



# Half year results for 26 weeks ended 28 September 2024

14 November 2024



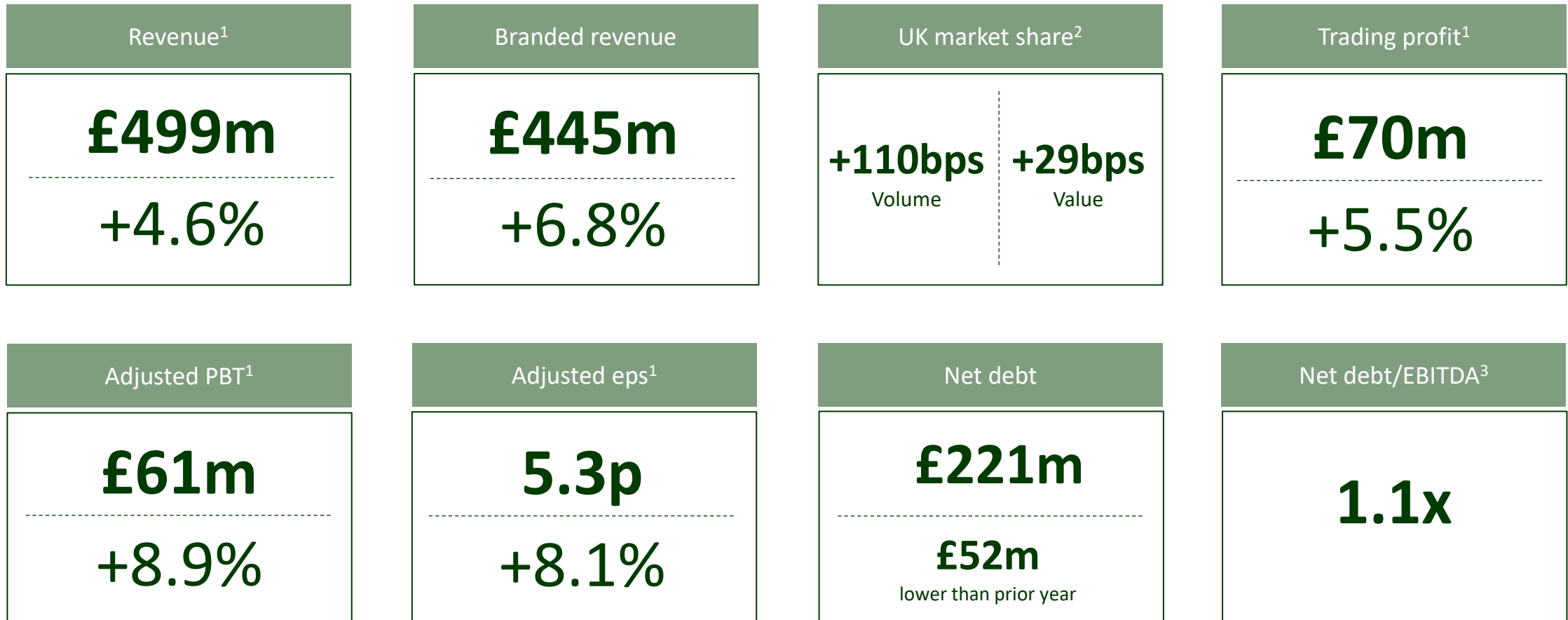


# Alex Whitehouse

CEO



# Strong volume led branded revenue growth



1 – Excludes Charnwood & Knighton; 2 – Circana, 28 September 2024, vs prior year; 3 – L12M EBITDA



# Further progress across our strategic pillars

**1** Grow the UK core



H1 UK Branded revenue growth

**2** Infrastructure investment



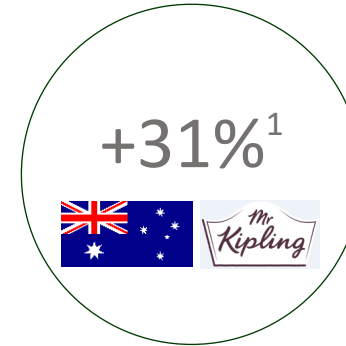
Investing in efficiency and product innovation

**3** Category expansion



Revenue growth from new categories

**4** International



International revenue growth

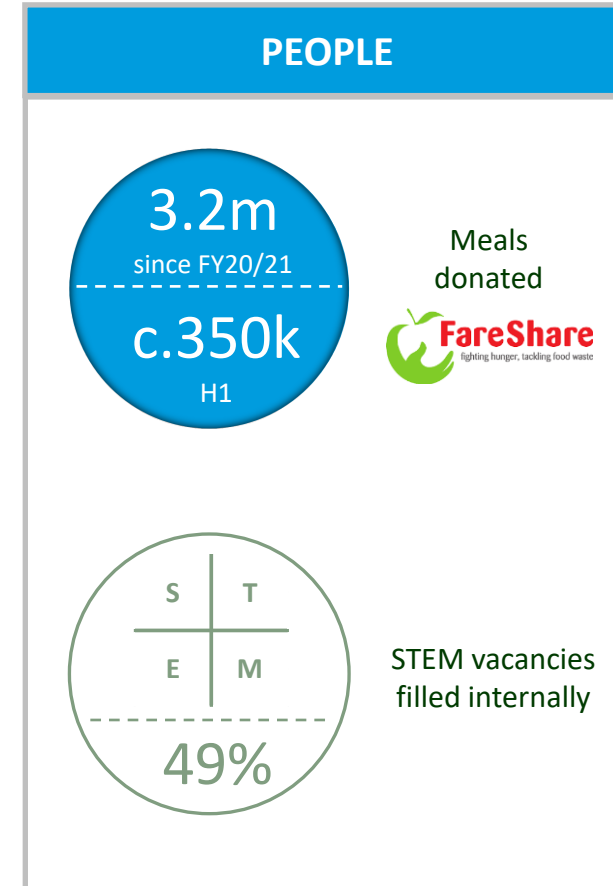
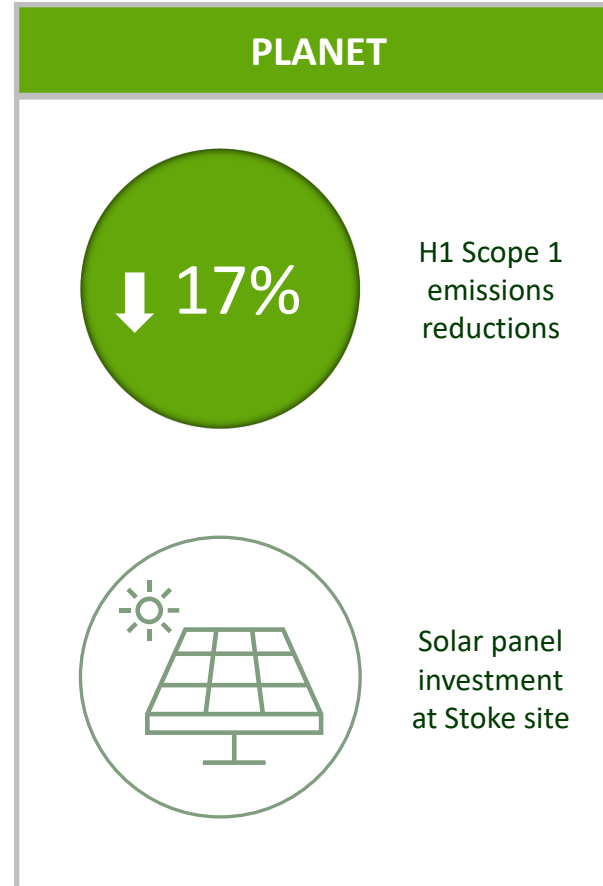
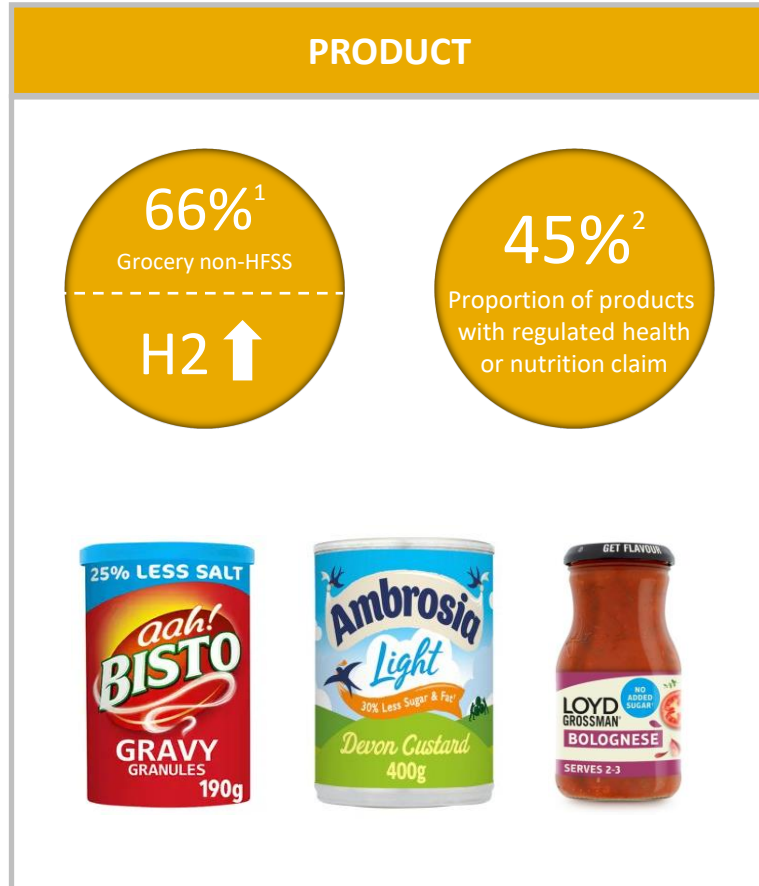
**5** Inorganic opportunities



FUEL10K now has No.1<sup>2</sup> Granola SKU in market

1 – at constant currency rates; 2 – Circana, 12 w/e 28 September 2024

# Continued progress on our ESG commitments



*Making strong progress against our Enriching Life Plan 2030 targets*



# Duncan Leggett

CFO



# Branded volume and revenues delivered earnings progression



£m	FY24/25 H1	Change vs PY	Comments
<b>Branded revenue</b>	<b>445</b>	<b>6.8%</b>	Strong branded volume growth
Non-branded revenue	54	(10.4%)	Driven by consumers switching to brands and contract exits
<b>Total revenue</b>	<b>499</b>	<b>4.6%</b>	
<b>Divisional contribution</b>	<b>105</b>	<b>4.3%</b>	Margin progression broadly in line with revenue
Group & corporate costs	(35)	(2.1%)	Supply planning efficiency project costs, SG&A inflation and higher amortisation
<b>Trading profit</b>	<b>70</b>	<b>5.5%</b>	
<i>Trading profit %</i>	<i>14.1%</i>	<i>+0.1ppt</i>	Continued strong focus on margin delivery
Net regular interest	(9)	12.8%	Higher cash balances driving interest receivable
<b>Adjusted profit before tax</b>	<b>61</b>	<b>8.9%</b>	
<b>Adjusted earnings per share (pence)</b>	<b>5.3p</b>	<b>8.1%</b>	

# Branded volume growth in both Grocery & Sweet Treats



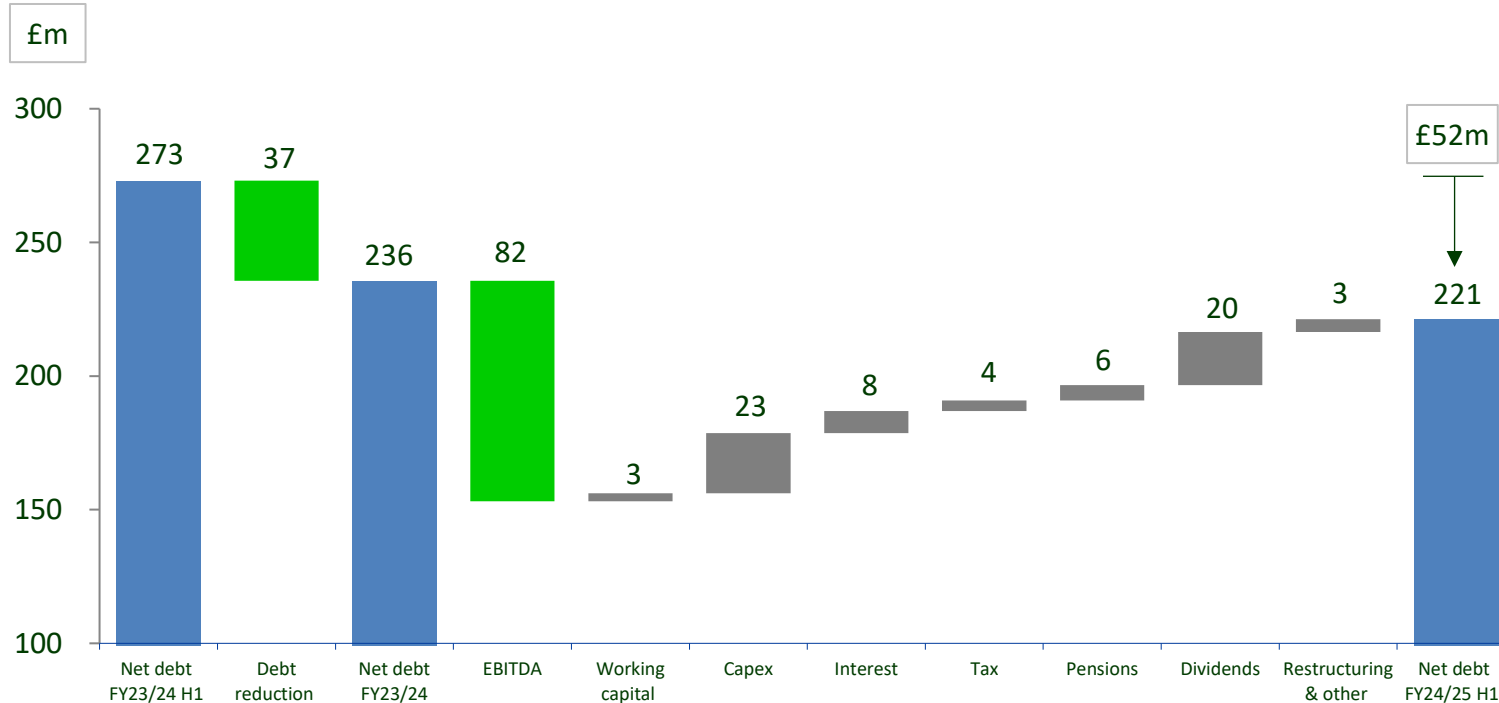
£m	FY24/25 H1	Change vs PY	Comments
<b>Grocery</b>			
<b>Branded revenue</b>	<b>339</b>	<b>7.0%</b>	Major brands delivered through volume growth plans and promotional activity
Non-branded revenue	35	(7.6%)	Lower volumes as consumers switch to brands and exits on non-core ranges
<b>Total revenue</b>	<b>374</b>	<b>5.4%</b>	
<b>Divisional contribution</b>	<b>93</b>	<b>5.3%</b>	Branded mix benefits offset by salary inflation
<i>Divisional contribution %</i>	<i>24.9%</i>	<i>(0.1ppt)</i>	
<b>Sweet Treats</b>			
<b>Branded revenue</b>	<b>106</b>	<b>6.1%</b>	Volume growth from strong innovation programme and sharper promotional pricing
Non-branded revenue	19	(15.1%)	Consumers switching to brands and contract exits in French Fancies
<b>Total revenue</b>	<b>125</b>	<b>2.2%</b>	
<b>Divisional contribution</b>	<b>12</b>	<b>(3.3%)</b>	Marginally lower partly due to substantial Cocoa inflation
<i>Divisional contribution %</i>	<i>9.4%</i>	<i>(0.5ppt)</i>	



# Net debt 19% lower than last year, leverage now 1.1x



## Cash flow bridge



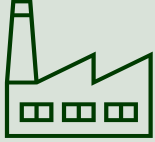
## FY24/25 guidance

FY24/25 guidance	£m
Working capital	Neutral
Depreciation (incl. software amortis'n)	c.£25m
Amortisation of brands	c.£20m
Capital expenditure	£40-45m
Restructuring - cash	c.£7m
Interest – cash	£20-21m
Interest – P&L	£22-23m
Tax – cash	c.£8m
Tax – notional P&L rate	25.0%
Pension admin & PPF levy costs	£6-7m
FY23/24 cash dividend	£20m
EBT purchases	c.£5m

- Capex increased by 63% to £22.5m, accelerating automation, efficiency and growth projects to deliver virtuous cycle of branded growth
- Pensions deficit contributions now suspended, significantly enhancing future free cash flow
- FY24/25 restructuring includes costs associated with Charnwood closure
- Cash guidance broadly unchanged


# Value creation through capital allocation framework

Capex ↑




- Strong pipeline of opportunities to enhance efficiencies through attractive payback projects
- Facilitates manufacturing of new product development

M&A ↑




- The Spice Tailor & FUEL10K were selected very carefully and are performing strongly
- Continue to pursue branded assets which would benefit from application of the Group's Branded Growth Model

Dividends ↑



- Expect to pay a progressive dividend
- To grow ahead of earnings

Pensions ↓



- Deficit payments suspended
- Greater flexibility to invest in Capex, M&A and Dividends

Leverage	Target of c.1.5x Net debt/EBITDA unchanged; M&A may increase short-term leverage - New £227.5m Revolving Credit Facility, matures May 2029, on improved terms
M&A	Maintain financial discipline, taking similar approach to recent acquisitions and with focus on ROIC



# Alex Whitehouse

CEO





# Our strategy and purpose

Extending our brand building capabilities beyond our UK core



*Guided by our purpose, 'Enriching Life Through Food', together with our ESG strategy*



# Our branded growth model is at the core of what we do

## 1 Leading brand positions

- Our brands are leaders in their core categories
- High household penetration



## 2 Insight driven new products

- Launch new products linked to key consumer trends
- Major focus on health & nutrition



## 3 Sustained marketing investment

- Marketing and advertising to build brands, maintain awareness and keep them contemporary
- Create emotional connections through media



## 4 Retailer partnerships

- Focused on driving mutual category growth
- Deliver outstanding instore execution



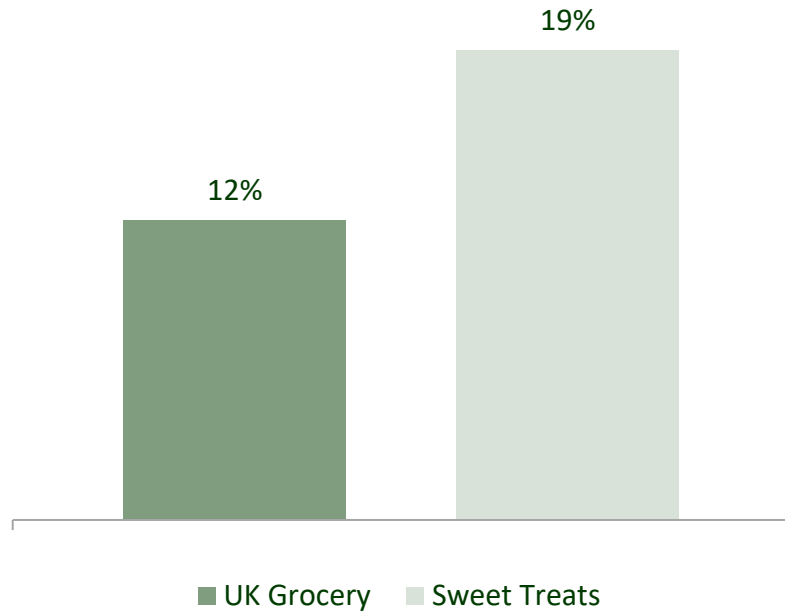
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# Strong UK branded volume growth and market share gains



## Volumes

### H1 UK Branded Volume

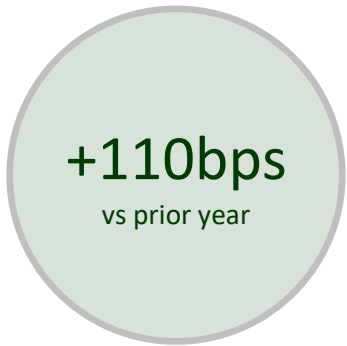


- Branded growth model and sharper promotional pricing drive volumes
- Stronger trend in Sweet Treats, as expected

## Market share<sup>1</sup>

### Volume

### Value



- Strong absolute volume trends reflected in share gains
- More pronounced gains in Sweet Treats

1 - Source: Circana, 28 September 2024

# 1 Product innovation and investment driving branded growth

Product innovation aligned to consumer trends



Health & Nutrition



Convenience



Snacking & On the go



Indulgence



Packaging sustainability

Brand investment



- New OXO 'Made with Love' TV campaign for 2024
- All major brands to benefit from media advertising this year

Grocery



Sweet Treats



# Product innovation programme aligns to consumer trends

## Mr Kipling Signature Nibbles & Bites

### H1 Revenue Progression

£m

**+134%**  
H1 YoY Revenue

FY23/24 H1

FY24/25 H1



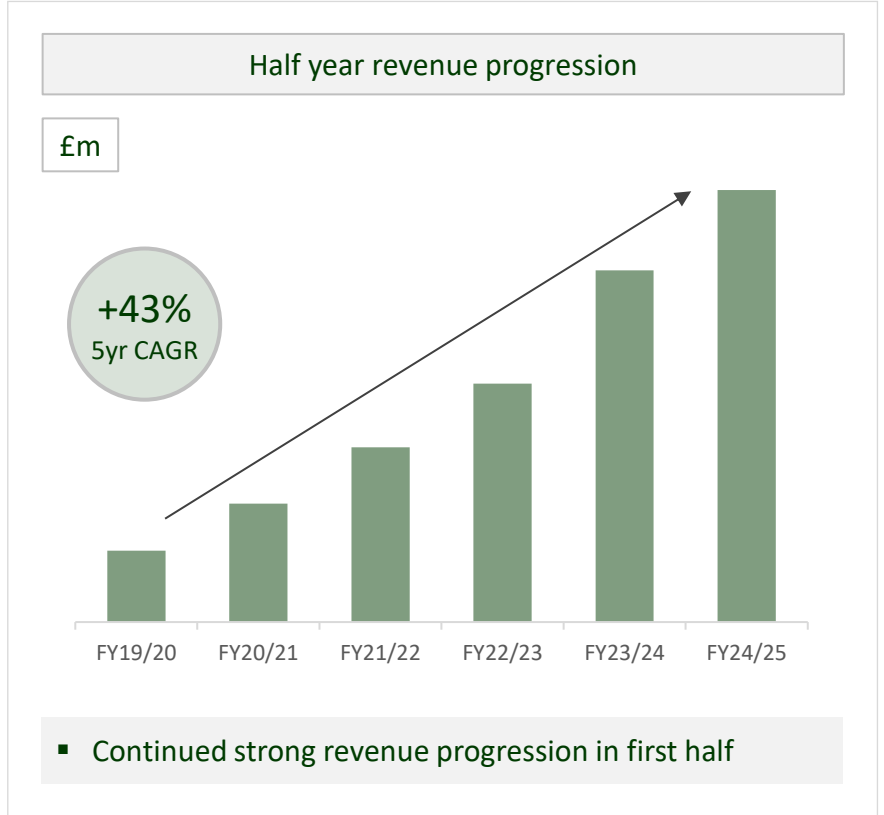
Indulgence

- Rich and moist brownies covered in thick chocolate
- Range aligns very strongly to indulgence consumer trend
- Targets sharing or individual treating occasions
- Continuing to build presence in chocolate based cakes



# 1 Nissin momentum continues

## Exceptional Nissin revenue progression



## New products in H1

- Demae Ramen now in range and added to H1 growth
- Launch of Big pot version of popular Yakitori

## Growing scale



1 - Source: Circana, 28 September 2024, Authentic noodles category; 2 – Last 12 months Revenue

# Great instore execution and further distribution gains

Supported by strong retailer relationships

Share of  
Distribution<sup>1</sup>

**+78bps**

Grocery categories

**+56bps**

Cake category

- Strong brand performance and innovation programme driving distribution gains across many categories

Impactful instore activity



Oxo Marinades

Oxo core

Bisto

Batchelors

- Cross-brand activation across core and New categories ranges

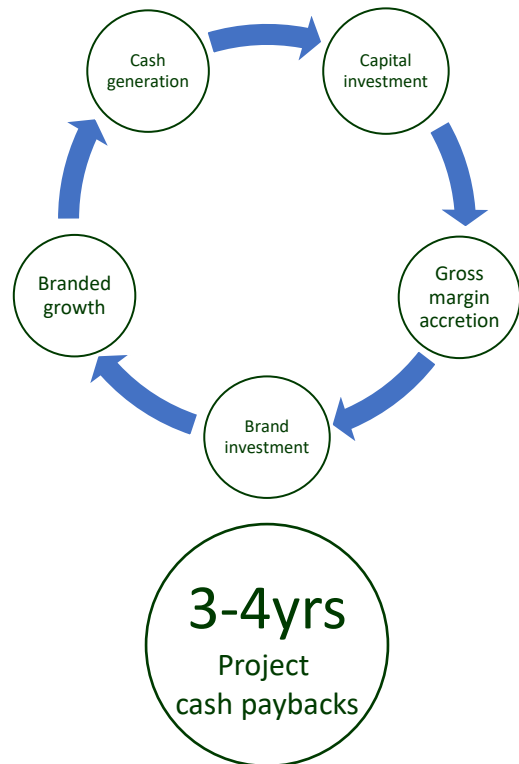


- Multi-format Ambrosia and Angel Delight desserts end of aisle activity

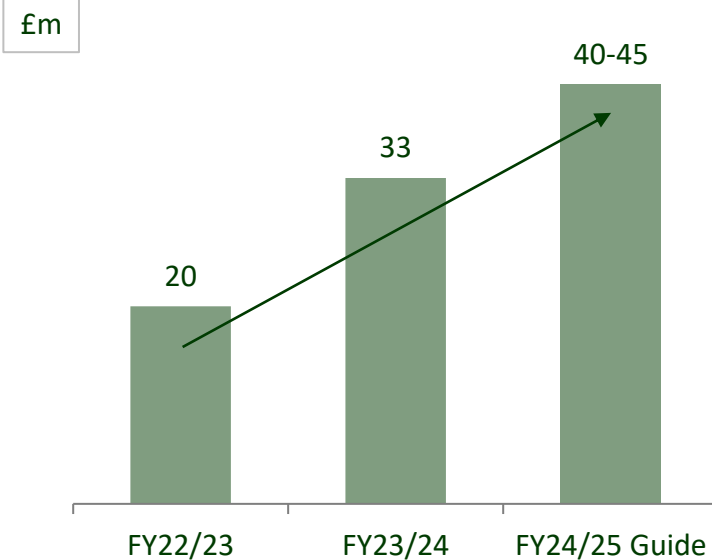
# Substantially increasing infrastructure investment

Deep pipeline of attractive payback projects to implement over the medium term

## Capex fuels branded growth



## Increasing investment levels



- More than doubling investment vs 2 years ago
- In line with capital allocation principles

## Digitisation of operations



- Real time performance data into the cloud
- Analysis tools to drive daily efficiency performance
- Accurate data collection feeds performance improvement

# Extensive pipeline of growth and cost reduction projects

## Growth

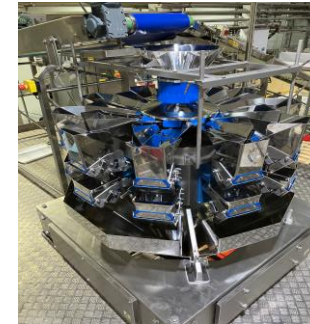
## Cost reduction

### Ambrosia pot filling capacity

### Cooking Sauces line upgrade

### Low energy ice topped manufacture

### Upgraded Bisto packing line



- New pot filling and packing line
- Improved speed and efficiency
- Recyclable packing materials
- Additional capacity for porridge expansion

- Replacement of existing assets to latest equipment (tray packing and palletisation)
- Rapid change over capability
- Delivers increased efficiency and capacity

- Replaced old process that used steam with a novel low temperature process
- Delivering material, labour and energy savings
- Significant CO<sub>2</sub> emissions reductions

- Replacement of multi-head weigher and bag filling machine
- Improves weight control and efficiency



# New categories momentum continues, sales up +67%

## Ambrosia Porridge

H1 Revenue

**+62%**  
Revenue  
growth

Brand investment



Instore activation



Joint high impact  
activity with FUEL10K

## Ice Cream

H1 Revenue

**+139%**  
Revenue  
growth

Range



- Available in tubs and handheld formats
- Leverages iconic flavours of Angel Delight, Mr Kipling and Ambrosia



## Oxo Marinades

**+80%**  
Revenue  
growth



Now listed in all major  
retailers with 5 SKUs  
available in market

## Cape Herb & Spice

**+54%**  
Revenue  
growth



Listed in all major  
retailers and  
continually expanding  
the product range

# International revenue increased 31%<sup>1</sup>

Australia & New Zealand

+39%



Expanding cake TV media

New product development

- Strong revenue growth in H1 driven by execution of the branded growth model
- Extended Mr Kipling advertising to Brisbane
- NPD included family size Sharwood's cooking sauces and The Spice Tailor range extensions
- Normalisation of retailer stock levels in cake

North America

+28%



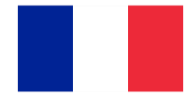
- USA: Driving rate of sale on existing distribution
- Canada: Strong growth through distribution gains



- USA & Canada: The Spice Tailor range now listed in over 2,700 stores
- Further distribution agreed

EMEA

+9%



- The Spice Tailor now in 4 European countries and pursuing further listing opportunities
- Building distribution of Sharwood's

# 5 The Spice Tailor & FUEL10K leveraging the branded growth model



## Extending The Spice Tailor into new cuisines

Existing: Indian & Thai

New: Chinese & East Asian

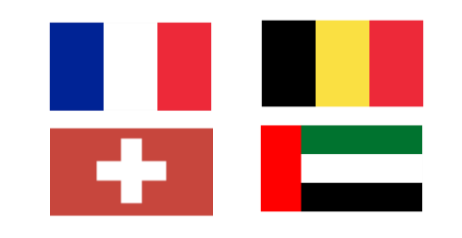


## Brand investment



Digital activity in H1

## Overseas expansion



Now available in 11 countries



## Leading the category



- Now the UK's leading<sup>1</sup> Granola SKU in Quarter 2
- Increasing distribution of ranges across major retailers

## Brand investment



First out of home media activity for FUEL10K, to drive brand awareness

## New product development

Delivered in H1



- Nutritionally Complete Meal solutions
- 25g Protein breakfast shakes

Planned for H2



- Multigrain flakes
- High Protein Noodle pots

1 Source: Circana, 28 September 2024

# Actively seeking further M&A opportunities

## Branded assets

- We are focused on acquiring brands with strong potential
- The Spice Tailor and FUEL10K are prime examples of this



## Application of Branded Growth Model

- Assets of most interest are where we believe we can add value by applying our proven branded growth model

Brand equity

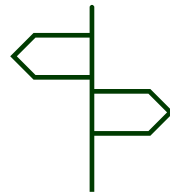
Product innovation

Marketing investment

Retailer partnerships

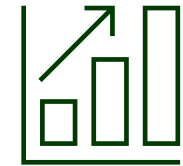
## Asset selection

- We are very particular as to assets we will review
- The two acquisitions to date were not in formal processes
- Review of UK & International targets is continuous



## Financial metrics

- Strong financial discipline, applying similar approach to recent acquisitions, focus on ROIC
- M&A may increase Group's leverage for a short time





# Strong plans for the second half

## 1 UK branded core



Strong media investment

## 2 Infrastructure investment

Growth & capacity



Expanding capacity to realise Ambrosia growth potential

Resilience & efficiency



Extending solar generation across the supply chain

## 3 New categories

Ambrosia Porridge



Launching 5<sup>th</sup> Ambrosia Porridge pot variant and distribution up

Ice cream



Single handheld launch in convenience channel

## 4 International

Australia & New Zealand



Launching more Mr Kipling NPD



New listings of Sharwood's cooking sauces

North America



Building Mr Kipling rate of sale



Additional The Spice Tailor distribution in Canada

# Summary & outlook

- 1 — Double-digit branded volume driven growth in H1
- 2 — Outperforming our categories with volume & value market share gains
- 3 — Increased capital investment to drive manufacturing efficiencies and so fuel future branded growth
- 4 — Strong growth in all international markets
- 5 — Acquisitions progressing well; balance sheet capacity for further transactions
- 6 — Exciting plans for second half; on track to deliver full year expectations



# Q&A







# Appendix





# Cautionary statement



*This presentation may contain "forward-looking statements" that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "would", "should", "could", "will", "plans", "predicts" and "potential", as well as the negatives of these terms and other words of similar meaning. Any forward-looking statements in this presentation are made based upon Premier Foods' estimates, expectations and beliefs concerning future events affecting the Group and subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Premier Foods Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. Premier Foods cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements. Any forward-looking statements contained in this presentation apply only as at the date of this presentation and are not intended to give any assurance as to future results. Premier Foods will update this presentation as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, London Stock Exchange and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.*

# Definitions

- The period 'FY24/25 H1' refers to the 26 weeks ended 28 September 2024, unless where otherwise stated. The period 'FY23/24 H1' refers to the 26 weeks ended 30 September 2023, unless otherwise stated.
- Trading profit is defined as Profit/(loss) before tax before net finance costs, amortisation of brand assets, non-trading items (items requiring separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance), fair value movements on foreign exchange and other derivative contracts and net interest on pensions and administration expenses and past service costs.
- Adjusted profit before tax is defined as Trading profit less net regular interest. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other finance income and other interest payable. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 25% divided by the weighted average of the number of shares of 863.3 million (26 weeks ended 30 September 2024: 862.5 million).

# Why invest in Premier Foods?

## 1 Portfolio of category leading brands

- Market leaders in the UK in our five main categories
- 90% of UK households buy our brands
- Strong positions in Australia & Ireland



## 2 Proven branded growth model

- Strong track record of delivering branded revenue growth applying brand investment, innovation and retailer partnerships

**5.1%**  
3yr UK branded growth<sup>1</sup>

## 3 Strong margin profile

- Sector leading margins comparable with large-cap peers
- Branded growth model strategy delivers consistent value creation

**17.9%**  
FY23/24  
EBITDA margin

## 4 Continued supply chain investment

- Pipeline of further automation projects
- Expect to steadily build capital investment over medium term



## 5 Highly cash generative

- Net debt/EBITDA target of 1.5x
- Fixed rate October 2026 bonds coupon @ 3.5%
- Strong FCF conversion

**1.2x**  
Lowest ever leverage

## 6 Pension obligations solution

- Segregated merger of schemes under one Trust paves way for full resolution
- Suspension of £33m deficit payments

**£33m**  
Suspension of pension payments

*We are guided by our purpose, 'Enriching Life Through Food', together with our ESG strategy*

# Statutory vs Headline Revenue

£m		Quarter 2			Half Year		
		Statutory	Charnwood	Headline	Statutory	Charnwood	Headline
<b>Grocery</b>	Branded revenue	177	-	177	339	-	339
	Non-branded revenue	18	(0)	18	37	(2)	35
	Total revenue	195	(0)	195	376	(2)	374
<b>Sweet Treats</b>	Branded revenue	54	-	54	106	-	106
	Non-branded revenue	11	-	11	19	-	19
	Total revenue	65	-	65	125	-	125
<b>Group</b>	Branded revenue	231	-	231	445	-	445
	Non-branded revenue	29	(0)	29	56	(2)	54
	Total revenue	260	(0)	260	501	(2)	499



# FY23/24 adjusted for Charnwood closure



Revenue (£m)	Q1	Q2	Q3	Q4	FY
Statutory reported	235.9	258.2	356.3	287.1	1,137.5
Knighton	(4.8)	(4.9)	(3.6)	(1.6)	(14.9)
Headline ex Knighton	231.1	253.3	352.7	285.5	1,122.6
Charnwood	(3.9)	(3.8)	(3.1)	(3.1)	(13.9)
Headline ex Knighton & Charnwood	227.2	249.5	349.6	282.4	1,108.7

Trading profit (£m) to adjusted eps (p)		H1	FY
Trading profit	Reported	67.5	179.5
	Charnwood	(0.9)	(2.3)
	Underlying ex Charnwood	66.6	177.2
Net regular interest		(10.6)	(21.6)
Adjusted PBT		56.0	155.6
Adjusted eps		4.9p	13.5p

# Adjusted earnings per share

£m	FY24/25 H1	FY23/24 H1	% change
Trading profit	70	67	5.5%
Net regular interest	(9)	(11)	12.8%
<b>Adjusted PBT</b>	<b>61</b>	<b>56</b>	<b>8.9%</b>
Tax (25%)	(15)	(14)	(8.9%)
<b>Adjusted earnings</b>	<b>46</b>	<b>42</b>	<b>8.9%</b>
Weighted average shares in issue (million)	863.3	862.5	0.1%
<b>Adjusted earnings per share (pence)</b>	<b>5.3p</b>	<b>4.9p</b>	<b>8.1%</b>

# Interest and taxation

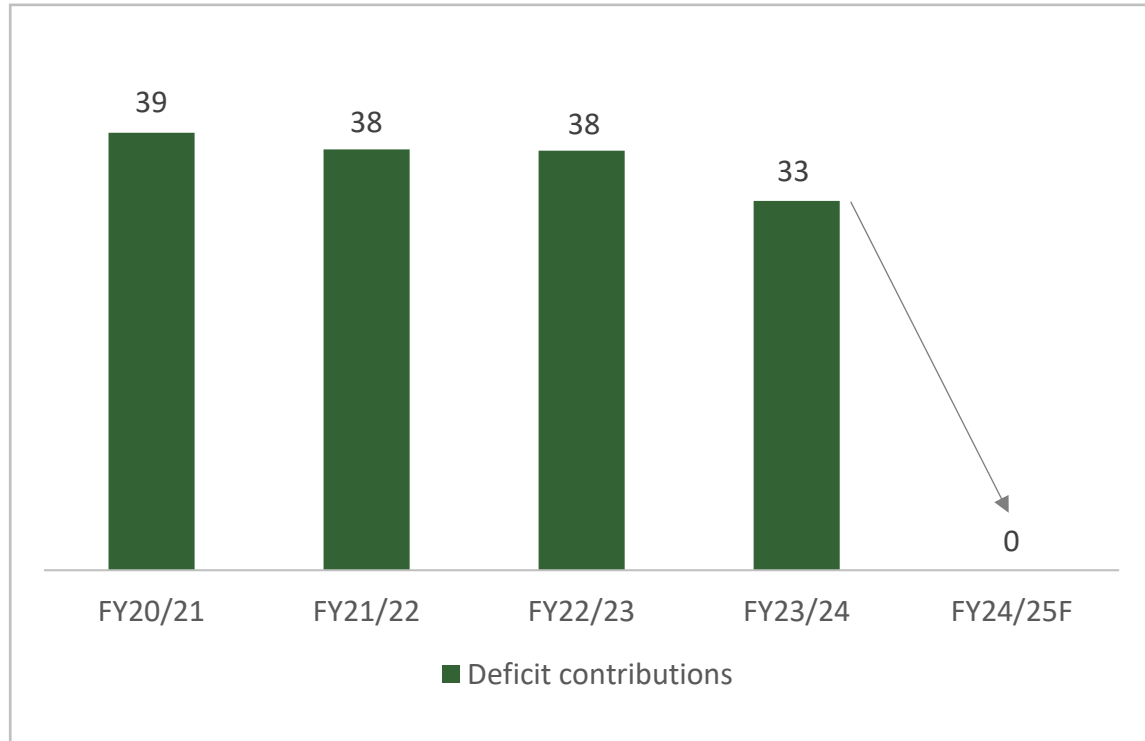
	£m	FY24/25 H1	FY23/24 H1	Change
Interest	Senior secured notes interest	6	6	-
	Bank debt interest	2	4	2
		<b>8</b>	<b>10</b>	<b>2</b>
	Amortisation of debt issuance costs	1	1	-
	<b>Net regular interest</b>	<b>9</b>	<b>11</b>	<b>2</b>

Taxation	<ul style="list-style-type: none"> <li>▪ Tax charge £14m, due to operating activities charge at UK corporation tax rate of 25%</li> <li>▪ Notional corporation tax rate of 25%</li> <li>▪ Cash tax paid £4.0m</li> <li>▪ Group retains brought forward losses, available to offset against future tax liabilities</li> </ul>
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# Suspension of pension DC payments presents investment opportunities



## Significant reduction in pension cash outflows<sup>1</sup> from FY24/25



## Re-cap on progress & timeline

- 1 Segregated merger of schemes in July 2020
- 2 Strong delivery of investment strategy by pension Trustees
- 3 Suspension of deficit payments from FY24/25
- 4 Next Triennial valuation March 2025
- 5 Full resolution expected by end 2026
  - Full de-risking of scheme
  - Other cash costs (admin and dividend match) removed

<sup>1</sup> – Excludes administrative costs and dividend match



# Pensions

IAS19 Accounting valuation (£m)	28 September 2024			30 March 2024		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	2,973	518	3,491	3,032	533	3,565
Liabilities	(2,118)	(694)	(2,812)	(2,233)	(731)	(2,964)
<b>Surplus/(Deficit)</b>	<b>855</b>	<b>(176)</b>	<b>679</b>	<b>799</b>	<b>(198)</b>	<b>601</b>
Discount rate			5.1%			4.8%

- Liabilities decreased by £152m to £2,812m
- Asset values decreased by £74m to £3,491m
- Discount rate increased by 30bps to 5.1% reflecting increase to UK 15 year corporate bond yields

## Valuation methodology comparisons (£m)

Methodology	Timing	RHM	Premier Foods	Combined
1. Accounting	28 September 2024	855	(176)	679
2. Technical/Actuarial	31 March 2022	665	(368)	297
3. Buyout	31 March 2022	100+	Reducing	Deficit reducing

# Summarised balance sheet



£m	28 September 2024	30 March 2024
Property, plant & equipment	199	190
Intangibles / Goodwill	982	992
Deferred tax asset	21	22
Retirement benefit assets	866	810
<b>Non-current Assets</b>	<b>2,068</b>	<b>2,014</b>
Working Capital - Stock	132	99
- Debtors	119	116
- Creditors	(299)	(265)
<b>Total Working Capital</b>	<b>(48)</b>	<b>(50)</b>
Net debt		
Gross borrowings	(335)	(338)
Cash	114	102
<b>Total Net debt</b>	<b>(221)</b>	<b>(236)</b>
Retirement benefit obligations	(187)	(209)
Other net liabilities	(213)	(192)
<b>Net Assets</b>	<b>1,399</b>	<b>1,327</b>
Share capital & premium	90	90
Reserves	1,309	1,237
<b>Total equity</b>	<b>1,399</b>	<b>1,327</b>