

6 October 2011

**Cranswick plc**

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

## **First half trading statement**

Cranswick, the UK food producer, today provides an update on trading for the 6 months to 30 September 2011.

### **First half performance**

The market was updated in July with details of the first quarter's trading and as a consequence profit expectations for the current year were rebased. Trading since then has been as anticipated and includes the benefit of increased sales, both in the UK and overseas markets.

Pig meat products continue to gain an increased share of the UK retail protein market, as evidenced by recent market data. In fact, there has been an acceleration in this gain in recent months. Both the versatility and the low relative price of pork to other proteins are key to this positive trend. The growing popularity of pork products has been a contributory factor in the increase in sales at Cranswick.

Underlying sales volume growth in the first quarter was 3 per cent and in the second quarter was 7 per cent. The average volume growth across the six months was 5 per cent. Export sales grew strongly, with growth particularly strong in Far Eastern markets. Initial inroads were also made into the US market following the Hull fresh pork facility receiving USDA accreditation in April 2011.

Underlying turnover in the six months to 30 September 2011 was 6 per cent ahead of the same period last year, reflecting an increase in the rate of growth during the second quarter. Total sales for the six months were 3 per cent higher after taking into account business transferred to Farmers Boy Deeside in July 2010.

Following the recent substantial capital expenditure programme at the Group's primary processing plant in Hull it has been encouraging to see record production volumes achieved by this part of the business in recent weeks. Other notable features during the first half have been the growth in sales of pastry products, the development of the customer profile for the range of continental food products, further increases in sausage, ham and bacon volumes compared to a year ago and the achievement of sandwich listings with two major grocery retailers.

During the period, the extension of the Group's air dried bacon facility at Sherburn-in-Elmet, near Leeds, was fully commissioned. This project was the final phase of a significant capital investment programme which has delivered a substantial uplift in capacity across the Group's fresh pork, sausage and bacon operations, together with increased operational efficiencies.

### **Financial position**

Net borrowings were lower than at the previous quarter end and in line with the 31 March 2011 level. The Group is in a sound financial position, with committed, unsecured facilities of £100 million which provide generous headroom going forward.

Shortly before the period end the Company started a limited programme to repurchase 60,000 ordinary shares, to be held in treasury, to satisfy outstanding share option awards.



## **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 remains confident in the continued long term success and development of the business.

The Company intends to announce its interim results on 14 November 2011.