PREMIER FOODS

Preliminary results
for 52 weeks ended 28 March 2020

24 June 2020

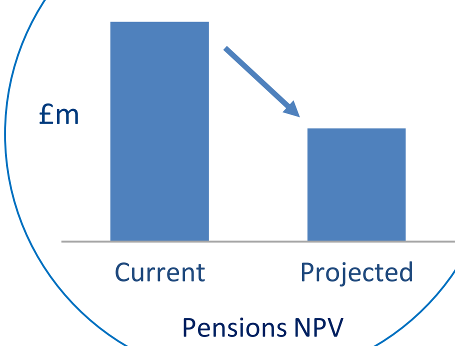
Alex Whitehouse
Chief Executive Officer

WE ARE MAKING CONSIDERABLE PROGRESS

A successful branded growth model with reduced leverage and pensions de-risking

11

2.7x



1. 11 consecutive quarters of UK sales growth

2. Net debt / EBITDA beaten previous 3.0x target

3. Strategic review concluded with landmark pensions agreement

PREMIER FOODS IS A VERY DIFFERENT BUSINESS TO 4 YEARS AGO

A successful branded growth model with reduced leverage and de-risked pensions

	2016		2020
Trading	Flat to marginally positive sales growth	→	11 consecutive quarters UK sales growth
Leverage	3.63x	→	2.72x
Pensions	NPV: £400-420m	→	NPV: £175-185m[1]

New management team taking a fresh look at everything with renewed energy and impetus to deliver value

1 – Assuming a buyout surplus and refers to projected high-case assumption RHM investment strategy returns of Gilts +3.25%

HEADLINE FULL YEAR & Q4 RESULTS

Strong UK trading – 11 consecutive quarters of revenue growth

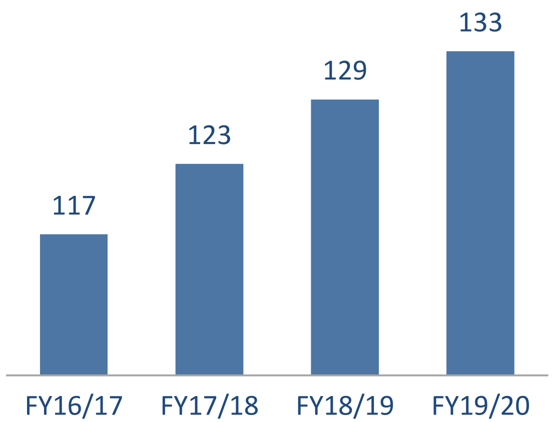
+2.8% / +3.6%	+4.3% / +7.3%	£133m	↓£62m	2.72x
FY & Q4 Revenue growth	UK FY & Q4 Revenue growth	Trading profit	Net debt[1] reduction	Net debt/EBITDA

Branded growth model delivering profitable revenue growth and accelerating debt reduction

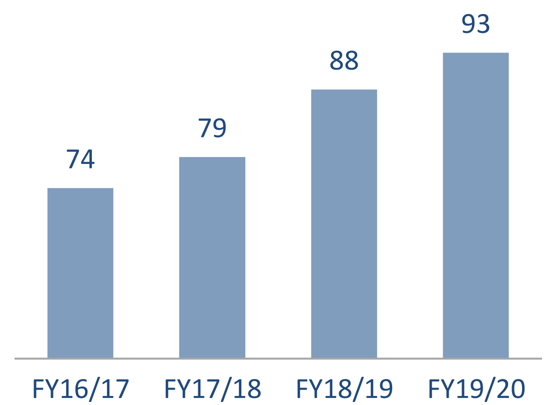
1 – On pre IFRS 16 basis

CONSISTENT & DEMONSTRABLE PROGRESS OVER LAST 3 YEARS

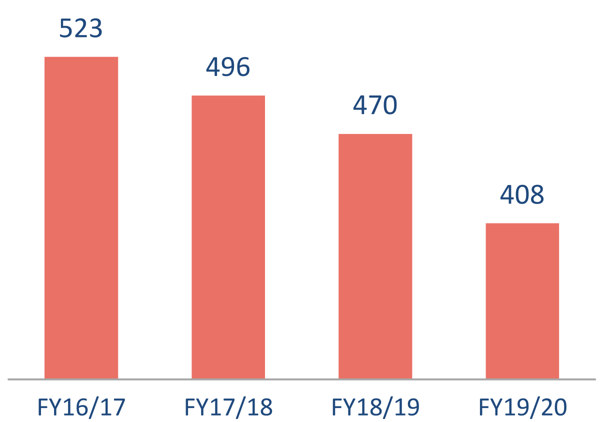
Trading profit (£m)



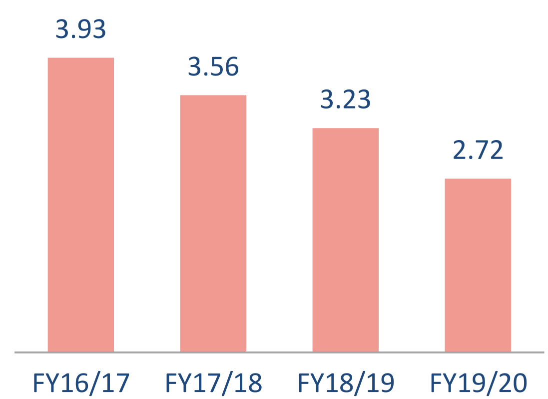
Adjusted PBT (£m)



Net debt (£m)



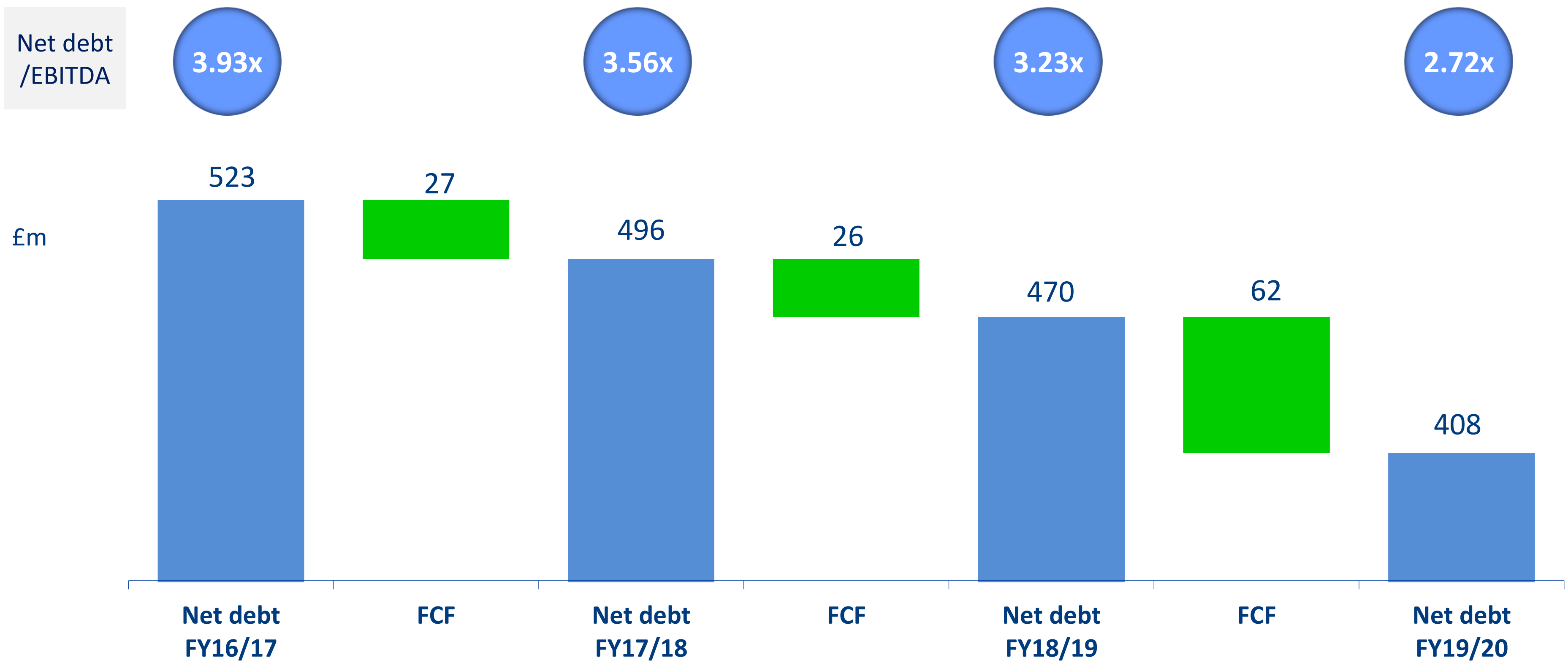
Net debt/EBITDA



Duncan Leggett
Chief Financial Officer

FULL YEAR NET DEBT PROGRESSION SINCE FY16/17

Consistent & disciplined track record of debt reduction

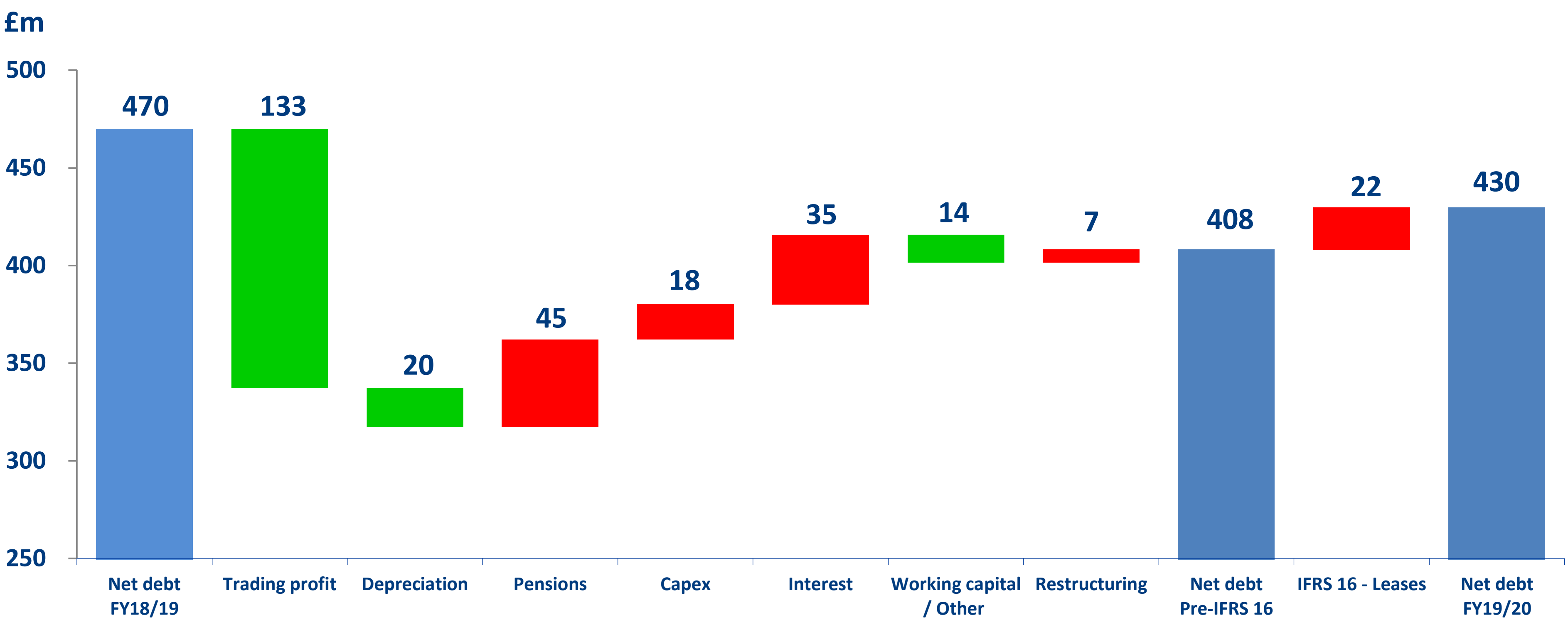


- EBITDA grown + 12% since FY16/17
- Cash interest declining as average debt levels fall
- Accelerating debt pay down

FY19/20 Net debt stated on pre-IFRS 16 basis

NET DEBT

Another year of strong debt reduction, comfortably beating 3.0x target

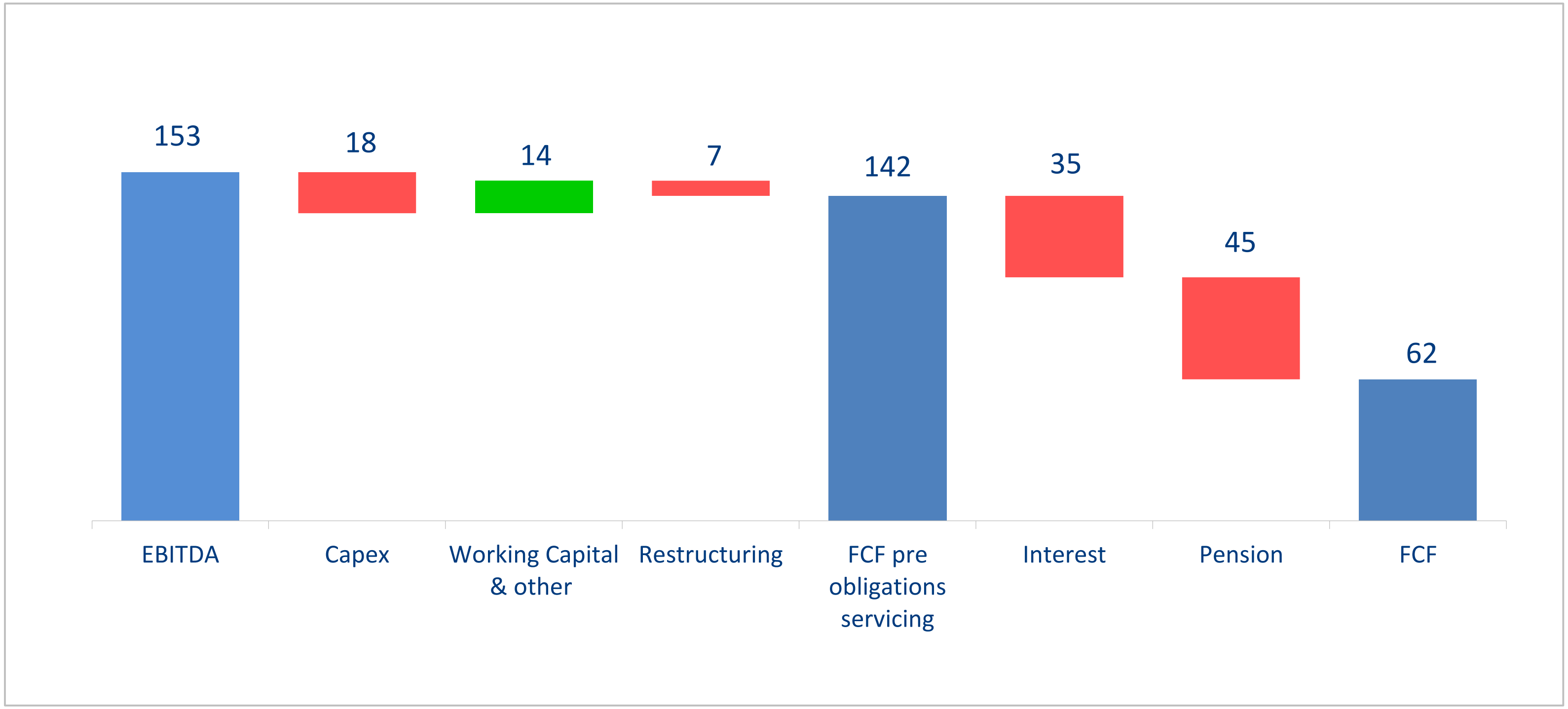


- IFRS 16 leases impact £22m; no economic or cash impact
- Working capital inflows as COVID-19 impacts resulted in lower stock holding levels
- Restructuring due to cash outflows relating to strategic review costs and commercial teams re-organisation
- Bank covenant Net debt/EBITDA includes add back of £30m invoice discounting factoring scheme
- Part redemption of £210m Floating rate notes in FY20/21 Q1 to drive interest cost saving of c.£4m per annum

FREE CASH FLOW % EBITDA

Consistent & disciplined track record of debt reduction

FY19/20 Free cash flow % EBITDA



FCF % EBITDA
41%

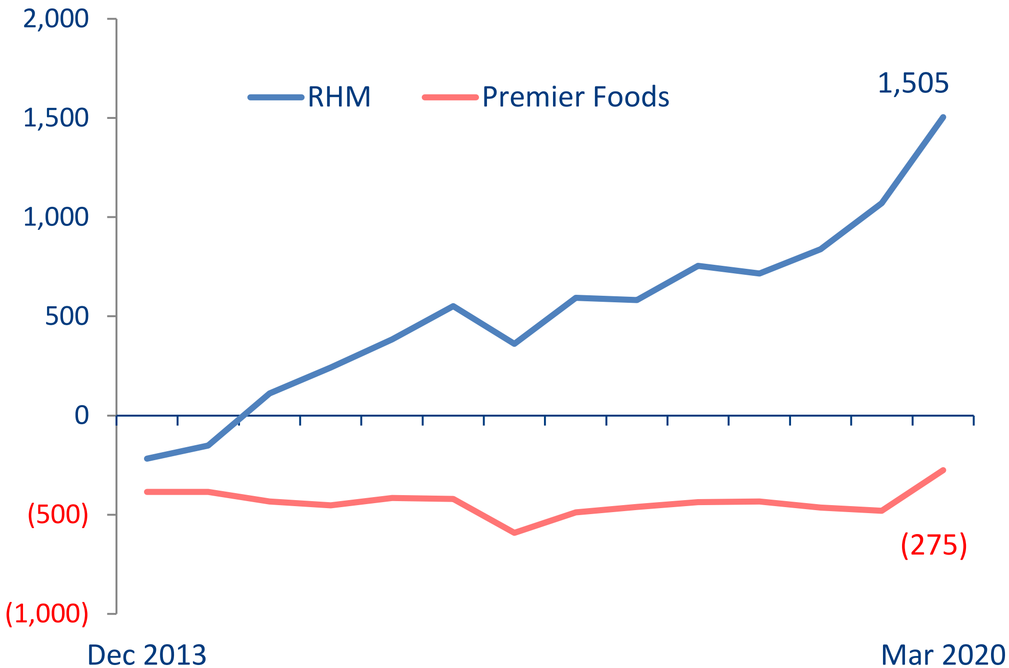
FCF % EBITDA expected to grow in medium term reflecting lower leverage and pensions agreement benefits

FCF stated after debt issuance costs

COMBINED PENSION SCHEMES

Accounting combined surplus increased to £1,230m; Triennial value £202m lower

Accounting Valuation trend (£m)



Actuarial Triennial Valuation (£m)

Surplus/(Deficit)	**2019**	**2016**	**2013**
RHM	338	135	(504)
Premier Foods	(552)	(551)	(538)
Ireland	0	0	(20)
Total schemes	**(214)**	**(416)**	**(1,062)**

- Increase in Government bonds of £456m, largely in the RHM scheme
- Valuation of liabilities lower to due fall in inflation rate, change in mortality assumptions and Triennial valuation experience true-up
- Over the medium term on an IAS19 basis, RHM schemes surplus has continued to increase while Premier Foods schemes deficit broadly stable until reduction in March 2020

- Strong performance in RHM portfolio benefitting from a successful hedging strategy and investment performance
- All valuations above except 2019 RHM valuation are based on liabilities assumption of Gilts +1.0%
- RHM 2019 valuation based on Gilts +0.5%

LANDMARK PENSIONS AGREEMENT NOW AGREED & SIGNED

Set to deliver value for many stakeholders

PREMIER FOODS

How do the benefits work through?

1. Utilises strength of RHM scheme & successful investment strategy

+

2. RHM scheme in healthy surplus[1] and moving closer to buyout

→

3. On buyout, prospective RHM surplus[2] would transfer to fund deficits in PF schemes

→

4. Creates greater funding certainty for Premier Foods scheme members

↓

5. *Expected significant reduction in future pension deficit contributions*

1 – Surplus on the current ongoing actuarial valuation basis

2 – Currently any surplus returned to the Company would be net of 35% tax

FY19/20 GROUP HEADLINE RESULTS

Revenue and Trading profit growth for third successive year

£m	FY19/20	FY18/19	Change (%)	Q4 Change (%)
Branded sales	**706**	**679**	**+3.9%**	**+5.0%**
Non-branded sales	141	145	(2.5%)	(5.3%)
Total sales	**847**	**824**	**+2.8%**	**+3.6%**
Divisional contribution	**172**	**162**	**+6.2%**	
Group & corporate costs	(39)	(33)	(17.7%)	
Trading profit	**133**	**129**	**+3.2%**	
Trading profit %	*15.7%*	*15.6%*	*+0.1ppt*	
EBITDA	**153**	**146**	**+4.8%**	
EBITDA %	*18.0%*	*17.7%*	*+0.3ppts*	

- Branded revenue up +3.9% in FY and +5.0% in Q4, led by success of branded growth model and COVID-19 demand in latter part of Q4
- Non-branded revenue (2.5%) lower in the year due to Sweet Treats contract exits and lower Knighton sales
- Group & Corporate costs (17.7%) increase due to IFRS 16 depreciation and higher management bonus due to operational progress
- Trading profit growth of +3.2% as strong divisional contribution partly offset by Group & Corporate costs

GROCERY

Branded revenue growing, translating to strong divisional contribution progress

£m	FY19/20	FY18/19	Change (%)	Q4 Change (%)
Branded sales	**515**	**498**	**+3.3%**	**+5.6%**
Non-branded sales	97	99	(1.8%)	(6.1%)
Total sales	**612**	**597**	**+2.4%**	**+3.7%**
Divisional contribution	**148**	**138**	**+7.2%**	
Divisional contribution %	*24.2%*	*23.2%*	*+1.0ppt*	

- Strong growth across a number of brands including Bisto, Batchelors, Ambrosia, Loyd Grossman, Paxo and Nissin Soba and Cup Noodle in particular
- Q4 sales elevated due to COVID-19, particularly in last three weeks of March
- Non-branded revenue slightly lower than last year as Knighton sales partly offset by contract wins in Stuffing & Desserts
- Divisional contribution:
  - Benefits of branded growth flow through to contribution
  - Consumer marketing investment in Bisto, Oxo and Batchelors
  - Improved performance at Knighton following exit of lower margin contracts
  - Lower volumes in International through the year impacting contribution delivery

SWEET TREATS

Continued positive momentum through innovation and increased advertising

£m	FY19/20	FY18/19	Change (%)	Q4 Change (%)
Branded sales	**191**	**181**	**+5.6%**	**+3.5%**
Non-branded sales	45	46	(3.9%)	(1.2%)
Total sales	**236**	**227**	**+3.6%**	**+3.0%**
Divisional contribution	**24**	**24**	**+0.4%**	
Divisional contribution %	*10.1%*	*10.4%*	*(0.3ppt)*	

- Mr Kipling momentum continues, reflecting new product development and marketing investment
- Cadbury cake sales grew, benefiting from new Dairy Milk Slices, Cadbury Crème Egg Choc cakes launch, and Cadbury Caramel Mini Rolls
- Non-branded sales declined due to exit of lower margin contracts; business focus on brands
- Divisional contribution slightly ahead as Gross profit progress offset by increased consumer marketing investment
- Divisional contribution % margins remain in double digit

STRONG FINANCIAL METRICS IN FY19/20

Statutory measures displaying excellent progress

Operating profit	Statutory PBT	Basic eps	Adjusted PBT	Adjusted eps
£95m	£54m	5.5p	£93m	8.9p
+£91m	+£96m	+9.5p	+6.0%	+5.4%

ADJUSTED EARNINGS PER SHARE GROWTH +5.4%

PREMIER FOODS

£m	FY19/20	FY18/19	Change (%)
Trading profit	**133**	**129**	**+3.2%**
Net regular interest	(39)	(41)	+3.1%
Adjusted PBT	**94**	**88**	**+6.0%**
Notional tax @ 19%	(18)	(17)	(6.0%)
Adjusted earnings	**76**	**71**	**+6.0%**
Weighted average shares in issue (million)	846.6	841.5	+0.6%
Adjusted earnings per share (pence)	**8.9p**	**8.5p**	**+5.4%**

- Net regular interest lower reflecting lower average levels of Net debt
- Adjusted PBT +6.0% due to Trading profit growth and lower interest costs
- Adjusted earnings per share +5.4%

FY20/21 CASH GUIDANCE

PREMIER FOODS

FY20/21 guidance	£m
Working capital	Slightly negative
Depreciation	c.£20m
Capital expenditure	c.£25m
Interest – cash	£32-£34m
Interest – P&L	£35-£37m
Tax – cash	Nil
Tax – notional P&L rate	19.0%
Pension deficit contributions	£38m
Pension administrative & PPF levy cash costs	£4-6m
Cash restructuring costs	c.£5m

- Low single digit £m cash tax payable from FY22/23 due to tax legislation changes on brought forward losses and lower relief due to expected lower pension deficit contributions

Mr Kipling
EXCEEDINGLY GOOD CAKES

Alex Whitehouse
Chief Executive Officer

COVID-19 UPDATE

Health & wellbeing of colleagues is paramount as we help feed the nation

Colleagues Health, Safety & Wellbeing	1. Group's priority is health and wellbeing of our colleagues and other stakeholders 2. A wide range of additional health, safety and hygiene protocols adopted across supply chain: – Already have high hygiene standards – Quick response; new measures adopted early March – Additional hygiene protocols implemented – Adapted shift changeover processes – Social distancing measures implemented per Government and WHO guidelines – Absence levels have been relatively low
Feeding the nation	1. Group takes its responsibilities as major UK food manufacturer seriously – supplying food to the nation at a time of need 2. Manufacturing and logistics operations have remained fully operational 3. Currently operating at maximum capacity across all Grocery sites 4. Wider supply chain has held up very well, with great support from our procurement team 5. Truly impressive performance from operations colleagues; very proud of everything the teams are doing 6. As a thank you £250 cash bonus + Hamper + 2 days holiday

COVID-19 UPDATE

Health & wellbeing of colleagues is paramount as we help feed the nation

PREMIER FOODS

Protecting the business	Cash & liquidity – Cash generated from operations >£90m at year end – Prudent measure to draw down £85m of £177m revolving credit facility in March
Impact on business performance	1. Volumes and revenue – Excluding COVID-19 effects, overall FY19/20 performance was on track for a strong year of progress – March: A sharp peak in Grocery volumes accelerating through the latter part of month reflecting consumers stocking up store cupboards – FY20/21 Quarter 1: Continued to be higher than usual – Expect these volumes to start to normalise as out of home eating outlets reopen – Sweet Treats/cake category volumes were initially lower than prior year but have now recovered – Foodservice and B2B volumes are lower than usual albeit we serve hospitals, prisons 2. Costs / margins – Some cost increases to deliver additional hygiene and social distancing measures – Recruitment for some manufacturing lines to meet higher demand and cover temporary absence – Additional costs are outweighed by volume impacts

OUR BRANDED GROWTH MODEL STRATEGY IS DELIVERING

A combination of agility, pace and scale

Sustainable & profitable revenue growth

- Leading brand positions
- Insight driven innovation
- Sustained marketing investment
- Collaborative retail partnerships
- International markets expansion

Cost control & efficiency

- Lean SG&A cost base
- Operational Excellence
- Capital projects
- Agility, pace & energy

Cash generation

- Disciplined working capital management
- Tight focus on Capex
- Options for cash deployment in short and medium term

Strategic review concluded – now a variety of cash deployment and capital allocation options

A REMINDER OF WHAT UNDERPINS OUR INNOVATION STRATEGY

And is core to the delivery of organic growth

PREMIER FOODS

1 Insight

Building in depth consumer understanding

2 Innovation

Developing new products that make consumers lives easier

3 Execution

Collaborative retail partnerships with outstanding in-store execution

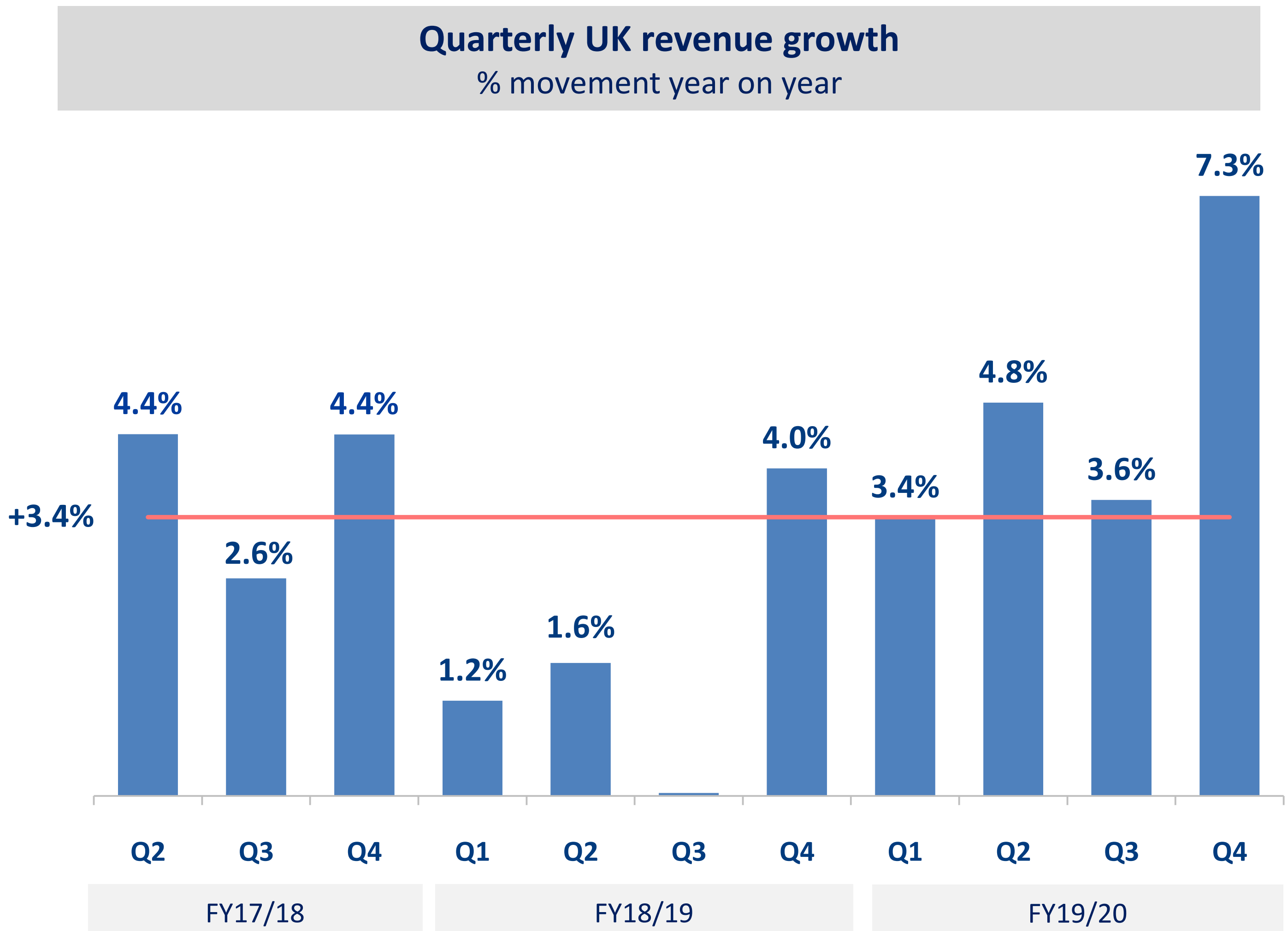
Consumer trends

Consumer at the heart of the innovation process

1. Health & Nutrition
2. Convenience
3. Snacking and On the go
4. Indulgence
5. Packaging sustainability

UK REVENUE PERFORMANCE

Established track record of delivering sustainable, profitable revenue growth



Sustainable & profitable revenue growth

- Strong growth across all quarters in FY19/20; Q4 saw increased volume due to COVID-19 effects, although main effect only c.3 weeks
- FY20/21 Q1 Group revenue growth expected to be up c.20%

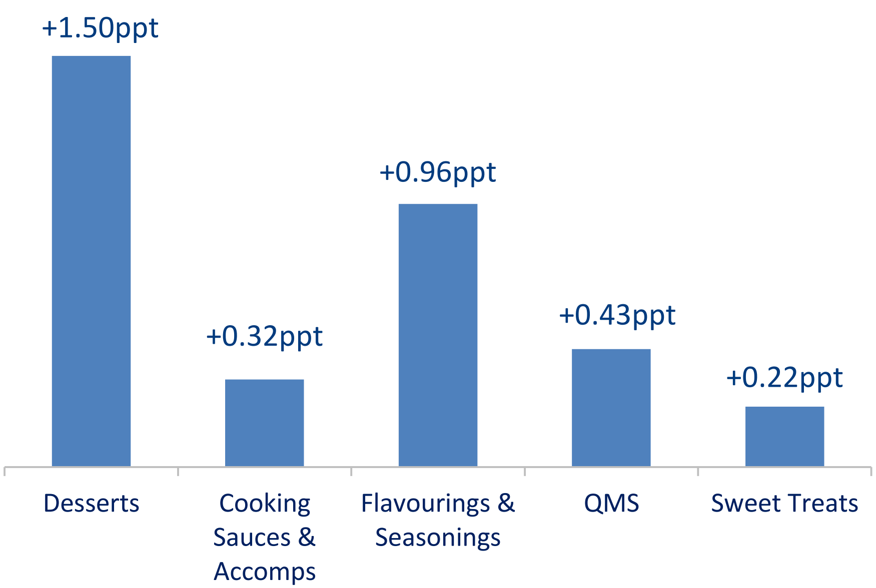
OUTPERFORMING OUR MARKETS

Market share gains in growing markets and innovation rate building

Market share[1]

Share gains in growing markets

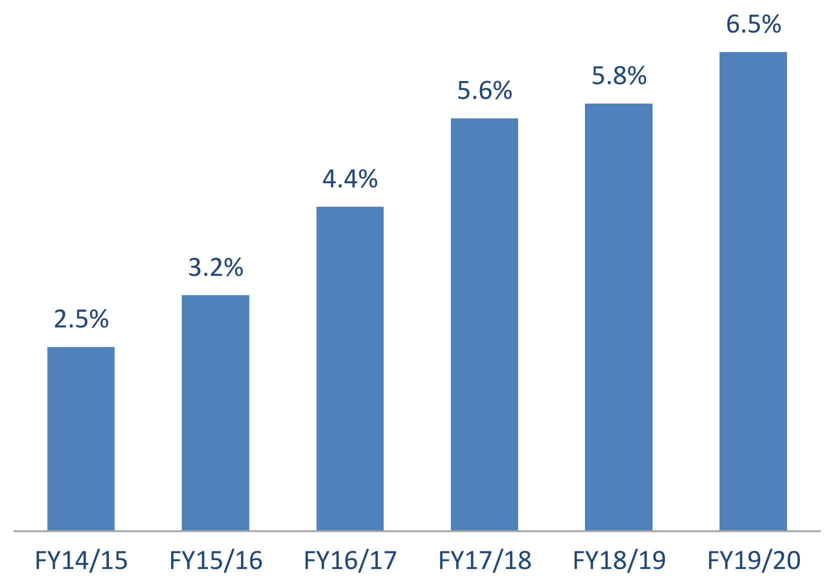
Market leading brands



NPD as % Branded revenue

Continuing to grow NPD as proportion of revenue

Innovation



1 – Source: IRI, 52 w/e 28 March 2020

MR KIPLING DELIVERS HIGHEST EVER ANNUAL SALES

Revenues 17% higher than 2 years ago following brand relaunch

Revenue growth since relaunch

FY18/19	+12%
FY19/20	+4%
FY19/20 vs 2 years ago	+17%

New Product Development & Brand Investment

Mr Kipling 'Minis' range

Mr Kipling 'Signature' range

TV advertising

CADBURY CAKE

Revenue and share growth driven by exciting new product ranges

FY19/20
+8% Revenue growth
Share growth[1]

New Product Development

Cadbury Crème Egg Choc Cakes

Cadbury Caramel Mini Rolls

Cadbury Baking mixes

Dairy Milk Slices

1 – Source: IRI, 52 w/e 28 March 2020

BATCHELORS & NISSIN RANGES GROWING VERY WELL

Nissin ranges revenue nearly doubled in FY19/20

Batchelors

Tasty Donkey TV advertising

+4%

FY19/20 sales growth

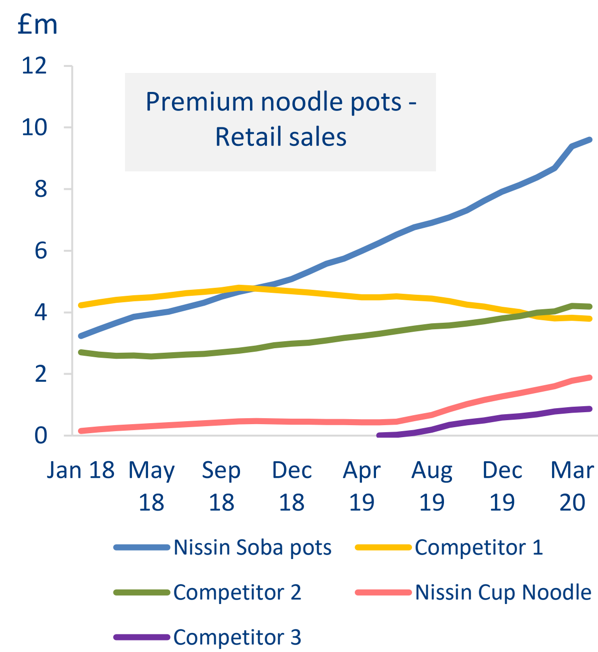
3

Consecutive years sales growth

+20%

Growth vs 3 years ago

Nissin



+88%

FY revenue growth

5.0%

52 w/e Market share[1]

1 – Source: Pot snacks, IRI, 52 w/e 28 March 2020

GROCERY INNOVATION FOCUSING ON CONVENIENCE

Convenience theme highly relevant for today's consumer

Bisto & Paxo

- Convenient ready to use gravy pot
- Just one minute in microwave and ready to pour
- Launched in Q2

- Growing popularity of southern fried flavours
- Launched in Q4

Sharwood's

- Sharwood's Rice pots building on success of Batchelors range formats
- Demonstration of stretching brands into adjacent categories
- Available in 3 flavour variants
- Noodle kits also in 3 varieties

INNOVATION ALIGNED TO HEALTH & NUTRITION TRENDS

The branded growth model continues to drive the innovation agenda

Sharwood's & Loyd Grossman

Oxo

Plantastic

Mr Kipling

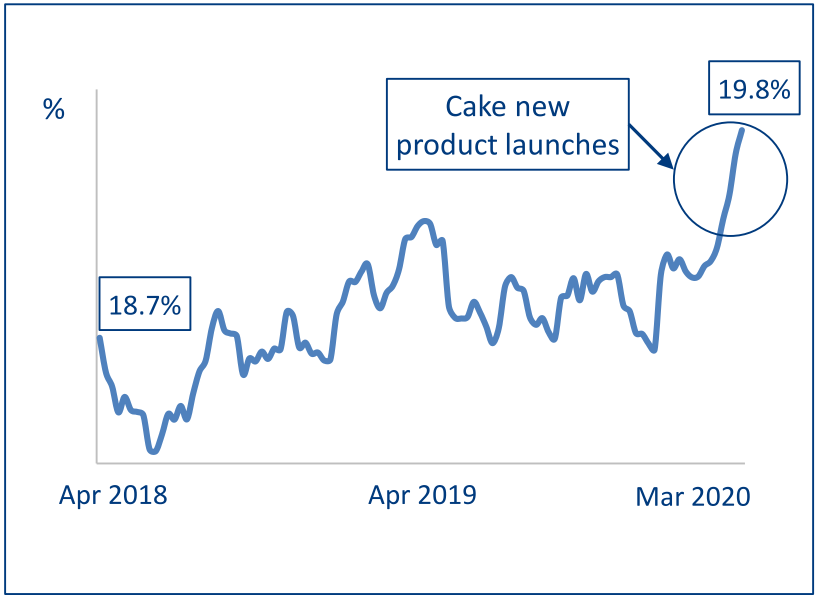
UNDERPINNED BY EXCELLENT INSTORE EXECUTION

Through collaborative retailer partnerships

1

Weighted Distribution*

Grocery retailers, PF categories



- Particularly strong increase in cake distribution in Q4
- Grocery categories very resilient

2

Instore Execution

Mr Kipling Roald Dahl and Loyd Grossman

- Mr Kipling Roald Dahl 'Matilda' themed front of store activity
- Loyd Grossman centre of store activity

** – Weighted distribution refers to number of stores a product is listed, weighted by the relative importance by individual store*

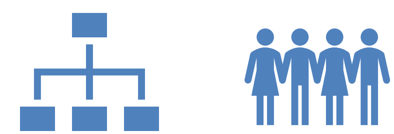
INTERNATIONAL STRATEGY

FY19/20 revenues down (19%) but opportunity to grow our brands remains clear

- Revised International strategy to deliver sustainable profitable revenue growth:
  - Recent disappointing performance
  - Opportunity evidenced by pockets of success and local ‘in market’ research
  - Require a different approach to unlock and build sustainable profitable growth as in the UK

1 New leadership structure

- New proven Head of International appointed
- New market heads have replaced functional heads, e.g. Australia & NZ, N. America, Europe



2 Market focus

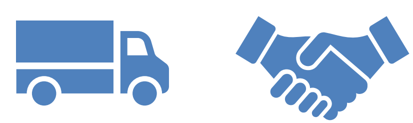
- Shift of resource from UK to ‘in market’
- Market heads based in market, with small local execution teams
- Initial focus on selected markets

3 Execution obsession

- Focus on optimising execution by market
  - Right product
  - In right stores
  - Right price
  - Right promotional plan

4 Optimised route to market

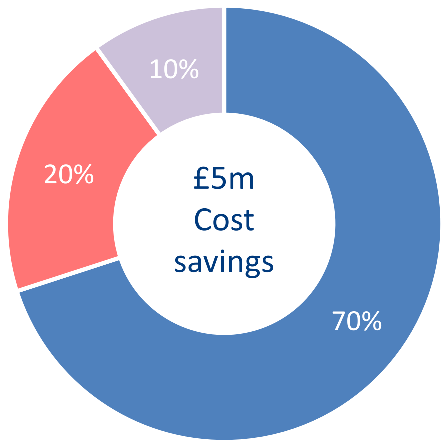
- Optimised to local market retail structure
- Diligence in selection of local partner with right capabilities



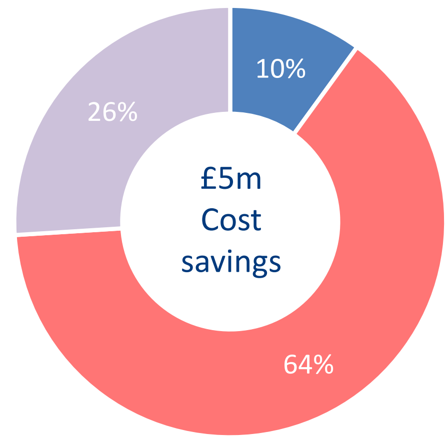
COST SAVINGS PROGRAMME EXPECTED TO OVER DELIVER

Target of £5m additional cost savings by FY21/22 for brand re-investment

Savings by type



Savings by year



Supply Chain Excellence

Engineering

Planning

Logistics

LOOKING AHEAD TO FY20/21

The branded growth model continues to drive the innovation agenda

Mr Kipling

Batchelors and Nissin

Cadbury

Bird's and Angel Delight

EMOTIONALLY ENGAGING ADVERTISING INVESTMENT

Up to 6 major brands planned to benefit from increased advertising in FY20/21

Increasing advertising investment in FY20/21

Six major brands which account for 58% of Group sales

Mr Kipling

'Little Thief'

Batchelors

'Tasty Donkey'

Bisto

New for 2020

OXO

'Dad's night in'

Ambrosia

?

New for 2020

6th brand

?

New for 2020

ESG

Healthier choices and animal welfare recognition

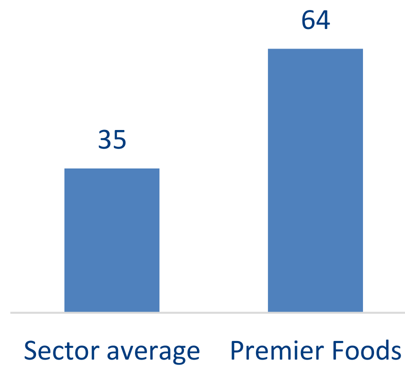
Healthier choices

1,042
Tonnes of sugar removed

- Enhancing nutritional profile of existing ranges
- Offer alternative healthier options, e.g. lower % sugar
- Clear on pack labelling

Animal welfare

BBFAW
Business Benchmark on Farm Animal Welfare



- Achieved increased ranking to Tier 2 in 2019
- Assesses 150 food companies worldwide (marked out of 100)

ESG

Packaging progress and Carbon emissions

Packaging

95% Proportion of our packaging which is recyclable

12% Of our packaging by weight is plastic

Proportion of our plastic which is recyclable	2018	2019	2025 target
	69%	81%	100%

On Pack Recycling Labelling on all UK products

Removed all black packaging from Mr Kipling & Cadbury cake portfolio in 2019

Carbon emissions

5.1% ↓ Year on year reduction in CO_2 emissions

40% ↓ Reduction in CO_2 emissions since 2008[1]

FY19/20 reduction due to natural gas pipeline installation at Lifton Desserts site

1 – LFL, re-stated for site disposals

SUMMARY

Summary
▪ 11 consecutive quarters of UK revenue growth ▪ Innovation rate increased to 6.5% of branded revenue ▪ Record Mr Kipling sales in FY19/20 ▪ 3rd year of Trading profit and adjusted earnings growth ▪ Net debt/EBITDA of 2.7x, comfortably beating previous target ▪ Accounting combined pensions surplus increased to £1,230m ▪ Signed landmark pensions agreement de-risks pension liabilities and set to significantly reduce future deficit contributions ▪ Part redemption (£80m) of £210m callable Floating rate notes to reduce financing cost by c.£4m per annum completed in FY20/21 Q1

OUTLOOK

Outlook

- Expect to deliver further progress in FY20/21
- Continued focus on branded growth model with:
  - Further insightful product innovation and
  - Increased emotionally engaging advertising investment
- New International strategy to deliver sustainable profitable growth as evidenced in UK
- Cost savings programme expected to over deliver
- Quarter 1 Revenue expected to be c.20% ahead of prior year due to continued COVID-19 effects
- Early stage in financial year, unclear as to how consumer eating habits may evolve as lockdown measures ease
- Expect to exceed expectations for FY20/21 Revenue and Trading profit although some additional operational costs in supply chain being incurred
- Options for cash deployment and capital allocation as a result of anticipated further Net debt reduction in FY20/21

FY20/21 – Sales growth/decline by quarter

Q1	+c.20%	Q2	↑
Q3	↑	Q4	↓

- Quarter 2 & 3 expected to stabilise as out of home food outlets reopen
- Quarter 4 tough comparative due to COVID-19 effects in FY19/20

PREMIER FOODS

Q&A

NISSIN

Soba

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 ‘FY19/20’ refers to the 52 weeks ended 28 March 2020. The period ‘FY18/19’ refers to the 52 weeks ended 29 March 2019.
- The period ‘Q4’ refers to the thirteen weeks ended 28 March 2020 and the comparative period the thirteen weeks ended 29 March 2019.
- Trading profit is defined as Profit/(loss) before tax before net finance costs, amortisation of intangible assets, non-trading items, fair value movements on foreign exchange and other derivative contracts and net interest on pensions and administration expenses and past service costs.
- 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, other finance income, early redemption fees, fair value movements on interest rate financial instruments and other interest payable. 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 846.6 million (52 weeks ended 29 March 2019: 841.5 million).

LEADING CATEGORY POSITIONS

Strong market shares and high household penetration

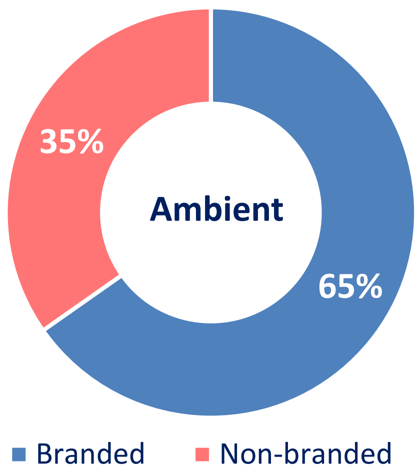
Categories

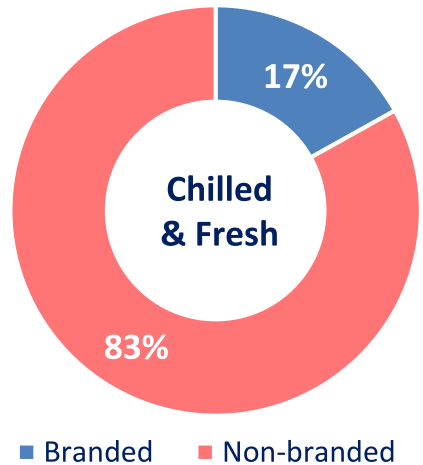
	Brands	Position	Share	Penetration
Flavourings & Seasonings	Bisto, OXO, Paxo	1	43%	70%
Quick Meals, Snacks & Soups	Batchelors, Nissin Group	1	32%	46%
Ambient Desserts	Ambrosia, Angel Delight, Bird's	1	36%	55%
Cooking Sauces & Accompaniments	Sharwood's, Loyd Grossman, Homepride	1	16%	52%
Ambient Cakes	Mr Kipling, Cadbury, Lyons	1	24%	63%

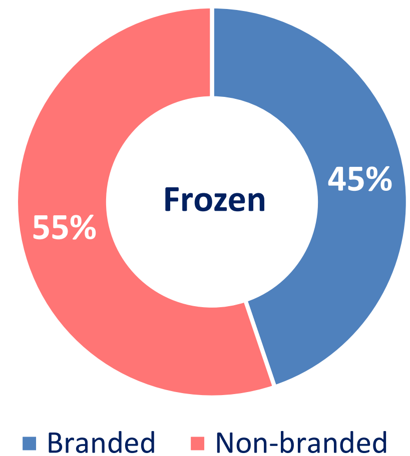
Sources: Category position & market share: IRI 52 w/e 28 March 2020; Penetration: Kantar Worldpanel 52 w/e 22 March 2020

UK GROCERY MARKET

Ambient grocery shows lowest prevalence of retailer brand in UK grocery







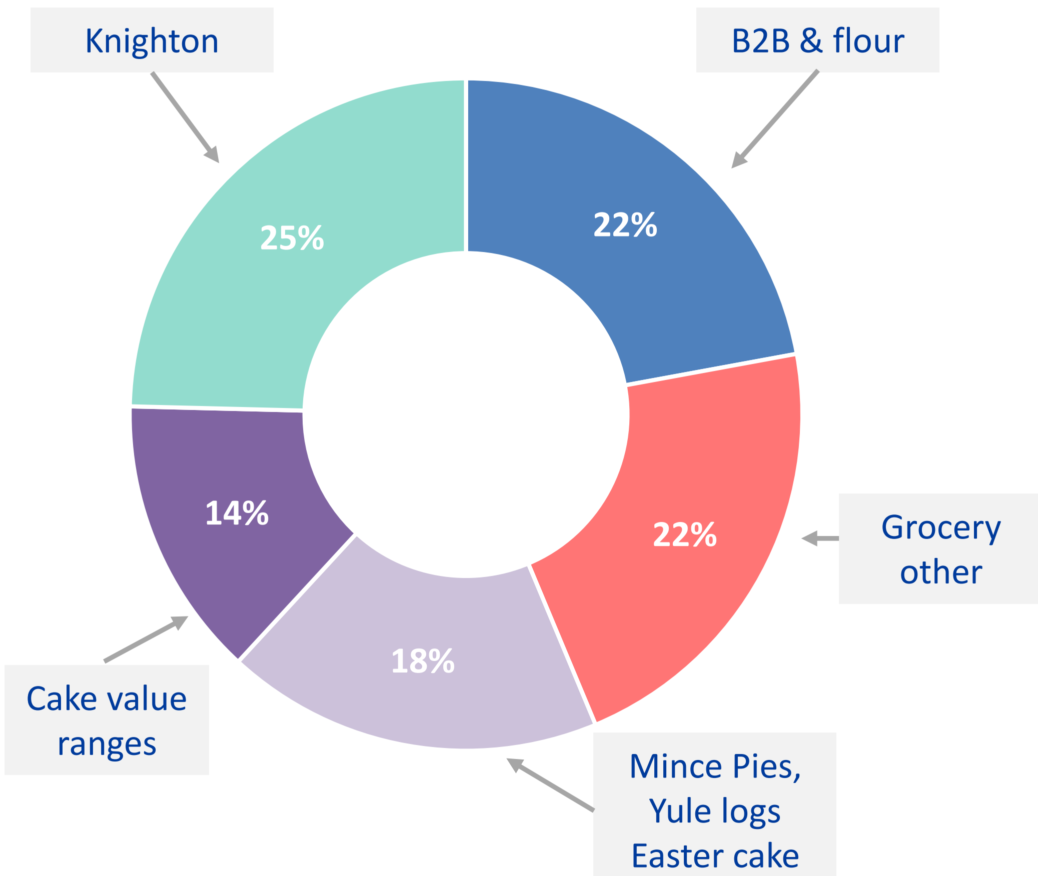
Market size	£33bn	£46bn	£6bn

	Flavourings & Seasonings	QMS	Cooking Sauces	Ambient Desserts	Ambient Cake
Market size	£411m	£401m	£876m	£312m	£1,005m
PF share	43.4%	31.6%	15.7%	36.2%	23.6%
Own label share	12.9%	5.7%	26.3%	20.0%	50.4%

Sources: Kantar Worldpanel, 52 weeks ended 22 March 2020, IRI 52 weeks ended 28 March 2020

NON-BRANDED PLAYS AN IMPORTANT AND SUPPORTIVE ROLE IN OUR BUSINESS

Non-branded revenue by type



Key principles & criteria

- Application of a Capex light approach
- To play an important & incremental role
- Assists in supporting Manufacturing overhead recoveries
- Strict financial hurdles apply for new business

FY19/20 commentary

- FY19/20 Non-branded revenue declined (2.5%):
- Sweet Treats (3.9%) decrease due to contract exits
- Grocery contract growth in Desserts and Stuffing
- Charnwood revenues up, Knighton down

OPERATING PROFIT UP £91 MILLION

£m	FY19/20	FY18/19	Change
Trading profit	**133**	**129**	**4**
Amortisation of intangible assets	(30)	(35)	5
Foreign exchange fair value movements	2	(1)	3
Net interest on pension and administration costs	(5)	(1)	(4)
Non-trading items	(5)	(87)	82
Operating profit	**95**	**5**	**90**

- Amortisation of intangible assets lower than prior year due to full amortisation of SAP software at manufacturing sites and prior year brand impairment
- Non-trading items in current year £5m largely due to strategic review costs
- Non-trading items in prior year of £87m due to:
  - Guaranteed Minimum Payments pensions ruling (c.£42m)
  - Impairment of Sharwood’s and Saxa brand intangible assets (c.£31m)
  - Implementation costs associated with logistics transformation programme (c.£14m)

INTEREST & TAXATION

PREMIER FOODS

Interest

£m	FY19/20	FY18/19
Senior secured notes interest	31	32
Bank debt interest	5	5
	36	**37**
Amortisation of debt issuance costs	3	4
Net regular interest	**39**	**41**

Taxation

- Tax charge of £7m in FY19/20
- Deferred tax liability increased from £14m to £185m largely due to increased combined pensions surplus
- Notional corporation tax 19.0% in FY20/21
- Cash tax expected to be nil for next two years; low single digit £m tax payable from FY22/23

COMBINED PENSION SCHEMES – ACCOUNTING BASIS

Combined surplus increased £857m to £1,230m

IAS19 Accounting valuation (£m)	28 March 2020			30 March 2019		
	RHM	Premier Foods	**Combined**	RHM	Premier Foods	**Combined**
Assets	4,745	775	5,520	4,334	707	5,041
Liabilities	(3,240)	(1,050)	(4,290)	(3,496)	(1,172)	(4,668)
Surplus/(Deficit)	**1,505**	**(275)**	**1,230**	**838**	**(465)**	**373**
Surplus/(Deficit) net of deferred tax (Tax @ 19.0%/17.0%)	**1,219**	**(223)**	**997**	**695**	**(386)**	**310**
Discount rate	2.50%	2.50%	2.50%	2.45%	2.45%	2.45%
Inflation rate (RPI)	2.65%	2.65%	2.65%	3.25%	3.25%	3.25%

- Increase in Government bonds of £456m, largely in the RHM scheme
- Valuation of liabilities lower to due fall in inflation rate, change in mortality assumptions and Triennial valuation experience true-up
- Over the medium term on an IAS19 basis, RHM schemes surplus has continued to increase while Premier Foods schemes deficit broadly stable until reduction in March 2020

PENSIONS – COMBINED SCHEMES

£m	28 March 2020	30 March 2019
Assets	5,520	5,041
Liabilities	(4,290)	(4,668)
Surplus	**1,230**	**373**
Surplus net of deferred tax @ (19.0%/17.0%)	**997**	**310**

Key IAS 19 assumptions	28 March 2020	30 March 2019
Discount rate	2.50%	2.45%
Inflation rate (RPI/CPI)	2.65%/1.65%	3.25%/2.15%

Scheme Assets (£m)	28 March 2020	30 March 2019
Equities	12	180
Government bonds	1,803	1,347
Corporate bonds	25	27
Property	445	436
Absolute return products	1,198	1,342
Cash	32	37
Infrastructure funds	310	256
Swaps	487	498
Private equity	510	446
LDI	268	223
Other	430	249
Total	**5,520**	**5,041**

PENSIONS AGREEMENT – COMPANY BENEFITS

Landmark agreement expected to deliver value for many stakeholders

Company benefits

1. Potential for significant reduction in pension deficit contribution payments
2. Resultant significant reduction in NPV of deficit contributions by up to c.45%[1]
3. £4m p.a. reduction in administration expenses paid by Company partly due to efficiency benefits[2]
4. Improved dividend matching arrangement
5. Strengthened governance of single trust
6. Existing upside sharing of Trading profit, as agreed in 2017, to lapse

- Subject to following assumptions:
  - RHM scheme shows a surplus on buyout valuation
  - No change to deficit recovery period length
  - Subject to future triennial actuarial valuations and associated discussions/negotiations
- The merged scheme will manage its own investment strategy and performance, albeit in consultation with the Company
- 1 - 'Up to c.45%' refers to high-case assumption RHM investment strategy returns of Gilts +3.25%
- 2 - Applicable for next three financial years

PENSIONS AGREEMENT – SCHEME BENEFITS

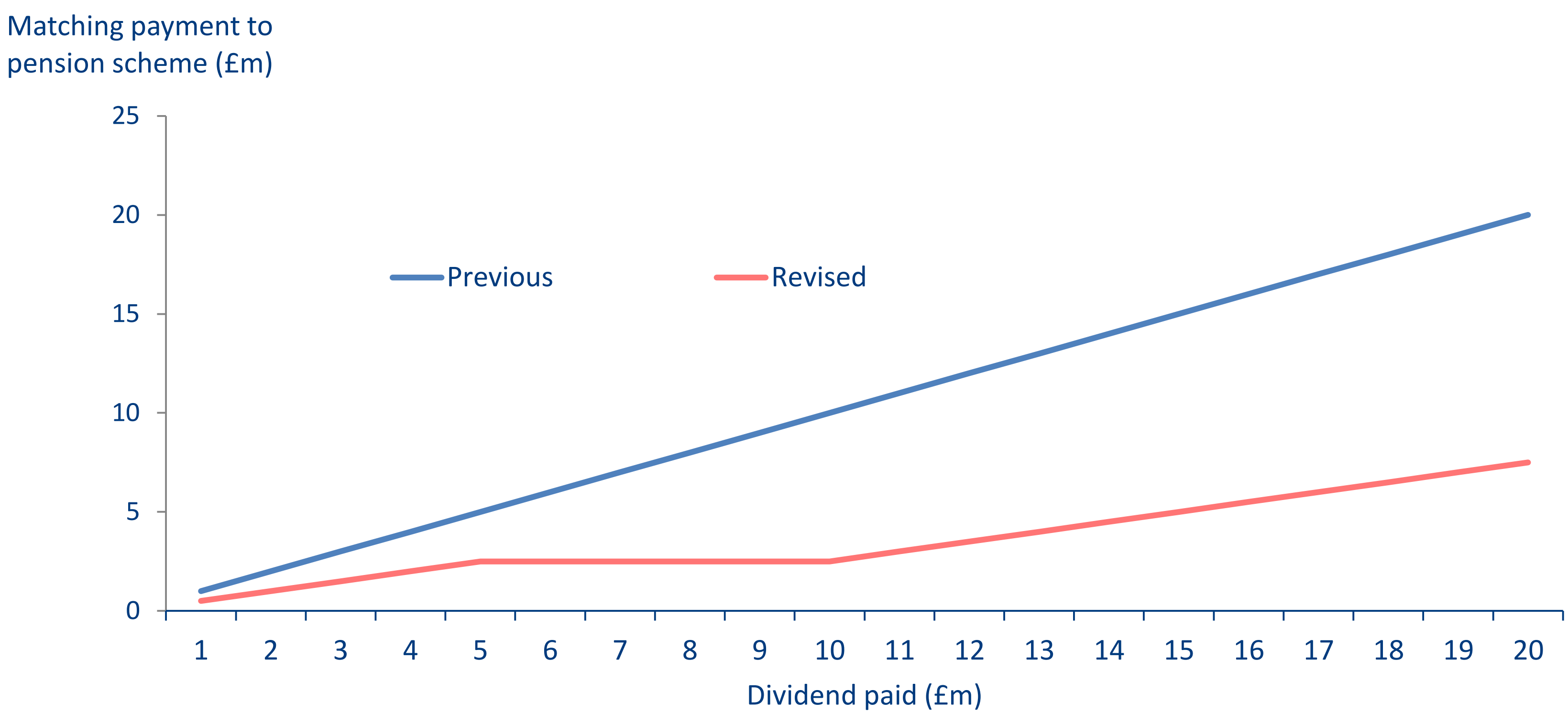
Landmark agreement expected to deliver value for many stakeholders

Pension Scheme benefits

1. More secure future for Premier Foods schemes members
2. Potential sharing of surplus on buyout across the whole trust
3. The existing £450m security which the RHM Scheme benefits from remains unchanged
4. Merged schemes to benefit from certain rights in the event of any future potential transaction of major brands
5. Strengthened governance of single trust

IMPROVED DIVIDEND MATCHING ARRANGEMENT

Reduced payments to pension schemes compared to previous 1:1 plan

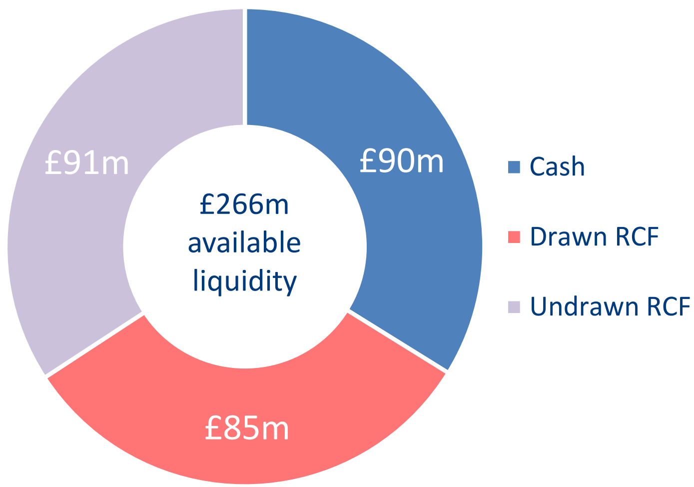


- Up to £5m of cash dividend - for every £1 paid as dividend, a further 50 pence is payable to the PF Schemes
- Between £5m and £10m of cash dividend – 100% received by shareholders
- Above £10m - for every £1 paid as dividend, a further 50 pence is payable to the PF Schemes

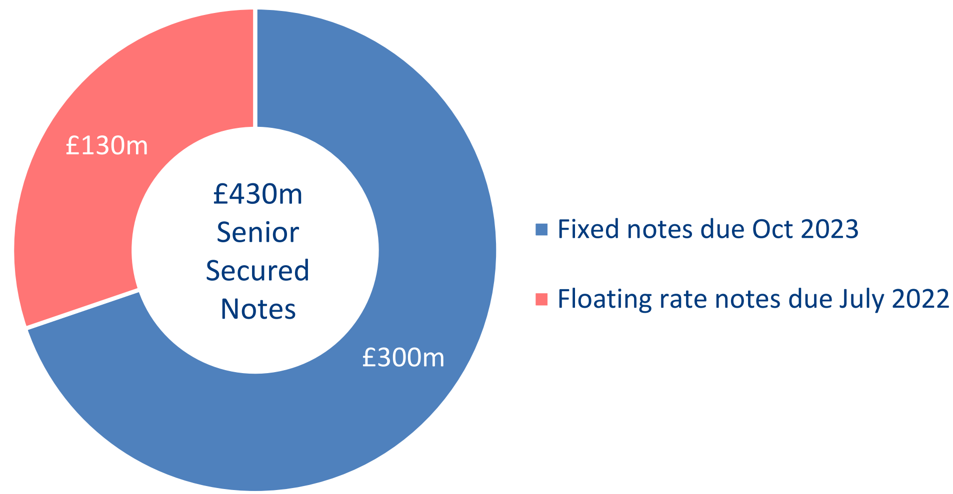
Note – Dividend payment subject to certain financing agreement restrictions and Board recommendation

CASH & LIQUIDITY

Part redemption of callable floating rate notes completed post year end



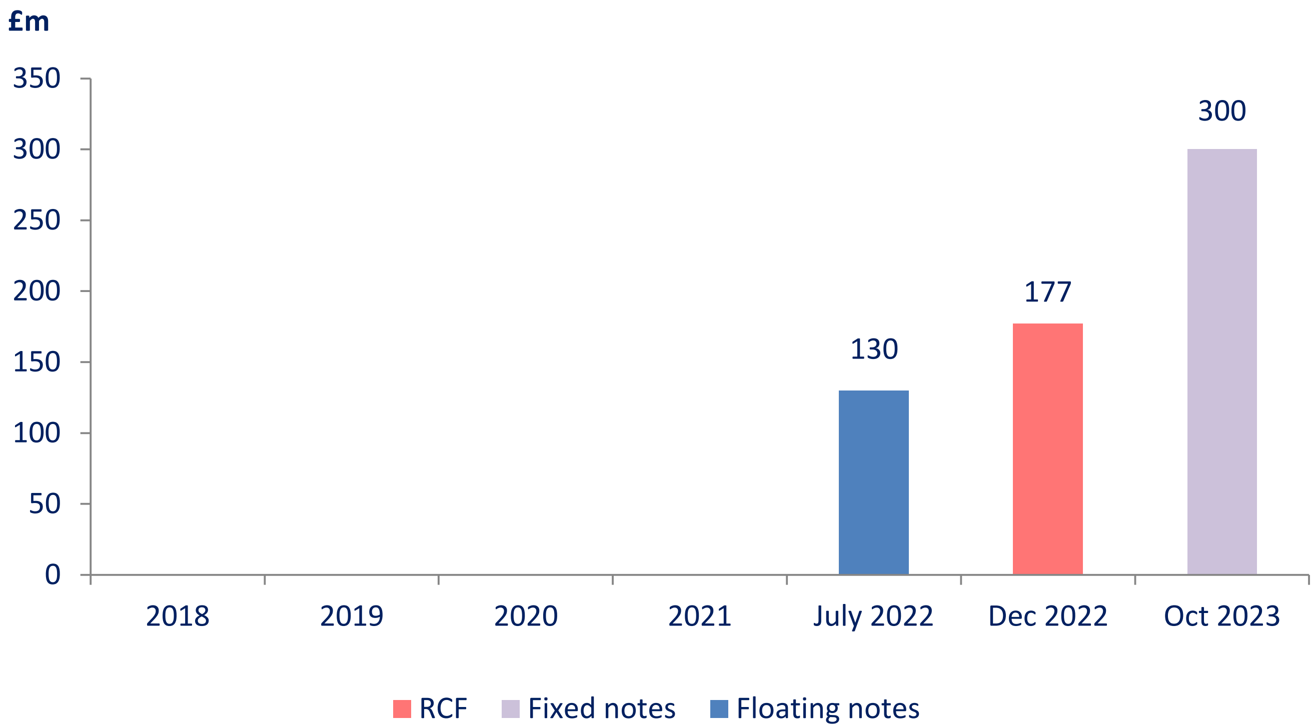
Cash and Committed RCF at 28 March 2020



Longer dated maturities post FRN part redemption

1. Continued to build cash balances in 2nd half of year. At 28 March 2020:
   - A prudent drawdown of £85m of £176.6m committed Revolving credit facility in addition to organic cash of £90m
   - Committed RCF due to mature December 2022
2. Other longer dated maturities as follows:
   - £300m Fixed rate notes due October 2023 and
   - £130m Floating rate notes due July 2022
3. Part redemption (£80m) of £210m Floating rate notes to drive interest cost saving of c.£4m per annum completed FY20/21 Q1

CAPITAL STRUCTURE
First maturity July 2022



- Appropriate liquidity and a comfortable maturity profile
- Floating rate notes reduced from £210m to £130m in June 2020

BALANCE SHEET

£m	28 March 2020	30 March 2019
Property, plant & equipment	194	186
Intangibles / Goodwill	987	1,012
Retirement benefit assets	1,512	838
Non-current Assets	**2,693**	**2,036**
Working Capital - Stock	68	78
- Debtors	89	89
- Creditors	(250)	(238)
Total Working Capital	**(93)**	**(71)**
Net debt		
Gross borrowings	(607)	(498)
Cash	178	28
Total Net debt	**(429)**	**(470)**
Retirement benefit obligations	(282)	(465)
Other net liabilities	(209)	(67)
Net Assets	**1,680**	**963**
Share capital & premium	1,494	1,493
Reserves	186	(530)
Total equity	**1,680**	**963**