

10 September 2025

Trading Update

Associated British Foods plc today provides an update on trading during the second half of the financial year which will end 13 September 2025.

References to sales growth in the following commentary are based on constant currency and are in comparison to the same period in the prior year, except where stated.

George Weston, Chief Executive of Associated British Foods, said:

"I'm pleased with how the Group has performed in the second half of our financial year in what continues to be a challenging environment, characterised by consumer caution, geopolitical uncertainty and inflation. Primark delivered improved trading in the UK and strong sales growth in the US, while trading on the continent was softer in a weaker consumer environment. In our food businesses, overall trading in the second half was in line with our expectations.

This has also been a busy period strategically, including the decision to close the Vivergo bioethanol plant, the restructuring of our Spanish sugar business, and an agreement for Allied Bakeries to acquire Hovis to create a financially sustainable UK bakeries business. Against a backdrop of continued volatility in 2026, we will start to see the benefit from our recent actions and continued investment."

Retail

Financial highlights

In H2, Primark's sales growth is expected to be around 1%, with growth of 1% in Q3 and projected growth of 1% in Q4. Primark's total like-for-like sales in H2 are expected to be around 2% below last year, with a decline of 2.4% in Q3 and a projected decline of around 2% in Q4. For the full year in 2025, we expect Primark's sales growth to be around 1%, with our store rollout programme continuing to drive sales growth of around 4%.

Our trading in the UK and Ireland was a good sequential improvement on H1 reflecting our strong product offer, particularly in womenswear, and increased digital engagement, supported by more favourable market conditions. We saw a more subdued consumer environment in Europe and trading was weaker, while performance in the US was strong. Looking ahead, we currently expect the consumer environment to remain uncertain.

We continue to expect adjusted operating profit margin for the full year to be broadly in line with last year, reflecting Primark's strong operating model. As expected, our adjusted operating margin in H2 will be below H1, mainly due to the phasing of one-off items which benefited H1. Focused cost optimisation and efficiency savings supported a step up in investment across product, brand and digital initiatives.

Market highlights

In the UK and Ireland, sales are expected to grow around 1% in H2, a good sequential improvement on H1 and Primark's market share increased from 6.6% to 6.8%.^[1] Sales grew 1% in Q3, with strong Easter trading, and are projected to grow 1% in Q4, despite lapping double-digit sales growth in the last weeks of the prior financial year. While the UK clothing market continued to decline, it was at a slower rate than H1, supported by favourable weather. Our performance reflects our strong product offer, particularly in womenswear, and good execution. In addition, we benefited from our increased investment and focus on digital customer engagement, including good momentum in our Click and Collect service which is now available from all 187 of our British stores. Active management of our UK store estate also drove a sales uplift from store openings, relocations and extensions. Excluding the benefit from store estate changes, like-for-like sales in the UK and Ireland are expected to be close to flat in H2, with a decrease of 0.7% in Q3 and broadly flat in Q4.

In Spain and Portugal, sales are expected to grow around 2% in H2. Sales were broadly flat in Q3 and are projected to grow 3% in Q4. Primark outperformed a weaker Spanish clothing market in H2 and had a good contribution from new store openings. In France and Italy, sales are expected to decrease around 4% in H2 in a weaker consumer environment. Sales declined 4% in Q3 and are projected to decline 4% in Q4.

Sales in Central and Eastern Europe are expected to increase around 9% in H2, driven by recent store openings. Sales grew 17% in Q3 and are projected to grow 4% in Q4. In Northern Europe^[2], sales are expected to decline around 2% in H2, with a decline of 1% in Q3 and a projected decline of 3% in Q4. Like-for-like sales are expected to decline around 1% in H2, with growth of 0.5% in Q3 and a projected decline of 2% in Q4. While sales were softer in a weaker German market in H2, the recent restructuring of our store footprint in Germany and the Netherlands has driven much-improved sales densities and profitability.

In the US, sales are expected to grow around 23% in H2, with growth of 21% in Q3 and projected growth of 24% in Q4. Our stores traded well in H2 and our value proposition resonated with customers. We made further progress with our space expansion programme, opening four new stores in H2, including our first store in Tennessee.

Across the Group, we continued to expand and optimise our store portfolio, including 15 new store openings in H2: 4 in the US, 3 in Spain, 2 in Portugal, 2 in France, 1 in Italy, 1 in Romania and 2 in the UK, as well as completing refits in 22 stores. In the Netherlands, we closed 1 store and right-sized 1 store. We made good progress with preparations for the first store openings in the Middle East under our franchise agreement, which will start with one store in Kuwait in October 2025 and two stores in Dubai in early 2026.

¹ Kantar, Primark market share of the total UK clothing, footwear and accessories market including online by value, 24-week data to 20 July 2025

² Northern European markets include Germany, the Netherlands, Belgium and Austria

Grocery

Grocery sales in H2 are expected to be in line with the prior year, reflecting good growth in our international brands, offset by lower sales in Allied Bakeries and US oils, as expected. Twinings had good volume-led growth driven by effective marketing, focused commercial execution and product innovation. Ovaltine growth was driven by price increases in response to higher cocoa costs, and expansion of our product portfolio. Within our US-focused businesses, sales of consumer oils were lower, as expected, but we maintained our strong market share. In Australia and New Zealand, our brands performed well in a consumer environment that remains weak, and we benefited from the recent acquisition of The Artisanal Group.

In the UK, Allied Bakeries had lower sales and an operating loss in a challenging market, as expected. In H2, we announced an agreement to acquire Hovis Group Limited, subject to regulatory approval. By combining the production and distribution activities of the two businesses, we expect to drive significant cost synergies and enable innovation to create a sustainably profitable business.

Overall, we expect Grocery adjusted operating profit in H2 to be slightly below our previous expectations, mostly due to one-off restructuring costs.

Ingredients

Ingredients sales are expected to be broadly in line with last year. Our yeast and bakery ingredients business, AB Mauri, continued to have good underlying growth in most markets and benefited from consolidating the speciality yeast and technology business we acquired last year. Overall sales growth was impacted by currency devaluation and an easing of inflation in Argentina. Our portfolio of speciality ingredients businesses, ABFI, performed well overall, particularly in our enzymes and health and nutrition businesses.

Strong adjusted operating profit in Ingredients in H2 is expected to be slightly ahead of our previous expectations.

Sugar

For the full year, we continue to expect the adjusted operating loss for Sugar, including our Vivergo bioethanol plant, to be close to £40m. Following extensive negotiations, the UK Government decided not to provide the solution required for Vivergo to operate on a consistently profitable basis and we therefore announced its closure. The operating loss of this business will now be within 'disposed and closed' operations, not in the Sugar segment. The adjusted operating profit of the Sugar segment is therefore expected to be close to breakeven, and sales are expected to decline by around 10%.

As expected in H2, sales and profitability in our Sugar businesses in the UK and Spain declined significantly as a result of persistent low European sugar prices and a high cost of beet. In Spain, restructuring actions to reduce our beet manufacturing footprint are underway, as we focus on removing structural costs that are too high and improving efficiency. We expect the closure of Vivergo and the action we are taking in Spain to result in restructuring costs and impairment charges of approximately £200m, of which around £50m are cash costs which will be incurred in the current financial year and into next year.

In Africa, performance continued to be mixed between markets. Malawi and Eswatini delivered good growth, while Zambia and South Africa are only just beginning to recover from droughts that resulted in higher production costs and lower profitability this year. Our business in Tanzania continued to be affected by high levels of imports. The commissioning of our new sugar mill is close and is expected to be in the first half of the 2026 financial year.

In 2026, we expect some improvement in Sugar profitability. However, whilst we will benefit from having contracted lower beet prices in Europe, sugar prices remain below our previous expectations and will delay the recovery in Sugar profitability.

Agriculture

Agriculture sales are expected to increase around 1% in H2. Growth was driven by our speciality feed and additives businesses, while sales of compound feed were broadly flat. We expect Agriculture adjusted operating profit in H2 to be significantly below last year, mainly due to a lower contribution from our joint venture, Frontier, as a result of exceptional weather conditions, and one-off costs.

Full year results

We are scheduled to announce our annual results for the 52 weeks to 13 September 2025 on 4 November 2025.

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An investor and analyst call will be held at 09:00 today, Wednesday 10 September 2025. All participants must pre-register to join this conference using the Participant Registration link below. Once registered, an email will be sent with your unique Registrant ID. Please register on our website [here](#).

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