

The international marketing magazine for fresh produce buyers in Europe



By Michael Barker

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Bakkavor suffers Covid-19 downturn

Orders decline across all markets for fresh prepared specialist as directors agree substantial wage cut



CEO Agust Gudmundsson is forgoing his salary for three months

Bakkavor has suffered a substantial reduction of orders as a result of the Covid-19 crisis.

The fresh prepared supplier has issued a trading update that laid bare the extent of the impact of coronavirus on its business. It said that in the UK, which represents 90 per cent of EBITDA, it has experienced a reduction of orders across all categories, and notably salads and food-to-go.

In the US, orders have reduced and the company has moved to limit complexity in its ranges, adapt shift systems and review resourcing requirements.

In China, the outbreak had a significant impact on Bakkavor's financial performance in the early months of the year, though on a positive note the situation has now stabilised, customers have reopened stores and sites have resumed service.

As a result of the ongoing uncertainty, Bakkavor has withdrawn its financial guidance for the year and committed to

a number of actions to preserve liquidity, including placing all non-essential capital investment on hold, reviewing capacity to better match demand and making use of the UK government's Job Retention Scheme to furlough staff where appropriate.

The board is also suspending its final proposed dividend, while members of the board and management board have agreed voluntary wage reductions in the coming three months. The chairman and non-executive directors will take a 50 per cent cut, while founders Agust and Lydur Gudmundsson will not take a salary over the period. The wider management board have agreed a 20 per cent cut.

"Bakkavor is a resilient and cash-generative business with a robust balance sheet, which has market leading positions in each of the categories it operates; we are responding to the impact of Covid-19 from a position of strength," the firm said.

"While uncertainty related to Covid-19

remains, we will continue to prioritise our employees in their roles as key workers and support our customers in every way we can to ensure the continued supply of fresh prepared food. Looking further ahead, we remain confident that the strength of our business and strategy leaves us well positioned to achieve long-term sustainable growth within the attractive FPF sector."

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

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