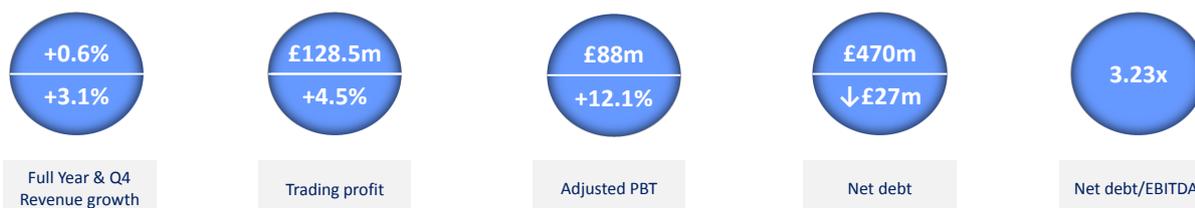


# Premier Foods FY18/19 Preliminary Results - Factsheet



"Trading profit and Net debt ahead of market expectations"

## FINANCIAL HEADLINES



- Adjusted earnings per share up +11.5% to 8.5 pence
- Statutory loss before tax £(42.7)m; and basic loss per share (4.0) pence due to GMP pensions equalisation charge and impairment of intangible assets
- Pensions combined surplus £373.1m; Net present value of deficit contribution schedule remains £300-£320m

## OPERATIONAL HEADLINES



Mr Kipling branded relaunch delivered +12% revenue growth



Batchelors momentum



Strong instore execution

## DETAILED KEY FINANCIALS

Group performance - (£m)	FY18/19	FY17/18	%
Branded sales	679.2	670.1	1.4%
Non-branded sales	145.1	149.1	(2.7%)
<b>Total sales</b>	<b>824.3</b>	<b>819.2</b>	<b>0.6%</b>
Divisional contribution	161.9	155.8	3.9%
Group & corporate costs	(33.4)	(32.8)	(1.8%)
<b>Trading profit</b>	<b>128.5</b>	<b>123.0</b>	<b>4.5%</b>
EBITDA	145.5	139.6	4.2%

Divisional performance - (£m)	FY18/19	FY17/18	%
<b>Grocery</b>			
Branded sales	498.3	498.3	0.0%
Non-branded sales	98.7	90.9	8.6%
<b>Total sales</b>	<b>597.0</b>	<b>589.2</b>	<b>1.3%</b>
Divisional contribution	138.3	130.0	6.3%
<b>Sweet Treats</b>			
Branded sales	180.9	171.8	5.3%
Non-branded sales	46.4	58.2	(20.3%)
<b>Total sales</b>	<b>227.3</b>	<b>230.0</b>	<b>(1.2%)</b>
Divisional contribution	23.6	25.8	(8.4%)

Statutory earnings per share	FY18/19	FY17/18	Change
<b>Trading profit</b>	<b>128.5</b>	<b>123.0</b>	5.5
Amortisation of intangible assets	(34.4)	(36.3)	1.9
Foreign exchange fair value movements	(1.3)	0.1	(1.4)
Net interest on pensions + admin expenses	(1.3)	(2.5)	1.2
GMP equalisation	(41.5)	0.0	(41.5)
Restructuring costs	(16.8)	(8.5)	(8.3)
Impairment of goodwill & intangible assets	(30.6)	(6.5)	(24.1)
Other non-trading items	1.9	-	1.9
<b>Operating profit</b>	<b>4.5</b>	<b>69.3</b>	<b>(64.8)</b>
Net finance cost	(47.2)	(48.4)	1.2
<b>(Loss)/Profit before tax</b>	<b>(42.7)</b>	<b>20.9</b>	<b>(63.6)</b>
Taxation credit/(charge)	8.9	(13.7)	22.6
<b>(Loss)/Profit after tax</b>	<b>(33.8)</b>	<b>7.2</b>	<b>(41.0)</b>
Average shares in issue (millions)	841.5	836.8	4.7
Basic (loss)/earnings per share (pence)	(4.0p)	0.9p	(4.9p)

FY19/20 guidance	£m
Working capital	Negative
Depreciation	c.20
Capital expenditure	c.25
Interest - cash	35-39
Interest - P&L	38-42
Tax - cash	Nil
Tax - notional P&L rate	19.0%
Pension deficit contributions	37
Pension administration costs	6-8
Restructuring	c.3
Potential second tranche of a Hovis loan note in FY19/20	

### Outlook

- Strategy to drive profitable revenue growth and deliver cost efficiencies to generate cash
- Plans to increase consumer marketing in FY19/20 with 5 major brands on TV
- Capital investment increase to c.£25m
- Group expects further progress in FY19/20 although a slower start in H1
- Similar Net debt paydown in FY19/20
- Outcome of strategic review will be outlined in due course

Adjusted Earnings per share	FY18/19	FY17/18	%
<b>Trading profit</b>	<b>128.5</b>	<b>123.0</b>	<b>4.5%</b>
Less: net regular interest	(40.5)	(44.4)	8.9%
<b>Adjusted Profit before tax</b>	<b>88.0</b>	<b>78.6</b>	<b>12.1%</b>
Less: notional tax @ 19.0%	(16.7)	(14.9)	(12.1%)
<b>Adjusted profit after tax</b>	<b>71.3</b>	<b>63.7</b>	<b>12.1%</b>
Divided by: Average shares in issue	841.5	836.8	-
<b>Adjusted earnings per share</b>	<b>8.5</b>	<b>7.6</b>	<b>11.5%</b>

Sales - Q4 (£m)	FY18/19 Q4	FY17/18 Q4	%
<b>Grocery</b>			
Branded sales	135.0	129.5	4.2%
Non-branded sales	25.5	24.0	6.4%
<b>Total sales</b>	<b>160.5</b>	<b>153.5</b>	<b>4.6%</b>
<b>Sweet Treats</b>			
Branded sales	45.5	43.7	4.2%
Non-branded sales	4.7	7.2	(35.2%)
<b>Total sales</b>	<b>50.2</b>	<b>50.9</b>	<b>(1.4%)</b>
<b>Group</b>			
Branded sales	180.5	173.2	4.2%
Non-branded sales	30.2	31.2	(3.3%)
<b>Total sales</b>	<b>210.7</b>	<b>204.4</b>	<b>3.1%</b>

Cash flow (£m)	FY18/19	FY17/18
<b>Trading profit</b>	<b>128.5</b>	<b>123.0</b>
Depreciation	17.0	16.6
Other non-cash items	2.4	2.8
Interest	(30.1)	(38.0)
Taxation	-	1.0
Pension contributions	(41.9)	(39.8)
Capital expenditure	(17.7)	(19.2)
Working capital & other	(7.7)	(0.6)
Restructuring costs	(18.1)	(12.5)
Proceeds from share issue	1.4	1.2
Sale of property, plant & equipment	-	1.3
Hovis repayment of loan note	7.6	-
Financing fees	(12.2)	(7.0)
<b>Free cash flow</b>	<b>29.2</b>	<b>28.8</b>

Net debt position	£m
<b>Net debt at 31 March 2018</b>	<b>496.4</b>
Free cash flow	(29.2)
Movement in debt issuance costs	2.7
<b>Net debt at 30 March 2019</b>	<b>469.9</b>

Pension valuation (£m)	30 March 2019	31 March 2018
<b>RHM Pension schemes</b>		
Assets	4,333.6	4,184.5
Liabilities	(3,495.8)	(3,430.5)
<b>Surplus</b>	<b>837.8</b>	<b>754.0</b>

Premier Foods Pension schemes		
Assets	707.1	679.1
Liabilities	(1,171.8)	(1,116.1)
<b>Deficit</b>	<b>(464.7)</b>	<b>(437.0)</b>

Combined Pension schemes		
Assets	5,040.7	4,863.6
Liabilities	(4,667.6)	(4,546.6)
<b>Surplus</b>	<b>373.1</b>	<b>317.0</b>

<b>Surplus net of tax (17%)</b>	<b>309.7</b>	<b>263.1</b>
Discount rate	2.45%	2.70%
Inflation rate (RPI/CPI)	3.25%/2.15%	3.15%/2.05%
Mortality rate	LTI +1.0%	LTI +1.0%