VGR

// H1 FY2026

Associated British Foods plc

PRIMARK

VGR MARKET INTELLIGENCE

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01

Executive Summary

Associated British Foods reported Primark revenue of £4,657m for the 24 weeks to 28 February 2026, up 4.1% on £4,472m, and up 2% at constant currency. Primark's adjusted operating profit was £471m (£540m), down 12.8%, for an adjusted operating margin of 10.1% (12.1%). Primark was 49.2% of group revenue of £9,470m and 68.2% of group adjusted operating profit of £691m (£835m). The company kept its guidance of a Primark adjusted operating margin of approximately 10% for the full year, and the Board decided on the same day to demerge Primark from the food businesses.

New stores added 4 points and currency about 2.1 points to Primark's 4.1% sales growth; like-for-like sales took 2.7 points away

Revenue rose £185m. The company discloses 2% growth at constant currency, which leaves about 2.1 points, or £96m, to translation; because the constant-currency rate is given in whole points, the currency share is bounded between 1.6 and 2.6 points (£73m to £118m). New stores contributed 4 points, about £179m on the prior-year base. Primark Group like-for-like sales fell 2.7%, about £121m. The three disclosed components leave a residual of about +0.7 points that the company does not attribute. On the reported figures, space and currency together account for more than the whole increase.

The like-for-like decline sits in continental Europe. Europe, 48% of sales, fell 5.6% like-for-like (H1 FY2025: up 1.1%); on this half's sales weights that is about 2.7 points, the size of the whole group decline. UK and Ireland, 45% of sales, rose 1.1% (down 6.0%), about +0.5 points. The two regions reversed sign against the prior half. The US, 6% of sales, grew 12% on total sales with no like-for-like figure. The disclosure that settles this is Primark Group and Europe like-for-like in the third-quarter trading statement.

The adjusted operating margin fell 196bp to 10.1%; the £20m one-off in the prior half explains 45bp, and the company does not split the other 151bp

The company states that H1 FY2025 operating profit included a non-recurring benefit of around £20m. Excluding it, the prior-half margin was about 11.6% on £520m, so the underlying fall is about 151bp and £49m (9.4%) rather than 196bp and £69m. Depreciation and non-cash lease charges rose from 6.3% to 6.5% of revenue, 18bp of the 151bp. The company attributes the remainder to higher markdowns and increased investment in product, marketing, digital and technology, partly offset by currency and supplier efficiencies. None of these is quantified and ABF does not disclose a Primark gross margin, so markdown and operating-cost effects cannot be separated (section 06).

The group inventory outflow fell to £16m from £248m; the £232m swing is 3.4 times the £69m fall in Primark adjusted operating profit

Group free cash flow was £71m (£27m). The company attributes the improvement to reduced working-capital movements, "specifically a reduction in Primark inventory since the end of the previous financial year". Primark's own inventory is not disclosed; group inventory was £3,250m, 2.2% above a year earlier and £81m above 13 September 2025. Total net debt rose to £3,027m (£2,772m) and the leverage ratio to 1.2x (1.0x).

WHAT TO WATCH

1. Third-quarter trading statement, July 2026 (16 weeks for Primark). Primark Group and continental Europe like-for-like sales. A continuation is Europe below −5.0% and Group below −2.0%; a break is Europe back above −2.0%.
2. FY2026 results, November 2026. Primark adjusted operating margin. The approximately 10% guidance requires a second-half margin of about 9.9% (H2 FY2025: 11.7%) and second-half adjusted operating profit of £496m to £516m (£586m). A continuation is a full-year margin of 9.5% to 10.5%; a break is below 9.5%.

VGR will publish the Q3 FY2026 analysis when the figures are released.

02

The period in figures

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ASSOCIATED BRITISH FOODS PLC · LSE: ABF · H1 FY2026 · PRIMARK (RETAIL SEGMENT) · GBP AS PUBLISHED

FINANCIAL YEAR ENDS NOT DISCLOSED · PERIOD ENDED 28 FEBRUARY 2026 · REPORTED 21 APRIL 2026 · ANALYSIS 30 SEPTEMBER 2026

NET REVENUES	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
+4.1%	not provided	−12.8%	not provided
4,657 vs 4,472		471 vs 540	

GROSS MARGIN	OPERATING MARGIN	RoS
not provided	**10.1%**	not provided
	from 12.1%	

£m, half-year against the same half a year earlier; Primark (ABF Retail segment), 24 weeks to 28 February 2026 against 24 weeks to 1 March 2025. Operating profit is the company's adjusted operating profit (statutory £469m against £537m). ABF reports operating costs, not cost of sales, and allocates tax centrally, so gross profit, net profit and RoS are not provided. Percentage changes and margins are VGR arithmetic

GROUP, £M	H1 FY2026	H1 FY2025	CHANGE
Group revenue	9,470	9,509	**−0.4%**
Adjusted operating profit	691	835	**−17.2%**
Operating profit	657	710	**−7.5%**
Profit for the period	444	529	**−16.1%**
Return on sales (profit / revenue)	4.7%	5.6%	**−88bp**
Adjusted EPS	70.7p	83.6p	**−15.4%**
Interim dividend	20.7p	20.7p	0.0%

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Derived columns are VGR arithmetic on the disclosed figures. The company gives group revenue as in line at actual rates and down 2% at constant currency.

03

The restatement bridge

Both halves are 24 weeks. Four items affect comparability; only currency and the prior-year one-off are material, and neither changes a reported total.

ITEM	FLAG	TREATMENT
Calendar	—	24 weeks to 28 February 2026 against 24 weeks to 1 March 2025.
Currency	M	Revenue +4.1% reported, +2% constant: about 2.1 points (£96m), bounded 1.6 to 2.6 points.
One-offs	M	Around £20m non-recurring benefit in H1 FY2025 operating profit, 45bp of margin; no H1 FY2026 Retail exceptional item.
Leases (IFRS 16)	N	Adjusted operating profit is before £46m (£45m) lease finance expense, 1.0% of revenue in both halves.

ITEM	FLAG	TREATMENT
Perimeter	N	First franchise store (Kuwait) opened October 2025; franchise sales not disclosed.

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published.

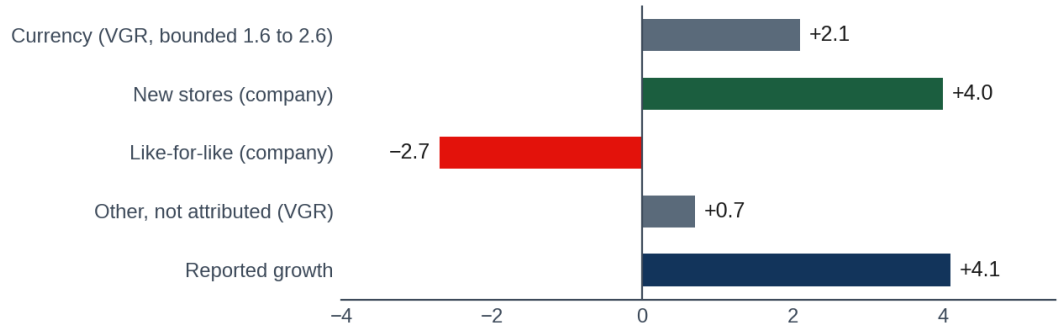
04

Growth composition

The Growth Composition Index splits the 4.1% into currency about 2.1 points, new stores 4 points, like-for-like −2.7 points and about +0.7 points not attributed. Perimeter is not disclosed separately from new stores.

New stores and currency account for more than all of Primark's 4.1% growth

Primark revenue growth, H1 FY2026 against H1 FY2025, percentage points



Source: ABF interim results, 21 April 2026. VGR arithmetic: currency = 4.1% less 2% constant currency; other = 2% less 4 plus 2.7.

MARKET	SHARE OF SALES	LFL H1 26	LFL H1 25	SALES H1 26	SALES H1 25
UK and Ireland	45%	+1.1%	**−6.0%**	+2%	**−4%**
Europe excl. UK and Ireland	48%	**−5.6%**	+1.1%	**−1%**	+5%
US	6%	not disclosed	not disclosed	+12%	+17%
Primark Group	100%	**−2.7%**	**−2.5%**	+2%	+1%

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Sales growth at constant currency, disclosed in whole points and printed as disclosed. The text gives UK (not UK and Ireland) like-for-like of +1.3%.

MARKET	SHARE OF SALES	SALES GROWTH	WEIGHTED POINTS (VGR)	NOTE
Spain and Portugal	17%	in line	0.0	company: broadly flat

MARKET	SHARE OF SALES	SALES GROWTH	WEIGHTED POINTS (VGR)	NOTE
France and Italy	16%	−2%	−0.3	
Northern Europe	12%	−5%	−0.6	mainly Germany
Central and Eastern Europe	3%	+13%	+0.4	
US	6%	+12%	+0.7	38 stores

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Weighted points = share of sales x growth, VGR arithmetic on this half's weights; approximate.

05

The estate

METRIC	VALUE
Stores at 28 February 2026	483 (including franchise), 18 markets
Selling space	19.8m sq ft; +0.3m sq ft in the half, gross and net (+1.5%, VGR)
New own stores in the half	11: US 5, UK 2, Germany 2, Italy 1, Poland 1
US	38 stores; nine further leases signed
Refits	Eight stores, 0.4m sq ft; self-checkouts in 230 stores
Primark capital projects	£210m in the half

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published.

Selling space grew 1.5% in the half while new stores contributed 4 points of sales growth; the gap reflects stores opened over the prior twelve months, whose first-year sales count as new-store growth. The company does not disclose store count or space at 1 March 2025, so year-on-year space growth and sales per square foot are not calculable.

06

Margin architecture

STEP	MARGIN	BP	BASIS
H1 FY2025 adjusted operating margin	12.1%		£540m / £4,472m

STEP	MARGIN	BP	BASIS
Less non-recurring benefit (around £20m)	11.6%	−45	£520m / £4,472m, bounded
Depreciation and non-cash lease charges		−18	6.3% to 6.5% of revenue
Other, not split by the company		−133	markdowns, investment, less FX and supplier gains
H1 FY2026 adjusted operating margin	10.1%	−196	£471m / £4,657m

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Derived columns are VGR arithmetic on the disclosed figures. Steps do not sum exactly because of rounding.

ABF reports Primark on an operating-cost basis without cost of sales, so there is no gross margin. The 133bp not explained by the prior-year one-off and depreciation combines the markdown effect, which would sit in gross margin, and the investment in marketing, digital and technology, which would sit in operating costs. The statutory operating margin moved from 12.0% to 10.1% (−194bp); the £2m (£3m) between statutory and adjusted is losses on disposal of non-current assets.

07

Inventory and the markdown cycle

GROUP, £M	28 FEB 2026	1 MAR 2025	13 SEP 2025
Inventories	3,250	3,180	3,169
Cash flow: increase in inventories (half)	16	248	223 (full year)

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published.

Primark inventory, days of inventory and sell-through are not disclosed. At group level, inventory rose 2.2% on a year earlier against revenue down 0.4%. The company states that Primark inventory fell during the half and that margin declined because of higher markdowns "as we managed inventories effectively". The two statements are consistent with each other; neither is quantified.

08

Working capital, cash and capital structure

GROUP, £M	H1 FY2026	H1 FY2025	CHANGE
Cash generated from operations	911	902	+1.0%

GROUP, £M	H1 FY2026	H1 FY2025	CHANGE
Free cash flow	71	27	+163.0%
Purchase of property, plant and equipment	464	490	**−5.3%**
Repayment of lease liabilities	174	169	+3.0%
Share buyback	128	363	**−64.7%**
Net cash before lease liabilities	3	201	**−198**
Total net debt	3,027	2,772	+9.2%
Leverage ratio	1.2x	1.0x	+0.2x

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Derived columns are VGR arithmetic on the disclosed figures.

Total net debt of £3,027m includes £3,030m of lease liabilities; before leases the group held £3m of net cash (£201m). The company completed £187m of buybacks in the financial year to the announcement date and plans a further £63m. The leverage ratio move of 0.2x is material under the method.

09

Capital allocation and returns

RETAIL SEGMENT, £M	H1 FY2026	H1 FY2025	CHANGE
Non-current asset additions	352	331	+6.3%
Segment net assets	3,408	3,314	+2.8%
Adjusted operating profit / net assets (half, not annualised)	13.8%	16.3%	**−247bp**

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Derived columns are VGR arithmetic on the disclosed figures.

Additions rose 6.3% while adjusted operating profit fell 12.8%. Incremental return on the new stores is not calculable: the company does not disclose their sales or profit.

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Earnings quality

Primark's statutory and adjusted operating profit differ by £2m (£3m). The group's £8m exceptional charge (£104m) is a non-cash impairment outside Retail. The quality item is the around £20m non-recurring benefit inside the prior half's adjusted profit, treated in section 06.

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Guidance scorecard and the implied requirement

GUIDANCE (21 APRIL 2026)	STATUS	IMPLIED REQUIREMENT (VGR)
Primark adjusted operating margin approximately 10% for FY2026	kept	H2 margin about 9.9% (H2 FY2025: 11.7%); H2 profit £496m to £516m (£586m), down 11.9% to 15.3%, for H2 sales growth of 0% to 4%
New stores around 4% of 2026 sales growth	kept	H1 delivered 4 points
Group adjusted operating profit and EPS below FY2025	kept	H1: adjusted operating profit down 17.2%, adjusted EPS down 15.4%

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published. Derived columns are VGR arithmetic on the disclosed figures. H2 FY2025 = FY2025 (revenue £9,489m, adjusted operating profit £1,126m) less H1 FY2025.

The full-year margin guidance asks for a second half about 180bp below the prior second half, close to the first half's 196bp. The company reported an encouraging start to spring/summer trading in March followed by softer trading in April.

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Disclosure delta and metrics not reported

- Primark gross margin and cost of sales: not reported (operating-cost format).
- Primark inventory, days and sell-through: not reported.
- US like-for-like and like-for-like for the six market groups: not reported.
- Store count and selling space at 1 March 2025: not reported in this release.
- Online and Click & Collect sales: not reported; website traffic +37% is given.
- Split of the margin movement between markdowns, investment, currency and supplier gains: not quantified.

— Two UK like-for-like figures: +1.3% (UK, text) and +1.1% (UK and Ireland, table).

— FY2026 year-end date: not stated in the release.

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The company's account, tested

COMPANY STATEMENT	DISPOSITION	AGAINST THE FIGURES
UK like-for-like growth and market share gains	Supported by the disclosed figures	UK and Ireland +1.1%, UK +1.3%; the 7.0% share is third-party data
New stores contributed 4% to growth	Supported by the disclosed figures	2% constant growth less −2.7% like-for-like leaves 4.7 points for space and other
Margin declined as a result of higher markdowns	Not verifiable from the disclosure	No gross margin or markdown figure
Partly offset by currency and supplier efficiencies	Not verifiable from the disclosure	Neither is quantified
Free cash flow helped by lower Primark inventory	Partially supported	Group inventory outflow £16m (£248m); Primark inventory not disclosed
Middle East cost impacts manageable given hedging	Not verifiable from the disclosure	Hedge cover not disclosed

Source: Associated British Foods plc, Interim Results Announcement, 24 weeks ended 28 February 2026. GBP as published.

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Method, sources and precision register

VGR methodology v5: figures first, restatement before measurement, findings ranked on the ladder, company statements tested afterwards. Primary source: the Interim Results Announcement of 21 April 2026, read in full as filed via RNS. Figures are in pounds sterling as published; no currency conversion is applied.

FIGURE	PRECISION	NOTE
Currency contribution 2.1 points	bounded	1.6 to 2.6; constant growth disclosed in whole points

FIGURE	PRECISION	NOTE
Underlying prior-half margin 11.6%	bounded	benefit disclosed as "around £20m"
Europe about 2.7 points of like-for-like	bounded	this half's weights applied to prior-year bases
Margin change −196bp	exact	disclosed revenue and adjusted operating profit
H2 implied margin 9.9%	bounded	H2 sales growth assumed 0% to 4%
Space growth 1.5%	exact	0.3m / 19.5m sq ft

Precision per method PART 0: exact, bounded or not calculable.

Peer cross-section for December 2025 to February 2026, from VGR's archive: H&M's first quarter showed sales down 1% in local currencies with a 3.0% operating margin. The working record is ABF_Primark_H1_FY2026_Source_Figures.md, held with this document.

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Made with the supervision of Pau Almar.

Revised 30 September 2026 to methodology v5; first published 22 April 2026.

METHODOLOGY

VGR Standardised Financial Analysis Methodology v5. Restatement before measurement; arithmetic before language; every finding names the disclosure that would settle it.

PRIMARY SOURCE

Associated British Foods plc (LSE: ABF), Interim Results Announcement, 24 weeks ended 28 February 2026, released 21 April 2026. https://www.abf.co.uk/media/news/2026/interim-results-announcement. Full text read from the RNS filing mirrored at investegate.co.uk (announcement 9529235).

WORKING RECORD

ABF_Primark_H1_FY2026_Source_Figures.md: company-disclosed figures, VGR arithmetic, claims register and metrics not reported, in separate parts.

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