

17 September 2018

Dairy Crest Group plc (“Dairy Crest”)

TRADING UPDATE FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2018

Dairy Crest is issuing the following pre-close trading update for the six months ending 30 September 2018, ahead of announcing its Interim Results on 7 November 2018.

Trading update

In the first half of the financial year we expect Group revenue to be ahead of last year, driven by strong performances from our two largest brands, Cathedral City and Clover.

Cathedral City’s revenue is expected to deliver good growth against strong volumes a year ago. The brand continues to go from strength to strength, and was recently voted one of the top 10 brands by UK consumers in YouGov’s Annual Brand Health Rankings, based on consumers’ perceptions of quality, value, satisfaction and reputation, as well as being voted number one in the chilled/frozen foods category.

Clover is expected to deliver both volume and revenue growth, continuing the positive performance from last year.

In line with the broader UK oil market, Frylight is expected to show a reduction in volume and revenue for the first half of the year due primarily to the unusually hot weather which impacted oil usage. However, trading has improved significantly in recent weeks and that trend is expected to continue into the second half.

We have continued to restrict Country Life promotional activity while butter costs remain high, and this continues to impact sales.

The Functional Ingredients business continues to grow in line with our expectations.

Innovation

Dairy Crest aims to deliver 10% of its revenues from products developed within the past three years. In 2017/18, 14% of revenues came from recent innovation.

Clover Light with no artificial ingredients launched last month. This reformulation follows the introduction of the original Clover spread with no artificial ingredients in September 2015 and is a further response to consumers wanting more natural, less artificial products.

The next few months will see several new product releases for Cathedral City. As part of our continued focus on snacking, we will launch two new Cathedral City snack bars flavoured with caramelised onions and sweet chilli in October. We will also be partnering with Nickelodeon to promote our relaunched kids snacking range. In line with our strategy to cater to a diverse set of consumer needs, Dairy Crest will be rolling out a Cathedral City Lactose Free range.

We will shortly be unveiling a galacto-oligosaccharides (GOS) 'shot' for consumers which is marketed under the Promovita brand name. The unique prebiotic dietary fibre, which nourishes health-promoting bacteria in the gut, will be sold as liquid sachets to be taken daily.

Profit and financial position

We expect profit for the half year to be slightly ahead of the same period last year. Our expectations for the full year remain unchanged.

Following the equity issuance in May 2018, net debt will be significantly lower at the end of September 2018 compared to the same period last year.

Mark Allen, Chief Executive, commented:

“Our Cathedral City and Clover brands continue to drive the business forward, supported by an exciting pipeline of new product developments. For Cathedral City to be named one of the UK’s top ten brands by consumers, alongside John Lewis, Amazon and Ikea, is testament to the power of the UK’s favourite cheese brand, and we see good growth potential in the UK and beyond.

“Innovation is the cornerstone of this business and we’re looking forward to showcasing a number of examples at our Capital Markets event this week. Our Functional Ingredients business is progressing well and we are excited by the potential of the launch of the Promovita GOS ‘shot’.

“Our balance sheet is in good shape and we are moving forward with the first phase of the expansion at Davidstow. Our expectations for the full year remain unchanged.”

ENDS

Dairy Crest is hosting a site visit for analysts and investors to its Innovation Centre on the campus of Harper Adams University on Monday 17 and Tuesday 18 September 2018. The management team will make presentations on this trading update, key brands and innovation. These will be made available on Dairy Crest’s website at www.dairycrest.co.uk/investors. No material new information will be disclosed in these presentations.

Dairy Crest expects to issue its Interim Results for the six months ended 30 September 2018 on 7 November 2018.

For further information:

Dairy Crest

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