



23 April 2013

Premier Foods plc

Interim Management Statement for the three months ending 31 March 2013

Power Brands growth momentum continues

Premier Foods today reports the Company's Interim Management Statement for the three months ending 31 March 2013.

Highlights

- **Sales excluding Milling of £327m up 1.0%, Branded sales up 2.2%**
- **Grocery Power Brand sales increased 3.5%**
- **Five successive quarters of Grocery Power Brands sales growth**
- **SG&A cost savings programme on track**
- **Full Year expectations unchanged**

Gavin Darby, Chief Executive Officer said:

"I am pleased to report continued momentum in our Power Brands in the first Quarter. This represents the fifth successive quarter of sales growth for our Grocery Power Brands, demonstrating that our strategies of investing in marketing and improving customer collaboration are working. Five of our Power Brands have been on TV in the past weeks, with more to come in the second Quarter.

"The restructuring of our Bread business remains on track while the benefits of the previously announced £20m of overhead cost savings in 2013 are being delivered.

"Despite a continued challenging consumer environment, I believe we have the right strategies in place to make further progress this year, with expectations unchanged."

Introduction

Sales^{1,2} for the three months to 31 March 2013 increased by 1.0% to £327m compared with the prior year while Power Brands sales increased by 3.3%. Branded sales were up 2.2%, primarily reflecting the Power Brands performance, while Grocery Power Brands continued the trend seen in 2012, increasing by 3.5%.

Support brand sales decreased by 1.9% in the quarter while non-branded sales were down 5.0% due to low margin net contract losses in both Grocery and Bread divisions.

£m	2013 Q1	2012 Q1	Change
Power Brands	222	215	3.3%
Support brands	53	53	(1.9%)
Total branded	275	268	2.2%
Non-branded	52	55	(5.0%)
Total sales^{1,2} (ex. Milling)	327	323	1.0%
<i>Grocery Power Brands</i>	128	124	3.5%

Grocery

Grocery Power Brands sales increased by 3.5% in the first three months of the year while total Grocery sales were up 1.1%. This performance, the fifth successive quarter of Grocery Power Brands growth, demonstrates that the Company's strategies of focusing investment behind its Power Brands and improving customer collaboration are delivering consistent progress.

The Company's commitment to investing in marketing its brands in line with consumer trends continued, with five of the Grocery Power Brands benefitting from television advertising in the quarter.

The *Sharwood's* brand delivered strong sales in the period due to the excellent execution of Chinese New Year and the 'Serve up some excitement' advertising campaign. *Bisto* and *Oxo* also benefitted from new advertising and improved customer collaboration in the quarter and were successful in gaining share in a growing category. *Ambrosia* additionally grew share in the growing ambient desserts market in the quarter, while advertising of *Ambrosia* custard returned to television for the first time in over ten years.

Two new products being launched in the first half of 2013 - *Oxo's* new 'Shake and Flavour' and *Ambrosia's* 'Devon Dream' - illustrate the Power Brands' potential to expand into adjacent categories.

Consumer marketing investment expectations for 2013 are unchanged, although the phasing of expenditure is expected to be more equally balanced through the year than 2012.

Bread

Sales in the Bread business (excluding Milling) were 0.8% ahead of the same period last year and market share of *Hovis* was broadly unchanged. In the second quarter, the *Hovis* brand will benefit from a new packaging re-design giving strong standout on shelf in this highly competitive category.

The Bread business is focusing on a major restructuring programme during this year, with the closure of three bakeries, two distribution centres, a Mill and a significantly reconfigured logistics network. This programme is on track, with the closures of the Eastleigh bakery and Glasgow Mill having been completed in the first quarter.

The savings from the restructuring programme are expected to offset the margin lost from the previously announced contract loss, which is expected to take effect by the end of April. This contract accounts for approximately £75m of annual sales. Following the decision to organise the Grocery and Bread divisions separately, the Bread business will operate from the Company's High Wycombe offices from the third quarter this year.

SG&A

The Company remains on track to deliver the previously announced £20m cost savings in 2013.

Financial Position

The Company's financial position and Net debt expectations for 2013 remain unchanged, with recurring free cash flow generation in the year expected to be in the range of £40-60m.

Outlook

The Company believes the right strategies and plans are in place, including the delivery of cost savings, to make further progress in 2013. While the markets in which it operates are expected to remain challenging for the duration of the year, expectations are unchanged.

~ Ends ~

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Conference Call

A conference call for investors and analysts will take place on 23 April 2013 at 8.00am, details of which are outlined below. A replay of the conference call will be available on the Group's website, www.premierfoods.co.uk.

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Notes to editors:

1. All sales data for Premier Foods is for the three months to 31 March 2013 or 31 March 2012 as appropriate.
2. Sales are stated excluding Milling sales and all previously completed disposals.

Certain statements in this Interim Management Statement 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:

www.premierfoods.co.uk/media/image-gallery/