

Premier Foods hails 'strong' sales and forecasts profits will hit top end of expectations

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Co-owner [Premier Foods](#) appeared to shrug off concerns over rising raw material and ingredients costs on Friday as it forecast full-year [profits](#) to come in at the top end of expectations.

The FTSE 250 firm, behind store-cupboard staples Mr Kipling and Ambrosia, smashed through sales targets in the 13 weeks to early July, with revenues up 6.3% on those seen in the same period pre-pandemic in 2019.

Online sales were nearly double 2019 levels, and the firm said its healthy ranges saw accelerated [growth](#) as Britons continue [focus](#) on [wellness](#) in the [Covid](#) era.

The firm reported a statutory pre-tax profit up 129% to £122.8 million for the year to April 3, with revenues up 10.3% on the prior year to £934 million. □

Today bosses said that, as expected, Q1 revenues were down on the same period last year when Britons stockpiled in the first lockdown. Q1 2021 sales came in down 13% on the same period in 2020.

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The firm has paid down debts over the past year, including by using £37.3 million garnered from the sale of its 49% stake in bread maker Hovis.

Chief executive, Alex Whitehouse, hailed the “strong trading momentum” and said: “We now expect to deliver adjusted profit before tax at the top end of our expectations for FY21/22.”

Consumer goods giant Unilever yesterday warned that rising costs for raw materials such as palm oil – which is seeing prices up 70% – is putting pressure on profit margins. But Premier made no mention of any impact from this inflation in its trading update.

Analysts at Jefferies noted the Unilever downgrade, and said: “The absence of any call-out on commodities in the update, plus confident guidance, suggests that Premier have things under control.”

They added: “The inference, behind all the COVID ups and downs, is that Premier are continuing to assemble their lean, mean, fighting machine.” □

Premier Foods shares rose 3.6% on Friday morning.