



17 July 2019

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

Trading update for the 13 weeks ended 29 June 2019

- Q1 Group sales up +1.1%, Q1 Branded sales up +2.9%
- Q1 UK sales up +2.6%, Q1 Branded UK sales up +4.9%
- Market share gains in 7 out of 8 top brands
- Increased marketing investment this year; Mr Kipling and Batchelors already aired – more to come
- Sales of Mr Kipling, Group’s largest brand, up +10%
- Expectations for the full year remain unchanged

Alastair Murray, Acting Chief Executive Officer

“I am pleased to report an encouraging start to the year with Group sales up +1.1% and ahead +2.6% in the UK. As we previously noted, we are increasing our consumer marketing investment this year and both Mr Kipling and Batchelors have already benefitted from TV advertising campaigns in the first quarter. Many of our largest brands have built on strong category positions and grown market share, and we achieved branded growth in the quarter of nearly 3%. These figures provide evidence that the Company’s strategy is delivering results. Our expectations for the full year remain unchanged.”

Q1 Sales % change	Grocery	Sweet Treats	Group
Branded	+1.1%	+7.1%	+2.9%
Non-branded	+2.2%	(37.2%)	(8.3%)
Total	+1.3%	+0.6%	+1.1%

Trading update

In the first quarter of the year, Group sales increased +1.1% compared to the prior year, with branded sales up +2.9%. In the UK, total sales grew +2.6% and branded sales advanced +4.9%. Both Grocery and Sweet Treats have delivered market share gains during the quarter, with notably good performances seen from *Ambrosia*, *Sharwood’s*, *Bisto* and *Cadbury* cake.

Grocery reported sales of £123.1m in the quarter, +1.3% up on the prior year. The Flavourings & Seasonings category was strong, growing over 10% compared to the prior year due to a softer comparative period in 2018 when the UK experienced exceptionally warm weather. Accordingly, *Bisto* and *Paxo* both delivered strong revenue growth and market share gains in the quarter. Looking forward to the second quarter, *Bisto* will be launching a new range of convenient ready to use Gravy pots. *Ambrosia* also benefitted from relatively cooler weather in June, gaining share in a growing category.

In cooking sauces, *Sharwood’s* and *Loyd Grossman* saw double-digit growth reflecting improved promotional plans, distribution gains and range expansion of curry pastes. The Group saw growth in the Quick Meals, Snacks & Soups category as Nissin *Soba* noodles continued their very strong trajectory from last year, more than doubling sales and volumes, while *Batchelors* sales were slightly lower due to the phasing of promotional activity.

Non-branded Grocery sales grew +2.2% as contract wins in cooking sauces and stuffing were partly offset by Knighton Foods which saw some contract exits and customer de-stocking.

In Sweet Treats, sales increased by +0.6% against the same period a year ago with branded sales up +7.1%. *Mr Kipling* continued to deliver strong growth, with Group sales up 10% and benefitting from the brand relaunch it received during 2018 but also further TV advertising in the first quarter this year. A new premium range of 'Signature' cakes is set to be launched in the second quarter to support *Mr Kipling* growth through the remainder of the year.

Cadbury cake sales grew in the UK, due to both the later timing of Easter compared to 2018 and also due to improved seasonal ranges for the Easter period. The Group also launched a range of new *Cadbury* Dairy Milk slices in the quarter. Non-branded Sweet Treats, (representing 9% of Sweet Treats sales value) were (37.2%) down in the period due to the exit of lower margin cake contracts.

International sales were, as expected, held back primarily due to slower sales in Ireland and were (18%) down compared to the prior year. This was due to the unwind of Brexit related stock in Irish customers' supply chains. The International business is, however, expected to return to sales growth in subsequent quarters.

IFRS 16 – Leases

The Group is adopting the modified retrospective approach for the new accounting standard, IFRS 16 – Leases, as previously stated. The first accounting period which the Group will adopt this change is its Interim results for the 26 weeks ending 28 September 2019. The main changes to the Company's financial statements are with respect to Net debt and EBITDA, which would have been approximately £20m and £3m higher respectively than reported as at 30 March 2019.

Board update

As previously announced, Keith Hamill, Non-executive Chairman, will be retiring from the Board at the Company's AGM being held today. Richard Hodgson, Senior Independent Non-Executive Director is leading the search for a new Non-executive Chairman, a further Independent Non-executive Director and a permanent CEO, and the Company will provide further updates in due course.

Outlook

The Group's strategy remains to improve operating performance through driving profitable revenue growth and delivering cost efficiencies to generate cash. Its expectations for progress in the full year remains unchanged, and as previously communicated, weighted to the second half of the year.

The Group's previously announced strategic review remains ongoing; the outcome of which will be communicated in due course.

~ Ends ~

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Conference Call

A conference call for investors and analysts will take place on 17 July 2019 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.

Telephone number: +44 20 7192 8000
 Telephone number (UK Toll free) 0800 376 7922
 Conference ID: 1963129

<http://www.premierfoods.co.uk/investors/results-centre>

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

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

Certain statements in this trading update 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.

Notes to editors:

1. Sales data is for the thirteen weeks to 29 June 2019 or 30 June 2018 as appropriate.

Q1 Sales (£m)	FY19/20	FY18/19	% Change
Grocery			
Branded	101.8	100.8	+1.1%
Non-branded	21.3	20.8	+2.2%
Total	123.1	121.6	+1.3%
Sweet Treats			
Branded	47.0	43.9	+7.1%
Non-branded	4.7	7.5	(37.2%)
Total	51.7	51.4	+0.6%
Group			
Branded	148.8	144.6	+2.9%
Non-branded	26.0	28.4	(8.3%)
Total	174.8	173.0	+1.1%

2. Market share data is sourced from IRI, 13 weeks ended 29 June 2019.