where he was responsible for an estate spread across over 90 countries. He left Accor in 2013 to pursue an advisory and portfolio career. He is currently a Non-executive Director of Eurostar International Limited, John Lewis Partnership plc and SSP Group plc.

Sue Clark (Independent Non-executive Director)

Sue Clark will join the Board of the Bakkavor Group as a Non-executive Director prior to Admission. She was formerly managing director of SABMiller Europe BV from 2012 to 2016 and is currently a non-executive director on the boards of Akzo Nobel and Britvic plc, where she also chairs the Remuneration Committee. Ms Clark holds a Master of Business Administration from Heriot Watt University and a Bachelor of Science from Manchester University.

The Company’s Senior Managers are as follows:

Name	Age	Position
Agust Gudmundsson.....	52	Chief Executive Officer
Peter Gates	60	Chief Financial Officer
Mike Edwards	50	Chief Operating Officer, Bakkavor UK
Pippa Greenslade.....	52	Group HR Director
Ivan Clingan	53	President, Bakkavor USA
Einar Gustafsson	46	Managing Director, Bakkavor China

Agust Gudmundsson (Chief Executive Officer)

See “—Directors” above for the biography of Agust Gudmundsson.

Peter Gates (Chief Financial Officer)

See “—Directors” above for the biography of Peter Gates.

Mike Edwards (Chief Operating Officer, Bakkavor UK)

Mike Edwards joined the Group in 2001 and has held various general and senior management roles before being appointed as Chief Operating Officer for the Group’s UK business in January 2014. Prior to joining the Group, Mr Edwards worked at United Biscuits and Heinz. He holds a Bachelors in Business Studies from Portsmouth Polytechnic.

Pippa Greenslade (Group HR Director)

Pippa Greenslade joined the Group in 2013. She is an HR professional with over 25 years of global experience, including senior management/director roles for Cadbury Schweppes in the UK and overseas and the British Council. She holds a Bachelors in Psychology from the University of Durham.

Ivan Clingan (President, Bakkavor USA)

Ivan Clingan joined the Group in 1990 and worked in various financial, general and senior management roles within the Group before taking his current position as President, Bakkavor USA. Prior to joining the Group, he worked at Nestlé. Mr Clingan has a Bachelor in Finance and Economics from University of Stirling. He is also a Qualified Accountant (CIMA).

Einar Gustafsson (Managing Director, Bakkavor China)

Einar Gustafsson joined Bakkavor in 2005 to head up the Group's China business. Prior to joining the Group, he worked at Deloitte Consulting and in the seafood industry. Mr Gustafsson holds a Bachelor in Business Administration and an MBA.

Notes:

- (1) UK market data is according to OC&C. References to OC&C refer to "The Fresh Prepared Food Market and Competitive Landscape" report dated 4 September 2017 and prepared by OC&C for the Directors of the Company. US market data is based on management estimates. China market data is based on Euromonitor International Limited.
- (2) The Group defines Adjusted EBITDA as profit or loss for the period before interest, income taxes, depreciation and amortization for continuing operations, adjusted to exclude the impact of impairment of assets, exceptional items (transaction costs, restructuring costs and legal costs), profit or loss on disposal of property, plant and equipment, profit on disposal of subsidiaries and associates share of results of associates after tax, other gains and (losses) and investment revenue.
- (3) The Group defines Adjusted EBITDA margin as Adjusted EBITDA divided by revenue from continuing operations.
- (4) The Group defines cash flow conversion as adjusted free cash flow as a percentage of the sum of Adjusted EBITDA and Adjusted EBITDA from discontinued operations.
- (5) The Group defines ROIC as adjusted operating profit after tax divided by the average invested capital for the year.
- (6) Western Chained Foodservice includes chained 100% delivery, all chained cafés/bars, chained non-Asian fast food and chained non-Asian full service restaurants; market size and growth rate at current GBP and current prices as at the date of the Euromonitor "Consumer Foodservice in China" report.
- (7) Research by Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or advisability of investing in the Company.
- (8) The Group defines adjusted free cash flow as free cash flow excluding interest paid, tax paid, interest received and dividends received from associates.
- (9) Calculated as net debt at the period end / Adjusted EBITDA from continuing and discontinued operations for the period.
- (10) Calculated as net debt at the period end/LTM Adjusted EBITDA from continuing and discontinued operations for the twelve months ended 1 July 2017. LTM Adjusted EBITDA from continuing and discontinued operations for the twelve months ended 1 July has been calculated by subtracting the Adjusted EBITDA from continuing and discontinued operations for H1 2016 from the Adjusted EBITDA from continuing and discontinued operations for FY 2016 and then adding the Adjusted EBITDA from continuing and discontinued operations for H1 2017.

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In member states of the European Economic Area (each, a “**Relevant Member State**”), this announcement and any offer if made subsequently is addressed and directed only at persons who are “qualified investors” within the meaning of the Prospectus Directive (“**Qualified Investors**”). For these purposes, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU. In the United Kingdom this announcement is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated, and any investment activity to which it relates will only be engaged in with such persons and it should not be relied on by anyone other than such persons.

This announcement is an advertisement and not a prospectus and investors should not purchase any shares referred to in this announcement except on the basis of information in the prospectus to be published by the Company in due course in connection with the admission of the shares in the capital of the Company to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on London Stock Exchange plc’s main market for listed securities (the “**Prospectus**”). Copies of the Prospectus will, following

publication, be available from the Company's registered office at Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ and on the Company's website at www.bakkavor.com. Any purchase of Shares in the proposed Offer should be made solely on the basis of the information contained in the final Prospectus to be issued by the Company in connection with the Offer. Before investing in the Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor. The information in this announcement is subject to change. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. The price and value of securities may go up as well as down. Persons needing advice should contact a professional adviser.

This announcement includes forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof. Forward-looking statements may and often do differ materially from actual results. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and investments, including, among other things, the development of its business, trends in its operating industry, and future capital expenditures and acquisitions. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, prospectus, growth or strategies and the industry in which it operates. Save as required by law or by the Listing Rules of the FCA, each of the Company, the Banks, Rothschild and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise. Forward-looking statements speak only as of the date they are made.

The timetable, including the date of Admission, may be influenced by a range of circumstances such as market conditions. There is no guarantee that Admission will occur and you should not base your financial decisions on the Company's intentions in relation to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offer. The value of the Shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offer for the person concerned.

In connection with the Offer of the Shares, each of the Banks and any of their affiliates, acting as investors for their own accounts, may take up a portion of the Shares in the Offer as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Banks and any of their affiliates acting in such capacity. In addition, the banks and any of their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Banks and any of their affiliates may from time to time acquire, hold or dispose of Shares. The Banks do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Banks, Rothschild nor any of their respective affiliates or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or

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In connection with the Offer, Morgan Stanley, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, it is expected that the Over-allotment Shareholders will grant the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares at the Offer Price, which represents up to an additional 15% of the Offer Size (the "Over-allotment Shares"). The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares. Where the context so requires, references in this announcement to the Offer Shares include Shares purchased pursuant to the Over-allotment Option.