



## Q1 Trading Update

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Premier Foods plc  
29 July 2020

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### Premier Foods plc (the "Company" or the "Group") Trading update for the 13 weeks ended 27 June 2020

#### Strong Q1 trading +22.5%, supporting recently upgraded full year expectations

- Q1 Group sales up +22.5%, Q1 Branded sales up +27.0%
- Q1 UK sales up +23.0%, Q1 Branded UK sales up +27.9%
- Outperforming the market in every category
- Online growth of +115%; ahead of the channel and gaining +2.7ppts share
- Strong household penetration growth, particularly for Grocery brands
- Advertising investment increasing from four to six major brands this year
- Recently upgraded expectations for the full year unchanged; initial Q2 volumes remain elevated

#### Alex Whitehouse, Chief Executive Officer

"As expected, we continued to see strong demand for our Grocery brands in Q1, with consumers eating the vast majority of their meals at home. We have grown faster than our categories during this period, both in standard retail and online channels. This reflects not only the strength of our market leading brands but also the excellent performance of our colleagues across the supply chain to ensure product availability while working in close collaboration with our customers to meet this elevated demand."

"The health and wellbeing of all our colleagues has been, and remains, of paramount importance to us. The additional measures we put in place to safeguard our teams from early March are unchanged and our manufacturing and distribution sites have all remained fully operational."

"We continue to deploy our branded growth model strategy; our innovation has performed particularly well in Q1 and the first of our six brands on air this year benefitted from an extended period of TV advertising in the quarter. We have also observed significant increases in household penetration of our brands in the quarter, as Britain has got cooking again and consumers expand their repertoire of dishes prepared at home. For example, we have seen two million new households buy our Sharwood's products over the quarter."

"We repaid £80m of our floating rate bonds in the quarter which will reduce our annual interest bill by at least £4m and we are exploring further opportunities to reduce our financing costs as we continue to reduce Net debt. As anticipated, early Q2 trading has seen further positive volume trends and our recently upgraded expectations for the full year remain unchanged."

Q1 Sales % change	Grocery	Sweet Treats	Group
Branded	+39.2%	+0.5%	<b>+27.0%</b>
Non-branded	(4.5%)	+1.7%	<b>(3.3%)</b>
<b>Total</b>	<b>+31.7%</b>	<b>+0.7%</b>	<b>+22.5%</b>

#### Trading Update

Group sales in Q1 increased 22.5% compared to the prior year, with branded sales up 27.0%. These results substantially reflected trends seen in the UK business, where total sales increased 23.0% and branded sales were 27.9% ahead of last year. The Group saw elevated levels of demand for its Grocery portfolio throughout the quarter as households continued to experience few opportunities for eating occasions out of home. While sales grew in double digit percentage terms in each of the three months within the quarter, the sales growth rate at the end of Q1 was lower than observed at the beginning of the period.

The Group benefits from brands which are market leaders in their respective categories. During the quarter, the Group delivered consistently high availability of its product ranges through the supply chain, during this prolonged period of higher demand. As a result, the Group grew ahead of its categories in the quarter, with particularly strong market share gains seen in Flavourings & Seasonings; Quick Meals Snacks & Soups and Cakes. This performance reflects sustained and dedicated efforts by all those in the supply chain, keeping all the Group's sites fully operational, while working in close collaboration with all our customers.

Another notable feature of the quarter was the extent of growth in the online channel. Over the last couple of years, the Group has been investing in its online proposition and capabilities, working closely with its retail partners. As a result of this, and the wider market trend, the Group delivered growth of 115% in the quarter, gaining 270 basis points of market share in this channel.

Household penetration of the Company's brands has also grown significantly over the last twelve weeks, due to increased demand during lockdown. For example, household penetration of our Grocery brands has increased by 620 basis points in the quarter to nearly 75%, when compared to the prior year.

### Grocery

Grocery reported sales of £162.1m in Q1 and within this, branded sales grew significantly, up 39.2% on the prior year. The Group benefitted from more UK households buying its brands in the quarter, as consumers sought to expand their range of home cooked recipes and meals as lockdown restrictions continued. As a result, all the Group's major Grocery brands delivered double-digit sales increases compared to the same quarter a year ago, with particularly notable performances from *Ambrosia*, *Oxo* and *Sharwood's*. *Nissin* noodles products also proved to be extremely popular, with sales more than doubling in the quarter.

The Group also saw demand for its new product ranges higher than last year's rate of 6.5% of branded revenue, a good example being the recently launched *Cadbury* baking mixes which were very well received by consumers, reflecting a substantial rise in baking at home during the quarter. This demonstrates that demand for the Group's product ranges have been not only for its core ranges, but also new product innovation, as consumers expand their repertoire of meals eaten in home.

Non-branded Grocery sales declined by (4.5%) reflecting lower end user demand for the Group's business to business product ranges due to impacts from less out of home eating and drinking during the Covid pandemic. This was partly offset by higher volumes of own label Grocery to retail customers.

### Sweet Treats

Sweet Treats sales increased by +0.7% compared to the same quarter a year ago with branded sales up +0.5%. Cake volumes were lower than the prior year in the earlier part of Q1, but delivery of strong commercial plans resulted in a return to growth in the latter part of the quarter. *Mr Kipling* was also supported by eight weeks on air of its Little Thief TV advertising campaign and benefits from the launch of its Mini pies range and Signature premium ranges. *Cadbury* cake sales also grew in the UK, with the core *Cadbury Mini Rolls* range performing very well across all customers.

### International

International sales grew by 13% in the quarter at constant currency, partly due to a softer comparative in the prior year as Brexit demand stocks unwound in Ireland. Australia cake sales were lower as demand fell during lockdown restrictions, partly offset by a strong *Sharwood's* performance in all geographies. As previously announced, the Group has implemented a revised strategy for its International business with the objective of building a sustainable, profitable growing business, with greater market and executional focus.

### Outlook

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Q2 sales have started strongly, however the Group anticipates this trend to normalise through the quarter as consumers gradually return to eating out of home. Looking to the full year, the Group expects to make further progress as it continues to employ its successful branded growth model strategy, which has been instrumental in delivering twelve successive quarters of UK revenue growth. Recently upgraded expectations for FY20/21 are unchanged, which includes anticipated further Net debt reduction this year.

~ Ends ~

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##### Conference Call

A conference call for investors and analysts will take place on 29 July 2020 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.

Telephone number:	+44 20 7192 8000
Telephone number (UK Toll free)	0800 376 7922
Conference ID:	6549513

<http://www.premierfoods.co.uk/investors/results-centre>

A Premier Foods image gallery is available using the following link:

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

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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.

**Notes to editors:**

1. Sales data is for the thirteen weeks to 27 June 2020 or 29 June 2019 as appropriate.

<b>Q1 Sales (£m)</b>	<b>FY20/21</b>	<b>FY19/20</b>	<b>% Change</b>
<b>Grocery</b>			
Branded	141.8	101.8	+39.2%
Non-branded	20.3	21.3	(4.5%)
<b>Total</b>	<b>162.1</b>	<b>123.1</b>	<b>+31.7%</b>
<b>Sweet Treats</b>			
Branded	47.2	47.0	+0.5%
Non-branded	4.8	4.7	+1.7%
<b>Total</b>	<b>52.0</b>	<b>51.7</b>	<b>+0.7%</b>
<b>Group</b>			
Branded	189.0	148.8	+27.0%
Non-branded	25.1	26.0	(3.3%)
<b>Total</b>	<b>214.1</b>	<b>174.8</b>	<b>+22.5%</b>

2. Market share data sourced from IRI, 13 weeks ended 27 June 2020.
3. Household penetration data sourced from Kantar Worldpanel, 12 weeks ended 14 June 2020.
4. Online channel data sourced from Major multiple retailer online channel platforms

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