

'Trading profit up 50%, Full Year expectations raised'

Key Messages:

- Grocery Power Brands sales up 4.0%, delivering six successive quarters' growth
- Underlying business Trading profit up 50.2% to £47.4m
- Bread restructuring programme well ahead of plan
- £20m SG&A cost savings activity delivered
- Additional £10m annualised complexity cost savings to be delivered in H2
- FY 2013 Trading profit expected to be around top end of market expectations
- Recurring cash flow guidance for 2013 raised to £50-£70m

Sales (£m)	2013 H1	2012 H1	%
Power Brands	428.3	415.1	3.2%
Support Brands	100.7	106.1	(5.1%)
Branded sales	529.0	521.2	1.5%
Non-branded sales	92.2	105.6	(12.7%)
Group underlying sales	621.2	626.8	(0.9%)

Consumer marketing (£m)	2013 H1	2012 H1	%
Consumer marketing	17.1	23.5	27.3%

Grocery (£m)	2013 H1	2012 H1	%
Branded sales	343.8	339.3	1.3%
Non-branded sales	36.8	45.2	(18.5%)
Total sales	380.6	384.5	(1.0%)
Power Brands	253.2	243.6	4.0%
Divisional Contribution	77.4	77.2	0.3%

Bread (£m)	2013 H1	2012 H1	%
Branded bread sales	185.2	181.9	1.8%
Non-branded bread sales	55.4	60.4	(8.3%)
Total bread sales	240.6	242.3	(0.7%)
Milling sales	115.3	86.7	33.0%
Total sales	355.9	329.0	8.2%
Divisional Contribution	14.3	18.7	(23.8%)

Trading Profit (£m)	2013 H1	2012 H1	%
Grocery Divisional contribution	77.4	77.2	0.3%
Bread Divisional contribution	14.3	18.7	(23.8%)
Total SG&A	(44.3)	(64.3)	31.1%
	47.4	31.6	50.2%

Adjusted Earnings per share	2013 H1	2012 H1	%
Underlying Trading profit	47.4	31.6	50.2%
Disposals & contract loss	1.5	40.8	(96.3%)
Continuing ops Trading profit	48.9	72.4	(32.4%)
Less: net regular interest	(27.3)	(42.3)	35.5%
Adjusted Profit before tax	21.6	30.1	(28.2%)
Less: notional tax (23.25%/24.5%)	(5.0)	(7.4)	31.9%
Adjusted profit after tax	16.6	22.7	(27.0%)

Divided by: Average shares in issue	239.8	239.8	-
Adjusted earnings per share (p)	6.9	9.5	(27.0%)

Continuing Operations - Underlying Business

£m	Continuing Operations	Less: Disposals	Less: Milling sales	Less: Contract loss	Less: Other credits	Underlying business
2013 H1						
Sales	742.2	(5.7)	(115.3)	-	-	621.2
Trading profit	48.9	(1.5)	N/A	-	-	47.4
EBITDA	65.3	(1.5)	N/A	-	-	63.8
2012 H1						
Sales	852.8	(124.5)	(86.7)	(14.8)	-	626.8
Trading profit	72.4	(20.8)	N/A	(1.0)	(19.0)	31.6
EBITDA	92.5	(23.3)	N/A	(1.0)	(19.0)	49.2

All the above are based on Underlying business

Cash flow (£m)	2013 H1	2012 H1
Underlying business Trading Profit	47.4	31.6
Underlying Trading profit adjustments	-	20.0
Depreciation	16.4	17.6
Other non-cash items	2.2	(19.6)
Interest	(22.6)	(34.8)
Taxation	-	-
Pension contributions	(3.4)	(10.7)
Regular capital expenditure	(15.2)	(27.4)
Working Capital	(29.8)	(22.2)
Recurring cash inflow/(outflow)	(5.0)	(45.5)

Cash flows from disposed businesses	2.6	22.9
Restructuring activity	(25.3)	(9.1)
Operating cash flow	(27.7)	(31.7)
Disposal proceeds	90.8	34.5
Financing fees & finance leases	0.1	(25.1)
Movement in cash	63.2	(22.3)

Net debt position	£m
Net debt at 31 December 2012	950.7
Movement in cash	(63.2)
Other non cash items	2.9
Net debt at 30 June 2013	890.4

Pensions (£m)	June 2013	Dec 2012
Assets		
Equities	278.2	411.3
Government & Corporate bonds	1,207.2	1,197.7
Property	136.5	105.3
Absolute return	773.4	712.1
Swaps	(82.0)	(169.0)
Cash	488.9	494.4
Other	456.6	457.5
Total Assets	3,258.8	3,209.3
Liabilities		
Discount rate	4.70%	4.45%
Inflation rate (RPI/CPI)	3.3%/2.3%	2.95%/2.15%
Total liabilities	(3,653.5)	(3,676.1)
Gross deficit (IAS 19)	(394.7)	(466.8)
Net deficit (IAS 19)	(302.9)	(352.4)