



25 April 2012

Premier Foods plc

Interim Management Statement for the three months ending 31 March 2012

Building Momentum Behind British Power Brands

Premier Foods today reports the Group's Interim Management Statement for the three months ending 31 March 2012.

Highlights

- **Group sales of £427m up 1.3%**
- **Power Brand sales increased 3.7%**
- **Marketing investment behind eight Power Brands continues**
- **Cost reduction & restructuring programme on track**
- **Full Year expectations unchanged**

Michael Clarke, Chief Executive Officer said:

"These first quarter results are in line with our expectations. The consumer environment continues to be very challenging and our focus for 2012 remains unchanged; to stabilise the business and invest in our recovery.

"In this year of British celebration, we believe that more and more of our retail customers and consumers will be choosing to buy British brands like ours, made in Britain, supporting British jobs.

"We have a solid programme in the second quarter to support Power Brands sales including further advertising, targeted promotions and new product innovation such as the recently launched Hovis Farmer's Loaf with 100% British wheat, Batchelors Deli-Box range of convenient meals, Ambrosia rice snack pots and a limited edition range of Mr.Kipling cakes celebrating the Queen's Diamond Jubilee.

"We are driving sustainable sales and improving market shares by focusing investment behind our eight Power Brands, improving customer collaboration and reducing costs."

Introduction

Group sales for the three months to 31 March 2012 increased by 1.3% compared to the prior year and the branded sales mix improved by 0.8ppt to 71.9%. Power Brands sales increased by 3.7% in the quarter, reflecting specific focus on these eight brands, increased levels of marketing investment and improved collaboration with our customers.

The increased sales also drove market share gains in the Power Brand categories, particularly towards the end of the quarter; these share gains are the first we have seen in twelve months.

Total branded sales increased by 2.4% to £307m, reflecting the Power Brands performance. Support branded sales and non-branded sales were broadly flat in absolute terms in the quarter.

£m	2012 Q1	2011 Q1	Change
Power Brands	215	207	3.7%
Support brands	92	93	(0.5%)
Total branded	307	300	2.4%
Non-branded	120	121	(1.5%)
Total sales	427	421	1.3%
<i>Branded sales %</i>	71.9%	71.1%	0.8ppt

Grocery

Branded sales in the Grocery business were encouraging, increasing by 1.8% in the quarter. *Loyd Grossman* delivered strong sales in the period due to a combination of advertising and promotional activity while new product development from *Sharwood's* new Wrap Kits have been very well received, driving additional production requirements. Increased sales of *Batchelors* were due to the 'Fuelling Britain' campaign during the quarter, while *Oxo* sales benefitted from new reduced salt formats.

In the second quarter this year, we are launching *Mr. Kipling* British Fancies and Mini Classics for the Diamond Jubilee, a new Deli-Box range under the *Batchelors* brand and a wider range of *Ambrosia* rice snack pots.

Bread

The Bread business performance improved against the backdrop of a continued competitive environment. Sales increased by 3.1% in the quarter, due to a stronger bakery performance (in particular non-branded), partly offset by lower Milling sales (owing to a contract loss). The *Hovis* brand maintained market share during the first quarter of the year. A traditional premium product, the *Hovis* Farmer's Loaf, made with 100% British wheat, was launched at the end of the quarter and later in the year we will outline further innovation plans for *Hovis*.

Cost Reduction & Restructuring Programme

The previously announced cost reduction programme is now well underway and remains on track to deliver over £40m of overhead cost savings by 2013. In addition, the Group will continue to divest selected businesses to sharpen focus on its Power Brands.

Financial Position

Following the successful conclusion of the previously announced re-financing agreement, the Group's financial position and expectations for recurring free cash flow in 2012 remain unchanged.

Outlook

This year, the Group's priorities remain to stabilise its operational performance, while enabling the business to increase its focus through selected disposals. The consumer environment is expected to remain challenging with continued high levels of promotional activity and ongoing cost inflation, albeit at lower levels than 2011. The Group, nevertheless, believes the planned increase in marketing investment, proposed cost reduction programmes, better customer collaboration and renewed focus across the Group will provide the platform to deliver future profitable growth.

~ Ends ~

For further information, please contact:

Institutional investors and analysts:

Mark Moran, Chief Financial Officer +44 (0) 1727 815 850
Richard Godden, Head of Investor Relations +44 (0) 1727 815 850

Media enquiries:

Lisa Attenborough, Director of Communications +44 (0) 1727 815 850

Maitland

Tom Buchanan +44 (0) 20 7379 5151
Brian Hudspith

Conference Call

A conference call for investors and analysts will take place on 25 April 2012 at 9.00am, details of which are outlined below. A replay of the conference call will be available on the Group's website, www.premierfoods.co.uk.

Telephone number: +44 20 3003 2666

Password: Premier Foods

Notes to editors:

1. The results of the Group exclude results of the following disposed businesses: Meat-free, Canned grocery, Brookes Avana and Irish Brands.
2. All sales data for Premier Foods is for the three months to 31 March 2012 or 31 March 2011 as appropriate.

Certain statements in this Interim 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:

www.premierfoods.co.uk/media/image-gallery/

As Britain's largest food producer, Premier Foods is committed to being the 'Best in British Food - delivering the taste the British love, with food that's made in Britain by people who understand British consumers. We supply a range of retail, wholesale, foodservice and other customers with some of Britain's best loved brands, including Ambrosia, Batchelors, Bisto, Hovis, Loyd Grossman, Mr.Kipling, Oxo and Sharwood's. The company employs around 11,000 people operating from 43 sites from Plymouth to Glasgow.