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By Ed Leahy

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Bakkavor profits dive in "challenging" year

The FTSE 250 fresh prepared business, one of the largest food manufacturers in the UK, releases H1 2019 results



Bakkavor Group profits for the first half of 2019 dived by more than half during a challenging year which saw them close a Lincolnshire site.

The prepared fresh food giants predicted a downturn, citing £13.1million of "exceptional losses" and a further £8.3m to start up new sites as major dents into profit margins. 650 jobs were put at risk when Bakkavor announced the closure of its Lincolnshire meal preparation facility, with the move costing Bakkavor £7m. 350 staff members found alternative roles in the company following the closure.

Profit before tax fell by 58.6 per cent from the same period last year to £19.5m, although group revenue did rise by 1.4 per cent to £923m.

The group, which has 80 per cent of its business in the UK, has expanded its

dessert offering after acquiring Blueberry Foods in May, as well as integrating Haydens bakery at the end of last year.

With Brexit still ongoing, uncertainty in the UK trading environment was cited as a factor in Bakkavor's difficulties, but CEO Agust Gudmundsson said he expects the company to recover in the second half of 2019.

Gudmundsson, said: "During a challenging period, I'm pleased by the resilience we've shown across the business to deliver a solid first half performance. While the trading environment in the UK is still uncertain, we remain positive of our long-term prospects and the demand for fresh prepared food.

"Our UK operations have never been stronger and we're the clear market leader across all four of our core

categories. I'm encouraged by developments made across our US business; improving efficiencies, streamlining our customer proposition and building sales across new sites. Our business in China continues to go from strength to strength, expanding both our customer base and product offering.

"Despite a subdued start to the second half, we currently expect an uplift in performance, boosted in the UK by the impact of new business and an easing of raw material inflation. Our International business is making further progress and therefore the Group remains confident in delivering full-year performance broadly in line with 2018.

"Looking further ahead, we believe that our strategy, combined with our scale and expertise, leaves us well placed to capitalise on future growth opportunities."

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

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