

Premier Foods FY17/18 Half year results - Factsheet



Headlines:

- Half year revenue up +1.5%; Q2 revenue up +6.2%
- Return to volume driven revenue growth in Q2
- International revenue increased +23% in H1
- Over 40% of Quarter 2 revenue growth from Nissin & Mondelez International Strategic partnerships
- Trading profit of £48.0m in line with comparative period
- Adjusted profit before tax up +0.5% to £26.4m
- Statutory profit after tax £0.3m; basic earnings per share 0.0pence
- Net debt £535.3m; £20.7m improvement on prior year

Group performance - (£m)	FY17/18 H1	FY16/17 H1	%
Branded sales	295.4	295.4	(0.0%)
Non-branded sales	57.9	52.7	10.1%
Total sales	353.3	348.1	1.5%
Divisional contribution	62.9	62.8	0.2%
Group & corporate costs	(14.9)	(14.8)	(1.2%)
Trading profit	48.0	48.0	0.0%
EBITDA	56.1	56.1	0.0%

Divisional performance - (£m)	FY17/18 H1	FY16/17 H1	%
Grocery			
Branded sales	214.7	212.8	0.9%
Non-branded sales	40.3	37.5	7.4%
Total sales	255.0	250.3	1.9%
Divisional contribution	51.4	56.2	(8.5%)
Sweet Treats			
Branded sales	80.7	82.6	(2.3%)
Non-branded sales	17.6	15.1	17.0%
Total sales	98.3	97.7	0.7%
Divisional contribution	11.5	6.6	74.2%

Statutory earnings per share	FY17/18 H1	FY16/17 H1
Trading profit	48.0	48.0
Amortisation of intangible assets	(18.0)	(19.0)
Foreign exchange fair value movements	0.9	1.0
Net interest on pensions and admin expenses	(1.0)	(0.9)
Restructuring costs	(3.1)	(7.1)
Impairment	(4.3)	-
Operating profit	22.5	22.0
Net finance cost	(23.7)	(30.7)
Loss before tax	(1.2)	(8.7)
Taxation credit/(charge)	1.5	(46.9)
Profit / (loss) after tax	0.3	(55.6)
Average shares in issue (millions)	834.2	827.7
Basic earnings/(loss) per share (pence)	0.0p	(6.7p)

FY17/18 cash guidance	£m
Working capital	Slightly negative
Depreciation	16-18
Capital expenditure	20-22
Interest - cash	40-43
Interest - P&L	45-48
Tax - cash	Nil
Tax - notional P&L rate	19.0%
Pension deficit contributions	35
Pension administration costs	4-6
Restructuring	10-12
Financing fees	c.7m

Outlook summary
• Strategy gives equal focus to revenue growth, cost efficiencies and cash generation
• UK: to grow ahead of its categories
• International: Strong double-digit growth
• Global strategic partnerships delivering tangible results
• Focused on reducing leverage to below 3.0x Net debt/EBITDA in approximately 3-4 years
• Progress anticipated in H2 and FY expectations unchanged

Adjusted Earnings per share	FY17/18 H1	FY16/17 H1	%
Trading profit	48.0	48.0	0.0%
Less: net regular interest	(21.6)	(21.7)	0.6%
Adjusted Profit before tax	26.4	26.3	0.5%
Less: notional tax @ 19%/20%	(5.0)	(5.3)	4.6%
Adjusted profit after tax	21.4	21.0	1.7%
Divided by: Average shares in issue	834.2	827.7	-
Adjusted earnings per share	2.56	2.54	0.9%

Sales - Q2 (£m)	FY17/18 Q2	FY16/17 Q2	%
Grocery			
Branded sales	112.4	101.7	10.5%
Non-branded sales	21.2	20.0	6.1%
Total sales	133.6	121.7	9.7%
Sweet Treats			
Branded sales	39.9	42.4	(5.8%)
Non-branded sales	9.7	8.4	15.7%
Total sales	49.6	50.8	(2.3%)
Group			
Branded sales	152.3	144.1	5.7%
Non-branded sales	30.9	28.4	8.9%
Total sales	183.2	172.5	6.2%

Cash flow (£m)	FY17/18 H1	FY16/17 H1
Trading profit	48.0	48.0
Depreciation	8.1	8.1
Other non-cash items	1.0	3.2
Interest	(17.2)	(20.2)
Taxation	1.0	-
Pension contributions	(19.8)	(32.1)
Capital expenditure	(8.6)	(6.2)
Working capital & other	(12.9)	(8.6)
Restructuring costs	(6.9)	(11.3)
Purchase of own shares	-	(0.7)
Disposal of fixed assets	1.3	-
Financing fees	(6.8)	-
Free cash flow	(12.8)	(19.8)

Net debt position	£m
Net debt at 1 April 2017	523.2
Free cash flow	12.8
Movement in debt issuance costs	(0.7)
Net debt at 30 September 2017	535.3

Pension valuation (£m)	30 Sept 2017	1 April 2017
RHM Pension schemes		
Assets	4,061.0	4,190.9
Liabilities	(3,472.9)	(3,597.0)
Surplus	588.1	593.9
Premier Foods Pension schemes		
Assets	661.1	673.7
Liabilities	(1,122.3)	(1,162.8)
Deficit	(461.2)	(489.1)
Combined Pension schemes		
Assets	4,722.1	4,864.6
Liabilities	(4,595.2)	(4,759.8)
Surplus	126.9	104.8
Surplus net of tax (17%)	105.3	87.0
Discount rate	2.70%	2.65%
Inflation rate (RPI/CPI)	3.2%/2.1%	3.3%/2.2%
Mortality rate	LTI +1.0%	LTI +1.0%

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