



PREMIER FOODS

Premier Foods
Q4 Management Statement
23 January 2015



CAUTIONARY STATEMENT

Certain statements in this presentation 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.

Please note that all disclosures and statements referring to the quarter ended 31 December 2014 and the twelve months ended 31 December 2014 provided in this presentation have not been subject to audit or review by the Company's auditors.

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Quarter 4 and 12 months to
31 December 2014 results review
Alastair Murray, CFO



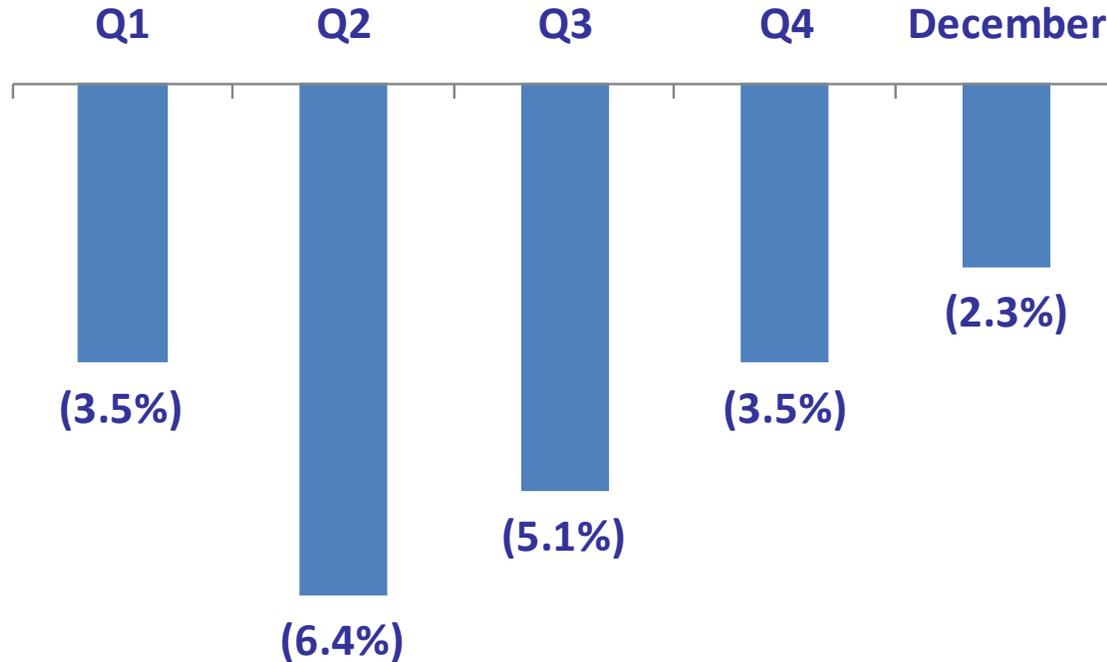
BRANDED SALES OF £220m IN CHALLENGING MARKET CONDITIONS



Q4 Sales (£m)	2014 Q4	2013 Q4	Growth (%)
Power Brands	159	165	(3.5%)
Support brands	61	63	(3.2%)
Total branded	220	228	(3.4%)
Non-branded	35	40	(11.5%)
Total	255	268	(4.6%)

Q4 YTD Sales (£m)	2014 Q4 YTD	2013 Q4 YTD	Growth (%)
Power Brands	519	543	(4.5%)
Support brands	184	195	(5.6%)
Total branded	703	738	(4.8%)
Non-branded	86	94	(9.0%)
Total	789	832	(5.3%)

POWER BRANDS SALES TREND



- Improving trend supported by good Mr. Kipling performance
- Continued brand investment required to deliver further progress

TRADING PROFIT £131m

£m	2014	2013	Change (%)
Underlying Trading profit	131	139	(6.1%)
Net regular interest	(54)	(58)	7.7%
Adjusted PBT	77	81	(4.9%)
Notional tax @ 21.5%/ 23.25%	(17)	(19)	12.2%
Adjusted earnings	60	62	(2.7%)
Weighted average shares in issue (million)	707.1	366.1	
Adjusted earnings per share (pence)	8.6p	17.0p	

- Trading profit in line with market expectations
- Lower interest due to lower Net debt levels across the year, partly offset by dual running of senior secured notes and previous bank facilities
- Adjusted PBT lower as Trading performance offsets interest cost reduction
- Full year 2014 weighted average shares = 707.1 million, increases to 825.7m in FY15/16

FINANCIAL POSITION

£m	2014	2013	Change
Net debt at 31 December 2014	568	831	263
IAS 19 pension deficit at 31 December (Gross)	323	603	280
IAS 19 pension deficit at 31 December (Net of deferred tax)	254	463	209

- Net debt in line with expectations
 - Slightly lower capex offset by working capital movements
- Expectations for 2015 cash flow remain unchanged
- Pension deficit reflects widening of credit spreads, scheme hedging strategy , lower inflation assumption and investment performance
- Pension deficit cash contributions fixed until 2019
- Medium term leverage target of 2.5x Net debt/EBITDA unchanged



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Operating review
Gavin Darby, CEO

A REVIEW OF 2014...



**Evolving UK
Grocery
Landscape**

**Food Price
Deflation**

**Transformational
Capital
Restructuring**

**Positive
Results from
Brand
Investment**

**Significant
Complexity
and Cost
Reduction**

**Organisational
Restructuring**

SWEET TREATS INVESTMENT DELIVERING STRONG Q4 RESULTS



TV advertising



Unique interactive marketing



Social media & PR



Strong seasonal range performance

GROCERY BRAND INVESTMENT



Brand	New products	Investment	Q4 results
			
			
			

COMMITMENT TO BRAND INVESTMENT CONTINUES IN QUARTER 5



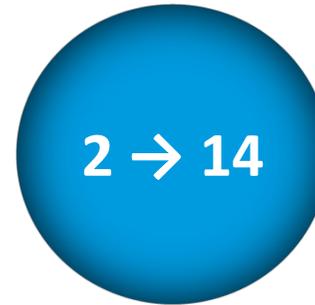
New products



TV advertising



ON TRACK FOR NEW SNACK-PACK LINE IN MAY 2015



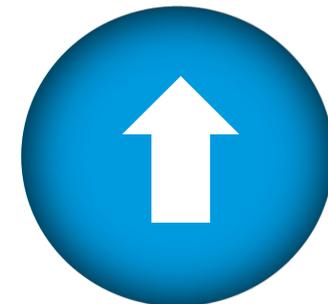
Format Sizes



Capacity



Line Speed



Automation



WE ARE STRATEGICALLY ALIGNED WITH OUR MAJOR CUSTOMERS



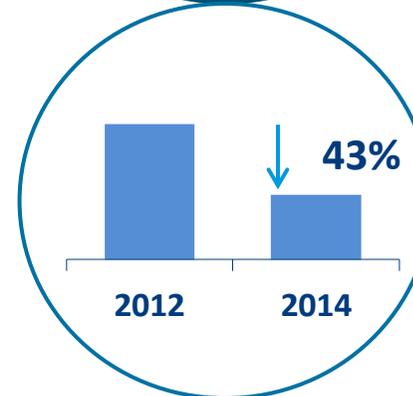
Category Strategy



Market Leading Positions



SKU Reduction Programme



FASTER GROWTH CHANNELS

Convenience

Category
Leaders



On the Go



Meal for
Tonight



Online



- ✓ Customised Joint Business Plans
- ✓ Cross-selling opportunities
- ✓ Meal planner tools
- ✓ Dedicated internal resource

Hard discounters



- ✓ Disciplined approach to Non-branded business
- ✓ Targeted product development resources

WE ARE A MORE FOCUSED AND AGILE ORGANISATION



Grocery
MD Alex Whitehouse



Sweet Treats
MD Graham Hunter



International
GM Peter Ellis



INCREASING OUR MARKETING & INNOVATION RESOURCE



+15%

2015/16
INCREASE IN SALES,
MARKETING & INNOVATION
RESOURCE



Double
Digit +%

MEDIUM-TERM
CONSUMER
MARKETING GROWTH

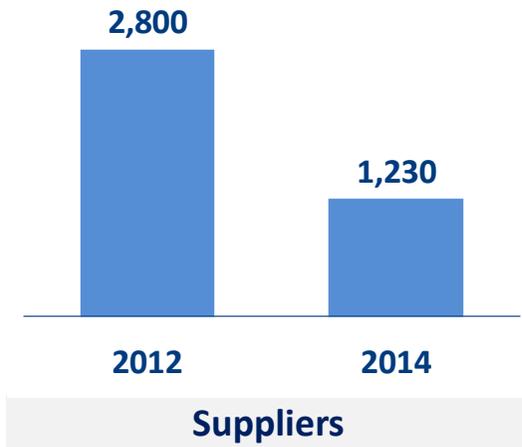
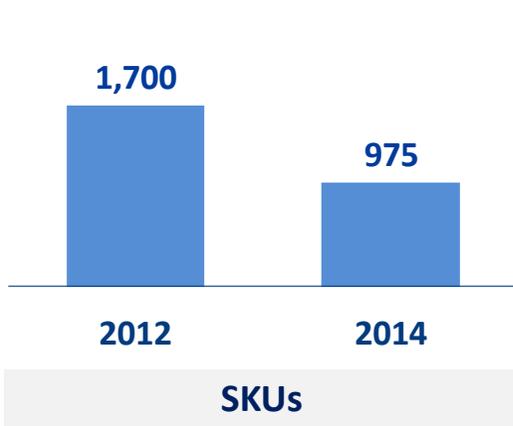


+100%

INTERNATIONAL
RESOURCE



FUNDING OUR INVESTMENT THROUGH COST REDUCTION



Capacity Optimisation

SUMMARY

- Improving sales trends in Q4 and December
- Highest quarterly market share for three years and highest December market share for four years
- Positive results from areas where we are investing
- Trading profit and Net debt in line with expectations
- Business restructured to deliver future growth
- Well positioned with major customers
- Strategy remains unchanged
- Key priorities are: marketing and innovation, Trading profit delivery and Net debt reduction

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Q & A



Per 100g of a pack (112.5ml) as prepared contents					
Energy	Fat	Protein	Sugars	Salt	
1000kJ	1.6g	0.1g	0.5g	1.15g	
2%	3%	0%	1%	23%	

Per 100g of a pack (112.5ml) as prepared contents					
Energy	Fat	Protein	Sugars	Salt	
1000kJ	1.5g	0.1g	0.5g	1.17g	
2%	3%	0%	1%	24%	



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Appendix



Per 100g of a pack (112.5ml) as prepared contents

Energy	Fat	Carbohydrate	Sugars	Salt
1300kJ	1.6g	0.1g	<0.5g	1.15g
31%	2%	0%	0%	15%

of an adult's reference intake* Per 100ml

Per 100g of a pack (112.5ml) as prepared contents

Energy	Fat	Carbohydrate	Sugars	Salt
1300kJ	1.6g	0.1g	<0.5g	1.17g
31%	2%	0%	0%	15%

of an adult's reference intake* Per 100ml Energy 1300kJ/310kcal



FOOD DEFLATION IN THE UK FOR THE FIRST TIME IN OVER 10 YEARS



- Current levels are the lowest for over a decade
- Reflect the competitive retail landscape and lower input cost inflation

Source: Kantar Worldpanel, Total Grocery, 12 week ended 4 January 2015