

## **Premier Foods plc (“Premier”)**

### **Trading update for the year ending 31 December 2006**

#### **Brand development and acquisition programme progressing well.**

Premier, one of the leading suppliers of grocery products in the UK, is providing the following update for the year ending 31 December 2006.

We expect total reported sales for continuing operations for the year to be up by 20% with like-for-like grocery sales growth in line with our targets.

Robert Schofield, Premier Foods plc CEO, said:

“2006 has been a year of transformation for Premier. The acquisition of Campbell’s in August enhanced our brand portfolio and we are on track to complete the integration of the business in the first quarter of 2007. We are looking forward to completing the acquisition of RHM early next year and are excited by all the opportunities that bringing these two great businesses together will offer.

“We are pleased by the progress of our Drive brands which have continued to perform well throughout the year and we expect that our overall like-for-like sales growth will be broadly in line with our targets. However, the warmer weather, which extended through to early December, has meant that Christmas trading has commenced later than expected and the out-turn for the year is dependent on trading in the final two weeks of the year.

“As indicated at the time of the interims, we have continued to see cost pressures over the second half of the year, which we do not expect to be fully offset until the early part of 2007. These pressures coupled with the effect on volumes of the exceptional period of warm weather which has continued into December means that we anticipate that trading for the year will be at the lower end of our expectations while still delivering like-for-like trading and branded sales growth.”

#### **Convenience Foods, Pickles, Sauces and Meat Free**

Sales for this product group are anticipated to be significantly ahead of 2005 due to the acquisition of Campbell’s and a full year’s sales from *Quorn* and *Cauldron Foods*. Like-for-like sales are anticipated to be broadly in line with 2005’s sales of £347.1m. The second half has seen the continued strong growth of our *Branston* and *Loyd Grossman* brands but this has been offset by the effect of the unseasonably warm summer and autumn which impacted our smaller brands and, particularly, own label convenience foods. As in the first half of the year, cost pressures have disproportionately affected our Convenience Foods business.

We are delighted by the continued progress of *Quorn*. Our Meat-Free business has maintained the strong growth rate seen through the first half of the year. Market share in both the chilled and frozen channels and household

penetration have all continued to grow. The development of our new Methwold chilled facility is progressing well with production scheduled to commence over the next couple of months.

We are pleased by the performance of the Campbell's business. Sales for the period from acquisition to December 2006 are anticipated to be approximately £100m with margins in-line with our expectations at the time of the acquisition.

### **Spreads, Desserts & Beverages**

Like-for-like growth in both sales and profits continues to be driven by strong performances from *Ambrosia* snacking formats and *Hartley's* jam and jelly. Reported sales for this product group are anticipated to be lower than the £256.7m recorded in 2005 due to the replacement of the Cadbury beverages licence in May 2006 by the co-manufacturing arrangement.

### **Fresh Produce**

Sales for this division are anticipated to be in line with 2005's reported sales of £106.3m. The business has been particularly affected by the hot summer weather, which had a significant impact on the potato harvest across Europe. As a result, we anticipate that the profitability of the division for the second half will be in line with that in the second half of 2005.

### **Campbell's integration**

We are pleased by the progress we have made on integrating the Campbell's business into Premier which is proceeding according to plan. We have announced the closure of the Cambourne head office and the integration of administrative functions into our Long Sutton site. Accordingly, we expect to complete the integration of the business control elements of Campbell's into Premier by the end of the first quarter of 2007. The manufacturing review to optimise efficiency across our manufacturing network is ongoing and we expect to announce the results of this shortly. We also commissioned an independent review of our pre-acquisition synergy estimates and we are pleased that this review has confirmed the potential synergies at £28m per annum from 2009.

Preliminary results for the year ending 31 December 2006 are scheduled to be announced on 6 March 2007. We will host a presentation to analysts at 9am at ABN AMRO, 250 Bishopsgate, London, EC2M 4AA.

### **Enquiries:**

Paul Thomas, Finance Director

Robert Lawson, Director of Mergers & Acquisitions and Investor Relations

Gwyn Tyley, Investor Relations Manager

**Premier Foods plc**

**Tel: 01727 815 850**

Michael Berkeley

Justin Griffiths

Nicola Smith

**Citigate Dewe Rogerson**

**Tel: 020 7638 9571**

## Notes to Editors

Premier Foods plc is a leading UK manufacturer and marketer of grocery products. Premier manufactures and markets grocery products for the retail grocery and out of home channels in two principal product segments:

- convenience foods, pickles, sauces and meat free; and
- spreads, desserts and beverages.

Premier also operates a potato packing and marketing business in the United Kingdom, supplying the retail grocery, out of home and food manufacturing channels.

Premier's branded products include Batchelor's soups, noodles, rice, pasta and vegetables, Quorn and Cauldron Foods meat alternatives, Ambrosia custard and milk puddings, Oxo stocks and gravies, Bird's and Angel Delight desserts, Branston pickles, baked beans and pasta, Hartley's preserves and desserts, Homepride cooking sauces, Gale's honey and lemon curd, Crosse & Blackwell convenience foods, Sun-Pat peanut butter, Sarsons vinegar, Fray Bentos meat pies, Haywards pickles, Smash instant mashed potato, Marvel powdered milk creamer and Waistline salad dressings, soups and cooking sauces. In addition, the Company produces Loyd Grossman cooking sauces and soups under licence. Premier also produces a range of retailer brand products, principally for the major multiple retailers.

Premier's current market capitalisation is [£ ] million (at market close on 21 December 2006).