

The Real Good

Food Company plc

Annual General Meeting
25th September 2014

Agenda

- **Welcome**
- **AGM Business**
 - Performance summary
 - Resolutions
- **Business Presentations**
 - Sugar Update
 - Garrett Ingredients, Renshaw, RGFE, R&W Scott and Haydens
- **Summary**
- **Questions**

Pieter Totté

Mike McDonough

Andrew Brown

Pieter Totté

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Garrett Ingredients • Haydens Bakery

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Mike McDonough

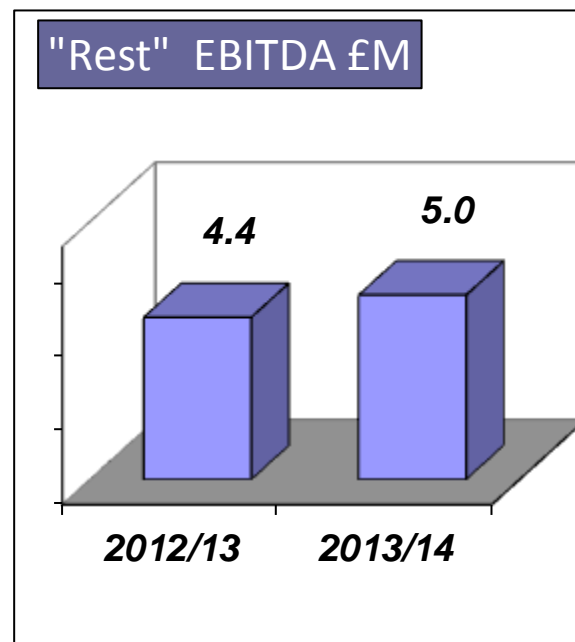
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Financial Performance

- 2.6% growth in Group revenue
- Overall profits significantly affected by the sugar dispute
 - EBITDA at £3.3M down from £10.5M
- Growth plans are delivering profit growth outside of Sugar
 - EBITDA at £5M is up 13.6% v LY - driven by Renshaw & Haydens
 - Opened RGFE to develop opportunities in Europe

	2012/13	2013/14
	£M	£M
Rest of Group	4.40	5.00
RGFE investment		(0.40)
Sugar	6.10	(1.30)
Total EBITDA	10.50	3.30



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Financial Performance

- Net Debt - has increased by £6.2M to £31.2M
- Took steps to mitigate impact of reduced “Sugar” profits
 - Delivered £2.3M improvement in WC v LY with more focus to come
 - Reduced planned capex plans whilst
 - held a base (maintenance) level across our 4 production sites
 - Delivering the strategic “Sugar Hub” Investment

	2012/13	2013/14	
	£M	£M	£M
Profit after Tax and Interest	7.4	0.4	(7.0)
WC movements (other)	(2.0)	0.3	2.3
Operating Cash Flow	5.4	0.7	(4.7)
Capex	(3.8)	(6.9)	(3.2)
Movement in Net Debt		(6.2)	

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Our new identity

- An evolution
- Simpler and more straightforward
- What we are known as
- Holding company for autonomous business units
- Corporate brand and individual company brands

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Andrew Brown

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The Sugar Dispute

- A regulatory, not a legal, matter
- 1988 EU ruling required BS to sell to NB at a price which allowed NB to compete and make a margin
- There have been differences before, but always resolved
- NB increasingly worried since 2011 about BS's stance towards them
- Culminated in February 2014 with BS, for the first time ever, imposing a non-negotiable price on NB and withdrawing supply until we paid

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The Sugar Dispute

- NB had approached the EU competition authorities in summer 2013
- The EU passed the matter to the OFT in September 2013
 - They suggested that this might expedite the matter more quickly
- The OFT passed the matter to the CMA in February
- The CMA started investigating in April

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The CMA Process

- The CMA operates a ‘Prioritisation’ procedure based on criteria such as ‘impact on the consumer’, strategic significance’, ‘resources required and chance of success’
- Our complaint has not passed this process
- This does NOT mean that we don’t have a case – indeed if the case had been weak it would have been thrown out a year ago
- It merely says that the CMA, in the context of its other priorities, has chosen not to investigate further
- We still have the option of going back to the EU Competition Authorities in Brussels

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The CMA Decision

- We suspect that the current drop in sugar prices has influenced the decision. As there is an excess of sugar, there is strong competition at present.
- However, we know that when sugar stocks are tight, this won't last
- We think it is unhealthy for British Sugar to be allowed to decide at what price they can sell to a re-seller without any independent scrutiny
- BS has a current market share of nearly 60% and this could increase when production quotas end in 2017

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Impact of the decision

- **Business as usual**
- **Discussion with BS about prices for next year are proceeding satisfactorily**
- **Our future strategy will**
 - Reduce reliance on British Sugar supply
 - Utilise new Stallingborough facility
 - Develop new supply agreements
 - Develop Whitworths brand and added value offering

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Sugar Strategy

- **Investment in Stallingborough was designed to reduce reliance on British Sugar and optimise logistics cost on imported sugars**
 - Two new supply contracts to announce
- **Building of a sustainable retail business**
 - Development of Whitworths brand
 - Two major sales contracts secured for 2014/15

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Stallingborough Sugar Hub

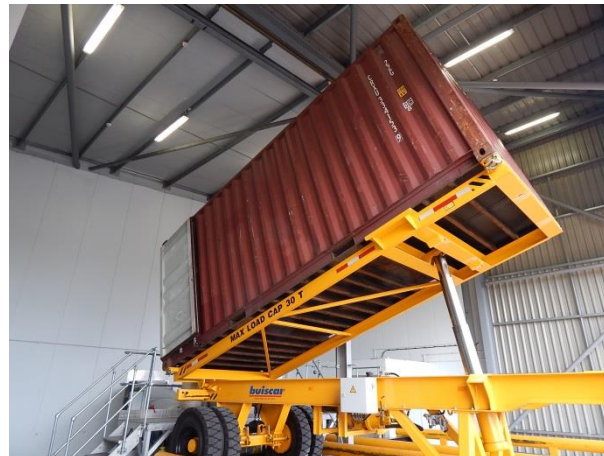
- Has been processing sugar since April –now fully commissioned
- Mainly bulk containers from Holland
- Some 1 tonne bags from Central America
- Volume of imported sugars has been growing and will grow further after October
- Stallingborough also has warehouse space which will reduce our outside storage



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Stallingborough Sugar Hub



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Stallingborough Sugar Hub



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New Supply Contracts

- **EU beet sugar**

- New supply contract with Suiker Unie
- EU's lowest cost producer
- Closest geographically to the UK
- Utilise Stallingborough to optimise logistics costs



- **Cane sugar**

- Four year supply contract for Mauritian white sugar
- Starts 2015
- Opportunity for brown sugars
- Logistics via Stallingborough
- Looking at premium marketing opportunities



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New Retail Contracts

- **Asda**
 - Retained for a second year
 - Whitworths brand
- **Sainsbury's**
 - NB awarded JS sugar contract for three years
 - Big vote of confidence in NB – have never supplied previously
 - Primarily private label
 - Includes all added -value special sugars



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Garrett Ingredients

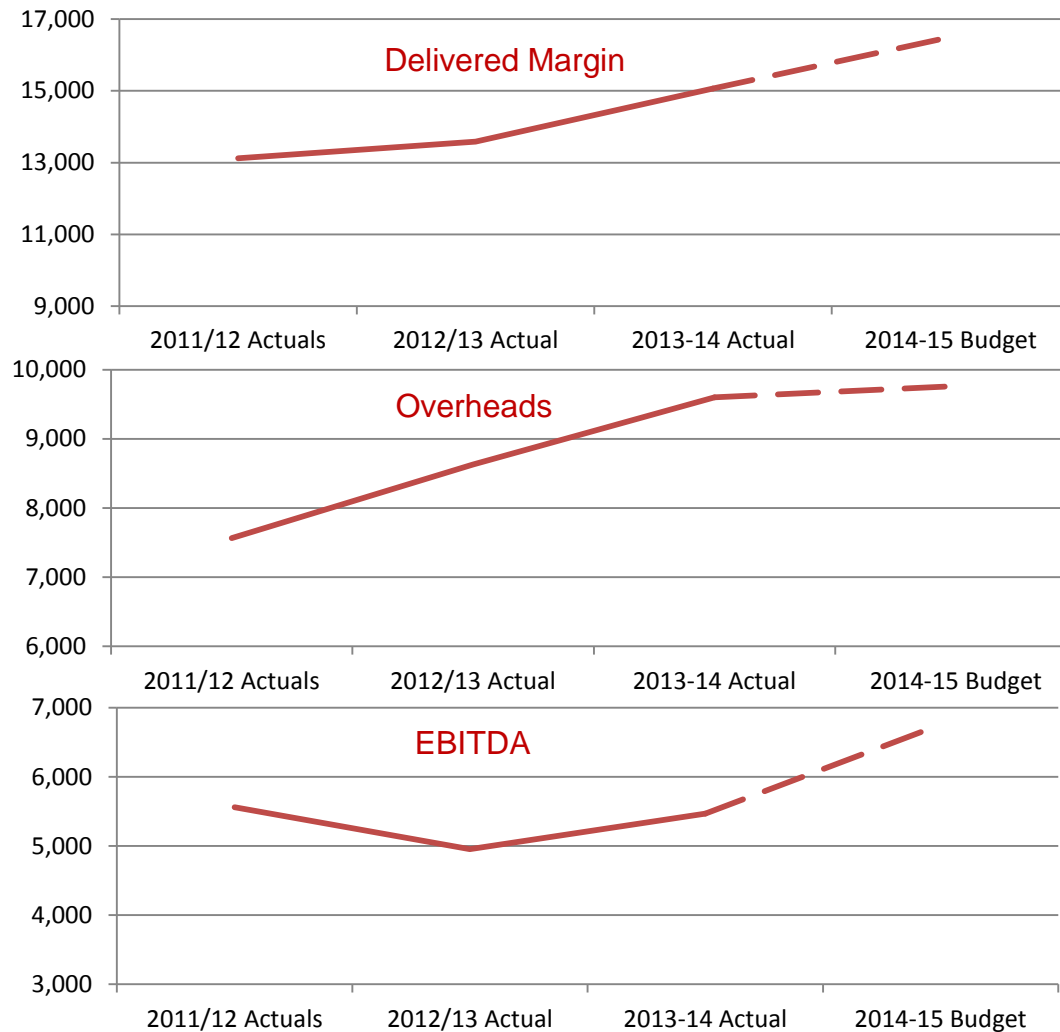


- Directly affected by the sugar dispute
- New management team recruited to drive growth
- Diversify outside of sugar and commodity dairy
- Developing new distributorships
- Investing in logistics

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Renshaw Performance Trends



- Investment in increased overheads to drive sales and margins
- Overheads now flattening
- Sales growth contributing directly to EBITDA growth

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Renshaw



- Growth ambitions being fulfilled
- £1 million+ EBITDA growth predicted for 2014/15
- Some evidence that home-baking market growth is easing but cake decoration sectors still buoyant
- Export has increased from approximately 20% to 25% of sales revenues over the past three years
- UK business will build on product development



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RGFE

- 2013/14 was the 'set-up' year
- 2014/15 already seeing a step change in sales levels
- Major retail listing in Xenos (Dutch general retailer)
- Growth particularly strong in France
- Now looking at bespoke product opportunities

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Europe

**TOPKWALITEIT
INGREDIËNTEN VOOR DE
ALLERBESTE CUPCAKES**

Meer dan 100 jaar ervaring in de productie van ingrediënten van de hoogste kwaliteit..

RENSHAW
Voortreffelijke
Marsepein,
Suikerpasta,
Karamel en
Marshmallows

R&W Scott
Premium Schotse
Konfitten en
Chocolade Glazuur

Neem contact op voor meer
informatie omtrent onze
uitgebreide bereik ingrediënten :

Thierry Dethle
Real Good Food Europe
475 Louvain
1000 Brussel

Tel : 02 669 07 30
E-mail : Europe@realgoodfoodplc.com

Probeer onze recepten op :
www.realgoodfoodplc.com/recepten

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Europe



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R&W Scott



- Transition year
- Management team now complete
 - Financial Controller recently appointed
- Major new contracts being secured
- Re-profiling sales mix
- Developing the brands and new products
 - Premium range under R&W Scott
 - Standard range under Scotts



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Haydens Bakery



- Major step-change in strategy achieved
- Waitrose volume still in growth but from a narrower range
- New business with Morrisons, Costa, Asda and Aldi
- EBITDA growth



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SUMMARY

- **Re-focus of sugar business to meet new market conditions**
 - Two new supply contracts utilising Stallingborough
 - Two major retail sales contracts won for 2014/15
- **Lower sugar price will reduce working capital and net debt**
- **Continue to drive growth plans in other businesses**
 - Considerable EBITDA momentum at Renshaw and Haydens
 - Opportunities look promising at RGFE

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