9 July 2007

Premier Foods plc ("Premier")

Trading update for the six months to 30 June 2007

Integration of Campbell's completed and integration of RHM proceeding to plan. Confident that we will meet our expectations for the full year.

Premier, the UK's leading food producer, is providing the following update for the 6 months ended 30 June 2007.

- Integration of Campbell's completed
- Integration of RHM on track
- Combined annual cost synergies of £113m confirmed
- Strong trading in May and June offsetting the effects of the hot April weather
- Campbell's sales returned to growth
- RHM post acquisition trading in line with expectations
- Bread Bakeries impacted by higher wheat prices and competitor activity
- Strong plans for the second half across the Group

Robert Schofield, Premier's Chief Executive, said:

"The first half of 2007 will be seen as a step-change for Premier Foods. We completed the integration of Campbell's, a business one third of our size, in April, just 8 months after the acquisition and we have already made significant strides on the integration of RHM. We have confirmed the total annual synergies from both these acquisitions at £113m and remain on track to deliver the combined £17m of synergies targeted for 2007. Through this, underlying business performance has remained steady and whilst cost pressures, particularly wheat, are an issue, we expect to see branded growth across our business in the second half of the year and we remain confident that performance for the full year will meet our expectations for the Group as a whole."

Group summary

In the first half of 2007, we have continued to transform our business at pace. We have completed the integration of Campbell's into our infrastructure, closing the Cambourne office in April. Since the completion of the acquisition of RHM in March, we have already closed the RHM head office, completed our manufacturing review and commenced the integration of the Culinary Brands division. We have also confirmed the annual level of cost synergies at £85m, in addition to the £28m we are on track to deliver from the Campbell's acquisition.

Reported sales for the Group for the first half of 2007 will be significantly higher than the same period in 2006 due to the acquisitions of Campbell's and RHM. We anticipate that like-for-like sales (ie excluding acquisitions and disposals made in 2006 and 2007) will be slightly behind last year as a result of the exit from a number of low margin own label contracts and a high level of promotional activity behind our branded beans in the first half of 2006. The business was particularly impacted by the hot weather in April but the return to a more "normal" British summer has improved performance and we expect to see branded growth across all our ambient business in the second half as our plans for Campbell's and RHM take effect.

We are delighted by the performance of the Campbell's business where we have arrested the 4% decline in sales seen at the time of acquisition and have moved the business into growth. As previously indicated, the profitability of the Campbell's business in the year prior to its acquisition was inflated through a significant reduction in marketing spend. We have returned investment in the business to more normal levels and, as a consequence, trading profit for the first 6 months of 2007 will be below that for the comparable period in 2006.

As previously indicated, trading profit for RHM for the period from January through to acquisition was particularly impacted by higher wheat costs and softer trading in the Culinary Brands division. Trading for RHM following its acquisition has been in line with our expectations and although the Bread Bakeries division continues to be impacted by further increases in wheat prices and promotional activity by competitors, the Culinary Brands, Cakes and Customer Partnerships divisions have all traded well since the warm weather in April. We anticipate that we will need to recover the further increases in wheat prices we have seen since February through pricing in the coming weeks.

As part of our ongoing review of the Group's activities, we have decided to dispose of the RHM frozen foods business. This business manufactures primarily retailer label products in the frozen pies, ready meals and desserts categories and is part of the Customer Partnerships division.

The major part of our branded launch activity for 2007 falls in the second half of the year with the launch of *Batchelor's* into wet soup, the launch of *Oxo* into liquid stocks, new seeded varieties of *Hovis* and further *Loyd Grossman* range extensions. Although growth of our Meat-free business was limited in the first half of 2007 as we put promotional activity on hold whilst we commissioned our new factory in Methwold, we are now back on promotion and anticipate that sales growth will return to former levels.

Convenience Foods, Pickles, Sauces and Meat-free
Sales for this product group are anticipated to be significantly ahead of the same period in 2006 due to the acquisition of Campbell's.

Like-for-like sales (excluding Campbell's) are anticipated to be slightly behind sales in the first half of 2006 of £225m. The reduction is due to a combination of lower sales of branded beans compared to the heavily promoted launch period last year and lower sales of own label convenience foods. The underlying market share performance of *Branston* beans remains stable and we are pleased by the continued strong growth of *Branston* pickles and relishes and *Loyd Grossman* cooking sauces. In addition, we have recently won a number of own label convenience foods contracts, which will have a positive impact on sales in the second half of 2007.

We significantly reduced promotional activity behind *Quorn* and *Cauldron* whilst we transferred production to our new facility at Methwold, which temporarily limited the growth of our Meat-free business during the period. We have incurred additional costs on this transfer but we anticipate that the investment will provide us with additional opportunities when the new capacity is fully commissioned. To facilitate further growth we have also commenced the construction of an additional fermentation unit at our Belasis factory at a cost of approximately £35m over the next 2 years to support the further significant growth that we anticipate from *Quorn*.

We are delighted by the performance of the Campbell's business where we have arrested the 4% decline in sales seen at the time of acquisition and have moved the business into growth.

Spreads, Desserts & Beverages

Reported sales for this product group are anticipated to be lower than sales of £141m for the first half of 2006 primarily due to the end of the *Cadbury* chocolate beverages licence in May 2006 and the exit from a number of low margin own label spreads contracts. We are pleased by the continued progress of *Hartley's* jellies, and our branded spreads and desserts businesses remain on track.

Bread Bakeries

In line with our expectations at the time of acquisition, sales and trading profit for the period since acquisition are anticipated to be lower than the comparable period in 2006 due to the competitor promotional activity being only partly offset by price increases. On a pro forma basis, sales for the 6 months to 30 June 2007 are anticipated to be in line with the comparable period in 2006 as the price increases over this period are expected to offset substantially the competitor promotional activity. Pro forma trading profit for the 6 months to June 2007 will be lower than the same period in 2006 due to further increases in wheat prices through the spring and the impact of the competitor promotional activity. We anticipate that we will need to recover the increased wheat costs through pricing in the coming weeks. We have planned significant activity behind *Hovis* during the second half of the year with TV advertising behind our market-leading "Best of Both" bread and the launch of a new seeded *Hovis* loaf.

Cakes

Sales for the Cakes division since acquisition and for the 6 months to 30 June 2007 are expected to be ahead of the comparable periods in 2006 with a particularly strong performance by *Mr Kipling*. Following a review of the van sales operation in the Cakes division, we have concluded to exit this channel due to the high costs in servicing customers through this route to market. This will be completed during the second half of the year and will consequently reduce sales growth. The resultant cost savings are expected to more than offset the lost contribution from these sales.

Customer Partnerships
Sales for the Customer Partnerships division since acquisition and for the 6 months to 30 June 2007 are expected to be broadly in line with the comparable periods in 2006 due to strong growth by our chilled business being offset by a poor performance by the frozen foods division, which, as indicated above, we have decided to sell.

Culinary Brands
Sales for the Culinary Brands division since acquisition and for the 6 months to 30 June 2007 are expected to be behind the comparable periods in 2006 as a result of softer trading in the first 4 months of the year. We are pleased by the recovery of the Culinary Brands division following the return to cooler weather in May and June.

Finance costs
The recent interest rate rises have increased our anticipated interest charge for the year. We have derivative instruments in place which effectively fix the interest rate on £700m of our debt and cap the interest rate on a further £700m at a LIBOR rate of approximately 6.2%. As a result our exposure to further interest rate rises is limited on this capped element of our debt.

RHM integration
The integration of RHM is continuing to plan with the closure of the RHM head office located in Marlow at the end of June and we remain confident on achieving £85m of annual cost synergies from the combination of Premier and RHM. We announced last week the start of consultations with staff on proposals to close 6 manufacturing sites, consolidating production into 5 sites to support our growth plans whilst maintaining our continuing drive for enhanced manufacturing efficiency.

In addition, we have announced the closure of the Culinary Brands head office in Addlestone and have announced proposals to close the Middlewich administration centre. We have completed our review of the Cakes business and have announced proposals to close the Cakes head office in Windsor in the first half of 2008 and integrate the Manor Bakeries business into Premier's operations in St Albans. We have decided to integrate the Avana Cakes business into the RF Brookes business due to their common supply chain and customer base. We have also announced new Group-wide structures for the procurement and technical functions.

Interim results for the six months ended 30 June 2007 will be announced on 4 September 2007.

Comparative segmental analysis for the first and second halves of 2006, restated to reflect the acquisitions of Campbell's and RHM have been placed on our website at:
http://www.premierfoods.co.uk/premierfoodsmain/investor-relations/financial-information-resource-centre/presentations/presentations_home.cfm

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