



ANNUAL GENERAL MEETING

24 JULY 2023

## AGENDA

### **BUSINESS UPDATE**

ADAM COUCH, CEO

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### **FINANCIAL HIGHLIGHTS**

MARK BOTTOMLEY, CFO

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### **RESOLUTIONS AND VOTING**

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.



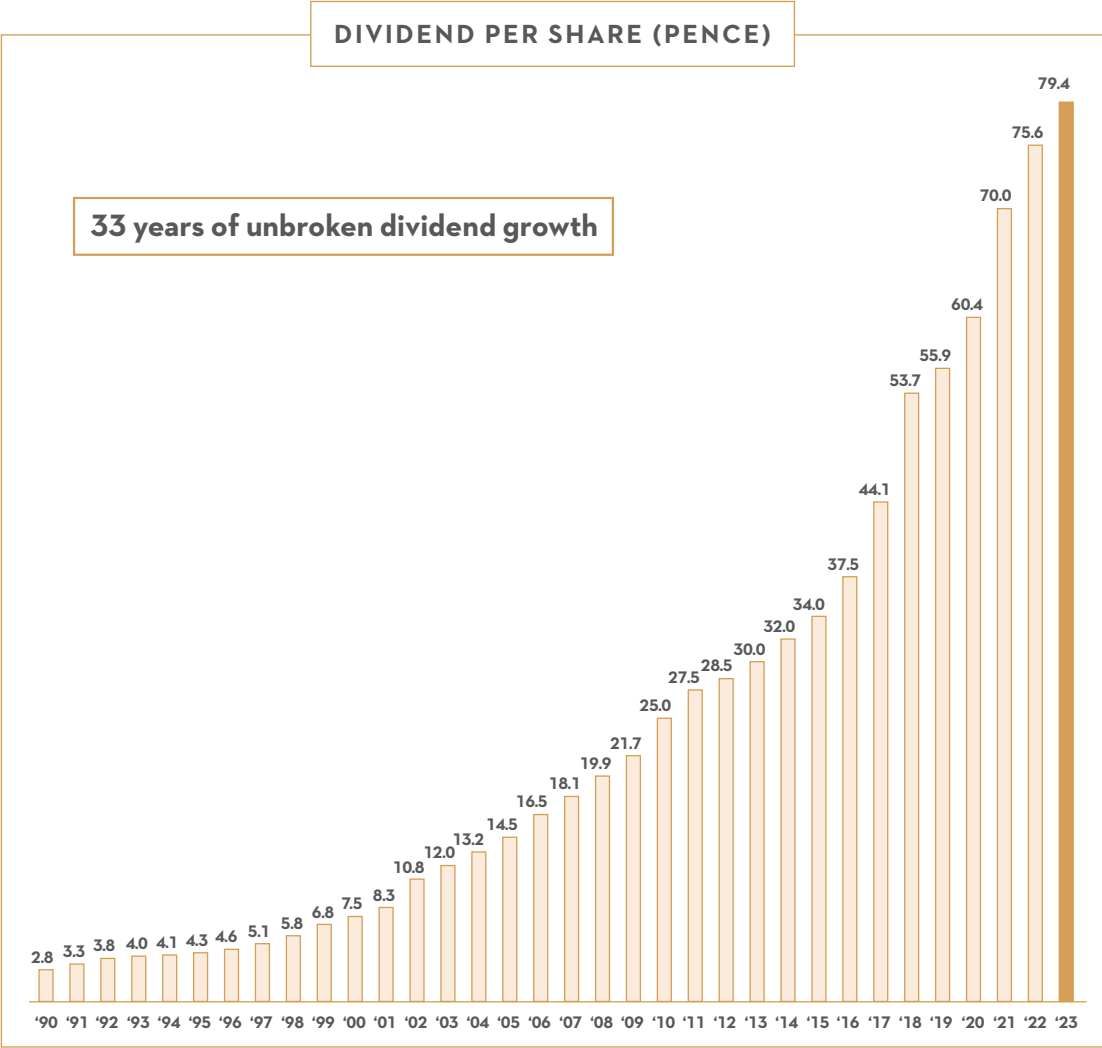
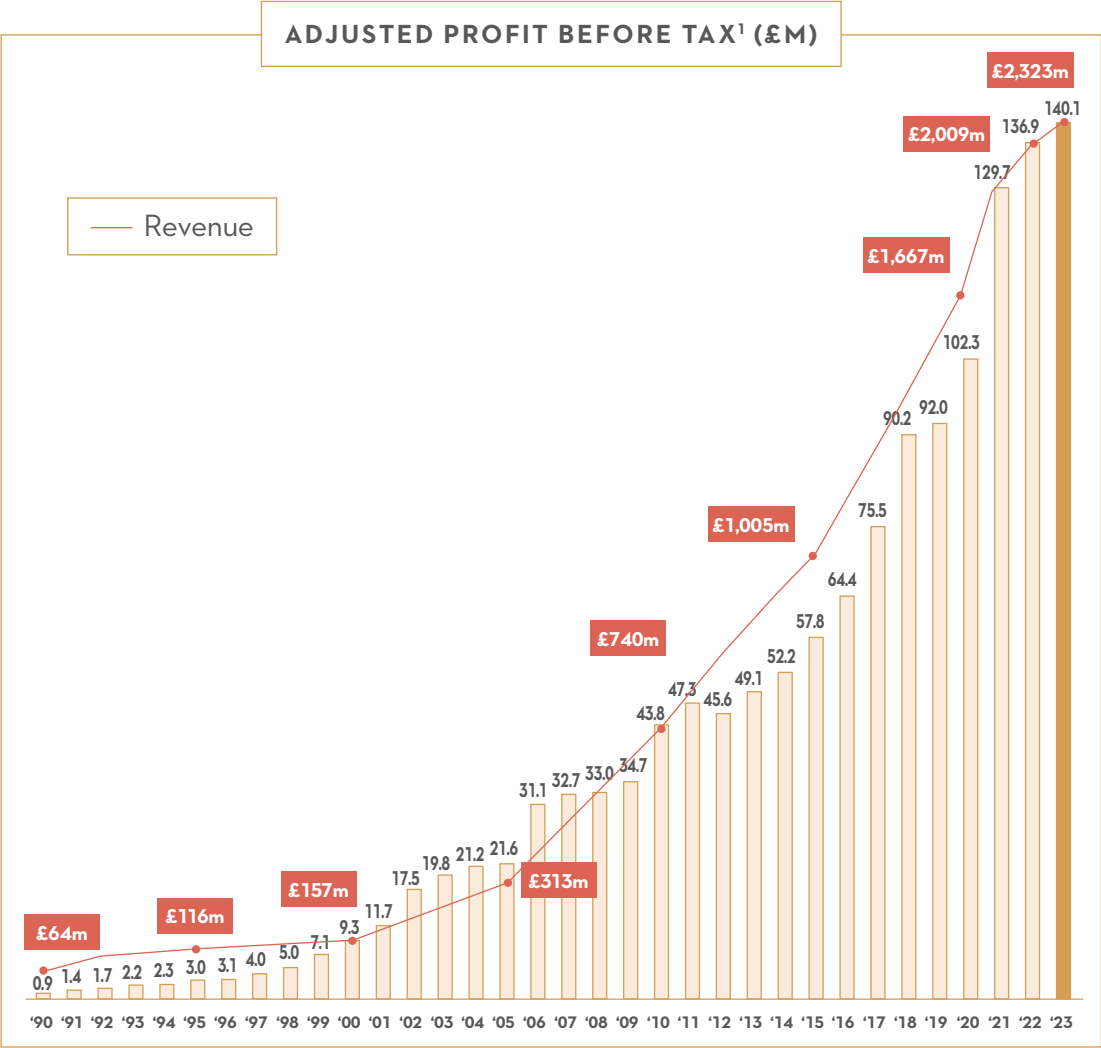


# BUSINESS UPDATE

ADAM COUCH  
CHIEF EXECUTIVE OFFICER



OUR LONG-TERM TRADING RECORD



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



FINANCIAL PERFORMANCE

Revenue

+15.7%

Adjusted operating profit<sup>1</sup>

+4.2%

ROCE<sup>2</sup>

15.8%

DPS

+5.0%

Adjusted EPS<sup>1</sup>

+2.2%

Free cash flow<sup>3</sup>

£149.2m

Demonstrated ability to pass through  
significant cost inflation

Stable long-term margins

Strong return on capital employed

Unbroken dividend growth

Strong cash conversion



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



# COMMERCIAL AND STRATEGIC HIGHLIGHTS

Strong revenue growth reflecting inflation recovery with operating margin improving in the second half of the year

Broad-based inflationary pressure across the Group’s cost base continues to be well controlled

Total capital expenditure of £85.1m across the Group’s asset base to add capacity, capability and drive efficiency

New £32m Hull Prepared Poultry facility successfully commissioned at the start of the year with retail and food service customers now secured

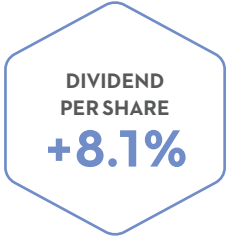
Installation of third contact cooking line at Hull Cooked Bacon facility to add capacity and capability

£9m investment in Lincoln pet food site underway with significant new customer secured

Further investment in the Group’s pig farming operations; self-sufficiency in British pigs now approaching 50%

## 5 YEAR CAGR

Compound annual growth rates to 25 March 2023



# CRANSWICK'S VALUE CREATION MODEL

PURPOSE

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

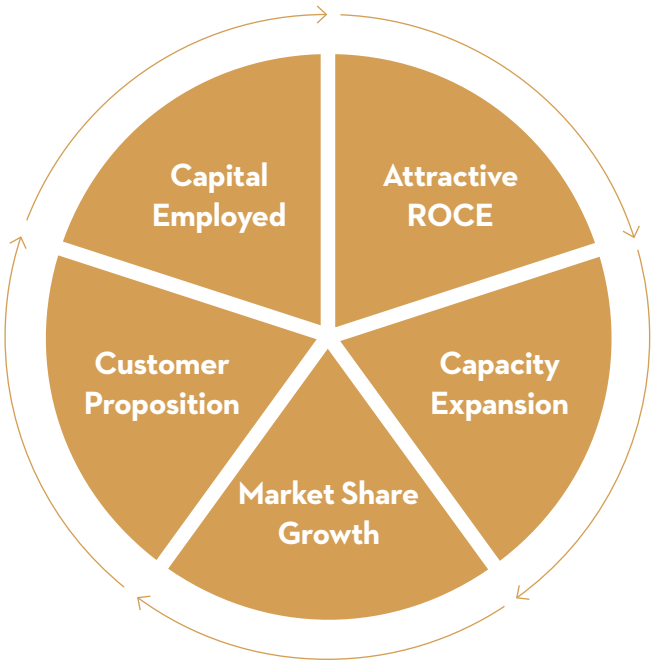
OUR GUIDING PRINCIPLES



STRATEGIC ENABLERS



STRATEGIC PILLARS



MEDIUM TERM TARGETS

Revenue Growth

**Mid single digit**

Adjusted Operating Margin

**>6%**

EPS Growth

**Mid single digit**

ROCE

**Mid-teens**

Leverage

**<2x**



## OUR STRATEGY AND GROWTH AGENDA

### CONSOLIDATE

#### DRIVE THE CORE



Self sufficiency in UK pigs continuing to increase and now approaching 50%

Investment in Cooked Bacon and Sausage generating strong momentum and demonstrating benefits of vertical integration

Investment in automation enhancing returns across the business

### EXPAND

#### INCREASE MARKET SHARE IN GROWTH CATEGORIES



Prepared poultry creates new opportunity for growth with retail and QSR customers

Complimentary bolt on acquisitions continue to add capabilities

New site acquired delivers much needed expansion capacity in Mediterranean Food

### DIVERSIFY

#### IDENTIFY NEW OPPORTUNITIES



Transformational contract secured with Pets at Home

Broad opportunities for sustainable growth identified in Pet Products

Significant upside opportunity remains from export markets



## CONSOLIDATION AND DRIVING THE CORE

Investment and new business wins support growth

FRESH PORK



- Semi automated butchery investment
- Auto scoring technology improves crackling
- Marinade automation improves efficiency and capacity

COOKED BACON



- Production commenced in April 2021
- New retail and food service customers alongside share gains with existing customers
- Third cooking line installed; adding capacity, improving quality and efficiency

SLOW COOK



- Food hero, Kevin Morel, brings unique skills and expertise
- Successful Christmas with slow cook turkey range
- £8m investment doubles capacity



## EXPANDING OUR OFFER

Driving our poultry business

### EYE INVESTMENT & GROWTH



- Peak capacity of 1.4m birds per week
- Investment to debone thigh and drum meat, increasing value
- New food service and wholesale customers acquired in FY23

### BREADED CHICKEN SITE COMMISSIONED



- Production commenced in April 2022 and volumes ahead of plan
- Produce 100% of major retailer's requirement
- New customers on board in FY24

### DEVELOPING CUSTOMER RELATIONSHIPS



- Major QSR launch in H2 FY23
- First major UK poultry supplier onboarded for 30 years
- Ensures local supply chain control and integrity



## EXPANDING OUR OFFER

Increasing our Mediterranean Foods portfolio

### CAPABILITY IN CONTINENTAL MEATS



- Good growth momentum from new business wins
- Investment in Bury to increase capacity
- Automation in slicing technology enhances capability for added value selection packs

### DEVELOPMENT OF HOUMOUS AND DIPS



- Significant distribution gains for Ramona's brand
- The fastest growing, highest volume humous brand in the market
- Brand new facility to open in 2024

### BROADENING THE PORTFOLIO



- Redesign of Cypressa range of ambient foods
- Small bolt on acquisition of Mediterranean Foods
- Capability to produce falafel and other fried savoury products



## DIVERSIFICATION

Growing our pet food business

Cranswick Pet Products (formerly Grove) acquired in January 2022

Heads of terms in place for long-term supply agreement between Cranswick and Pets at Home

Producing a range of dog food for Pets at Home owned brands

Supply commences in H2 FY24

Investment underway at site, increasing capacity and capability



DELIVERING OUR ESG COMMITMENTS



SUMMARY

ESTABLISHED TRACK RECORD



High quality sustainable growth achieved across all categories

Breadth of customer partnerships expanded

Continued earnings and dividend growth

**+15.7% Revenue**  
**+4.2% Adjusted operating profit**

CONSISTENT AND PROVEN STRATEGY



Expansion of Poultry vertical continues

Step change in momentum at Pet Products

Investment in agricultural supply chain and value added Pork enhancing vertical integration

**£85.1m Capital Expenditure**  
**15.8% ROCE**

POSITIVE OUTLOOK



Long term prospects remain strong

Increasing levers for incremental future growth

Robust, deployable balance sheet generating strong returns

**6 major capacity enhancing projects underway**  
**Positive start to new financial year**





# FINANCIAL REVIEW

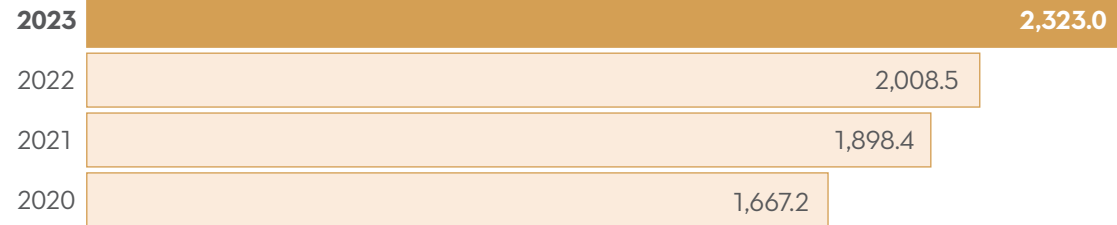
MARK BOTTOMLEY  
CHIEF FINANCIAL OFFICER



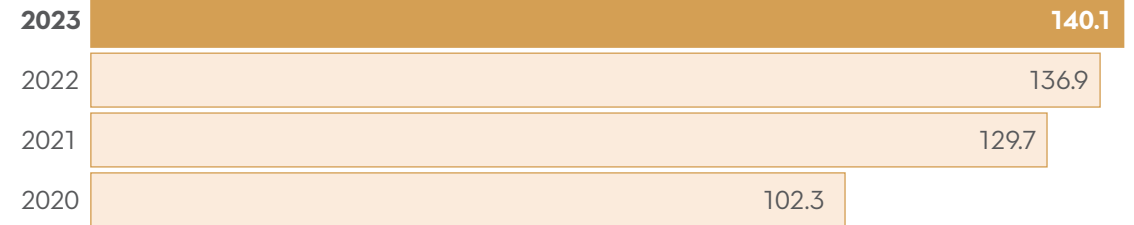
## FINANCIAL HIGHLIGHTS

## Revenue (£m)

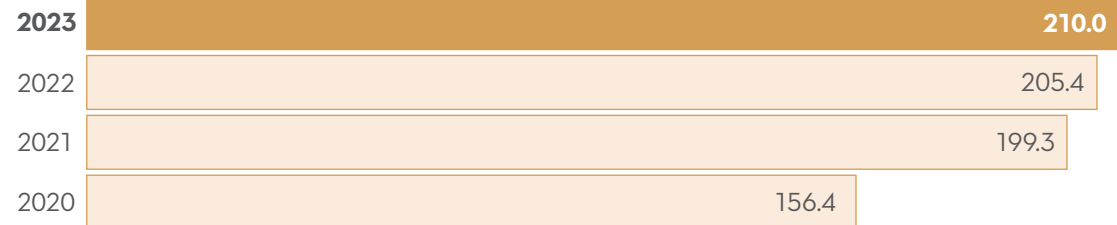
+15.7%

Adjusted profit before tax (£m)<sup>1</sup>

+2.3%

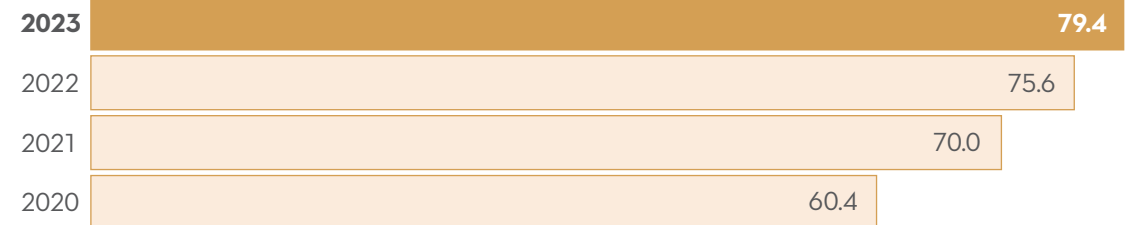
Adjusted earnings per share (p)<sup>1</sup>

+2.2%



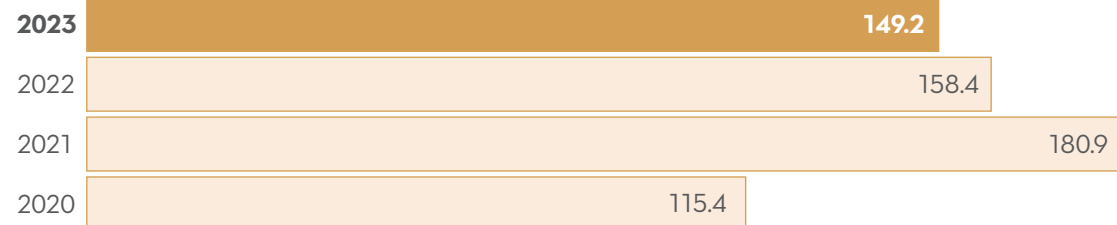
## Dividend per share (p)

+5.0%

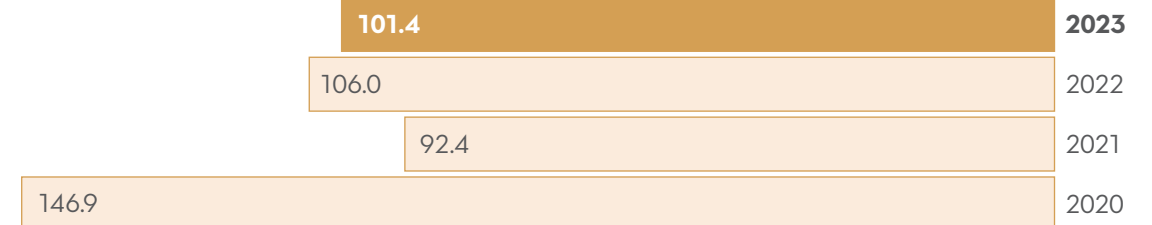


## Free cash flow (£m)

-5.8%

Net debt (£m)<sup>2</sup>

-£4.6m



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

2. Includes recognition of IFRS 16 leases



## FY23 SUMMARY

£m	FY23	FY22	Change
Revenue	<b>2,323.0</b>	2,008.5	+15.7%
Like-for-like revenue growth <sup>1</sup>	–	–	+14.4%
Adjusted gross margin <sup>2</sup>	<b>13.0%</b>	14.0%	-104bps
Adjusted operating profit <sup>2,3</sup>	<b>146.5</b>	140.6	+4.2%
Adjusted operating margin <sup>2,3</sup>	<b>6.3%</b>	7.0%	-69bps
Adjusted profit before tax <sup>2,3</sup>	<b>140.1</b>	136.9	+2.3%
Effective tax rate	<b>20.1%</b>	20.3%	-18bps
Adjusted EPS (pence) <sup>2,3</sup>	<b>210.0</b>	205.4	+2.2%
Reported EPS (pence)	<b>208.3</b>	195.7	+6.4%
Dividend per share (pence)	<b>79.4</b>	75.6	+5.0%
ROCE <sup>4</sup>	<b>15.8%</b>	16.9%	-109bps

1. Like-for-like revenue excludes the contribution from acquisitions made in the year and the current year contribution from acquisitions made in the prior year prior to the anniversary of purchase

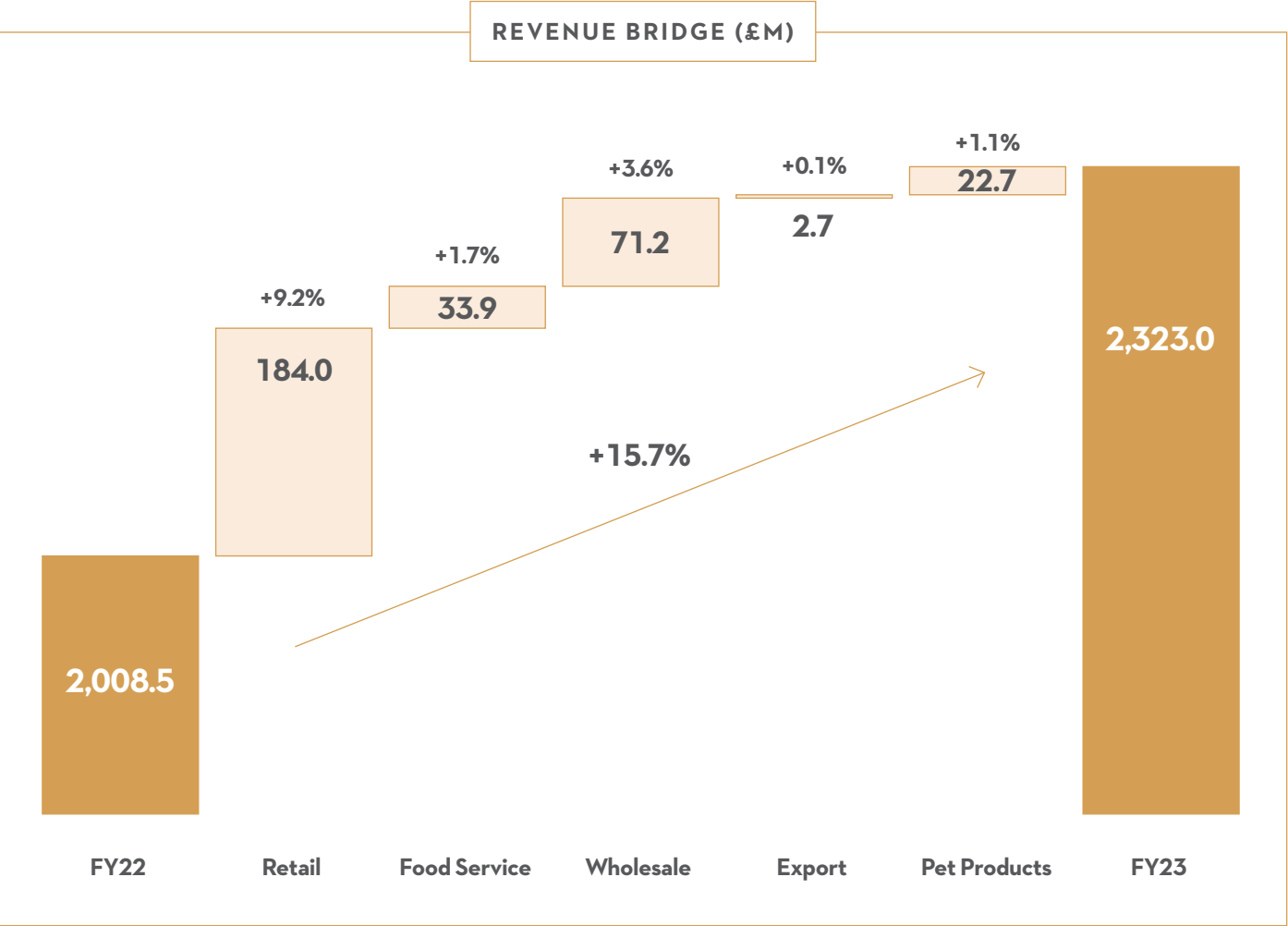
2. Excludes IAS 41 movement on biological assets

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



STRONG REVENUE GROWTH



Revenue growth is driven by:

- Proactive inflation recovery across all categories
- Strong contribution from new customer contracts and new product lines
- Full year contribution from Pet Products

Partially offset by:

- Lower Cooked Poultry revenue following product recall

CORE CATEGORY PERFORMANCE

Fresh Pork

+15.6%

Poultry

+6.7%

Convenience

+15.5%

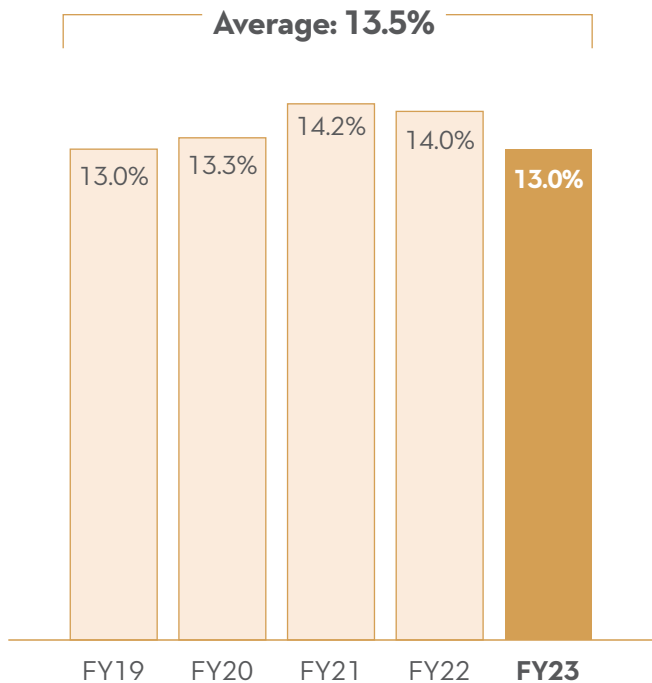
Gourmet

+20.2%

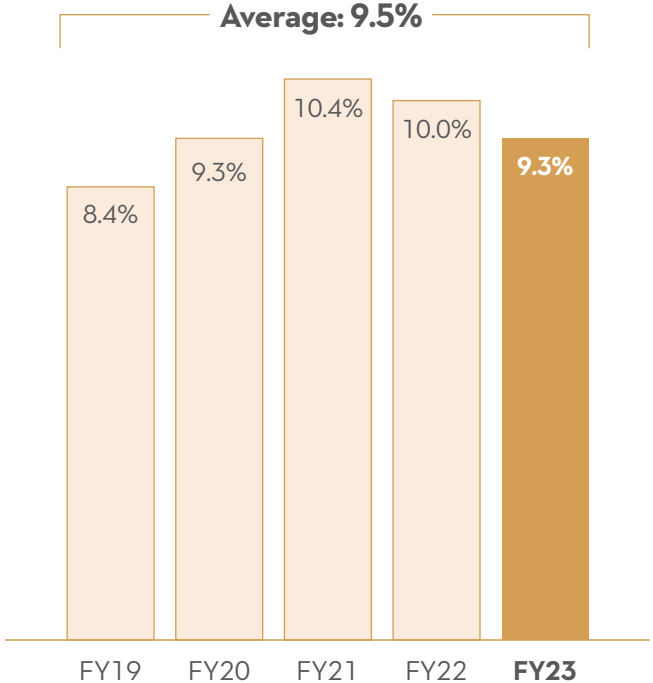


STABLE MARGINS

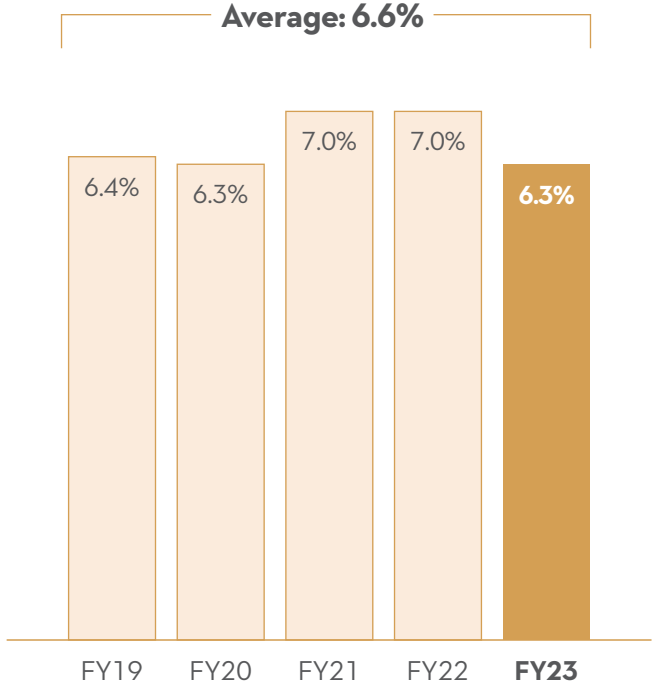
Adjusted gross margin<sup>1,2</sup>



Adjusted EBITDA margin<sup>1,2</sup>



Adjusted operating margin<sup>1,2,3</sup>



Cost inflation remains prevalent across all major cost categories

Recovery momentum strong, with margin accelerating through the second half of the year

Impact of Cooked Poultry, net of mitigation, is not material

H2 adjusted operating margin

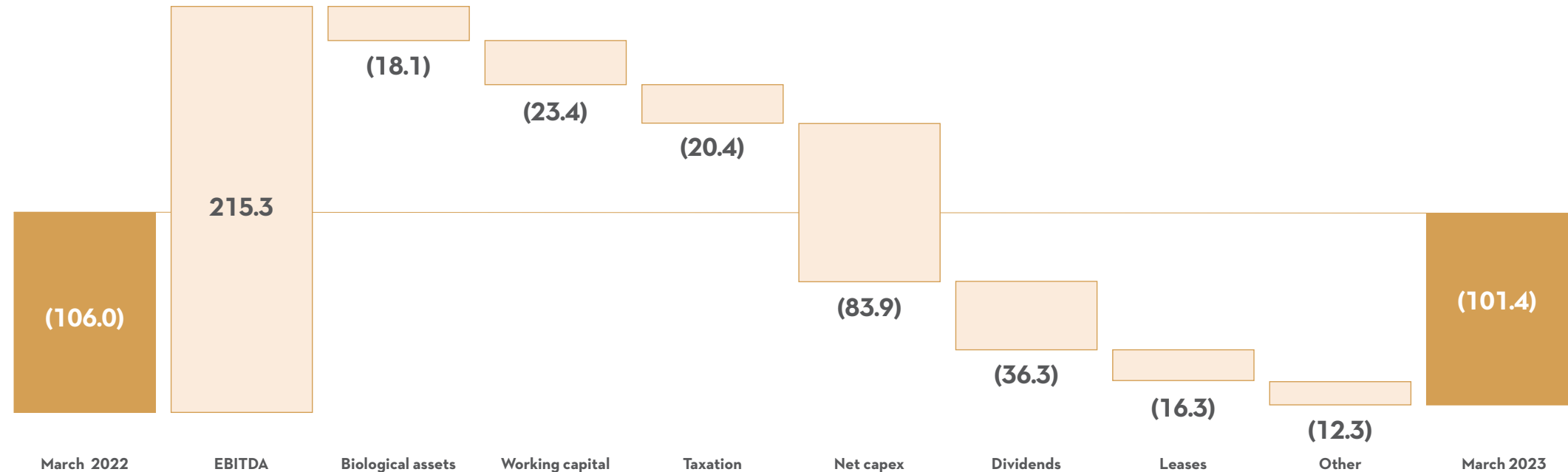
6.5%

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



STRONG CASH GENERATION

Net debt (£m)



Net debt excluding IFRS 16 lease liabilities at March 2023 was £20.2m (September 2022: £61.1m, March 2022: £36.2m)

Year-on-year reduction in free cash flow results from an increase in tax payments

Opening and closing net debt includes IFRS 16 leases

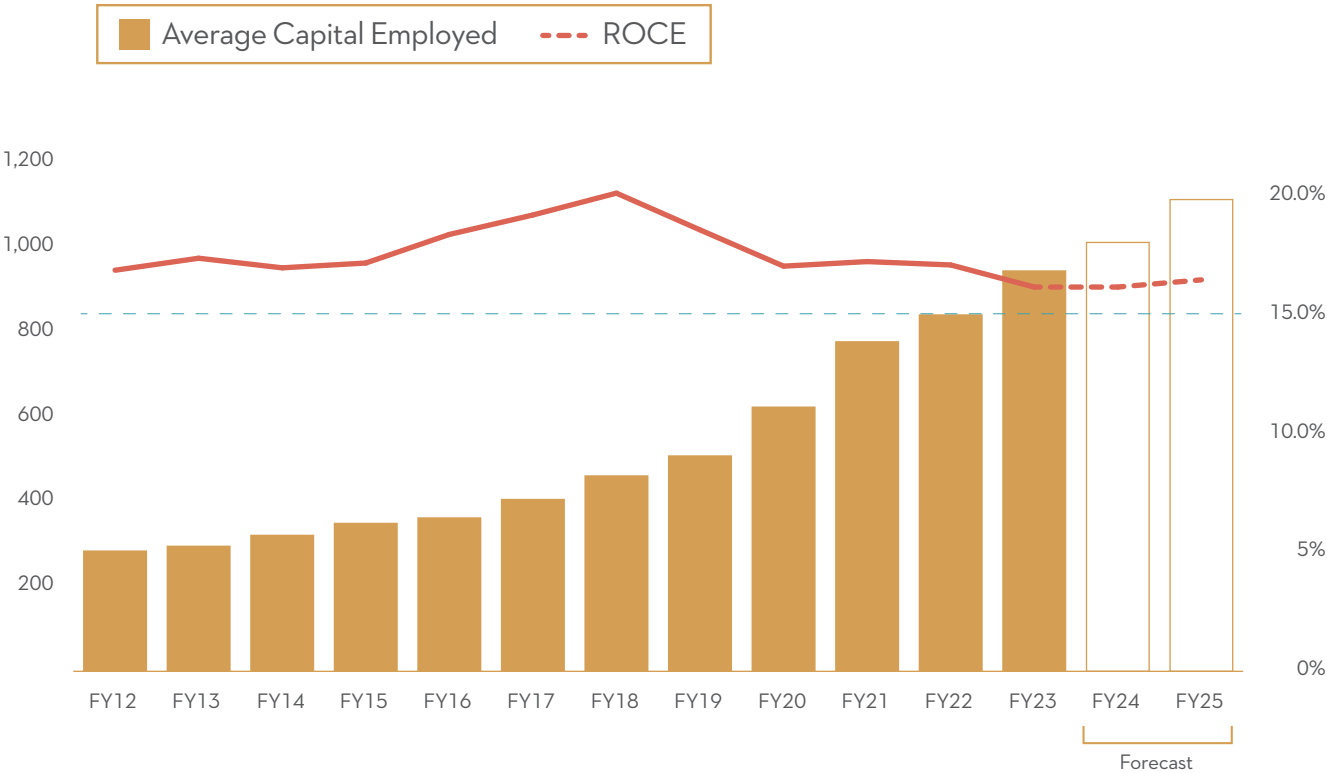
Net debt/EBITDA

0.5x



TRACK RECORD OF VALUE CREATION

TOTAL CUMULATIVE CAPITAL EMPLOYED (£M) AND ROCE (%)



- Proven track record of attractive ROCE whilst continuing to deploy capital via strong investment pipeline
- £120m spent on acquisitions in the past five years
- £430m of investment in capex in the same period including four new facilities

ROCE

15.8%



## STRATEGIC INVESTMENT CONTINUES

## CONSOLIDATE

£10m	Phase 1 of major expansion at Hull Fresh Pork
£10m	Expansion of Milton Keynes Cooked Meats site
£9m	Capacity and efficiency enhancements across Cooked Meat sites
£8m	Investment in new alginate casing capability at Gourmet Sausage
£7m	Overhaul of Riverside Fresh Pork retail packing
£4m	Investment in automation at Ballymena Fresh Pork

## DIVERSIFY

£9m	First stage investment in dry pet food production at Lincoln Pet Products
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## EXPAND

£8m	Expansion of production capacity at Bury Continental site
£8m	Investment to double the 'slow cook' capacity at Hull Cooked Meats
£5m	Third cooking line at Cooked Bacon and Sausage
£5m	Initial investment in new Continental Products site in Worsley
£2m	Additional portioning line at Fresh Poultry

## FY24 CAPEX GUIDANCE C.£100M

- Incremental projects strengthen ROCE
- Period from approval to commissioning extended by supply chain challenges
- £27m of capital spent on assets in the course of construction
- £60m spent on projects still in start up phase



## 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**

**MAINTAIN PROGRESSIVE  
DIVIDEND POLICY**

**COVER OF  $\geq 2.5X$  EPS\*:DPS**

**CONTINUE COMPLIMENTARY  
TARGETED BOLT-ON M&A**

**EARNINGS ACCRETIVE WITH  
RETURNS AHEAD OF GROUP WACC**

\* Adjusted EPS



## FY24 Q1 TRADING UPDATE

### CURRENT TRADING

- Reported revenue 14.7% ahead
- UK revenue ahead across all 4 food categories
- Cost inflation proactively managed and mitigated through tight cost control

### INVESTMENT

- Ongoing investment in retail packing, slow cook capacity and efficiency projects
- Additional investment in Cooked Poultry to increase cooking and roasting capacity
- Planned investment will add substantial capacity to our pork primary processing operations

### SECOND NATURE SUSTAINABILITY

- Ongoing installation of solar panels across several sites
- Trialling new carbon alternatives in poultry sheds
- Reducing emissions of HGV fleet with transition to more sustainable fuel sources

### OUTLOOK

- Outlook for the current financial year is now expected to be ahead of Board's previous expectations





## RESOLUTIONS AND VOTING



## RESOLUTIONS AND VOTING

	FOR	AGAINST	ABSTAIN
	MILLIONS OF SHARES		
1. To receive and adopt the Strategic Report and the Report of the Directors and the Accounts for the 52 weeks ended 25 March 2023	<b>43.7</b>	<b>0.0</b>	<b>0.3</b>
2. To receive and approve the Remuneration Committee Report for the 52 weeks ended 25 March 2023	<b>39.6</b>	<b>4.4</b>	<b>0.0</b>
3. To declare a Final Dividend of 58.8p per share on the existing ordinary share capital	<b>44.0</b>	<b>0.0</b>	<b>0.0</b>
4. To re-elect Liz Barber as a Director	<b>43.4</b>	<b>0.6</b>	<b>0.0</b>



RESOLUTIONS AND VOTING

	FOR	AGAINST	ABSTAIN
	MILLIONS OF SHARES		
5. To re-elect Mark Bottomley as a Director	42.5	1.5	0.0
6. To re-elect Jim Brisby as a Director	42.5	1.5	0.0
7. To re-elect Adam Couch as a Director	42.7	1.3	0.0
8. To re-elect Pam Powell as a Director	43.2	0.8	0.0



RESOLUTIONS AND VOTING

	FOR	AGAINST	ABSTAIN
	MILLIONS OF SHARES		
9. To re-elect Tim Smith as a Director	41.7	2.1	0.2
10. To elect Chris Aldersley as a Director	42.5	1.5	0.0
11. To elect Yetunde Hofmann as a Director	44.0	0.0	0.0
12. To re-appoint PricewaterhouseCoopers LLP as auditors	43.7	0.3	0.0



## RESOLUTIONS AND VOTING

	FOR	AGAINST	ABSTAIN
	MILLIONS OF SHARES		
13. To authorise the Directors to determine the auditors' remuneration	44.0	0.0	0.0
14. To authorise the Directors to allot shares	43.3	0.7	0.0
15. To authorise the Directors to disapply pre-emption rights (general)	41.1	2.9	0.0
16. To authorise the Directors to disapply pre-emption rights (acquisitions)	40.9	3.1	0.0



RESOLUTIONS AND VOTING

	FOR	AGAINST	ABSTAIN
	MILLIONS OF SHARES		
17. To authorise the Company to buy its own shares	43.7	0.2	0.1
18. To authorise the Directors to call a general meeting on not less than 14 clear days' notice	43.1	0.9	0.0
19. To approve the Cranswick 2023 Save As You Earn Plan	44.0	0.0	0.0





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