

# Associated British Foods PLC

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## Primark's Xmas sales dip but AB Foods enjoys sugar rush

Primark's underlying sales in the UK fell marginally over the Christmas period for Associated British Foods PLC (LON:ABF), but the 'fast fashion' chain enjoyed like-for-like growth in Europe and the US.

Overall sales for the FTSE 100 clothing and food group were up 4% in the first 16 weeks of its financial year to 4 January at constant currency rates, led by growth at its AB Sugar and AB Agriculture businesses.

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Total Primark sales were 3% ahead of last year, or 4.5% if currency swings are not included, but operating profit margins decreased.

In the UK, which last year finished with 189 out of the total of 373 Primark stores, there was a "marginal decline" in LFL sales for the period, which sounds much stronger than the wider market, but total sales were up 4% if changes in store space and new openings are included.

Overseas it was an even stronger story for Primark, with total Eurozone sales up 5.1% and LFL growth, while for the US there was also LFL growth.

Guidance was reiterated for "progress" to be made in group adjusted earnings per share for the full year.

This was thanks to 5% growth for AB Sugar as EU sugar prices remained healthy, with reductions in the costs of sugar production expected to deliver "a material improvement" in sugar profit this year, weighted to the second half.

In the other parts of the business, AB Agri revenue was up 10% but margin declined, sales from the Grocery division were level with last year but margin improved, and Ingredients sales rose 1% with margins in line.

### Positive reaction

ABF shares were up 3% to 2,624p on Thursday morning.

Broker Liberum said the Primark numbers looked "robust", observing that trading at Primark was "particularly good" in November and December, and that trading in the Eurozone continued to recover, particularly in Germany.

Over at Shore Capital, analysts felt the trading update "contains little to surprise" and left its forecasts unchanged, though noted that sales growth at Primark was "almost entirely" driven by selling space "implies LFL growth was flat to marginally positively".

As well as trading exceeding expectations from a first store in Slovenia and a lease signed for a first store in the chain's 15th market of Slovakia, the analysts said they were particularly encouraged by the early stage comments of "a notable improvement in Germany".

**Price:** 1996.5

**Market Cap:** £15.81 billion

### 1 Year Share Price Graph



### Share Information

**Code:** ABF

**Listing:** LSE

**52 week High Low**  
2730 1554

**Sector:** Food & drink

**Website:** www.abf.co.uk

### Company Synopsis:

*Associated British Foods is a diversified international food, ingredients and retail group with sales of £10.2 billion and 97,000 employees in 44 countries.*

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