



QUALITY/EXPERIENCE/INVESTMENT/GROWTH  
CONFIDENCE/RESILIENCE/AMBITION/STRATEGY  
KNOWLEDGE/EXPERIENCE/**FUELS**/RESILIENCE  
INVESTMENT/**FOOD**/CONFIDENCE/GROWTH  
RESILIENCE/AMBITION/**FEEDS**/KNOWLEDGE  
AMBITION/STRATEGY/GROWTH/CONFIDENCE  
STABILITY/KNOWLEDGE/EXPERIENCE/QUALITY

**NWF Group plc**

Final results to May 2021

# An experienced and capable team



**Richard Whiting**  
Chief Executive

## Key skills

- Strategy and leadership
- Sales and marketing
- Operations
- Finance
- Mergers and acquisitions

## Experience

Joined in 2007. Previously group finance director of Heywood Williams Group plc, after joining as business development director from Brand-Rex Ltd, where he was managing director of the datacom division.



**Chris Belsham**  
Group Finance Director

## Key skills

- Finance
- Mergers and acquisitions
- Strategy

## Experience

Joined as Group Finance Director in 2017. Previously an equity partner and head of corporate finance at Irwin Mitchell LLP having joined the business in 2014 from KPMG Corporate Finance. Qualified as a Chartered Accountant with PwC in 1999.

# NWF is a specialist distributor of **fuel**, **food** and **feed** across the UK

## Summary

- Strong track record of delivering increased shareholder returns
- Group operates in large stable markets
- Strong cash generation with dividend growth
- Clear growth strategy

## Fuels

Supplying fuel to commercial and domestic customers across the UK

- Third largest oil distributor in the UK
- 695 million litres delivered in 2021
- Road diesel, gas oil, heating oil and petrol
- 25 depots across the UK
- 146 tankers delivering fuel
- 127,000 customers both commercial and domestic
- Five acquisitions since 2019 in a fragmented market

## Food

The leading North West ambient grocery consolidator

- Boughey Distribution is a leading consolidator of ambient grocery products
- Over 1 million ft<sup>2</sup> of modern, racked warehousing in Cheshire
- 135,000 pallet spaces
- 117 trucks and 305 trailers
- Over 200 contracted ambient grocery customers

## 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
- 575,000 tonnes sold in 2021
- 4,550 farming customers
- 40 trucks and 18 trailers
- Principally dairy, also beef and sheep

# Strong results ahead of pre-pandemic market expectations

## Revenue

**£675.6m**

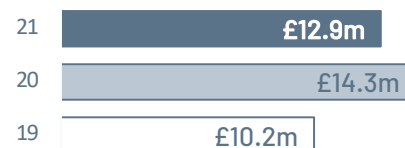
-1.7%



## Headline operating profit<sup>1</sup>

**£12.9m**

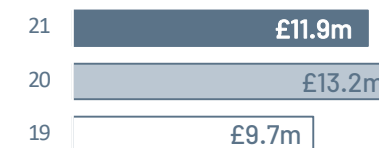
-9.8%



## Headline profit before tax<sup>1</sup>

**£11.9m**

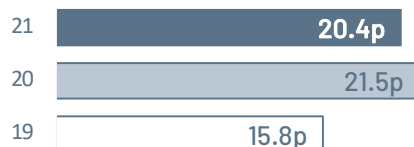
-9.8%



## Headline earnings per share<sup>1</sup>

**20.4p**

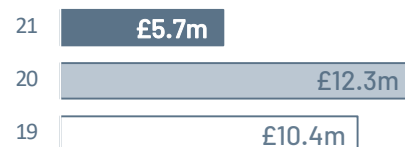
-5.1%



## Net debt

**£5.7m**

EBITDA ratio: 0.3x



## Dividend per share

**7.2p**

+4.3%



<sup>1</sup> 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. The calculation of headline earnings excludes the exceptional impact of remeasuring deferred tax balances. Headline EPS for the year ended 31 May 2020 has been re-presented on a like-for-like basis.

# Outperformance

- Traded ahead of expectations supported by our commercial strategy, a cold winter and extended home working
- Successful deployment of strategy to increase gas oil share of commercial business
- Managed volatile and generally increasing oil costs over the period with Brent Crude moving from \$38 per barrel to over \$70 a barrel at year end
  - Prior year benefitted from a significant fall in the oil price
- Launched NWF Priority Club with an App for tank monitoring and auto top-up
- Invested as planned in skills and capability to support future development
- Acquisitions integrated and performing strongly:
  - Acquisition pipeline building



## Revenue

**£447.8m**

-4.8%

21	447.8
20	470.2
19	443.0

## Operating profit

**£9.3m**

-15.5%

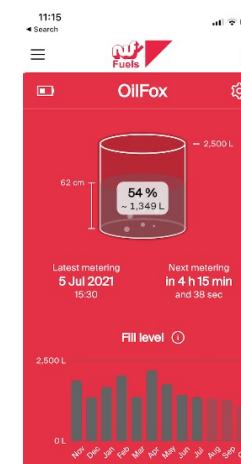
21	9.3
20	11.0
19	5.6

## Volume (litres)

**695m**

+4.5%

21	695
20	665
19	552





# Successful investment

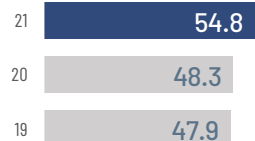
- Business growth from new 240,000 ft<sup>2</sup> Crewe warehouse as planned
  - Total capacity now 135,000 pallet spaces
- Year of two halves:
  - H1 volatility and inefficiency from Covid-19 stocking up and Brexit uncertainty
  - H2 recovery from solid customer mix and efficient operations
- Increased activity levels – outloads up 13.0%
- Increased e-fulfilment, Palletline and packing room operations: greater volumes and new customers
- Strategy to recruit HGV drivers and reduce reliance on agency paying dividends:
  - Recruited 70 new drivers in the year
  - National driver shortage requiring pay and price increases > inflation



## Revenue

**£54.8m**

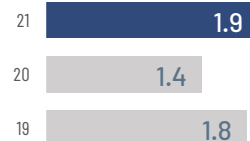
+13.5%



## Operating profit

**£1.9m**

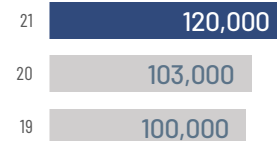
+35.7%



## Pallets stored

**120,000**

+16.5%



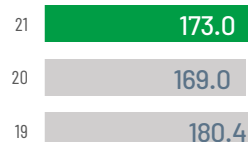
# Focus on the future

- Focus on nutritional advice and dairy farmers
- Lower volumes but greater % direct to farmers
- Investment continued in NWF Academy training future nutritionists
- Unprecedented increase in commodity prices at the start of winter coincided with a cyber incident which reduced short-term visibility
- Market conditions:
  - Milk prices improved to over 30p per litre
  - Milk production up 0.1%
  - Ruminant feed market volumes up 5.0%
  - Spot commodities unprecedented increase of 40%\*

## Revenue

**£173.0m**

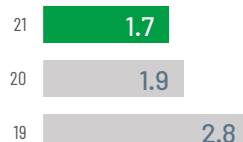
+2.4%



## Operating profit

**£1.7m**

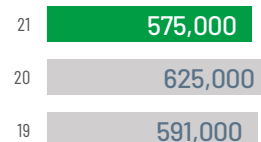
-10.5%



## Volumes (tonnes)

**575,000**

-8.0%



\* based on a typical basket of commodities in a dairy diet





# Financial review



	May 2021 £m	May 2020 £m
<b>Revenue</b>		
Fuels	<b>447.8</b>	470.2
Food	<b>54.8</b>	48.3
Feeds	<b>173.0</b>	169.0
<b>Total revenue</b>	<b>675.6</b>	687.5
<b>Operating profit</b>		
Fuels	<b>9.3</b>	11.0
Food	<b>1.9</b>	1.4
Feeds	<b>1.7</b>	1.9
<b>Headline operating profit*</b>	<b>12.9</b>	14.3
Exceptional items	<b>(0.5)</b>	(0.5)
Amortisation of acquired intangibles	<b>(0.3)</b>	(0.3)
<b>Operating profit</b>	<b>12.1</b>	13.5

<b>Fuels</b>	2015	2016	2017	2018	2019	2020	<b>2021</b>
Litres (million)	420	474	513	543	552	665	<b>695</b>
Profit (pence per litre)	1.0p	0.8p	0.9p	1.3p	1.0p	1.6p	<b>1.4p</b>
Litres per depot (m)	24.7	24.9	27.0	28.6	29.0	26.6	<b>27.8</b>
Revenue per litre	£0.74	£0.62	£0.70	£0.74	£0.80	£0.71	<b>£0.64</b>

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

- Revenue decreased by £11.9 million (1.7%):
  - £32.0 million lower average oil price in Fuels
  - £9.2 million higher average commodity costs in Feeds
  - £4.9 million from higher activity levels
  - £6.0 million from increased sales price and product mix benefit
- Headline operating profit of £12.9 million
- Exceptional items:
  - Cyber incident costs net of insurance recoveries (£0.3 million)
  - Acquisition-related costs (£0.2 million)
- Fuel volumes increased by 4.5%
- Pence per litre profit significantly above normal target of 1.0 pence per litre

	May 2021 £m	May 2020 £m
<b>Operating profit</b>	<b>12.1</b>	13.5
Finance costs	(1.3)	(1.5)
<b>Headline profit before tax*</b>	<b>11.9</b>	13.2
Exceptional items	(0.5)	(0.5)
Amortisation of acquired intangibles	(0.3)	(0.3)
Net finance costs – DB scheme	(0.3)	(0.4)
<b>Profit before tax</b>	<b>10.8</b>	12.0
Tax	(3.0)	(3.1)
<b>Profit after tax</b>	<b>7.8</b>	8.9
<b>Diluted headline EPS (pence)*</b>	<b>20.4</b>	21.3
<b>DPS (pence)</b>	<b>7.2</b>	6.9
<b>Dividend cover</b>	<b>2.8</b>	2.9
<b>Interest cover (excluding pension finance)</b>	<b>25.8</b>	20.4

- Headline PBT of £11.9 million
- Bank interest reduced to £0.5 million
- IFRS 16 interest of £0.5 million (2020: £0.4 million) reflecting full year of Crewe warehouse lease
- Pension scheme interest reduced by £0.1 million due to a lower pension scheme deficit across the year
- Effective tax rate of 28.3% (2020: 26.8%) as a result of one-off deferred tax charge of £1.3 million arising from increase in future CT rate to 25%. Underlying tax rate was 19.4% (2020: 20.8%)
- Full year proposed dividend increased by 4.3% to 7.2p

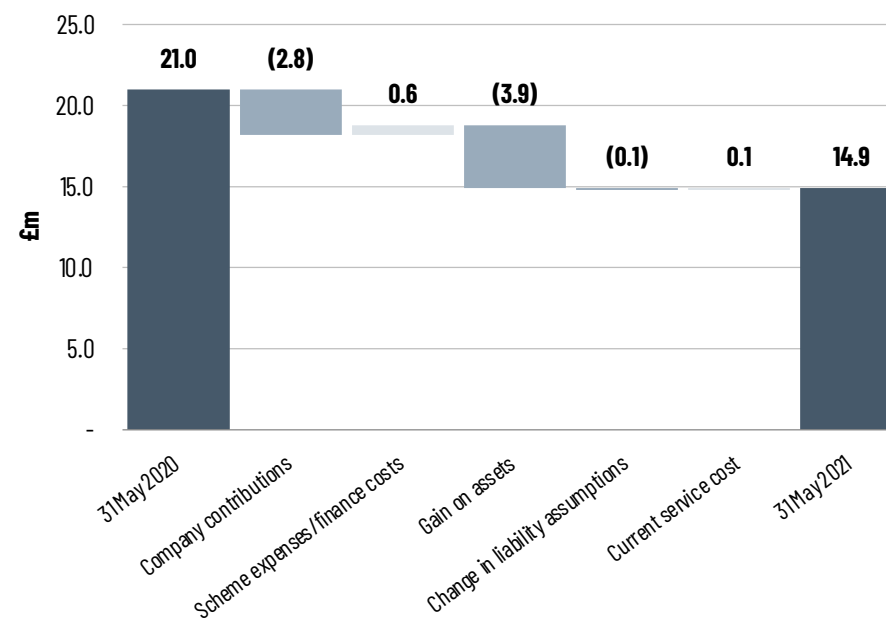
\* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme. The calculation of headline earnings excludes the exceptional impact of remeasuring deferred tax balances. Headline EPS for the year ended 31 May 2020 has been re-presented on a like-for-like basis. Diluted headline EPS also takes into account the taxation effect thereon.

	May 2021 £m	May 2020 £m
Fixed assets	<b>78.2</b>	79.9
Right of use assets	<b>25.4</b>	27.3
Net working capital	<b>3.5</b>	4.8
Derivative financial instruments	<b>0.1</b>	0.1
<b>Assets employed</b>	<b>107.2</b>	112.1
Pension deficit	<b>(14.9)</b>	(21.0)
Net debt	<b>(5.7)</b>	(12.3)
Tax provisions	<b>(1.5)</b>	(1.4)
Lease liabilities	<b>(25.6)</b>	(26.3)
<b>Net assets</b>	<b>59.5</b>	51.1
<b>Net debt : EBITDA</b>	<b>0.3</b>	0.7
<b>Total assets</b>	<b>186.9</b>	174.0
<b>ROCE:</b>		
Fuels	<b>54.4%</b>	52.9%
Food	<b>6.7%</b>	4.8%
Feeds	<b>4.7%</b>	5.3%
<b>Total ROCE</b>	<b>15.8%</b>	16.7%

- Fixed assets decreased slightly as depreciation exceeded capex
- Lower net working capital due to some short-term timing benefits on supplier payments at the year end
- Net debt decreased by £6.6 million, reflecting the strong trading, working capital inflow and lower capex
- Strong asset underpin – total assets of £186.9 million
- Group ROCE of 15.8%



	May 2021 £m	May 2020 £m
Assets	<b>45.1</b>	40.1
Liabilities	<b>(60.0)</b>	(61.1)
<b>Deficit</b>	<b>(14.9)</b>	(21.0)
Related deferred tax asset	<b>3.7</b>	4.0
<b>Net pension liability</b>	<b>(11.2)</b>	(17.0)
<b>Discount rate</b>	<b>2.00%</b>	1.65%
<b>Inflation rate (RPI)</b>	<b>3.30%</b>	2.65%



- Single defined benefit pension scheme
- Closed to new members in 2002 and future accrual in 2016
- Decrease in deficit since May 2020 – contributions and asset gains
- Triennial valuation as at 31 December 2019:
  - Recovery plan contributions of £1.8 million until May 2022, £2.1 million thereafter
  - Recovery payments to increase in line with dividend growth\* from January 2022
- No constraint on Group development

\* Dividend growth will be measured as the growth above and beyond the dividend in FY19

	May 2021 £m	May 2020 £m
Operating profit	12.1	13.5
Depreciation and amortisation	12.9	10.5
Profit on disposal of fixed assets	—	(0.2)
Working capital movements	2.4	1.7
Share-based payment expense	0.4	1.2
Contributions to pension scheme not recognised in income statement	(2.4)	(1.3)
Other	(0.6)	0.1
<b>Operating cash flow</b>	<b>24.8</b>	<b>25.5</b>
Interest paid	(1.0)	(1.1)
Tax paid	(2.8)	(2.7)
<b>Net cash from operating activities</b>	<b>21.0</b>	<b>21.7</b>
Net capital additions	(2.9)	(5.7)
Acquisition of subsidiaries (net of cash)	(1.1)	(9.1)
Capitalised element of leases	(7.0)	(5.3)
Capitalised legal costs associated with leases	—	(0.3)
	<b>10.0</b>	<b>1.3</b>
Dividends paid	(3.4)	(3.2)
<b>Movement in net debt</b>	<b>6.6</b>	<b>(1.9)</b>

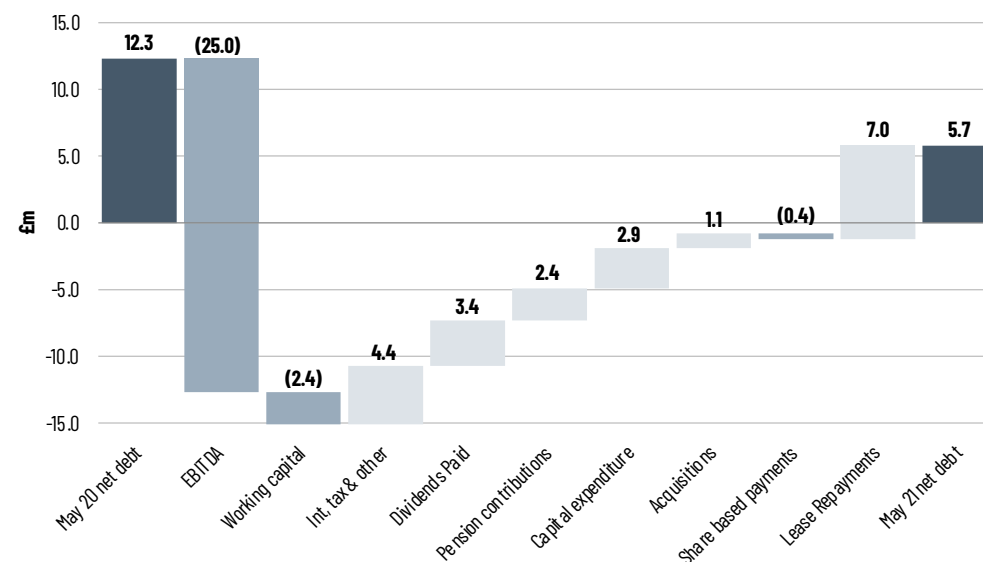
- Headline EBITDA\* of £17.8 million (2020: £18.7 million)
- Working capital movement as a result of short-term timing benefits on some supplier payments at the year end
- Net capital expenditure of £2.9 million
- £1.1 million acquisition payment on Darch following the conclusion of completion accounts in H1
- Net cash generated from operations after lease payments of £13.9 million (2020: £16.1 million)
  - cash conversion of 107.8% (2020: 112.6%)

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

- Facilities of £65 million with NatWest until October 2023
- Net debt of £5.7 million at May 2021 with substantial facility and covenant headroom

	Facility £m	Drawn £m
<b>Facility</b>		
Invoice discounting	<b>50.0</b>	<b>6.5</b>
RCF/guarantees	<b>14.0</b>	<b>3.0</b>
Overdraft/(cash)	<b>1.0</b>	<b>(4.0)</b>
Hire purchase obligations	<b>—</b>	<b>0.2</b>
<b>Total</b>	<b>65.0</b>	<b>5.7</b>

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



- £8.3 million cash generated before development expenditure
- £2.4 million short-term working capital inflow at the year end



# A clear development strategy

## Summary

- Diversified source of earnings
- Cash-generative businesses
- Experienced and capable Board
- Group operates in large stable markets
- Focus on total shareholder return
- Strong track record

## Fuels

- Consolidate a highly fragmented market
- Expand existing geographical area
- Increase business density in existing territories
- Active acquisition pipeline

## Food

- Optimise the customer mix
- Optimise storage and distribution solutions on the Wardle site
- Value added niche businesses:
  - E-fulfilment
  - Palletline
- Targeted expansion backed by customer and retailer contracts

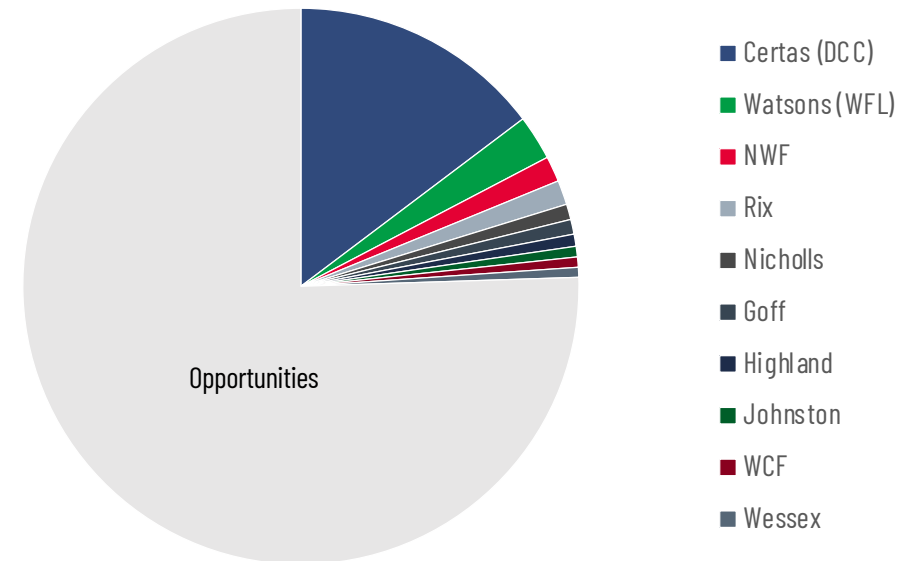
## Feeds

- Consolidate the UK ruminant feed market (NWF No. 2, feeding 1 in 6 dairy cows)
- Utilise national operations platform
- Continue to develop feed volumes across the country
- Increase range offering to over 4,550 farmers across the UK:
  - Expand nutritional range

# UK fuel market

- Fragmented market for oil distribution:
  - Top 10 players only 25%, over 150 small players
  - NWF No. 3 with 2% market share
  - Fuels market stable in the last 12 months
  - Consolidation opportunities
- NWF fuel demand **resilient**:
  - Over 30% utilised in heating applications
  - 12% used in agriculture
  - Less than 5% delivered to retail garages
  - HGV and LGV dominant user of diesel
- Trialling sale of HVO30 (diesel containing 30% hydrotreated vegetable oil) with Esso Petroleum. Additional testing of domestic heating with HVO100 products
- Key market heating oil 1.4 million homes NWF > 90,000 domestic customers
- Customers purchase fuel from local depots; expanding the depot network is key to growth

UK fuel market (35 billion litres)

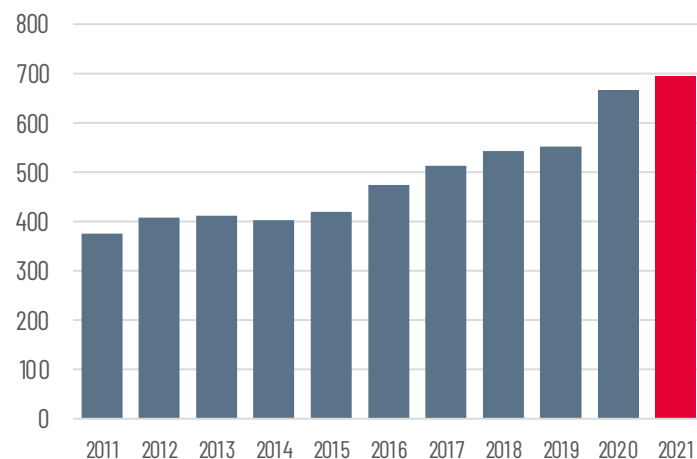


Source: company estimates

# Acquisition activity

- Activity since 2019:
  - Acquired five businesses across the UK
  - Over 150 million litres of business added
  - £14.4 million consideration paid
- Clear post-acquisition integration plan
- Retained the brand and customer-facing operations

Fuels volume  
(million litres)





# Acquisition process

- Targeting oil distribution businesses in the UK
- Clear valuation and pricing strategy
- Effective transaction process
- A range of ways to deliver value:
  - Integrate into existing depot infrastructure to realise cost synergies – Midlands into existing Kenilworth depot
  - Expand geography and enhance performance – Consols in Cornwall and Ribble Fuel Oils in North West and West Yorkshire
  - Geography and/or capability expansion
- Model of retaining brands and customer-facing elements whilst centralising finance, IT and credit control
- Active UK pipeline of acquisitions – NWF seen as an attractive buyer



## 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.

Strategic objectives	Priority objective	Our ambitions
 <b>Create a culture of safety</b>	Create a culture of safety to protect our employees and the wider community.	<ul style="list-style-type: none"> <li>• Champion road safety</li> <li>• Implement a safety first approach</li> </ul>
 <b>Invest in our people</b>	Build a workforce for the future where our people are healthy, happy and can fulfil their potential.	<ul style="list-style-type: none"> <li>• Promote personal and professional development</li> <li>• Empower future generations</li> <li>• Improve employee wellbeing</li> </ul>
 <b>Build strong partnerships</b>	Collaborate and innovate with our customers and suppliers to deliver long-term sustainable value.	<ul style="list-style-type: none"> <li>• Understand our customers' needs</li> <li>• Work together with our suppliers</li> <li>• Collaborate and innovate for more sustainable products</li> </ul>
 <b>Respect the environment</b>	Reduce carbon, emissions and waste across our value chain and promote a healthy environment.	<ul style="list-style-type: none"> <li>• Mitigate our carbon emissions</li> <li>• Maximise fleet capacity</li> <li>• Invest in clean fleet</li> <li>• Drive efficiencies across our operations</li> <li>• Responsible use and protection of the natural environment</li> </ul>

# The NWF proposition



## Strong management team

Solid track record with ambition

**5**

completed Fuels' acquisitions

## Growth opportunities

Consolidate and optimise

**1**

clear strategy

## Asset backing

Strong balance sheet

**£186.9m**

total assets

## Focus on return on capital

Return on capital employed is a key metric

**15.8%**

Group ROCE

## Good cash generation

£8.3 million of cash generated before development expenditure

**107.8%**

cash conversion

## Growing dividend

Increased dividend for ten consecutive years

**7.2p**

total dividend per share

# Significant opportunity for growth

## Strong result in 2021 – outperforming pre-pandemic expectations

- Delivered performance from investment in Food expansion
- Fuels strong result from cold winter and home working
- NWF again demonstrated great resilience
- Second highest profit performance on record

## Currently trading in line with the Board's expectations

- Fuels targeting acquisitions for further growth
- Food efficiently meeting customers' needs to deliver good service
- Feeds managing farmers' nutrition during quieter summer months
- Confidence in the future development opportunities and outlook for the Group





# Q&A



**Richard Whiting**  
Chief Executive



**Chris Belsham**  
Group Finance Director

# Additional information

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

	Actual	Consensus forecasts		
	2021	2021	2022	2023
Revenue	£675.6m	£685.5m	£703.8m	£724.9m
Headline operating profit	£12.9m	£12.5m	£12.1m	£12.5m
Headline profit before tax	£11.9m	£11.5m	£11.2m	£11.6m
Headline earnings per share	20.4p	18.7p	18.5p	19.0p
Dividend per share	7.2p	7.1p	7.4p	7.6p
Net debt	(£5.7m)	(£7.9m)	(£4.6m)	(£1.0m)

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 2 August 2021 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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# Impact and response to cyber incident

## Actions

- Cyber incident at end of October 2020: short-term unauthorised access to IT systems
- Cyber experts and advisors engaged as part of the Group's cyber response plan
- Alternative systems deployed in Feeds and Fuels to fulfil and deliver orders in short term
- Shares suspended from trading for 10 days

## Immediate impact

- No interruption to production or delivery of customers' orders
- Cyber insurance policy triggered
- Additional security measures applied to all of the Group's IT systems

## Financial impact

- No material impact to trading or commercial performance
- Anticipated one-off c.£0.3 million costs net of cyber insurance policy recoveries

## Outcome

- All key systems and reporting processes restored and operational
- No material information irretrievably lost
- Additional cyber security measures have been implemented across the Group's IT systems
- Shares recommenced trading on 12 November 2020

# Key figures

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 695 million litres across the UK to 127,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Shell and Jet.

**695m**

litres per annum

**25**

depots

**335**

people

**146**

tankers





# Key figures

Bouhey Distribution is a leading consolidator of ambient grocery products to UK supermarkets with over 1 million ft<sup>2</sup> of warehousing and significant distribution assets. It works with over 200 customers including Arla, Swizzels and Typhoo.

**135,000**

pallet spaces

**117**

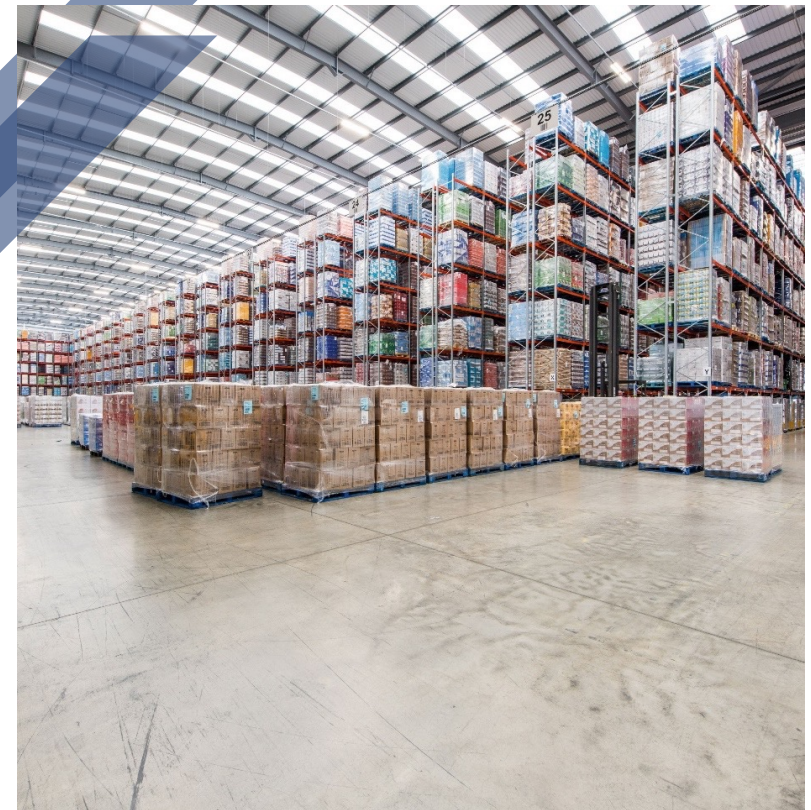
trucks

**691**

people

**305**

trailers



# Key figures

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed to 4,550 customers in the UK, feeding 1 in 6 dairy cows in Britain. It operates from sites in Cumbria, Lancashire, Cheshire and Devon.

**575,000**

tonnes

**40**

trucks

**219**

people

**18**

trailers



**Feeds**

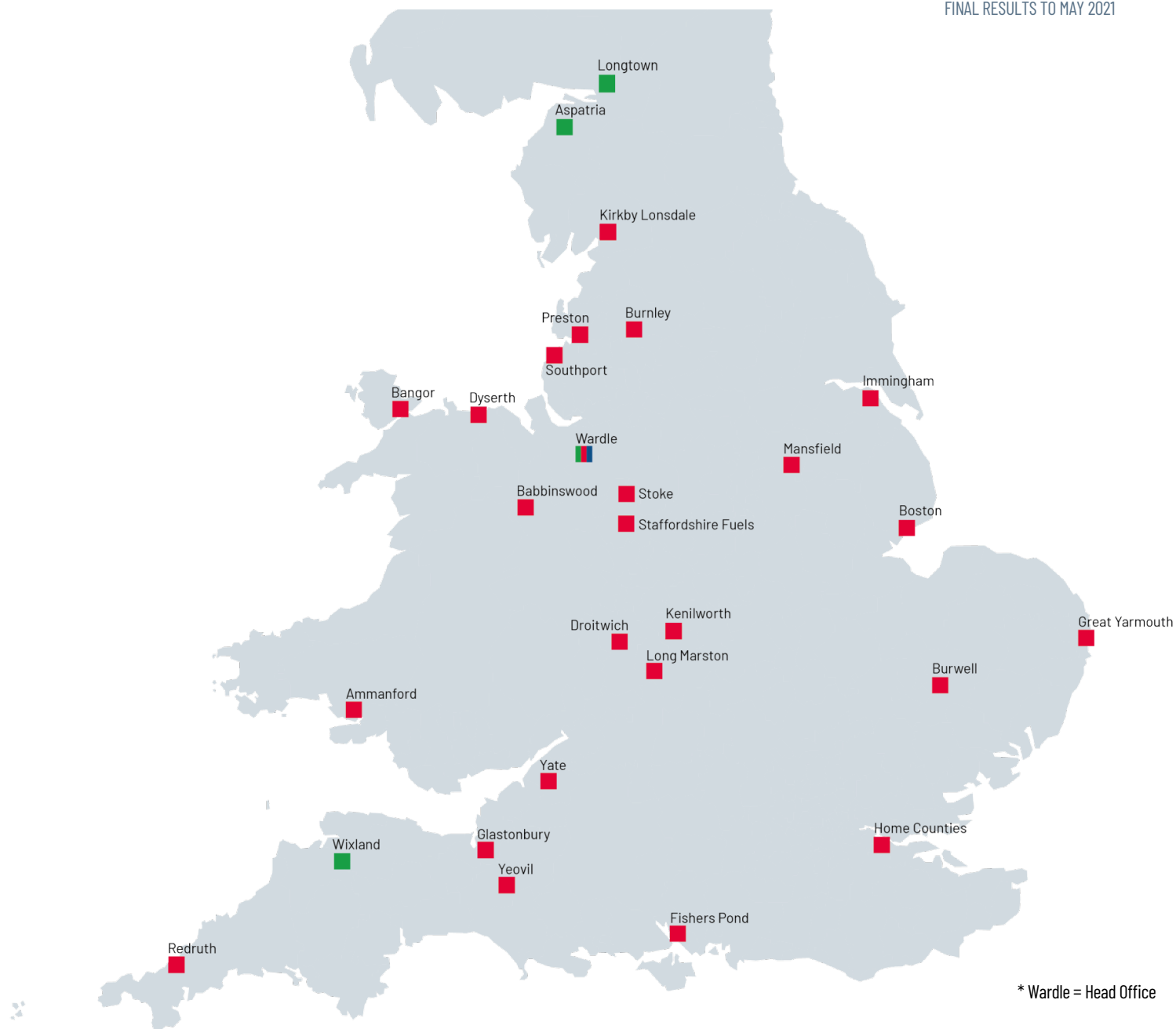
Aspatria  
 Longtown  
 Wardle\*  
 Wixland

**Food**

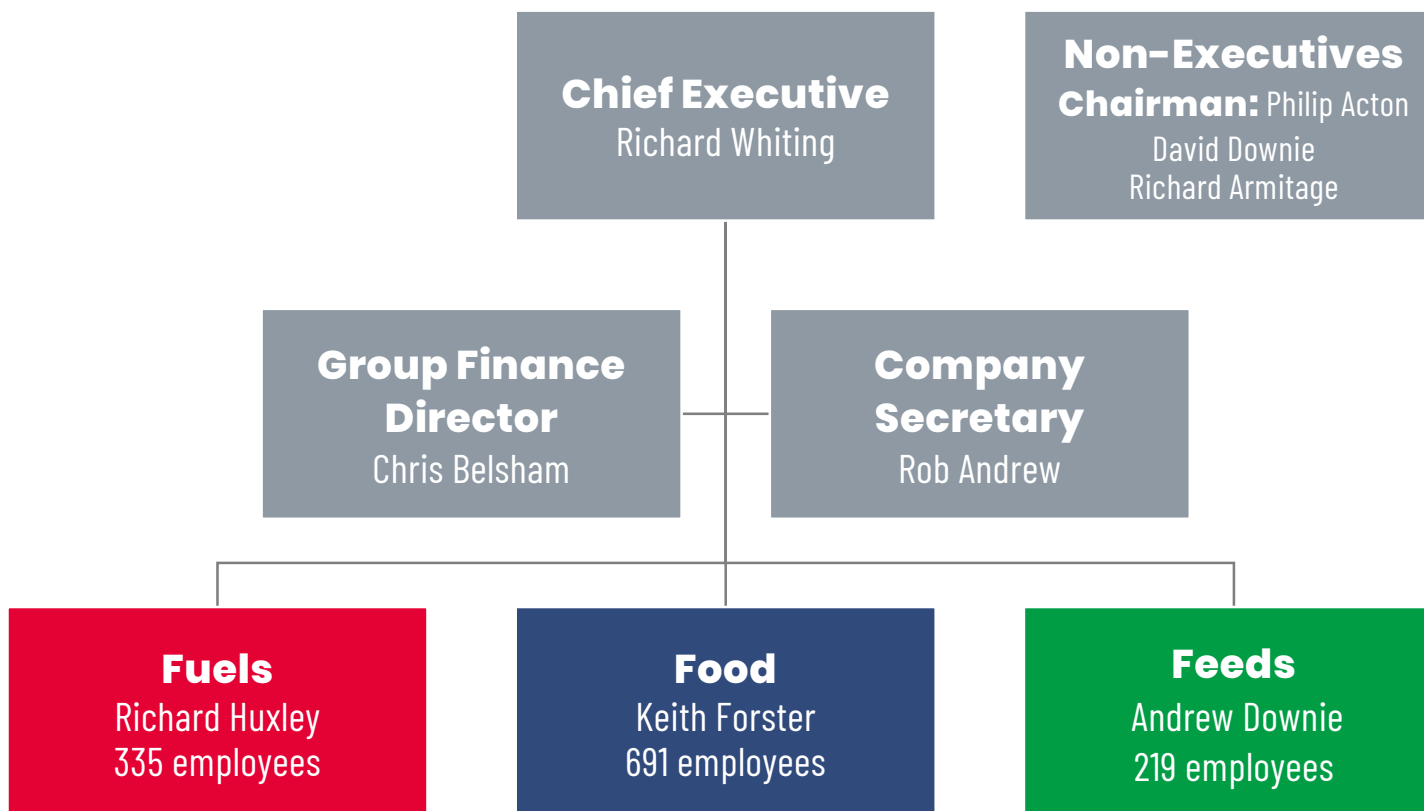
Wardle\*

**Fuels**

Ammanford  
 Babbinswood  
 Bangor  
 Boston  
 Burnley  
 Burwell  
 Droitwich  
 Dyserth  
 Fishers Pond  
 Great Yarmouth  
 Halifax  
 Home Counties  
 Kenilworth  
 Kirkby Lonsdale  
 Long Marston  
 Mansfield  
 Preston  
 Redruth  
 Southport  
 Staffordshire Fuels  
 Stoke  
 Wardle\*  
 Yate



\* Wardle = Head Office







## Revenue



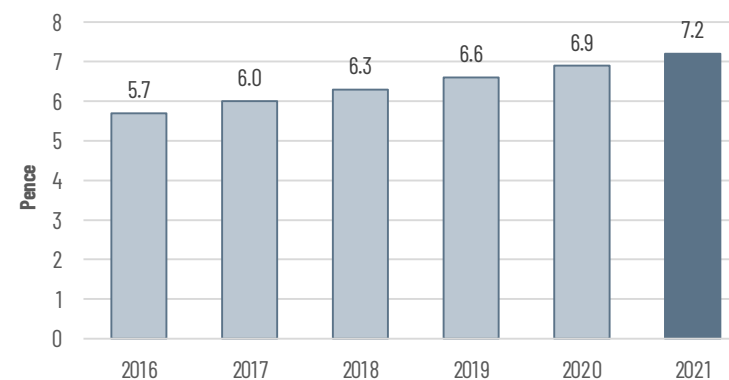
## Headline PBT



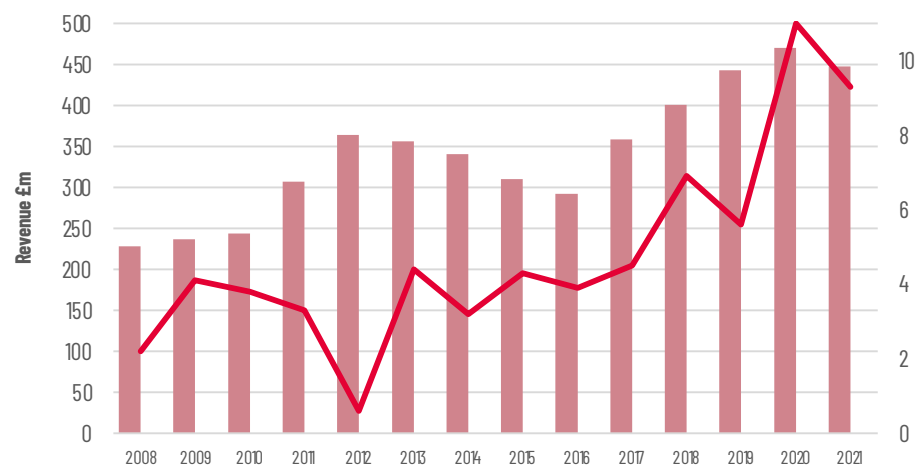
## Headline EPS



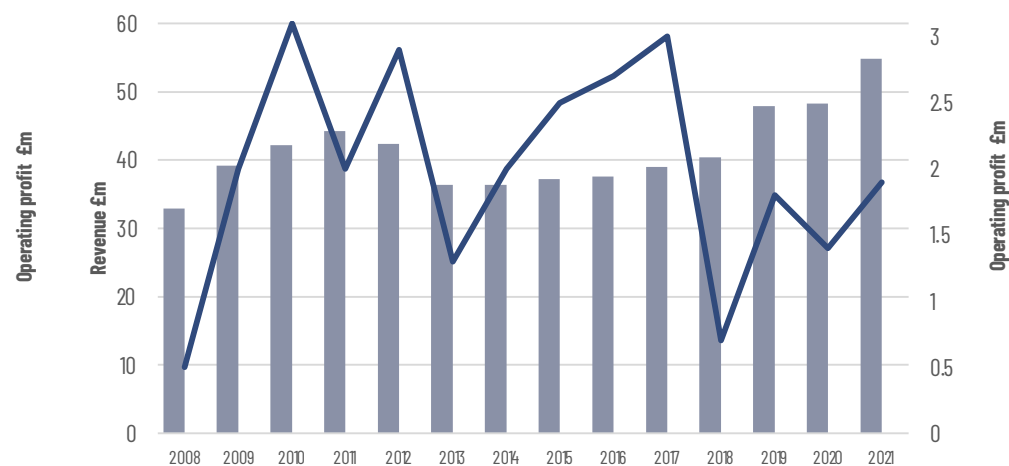
## Dividend



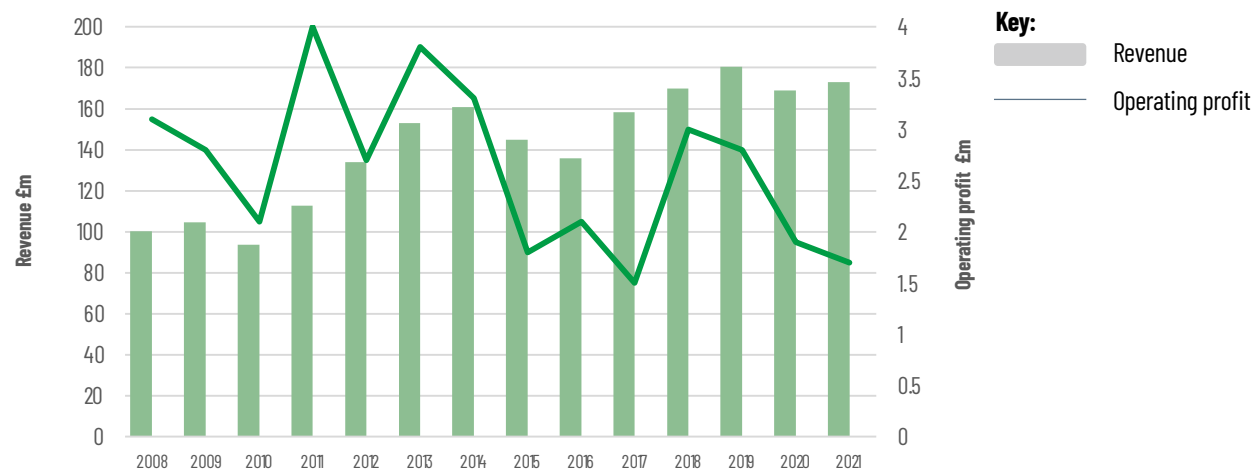
## Fuels



## Food



## Feeds



### Key:



Revenue

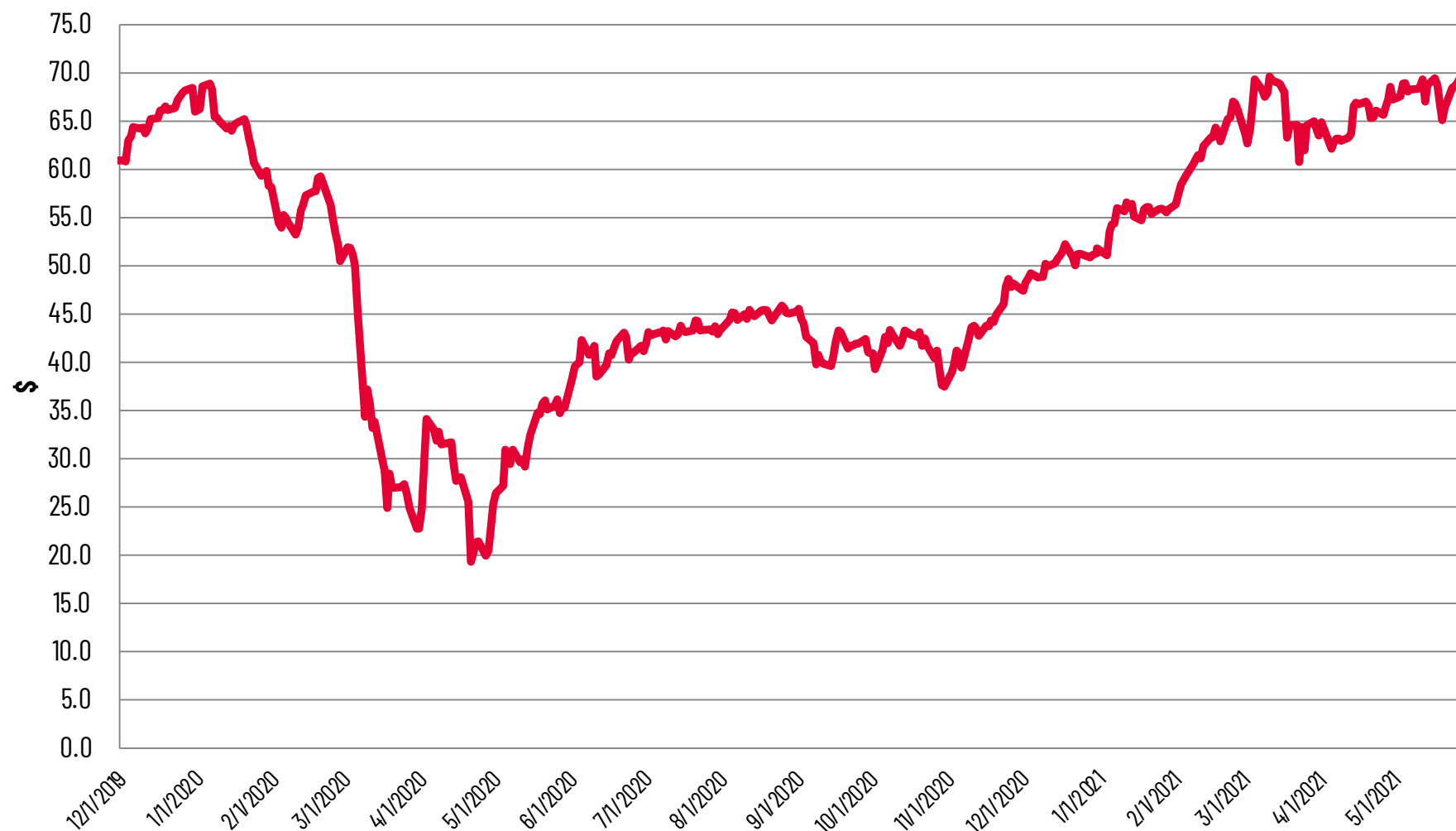


Operating profit

# Fuels additional market data

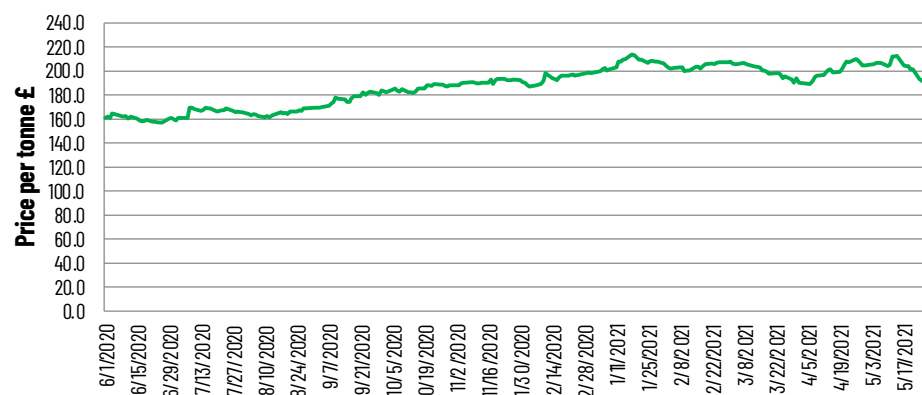
## Oil prices – Brent Crude \$ per barrel

### Oil Market Journal

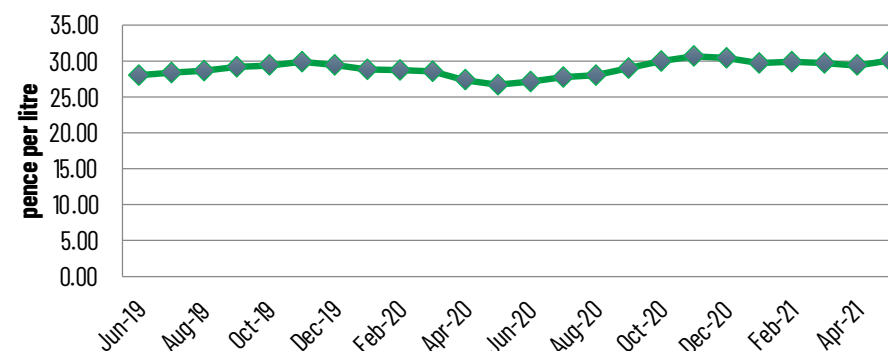


# Feeds additional market data

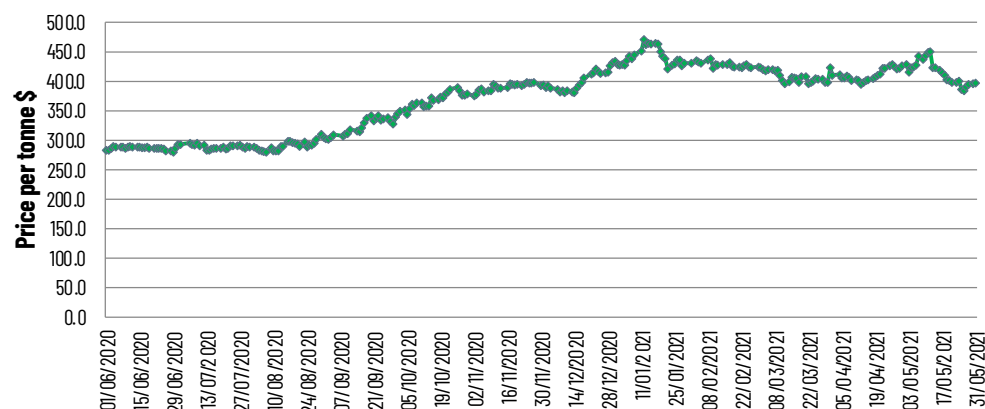
Wheat price LIFFE 12 month period



Farm gate milk price UK  
pence per litre (ADHB)



Soyabean meal price CBOT 12 month period



GB market	2017	2018	2019	2020	2021
Milk (litres)	11.8bn	12.4bn	12.6bn	12.5bn	12.6bn
UK dairy herd	1.9m	1.9m	1.9m	1.9m	1.9m
Ruminant feed market (tonnes)	4.8m	5.1m	5.1m	4.8m	5.0m
NWF (tonnes)	589k	589k	591k	625k	575k
Market share	12%	12%	12%	13%	12%