

31 January 2013

**CranSwick plc**

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

### **Third quarter interim management statement**

CranSwick, the UK food producer, today provides an update on trading for the period from 1 October 2012 to 30 January 2013.

#### **Current trading**

The Company benefited from a strong sales performance in the three months to 31 December 2012.

**Underlying turnover in the three months to 31 December 2012 was 7 per cent ahead** of the same period last year, underpinned by strong volume growth.

**Total sales for the quarter were 8 per cent higher** after taking into account the contribution from Kingston Foods which was acquired on 29 June 2012. Sales growth of bacon, sausages and cooked meat products was particularly strong and there were positive contributions from most other categories. Export sales remained buoyant and sales of pastry products continued to show pleasing progress.

Rising input costs were a feature of trading during the period, with UK pig prices reaching record levels in December 2012. Whilst this impacted margins initially, efficiency improvements brought about by on-going capital investment and constructive pricing discussions with customers helped to partially mitigate the full impact.

The extension of the Sutton Fields cooked meats facility in Hull was completed ahead of the Christmas trading period and provided increased capacity to meet the strong sales growth seen in this part of the business. The extension has also improved production flows through the factory which has driven efficiency benefits.

Quarter 3 saw record volumes produced and shipped from the Group's gourmet bacon facility at Sherburn-in-Elmet, near Leeds, following the recent substantial investment to increase capacity and improve operating efficiencies at the plant.

Development of the new pastry facility in Malton, North Yorkshire remains on schedule and to budget, with first commercial production from the factory expected in late spring 2013.

During the period the Group's two fresh pork facilities in Hull and Norfolk were awarded export licences to China and the process to gain Australian export accreditation is also well advanced. Record volumes of 5<sup>th</sup> Quarter products were shipped to the Far East in Q3 and the Australian accreditation will open up a significant new market for some of CranSwick's high welfare, added value, products.

#### **Financial position**

Following the expected seasonal increase in working capital, the sharp rise in input costs, the substantial uplift in sales and on-going capital expenditure, net debt increased from £32 million to £48 million during the quarter. The operating cash outflow in the period followed a similar pattern to previous years, but notwithstanding this and the cash spent to acquire Kingston Foods in June 2012, net debt at the quarter end was well below the £59 million reported at the same stage last year. The Group is in a strong financial position, with committed, unsecured facilities of £100 million which provide generous headroom going forward.

#### **Outlook**

The business has a well invested asset base, loyal and skilled teams, a great range of products and a strong financial position. The Board looks forward positively to the rest of the year and the long term development of CranSwick.