PREMIER FOODS

Half year results
for 26 weeks ended 29 September 2018

13 November 2018

INTRODUCTION

Good financial performance and innovation continuing to deliver

Financial results

+1.3% H1 Revenue growth	+6.2% H1 Trading profit
+13.8% H1 Adjusted eps	£510m ↓£26m* Net debt

Strategic & Operational Headlines

Mr Kipling relaunch

Batchelors

Strong H2 pipeline

Logistics challenges

** - Compared to FY17/18 H1*

Alastair Murray
Chief Financial Officer

GROUP HEADLINE RESULTS

5th consecutive quarter of revenue growth and Trading profit up +6.2%

£m	FY18/19 H1	FY17/18 H1	Change (%)	Q2 Change (%)
Branded revenue	**297**	**295**	**+0.5%**	**0.0%**
Non-branded revenue	61	58	+5.5%	+6.5%
Total revenue	**358**	**353**	**+1.3%**	**+1.0%**
Divisional contribution	**68**	**63**	**+8.4%**	
Group & corporate costs	(17)	(15)	(16.1%)	
Trading profit	**51**	**48**	**6.2%**	
Trading profit %	*14.2%*	*13.6%*	*+0.6ppts*	
EBITDA	**59**	**56**	**5.9%**	
EBITDA %	*16.6%*	*15.9%*	*+0.7ppts*	

- Resilient revenue performance especially in Quarter 2 following hot summer in the UK
- Gross margin % up +1.8ppt ahead of prior year as full effect of recovery of input cost inflation comes through
- Consumer marketing flat in H1; expect FY to be in line with prior year
- Higher distribution costs in first half due to challenges faced in final phase of logistics transformation programme
- Group & corporate costs higher due to change in phasing of bonus provision

GROCERY

Flat revenue and growth in Divisional contribution

£m	FY18/19 H1	FY17/18 H1	Change (%)	Q2 Change (%)
Branded revenue	**210**	**215**	**(2.1%)**	**(2.7%)**
Non-branded revenue	46	40	+13.6%	+17.8%
Total revenue	**256**	**255**	**+0.4%**	**+0.6%**
Divisional contribution	**57**	**51**	**+10.9%**	
Divisional contribution %	*22.3%*	*20.2%*	*+2.1ppts*	

- Branded revenue: good Batchelors, Sharwood's and Angel Delight performances offset by lower Bisto sales in July and August and lower sales of Loyd Grossman cooking sauces
- International sales down (9%) in the period as growth in Sharwood's and Mr Kipling offset by phasing of Cadbury cake shipments to Australia and pricing alignment of export wholesalers
- Non-branded revenue grew due to progress at Knighton Foods, B2B phasing benefits and contract wins in Stuffing and Noodles
- Divisional contribution and margin % returned to FY16/17 levels following recovery of input cost inflation and also benefitted from lower promotional activity on Ambrosia
- Knighton Foods and International also delivered improved Divisional contribution performances

SWEET TREATS

Mr Kipling revenue growth of +13%

£m	FY18/19 H1	FY17/18 H1	Change (%)	Q2 Change (%)
Branded sales	**87**	**81**	**+7.4%**	**+7.3%**
Non-branded sales	15	17	(13.1%)	(19.0%)
Total sales	**102**	**98**	**+3.8%**	**+2.1%**
Divisional contribution	**11**	**12**	**(1.7%)**	
Divisional contribution %	*11.1%*	*11.7%*	*(0.6ppts)*	

- Excellent performance by Mr Kipling following major brand relaunch
- Cadbury cake core range in growth, offset by removal of tail SKUs
- Non-branded sales declined following the exit of some value contract ranges
- Divisional contribution slightly lower as revenue benefits from Mr Kipling branded relaunch offset by higher logistics costs and increased consumer marketing investment

OPERATING PROFIT

25.7% ahead of prior year

£m	FY18/19 H1	FY17/18 H1	Change (%)
Trading profit	**51**	**48**	**6.2%**
Amortisation of intangible assets	(18)	(18)	1.1%
Foreign exchange fair value movements	1	1	(11.1%)
Restructuring costs	(5)	(3)	(64.5%)
Net interest on pension and administration expenses	(1)	(1)	-
Operating profit before impairment of goodwill and intangible assets	**28**	**27**	**5.6%**
Impairment of goodwill and intangible assets	-	(4)	-
Operating profit	**28**	**23**	**25.7%**

- Amortisation of intangible assets in line with prior year
- Restructuring costs higher than prior year due to final phase of logistics transformation programme
- Prior year impairment related to Knighton Foods

ADJUSTED EARNINGS PER SHARE

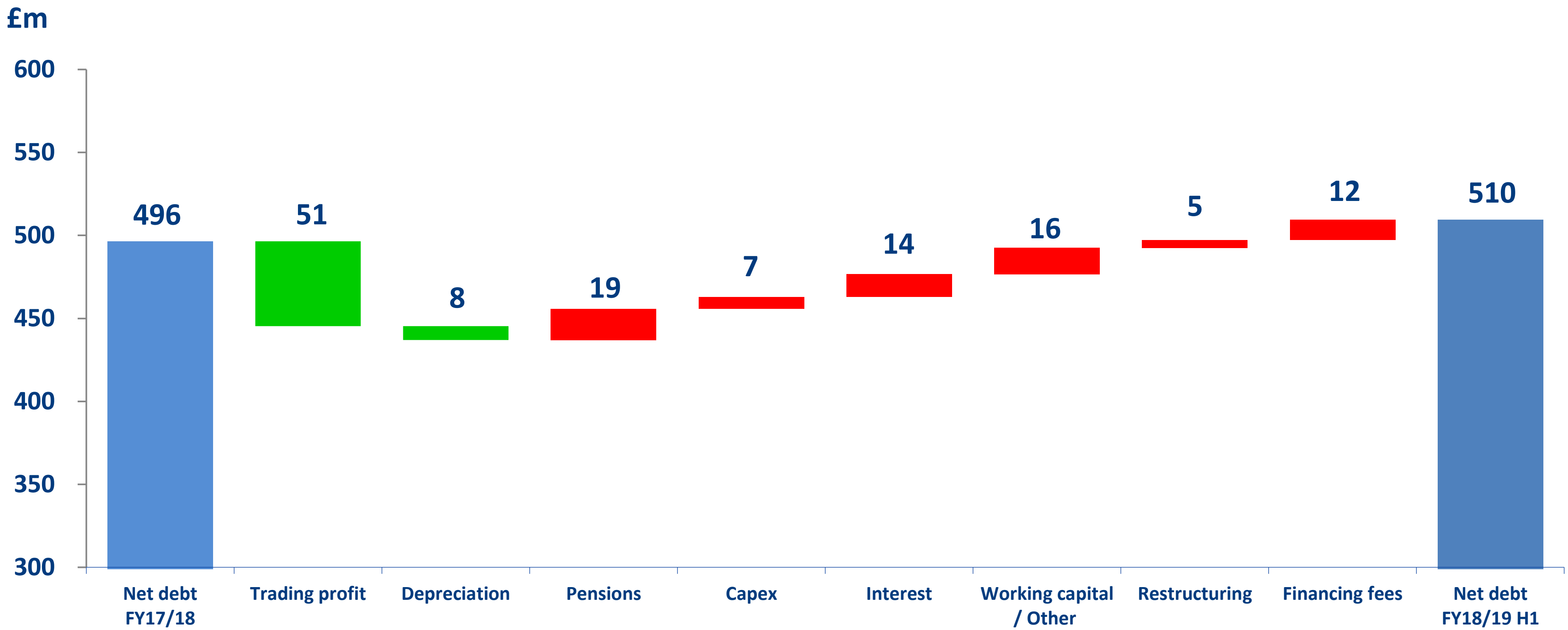
13.8% growth due to Trading profit and lower interest

£m	FY18/19 H1	FY17/18 H1	Change (%)
Trading profit	**51**	**48**	**+6.2%**
Net regular interest	(21)	(22)	+3.6%
Adjusted PBT	**30**	**26**	**+14.3%**
Notional tax @ 19%	(6)	(5)	+14.3%
Adjusted earnings	**24**	**21**	**+14.3%**
Weighted average shares in issue (million)	840.8	834.2	
Adjusted earnings per share (pence)	**2.91p**	**2.56p**	**13.8%**

- Trading profit +6.2%
- Net regular interest slightly lower due to decreased margin following re-financing
- Notional tax rate in line with prior year

NET DEBT REDUCED BY £26m COMPARED TO A YEAR AGO

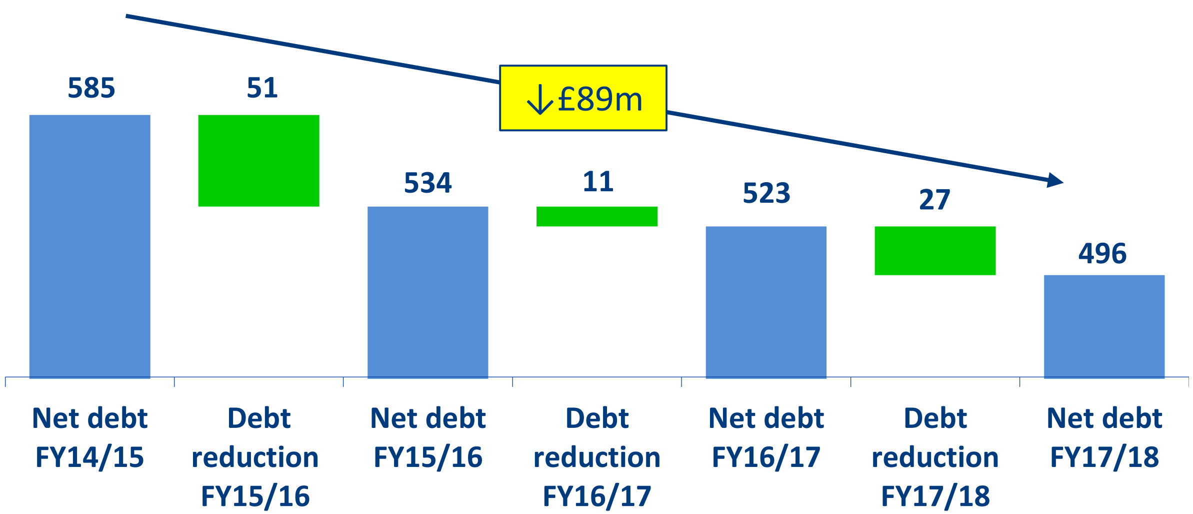
£510m at the Half year



- Capital investment weighted to H2
- Working capital movement due to increased stock build in H1
- Interest also weighted to second half
- Financing fees split between redemption of old Fixed rate notes, issue of new notes and RCF extension

WE HAVE REDUCED YEAR END NET DEBT BY NEARLY £90m IN LAST 3 YEARS

£89m Organic Net debt reduction over last 3 years



Premier Foods debt levels are the lowest since it became a public Company

Investment over last 3 years

+£150m

Consumer marketing + Capex

More than doubled

Innovation rate

46 recruits

x2

Sales & Marketing and Apprenticeships*

47 Graduates recruited

Graduates

** Over the last year*

COMBINED PENSION SCHEMES – ACCOUNTING BASIS

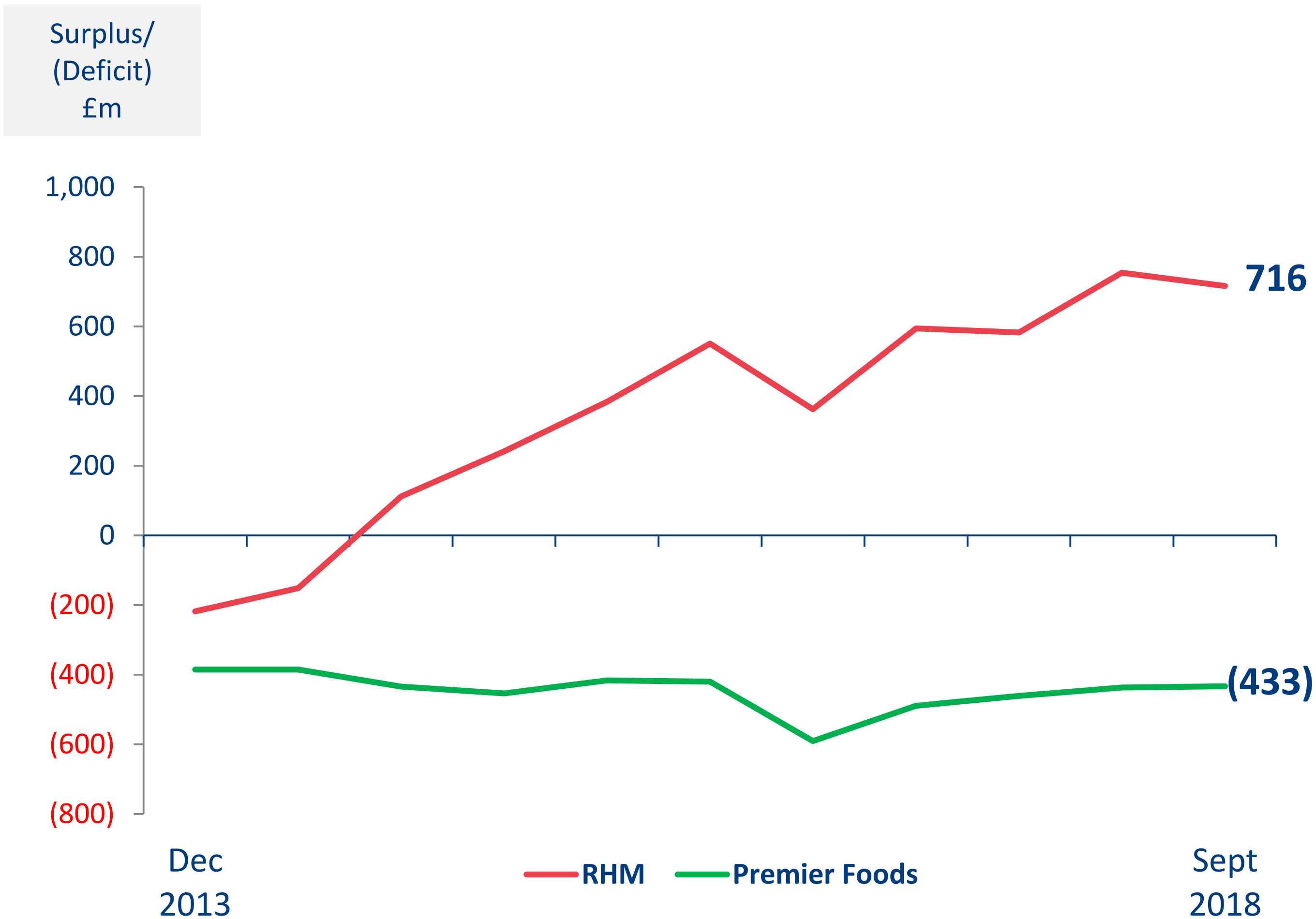
Combined surplus £34m lower at £283m

IAS19 Accounting valuation (£m)	29 September 2018			31 March 2018		
	RHM	Premier Foods	**Combined**	RHM	Premier Foods	**Combined**
Assets	4,057	668	4,725	4,185	679	4,864
Liabilities	(3,341)	(1,101)	(4,442)	(3,431)	(1,116)	(4,547)
Surplus/(Deficit)	**716**	**(433)**	**283**	**754**	**(437)**	**317**
Surplus/(Deficit) net of deferred tax (Tax @ 17.0%)	**594**	**(359)**	**235**	**626**	**(363)**	**263**
Discount rate	2.85%	2.85%	2.85%	2.70%	2.70%	2.70%
Inflation rate (RPI)	3.25%	3.25%	3.25%	3.15%	3.15%	3.15%

- Assets reduced by £139m in the combined schemes due to Interest rate swaps valuations
- Combined liabilities £105m lower due to increase in discount rate, partly offset by an increase in the inflation rate assumption
- NPV of future pension deficit payments remains unchanged at £300-320m

PENSION SCHEMES VALUATION EVOLUTION

Position of principal schemes stable and improving



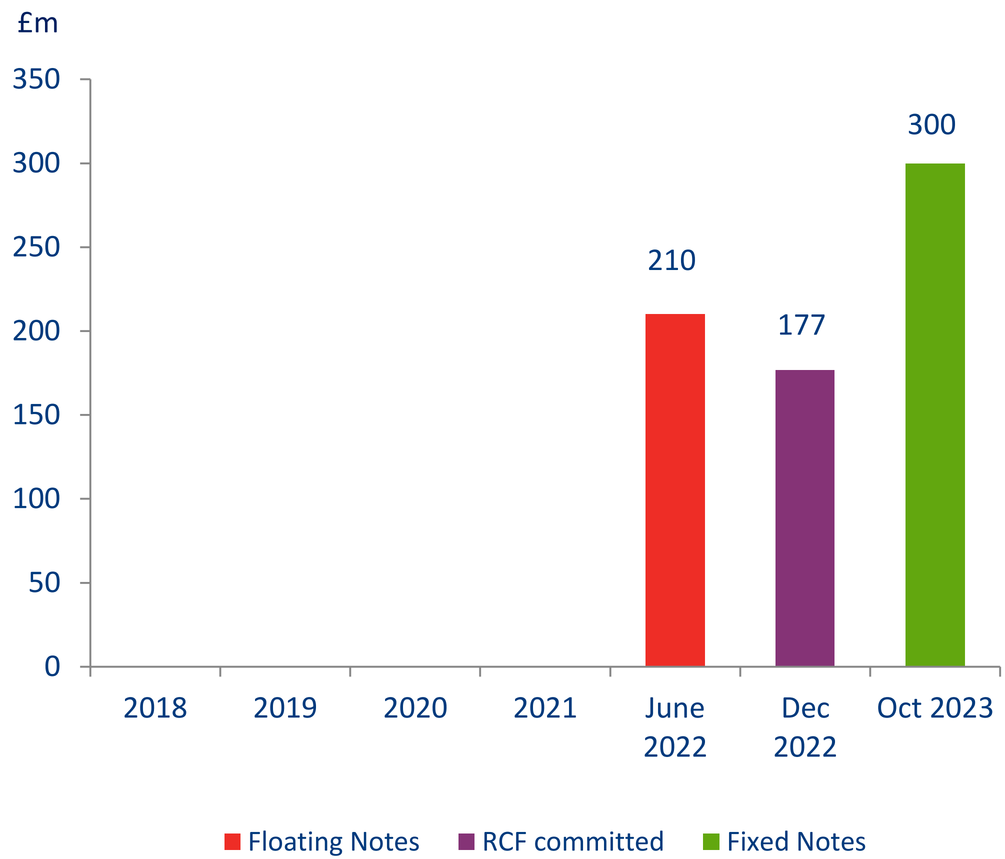
FY18/19 CASH GUIDANCE

FY18/19 guidance	£m
Working capital	Slightly negative
Depreciation	£16-£18m
Capital expenditure	Maximum £22m
Interest – cash	£30-£34m
Interest – P&L	£40-£43m
Tax – cash	Nil
Tax – notional P&L rate	19.0%
Pension deficit contributions	£35m
Pension administrative & PPF levy cash costs	£6-£8m
Cash restructuring costs	£10-12m
Financing fees	£12m

- Interest lower due to phasing of £300m Fixed rate notes due October 2023 coupon payments
- Working capital movement dependent on Brexit deal

CAPITAL STRUCTURE

£300m Fixed rate note issued in H1 and RCF extension to December 2022

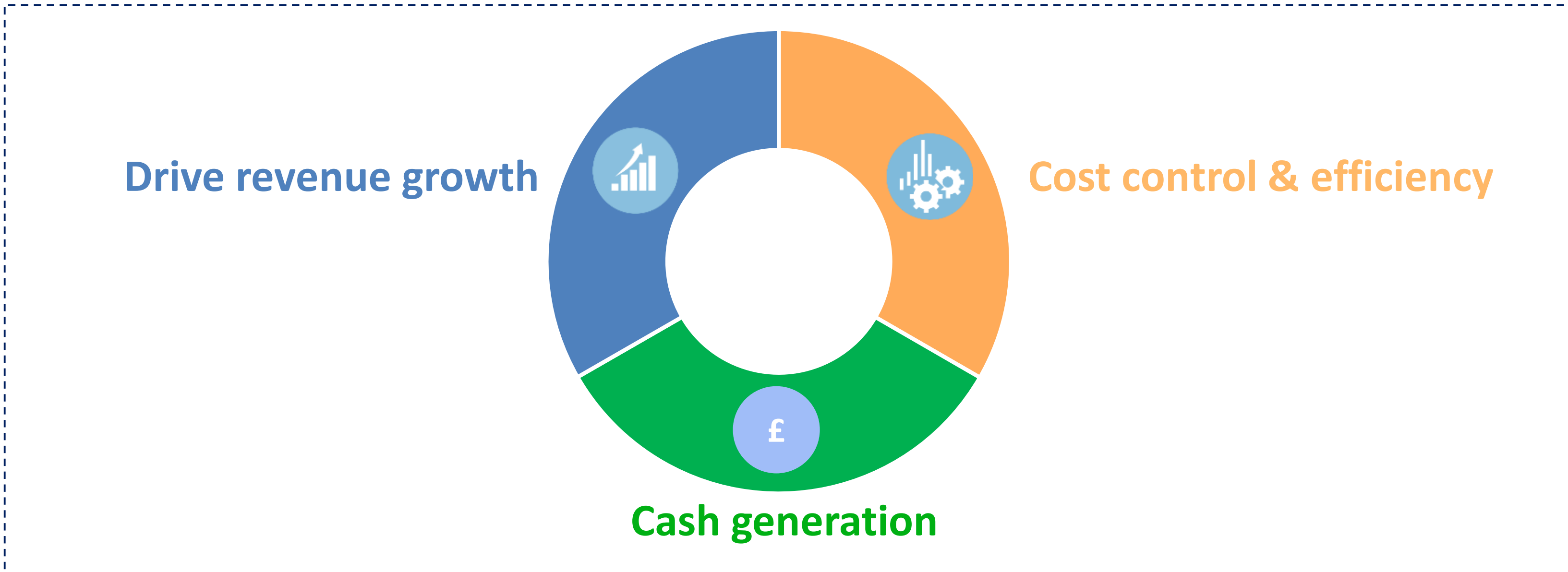


- Appropriate liquidity and a comfortable maturity profile
- First maturity in June 2022
- Total committed RCF £177m following refinancing

Gavin Darby
Chief Executive Officer

Operational review

THE BOARD’S STRATEGY: BUILDING BUSINESS, DELEVERAGING AND ACCELERATING VALUE CREATION



Keep building business

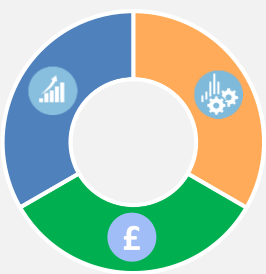
Net debt/EBITDA below 3.0x by March 2020

Overlay with actions to accelerate shareholder value creation

STRATEGY & POTENTIAL DISPOSAL

There is no certainty that a transaction will complete

1. Accelerated investment of
   - Consumer marketing
   - Capital expenditure
2. Meaningful debt reduction



Core Plan

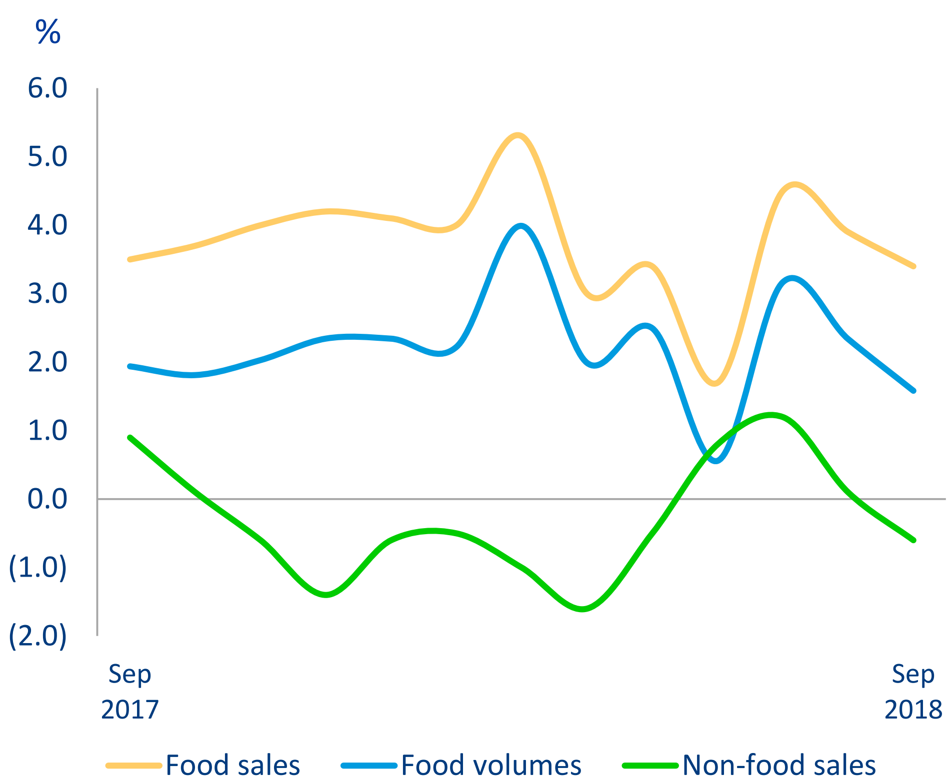
Options to accelerate shareholder value

Potential disposal

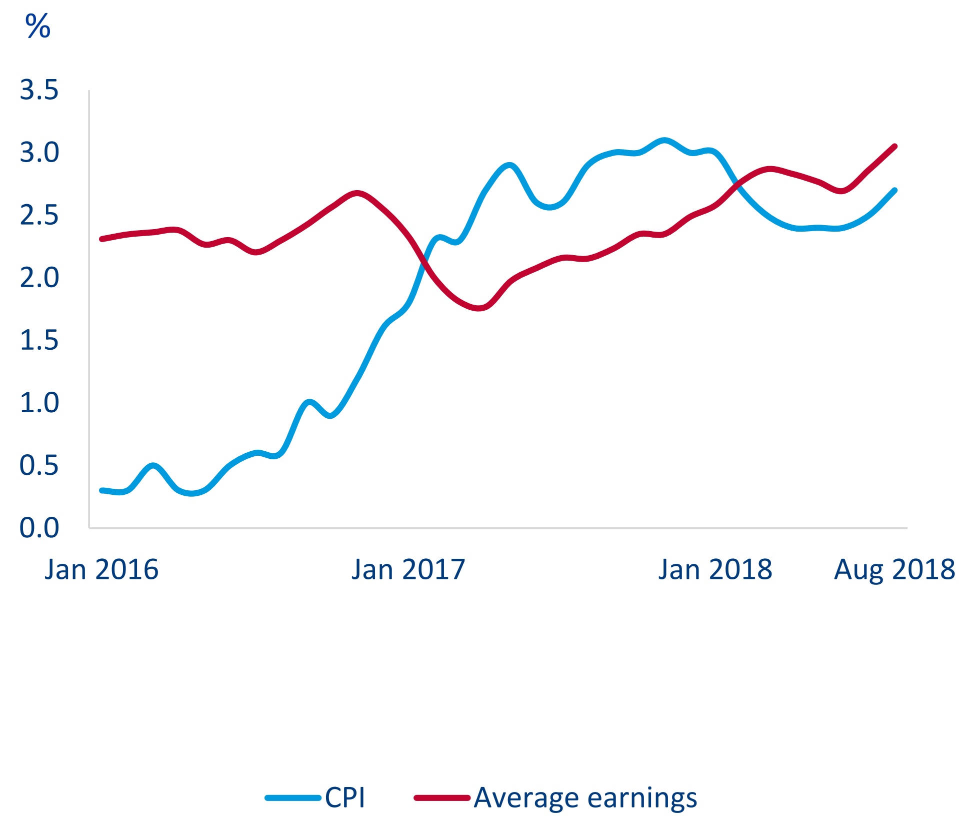
INDUSTRY CONTEXT

UK food sales displaying consistent growth as purchasing power returns

Food sales vs Non-food sales



Average earnings ahead of inflation



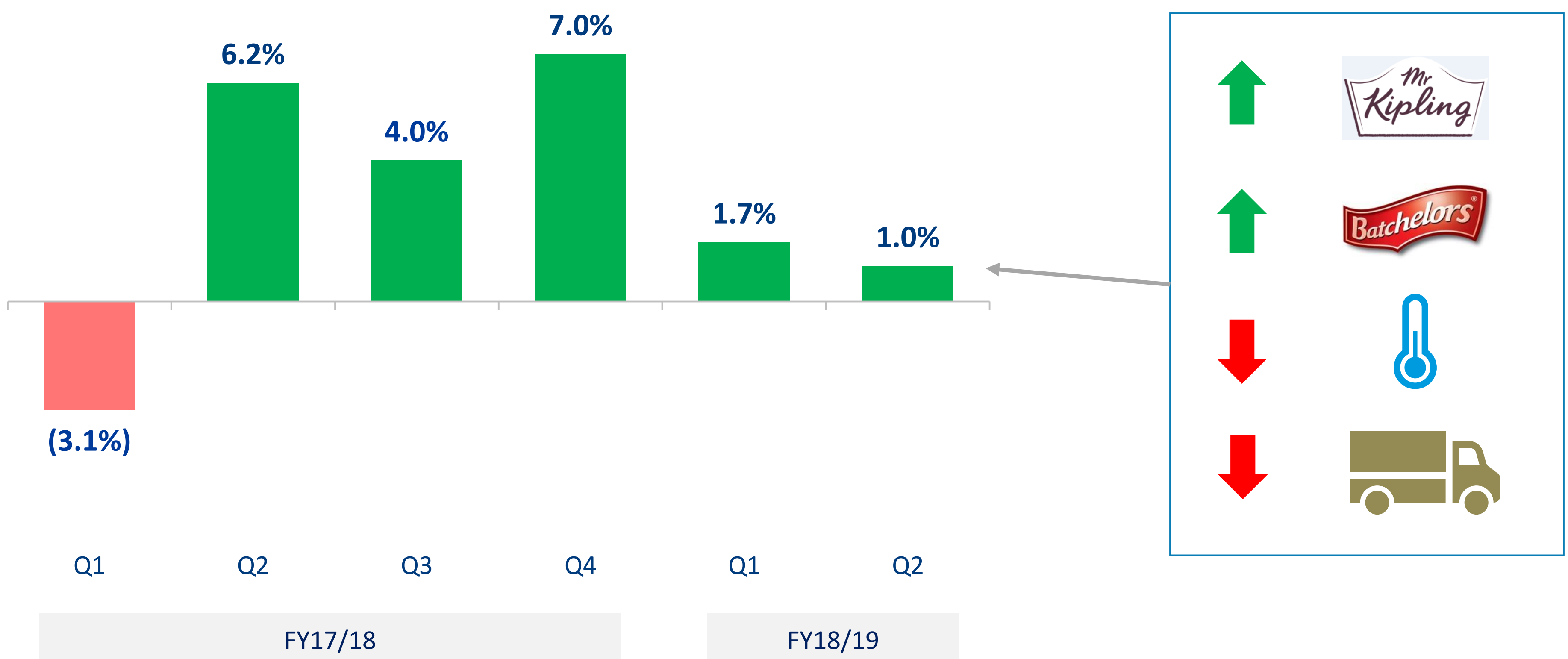
Sources: British Retail Consortium, September 2018; ONS

CONTINUED QUARTERLY REVENUE GROWTH

Q2 sales growth despite strong prior year comparative and hot summer

Quarterly Revenue growth

% movement year on year



OUR BUSINESS IS MORE RESILIENT THAN 4 YEARS AGO

Innovation strategy insulating against weather fluctuations

	Temperature change	Average category decline	Quarterly revenue
March 2014	↑4.7^{o}C	↓8%	↓6.2%
Sept 2016	↑3.2^{o}C	↓9%	↓5.4%
July 2018	↑2.3^{o}C	↓6%	↑1.0%

Sources: IRI, Met Office

LOGISTICS UPDATE

Final phase of logistics transformation programme experiencing challenges

Logistics Transformation

Programme stages and overview:

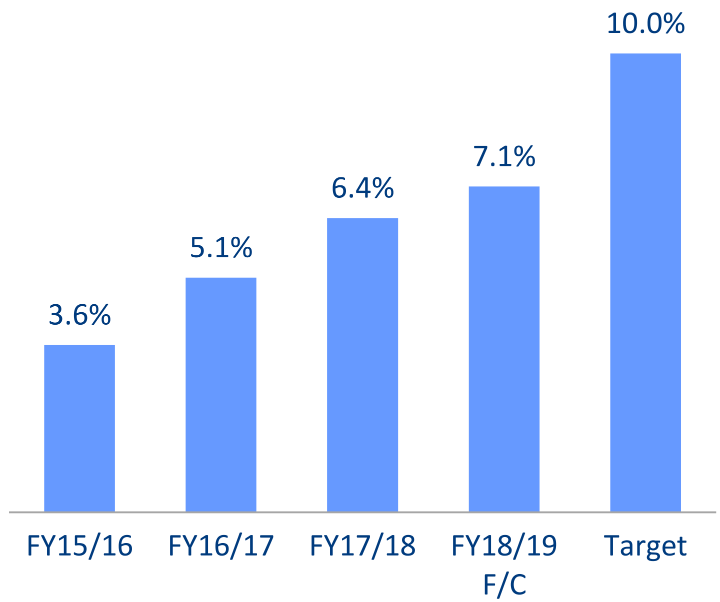
- Phase 1 completed end of FY17/18
- Phase 2 completed in Quarter 1
- Phase 3 transition commenced in Quarter 2:
  - Ramp up to expected operational performance by third party provider behind original plan
  - Initial labour availability and retention issues now resolved
  - Customer service levels currently below normal high standards but improving
  - Additional contingency plans in place to mitigate any further impacts
  - Sweet Treats revenue expected to be impacted in Quarter 3
  - Grocery revenue expected to be unaffected in Quarter 3

PRODUCT INNOVATION CONTINUES TO SUPPORT GROWTH

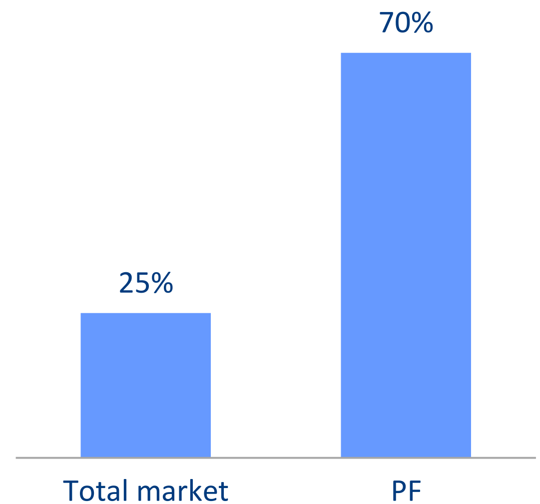
All our new product innovation is aligned to consumer trends

Innovation as % UK branded sales*

Targeting 10% of UK branded sales



% of NPD in market after 2 years



Health & Nutrition

Convenience

Snacking/On the go

Indulgence

** - For definitions, see appendix*

SUCCESSFUL MR KIPLING RELAUNCH IN H1

The Group's biggest brand delivered double-digit growth

Mr Kipling

FY17/18	Brand Relaunch Ingredients	FY18/19 H1
↓2% Revenue ↓3% Volume	TV advertising NPD Packaging redesign Instore execution	↑13% Revenue ↑5% Volume


TV advertising

NPD

Packaging redesign

Instore execution

BATCHELORS & NISSIN RETAIN CATEGORY LEADERSHIP

Batchelors pots range revenues doubled in H1

PREMIER FOODS

Batchelors

+7%
H1 revenue growth

Batchelors

Nissin

+63%
H1 revenue growth

NISSIN GROUP

Source: IRI, 52 w/e 29 September 2018

HEALTH & NUTRITION
Better for you choices across the portfolio

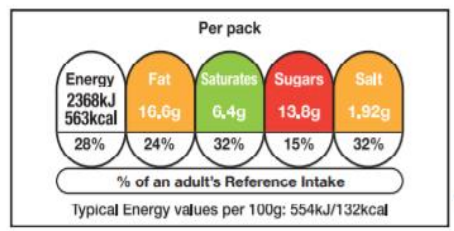
Health & Nutrition range
Lower calories, Lower sugar, Green traffic lights, Gluten free

30% less sugar

30% less fat

30% less sodium

Gluten free



Front of pack IGD best practice

GREAT INNOVATION COMING FOR H2

Aligned to key consumer trends

PREMIER FOODS

Loyd Grossman

'Pasta Italia' Sachets

'Pasta Italia' Pots

Ambrosia

Pot desserts

Oxo

Premium stock

Angel Delight

Layers pots

Jelly pots

Sharwood's

Noodle pots

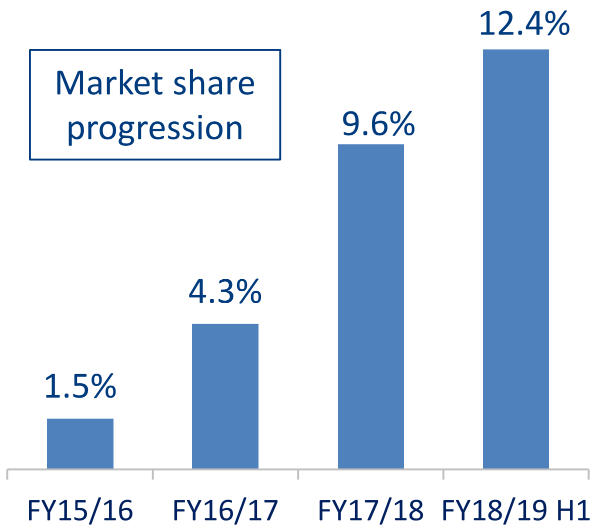
Cadbury

Baking mixes

INTERNATIONAL HIGHLIGHTS

Australia Cadbury cake in market performance strong; highest ever in H1

Australia
Cake



- International quarterly growth pauses after 15 consecutive quarters growth
- H1 Revenue down (9%) due to phasing of shipments of Cadbury cake to Australian retailers
- However, further market share gains show consumer demand continues

Sharwood’s
Revenue growth +47%

- Sharwood’s revenue growth due to increased instore feature
- Market share gains

- Sharwood’s strong growth following price re-alignment
- Targeted marketing activity

Source: Nielsen Australia, 26 w/e 7 October 2018

BREXIT

Scenario planning by cross-functional management committee

Scale & context	
€50m Net annual Euros spend	c.£550m Annual 3rd party spend
85% Spend with UK suppliers	3.4% FY17/18 revenue to EU
c.3.5% Seasonal EU employees	c.30% Raw materials EU sourced

Scenario planning

1. Scenario planning for several months
2. Broad range of commodity expenditure, with relatively low single exposure
3. Close collaboration with suppliers & customers to explore stock building
4. Stock building of raw materials
5. Short-term impact on working capital movement in Q4 – up to £10m
6. Focus on key, high selling SKUs

CORPORATE & SOCIAL RESPONSIBILITY

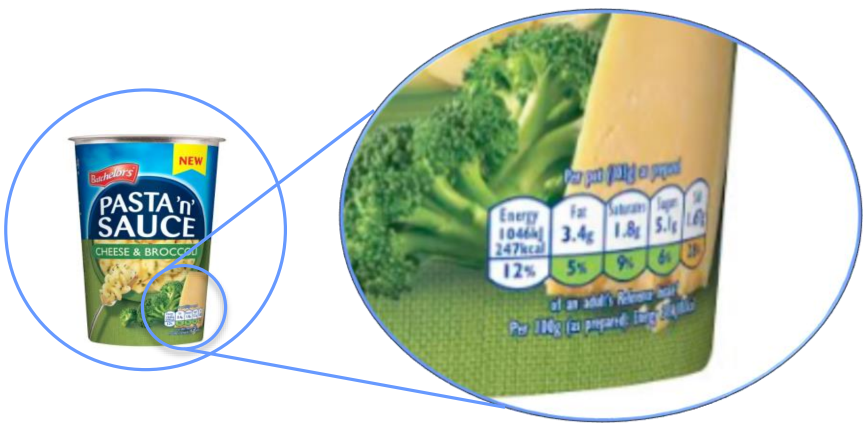
We are making good progress in a number of areas

Sugar

1,000 Tonnes

Remove 1,000 Tonnes of sugar from portfolio by end of FY18/19

Calorie control



Plastics

70% Recyclable plastics used in our products

240 Tonnes Tonnes of plastics removed over last 3 years

80 Tonnes Further reduction commitment in 2018

<⅓ Plastics as proportion of our total packaging materials

SUMMARY

PREMIER FOODS

Financial results

+1.3%	+6.2%
H1 Revenue growth	H1 Trading profit
+13.8%	£510m ↓£26m*
H1 Adjusted eps	Net debt

Strategic & Operational Headlines

Mr Kipling

Mr Kipling relaunch

Batchelors

Batchelors

Strong H2 pipeline

Logistics challenges

** - Compared to FY17/18 H1*

OUTLOOK

- Committed to reducing Net debt by £25m per annum
- Net debt/EBITDA target of below 3.0x expected by March 2020, excluding any M&A impact
- Working in parallel to identify other strategic opportunities to accelerate the Company's turnaround
- Any transaction would aim to provide opportunity to accelerate investment in consumer marketing, capex and meaningful Net debt reduction
- Third party discussions regarding potential disposal of Ambrosia
- Strong innovation plan for H2
- Logistics transformation programme expected to adversely impact Sweet Treats Q3 revenue
- Full year profit expectations unchanged

PREMIER FOODS

Q&A

Appendix

CAUTIONARY STATEMENT

Certain statements in this presentation are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Please note that any disclosures or statements referring to pro forma results provided in this presentation have not been subject to audit or review by the Company's auditors.

DEFINITIONS

- The period ‘FY18/19 H1’ refers to the 26 weeks ended 29 September 2018. The period ‘FY17/18 H1’ refers to the 26 weeks ended 30 September 2017.
- The period ‘Q2’ refers to the thirteen weeks ended 29 September 2018 and the comparative period, the thirteen weeks ended 30 September 2017.
- Trading profit is defined as Profit/(loss) before tax before net finance costs, amortisation of intangible assets, impairment, fair value movements on foreign exchange and other derivative contracts, restructuring costs, and net interest on pensions and administration expenses
- Adjusted profit before tax is defined as Trading profit less net regular interest. Net regular interest is defined as net finance cost after excluding write-off of financing costs, the early redemption fee paid in the period, fair value movements on interest rate financial instruments and other interest. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 19.0% divided by the weighted average of the number of shares of 840.8 million (26 weeks ended 30 September 2017: 834.2 million).
- Innovation as % sales defined as branded sales from the Grocery and Sweet Treats business units (excluding International & Knighton) from new product development and existing product development from product codes launched in the last 24 months

LEADING CATEGORY POSITIONS

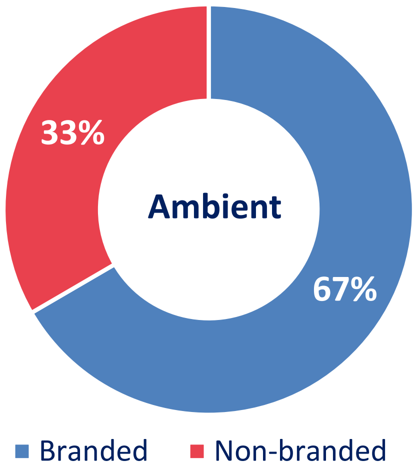
Strong market shares and high household penetration

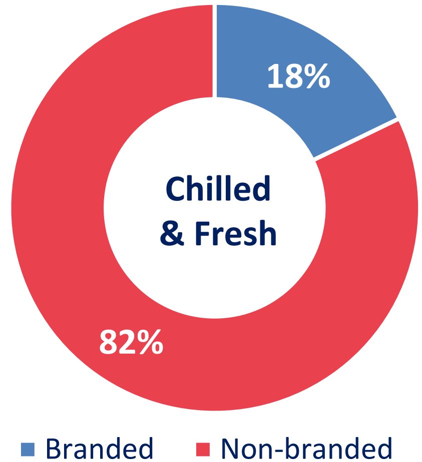
Categories	Brands	Position	Share	Penetration
Flavourings & Seasonings	Bisto, OXO, Paxo	1	43%	74%
Quick Meals, Snacks & Soups	Batchelors, Nissin Group	1	31%	46%
Ambient Desserts	Ambrosia, Angel Delight, Bird's	1	35%	56%
Cooking Sauces & Accompaniments	Sharwood's, Loyd Grossman, Homepride	1	16%	52%
Ambient Cakes	Mr Kipling, Cadbury, Lyons	1	22%	63%

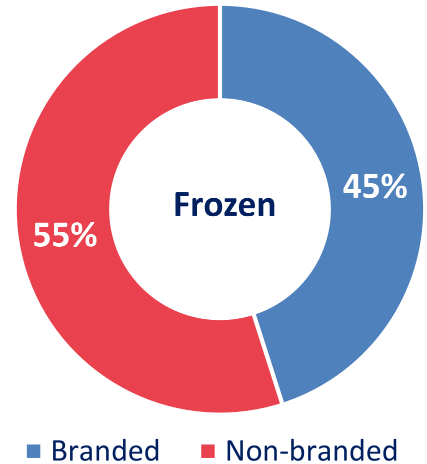
Sources: Category position & market share: IRI 52 w/e 29 September 2018; Penetration: Kantar Worldpanel 52 w/e 9 September 2018

RETAILER BRAND

Ambient grocery shows lowest prevalence of retailer brand in UK grocery







Market size	£29bn	£41bn	£6bn

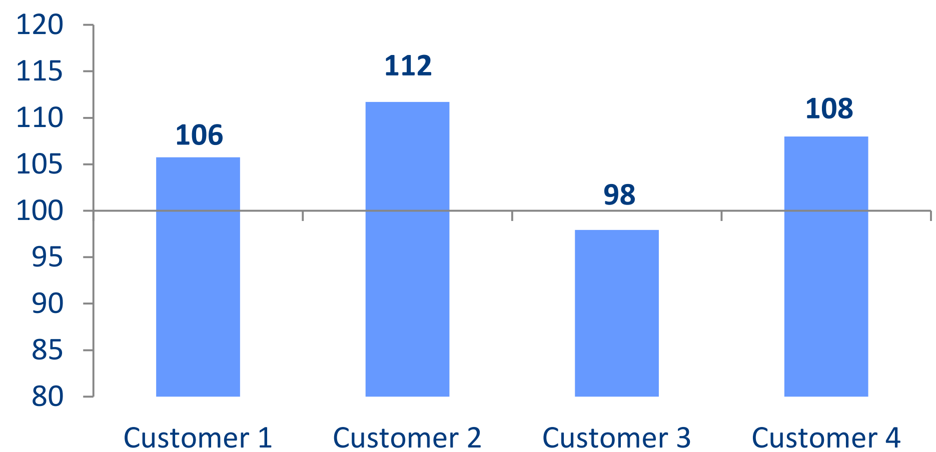
	Flavourings & Seasonings	QMS	Cooking Sauces	Ambient Desserts	Ambient Cake
Market size	£383m	£379m	£816m	£300m	£1,020m
PF share	43.1%	31.2%	15.6%	34.8%	22.3%
Own label share	13.0%	5.7%	25.6%	19.8%	51.5%

Sources: Kantar Worldpanel, 52 weeks ended 25 March 2018, IRI 52 weeks ended 29 September 2018

CUSTOMER & CATEGORY REVIEW

Long term outperformance in range reviews and an agile business model

Net category distribution points gain 2018 vs 2013



Index 100 = Distribution points parity, 2018 vs 2013

- Three out of four major customers gained distribution since 2013
- Reflects a period of many range reviews by retailers

Why is PF a great partner to UK retailers?

Manufacturing scale & capability

\+ Brand, product & insights expertise

\+ Agile & flexible business concept to store in 6 months

=

GROCERY NON-BRANDED GROWTH B2B AND CONTRACT WINS

Grocery H1 revenue commentary

Grocery Non-branded up +13.6%

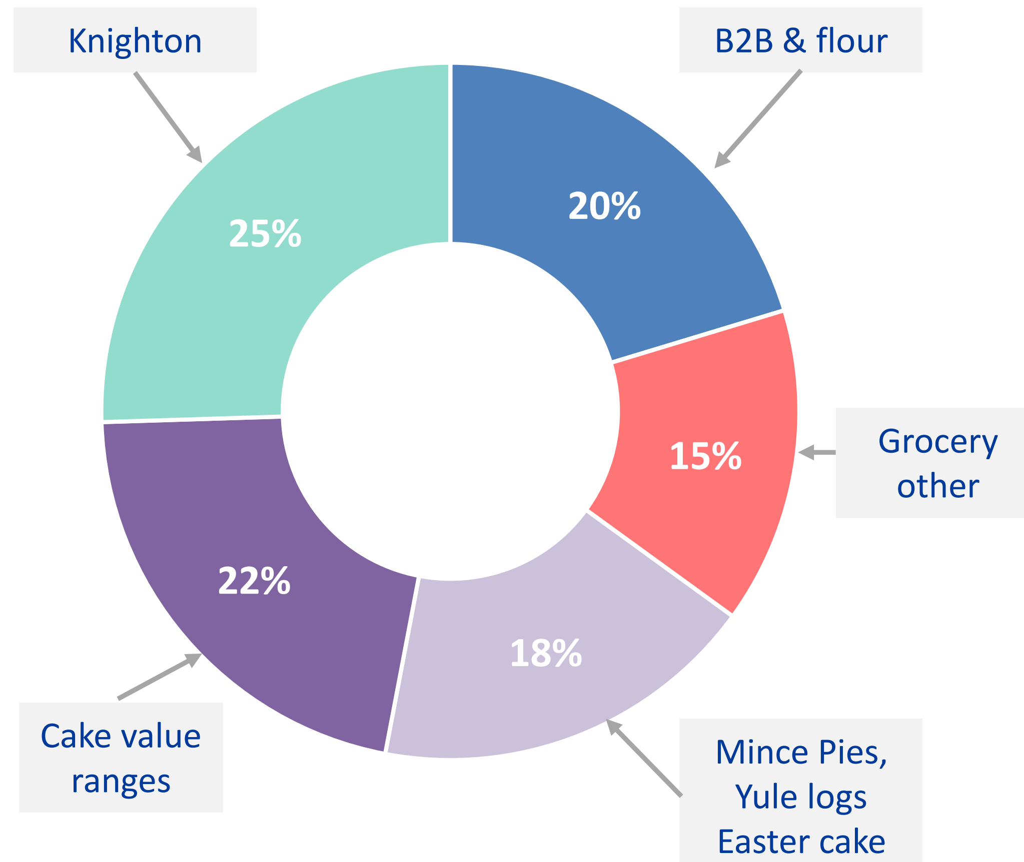
- Knighton Foods growing and accounts for half of the growth
- Retailer brand contract wins in Desserts, Flour, Stuffings and Noodles
- Other B2B phasing benefits

Sweet Treats H1 revenue commentary

Sweet Treats Non-branded down (13.1%)

- Various retailer brand contract exits
- Some impact from logistics transformation project
- Reduction in shelf space to branded products in one retailer

Non-branded revenue by type



INTEREST & TAXATION

Interest

£m	FY18/19 H1	FY17/18 H1
Senior secured notes interest	16	16
Bank debt interest	3	4
	19	**20**
Amortisation of debt issuance costs	2	2
Net regular interest	**21**	**22**

Taxation

- Deferred tax liability £3m
- Capital allowances in excess of depreciation provide further shield against future taxable profits
- Notional corporation tax 19.0% in FY18/19; deferred tax rate 17.0%
- Cash tax expected to be nil for medium term

PENSIONS – COMBINED SCHEMES

£m	29 Sept 2018	31 March 2018
Assets	4,725	4,864
Liabilities	(4,442)	(4,547)
Surplus	**283**	**317**
Surplus net of deferred tax @ (17.0%)	**235**	**263**

Key IAS 19 assumptions	29 Sept 2018	31 March 2018
Discount rate	2.85%	2.70%
Inflation rate (RPI/CPI)	3.25%/2.15%	3.15%/2.05%
Mortality assumptions	LTI +1.0%	LTI +1.0%

- Combined schemes deficit reflects RHM schemes surplus of £716m partly offset by Premier schemes deficit of £433m

Scheme Assets (£m)	29 September 2018	31 March 2018
Equities	192	297
Government bonds	1,022	1,046
Corporate bonds	20	21
Property	403	391
Absolute/Target return	1,369	1,324
Cash	49	32
Infrastructure funds	237	255
Swaps	593	715
Private equity	415	344
Other	425	439
Total	**4,725**	**4,864**

BALANCE SHEET

£m	29 September 2018	31 March 2018
Property, plant & equipment	184	185
Intangibles / Goodwill	1,058	1,075
Retirement benefit assets	716	754
Non-current Assets	**1,958**	**2,014**
Working Capital - Stock	100	76
- Debtors	66	75
- Creditors	(220)	(214)
Total Working Capital	**(54)**	**(63)**
Net debt		
Gross borrowings	(521)	(520)
Cash	11	24
Total Net debt	**(510)**	**(496)**
Retirement benefit obligations	(433)	(437)
Other net liabilities	(54)	(69)
Net Assets	907	949
Share capital & premium	1,492	1,492
Reserves	(585)	(543)
Total equity	907	949