

7 October 2013

**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 2013.

**First half performance**

Trading during the first half of the year has seen strong sales growth combined with the challenge of managing further significant raw material price inflation driven by robust demand for British pig meat.

**Underlying turnover in the six months to 30 September 2013 was 13 per cent ahead** of the same period last year, with the fresh pork and bacon categories growing particularly strongly. The attractiveness, versatility and low relative price of pork to other proteins remain key to this positive trend.

**Total sales for the six months were 15 per cent higher** after taking into account the contribution from Kingston Foods which was acquired on 29 June 2012 and modest third party sales made by Wayland Farms which was acquired on 29 April 2013, primarily to meet internal requirements.

The Group's gourmet pastry facility at Malton, North Yorkshire was fully commissioned during the period, albeit with higher than anticipated start-up costs, enabling the Company to further develop its existing business by offering a broad range of premium savoury pastry products. Sales continue to make pleasing progress.

As expected, pig prices increased during the first quarter of the financial year. Prices increased further during July to a new record high and remained at this level throughout the second quarter. On-going efficiency improvements and the strong volumes being processed through the Group's facilities provided some mitigation, but the extent of and time lag in recovering these higher input costs, together with the pastry start-up costs, are expected to result in operating profits<sup>#</sup> for the first half of the year being broadly similar to those of the corresponding period last year.

During the period the Group made further investment in its pig breeding and rearing activities through the purchase of two additional breeding units accommodating 3,000 sows. The investment brings the total number of sows owned by the company to 15,000. The enlarged herd will produce around 7,000 outdoor-reared pigs each week for use in Cranswick's premium range products and gives Cranswick greater control over a robust and integrated supply chain, with a clear focus on premium British ingredients.

**Financial position**

Net borrowings were down on the previous quarter end and only slightly higher than those of a year ago notwithstanding the £13m spent on the acquisition of Wayland Farms, the substantial on-going capital investment programme and increased activity levels across the business. The Group is in a sound financial position, with committed, unsecured facilities of £100 million which provide generous headroom going forward.

**Outlook**

Cranswick will continue to work closely with its customers and maintain focus on service, quality and innovation to deliver exciting, competitively priced products. This approach, allied to a growing export trade, a broadening product portfolio and an increasing demand for premium British pork products by the UK consumer, leaves the business well placed to deliver further growth.

UK pig prices are likely to remain at historical highs at least through to the end of the calendar year. The financial year outturn will be, to a large extent, dependent on the Group's ability to mitigate these costs through further operating efficiencies and the outcome of on-going discussions with customers. The Board's current expectation is that the full year should see operating profits<sup>#</sup> at a similar level to last year.

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 25 November 2013.

<sup>#</sup> excluding net IAS 41 valuation movement on biological assets in the current financial year and non-recurring items in both the current and prior financial years