

Bernard Matthews Holdings Ltd
("Bernard Matthews" or "the Company")

Full year results for the year ended 28 December 2008

Key points

- Group turnover decreased by 3.8% to £335.5 million (2007: £348.9 million)
- Turnover from continuing operations increased by 2.6% to £335.1million (2007: £326.5 million)
- Operating profit before exceptionals from continuing operations rose to £857,000 (2007: loss of £9.6 million)
- Loss before tax reduced to £4.4 million (2007: £77.2 million)
- Turnaround strategy and cost reduction initiatives have started to show results
- Improved profitability in the UK business
- All Bernard Matthews Farms branded turkey products are now made with 100% British turkey from its farms across East Anglia
- Relaunch of the Bernard Matthews Farms brand with a new identity and image.

Bernard Matthews' Group Chief Executive Noel Bartram said:

I can report that after a couple of difficult years, the Company returned a small profit in 2008. The strategy that the management is implementing has started to bear fruit against the backdrop of a challenging retail environment and higher input costs. In 2008 we went back to our agricultural roots focussing on British turkey farming and providing quality, great tasting and affordable food. This, combined with initiatives to reduce operating costs, means we are now well positioned to concentrate on building upon the strengths of the business and accelerating the recovery that is already under way.

Sales in the current financial year are steady but the trading environment remains difficult with consumers continuing to be cautious and retailers competing on price to retain footfall and market share. I am however pleased to add that Christmas orders are looking as strong as ever with turkey remaining the traditional choice for the festive Christmas meal and as always representing great value for money.

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Financial Review

Group turnover for the year fell by 3.8% to £335.5 million (2007: £348.9 million) and the pre-exceptional operating loss decreased to £1.5 million (2007: £15.9 million). However, turnover from continuing operations increased by 2.6% to £335.1million (2007: £326.5 million) and operating profit before exceptional items from continuing operations increased to £857,000 (2007: loss of £9.6 million).

The losses from discontinued operations were £2.3 million in 2008 compared to operating losses of £6.2 million in 2007. There were no exceptional operating costs in 2008 (2007: 60.1 million). In 2008, net cash outflow before financing was £4.4 million compared to an inflow of £5.9 million in 2007, which benefited from the proceeds from the sale of the New Zealand subsidiary. Net debt as at 28 December 2008 was £68 million.

The improvement in the result for the period was due to an improved performance from the UK business, as the recovery plans implemented by the Company started to bear fruit and position it for growth. The result was achieved against a background of significantly higher feed prices and other input costs and the considerable deterioration of the UK economy in the latter part of 2008. During the period the Group embarked on a four year business recovery programme based on a sustained investment in rebuilding revenues in the core business, while simultaneously introducing initiatives to reduce operating costs. These initiatives delivered significant savings in 2008, and we expect further upside in 2009.

The improvement in the UK was to some extent offset by the performance of the Company's Hungarian subsidiary, which suffered from a combination of high feed prices, and relatively low commodity meat selling prices. However, the implementation of a cost improvement programme is anticipated to improve the performance for 2009. The Group's German subsidiary continued its recent record of delivering steadily improving sales and operating profit.

Operational Review

Going back to its agricultural roots, since September 2008 all Bernard Matthews branded turkey products are made with 100% British turkey hatched and reared on its own farms across Norfolk, Suffolk and Lincolnshire, thus firmly placing British farming back at the heart of the business. The turkeys are fed on a cereal-based diet, containing locally sourced wheat from East Anglia. Bernard Matthews prepares the majority of the food fed to its turkeys at its own mill near Kings Lynn, to ensure the highest level of quality and control.

Bernard Matthews has relaunched the brand with a new identity and image supported by advertising and new product launches. The Company has also successfully reduced salt, fat and saturated fat contents of its products many ahead of Food Standards Agency (FSA) targets and its products contain no artificial colours and flavours.

At the heart of the vast majority of Bernard Matthews' products is turkey, a meat that is both high in protein, and has the lowest saturated fat of any mainstream meat. As the Company looks to the future the focus will be on championing turkey as a healthy meat and advocating greater turkey consumption generally, whether that is through the Bernard Matthews brand, retail customers own-label products, or foodservice. With consumption of turkey in the UK being a third of that in the US and less than half of that in France, Germany and Italy, there is significant potential for growth.

Board changes

The Company also announces some changes to its management structure as part of which Bernard Matthews has informed the Board of his intention to retire as a Director from the Holdings Board upon his 80th birthday in January. He will remain Chairman of the recently established Supervisory Board. The Supervisory Board represents the interests of the Company's shareholders, oversees the activities and approves key decisions of the Holdings Board. David McCall, who is currently a Non-Executive Director, will be appointed Non-Executive Chairman of the Holdings Board. Michael Lunn has joined Bernard Matthews Holdings Board as Non-Executive Director.

Ends