

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE  
ATTENTION**

If you are in any doubt as to what action to take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser. If you sell or transfer, or have sold or transferred, all of your shares in Premier Foods plc, please send this document as soon as possible to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



**PREMIER FOODS PLC**

(Incorporated in England and Wales with registered number 5160050)

**STATEMENT BY OASIS MANAGEMENT COMPANY LIMITED AND OASIS  
MANAGEMENT (HONG KONG) LLC ON BEHALF OF OASIS MASTER FUND II  
LTD (each and together, as the context requires, "Oasis")**

**PURSUANT TO SECTION 314 OF THE COMPANIES ACT 2006**

Your attention is drawn to the letter from the Chairman of Premier Foods plc (the "Company" or "Premier Foods") set out on page 2 of this document, which strongly rejects the Oasis statement.

2 July 2018

Premier Foods plc  
Premier House  
Centrium Business Park  
Griffiths Way  
St Albans  
Hertfordshire  
AL1 2RE

Dear Shareholder,

## **Statement circulated pursuant to section 314 of the Companies Act 2006**

### **Background**

On 21 June 2018, the Board announced that it had been made aware that Oasis intends to vote against the re-election of Gavin Darby as Chief Executive Officer at the Company's AGM on 18 July 2018 and was encouraging others to do the same.

On 26 June 2018, your Board received notice that, pursuant to section 314 of the Companies Act 2006, Oasis was exercising its right to request the Company to circulate to all shareholders, on their behalf, a statement in the form provided by Oasis (the "Statement").

In fulfilment of the Company's obligations under the Companies Act 2006, the Statement can be found at Appendix 1 of this document.

### **The Board's response**

The Board rejects the statements made and sentiments expressed by Oasis in the Statement. The Board has confidence in Gavin Darby and firmly believes that he and the Management Team are best placed to run the business and execute the Company's strategy.

Gavin Darby became the Chief Executive Officer of Premier Foods in February 2013 at a time when the Company was in serious financial difficulties. It had Net debt of nearly £1 billion, which was a ratio of 6.0x Net debt to EBITDA. On the day of his appointment the Financial Times stated that Gavin Darby faced "a Herculean Task".

Since then, Gavin Darby has been successfully transforming Premier Foods throughout a challenging industry back-drop by undertaking significant cost and efficiency initiatives, properly integrating the businesses which had previously been acquired, introducing modern sales and marketing processes and establishing positive relationships with customers. The business has progressed and is leveraging key strategic partnerships with Nissin Foods Holdings Co., Ltd (with noodles) and Mondelez International (with Cadbury cakes), which has substantially increased the rate of innovation and new product development and is driving rapid international expansion.

The Company's most recent financial results demonstrate good progress. In 2017-18, the Company reported its strongest rate of total sales growth in over five years, international sales growth of 25% and a reduction in the ratio of Net debt to EBITDA to 3.6x. The Board now expects the ratio of Net debt to EBITDA to be below 3.0x by March 2020, ahead of the previous estimates.

The Board is committed to continuing its strategy of improving performance and reducing net debt, while working in parallel to identify other strategic opportunities to accelerate the Company's turnaround to create value for shareholders.

The Board believes that Gavin Darby is running the Company well. In contrast, the Oasis proposal offers no constructive solution to the challenges being addressed and involves the risk of creating instability at a time when continuity is important in completing the work being done. Should the Oasis proposal be successful there is no certainty that a manager with equivalent or superior skills could be recruited, at acceptable cost or within a reasonable period.

**Consequently, having regard to the best interests of the Company's shareholders as a whole and its other stakeholders, the Board unanimously recommends that shareholders vote in favour of Gavin Darby's re-election as the Chief Executive Officer at the Company's AGM on 18 July 2018.**

Yours faithfully,

Keith Hamill  
Chairman

## **APPENDIX 1**

**Shareholders should note that the Board has not sought to independently verify the accuracy of the statement below.**

26 June 2018

**Oasis Management Company Ltd. (“Oasis” or “we”) is the exclusive investment manager, and Oasis Management (Hong Kong) LLC (“Oasis Hong Kong”) is the investment advisor, to the Oasis Investments II Master Fund Ltd. (“Oasis Fund”), which is the beneficial owner of 9.34% of the shares of Premier Foods plc (“Premier Foods” or the “Company”)**

**Statement by Oasis on behalf of Oasis Hong Kong and the Oasis Fund for circulation by Premier Foods to its Shareholders**

**Oasis calls for new leadership at Premier Foods**

**Oasis calls on shareholders to vote AGAINST Resolution 5: “To re-elect Gavin Darby as a director.”**

On 25 June 2018, Oasis announced its intention to vote against Gavin Darby’s re-election at the forthcoming AGM on 18 July 2018 and it urges fellow shareholders to do the same.

Oasis joined the board of the Company on 1 March 2017 and worked in close engagement with management through its board representative. During that period Oasis came to the view that a change of leadership was needed. The Oasis representative resigned from his position on 28 March 2018. We call on all shareholders to hold the CEO accountable for the Company’s underperformance and to effect the change of the CEO.

Oasis is proposing for Alastair Murray, CFO of Premier Foods, to become the interim CEO with the support of Alex Whitehouse, currently Managing Director, UK of Premier Foods. This would ensure stability while a leading search firm is appointed to find a permanent external CEO.

Years of persistent shareholder value destruction, poor financial performance, consistently missed targets, lack of strategy and weak corporate governance require this change.

We have spoken to several large shareholders and believe we have substantial shareholder support. We shared our views privately with the Chairman of Premier Foods prior to launching this campaign. Unfortunately, the Company is spending money on a fight, has brought in a substantial number of advisers and is wasting precious Company resources in the fight for Gavin Darby’s job. We believe all stakeholders deserve better.

During Gavin Darby’s period of leadership, the following issues have arisen:

### **1) *Significant shareholder value destruction***

The market capitalization of Premier Foods today is less than the £353m proceeds Gavin Darby and the Company raised in the March 2014 rights issue which was intended to be a platform for future growth.

Premier Foods' share price is down 53% from the March 2014 blended rights issue price, 39% down from the £537m 65p per share March 2016 McCormick takeover approach and 34% down from Gavin Darby's appointment in February 2013. During his tenure, on a total shareholder return basis, Premier Foods has dismally underperformed its main benchmark indices.

Using any valuation metric, Premier Foods consistently trades at the bottom of its peer group. It trades at the low March 2018 PE of 5.2x versus a peer average of 18.2x and on a March 2018 EV/EBITDA basis, it trades on 8.2x versus a peer average of 12.7x.

At the same time, Gavin Darby has been rewarded handsomely with a salary which is upper quartile, not only for the FTSE Small Cap Index of which Premier Foods is a constituent, but also upper quartile for the FTSE 250 Index.

## **2) *Poor financial performance***

Trading profitability has declined under Gavin Darby's watch.

In his first full year as CEO (pro-forma year ended 5 April 2014) trading profits were approximately £140m and four years on, they have fallen to £123m.

Proforma net debt/EBITDA post the March 2014 rights issue was 3.3x, and this has increased to 3.6x in the year ended March 2018.

## **3) *Five years of failure***

Gavin Darby has set and missed multiple targets over the last five years.

In Premier Foods's defence against the 65p per share £537m approach from McCormick in 2016, Gavin Darby targeted sales growth of between 2% and 4%, which he abandoned a year later.

At the time of the 2014 rights issue, he targeted a net debt/EBITDA ratio of below 2.5x, which was never achieved and was re-set to 3x by 2020, a target which is far away and in which Oasis has no faith in Gavin Darby's ability to meet.

## **4) *Weak corporate governance***

In 2016, under Gavin Darby's leadership, the company denied its shareholders the opportunity to evaluate the 65p per share takeover approach from McCormick.

More recently, Gavin had, in our view, a wholly unsatisfactory response to the strategic review which uncovered actionable avenues of creating shareholder value.

## **5) *Nissin's potential conflicts of interest***

Nissin is a strategic investor in Premier Foods with board representation and substantial commercial agreements in place with the Company. Given their potential numerous conflicts of interest, we have urged Nissin to **ABSTAIN** from voting.

**In summary, under Gavin Darby's tenure:**

1)	Premier Foods Operating Profits:	Down 12%
2)	Premier Foods Net Debt / EBITDA:	Up 0.3x
3)	Premier Foods Share Price:	Down 34%
4)	Premier Foods Relative to FTSE All Share:	Underperformed 88%
5)	McCormick 65p Takeover Approach:	75% Higher Than Current Price
6)	Valuation (P/E & EV/EBITDA Multiples):	Significant Discount to Peer Group
7)	Shareholder Value Destruction:	72% of Current Market Cap
8)	Analyst Broker Recommendations:	No Brokers Recommend Buying
9)	Gavin Darby Base Salary:	Upper Quartile

The board of the Company states they strongly believe that Gavin Darby is the best person to lead the Company and to “*execute the board's strategy*”. Oasis, having recently had a board member, does not believe the Company has any credible strategy other than to reduce net debt / EBITDA to less than 3x by March 2020, which is a financial target not a strategy.

Rather than waste and plunder precious Company funds, we believe that the Board's efforts would be better spent constructively focusing on finding an external CEO with new energy, fresh ideas and the ability to execute those ideas to bring growth back to Premier Foods.

**Much of the financial data and metrics herein has been necessarily summarised but is set out in more detail in the deck provided at <https://www.premierleadershipforpremierfoods.com/slides/>.**