

HALF YEAR RESULTS FOR  
26 WEEKS ENDED 2 OCTOBER 2021

16 NOVEMBER 2021





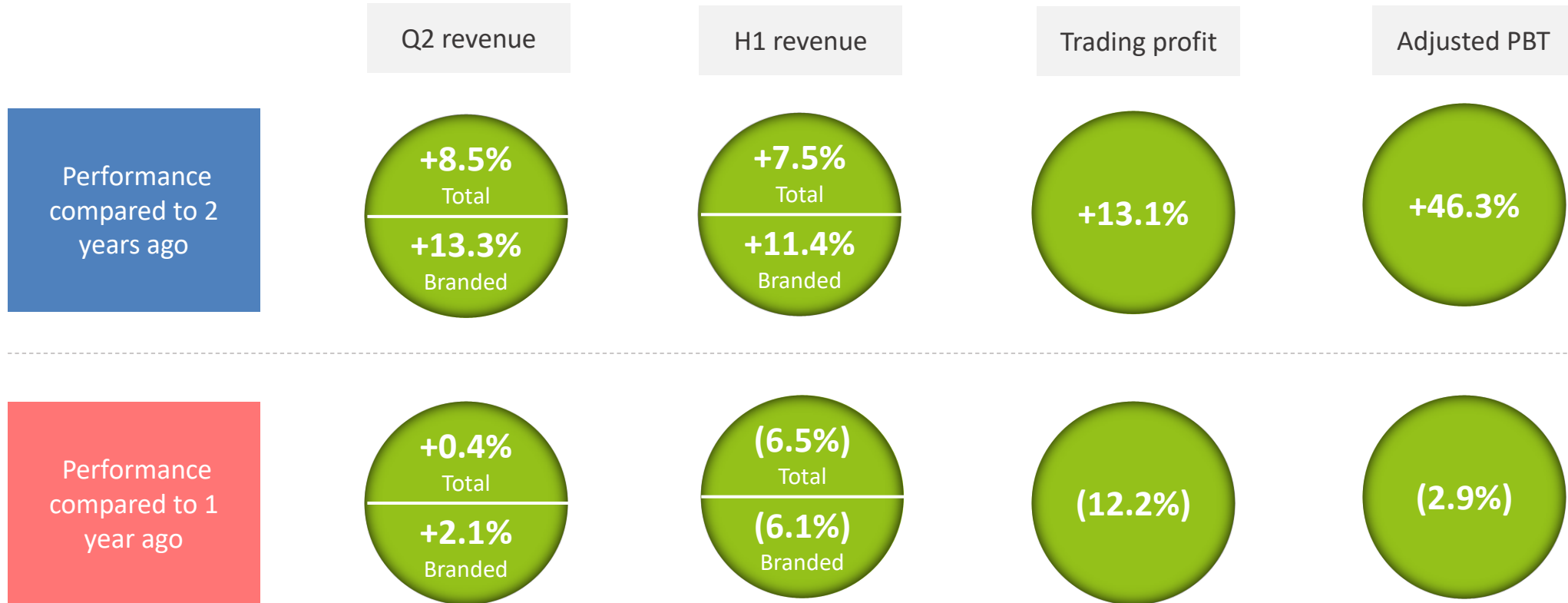
ALEX WHITEHOUSE  
CEO



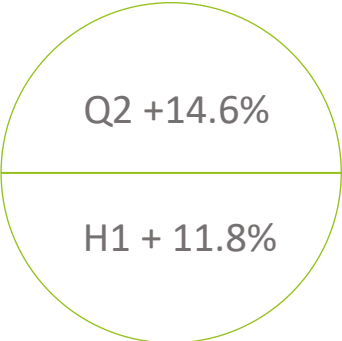
Per 1/2 pack (148g) portion as eaten		
Energy	Fat	Saturates
647kJ	0.9g	
153kcal		
8%		



# Headline Half year results; Revenue ahead of expectations



# Making strong strategic progress



1 UK Branded revenue growth vs 2 years ago

2 Infrastructure Investment

3 Category expansion

4 International progress

5 Re-financing completed

*Guided by our new purpose, 'Enriching Life Through Food'*

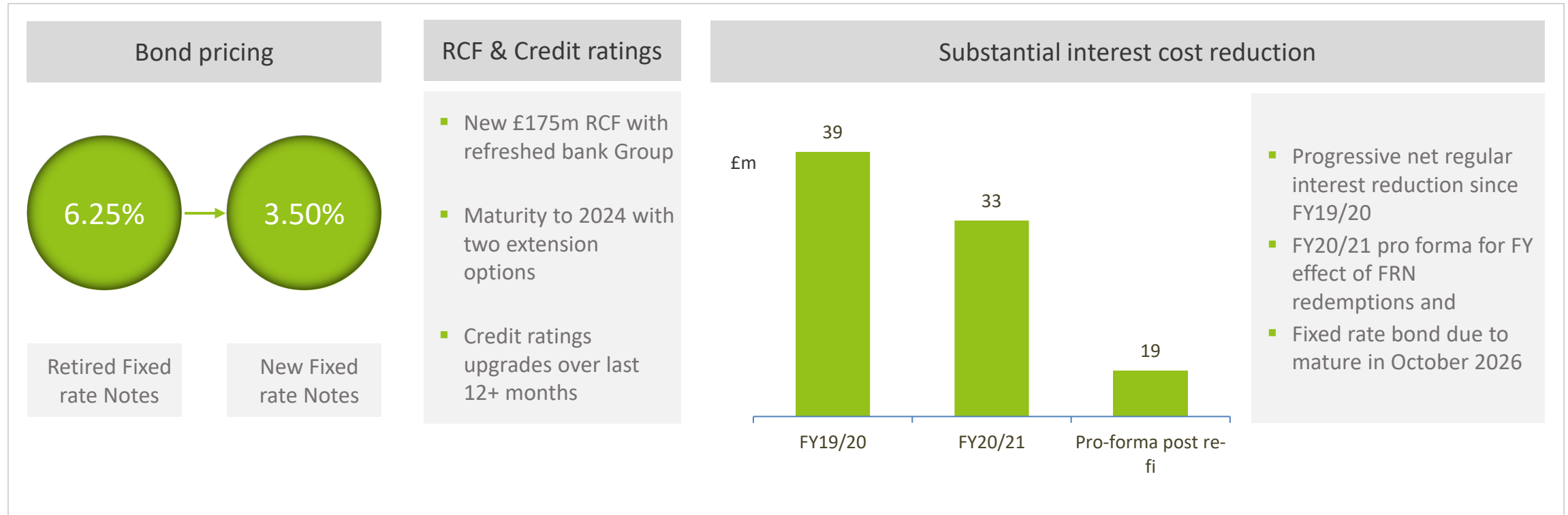




DUNCAN LEGGETT  
CFO



# Earnings enhancing refinancing completed in the first half



# Group headline results – Branded revenue up 11.4% vs 2 years ago

£m	FY21/22 H1	FY20/21 H1	FY19/20 H1	Change vs 1 year ago	Change vs 2 years ago
<b>Branded revenue</b>	<b>345</b>	<b>368</b>	<b>310</b>	<b>(6.1%)</b>	<b>+11.4%</b>
Non-branded revenue	49	54	57	(9.4%)	(14.0%)
<b>Total revenue</b>	<b>394</b>	<b>422</b>	<b>367</b>	<b>(6.5%)</b>	<b>+7.5%</b>
<i>Gross margin %</i>	<i>34.7%</i>	<i>34.8%</i>	<i>34.3%</i>	<i>(0.1ppt)</i>	<i>+0.4ppt</i>
<b>Divisional contribution</b>	<b>77</b>	<b>88</b>	<b>70</b>	<b>(12.1%)</b>	<b>+10.4%</b>
Group & corporate costs	(19)	(22)	(19)	+11.7%	(3.2%)
<b>Trading profit</b>	<b>58</b>	<b>66</b>	<b>51</b>	<b>(12.2%)</b>	<b>+13.1%</b>
<i>Trading profit %</i>	<i>14.7%</i>	<i>15.6%</i>	<i>13.9%</i>	<i>(0.9ppts)</i>	<i>+0.8ppts</i>
<b>EBITDA</b>	<b>67</b>	<b>75</b>	<b>61</b>	<b>(10.4%)</b>	<b>+10.9%</b>
<i>EBITDA %</i>	<i>17.0%</i>	<i>17.8%</i>	<i>16.5%</i>	<i>(0.8ppts)</i>	<i>+0.5ppts</i>

- Branded revenue lower versus prior year due to significantly increased trading due to pandemic; well ahead of 2YA through benefits of Branded growth model
- Non-branded revenue down due to business-to-business sales impacted by reduced eating out on both one and two year timeframes
- Group & Corporate costs lower due to reduced management incentive provisions
- Trading profit growth +13.1% ahead of two years ago

# Grocery – Branded revenue and DC well ahead of 2 years ago

£m	FY21/22 H1	FY20/21 H1	FY19/20 H1	Change vs 1 year ago	Change vs 2 years ago
<b>Branded revenue</b>	<b>245</b>	<b>273</b>	<b>218</b>	<b>(10.3%)</b>	<b>+12.2%</b>
Non-branded revenue	39	44	46	(10.1%)	(14.4%)
<b>Total revenue</b>	<b>284</b>	<b>317</b>	<b>264</b>	<b>(10.3%)</b>	<b>+7.6%</b>
<b>Divisional contribution</b>	<b>64</b>	<b>79</b>	<b>59</b>	<b>(18.1%)</b>	<b>+8.3%</b>
<i>Divisional contribution %</i>	22.6%	24.8%	22.5%	(2.2ppts)	+0.1ppts

- Branded revenue; a number of brands delivered strong growth compared to two years ago; Nissin sales have increased over both timeframes
- Non-branded revenue lower due to continued pandemic impacts on Business to Business volumes
- International revenue 7%<sup>1</sup> higher than two years ago and 5%<sup>1</sup> lower than prior year, the latter due to pandemic effects and global shipping delays
- Divisional contribution cash and margin ahead of two years ago; prior year comparative includes benefit of exceptional operational leverage due to elevated pandemic volumes



# Sweet Treats – Branded growth model driving progress

£m	FY21/22 H1	FY20/21 H1	FY19/20 H1	Change vs 1 year ago	Change vs 2 years ago
<b>Branded revenue</b>	<b>100</b>	<b>94</b>	<b>92</b>	<b>+6.3%</b>	<b>+9.5%</b>
Non-branded revenue	10	11	11	(6.4%)	(12.2%)
<b>Total revenue</b>	<b>110</b>	<b>105</b>	<b>103</b>	<b>+5.0%</b>	<b>+7.1%</b>
<b>Divisional contribution</b>	<b>13</b>	<b>9</b>	<b>10</b>	<b>+39.9%</b>	<b>+22.5%</b>
<i>Divisional contribution %</i>	<i>11.5%</i>	<i>8.7%</i>	<i>10.1%</i>	<i>+2.8ppts</i>	<i>+1.4ppts</i>

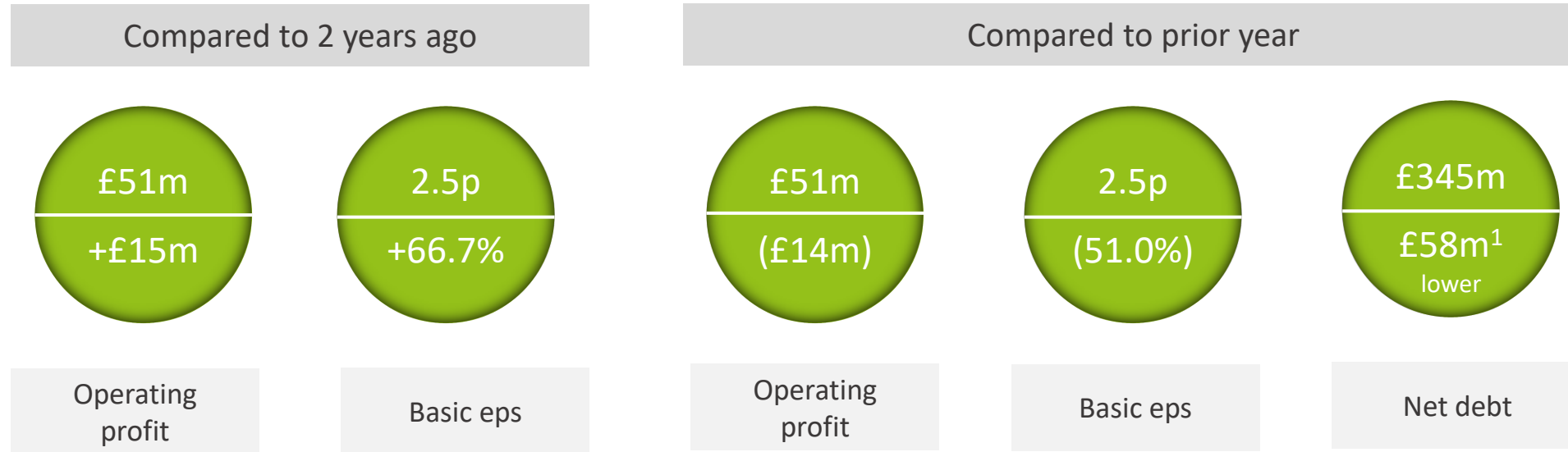
- Strong performances from both Mr Kipling and Cadbury cake driving Branded revenue in H1 of +6.3%, reflecting new product development
- Quarter 2 total revenue up +8.6% vs last year and ahead +12.1% compared to two years ago; both due to strength of branded performance
- Quarter 2 branded revenue up +9.4% in Q2 vs prior year due to product innovation such as Mr Kipling Signature ranges and Cadbury Fudge and Crunchie cake bars
- Non-branded revenue lower due to contract exits on certain Pies and Slices business
- Increased Divisional contribution against prior year and two years ago, with benefits of branded growth and lower Covid costs versus prior year, partly offset by higher marketing investment

# Adjusted earnings per share 45% ahead of two years ago

£m	FY21/22 H1	FY20/21 H1	FY19/20 H1	vs FY20/21	FY19/20
<b>Trading profit</b>	<b>58</b>	<b>66</b>	<b>51</b>	<b>(12.2%)</b>	<b>+13.1%</b>
Net regular interest	(12)	(18)	(19)	+36.8%	+41.2%
<b>Adjusted PBT</b>	<b>46</b>	<b>47</b>	<b>32</b>	<b>(2.9%)</b>	<b>+46.3%</b>
Notional tax @ 19%	(8)	(9)	(6)	+2.9%	+46.3%
<b>Adjusted earnings</b>	<b>38</b>	<b>38</b>	<b>26</b>	<b>(2.9%)</b>	<b>+46.3%</b>
Weighted average shares in issue (million)	856.9	849.6	846.1	+0.9%	+1.3%
<b>Adjusted earnings per share (pence)</b>	<b>4.4p</b>	<b>4.5p</b>	<b>3.0p</b>	<b>(3.8%)</b>	<b>+44.5%</b>

- Significant reduction in Net regular interest following completion of refinancing in H1, particularly due to lower bond coupon of 3.5%
- Notional tax unchanged at 19%
- Adjusted PBT and eps only marginally below last year and well ahead of two years ago

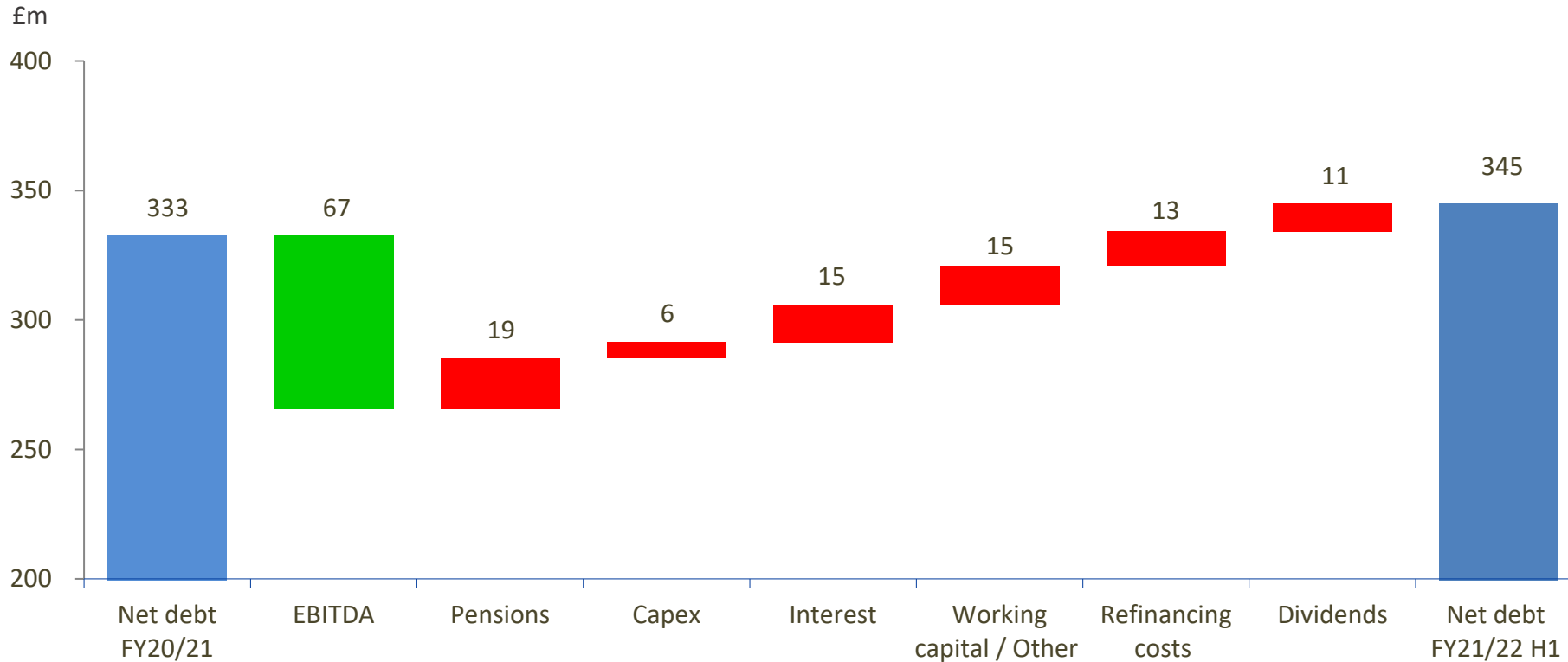
# Statutory and headline metrics



- Operating profit in prior year benefitted from reversal of impairment due to Hovis sale process
- Basic eps 2.5p, 66.7% ahead of two years ago
- Net debt of £345m (including leases) is £58m lower than same point a year ago



# Cashflow – full year expectations unchanged



- Capex spend weighted to H2
- Full benefit of interest savings to flow through in H2 following refinancing
- Working capital outflow due to seasonal stock build
- No further refinancing costs expected in H2
- Dividends cash outflow for first time in 13 years

# Pension schemes segregated merger – progress update



£4m



Administration costs savings



Implemented stronger governance



Revised investment strategy with increased hedging



Higher returns targeted for PF sections



Winding up lumpsum completed (15% of PF members)

# Combined Pensions Schemes – combined surplus of £608m, up £68m

IAS19 Accounting valuation (£m)	2 October 2021			3 April 2021		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,490	828	5,318	4,459	793	5,252
Liabilities	(3,533)	(1,177)	(4,710)	(3,537)	(1,175)	(4,712)
<b>Surplus/(Deficit)</b>	<b>957</b>	<b>(349)</b>	<b>608</b>	<b>922</b>	<b>(383)</b>	<b>540</b>
Discount rate		2.00%			2.00%	

- Asset values increased £66m to £5,318m driving increase in combined surplus to £608m
- Discount rate unchanged at 2.0%, the key factor behind only small change in liabilities compared to six months ago
- Accounting pensions valuation doesn't directly drive deficit cash contributions
- Current NPV of pension deficit contribution schedule remains at £300-320m





ALEX WHITEHOUSE  
CEO



# Our new ESG strategy, 'Enriching Life Plan'

Major, new, ambitious targets

Pillar	PRODUCT	PLANET	PEOPLE
Our ambitions	GREAT TASTING NUTRITIOUS AND SUSTAINABLE FOOD	CONTRIBUTING TO A HEALTHIER PLANET	NOURISHING THE LIVES OF OUR COLLEAGUES AND COMMUNITIES
	Healthier Nutrition	Taking action on climate change	A diverse, healthy and inclusive culture
	Plant-based Eating	Protecting our natural resources	A leading developer of people
Targets include	Sustainable Packaging	Reducing waste across our value chain	A caring community partner
	<p>More than double sales of high nutritional standard by 2030</p> <p>£250m sales from plant-based products by 2030</p>	<p>Reduction of Scope 1 and 2 emissions by 42% by 2030 and achieve Net Zero for direct emissions by 2040</p> <p>Introduce SBTi aligned to the 'Business Ambition for 1.5'</p> <p>Halve food waste by 2030</p>	<p>Gender balance for senior management population by 2030</p> <p>Donation of 1 million meals per annum to those in poverty by 2030</p>



# A reminder of what we have already achieved

## PRODUCT



- 17 new better for you ranges in FY20/21
- 84% of ranges have a better for you option
- 1,102 tonnes of sugar removed since 2015

### Packaging



- Founding member of UK Plastics Pact
- Only 12% of our packaging is plastics
- 70% of our plastics is recyclable (from 63%)
- Removed 400 tonnes of non-recyclable plastic packaging in FY20/21
- 94% of packaging by weight is recyclable

## PLANET



- Reduced CO<sub>2</sub> emissions by 5.8% last year and by 43% since 2008<sup>2</sup>
- Maintain zero waste to landfill record
- Water usage reduced by 58% compared to 2007



100% certified sustainable palm oil



100% certified (direct) soya, up from 89% in PY



BBFAW Tier 2 for 2<sup>nd</sup> year plus higher score

## PEOPLE



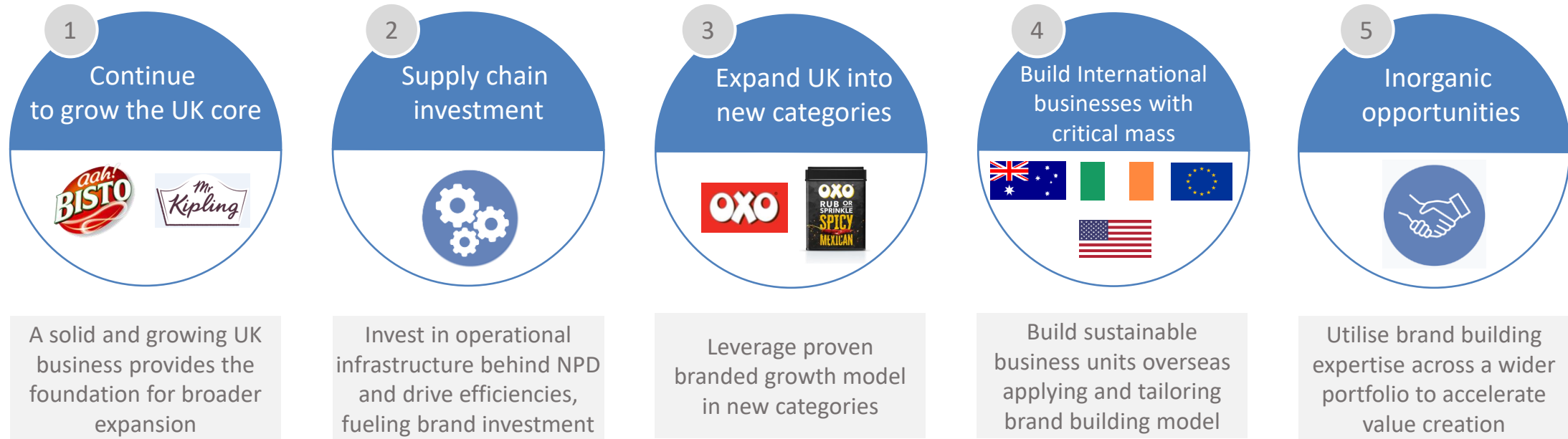
1. Top 100 apprenticeship employer for 4<sup>th</sup> year
2. 550 leaders and managers undertaken I&D programme
3. Best in class safety record: Accident rate (0.02 RIDDORs) at operational sites is 26 times better than industry average

550,000 meals<sup>1</sup> donated to those in need via Fareshare during Covid pandemic





# Our strategy and purpose



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

# Our Branded growth model is at the core of what we do

1

## Leading brand positions

- Our brands are leaders in their 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



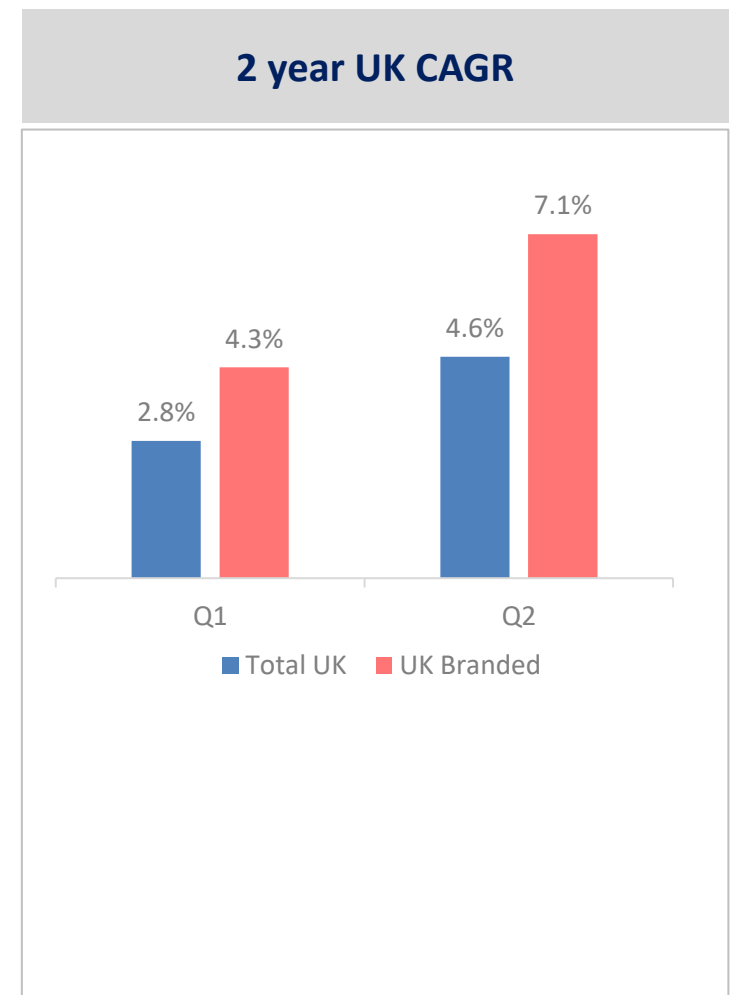
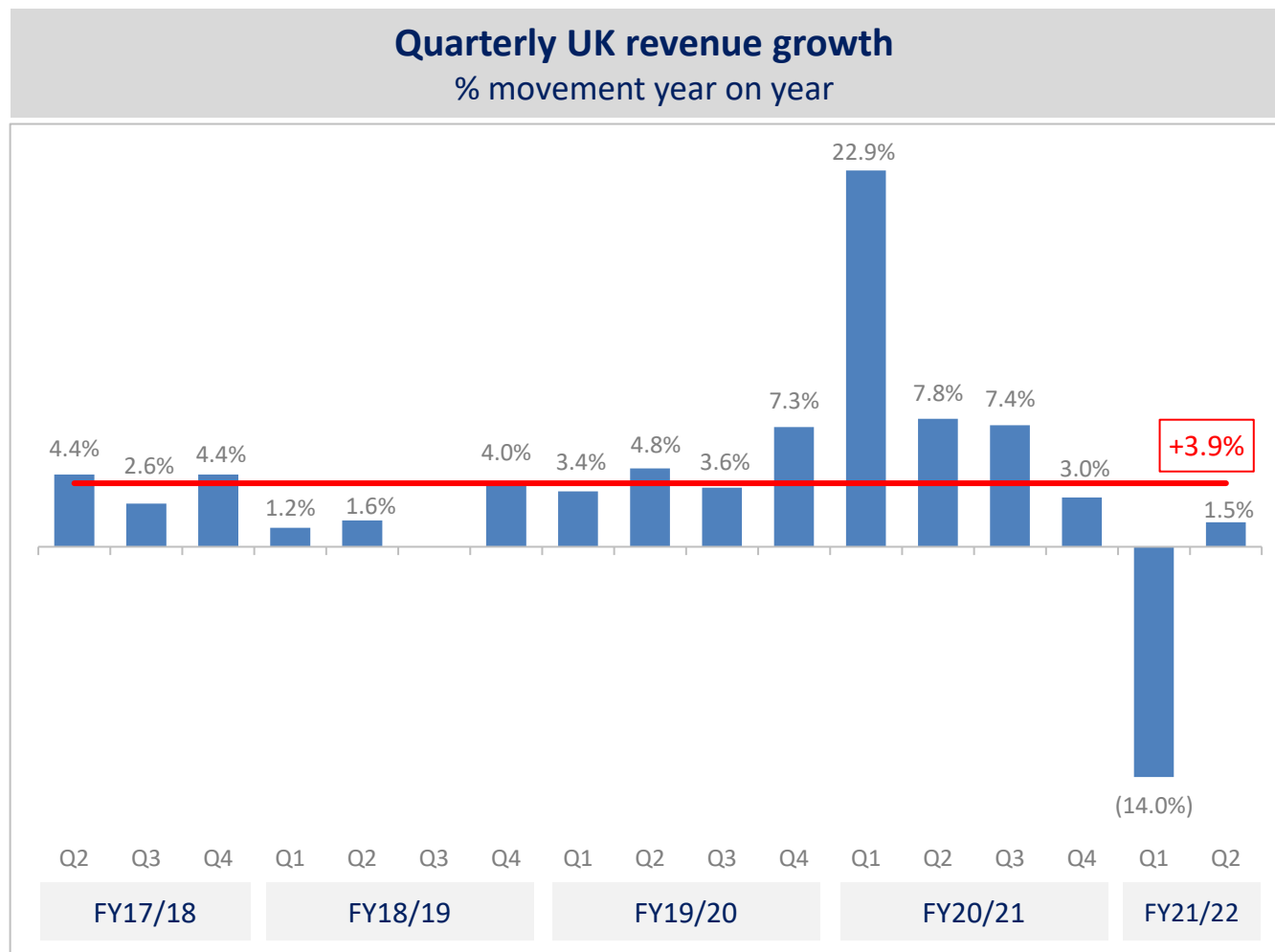
4

## Retailer partnerships

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



# Consistent UK revenue performance at c.4% growth



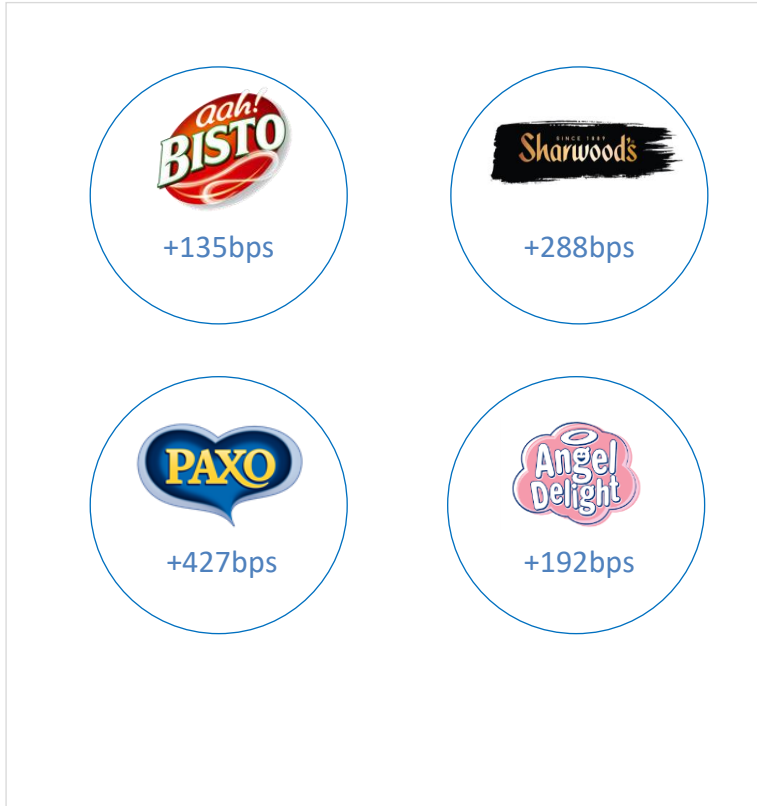
# Market share gains versus two years ago

H1 market share<sup>1</sup> vs 2 years ago



- Grocery brands saw lower volume of promotions in Q1 prior year
- Sweet Treats driven by benefits from excellent NPD program; Mr Kipling Signature and Cadbury cake bars
- Share online 120bps higher than 2 years ago
- Market share broadly flat compared to year ago when share gains were elevated during pandemic

Household penetration<sup>2</sup> vs 2 years ago





# Navigating the macro and industry-wide challenges



## HGV drivers

- Customer service levels remain strong
- Our supply chain team doing a great job to anticipate, plan and mitigate challenges
- We have secured the logistics resources for our peak period



## Tight labour market

- Many long service colleagues
- High proportion of skilled labour roles, especially on automated lines
- Teams able to flex to meet demand uplifts



## Input cost inflation

- Inflation seen so far covered by cost savings and price increases implemented in last financial year
- Looking ahead, we now see further inflation which we will cover in similar ways, effective later this year

# The Branded Growth Model at work in H1

## Sweet Treats Innovation



- Product innovation a major driver of Sweet Treats +6.3% branded growth in H1
- Mr Kipling 30% less sugar Viennese Whirls and Signature premium range contributors to growth
- Cadbury Crunchie & Fudge Cake Bars a particular highlight

## Grocery innovation



Lloyd Grossman – Pizza range



Angel Delight  
Sales +38% vs 2YA



Ambrosia  
Dessert & Mousse pots

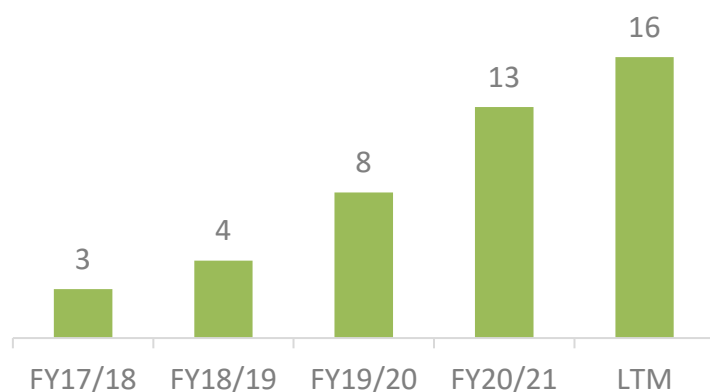
## Brand investment



Three major brands received TV advertising

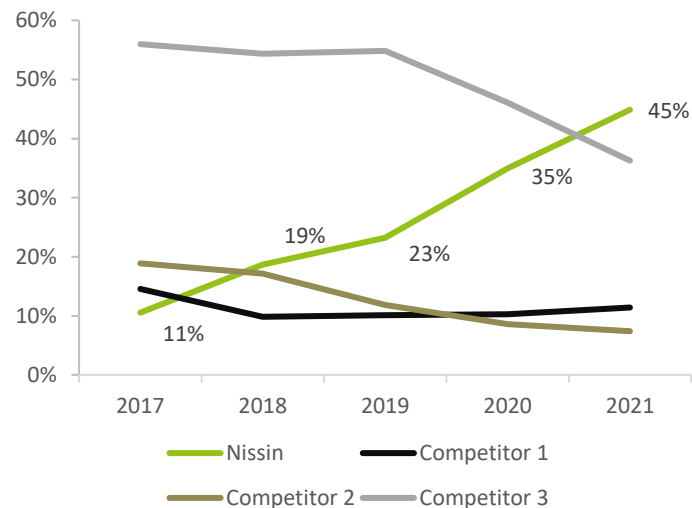
# Nissin: the exceptional growth trajectory continues

## Turnover profile (£m)



- Turnover over five times the size it was 3½ years ago
- Equivalent CAGR of 55%

## Authentic pot snack market



- Market share grown from 11% to 45% in 4 years
- Now the leading authentic Noodles in a pot brand

## Recent NPD & commercial expertise



- Authentic flavour profiles
- Combined with application of strong in market execution capabilities has delivered significant growth
- Exceptional repeat rate with consumers

# Accelerating our healthier range and plant-based propositions

## Better for you ranges

+25%

Healthier ranges revenue growth vs 2YA



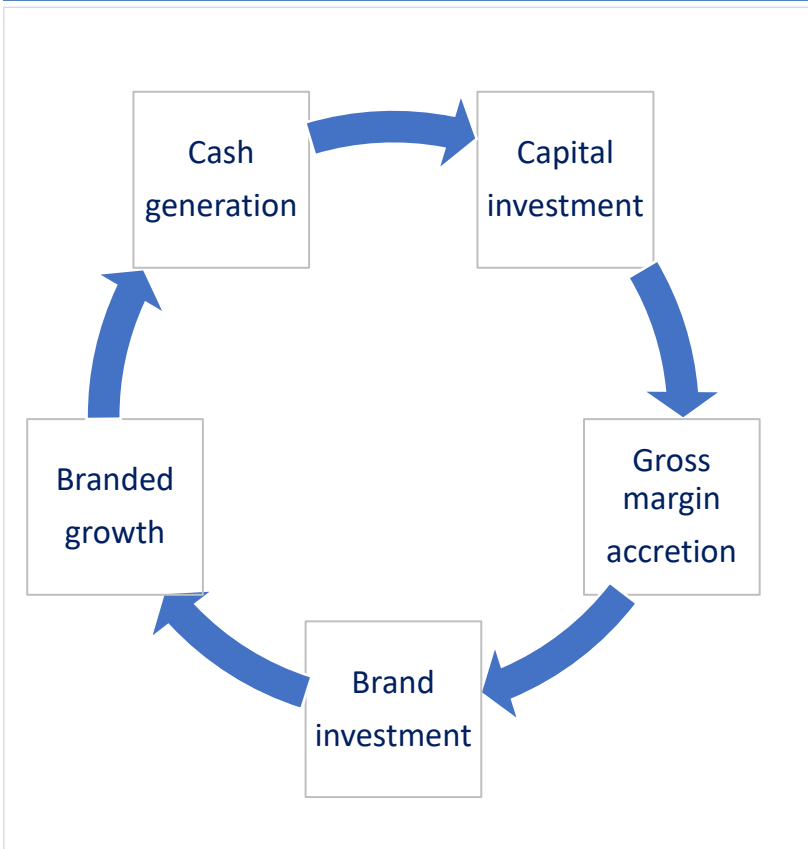
## Plant-based





# Investing in our infrastructure

## Capital investment fuels branded growth



## Investment examples

### Ashford – Batchelors and Sharwood's



- New manufacturing line to produce pot snacks ranges
- Previously outsourced, now manufactured at Ashford site

### Lifton – Ambrosia



- New pot line at Lifton desserts site
- Highly efficient line which manufactures a range of products and pack size formats

# Strategic progress – Category expansion

## First examples of category expansion



- Strong start in H1, ahead of original plan
- Distribution expansion



- Oxo extension beyond Stock
- Product proposition orientated to summer BBQ season



- Cakes, Brownies and cookies made in simple steps
- Takes Mr Kipling and Cadbury brand strength into homebaking

Targeting up to £10m revenue from category expansion this year

# International – H1 sales 7% ahead of two years ago

## H1 overall performance

### Revenue vs 2 years ago

+7%<sup>1</sup>

Applying the branded growth model



Global shipping delays



### Revenue vs prior year

(5%)<sup>1</sup>

Pandemic impacts




## Ireland



- Successful application of UK branded growth model continues
- Branded growth of 39% on two year basis benefitting from NPD launches
- Unwind of Brexit stock build 2 years ago
- Further brand investment in H2


# International – Strategic progress in all priority markets




Canada




Full roll-out of Mr Kipling slices following successful test trial




USA




Test launch of Mr Kipling cake in USA

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+2,400  
Increased Sharwood's distribution points



Australia




Leverage market leading position and refining range for future growth

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Month	Value
July	230
August	500
September	800
October	900
November	1000

Acceleration in distribution at independent grocers



Europe

- Sharwood's continues to perform strongly in Europe
- Sharwood's sales up +32% vs 2YA
- Rice Pots growth in Germany and now launched in Sweden



# Continuing to drive the Branded Growth Model in H2

## New product development



Cadbury Oreo cake bars - build on success of Crunchie and Fudge



Batchelors  
Meat free pots



Paxo –  
Low salt stuffing



Angel Delight – Ready to eat  
Food on the go pots



Bird's Custard Pods  
– Just add milk



Bisto  
Swedish meatballs



Soba  
Curry pot



New Bisto TV advert  
for H2 campaign



Ambrosia 'Moley'  
back on air



# Strategic brand extensions into new categories

## Recent extensions



## H2 initiatives



### Biscuits



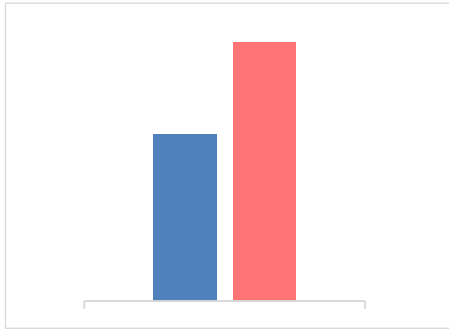
- Strategy to leverage Mr Kipling brand equity in Sweet Treats
- Targets everyday treat sub-category
- Aligns to indulgence trend

### Ice-cream

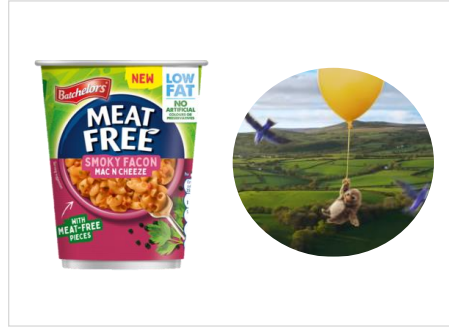


- Utilising iconic flavour variants for each ice-cream:
  - Mr Kipling French Fancy, Chocolate Slice
  - Ambrosia Vanilla Custard & Vanilla Custard Fudge Swirl
  - Angel Delight Butterscotch and Strawberry

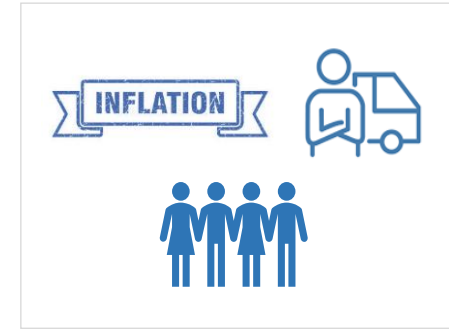
# A very good start to the year, strong progress & navigating challenges



Strong 2yr Branded revenue growth



Branded Growth Model delivering



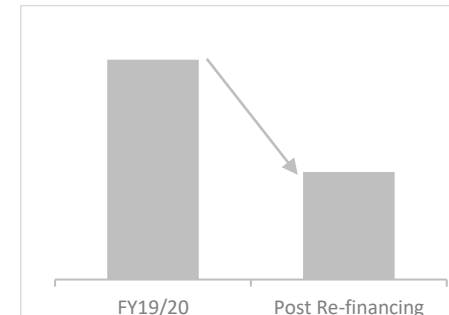
Navigating challenges



Expansion into new categories



International progress



Interest costs halved

# Outlook: Firmly on track to deliver our profit expectations for the year

1

Group enters H2  
with strong  
momentum

2

Navigating  
industry wide  
challenges

3

Continued  
progress on  
strategic priorities

4

FY21/22 interest  
costs almost  
halved vs two  
years ago

5

Firmly on track to  
deliver full year  
profit  
expectations

6

Net debt/EBITDA  
1.5x in medium  
term and full year  
dividend







# 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.*
















# Definitions

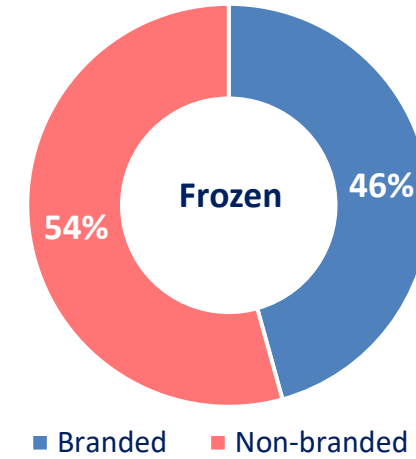
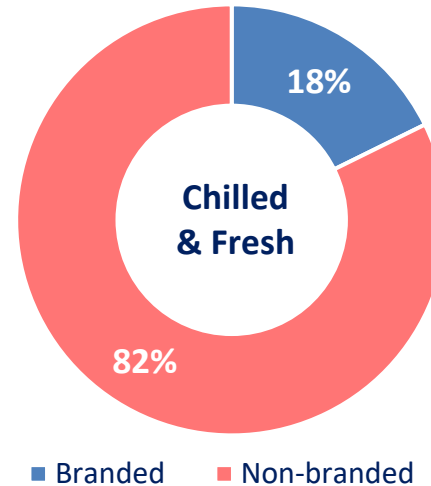
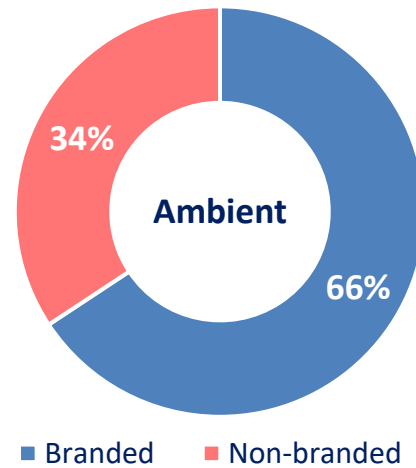
- The period 'FY21/22 H1' refers to the 26 weeks ended 2 October 2021, unless where otherwise stated. The period 'FY20/21 H1' refers to the 26 weeks ended 26 September 2020. The period 'FY19/20 H1' refers to the 52 weeks ended 28 September 2019.
- The period 'Q2' refers to the thirteen weeks ended 2 October 2021, unless where otherwise stated. The comparative period one year ago is for the thirteen weeks ended 26 September 2020 and the comparative period two years ago is for the thirteen weeks ended 28 September 2019.
- Trading profit is defined as Profit/(loss) before tax before net finance costs, amortisation of intangible 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, other finance income and other interest payable. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 19.0% divided by the weighted average of the number of shares of 856.9 million (26 weeks ended 26 September 2020: 849.6 million).



# Strong brand equity

Categories						
	Brands			Position	Share	Penetration
Flavourings & Seasonings				1	44%	71%
Quick Meals, Snacks & Soups				1	33%	47%
Ambient Desserts				1	36%	56%
Cooking Sauces & Accompaniments				1	15%	53%
Ambient Cakes				1	24%	65%

# UK Grocery market



Market size	£36bn	£51bn	£7bn
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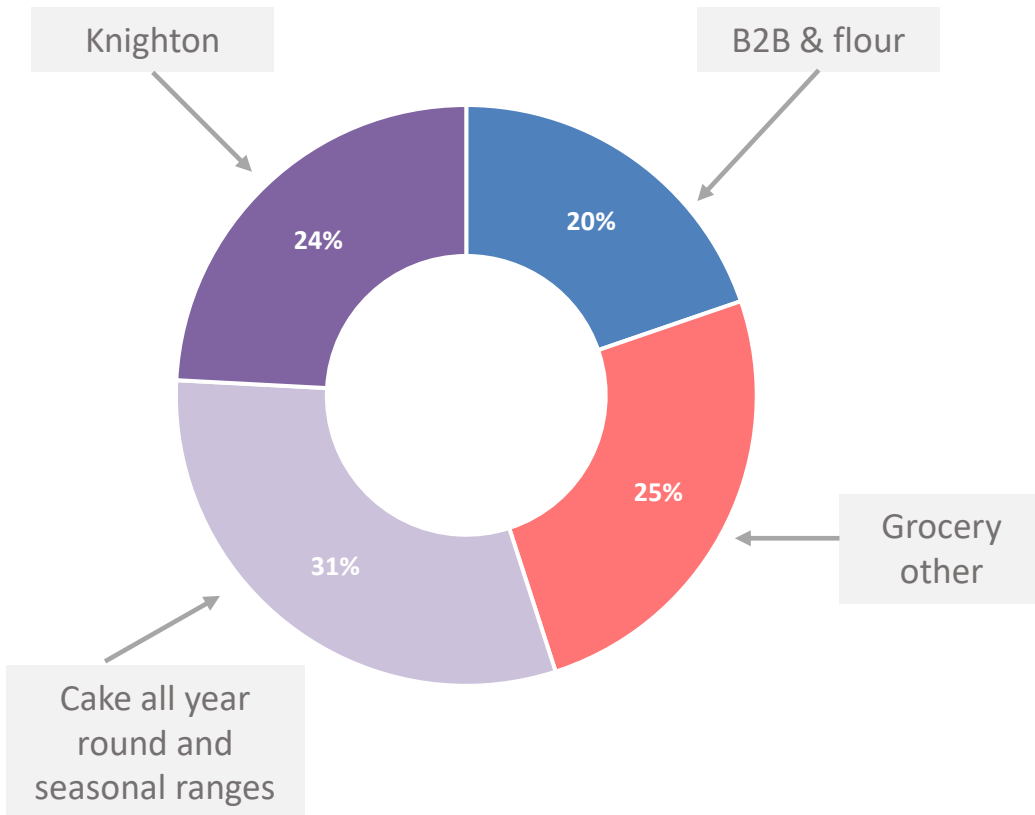
	Flavourings & Seasonings	QMS	Cooking Sauces	Ambient Desserts	Ambient Cake
Market size	£435m	£411m	£961m	£322m	£1,021m
PF share	44%	33.0%	15%	36%	24%
Own label share	13%	5.7%	26%	21%	48%



Sources: Market sectors: Kantar Worldpanel 52 w/e 3 Oct 2021, Category position & market share: IRI 52 w/e 2 Oct 2021;

# Non-branded

## Non-branded revenue by type



## Key principles & criteria

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

## FY21/22 H1 commentary

- FY21/22 Non-branded revenue declined (9.4%):
- Grocery (10.1%) due to B2B volumes lower at Knighton Foods and Charnwood, partly offset by increased retailer own label volumes
- Sweet Treats (6.4%) decrease due to contract exits. Q2 revenue increased +2.7%

# Quarter 1 and Quarter 2 sales

£m		Quarter 1		Quarter 2	
		Change vs 1 year ago	Change vs 2 years ago	Change vs 1 year ago	Change vs 2 years ago
<b>Grocery</b>	Branded revenue	(19.6%)	+12.0%	(0.4%)	+12.5%
	Non-branded revenue	(6.0%)	(10.1%)	(13.6%)	(17.8%)
	Total revenue	(17.9%)	+8.2%	(2.5%)	+7.2%
<b>Sweet Treats</b>	Branded revenue	+3.2%	+3.7%	+9.4%	+15.4%
	Non-branded revenue	(16.2%)	(14.9%)	+2.7%	(10.6%)
	Total revenue	+1.4%	+2.0%	+8.6%	+12.1%
<b>Group</b>	Branded revenue	(13.9%)	+9.3%	+2.1%	+13.3%
	Non-branded revenue	(8.0%)	(10.9%)	(10.5%)	(16.3%)
	Total revenue	(13.2%)	+6.3%	+0.4%	+8.5%



# Operating profit

£m	FY21/22 H1	FY20/21 H1	Change
<b>Trading profit</b>	<b>58</b>	<b>66</b>	<b>(8)</b>
Amortisation of intangible assets	(14)	(13)	(1)
Foreign exchange fair value movements	3	(0)	3
Reversal of impairment loss of Loan receivable	-	16	(16)
Net interest on pension and administration costs	2	0	2
Non-trading items	2	(2)	4
<b>Operating profit</b>	<b>51</b>	<b>67</b>	<b>(16)</b>

- Trading profit £8m lower than FY20/21 H1
- Prior year revaluation of £16m due to Hovis loan note previously written off
- Non-trading items in prior year £2m due to strategic review costs, Knighton integration and past pension service costs due to high court ruling on precedent setting case
- Net interest on pensions due to opening combined pensions surplus and lower pensions administration costs

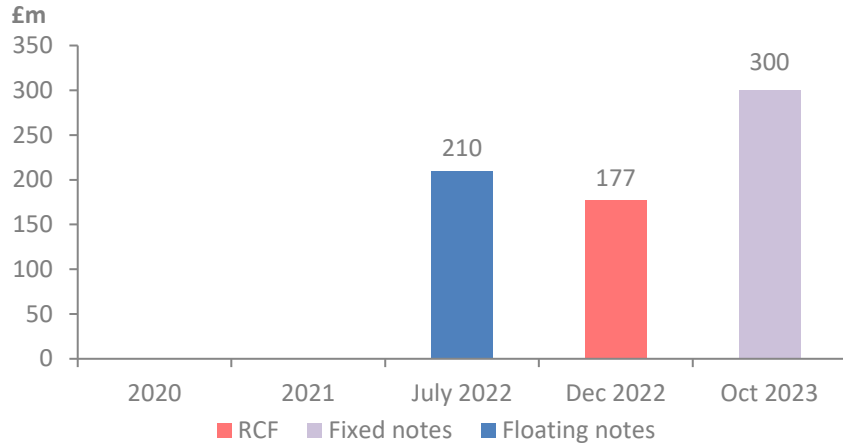
# Interest and taxation

	£m	FY21/22 H1	FY20/21 H1	FY19/20 H1
Interest	Senior secured notes interest	8	14	16
	Bank debt interest	2	3	2
		<b>10</b>	<b>17</b>	<b>18</b>
	Amortisation of debt issuance costs	1	1	1
	<b>Net regular interest</b>	<b>11</b>	<b>18</b>	<b>19</b>

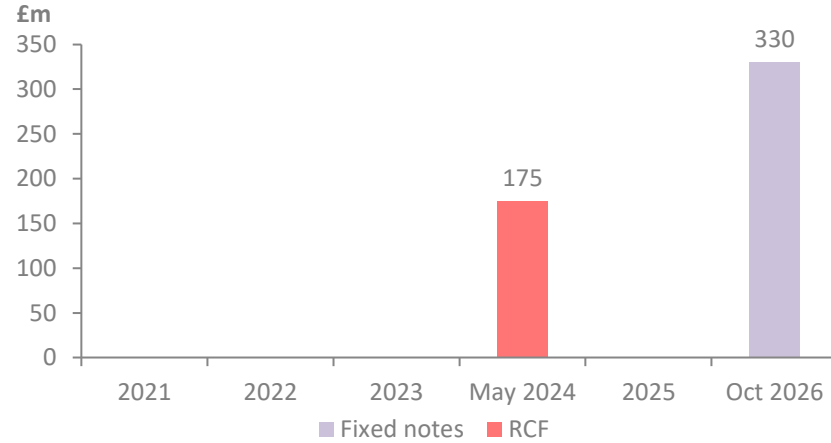
Taxation	<ul style="list-style-type: none"> <li>▪ Tax charge of £10m in FY21/22 H1, due to current tax of £3m and deferred tax of £7m reflecting change in deferred tax rate of 25% from April 2023</li> <li>▪ Notional corporation tax 19.0% in FY20/21</li> <li>▪ Low-mid single digit £m cash tax payable in medium-term due to tax legislation changes on brought forward losses and lower relief due to expected lower pension deficit contributions</li> </ul>
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# Capital structure

## Year ago



## Today<sup>1</sup>



RCF % Margin	2.75% + 3M L
Annualised interest	£39m
S&P and Moody's	B/Stable and B2/Negative

RCF % Margin	Ratchet grid broadly in line with previous
Annualised interest	Below £25m <sup>2</sup>
S&P and Moody's	B+/Positive and B1/Stable

1 – RCF has two 1yr extension options beyond 2024; 2 – Reflects full year effect of FRN redemptions in FY20/21

# Capital allocation

Context		A cash generative business with leading sector margins
1	Margins & PBT	<ul style="list-style-type: none"> <li>Maintenance of Trading profit margins with progressive investment in consumer marketing</li> <li>Trading profit and adjusted PBT of equal importance in monitoring future progress</li> </ul>
2	Capex	<ul style="list-style-type: none"> <li>Accelerated capital investment behind infrastructure and to drive growth and cost reduction</li> </ul>
3	Dividends	<ul style="list-style-type: none"> <li>Dividend recommenced on full year basis</li> </ul>
4	M&A	<ul style="list-style-type: none"> <li>Explore targeted bolt-on acquisitions in the UK and selected international markets</li> </ul>
5	Leverage	<ul style="list-style-type: none"> <li>Target of c.1.5x Net debt/EBITDA over medium term</li> </ul>





# Guidance

FY21/22 guidance	£m
Working capital	Slightly negative
Depreciation	c.£20m
Capital expenditure	c.£25m
Interest – cash	£20-23m
Interest – P&L	£20-23m
Tax – cash	Nil
Tax – notional P&L rate	19.0%
Pension deficit contributions	£38m
Pension administrative & PPF levy cash costs	£4-6m
Cash restructuring costs	c.£5m
Re-financing costs	c.£13m
Final dividend (includes pension match)	c.£11m

- Low single digit £m cash tax payable medium-term due to tax legislation changes on brought forward losses and lower relief due to expected lower pension deficit contributions
- Dividend payment refers to FY20/21 declared dividend and includes matching component to pension schemes
- Dividend and re-financing costs weighted to H1

# Summarised Balance sheet

£m	2 October 2021	3 April 2021
Property, plant & equipment	188	192
Intangibles / Goodwill	950	963
Deferred tax asset	23	29
Retirement benefit assets	970	935
<b>Non-current Assets</b>	<b>2,131</b>	<b>2,119</b>
Working Capital - Stock	91	69
- Debtors	75	83
- Creditors	(242)	(250)
<b>Total Working Capital</b>	<b>(76)</b>	<b>(98)</b>
Net debt		
Gross borrowings	(353)	(336)
Cash	8	4
<b>Total Net debt</b>	<b>(345)</b>	<b>(332)</b>
Retirement benefit obligations	(362)	(395)
Other net liabilities	(133)	(110)
<b>Net Assets</b>	<b>1,215</b>	<b>1,184</b>
Share capital & premium	87	86
Reserves	1,128	1,098
<b>Total equity</b>	<b>1,215</b>	<b>1,184</b>