

# Premier Foods FY19/20 Half year results - Factsheet



"Strong first half with growth ahead of the market and increased debt reduction"

## FINANCIAL HEADLINES



- Operating profit up +26.9% to £35.9m
- Adjusted earnings per share up +4.3% to 3.03 pence
- Statutory profit before tax £15.0m; reversing prior year loss
- Statutory profit after tax £12.3m
- Pensions combined surplus £588.7m
- Net debt £38.8m lower than same point a year ago on pre-IFRS 16 basis

## OPERATIONAL HEADLINES



Mr Kipling revenue +8%



Nissin range +111%



Plantastic launch

## DETAILED KEY FINANCIALS

Group performance - (£m)	FY19/20 H1	FY18/19 H1	%
Branded sales	309.7	296.9	4.3%
Non-branded sales	57.0	61.1	(6.8%)
<b>Total sales</b>	<b>366.7</b>	<b>358.0</b>	<b>2.4%</b>
Divisional contribution	69.7	68.3	2.0%
Group & corporate costs	(18.6)	(17.3)	(7.5%)
<b>Trading profit</b>	<b>51.1</b>	<b>51.0</b>	<b>0.2%</b>
EBITDA	60.5	59.4	1.9%

Divisional performance - (£m)	FY19/20 H1	FY18/19 H1	%
<b>Grocery</b>			
Branded sales	218.2	210.2	3.8%
Non-branded sales	45.8	45.8	(0.1%)
<b>Total sales</b>	<b>264.0</b>	<b>256.0</b>	<b>3.1%</b>
Divisional contribution	59.3	57.0	4.0%
<b>Sweet Treats</b>			
Branded sales	91.5	86.7	5.5%
Non-branded sales	11.2	15.3	(26.6%)
<b>Total sales</b>	<b>102.7</b>	<b>102.0</b>	<b>0.7%</b>
Divisional contribution	10.4	11.3	(8.0%)

Statutory earnings per share	FY19/20 H1	FY18/19 H1
<b>Trading profit</b>	<b>51.1</b>	<b>51.0</b>
Amortisation of intangible assets	(14.9)	(17.8)
Foreign exchange fair value movements	1.3	0.8
Net interest on pensions and admin expenses	(0.1)	(0.6)
Restructuring costs	(1.5)	(5.1)
<b>Operating profit</b>	<b>35.9</b>	<b>28.3</b>
Net finance cost	(20.9)	(30.5)
<b>Profit/(Loss) before tax</b>	<b>15.0</b>	<b>(2.2)</b>
Taxation	(2.7)	1.5
<b>Profit/(Loss) after tax</b>	<b>12.3</b>	<b>(0.7)</b>
Average shares in issue (millions)	846.1	840.8
Basic (Loss)/earnings per share (pence)	1.5p	(0.1p)

FY19/20 guidance	£m
Working capital	Broadly neutral
Depreciation	c.£20m
Capital expenditure	c.£25m
Interest - cash	£35-37m
Interest - P&L	£38-40m
Tax - cash	Nil
Tax - notional P&L rate	19.0%
Pension deficit contributions	£37m
Pension administration costs	£6-8m
Restructuring	£7-8m

### Summary

- Strong H1 revenue delivery underpinned by innovation strategy
- Consistent delivery of revenue growth over last nine quarters
- Excellent Mr Kipling & Soba noodles performances
- International returned to growth in Q2
- H1 Trading profit ahead of our expectations
- Net debt £39m lower than same point last year, demonstrating strong underlying cash generation

### Outlook

- Increased confidence of delivering further progress in FY19/20
- Exciting NPD pipeline and upweighted consumer marketing investment in H2
- Further largely operational cost savings will be used to re-invest in our brands
- On track to meet 3.0x Net debt/EBITDA by year end
- Looking a little further ahead, starting to see options for future cash deployment deployment over the short and medium term
- Strategic review nearing conclusion

Adjusted Earnings per share	FY19/20 H1	FY18/19 H1	%
<b>Trading profit</b>	<b>51.1</b>	<b>51.0</b>	<b>0.2%</b>
Less: net regular interest	(19.4)	(20.8)	6.8%
<b>Adjusted Profit before tax</b>	<b>31.7</b>	<b>30.2</b>	<b>5.0%</b>
Less: notional tax @ 19.0%	(6.0)	(5.7)	(5.0%)
<b>Adjusted profit after tax</b>	<b>25.7</b>	<b>24.5</b>	<b>5.0%</b>
Divided by: Average shares in issue	846.1	840.8	(0.6%)
<b>Adjusted earnings per share</b>	<b>3.03</b>	<b>2.91</b>	<b>4.3%</b>

Sales - Q2 (£m)	FY19/20 Q2	FY18/19 Q2	%
<b>Grocery</b>			
Branded sales	116.2	109.4	6.2%
Non-branded sales	24.5	25.0	(1.8%)
<b>Total sales</b>	<b>140.7</b>	<b>134.4</b>	<b>4.7%</b>
<b>Sweet Treats</b>			
Branded sales	44.6	42.8	4.1%
Non-branded sales	6.5	7.9	(17.2%)
<b>Total sales</b>	<b>51.1</b>	<b>50.7</b>	<b>0.7%</b>
<b>Group</b>			
Branded sales	160.8	152.2	5.6%
Non-branded sales	31.0	32.9	(5.7%)
<b>Total sales</b>	<b>191.8</b>	<b>185.1</b>	<b>3.6%</b>

Cash flow (£m)	FY19/20 H1	FY18/19 H1
<b>Trading profit</b>	<b>51.1</b>	<b>51.0</b>
Depreciation	9.4	8.4
Other non-cash items	1.2	1.1
Interest	(17.6)	(13.9)
Pension contributions	(24.2)	(18.8)
Capital expenditure	(8.1)	(7.0)
Working capital & other	(8.3)	(16.6)
Restructuring costs	(3.3)	(4.6)
Proceeds from share issue	0.6	-
Sale of property, plant & equipment	0.1	-
Financing fees	-	(11.8)
<b>Free cash outflow</b>	<b>0.9</b>	<b>(12.2)</b>

Net debt position	£m
<b>Net debt at 30 March 2019</b>	<b>469.9</b>
Free cash outflow	(0.9)
Movement in debt issuance costs	1.7
Net debt pre-IFRS 16 Leases at 28 September 2019	470.7
IFRS 16 Leases	22.2
<b>Net debt at 28 September 2019</b>	<b>492.9</b>

Pension valuation (£m)	28 Sept 2019	30 March 2019
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RHM Pension schemes	28 Sept 2019	30 March 2019
Assets	4,863.0	4,333.6
Liabilities	(3,793.0)	(3,495.8)
<b>Surplus</b>	<b>1,070.0</b>	<b>837.8</b>

Premier Foods Pension schemes	28 Sept 2019	30 March 2019
Assets	793.6	707.1
Liabilities	(1,274.9)	(1,171.8)
<b>Deficit</b>	<b>(481.3)</b>	<b>(464.7)</b>

Combined Pension schemes	28 Sept 2019	30 March 2019
Assets	5,656.6	5,040.7
Liabilities	(5,067.9)	(4,667.6)
<b>Surplus</b>	<b>588.7</b>	<b>373.1</b>

Surplus net of tax (17%)	28 Sept 2019	30 March 2019
Surplus net of tax (17%)	488.6	309.7
Discount rate	1.85%	2.45%
Inflation rate (RPI/CPI)	3.05%/1.95%	3.15%/2.05%
Mortality rate	LTI +1.0%	LTI +1.0%