



23 July 2021

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

Very encouraging start to the year; Q1 trading and full year adjusted PBT at top end of expectations

Premier Foods today provides its Quarter 1 trading update for the thirteen weeks ended 3 July 2021; the table below sets out sales performance compared to the same period against the prior year and two years ago.

| Q1 Sales % change | | vs 1 year ago | vs 2 years ago |
|---------------------|-------------|---------------|----------------|
| Grocery | Branded | (19.6%) | 12.0% |
| | Non-branded | (6.0%) | (10.1%) |
| | Total | (17.9%) | 8.2% |
| Sweet Treats | Branded | 3.2% | 3.7% |
| | Non-branded | (16.2%) | (14.9%) |
| | Total | 1.4% | 2.0% |
| Group | Branded | (13.9%) | 9.3% |
| | Non-branded | (8.0%) | (10.9%) |
| | Total | (13.2%) | 6.3% |

- Q1 Group sales up 6.3% versus two years ago - at top end of Group’s expectations, Branded sales up 9.3%
- As expected, sales versus prior year lapping exceptional circumstances of first lockdown
- Grocery excluding out of home channels up 13% compared to two years ago
- Strong International performance, building on successful prior year, up 17%⁵ on two year basis
- Sales from strategy of expanding into new categories already delivered over £6m in last 12 months
- Full year adjusted profit before tax now expected to be at top end of Group expectations

Alex Whitehouse, Chief Executive Officer

“We have made a very encouraging start to the year, with Quarter 1 sales at the top end of our expectations, as our brands again benefited from the introduction of new products and continued marketing investment. When compared to two years ago, our branded sales increased by over 9% with grocery brands up 12%, continuing the strong momentum of recent years. As expected, overall sales were down compared to the same quarter a year ago when we saw exceptionally high grocery volumes during the first national lockdown.”

“Sales online through our retailers e-commerce platforms remained at elevated levels and nearly twice that of two years ago, retaining most of the gains from last year. Branded Sweet Treats grew year on year, with Mr Kipling up 7.5%, benefiting from our range of low sugar options and the ongoing success of the premium Signature range. I’m very pleased by the progress of our healthier options ranges, such as Sharwood’s low fat cooking sauces, which have grown at over twice the rate of our branded portfolio, as consumers continue with their recently adopted good healthier eating habits. International also performed particularly well, building on the very strong gains from last year, growing by +17% on a two year basis, as we continue to build sustainable, profitable overseas businesses.”

“With our continued strong trading momentum and the substantially lower coupon of the new fixed rate notes at 3.5%, we now expect to deliver adjusted Profit Before Tax at the top end of our expectations for FY21/22.”

Trading update

Total sales in Q1 over a two year basis grew 6.3%, at the top end of the Group's 5-6% expected range, while Branded sales increased by 9.3%. This branded performance demonstrates further evidence that the Group's brand building model is delivering consistent growth. Compared to the prior year, sales were, as expected, lower as the Group lapped strong comparatives when UK households consumed the majority of their meals at home. Online sales were similar to the high levels seen last year and nearly double that of two years ago.

The Group's strategy of delivering growth through entering new categories is gathering pace; over the last twelve months, sales from product ranges such as *Mr Kipling* and *Cadbury* baking mixes, *Cape Herb & Spice* and *Oxo* Rubs and Marinades delivered over £6m.

Grocery

In Grocery, the continued benefits of investing behind the Group's brands and bringing new products to market have resulted in particularly strong progress for *Ambrosia*, *Bisto*, *Oxo*, *Sharwood's* and *Paxo* which have all grown in double digit percentage terms compared to two years ago. *Sharwood's* is a leading example of this; it has delivered two year sales growth of 25%, gained market share and increased household penetration. The quarter saw *Sharwood's* receive further TV advertising, the launch of new Vegan cooking sauces and it benefitted from consumers who have discovered the brand during lockdown. *Nissin* noodles, the market leader in authentic noodles in a pot, delivered yet another outstanding quarter, growing sales by over 160% over the last two years and delivering further market share gains. Non-branded sales in Grocery were lower compared to two years ago, reflecting a slow recovery in the Group's out of home businesses in the quarter, partly offset by higher sales in retailer channels.

Sweet Treats

Sweet Treats branded sales increased by 3.2% versus a year ago as *Mr Kipling* continued to grow strongly, building on its best ever sales in FY20/21, with sales up 7.5% in the quarter. This reflected further TV advertising, a strong performance from healthier product ranges such as 30% less sugar Angel Slices and new product launches under the premium Signature collection. Cadbury cake sales were impacted by the earlier timing of Easter in prior years while lower margin non-branded sales declined due to prior year contract exits.

International

The International business saw further excellent progress with sales up 2%⁵ as it continued to benefit from its revised strategy and building on its successful FY20/21 when sales in the full year grew by 23%⁵. The application of the Group's brand building strategy in Ireland is gathering pace; new products such as *Bisto* Southern Style gravy, *Oxo* meat free stock cubes and *Mr Kipling* Signature cakes have delivered market share gains while recent launches into the Quick Meals Snacks & Soups and Home Baking categories are expanding further. In North America, the trial of *Mr Kipling* cakes in Canada has delivered encouraging results with the planned rollout to full national distribution in the second half of the year. In the USA, the business continues to work with Weston Foods as it prepares for the launch of *Mr Kipling*, building on insights from the Canada trial.

Outlook

The Group has made a very encouraging start to the year with two year sales growth at the top of its targeted range for Q1. With the continued benefits from the Company's Branded growth model strategy and a material reduction in interest costs from the 3.5%, £330m Fixed Rate bond issued in Q1, adjusted PBT for FY21/22 is now expected to be at the top end of its expectations.

~ Ends ~

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Conference Call

A conference call for investors and analysts will take place on 23 July 2021 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: 1586379

<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 3 July 2021, 27 June 2020 or 29 June 2019 as appropriate.

| Q1 Sales (£m) | FY21/22 | FY20/21 | FY19/20 | Change vs 1 year ago | Change vs 2 years ago |
|---------------------|---------|---------|---------|-------------------------|--------------------------|
| Grocery | | | | | |
| Branded | 114.1 | 141.8 | 101.8 | (19.6%) | 12.0% |
| Non-branded | 19.1 | 20.3 | 21.3 | (6.0%) | (10.1%) |
| Total | 133.2 | 162.1 | 123.1 | (17.9%) | 8.2% |
| Sweet Treats | | | | | |
| Branded | 48.7 | 47.2 | 47.0 | 3.2% | 3.7% |
| Non-branded | 4.0 | 4.8 | 4.7 | (16.2%) | (14.9%) |
| Total | 52.7 | 52.0 | 51.7 | 1.4% | 2.0% |
| Group | | | | | |
| Branded | 162.8 | 189.0 | 148.8 | (13.9%) | 9.3% |
| Non-branded | 23.1 | 25.1 | 26.0 | (8.0%) | (10.9%) |
| Total | 185.9 | 214.1 | 174.8 | (13.2%) | 6.3% |

2. Market share data sourced from IRI, 13 weeks ended 27 June 2020.
3. Online channel data sourced from Kantar Worldpanel, 12 weeks ended 13 June 2021
4. Household penetration data sourced from Kantar Worldpanel, 12 weeks ended 13 June 2021.
5. International sales stated on a constant currency basis