



8 October 2012

**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 six months to 30 September 2012.

#### **First half performance**

The overall performance of the business has been in line with management's expectations.

**Underlying turnover in the six months to 30 September 2012 was 5 per cent ahead** of the same period last year. Both the versatility and the low relative price of pork to other proteins are key to this positive trend.

**Total sales for the six months were 6 per cent higher** after taking into account the contribution from Kingston Foods which was acquired on 29 June 2012. Kingston Foods has, as was anticipated, made a very encouraging contribution to the Group since acquisition and has further extended CranSwick's customer portfolio and strengthened the Group's cooked meat production capability.

Working closely with its customers, the Group has maintained focus on service, quality and innovation throughout the period and continues to deliver exciting, competitively priced products for the UK consumer. This work continues to receive industry recognition including recent awards at The Grocer Own Label Food & Drink Awards 2012 and BPEX Bacon Connoisseurs' Week 2012.

During the period, the Group acquired freehold title to land in Yorkshire to develop a state of the art premium pastry facility and work on the site has commenced. Once completed, this will enable CranSwick to significantly upscale current operations. The factory is expected to be fully commissioned by spring 2013, enabling the Group to offer a broad range of premium savoury pastry products to both existing and prospective customers.

The final stages of the recent major capital investment programme at the Group's primary processing facility at Preston, in Hull were completed during the period. Investment in rapid chilling and reorganising butchery operations has led to further operational efficiencies.

Work has also started on extending the Sutton Fields cooked meat facility in Hull. The extension will provide increased capacity to meet anticipated sales growth and will also improve production flows through the factory which in turn will drive efficiency benefits.

As previously reported, there were modest increases in pig prices during the first quarter of the year. They remained at these elevated levels throughout the second quarter, before increasing further towards the end of the period. The impact was partially absorbed through efficiency improvements.

#### **Financial position**

Net borrowings were down on the previous quarter end and well below those of a year ago, notwithstanding the cash spent on the acquisition of Kingston Foods and the substantial on-going capital investment programme. The Group is in a sound financial position, with committed, unsecured facilities of £100 million which provide generous headroom going forward.

## **Outlook**

Rising animal feed prices and the cost to European producers of implementing new EU welfare regulations (effective from 1 January 2013), which will raise standards towards those existing in the UK, are giving rise to herd reductions both in the UK and in Europe, with further reductions likely. UK pig prices, which are at a three year high, and those throughout the rest of the EU have been rising in recent weeks and further increases are anticipated. This is an issue affecting the whole supply chain and the scale of the inflation and the need to ensure continuity of supply will necessitate discussions on price increases with the Group's customers; these are underway.

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 development of the business.

The Company intends to announce its interim results on 26 November 2012.