



Strong Financial & Strategic Progress

RESULTS FOR THE YEAR ENDED
31 MARCH 2017



CRANSWICK *plc*
Great British Taste

AGENDA

INTRODUCTION

Martin Davey, Chairman

HIGHLIGHTS

Adam Couch, CEO

FINANCIAL REVIEW

Mark Bottomley, Finance Director

COMMERCIAL UPDATE

Jim Brisby, Commercial Director

OPERATING & STRATEGIC REVIEW

Adam Couch, CEO

Q&A

HIGHLIGHTS

REVENUE (£M)²

+22.5%



2017	1,245.1
2016	1,016.3

ADJUSTED PROFIT BEFORE TAX (£M)^{1,2}

+17.2%



2017	75.5
2016	64.4

ADJUSTED EARNINGS PER SHARE (P)^{1,2}

+17.6%



2017	120.9
2016	102.8

DIVIDEND PER SHARE (P)

+17.6%



2017	44.1
2016	37.5

FREE CASH FLOW (£M)

-13.2%



2017	72.4
2016	83.4

NET (DEBT)/FUNDS (£M)

-£28.8M



2017	(11.0)
2016	17.8

+25%²

TOTAL VOLUME GROWTH

2.7M

RECORD PIG NUMBERS
PROCESSED

+49%

EXPORT SALES
TO FAR EAST

£47M

INVESTMENT IN ASSET BASE
FOR FUTURE GROWTH

1. Excludes IAS41 movements on biological assets and acquisition related amortisation in 2017 and 2016

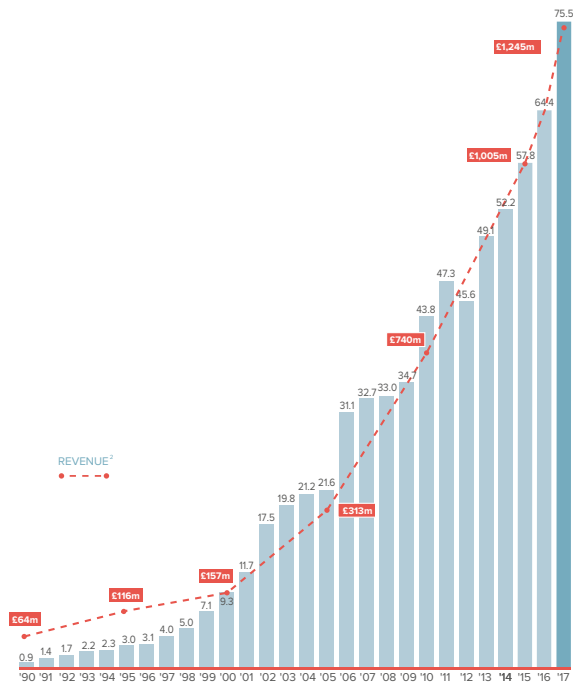
2. 2016 results have been restated to exclude the sandwich business, which was sold in July 2016 and is now treated as discontinued

TRADING RECORD

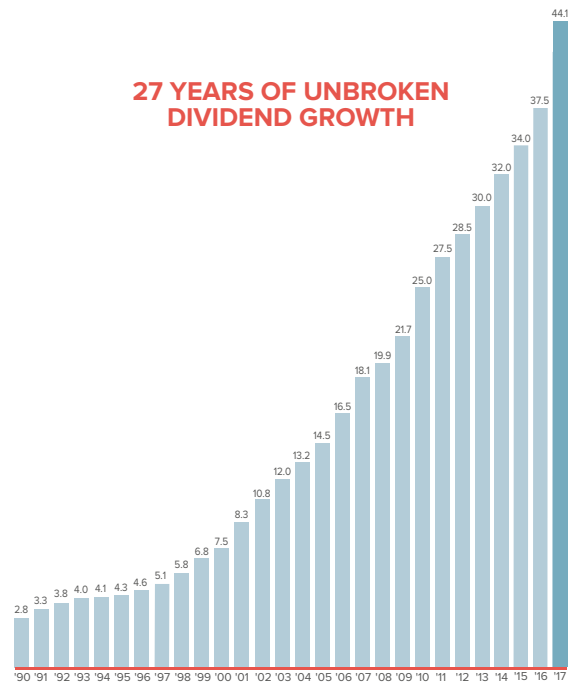
1990 – 2017

ADJUSTED PROFIT BEFORE TAX^{1,2} (£M)

DIVIDEND PER SHARE (pence)



27 YEARS OF UNBROKEN
DIVIDEND GROWTH



1. Excludes IAS41 movements on biological assets and acquisition related amortisation in 2017 and 2016

2. 2016 results have been restated to exclude the sandwich business, which was sold in July 2016 and is now treated as discontinued

HIGHLIGHTS

- Strong revenue and earnings growth
- Pig price inflation successfully managed
- Positive contribution from acquisitions
- Far East export sales up 49%
- Record £47m capex programme to support strong growth pipeline
- Sale of Sandwich business
- Dividend up 17.6% to 44.1p per share

10 YEAR RECORD

Compound annual growth rates to 31 March 2017

REVENUE

9.3%
PA

ADJUSTED PROFIT
BEFORE TAX

8.7%
PA

ADJUSTED EARNINGS
PER SHARE

9.2%
PA

DIVIDEND
PER SHARE

9.3%
PA



FINANCIAL SUMMARY

CONTINUING OPERATIONS (£M)	2017	2016	% CHANGE
Revenue	1,245.1	1,016.3	▲ 22.5%
Like-for-like revenue ¹	1,145.2	1,016.3	▲ 12.7%
Adjusted gross margin ²	12.8%	13.4%	▼ 68bps
Adjusted operating profit ^{2, 3}	76.1	65.1	▲ 17.0%
Adjusted operating margin ^{2, 3}	6.1%	6.4%	▼ 29bps
Adjusted profit before tax ^{2, 3}	75.5	64.4	▲ 17.2%
Adjusted earnings per share ^{2, 3}	120.9p	102.8p	▲ 17.6%
Dividend per share	44.1p	37.5p	▲ 17.6%

1. Like-for-like revenue excludes the contribution from Crown Chicken and Ballymena in the current year

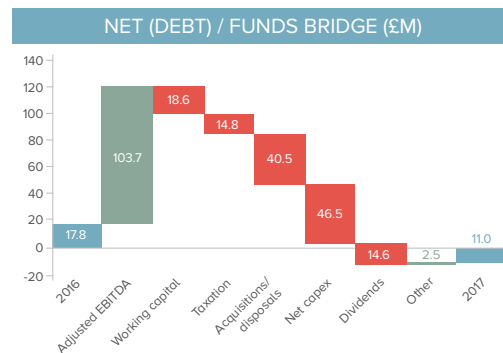
2. Excludes IAS 41 movement on biological assets in both years

3. Excludes acquisition related amortisation in both years

CASH FLOW

£M	2017	2016
Cash generated from operations	87.7	97.8
Tax paid	(14.8)	(14.0)
Net cash from operating activities	72.9	83.8
Net capital expenditure	(46.5)	(33.7)
Government grants received	–	0.2
Acquisitions	(56.0)	–
Disposals	15.5	–
Interest paid	(0.5)	(0.4)
Share issues	0.8	0.6
Dividend paid	(14.6)	(14.6)
Net cash (outflow) / inflow	(28.4)	35.9
Net (debt) / funds	(11.0)	17.8

NET CAPEX (£M)	2017	2016
Fresh pork	11.1	9.1
Convenience	23.9	12.1
Gourmet products	7.4	6.5
Poultry	3.9	5.1
Other	0.2	0.9
Net capex	46.5	33.7



BALANCE SHEET

£M	2017	2016
Property, plant & equipment	215.7	178.5
Intangible assets	158.5	139.7
Biological assets	19.6	11.0
Working capital	68.3	41.2
Net (debt) / funds	(11.0)	17.8
Tax, grants, provisions, pensions	(29.7)	(20.2)
Net assets	421.4	368.0

KEY METRICS	2017	2016
ROCE ¹	19.0%	18.2%
Gearing	3%	–
Interest cover	122x	98x
Dividend cover ²	2.7x	2.7x

1. Adjusted operating profit divided by sum of average net assets, net debt, pension liabilities & deferred tax

2. On adjusted profit for the year from continuing operations

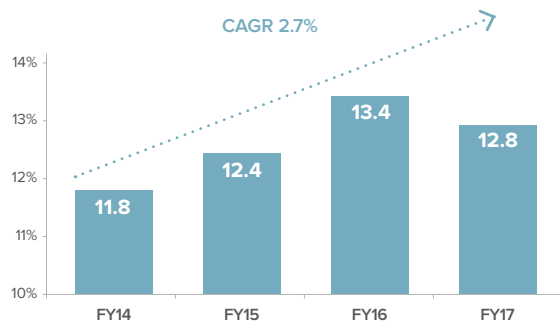
Acquired goodwill	23.3
Acquired customer relationships	4.6
Acquisition related amortisation	(2.1)
Sale of sandwich business	(7.0)
Net movement	18.8

Acquisitions / disposals	5.4
Inventories	13.7
Receivables	26.6
Payables	(18.6)
Net movement	27.1

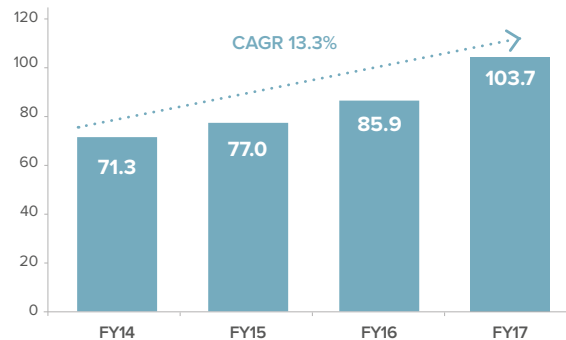
81 bps y-o-y improvement
in ROCE

POSITIVE 4 YEAR CAGR ACROSS KEY METRICS

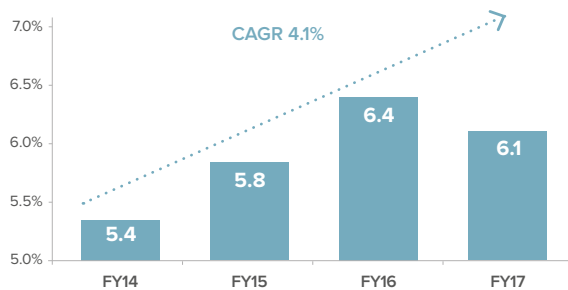
ADJUSTED GROSS MARGIN



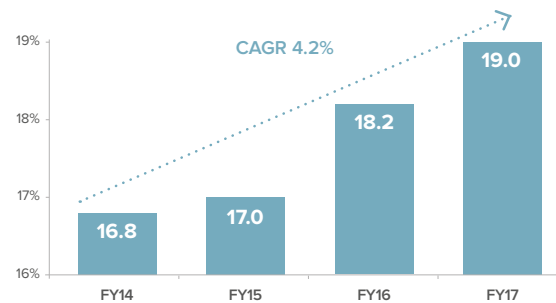
ADJUSTED EBITDA (£M)



ADJUSTED OPERATING MARGIN



ROCE



CASH GENERATION 2010–2017 (£M)

	FREE CASH FLOW	NET CAPEX	ACQUISITION / (DISPOSAL)	DIVIDEND PAID	CASH INFLOW / (OUTFLOW)*
2017	72.4	46.5	40.5	14.6	(29.2)
2016	83.4	33.5	–	14.6	35.3
2015	52.7	20.4	17.7	15.3	(0.7)
2014	59.1	27.4	14.4	12.7	4.6
2013	49.0	30.5	5.8	11.4	1.3
2012	43.4	19.9	(14.5)	11.8	26.2
2011	50.0	33.9	–	10.5	5.6
2010	29.6	19.9	(8.1)	8.8	9.0
	439.6	232.0	55.8	99.7	52.1

Strong free cash flow

Record capital expenditure

Strategically important corporate activity

* Excludes the proceeds from the issue of share options

SUCCESSFUL REFINANCING OF BANKING FACILITY ON IMPROVED TERMS

REFINANCING

Completed 17th November 2016

New £160m revolving credit facility with 4 major UK banks

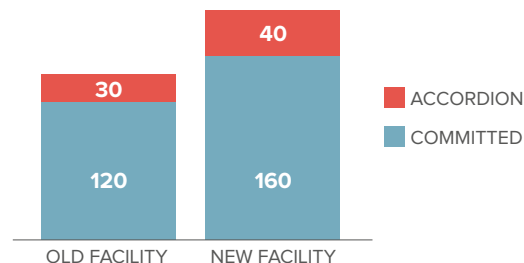
Includes committed overdraft of £20m

Option to access a further £40m on the same improved terms

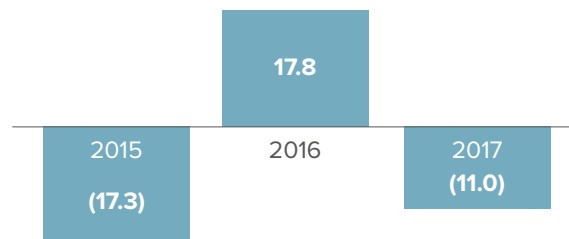
To November 2021 with opportunity to extend for a further two years

Unsecured

REVOLVING CREDIT FACILITY (£M)



NET FUNDS / (DEBT) PROFILE (£M)



COMMERCIAL OVERVIEW

FULL YEAR REVIEW 2017

TRENDS



Retailers

Consumers

Out of home

CRANSWICK PERFORMANCE



Sustainable growth

Inflation

Innovation

OUTLOOK



Poultry

Strategic partnerships

Innovation

MARKET TRENDS

CONSUMER INSIGHT & RETAILER PERFORMANCE

RETAILERS



Recovery in Top 4

Inflation management

New solutions

CONSUMERS



Convenience

Health

Inspiration

OUT OF HOME



Continued growth

Forecourts

New product solutions

CRANSWICK PERFORMANCE

GROWTH OUTPACING THE MARKET IN ALL CATEGORIES

SUSTAINED GROWTH



Cooked meats

Sausages

Bacon

INFLATION



H1 deflation

H2 inflation

Ongoing management

INNOVATION



Trend led

Increased channels

Indirect supply

COMMERCIAL DATA

CRANSWICK SALES ANNUAL SALES 2016–17

MARKET* ANNUAL SALES 2016–17

CATEGORY	CHANGE		CHANGE	
	VALUE	VOLUME	VALUE	VOLUME
 Fresh Pork (i)	▲ +2.1%	▼ -0.5%	▼ -7.7%	▼ -3.6%
 Gourmet Products (ii)	▲ +16.4%	▲ +28.0%	▼ -2.5%	▲ +0.2%
 Convenience (iii)	▲ +20.3%	▲ +23.0%	▼ -1.0%	▼ -0.1%
 Poultry (iv)	▲ +17.7%	▲ +25.6%	▲ +1.0%	▲ +6.0%

▲ +8.4%
Super premium

NOTES:

- (i) Like-for-like Fresh Pork sales exclude the contribution from Ballymena. Including Ballymena, total Fresh Pork sales growth was +6.7%. Fresh Pork retail sales -3.9%, volume -6.4%
- (ii) Gourmet Products comprises Sausage, Bacon and Pastry
- (iii) Convenience comprises Cooked Meats and Continental Products
- (iv) Poultry comprises Fresh and Cooked Poultry. Like-for-like Poultry sales exclude the contribution from Crown Chicken. Including Crown Chicken, total Poultry sales growth was +181%

*SOURCE:

Kantar Worldpanel, 52 w/e 26 March 2017

INNOVATION

MEETING CONSUMER NEEDS



OUTLOOK

LONG-TERM STRATEGIC GROWTH

POULTRY



Business wins

Added value from Summer 2017

Investment plan

STRATEGIC PARTNERSHIPS



Strategic relationships

Bespoke supply chains

Capital investment

INNOVATION



Consumer focused

Modern

Relevant

STRATEGY & BUSINESS MODEL

CONSOLIDATION

DRIVING THE CORE

DIVERSIFICATION

EXPANDING OUR OFFER

INTERNATIONAL

DEVELOPING NEW OPPORTUNITIES

STRATEGIC PILLARS



**SALES
GROWTH**



**HIGH QUALITY
PRODUCTS**



**OPERATING
EXCELLENCE**



SUSTAINABILITY

GUIDING PRINCIPLES



QUALITY



VALUE

CRANSWICK *plc*
Great British Taste



PEOPLE



INNOVATION

CONSOLIDATION

DRIVING THE CORE BUSINESS



SALES GROWTH



Entering new tiers

Market share gains

Long-term
relationships



HIGH QUALITY PRODUCTS



Focus on premium

Business wins based
on quality

Strong innovation
pipeline



OPERATING EXCELLENCE



Record capital expenditure
to enhance capability

New £25m facility for
Continental Fine Foods

Stronger throughput drives
operating efficiencies



SUSTAINABILITY



Acquisition of Dunbia
Ballymena

Strengthens UK pork
processing business

Further supply
chain security

DIVERSIFICATION

SIGNIFICANT GROWTH POTENTIAL THROUGH POULTRY STRATEGY



SALES GROWTH



Strong growth category

New retail business

New product and category opportunities



HIGH QUALITY PRODUCTS



Focus on premium tier

From fresh to cooked added value

Retail and out-of-home ranges



OPERATING EXCELLENCE



Drive efficiency through farm to fork model

Optimise value of whole birds and portions

Stronger throughput drives operating efficiencies



SUSTAINABILITY



Integrated supply chain

Low food miles adding to product quality

Strong environmental credentials

INTERNATIONAL

EXPANDING OUR FOOTPRINT



SALES GROWTH



Strong export
sales growth

Weaker sterling makes
exports more competitive

Ballymena to drive further
export growth



HIGH QUALITY PRODUCTS



Price premium on
quality products

Investment in Norfolk
facility to meet USDA
standards

New product
development



OPERATING EXCELLENCE



Export 5th quarter

Maximise value of cuts

Develop value
added business



SUSTAINABILITY



Higher welfare
is a differentiator

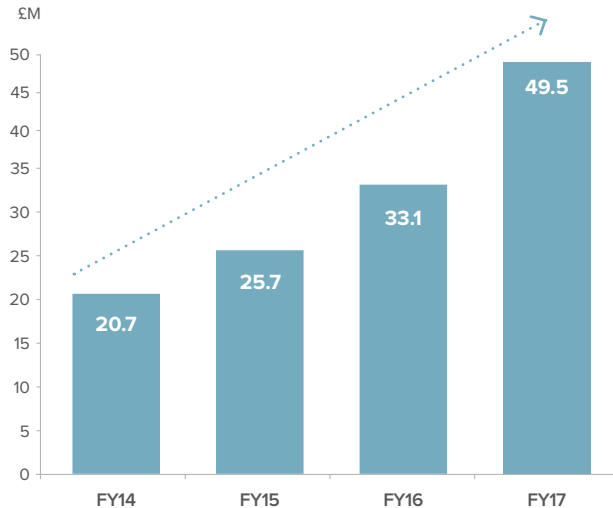
Develop international
operations

Long-term market
growth

INTERNATIONAL

STRONG FAR EAST REVENUE GROWTH

FAR EAST EXPORT REVENUE



Far East export sales up 49%

Strong prices due to supply/demand imbalance

Over 1,000T of product per week shipped to China

A WIDE RANGE OF PRODUCTS SUPPLIED



China consumes over half the global pig meat produced

Leveraging trust in UK products

Ballymena will drive further export growth

CONTINUED CAPITAL INVESTMENT TO ADD CAPACITY, DRIVE EFFICIENCY & ENHANCE CAPABILITY

FY17 TOTAL £47M

DELIVERED

PROJECT	BENEFIT
COOKED MEATS – HULL, BARNSELEY & MILTON KEYNES Site upgrades (£16m)	Improved quality Improved efficiency New capability
FRESH PORK – NORFOLK Abattoir upgrade (£6m)	Improved efficiency Additional capacity New capability
SAUSAGES – HULL & NORFOLK Site upgrades (£6m)	New capability Improved efficiency Additional capacity



FY18 GUIDANCE £70M

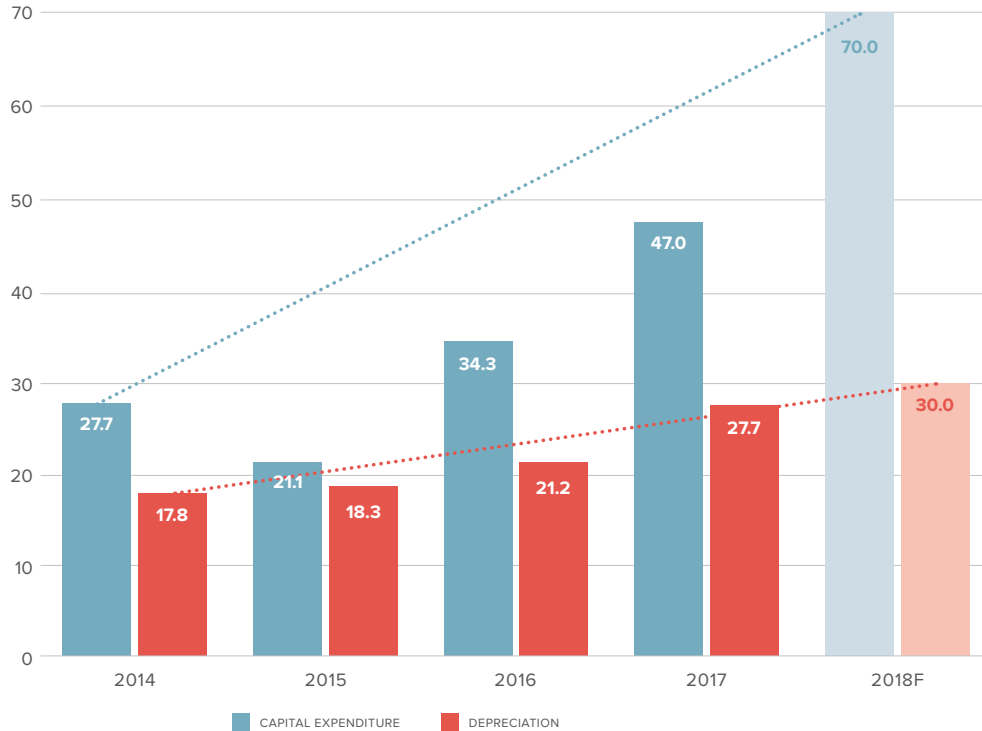
ONGOING

PROJECT	BENEFIT
CONTINENTAL PRODUCTS – MANCHESTER New site (£25m)	Increased capacity Improved efficiency Product differentiation
FRESH PORK – HULL Extension (£5m)	Increased capacity Improved efficiency
FRESH PORK – BALLYMENA Site upgrade (£2m)	Increased capacity Improved efficiency



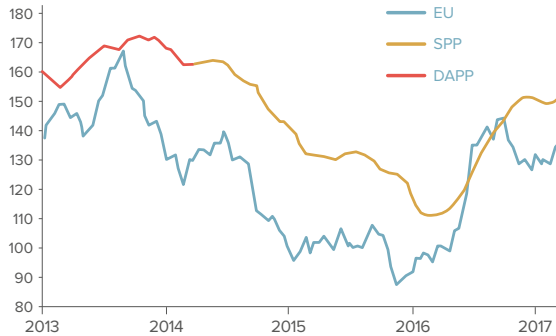
RECORD CAPITAL EXPENDITURE TO SUPPORT FUTURE GROWTH PIPELINE

£M

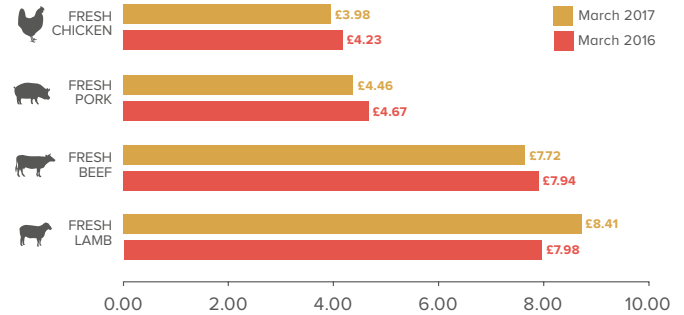


PIG PRICES & MARKET

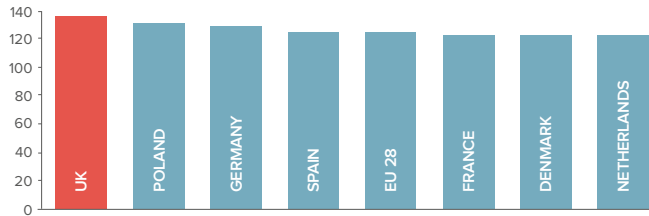
PIG PRICE – UK & EU p/kg



UK RETAIL AVERAGE PRICE (£/kg)

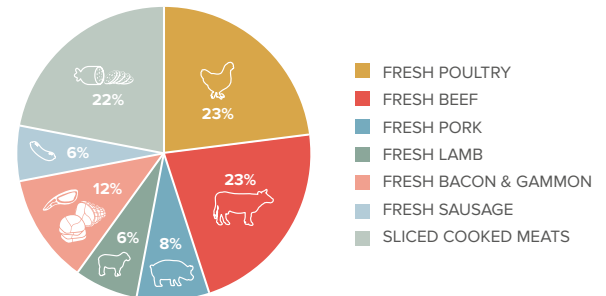


52 WEEK PIG REF PRICE p/kg



SOURCE:
AHDB, 52 week data to 10 April 2017

EXPENDITURE SHARE



SOURCE:
Kantar Worldpanel, 52 week data to 26 March 2017

SUMMARY – A YEAR OF STRATEGIC PROGRESS



Strong revenue & earnings growth

Strong balance sheet & cash generation

Strong growth in Far East export sales



Acquisition of Crown Chicken

Acquisition of Dunbia Ballymena

Record investment in core asset base



Pork & chicken competitively priced

Gaining market share

Growth strategy on track



SALES GROWTH



HIGH QUALITY PRODUCTS



OPERATING EXCELLENCE



SUSTAINABILITY

APPENDIX 1

CORPORATE ACTIVITY

ACQUISITION OF CROWN CHICKEN

- Acquired 8th April 2016
- Based in East Anglia
- Leading integrated poultry producer:
 - Breeds, rears and processes fresh chicken
 - Well invested and efficient milling operation
- Revenue of £83.8m and adjusted EBITDA of £6.6m (year ended 31st December 2015)
- Net cash consideration of £39.4m
- Management team remains with the business
- Earnings enhancing in FY17

SALE OF SANDWICH BUSINESS

- Sold to Greencore plc on 23rd July 2016
- Net cash consideration of £15.7m
- Revenue of £54m (year to 31st March 2016)
- Supports the Group's strategy of focusing on its high-growth, premium product categories
- Ongoing development of 'Food to Go' offer across core product ranges remains central to the Group's future growth strategy

ACQUISITION OF DUNBIA BALLYMENA

- Acquired 16th November 2016
- Leading Northern Irish pork processing business
- Modern, purpose-built facility in County Antrim, Northern Ireland
- Strategic, well-established supply chain
- Revenue of £72.4m in year ended 29th March 2016
- Initial net cash consideration of £16.7m, with further contingent consideration of £1.25m
- Earnings enhancing in FY17

APPENDIX 2

RESTATEMENT OF INCOME STATEMENT

£M	2017		2016	
	Continuing	Total	Continuing	Total
Revenue	1,245.1	1,263.8	1,016.3	1,069.6
Adjusted gross margin ¹	12.8%	12.7%	13.4%	13.4%
Adjusted operating profit ^{1, 2}	76.1	76.5	65.1	66.2
Adjusted operating margin ^{1, 2}	6.1%	6.0%	6.4%	6.2%
Adjusted profit before tax ^{1, 2}	75.5	75.9	64.4	65.7
Adjusted earnings per share ^{1, 2}	120.9p	121.5p	102.8p	104.7p

¹ Excludes IAS41 movement on biological assets in both years

² Excludes acquisition related amortisation in both years

APPENDIX 3

ADJUSTED & REPORTED EARNINGS

£M	2017	2016
Adjusted operating profit	76.1	65.1
Net IAS 41 movement	4.1	(1.0)
Acquisition related amortisation	(2.1)	(1.4)
Operating profit	78.1	62.7
Profit before tax	77.5	62.1
Profit after tax	62.4	49.1
Discontinued operations	4.8	(3.7)
Profit for the year	67.2	45.4

APPENDIX 4

TAX & EARNINGS PER SHARE

TAX			EARNINGS PER SHARE		
%	2017	2016	PENCE	2017	2016
Headline tax rate	20.0	20.0	Adjusted (continuing)	120.9	102.8
Disallowed expenses	0.9	1.4	Acquisition related amortisation	(4.2)	(2.8)
Deferred tax rate change	–	(0.7)	Net IAS 41 movement	8.2	(1.9)
Prior year adjustments	(1.4)	0.3	Tax impact	(0.7)	0.8
Effective tax rate (continuing)	19.5	21.0	On profit for the year (continuing)	124.2	98.9