

17 August 2020

Cranswick plc
("Cranswick" or "the Company" or "the Group")

First quarter trading statement

Cranswick, a leading UK food producer, today provides an update on trading for the 13 weeks to 27 June 2020.

COVID-19

- Colleague safety and wellbeing remain our priority
- Proactive and comprehensive COVID-19 action plan centred on keeping our colleagues safe, feeding the nation and supporting our local communities continues:
 - Enhanced safety measures swiftly introduced in March are well embedded and have enabled all sites to remain fully operational and to meet increased levels of retail demand
 - £500 bonus paid to site-based colleagues to recognise their essential key worker status and valued contribution throughout the pandemic
 - Supporting front line NHS staff, the elderly and vulnerable and charities in our local communities
- Robust financial position and strong trading has enabled us to continue operating well within banking covenants and without recourse to any Government assistance

Current trading

Trading in the first quarter of the financial year has been strong. **Revenue in the 13 weeks to 27 June 2020 was 24.8 per cent per cent ahead** of the same period last year. Excluding the contribution from acquisitions made in the prior year, revenue on a like-for-like basis was 19.2% higher.

As a result of the current shift towards greater in-home consumption, retail demand has been exceptionally robust. This, together with increased poultry sales from the new Eye facility, which continues to perform strongly and the benefit from new contract wins, have all comfortably offset lower food service revenue. This positive performance has, to date, continued during the second quarter of the financial year.

Investment

The Group continues to invest across its asset base to increase capacity, add new capabilities and drive further operating efficiencies. Capital expenditure in the current financial year is expected to be lower than the record £101 million spent in the prior year, following the successful completion of the new £78 million poultry primary processing facility at Eye in Suffolk.

Financial position

As a result of strong cash generation and tight working capital management, net debt fell during the period. The Group remains in a robust financial position with committed, unsecured facilities of £200 million which provide comfortable headroom.

Outlook

Following the exceptional demand experienced in the first quarter, retail volumes are expected to begin to normalise through the remainder of the year as consumers gradually return to eating out of home.

Whilst the Board remains cautious about the longer-term economic impact of COVID-19, the uncertainty surrounding the ongoing Brexit negotiations and the conclusion of trade deals with other countries, the outlook for the current financial year ending 27 March 2021 is now expected to be ahead of its previous expectations.

The Board is confident that continued focus on the strengths of the Company, which include its long-standing customer relationships, breadth and quality of products, robust financial position and industry leading asset infrastructure, will support the further successful development of the Group over the longer term.

Adam Couch, CEO of Cranswick, commented:

“Our teams across the business have responded brilliantly during these extraordinary and unparalleled times and I would like to thank them for their incredible support and hard work which has enabled us to continue to deliver premium food products with outstanding service to our customers.

“We have made a strong start to the year. Whilst we remain cautious about the longer-term economic impact of COVID-19 and the uncertainty surrounding the ongoing Brexit negotiations we are well positioned to address these challenges. Our positive momentum reflects the continued investment we make across our asset base and the quality and capability of our colleagues across the business.”

Interim results

The Company’s next scheduled comment on trading will be the interim results announcement for the 26 weeks ending 26 September 2020, on Tuesday 24 November 2020.

Enquiries:

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Notes:

1. Cranswick is a leading and innovative supplier of premium, fresh and added value food products. The business employs over 11,800 people and operates from sixteen well invested, highly efficient production facilities in the UK. Cranswick was formed in the early 1970s by farmers in East Yorkshire to produce animal feed and has since evolved into a business which produces a range of high quality, predominantly fresh food, including fresh pork, poultry, convenience and gourmet products. Through the Group’s four primary processing and twelve added value processing facilities the business develops innovative, great tasting food products to the highest standards of food safety and traceability. The Group supplies the major grocery multiples as well as the growing premium and discounter retail channels. Cranswick also has a strong presence in the ‘food-to-go’ sector and a rapidly growing export business. Results for the year to 28 March 2020 showed revenue of £1,667m and profit before tax of £104.0m. For more information go to: www.cranswick.plc.uk
2. Cranswick is committed to ensuring that its business activities are sustainable from farm-to-fork. Our ambitious sustainability strategy ‘Second Nature’ has been developed to deliver our vision to become the world’s most sustainable meat business. Find out more at: www.thisissecondnature.co.uk
3. This announcement is based on information sourced from unaudited management accounts.
4. This announcement contains certain forward-looking statements with respect to the financial conditions, results of operations and businesses of Cranswick. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.