



16 January 2018

Premier Foods plc (the "Company" or the "Group")

Quarter 3 Trading Statement for 13 weeks ended 30 December 2017

- Q3 Group sales up +4.0%; year to date Group sales up +2.6%
- Q3 International sales³ growth up +26%
- Market share gains in 6 of 8 major brands year to date
- Nissin & Mondelez International strategic partnerships contributing strongly to sales growth
- Record 220 million mince pies sold in 2017
- Expectations for progress in the full year remain unchanged

Gavin Darby, Chief Executive Officer

"We delivered another good quarter of growth, with sales up +4.0% in Q3 and +2.6% in the first three quarters of the year. Our International business produced another excellent quarter and our partnerships with Nissin and Mondelez International continue to deliver strong performances, demonstrating their strategic benefits to us. With our leading category positions and commitment to product innovation, our expectations for progress this year remain unchanged."

Sales % change	Q3			Q3 Year to date		
	Grocery	Sweet Treats	Group	Grocery	Sweet Treats	Group
Branded	3.4%	(7.3%)	0.7%	1.9%	(4.2%)	0.3%
Non-branded	13.9%	19.6%	17.0%	9.9%	18.7%	13.6%
Total	4.8%	2.2%	4.0%	3.1%	1.4%	2.6%

Trading update

Group sales in the third quarter were £261.4m, an increase of +4.0% compared to the same quarter a year ago. Branded sales were +0.7% higher in the quarter, and Non-branded sales grew strongly, up +17.0%. These results reflect the robust performance of the UK food market and the benefits of the Group's strategic partnerships.

In the first three quarters of the financial year, sales grew by +2.6% and over this period, six of the Group's largest eight brands grew market share in their respective categories.

Total sales in the Grocery business were 4.8% higher in the period, with growth in both the Branded and Non-branded parts of the portfolio. Branded sales were ahead +3.4% and Non-branded sales increased by +13.9%, the latter mainly due to continued growth from existing contracts and new business wins notably in Stuffing.

Batchelors delivered its fourth successive quarter of sales growth, reflecting the continued benefits of the Nissin strategic partnership. *Batchelors* Super Noodles in a pot, the convenient light meal product manufactured by Nissin, has now delivered over £5m sales since its launch last year. Additionally, *Soba* Noodles has delivered £2m sales since the Group received distribution rights and the iconic Nissin Cup Noodle product is now also in the market.

Sales and volumes of *Bisto* and *Oxo* both grew in the quarter, benefitting from media advertising. In Desserts, *Angel Delight* continued its strong performance from Q2 into Q3, growing over +30% following the introduction

of the convenient ready to eat pot range in 2017, while *Ambrosia* sales were lower. Cooking sauces also delivered sales growth in the period, with improved trends from *Sharwood's* and *Homepride* in particular.

International sales³ increased by +26% in the quarter, reflecting continued strong progress in Australia, the launch of Mr Kipling and Cadbury cake in New Zealand and a number of new customer listings for Sharwood's in Europe and the USA.

Sweet Treats sales increased by +2.2% in the period and while Branded sales were (7.3%) lower than the prior year, further strong growth was seen in Non-branded sales, which grew +19.6%.

Cadbury cake sales continued to grow strongly in International markets, but were lower in the UK during Q3, following some short term capacity constraints. Additionally, Cadbury sales were impacted by a move to more optimal promotional activity compared to the comparative period, albeit this follows a good run of growth over the previous two years. Looking to the fourth quarter, the Group has just launched new *Cadbury* 'Heroes' cupcakes, aligned to the consumer trend of indulgence, which is the first time *Cadbury* cake has utilised the 'Heroes' brand. Sales of *Mr Kipling* cakes were also lower in the quarter, again following a move to more optimal promotional activity. In the fourth quarter, a new range of low sugar *Mr Kipling* slices have been launched in flavours such as Smashing Strawberry and Awesome Apple. This new range has 30% less sugar than other slices at an average of 92 calories per slice.

Non-branded Sweet Treats sales benefitted from increased volumes of Mince Pies compared to the prior year, contract wins in seasonal lines and growth in the discounter sector. The Group sold a record 220 million mince pies in 2017; approximately 4 million more than the prior year.

Cost reduction and efficiency programmes

Cost savings from the Group's SG&A cost reduction programme are flowing through in both business units as expected, however overall supply chain costs are running ahead of expectations.

The first stage of the three phase transition to a new centralised warehousing and distribution logistics operation has now been completed, despite some initial implementation challenges. The next two phases of the Group's transformation programme are on track to be completed during the course of FY18/19, after which the full benefits are expected to be realised.

Outlook

The Group's expectations for progress in FY17/18 remain unchanged. Net debt at the year end is expected to be lower than the prior year. The rate of deleveraging is on track to accelerate in future years as the Company pursues its target of reducing Net debt/EBITDA to below 3.0x.

~ Ends ~

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Conference call

A conference call for investors and analysts hosted by Gavin Darby, CEO and Alastair Murray, CFO, will take place today, 16 January 2018, 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: www.premierfoods.co.uk/investors/results-centre

Telephone number: 0800 376 7922 (UK toll free)
 +44 20 7192 8000 (standard international access)
 Conference ID: 3777308

Notes to editors:

1. All financial data detailed above is unaudited and has not been subject to review by the Company's auditors.
2. All sales data relates to the 13 weeks to 30 December 2017 or 31 December 2016, the "quarter", as appropriate. Quarter 3 year to date sales data is for the 39 weeks to 30 December 2017 or 31 December 2016.
3. International sales growth is stated on a constant currency basis.
4. Market share references are sourced from IRI, 23 December 2017.

Certain statements in this 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:

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

Quarter 3 sales

£m	<u>2017/18</u>	<u>2016/17</u>	<u>Change</u>
Grocery			
Branded	154.1	149.1	3.4%
Non-branded	26.6	23.4	13.9%
Total	180.7	172.5	4.8%
Sweet Treats			
Branded	47.4	51.1	(7.3%)
Non-branded	33.3	27.8	19.6%
Total	80.7	78.9	2.2%
Group			
Branded	201.5	200.2	0.7%
Non-branded	59.9	51.2	17.0%
Total	261.4	251.4	4.0%

Quarter 3 sales - year to date

£m	<u>2017/18</u>	<u>2016/17</u>	<u>Change</u>
Grocery			
Branded	368.8	361.9	1.9%
Non-branded	67.0	60.9	9.9%
Total	435.8	422.8	3.1%
Sweet Treats			
Branded	128.1	133.7	(4.2%)
Non-branded	50.9	42.9	18.7%
Total	179.0	176.6	1.4%
Group			
Branded	496.9	495.6	0.3%
Non-branded	117.9	103.8	13.6%
Total	614.8	599.4	2.6%