



NWF Group plc

Half Year results to 30 November 2023

A refreshed leadership team with significant experience



Chris Belsham
Chief Executive Designate

Skills and experience

- Joined the Group in April 2017 as CFO
- Considerable strategic and leadership experience at both NWF Group and as Head of Corporate Finance and Equity Partner at Irwin Mitchell LLP
- Extensive M&A, valuation and financing expertise across a range of sectors following fourteen years as a corporate finance adviser with KPMG with a focus on listed clients
- Qualified Chartered Accountant and Fellow of the Institute of Chartered Accountants for England and Wales having qualified with PwC in 1999



Katie Shortland
Chief Financial Officer

Skills and experience

- Joined the Group in October 2023
- Extensive senior leadership experience at M6toll, Meggitt and Rolls-Royce
- A strong finance and business leader with experience working in infrastructure, engineering and manufacturing delivering change and driving profitable growth
- Qualified Chartered Accountant with the Chartered Institute of Management Accountants. Qualified with Rolls-Royce in 2001

NWF is a specialist distributor operating in resilient niche segments

Summary

- Group operates in specialist niche segments within larger stable markets
- Significant player in each chosen segment
- Scale and capability barriers to entry
- Strong track record of delivering increasing shareholder returns
- Highly cash generative with sustained dividend growth
- Clear growth strategy

Fuels

Supplying fuel to commercial and domestic customers across the UK

- **Third largest oil distributor in the UK**
- 664 million litres delivered in 12 months ended 30 November 2023
- Road diesel, gas oil, heating oil and petrol
- 27 depots across the UK
- 161 tankers delivering fuel
- 100,000 customers, both commercial and domestic
- Seven acquisitions since 2019 in a fragmented market

Food

Leading ambient grocery consolidator

- **Bouhey Distribution is a leading consolidator of ambient grocery products**
- Over 1 million ft² of modern, racked warehousing providing 135,000 pallet spaces
- 144 trucks and 320 trailers
- Over 130 customers
- New Lymedale warehouse from Autumn 2024 will provide a further 52,000 pallet spaces

Feeds

Delivering nutritional advice and feed to ruminant farmers across the UK

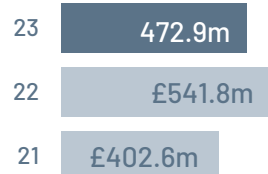
- **Second largest national ruminant feed supplier – feeds one in six dairy cows**
- Feed mills in Cumbria, Cheshire and Devon
- 501,000 tonnes sold in 12 months ended 30 November 2023
- Over 4,000 farming customers
- 39 trucks
- Primarily dairy, also beef and sheep

Results in line with expectations reflecting normalising market conditions

Revenue

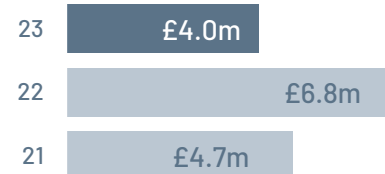
£472.9m

-12.7%

Headline operating profit¹

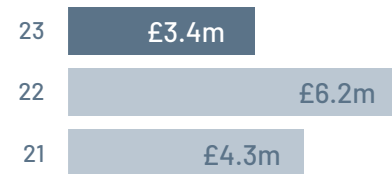
£4.0m

-41.2%

Headline profit before tax¹

£3.4m

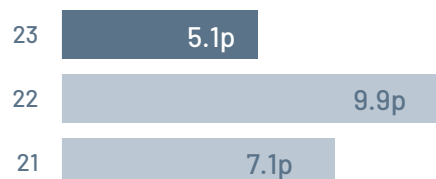
-45.2%



Diluted headline earnings per share

5.1p

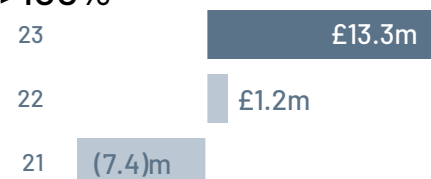
-48.5%



Net cash/(debt)

£13.3m

>100%



Dividend per share

1.0p



¹ Stated before exceptional items, amortisation of acquired intangibles and the net finance cost of the Group's defined benefit pension scheme and the tax effect thereon where relevant.

Fuels

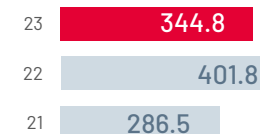
Volume growth and a less volatile pricing backdrop

- Volumes 9.3% ahead of prior year driven by commercial volumes and impact of acquisitions in last 12 months
- Expected normalisation of margins as supply conditions remained stable throughout the period
- Effective call to order conversion optimises performance
- Softer demand for heating oil driven by a particularly mild Autumn
- Oil costs remained relatively stable over the period: Brent Crude moved from \$74 per barrel to \$82 per barrel and peaked at \$97
- Two acquisitions made since December 2022, Sweet Fuels and Geoff Boorman, in Oxfordshire and Kent successfully integrated and performing in line with expectations

Revenue

£344.8m

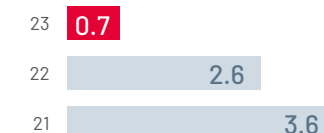
-14.2%



Operating profit

£0.7m

-73.1%



Volume (litres)

328m

+9.3%



Food



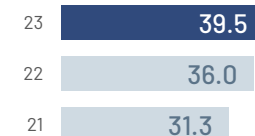
Strong performance supports further significant expansion

- High storage levels peaked at 141,000 pallets (exceeding current capacity of 135,000 pallets)
- Throughput 8.8% higher than prior year driving revenue and profitability
- Effective use of overflow storage
- High service levels and an efficient operation maintained allowing continued pass through of inflationary cost increases
- High level of demand from both existing and new customers
- New Lymedale warehouse announced in January 2024

Revenue

£39.5m

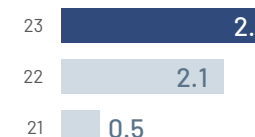
+9.7%



Operating profit

£2.9m

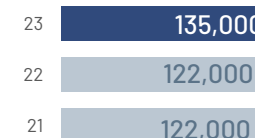
+38.1%



Pallets stored

135,000

+10.7%



Feeds

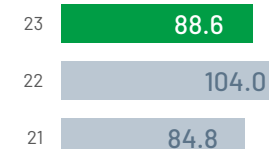
A resilient performance

- Commodity prices low and stable – prior year H1 benefitted from highly volatile commodities and associated record milk price
- Good grazing conditions and a high level of forage availability following mild weather in the period
- Volumes reflecting lower farm usage and NWF focus on higher margin direct to farm business
- Effective management of selling price and operations to pass through inflationary cost increases and maintain underlying margin
- Market conditions:
 - Average milk price was 22% lower than the comparative period
 - Milk production 1% lower
 - Ruminant feed market volumes down 1.4%
- Investment continued in NWF Academy training future nutritionists

Revenue

£88.6m

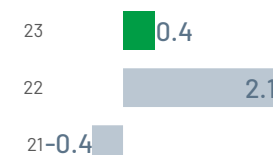
-14.8%



Operating profit

£0.4m

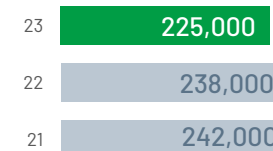
-81.0%



Volumes (tonnes)

225,000

-5.5%



Financial review



Income statement summary

	Nov 2023 £m	Nov 2022 £m	May 2023 £m
Revenue			
Fuels	344.8	401.8	757.2
Food	39.5	36.0	70.9
Feeds	88.6	104.0	225.8
Total revenue	472.9	541.8	1,053.9
Operating profit			
Fuels	0.7	2.6	12.9
Food	2.9	2.1	4.2
Feeds	0.4	2.1	3.9
Headline operating profit*	4.0	6.8	21.0
Exceptional items	0.9	—	—
Amortisation of acquired intangibles	(0.3)	(0.1)	(0.4)
Operating profit	4.6	6.7	20.6

* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme.

Fuels	2021 FY	2022 FY	2023 FY
Litres (million)	695	663	636
Profit (pence per litre)	1.4p	2.6p	2.0p

Feeds	2021 FY	2022 FY	2023 FY
Volume ('000 tonnes)	575	528	514
Profit (£ per tonne)	£2.96	£3.41	£7.59

- Revenue decreased by £68.9 million (12.7%):
 - £101.7 million from lower commodity prices and product mix movements offset by
 - £29.2 million from higher volumes
 - £3.6 million from acquisitions
- Headline operating profit of £4.0 million (H1 2022: £6.8m) driven by:
 - Fuels profit reflects normalising margins and product mix
 - Higher efficiency and throughput from Foods
 - Feeds profit reflects low and stable commodity prices and higher energy costs compared to prior year
- £0.9 million in exceptional income items
 - £1.3 million income from Legal claim
 - £0.4 million expense related to new ERP

Income statement summary

	Nov 2023 £m	Nov 2022 £m	May 2023 £m
Operating profit	4.6	6.7	20.6
Finance costs	(0.8)	(0.8)	(1.7)
Headline profit before tax*	3.4	6.2	19.6
Exceptional items	0.9	—	—
Amortisation of acquired intangibles	(0.3)	(0.1)	(0.4)
Net finance costs – DB scheme	(0.2)	(0.2)	(0.3)
Profit before tax	3.8	5.9	18.9
Tax	(1.1)	(1.3)	(4.0)
Profit after tax	2.7	4.6	14.9
Diluted headline EPS (pence)*	5.1	9.9	31.4
DPS (pence)	1.0	1.0	7.8
Dividend cover	5.1	9.9	4.0
Interest cover (excluding pension finance)	20.0	22.7	26.3

- Headline PBT of £3.4 million (H1 2022: £6.2 million)
- Finance Costs remained flat at £0.8m which included:
 - Bank interest of £0.2 million (2022 H1 : £0.3 million) with lower average debt levels offsetting with higher interest rates
 - IFRS 16 interest of £0.4 million (H1 2022: £0.3 million)
 - Pension scheme interest of £0.2 million (H1 2022: £0.2 million)
- Effective tax rate of 27.0% (H1 2022: 21.9%)
- Interim dividend maintained at 1.0 pence per share

* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme. Diluted headline EPS also takes into account the taxation effect thereon.

Balance sheet summary

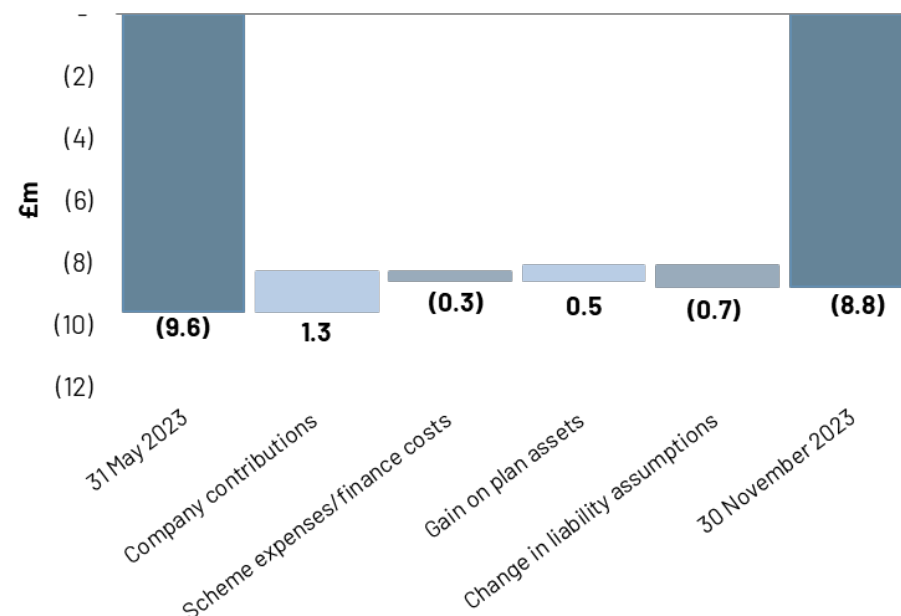
	Nov 2023 £m	Nov 2022 £m	May 2023 £m
Fixed assets	76.9	66.6	75.5
Right of use assets	26.7	30.5	29.1
Net working capital	4.4	17.7	2.3
Reimbursement assets	1.4	2.7	1.7
Derivative financial instruments	0.1	0.2	0.1
Assets employed	109.5	117.7	107.4
Pension deficit	(8.8)	(10.5)	(9.6)
Net cash	13.3	1.2	16.3
Provision for liabilities	(1.9)	(3.5)	(2.7)
Tax provisions	(4.9)	(3.5)	(5.0)
Lease liabilities	(27.6)	(31.2)	(29.8)
Net assets	79.6	70.2	77.9
Net debt: EBITDA	(0.6)	(0.04)	(0.6)
Total assets	227.9	227.6	217.6
ROCE:			
Fuels	48.9%	72.0%	54.0%
Food	18.5%	11.8%	15.7%
Feeds	7.2%	13.5%	15.3%
Total ROCE	22.7%	28.8%	27.6%

- Fixed assets increased with the acquisition of Geoff Boorman
- Lower net working capital from H1 22 mainly due to reversal of large short-term supplier payment and product mix in Fuels
- Net cash increased by £12.1 million, reflecting the strong cash conversion offset with capital and acquisition expense
- Net debt including IFRS 16 lease liabilities £14.3 million (H1 2022: £30.0 million)
- Strong asset underpin – total assets of £227.9 million
- Group ROCE of 22.7%

Pension summary

	Nov 2023 £m	Nov 2022 £m	May 2023 £m
Assets	31.2	33.3	29.6
Liabilities	(40.0)	(43.8)	(39.2)
Deficit	(8.8)	(10.5)	(9.6)
Related deferred tax asset	1.6	2.2	2.4
Net pension liability	(7.2)	(8.3)	(7.2)
Discount rate	5.25%	4.35%	5.35%
Inflation rate (RPI)	3.15%	3.05%	3.15%

- Single defined benefit pension scheme
- Closed to new members in 2002 and future accrual in 2016
- Deficit reduction driven mainly by company contributions offset partially by lower investment returns and inflation
- Triennial valuation as at 31 December 2022 is largely complete:
 - Expected to show deficit reduced to £7.6 million (31 December 2019: £16.8 million)
 - Expected recovery plan period 4 years
 - Recovery plan contributions continue to be £2.1 million per annum
 - Recovery payments to increase in line with dividend growth
- No constraint on Group development



Cash flow summary

	Nov 2023 £m	Nov 2022 £m	May 2023 £m
Operating profit	4.6	6.7	20.6
Depreciation and amortisation	8.1	7.5	15.3
Profit on disposal of fixed assets	—	(0.4)	(0.6)
Working capital movements	(2.4)	(12.6)	4.1
Share-based payment expense	(0.1)	—	0.5
Contributions to pension scheme not recognised in income statement	(1.2)	(1.1)	(2.2)
Other	—	(0.6)	(0.7)
Operating cash flow	9.0	(0.5)	37.0
Interest paid	(0.5)	(0.6)	(1.4)
Tax paid	(2.1)	(1.2)	(3.1)
Net cash from operating activities	6.4	(2.3)	32.5
Net capital additions	(1.6)	(0.7)	(2.2)
Acquisition of subsidiaries	(2.6)	—	(9.5)
Capitalised element of leases	(5.2)	(4.9)	(9.9)
	(3.0)	(7.9)	10.9
Dividends paid	—	—	(3.7)
Movement in net debt	(3.0)	(7.9)	7.2

- Headline EBITDA* of £6.9 million (H1 2022: £9.4 million)
- Working capital in the financial year impacted by product mix
- Net capital expenditure of £1.6 million
- Net cash generated from operations activities was an inflow of £6.4 million (H1 2022: £2.3 million outflow)
- £2.6 million acquisition spend during the period

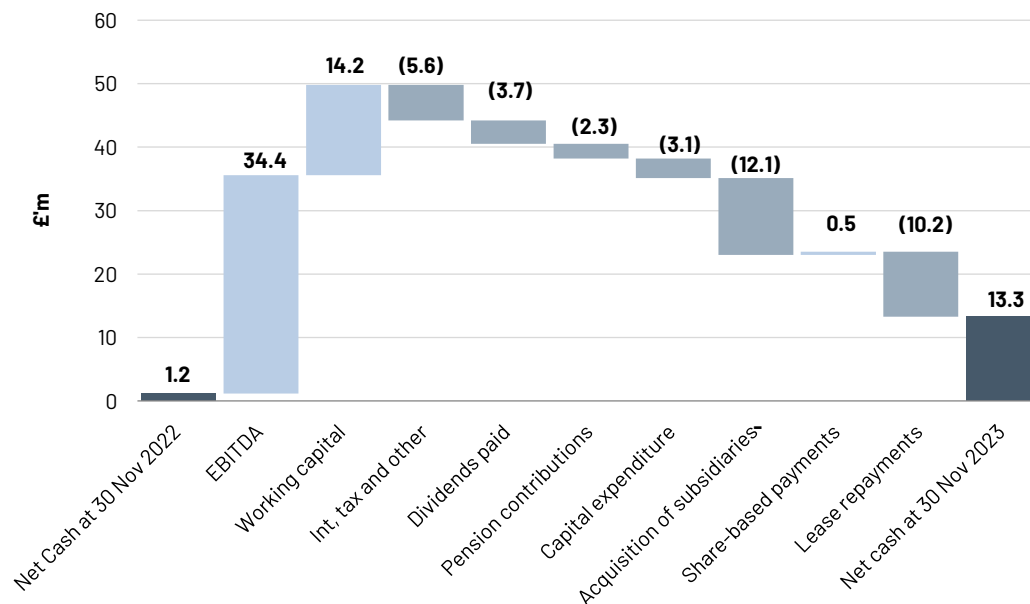
* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme and excluding IFRS 16 depreciation.

Net cash summary

- Facilities of £61 million with NatWest until May 2026 with additional accordion facilities of £20 million
- Net cash of £13.3 million at November 2023 with substantial facility and covenant headroom

Facility	Facility £m	Drawn £m
Invoice discounting	50.0	0.5
Invoice discounting (accordion)	10.0	—
Revolving credit facility	10.0	—
Revolving credit facility (accordion)	10.0	—
Overdraft/(cash)	1.0	(13.8)
Total	81.0	(13.3)

- Facility primarily in the form of invoice discounting at a rate of base + 1.25%
- Borrowing covenants:
 - Net debt: EBITDA
 - EBIT: interest cost



- £24.2 million cash generated before development expenditure

A clear development strategy – a platform for growth

Summary

- Operates in specialist niche segments within larger stable markets
- Significant player in those chosen segments
- Scale and capability barriers to entry
- Experienced capable management across the Group
- Skilled workforce
- Cash-generative businesses
- Focus on total shareholder return
- Strong track record

Fuels

Supplying fuel to commercial and domestic customers across the UK

- **Consolidate a highly fragmented market**
- Expand existing geographical area
- Increase business density and operational efficiency in existing territories
- Expand commercial customer base to support larger multi-site customers
- Active acquisition pipeline

Food

A leading UK ambient grocery consolidator

- **Targeted warehouse expansion backed by customer and retailer demand**
- Optimise the customer mix
- Optimise storage and distribution solutions on the Wardle site
- Value added niche services:
 - E-fulfilment, repack
 - Palletline

Feeds

Delivering nutritional advice and feed to ruminant farmers across the UK

- **Develop feed volumes across the country**
- Utilise the national operations platform
- Optimise production and transport efficiency
- Increase range offering to over 4,000 farmers across the UK:
 - Expand nutritional range to existing customers
 - Direct selling to non-customers
- Continue to develop the NWF Academy

Targeted warehouse expansion

- Successful history of warehouse expansion to meet customer needs over last 60 years
- Step change in 2020 with Crewe warehouse adding 240,000 ft², 35,000 pallet spaces, exceeding planned returns
- Lymedale warehouse announced January 2024
 - Located in Newcastle-under-Lyme, close to the M6
 - adding 332,000 ft², 52,000 pallet spaces
 - increase in capacity of 39%
- Fit out commenced and expected to be fully operational by early Autumn 2024
- Expansion underpinned by level of demand from existing and new customers
- Continued active pipeline of customers looking to work with the business

Lymedale facility

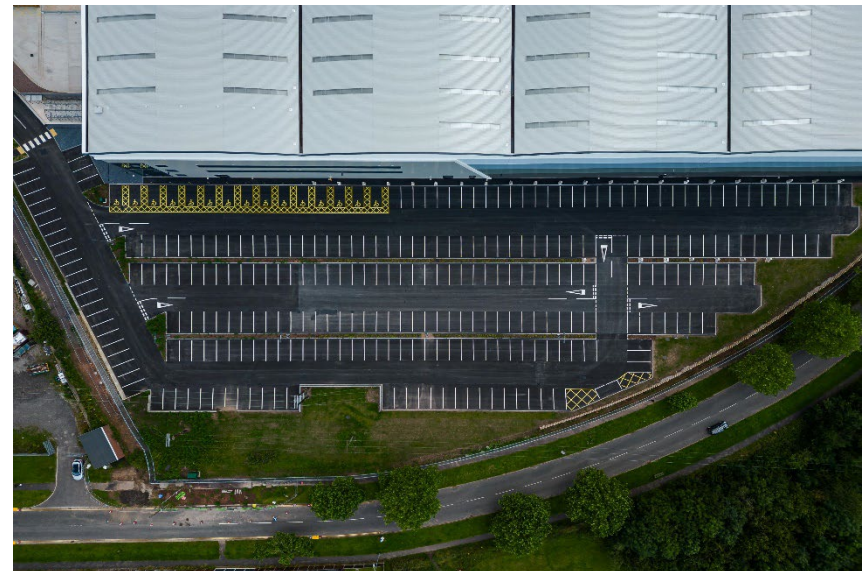
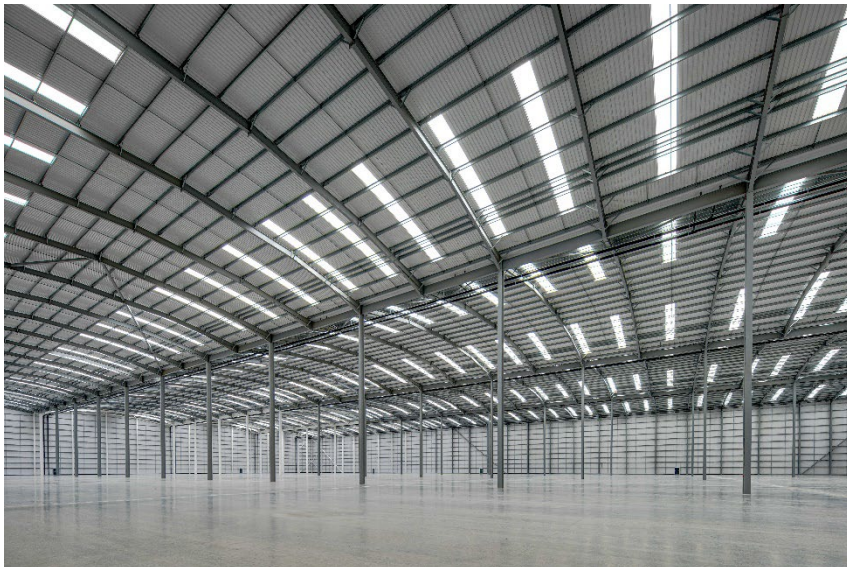


Customer locations 2023



The Lymedale investment should generate strong financial returns for the Group

- 15-year lease with 12-year break clause
- Total investment of £8.5 million phased over FY24 and FY25
- Expected to deliver annualised operating profits of approximately £2.8 million
- Impact of IFRS 16
 - £26.5 million additional right-of-use asset and £25.2 million associated lease liability
 - Increased interest costs will see site PBT grow from £1.2 million to £2.5 million at the end of the term
- Initial start-up costs will impact FY24 PBT by £1.7 million
- Expected to generate an IRR of approximately 20%

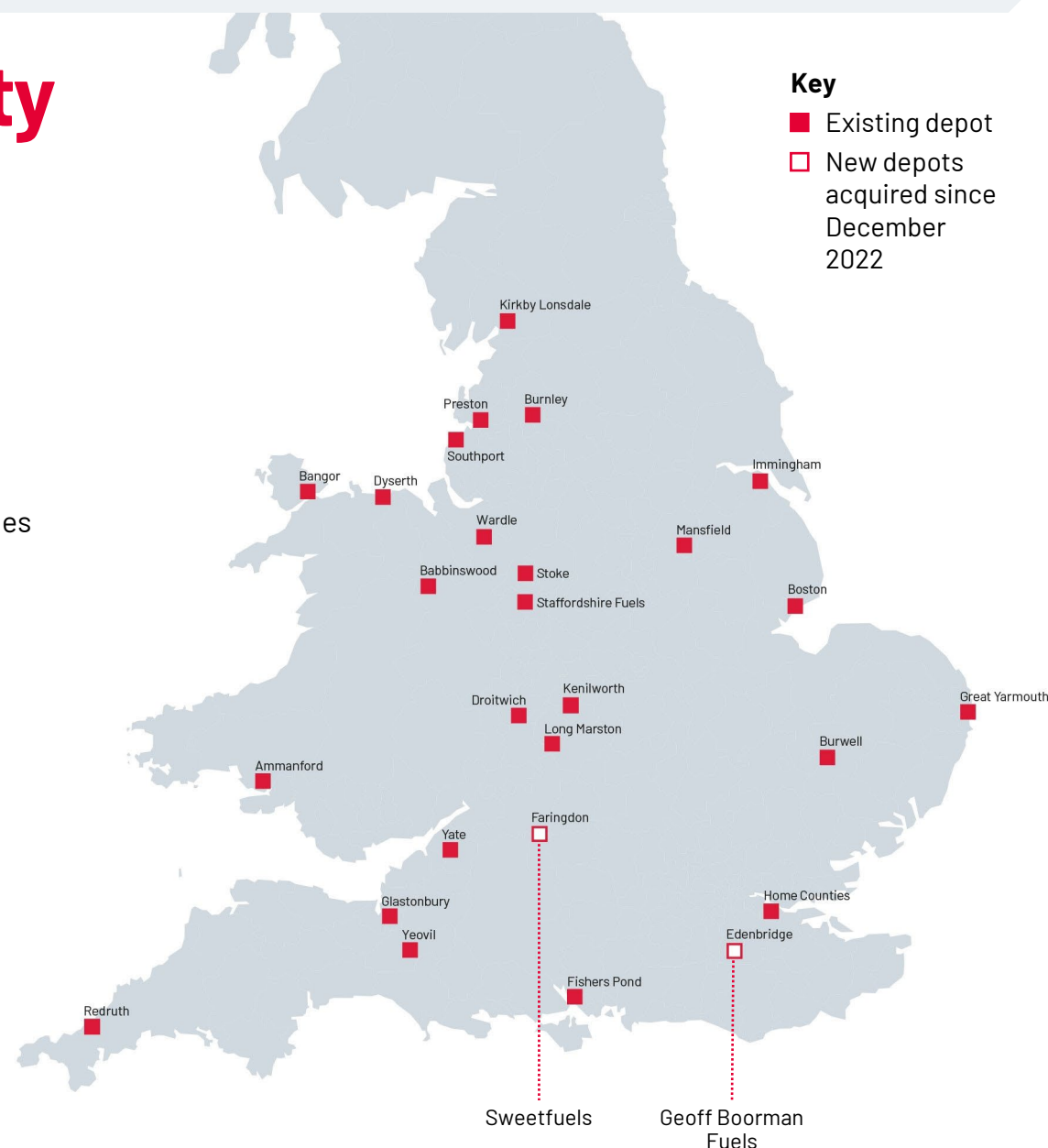


Consolidation opportunity

- Fragmented oil distribution businesses in the UK:
 - NWF number 3, with less than 5% market share, over 150 smaller players
- Clear proven acquisition process, 7 since 2019 deploying £26.0 million in total
- Model of retaining customer-facing elements whilst centralising finance, IT and credit control
- A number of levers to deliver value:
 - Integrate into existing depot infrastructure to realise cost synergies
 - Expand geography and enhance performance
 - Domestic/commercial development and product expansion
 - Use increased depot density to deliver operational efficiencies
- Active UK pipeline of acquisitions – NWF seen as an attractive buyer

Managing energy transition

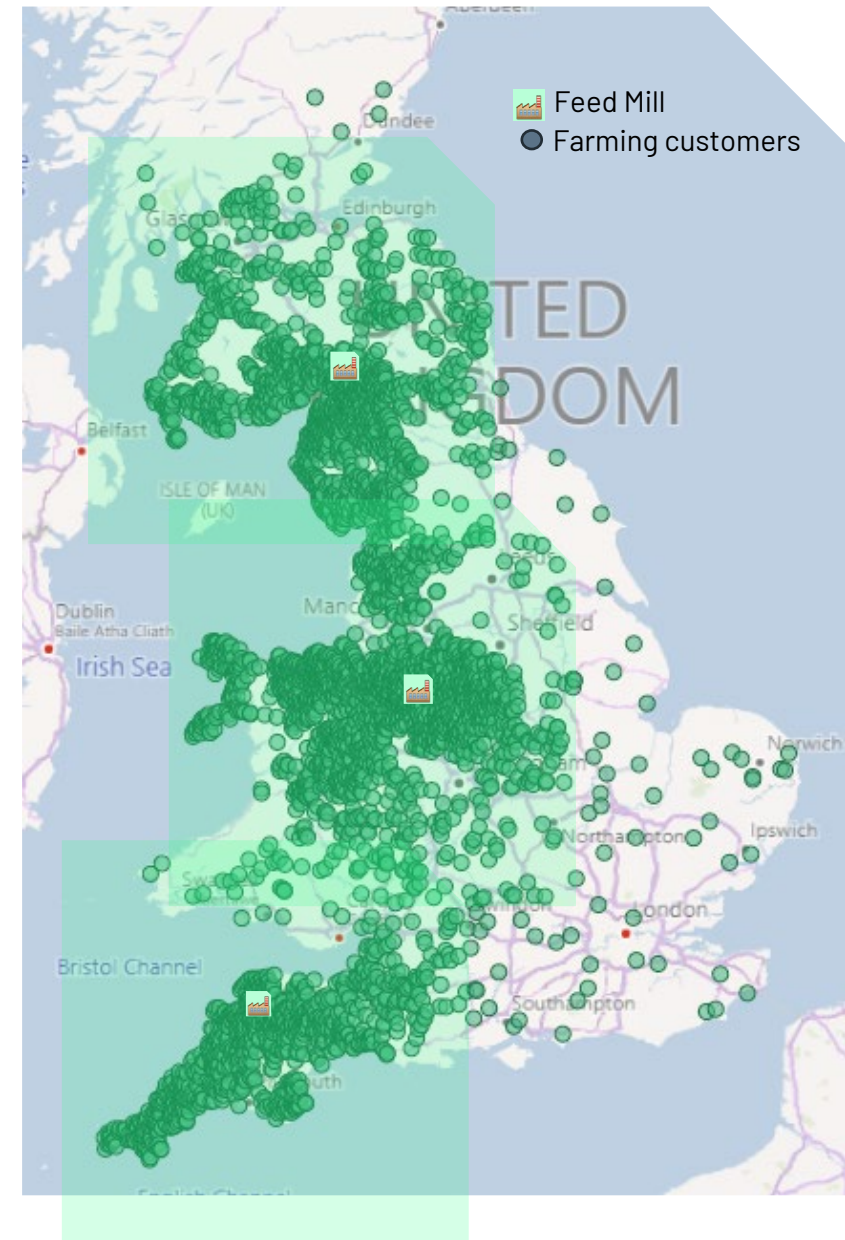
- Supporting rural communities' energy requirements
- Significant UK testing of domestic heating with HVO100 (hydrotreated vegetable oil):
 - 90% lower CO₂ emissions
- HVO100 now utilised in Wardle operations and Broadland Fuels
- Government consultation on 'RFTO for home heating'



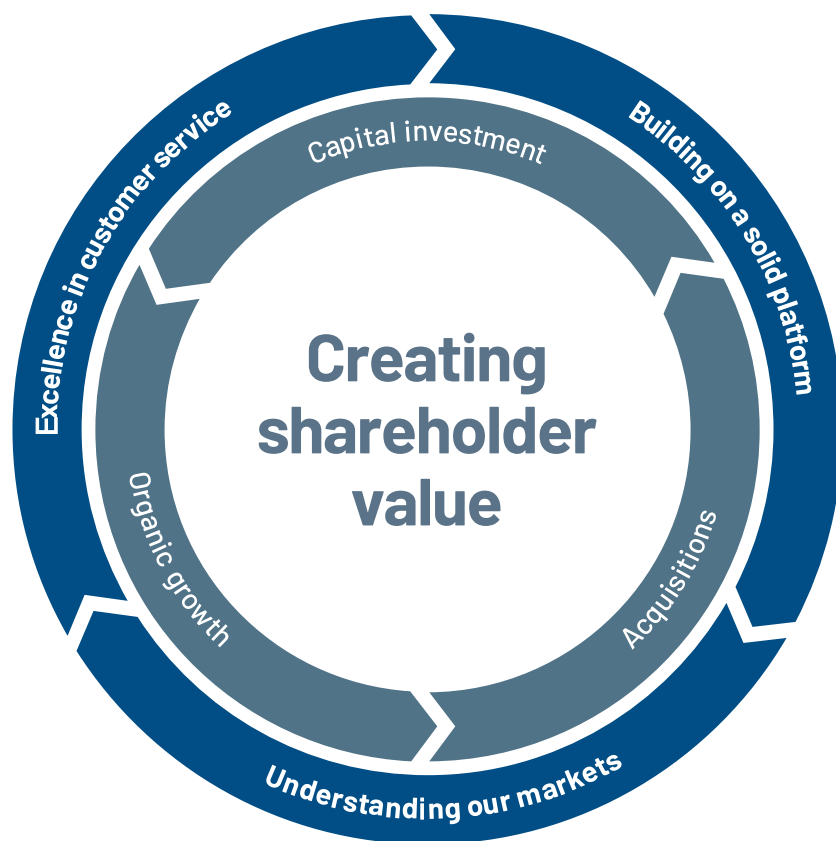
Utilise national platform

- Optimally located, well invested mills in Cumbria, Cheshire and Devon
- Capability to increase volumes from all facilities to meet customer needs and leverage the cost base
- Over 4,000 ruminant farming customers
- Providing the full range of feed and nutritional products for dairy farmers – opportunities for range extensions and targeting new customers
- Managing customers' sustainability agendas with the Fusion™ range of low emission feeds
- The NWF Academy now in its fifth year successfully producing future nutritionists following a structured 18-month programme
- Target 50 farmers for each nutritionist with up to 10,000 tonnes of feed per annum

NWF principal Feed Mills and Farming customers 2023



The NWF proposition



Focus on return on capital

Return on capital employed is a key metric

22.7%

Group ROCE

Acquisition opportunities

Solid track record with ambition

7

completed Fuels acquisitions since 2019

Management and operational capability

Growing to service customer demand

2

new warehouses since 2020

Asset backing

Strong balance sheet

£227.9m

total assets

Good cash generation

£24.2 million of cash generated before development expenditure

170.3%

cash conversion¹

Growing dividend

Increased dividend for twelve consecutive years

7.8p

total dividend per share in 2023

¹ Cash conversion percentage is the ratio of net cash generated from operating activities, less the capital element of lease paid, to headline operating profit.

Expected normalisation and continued development

Strong performance in Food partly offsetting less supportive market conditions in Fuels and Feeds

Food expansion continues with addition of Lymedale warehouse

Excellent cash generation, a net cash position and long-term funding provide flexibility for the Group for further development

Board's expectations for the full year are unchanged

- Fuels pipeline of acquisitions for further growth
- Food fit out of Lymedale commenced
- Confidence in the future development opportunities and outlook for the Group



Q&A



Chris Belsham
Chief Executive Designate



Katie Shortland
Chief Financial Officer

Additional information

- Analyst coverage and consensus forecasts
- ESG
- Business overview
- Locations
- Organisation
- Main site photo
- Group financial performance
- Divisional track record
- Additional market data

Analyst coverage and consensus forecasts

	Actual	Consensus forecasts		
	2023	2024	2025	2026
Revenue	£1,053.9m	£967.7m	£998.9m	£1,024.9m
Headline operating profit	£21.0m	£14.5m	£17.1m	£19.3m
Headline profit before tax	£19.6m	£12.7m	£14.9m	£16.5m
Headline earnings per share	31.4p	19.4p	22.7p	25.0p
Dividend per share	7.8p	8.1p	8.4p	8.7p
Net cash	£16.3m	£11.9m	£13.7m	£22.1m

¹ Analyst consensus expectation at beginning of FY23.

Analysts

Peel Hunt* Charles Hall

Panmure
Gordon Adrian
Kearsey

Shore Capital Akhil Patel

* Corporate broker.

The consensus is an arithmetic calculation of the forecasts made by contributing investment analysts as at 29 July 2019 and is not, in any way, based on the internal budgets of NWF Group plc. The underlying forecasts are the responsibility, and constitute the judgement, of each individual contributing analyst alone. In distributing this analysis, NWF Group plc does not imply its endorsement of, or concurrence with, such information, conclusions or recommendations.

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Delivering sustainable value

Our sustainability framework consists of four strategic objectives that reflect our values and are designed to ensure we take a proactive and responsible approach to the way we operate. Together with our stakeholders and across our three divisions, we are working to deliver long-term sustainable value:

- ESG now embedded in management reports with an ESG steering committee
- Food division has applied for B Corp certification
- TCFD disclosure aligned to Companies Act 2006 reported in 2023 report and accounts



	 Create a culture of safety	 Invest in our people	 Build strong partnerships	 Respect the environment
Strategic objectives				
Priority objectives	Create a culture of safety to protect our employees and the wider community.	Create a culture of safety to protect our employees and the wider community.	Create a culture of safety to protect our employees and the wider community.	Reduce carbon, emissions and waste across our value chain and champion environmental stewardship.
Our ambitions	<ul style="list-style-type: none"> • Champion road safety • Implement a safety-first approach 	<ul style="list-style-type: none"> • Promote personal and professional development • Empower future generations • Improve employee wellbeing 	<ul style="list-style-type: none"> • Understand our customers' needs • Work together with our suppliers • Collaborate and innovate for more sustainable products 	<ul style="list-style-type: none"> • Invest in clean fleet • Mitigate our carbon emissions • Drive efficiencies across our operations • Responsible use and protection of the natural environment

Key figures

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 660 million litres across the UK to 100,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Shell and Jet.

Litres per annum

664m

Depots

27

People

348

Tankers

161



Key figures

Boughey Distribution is a leading consolidator of ambient grocery products to UK supermarkets with over 1,300,000ft² of warehousing and significant distribution assets. It works with over 130 customers including Arla and Typhoo.

Pallets stored

135,000

Trucks

144

People

800

Trailers

320



Key figures

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed to over 4,000 customers in the UK, feeding 1 in 6 dairy cows in Britain. It operates from sites in Cumbria, Lancashire, Cheshire and Devon.

Tonnes

501,000

Trucks

39

People

248

Mills

3

Business locations

Feeds

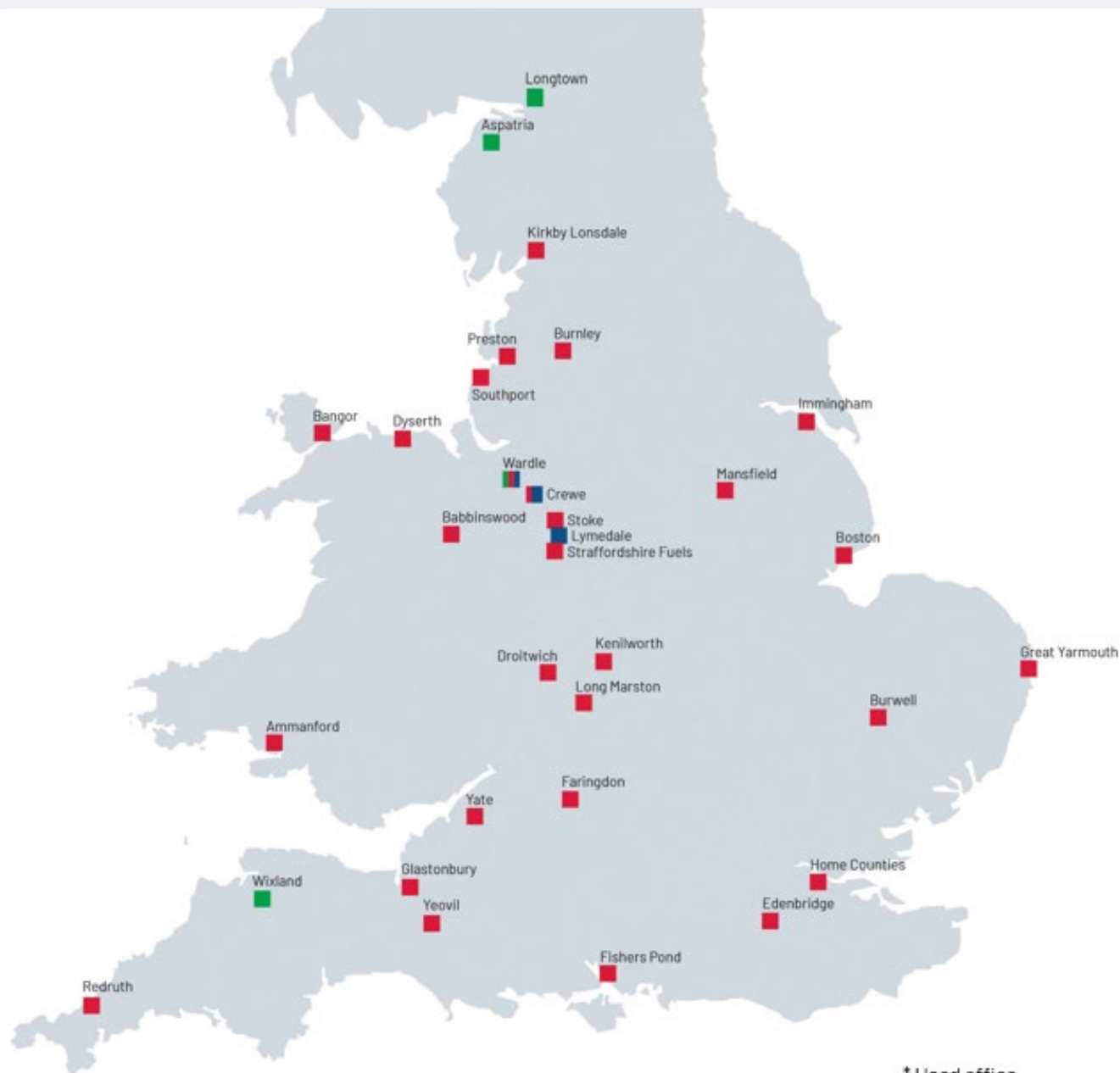
Aspatria
Longtown
Wardle*
Wixland

Food

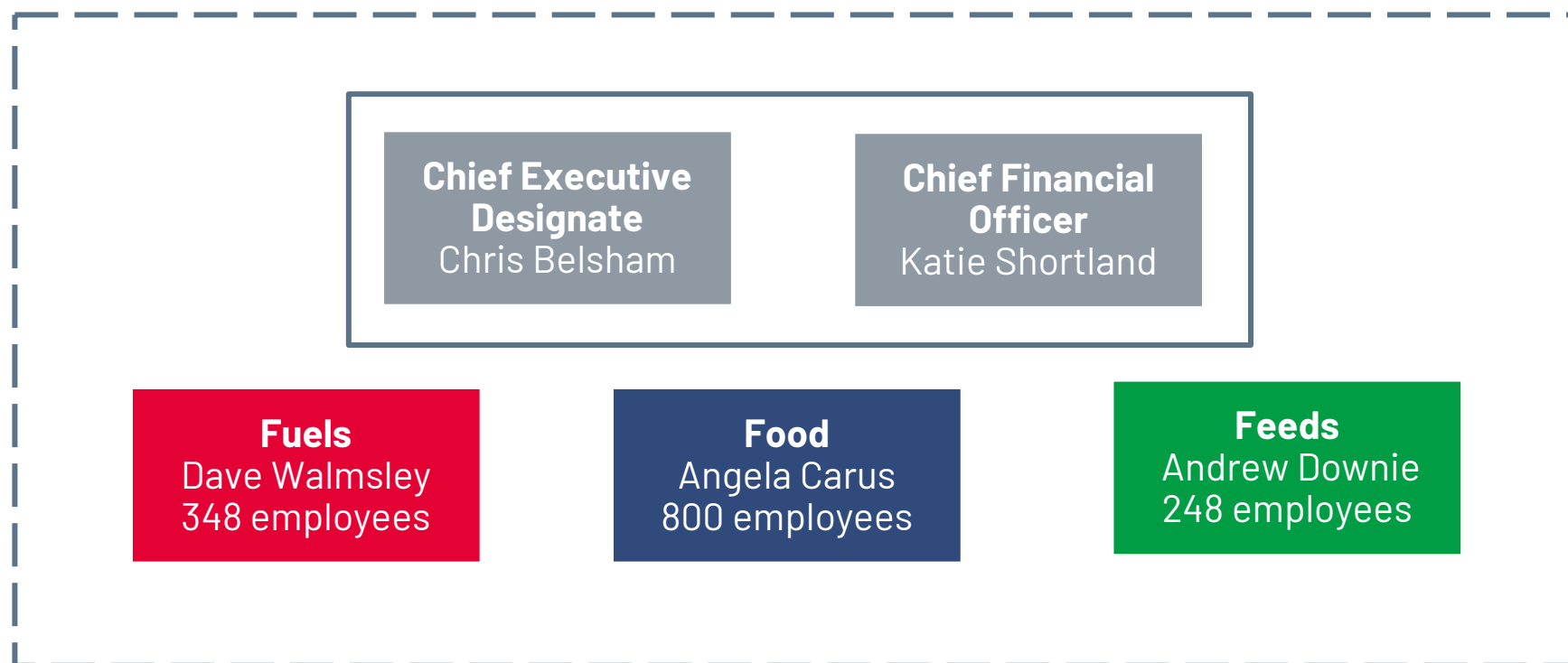
Crewe
Wardle*
Lymedale

Fuels

Ammanford
Babbinswood
Bangor
Boston
Burnley
Burwell
Crewe*
Droitwich
Dyserth
Edenbridge
Faringdon
Fishers Pond
Glastonbury
Great Yarmouth
Home Counties
Kenilworth
Immingham
Kirkby Lonsdale
Long Marston
Mansfield
Preston
Redruth
Southport
Staffordshire Fuels
Stoke
Wardle
Yate
Yeovil



* Head office



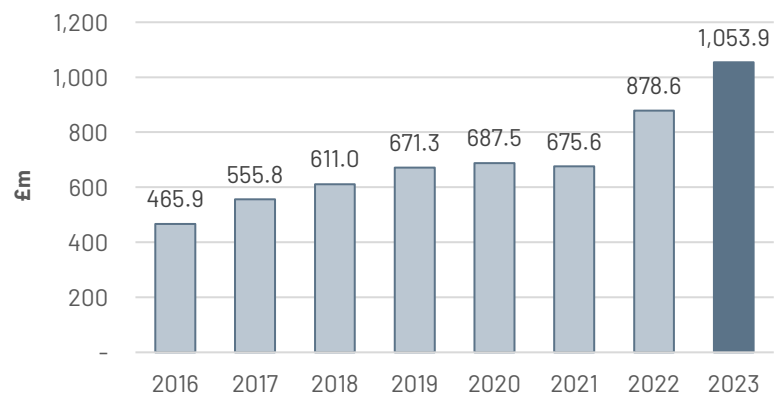
———— Executive members of Group Board
- - - - - Group Executive leadership

Chief Executive
Richard Whiting

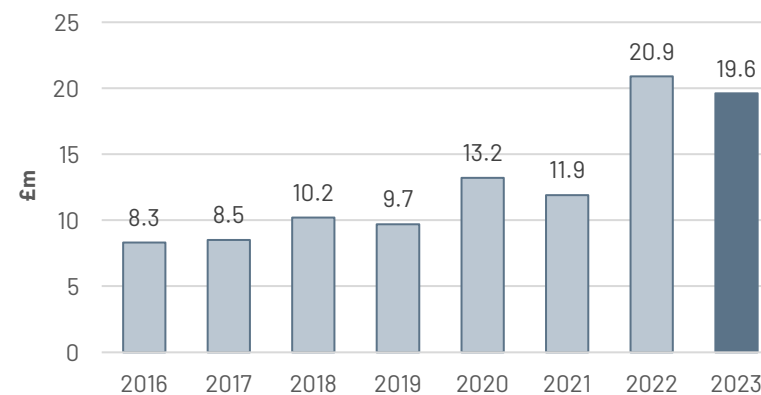
Non-Executives
Chair: Philip Acton
Richard Armitage



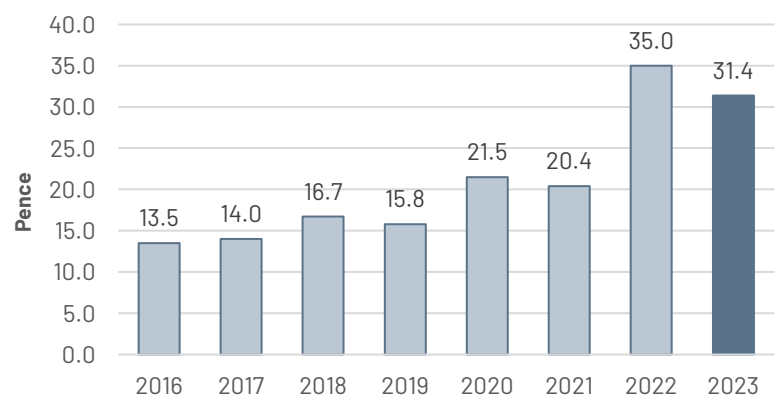
Revenue



Headline PBT



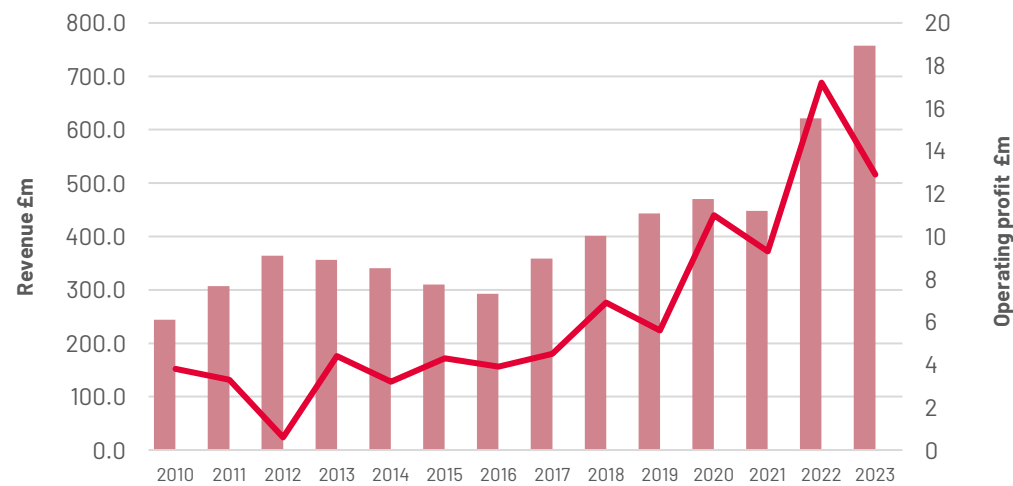
Headline EPS



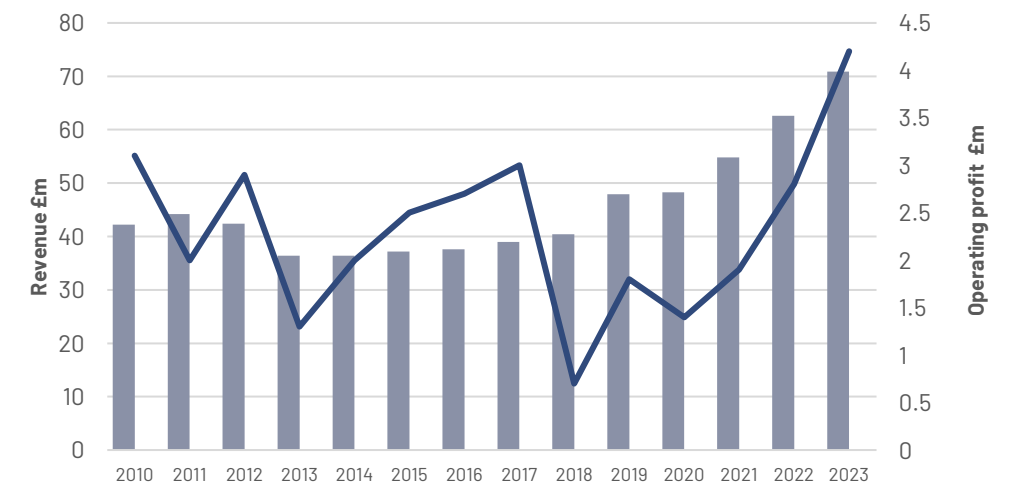
Dividend



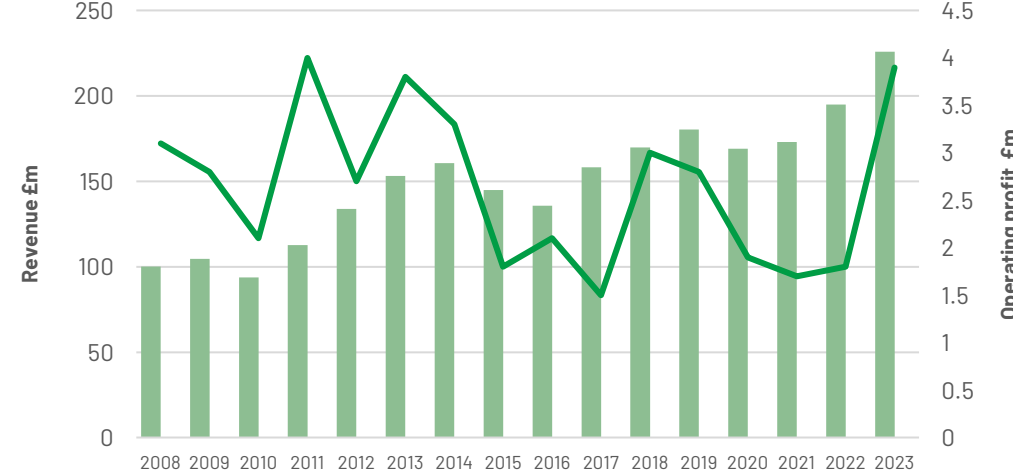
Fuels



Food



Feeds



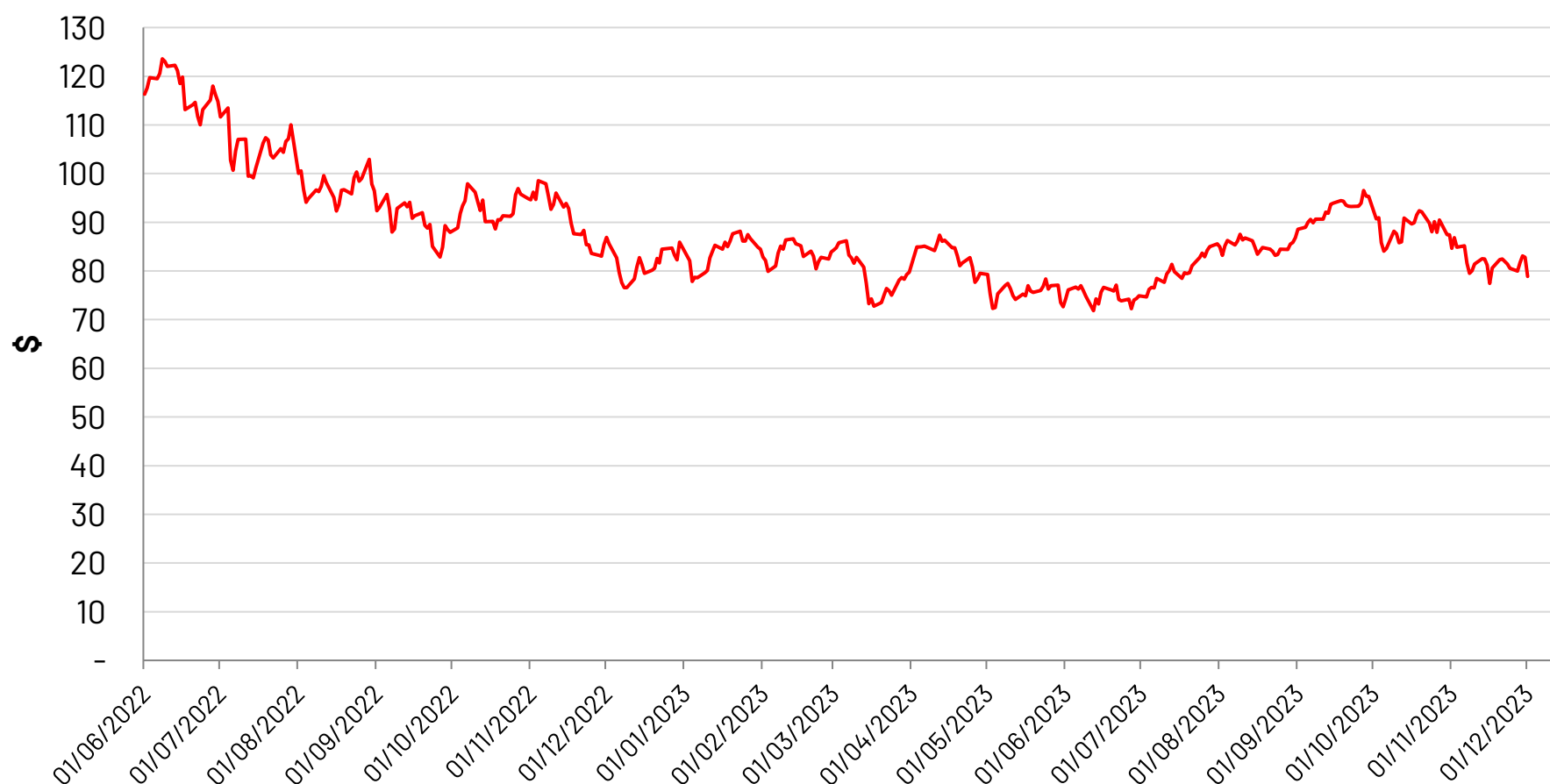
Key:

- Revenue
- Operating profit

Fuels additional market data

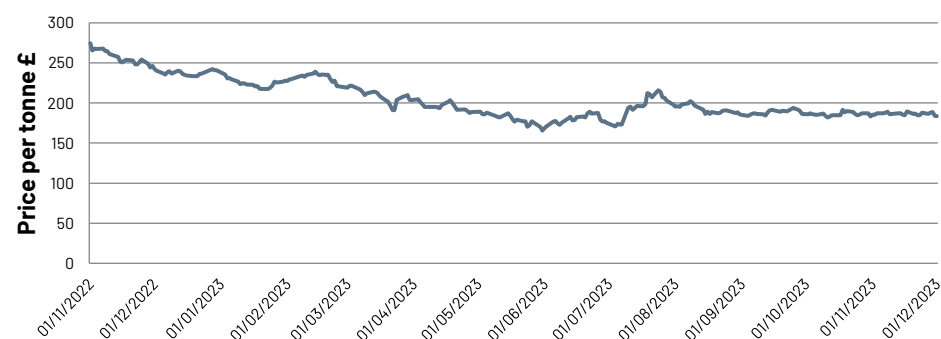
Oil Prices - Brent crude \$ per barrel

Oil Market Journal

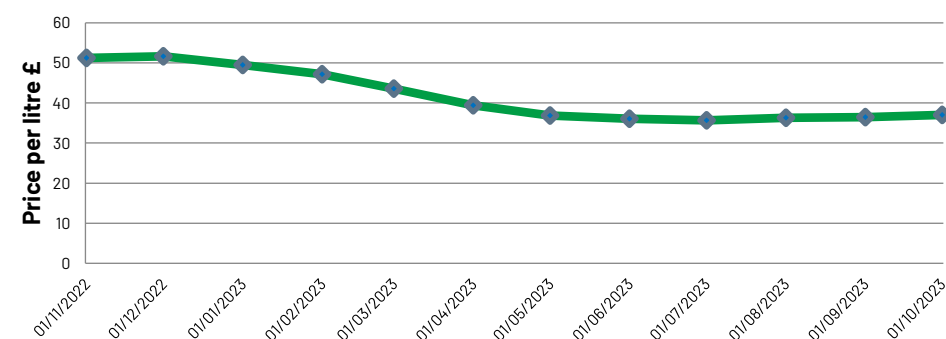


Feeds additional market data

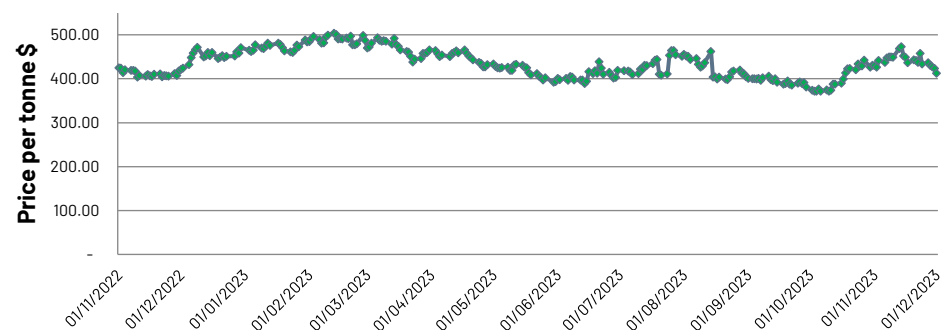
Wheat Price LIFFE 6 month period



Farm Gate Milk Price UK pence per litre (ADHB)



Soyabean Meal Price CBOT 6 month period



GB market	2018	2019	2020	2021	2022	2023
Milk (litres)	12.4bn	12.6bn	12.5bn	12.6bn	12.5bn	12.4bn
UK dairy herd	1.9m	1.9m	1.9m	1.9m	1.9m	1.9m
Ruminant feed market (tonnes)	5.1m	5.1m	4.8m	5.0m	4.8m	4.7m
NWF (tonnes)	589k	591k	625k	575k	528k	514k
Market share	12%	12%	13%	12%	11%	11%



Thank you