



20 January 2022

Premier Foods plc (the “Company” or the “Group”)

Premier Foods today provides its Quarter 3 trading update for the thirteen weeks ended 1 January 2022

Strong Quarter 3 trading and market share gains; Upgrading full year profit expectations

- Q3 trading ahead of expectations, Group sales up 7.0% vs 2yrs ago and up 7.3% YTD
- Q3 Branded sales ahead 11.3% vs 2yrs ago
- Significantly outperforming the market; gaining 90 basis points of value share³ in Q3
- Mr Kipling’s biggest ever Christmas
- International sales⁴ increased +33% compared to 2yrs ago
- Upgrading FY21/22 profit expectations; Trading profit at least £145m⁵ this year

Alex Whitehouse, Chief Executive Officer

“The strong momentum from the first half of the year continued into the key Q3 trading period, with our brands growing by 11.3% compared to two years ago. This was well ahead of the market across all our categories and resulted in very encouraging share gains.

“This performance continues to underline the popularity of our brands but also demonstrates the strength of our established branded growth model, with many of our brands supported by advertising campaigns and new product innovation during the quarter.”

“We’re particularly pleased with the performance of our Sweet Treats business. This was Mr Kipling's biggest Christmas ever, as our Sweet Treats brands outperformed the market, growing 6.3% compared to last year and 11.6% versus two years ago, helped by an increased number of family gatherings over the festive period.”

“Our overseas businesses performed particularly well with sales up over 30% vs two years ago as we continue to execute our expansion plans. All of our strategic international markets saw growth, with sales of Sharwood’s and Mr Kipling both well ahead of the same period two years ago.”

“With three strong quarters of trading now delivered and taking good momentum into the final quarter, we are increasing our profit expectations for this financial year.”

Q3 Sales % change		vs 1 year ago	vs 2 years ago
Grocery	Branded	(2.9%)	11.2%
	Non-branded	(5.5%)	(3.2%)
	Total	(3.3%)	9.1%
Sweet Treats	Branded	6.3%	11.6%
	Non-branded	(7.4%)	(14.3%)
	Total	1.8%	2.4%
Group	Branded	(0.7%)	11.3%
	Non-branded	(6.4%)	(8.9%)
	Total	(1.8%)	7.0%

Trading update

The Group delivered strong and broad based branded growth across both its Grocery and Sweet Treats businesses in the quarter, with sales up 11.3% on a two year basis. Additionally, the Company outperformed in all its categories, 3.5% ahead of the market overall and gaining 90 basis points of value share in the period compared to last year. On a year to date basis, Group sales grew by 7.3% and branded sales increased by 11.4% versus FY19/20.

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In the Grocery business, many brands grew in double digit sales terms versus two years ago, as branded revenue increased by 11.2%. In particular, further sales growth in *Bisto* was driven by strong execution instore and consumers trading up to premium *Bisto Best* gravy for Christmas. *Sharwood's* also grew strongly across its wide portfolio, due to continued growth of healthier ranges such as 30% less fat cooking sauces and accompaniments including Poppadoms and Chutneys. *Nissin* noodles exceptional momentum continued unabated, driven by excellent consumer repeat purchase rates, with revenues in the quarter up over 150% compared to two years ago.

Sweet Treats delivered top line branded growth of 11.6% compared to two years ago, with both *Mr Kipling* and *Cadbury* cake contributing to this strong performance. *Cadbury* cake grew sales across its range of existing and new product ranges, the latter driven by Fudge and Crunchie cake bars. *Mr Kipling* enjoyed its best ever Christmas trading period, due to increased sales across all its core cake ranges and also healthier products such as reduced sugar Angel Slices. In overall terms, the Group's healthier product ranges grew ahead of the wider market, up +13%.

Continued focus on executing our brands well online helped drive growth ahead of the market with sales up over 90% in the quarter versus two years ago and gaining 240 basis points of share.

As expected, Non-branded sales were lower in both the Grocery and Sweet Treats businesses, due to lower foodservice and out of home sales in Grocery and the strategic decision to exit lower margin contracts in Sweet Treats.

Overseas, sales⁴ in the quarter grew by 33% compared to two years ago, thanks to progress in all the Group's strategic international markets; Ireland, Australia, USA and Europe. On a brand basis, this quarterly growth was substantially due to strong sales for both *Sharwood's* and *Mr Kipling*. Following the successful test in Canada, the first shipments of the *Mr Kipling* cake test in the US have now been made and will go instore during the fourth quarter. Sales compared to the prior year were (7%) lower, largely due to pandemic related elevated volumes and stock buy in ahead of the EU exit in Ireland.

Outlook

Following the delivery of three strong quarters of trading, and taking good momentum into the final quarter, Trading profit for this financial year is now expected to be at least £145m⁵ and adjusted profit before tax at least £125m⁵. Deleveraging is expected to continue this year, as Net debt/EBITDA⁶ progresses towards the Group's 1.5x medium term target.

Looking ahead, the Group sees further opportunity for value creation through the execution of its five point strategy. This encompasses continuing to grow the core UK business using its proven branded growth model, investing in its supply chain infrastructure to increase productivity and efficiency, expanding into new categories in the UK, building international businesses with critical mass, and modest bolt on acquisitions to broaden the existing portfolio.

This announcement contains inside information.

~ Ends ~

Further information

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Conference call

A conference call for investors and analysts hosted by Alex Whitehouse, CEO and Duncan Leggett, CFO, will take place today, 20 January 2022, at 9.00am, details of which are outlined below. A replay of the conference call will be available on the Company's website later in the day: www.premierfoods.co.uk/investors/results-centre

Telephone number: 0800 376 7922 (UK toll free)
+44 20 7192 8000 (standard international access)
Conference ID: 2743908

Notes to editors:

1. All financial data detailed above is unaudited and has not been subject to review by the Company's auditors.

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- All references to the 'quarter' or 'period' are for sales data relating to the 13 weeks to 1 January 2022 and the comparative periods, 13 weeks ended 26 December 2020 and 13 weeks ended 28 December 2019, as appropriate. Quarter 3 year to date sales data is for the 39 weeks to 1 January 2022, 26 December 2020 or 28 December 2019 as appropriate.
- Market share references are UK based and sourced from IRI, 12 weeks ended 25 December 2021.
- International sales growth is stated on a constant currency basis and is disclosed in the Grocery segment for reporting purposes.
- Current company compiled consensus for FY21/22 Trading profit: £140.7m; Adjusted profit before tax: £119.3m.
- Net debt/EBITDA referred to on a post-IFRS 16 basis.

Q3 Sales (£m)	FY21/22	FY20/21	FY19/20	Change vs 1 yr ago	Change vs 2 yrs ago
Grocery					
Branded	171.3	176.5	154.0	(2.9%)	11.2%
Non-branded	26.2	27.7	27.1	(5.5%)	(3.2%)
Total	197.5	204.2	181.1	(3.3%)	9.1%
Sweet Treats					
Branded	58.5	55.0	52.4	6.3%	11.6%
Non-branded	24.6	26.6	28.7	(7.4%)	(14.3%)
Total	83.1	81.6	81.1	1.8%	2.4%
Group					
Branded	229.8	231.5	206.4	(0.7%)	11.3%
Non-branded	50.8	54.3	55.8	(6.4%)	(8.9%)
Total	280.6	285.8	262.2	(1.8%)	7.0%

Q3 YTD Sales (£m)	FY21/22	FY20/21	FY19/20	Change vs 1 yr ago	Change vs 2 yrs ago
Grocery					
Branded	416.2	449.6	372.1	(7.4%)	11.8%
Non-branded	65.4	71.4	72.9	(8.4%)	(10.2%)
Total	481.6	521.0	445.0	(7.6%)	8.2%
Sweet Treats					
Branded	158.5	149.2	143.9	6.2%	10.2%
Non-branded	34.6	37.1	40.0	(6.9%)	(13.6%)
Total	193.1	186.3	183.9	3.6%	5.0%
Group					
Branded	574.7	598.8	516.0	(4.0%)	11.4%
Non-branded	100.0	108.5	112.9	(7.9%)	(11.4%)
Total	674.7	707.3	628.9	(4.6%)	7.3%

Certain statements in this management statement 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.

A Premier Foods image gallery is available using the following link:

<http://www.premierfoods.co.uk/media/image-gallery>

About Premier Foods

As one of Britain's largest food producers, we're passionate about food and believe each and every day we have the opportunity to enrich life for everyone. Premier Foods employs over 4,000 people operating from 16 sites across the country, supplying a range of retail, wholesale, foodservice and other customers with our iconic brands which feature in millions of homes every day.

Through some of the nation's best-loved brands, including Ambrosia, Batchelors, Bisto, Loyd Grossman, Mr. Kipling, Oxo and Sharwood's, we're creating great tasting products that contribute to healthy and balanced diets, while committing to nurturing our people and our local communities, and going further in the pursuit of a healthier planet, in line with our Purpose of 'Enriching Life Through Food'.