

6 October 2014

### **First half trading statement**

Cranswick, the UK food producer, today provides an update on trading for the six months ended 30 September 2014.

#### **First half performance**

Trading during the first half of the year has been in line with the Board's expectations.

Revenue in the six months ended 30 September 2014 was in line with the same period last year. Growth across most product categories offset lower sales of fresh pork and, as planned, a greater proportion of the Group's own pigs were utilised internally.

The markets in which the Group operates continue to be competitive. Operating margins<sup>#</sup> in the first half are expected to be similar to those achieved in the previous financial year as a whole reflecting the Group's continued focus on operating efficiencies, product quality and innovation. Pig prices eased during the second quarter of the financial year and are now below the record highs seen at this time last year.

During the period, the Group has invested further in its asset base to increase capacity and improve efficiency. Work to extend the Delico cooked meats facility in Milton Keynes was completed on time and to budget. The project provides more capacity to meet anticipated sales growth and the investment in advanced cooking and slicing technology will deliver increased throughput and enhanced yields. A major upgrade to the chilling system at the Norfolk primary processing facility, which is nearing completion, will deliver similar benefits.

#### **Financial position**

Net borrowings were down on the previous quarter end and well below those of a year ago, notwithstanding the on-going capital investment programme across the business. The Group is in a sound financial position with committed, unsecured facilities of £120 million, which provide generous headroom going forward.

#### **Outlook**

Cranswick continues to work closely with its customers and maintain its focus on service, quality and innovation to deliver exciting, competitively priced products. This approach, allied to a growing export trade, a broadening product portfolio and an increasing demand for premium British pork products by the UK consumer, leaves the business well-placed to deliver further growth.

With experienced management at all levels of the Group, a strong range of products, a well-invested asset base and a robust financial position, the Board remains confident in the continued long term success and development of the business.

Market conditions through the second half of the year are expected to remain competitive, however with a strong Christmas trading period anticipated in the third quarter of the financial year, the Group is well placed to deliver a full year performance that is in line with the Board's expectations.

The Company intends to announce its interim results on 24 November 2014.

<sup>#</sup> excluding net IAS 41 valuation movement on biological assets in the current and prior financial years and non-recurring items in the prior financial year