

BAKKAVÖR GROUP'S
HALF YEAR AND
Q2 RESULTS

31 JULY 2008



ÁGÚST GUDMUNDSSON, CEO

- 1 Financial Results
- 2 Operational Review
- 3 Looking Ahead



H1 2008 COMPARED TO H1 2007

Amounts in £ million	H1 2008	H1 2007	Change %
Net sales	803.0	723.0	11%
Cost of sales	(634.5)	(553.0)	15%
Gross profit	168.5	170.0	(1%)
Operating expenses	(128.6)	(112.9)	14%
Restructuring costs	(3.1)	-	-
Share of loss in associates	(0.4)	(0.3)	12%
Operating profit (EBIT)	36.4	56.8	(36%)
Net finance costs	(24.8)	(22.8)	9%
Loss on other financial assets	(46.2)	-	-
(Loss) profit before tax	(34.6)	34.0	-
Income tax	(1.7)	(8.4)	(80%)
(Loss) profit for the period	(36.2)	25.6	-

Q2 2008 COMPARED TO Q2 2007

Amounts in £ million	Q2 2008	Q2 2007	Change %
Net sales	425.7	373.6	14%
Cost of sales	(335.5)	(287.4)	17%
Gross profit	90.2	86.2	5%
Operating expenses	(66.0)	(54.4)	21%
Restructuring costs	(3.1)	-	-
Share of loss in associates	(0.6)	(0.4)	65%
Operating profit (EBIT)	20.5	31.4	(35%)
Net finance costs	(9.7)	(10.4)	(7%)
Loss on other financial assets	(30.4)	-	-
(Loss) profit before tax	(19.6)	21.0	-
Income tax	(3.8)	(5.3)	(29%)
(Loss) profit for the period	(23.4)	15.7	-

BALANCE SHEET

Amounts in £ million	30. 06 2008	31.12 2007	Change %
Non-current assets	1,197.6	1,120.7	7%
Current assets	371.0	362.1	2%
Total assets	1,568.6	1,482.8	6%
Equity	222.2	278.7	(20%)
Non-current liabilities	777.1	806.1	(4%)
Current liabilities	569.3	398.0	43%
Total equity and liabilities	1,568.6	1,482.8	6%

KEY CASH FLOW FIGURES

Amounts in £ million Key figures	Q1 2008	Q2 2008	H1 2008	H1 2007	Change in H %
Cash from operations	6.4	26.3	32.7	80.3	(59%)
Cash flow (to) from operating activities	(4.3)	19.8	15.5	60.9	(75%)
Property, plant and equipment	(11.7)	(16.9)	(28.6)	(23.7)	21%
Free cash generated (to) by operating activities	(16.0)	3.0	(13.1)	37.2	(135%)

KEY RATIOS

	H1 2008	H1 2007	H1 2006	H1 2005
Current ratio	0.7	0.9	1.0	1.1
Equity ratio	14.2%	19.1%	15.3%	9.8%
EBITDA ratio	7.3%	10.5%	12.2%	13.5%
EBIT ratio	4.5%	7.9%	9.2%	11.0%
Adjusted return on equity	7.3%	20.3%	25.2%	25.5%
Adjusted earnings per share	0.4	1.2	1.1	1.1

MARKET PREDICTIONS Q2 2008

Q2 2008 Forecast – £ million	Glitnir	LAIS	Kaupthing	Forecast Average	BAKK Q2 2008	BAKK Q2 2007
Operating income	399.0	407.9	394.2	400.4	425.7	373.6
Growth	7%	9%	6%	7%	14%	25%
EBITDA	32.0	30.6	32.4	31.7	35.3*	40.8
EBITDA ratio	8.0%	7.5%	8.2%	7.9%	8.3%*	10.9%
EBIT	21.5	20.3	21.5	21.1	23.6*	31.4
Net income (loss)	(23.7)	(27.4)	(26.0)	(25.7)	(23.4)	15.7

* Excluding restructuring costs

- 1 Financial Results
- 2 Operational Review
- 3 Looking Ahead



INFLATIONARY PRESSURES

Pressures



High raw material prices

Pressure on purchasing costs



Rising energy costs

Affects utility and distribution costs



Strong euro vs. pound

Pressure on purchasing costs from Europe

Our Action

Price increases agreed with customers

Recipe changes

Working with suppliers to offset increases

Reviewing strategic sourcing opportunities

Environmental initiatives to reduce energy and fuel costs – UK transport collaboration

Increased costs expected in H2

Price increases required from customers

Ongoing currency hedging initiatives

Review of geographical sourcing

DOWNTURN IN CONSUMER CONFIDENCE

Pressures on the UK high street

Price Inflation

Shoppers 'value sensitive' and cutting back

Discounters gaining market share

Increase in price-cutting and promotions



Our competitive advantage

Trade across the high street

Broad product portfolio

Supply across price ranges – premium, standard, value

Operational flexibility – ability to react quickly



ACHIEVING STRONG SALES GROWTH:

Desserts, prepared fruit, pizza, soups, wraps

DRIVING MARKET SHARE GROWTH:

Ready meals, dips, pizza

CHALLENGES TO PROFITABILITY

Impacts on economic returns

Raw material price increases

Ready meals performance

Consumer confidence

Rising utility and distribution costs



Our action

Closure of pasta facility

Withdrawal from part of ready meals business

Subsequent ready meals restructuring

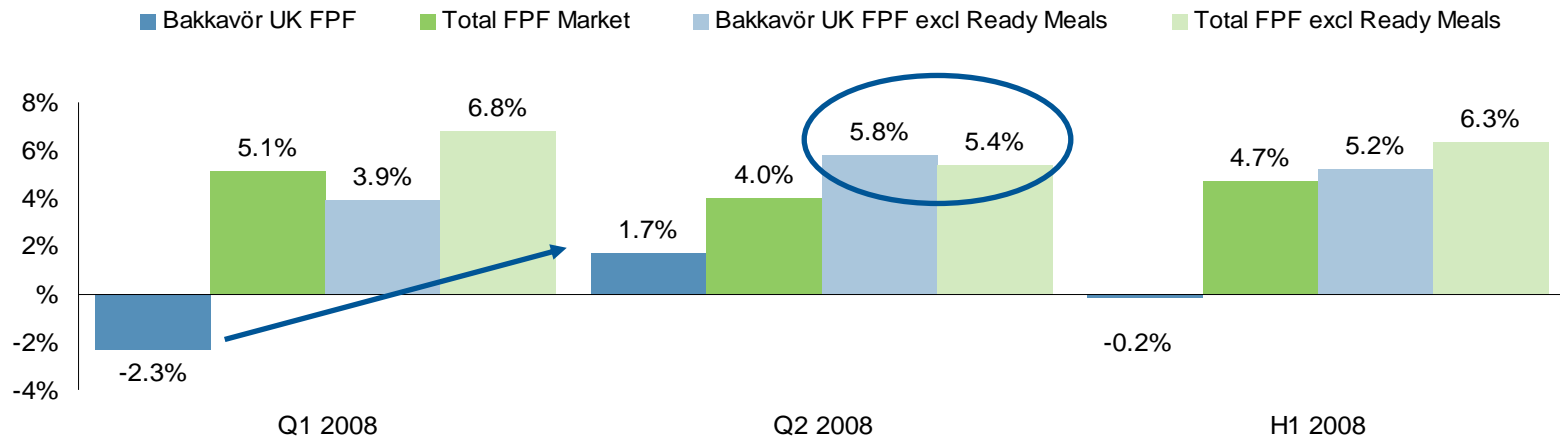
Aggressive cost-cutting

Further significant restructuring costs H2



RETURN TO PROFIT GROWTH 2009

IMPROVING UK SALES PERFORMANCE Q2



Returned to sales growth in Q2 despite poor start to summer

Group achieved UK target in Q2 (excluding ready meals) – strong sales growth in desserts, prepared fruit, pizza, soups, wraps

Ready meals position starting to recover

Market share gains in ready meals, dips and pizza will start to impact in H2

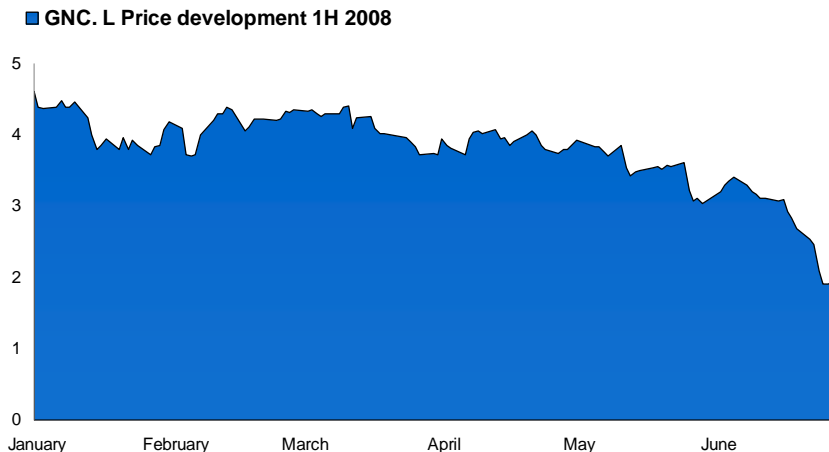
Produce sales still in decline however improving

STRATEGIC HOLDING

Greencore share price devaluation

Announced 10.9% economic interest in Greencore Group through CFD in Q1

Loss of £46.2 million in H1



Our Response

Remain confident in this strategic holding

Reflects the Group's commitment to the fresh prepared foods market

Greencore is well-placed to build on its market position and deliver long-term value to its shareholders

STRONG GROWTH OPPORTUNITIES IN EUROPE



SUCCESSFUL EXPANSION IN ASIA AND NORTH AMERICA



- 1 Financial Results
- 2 Operational Review
- 3 Looking Ahead



LOOKING AHEAD

1

We will continue to focus on recovering inflationary costs as the trading environment remains tough

2

We will continue to improve operational efficiencies to improve profitability and cash generation – will result in further restructuring costs in H2

3

We will continue to drive our market share growth – improving sales performance in H2 with significant market share gains

4

We are committed to our vision and strategy and intend to strengthen our global position further – meeting the growing consumer demand for fresh prepared foods



Q&A

Disclaimer

This material has been prepared for the professional investor. Bakkavör Group hf. (Bakkavör) has not taken into account any shareholder investment objectives, financial resources or other relevant circumstances. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. Due care and attention has been used in the preparation of this forecast information. However, actual results may vary from their forecasts, and any variation may be materially positive or negative. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Bakkavör.

Bakkavör cannot guarantee that the information contained herein is without fault or entirely accurate. The information in this material is based on sources that Bakkavör believes to be reliable. Bakkavör cannot however guarantee that all information is correct. Furthermore, information and opinions may change without notice. Bakkavör is under no obligation to make amendments or changes to this publication if errors are found or opinions or information change. Bakkavör accepts no responsibility for the accuracy of its sources.

Bakkavör is the owner of all works of authorship including, but not limited to, all design, text, sound recordings, images and trademarks in this material unless otherwise explicitly stated. The use of Bakkavör's material, work or trademarks is forbidden without written consent except where otherwise expressly stated. Furthermore, it is prohibited to publish material made or gathered by Bakkavör without written consent.