PREMIER FOODS

Half year results for 26 weeks ended 26 September 2020

10 November 2020

Alex Whitehouse
Chief Executive Officer

HEADLINE HALF YEAR & Q2 RESULTS

Exceptionally strong trading driving operational leverage and accelerated debt reduction

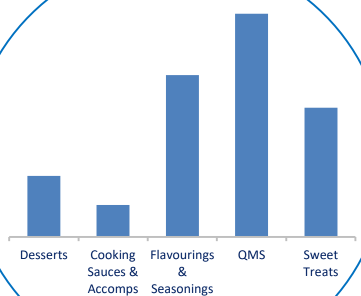
H1 & Q2 Revenue growth	H1 & Q2 branded Revenue growth	H1 Trading profit	Net debt[1] reduction	Net debt/EBITDA
+15.0% / +8.1%	+18.6% / +11.0%	£66m / +28.7%	↓£88m	2.33x

Business resilience during pandemic; continued focus on branded growth model

1 – On pre IFRS 16 basis, compared to prior year H1

STRONGLY POSITIONED WITH OUR BRANDED GROWTH MODEL

Market share and household penetration gains, exceptional online growth



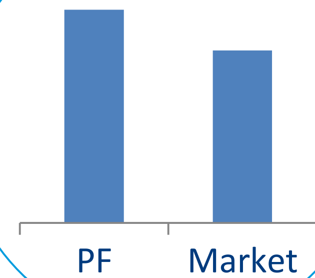
1 Outgrowing market in all categories

H1 +75bps

Q2 +95bps

2 Market share[1]

+260bps share gain



3 H1 Online growth

+335bps

4 H1 Household penetration[2]

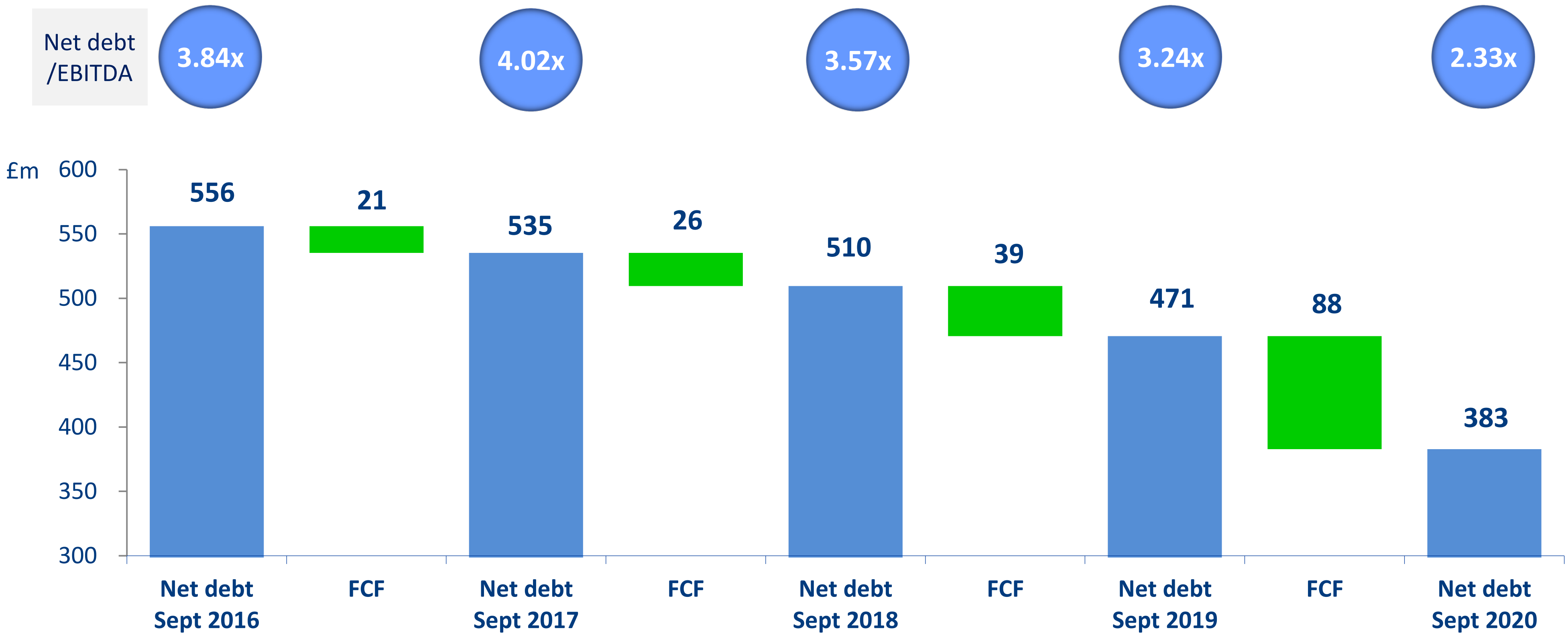
1 – IRI, 26 September 2020; 2 – Kantar Worldpanel, PF Grocery categories, H1 vs prior year

Duncan Leggett
Chief Financial Officer

Mr Kipling
EXCEEDINGLY GOOD CAKES

HALF YEAR NET DEBT PROGRESSION SINCE FY16/17

Demonstrable track record of accelerating debt reduction

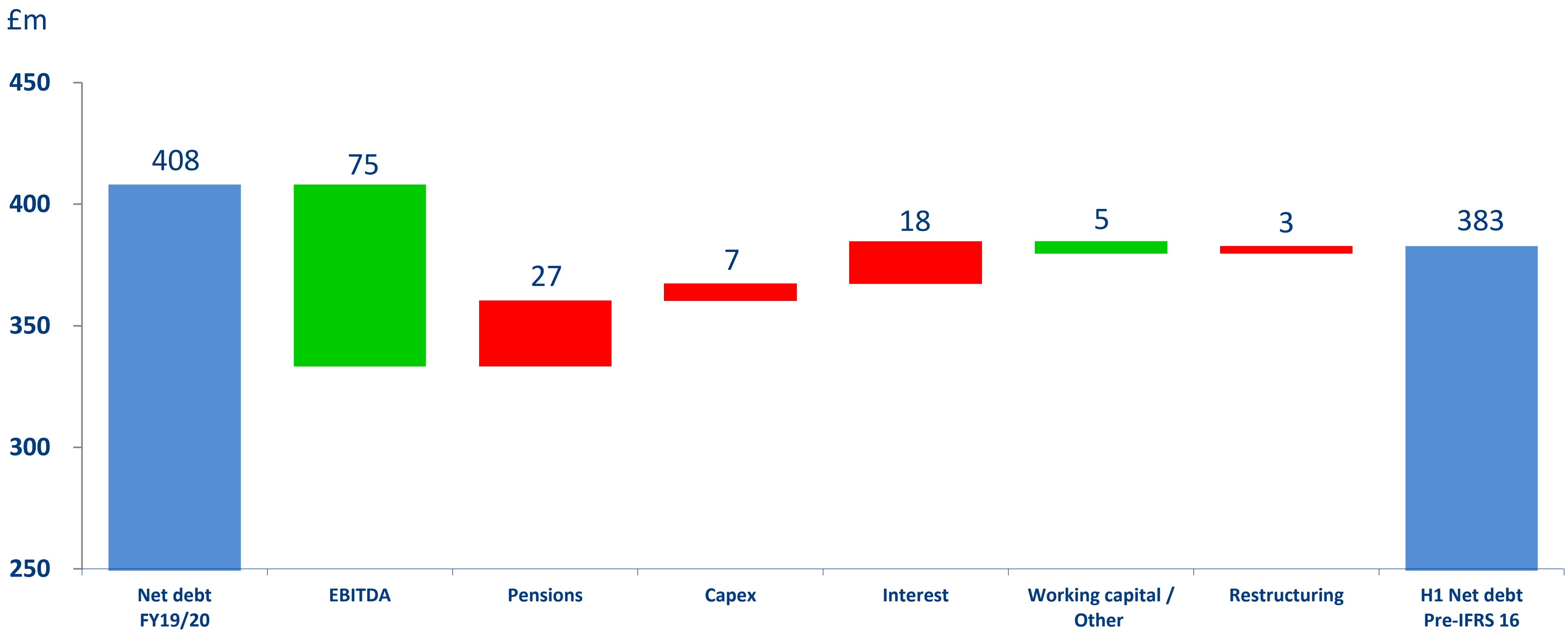


- Significant acceleration in Net debt reduction over last 12 months
- Cash interest declining as average debt levels fall
- Bank covenant Net debt/EBITDA includes add back of £30m invoice discounting factoring scheme
- Net debt/EBITDA target approximately 1.5x in medium term

FY19/20 H1 and FY20/21 H1 Net debt stated on pre-IFRS 16 basis

NET DEBT

Lowest Net debt at half year ever, leverage down to 2.3x



- Working capital timing benefit expected to unwind
- Capex marginally lower than expected due to delayed capital project activity at sites during pandemic
- Announced redemptions totalling £120m Floating Rate Notes driving interest cost saving of c.£6m per annum
- Reported Net debt (post IFRS 16 leases) reduced from £429m to £403m
- Capital reduction exercise to provide flexibility for potential future shareholder distributions

FY20/21 H1 GROUP HEADLINE RESULTS

Strong Revenue and Trading profit growth

£m	FY20/21 H1	FY19/20 H1	Change (%)	Q2 Change (%)
Branded revenue	**368**	**310**	**+18.6%**	**+11.0%**
Non-branded revenue	54	57	(4.9%)	(6.4%)
Total revenue	**422**	**367**	**+15.0%**	**+8.1%**
Divisional contribution	**88**	**70**	**+25.6%**	
Group & corporate costs	(22)	(19)	(17.2%)	
Trading profit	**66**	**51**	**+28.7%**	
Trading profit %	*15.6%*	*13.9%*	*+1.7ppt*	
EBITDA	**75**	**61**	**+23.8%**	
EBITDA %	*17.8%*	*16.5%*	*+1.3ppts*	

- Strong branded revenue growth, skewed to Q1 and biased to Grocery brands
- Non-branded revenue down (4.9%) in H1 due to lower business to business out of home volumes partly offset by higher retail own label volumes
- Group sales excluding business to business grew c.20% in H1
- Group & Corporate costs (17.2%) increase due to 500 senior colleagues management bonus provision and asset write off provision
- Cost savings programme for brand re-investment on track to beat £5m target
- Trading profit growth of +28.7% reflecting operational leverage and mix benefits of Grocery branded sales

GROCERY

Significantly elevated branded volumes resulting in strong contribution progress

£m	FY20/21 H1	FY19/20 H1	Change (%)	Q2 Change (%)
Branded sales	**273**	**218**	**+25.2%**	**+13.0%**
Non-branded sales	44	46	(4.7%)	(5.0%)
Total sales	**317**	**264**	**+20.0%**	**+9.9%**
Divisional contribution	**79**	**59**	**+32.2%**	
Divisional contribution %	*24.8%*	*22.5%*	*+2.3ppt*	

- Strong double-digit branded growth as many brands saw high demand during pandemic, particularly Ambrosia, Bisto, Oxo, Sharwood's, Nissin and McDougall's
- Significant market share gains reflecting strong category positions, ahead of market product availability, NPD programme and continued marketing investment
- Non-branded revenue lower as stronger retail own label volumes offset by pandemic related declines at Knighton Foods and Charnwood
- International revenue grew +14% reflecting Covid benefits while early signs of new strategy come through
- Divisional contribution:
  - Volume uplifts delivered strong mix and operational leverage benefits, translating into DC absolute and margin progression
  - Consumer marketing investment in Batchelors and Bisto in the first half
  - New international strategy generating SG&A savings

SWEET TREATS

Stronger Q2 revenue; DC lower due to increased Covid costs and marketing investment

£m	FY20/21 H1	FY19/20 H1	Change (%)	Q2 Change (%)
Branded revenue	**94**	**92**	**+3.0%**	**+5.5%**
Non-branded revenue	11	11	(5.8%)	(12.2%)
Total revenue	**105**	**103**	**+2.0%**	**+3.2%**
Divisional contribution	**9**	**10**	**(12.5%)**	
Divisional contribution %	*8.7%*	*10.1%*	*(1.4ppt)*	

- Mr Kipling revenue growth stronger in Q2 than Q1 due to TV advertising and new product development
- Q1 revenue impacted by greater focus by consumers on core staple goods
- Cadbury cake sales ahead reflecting Mini Rolls growth
- Non-branded sales declined due to cake slices contract exits and later buy-in for Mince Pies
- Divisional contribution (12.5%) lower due to:
  - Increased consumer marketing investment for Mr Kipling
  - Additional costs incurred at Sweet Treats manufacturing sites to ensure colleague health & safety maintained during pandemic

STRONG STATUTORY & HEADLINE METRICS IN FIRST HALF

Operating leverage and lower interest costs delivering growth through the P&L

Operating profit	Statutory PBT	Basic EPS	Adjusted PBT	Adjusted EPS
£65m	£51m	5.1p	£48m	4.5p
+£29m	+£36m	+3.6p	+50.2%	+49.6%

ADJUSTED EARNINGS PER SHARE GROWTH +50%

£m	FY20/21 H1	FY19/20 H1	Change (%)
Trading profit	**66**	**51**	**+28.7%**
Net regular interest	(18)	(19)	+6.6%
Adjusted PBT	**47**	**32**	**+50.2%**
Notional tax @ 19%	(9)	(6)	(50.2%)
Adjusted earnings	**38**	**26**	**+50.2%**
Weighted average shares in issue (million)	849.6	846.1	+0.4%
Adjusted earnings per share (pence)	**4.5p**	**3.0p**	**+49.6%**

- Net regular interest lower reflecting lower average levels of Net debt and partial redemption of FRN
- Adjusted PBT +50.2% largely due to Trading profit growth but also lower interest costs

READINESS FOR EU EXIT ON 31 DECEMBER 2020

Extensive preparations for a no-deal exit

1 Context

- Group Turnover with EU is £22m
- Republic of Ireland is largest market
- Raw materials and packaging purchased from EU: 25%
- Net Euros exposure: c.€50m; forward contracts used
- Low proportion of employees are EU nationals

2 Preparation & planning

- Robust supply chain tested significantly during Covid-19 crisis
- Many customers highlighted high performance from Premier Foods
- High risk materials & supply routes including alternative ports of entry
- Targeted UK stock build of finished goods and raw materials
- Identification of ‘Golden SKUs’ list for manufacturing and distribution
- Scenario planning for different outcomes

3 Governance & regulatory

- Group steering committee in place for extensive period
- Packaging artwork change requirements
- Commodity coding, certifications and declarations requirements

COMBINED PENSION SCHEMES – SURPLUS OF £517m

Movement reflects reduction in discount rate from 2.5% to 1.55%

IAS19 Accounting valuation (£m)	26 September 2020			28 March 2020		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,638	839	5,477	4,745	775	5,520
Liabilities	(3,716)	(1,244)	(4,960)	(3,240)	(1,050)	(4,290)
Surplus/(Deficit)	**922**	**(405)**	**517**	**1,505**	**(275)**	**1,230**
Discount rate	1.55%			2.50%		

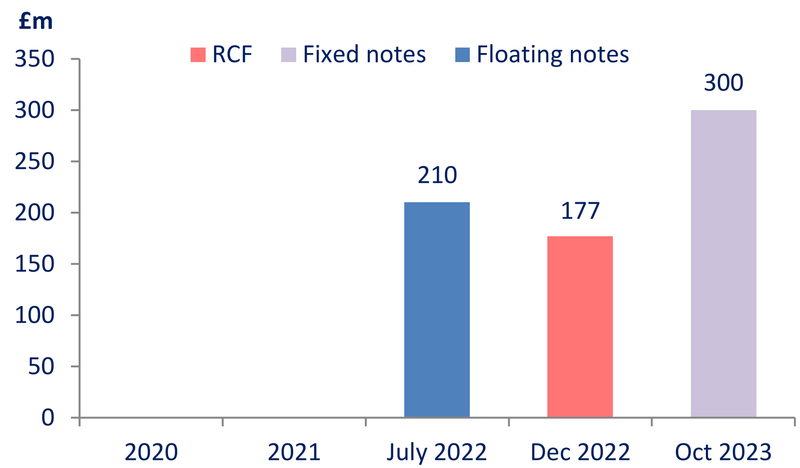
- Liabilities increase largely driven by 95 basis point reduction in discount rate
- Inflation rate increase of 20 basis points from 2.65% to 2.85%
- Accounting pensions valuation doesn't directly drive deficit cash contributions
- Combined pensions surplus at 28 September 2019 £589m

CAPITAL STRUCTURE BEING TRANSFORMED

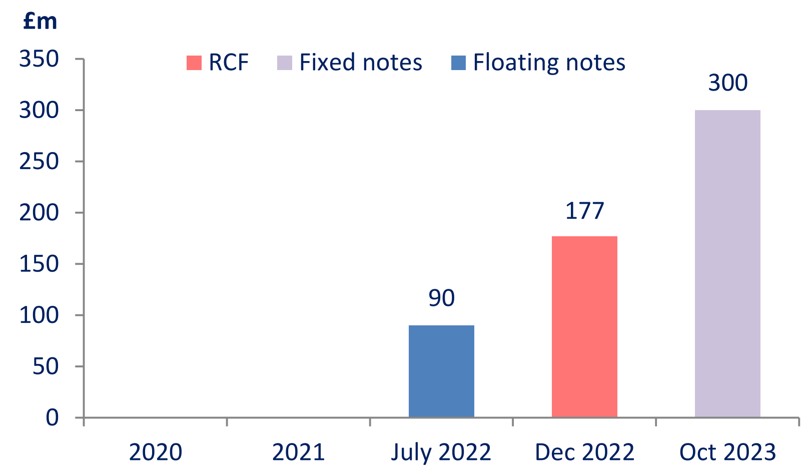
£120m of Floating Rate Notes to be paid back this year and credit ratings upgrades

12 months ago	Today[1]

12 months ago



Today[1]



RCF % Margin	3.50% + 3M L
Annualised interest	c.£40m
S&P and Moody's	B/Stable and B2/Negative

RCF % Margin	2.75% + 3M L
Annualised interest	c.£33m
S&P and Moody's	B+/Positive and B1/Stable

1 – Pro forma from 1 December 2020

SINCE 1889

Sharwood's®

Alex Whitehouse
Chief Executive Officer

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

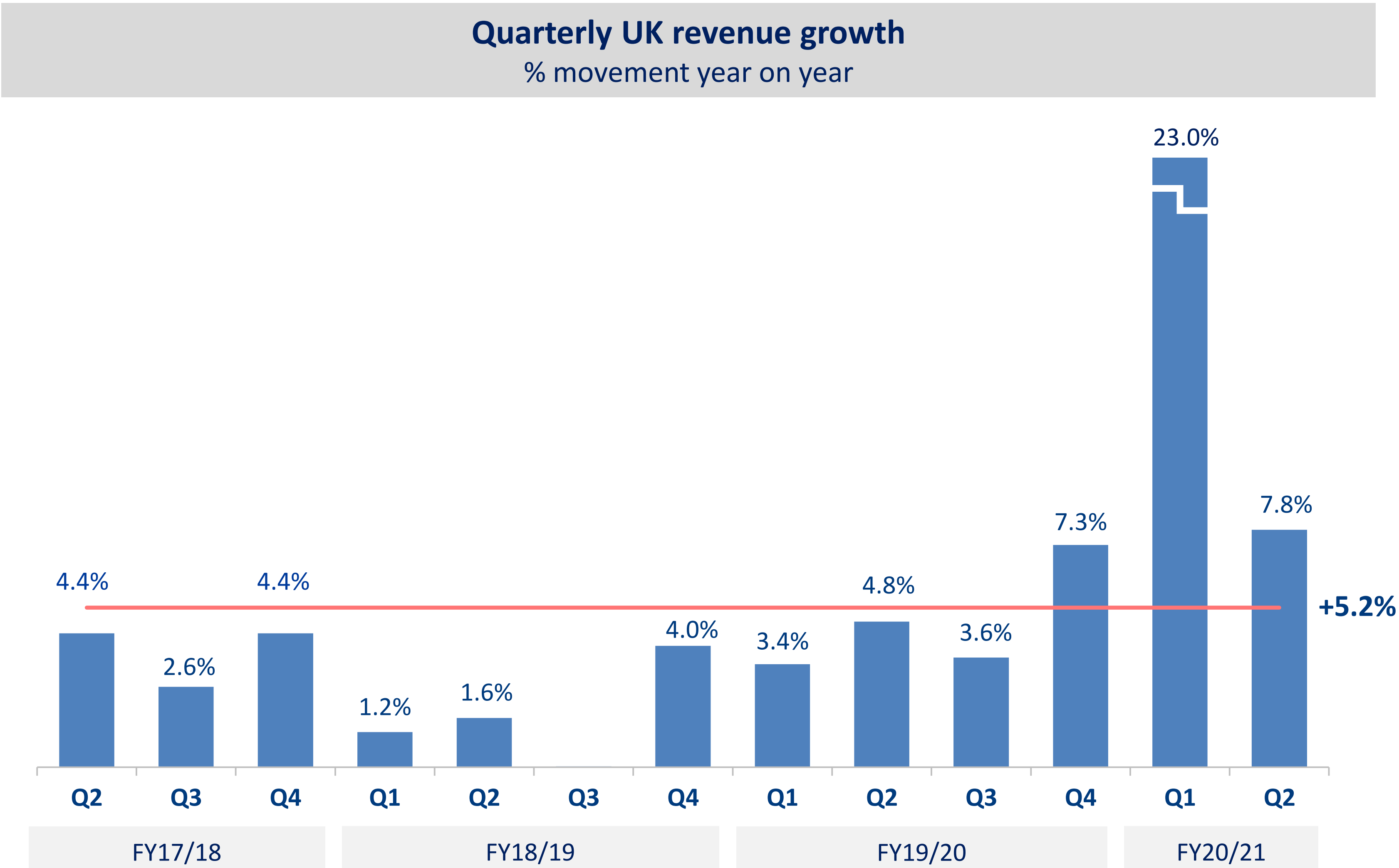
- Lean SG&A cost base
- Operational Excellence
- Capital projects
- Agility, pace & energy

Cash generation

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

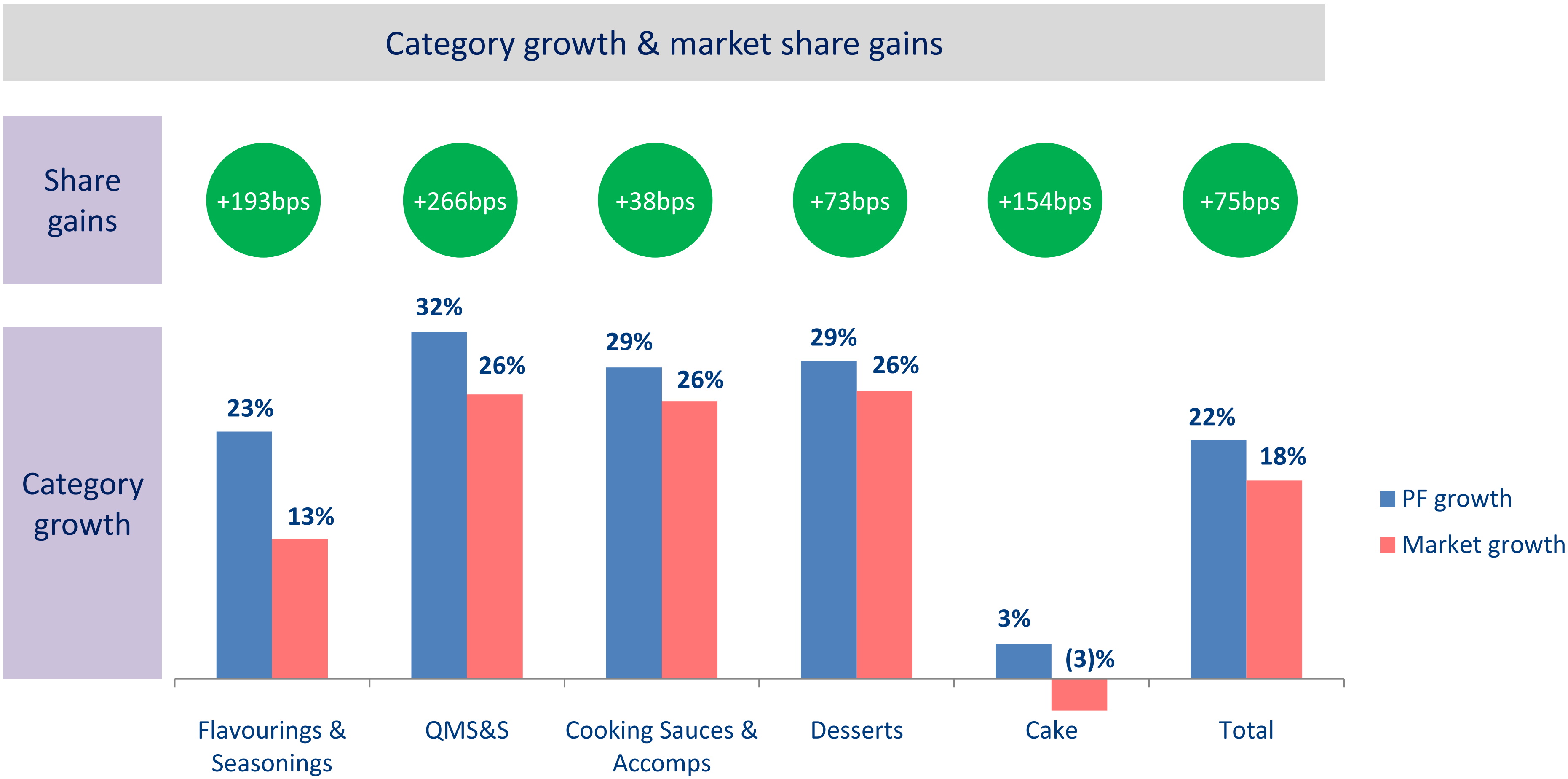
UK REVENUE PERFORMANCE

Established track record of delivering sustainable, profitable revenue growth



GROWING AHEAD OF THE MARKET IN ALL CATEGORIES

Share gains in all categories reflects leading market positions, NPD and investment

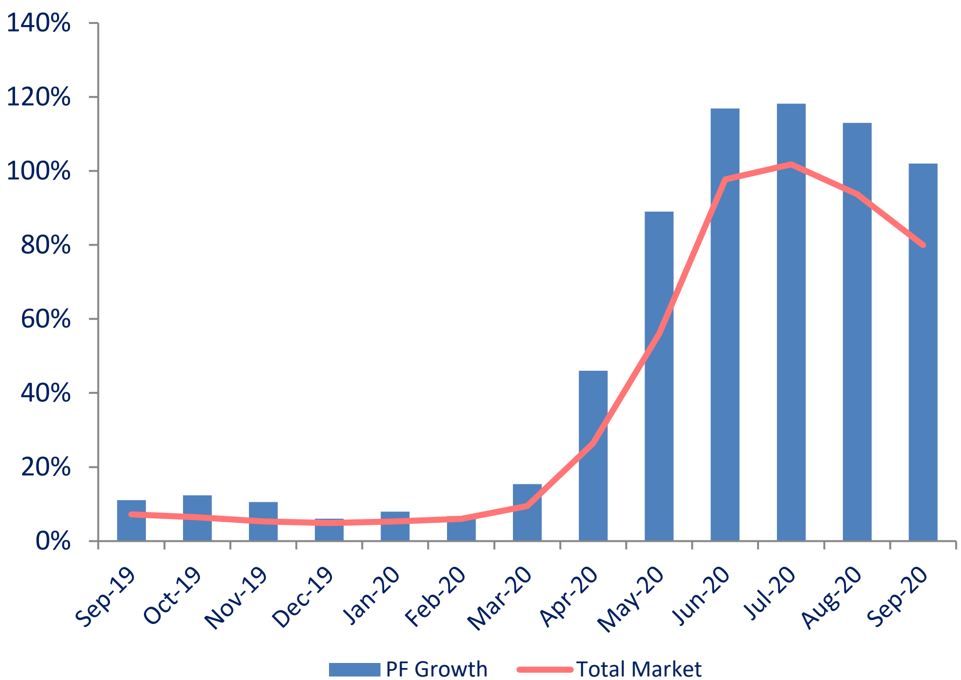


- Mr Kipling, Batchelors and Bisto benefitted from advertising investment in H1
- Wide range of new product development and core range availability supported share gains

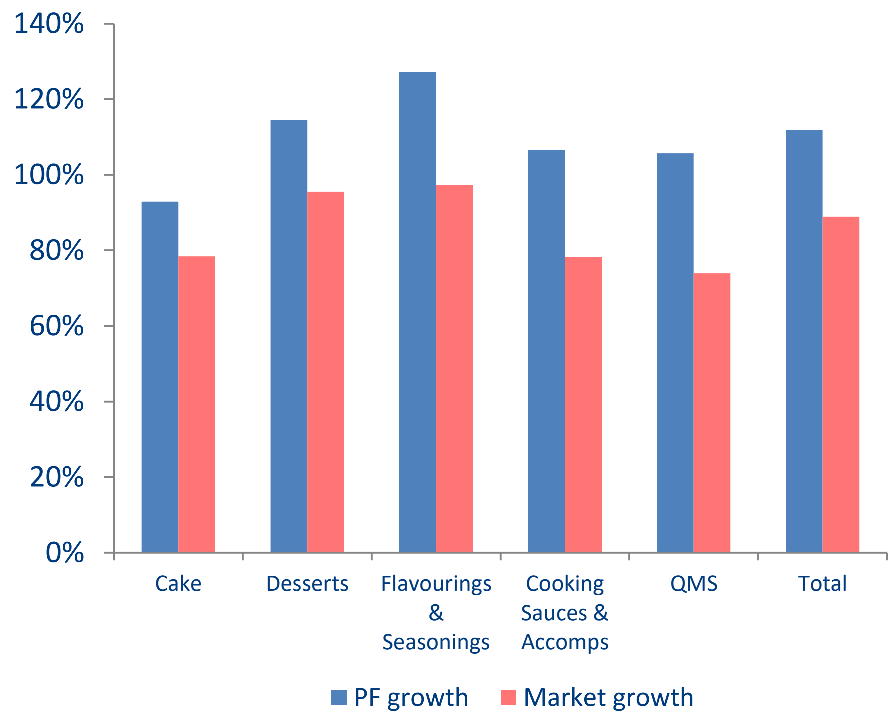
EXCEPTIONALLY HIGH GROWTH ONLINE

And we have grown at a faster rate (still)

Online growth



Online growth x category



- Online growth +112% in H1, taking 260bps of share
- eCommerce/online strategy a focus for the last 3 years, increasing resource in this growth channel
- Brands are promoted and displayed using techniques pertinent to online

Source: Major retailers, 24 w/e 26 September 2020, year on year growth

COVID-19 DYNAMICS & RESILIENCE

Why our business has proved to be resilient over the last six months

1 Brand equity

Leading category positions

2 Consumers

Consumers turn to brands they can trust

3 Repertoire expansion

To conquer monotony of the same meals at home

4 Household penetration

More households buying our brands

5 Robust supply chain

Delivering market leading product availability

6 Retailer partnerships

Benefits of strategic alignment

OUR APPROACH TO COVID-19

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

PREMIER FOODS

Our 3 key priorities

1. Protecting colleagues health and wellbeing
   - Early implementation of additional, enhanced hygiene protocols
   - Social distancing measures implemented per Government and WHO guidelines

Health & wellbeing a top priority	Commenced measures late Feb	Enhanced hygiene protocols	PF ‘Track & Trace’

2. To ensure continuity of food supply during a critical period
   - Manufacturing and logistics operations remain fully operational
   - Impressive performance from all operations colleagues during a very challenging time

3. Protecting and preparing the business for next steps post Covid-19
   - Continued to focus on core branded growth model strategy throughout
   - Increasing support for our brands through advertising investment
   - Product innovation plans continue, aligned to key consumer trends

FIRST HALF ADVERTISING INVESTMENT

Our 3 biggest brands were all on air in the first six months of the year

Mr Kipling	Batchelors	aah! Bisto
		

Weeks on air	12 weeks	4 weeks	2 weeks

- Upweighted advertising investment in line with branded growth model strategy and partly reflecting beneficial media rates
- First Mr Kipling TV media campaign in summer for many years
- Bisto investment commenced in September, ahead of usual October

A REMINDER OF OUR INNOVATION STRATEGY

And is core to the delivery of organic growth

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

CONTINUED FOCUS ON NEW PRODUCT DEVELOPMENT

Strong H1 innovation pipeline

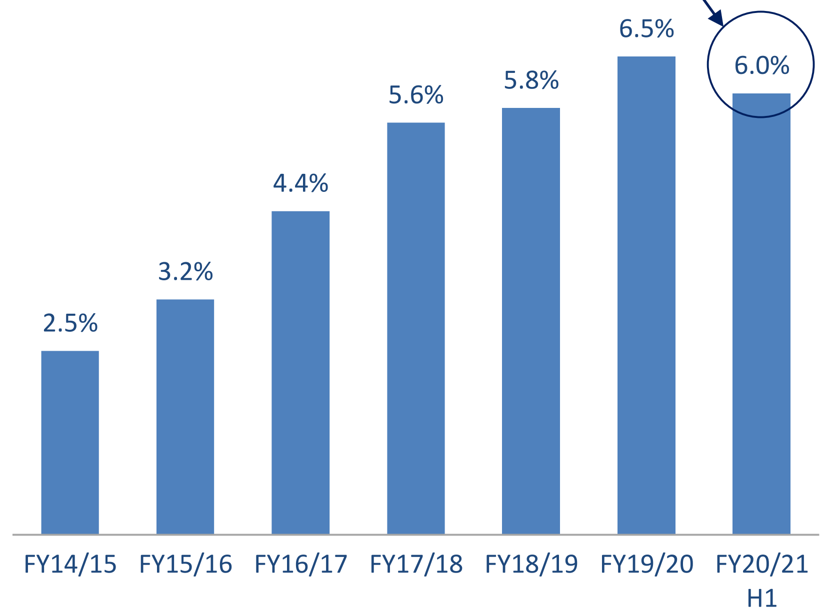
H1 innovation

Healthier choices, indulgence and baking at the forefront

NPD as % Branded revenue

Continued growth from NPD

Absolute value of NPD sales growing. Core UK branded sales exceptionally strong



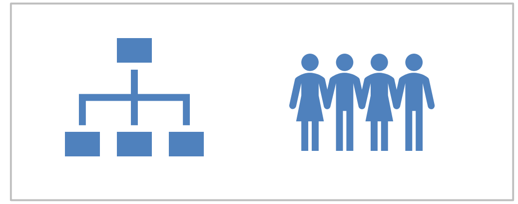
MAKING PROGRESS AGAINST OUR REVISED INTERNATIONAL STRATEGY

H1 revenue growth 14%; equally phased across Q1 & Q2

- Revised International strategy to deliver sustainable profitable revenue growth:
  - Disappointing performance in FY19/20
  - 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

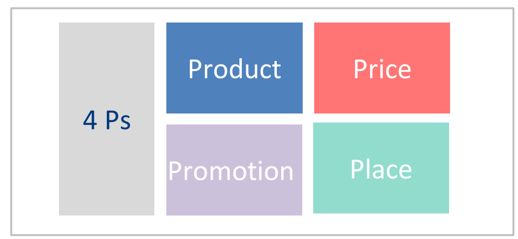


2 Market focus

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

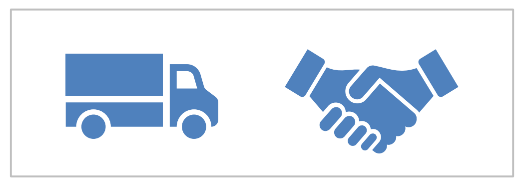
3 Execution obsession

- 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



PROGRESS IN DEPLOYMENT OF INTERNATIONAL STRATEGY

Replicating the successful sustainable UK branded growth model in Ireland

1 Ireland

1. Head of market in place
2. Replicating UK branded growth model
   A first example is on cake, others to follow:
   - Mr Kipling advertising in H1
   - Innovation through Signature & Minis ranges
   - Integrated promotional campaign
   - Resulted in +21% revenue growth
   - 390bps market share gain in Q2
3. New category launch:
   - Cadbury & Mr Kipling baking mixes in all major retailers
4. QMS category: Rollout of Nissin in all major retailers

2 Australia

1. Head of market appointed
2. Locally based team appointed with strong sector background
3. Continuing to build category leadership in cake
4. Cooking sauces extension into Oriental sauces
5. 3rd category launch under evaluation

3 North America

- Mr Kipling market cake test in Canada across 300 stores
- Plan to appoint new US distribution partner

PLANS FOR THE SECOND HALF

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

PREMIER FOODS

Further significant increase in advertising investment

Six major brands which account for 58% of Group sales

Mr Kipling	Batchelors	aah! Bisto	OXO	Ambrosia Welcome Home To Devon	6^{th} brand
					?
'Little Thief'	'Tasty Donkey'	'Best Gravy'	'Dad's night in'	'Devon Knows'	New for 2020

NEW PRODUCTS FOR H2

The branded growth model continues to drive the innovation agenda

Cape Herb & Spice

Batchelors and Nissin

Mr Kipling

Cadbury

Ambrosia, Bird's and Angel Delight

HEALTHIER FOR YOU CHOICES ARE CORE TO INNOVATION AGENDA

By 2025, every core range will include a better-for-you option

PREMIER FOODS

1 Enhance nutrition profile of existing core range

- Targeting reduction in salt, sugar and calories
- Stealth reduction across categories
- Previously removed 1,102 tonnes of sugar across our cake and dessert categories, exceeding 1,000 tonnes target

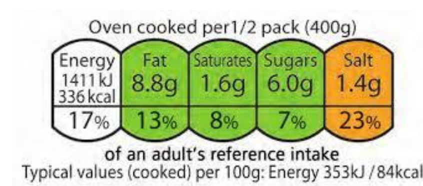
2 Extend our range of healthier foods

- By 2025, every core range will include at least one better-for-you option; currently 74%
- From 2019, introduce at least one new range each year that enables consumers to improve their diet

3 Educate consumers and colleagues on choices

- Use clear and transparent labelling across the portfolio to help consumers make informed decisions
- Extend Healthy Eating in the Workplace programme across all sites by 2020

Alignment to UN SDGs



INNOVATION ALIGNED TO HEALTH & NUTRITION TRENDS

The branded growth model continues to drive the innovation agenda

Sharwood's

Batchelors

Bisto

Mr Kipling

Plantastic

OUR ESG STRATEGY

Five pillars which stretch across our business

Encourage healthier choices	• Extend our range of healthier foods • Enhance nutrition profile of existing range • Educate consumers & colleagues on healthier choices
Realise people's potential	• Attract talent & developing skills • Diversity and inclusion • Caring for our people
Support our communities	• Corporate charity partner, Together for short lives • Supporting our industry, Grocery Aid • Support local charities
Drive ethical sourcing	• Sustainable raw materials • Drive high ethical and compliance standards across supply chain
Reduce our environmental footprint	• Climate action • Food waste reduction • Packaging recyclability

ESG

Healthier choices

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

Realise people's potential

1. Attracting talent and developing skills
   - Support and develop graduates
   - Provide extensive training opportunities
2. Diversity and inclusion
   - Deliver training to all leaders by March 2020 and all colleagues by end 2021
3. Caring for our people
   - Mental health training by 2021

Drive ethical sourcing

Drive high ethical and compliance standards across supply chain:

- Since 2015, we have sourced 100% certified sustainable palm oil
- Target of 100% of soya purchased meets RTRS standards by 2025
- 89% of the small amount of direct soya we buy meets these standards

ESG

Supporting our communities

440,000

440,000 meals[1] donated to those in need via Fareshare during Covid pandemic

196,000

196,000 products donated to 28 NHS hospitals during Covid pandemic

£200,000

Raised £200,000 for our previous corporate charity, Mind UK

Reducing our environmental footprint

1 Climate action

- Reduced CO_2 emissions by 5.1% last year and by 40% since 2008[2]
- Maintain zero waste to landfill record
- Met and exceeded 25% water reduction target by 2020

2 Food waste

- Zero food waste to landfill
- Partnership with Company Shop – in 2020, 1.5 million units redistributed in this way

3 Packaging

- 93% of packaging by weight is recyclable
- Only 13% of our packaging is plastics
- 63% of our plastics is recyclable
- Founding member of UK Plastics Pact
- Removed 500 tonnes of black plastic packaging

1 – Equivalent meals based on tonnes donated; 2 - Like for like basis, re-stated for site disposals

IN SUMMARY

Summary	
Summary	▪ H1 accelerated volumes due to increase in consumer eating at home occasions ▪ Continuing to drive underlying branded growth model strategy ▪ Growing faster than the market, including in online channel ▪ Household penetration gains being sustained ▪ Very strong Trading profit, adjusted PBT and adjusted earnings progress ▪ Net debt/EBITDA of 2.3x, lowest ever leverage ▪ Hovis disposal proceeds £37m ▪ Total redemption of £120m of Floating rate notes announced year to date, reducing annual interest cost by c.£6m ▪ Credit ratings upgrades from S&P and Moody's

OUTLOOK

PREMIER FOODS

Outlook	

Outlook	- Continued focus on branded growth model with:
	  – Further insightful product innovation and
	  – Increased emotionally engaging advertising investment; 6 brands on TV in H2
	- H2 revenue growth:
	  – Underlying branded growth model
	  – Impact of recent increased restrictions on eating out
	  – Tougher comparative in latter part of Q4
	- Trading profit for full year now anticipated to be ahead of market expectations
	- A new Net debt/EBITDA target of approximately 1.5x over medium term
	  – Reflects accelerating deleveraging progress
	  – Hovis disposal proceeds

Q&A

CUP NOODLES
TERIYAKI CHICKEN
No.1 in JAPAN
McDougalls
LOYD GROSSMAN
GLUTEN FREE
NEW
PAXO
Bird's
Homepride
NEW
SLOW COOKER
BIG PASTA
Sharwoods
RICE
SAXA
NEW
Mr Kipling
Ambrosia
minis
NISSIN
Soba
NEW
BISTO
GRAVY POTS
Dairy Milk
Caramel
6 Cake Slices
Dairy Milk
Caramel
6 Cake Slices

NISSIN

Soba

Appendix

CAUTIONARY STATEMENT

This presentation may contain "forward-looking statements" that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "would", "should", "could", "will", "plans", "predicts" and "potential", as well as the negatives of these terms and other words of similar meaning. Any forward-looking statements in this presentation are made based upon Premier Foods' estimates, expectations and beliefs concerning future events affecting the Group and subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Premier Foods Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. Premier Foods cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements. Any forward-looking statements contained in this presentation apply only as at the date of this presentation and are not intended to give any assurance as to future results. Premier Foods will update this presentation as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, London Stock Exchange and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

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 ‘FY20/21 H1’ refers to the 26 weeks ended 26 September 2020. The period ‘FY19/20 H1’ refers to the 26 weeks ended 28 September 2019.
- The period ‘Q2’ refers to the thirteen weeks ended 26 September 2020 and the comparative period the thirteen weeks ended 28 September 2019.
- Trading profit is defined as Profit/(loss) before tax before net finance costs, amortisation of intangible assets, non-trading items (items requiring separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance), 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 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 849.6 million (26 weeks ended 28 September 2019: 846.1 million).

STRONG BRAND EQUITY

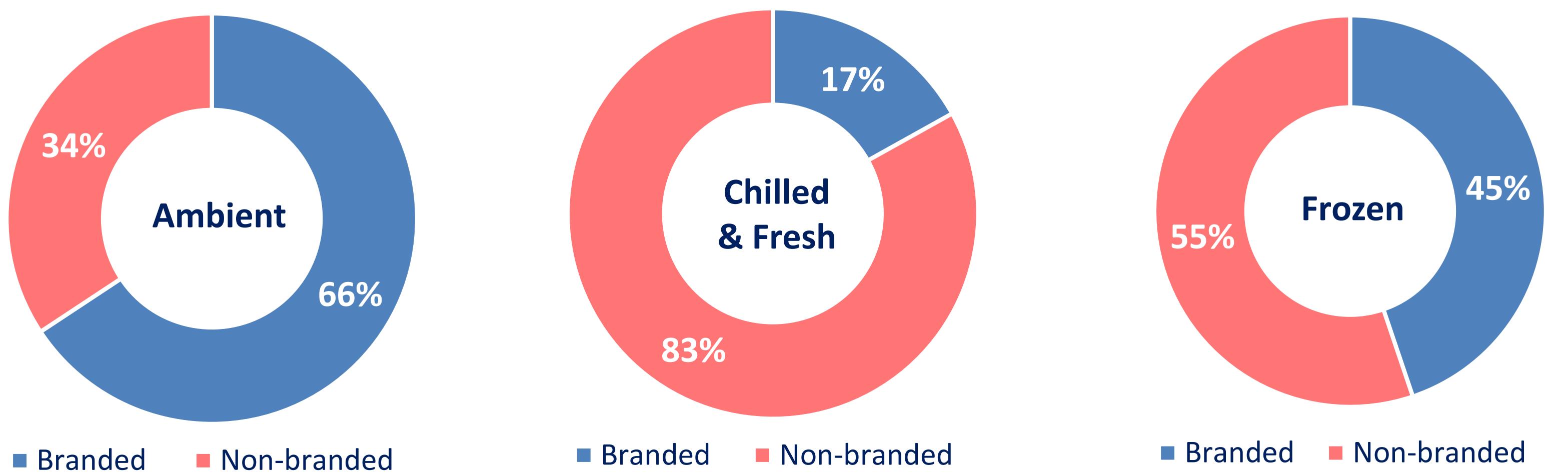
Strong market shares and high household penetration

Categories	Brands	Position	Share	Penetration
Flavourings & Seasonings	Bisto, OXO, Paxo	1	44%	73%
Quick Meals, Snacks & Soups	Batchelors, Nissin Group	1	33%	47%
Ambient Desserts	Ambrosia, Angel Delight, Bird's	1	36%	59%
Cooking Sauces & Accompaniments	Sharwood's, Loyd Grossman, Homepride	1	16%	54%
Ambient Cakes	Mr Kipling, Cadbury, Lyons	1	24%	65%

Sources: Category position & market share: IRI 52 w/e 26 September 2020; Penetration: Kantar Worldpanel 52 w/e 4 October 2020

UK GROCERY MARKET

Ambient grocery shows lowest prevalence of retailer brand in UK grocery



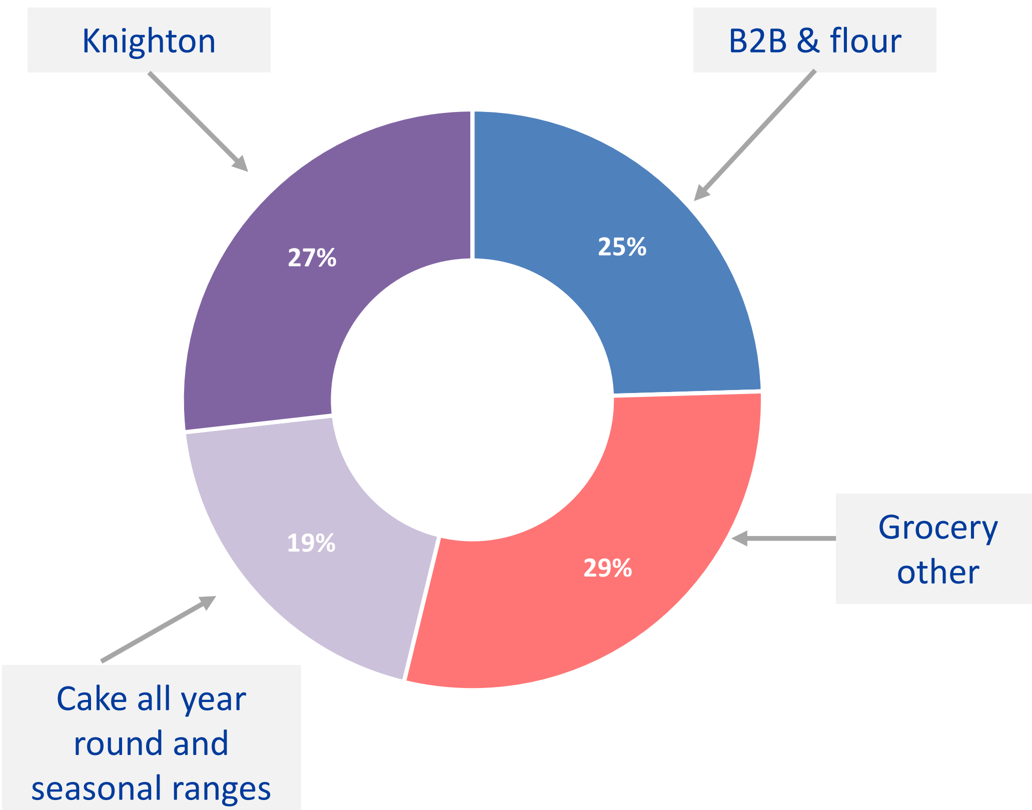
Market size	£35bn	£41bn	£7bn

	Flavourings & Seasonings	QMS	Cooking Sauces	Ambient Desserts	Ambient Cake
Market size	£455m	£427m	£996m	£349m	£997m
PF share	44.1%	32.7%	15.6%	36.3%	24.1%
Own label share	12.6%	5.8%	26.1%	19.5%	49.5%

Sources: Kantar Worldpanel, 52 weeks ended 4 October 2020, IRI 52 weeks ended 26 September 2020

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

Non-branded revenue by type



Key principles & criteria

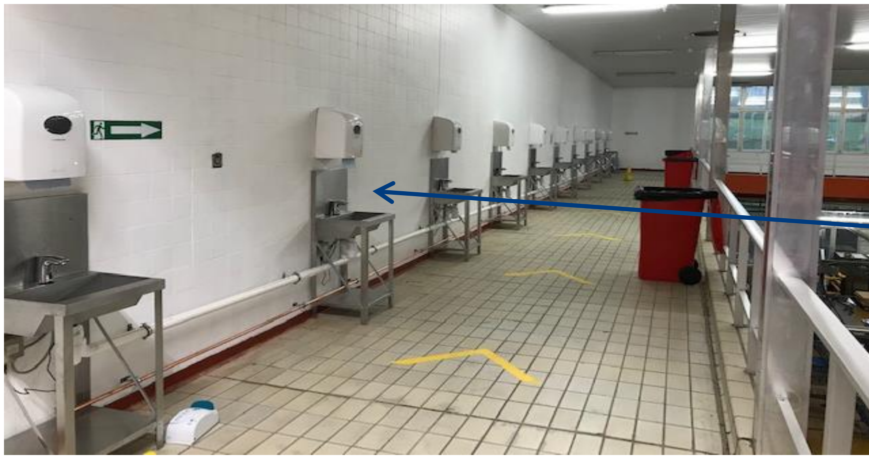
- Application of a Capex light approach
- To play an important & incremental role
- Assists in supporting Manufacturing overhead recoveries
- Strict financial hurdles apply for new business

FY20/21 H1 commentary

- FY20/21 H1 Non-branded revenue declined (4.9%):
- Sweet Treats (5.8%) decrease due to contract exits and delay in seasonal volume sell-in
- Grocery (4.7%) due to B2B volumes lower at Knighton Foods and Charnwood, partly offset by increased retailer own label volumes

COVID-19 PHYSICAL SEGREGATION AND SIGNAGE

Examples of measures implemented around our sites



Socially distanced hygiene stations

Signage to remind/guide colleagues of safety measures

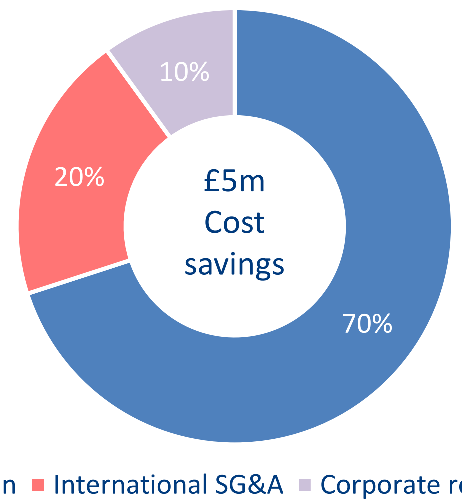
Perspex screens on cake manufacturing line to ensure colleague safety

Social distancing marshals

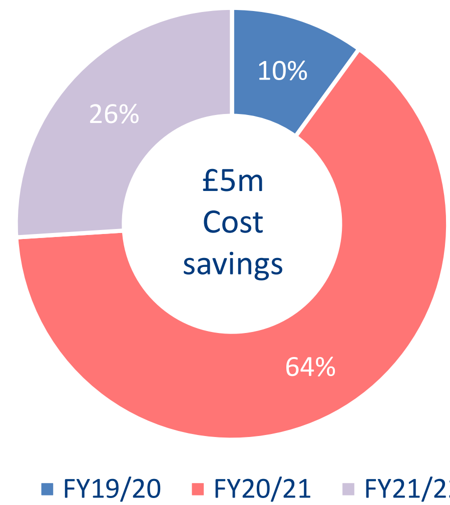
COST SAVINGS PROGRAMME ON TRACK TO BEAT TARGET

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

Savings by type



Savings by year



Supply Chain Excellence

- Logistics
- Planning
- Engineering

OPERATING PROFIT INCREASED 82%

Trading profit growth and Hovis loan note revaluation

£m	FY20/21 H1	FY19/20 H1	Change
Trading profit	**66**	**51**	**15**
Amortisation of intangible assets	(14)	(15)	1
Foreign exchange fair value movements	(0)	2	(2)
Reversal of impairment loss of Loan receivable	16	-	16
Net interest on pension and administration costs	(1)	0	(1)
Non-trading items	(2)	(2)	-
Operating profit	**65**	**36**	**29**

- Amortisation of intangible assets slightly lower than prior year due to SAP manufacturing modules reaching UEL
- Revaluation of £16m due to Hovis loan note previously written off, following Hovis sale process
- Non-trading items in current year £2m largely due to strategic review costs
- Net interest on pensions due to opening combined pensions surplus

INTEREST & TAXATION

Interest

£m	FY20/21 H1	FY19/20 H1
Senior secured notes interest	14	16
Bank debt interest	3	2
	17	**18**
Amortisation of debt issuance costs	1	1
Net regular interest	**18**	**19**

Taxation

- Tax charge of £7m in FY20/21 H1
- Notional corporation tax 19.0% in FY20/21
- Low single digit £m cash tax payable medium-term due to tax legislation changes on brought forward losses and lower relief due to expected lower pension deficit contributions

PENSIONS – COMBINED SCHEMES

£m	26 September 2020	28 March 2020
Assets	5,477	5,520
Liabilities	(4,960)	(4,290)
Surplus	**517**	**1,230**
Surplus net of deferred tax @ 19.0%	**418**	**997**

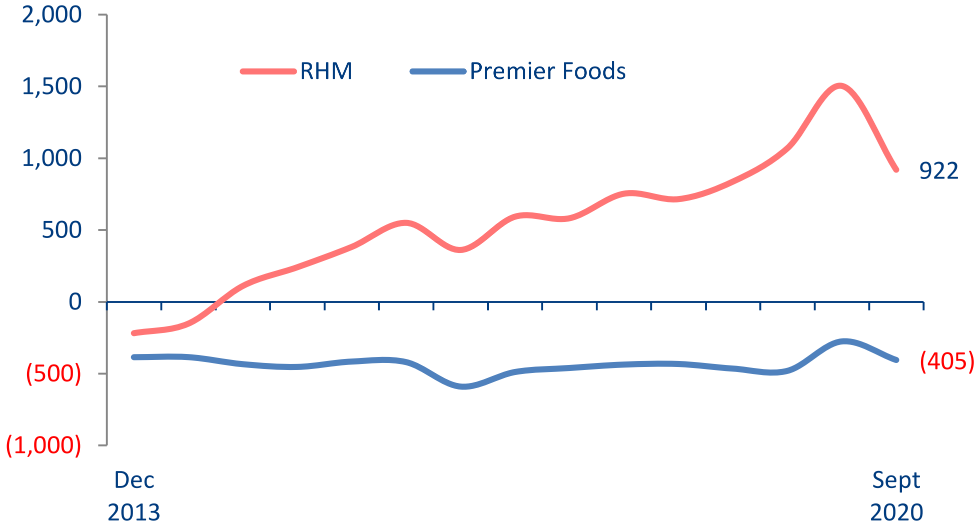
Key IAS 19 assumptions	26 Sept 2020	28 March 2020
Discount rate	1.55%	2.50%
Inflation rate (RPI/CPI)	2.85%/1.85%	2.65%/1.65%

Scheme Assets (£m)	26 September 2020	28 March 2020
Equities	13	12
Government bonds	1,676	1,803
Corporate bonds	8	25
Property	434	445
Absolute return products	1,208	1,198
Cash	172	32
Infrastructure funds	315	310
Swaps	500	487
Private equity	461	510
LDI	347	268
Other	343	430
Total	**5,477**	**5,520**

COMBINED PENSION SCHEMES

Accounting combined surplus £517m; Triennial value £202m lower

Accounting Valuation trend (£m)



- Valuation of liabilities £670m higher due to 95bps fall in discount rate and 20bps increase in inflation rate
- 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

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)

- 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%

FY20/21 CASH GUIDANCE

Now targeting approximately 1.5x Net debt/EBITDA in medium term

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 medium-term due to tax legislation changes on brought forward losses and lower relief due to expected lower pension deficit contributions
- Working capital slight outflow due to stock build

BALANCE SHEET

£m	26 September 2020	28 March 2020
Property, plant & equipment	189	194
Intangibles / Goodwill	976	987
Retirement benefit assets	933	1,512
Non-current Assets	**2,098**	**2,693**
Working Capital - Stock	95	68
- Debtors	87	89
- Creditors	(281)	(250)
Total Working Capital	**(99)**	**(93)**
Net debt		
Gross borrowings	(443)	(607)
Cash	40	178
Total Net debt	**(403)**	**(429)**
Retirement benefit obligations	(416)	(282)
Other net liabilities	(52)	(209)
Net Assets	**1,128**	**1,680**
Share capital & premium	1,495	1,494
Reserves	(367)	186
Total equity	**1,128**	**1,680**