

Premier Foods to shut factory in move impacting about 300 jobs

Mr Kipling cake firm [Premier Foods](#) has revealed plans to close one of its factories in a move impacting about 300 jobs.

The group is proposing to close its Knighton manufacturing site in [Staffordshire](#), which it said was “marginally” loss-making.

It is launching a consultation with the 300 workers at the factory under a process that will run to the middle of 2023.

But the site, which largely makes unbranded powdered drinks for the group, is likely to continue operating into 2024 before finally shutting after a phased closure.

It is recognised that this will be an unsettling time for those circa 300 colleagues who are potentially affected by these proposals and they will be fully supported and consulted with throughout the process

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The group, which makes a raft of well-known such as Oxo cubes and Bisto, has 15 factories across the UK and employs 4,000 people.

It said the Knighton factory does not fit in with its “branded growth model strategy and is marginally unprofitable at trading profit”.

“It is recognised that this will be an unsettling time for those circa 300 colleagues who are potentially affected by these proposals and they will be fully supported and consulted with throughout the process,” Premier Foods said.

The move is set to cost it around £10 million in one-off closure costs, but Premier said the closure of the site will boost trading profits in the long run.

Details of the plan came as Premier Foods reported a 12% hike in group sales over its third quarter to the end of December.

It said it was offsetting soaring costs with annual price rises and cost savings.

Grocery sales jumped 17.4% over the quarter, with branded sales up 15.5%.

It said pricing provided a “significant” boost to revenue growth in the quarter, though it added that “demand was particularly buoyant running into the key festive period”.

Its sweet treats, such as Mr Kipling, Angel, [Lemon](#) and [Chocolate](#) slices, did not fare so well, with sales down 0.9% as branded sales plunged 10.8%, partially offset by a 22.8% surge in non-branded sales.

The group said sales of [Cadbury](#) cakes were hit by unscheduled maintenance at one plant line, “which has since been completed and full production now resumed”.

Alex Whitehouse, chief executive of Premier Foods, said: "Input cost inflation remains at elevated levels, and we continue to take action to offset this inflation through a range of measures.

"With strong trading momentum as we enter our final quarter of the year, and with more brand investment and new product launches to come, we are well on track to deliver on expectations for the full year."