

# Premier Foods FY17/18 Preliminary Results - Factsheet



"Key strategic initiatives drive strongest revenue growth for over five years"

## FINANCIAL HEADLINES



- Adjusted profit before tax up +5.9% to £78.6m
- Statutory profit before tax up +74.2% to £20.9m; basic earnings per share 0.9 pence
- Pensions combined surplus £317.0m; Net present value of deficit contribution schedule £300-£320m

## OPERATIONAL HEADLINES



International Revenue growth +25%



Strategic partnerships delivered 55% of revenue growth



Batchelors top performing brand - up +11%

## DETAILED KEY FINANCIALS

Group performance - (£m)	FY17/18	FY16/17	%
Branded sales	670.1	659.5	1.6%
Non-branded sales	149.1	130.9	13.9%
<b>Total sales</b>	<b>819.2</b>	<b>790.4</b>	<b>3.6%</b>
Divisional contribution	155.8	149.7	4.1%
Group & corporate costs	(32.8)	(32.7)	(0.4%)
<b>Trading profit</b>	<b>123.0</b>	<b>117.0</b>	<b>5.1%</b>
EBITDA	139.6	133.2	4.8%

Divisional performance - (£m)	FY17/18	FY16/17	%
<b>Grocery</b>			
Branded sales	498.3	482.0	3.4%
Non-branded sales	90.9	81.1	12.1%
<b>Total sales</b>	<b>589.2</b>	<b>563.1</b>	<b>4.6%</b>
Divisional contribution	130.0	129.9	0.1%
<b>Sweet Treats</b>			
Branded sales	171.8	177.5	(3.2%)
Non-branded sales	58.2	49.8	16.9%
<b>Total sales</b>	<b>230.0</b>	<b>227.3</b>	<b>1.2%</b>
Divisional contribution	25.8	19.8	30.3%

Statutory earnings per share	FY17/18	FY16/17
<b>Trading profit</b>	<b>123.0</b>	<b>117.0</b>
Amortisation of intangible assets	(36.3)	(37.9)
Foreign exchange fair value movements	0.1	(1.0)
Net interest on pensions and admin expenses	(2.5)	(0.8)
Restructuring costs	(8.5)	(15.8)
Impairment	(6.5)	-
<b>Operating profit</b>	<b>69.3</b>	<b>61.5</b>
Net finance cost	(48.4)	(49.5)
<b>Profit before tax</b>	<b>20.9</b>	<b>12.0</b>
Taxation charge	(13.7)	(6.5)
<b>Profit after tax</b>	<b>7.2</b>	<b>5.5</b>
Average shares in issue (millions)	836.8	830.1
Basic earnings per share (pence)	0.9p	0.7p

FY18/19 guidance	£m
Working capital	Slightly negative
Depreciation	16-18
Capital expenditure	Maximum £22m
Interest - cash	38-42
Interest - P&L	43-47
Tax - cash	Nil
Tax - notional P&L rate	19.0%
Pension deficit contributions	35
Pension administration costs	6-8
Restructuring	c.£8m
Financing fees	c.£7m

### Outlook summary

- Strategy to drive profitable revenue growth and deliver cost efficiencies to generate cash
- Focused on reducing Net debt/EBITDA to below 3.0x by March 2020
- UK: delivery of growth through innovation & benefits from strategic partnerships with Nissin and Mondelez International
- International: Continue to deliver strong double-digit sales growth over the medium term
- Group expects further balanced progress in FY18/19 across its key priorities and weighted to the second half

Adjusted Earnings per share	FY17/18	FY16/17	%
<b>Trading profit</b>	<b>123.0</b>	<b>117.0</b>	<b>5.1%</b>
Less: net regular interest	(44.4)	(42.8)	(3.6%)
<b>Adjusted Profit before tax</b>	<b>78.6</b>	<b>74.2</b>	<b>5.9%</b>
Less: notional tax @ 19.0%/20.0%	(14.9)	(14.8)	(0.6%)
<b>Adjusted profit after tax</b>	<b>63.7</b>	<b>59.4</b>	<b>7.2%</b>
Divided by: Average shares in issue	836.8	830.1	-
<b>Adjusted earnings per share</b>	<b>7.6</b>	<b>7.2</b>	<b>6.4%</b>

Sales - Q4 (£m)	FY17/18 Q4	FY16/17 Q4	%
<b>Grocery</b>			
Branded sales	129.5	120.1	7.8%
Non-branded sales	24.0	20.2	18.5%
<b>Total sales</b>	<b>153.5</b>	<b>140.3</b>	<b>9.4%</b>
<b>Sweet Treats</b>			
Branded sales	43.7	43.8	(0.3%)
Non-branded sales	7.2	6.9	5.1%
<b>Total sales</b>	<b>50.9</b>	<b>50.7</b>	<b>0.5%</b>
<b>Group</b>			
Branded sales	173.2	163.9	5.6%
Non-branded sales	31.2	27.1	15.3%
<b>Total sales</b>	<b>204.4</b>	<b>191.0</b>	<b>7.0%</b>

Cash flow (£m)	FY17/18	FY16/17
<b>Trading profit</b>	<b>123.0</b>	<b>117.0</b>
Depreciation	16.6	16.2
Other non-cash items	2.8	4.3
Interest	(38.0)	(39.8)
Taxation	1.0	-
Pension contributions	(39.8)	(51.7)
Capital expenditure	(19.2)	(20.9)
Working capital & other	(0.6)	4.7
Restructuring costs	(12.5)	(13.7)
Purchase of own shares	-	(1.1)
Proceeds from share issue	1.2	0.1
Sale of property, plant & equipment	1.3	-
Financing fees	(7.0)	-
<b>Free cash flow</b>	<b>28.8</b>	<b>15.1</b>

Net debt position	£m
<b>Net debt at 1 April 2017</b>	<b>523.2</b>
Free cash flow	(28.8)
Movement in debt issuance costs	2.0
<b>Net debt at 31 March 2018</b>	<b>496.4</b>

Pension valuation (£m)	31 March 2018	1 April 2017
<b>RHM Pension schemes</b>		
Assets	4,184.5	4,190.9
Liabilities	(3,430.5)	(3,597.0)
<b>Surplus</b>	<b>754.0</b>	<b>593.9</b>
<b>Premier Foods Pension schemes</b>		
Assets	679.1	673.7
Liabilities	(1,116.1)	(1,162.8)
<b>Deficit</b>	<b>(437.0)</b>	<b>(489.1)</b>

Combined Pension schemes		
Assets	4,863.6	4,864.6
Liabilities	(4,546.6)	(4,759.8)
<b>Surplus</b>	<b>317.0</b>	<b>104.8</b>

<b>Surplus net of tax (17%/18%)</b>	<b>263.1</b>	<b>87.0</b>
Discount rate	2.70%	2.65%
Inflation rate (RPI/CPI)	3.15%/2.05%	3.3%/2.2%
Mortality rate	LTI +1.0%	LTI +1.0%