



21 July 2016

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

Trading update for the 13 weeks ended 2 July 2016

- Q1 Group sales up +1.9%; Branded sales up +0.8%
- Fourth consecutive quarter of sales growth
- Expectations for Full Year remain unchanged

Gavin Darby, Chief Executive Officer

“We are very pleased by the further improvement in our sales performance, which demonstrates four consecutive quarters of growth and continued momentum in the business. Our category strategy of investing behind our brands continues to deliver results, despite the wider deflationary grocery market in the UK. While the economic environment is more uncertain following the EU referendum outcome, our immediate financial exposure is expected to be limited. Given our strong brands and UK manufacturing cost base, we believe we remain well placed to make progress and our expectations for the full year remain unchanged.”

Q1 Sales % change	Grocery	Sweet Treats	Group
Branded	0.9%	0.5%	0.8%
Non-branded	9.0%	11.9%	9.8%
Total	1.9%	2.0%	1.9%

Trading update

The Group delivered sales growth of 1.9% in the first thirteen weeks of the 2016/17 financial year, with Branded sales up 0.8% and Non-branded sales ahead 9.8%. On a divisional basis, sales grew by 1.9% in Grocery and sales in Sweet Treats increased by 2.0%.

In the Grocery business *Bisto* continued its strong momentum from the prior year into the first quarter, while *Loyd Grossman* sauces also performed well as its premium pouches range and Bolognese sauces continued to prove very popular with consumers.

Ambrosia returned to growth in the quarter, following the launches of the new Deluxe custard range and Frozen custard ice-cream. Additionally, the brand benefitted from TV advertising in the period with the ‘Taste of Happy’ campaign and the deluxe range performing particularly well. *Ambrosia’s* performance in the first quarter this year further demonstrates that the Group’s strategy of investing behind its brands can be effectively applied across its portfolio. In the second half of the year, the Group is planning to make a significant investment in its *Batchelors* range, with new products High Veg pots, High Protein Pots and Soup Dippers launched to market. This new range of products are aligned to current consumer trends and have been well received by retail customers.

Non-branded sales in the Grocery business increased 9.0% benefitting in particular from increased sales at Knighton Foods.

Sweet Treats continued to benefit from strong *Cadbury* cake performances, reflecting continued growth of new products such as *Cadbury Amaze Bites* while also seeing strong sales from the core *Cadbury* cake range. Non-branded Sweet Treats grew by 11.9% due to contract wins in both major retailers and the discounters' channel, while *Mr Kipling* sales were lower as a result of higher promotional activity in the prior year period. The Cake-On-The-Go range of twin pack *Mr Kipling* and *Cadbury* cakes designed for the convenience market is building distribution and seven different formats are now available in market. The launch of the *Mr Kipling* Cup Cake range exclusively in one major retailer is also performing well.

International sales grew approximately 5% in the quarter due to a strong performance in Australia and the business unit has now delivered growth for seven successive quarters. Additionally, good progress is being made in delivering against the strategic initiative of extending the Group's cake brands in the USA and Middle East.

Work streams established for the co-operation agreement with Nissin are now well underway, with collaboration on both sides building well commercially and operationally. The Group expects to be able to deliver tangible initiatives from these work streams in 2017.

As previously announced, the Group expects to invest between £42-44m in consumer marketing in the current financial year, with nine of its brands planned to benefit from TV advertising in the year. This represents a significant increase on the £36m invested in the prior year and marks the third successive year of increased consumer marketing investment.

One of the key roles of the Group's supply chain is to deliver efficiencies which can then be re-invested in consumer marketing. Efficiency programmes including streamlining the supply chain's management teams, delivering line efficiency improvements and optimisation of its logistics operations are all well on track.

The Group recognises the broader macroeconomic uncertainty created by the UK electorate voting to leave the European Union. In overall terms, the FY16/17 financial impact to the Group of the UK voting to leave the EU is expected to be low. The Group's main direct foreign currency exposure is with respect to Euros of which it is a net purchaser of approximately €50m per annum, however it is substantially hedged against the Euro for the remainder of FY16/17. One of the Group's strategic initiatives is to deliver international sales growth sourced from its UK manufacturing cost base and this is expected to be significantly supported by the recent devaluation of Sterling. While financial market movements will affect the net pensions' position, certain hedging instruments are in place and additionally, the Group's pension deficit contribution payments are fixed through to the end of 2019.

Outlook

As outlined at its recent Investor and Analyst visit to its Lifton Desserts centre of excellence, the Group's focus on innovation and brand investment is delivering demonstrable results, with more exciting initiatives to come. Having delivered four successive quarters of sales growth, the Group considers it is well placed to make progress and its sales, profit and Net debt expectations for the year remain unchanged.

~ Ends ~

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Conference Call

A conference call for investors and analysts will take place on 21 July 2016 at 9.30am, details of which are outlined below. A replay of the conference call will be available on the Company's website later in the day.

<http://www.premierfoods.co.uk/investors/results-centre>

Telephone number: +44 1452 555566
Telephone number (UK Toll free) 0800 694 0257
Conference ID: 49360726

Notes to editors:

1. All sales data is for the thirteen weeks to 2 July 2016 or 4 July 2015 as appropriate.
2. FY15/16 Q1 sales are stated on a pro forma basis and are re-stated as if the Company owned the recently acquired Knighton Foods for the comparative period.
3. Q1 sales segmental disclosure:

Q1 Sales (£m)	FY16/17 Q1	FY15/16 Q1	% Change
Grocery			
Branded	111.1	110.1	0.9%
Non-branded	17.5	16.1	9.0%
Total	128.6	126.2	1.9%
Sweet Treats			
Branded	40.2	40.0	0.5%
Non-branded	6.7	6.0	11.9%
Total	46.9	46.0	2.0%
Group			
Branded	151.2	150.1	0.8%
Non-branded	24.3	22.1	9.8%
Total	175.5	172.2	1.9%

Certain statements in this Trading Update 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>