



16 November 2023

Half year results for 26 weeks ended 30 September 2023





Alex Whitehouse

CEO



Strong progress against all metrics

Revenue¹

£484m

+19.2%

Grocery market share

+113bps

vs prior year

Trading profit

£68m

+19.0%

Trading profit margin

13.9%

In line with prior year

Adjusted PBT

£57m

+21.2%

Net debt

£65m

lower than prior year

Delivering on all our strategic growth pillars

1
Grow the UK core



H1 UK Branded revenue growth

2
Infrastructure investment



Investing in automation, efficiency and low energy

3
Category expansion



Revenue up 21%

4
International



International revenue growth

5
Inorganic opportunities



FUEL10K acquisition

1 – Includes The Spice Tailor, excludes Knighton Foods



Duncan Leggett

CFO



Another period of strong Revenue and profit growth



£m	FY23/24 H1	Change vs PY	Comments
Branded revenue	416	15.8%	Particularly strong Grocery performance
Non-branded revenue	68	44.8%	Pricing and new contracts in Sweet Treats
Total revenue	484	19.2%	
Divisional contribution	102	21.7%	
Group & corporate costs	(34)	(27.2%)	Investment in systems & strategy support, salary inflation & management incentives
Trading profit	68	19.0%	
<i>Trading profit %</i>	<i>13.9%</i>	<i>0.0ppt</i>	
Net regular interest	(11)	(8.5%)	Increase due to higher SONIA rates
Adjusted profit before tax	57	21.2%	
Adjusted earnings per share (pence)	5.0	12.0%	Higher corporation tax rate of 25%

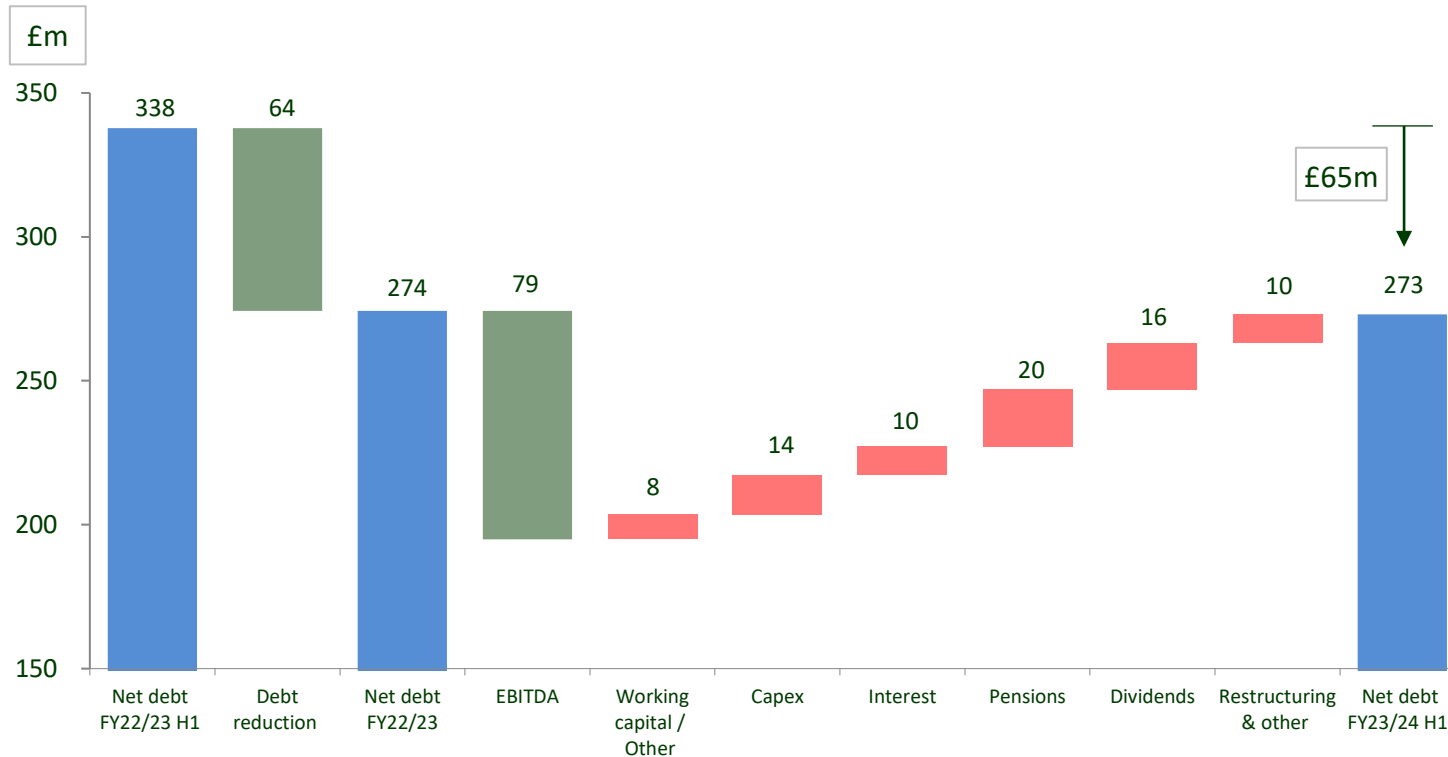
Grocery continued momentum; Sweet Treats weighted to H2



£m	FY23/24 H1	Change vs PY	Comments
Grocery			
Branded revenue	317	23.1%	Broad based growth; Oxo and Nissin particularly strong
Non-branded revenue	46	36.2%	Largely due to price increases
Total revenue	363	24.6%	
Divisional contribution	90	27.5%	Strong trading performance coupled with significantly upweighted brand investment
<i>Divisional contribution %</i>	<i>24.7%</i>	<i>0.6ppts</i>	
Sweet Treats			
Branded revenue	100	(2.6%)	Mr Kipling growth due to strong instore execution offset by lower Cadbury cake sales
Non-branded revenue	22	66.0%	Combination of contract wins in Pies & Tarts and price increases
Total revenue	122	5.4%	
Divisional contribution	12	(8.8%)	Mr Kipling marketing investment more H1 weighted this year
<i>Divisional contribution %</i>	<i>9.9%</i>	<i>(1.6ppts)</i>	

Net debt £65m lower than a year ago

Half year cash flow bridge



FY23/24 guidance

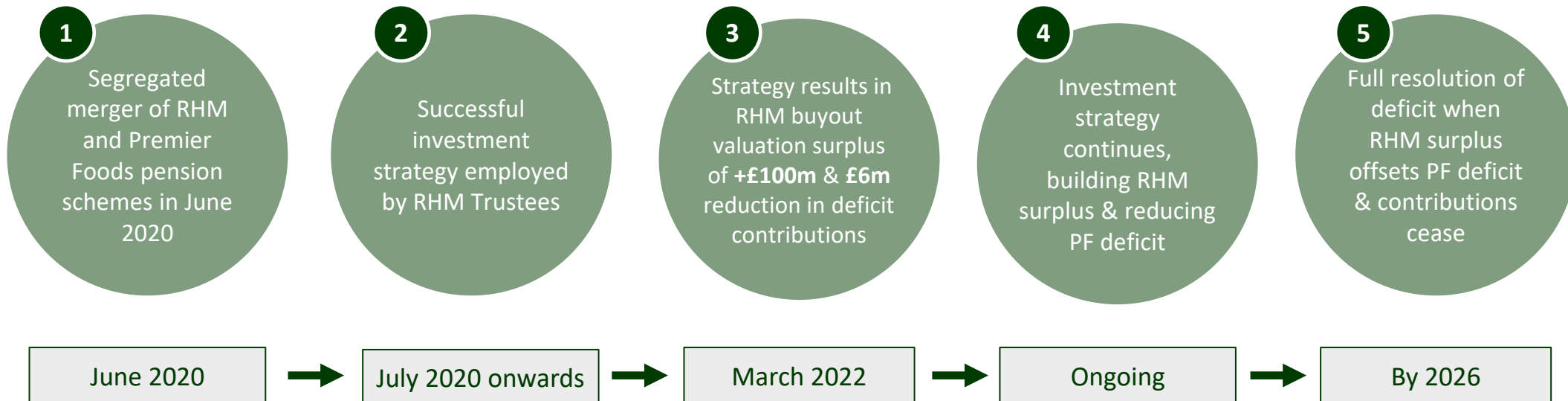
£m

Working capital	Outflow
Depreciation (incl. software amortisation)	c.£25m
Brand & intangible amortisation	c.£20m
Capital expenditure	c.£35m
Restructuring	c.£20m
Interest – cash	c.£20m
Interest – P&L	c.£22m
Tax – cash	LSD £m's
Tax – notional P&L rate	25.0%
Pension deficit contributions	£33m
Pension administrative & PPF levy costs	c.£6m
FY22/23 cash dividend (incl pension match)	c.£16m

- Capex more than doubled compared to prior year, in line with guidance and infrastructure investment strategy
- FY23/24 Net debt expected to be lower than prior year even after FUEL10K acquisition consideration of £30m

Pensions – A full resolution expected within 3 years





Significant progress since merger



Free cash flow per annum will increase by c.75%¹, opening up broader, deeper, capital allocation opportunities

1 – Excluding M&A, assuming £39m pension cash costs

Capital allocation principles

Context	A cash generative business with leading sector margins and increasing marketing investment	
Principles		Change over time
Pensions	<ul style="list-style-type: none">• Current contributions expected to reduce over time as RHM scheme creates further surplus on buyout valuation	
Capex	<ul style="list-style-type: none">• Accelerated capital investment behind infrastructure to drive growth and facilitate cost reduction	
M&A	<ul style="list-style-type: none">• Exploring further targeted acquisitions in the UK and selected international markets, retaining financial discipline	
Dividend	<ul style="list-style-type: none">• Progressive dividend paid on full year basis	
Leverage	Target of c.1.5x Net debt/EBITDA; M&A may increase leverage in short-term	



Alex Whitehouse

CEO



Our strategy and purpose



Guided by our purpose, 'Enriching Life Through Food', together with our ESG strategy

Strong progress in our Enriching Life Plan

PRODUCT

Sales growth from high nutritional products¹

+23%



Products with an additional health benefit²

43%



Packaging



- Currently **96%** of packaging is recyclable
- Ambrosia Minis to be recyclable

PLANET

c.4%↓
Scope 1

Expect to reduce Scope 1 emissions by c.4% this year



New supplier engagement programme to drive Scope 3 emissions reductions



Adopted Rainforest Alliance Certification for cocoa

PEOPLE

47%
Female managers

- 47% of our management colleagues are female
- Sponsored GroceryAid Diversity In Grocery



+16%

- Apprentices + Graduates increased +16%

500,000+ meals donated in H1



Our branded growth model is at the core of what we do

1 Leading brand positions

- Our brands are leaders in their core categories
- High household penetration



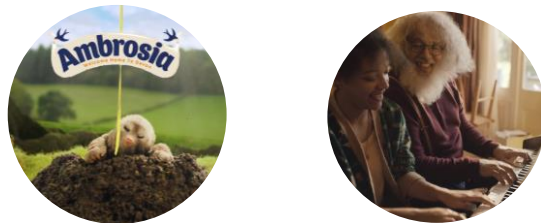
2 Insight driven new products

- Launch new products linked to key consumer trends
- Major focus on health & nutrition



3 Sustained marketing investment

- Marketing and advertising to build brands, maintain awareness and keep them contemporary
- Create emotional connections through media



4 Retailer partnerships

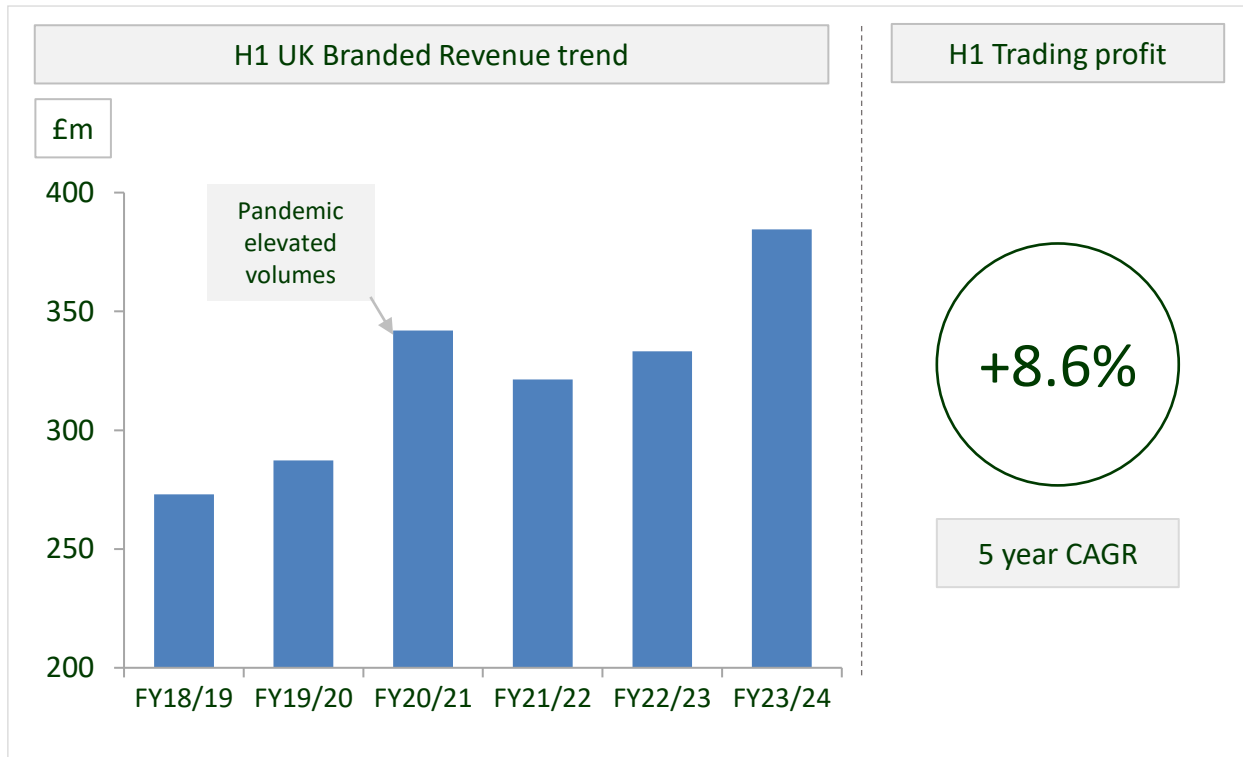
- Focused on driving mutual category growth
- Deliver outstanding instore execution



Driving sales growth, profit growth and winning market share



Consistently delivering profitable revenue growth



Market share gains¹

- Strong market share gains in Grocery
- Sweet Treats on improving trajectory
- Instore performance replicated online

1 - Source: Circana, 24 w/e 30 September 2023

The UK core benefitting from NPD and upweighted investment

Product innovation well aligned to consumer trends

Health & Nutrition



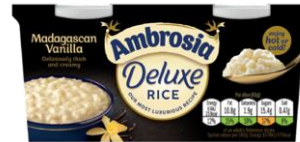
- A major focus of innovation strategy is to deliver **healthy options** for consumers, such as **Mr Kipling Deliciously Good** & **Sharwood's** low fat curry pastes

Convenience



- Nissin** continues to grow very strongly, bolstered by new Big Pot formats
- Oxo** grew nearly 40% in H1 benefitting from Stock Pots expansion

Indulgence



- Indulgence remains a key trend with **Mr Kipling**, **Plantastic** and **Ambrosia** all launching exciting new ranges

Significantly increased brand investment



- Seven major brands benefitting from increased TV, digital and outdoor media investment



- Significantly upweighted investment in successful **'Best Restaurant in Town'** campaign to mainstream TV media across many brands

Great instore execution and distribution gains

Instore KPIs

Distribution points

+2.6%

Significant gains in recent Grocery range reviews

Off-shelf display

+56%

All Grocery categories increasing

Batchelors Batman

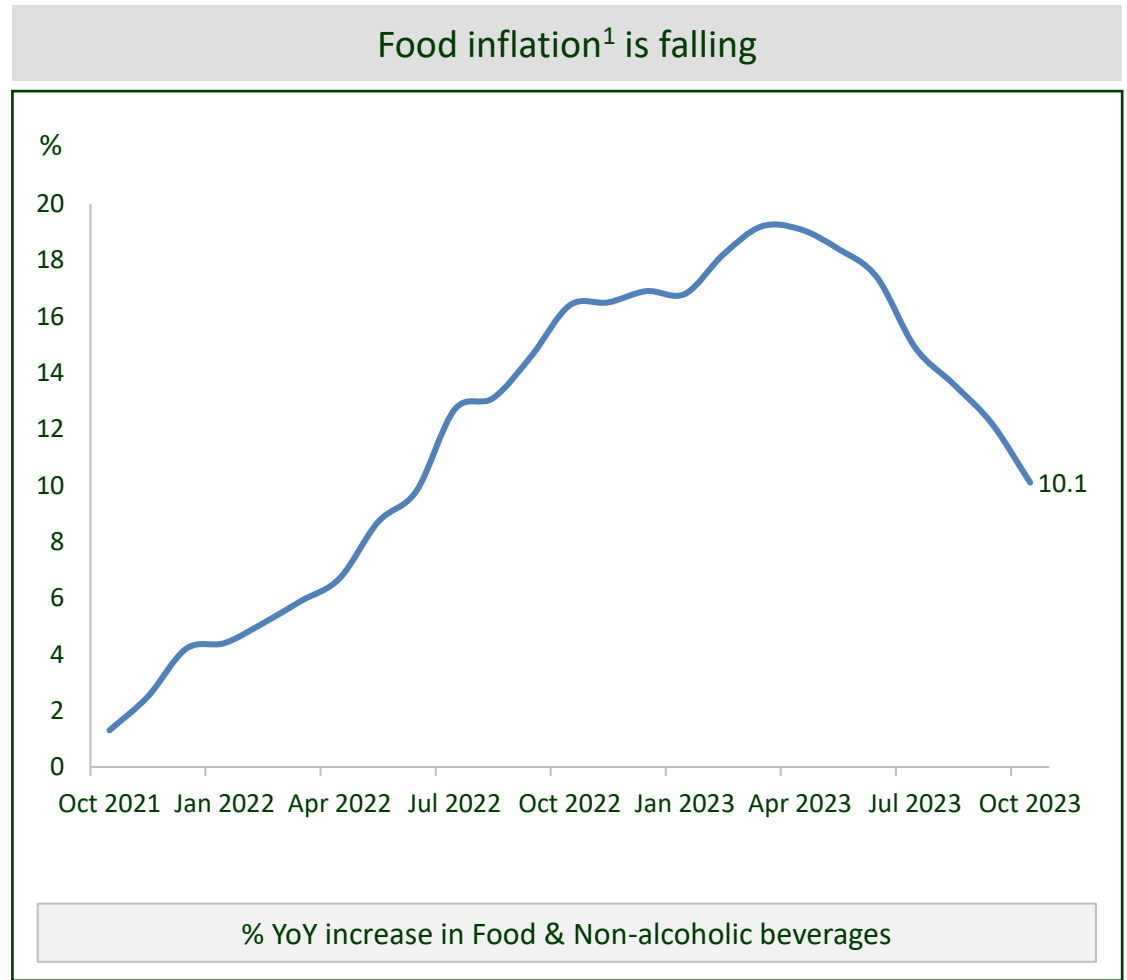


Mr Kipling Minions



1

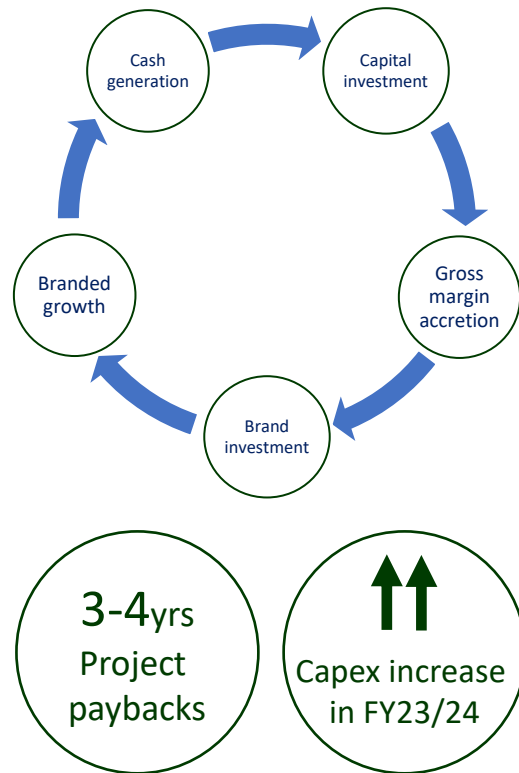
Inflation is falling and we've lowered our promotional pricing



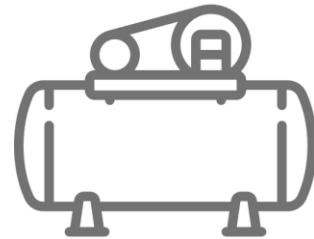
1 - Source: ONS, Food and Non-alcoholic Beverage Inflation, October 2023, 2 – Price points are at the sole discretion of the retailer

Infrastructure investment

Capex fuels branded growth



Efficiency & energy reduction



- Air compressor replacement across many sites
- Utilises more efficient technology which reduces scope 2 emissions
- Strong paybacks; less than 3 years

Further automation in cake

Auto-casepackers & Auto-palletisers

4



Completed

4



On order



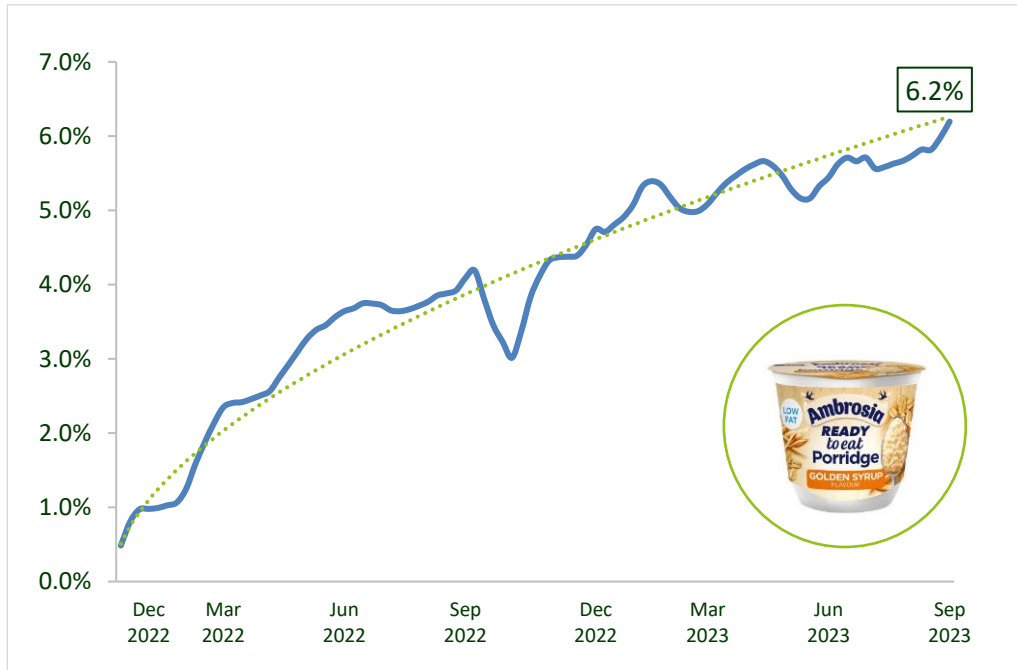
Knighton site closure



- Increases Group branded sales mix
- Absolute & % margin accretive
- Reduces GHG scope 1&2 emissions
- Transfer some existing lines to Ashford & Carlton sites

New categories grew revenue by 21%

Ambrosia Porridge



- Continuing to grow market share in high growth sub-category
- Reached 14.7% share in largest customer
- Product range extension to come in H2
- Launch into Irish market in second half

Ice Cream



1. Leveraging Mr Kipling & Angel Delight brand equities to extend into ice-cream
2. Building distribution in major multiple retailers
3. Strong instore execution promoting consumer trial

Cape Herb & Spice



1. Revenue in H1 more than doubled
2. Distribution expansion and market share continues to grow

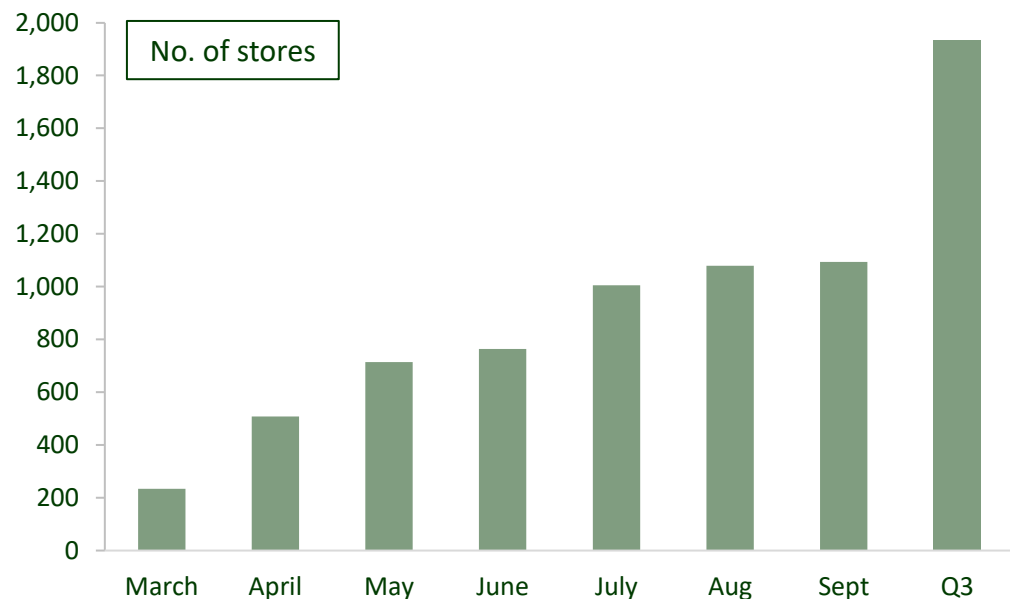
Oxo Rubs & Marinades



1. Range expansion with Chinese BBQ and Jerk BBQ launched in H1
2. Increased retailer distribution

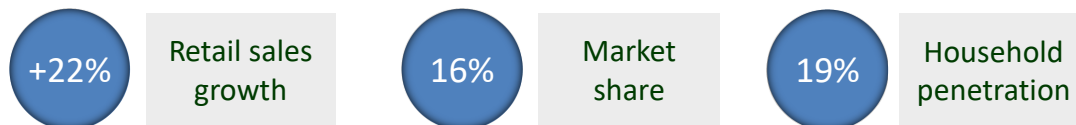
International expansion gathering pace in US and Australia

US cake: Strong progress building distribution



- Further stores will be added in Q3 and beyond
- Social media campaigns and instore activation to drive consumer trial
- Cake distribution increases helped drive US total revenue +53%

Applying the Branded Growth Model to Australia cake



1

Marketing investment



- TV media utilising successful UK 'Little Thief' advert plus Great Australian Bake Off sponsorship

2

New product development



- H1 Launches included Salted Caramel slice and Caramel Bakewell Tarts

Source: Circana, August 2023

The Spice Tailor: Leveraging the Branded Growth Model

UK distribution growth and instore execution



ASDA

Morrisons
Since 1899

- More than doubled weighted distribution across Asda & Morrisons



- Driving improved and more impactful instore display

New product development



- Strong NPD pipeline for next 12 months

Overseas market expansion



DUNNES
STORES

Musgrave

- Doubling Ireland store distribution through Dunnes & Musgraves listings



countdown 

- Launched into 540 Countdown stores with 4 SKUs

Well on track to deliver returns ahead of acquisition plan for full year

5 Introducing FUEL10K



**MAKE
MORNINGS
EASY**

1 A vibrant breakfast orientated brand portfolio of granola, oats and drinks

2 Differentiated protein-boosted brand proposition

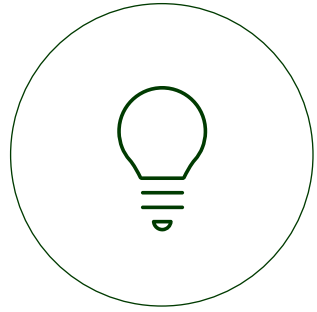
3 A modern and young consumer demographic

- Provides a much larger platform in Breakfast
- Brand has a differentiated positioning
- Track record of high growth
- Applying the branded growth model will drive significantly incremental value

5 We'll leverage our branded growth model to continue the growth trajectory



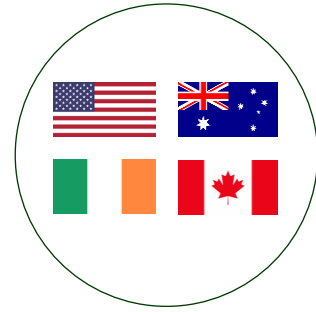
Increase distribution in UK retailers



Expand new product development pipeline



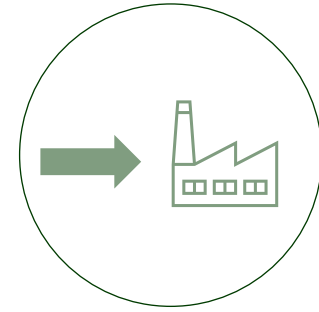
Upweight brand investment



International opportunities in existing geographies



Expand beyond breakfast heartland



Supply chain efficiency opportunities

Strong activity planned for the second half & beyond

1 UK branded core



- Range of exciting new products coming to market in H2

2 Infrastructure investment

c.£35m
FY23/24
capex spend



- Developed a new, innovative, energy efficient process to manufacture iced-topped cake products
- Increases line efficiency and productivity
- Reduces Scope 1 and Scope 2 emissions

3 New categories



- Continue to build Porridge pots with addition of two new flavours



- Full effect of recently expanded distribution to flow through in H2

4 International



- Continue to build additional distribution of Mr Kipling in USA with increased sales resource



- Launching in Northern Europe, commencing dialogue in USA



- Ireland brand investment

Summary & outlook

- 1 — A strong first half of the year and good start to Quarter 3
- 2 — Second half will benefit from comprehensive programme of NPD, brand investment & instore execution
- 3 — Integration of FUEL10K already commenced
- 4 — Now expect full year Trading profit to be in the region of 10% higher than prior year
- 5 — Pensions full resolution expected within three years which will unlock future value



Q&A





Appendix

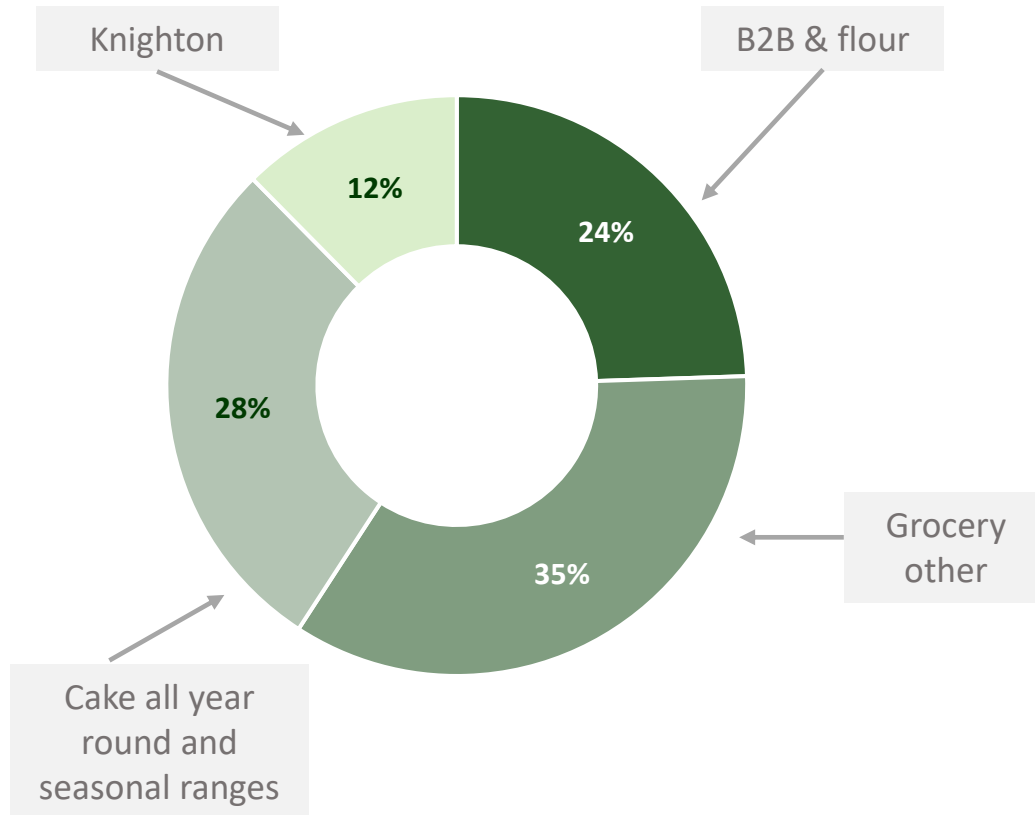


Definitions

- The period 'FY23/24 H1' refers to the 26 weeks ended 30 September 2023, unless where otherwise stated. The period 'FY22/23 H1' refers to the 26 weeks ended 1 October 2022, unless otherwise stated.
- Trading profit is defined as Profit/(loss) before tax before net finance costs, amortisation of brand assets, non-trading items (items requiring separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance), fair value movements on foreign exchange and other derivative contracts and net interest on pensions and administration expenses and past service costs.
- Adjusted profit before tax is defined as Trading profit less net regular interest. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other finance income and other interest payable. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 25% divided by the weighted average of the number of shares of 862.5 million (26 weeks ended 1 October 2022: 860.3 million).

Non-branded

Non-branded revenue by type



Key principles & criteria

- Retention of branded IP
- Application of a Capex light approach
- Strict financial hurdles apply for new business
- Assists in supporting Manufacturing overhead recoveries

FY23/24 H1 commentary

- Headline non-branded revenue up 44.8%
- Grocery +36.2%, principally due to pricing benefits
- Sweet Treats +66.0% due to contract wins in pies and tarts and price increases

Statutory vs Headline Revenue

£m		Quarter 2			Half 1		
		Statutory	Knighton Foods	Headline	Statutory	Knighton Foods	Headline
Grocery	Branded revenue	168	-	168	317	-	317
	Non-branded revenue	28	(5)	23	55	(10)	45
	Total revenue	196	(5)	191	372	(10)	362
Sweet Treats	Branded revenue	49	-	49	100	-	100
	Non-branded revenue	13	-	13	22	-	22
	Total revenue	62	-	62	122	-	122
Group	Branded revenue	217	-	217	416	-	416
	Non-branded revenue	41	(5)	36	78	(10)	68
	Total revenue	258	(5)	253	494	(10)	484

Adjusted earnings per share

£m	FY23/24 H1	FY22/23 H1
Trading profit	68	57
Net regular interest	(11)	(10)
Adjusted PBT	57	47
Tax	(14)	(9)
Adjusted earnings	43	38
Weighted average shares in issue (million)	862.5	860.3
Adjusted earnings per share (pence)	5.0p	4.4p

Interest and taxation

	£m	FY23/24 H1	FY22/23 H1	Change
Interest	Senior secured notes interest	6	6	-
	Bank debt interest	4	3	(1)
		10	9	(1)
	Amortisation of debt issuance costs	1	1	-
	Net regular interest	11	10	(1)

Taxation	<ul style="list-style-type: none"> ▪ Tax charge of £15m, due to operating activities charge and impact on tax rate changes ▪ Notional corporation tax rate of 25% now applicable (FY22/23 H1: 19%) ▪ Cash tax paid in FY23/24 H1 of £0.8m ▪ Group retains brought forward losses, available to offset against future tax liabilities
----------	--

Pensions

IAS19 Accounting valuation (£m)	30 September 2023			1 April 2023		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	2,904	503	3,407	3,240	553	3,793
Liabilities	(2,077)	(672)	(2,749)	(2,292)	(735)	(3,027)
Surplus/(Deficit)	827	(169)	658	948	(183)	766
Discount rate		5.50%			4.80%	

- Liabilities reduced by £278m due to discount rate increase from 4.8% to 5.5%
- Asset values £386m lower at £3,401m
- Accounting pensions valuation doesn't directly drive deficit cash contributions

Valuation methodology comparisons (£m)

Methodology	Timing	RHM	Premier Foods	Combined
1. Accounting	30 September 2023	827	(169)	658
2. Technical/Actuarial	31 March 2022	665	(368)	297
3. Buyout	31 March 2022	100+	Reducing	Deficit reducing
4. NPV of contributions	30 September 2023	N/A	(125)	(125)

Summarised balance sheet

£m	30 September 2023	1 April 2023
Property, plant & equipment	187	186
Intangibles / Goodwill	964	975
Deferred tax asset	21	22
Retirement benefit assets	837	960
Non-current Assets	2,008	2,143
Working Capital - Stock	137	94
- Debtors	111	103
- Creditors	(296)	(255)
Total Working Capital	(48)	(58)
Net debt		
Gross borrowings	(341)	(337)
Cash	68	63
Total Net debt	(273)	(274)
Retirement benefit obligations	(179)	(195)
Other net liabilities	(182)	(210)
Net Assets	1,325	1,406
Share capital & premium	90	89
Reserves	1,235	1,317
Total equity	1,325	1,406

FUEL10K transaction details



1 Premier Foods has acquired 100% of FUEL10K shares on completion, on a cash free and debt free basis

2 Enterprise value £34.0m, representing 1.6x current year revenue forecasts of c.£21m

3 Proceeds on completion of £29.6m, funded through available cash reserves

- Further consideration, with floor of £4m to be paid in FY26/27
- Cap on total consideration of £55m, increment of which reflects stretching sales target

4 Earnings accretive in year one, FY22/23 Gross Assets £5.1m, PBT £0.5m

5 Post acquisition, Group FY23/24 Net debt/EBITDA expected to remain lower than FY22/23

Cautionary statement



This presentation may contain "forward-looking statements" that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "would", "should", "could", "will", "plans", "predicts" and "potential", as well as the negatives of these terms and other words of similar meaning. Any forward-looking statements in this presentation are made based upon Premier Foods' estimates, expectations and beliefs concerning future events affecting the Group and subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Premier Foods Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. Premier Foods cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements. Any forward-looking statements contained in this presentation apply only as at the date of this presentation and are not intended to give any assurance as to future results. Premier Foods will update this presentation as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, London Stock Exchange and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.