

26 July 2011

**Cranswick plc**

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

## **First quarter interim management statement**

Cranswick, the UK food producer, today provides an update on trading for the period from 1 April 2011 to 25 July 2011.

### **Current trading**

Trading during the first quarter has been challenging with the Company having to manage significant raw material price inflation during a period in which market conditions have remained extremely demanding.

Underlying like-for-like sales for the three months to 30 June 2011 increased by 5 per cent. Total sales for the first quarter at £195 million were 2 per cent down on the same period last year reflecting business transferred to Farmers Boy (Deeside) Limited. During the period, most categories delivered strong growth. Sales of continental products were lower but there were strong gains in fresh pork and bacon and continued growth in sandwiches and sausages. Underlying sales in cooked meats were also ahead of the same period last year.

Raw material costs increased during the quarter and are being actively managed through on-going discussions with the Group's customers. The extent of and time lag in recovering these rising input costs together with other inflationary pressures, are expected to impact the Company's operating margin during the first half. As a consequence, the Board now expects operating profits for the first half of the financial year to be lower than those of the corresponding period last year.

Net debt stood at £55 million at the quarter-end, compared to £48 million at 31 March 2011. This increase reflects a seasonal uplift in working capital. The Group is in a sound financial position, with committed, unsecured facilities of £100 million which provide generous headroom going forward.

### **Outlook**

As previously stated in the Group's preliminary results, released on 16 May 2011, the difficulties facing the UK consumer and the dynamics of the competitive UK market in which the Company operates are making the current financial year more demanding than usual. Whilst it is still early in the financial year, the Board now expects to deliver a full year result below its original expectations, given the factors referred to above.

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, whilst mindful of the challenges facing the consumer this year, remains confident in the continued long term success and development of the business.