

4 February 2021

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 13 weeks to 26 December 2020.

Current trading

The strong revenue and earnings momentum delivered during the first half of the financial year continued during the third quarter. Consequently, the outlook for the current financial year is now expected to be ahead of the Board's previous expectations.

UK retail demand remained strong during the quarter, reflecting the continued shift towards greater in-home consumption resulting from the COVID-19 pandemic. Performance over the festive trading period was robust and ahead of the same period in 2019, reflecting a well-executed Christmas plan, supported by exemplary service levels to our customers and tight cost control. The UK pig price continued to ease during the period, ending the quarter 9 per cent lower than at the same stage last year. This downward trend is being reflected in selling prices.

Far East export sales were, as anticipated, lower than the same quarter last year due to a greater proportion of output being directed to UK retail customers and the temporary self-suspension of the Group's China export licences for its Northern Ireland and Norfolk primary processing facilities. The licence for the Northern Ireland facility was reinstated on 23 November 2020 and we expect exports to resume from the Norfolk facility in the coming weeks.

Thorough planning ensured we were well prepared for the UK's exit from the European Union on 31 December 2020. We worked closely with suppliers and customers to proactively manage supply chain risks and had developed and successfully implemented mitigating action plans to minimise Brexit related costs and supply chain disruption. We are providing ongoing support to colleagues in obtaining UK settled status and we are recruiting more permanent team members.

Investment

We continue to invest at pace across our asset base to increase capacity, add new capability and drive operating efficiencies whilst maintaining industry leading standards at all of our facilities. There is also substantial ongoing investment in our pork and poultry farming operations to add scale, drive efficiency and maintain the highest standards of animal welfare and to reinforce our Tier 1 ranking in the global Business Benchmark on Farm Animal Welfare (BBFAW).

We are also continuing to invest in a range of sustainability initiatives under our 'Second Nature' strategy, including upgrading to more energy efficient equipment; installing solar panels; self-generating electricity, heat and steam using combined heat and power (CHP) units; and sourcing 100% of the Group's electricity from renewable sources. On 18 November 2020 our Milton Keynes site became the first Cranswick facility to be awarded the Carbon Neutral (PAS 2060) certification.

The capacity uplift from 1.1m to 1.4m birds per week at the Eye poultry facility will come on stream, as planned, during the final quarter of the year. Also, the new £20m Cooked bacon facility in Hull is well advanced and progressing to plan with commercial production due to start in Q1 of the new financial year.

Financial position

As expected, net debt increased during the period reflecting the usual seasonal uplift in working capital, build-up of additional Brexit related inventory and the Group's substantial ongoing capital investment programme.

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

For the remainder of the current financial year the shift towards greater in-home consumption with resulting high demand for our products is expected to continue.

Looking ahead, 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 52 weeks ending 27 March 2021 on 18 May 2021.

Adam Couch, CEO of Cranswick commented:

"The safety and wellbeing of our colleagues remains our priority.

"We have delivered another strong quarter of growth during which we have supported our customers by delivering excellent service levels to ensure full availability of our products both in store and on the fast-growing online channel. None of this would have been possible without the incredible support of our colleagues across the business and on behalf of the Board I thank them for their continued commitment and dedication.

"Our outlook for the current financial year is now expected to be ahead of our previous expectations. Our continued positive progress reflects the substantial ongoing investment in our asset base and the quality and capability of our colleagues."

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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 12,500 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.