



23 July 2015

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

## Trading update for the 13 weeks ended 4 July 2015

- Q1 Branded sales down (1.4%); Group sales down (1.6%) reflecting earlier Easter
- Market share gains in Cake, Ambient Desserts and Flavourings & Seasonings
- Sweet Treats delivering increased volumes and sales following recent brand investment
- Grocery brands demonstrating encouraging volume trends
- Expectations for Full Year remain unchanged

Gavin Darby, Chief Executive Officer

*“We are encouraged by the continued good volume and value response of our brands in those areas where we have focused our investment, although Branded sales in the quarter were impacted by the earlier timing of Easter. While the business environment remains challenging, our expectations for the year, including a significant reduction in Net debt, remain unchanged.”*

Q1 Sales % change	Grocery	Sweet Treats	Group
Branded	(2.0%)	0.1%	<b>(1.4%)</b>
Non-branded	(9.8%)	11.1%	<b>(3.1%)</b>
<b>Total</b>	<b>(2.7%)</b>	<b>1.4%</b>	<b>(1.6%)</b>

### Trading update

The Group’s sales in the first thirteen weeks of the year were £166.2m, with branded sales (1.4%) lower and total sales down (1.6%). The Group’s branded sales mix was slightly higher at 90.3%, while gross margins in the quarter were in line with the prior year. Non-branded sales were £0.5m lower with a strong performance in Sweets Treats offset by declines in Grocery.

The slightly lower branded sales performance in the quarter was affected by the timing of Easter this year, which impacted both the Cake and Flavourings & Seasonings categories. This Easter effect is equivalent to approximately 1½% of branded sales, and therefore taking this into account, branded sales would have otherwise delivered a broadly flat result in the quarter. Aside from this effect, the Sweet Treats business has continued to enjoy the benefits of renewed focus and marketing investment, delivering both volume and value share growth and is expected to benefit from new product launches over the coming months. In the Grocery business, *Bisto* and *Oxo* sales performed well, while *Loyd Grossman* sales were held back due to re-phasing of our annual promotional plan.

In aggregate, the Company’s market share was broadly flat across its categories in the quarter, with gains in Cake, Flavourings & Seasonings and Ambient Desserts offset by weaker performances in Cooking Sauces and Light Meals. These trends are in line with management expectations and reflect relative levels of marketing and innovation investment by the Company in the respective categories over the last twelve months.

Building on the Company's recent new product development launches using gel pot technology, *Oxo* Stock Pots, a premium gel-based stock product will be launched into market shortly. Other products launched in the quarter which align to consumer trends of premiumisation and foodiness include *Loyd Grossman* Pan Melts and *Sharwood's* Stir Fry Melts. The Company is also launching a number of exciting new *Cadbury* products into market this year. A range of ambient desserts have just been introduced which are performing ahead of expectations, and these will be followed by *Cadbury* Hot Cakes and *Cadbury* Amaze Bites products which have received a very encouraging response from our major customers. These launches will be supported by television advertising with eight of the Company's brands planned to benefit from such investment in this financial year.

The Company's expectations for Net debt for the Full Year remain unchanged. The Company recently reduced the size of its Debtors securitisation facility from £120m to £80m, reflecting a smaller debtor's book following the completion of the Hovis joint venture transaction in 2014. The interest rate and maturity of the facility are unchanged and the new £80m facility remains adequate for the Company's requirements; as at 4 April 2015, £19.7m of the facility was drawn.

## Outlook

The Company's commitment to brand investment continues, with consumer marketing expenditure planned to increase materially in 2015/16. While we expect the trading environment to remain challenging, our expectations for the year, which include a significant reduction in Net debt, are unchanged.

~ Ends ~

## For further information, please contact:

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## Conference Call

A conference call for investors and analysts will take place on 23 July 2015 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.

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

Telephone number:	+44 20 7192 8000
Telephone number (UK Toll free)	0800 376 7922
Conference ID:	83829272

**Notes to editors:**

1. All sales data is for the thirteen weeks to 4 July 2015 or 5 July 2014 as appropriate.
2. Q1 sales segmental disclosure:

Q1 Sales (£m)	FY16 Q1	FY15 Q1	% Change
<b>Grocery</b>			
Branded	110.1	112.4	<b>(2.0%)</b>
Non-branded	10.2	11.3	<b>(9.8%)</b>
<b>Total</b>	<b>120.3</b>	<b>123.7</b>	<b>(2.7%)</b>
<b>Sweet Treats</b>			
Branded	40.0	39.9	<b>0.1%</b>
Non-branded	6.0	5.4	<b>11.1%</b>
<b>Total</b>	<b>46.0</b>	<b>45.3</b>	<b>1.4%</b>
<b>Group</b>			
Branded	150.1	152.3	<b>(1.4%)</b>
Non-branded	16.2	16.7	<b>(3.1%)</b>
<b>Total</b>	<b>166.3</b>	<b>169.0</b>	<b>(1.6%)</b>

3. Gavin Darby, Chief Executive Officer, will make a short presentation at the Company's Annual General Meeting, today, 23 July 2015. Included in this presentation are the following market data statistics, sourced by IRI for 26 weeks ended 27 June 2015.

	Category growth	Volume	Sales	Share
<b>Flavourings &amp; Seasonings</b>	+2.2%	-	-	-
Bisto	+2.2%	+1%	+4%	+0.4ppt
Oxo	+2.2%	+2%	+2%	+0.0ppt
<b>Cake</b>	+2.1%	-	-	-
Mr. Kipling	+2.1%	+13%	+6%	+0.7ppt
Cadbury	+2.1%	+19%	+11%	+0.6ppt

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.

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

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