

17 January 2020

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

Third quarter trading statement

Cranswick plc ("Cranswick", the "Company", or the Group") today releases an unscheduled trading update.

Current trading

The Group's Adjusted Profit Before Tax (under IFRS16, pre-exceptionals) for the year ending 31 March 2020 is now expected to be higher than current market forecasts.

The interim results announcement dated 26 November 2019 stated the Group had delivered a robust performance, in a competitive UK market. That performance, and market backdrop, in the UK continued over the important Christmas trading period. Revenue growth was positive across each of the Group's four product categories.

Export sales have continued to be exceptionally strong and the outlook remains positive. As stated in our interim results announcement, African Swine Fever ("ASF") has created opportunities for Far Eastern exports assuming the UK remains ASF free. The UK industry remains on high alert with intensive biosecurity protocols in place.

Investment

The commissioning of the world class £75m primary poultry processing facility in Eye, Suffolk continues to plan, with the "ramp up" phase now underway.

The Group has accelerated investment in its pig farming and rearing operations during the period through the acquisition of Packington Pork Limited. The transaction materially increases Cranswick's self-sufficiency in UK pigs processed, securing direct control over a significant part of the Group's supply chain for premium pigs and further reinforcing its commitment to developing a sustainable and traceable farm to fork operation. Ongoing investment in the Group's farming operations is a key component of Cranswick's 'Second Nature' sustainability strategy which aims to create a unique, industry leading sustainability standard for the food industry.

Financial position

As expected, net debt increased during the period reflecting the usual seasonal uplift in working capital, the Group's substantial ongoing capital investment programme and, as previously reported, the acquisition of Packington Pork Limited in December 2019.

The Group's borrowings continue to be managed conservatively with committed, unsecured facilities of £200 million providing considerable headroom to support the Group's growth strategy.

Outlook

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.

Preliminary results

The Company will announce its preliminary results for the year ending 31 March 2020 on 19 May 2020.

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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 10,000 people and operates from fifteen well invested, highly efficient production facilities in the UK. The Group 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 eleven 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 31 March 2019 showed revenue of £1,437m and profit before tax of £86.5m.
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 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.