



**Premier Foods
Interim Results
Half-year ended 30 June 2007**





Robert Schofield

Chief Executive



Business Highlights

- Core Premier trading on track
 - H1 2007 sales impacted by reduced own label and promotional activity
 - Core Premier Trading Profit up 4.4%
- Completion of Campbell's integration
 - Full 6 months trading from Campbell's
 - Cost synergies on track
 - Sales decline arrested
 - Innovation now coming to market
- Acquisition of RHM
 - RHM being integrated at pace
 - 3½ months contribution from RHM
 - Cost synergies on track
 - Wheat costs an issue

An exciting period of transformation for Premier Foods

* Trading profit is defined as operating profit before exceptional items, amortisation, foreign exchange valuation adjustments and pension valuation credits



Looking Forward

- H2 2007 has started well
 - Strong summer trading compared to H2 2006
 - Strong NPD programme in H2 2007
 - Campbell's moving into real sales growth in H2
- RHM Trading Profit impacted in H1 by Culinary Brands and Bread Bakeries
 - But Culinary Brands trading is now fixed and in good growth
 - Bread Bakeries has achieved price increases
 - Cakes and Customer Partnerships in growth
- Combined synergies are on track to deliver £17m to Trading Profit in 2007
- Limited interest rate sensitivity due to hedging strategy
- Interim dividend raised 8.9% to 4.30p per share (2006: 3.95p)
- Issue first Interim Management Statement for H2 2007, by mid November
- We will host a seminar for analysts and investors shortly thereafter

Strong second half performance expected: Watching brief on bread



Paul Thomas Finance Director



Financial Highlights

Continuing operations (£m)	2007 H1	2006 H1	YoY %
Sales	899.1	366.5	145.3%
Trading Profit	96.8	45.6	112.3%
Operating Profit before exceptional items	92.7	41.1	125.5%
Profit after tax	21.9	20.5	6.8%
Adjusted EPS	5.3p	5.6p*	(5.4%)
Adjusted EPS excl. 2006 Cadbury contribution	5.3p	4.5p*	17.8%
Dividend per share	4.30p	3.95p*	8.9%

Headline numbers reflect significant transformation of the business

* 2006 eps adjusted to reflect rights issue



Statutory Net Income

Summary Profit & Loss (£m)	2007 H1	2006 H1
Operating profit before exceptional items	92.7	41.1
Operating exceptional items	(40.5)	1.3
Operating profit	52.2	42.4
Regular interest charges	(43.7)	(20.3)
Fair value of interest rate derivatives	13.8	5.5
Exceptional interest charges	(8.4)	-
Profit before tax	13.9	27.6
Tax	8.0	(7.1)
Profit after tax	21.9	20.5
Discontinued operations	(19.4)	0.1
Net income	2.5	20.6
Profit after tax excluding exceptional items	56.2	19.6

Operating profit growth funding integration and restructuring of Campbell's and RHM

Exceptional Items

Summary Profit & Loss (£m)	Cash Restructuring	Asset Impairment	Onerous Lease	Total
RHM integration	18.7	1.9	3.8	24.4
Campbell's integration	4.7	3.0	-	7.7
Methwold commissioning	7.3	-	-	7.3
Other	1.1	-	-	1.1
Total	31.8	4.9	3.8	40.5

- Asset impairment costs are non-cash
- Onerous leases provide for closing leasehold sites
- Cash restructuring spend will be phased over 12-18 months

Campbell's and RHM restructuring costs in line with plans

Interest Charges

Summary Profit & Loss (£m)	2007 H1	2006 H1
Net cash interest payable	42.1	19.7
Amortisation of debt issuance costs	1.6	0.6
Regular interest charge	43.7	20.3
IAS 39 – valuation of derivatives	(13.8)	(5.5)
Exceptional amortisation of debt issuance costs	8.4	-
Total interest charge	38.3	14.8

→ above 6.2% each 25bps movement equates to c£0.3m pa interest
 → below 6.2% each 25bps movement equates to c£2.2m pa interest

Major proportion of interest rate exposure is fixed or capped

Tax

- P&L credit of £8.0m, made up of following amounts :
 - £15.4m charge on profit from ordinary activities – effective rate 28.4%
 - Credit of £11.9m on allowable elements of exceptional costs
 - One off credits of £11.5m – HMRC settlement/deferred tax rate change
- Cash tax receipt of £12.2m in H1 2007
- Corporation tax rate reduced to 28% from 2008 in 2007 Budget but cash benefit offset by removal of IBAs/reduction of CAs – 2008 deferred tax charge of ~£30m

Forecast tax rates	2007	2008	2009
P&L charge	~20%	~40%	~28%
Underlying tax rate	30.0%	28.5%	28.0%
Cash tax as % of PBT	5-10%	15-20%	20-25%

Benefit from low cash tax rate to continue



Adjusted Earnings Per Share

Continuing operations (£m)	2007 H1	2006 H1
Trading profit	96.8	45.6
Regular interest charge	(43.7)	(20.3)
Adjusted PBT	53.1	25.3
Tax at 30%	(15.9)	(7.6)
Adjusted profit after tax	37.2	17.7
Post tax pension credit	5.3	1.1
Adjusted profit incl. post tax pension credit	42.5	18.8
Adjusted eps exc pension credit	5.3p	5.6p*
Adjusted eps exc Cadbury exc pension credit	5.3p	4.5p*
Average shares in issue (million)	699.7	314.1*

* 2006 eps and shares in issue adjusted to reflect rights issue

EPS up 18% after adjusting for end of Cadbury licence



Summary Cash Flow / Net Debt / Pensions

(£m)	2007 H1	2006 H1
Cash inflow from operating activities	99.4	52.3
Free cash flow	53.6	38.4
Net cash flow	(1,098.0)	37.2

(£m)	Jun 2007	Dec 2006
Net debt	1,739.4	641.4
Pension deficit	89.1	84.7

Net debt in line with expectations



Rationale for Pro Forma

£m	2007 H1	2006 H1	YoY %
Sales	1,206.7	1,226.5	(1.6%)
Trading Profit	120.3	153.7	(21.7%)

- Acquisitions have brought huge complexity to reporting numbers
- Traditional like-for-like treatment is of limited value
- Adopt pro forma comparative basis for 2007 results

Given scale of change, pro forma represents clearest way to present trading



Premier & Campbell's Pro Forma Sales

Sales (£m)	2007 H1	2006 H1	Adjust.	2006 Adjusted	YoY %
Convenience Foods, Pickles, Sauces & Meat-free	216.5	224.4	-	224.4	(3.5%)
Spreads, Desserts & Beverages	117.0	137.8	(14.2)	123.6	(5.3%)
Campbell's	120.1	119.8	-	119.8	0.3%
Chivers Ireland	10.2	9.5	-	9.5	7.4%
Total	463.8	491.5	(14.2)	477.3	(2.8%)
Reported	462.7	366.5	-	366.5	26.2%

- Reported 2006 numbers do not include Campbell's and only Chivers intercompany sales
- Chivers Ireland acquired January 2007 – key distributor of Premier products in Ireland
- Cadbury's contributed an estimated additional £14.2m of sales in 2006



Premier & Campbell's Pro Forma Trading Profit

Trading Profit (£m)	2007 H1	2006 H1	Adjust.	2006 Adjusted	YoY %
Convenience Foods, Pickles, Sauces & Meat-free	16.7	16.2	-	16.2	3.1%
Spreads, Desserts & Beverages	25.7	29.4	(5.0)	24.4	5.3%
Core Premier	42.4	45.6	(5.0)	40.6	4.4%
Campbell's	21.2	26.5	(6.1)	20.4	3.9%
Chivers Ireland	(0.1)	0.5	-	0.5	-
Total	63.5	72.6	(11.1)	61.5	3.3%
Reported	63.5	45.6	-	45.6	39.3%

- Cadbury's contributed an estimated additional £5.0m of Trading Profit in 2006
- Pre-acquisition trading distortions to Campbell's Trading Profit estimated at £6.1m
 - based on underlying profit margin of 17%



RHM Pro Forma Sales and Trading Profit

Sales (£m)	Sales			Trading Profit		
	2007 H1	2006 H1	YoY %	2007 H1	2006 H1	YoY %
Bread Bakeries	398.4	402.8	(1.1%)	19.0	37.9	(49.9%)
Culinary Brands	119.5	123.3	(3.1%)	18.5	24.2	(23.6%)
Cakes	121.6	112.6	8.0%	7.8	7.6	2.6%
Customer Partnerships	103.4	96.3	7.4%	11.5	11.4	0.9%
Total	742.9	735.0	1.1%	56.8	81.1	(30.0%)
Reported	436.4	-	-	33.3	-	-

- Restated to Premier financial calendar and accounting policies
- 15 weeks of Premier ownership in H1 2007
- Reflects trends emerging in H2 2006 – prior to acquisition by Premier



Reporting on Premier / RHM Combination

- We will provide the following reporting on RHM
 - Post acquisition results March onwards
 - Pro forma results for FY 2007
- 2007 results will be presented on existing divisions
 - Convenience, Pickles, Sauces & Meat-free - will provide additional disclosure on Campbell's
 - Spreads, Desserts & Beverages
 - Bread Bakeries
 - Culinary Brands
 - Cakes
 - Customer Partnerships
- As businesses are integrated we will restate comparatives
- 2007 Discontinued businesses
 - Fresh Produce
 - RHM Frozen
 - Erin (Ireland)
- Trading updates
 - Interim Management Statement – Oct/Nov 2007
 - Full year - early Jan 2008
- 2007 prelims scheduled for 4 Mar 2008



Robert Schofield

Chief Executive



Agenda

- Progress Report
- Trading Highlights
- Rejuvenating Brands
- Campbell's Integration
- RHM Integration
- Dynamics of the Bread Business
- Summary



Progress Report

Profit

- We anticipate meeting our trading profit targets we had at the start of the year
 - Bread divisions prices up
 - All other divisions on track

Sales

- Premier/Campbell's
 - £10m Campbell's drag factor
 - Will still grow 1.5-2.0%
- Manor Bakeries
 - Second half growth despite removal of van sales
- Culinary Brands
 - Performing better than expected
 - Full year will be in year-on-year growth



Progress Report

Integration

- Campbell's is integrated – cost synergies are secure
- RHM well advanced
 - Confident of £85m cost synergies
 - More organic savings identified to be reinvested behind the brands

Brand investment

- Premier 5.6% of branded sales
- RHM 2.6% of branded sales
- RHM spend will move to Premier level over 2 years



Progress Report

RHM – Do we like what we bought

- Many unexpected positives
- No unanticipated negatives
- Wheat market instability should not cloud the facts

Bread Bakeries status

- Managed on separate platform
- Confidence built on
 - Power of the Hovis brand
 - The potential for innovation
 - Ability to transform the cost base
- Long-term fundamentals remain strong



Premier H1 Trading

- Premier and Campbell's combined - managed as a single business
- Pro forma sales down £13m / 2.8%
 - Branded sales - £3m / 1.0% (including £5m Campbell's drag factor)
 - Own label sales - £10m / 6.9% (Convenience Foods £5m, Spreads £4m)
- Pro forma Trading profit up £2m / 3.3%
 - Like-for-like ie excluding Campbell's and effect of end of Cadbury licence up 4.4%

Sales decline on low margin business – limited profit impact



Convenience, Pickles, Sauces & Meat-free H1 Trading and Outlook



Convenience Foods, Pickles, Sauces & Meat-free (£m)	2007 H1	2006 H1	YoY %
Sales	216.5	224.4	(3.5%)
Trading Profit	16.7	16.2	3.1%
Branded sales	55.8%	54.5%	

Convenience, Pickles & Sauces

- H1 2007
 - Softer own label sales
 - Lower sales of branded beans against promotional launch in 2006.
 - *Branston* exc Beans sales up 5%
 - *Loyd Grossman* sales up 8%

- H2 2007 Outlook
 - Successful launch of “*Branstein Beans*” with Omega 3 and “*Bloomin Big Beans*”
 - *Loyd Grossman* highest ever brand penetration
 - TV support for *Branston Relish* driving 60% brand share
 - New own label contracts won
 - 2007 strong Christmas activity plan



Convenience, Pickles, Sauces & Meat-free H1 Trading and Outlook

Meat-free

- H1 2007
 - Growth restricted to 2.8% due to Methwold commissioning – 3 month promotional freeze
 - Penetration figures continue to grow – now up to 20.5%
- H2 2007 Outlook
 - Back on track with double digit top-line growth across the business since the half-year
 - Busy NPD programme
- Investment behind continuing growth
 - £15m *Cauldron* production/*Quorn* finishing at Methwold H2 2006 / H1 2007
 - £8m in additional forming capacity at Stokesley in H1 2007
 - £35m in additional fermentation capacity at Belasis 2007-2009



Confidence in continuing growth

Spreads, Desserts & Beverages H1 Trading and Outlook

Spreads, Desserts & Beverages (£m)	2007 H1	2006 H1	YoY %
Sales	117.0	123.6*	(5.3%)
Trading Profit	25.7	24.4*	5.3%
Branded sales	64.1%	70.1%	

* 2006 Sales and Trading Profit have been adjusted for the impact of the end of the Cadbury hot beverages licence

- H1 2007
 - Exited low margin own label contracts in H2 2006 – sales impact £4m
 - Improved cost performance
- H2 2007 Outlook
 - Spreads focus on optimising the brand footprints for extended brand portfolio
 - Ambrosia media and increased promotional activity
 - New seasonal lines for Christmas



Branded growth in H2

Campbell's H1 Trading and Outlook

Campbell's (£m)	2007 H1	2006 H1	YoY %
Sales	120.1	119.8	0.3%
Trading Profit	21.2	20.4*	3.9%
Branded sales	94.4%	96.0%	

* An estimated £6.1m pre-acquisition trading distortions have been removed from the Campbell's 2006 trading profit

- H1 2007
 - Oxo in strong growth – up 8%
 - *Fray Bentos* in strong growth – up 16%
 - *Batchelors* stabilised
 - *Homepride* – sales decline reduced
 - Integration completed
- H2 2007 Outlook
 - *Batchelors Soupfulls* launch with TV advertising to follow
 - Oxo liquid stock launch



Campbell's on the way – more to come

Culinary Brands H1 Trading and Outlook

Culinary Brands (£m)	2007 H1	2006 H1	YoY %
Pro forma Sales	119.5	123.3	(3.1%)
Pro forma Trading Profit	18.5	24.2	(23.6%)
Branded sales	91.0%	90.7%	

- H1 2007
 - Inherited a business in decline
 - Exacerbated by trade loading and accrual releases in 2006
- H2 2007 Outlook
 - Strong start to H2
 - Now integrated with Premier sales team
 - Improved promotional strategy now delivering sales and profit growth
 - *Sharwoods* Thai launch July supported by TV advertising
 - *Bisto* back on TV with new ad



Culinary Brands has been fixed – time to get behind the brands

Cakes H1 Trading and Outlook

Cakes (£m)	2007 H1	2006 H1	YoY %
Pro forma Sales	121.6	112.6	8.0%
Pro forma Trading Profit	7.8	7.6	2.6%
Branded sales	74.7%	73.4%	

- H1 2007
 - *Mr. Kipling* achieving strong share in a growth market
 - Positive penetration gains year on year for *Mr. Kipling* and *Cadbury Cakes* (up 1.2%)
 - Increased A&P spend to drive sales growth
- H2 2007 Outlook
 - Seasonally stronger period
 - New *Cadbury* cakes packaging
 - Exiting Manor van sales operation, high 'cost-to-serve' for this route to market



Turnaround continuing – margin development now a priority



Customer Partnerships H1 Trading and Outlook

Customer Partnerships* (£m)	2007 H1	2006 H1	YoY %
Pro forma Sales	103.4	96.3	7.4%
Pro forma Trading Profit	11.5	11.4	0.9%
Branded sales	14.4%	16.4%	

* Pro forma sales and Trading Profit have been restated to reflect reclassification of RHM Frozen Foods to discontinued operations

- H1 2007
 - Good sales and Trading Profit growth, chilled performing particularly well
 - Customer Partnerships integrated into a single business management structure
- H2 2007 Outlook
 - Continuing steady progress

Bread Bakeries H1 Trading and Outlook

Bread Bakeries (£m)	2007 H1	2006 H1	YoY %
Pro forma Sales	398.4	402.8	(1.1%)
Pro forma Trading Profit	19.0	37.9	(49.9%)
Branded sales	40.2%	42.7%	

- H1 2007
 - Volumes in H1 2007 impacted by :
 - Market decline of 4.8% (Source: IRI Total Grocery Outlets, 28 weeks to 14 July 2007)
 - Significant competitor activity
 - Wheat prices have been increasing rapidly
 - Closed Plymouth Bakery
- H2 2007 Outlook
 - Successful *Hovis Invisible Crust* campaign on TV
 - *Hovis Seed Sensations* launched in July
 - New *Hovis Best of Both* TV campaign
 - Price increases from 2 Sep across the trade
 - Announced proposal to close Bradford bakery, Telford distribution depot



Additional turbulence will require further action



Trading Outlook

- Good summer trading
- Quorn back to double digit growth
- Strong second half NPD programme
- Significant raw material inflation across the business
 - Price increases in train to offset inflation
- Integration continues to proceed to plan
- We will grow sales in the second half

Strong second half performance expected: Watching brief on bread

General Inflation

- Entering a period of extensive general inflation
 - Ingredients
 - Packaging (oil based)
 - Energy
- Driven by :
 - Increase in world demand (China/India)
 - Growing fuel

↓

Environmental tax on food
- Not seen since early 1990's

**Will require a significantly different management approach from
manufacturers and retailers**

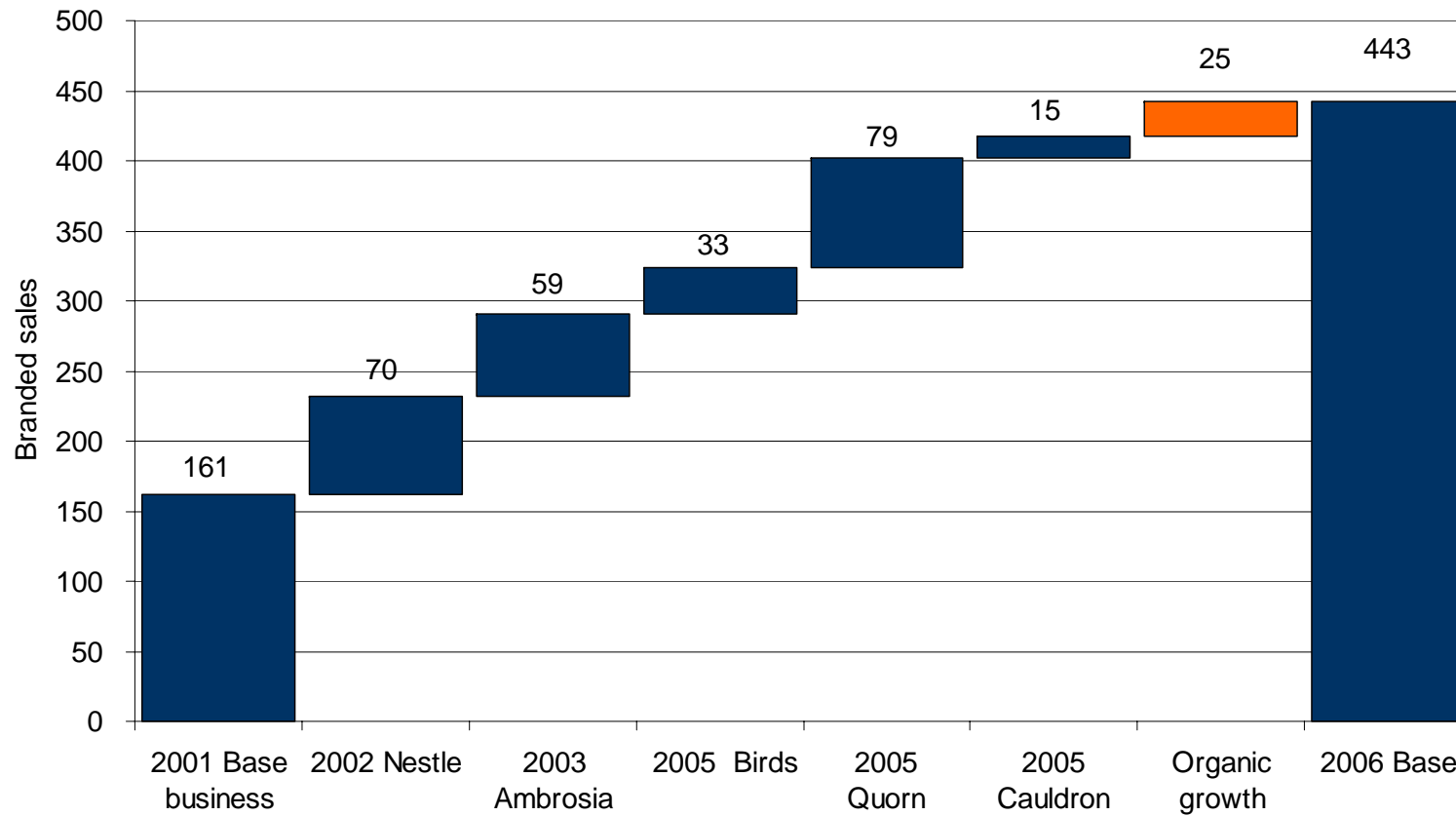


Rejuvenating brands for organic growth



Rejuvenating Brands

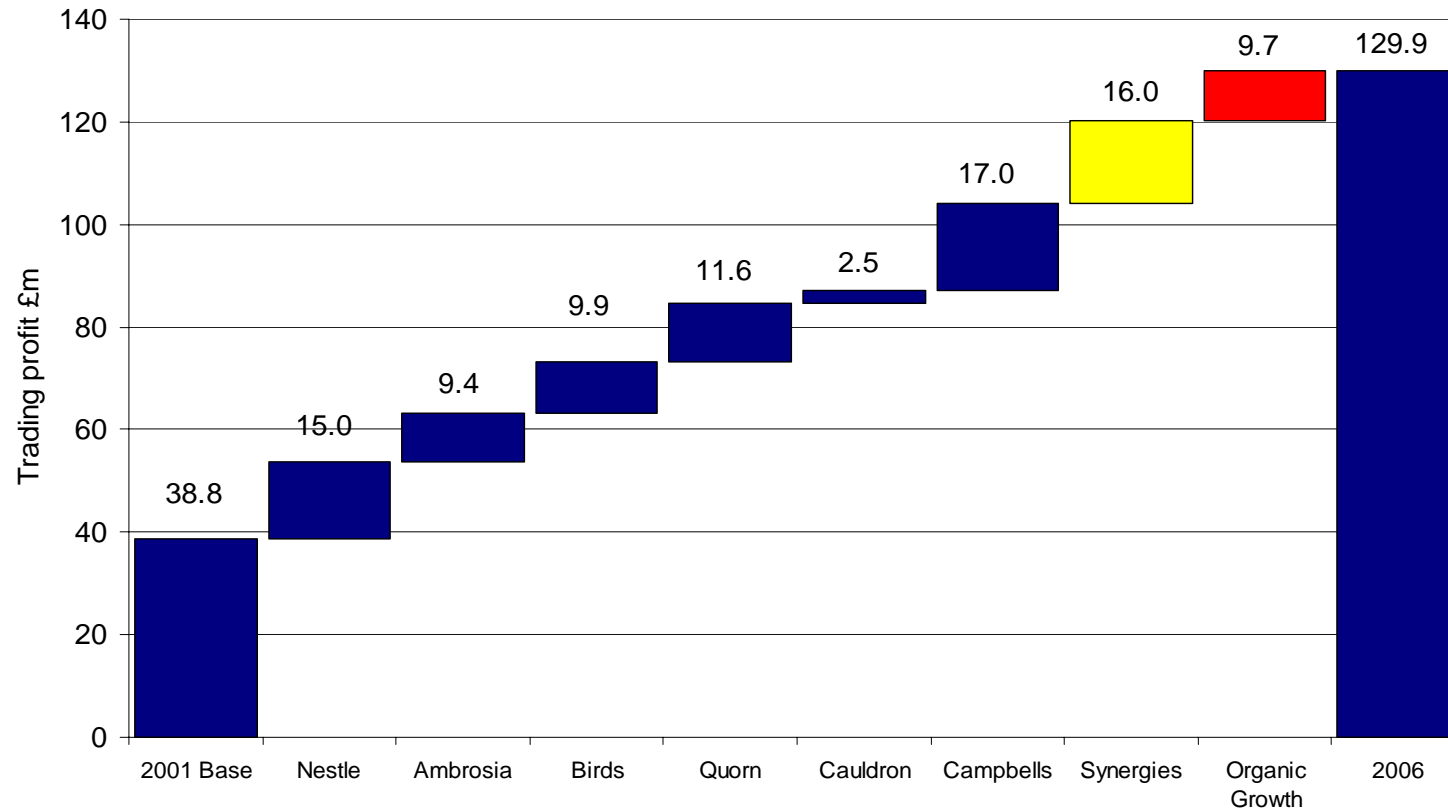
Branded sales growth 2001-2006



Branded organic growth of c2.5%pa

Rejuvenating Brands

Trading Profit Growth 2001-2006



2001-2006: 6 businesses successfully integrated with synergies delivered and business has also grown organically

* Base business has been adjusted to reflect the sale of the Tea and Jonker Fris businesses and the end of the Cadbury hot beverages licence

Rejuvenating Campbell's

What we said we would do

- Rejuvenate the brands
 - Unlock the potential of *Oxo*
 - Modernise *Batchelors*
 - Refocus *Homepride*
- Drive channel growth
- Reduce the costs
 - Integrate and deliver annual £28m of cost synergies



Campbell's Integration

What we have achieved to date

- Sales decline of 4% pa arrested within 12 months
- We have started rejuvenating the brands
 - Oxo liquid stock launch in H2 2007
 - *Batchelors Soups* ready-to-eat soup launch in H2 2007
 - *Homepride* decline significantly reduced
 - *Fray Bentos* in strong growth
- Sales, Marketing and Administration functions fully integrated in Q1 2007
- Head office closed April 2007
- King's Lynn factory on schedule to close in December 2007
- Ashford & Worksop sites to receive production from RHM plants

Arrested 4% sales decline within 12 months

Synergies and costs on track



Campbell's – A Classic Premier Deal

- Met all our acquisition criteria

And as with our other acquisitions, we have :

- Stabilised and integrated the business
- Delivered the synergies
- Returned the brands to growth
- Focused on innovation, which is now coming through

RHM Business

What We Have Found

As expected :

- Historic performance hindered by divisional structure
- Underinvested plant and processes in Bread Bakeries
- A poorly performing frozen foods business
- Sub-optimal trading strategy in Culinary Brands
- Lack of investment behind brands

Better than expected – some examples :

- Untapped organic growth opportunities
 - Number of brands ready to move into chilled
- Untapped organic cost saving opportunities – to be reinvested
- Innovative Brand development in Manor Bakeries
- Excellent chilled capabilities at RF Brookes in South Wales
 - All Own Label products – Branded opportunity



RHM People

What We Have Found

- High quality of RHM management confirmed by external benchmarking
 - But RHM people tended to work in silos with little sharing of information or best practice
 - Using Premier's strengths in operating as one business to leverage knowledge across the organisation
- Willingness to get engaged
 - Good teamwork between Premier & RHM colleagues
- Establishing new leadership team, delivering change and integration
 - 41 of top 100 managers from RHM
 - Now populating rest of the organisation



RHM Highlights Five Months On

Progressing on time and on target

- Synergies on track to achieve £85m, £10m to be delivered in 2007
 - RHM Head Office closed June 2007
 - Operating board includes RHM senior management
 - Culinary Brands commercial teams fully integrated
 - Manufacturing review completed – proposals for 6 factories to close
 - Ireland businesses being integrated (Campbell's, RHM and Chivers)
 - Integrating management of chilled businesses (RF Brookes, Avana and Charnwood)
 - Cake business being integrated into Premier from Q4 2007
 - Selling poorly performing frozen business
 - Integration costs in line with expectations



RHM Summary

- Synergies on track to achieve £85m
- Good people who have taken to the Premier way of working
- Culinary Brands fixed and returned to growth
- Cakes margin potential
- Chilled opportunity for our brands
- Potential for *Hovis*
- Opportunity to fix the cost structure in Bread Bakeries



Dynamics of the Bread Business

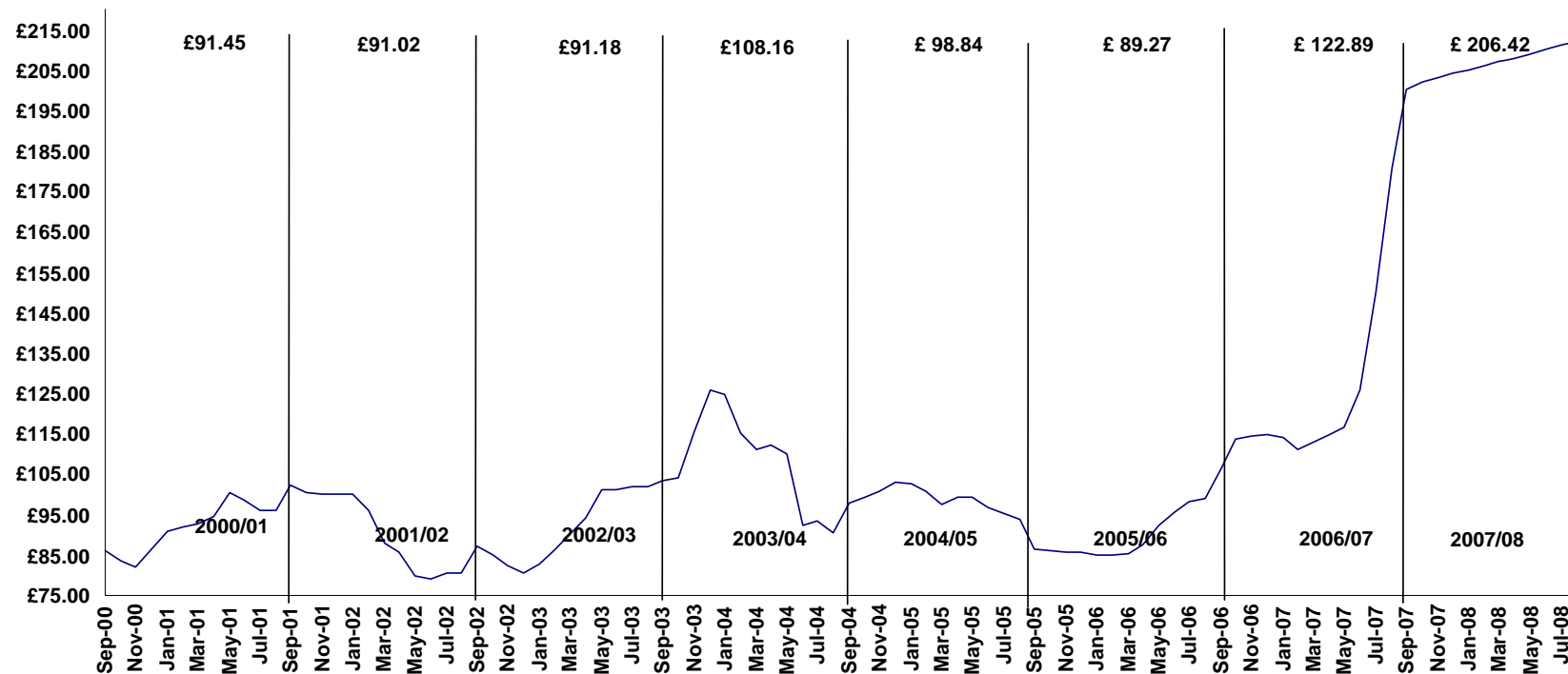


Key Dynamics Affecting The Business

- Wheat prices
- Competitor activity
- Industry cost structure and customer service
- The *Hovis* opportunity

Wheat Prices

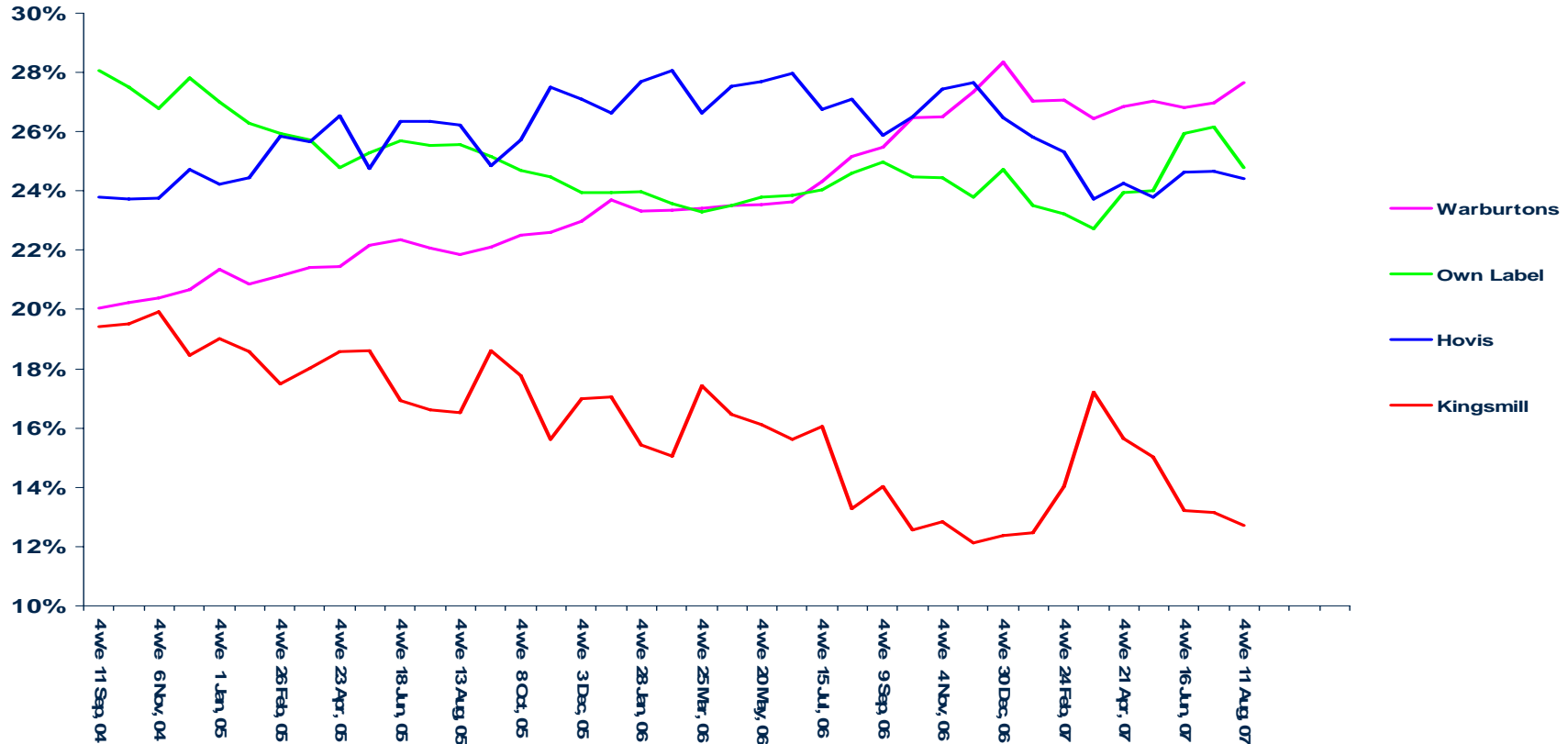
North West Bread Wheat Prices (spot) Historic and Forward
from HGCA bulletin (Forward market prices as at - 29th Aug 2007)



- A strategic issue across the food industry - not specific to bread
- All carbs are up in price
- Bread prices are up from 2 September
- Track record of recovering costs



Competitor Activity - Volume



- Kingsmill relaunch although disruptive has not changed market positions
- Warburton's have gained share but primarily by increased distribution by national rollout

Source: IRI Multis and Co-ops 4 w/e 11 Aug 07



Industry Distribution Cost Structure / Customer Service

- All three major players distribute once daily to virtually the same outlets
 - Huge cost (more than production costs !)
 - Hugely inefficient
 - Environmentally unfriendly
 - Delivers poor customer service
- We need to explore a collaborative industry approach
- Distribution system drives the number and location of bakeries
- Need to reduce the fixed cost element of the business

Work in progress: But we see a route forward



The Hovis Opportunity

- *Hovis* is seen as THE Healthy bread brand
 - Number 1 position of “half and half” with 76% share*
 - Number 1 position of “crustless” with 79% share*
 - Number 1 position of “granary and seeded” with 37% share*
 - Number 1 position of “brown” with 26% share*
- *Hovis* is THE innovator in bread
 - First to market with a white loaf with the wheatgerm goodness of wholemeal with “*Hovis Best of Both*”
 - First to market with a crustless loaf with “*Hovis Invisible Crust*”
 - New “*Hovis Seed Sensations*” just launched
- Continued real innovation behind *Hovis*
- Much more *Hovis* brand support
- *Hovis* is ideally placed for the trend to healthier and more convenient products

There are growth areas in this market and they play to Hovis’ strength

Source: IRI Mults and Co-ops 52 w/e 11 Aug 07



Summary

- Integration going well
 - Integration of Campbell's completed
 - Integration of RHM proceeding at pace – synergies on track
- We will grow our brands in the second half of the year
 - Good start to trading for the second half - sales and profit on track
 - Great NPD coming to market now
- Significant cost inflation needs to be offset by pricing
 - Bread price increases in market from 2 September
 - Further price increases if necessary



Premier Foods Q&A



Premier Foods Appendices

Interest Rate Hedging

- £2.1bn 5 year term and revolving credit facility maturing in March 2012,
 - £1,756m drawn at 30 June 2007
- Interest charged is 3m LIBOR plus applicable margin
 - Applicable margin linked to Net Debt/EBITDA – currently 110 bps.
- Significant derivative programme in place to manage interest rate risk
 - £917m of 3m LIBOR swapped into fixed rates – average rate of 4.6%
 - £225m at 4.9% maturing May 2008
 - £367m at 4.6% maturing Sep 2009
 - £125m at 4.6% maturing May 2010
 - £200m fixed at 4.55%, minimum maturity 2012
 - £700m of cap/collar with cap at 6.2%, maturing March 2012.

→ above 6.2% each 25bps movement equates to c£0.3m pa interest

→ below 6.2% each 25bps movement equates to c£2.2m pa interest

Major proportion of interest rate exposure is fixed or capped

Operating Cash Flow

Cash Flow £m	2007	2006
Operating Profit	52.2	42.4
Depreciation	25.5	8.6
Amortisation	12.5	4.2
Working capital movement	34.2	19.2
Non-cash operating credits/(charges)	6.0	(0.2)
Cash generated from continuing operations	130.4	74.2
Discontinued operations	(1.6)	1.7
Cash generated from operations	128.8	75.9
Net interest paid	(41.6)	(18.6)
Tax received / (paid)	12.2	(5.0)
Cash inflow from operating activities	99.4	52.3

Increase in cash from operating activities – boosted by timing of working capital inflows

Free Cash Flow and Net Debt

Cash Flow £m	2007	2006
Cash inflow from operating activities	99.4	52.3
Net capital expenditure	(45.8)	(13.9)
Free cash flow	53.6	38.4
Dividends	(39.6)	-
Acquisitions and disposals	(1,102.0)	-
Non-cash movements	(10.0)	(1.2)
Net Cash Inflow/(Outflow)	(1,098.0)	37.2
Opening net debt	(641.4)	(572.1)
Closing net debt	(1,739.4)	(534.9)

Net debt in line with expectations

Pensions

- Assumes inflation at 3.2% and discount rate of 5.8% at 30 June 2007
- Net pension deficit of £64.1m at 30 June 2007 – gross deficit £90.7m

£m	2007 H1	2006 H1
Premier schemes	43.5	84.7
RHM schemes	47.2	-
Gross pension deficit	90.7	84.7

Pension payment schedule Anticipated costs (£m)	2007	2008	2009
Regular cost	16	18	19
Additional payment	49	55	58
Total	65	73	77



2006 Financial Re-Statement

- A Financial re-statement exercise for 2006 has been undertaken, superseding that previously communicated which reflects the following :
 - Discontinued business of Erin Foods
 - Discontinued of RHM Frozen Foods business
 - Acquisition of Chivers Ireland
 - Acquisition of Campbell's Ireland
 - Finalisation of accounting policy adjustments in RHM & Campbell's
 - Amendment of H1 Premier Foods Trading Profit to exclude pension credit



2006 Financial Re-Statement

Premier Foods, Campbells and RHM results restated according to Premier Foods accounting policies for 2006

	H1 2006			H2 2006			FY 2006		
	Sales	Trading Profit	Trading Profit %	Sales	Trading Profit	Trading Profit %	Sales	Trading Profit	Trading Profit %
Convenience Foods, Pickles, Sauces	167.2	7.4	4.4%	177.3	19.3	10.9%	344.5	26.7	7.8%
Meat Free	57.2	8.8	15.4%	52.8	10.2	19.3%	110.0	19.0	17.3%
Convenience Foods, Pickles, Sauces and Meat Free	224.4	16.2	7.2%	230.1	29.5	12.8%	454.5	45.7	10.1%
Spreads, Desserts and Beverages	137.8	29.4	21.3%	140.2	37.7	26.9%	278.0	67.1	24.1%
Premier Foods	362.2	45.6	12.6%	370.3	67.2	18.1%	732.5	112.8	15.4%
Chivers Ireland	9.5	0.5	5.3%	13.8	0.3	2.2%	23.3	0.8	3.4%
Campbells Proforma (excl. Erin)	119.8	26.5	22.1%	124.0	23.6	19.0%	243.8	50.1	20.5%
Premier Foods Group excl RHM	491.5	72.6	14.8%	508.1	91.1	17.9%	999.6	163.7	16.4%
Bread Bakeries	402.8	37.9	9.4%	396.5	30.1	7.6%	799.3	68.0	8.5%
Culinary Brands	123.3	24.2	19.6%	146.8	35.2	24.0%	270.1	59.4	22.0%
Cakes	112.6	7.6	6.7%	145.0	15.2	10.5%	257.6	22.8	8.9%
Customer Partnerships (excl. Frozen)	96.3	11.4	11.8%	111.7	15.9	14.2%	208.0	27.3	13.1%
Corporate	-	-		-	-		-	-	
RHM Restated	735.0	81.1	11.0%	800.0	96.4	12.1%	1,535.0	177.5	11.6%
Premier Foods Revised	1,226.5	153.7	12.5%	1,308.1	187.5	14.3%	2,534.6	341.2	13.5%



Wheat & Bread Economics

- Premier purchases approximately 1.5m tonnes of wheat per annum.
- 1.5m tonnes of wheat produce around 1.2m tonnes of flour.
- Approximately 55% of flour made is used internally.
- 1 tonne of wheat = approximately 1,300 loaves.
- A £10 per tonne increase in wheat prices adds 0.8 pence to the cost of a loaf.
- A £10 per tonne increase in wheat prices adds approximately £8m pa cost to business
 - Quick pass through of wheat price movements to flour customers