

Food Distribution



Feeds

Fuels



NWF Group plc
Interim results to 30 November 2009

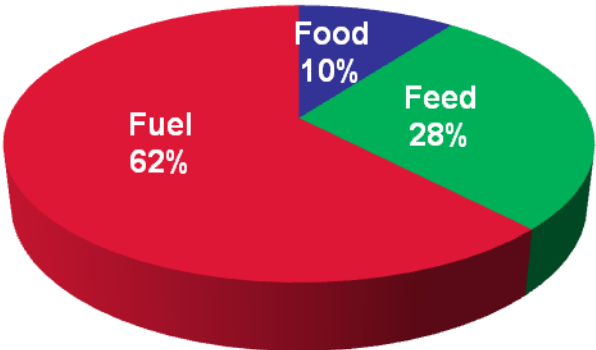
Contents	page
➤ Who we are	3
➤ Group overview	4
➤ Business highlights	5
➤ Financial review	8
➤ Development outlook	12
➤ Summary	15
➤ Appendices	16
➤ Business backgrounds	
➤ Locations	
➤ Group organisation	
➤ Wardle site	
➤ Five year financial performance	
➤ Divisional financial track records	
➤ Additional market data	

Who we are

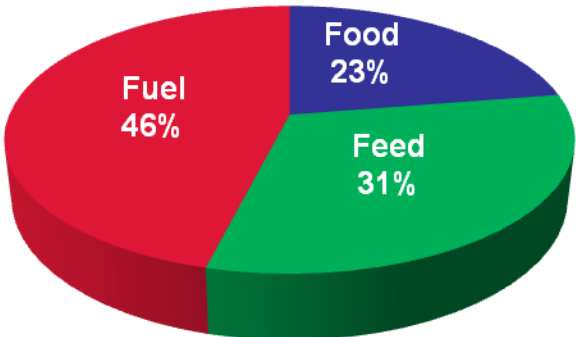
NWF Group plc is a focused specialist distributor of food, feed and fuel



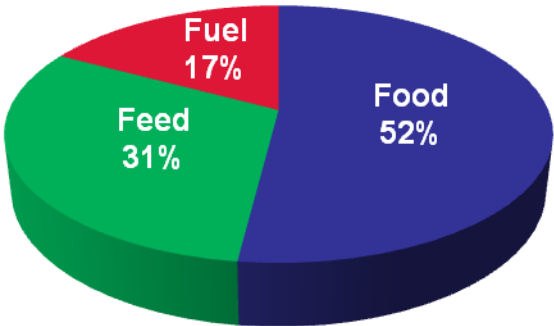
Revenue £381 million



Operating profit £8.9 million



Operating net assets £55.4 million



Group overview

- Specialist distributor of food, feed and fuel
- First half performance for NWF in line with expectations
- Revenue decreased by 11.4% to £175.5 million (2008 H1: £198.1 million)
- Operating profit down 21.6% to £2.9 million (2008 H1: £3.7 million)
- Profit before taxation up 11.1% to £2.0 million (2008 H1: £1.8 million)
- Headline earnings per share up 7.1% to 3.0p (2008 H1: 2.8p)
- Interim dividend unchanged at 1.0p per share (2008 H1: 1.0p)
- Reduction in net debt of 41.1% to £17.5 million (2008 H1: £29.7 million)
- Debt to EBITDA at 1.5 times (31 May 2009: 1.6 times)



Business highlights – food distribution

	2009 £m	2008 £m	%
Revenue	20.6	20.5	+0.5
Operating profit	1.7	1.0	+70.0
Average pallet spaces stored	100,000	107,000	-6.5

- ➔ Record operating profit for food distribution
- ➔ Storage at capacity at end of H1, customers squeezing stock holdings
- ➔ Outloads up 7.5% to 727 per week
- ➔ New business won to maintain fill in H2
- ➔ Service levels consistently at 99.5% or better
- ➔ Improved warehousing and distribution efficiencies
- ➔ Increased backloads by 40% over prior year



Business highlights – feeds

	2009 £m	2008 £m	%
Revenue	41.2	49.4	-16.6
Operating profit	0.5	1.4	-64.2
Tonnes	196,000	213,000	-8.0

- Tough market conditions as the UK dairy herds continued to graze into October
- Margins squeezed by falling raw material prices and greater competition for volume
- Increased compound direct sales to farms by 7%
- Blending at the Wixland mill (Devon) to increase asset utilisation from November
- Strengthened management team – new operations director
- Good progress on added value products



Business highlights – fuels

	2009 £m	2008 £m	%
Revenue	113.7	128.2	-11.3
Operating profit	0.7	1.3	-46.2
Million litres	166	166	-

- ➔ Adverse market conditions
 - ➔ Warm Autumn reduced demand for higher margin Heating oil, winter started in December
 - ➔ More stable oil prices than in prior year
- ➔ Strong depot based teams – continued operational focus
- ➔ Maintained volumes
- ➔ Excellent results at Wardle, Nottingham, & Card Marketing
- ➔ Working on bolt on opportunities



Financial review – income statement summary

	Nov 2009 £m	Nov 2008 £m	Growth %	May 2009 £m
Revenue				
Food Distribution	20.6	20.5	0.5%	39.2
Feeds	41.2	49.4	-16.6%	104.7
Fuels	113.7	128.2	-11.3%	236.7
Total revenue	175.5	198.1	-11.4%	380.6
Operating profit				
Food Distribution	1.7	1.0	70.0%	2.0
Feeds	0.5	1.4	-64.3%	2.8
Fuels	0.7	1.3	-46.2%	4.1
Total operating profit	2.9	3.7	-21.6%	8.9
Finance costs	(0.9)	(1.9)	-147.4%	(2.7)
PBT	2.0	1.8	11.1%	6.2
Tax	(0.6)	(0.5)	-220.0%	(1.3)
PAT (headline)	1.4	1.3	7.7%	4.9
Headline EPS (headline)	3.0	2.8	7.1%	10.4
DPS	1.0	1.0	0.0%	4.1
Dividend cover	3.0	2.8	7.1%	2.5
Interest cover (excluding IAS 19 finance costs)	4.1	2.8	46.4%	3.3

Financial review – balance sheet summary

	Nov 2009	Nov 2008	May 2009
	£m	£m	£m
Fixed assets	42.3	43.0	42.1
Net Working Capital	10.4	18.1	12.3
Assets Employed	52.7	61.1	54.4
Pension deficit	(13.4)	(4.1)	(6.7)
Tax provisions	(2.4)	(2.5)	(4.5)
Net Debt	(17.5)	(29.7)	(19.3)
Net Assets	19.4	24.8	23.9

Pension Scheme	Nov-09	May-09
	£m	£m
Liabilities	-35.9	-26.7
Assets	22.5	20.0
Deficit	-13.4	-6.7

Net Debt : EBITDA	1.5	2.8	1.6
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Financial review – net debt summary

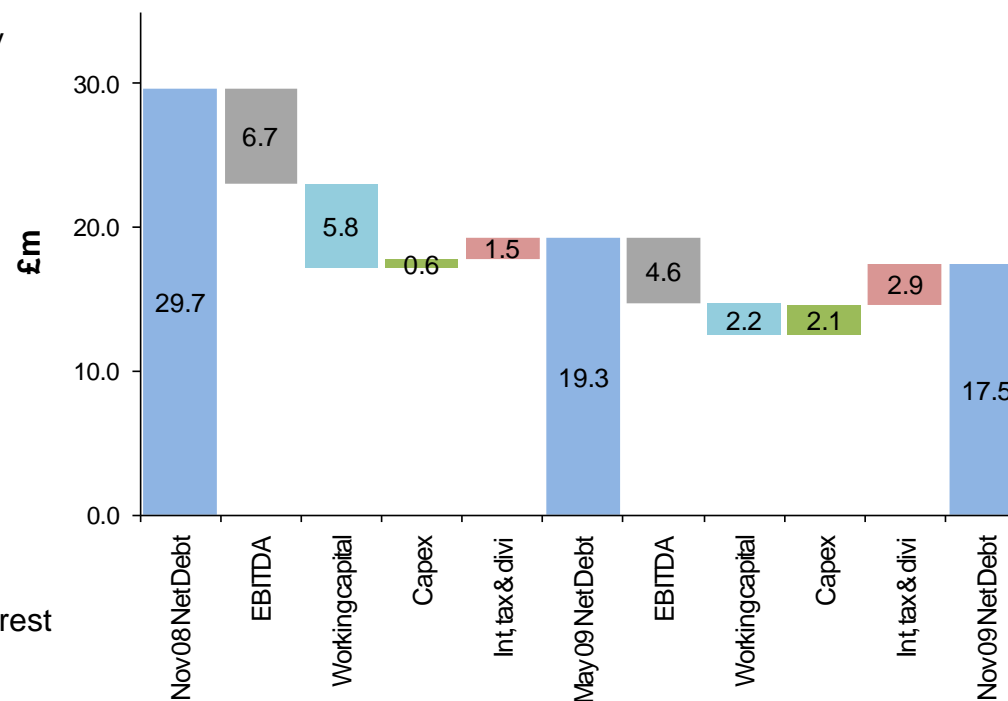
Debt Summary

- Total committed facilities of £40.8m with RBS until May 2011. In addition £7m of HP finance is available.

<u>£m</u>	<u>Facility</u>	<u>Drawn</u>
Overdraft	1.0	0.3
Invoice Discounting	32.1	13.3
Revolving Credit Facility	7.7	-
Banking facilities	40.8	13.6
Hire Purchase	7.0	3.9
Total	47.8	17.5

- Average cost of net debt: Base + 1.7%
- Borrowing covenants - Net debt : EBITDA & EBIT: Interest cost
- £15m Interest swap in place at 5.045% until Dec 2010

Movement in net debt



Financial review – cash flow

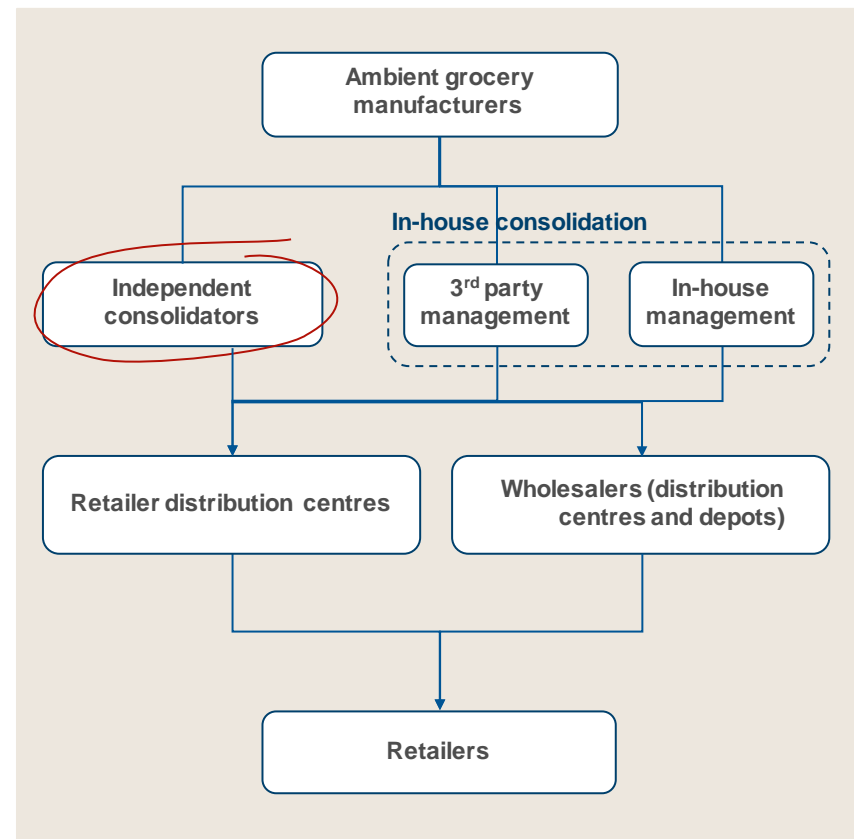
	Nov 2009	Nov 2008
	£m	£m
Operating profit	2.9	3.6
Depreciation and amortisation	1.7	1.7
Working capital	2.4	(0.1)
Other	(0.2)	(0.2)
Operating cash flow	6.8	5.0
Interest	(0.6)	(1.8)
Tax	(0.9)	(0.2)
Net cash flow from operating activities	5.3	3.0
Capital additions	(2.1)	(2.1)
Disposal proceeds	-	13.0
Deferred acquisition payments	-	(0.5)
	3.2	13.4
Dividends paid	(1.4)	(1.4)
Net cash flow	1.8	12.0

Development outlook – food distribution

- Robust demand for ambient groceries
- Boughey has a leading position in North West
- Close relationship with major food retailers
- Retailers driving suppliers into consolidation
- Implementing 24/7 Day 1 for Day 2 for Tesco and Sainsburys with all customers from Feb 2010
 - Increases replenishment rates for retailers
 - Reduces stock in retailers
 - Increases service barriers to entry



Ambient grocery supply chain



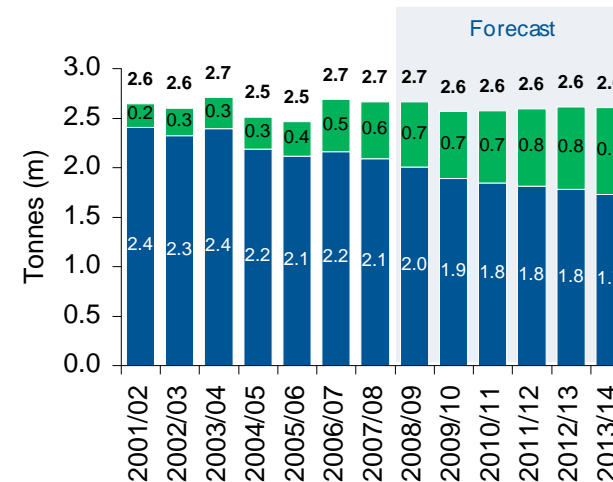
 Boughey's current position in the supply chain

Development outlook – feeds

- Strong national sales team, the dairy experts
- Strategy to build direct business with farmers, continue development in the South
- Long term stable demand
- Lower milk prices causing pressure on farmers
- Volatile raw materials increase risk
- Continue to invest in added value products and services
- Ongoing focus on cost reduction and asset utilisation
- Maintaining excellent customer service



Dairy feed market (Great Britain) 2004-2013f



CAGR (%)	2001/02-2008/09	2008/09-2013/14
Dairy blends (GB)	15.7%	6.0%
Dairy compounds (GB)	(2.6)%	(2.9)%
Total	0.1%	(0.4)%

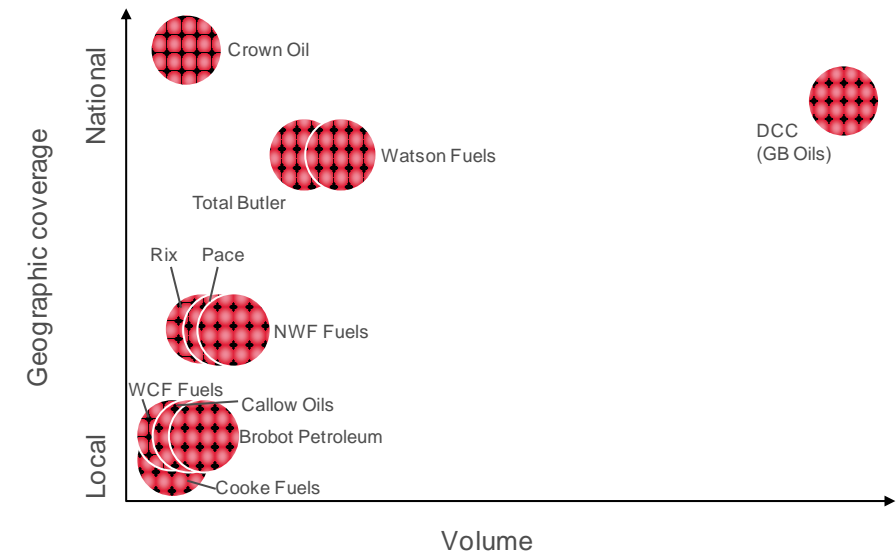
Sources: Production of compounds, blends and other processed feedingstuffs in Great Britain, Defra; UK milk production forecast, Kite Consulting; GB monthly wholesale deliveries to dairies, Dairyco

Development outlook – fuels

- ➔ Proven performance in volatile markets
- ➔ Proven track record – successful depot based operating model
- ➔ Developing tomorrow's depot managers in house
- ➔ Managing increasing credit risk key as credit insurers reduce cover
- ➔ Clear opportunity for bolt on acquisitions and start ups
- ➔ Management team structured for development opportunities



Indicative competitive landscape for major UK fuel distributors 2009



Note: Crown Oil includes third party fuel brokerage nationwide
Source: NWF Fuels management estimates

Summary

- Focused as a specialist distributor of food, feed and fuel
- Strong food distribution performance offset weaker seasonal markets in feeds
- Debt reduced to £17.5 million and debt to EBITDA 1.5 times
- Markets large, robust and resilient
- Experienced, capable management team
- Good organic development plans being delivered
- Significant medium term development opportunities in all three divisions
 - Food Distribution : geographic expansion, customer led demand
 - Feeds: organic growth utilising capital base, industry consolidation opportunities
 - Fuels: proven bolt on acquisition capability, start ups, industry consolidation opportunities



Appendices

- ➔ Business backgrounds
- ➔ Locations
- ➔ Group organisation
- ➔ Wardle site
- ➔ Five year financial performance
- ➔ Divisional financial track record
- ➔ Additional market data

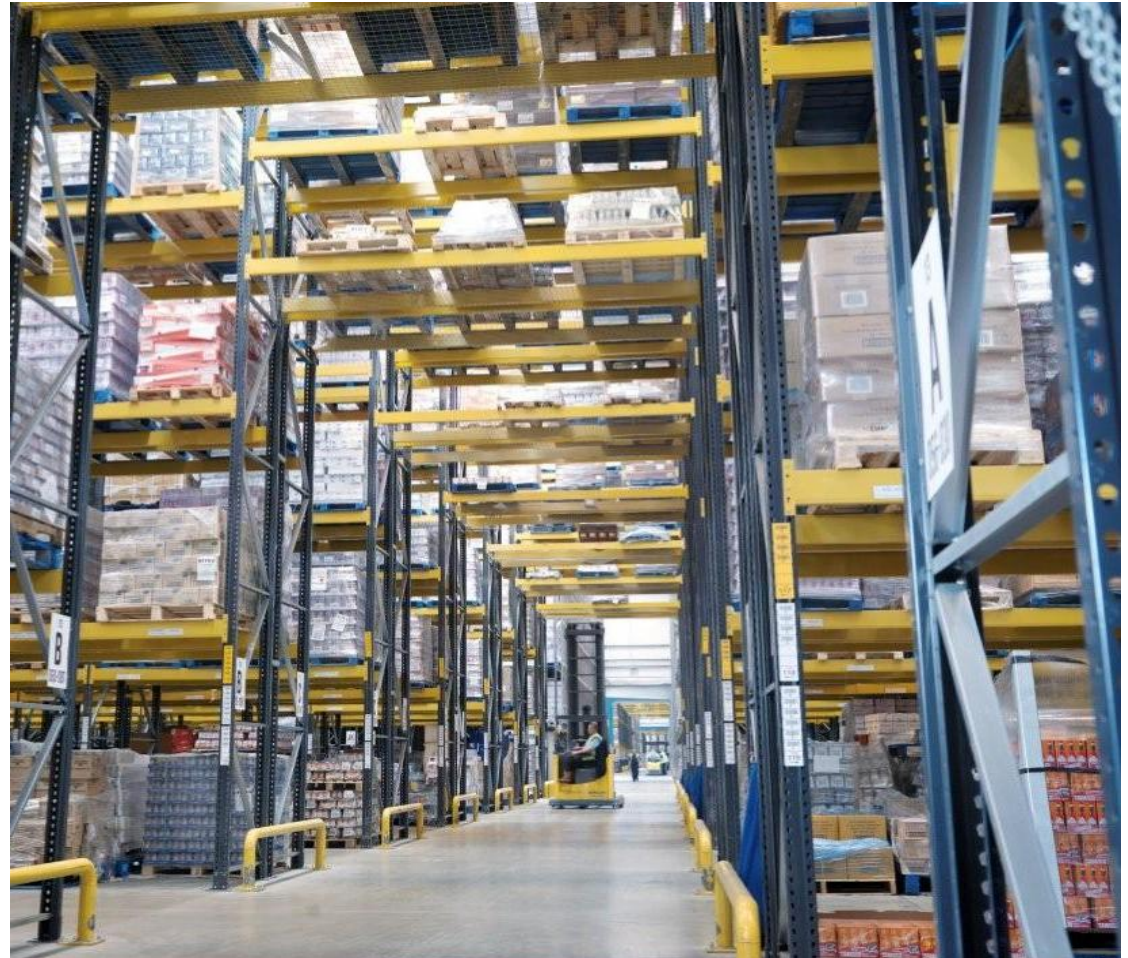
Business background – food distribution

Market

- Consolidation of ambient grocery products to UK supermarkets

Our business

- 115,000 pallet spaces
- 900,000 ft² of warehousing in Wardle and Deeside (North West)
- 579 people
- 135 trucks, 267 trailers
- 99.5% service level
- 200 customers including Princes, Pataks/Blue Dragon & Typhoo
- Packing room for added value work



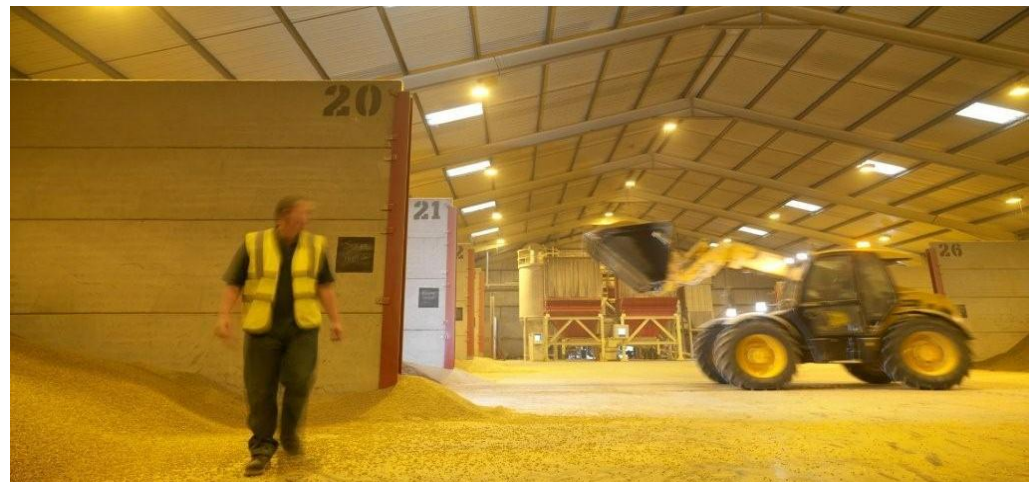
Business background – feeds

Markets

- ➔ Supply of feed to ruminants in the UK – principally dairy
- ➔ Market split into compound & blends

Our business

- ➔ National player – 14% market share
- ➔ 460,000 tonnes produced in 2008/9
- ➔ 168 people
- ➔ 28 trucks, 11 trailers
- ➔ Compound mills in Cheshire and Devon
- ➔ Blend plants in Ayrshire, Cumbria, Cheshire and Devon
- ➔ Business grown by a factor of 10 in last 14 years



Business background – fuels

Markets

- ➔ 1.5 m homes use oil fired heating
- ➔ Commercial customers
- ➔ Service stations
- ➔ Fuel cards

Our business

- ➔ 151 people
- ➔ 56 tankers
- ➔ 13 depots across the UK
- ➔ Supply 80 retail petrol stations
- ➔ Fuel card marketing
- ➔ 350 million litres per annum



Locations

Locations: Food Distribution

- Deeside
- Wardle

Locations: Feeds

- Ayr
- Penrith
- Wardle
- Wixland

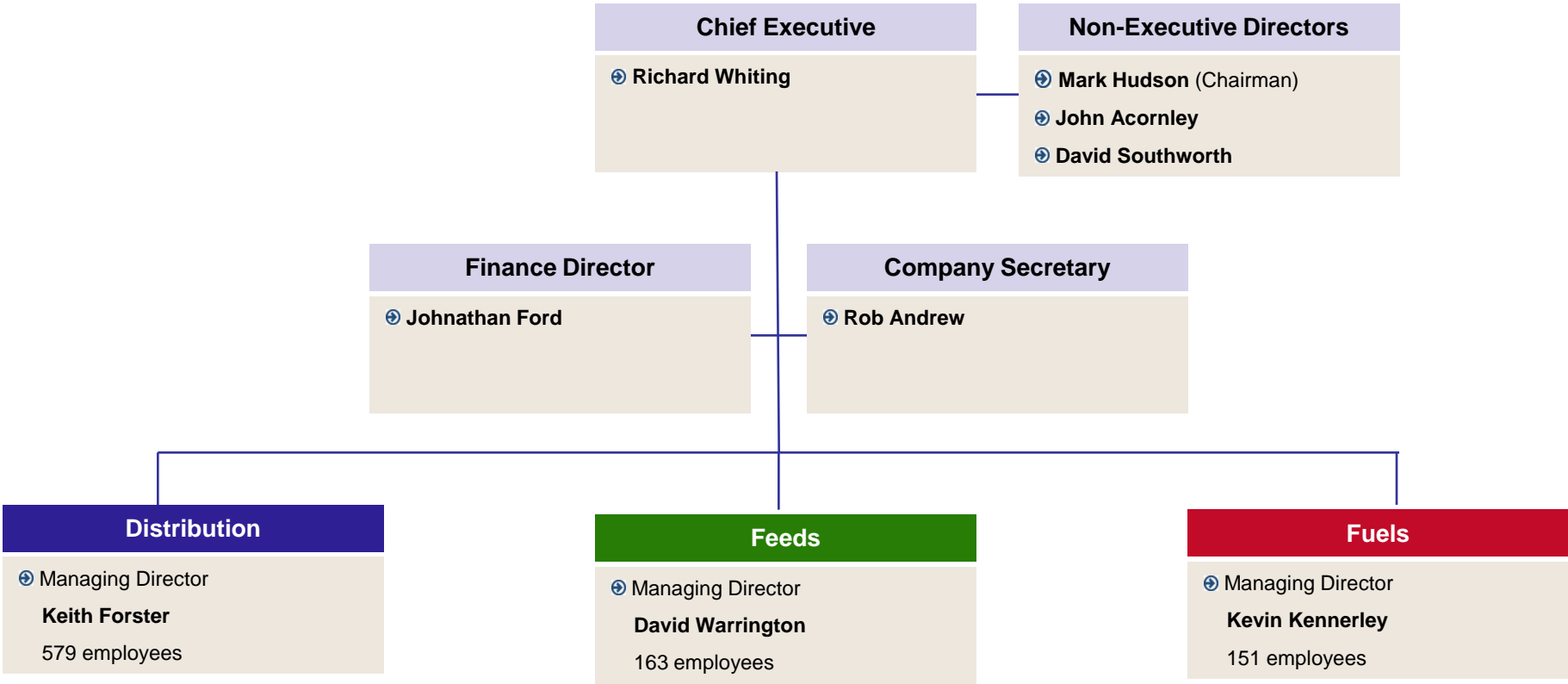
Locations: Fuels

- Acle
- Ammanford
- Bangor
- Boston
- Burnley
- Burwell
- Dyserth
- Kingsbury
- Leaton
- Nottingham
- Stoke
- Wardle
- Yate



* Main site and head office

Group organisation



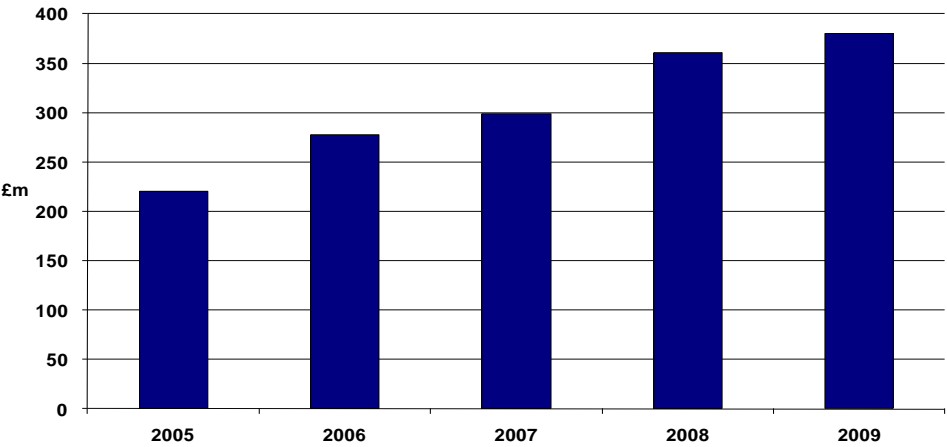
Wardle site



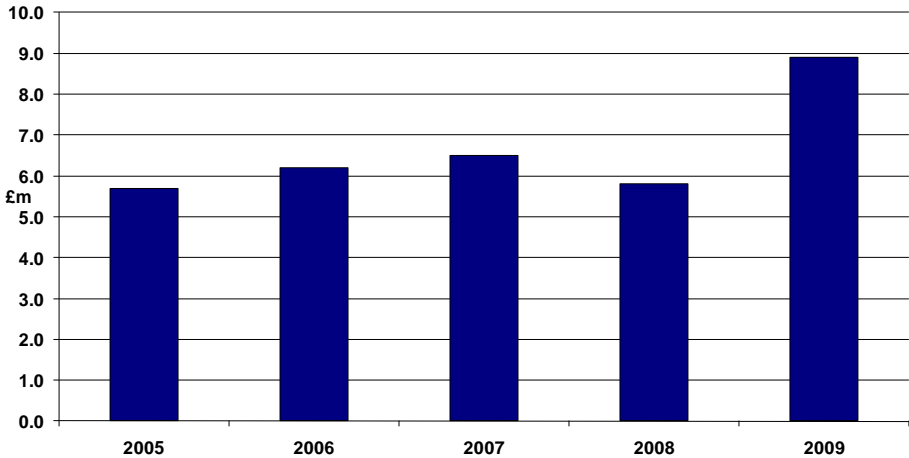
Five year financial performance

Five year
- financial performance

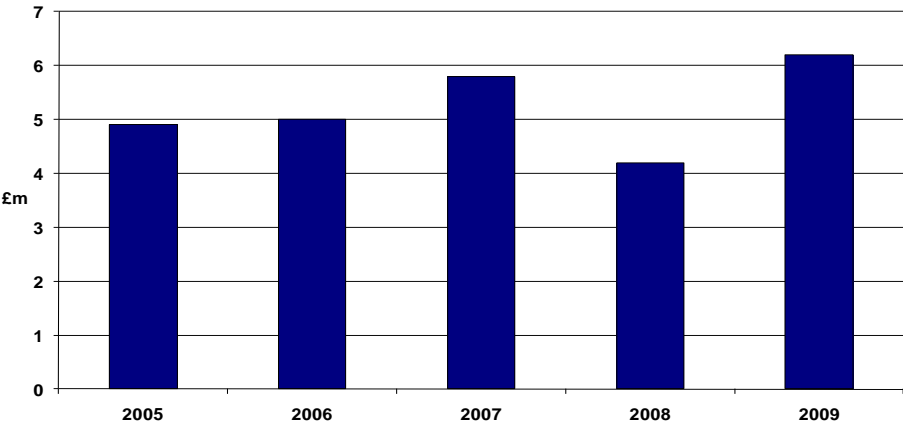
Revenue



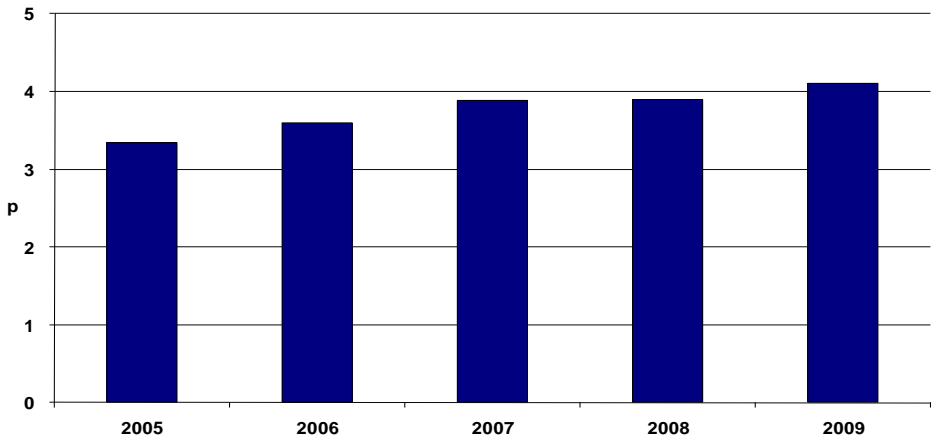
Operating Profit



PBT

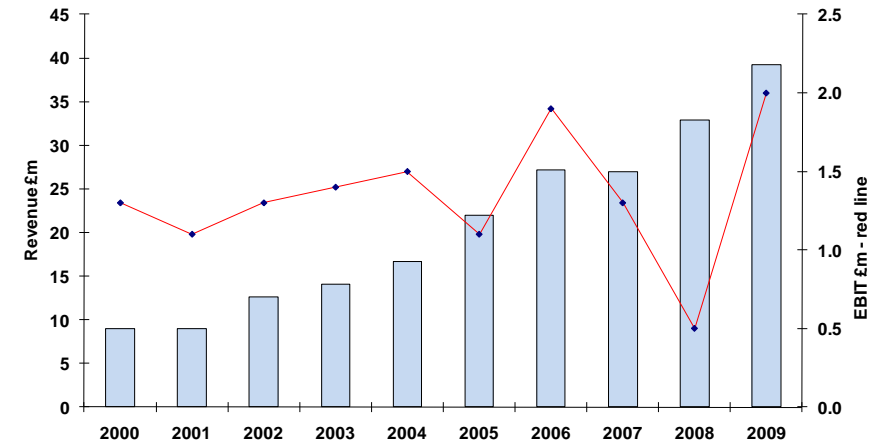


DPS

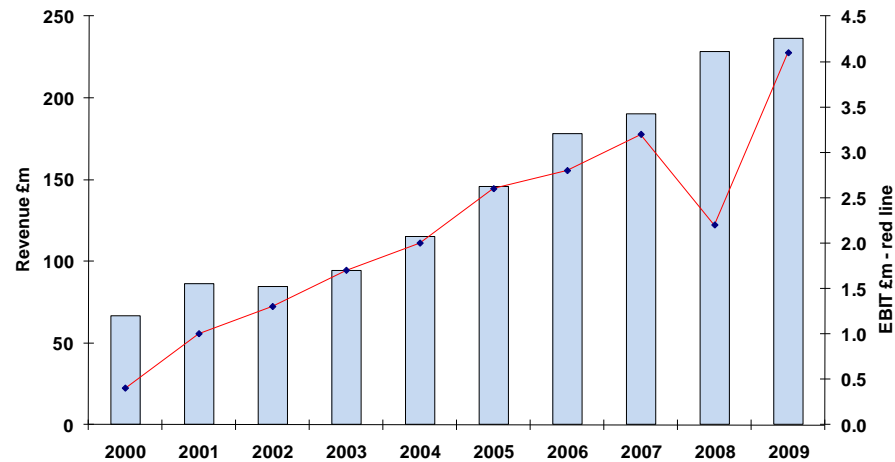


Divisional Financial Track records

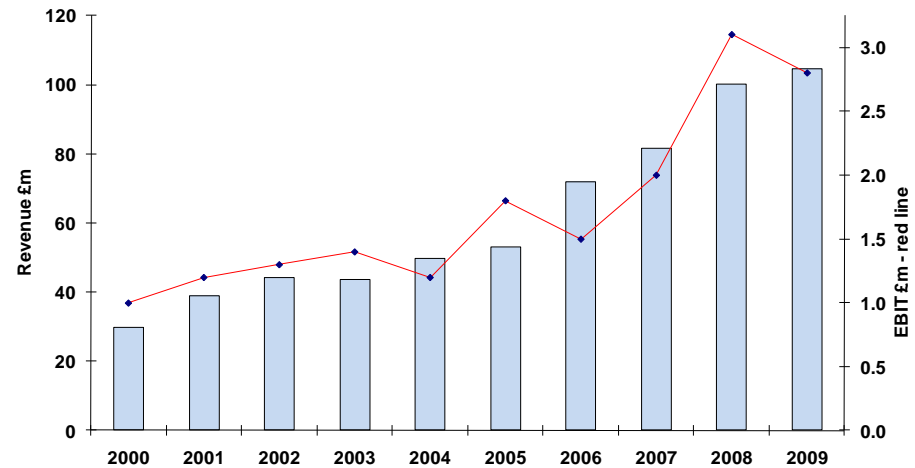
Food Distribution



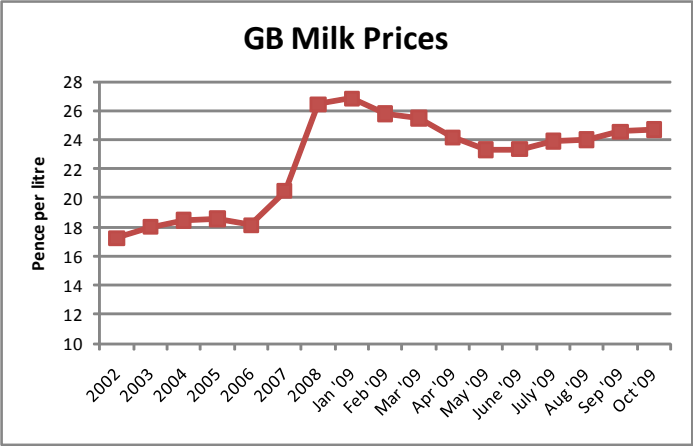
Fuels



Feeds

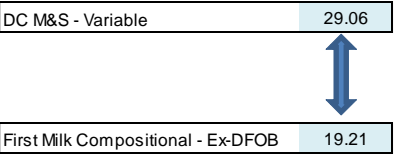


Feeds – additional market data

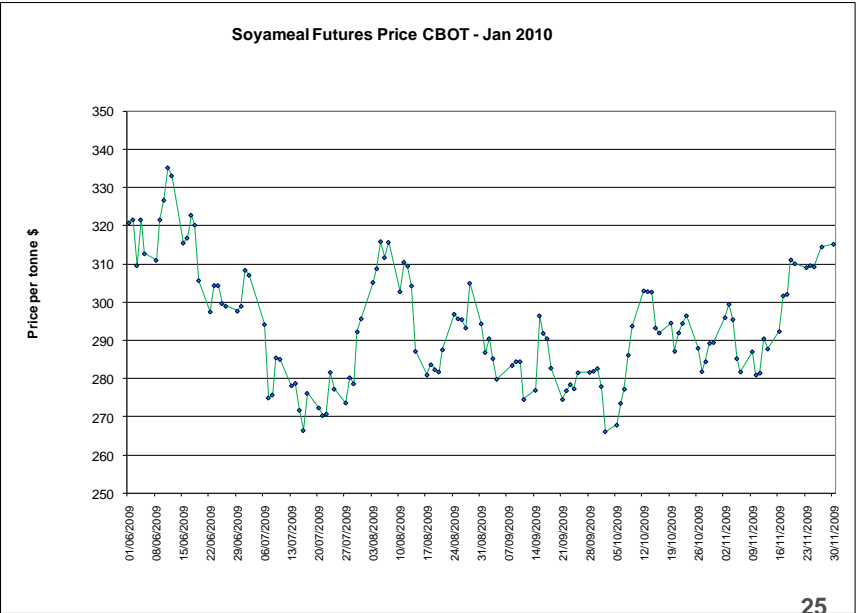
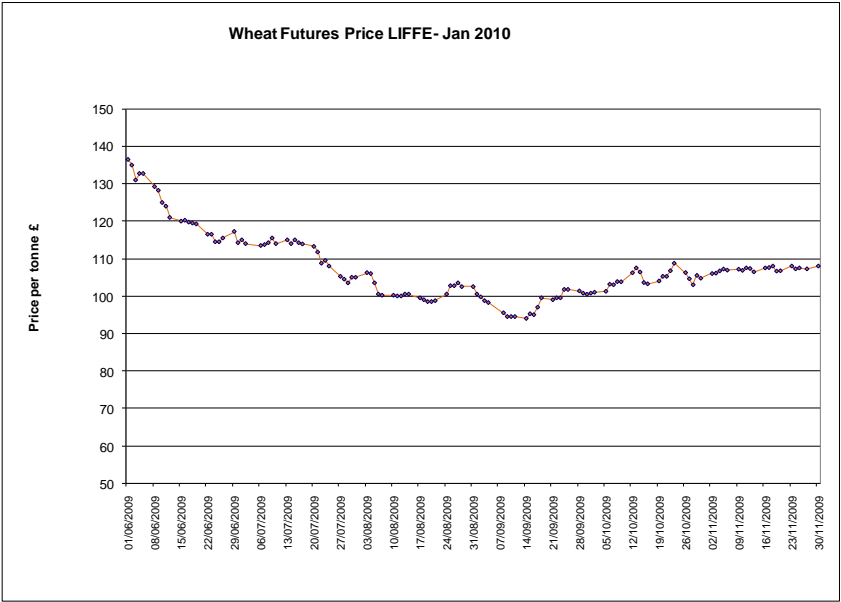


Range of prices

Oct '09



source: DairyCo



Fuels – additional market data

