Half year results
for 26 weeks ended 28 September 2019

12 November 2019

Mr Kipling
EXCEEDINGLY GOOD CAKES

Alex Whitehouse
Chief Executive Officer

HEADLINE RESULTS

Strong branded revenue growth & Net debt[1] £39m lower

+2.4% / +3.6%	+4.3% / +5.6%	£51m	£32m / +5.0%	↓£39m
H1 & Q2 Revenue growth	H1 & Q2 Branded growth	Trading profit	Adjusted PBT	Net debt[1]

A stronger H1 performance than expected gives us increased confidence in full year outlook

1 – On pre IFRS 16 basis

OPERATIONAL STRATEGY DELIVERING

We have increased vigour, impetus and energy

Sustainable & profitable revenue growth

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

Cost control & efficiency

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

Cash generation

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

Strategic review nearing conclusion

UPDATED EXECUTIVE LEADERSHIP TEAM

Designed to deliver sharper commercial and operational focus

New senior appointments

Chief Marketing Officer
Yilmaz Erceyes

Chief Customer Officer
Richard Martin

Operations Director
Paul Thompson

- Refocused Executive Leadership Team
- More functionally based; three new roles all internal appointments
- Sharper consumer, commercial and operational focus
- Designed to accelerate pace & agility
- Streamlines internal processes & reporting

Duncan Leggett
Acting Chief Financial Officer

GROUP HEADLINE RESULTS

Revenue and Trading profit growth

£m	FY19/20 H1	FY18/19 H1	Change (%)	Q2 Change (%)
Branded sales	**310**	**297**	**+4.3%**	**+5.6%**
Non-branded sales	57	61	(6.8%)	(5.7%)
Total sales	**367**	**358**	**+2.4%**	**+3.6%**
Divisional contribution	**70**	**68**	**+2.0%**	
Group & corporate costs	(19)	(17)	(7.5%)	
Trading profit	**51**	**51**	**+0.2%**	
Trading profit %	*13.9%*	*14.2%*	*(0.3ppts)*	
EBITDA	**61**	**59**	**+1.9%**	
EBITDA %	*16.5%*	*16.6%*	*(0.1ppt)*	

- Branded revenue up +4.3% in H1 and +5.6% in Q2; excellent brand results plus some Brexit benefit
- Non-branded revenue (6.8%) lower in the period due to Sweet Treats contract exits
- Group & Corporate costs includes higher depreciation post IFRS 16 and phasing impact of management incentive schemes
- Trading profit better than expected with benefits from branded revenue growth combined with increased consumer marketing investment

GROCERY
Branded revenue growing ahead of the market

£m	FY19/20 H1	FY18/19 H1	Change (%)	Q2 Change (%)
Branded sales	**218**	**210**	**+3.8%**	**+6.2%**
Non-branded sales	46	46	(0.1%)	(1.8%)
Total sales	**264**	**256**	**+3.1%**	**+4.7%**
Divisional contribution	**59**	**57**	**+4.0%**	
Divisional contribution %	*22.5%*	*22.3%*	*+0.2ppts*	

- Strong growth across a number of brands including Bisto, Ambrosia, Loyd Grossman and Nissin Soba and Cup Noodle in particular
- Q2 sales received some Brexit benefit as certain customers increase stock holding levels
- Non-branded revenue broadly in line with last year
- Divisional contribution:
  - Consumer marketing investment in Bisto and Batchelors
  - Improved performance at Knighton following exit of lower margin contracts
  - Adverse product mix in International

SWEET TREATS

Continued positive momentum from prior year

£m	FY19/20 H1	FY18/19 H1	Change (%)	Q2 Change (%)
Branded sales	**92**	**87**	**+5.5%**	**+4.1%**
Non-branded sales	11	15	(26.6%)	(17.2%)
Total sales	**103**	**102**	**+0.7%**	**+0.7%**
Divisional contribution	**10**	**11**	**(8.0%)**	
Divisional contribution %	*10.1%*	*11.1%*	*(1.0ppt)*	

- Mr Kipling momentum continues, reflecting new product development and marketing investment
- Cadbury cake benefitted from new Dairy Milk Slices launch, later timing of Easter and improved Easter seasonal ranges
- Non-branded sales declined due to exit of lower margin contracts; business focus on brands
- Divisional contribution lower as consumer marketing investment higher compared to prior year and impact of reduced vacancies in commercial teams
- Divisional contribution % margins remain in double digit

OPERATING PROFIT UP +27%

£m	FY19/20 H1	FY18/19 H1	Change
Trading profit	**51**	**51**	**0**
Amortisation of intangible assets	(15)	(18)	3
Foreign exchange fair value movements	1	1	0
Net interest on pension and administration costs	0	(1)	1
Non-trading items	(1)	(5)	4
Operating profit	**36**	**28**	**8**

- Amortisation of intangible assets lower due to full amortisation of SAP software at manufacturing sites
- Non-trading items higher in prior year due to implementation costs associated with logistics transformation programme which has since completed

ADJUSTED EARNINGS PER SHARE +4.3%

£m	FY19/20 H1	FY18/19 H1	Change (%)
Trading profit	**51**	**51**	**+0.2%**
Net regular interest	(19)	(21)	+6.8%
Adjusted PBT	**32**	**30**	**+5.0%**
Notional tax @ 19%	(6)	(6)	(5.0%)
Adjusted earnings	**26**	**24**	**+5.0%**
Weighted average shares in issue (million)	846.1	840.8	+0.6%
Adjusted earnings per share (pence)	**3.03p**	**2.91p**	**+4.3%**

- Net regular interest lower reflecting lower average levels of Net debt
- Adjusted PBT +5.0% higher due predominantly to interest savings
- Adjusted earnings per share +4.3%

IFRS 16 – LEASES

Overview of expected full year position

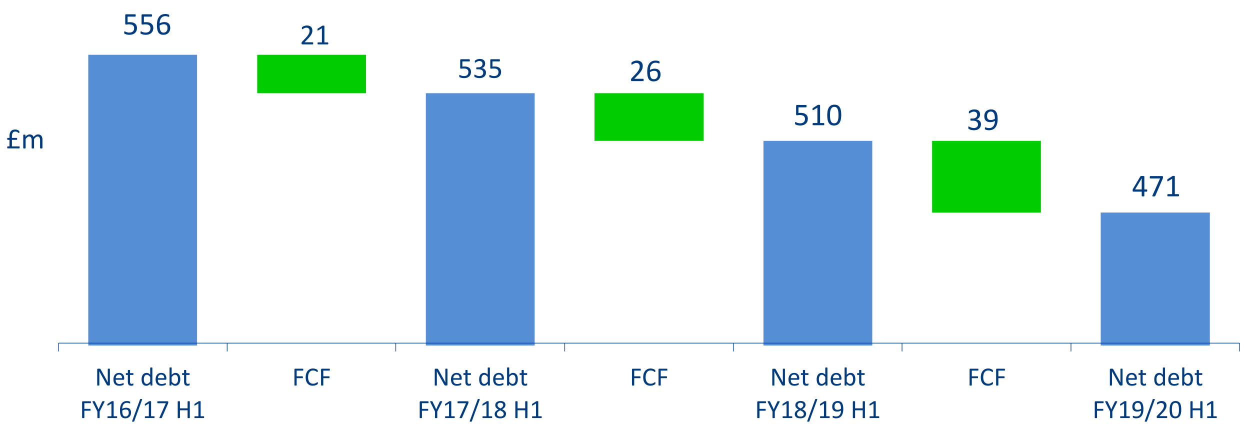
FY19/20 - £m	IFRS 16 adjustment	Comments
Balance sheet extract		
Fixed Assets	12	Recognise asset
Lease liability	(21)	Recognise lease liability
Net assets	-	
Net debt	(21)	Include lease liability in Net debt
P&L extract		
Lease cost	2	Remove operating lease charge
Depreciation	(2)	Depreciation on asset
Trading profit	-	
EBITDA	2	Add back depreciation on asset

- New leases accounting standard, IFRS 16, effective for accounting periods commencing on or after 1 January 2019
- This is the Group's first results to reflect this new standard
- Group has elected to transition to IFRS 16 using the Modified Retrospective Approach
  - No re-stated comparative in statutory accounts
- No economic change to the position of the Group
- Key test is assessing the recognition of right of use of an asset; all operating leases now held on balance sheet
- No impact on financial covenants; tested on pre-IFRS 16 basis

H1 YoY PROGRESSION & FCF PRE OBLIGATIONS SERVICING

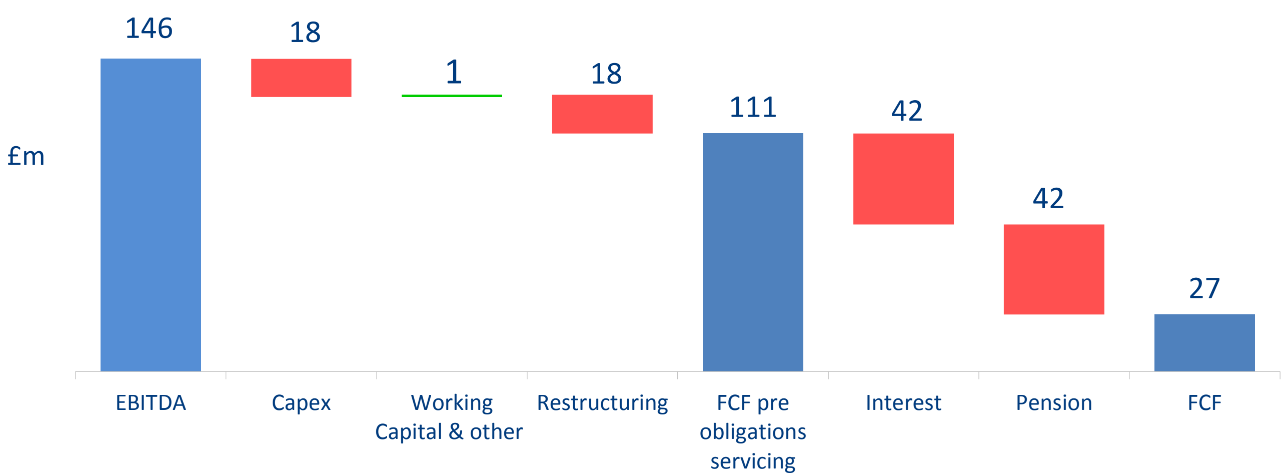
Consistent & disciplined track record of debt reduction

H1 year on year Net debt progression



- EBITDA grown + 9.2% since FY16/17
- Cash interest declining as average debt levels fall
- Accelerating debt pay down

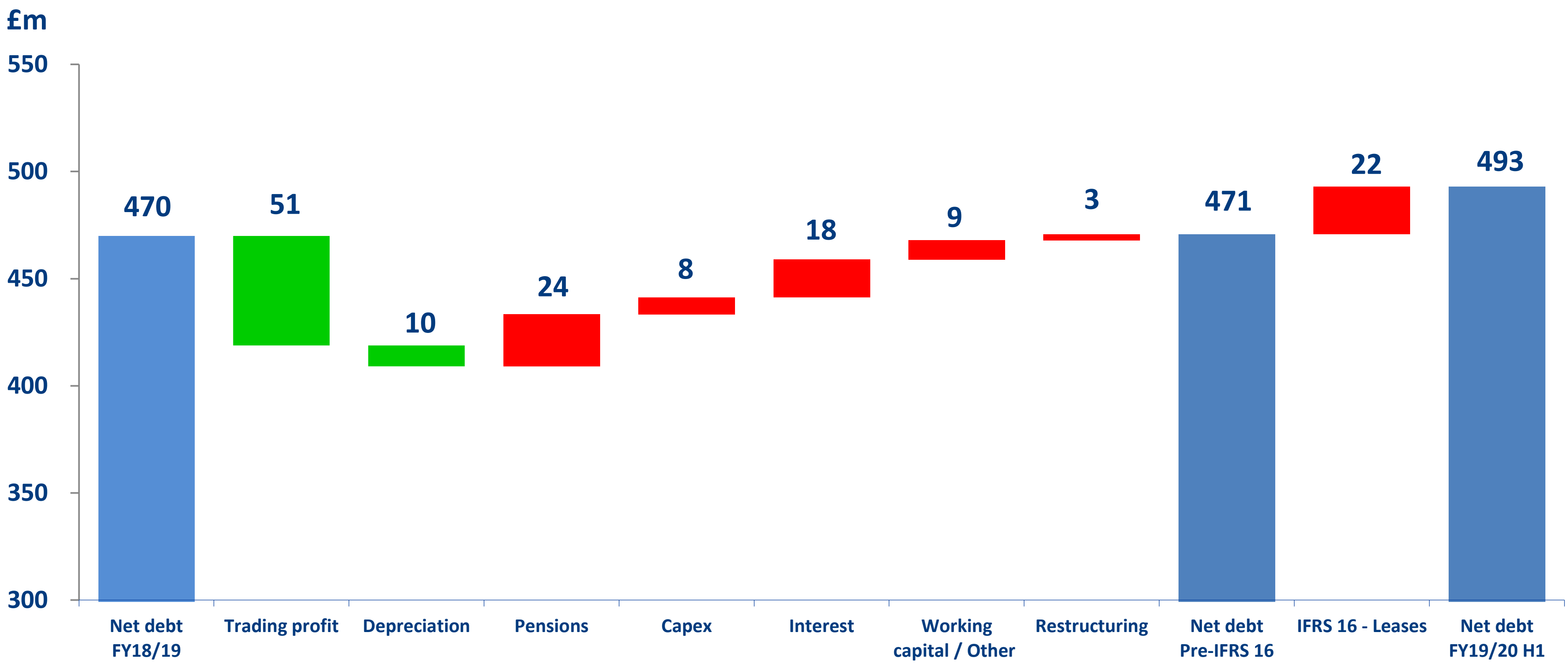
FY 18/19 FCF pre obligations servicing



FY19/20 H1 Net debt stated on pre-IFRS 16 basis

NET DEBT

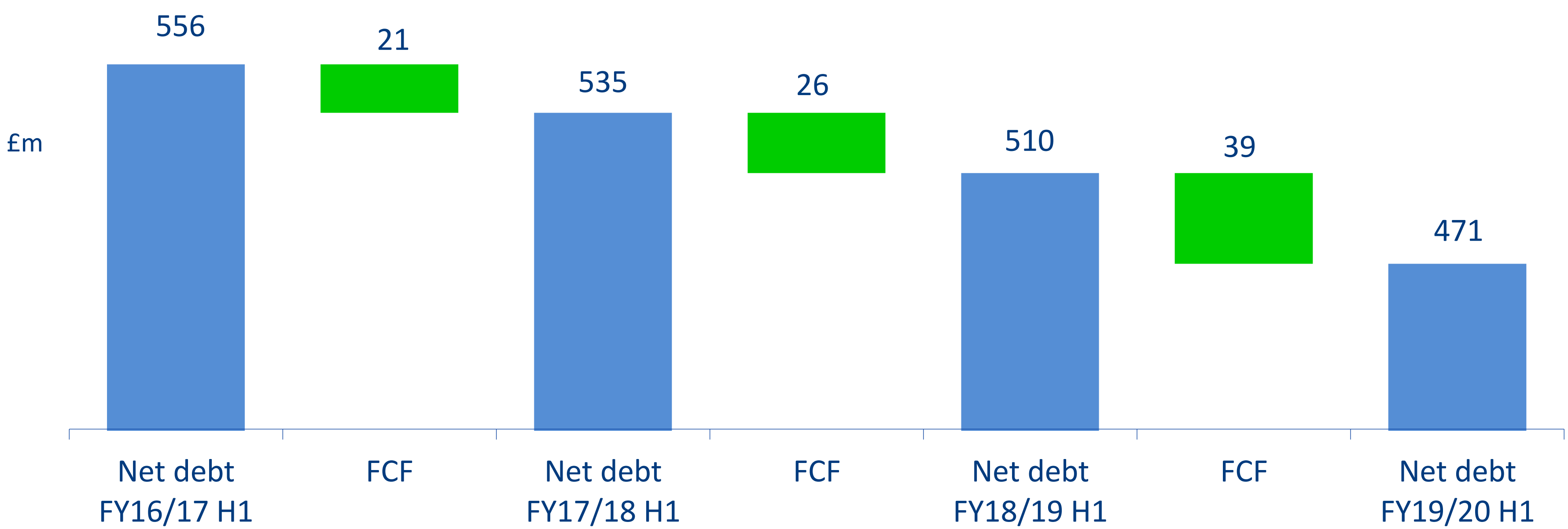
On track for good reduction in full year and to meet 3.0x leverage by year end



- IFRS 16 leases impact £22.2m; no economic or cash impact
- Capital investment weighted to the second half in FY19/20
- Working capital investment due to stock build reflecting normal seasonality and also contingency planning in advance of exit from EU
- Restructuring reflects final cash outflows relating to logistics programme and impact of senior management departures

H1 NET DEBT PROGRESSION

Consistent & disciplined track record of debt reduction



- EBITDA grown + 9.2% since FY16/17
- Cash interest declining as average debt levels fall
- Accelerating debt pay down

FY19/20 H1 Net debt stated on pre-IFRS 16 basis

COMBINED PENSION SCHEMES – ACCOUNTING BASIS

RHM schemes surplus increases to over £1 billion

IAS19 Accounting valuation (£m)	28 September 2019			30 March 2019		
	RHM	Premier Foods	**Combined**	RHM	Premier Foods	**Combined**
Assets	4,863	794	5,657	4,334	707	5,041
Liabilities	(3,793)	(1,275)	(5,068)	(3,496)	(1,172)	(4,668)
Surplus/(Deficit)	**1,070**	**(481)**	**589**	**838**	**(465)**	**373**
Surplus/(Deficit) net of deferred tax (Tax @ 17.0%)	**888**	**(399)**	**489**	**695**	**(386)**	**310**
Discount rate	1.85%	1.85%	1.85%	2.45%	2.45%	2.45%
Inflation rate (RPI)	3.05%	3.05%	3.05%	3.25%	3.25%	3.25%

- Increase in Government bonds in RHM scheme
- Valuation of liabilities higher to due fall in discount rates, partly offset by lower inflation rate assumptions
- Triennial actuarial valuation continues and dialogue with Trustees ongoing
- Over the medium term on an IAS19 basis, RHM schemes surplus has continued to increase while Premier Foods schemes broadly stable

FY19/20 CASH GUIDANCE

FY19/20 guidance	£m
Working capital	Broadly neutral
Depreciation	c.£20m
Capital expenditure	c.£25m
Interest – cash	£35-£37m
Interest – P&L	£38-£40m
Tax – cash	Nil
Tax – notional P&L rate	19.0%
Pension deficit contributions	£37m
Pension administrative & PPF levy cash costs	£6-£8m
Cash restructuring costs	c.£7-8m

NISSIN

Soba

Alex Whitehouse
Chief Executive Officer

OPERATIONAL STRATEGY DELIVERING

We have increased vigour, impetus and energy

PREMIER FOODS

Sustainable & profitable revenue growth

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

Cost control & efficiency

- Lean SG&A cost base
- Operational Excellence
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- Updated senior team
- Agility, pace & energy

Cash generation

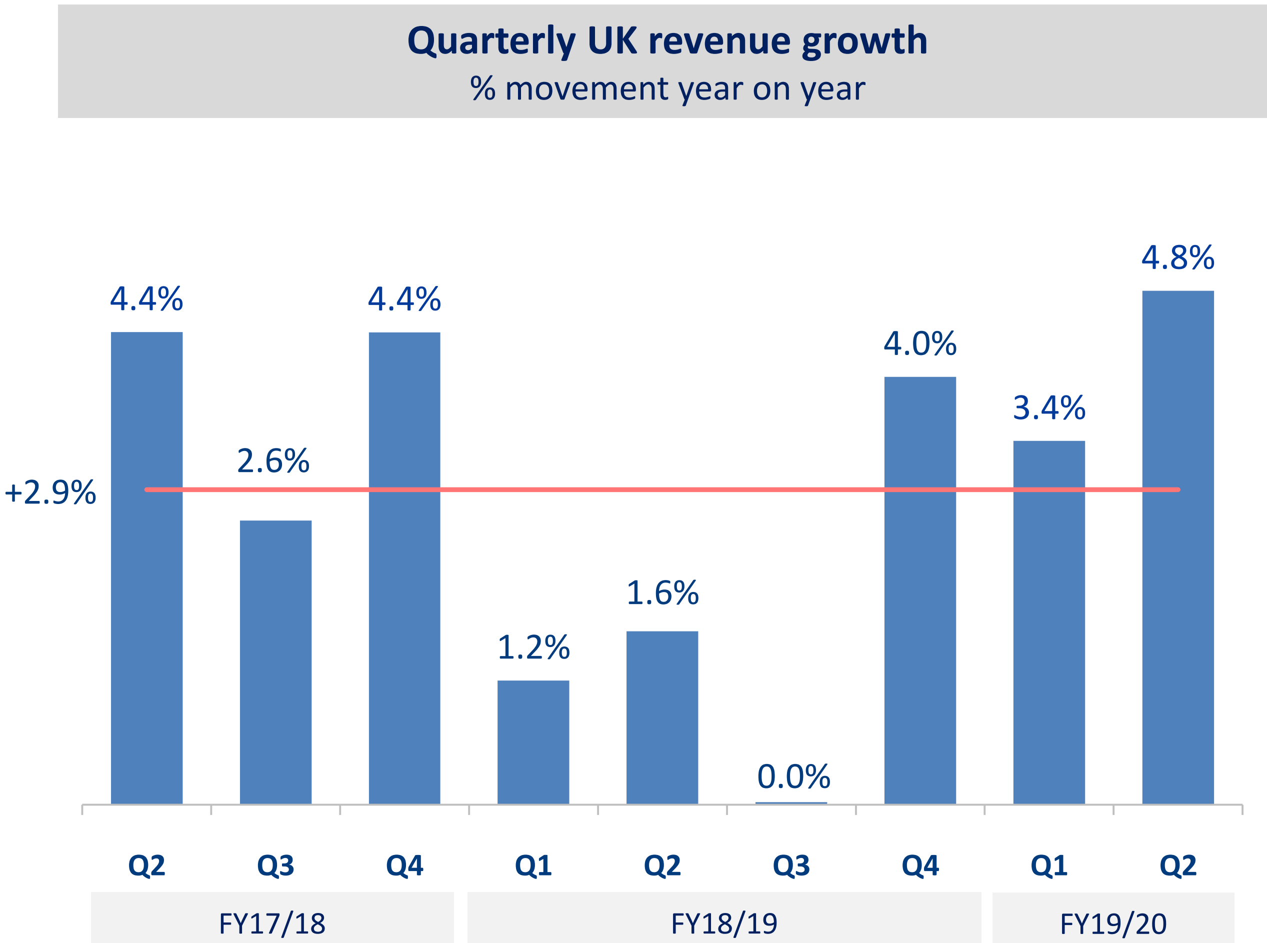
- Tight focus on Capex
- Disciplined working capital management
- Options for cash deployment in short and medium term

Strategic review nearing conclusion

UK REVENUE PERFORMANCE

Track record of delivering sustainable profitable revenue growth

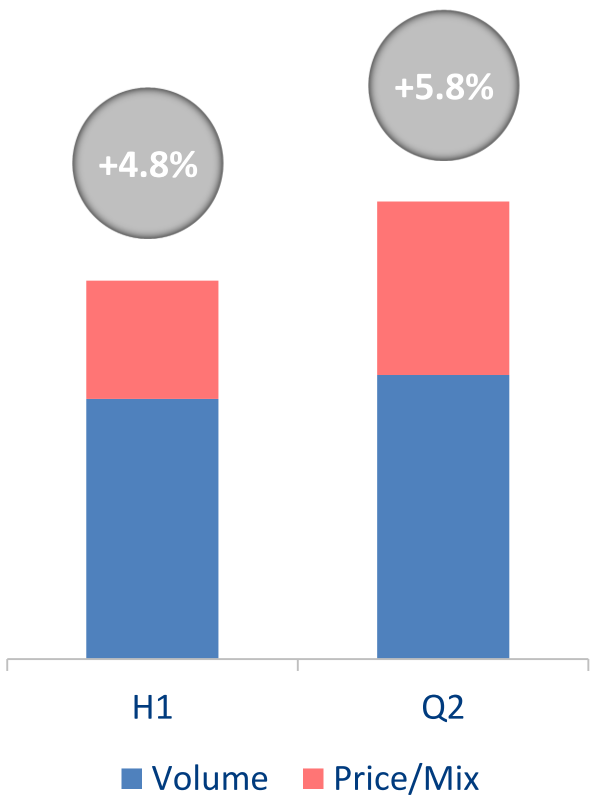
Sustainable & profitable revenue growth



BRAND PERFORMANCE

High quality mix of volume & price/mix

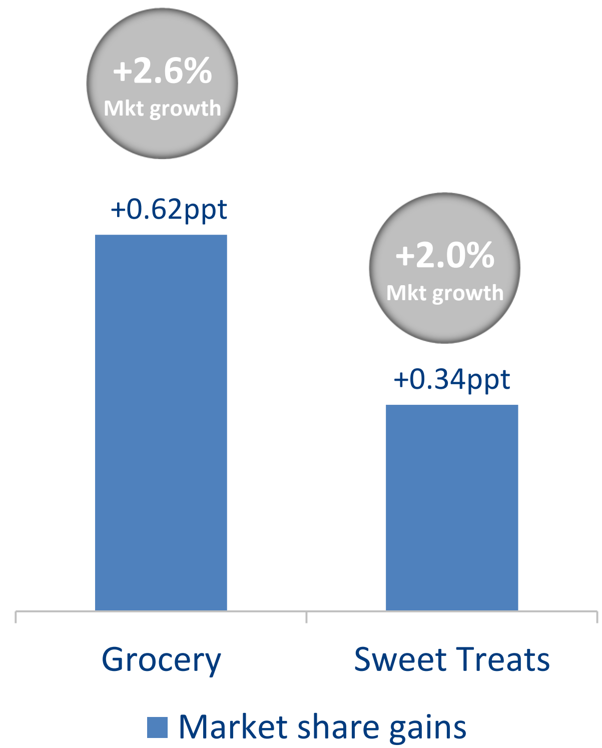
Top 8 brands revenue growth
Volume & Price/Mix



Market leader

Innovation

Market share[1]
Share gains in growing markets



1 – Source: IRI, 26 w/e 28 September 2019

DRIVING OUR INNOVATION STRATEGY HARDER

And is core to the delivery of organic growth

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

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

MR KIPLING CONTINUES TO PERFORM STRONGLY

Further good growth in H1, building on a very strong prior year

FY18/19	New Product Development & Brand Investment		FY19/20 H1
↑10% Revenue	Mr Kipling 'Signature' range	TV advertising	↑8% Revenue
↑7% Volume		 	↑2% Volume

NISSIN RANGES ON AN EXCEPTIONAL GROWTH TRAJECTORY

Revenue more than doubled in first half of year

Soba Noodles	Cup Noodles	FY19/20 H1

+111% H1 revenue growth

2.9% Q2 Market share

STRONG INNOVATION LAUNCHES ACROSS THE PORTFOLIO

Convenience and indulgence themes highly relevant for today's consumer

PREMIER FOODS

Cadbury cake

- Extremely strong consumer response
- On track to be 2nd highest performing cake category launch in last 5 years
- Caramel strongest selling

Sharwood's

- Sharwood's Rice pots building on success of Batchelors range formats
- Ability to stretch brands into adjacent categories
- Available in 3 flavour variants

Bisto

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

AS TRAILED PREVIOUSLY….PLANTASTIC NOW LAUNCHED!

A fresh new plant based brand to target the health conscious consumer

Flapjacks & Cakes
Launched end of Q2

Grain Pots
Planned for Q4 launch

PLANTASTIC
A cross-category brand using plant based ingredients

- Introduction of a fresh new brand ‘Plantastic’
- Rise of Flexitarianism
- Targeting to appeal across a range of shoppers and consumers
- All recipes are fully plant based and do not use ingredients from animals
- Plans to extend across several categories

CONSUMER MARKETING INVESTMENT SO FAR THIS YEAR

Commitment to increase marketing investment

Advertising investment in H1

Brands

Mr Kipling	Batchelors	Aah! BISTO
		
Increased investment	New investment	Earlier investment

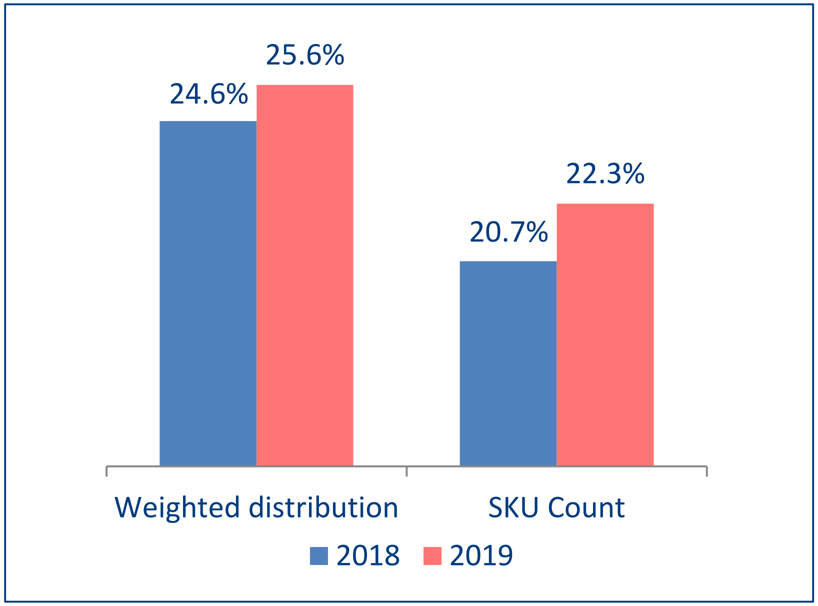
UNDERPINNED BY EXCELLENT INSTORE EXECUTION

Through collaborative retailer partnerships

1

Weighted Distribution & SKU count

Top 5 retailers YoY growth[1]



- Increased distribution in Sweet Treats, Flavourings & Seasonings and QMS&S
- In context of tightening retailer ranges

2

Instore Execution

Mr Kipling Roald Dahl and Cup Noodle

- Mr Kipling Roald Dahl 'Matilda' themed front of store activity
- Nissin Cup Noodle delivered 8 x volume uplifts to support launch

1 – 12 w/e September 2019; 2 - SKU – Stock Keeping Unit

INTERNATIONAL RETURNED TO GROWTH IN Q2 – UP 6%

Mr. Kipling in Australia delivered another strong result

Australia

H1 +9%

Q2 +20%

10%
Cake market share

- Brand leader Mr Kipling continuing to perform well in Australia
- Both core portfolio and new product launches contributing to growth

North America

1,000
US stores

- Mr Kipling now listed in 1,000 US stores

LOOKING AHEAD TO THE SECOND HALF

Examples of our innovation launches which underpin confidence for H2

Mr Kipling

Plantastic

Batchelors

Ambrosia

ADVERTISING INVESTMENT

5 major brands which make up over 50% of Group revenues planned for H2

Advertising investment

Five major brands planned to benefit from media in H2

Mr Kipling	Batchelors	Bisto	OXO	Ambrosia
				?
Increased investment	Second burst	Increased investment	Increased investment	New advertising in development

COST & EFFICIENCY OPPORTUNITIES

Targeting £5m additional cost savings over next two years to re-invest in brands

1 Operational Excellence

Manufacturing

Logistics

i) Manufacturing
- Combined heat & power through capex over next 3 years
- Automation & flexibility across sites

ii) Logistics
- Deliver transport & warehouse savings from Tamworth consolidation programme

2 New Executive Leadership Team

New senior appointments

- Chief Marketing Officer
- Chief Customer Officer
- Operations Director

- Refocused Executive Leadership Team
- More functionally based
- Sharper consumer, commercial and operational focus
- Designed to accelerate pace & agility
- Streamlines internal processes & reporting

CORPORATE & SOCIAL RESPONSIBILITY - PACKAGING

Excellent progress in a number of areas

Packaging

11% Of our packaging by weight is plastic

94% Proportion of our packaging which is recyclable

c.70% Recyclable plastics used in our products

2025 Move to 100% recyclable, reusable or compostable plastic

- Removal of all black packaging from Cadbury cake portfolio by Dec 2019
- Mr Kipling cakes & pies removal already completed

100% of UK products have On Pack Recycling Labelling

Environmental

29 new acres planted

- Four year partnership with Woodland Trust planting 29 acres new woodland
- Now applying this work to Rivers Trust

CORPORATE & SOCIAL RESPONSIBILITY - NUTRITION

Sugar reduction, Award for low fat products & Plantastic

Nutrition

1,000 Tonnes ↓

- On track to deliver 1,000 Tonnes sugar removal from portfolio by December 2019
- Achieved through (i) stealth reduction and (ii) Alternative offerings

Sharwood's Low Fat Poppadoms won The Grocer New Product Award for best low fat new product

New plant-based brand 'Plantastic' just launched

SUMMARY & OUTLOOK

Summary

- Strong H1 revenue delivery underpinned by innovation strategy
- Consistent delivery of revenue growth in the UK over last nine quarters
- Excellent Mr Kipling & Nissin noodles performances
- International returned to growth in Q2
- H1 Trading profit ahead of our expectations
- Net debt £39m lower than same point last year, demonstrating strong underlying cash generation

Outlook

- Increased confidence of delivering further progress in FY19/20
- Exciting NPD pipeline and upweighted consumer marketing investment in H2
- Further largely operational cost savings will be used to re-invest in our brands
- On track to meet 3.0x Net debt/EBITDA by year end
- Looking a little further ahead, starting to see options for future cash deployment
- Strategic review nearing conclusion

Q&A


McDougalls
LOYD GROSSMAN
PAXO
GLUTEN FREE
NEW
CUP NOODLES
TERIYAKI CHICKEN
Homepride
SLOW COOKER
Bird's
BIG PASTA
Sharwoods
SAXA
Ambrosia minis
Mr Kipling
NISSIN
Soba
BISTO
GRAVY POTS
Cadbury Dairy Milk
Caramel
6 Cake Slices

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 H1’ refers to the 26 weeks ended 28 September 2019. The period ‘FY18/19 H1’ refers to the 26 weeks ended 29 September 2018.
- The period ‘Q2’ refers to the thirteen weeks ended 28 September 2019 and the comparative period the thirteen weeks ended 29 September 2018.
- 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
- 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 846.1 million (26 weeks ended 29 September 2018: 840.8 million).

LEADING CATEGORY POSITIONS

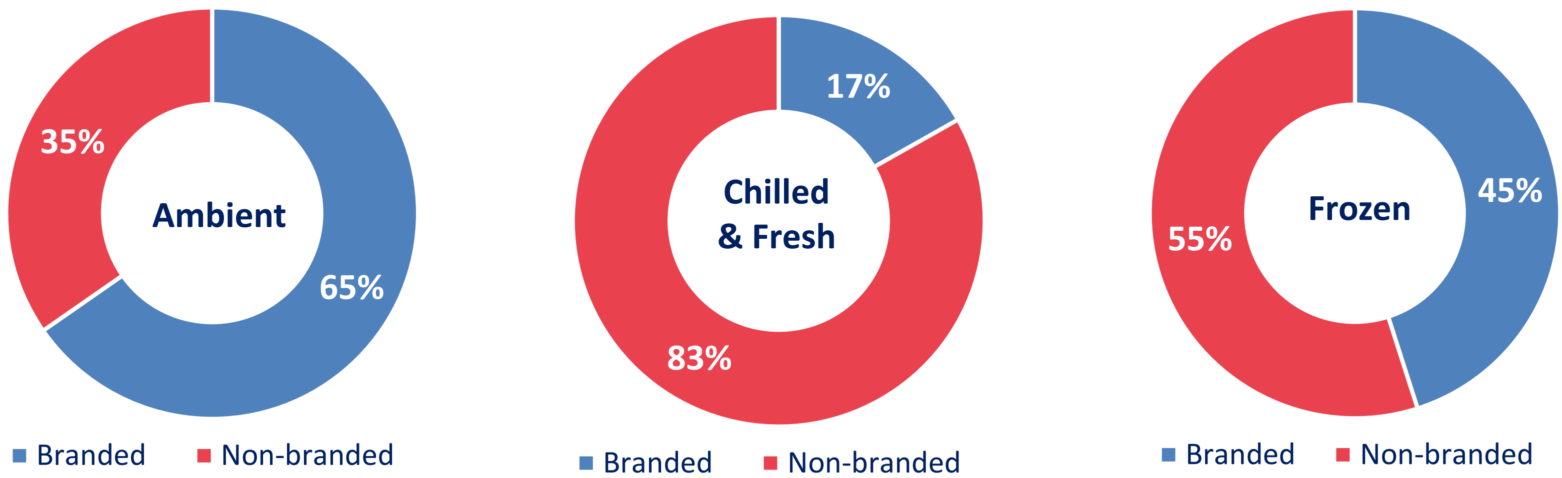
Strong market shares and high household penetration

Categories				
	Brands	Position	Share	Penetration
Flavourings & Seasonings	Bisto, OXO, Paxo	1	44%	70%
Quick Meals, Snacks & Soups	Batchelors, Nissin Group	1	31%	44%
Ambient Desserts	Ambrosia, Angel Delight, Bird's	1	36%	54%
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 28 September 2019; Penetration: Kantar Worldpanel 52 w/e 8 September 2019

UK GROCERY MARKET

Ambient grocery shows lowest prevalence of retailer brand in UK grocery



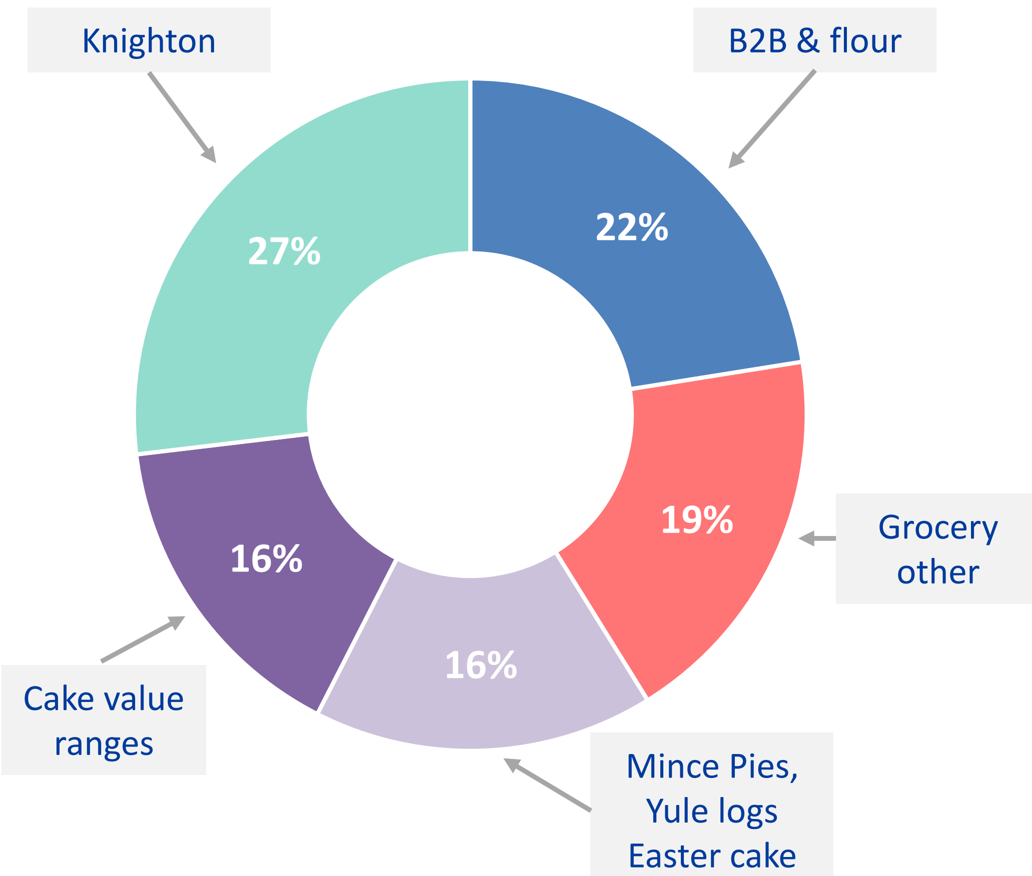
Market size	£32bn	£46bn	£6bn

	Flavourings & Seasonings	QMS	Cooking Sauces	Ambient Desserts	Ambient Cake
Market size	£388m	£378m	£830m	£303m	£1,047m
PF share	43.6%	31.4%	15.7%	35.6%	22.5%
Own label share	13.2%	5.6%	26.3%	20.2%	50.6%

Sources: Kantar Worldpanel, 52 weeks ended 8 September 2019, IRI 52 weeks ended 28 September 2019

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 H1 commentary

- FY19/20 Non-branded revenue declined (6.8%):
- Sweet Treats decrease due to Pies & Tarts contract exits
- Grocery contract growth in Cooking sauces and Stuffing
- Charnwood revenues up

INTEREST & TAXATION

Interest

£m	FY19/20 H1	FY18/19 H1
Senior secured notes interest	15	16
Bank debt interest	2	3
	17	**19**
Amortisation of debt issuance costs	2	2
Net regular interest	**19**	**21**

Taxation

- Tax charge of £3m in FY19/20 H1
- Capital allowances in excess of depreciation provide further shield against future taxable profits
- Notional corporation tax 19.0% in FY19/20; deferred tax rate 17.0%
- Cash tax expected to be nil for medium term

PENSIONS – COMBINED SCHEMES

£m	28 Sept 2019	30 March 2019
Assets	5,657	5,041
Liabilities	(5,068)	(4,668)
Surplus	**589**	**373**
Surplus net of deferred tax @ (17.0%)	**489**	**310**

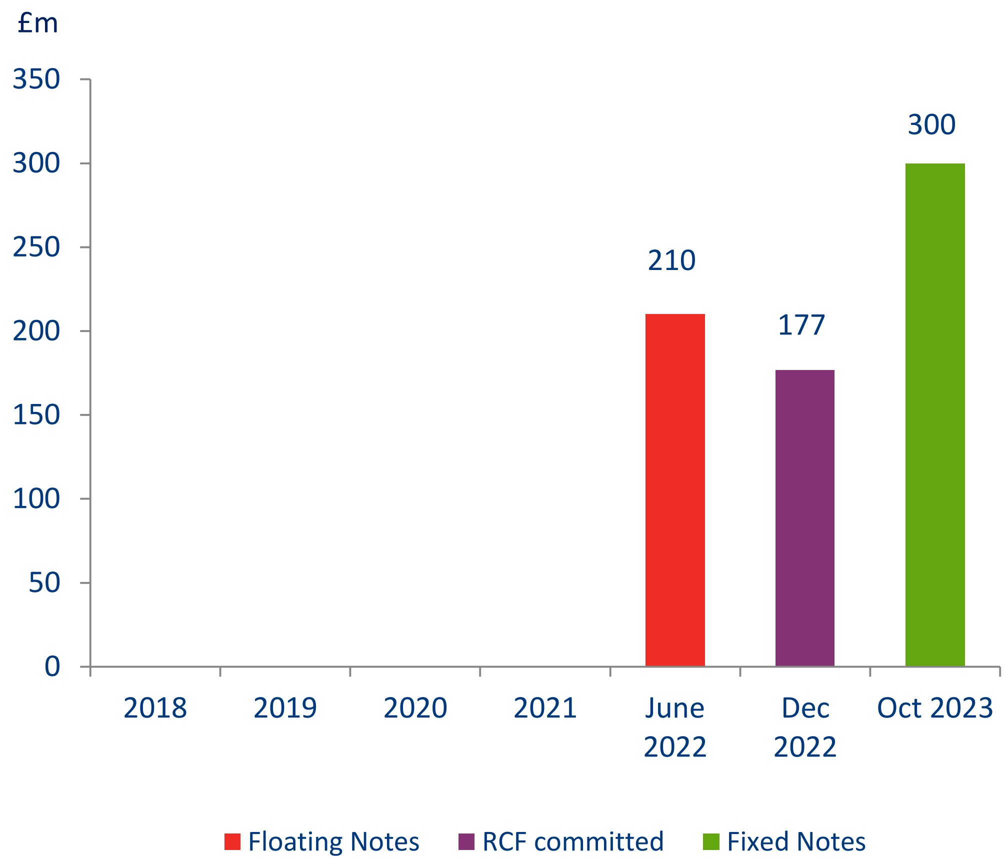
Key IAS 19 assumptions	28 Sept 2019	30 March 2019
Discount rate	1.85%	2.45%
Inflation rate (RPI/CPI)	3.05%/1.95%	3.25%/2.15%
Mortality assumptions	LTI +1.0%	LTI +1.0%

- Combined schemes deficit reflects RHM schemes surplus of £1,070m partly offset by Premier schemes deficit of £481m

Scheme Assets (£m)	28 September 2019	30 March 2019
Equities	180	180
Government bonds	1,632	1,490
Corporate bonds	21	27
Property	419	437
Absolute/Target return	1,260	1,141
Cash	61	38
Infrastructure funds	303	256
Swaps	517	556
Private equity	542	446
Other	722	470
Total	**5,657**	**5,041**

CAPITAL STRUCTURE

First maturity June 2022



- Appropriate liquidity and a comfortable maturity profile

BALANCE SHEET

£m	28 September 2019	30 March 2019
Property, plant & equipment	197	186
Intangibles / Goodwill	998	1,012
Retirement benefit assets	1,070	838
Non-current Assets	**2,265**	**2,036**
Working Capital - Stock	91	78
- Debtors	91	89
- Creditors	(249)	(238)
Total Working Capital	**(67)**	**(71)**
Net debt		
Gross borrowings	(522)	(498)
Cash	29	28
Total Net debt	**(493)**	**(470)**
Retirement benefit obligations	(481)	(465)
Other net liabilities	(77)	(67)
Net Assets	1,147	963
Share capital & premium	1,494	1,493
Reserves	(347)	(530)
Total equity	1,147	963