

2 February 2017

Cranswick plc

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

Third quarter trading statement

Cranswick, a leading UK food producer, today provides an update on trading for the three months to 31 December 2016.

Current trading

Trading during the third quarter of the financial year was in line with the Board's expectations.

Total and underlying revenue was well ahead of the prior year, underpinned by strong volume growth and supported, as anticipated, by a robust performance over the key Christmas trading period. Export sales continued to grow strongly, with Far East revenues well ahead of the same quarter last year, reflecting both ongoing demand from the region and increased output from the Group's two primary processing facilities.

Input costs rose further during the period, but efficiency improvements, internal pig production and constructive pricing discussions with customers helped partially mitigate the impact.

Investment

As previously reported, the Group acquired Dunbia Ballymena, a leading Northern Irish pork processing business on 16 November 2016. The business has performed in line with the Board's expectations since acquisition and integration is proceeding to plan.

Crown Chicken, which was acquired on 8 April 2016, continued to contribute strongly during the period. The business is being integrated successfully and is forging strong links with the Group's premium cooked poultry and pig farming operations.

The Group continues to invest heavily across its asset base to increase capacity, add new capability and drive further operating efficiencies. Work has recently started on the new, purpose-built continental products factory in Bury, Greater Manchester. This substantial investment will consolidate the Group's two existing facilities and provide additional capacity to support this high growth category.

Financial position

During the period, the Group refinanced its banking facility on improved terms. The new agreement, which runs to November 2021 with the potential to extend for a further 2 years, comprises a revolving credit facility of £160 million, including a committed overdraft of £20 million. This unsecured facility supports the Group's sound financial position and provides significant headroom for future growth.

Net debt increased during the quarter and was above the level reported at the same stage last year, reflecting the anticipated seasonal increase in working capital, the acquisition of Dunbia Ballymena and ongoing capital expenditure.

Outlook

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 is confident in both the prospects for the remainder of the current financial year and the continued long term success and development of the business.

Preliminary results

The Company's next scheduled comment on trading will be the preliminary results announcement on 23 May 2017.

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Notes:

1. Cranswick's activities are focused within the UK and include the processing and supply of fresh pork, sausage, bacon, cooked meats, premium fresh and cooked poultry, charcuterie and pastry products. Products are primarily supplied into the UK food retail, food service and food manufacturing sectors. Results for the year to 31 March 2016 showed revenue from continuing operations of £1,016m and profit before tax on the same basis of £62.1m.
2. This announcement is based on information sourced from unaudited management accounts.
3. 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.