

BAKKAVÖR GROUP

NINE MONTHS
RESULTS



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30 OCTOBER 2008

- 1 Business Highlights
- 2 Financial Results
- 3 Operational Review
- 4 Other Events
- 5 Looking Ahead



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Q3 2008

“We are progressing in very challenging conditions, making firm groundwork towards our stated intention to return to profit growth in 2009”

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TOP BUSINESS PRIORITIES

1

Mitigating inflationary costs

2

Improving operational efficiencies

3

Increasing market share

4

Driving significant cash generation

BUSINESS HIGHLIGHTS – 9M 2008

	9M '08	% Chg from 9M'07	% Chg Like-for-like from 9M'07	
Net sales	£1,206m	+10%	-0.5%	UK sales depressed however supported by strong performances in Europe & Rest of World
EBITDA Underlying EBITDA ratio	£92.7m 7.7%	(20%) (280bps)		Margins remain under pressure from inflation and ready meals restructuring
Cash from operating activities	£44.3m	(46%)		Largely affected by trading conditions, increased working capital, exceptional items

BUSINESS HIGHLIGHTS – Q3 2008

	Q3 '08	% Chg from Q3'07	% Chg Like-for-like from Q3'07	
Net sales	£403m	+7%	-2.5%	Impacted by UK ready meals sales, downturn in consumer confidence and weather. Europe & Rest of World remain strong
EBITDA Underlying EBITDA ratio	£31.1m 7.7%	(22%) (290bps)		Margins remain under pressure from inflation and ready meals restructuring
Cash from operating activities	£28.8m	+41%		Cash flow improving between quarters and year-on-year in Q3

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UK SALES REFLECT MARKET CONDITIONS

Other regions delivering strong growth

Total sales and like-for-like sales, 9M

Sales in £ million	Actual 9M 08	Actual 9M 07	Actual % Chg	Like-for-like % Chg
UK Prepared	884	862	3%	(1%)
UK Produce	162	138	17%	(5%)
Europe	134	96	40%	6%
Rest of World	26	3	767%	34%
Total	1,206	1,099	10%	

Some figures in the tables may not correspond exactly owing to roundings

Like-for-like sales include all new businesses

Also included is turnover relating to JVs

UK SALES REFLECT MARKET CONDITIONS

Other regions delivering strong growth

Total sales and like-for-like sales, Q3

Sales in £ million	Actual Q3 08	Actual Q3 07	Actual % Chg	Like-for-like % Chg
UK Prepared	292	288	1%	(2%)
UK Produce	50	46	9%	(7%)
Europe	50	39	29%	4%
Rest of World	11	2	357%	25%
Total	403	376	7%	

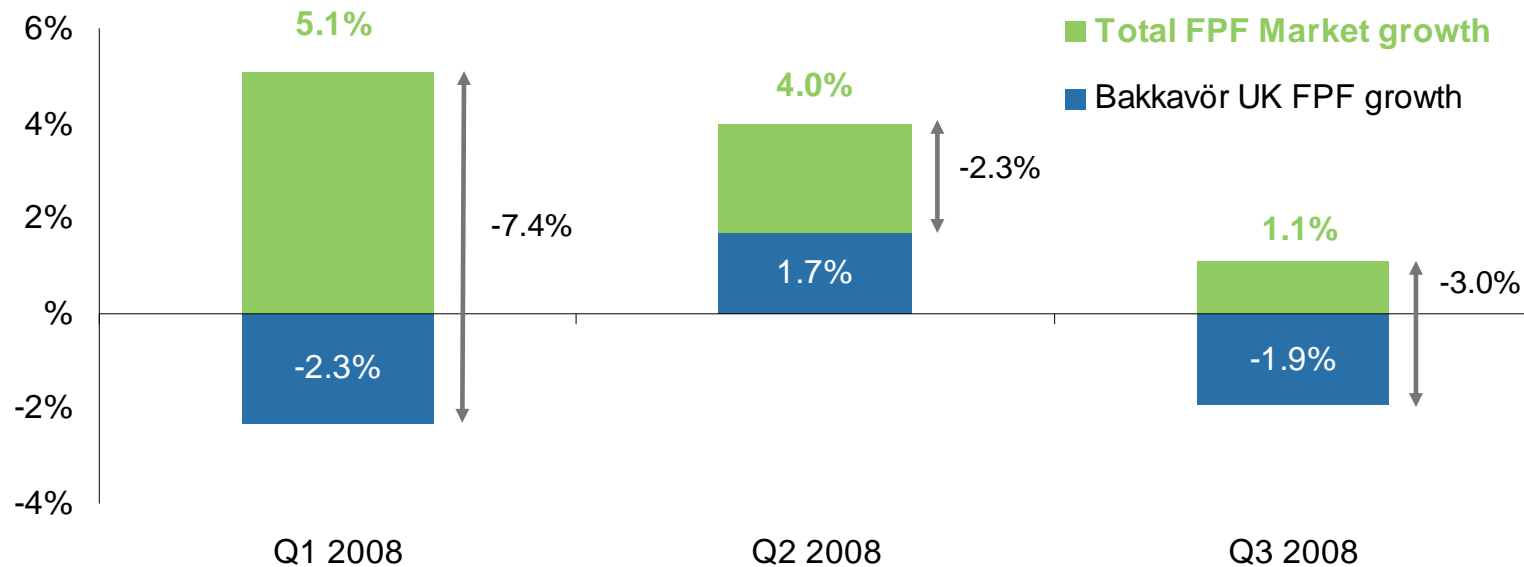
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CAUTIOUS ABOUT MARKET GROWTH

UK sales performance, 2008 quarter by quarter

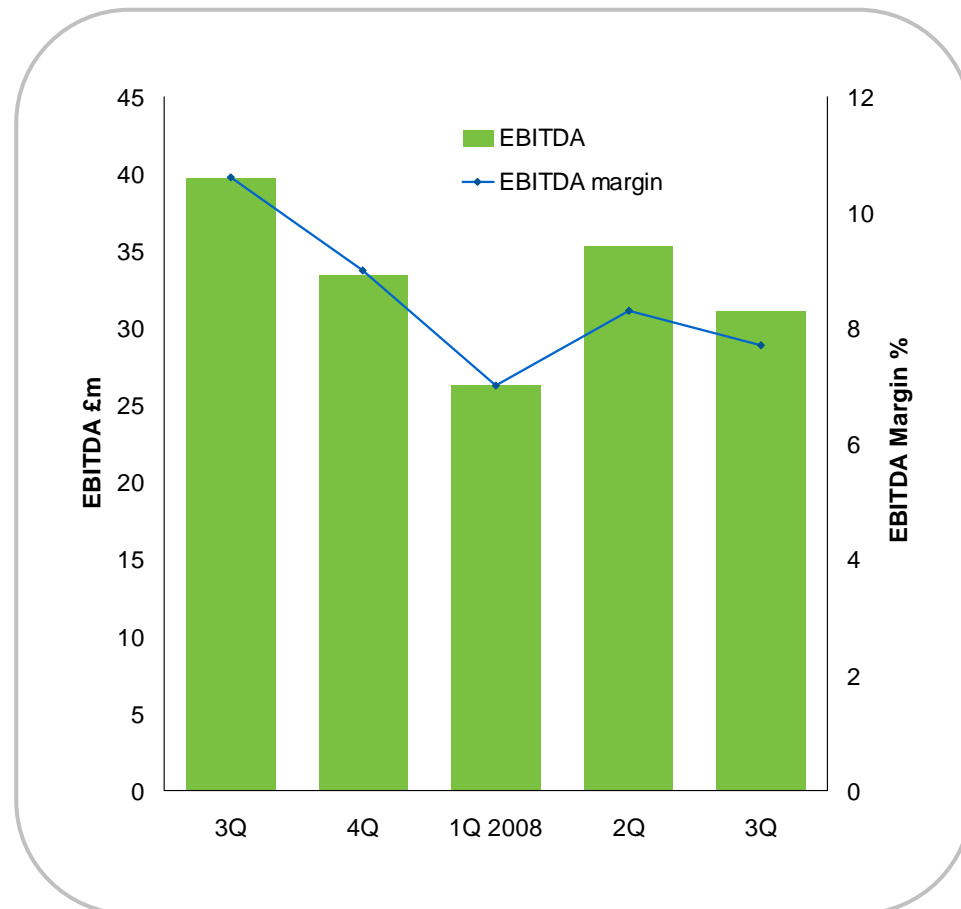


- // Our target is to grow ahead of the market. We have not achieved this, however we are making steady progress
- // Our Q3 sales growth held back by decline in ready meals sales, the downturn in consumer confidence and prolonged unsettled summer weather
- // Our market share gains will take effect in Q4
- // We remain cautious about market growth against current economic backdrop

EBITDA GROWTH - A BUSINESS PRIORITY

Underlying EBITDA* and EBITDA margin

- // Underlying EBITDA £31.1m in Q3, down 22% on Q3 2007
- // Impacted by
 - 2007 strategic withdrawal in ready meals
 - Inflationary pressures
 - Weak summer sales
- // EBITDA margin 7.7%
- // Expect to return to profit growth in 2009



*EBITDA excludes restructuring costs

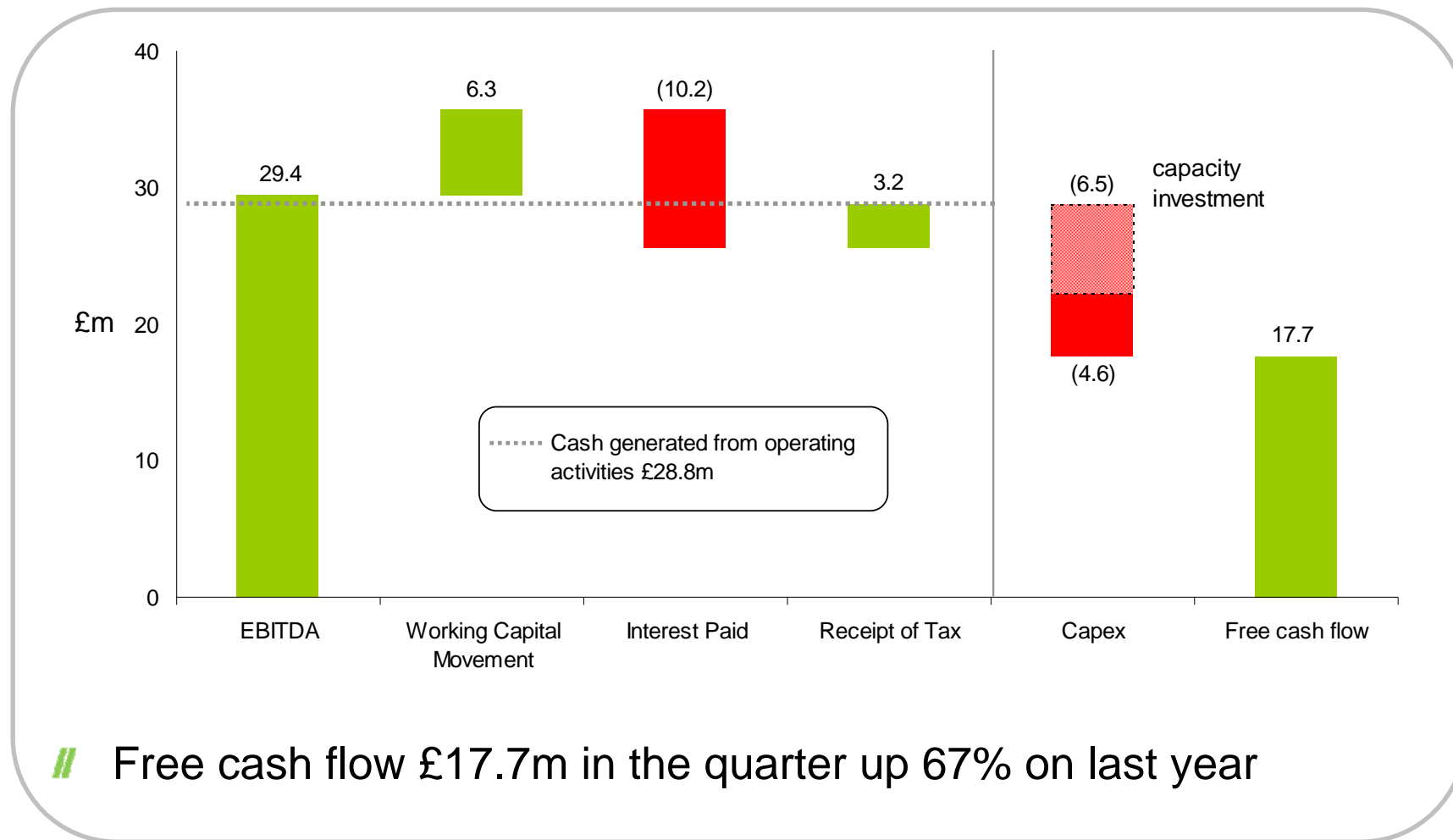
EQUITY IMPACTED BY GREENCORE LOSS

Balance sheet

Amounts in £ million	30. 09 2008	31.12 2007	Change %
Non-current assets	1,202.6	1,120.7	7%
Current assets	514.1	362.1	42%
Total assets	1,716.7	1,482.8	16%
Equity	205.5	278.7	(26%)
Non-current liabilities	827.8	806.1	3%
Current liabilities	683.4	398.0	72%
Total equity and liabilities	1,716.7	1,482.8	16%

IMPROVED CASH GENERATION

Cash flow, Q3 08

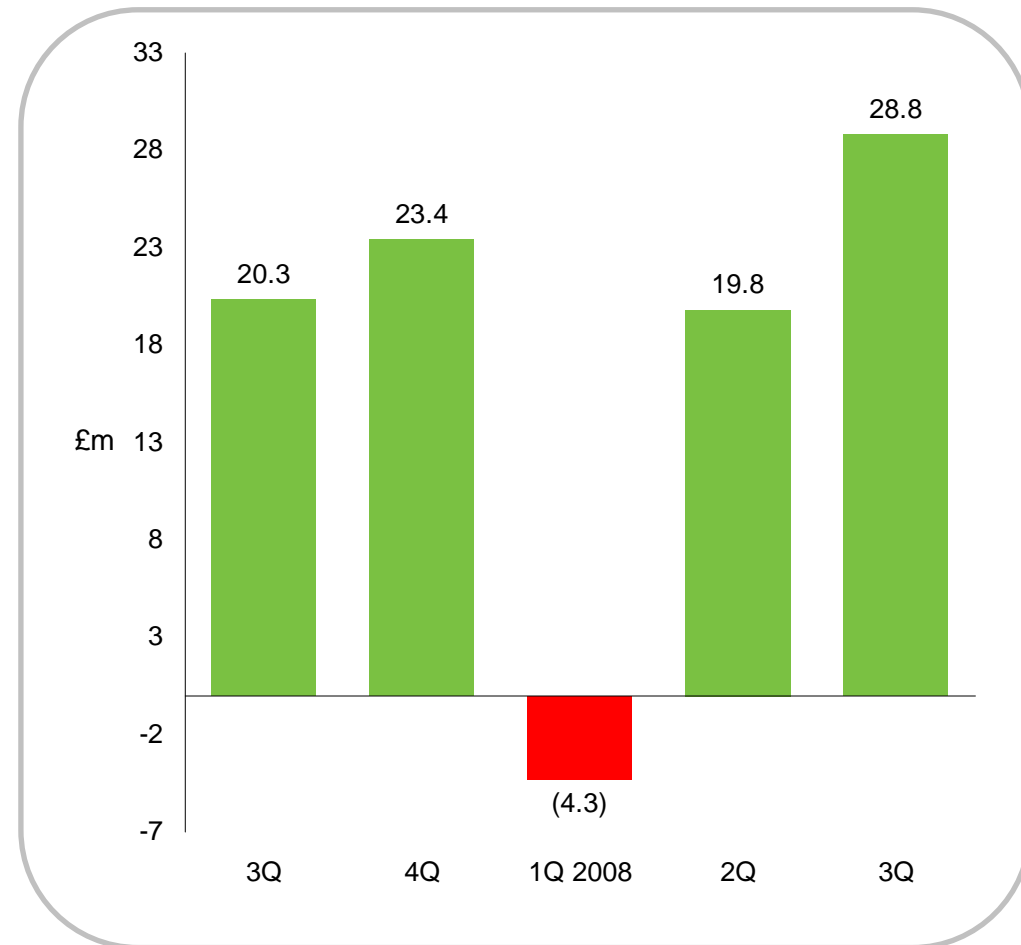


// Free cash flow £17.7m in the quarter up 67% on last year

IMPROVED CASH GENERATION

Cash generated from (to) operating activities

- // Cash generation of £28.8m in Q3, up 41% on Q3 2007
- // The return to good cash generation in Q3 aided by:
 - Improved working capital position
 - Tax receipts



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MITIGATING INFLATIONARY COSTS

Uncertainty in global markets continues, although signs that some pressures easing

Pressures



High raw material prices

Pressure on purchasing costs, exacerbated by currency fluctuations

Q3 Status

Tentative signs that pressure easing off in some commodity markets

Costs still remain significantly up on last year

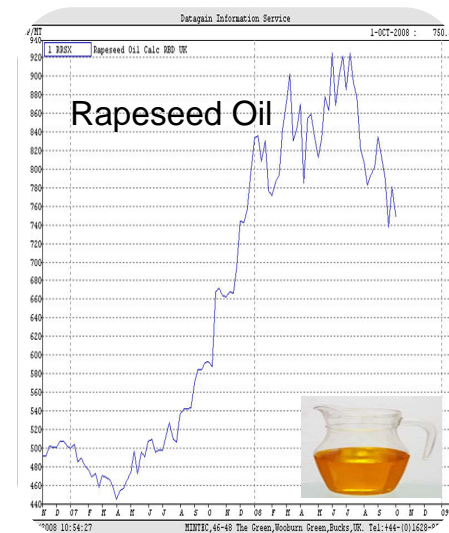
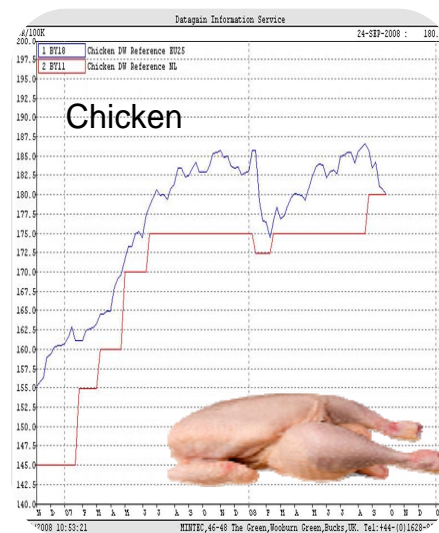
Q3 Our action

Continue to negotiate price increases

‘Buying better’

- working with suppliers to offset increases
- consolidating supplier base
- simplifying supply chain
- utilising global position to source ingredients

Ongoing recipe changes



MITIGATING INFLATIONARY COSTS

Uncertainty in global markets continues, although signs that some pressures easing

Pressures



Rising energy costs

Affects utility and distribution costs

Q3 Status

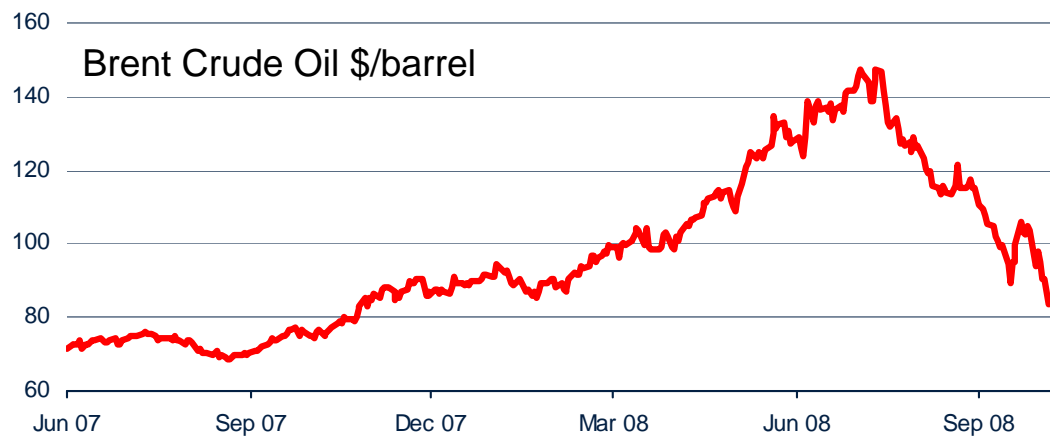
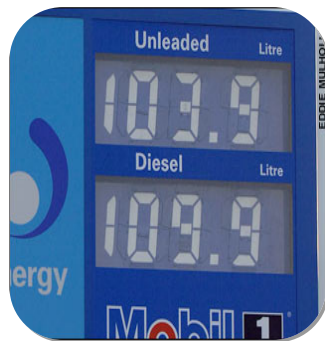
Oil prices have fallen significantly since July

Utility prices have doubled on last year

Q3 Our action

Incurred significant increased costs in Q3 which will also impact Q4 and into 2009

Energy efficient initiatives and reducing fuel costs where possible



INCREASING MARKET SHARE

However remain cautious about market sales growth

Pressures on the high street

Price inflation

Shoppers 'value sensitive' and cutting back

Discounters gaining market share

Increase in retailer price-cutting and promotions

Impact of recession?



Q3 Our performance

Ready meals

Continued to be affected by strategic withdrawal made in 2007

Consumer confidence

Further downturn weakening sales volumes

UK weather

UK sales impacted by poor weather in Q3

Share gain timings

Share gain at Q3 end



STRENGTHEN OUR MARKET SHARE POSITION IN Q4

Regained No. 1 position in meals and will return to sales growth

Market share gains in dips and pizza

IMPROVING OPERATIONAL EFFICIENCIES

Aligning costs with growth

Impacts on economic returns



Higher input and operating costs

Raw materials, utility, distribution, currency costs



Downturn in UK ready meals market

Market decline since Feb 08



Falling consumer confidence

Weaker sales volumes, shoppers 'value sensitive' and cutting back, increase in price-cutting and promotions

Q3 Our action

Capacity utilisation:

- Announced planned closure of ready meals facility – Saxon Valley, Biggleswade
- Successfully finalised transfer of products from Birmingham to Welcome Foods – Birmingham closed

Aggressive cost-cutting continues

Q4 continuing to restructure and consolidate

- Proposal to close Mariner Foods and relocate Bourne Stir Fry



RETURN TO PROFIT GROWTH 2009

Further business rationalisation expected

RETURN TO SIGNIFICANT CASH GENERATION

Impacts on cash generation



Reduction in EBITDA delivery



High capex investment in key strong market segments

Desserts, Bread



Exceptional cash costs

Restructuring related

Our action

EBITDA recovery

Capex reductions

- Maintenance spend only - £50m over 2 yrs

Significant working capital focus

- Debtor focus
- Inbound supply chain
- Stock reductions



RETURN TO SIGNIFICANT CASH GENERATION IN 09

FOCUSED INVESTMENT STRATEGY

Focused strategic aims

Stated consolidator of the market

Remains intention over time

International expansion

Remains future of Group



Our action

Very selective approach to acquisitions

- Multiples remain unrealistically high
- Access to acquisition funding tight
- Focus on integration / synergy delivery



**BUSINESS FOCUSED ON OPERATIONAL
AND FINANCIAL IMPROVEMENT**

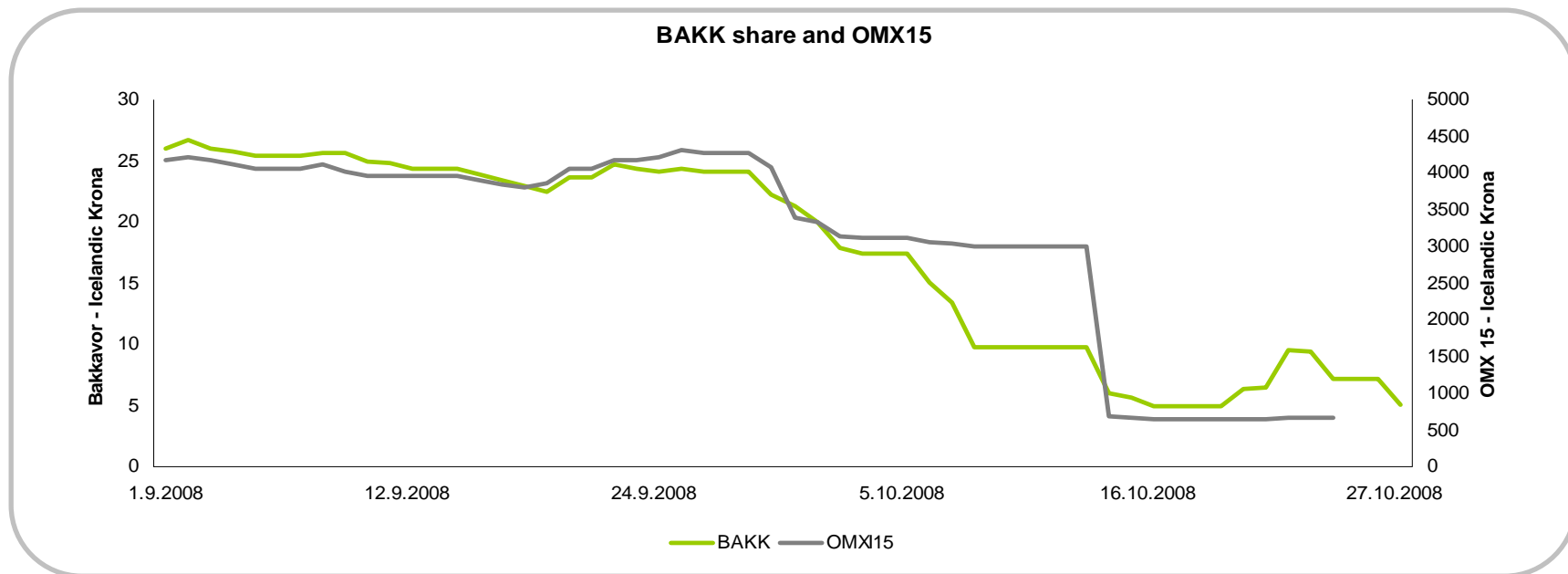
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RECENT UNPRECEDENTED EVENTS

- // Events of early October had a significant effect on all Icelandic equities including Bakkavor
 - Banking crisis
 - Extended suspension of share trading on the OMX
 - Concerns about solvency of all Icelandic companies

- // Has lead to a reduction in OMX 15 of 80% (since 1st Oct)
 - including Bakkavor reduction of 74%



FINANCING POSITION

- // Bakkavör is a profitable and cash generative operating business – with no solvency issues
 - Vast majority of funding comes from major international banks
 - Less than 10% of committed banking arrangements with Icelandic banks

- // Significant cash deposit with “new” Kaupthing
 - Fully protected by the Depositors and Investors Guarantee fund
 - Supported by assurances from Prime Minister and Governor of the Central Bank
 - Confident of the recoverability of the deposit

RELINQUISHING OF SHARES IN GREENCORE

- // Relinquished CFD over 10.9% shares in Greencore
- // Funding source withdrawn due to turmoil in the financial markets
- // Disposal at euro 1.30 resulting in a loss on financial assets in the nine months of £59m and cash impact of £54m
- // In no way a reflection of the financial standing of the Group or our commitment to the sector

POTENTIAL CHANGE IN THE SHAREHOLDING STRUCTURE OF BAKKAVÖR

- // Board is aware that a company owned by Chairman and CEO, has made an offer to purchase Exista's 39.6% stake in Bakkavör
- // Transaction is conditional upon receiving the requisite consents from Bakkavör's key creditors
- // The founders of Bakkavör are looking to provide stability to the ownership structure of the Group

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LOOKING AHEAD

MEDIUM -TERM TARGETS

- 1 We will continue to mitigate inflationary costs
- 2 We will continue to improve operational efficiencies
- 3 We will increase market share
- 4 We will drive significant cash generation

LONG-TERM TARGET

- 5 We remain focused on upholding and strengthening our position in the fresh prepared foods and produce markets



Q&A

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