



Premier Foods

Preliminary Results
Year ended 31st December 2006

Tuesday, 6th March 2007



Robert Schofield

Chief Executive

Business Highlights

- **Tough trading year**
 - Hottest year on record
 - Exceptional level of energy and raw material cost inflation

But . . .

- **Business on track**
 - Solid trading performance
 - Issues with Convenience Foods
 - Other businesses performing well
 - Drive brands delivering strong growth
 - Cost pressures largely mitigated

Tough trading year but business on track

Business Highlights

- **Transforming Premier**
 - Acquisition of Campbell's UK and Ireland business for £460m
 - Integration on track and proceeding at pace
 - £28m pa of cost synergies by 2009
 - Agreed offer for RHM plc for £1,227m
 - £85m pa of cost synergies by 2010
 - Completion expected 16 March 2007

- **Disposal of Fresh Produce underway**

Premier will become UK's largest food supplier

Financial Highlights

- **Total sales up 21.5% to £959.4m**
- **Total Grocery sales up 23.6% to £844.8m**
 - Including pro forma Meat-free, like-for-like Grocery sales up 3.1%
 - Including pro forma Meat-free, like-for-like branded sales up 5.6%
- **Trading profit up 23.5% to £132.5m**
- **Including like-for-like Meat-free, Grocery trading profit up 5.2% to £117.3m**
- **Adjusted profit before tax up 26% to £89.9m**
- **Adjusted eps up 5.9% to 18.0p (2005: 17.0p*)**
- **Recommended final dividend of 2.55p per share**
 - Total dividend for 2006 up 6.7% to 12.00p per share (2005: 11.25p*)

Continuing Operations. Trading profit is defined as operating profit before amortisation, exceptional items and changes in pension assumptions

* Adjusted for Rights issue – see appendix



Paul Thomas
Finance Director



Summary Income Statement

£m	2006	2005	%
Sales	959.4	789.7	+21.5%
Trading profit	132.5	107.3	+23.5%
Amortisation	(11.0)	(6.3)	+74.6%
Exceptional items*	(20.1)	(6.8)	Na
Foreign exchange valuation adjustments	(3.8)	1.1	Na
Operating profit	97.6	95.3	+2.4%
Interest	(39.5)	(43.5)	(9.2%)
Profit before tax	58.1	51.8	+12.2%
Tax	(11.0)	(14.9)	(26.2%)
Net income – continuing operations	47.1	36.9	+27.6%
Discontinued operations	-	46.7	
Net income	47.1	83.6	

*The Group defines exceptional items as those items of financial significance to be disclosed separately, in order to assist in understanding the financial performance achieved and in making projections of future results.

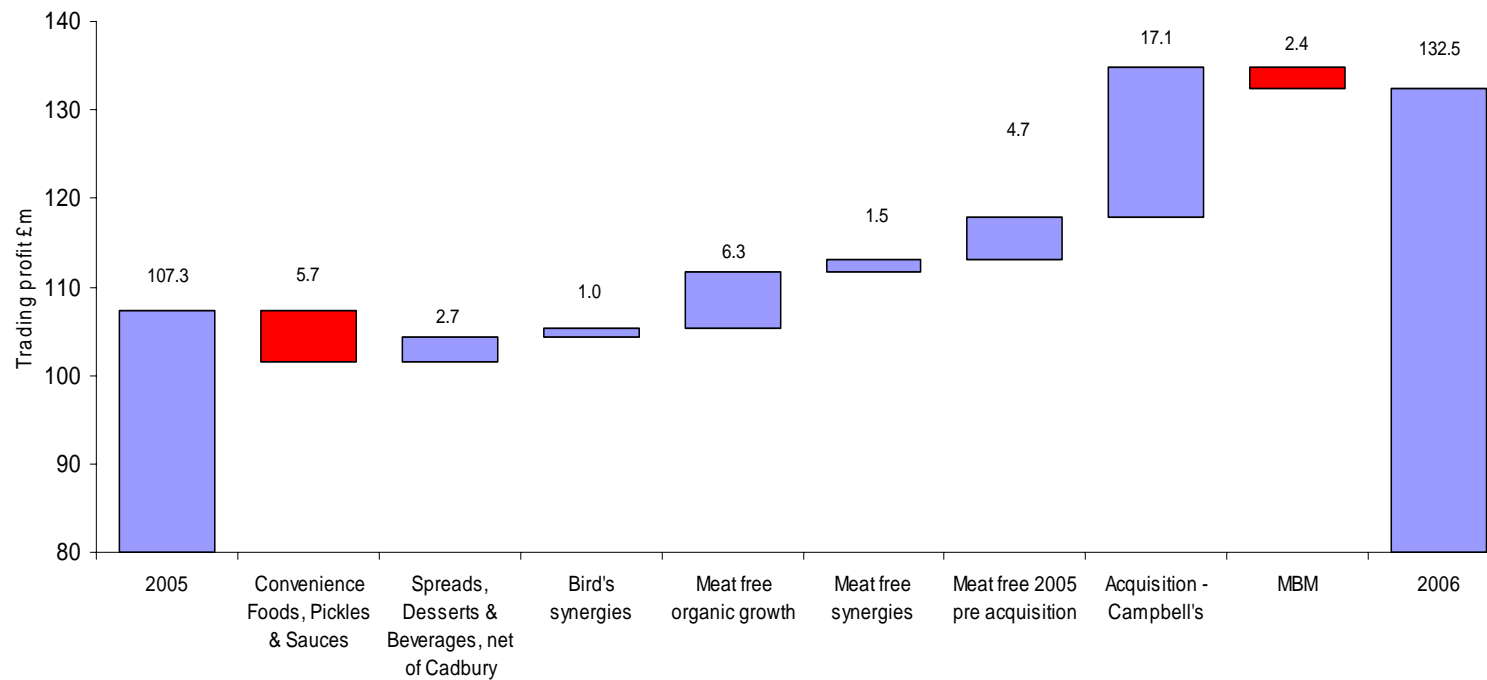
Strong trading profit and net income growth

Pro forma Sales Analysis

Sales £m	2006	2005	Change	Target
Convenience Foods, Pickles & Sauces	347.2	347.1	-%	
Spreads, Desserts & Beverages	253.7	242.3	+4.7%	
Core Original Grocery	600.9	589.4	+2.0%	1.5-2.0% pre Quorn
Meat-free pro forma	110.0	99.8	+10.2%	
Core Premier Grocery	710.9	689.2	+3.1%	2.0-2.5% post Quorn
Cadbury	32.6	47.5	(31.4%)	
Total Existing Grocery	743.5	736.7	+0.9%	
Campbell's pro forma	243.3	250.2	(2.8%)	In line with expectations
Pro forma Grocery, excluding Cadbury	954.2	939.4	+1.6%	1.5-2.0% short term post Campbell's

Underlying sales growth in line with targets

Trading Profit Growth



Trading profit up 23.5% to £132.5m

Reported Trading Profit

Trading profit £m	2006	2005	Change	Comments
Convenience Foods, Pickles & Sauces	28.0	33.7	(16.9%)	Convenience - cost inflation and weather
Meat-free	19.0	6.5	na	In line with acquisition expectations
Campbell's	17.1	-	na	In line with acquisition expectations
Convenience Foods, Pickles Sauces & Meat free	64.1	40.2	+59.5%	
Spreads, Desserts & Beverages	70.3	66.6	+5.6%	Strong organic growth offsets Cadbury licence
Total Grocery	134.4	106.8	+25.8%	
Fresh Produce	(1.9)	0.5	na	Performance disappointing
Total	132.5	107.3	+23.5%	

Grocery trading profit up 25.8% to £134.4m



Pro Forma Trading Profit Analysis

Trading profit £m	2006	2005	Change	Comments
Total reported Grocery	134.4	106.8	+25.8%	
Campbell's	17.1	-	na	In line with acquisition expectations
Total Grocery excluding Campbell's	117.3	106.8	+9.8%	
Pro forma Meat free	-	8.7	-	Pre acquisition trading profit in 2005
Cadbury	-	(4.0)	-	Estimated effect of end of licence as indicated at the time of the IPO
Core like-for-like Grocery including pro forma Meat free	117.3	111.5	+5.2%	
Convenience Foods, Pickles & Sauces	28.0	33.7	(16.9%)	Convenience - cost inflation and weather
Meat-free	19.0	15.2	+25.0%	In line with acquisition expectations
Spreads, Desserts & Beverages	70.3	62.6	+12.3%	Strong organic growth
Core like-for-like Grocery including pro forma Meat free	117.3	111.5	+5.2%	

Pre-Campbell's, Grocery business grew pro forma trading profit 5.2%

Trading Profit Summary

- **'Healthy' performance from Meat free**
- **Great performance from Spreads, Desserts & Beverages**
- **Pickles & Sauces in line with targets**
- **Convenience Foods under-performed**
 - 74% own label (beans, bean meals, pasta, traditional British veg)
 - Hottest year on record
 - Energy and raw material inflation
 - We have got our prices up and margins are improving

Convenience Foods – fix in place

Margin Development

2005 trading profit margin – continuing operations	13.59%
Grocery sales mix effect and net cost savings	0.14%
MBM	(0.06%)
Organic margin development	13.67%
Acquisitions, net of Cadbury	0.14%
2006 Trading profit margin – continuing operations	13.81%

Continued margin enhancement

Exceptional Items*

£m	2006
Portishead closure / Methwold chilled facility set-up costs	(7.2)
Campbell's - integration costs	(8.0)
United Biscuits – aborted acquisition costs	(4.5)
Other**	(3.5)
Profit on property disposal	3.1
Total exceptionals charge	<u>(20.1)</u>
Total cash exceptionals	<u>(13.4)</u>

*The Group defines exceptional items as those items of financial significance to be disclosed separately, in order to assist in understanding the financial performance achieved and in making projections of future results.

** See note 3 of the preliminary announcement

Interest

Interest charge £m	2006	2005
Regular net cash interest	39.6	34.4
Campbell's bridging loan interest	1.6	-
Cash interest	41.2	34.4
Regular amortisation of debt costs	1.4	1.7
Regular interest charge	42.6	36.1
Exceptional amortisation of debt issuance costs	4.0	6.3
IFRS valuation adjustment – interest rate swaps	(7.1)	1.1
Total interest charge	39.5	43.5

**Increased cash interest charge due to Quorn,
Cauldron, Campbell's acquisitions**

Tax

- **Overall tax rate of 18.9% on continuing operations**
 - Pre-exceptional tax rate in 30-31% range due to permanent disallowable items
 - Tax rate reduced by releases of prior year provisions following settlement with HMRC
- **Cash tax rate for 2006 of 12.7% due to:**
 - accelerated capital allowances
 - pensions relief
 - allowable amortisation
- **Standalone Premier cash tax rate for medium term expected to rise to c20-25%**
- **Tax position post RHM to be clarified at interims**

Adjusted Earnings

£m	2006	2005	% increase
Continuing operations			
Trading profit	132.5	107.3	+23.5%
Regular interest charge	(42.6)	(36.1)	+18.0%
Adjusted PBT	89.9	71.2	+26.3%
Tax at 30%	(27.0)	(21.4)	
Adjusted Profit after tax	62.9	49.8	+26.3%
Tax shield on allowable amortisation	3.8	3.1	+22.6%
Adjusted Profit after tax inc amortisation tax shield	66.7	52.9	+26.1%
Average shares in issue*	370.8	311.1	
Adjusted eps (p)*	17.0	16.0	+6.3%
Adjusted eps inc amort tax shield (p)*	18.0	17.0	+5.9%

*2005 Comparatives restated to reflect effect of the Rights Issue – see Appendix B

5.9% adjusted eps growth



Consolidated Free Cash Flow

Cashflow £m	2006	2005
Operating profit	97.6	95.3
Depreciation & amortisation and other non-cash charges	38.1	17.5
Working capital movement	(34.7)	3.8
Movement in net retirement benefit obligations	(9.1)	(5.4)
Cash generated from continuing operations	91.9	111.2
Discontinued operations	-	6.5
Cash generated from operations before exceptional items	91.9	117.7
Financing costs	(39.5)	(36.3)
Taxation	(12.3)	(7.5)
Capital expenditure	(52.5)	(30.2)
Free cash flow	(12.4)	43.7

**Free cash flow reduced by increased capital expenditure
and working capital outflow**

Consolidated Cash Flow and Debt

Cashflow £m	2006	2005
Free cash flow	(12.4)	43.7
Dividends	(23.5)	(33.8)
Acquisitions, disposals and related capital expenditure	(468.9)	(204.3)
Net proceeds from share issue	441.6	0.6
Debt issuance costs	(4.4)	(5.6)
Non-cash movements	(1.7)	(2.4)
Cash outflow	(69.3)	(201.8)
Opening net debt	(572.1)	(370.3)
Closing net debt	(641.4)	(572.1)

Cash flow reflects significant acquisition activity during the year

Pension / Post Employment Benefits

Key IAS19 Assumptions	2006	2005
Discount rate	5.20%	5.00%
Inflation rate	3.00%	2.75%
Increase in salaries	4.00%	3.75%

- **Scheme specific mortality assumptions – based on experience**
- **Gross IAS 19 deficit of £85m (2005: £84m), net deficit of £59m (2005: £59m)**
 - Closing numbers include Campbell's scheme with gross deficit of £30m
 - Gross deficit on Premier scheme improves from £84m to £55m
- **Cash contribution for existing Premier schemes will be £20m in 2007**
 - £6m regular cost, £7m additional funding
 - One-off injection into Campbell's scheme of £7m
- **Additional contributions to the RHM and Premier schemes agreed on RHM deal**
 - £8m per annum from 2008 into the RHM scheme for 4 years
 - £3m one-off in 2007 into Premier schemes

Deficit position reduced due to improved investment returns



Reporting on Premier / RHM Combination

- **Continue with Premier financial years ie calendar years**
- **We will provide the following reporting on RHM**
 - Restated RHM H1/H2 2006 results prior to the interims on Premier financial calendar
 - Post acquisition results March onwards
 - Pro forma results for H1 2007
- **2007 results will be on existing divisions**
 - Convenience, Pickles, Sauces & Meat-free
 - Spreads, Desserts & Beverages
 - Culinary Brands
 - Customer Partnerships
 - Cakes
 - Bread Bakeries
 - Fresh Produce
- **As businesses are integrated we will restate comparatives to enable like-for-like comparisons**
- **Trading updates scheduled for 10 May (AGM), 6 July (first half), 8 Jan 2008 (2007 full year)**
- **2007 interim results scheduled for 4 Sept, 2007 prelims scheduled for 4 Mar 2008**



Robert Schofield

Chief Executive

Sales

- **Like-for-like Grocery sales, including pro forma Meat-free up 3.1%**
 - Like-for-like Grocery up 2.0%
 - Pro forma Meat-free up 10.2%
- **Within this**
 - Branded sales up 5.6%
 - Own label down 0.2%

Strong branded growth

Sales Analysis

Sales £m	2006	Growth
Quorn	96	+13.2%
Ambrosia	68	+5.5%
Branston	52	+15.9%
Hartley	35	+7.1%
Loyd Grossman	33	+24.8%
Total Drive brands	284	+12.4%
Core	88	(7.6%)
Classic	50	(3.6%)
Total Branded sales	422	+5.6%
Own label	289	(0.2%)
Total excluding Cadbury	711	3.1%
Cadbury	33	(31.4%)
Total	744	1.0%

**Drive brands performing well
Core and Classic need a boost**

Core and Classic

- **Core brands down 7.6%**
 - Canned Pasta, Bean Meals hit by food values trend
 - Bird's chilled custard
 - Weather impact
 - SunPat relaunch going well
- **Classic brands down 3.6%**
 - H1 was down 6.5%
 - H2 down 1.5%
 - Sarson's, Hayward's relaunchees doing well

**Relaunches of SunPat, Sarsons, Haywards
working**

Market performance

- **Premier markets in 2006**
 - Value grew 2%
 - Volume declined 1%

- **Premier's branded share in 2006**
 - Value grew 3%
 - Volume grew 2%

Tough market – our brands are competing well

Own label

- **Own label sales down 0.2%**
 - Pricing up 2.5%
 - Volume down 2.7%

- **Convenience sales down 3.9%**
 - Pricing up 2.3%
 - Volume down 6.2%
 - UK's hottest year on record

**New products planned to stimulate
Convenience own label**

Sales summary

- **Tough year given the hot weather and exceptional cost inflation**
- **Brands performed well – driven by volume**
 - Drive brands key to success
 - Core brands affected by consumer health trend
 - Relunched Classic brands bouncing back
- **Own label needs attention in some areas**

Brand strategy on track

Convenience Foods, Pickles & Sauces

- Like-for-like sales flat at £347.2m
- Trading profit –16.9% at £28.0m
- 40% branded, but £173m of own label Convenience Foods sales

- Convenience sales under pressure, particularly own label, canned pasta, bean meals
- Disproportionate impact of cost and energy inflation on Convenience Foods
- Impact of extended warm weather on volumes

- Time lag between cost increases and pricing recovery
- Margins improving

Convenience Foods hit by hot weather and energy costs

Volumes to be recovered through new products

Branston Beans & Pasta

- **Branston beans sales 71% higher than last full year of HP**
 - Sales consolidated at 8% market share
- **Branston NPD initiatives to continue to deliver “New News”**
 - ‘Bloomin Big Beans’ – genuine category innovation.
 - Consumers loved the taste in research
 - Supported Instore and with PR campaign
 - Omega 3 enriched beans for Kids
- **National TV Q1 – continuing successful ‘Rich Branston campaign’**



Total Branston brand now over £50m

Pickles

- Total Branston Brand penetration (including beans) up 9.1 percentage points to 54% penetration (+2.1m additional households)

- Branston (excluding beans) up 6.5%
- Branston table sauces successfully launched
- Core sweet pickle growth of 3%
- Relish re-launch in top-down squeezey in March 2007 to continue momentum



- Pickles ranges successfully re-launched: Haywards returned to growth



- Sarson's in growth: range re-launched with NPD



Pickles innovation driving growth

Sauces

- Another year of exceptional growth +24.8%: brand now worth £33m
- New advertising campaign “Taste is everything”
 - 312,000 new households on board
 - Website re-designed
 - Sampling campaign to drive trial
- Pour-over sauces launched in 2006
- Stir-in sauces to launch in 2007
- Extended soup range launched
- Major launch into Foodservice in Autumn 2007



Another fantastic year for Loyd Grossman

Spreads, Desserts & Beverages

- Like-for-like sales up 4.7% to £253.7m
- 68% branded
- Trading profit up 5.6% to £70.3m, despite end of Cadbury licence
- Like-for-like trading profit up 12.3% after adjusting for Cadbury

Strong organic sales and profit growth

Ambrosia

- **Ambrosia brand growth continued in 2006 - +5.5% sales**
 - Sales now almost £70m
 - 750,000 new households buying Ambrosia in the last twelve months
- **Growth driven by individual pots (+21%) + T.V support**
- **2007 – more pot activity; more growth**
 - Flavoured custard re-launch
 - New rice raspberry/blackberry
 - New advertising campaign – second half



Innovation driving growth

Hartley's

- **Brand growth continued in 2006 - +7.1%**
 - Brand now worth over £34m
 - 660,000 new households buying Hartley's jam in the last twelve months
 - Over the last twelve months, 1 million new households are buying Hartley's jelly
- **Growth driven by continued growth of Hartley's best jam**
 - Fourth successive year of growth +8.5%
 - Number 1 jam brand in 2006
- **First full year of Hartley's brand jelly (was Rowntree)**
 - Like-for-like growth of 9.3%
 - Individual pots +22%!



Hartley's ready for TV support

Meat-free

- Sales at £110.0m – like-for-like growth of 10.2%
- Trading profit at £19.0m – like-for-like growth of 25.0%
- **Accelerating Growth of Quorn – up 13.2%**
 - Dynamic NPD program – 84 new products in 2006
 - New TV campaign supporting Quorn as ‘An everyday choice for everyone’
 - Penetration up to 20%. 1 in 5 households now eat Quorn!
 - 75 LEAs have approved Quorn for school menus
 - European expansion drive
 - 1st TV outside UK on air in Sweden
 - Norway & Denmark market entry in 2007
- £7m investment in new forming capacity to keep pace with demand



Meat-free

- Positioning Cauldron for growth
- New chilled facility in Methwold, £11m invested
 - Improved capacity and efficiency
 - Improved Quorn margins when co-packed production brought in-house
 - Greater operational flexibility
- Exciting NPD pipeline in place
- Brand will relaunch in 2007
 - Leveraging ethical and organic credentials
 - Emphasising taste and goodness

2007 set to see Cauldron growth

Campbell's

- Like-for-like 2006 sales down 2.8% at £243.3m, as previously indicated
- Like-for-like trading profit of £51.2m up 11.1%
- Significant reduction in A&P activity prior to sale
- Rate of decline slowed from 4.4% pre acquisition to 1.1% post acquisition
 - Batchelors, Oxo, Fray Bentos returned to growth
 - Trading strategy normalised

Trading in line with expectations

Batchelors and Oxo Initiatives

Batchelors

- Cleaning up the ranges – removing artificial colours and preservatives
 - ❑ Cup a Soup range: all artificial colours and preservatives removed, TV campaign started
 - ❑ Super Noodles range will be cleaned up H2
- New product launch – Batchelors Soupfulls
 - ❑ A range of 5 high quality chunky soups for H2
 - ❑ 5 star launch with TV and sampling support



Oxo

- Successful Tips campaign
 - ❑ Autumn 2006 in radio and press
 - ❑ TV: Easter 2007
 - ❑ New brand campaign supporting innovation, Autumn 2007



A road back to growth for these iconic brands

Campbell's Integration

Cost synergies confirmed at £28m pa by 2009

Integration - Administration

- Sales force integrated in November 2006
- Marketing integrated December 2006
- Systems integration due to be completed March 2007
- Cambourne closure due April 2007
- Kings Lynn back-office closure June 2007

Integration - Supply chain

- Kings Lynn factory closure scheduled for December 2007
- Ashford factory closure scheduled for June 2008

Integrating at pace

Fresh Produce

- Sales up 7.8% at £114.6m.
- Loss of £1.9m due to poor crop caused by hot summer weather
- Heads of terms agreed for sale to management

Disposal underway

RHM Acquisition

- UK competition clearance received
- Irish competition clearance received
 - Subject to disposal of Erin brand
- Premier shareholder approval received
- RHM shareholder approval received
- Awaiting Court sanction – completion expected 16 March

We can't wait to get started

Trading Outlook

- Normal trading environment - tough but stable
- Cost pressures remain, but good recovery to date
- Continued margin progression
- Strong NPD / marketing plans in place for 2007

Trading outlook in line with our expectations

Summary

- **Grocery business delivering**
- **Acquisitions performing to plan**
- **Campbell's integration on track**
- **RHM – ready to go!**
- **Fresh Produce – also ready to go**

Business has been transformed



Premier Foods

Preliminary Results
Year ended 31st December 2006

Tuesday, 6th March 2007



Appendices

Rights issue restatements

	Reported	Adjusted*
Earnings per share (pence)		
2006	12.7	12.7
2005	15.0	11.9
Dividends per share (pence)		
2005 interim	4.75	3.75
2005 final	9.5	7.5
2005 total	14.25	11.25
2006 first interim	5.00	3.95
2006 second interim	5.50	5.50
2006 final	2.55	2.55
2006 total	13.05	12.00
Average number of shares (m)		
2006	370.8	370.8
2005	245.5	311.1

* Adjustment factor for rights issue equates to 26.7%

Like-for-like grocery sales development in line with targets

Group Sales Analysis

£m	Sales		Change	
	2006	2005		
Convenience Foods, Pickles & Sauces	347.2	347.1	-%	Strong Loyd and Branston growth offset by smaller brands and own label
Meat-free	110.0	49.6	Na	Full year contribution on top of underlying growth of %
Campbell's	101.3	-	Na	
Convenience Foods, Pickles Sauces & Meat free	558.5	396.7	+40.8%	
Spreads, Desserts & Beverages	253.7	239.2	+6.1%	Strong organic desserts growth
Cadbury	32.6	47.5	-31.4%	Move from licence to co-manufacturing agreement
Total Spreads, Desserts & Beverages	286.3	286.7	-0.1%	
Fresh Produce	114.6	106.3	+7.8%	Full year impact of Gedney's
Total	959.4	789.7	+21.5%	

Like-for-like grocery sales development in line with targets

Trading Profit Analysis

Trading profit £m	2006	2005	Change	Comments
Convenience Foods, Pickles & Sauces	28.0	33.7		Convenience Foods - cost inflation and weather
Branston Beans launch	1.0	3.5		Branston beans now established
Underlying trading profit	29.0	37.2	(22.0%)	
Meat-free	19.0	15.2		Strong organic growth
Meat free synergies	(1.5)	-		Slower integration as SAP implemented in Premier
Underlying trading profit	17.5	15.2	+15.1%	
Spreads, Desserts & Beverages	70.3	66.6		Strong organic growth offsets Cadbury licence
End of Cadbury licence	-	(4.0)		
Bird's synergies	(1.0)	-		In line with acquisition expectations
Underlying trading profit	69.3	62.6	+10.7%	
Underlying trading profit	115.8	115.0	+0.7%	Underlying business offsets end of Cadbury licence , cost inflation and hot weather

Underlying business delivering good profit growth