



# INTERIM RESULTS

FOR THE 26 WEEKS ENDED  
23 SEPTEMBER 2023

## AGENDA

### INTRODUCTION & H1 FY24 HIGHLIGHTS

ADAM COUCH, CEO

### FINANCIAL REVIEW

MARK BOTTOMLEY, CFO

### COMMERCIAL UPDATE

JIM BRISBY, CCO

### OPERATING & STRATEGIC REVIEW

ADAM COUCH, CEO

### Q&A

**DISCLAIMER:** Certain statements in this presentation are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly undue reliance should not be placed on forward looking statements.







# H1 FY24 HIGHLIGHTS

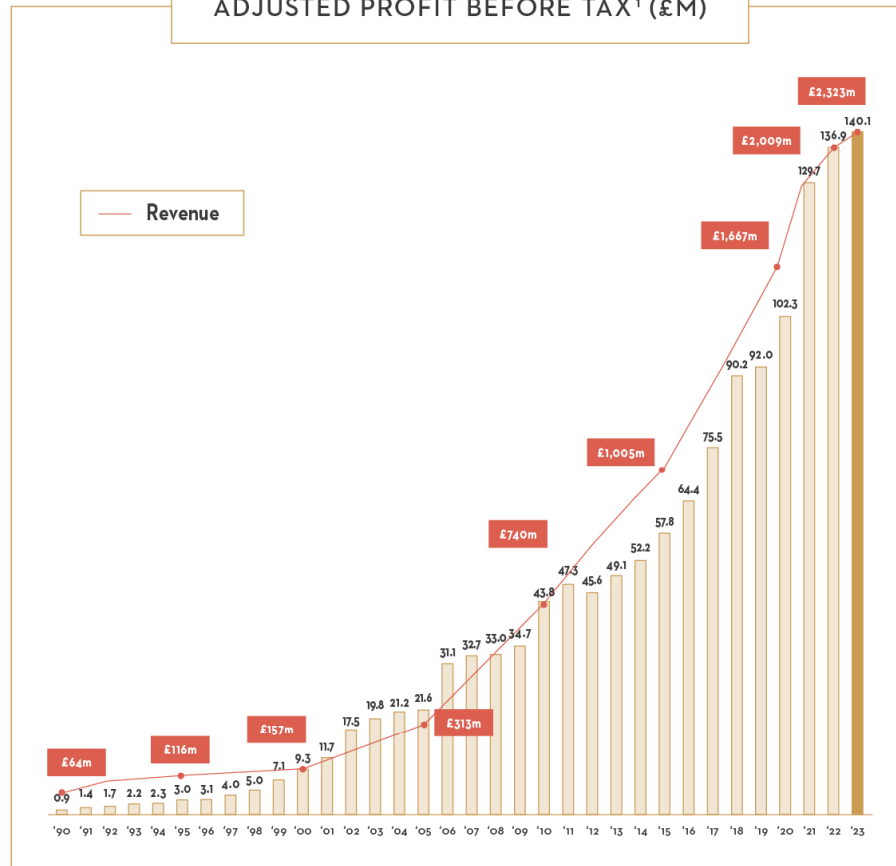
ADAM COUCH  
CHIEF EXECUTIVE OFFICER



## H1 FY24 HIGHLIGHTS

# OUR LONG-TERM TRADING RECORD

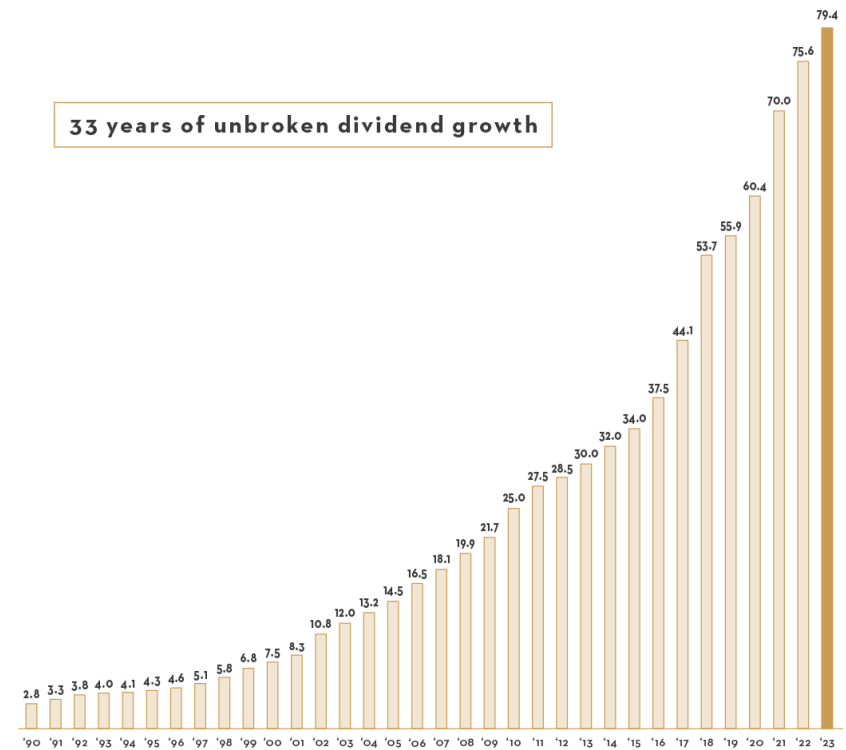
### ADJUSTED PROFIT BEFORE TAX<sup>1</sup> (£M)



<sup>1</sup> Excludes IAS 41 movements on biological assets, acquisition related amortisation and impairment of intangible assets.

### DIVIDEND PER SHARE (PENCE)

33 years of unbroken dividend growth





## H1 FY24 HIGHLIGHTS

# FINANCIAL PERFORMANCE

### REVENUE GROWTH

**+12.3%**

Target: Mid single digit

### ADJUSTED OPERATING PROFIT<sup>1</sup>

**+25.0%**

H1 FY24: £85.5m

### ADJUSTED OPERATING MARGIN<sup>1</sup>

**6.8%**

Target: >6%

### ADJUSTED EPS GROWTH<sup>1</sup>

**+13.8%**

Target: Mid single digit

### FREE CASH FLOW<sup>3</sup>

**+67.0%**

H1 FY24: £78.3m

### ROCE<sup>2</sup>

**16.4%**

Target: Mid-teens

### LEVERAGE<sup>4</sup>

**0.6x**

Target: <2x

### DIVIDEND PER SHARE (DPS) GROWTH

**+10.2%**

Interim dividend: 22.7p

## STRONG REVENUE GROWTH AND POSITIVE EARNINGS MOMENTUM

- 1. Excludes IAS 41 movement on biological assets, acquisition related amortisation and impairment of intangible assets.
- 2. Adjusted operating profit divided by the sum of average opening and closing net assets, net debt, pension surplus and deferred tax. Includes IFRS 16.
- 3. Free cash flow is defined as net cash from operating activities less interest paid.
- 4. Net debt divided by adjusted EBITDA.



## H1 FY24 HIGHLIGHTS

# COMMERCIAL AND STRATEGIC HIGHLIGHTS

Strong revenue growth of 12.3% reflecting effective inflation recovery and resilient volume growth across all four core UK food categories

A positive contribution from rapidly expanding pig farming operations, robust returns from effective deployment of capital and tight cost control lifted adjusted operating margin from 6.1% to 6.8%

Capital investment programme continues at pace with £39.4m invested in H1 taking the total spent to £600m since FY16

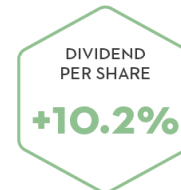
- £62m multi-phase expansion project underway at Hull pork primary processing site
- £23m fit out of new houmous facility at Worsley, Manchester now underway

£31.7m acquisition of Elsham Linc indoor pig farming business adds additional feed milling capability, with self-sufficiency in UK pigs now over 50%

Outlook for the current financial year is now expected to be at the upper end of current market consensus<sup>1</sup>

## 10 YEAR CAGR

Compound annual growth rates to 25 March 2023



1. Market consensus for adjusted profit before tax as at 20 November 2023 ranged between £153.2m and £160.8m.







## FINANCIAL REVIEW

MARK BOTTOMLEY  
CHIEF FINANCIAL OFFICER



## FINANCIAL REVIEW

# FINANCIAL HIGHLIGHTS

REVENUE (£M) +12.3%



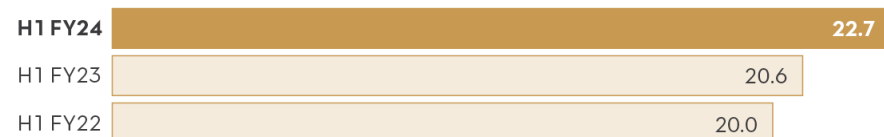
ADJUSTED PROFIT BEFORE TAX (£M)<sup>1</sup> +23.6%



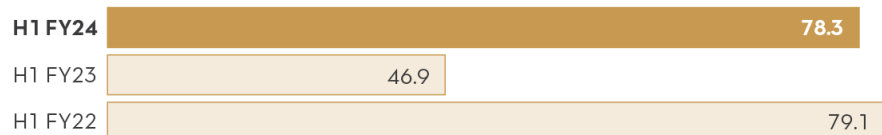
ADJUSTED EARNINGS PER SHARE (P)<sup>1</sup> +13.8%



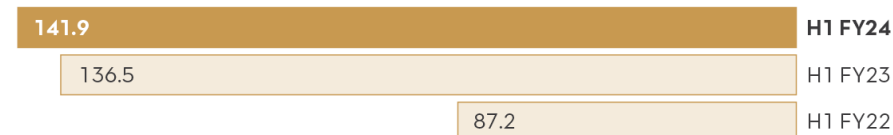
DIVIDEND PER SHARE (P) +10.2%



FREE CASH FLOW (£M)<sup>3</sup> +67.0%



NET DEBT (£M)<sup>2</sup> +£5.4M



1. Excludes IAS 41 movement on biological assets, acquisition related amortisation and impairment of intangible assets.

2. Includes recognition of IFRS 16 leases.

3. Free cash flow is defined as net cash from operating activities less interest paid.





## FINANCIAL REVIEW

# H1 FY24 SUMMARY

£M	H1 FY24	H1 FY23	CHANGE
Revenue	1,253.7	1,116.3	+12.3%
Like-for-like revenue growth <sup>1</sup>			+12.0%
Adjusted gross margin <sup>2</sup>	14.1%	13.1%	+103bps
Adjusted operating profit <sup>2,3</sup>	85.5	68.4	+25.0%
Adjusted operating margin <sup>2,3</sup>	6.8%	6.1%	+69bps
Adjusted profit before tax <sup>2,3</sup>	81.6	66.0	+23.6%
Effective tax rate	26.1%	20.2%	
Adjusted EPS (pence) <sup>2,3</sup>	112.2	98.6	+13.8%
Reported EPS (pence)	119.5	92.0	+29.9%
Dividend per share (pence)	22.7	20.6	+10.2%
ROCE <sup>4</sup>	16.4%	15.9%	+54bps

1. Like-for-like revenues exclude the current year contribution from current and prior year acquisitions prior to the anniversary of their purchase.

2. Excludes IAS 41 movement on biological assets.

3. Excludes acquisition related amortisation and impairment of intangible assets.

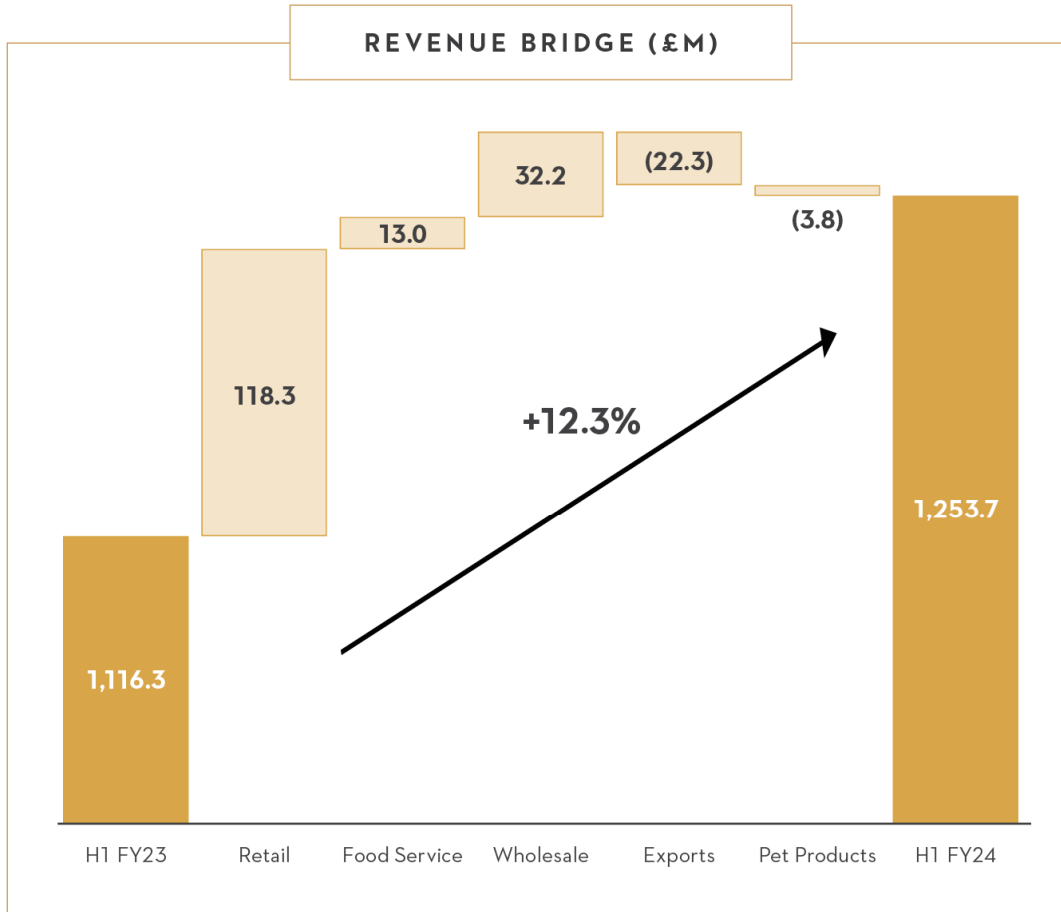
4. Adjusted operating profit divided by the sum of average opening and closing net assets, net debt, pension surplus and deferred tax. Includes IFRS 16.



## FINANCIAL REVIEW

# STRONG REVENUE GROWTH

### REVENUE BRIDGE (£M)



### Revenue growth is driven by:

- Increased volumes in our core UK food categories
- Inflation recovery through retail models
- Prepared Poultry and Cooked Bacon new business wins

### Partially offset by:

- Lower export volumes
- Transition from legacy Pet Product customers

### CORE CATEGORY PERFORMANCE

#### FRESH PORK

**+12.2%**

#### POULTRY

**+6.9%**

#### CONVENIENCE

**+13.9%**

#### GOURMET

**+18.0%**

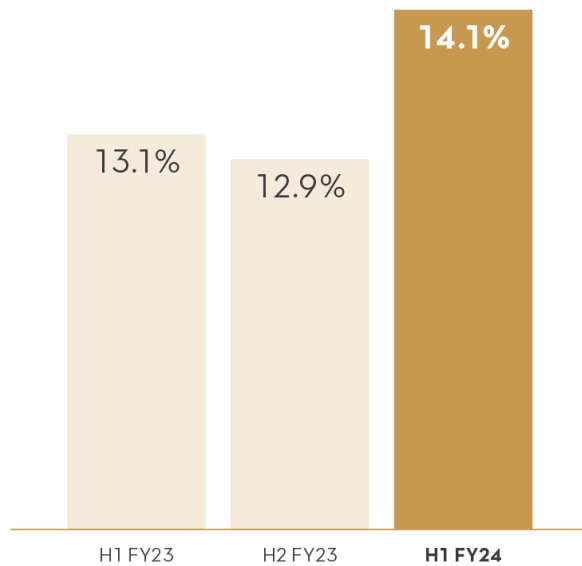




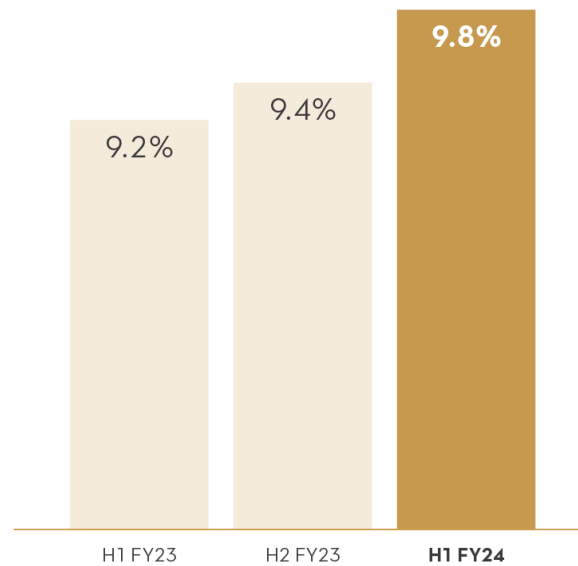
## FINANCIAL REVIEW

# STRENGTHENING MARGINS

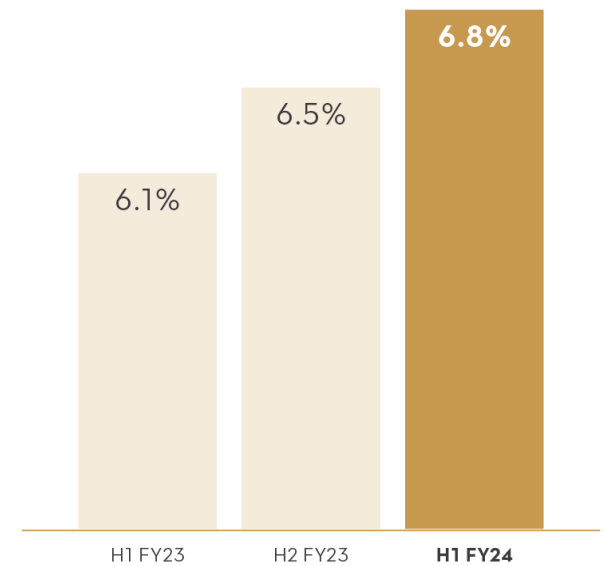
ADJUSTED GROSS MARGIN<sup>1,2</sup>



ADJUSTED EBITDA MARGIN<sup>1,2,3</sup>



ADJUSTED OPERATING MARGIN<sup>1,2,3</sup>



Margin expansion continues

Strong contribution from farming operations

Robust returns from effective deployment of capital and tight cost control

1. Includes recognition of IFRS 16 Leases.

2. Excludes IAS 41 movement on biological assets.

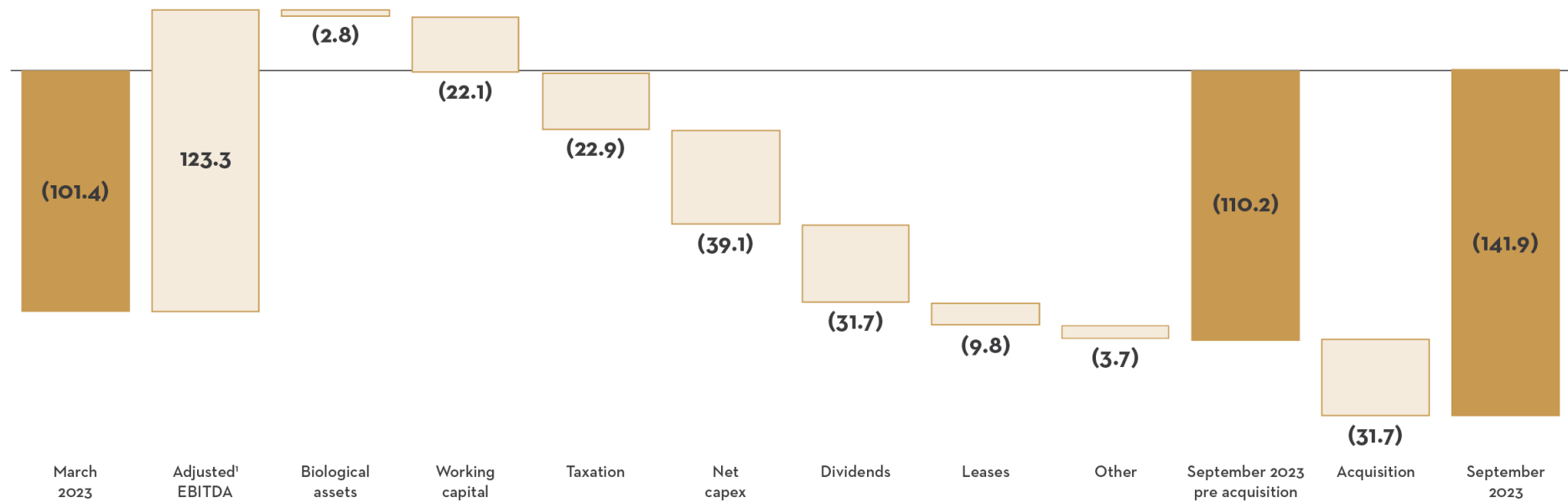
3. Excludes acquisition related amortisation and impairment of intangible assets.



## FINANCIAL REVIEW

# NET DEBT

NET DEBT (£M)



NET DEBT/EBITDA<sup>1</sup>

0.6x

Net debt excluding IFRS 16 lease liabilities at the period end was £51.0m (March 2023: £20.2m)

Opening and closing net debt includes IFRS 16 leases

Cash outflow on acquisition of Elsham Linc £31.7m

1. Excludes IAS 41 movement on biological assets, acquisition related amortisation and impairment of intangible assets.



## FINANCIAL REVIEW

# STRONG LONG-TERM CASH GENERATION

	FREE CASH FLOW	NET CAPEX	ACQUISITION <sup>1</sup>	DIVIDEND PAID	CASH INFLOW / (OUTFLOW) <sup>2</sup>
<b>H1 FY24</b>	<b>78.3</b>	<b>39.1</b>	<b>31.7</b>	<b>31.7</b>	<b>(24.2)</b>
FY23	149.2	83.9	(0.1)	36.3	29.1
FY22	158.4	92.4	38.5	32.8	(5.3)
FY21	180.9	71.1	10.7	27.9	71.2
FY20	115.8	97.1	76.2	22.6	(80.1)
FY19	87.3	78.0	3.0	22.1	(15.8)
FY18	111.7	58.0	5.3	18.2	30.2
FY17	72.4	46.5	40.5	14.6	(29.2)
FY16	83.4	33.5	–	14.6	35.3
	<b>1,037.4</b>	<b>599.6</b>	<b>205.8</b>	<b>220.8</b>	<b>11.2</b>

Over £1bn of free cashflow generated since FY16

## BANKING FACILITY

£250m revolving credit facility in place  
with five major banks

Includes committed overdraft of £20m

Option to access further £50m  
on same terms

Extended to November 2026

Unsecured

Sustainability linked

1. Includes loan to joint venture and amounts repaid on acquisitions.

2. Excludes the proceeds from the issue of share options and the issue costs of long-term borrowings.



## FINANCIAL REVIEW

# STRATEGIC INVESTMENT CONTINUES

### CONSOLIDATE

**£62m** multi-phased expansion of Hull Fresh Pork facility

**£11m** Cooked Meats capacity and efficiency enhancements

**£7m** upgrade of Riverside Fresh Pork retail packing facility

**£3m** investment in Fresh Pork robotic automation

**£3m** retail packing upgrade at Gourmet Bacon

### EXPAND

**£23m** investment in new Worsley houmous facility

**£9m** investment to double the 'slow cook' capacity at Hull Cooked Meats

**£7m** investment to increase roasting and cooking capability at Cooked Poultry

### DIVERSIFY

**£10m** first stage investment in expanded dry pet food production at Pet Products

NET INVESTMENT SINCE FY16

**£600m**

H1 FY24 ROCE<sup>1</sup>

**16.4%**

FY24 CAPEX GUIDANCE

**c.£100m**



<sup>1</sup> Adjusted operating profit divided by the sum of average opening and closing net assets, net debt, pension surplus and deferred tax. Includes IFRS 16.







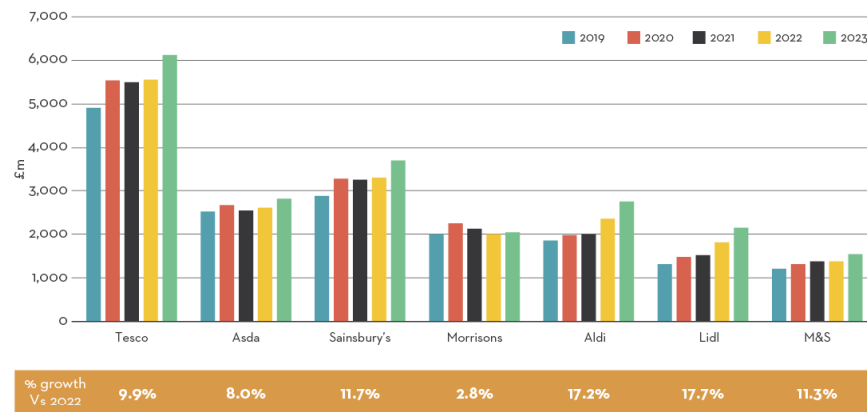
## COMMERCIAL UPDATE

JIM BRISBY  
CHIEF COMMERCIAL OFFICER

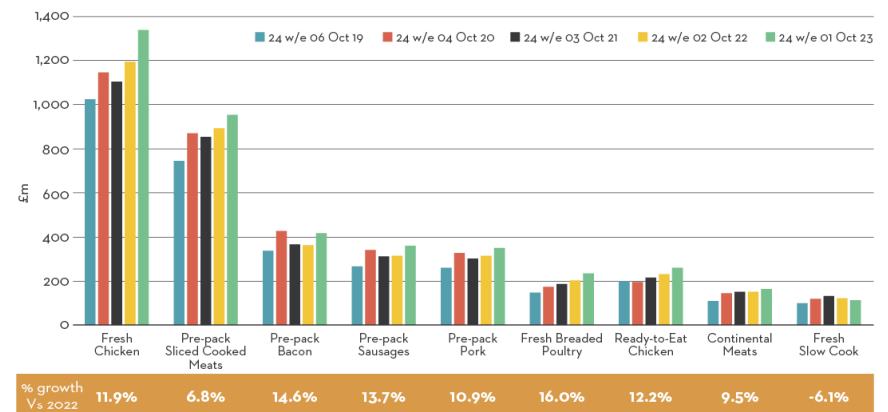


# CUSTOMER SALES RESILIENT IN OUR CORE CATEGORIES

## FRESH AND CHILLED RETAIL SALES



## KEY CATEGORY SALES PERFORMANCE



- All retailers delivering sales ahead of 2019
- Tesco and Sainsbury's focus on value driving strong growth
- M&S focus on food continues to drive footfall
- Aldi and Lidl growth remains strong but softening

- Strong sales partly driven by inflation
- Growth in fresh chicken and pork continuing to offer value for money vs red meat
- Majority of added-value categories in growth
- Cranswick sales of 'slow cook' continue to grow due to business wins, despite overall category performance

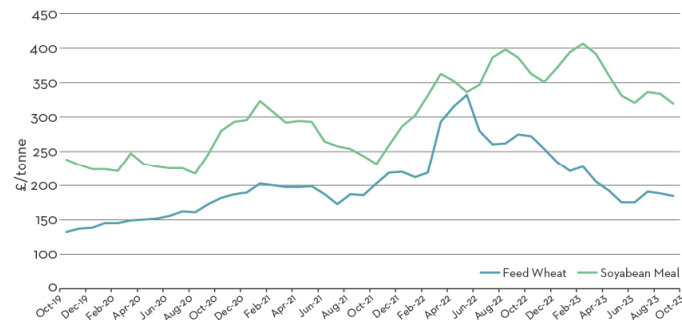
Source: Kantar 24 w/e 03 October 2023



## COMMERCIAL UPDATE

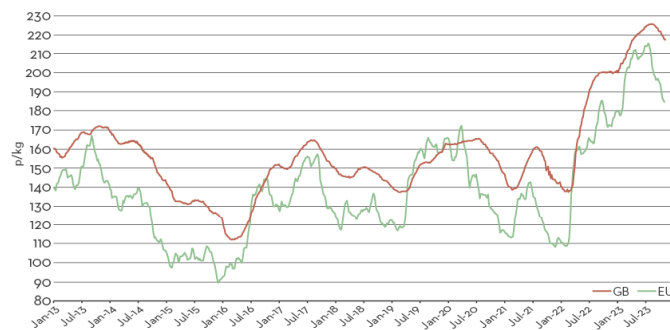
# FEED PRICES FALLING ALTHOUGH PIG PRICES REMAIN HIGH

### FEED INPUT PRICES 2019-2023



- Feed costs remain high but falling away from the peak
- Pig price stabilising, albeit at record levels
- Gap between EU and British pork beginning to grow
- Retail prices continue to increase in pork and chicken
- Food price inflation slowing





### PIG PRICES GB SPP VS EU



## COMMERCIAL UPDATE

# STRONG CATEGORY SALES

### UK FOOD SALES H1 FY24

Category		Change	
		Value	Volume
	Fresh Pork <sup>1</sup>	+24.7%	+5.8%
	Convenience <sup>2</sup>	+13.9%	+1.2%
	Gourmet Products <sup>3</sup>	+17.9%	+4.4%
	Poultry <sup>4</sup>	+9.5%	+0.8%
<b>Total core UK food</b>		<b>+16.1%</b>	<b>+2.7%</b>

### CRANSWICK CHANNEL SALES H1 FY24

UK Retail

**+14%**

Manufacturing

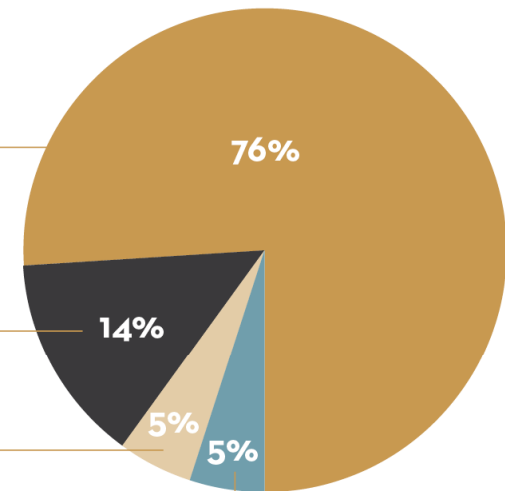
**+18%**

Food Service

**+28%**

Export

**-27%**



1. Fresh Pork excluding farms.

2. Convenience comprises Cooked Meats, Continental Products and Katsouris.

3. Gourmet Products comprises Sausage, Bacon and Pastry.

4. Poultry comprises Fresh, Prepared, and Cooked Poultry.





## COMMERCIAL GROWTH AGENDA AND OUTLOOK

### CONSOLIDATE



- Investment in pig supply chain and pork operations
- Retail business wins in Cooked Bacon and Sausage
- 'Slow cook' investment and new business

### EXPAND



- Investment and new business in ready-to-eat and Prepared Poultry
- New charcuterie selection packs through Continental Foods
- Ramona's is number 1 houmous brand by volume

### DIVERSIFY



- Onboarding Pets at Home business underway
- Further growth opportunities identified with Pets at Home
- Relaunch of Vitalin and Alpha underway and new listings secured



## COMMERCIAL UPDATE

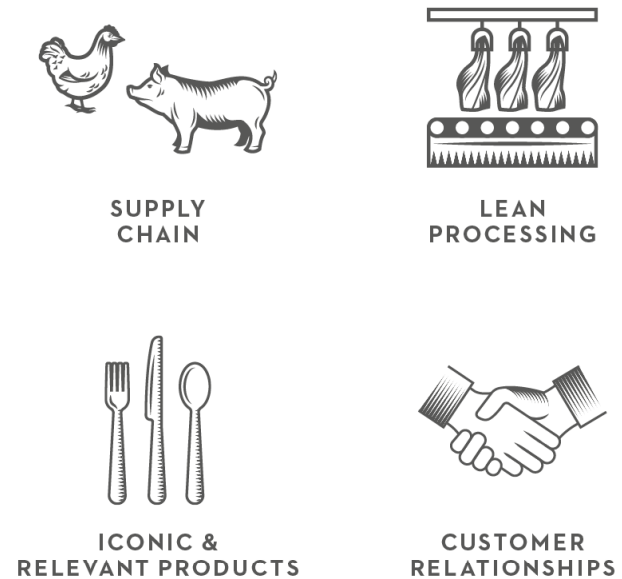
# DELIVERING COMMERCIAL COMPETITIVE ADVANTAGE

Created through a clearly differentiated business model

### OUR GUIDING PRINCIPLES



### OUR STRATEGIC ENABLERS







**OPERATING &  
STRATEGIC REVIEW**

ADAM COUCH  
CHIEF EXECUTIVE OFFICER

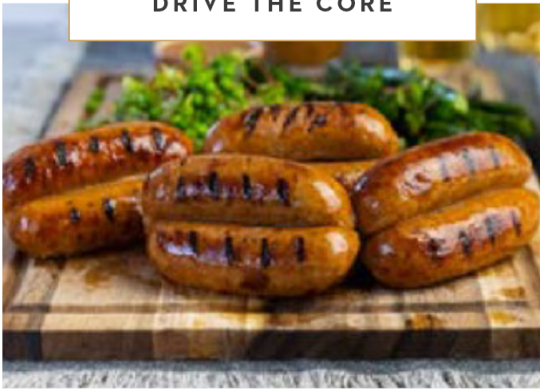




## STRATEGY AND GROWTH AGENDA

### CONSOLIDATE

#### DRIVE THE CORE



- Volume growth in pig meat categories
- Investment in automation enhancing returns across the business
- Self-sufficiency in UK pigs now over 50%

### EXPAND

#### INCREASE MARKET SHARE IN GROWTH CATEGORIES



- Strong recovery in ready-to-eat poultry
- Further opportunity for growth in Prepared Poultry
- Worsley site to provide further houwous capacity

### DIVERSIFY

#### IDENTIFY NEW OPPORTUNITIES



- Pets at Home volumes ramping up in second half
- Relaunch of Vitalin and Alpha brands
- £10m site investment at Lincoln manufacturing facility





## FURTHER INVESTMENT IN FARMING INFRASTRUCTURE

Acquisition of Elsham Linc doubles the size of our Red Tractor assured indoor pig herd

Elsham Linc also provides a third feed mill with substantial capacity for growth

Long-term lease of fully integrated pig and arable farming enterprise in North Yorkshire agreed

Expansion allows greater focus on sustainable farming and maintaining the highest animal welfare standards

Self-sufficiency in UK pigs now over 50% securing supply and supporting farm-to-fork traceability



## SUMMARY & OUTLOOK

### STRONG PERFORMANCE



- Strong revenue growth
- Strengthening margins
- Positive earnings momentum

**+12.3% Revenue**  
**+25.0% Adjusted operating profit<sup>1</sup>**

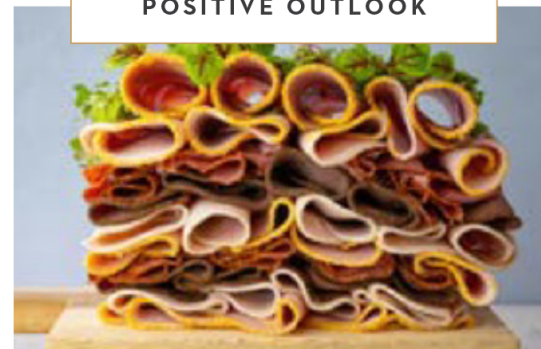
### ONGOING INVESTMENT



- £62m investment in Hull Fresh Pork site
- £23m houmous facility fit out
- Investment in farming and milling capacity

**£39.4m capital expenditure**  
**16.4% ROCE<sup>2</sup>**

### POSITIVE OUTLOOK



- Growth strategy on track
- Demand for core pork and poultry categories remain resilient
- Robust, deployable balance sheet generating strong returns

**Outlook at upper end of market consensus<sup>3</sup>**



We have made a strong start to the year with positive trading momentum continuing into the third quarter. The strengths of our business, which include its diverse and long-standing customer base, breadth and quality of products and channels, robust financial position and industry leading infrastructure, will support the further development of Cranswick over the longer term.

1. Excludes IAS 41 movements on biological assets, acquisition related amortisation and impairment of intangible assets.

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3. Market consensus for adjusted profit before tax as at 20 November 2023 ranged between £153.2m and £160.8m.



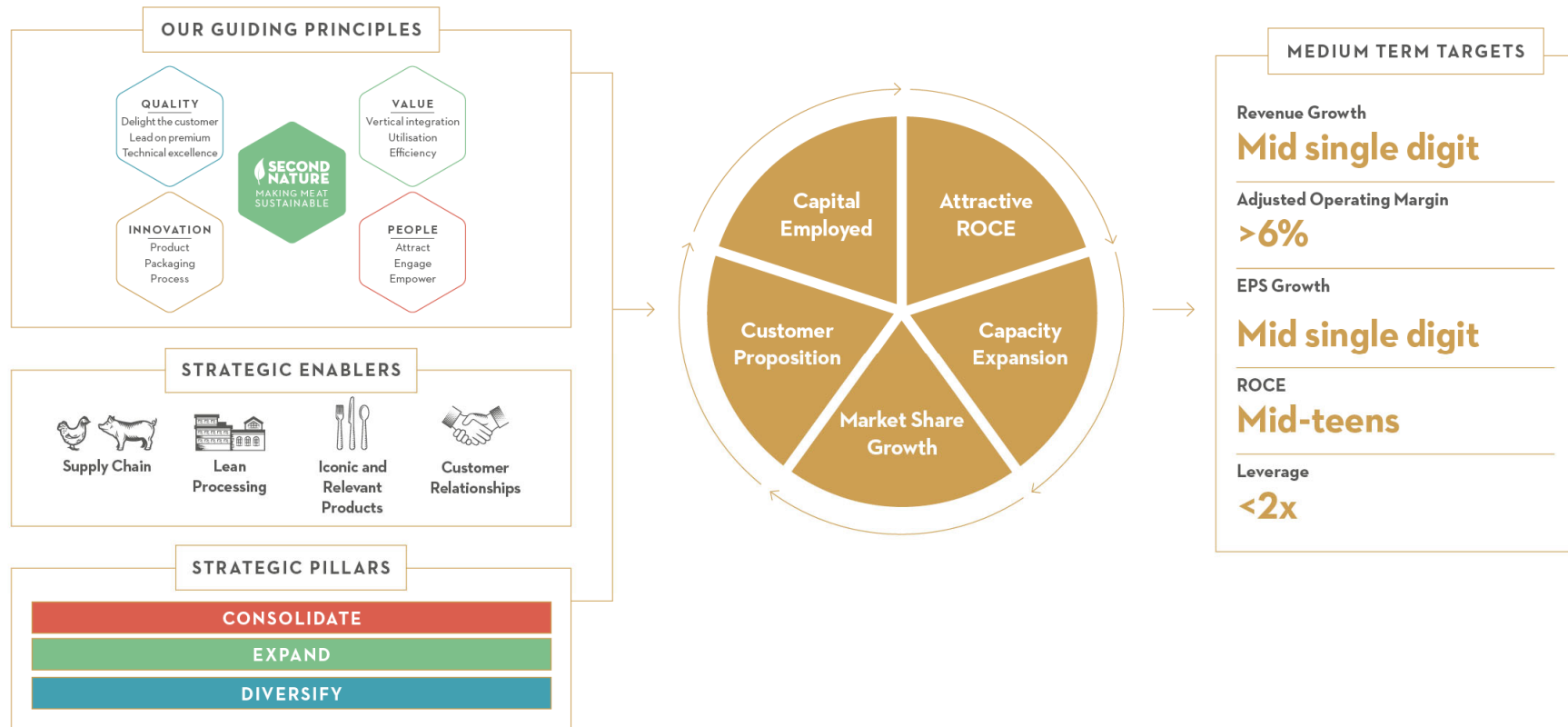
## APPENDICES

# APPENDIX 1

Cranswick's value creation model

### PURPOSE

Creating great tasting, affordable food; authentically made and sustainably produced



## APPENDICES

# APPENDIX 2

A sustainable capital allocation framework

INVESTING IN THE BUSINESS TO  
SUPPORT OUR GROWTH STRATEGY

CAPEX OF C.£100M TO ADD CAPACITY,  
CAPABILITY AND AUTOMATION

MAINTAIN INVESTMENT  
GRADE BALANCE SHEET

TARGET LEVERAGE OF  
<2X NET DEBT:EBITDA<sup>1</sup>

MAINTAIN PROGRESSIVE  
DIVIDEND POLICY

COVER OF  $\geq 2.5X$  EPS<sup>2</sup>:DPS

CONTINUE COMPLEMENTARY  
TARGETED BOLT-ON M&A

EARNINGS ACCRETIVE WITH  
RETURNS AHEAD OF GROUP WACC

1. Adjusted EBITDA  
2. Adjusted EPS





## APPENDICES

### APPENDIX 3

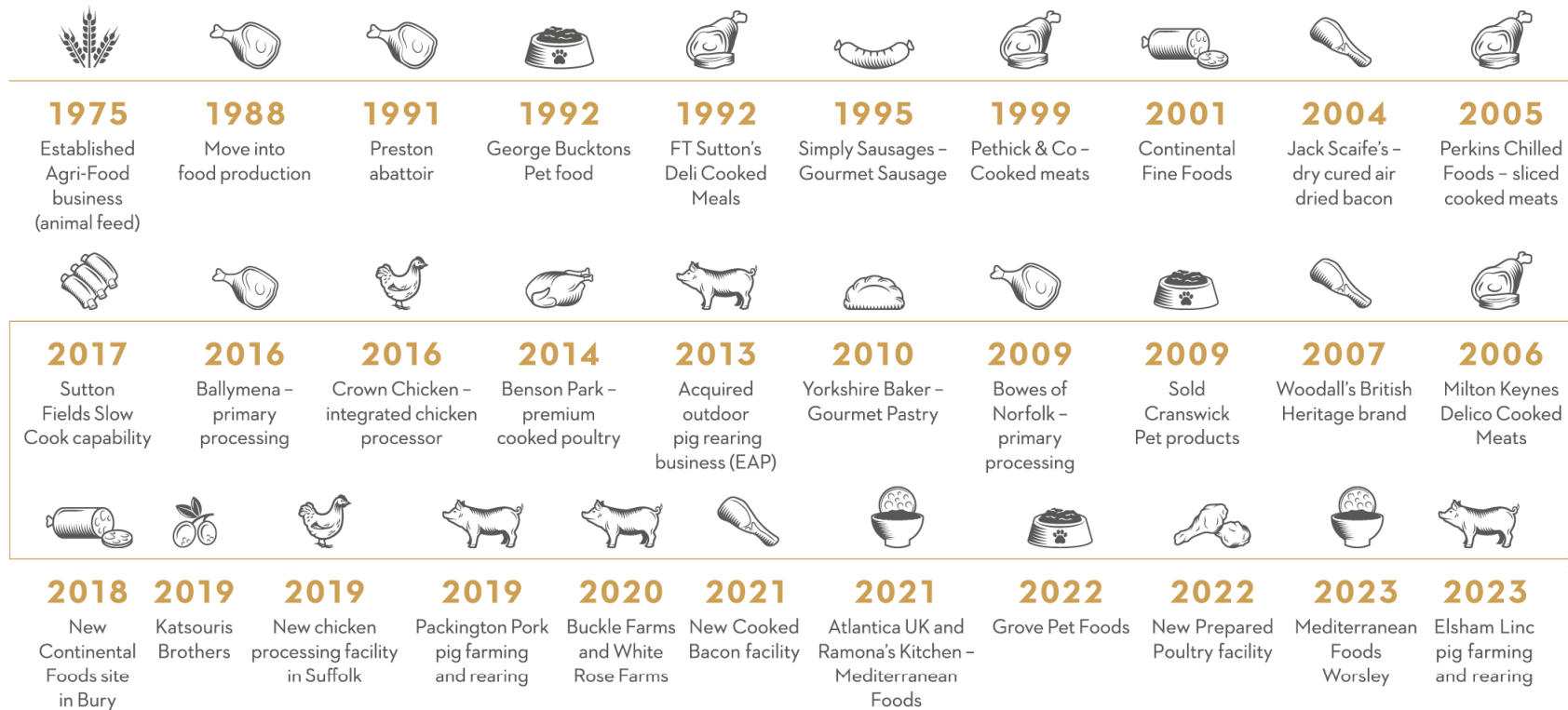
#### ESG rating movements

RATINGS AGENCY	CURRENT RATING	LAST GRADED	PREVIOUS ASSESSMENT	MOVEMENT
Better Food Index	1/30 suppliers assessed	May 23	3/30 suppliers assessed	▲
CDP	Climate A- Water B Forests C, C, B-, C	Dec 22	Climate B Water B Forests C, C, C, C	▲
S&P	38/100 (85th percentile)	Feb 23	22/100 (50th percentile)	▲
Coller Fairr	Low risk (5/60 companies assessed)	Aug 23	Medium risk (5/60 companies assessed)	▲
Vigeo Eiris / Moody's	39/100	May 21	34/100	▲
FTSE Russell	3.6/5	Mar 23	3.5/5	▲
MSCI	AA	Apr 23	AA	No change
Sustainalytics	Medium risk	Mar 22	Medium risk	No change



## APPENDICES

### APPENDIX 4



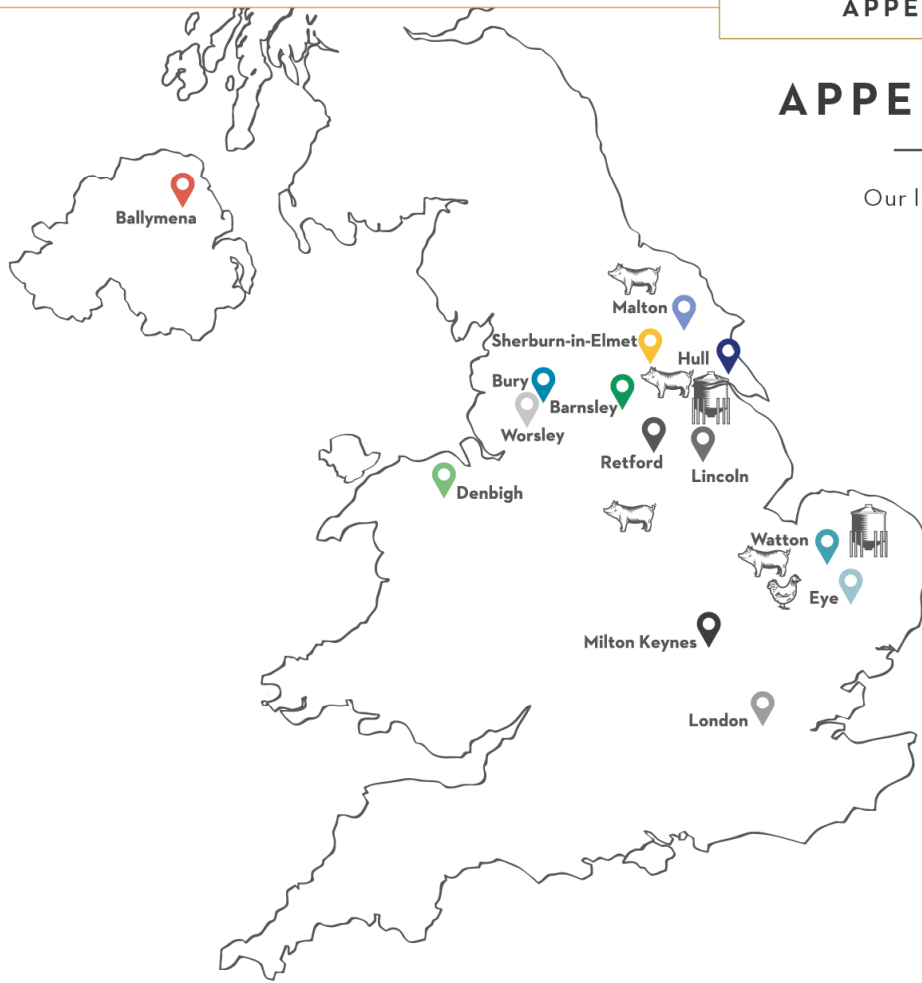
## APPENDICES

### APPENDIX 5

#### Our locations

We have sites across the UK and our primary processing facilities are well placed within key farming areas.

- Over 14,200 employees
- Operating in 22 facilities
- £600m net capital investment since FY16
- 18 manufacturing sites certified carbon neutral



<p><b>Hull</b> Fresh Pork, Preston Fresh Pork, Riverside Gourmet Sausage Cooked Poultry Cooked Meats Gourmet Kitchen Prepared Poultry</p> <p><b>Malton</b> Gourmet Pastry</p> <p><b>Sherburn-in-Elmet</b> Gourmet Bacon</p> <p><b>Barnsley</b> Cooked Meats</p> <p><b>Ballymena</b> Fresh Pork</p> <p><b>Lincoln</b> Pet Products</p> <p><b>Retford</b> Pet Products</p> <p><b>Bury</b> Continental Foods</p>	<p><b>Worsley</b> Mediterranean Foods</p> <p><b>Denbigh</b> Food Service</p> <p><b>Watton</b> Fresh Pork</p> <p><b>Eye</b> Fresh Poultry</p> <p><b>Milton Keynes</b> Cooked Meats</p> <p><b>London</b> Katsouris Brothers Mediterranean Foods Ramona's Kitchen</p> <p><b>Agriculture</b></p> <p> Feed production</p> <p> Pig and poultry production</p>
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## APPENDICES

# APPENDIX 6

### Adjusted & reported earnings, tax & earnings per share

ADJUSTED & REPORTED EARNINGS (£M)	H1 FY24	H1 FY23
Adjusted operating profit	85.5	68.4
Net IAS 41 movement	7.7	1.2
Impairment of acquired intangible assets	-	(3.0)
Acquisition related amortisation	(2.4)	(2.7)
Operating profit	90.8	63.9
Profit before tax	86.9	61.5
Profit after tax	64.2	49.1

EARNINGS PER SHARE (P)	H1 FY24	H1 FY23
On adjusted profit for the year	112.2	98.6
Net IAS 41 movement	14.3	2.3
Impairment of acquired intangible assets	-	(5.6)
Acquisition related amortisation	(4.5)	(5.1)
Tax impact	(2.5)	1.8
On profit for the year	119.5	92.0

TAX (%)	H1 FY24	H1 FY23
Headline tax rate	25.0	19.0
Disallowed expenses	0.9	0.6
Other	0.2	0.3
Deferred tax rate change	-	2.3
Super deduction	-	(2.0)
Effective tax rate	26.1	20.2

	H1 FY24		H1 FY23	
	£M	%	£M	%
Statutory tax charge	22.7	26.1	12.4	20.2
Effect of intangible amortisation	0.6		0.5	
Effect of intangible impairment	-		0.8	
Effect of IAS 41 adjustment	(1.9)		(0.3)	
Tax on adjusted PBT	21.4	26.2	13.4	20.3



## APPENDICES

# APPENDIX 7

### Balance sheet and cash flow

BALANCE SHEET (£M)	H1 FY24	H1 FY23
Property, plant and equipment	496.7	444.0
Intangible assets	224.1	225.8
Right-of-use assets	85.0	71.9
Investments	0.5	-
Biological assets	97.1	70.5
Working capital	146.9	141.5
Net debt	(141.9)	(136.5)
Tax, grants, provisions, and pensions	(30.0)	(24.7)
<b>Net assets<sup>1</sup></b>	<b>878.4</b>	<b>792.5</b>
KEY METRICS	H1 FY24	H1 FY23
Gearing <sup>1,2</sup>	16.2%	17.2%
Interest cover <sup>3</sup>	43x	48x

STATUTORY CASH FLOW (£M)	H1 FY24	H1 FY23
<b>Cash generated from operations</b>	<b>103.2</b>	<b>59.3</b>
Tax paid	(22.9)	(11.0)
<b>Net cash from operating activities</b>	<b>80.3</b>	<b>48.3</b>
Net capital expenditure	(39.1)	(37.5)
Acquisition related cashflows <sup>4</sup>	(27.6)	-
Proceeds from borrowings	38.0	36.0
Interest paid	(2.0)	(1.4)
Share issues	1.5	1.3
Payment of lease capital and interest	(8.6)	(7.8)
Shares held in trust purchased	(3.3)	-
Dividend paid	(31.7)	(27.6)
<b>Net cash inflow</b>	<b>7.5</b>	<b>11.3</b>
<b>Net debt<sup>1</sup></b>	<b>141.9</b>	<b>136.5</b>

1. Includes recognition of IFRS 16 leases in both years.

2. Net debt divided by net assets.

3. Adjusted operating profit divided by the interest paid. Excludes IFRS 16 lease interest.

4. £31.7m Elsham Linc acquisition includes £4.2m outflow included within cash generated from operations.

