

Premier Foods FY15/16 Interim Results - Factsheet



'Branded sales growth driven by innovation and investment'

Key Messages:

- Branded sales in H1 increased +0.1% and Q2 up +1.6%; first quarterly increase for two years
- Trading profit increased +8.4%
- Adjusted profit before tax up +21.6% and adjusted earnings per share increased +21.9%
- Operating profit £23.3m, up £36.1m on FY15 H1
- Profit after tax £21.7m, compared to prior period loss after tax (£49.1m)
- Net debt of £585.3m in line with expectations; will reduce significantly in H2
- Combined pension deficit reduced to £32.8m from £211.8m
- Announces introduction of new brand; Paul Hollywood premium baking mixes

Group performance - H1 (£m)	FY15/16 H1	FY14/15 H1	%
Branded sales	306.6	306.4	0.1%
Non-branded sales	34.6	33.3	3.7%
Total sales	341.2	339.7	0.4%
Divisional contribution	68.2	64.9	5.1%
Group & corporate costs	(17.6)	(18.2)	3.3%
Trading profit	50.6	46.7	8.4%
EBITDA	58.3	53.4	9.2%

Divisional performance - H1 (£m)	FY15/16 H1	FY14/15 H1	%
Grocery			
Branded sales	226.2	225.0	0.6%
Non-branded sales	21.2	21.6	(2.4%)
Total sales	247.4	246.6	0.3%
Divisional contribution	60.8	60.1	1.2%
Sweet Treats			
Branded sales	80.4	81.4	(1.3%)
Non-branded sales	13.4	11.7	15.2%
Total sales	93.8	93.1	0.8%
Divisional contribution	7.4	4.8	54.2%

Statutory earnings per share	FY15/16 H1	FY14/15 H1
Underlying business Trading profit	50.6	46.7
Previously completed disposals	(0.3)	(1.1)
Continuing operations Trading profit	50.3	45.6
Amortisation of intangible assets	(18.7)	(18.9)
Foreign exchange fair value movements	1.2	(0.2)
Net interest on pensions and admin expenses	(7.0)	(13.4)
Restructuring costs	(2.5)	(3.9)
Loss on disposal	-	(6.0)
Impairment of intangible and tangible assets	-	(16.0)
Operating profit/(loss)	23.3	(12.8)
Net finance expense	(21.4)	(36.6)
Share of loss from associates	(7.0)	(5.3)
Loss before tax	(5.1)	(54.7)
Taxation credit	26.8	5.6
Profit/(loss) after tax	21.7	(49.1)
Average shares in issue (millions)	825.7	817.2
Basic earnings/(loss) per share (pence)	2.6p	(6.0p)

FY16 guidance	£m
Working capital	Neutral to slightly negative
Depreciation	c.16
Capital expenditure	c.25
Interest - cash	40-43
Interest - P&L	c.45
Tax - cash	Nil
Tax - notional P&L rate	20.0%
Pension (includes admin costs)	14-16
Restructuring	c. 5

Outlook summary

- Expect Group Branded sales to be positive in Q3; Sweet Treats anticipated to perform more strongly than Grocery
- FY16/17 branded sales outlook expected to be in line with medium term branded sales growth guidance of 1-2%
- Sweet Treats DC% double-digit margin target to be achieved a year early in FY15/16
- Profit expectations for year unchanged
- Ongoing focus on brand investment continues; 7 brands on TV in FY15/16
- Net debt to reduce significantly in FY15/16

Adjusted Earnings per share	FY15/16 H1	FY14/15 H1	%
Trading profit	50.6	46.7	8.4%
Less: net regular interest	(22.5)	(23.6)	4.7%
Adjusted Profit before tax	28.1	23.1	21.6%
Less: notional tax (20%/21%)	(5.6)	(4.9)	(15.9%)
Adjusted profit after tax	22.5	18.2	23.2%
Divided by: Average shares in issue	825.7	817.2	1.0%
Adjusted earnings per share	2.7	2.2	21.9%

Sales - Q2 (£m)	FY15/16 Q2	FY14/15 Q2	%
Grocery			
Branded sales	116.1	112.6	3.1%
Non-branded sales	11.0	10.3	5.6%
Total sales	127.1	122.9	3.3%
Sweet Treats			
Branded sales	40.4	41.5	(2.6%)
Non-branded sales	7.5	6.3	18.7%
Total sales	47.9	47.8	0.2%
Group			
Branded sales	156.5	154.1	1.6%
Non-branded sales	18.5	16.6	10.6%
Total sales	175.0	170.7	2.4%

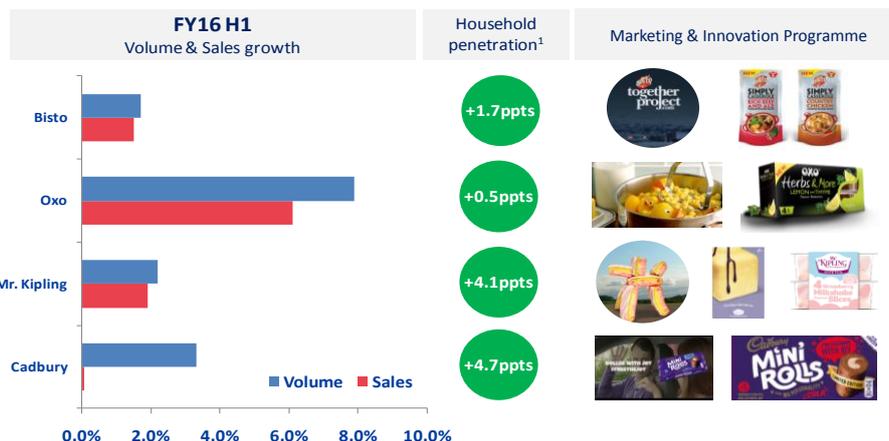
Cash flow (£m)	FY15/16 H1	FY14/15 H1
Trading profit	50.6	46.7
Depreciation	7.7	6.7
Share based payments	2.1	1.8
Interest	(20.7)	(21.0)
Pension contributions	(6.0)	(28.6)
Capital expenditure	(13.7)	(15.1)
Working capital & other	(13.7)	3.0
Restructuring costs	(2.8)	(4.9)
Cash inflow/(outflow)	3.5	(11.4)
Disposal proceeds	-	10.0
Financing fees & other items	-	(58.6)
Net equity proceeds	-	242.2
Loan notes	-	(15.7)
Purchase of own stores	(1.5)	(1.5)
Movement in cash in period	2.0	165.0

Net debt position	£m
Net debt at 4 April 2015	584.9
Movement in cash in period	(2.0)
Movement in debt issuance costs	2.4
Net debt at 3 October 2015	585.3

Pension valuation (£m)	3 October 2015	4 April 2015
Assets	4,118.4	4,248.5
Liabilities	(4,151.2)	(4,460.3)
Deficit (IAS 19)*	(32.8)	(211.8)
Deficit net of deferred tax (IAS 19)	(26.2)	(166.5)
Discount rate	3.70%	3.30%
Inflation rate (RPI/CPI)	3.1%/2.0%	3.0%/1.9%
Mortality rate	LTI +1.0%	LTI +1.0%

* - Includes RHM schemes surplus of £383.2m and Premier schemes deficit of £416.0m

DEMONSTRABLE RETURN ON MARKETING & INNOVATION



All disclosure refer to Underlying business definitions. For full definitions refer to the accompanying RNS at www.premierfoods.co.uk/investors/results-centre