Interim Results

FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2018

CRANSWICK plc

Great British Taste

AGENDA

INTRODUCTION & HIGHLIGHTS

Adam Couch, CEO

FINANCIAL REVIEW

Mark Bottomley, Finance Director

COMMERCIAL REVIEW

Jim Brisby, Commercial Director

OPERATING & STRATEGIC REVIEW

Adam Couch, CEO

Q&A

HIGHLIGHTS

- H1 results in line, in a challenging environment
- Record H1 capital expenditure to provide a platform for future growth
- Construction of a new world-class £60m poultry primary processing facility now underway
- Substantial investment in upstream agricultural operations
- New £27m Continental Foods facility fully commissioned
- Interim dividend up 5.3% to 15.9p per share
- Full year outlook unchanged

10 YEAR RECORD

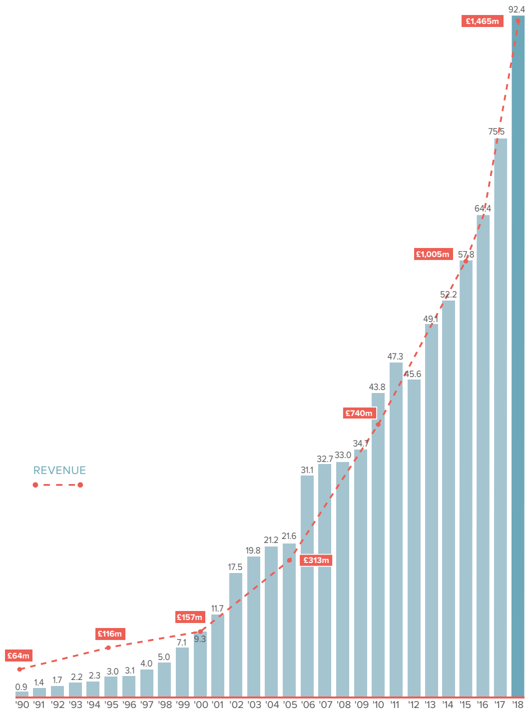
Compound annual growth rates to 31 March 2018

REVENUE	ADJUSTED PROFIT BEFORE TAX	ADJUSTED EARNINGS PER SHARE	DIVIDEND PER SHARE
+10.1%	+10.8%	+10.8%	+10.4%

TRADING RECORD

1990 – 2018

ADJUSTED PROFIT BEFORE TAX[1] (£M)



DIVIDEND PER SHARE (pence)

1. Excludes IAS41 movements on biological assets and acquisition related amortisation in 2018 and 2017.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

REVENUE (£M) — +0.6%

2018	719.2
2017	714.6

ADJUSTED PROFIT BEFORE TAX (£M)[1,2] — +0.9%

2018	44.8
2017	44.4

ADJUSTED GROSS MARGIN[1] — -0.5%

2018	12.4%
2017	12.9%

ADJUSTED OPERATING MARGIN[1,2] — IN LINE

2018	6.2%
2017	6.2%

ADJUSTED EARNINGS PER SHARE (P)[1,2] — IN LINE

2018	70.0
2017	70.0

DIVIDEND PER SHARE (P) — +5.3%

2018	15.9
2017	15.1

PRE TAX OPERATING CASH FLOW (£M) — +4.5%

2018	48.7
2017	46.6

NET FUNDS / (DEBT) — +£18.9M

2018	2.2
2017	(16.7)

+1%
TOTAL SALES VOLUME GROWTH

1.4M
PIGS PROCESSED

+12%
FAR EAST EXPORT VOLUME GROWTH

£41M
INVESTMENT IN ASSET BASE FOR FUTURE GROWTH

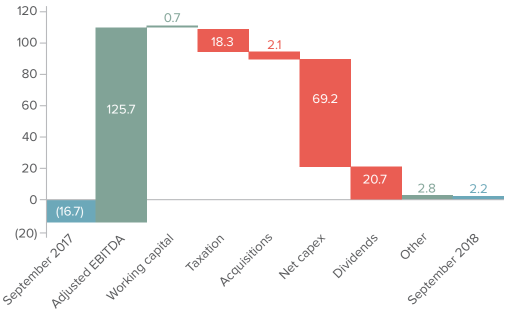
1. Excludes IAS41 movements on biological assets in 2018 and 2017
2. Excludes acquisition related amortisation in 2018 and 2017

CASH FLOW

£M	2018	2017
Cash generated from operations	**48.7**	46.6
Tax paid	**(9.7)**	(7.0)
Net cash from operating activities	**39.0**	39.6
Net capital expenditure	**(40.5)**	(29.3)
Receipt of government grants	**0.4**	–
Acquisitions	**(0.8)**	(4.0)
Loan to joint venture	**(2.3)**	–
Interest paid	**–**	(0.1)
Share issues	**0.3**	0.1
Dividend paid	**(14.4)**	(11.9)
Net cash outflow	**(18.3)**	(5.6)
Net funds / (debt)	**2.2**	(16.7)

NET CAPEX (£M)	2018	2017
Fresh Pork	**12.9**	5.7
Convenience	**14.4**	17.4
Gourmet Products	**0.7**	4.2
Poultry	**12.5**	2.0
Net capex	**40.5**	29.3

NET FUNDS / (DEBT) BRIDGE (£M)



BALANCE SHEET

£M	2018	2017
Property, plant & equipment	**263.5**	229.1
Intangible assets	**155.1**	157.3
Biological assets	**19.6**	21.2
Working capital	**80.6**	83.0
Net funds / (debt)	**2.2**	(16.7)
Other	**(17.6)**	(26.0)
Net assets	**503.4**	447.9

Inventories	**3.7**
Receivables	**(8.7)**
Payables	**2.6**
Net movement	**(2.4)**

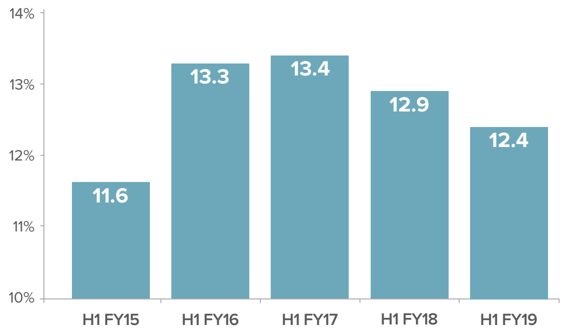
KEY METRICS	2018	2017
ROCE [1]	**18.9%**	18.7%
Gearing	**–**	3.7%

19 bps improvement
in ROCE

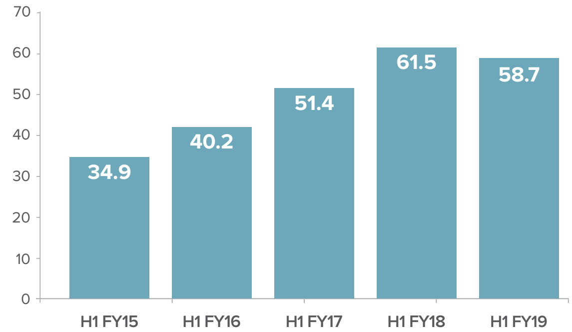
1. Adjusted operating profit divided by the sum of average net assets, net debt, pension liabilities & deferred tax

SOLID PERFORMANCE ACROSS ALL METRICS

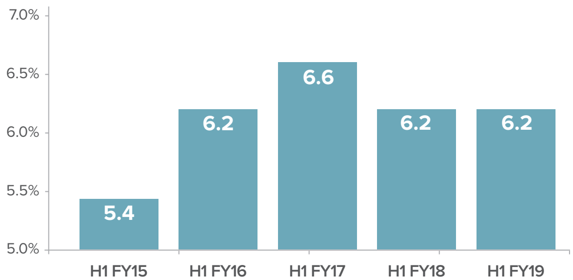
ADJUSTED GROSS MARGIN



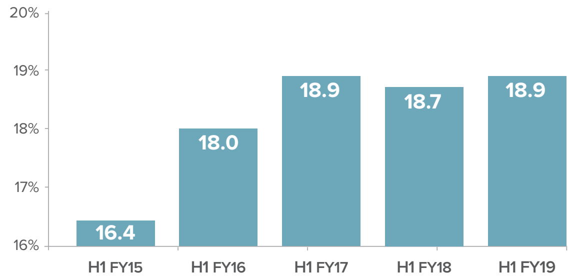
ADJUSTED EBITDA (£M)



ADJUSTED OPERATING MARGIN



ROCE



STRONG CASH GENERATION

CASH GENERATION 2012–2019 (£M)

	FREE CASH FLOW	NET CAPEX***	ACQUISITION / (DISPOSAL)**	DIVIDEND PAID	CASH INFLOW / (OUTFLOW)*
H1 2019	**39.0**	**40.1**	**3.1**	**14.4**	**(18.6)**
FY 2018	111.7	58.0	5.3	18.2	30.2
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
	510.7	**276.3**	**72.3**	**113.0**	**49.1**

BANKING FACILITY

£160m revolving credit facility with four major UK banks

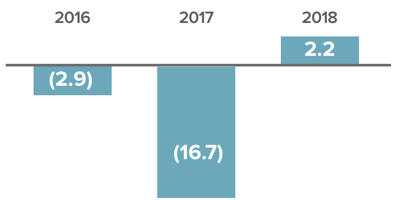
Includes committed overdraft of £20m

Option to access further £40m on same terms

To November 2022 with opportunity to extend for a further year

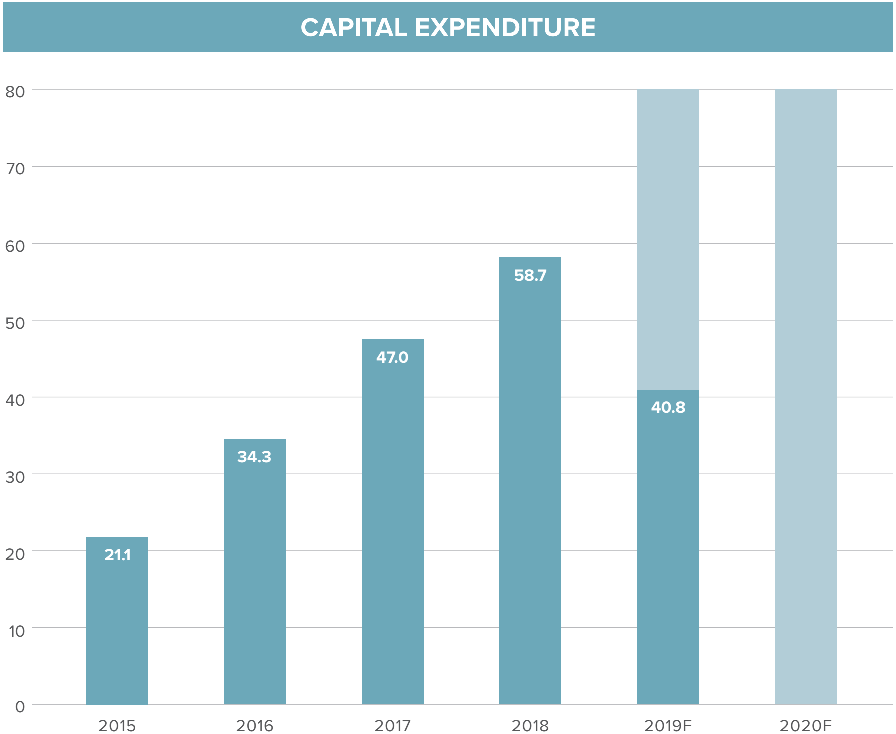
Unsecured

H1 NET FUNDS / (DEBT) PROFILE



* Excludes the proceeds from the issue of share options
** Includes loan to joint venture of £2.3m in H1 2019
*** Includes receipt of government grants

RECORD CAPITAL EXPENDITURE TO SUPPORT FUTURE GROWTH PIPELINE



COMMERCIAL UPDATE

MARKET TRENDS	CRANSWICK PERFORMANCE	OUTLOOK
		
State of the Nation	Core categories	Consolidation
Retailer performance	Poultry performance	Innovation
Sector overview	Channel performance	Poultry strategy

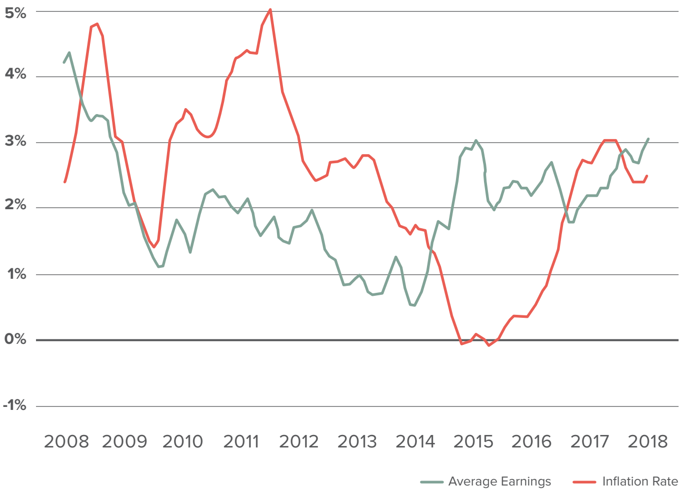
VOLUMES STATIC AND CONSUMERS CONCERNED ABOUT INFLATION

RETAIL MARKET GROWTH AND INFLATION

+3.2%	£ GROWTH
2.2%	INFLATION
+1.0%	POPULATION

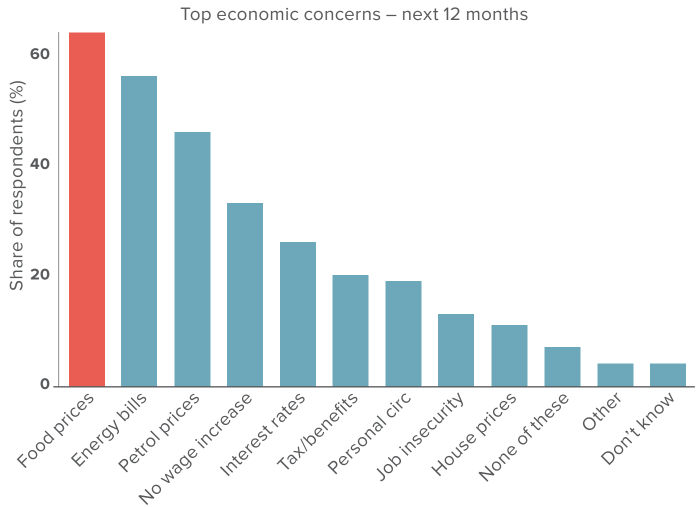
SOURCE: Kantar 12 w/e 7 October 2018

WAGE GROWTH HIGHEST IN NEARLY A DECADE



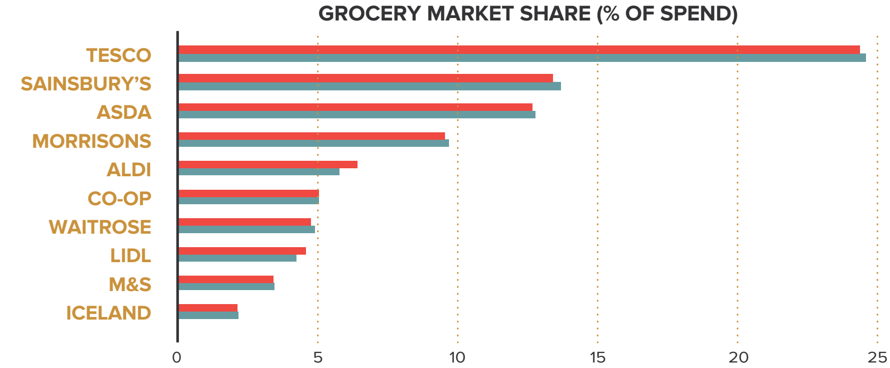
SOURCE: Office for National Statistics

SHOPPERS ARE PRE-OCCUPIED BY FOOD PRICE INFLATION



SOURCE: IGD Shoppervista, November 2018

DYNAMIC RETAILER ENVIRONMENT

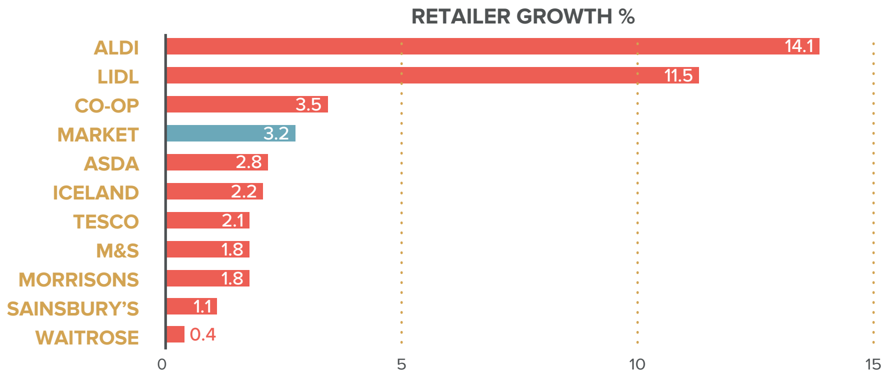


SOURCE: Kantar 52 w/e 7 October 2018

Overall grocery market growth at 3.2% (last 52 weeks)

Top 4 losing share

Discounters continue to outperform market



SOURCE: Kantar 52 w/e 7 October 2018

A CHANGING RETAIL ENVIRONMENT

Growth continues

Tesco launches Jacks

CMA process underway

EVOLVING CONSUMER DRIVERS

PREMIUM CONVENIENCE AND HEALTH

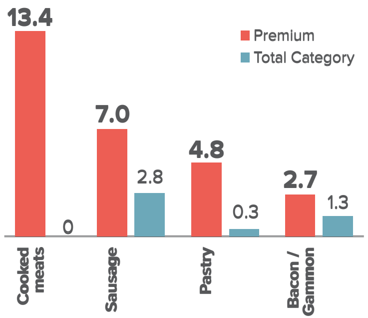
PREMIUM PROTEIN GROWTH

Premium market at +5.8% vs +3.2% for total market

Higher animal welfare important to consumers

Consumers need clear point of difference between tiers

PREMIUM VOLUME SALES GROWTH %YOY



SOURCE: Kantar 52 w/e 7 October/Kantar usage consumption panel March 2018 except *IGD eating well January 2018

EASE IS THE NEW CONVENIENCE

FOCUS ON EFFORT LEVEL RATHER THAN TIME

MARINATED/KIT PRODUCT GROWTH IN RETAIL

GROWTH OF DELIVERY SOLUTIONS

HEALTH

A KEY DRIVER OF CHOICE OF FOOD

INCREASINGLY IMPORTANT IN AND OUT OF HOME

WHOLESOME HEALTH

73% of consumers claim to be trying to lead a healthy lifestyle

33% of food chosen for health reasons

39%* of shoppers claim health as top reason for lunch out of home

OUT OF HOME GROWTH CONTINUES

WORTH £90.8BN AND GROWING AT 3.7%*

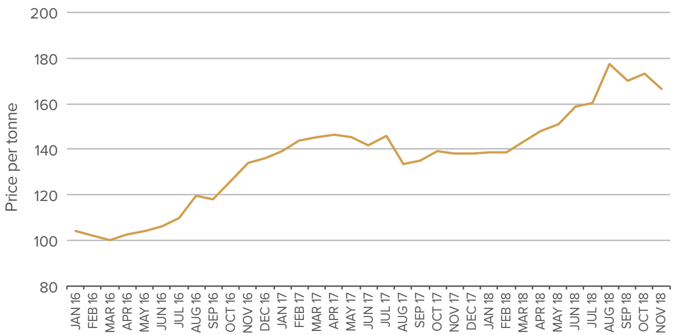
KEY CHANNELS FOR CRANSWICK

£3.1bn Coffee specialists	**£5.6bn** Quick Service Restaurants	**£4.9bn** Food-to-go specialists	**£2.8bn** Convenience, forecourt & other retailers	**£1.4bn** Supermarkets Food-to-go and Café	**£16.1bn*** Branded Casual Dining
Costa Coffee	McDonald's	Pret	bp	Sainsbury's Café	Beefeater
	KFC	EAT.	applegreen	Tesco express	TGI Fridays
		LEON Naturally Fast Food		M&S EST. 1884	Pizza Express
					Nando's
FOOD-TO-GO **£17.8bn +6%**					GROWTH 4.8%

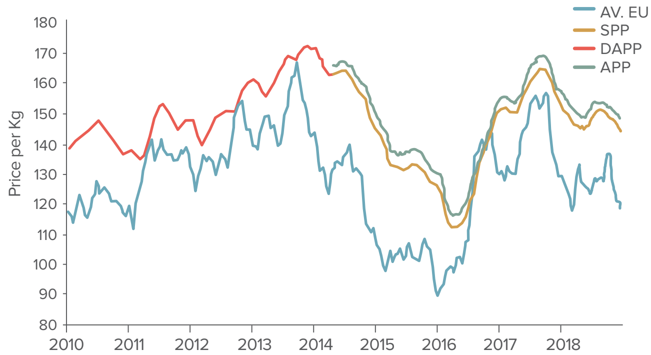
SOURCE: IGD 2018 except *MCA 2017

MARKET OVERVIEW

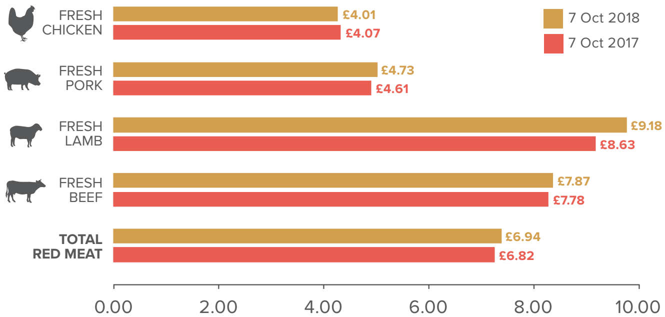
WHEAT PRICE 2016-2018



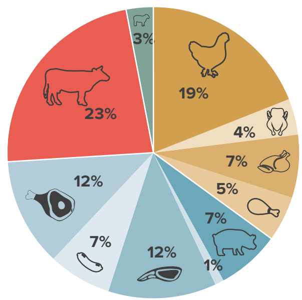
AVERAGE WEEKLY EU SPEC PRICES



UK RETAIL AVERAGE PRICE/KG



EXPENDITURE SHARE BY PROTEIN



FRESH AND READY TO COOK PORK BACON & GAMMON SAUSAGE SLICED COOKED HAM	39%
FRESH PRIMARY CHICKEN ADDED VALUE CHICKEN COOKED CHICKEN	35%
FRESH BEEF	23%
FRESH LAMB	3%

SOURCE: Average weekly Pig Price and Wheat Price: AHDB Oct 2018
Average Price and % share of expenditure Kantar 52 w/e Oct 2018

CRANSWICK PERFORMANCE

SALES PERFORMANCE BY CATEGORY

CATEGORY	CRANSWICK SALES H1 2018-19 CHANGE		MARKET* ANNUAL SALES 2017-18 CHANGE	
	VALUE	VOLUME	VALUE	VOLUME
Fresh Pork Retail[i]	▲ +4.7%	▲ +4.6%	▲ +0.7%	▼ -1.6%
Convenience[ii]	▲ +0.6%	▲ +1.9%	▲ +2.7%	▲ +0.9%
Gourmet Products[iii]	▲ +0.1%	▲ +1.1%	▲ +2.7%	▲ +1.3%
Poultry[iv]	▲ +19.3%	▲ +15.5%	▲ +1.8%	▲ +3.3%

▲ +6.1%
Ready to eat

NOTES:

(i) Total Fresh Pork sales change -5.5% value, -4.7% volume
(ii) Convenience comprises Cooked Meats and Continental Foods
(iii) Gourmet Products comprises Sausage, Bacon and Pastry
(iv) Poultry comprises Fresh and Cooked Poultry

***SOURCE:**

Kantar Worldpanel, 52 w/e 7 October 2018

CRANSWICK PERFORMANCE

GROUP SALES BY CHANNEL

RETAIL

Poultry and fresh pork growth ahead of the market

Discounter growth

Customer focused innovation

FOODSERVICE AND MANUFACTURING

Strategic relationships

B2B relationships with retailer suppliers

Recipe boxes and digital

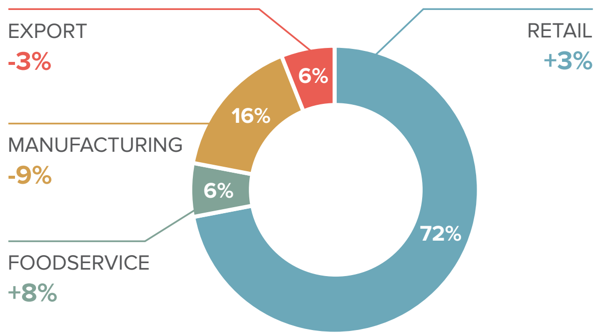
EXPORT

Benefit of further products approved for China

Growth in Japan

New market development

SHARE AND GROWTH



COMMERCIAL OUTLOOK

DRIVING THE CORE

Discounter growth

Retailer consolidation

Efficiency

INNOVATION

Premium

Convenience

Health

POULTRY STRATEGY

New site

Internal supply

Retail growth

STRATEGY & BUSINESS MODEL

PURPOSE

FEEDING THE NATION WITH AUTHENTICALLY MADE, SUSTAINABLY PRODUCED FOOD; CREATED WITH PASSION

CONSOLIDATION
DRIVING THE CORE

DIVERSIFICATION
EXPANDING OUR OFFER

INTERNATIONAL
DEVELOPING NEW OPPORTUNITIES

STRATEGIC PILLARS

- SALES GROWTH
- HIGH QUALITY PRODUCTS
- OPERATING EXCELLENCE
- SECOND NATURE — SUSTAINABILITY

GUIDING PRINCIPLES

SECOND NATURE

- QUALITY
- VALUE
- PEOPLE
- INNOVATION

CONSOLIDATION

DRIVING THE CORE BUSINESS

SALES GROWTH	HIGH QUALITY PRODUCTS	OPERATING EXCELLENCE	SUSTAINABILITY
			
Market share gains	Focus on premium	Record capital expenditure to enhance capability	Second Nature initiative
Building additional capacity	Quality culture	New Continental Foods facility commisioned	Packaging pledges
Supply chain investment	Strong innovation pipeline	Driving efficiency through slicing investment	Waste reduction and energy efficiency commitments

DIVERSIFICATION

SIGNIFICANT GROWTH POTENTIAL THROUGH POULTRY STRATEGY

SALES GROWTH

- Strong growth category
- Additional retail business
- New class-leading poultry facility

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 and welfare credentials

DIVERSIFICATION
INVESTING IN POULTRY

- Construction of new, state-of-the-art, poultry processing facility in Eye, Suffolk underway
- Associated investment in expansion of agricultural operations to secure vertical supply chain also in progress
- Processing capacity lifted from 0.5m to 1.2m birds per week
- Facility adds retail supply capability
- In-line chilling will improve quality and consistency of product
- Fresh and added value poultry markets growing strongly
- Incorporates highest animal welfare standards

DIVERSIFICATION

POULTRY SUPPLY CHAIN

MILLING	HATCHERY	FARMS
		
Weekly tonnage from 4.5k to 7k	More than double capacity at hatchery	Increase from 27 farms to 45 farms
100% self sufficient for poultry feed	All chicks to be managed through internal supply chain	Ability to allocate dedicated farms and sheds to key retailers
Continue to develop feed for pigs and game	Proposed development at Kenninghall	Retro-fit all sheds with natural light to further improve welfare position

INTERNATIONAL

EXPANDING OUR FOOTPRINT

SALES GROWTH

Strong Far East and US volume growth

Benefit of China approvals

Developing direct relationships

HIGH QUALITY PRODUCTS

Reputation of British outdoor bred pork

Pre packed, higher welfare products for China

Prime cuts to Europe, Japan & Australia

OPERATING EXCELLENCE

Efficient production of 5th quarter

Multiple accreditations

Shanghai office

SUSTAINABILITY

Higher welfare a key differentiator

Growth in emerging markets

Develop international operations

RECORD H1 CAPITAL SPEND OF £41M TO PROVIDE PLATFORM FOR FUTURE GROWTH

FRESH PORK

HULL EXTENSION

CHILLING AND LAIRAGE CAPACITY

CONVENIENCE

NEW BURY FACILITY

NEW COOKERS AND SLICING LINES

POULTRY

NEW EYE PROCESSING FACILITY

EXPANSION OF AGRICULTURAL OPERATIONS

PIG FARMING

BREEDING HERD EXPANSION

WHITE ROSE JV

ADDITIONAL FINISHER SPACES

PUTTING SUSTAINABILITY AT THE HEART OF THE BUSINESS

SECOND NATURE

Second Nature initiative launched in February 2018

Group wide approach to sustainability across key focus areas

Internal and external commitments and pledges

Collaboration with customers, suppliers and manufacturers

BBFAW
Business Benchmark on Farm Animal Welfare

BBFAW
Animal welfare and environment impact of agriculture

COURTAULD 2025
Target 20% reduction in resources used

THE UK PLASTICS PACT

UK PLASTIC PACT
Reduce, Reuse, Recycle

100% RENEWABLE ELECTRICITY

CHAMPIONS 12.3

CHAMPIONS 12.3
Reduce edible food waste by 50%

EMPLOYEE AND COMMUNITY ENGAGEMENT

SECOND NATURE ACHIEVEMENTS SINCE FEBRUARY 2018

- All grid supplied electricity from renewable sources
- BBFAW Tier 1 maintained and environmental projects underway
- Over 600 tonnes of plastic removed
- Collaborative & innovative projects with key suppliers
- Food loss and waste mapping at all sites delivering improvements
- Employee engagement across the business
- Community initiatives tackling food poverty and supporting education
- Award winning initiatives across the group

SUMMARY AND OUTLOOK

H1 results in line, in a challenging environment

Strong balance sheet & cash generation

Strong poultry sales growth

Investment in class-leading poultry facility

Expansion of vertical supply chain

Record capital expenditure

Investing for future growth

Pork & chicken competitively priced

Leading the sustainability challenge

"We continue to make good progress against each of our strategic objectives and we are well placed to continue our successful development in the current financial year and going forward."

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.

APPENDIX 1

OUR HISTORY

- **1970s** Established Agri-Food business (animal feed)
- **1980s** Move into food production
- **1992** FT Sutton's Deli Cooked Meats
- **1995** Simply Sausages – Gourmet Sausage
- **2001** Continental Fine Foods
- **2003** Sandwich Factory
- **2004** Jack Scaife's – dry cured air dried bacon
- **2005** Perkins Chilled Foods – sliced cooked meats
- **2009** Bowes of Norfolk – primary processing
- **2010** Yorkshire Baker – Gourmet Pastry
- **2013** Pig rearing business – outdoor reared pigs
- **2014** Benson Park – premium cooked poultry
- **2016** Crown Chicken – integrated chicken processor
- **2016** Sale of Sandwich Factory
- **2016** Ballymena – primary processing
- **2018** New Continental Foods site in Bury
- **2019** New chicken processing facility in Suffolk

APPENDIX 2

OUR LOCATIONS

HULL
Fresh Pork, Preston
Fresh Pork, Riverside
Cooked Meats, Sutton Fields
Gourmet Sausages, Lazenby's
Added Value Poultry, Benson Park

MALTON
Gourmet Pastry, Yorkshire Baker

SHERBURN
Gourmet Bacon, Sherburn-in-Elmet

BARNSLEY
Cooked Meats, Valley Park

NORTHERN IRELAND
Fresh Pork, Ballymena

BURY
New Continental Foods site, Roach Bank

MANCHESTER
Continental Foods, Guinness Circle

DENBIGH
Food Service, Colomendy

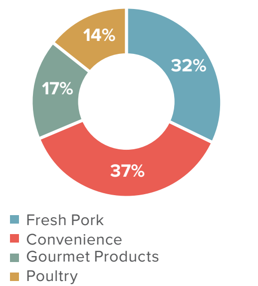
EAST ANGLIA
Fresh Pork and Sausages, Watton
Crown Chicken, Weybread and Kenninghall

MILTON KEYNES
Cooked Meats, Delico

Agriculture
Pig and Poultry Production Heartland

- **Over 10,000 employees across group**
- 15 food manufacturing facilities
- New poultry site at Eye in Suffolk
- 2 animal feed mills
- 3 farming businesses
- In house logistics
  – Livestock fleet investment
  – Chill chain distribution
- Over £270M capital investment in last 8 years

CATEGORY PROFILE
% OF GROUP REVENUE



6 months ended 30 September 2018

APPENDIX 3
ADJUSTED & REPORTED EARNINGS

£M	2018	2017
Adjusted operating profit	**44.9**	44.6
Net IAS 41 movement	**(1.1)**	1.2
Acquisition related amortisation	**(1.1)**	(1.1)
Operating profit	**42.7**	44.7
Profit before tax	**42.6**	44.5
Profit after tax	**34.0**	35.6

APPENDIX 4

TAX & EARNINGS PER SHARE

TAX		
%	2018	2017
Headline tax rate	**19.0**	19.0
Disallowed expenses	**1.1**	0.9
Other	**0.1**	0.2
Effective tax rate	**20.2**	20.1

EARNINGS PER SHARE		
PENCE	2018	2017
Adjusted	**70.0**	70.0
Acquisition related amortisation	**(2.2)**	(2.2)
Net IAS 41 movement	**(2.2)**	2.4
Tax impact	**0.8**	–
On profit for the year	**66.4**	70.2