

3 February 2022

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 25 December 2021.

Current trading

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 comfortably ahead of the same period in 2020, reflecting a well-executed Christmas plan, supported by exemplary service levels to our customers, with unprecedented industry wide labour and supply chain challenges continuing to be well managed. Substantial and widespread cost inflation was proactively mitigated through tight cost control and ongoing recovery.

Far East export sales were, as anticipated, lower than the same quarter last year due to market prices falling back from the elevated levels experienced over the previous two years and the ongoing suspension of our Norfolk primary pork processing facility's China export licence.

The UK pork sector continues to face operational and commercial challenges with the supply of pigs at times exceeding demand and processing capacity. Cranswick is working with the wider farming community to reduce the backlog of pigs on farms and, in the current financial year, has increased the number of pigs processed. Given the magnitude of this industry issue, we continue to lobby the government for sector support to help alleviate the backlog, including the reinstatement of Chinese export licences and addressing the acute shortage of skilled butchers.

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 our facilities.

Work on the £31m premium breaded poultry facility in Hull is progressing to plan with the plant due to be commissioned early in the new financial year. We are making good progress in developing the new business pipeline in this attractive and meaningful category.

'Second Nature' Sustainability

Transparently disclosing our environmental performance has always been a key focus of Cranswick's Second Nature sustainability strategy. We have been disclosing our performance to the globally recognised CDP system (formerly the Carbon Disclosure Project) for more than a decade. The CDP submission includes responses on governance, risk, disclosure, strategy, targets, emissions reduction initiatives and value chain engagement, and 2021 marks the first year we have been able to disclose on all three focus areas.

In December 2021 we were pleased to receive confirmation of our latest CDP scores: grade B for Climate and Water Security, and grade C for Forests, which is a marked improvement on the previous year. Our new grades reflect continued improvement across our business. Initiatives include transitioning to 100% certified deforestation-free soya. We are also investing in several initiatives to reduce our water consumption, including an effluent treatment plant for wastewater recycling at our site in Watton, and a reverse osmosis system for potable water at our site in Eye.

Financial position

As expected, net debt increased during the period reflecting the usual seasonal uplift in working capital and the Group's substantial ongoing capital investment programme.

The Group's borrowings continue to be managed conservatively, with a committed, unsecured, sustainability linked facility of £250 million providing considerable headroom to support the Group's growth strategy.

Outlook

The Board's expectations for the Group's trading performance in the current year are unchanged.

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 26 March 2022 on 24 May 2022.

Adam Couch, CEO of Cranswick commented:

"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.

"Our performance, which built on the positive and sustainable progress delivered in the first half of the year, reflected the unstinting commitment and dedication of our colleagues across the business and I thank them for their continued support in what continues to be an incredibly challenging operating environment.

"Our outlook for the current year is unchanged and we have a solid platform from which to continue Cranswick's successful long-term development."

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 13,000 people. 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. 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 substantial export business. Results for the 52 weeks to 27 March 2021 showed revenue of £1,898m and profit before tax of £114.8m. 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. Its ambitious sustainability strategy 'Second Nature' has been developed to deliver the Group's vision to become the world's most sustainable meat business. Cranswick has committed to be a Net Zero business across its operations by 2040. Find out more at: www.thisissecondnature.co.uk
3. This information 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.