

'2013 Underlying Trading profit in line with expectations'

Key Messages:

- Grocery Power Brands sales growth +2.0%
- Good market share performances
- Continued reduction in business complexity
- Adjusted PBT and adjusted eps ahead of expectations
- Net debt reduced by £120m, or 13% and ahead of expectations

<u>Underlying (£m)</u>	<u>2013</u>	<u>2012</u>	<u>%</u>
Grocery	837.4	854.1	(2.0%)
Bread	445.1	443.3	0.4%
Total underlying sales	<u>1,282.5</u>	<u>1,297.4</u>	(1.1%)

<u>Grocery (£m)</u>	<u>2013</u>	<u>2012</u>	<u>%</u>
Power Brand sales	543.5	533.1	2.0%
Support Brand sales	196.2	206.3	(4.9%)
Branded sales	739.7	739.4	0.1%
Non-branded sales	97.7	114.7	(14.9%)
Total sales	<u>837.4</u>	<u>854.1</u>	(2.0%)
Divisional Contribution	<u>196.7</u>	<u>195.5</u>	0.6%

<u>Bread (£m)</u>	<u>2013</u>	<u>2012</u>	<u>%</u>
Branded bread sales	346.6	340.1	1.9%
Non-branded bread sales	98.5	103.2	(4.6%)
Total bread sales	445.1	443.3	0.4%
Milling sales	221.9	191.4	15.9%
Total sales	<u>667.0</u>	<u>634.7</u>	5.1%
Divisional Contribution	<u>31.4</u>	<u>26.9</u>	16.7%

<u>Trading Profit (£m)</u>	<u>2013</u>	<u>2012</u>	<u>%</u>
Grocery Divisional contribution	196.7	195.5	0.6%
Bread Divisional contribution	31.4	26.9	16.7%
Group costs	(82.9)	(99.0)	16.3%
	<u>145.2</u>	<u>123.4</u>	17.7%

<u>Adjusted Earnings per share</u>	<u>2013</u>	<u>2012</u>	<u>%</u>
Underlying Trading profit	145.2	123.4	17.7%
Less: net regular interest	(58.4)	(69.5)	16.0%
Adjusted Profit before tax	86.8	53.9	61.0%
Less: notional tax (23.25%/24.5%)	(20.2)	(13.2)	(52.9%)
Adjusted profit after tax	66.6	40.7	63.7%
Divided by: Average shares in issue	239.8	239.8	-
Adjusted earnings per share (pence)	27.7	17.0	63.7%

<u>Cash flow (£m)</u>	<u>2013</u>	<u>2012</u>
Underlying business Trading Profit	145.2	123.4
Depreciation	32.9	37.5
Other non-cash items	5.0	8.8
Interest	(35.9)	(52.5)
Taxation	-	0.3
Pension contributions	(11.4)	(17.7)
Regular capital expenditure	(33.9)	(56.4)
Working Capital	(15.1)	6.6
Recurring cash inflow	86.8	50.0

Cash flows from disposed businesses	0.0	5.8
Restructuring activity	(40.0)	(21.6)

<u>Operating cash flow</u>	<u>2013</u>	<u>2012</u>
Disposal proceeds	105.6	312.2
Financing fees & finance leases	(27.5)	(24.0)
Movement in cash	124.9	322.4

<u>Net debt position</u>	<u>£m</u>
Net debt at 31 December 2012	(950.7)
Movement in cash	124.9
Other non cash items	(5.0)
Net debt at 31 December 2013	(830.8)

<u>Pensions (£m)</u>	<u>Dec 2013</u>	<u>Dec 2012</u>
Assets		
Equities	299.7	411.3
Government bonds	515.7	588.4
Corporate bonds	384.1	608.8
Property	181.7	105.3
Absolute return products	1,268.2	712.1
Cash	192.3	503.0
Infrastructure funds	193.5	153.2
Swaps	(116.6)	(194.6)
Private Equity	190.2	185.9
Other	109.6	135.9
Total Assets	3,218.4	3,209.3

<u>Liabilities</u>		
Discount rate	4.40%	4.45%
Inflation rate (RPI/CPI)	3.35% / 2.35%	2.95% / 2.15%
Total liabilities	(3,821.7)	(3,676.1)

Gross deficit (IAS 19)	(603.3)	(466.8)
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Net deficit (IAS 19)	(463.0)	(352.4)
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Continuing Operations - Underlying Business

£m	Continuing Operations	Add: Bread Business	Less: Disposals	Less: Milling sales	Sub-total	Less: Contract Withdrawals	Underlying business
2013							
Sales	856.2	654.6	(6.4)	(221.9)	1,282.5	-	1,282.5
Trading profit	139.5	6.3	(0.6)	N/A	145.2	-	145.2
EBITDA	156.8	21.9	(0.6)	N/A	178.1	-	178.1
2012							
Sales	1,070.9	685.3	(211.0)	(191.4)	1,353.8	(56.4)	1,297.4
Trading profit	159.1	(4.4)	(31.3)	N/A	123.4	0.0	123.4
EBITDA	182.5	11.8	(35.7)	N/A	158.6	0.0	158.6

Premier Foods Refinancing March 2014 - Factsheet



'New Capital Structure Provides Positive Foundation To Execute Category Based Strategy'

Key Highlights:

- Landmark new pensions framework agreement
- Fully underwritten c.£353m equity issue; £100m firm placing and c.£253m rights issue
- Senior secured notes launch of £475m
- New RCF of £300m from smaller banking syndicate

Equity				
	Firm placing		£100m	
	Rights issue		£253m	
	Gross issue proceeds		£353m	
	Net issue proceeds		£344m	

Pension		New Schedule	Old Schedule	Reduction/ (Increase)
	2014	35	83	48
	2015	9	80	71
	2016	42	79	37
	2017	50	47	(3)
	2018	44	47	3
	2019	42	47	5
		222	383	161

- Contributions fixed until 2019
- Recovery period extended to 2032

Lending		
	Revolving Credit Facility	£300m
	RCF Maturity	March 2019
	RCF margin	3.50% + LIBOR
	Margin on undrawn facilities	40% of applicable margin
	Securitisation facility	£120m
	Securitisation margin	2.75% + cost of commercial paper

Lending covenants		Net debt / EBITDA	EBITDA / Interest
	June 2014	5.50x	June 2014 2.25x
	December 2014	5.50x	December 2014 2.25x
	June 2015	5.25x	June 2015 2.45x
	December 2015	5.00x	December 2015 2.50x
	June 2016	4.90x	June 2016 2.55x
	December 2016	4.60x	December 2016 2.65x
	June 2017	4.30x	June 2017 2.70x
	December 2017	4.20x	December 2017 2.75x
	June 2018	3.85x	June 2018 2.80x
	December 2018	3.65x	December 2018 3.00x

Senior Secured Notes		
	Revolving Credit Facility	£475m
	Tenor	6 year floating / 7 year fixed
	Coupon/margin	To be confirmed on pricing