



17 January 2020

Premier Foods plc (the “Company” or the “Group”)

Quarter 3 Trading Statement for 13 weeks ended 28 December 2019

Strong Q3 performance, profit expectations unchanged & full year Net debt/EBITDA target of 3.0x on track

- Q3 Group sales up +2.6% and up +2.5% Q3 year to date
- Q3 UK sales up +3.6% and +3.3% Q3 year to date; 10th consecutive quarter of growth
- Outperforming the market, with share gains in 7 out of 8 major brands³
- Mr. Kipling sales up +10% in Q3
- Non-branded sales returned to growth in Q3
- Profit expectations for the full year remain unchanged
- On track to meet target of 3.0x Net debt/EBITDA by March 2020

Alex Whitehouse, Chief Executive Officer

“Today we’re reporting another strong quarter with Group sales up +2.6% and UK sales up +3.6%. Our UK business has now delivered 10 consecutive quarters of revenue growth and has consistently outperformed the market. Our biggest brand, Mr. Kipling, has again been instrumental to this continuing momentum, with increased sales of 10% supported by TV advertising and new product ranges. Our more seasonally focused brands grew by over 5% in the quarter and in 2019 we sold over 200 million mince pies, 7% more than 2018.”

“Our proven branded growth model of delivering new product innovation based on consumer trends together with high quality advertising behind our major brands continues to work very well. In Q3 we doubled our UK marketing investment with more to come in Q4, along with a number of new product launches including Cadbury Crème Egg choc cakes and Mr. Kipling mini pies and tarts. We are making good progress towards our cost savings goals and are on track to deliver £5m savings over the next 2 years to further increase investment into the branded growth model. This performance, in our key trading period, reconfirms our unchanged profit expectations for the full year and we remain on track to meet our Net debt/EBITDA leverage target of 3.0x⁵ by March 2020.”

Sales % change	Q3			Q3 Year to date		
	Grocery	Sweet Treats	Group	Grocery	Sweet Treats	Group
Branded	0.5%	7.6%	2.3%	2.4%	6.3%	3.5%
Non-branded	(0.8%)	8.8%	3.9%	(0.4%)	(4.2%)	(1.8%)
Total	0.3%	8.0%	2.6%	1.9%	3.8%	2.5%

Trading update

The Group reported sales growth of +2.6% in Q3 compared to the prior year, particularly reflecting very good Sweet Treats sales which increased +8.0%. Grocery sales grew by +0.3% in the quarter, as a better UK performance was partly offset by weaker International sales. The UK, which represents c.94% of the Group’s annual sales, saw revenues increase by +3.6% in Quarter 3 year on year.

The Group continues to outperform its markets, with seven of its largest eight brands growing market share on a year to date basis.

In the Grocery business, *Bisto* and *Ambrosia* both grew sales in the third quarter, reflecting advertising investment for *Bisto* and continued share gains for *Ambrosia*. Sales of *Paxo* stuffing were excellent in the run up to Christmas

while *Nissin* Soba noodles and Cup Noodle continued their very strong trajectory, growing revenues by nearly 70% in the quarter. Non-branded sales declined by (0.8%) in the third quarter as a result of decreased business to business volumes.

In Sweet Treats, *Mr. Kipling* recorded an eighth consecutive quarter of sales growth, with revenues up +10% as the benefits from increased marketing investment and new product launches continue to realise great progress for the Company's largest brand. *Mr. Kipling* mince pies sales also grew by +10% in the quarter, supported by the launch of its new mini *Mr. Kipling* mince pies. In total, the Group sold over 200 million mince pies during the course of 2019; a 7% volume increase on the prior year. Sales of *Cadbury* licensed product ranges were ahead on a year to date basis, although slightly tempered in December as lower promotional levels on cake offset the launch of new *Cadbury* cake mixes.

As expected, Non-branded Sweet Treats sales returned to growth in the quarter with sales up +8.8% compared to last year. This reflected the lapping of softer comparatives associated with impacts from the Group's logistics transformation programme a year ago.

The International business delivered a disappointing result with sales⁴ (17%) lower in the third quarter. With new leadership now in place, the Group is implementing a revised and more focused approach in order to deliver more consistent sustainable growth, building bigger businesses in selected markets. As it transitions to this new approach, further progress is expected to be deferred to the FY20/21 financial year.

In the final quarter of the year, *Mr. Kipling* will be launching a range of mini pies and tarts including Cherry Bakewells and Fruit Pies. Quarter 4 also sees the launch of *Cadbury Crème Egg* choc cakes for Easter and *Plantastic* grain pots.

Cost & efficiency

As previously announced, the Group is targeting a £5m cost savings programme over the next two years, the proceeds of which will primarily be used to reinvest in its brands. Very good progress is already being made in achieving these savings with further news to follow in due course.

Knighton Foods

Following an internal review, the Group has decided to fully integrate its Knighton Foods subsidiary into its core UK business. This move is expected to generate a number of commercial opportunities together with a range of operational synergies.

Strategic review update

As previously announced, the Group's strategic review is nearing conclusion and a further update is expected to be provided as appropriate.

Pensions update

The triennial actuarial valuation of the Group's pension schemes is continuing and dialogue with all Trustees remains ongoing; a further update will be provided in due course.

Outlook

The Group has delivered a strong Q3, its key trading period, and this reconfirms its confidence of delivering progress in FY19/20. Its target of 3.0x Net debt/EBITDA is expected to be met by March 2020.

~ Ends ~

Further information

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Conference call

A conference call for investors and analysts hosted by Alex Whitehouse, CEO and Duncan Leggett, CFO, will take place today, 17 January 2020, at 9.00am, details of which are outlined below. A replay of the conference call will be available on the Company's website later in the day: www.premierfoods.co.uk/investors/results-centre

Telephone number: 0800 376 7922 (UK toll free)
 +44 20 7192 8000 (standard international access)
 Conference ID: 3875666

Notes to editors:

1. All financial data detailed above is unaudited and has not been subject to review by the Company's auditors.
2. All sales data relates to the 13 weeks to 28 December 2019 or 29 December 2018, the 'quarter' or the 'period', as appropriate. Quarter 3 year to date sales data is for the 39 weeks to 28 December 2019 or 29 December 2018.
3. Market share references are UK based and sourced from IRI, 39 weeks ended 28 December 2019.
4. International sales growth is stated on a constant currency basis and is disclosed in the Grocery segment for reporting purposes.
5. Net debt and EBITDA on a pre-IFRS 16 basis.

Certain statements in this management statement 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.

A Premier Foods image gallery is available using the following link:

<http://www.premierfoods.co.uk/media/image-gallery>

Quarter 3 and Quarter 3 year to date sales

£m	Quarter 3			Quarter 3 Year to date		
	2019/20	2018/19	Change	2019/20	2018/19	Change
Grocery						
Branded	154.0	153.2	0.5%	372.1	363.4	2.4%
Non-branded	27.1	27.3	(0.8%)	72.9	73.2	(0.4%)
Total	181.1	180.5	0.3%	445.0	436.6	1.9%
Sweet Treats						
Branded	52.4	48.7	7.6%	143.9	135.4	6.3%
Non-branded	28.7	26.4	8.8%	40.0	41.7	(4.2%)
Total	81.1	75.1	8.0%	183.9	177.1	3.8%
Group						
Branded	206.4	201.9	2.3%	516.0	498.8	3.5%
Non-branded	55.8	53.7	3.9%	112.9	114.9	(1.8%)
Total	262.2	255.6	2.6%	628.9	613.7	2.5%