



12 October 2016

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

## **Trading update for the 13 weeks ended 1 October 2016**

Premier Foods plc today provides the following update for its second quarter trading; the 13 weeks ended 1<sup>st</sup> October 2016.

In the second quarter of the year, total Group sales were £172.5m, a (5.4%) decline on the prior year. In the first half, Group sales were (1.8%) lower while Trading profit is expected to be slightly lower than the prior year. The Group’s profit expectations for the full year remain unchanged due to the careful management of costs.

The Sweet Treats and International businesses performed well in the second quarter. However, the month of September was the second equal warmest since records began and every week in the quarter was warmer than the prior year. This had a resultant significant adverse impact on some key Grocery categories in the quarter; for example, the Gravy and Stocks category declined 13% in volume terms and the Desserts category decreased by 9%. Consequently, Grocery branded sales in the quarter were materially lower than expected at (9.5%).

**Gavin Darby, Chief Executive Officer**

*“We are disappointed that our Grocery business reported materially lower sales in the quarter due to warmer weather; particularly in September. However, our Sweet Treats and International businesses continued to demonstrate their strong momentum, delivering against our strategic priorities and growing over 6% and 13% respectively.”*

*“We remain very confident in our strategic progress, our customer relationships are strong and we have an extensive new product innovation programme planned for the balance of the year. We expect Group sales to grow between 2-4% in the second half of the year and our profit expectations for the full year remain unchanged.”*

### **Trading commentary**

Grocery sales were (9.5%) lower than the prior year in the quarter and declined (4.0%) in the first half. While this overall performance was disappointing, the Grocery innovation programme in the first half has been well received, particularly the *Ambrosia* Deluxe range and a number of exciting new initiatives across a number of brands will be launched to market in the second half of the year. Grocery non-branded sales increased in the quarter due to higher business to business volumes.

Sweet Treats demonstrated accelerating momentum, reporting a sixth consecutive quarter of growth at 6.4%, as both the branded and non-branded businesses delivered increases from new products and new business wins respectively. *Cadbury* cake Amaze Bites continues to perform well in its first year and Cake on the Go distribution is building. New contracts from non-branded cake have come from a broad customer base, in both seasonal and all year round product ranges.

The International business also continues to make good progress; sales grew over 13% in the period and *Cadbury* cake ranges were launched in the United Arab Emirates for the first time towards the end of the quarter.

Sales % change	Q2			H1		
	Grocery	Sweet Treats	Group	Grocery	Sweet Treats	Group
Branded	(12.4%)	5.1%	(7.9%)	(5.9%)	2.7%	(3.7%)
Non-branded	8.8%	12.9%	10.1%	8.6%	12.5%	9.8%
<b>Total</b>	<b>(9.5%)</b>	<b>6.4%</b>	<b>(5.4%)</b>	<b>(4.0%)</b>	<b>4.1%</b>	<b>(1.8%)</b>

## Outlook

The Group remains confident that it is making good progress on its strategic priorities. It has an extensive new product innovation programme, its customer relationships are strong and it has demonstrated an ability to deliver cost efficiencies. Sales growth in the second half of FY16/17 is expected to be weighted to the fourth quarter and in the range of 2-4%, noting that as always, the outturn will be partly dependent on average seasonal temperatures. In the full year, sales are now expected to grow 1-2% and the Group's medium term target of 2-4% sales growth is unchanged. Profit expectations for the full year are unchanged, with this year's consumer marketing costs now expected to be broadly in line with last year's. The Group's expectation for Net debt at the full year is also unchanged, with cash generation weighted to the second half of the year reflecting the business's seasonality.

~ Ends ~

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Premier Foods will announce its Interim results for the 26 weeks ended 1<sup>st</sup> October 2016 on 15<sup>th</sup> November 2016.

## Notes to editors:

1. All sales disclosures are for the thirteen weeks to 1 October 2016 or 3 October 2015 as appropriate.
2. All disclosures and statements above are unaudited and subject to review.
3. FY15/16 Q2 and H1 sales are stated on a pro forma basis and are re-stated as if the Company owned the recently acquired Knighton Foods for the comparative period.
4. In line with previous disclosures and accounting standards, due to its size, segmental results of the International business unit are aggregated within the Grocery business unit.

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.