



NWF Group plc
INTERIM RESULTS 2007/8



2007/8 interim results overview



- ➔ Turnover up 10.9% to £172.7m, growth in all four divisions
- ➔ Difficult first half, three out of four divisions operating profits down on prior year
- ➔ Operating profits down to £2.1m (£3.4m in H1 2006/7)
- ➔ Profit before tax £0.8m (£2.5m in H1 2006/7)
- ➔ Basic EPS 1.2p (3.7p in H1 2006/7)
- ➔ Maintaining interim dividend at 1.0p
- ➔ Increased gearing as planned to support major capital expansion plans
- ➔ No deterioration of market positions
- ➔ Experienced management teams
- ➔ New warehouse capacity in the second half

Distribution



➔ Market

- Consolidation of groceries en route to UK supermarkets

➔ Our business

- Boughey Distribution: national business
- Destinations are primarily RDC's of supermarket chains
- Ambient warehousing for 130,000 pallets on three sites
- Around 200 customers – manufacturers and importers
- Packing room for added-value work

➔ Operational highlights

- All new warehousing now open
- Project delays and late new customers resulting in below planned performance in H1
- Customer wins increasing utilisation in H2 2007/8, significant one-off transition costs



Feeds



➔ Market

- 12,000 important dairy farmers in England
- 1.9m dairy cows
- Around 3 million tonnes of dairy feeds per annum
- Reasonably steady demand

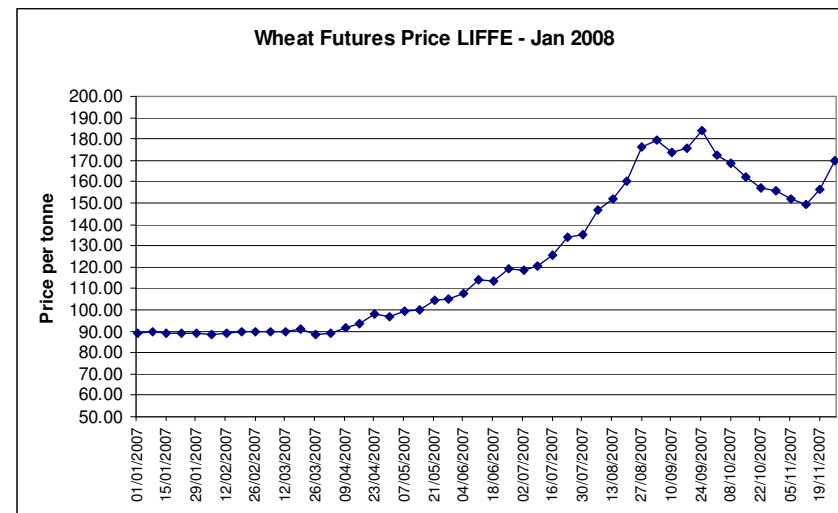
➔ Our business

- One of only two national players
- Around 16% market share
- Capacity for 400,000 tonnes of compound feeds at Wardle & Wixland
- Capacity for 100,000 tonnes of blended feeds at Wardle, Ayr, Penrith, Exeter
- Volume grown by factor of ten in 13 years



➔ Operational highlights

- Significant raw material inflation causing margin pressure – driving price rises
- Increasing milk prices supporting future demand for feeds
- Focus on growth opportunities in the South



Fuels



➔ Market

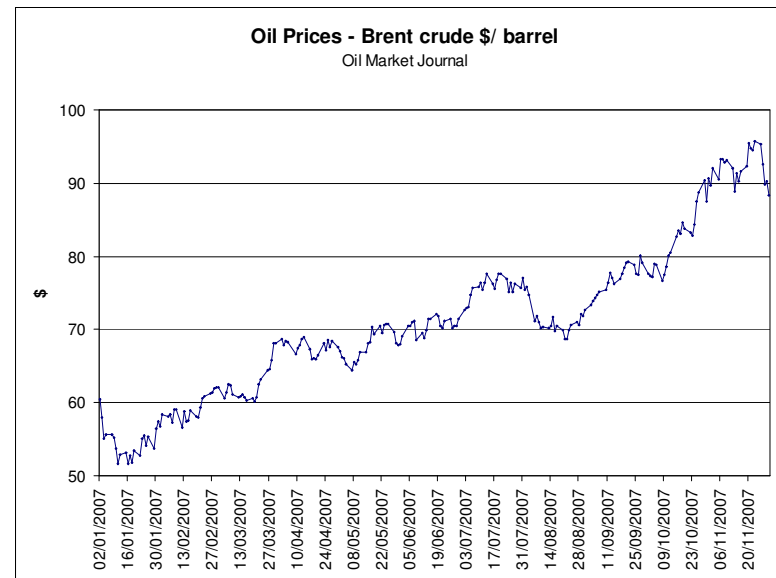
- 1.5 million homes with oil fired heating in Great Britain (and growing)
- Freight and passenger transport
- Local authorities
- Service stations
- Agriculture
- Industrial heating and off road automotive
- Diesel bunkering
- Oil fired boiler servicing, repairs and replacement

➔ Our business

- 13 strategic depot locations in England and Wales, 10 with bulk storage
- Major distributor of Texaco products also sells Conoco, Total and other fuel brands
- Supply contracts with around 80 retail petrol stations
- Growing national Fuel Card marketing division
- Always increasing geographical coverage via proactive sales activity, acquisitions and cold starts

➔ Operational highlights

- Increasing volume
- Significant margin pressure resulting from record increases in oil prices
- Strong committed management team operationally focused



Garden Centres



NWF GARDEN CENTRES

➔ Market

- Gardening and leisure enthusiasts
- Market has doubled since 1991 and is still growing
- Destination garden centres becoming dominant
- Players becoming more professional

➔ Our business

Six large destination garden centres:

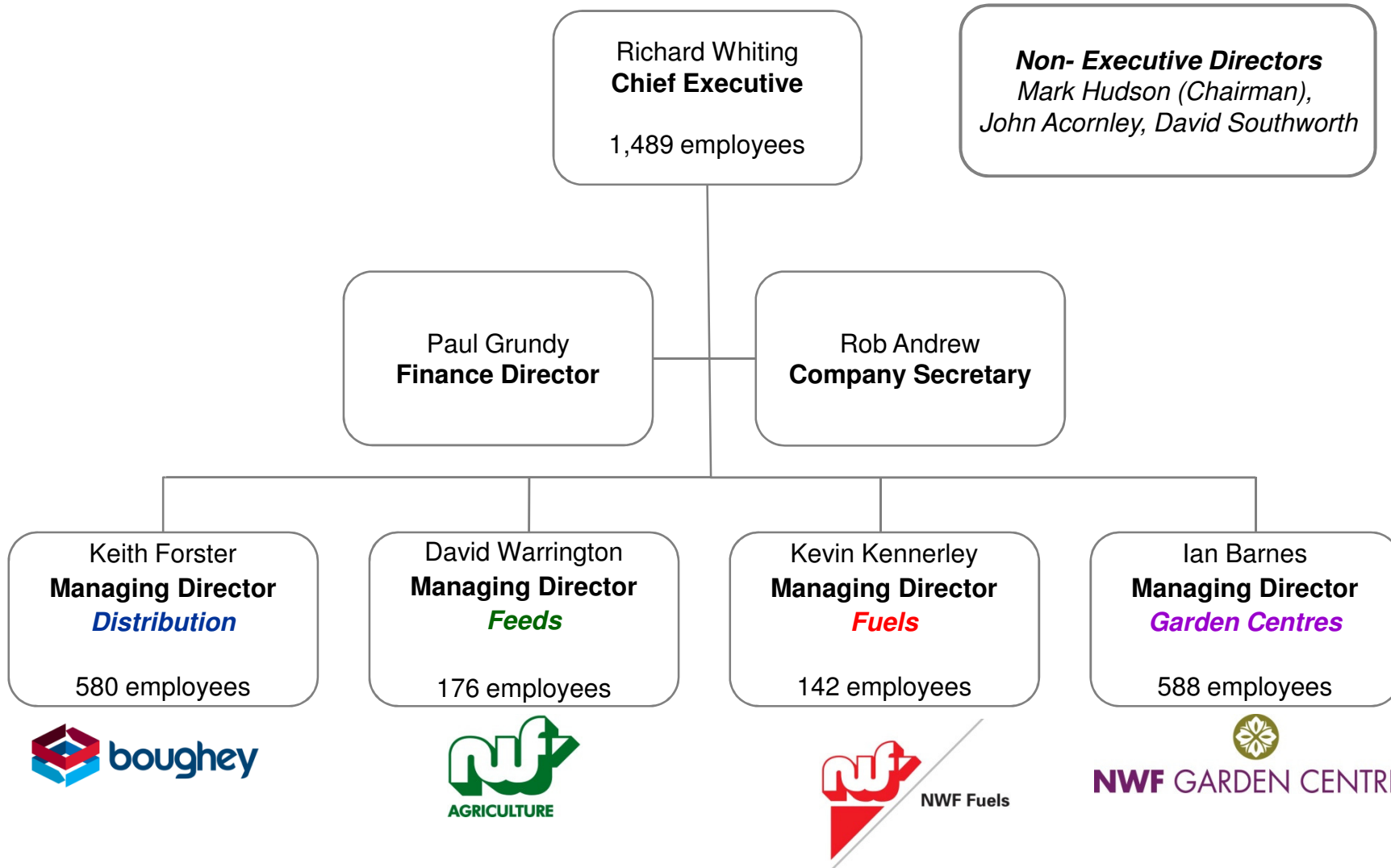
- Rivendell, Cheshire
- Wheatcroft, Nottingham
- Dukeries, Nottinghamshire
- Victoria, Yorkshire
- Woodford Park, Cheshire
- Ashton Park, Manchester

➔ Operational highlights

- Very poor weather June – July
- November behind expectations
- Ashton Park fully operational



Group organisation



Locations



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Financial key points

- ➔ Reporting under IFRS for the first time - comparatives restated
- ➔ Turnover up 10.9% to £172.7m (£155.7m)
- ➔ Operating profit down 38.2% to £2.1m (£3.4m)
- ➔ Profit before tax down to £0.8m (£2.5m) - corresponding drop in EPS
- ➔ Interim dividend unchanged at 1.0p per share
- ➔ Net assets up by 8.4% to £29.8m (£27.5m)
- ➔ Net cash outflow before financing £13.3m (£11.1m)
- ➔ Bonus issue of shares (4 for 1) - EPS, DPS comparatives restated



Income statement

	30 Nov 07 £m	30 Nov 06 £m	Growth %
Revenue			
Distribution	15.7	14.5	8.3
Feeds	41.2	37.6	9.6
Fuels	105.7	93.7	12.8
Garden Centres	10.1	9.9	2.0
Total revenue	172.7	155.7	10.9
Operating profit			
Distribution	0.6	0.9	(33.3)
Feeds	1.2	1.1	9.1
Fuels	0.5	1.0	(50.0)
Garden Centres	(0.2)	0.4	(150.0)
Total operating profit	2.1	3.4	(38.2)
Interest	(1.3)	(0.9)	(44.4)
Profit before tax	0.8	2.5	(68.0)
EPS (basic), p	1.2	3.7	(67.6)
DPS, p	1.0	1.0	
Dividend cover	1.2 times	3.8 times	
Interest cover	1.5 times	3.7 times	



Balance sheet summary

	Half year to 30 Nov 07 £m	Half year to 30 Nov 06 £m	Growth %
Non current assets			
Property, plant and equipment	57.0	43.1	32.3
Intangible assets	10.2	10.1	1.0
Deferred tax asset	1.0	1.4	(28.6)
Current assets			
Inventories	9.6	7.7	24.7
Trade and other receivables	47.9	40.9	17.1
Derivative financial instruments	1.7	0.3	466.7
Cash and cash equivalents	0.1	0.1	-
Current liabilities			
Trade and other payables	(37.5)	(33.4)	(12.3)
Borrowings	(24.2)	(10.9)	(122.0)
Derivative financial instruments	(1.3)	(0.2)	(550.0)
Non current liabilities			
Borrowings	(29.9)	(25.2)	(18.7)
Retirement benefit obligations	(3.4)	(4.5)	24.4
Deferred tax liability / other	(1.4)	(1.9)	26.3
Net assets	29.8	27.5	8.4
Net debt	54.0	36.0	(50.0)
Gearing %	181%	131%	

Cash flow summary



	30 Nov 07 £m	30 Nov 06 £m	Change £m
Cash flows from operating activities			
Profit before tax	0.8	2.5	(1.7)
Depreciation	1.9	1.7	0.2
Finance costs	1.3	0.9	0.4
Increase in working capital / other	(8.6)	(3.2)	(5.4)
Operating cash flow	(4.6)	1.9	(6.5)
Interest paid	(1.7)	(0.9)	(0.8)
Tax paid	(0.9)	(0.9)	0.0
Net cash from operating activities	(7.2)	0.1	(7.3)
Cash flows from investing activities			
Purchase of PPE / intangible assets (net)	(4.8)	(8.5)	3.7
Acquisitions including cash acquired	-	(1.5)	1.5
Deferred acquisition payments / disposal receipts	(1.3)	(1.2)	(0.1)
Net cash used in investing activities	(6.1)	(11.2)	5.1
Net cash outflow before financing	(13.3)	(11.1)	(2.2)
Term loan and HP finance movements	(0.1)	0.9	(1.0)
Issue of ordinary share capital	0.5	-	0.5
Dividends paid	(1.3)	(1.1)	(0.2)
Net decrease in cash and cash equivalents	(14.2)	(11.3)	(2.9)



IFRS impact overview

	Year ended 31 May 2007		
	IFRS £m	UK GAAP £m	
Income statement			
Revenue	320.4	320.4	No change
EBITDA	11.4	10.7	Up 7%
Operating profit	8.1	7.1	Up 14%
PBT	6.3	5.9	Up 7%
Balance sheet			
Net assets	30.1	30.4	Down 1%
Net debt	39.9	29.4	Up 36%
Gearing %	133%	97%	

Major differences between IFRS and UK GAAP

(impact on year ended 31 May 2007)



➔ IAS 17 Leases

Long term property leases at garden centres re-classified as finance leases

- Net present value of rentals attributable to buildings capitalised (£10.7m)
- Total building rent split between capital (depreciation) and interest (finance charge)
- Interest allocated to financial periods to produce constant periodic interest rate
- Accumulated depreciation (£0.9m) and finance charges (£2.2m) greater than lease charges (£2.3m)
- Deferred tax credit £0.3m to give net asset reduction of £0.5m
- Operating profit increase £0.4m, finance costs up £0.7m, PBT down £0.3m

Major differences between IFRS and UK GAAP

(impact on year ended 31 May 2007)



➔ IFRS 3 Business combinations

Capitalised goodwill at 1 June 2006 no longer amortised (annual impairment review required)

- Reversal of £0.5m amortisation charge provided during year

Evaluation of intangible assets included in Browns of Burwell acquisition

- £0.1m trade name asset recognised and amortised over 10 years

➔ IAS 19 Employee benefits

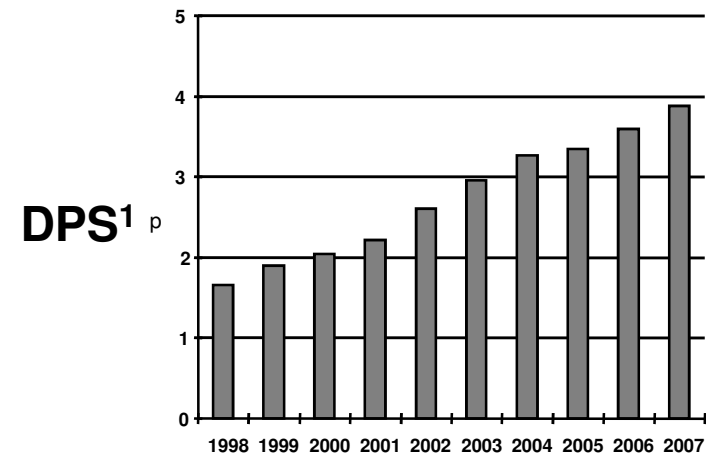
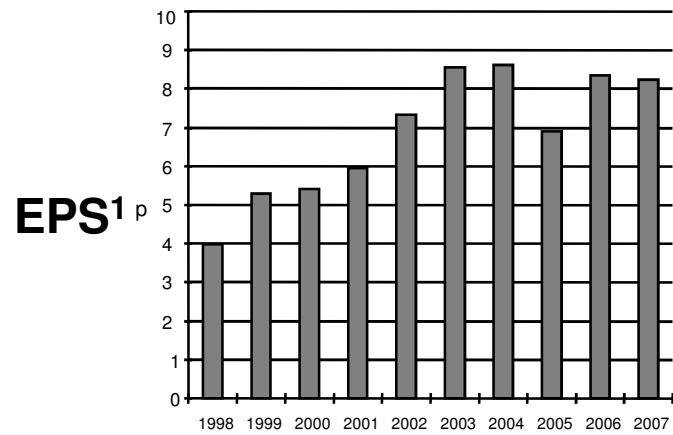
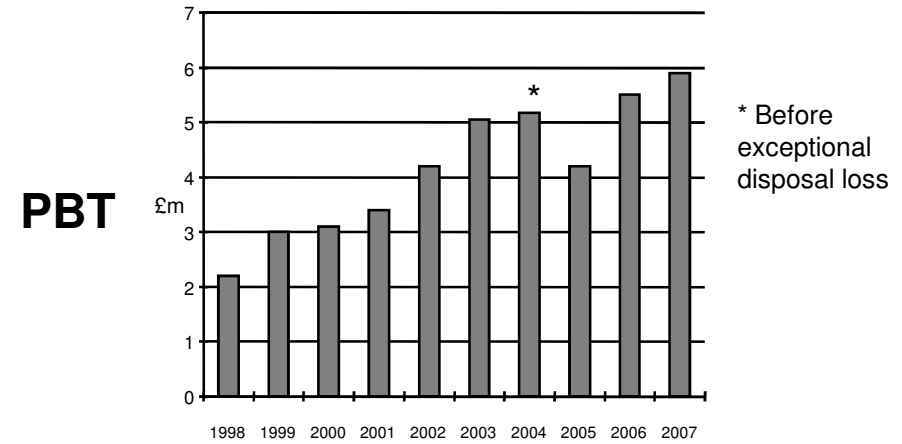
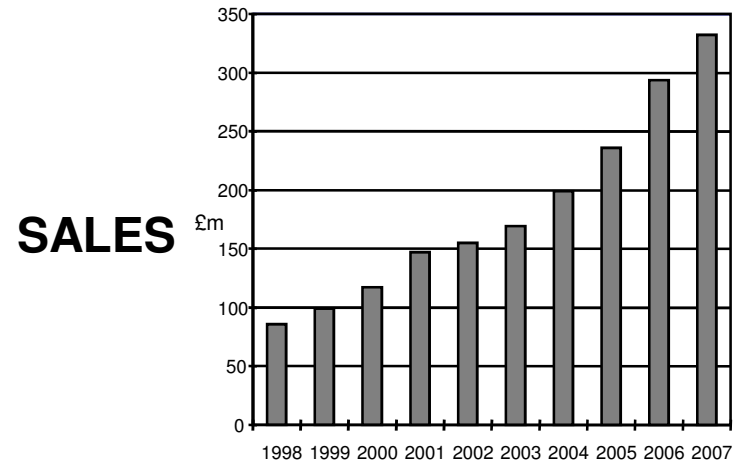
Deferred tax asset associated with DB pension scheme deficit reclassified as non current asset (offset against liability under FRS 17)

- DB scheme liability increased by £1.0m from net £2.5m to gross £3.5m

- ➔ Other minor differences - balance sheet reclassifications, financial instrument recognition, deferred tax



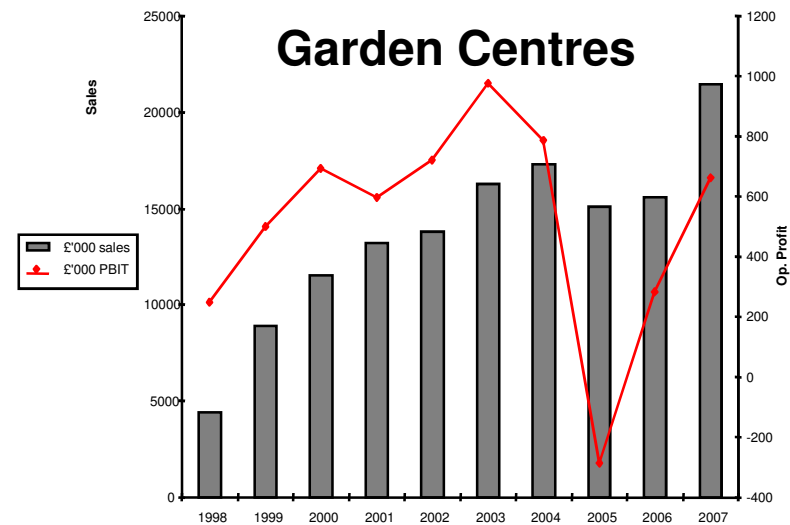
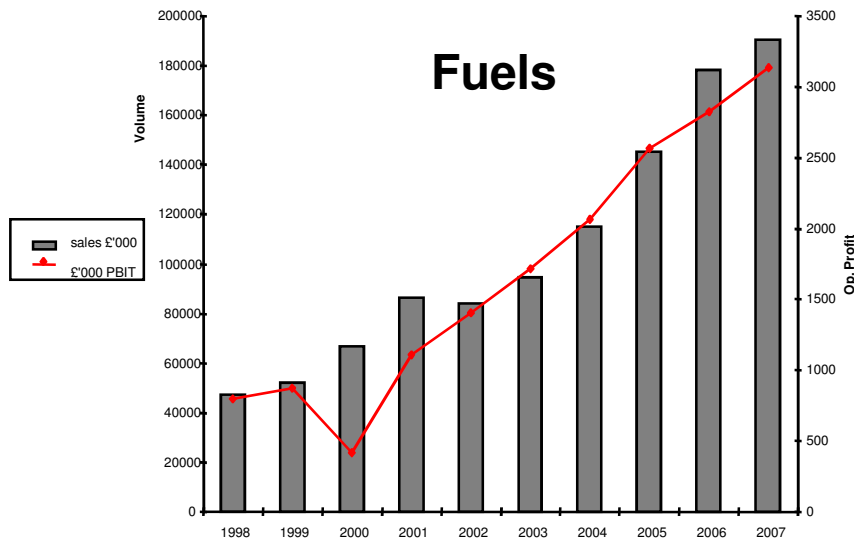
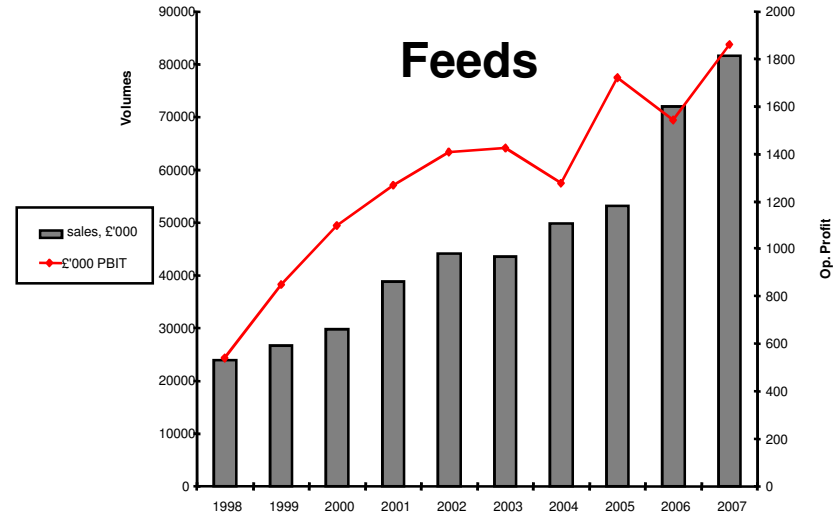
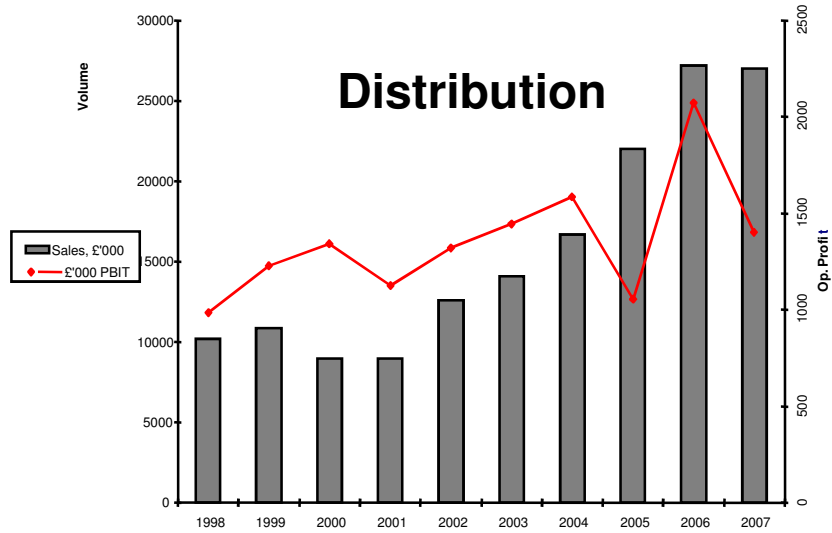
10 year group growth



¹ historic ratios rebased to enable post bonus issue comparisons



10 years per division





Summary

- ➔ Difficult first half:
 - Turnover growth in all four divisions
 - Three out of four divisions operating profits behind prior year
 - High levels of gearing and interest payments as investment continues in new Distribution warehousing as planned
- ➔ Four divisions with good profit track records and management teams
- ➔ Approach of backing the businesses for development with a small intimately involved centre
- ➔ Stronger second half expected reflecting seasonality, improved Feeds and Fuels performance
- ➔ Distribution in transition with additional one-off costs and new business intake
- ➔ Well positioned for future development

Appendices





Group overview

- ➔ Specialist distribution and retail group based in Wardle, Cheshire, with 24 other locations
- ➔ Four growing businesses with a common history:
 - Distribution - grocery logistics to supermarkets
 - Feeds - mainly for dairy cows
 - Fuels - for homes, businesses and vehicles
 - Garden Centres - six large garden centres
- ➔ 1,600 shareholders, 20% share turnover p.a.
- ➔ 33% held by institutions, remainder by private individuals
- ➔ 52nd company to list on AIM in 1995 (founded in 1871)



Group strategy

Continue organic and acquisitive growth within chosen markets:

➔ Distribution

- Continued significant demand for services
- Complete and fill new Wardle warehouses

➔ Feeds

- Organic growth, increase market share
- Opportunities for consolidation and expansion

➔ Fuels

- More business around existing depots
- Acquisition opportunities in rural areas

➔ Garden Centres

- Further development of existing sites
- Opportunities for acquisitions and start-ups



Directors

Mark Hudson – Chairman (age 61)

Joined the board in 1985. Chairman 2006. Mark is an agricultural business adviser and dairy farmer. Past President of the CLA. Chair of Game Conservancy Trust. Council Member Duchy of Lancaster.

Richard Whiting – Chief Executive (age 43)

Richard joined NWF on 1 October 2007 having been Group FD of Heywood Williams Group plc. He was previously with Brand-Rex Ltd and Caradon plc.

Paul Grundy FCA – Finance Director (age 51)

Paul joined NWF in 2004 from N Brown Group plc. He had previously been with Hilti and Sharp Electronics.

John Acornley FCA - Non-executive Director (age 54)

Joined the board in 2001. John is Chairman or NED of a number of companies. He was previously a director of Baxi plc and Rainford Group plc.

David Southworth FCCA - Non-executive Director (age 58)

Joined the board in 2006. David is Chairman or NED of a number of companies. He previously led Skillsgroup.



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