



NWF Group plc Interim results to 30 November 2013

Group overview

Key highlights

- Record first half year for the Group
- All divisions performing in line with Board expectations
- Completed Agri acquisition in line with strategy
- Effective cash management
- Interim dividend maintained at 1.0p
- Feeds increased volumes
- Food completed Deeside transfer and cost reduction plan
- Fuels achieved an improved business mix

Revenue

£259.1m + 1.0%

2013 £259.1m

2012 £256.5m

Operating profit

£3.6m + 28.6%

2013 £3.6m

2012 £2.8m

Headline profit before tax

£3.3m + 37.5%

2013 £3.3m

2012 £2.4m

Headline earnings per share

5.3p + 39.5%

2013 5.3p

2012 3.8p

Net debt

£16.8m + 22.6%

2013 £16.8m

2012 £13.7m

Dividend per share

1.0p

2013 1.0p

2012 1.0p

Operational highlights

Fuels

- Significant improvement
- Effective balance of commercial and domestic business
- New gas oil products
- 17 low cost independent depots fully manned and performing as planned
- Improved working capital management
- Lower demand for heating oil in winter to date



Revenue

£172.2m + 0.5%

2013 £172.2m

2012 £171.4m

Operating profit

£1.1m + 120.0%

2013 £1.1m

2012 £0.5m

Litres

195m + 1.6%

2013 195m

2012 192m

Operational highlights

Food

- Market conditions remain tough
- Customers stock levels high
- Outloads 3% higher
- Successfully transferred customers from Deeside to Wardle
- Continued strong service performance at 99.6%
- Signed significant long term customer contracts
- Focus on improving operating efficiencies with Wardle fully utilised



Revenue

£18.5m – 2.1%

2013	£18.5m
2012	£18.9m

Operating profit

£1.1m + 57.1%

2013	£1.1m
2012	£0.7m

Pallet spaces

102,000 + 7.4%

2013	102,000
2012	95,000

Operational highlights

Feeds

- Robust performance
- Increased focus on direct sales to farmers (up 10%)
- Investment in sales and marketing delivering new business
- Commodities prices declined marginally over H1
- Good quality silage and strong milk prices benefiting farmers
- Delivering on strategy:
 - Acquired S.C. Feeds; 80,000 tonne ruminant feed business in Stone Staffordshire, late November '13



Revenue

£68.4m + 3.3%

2013	£68.4m
2012	£66.2m

Operating profit

£1.4m – 12.5%

2013	£1.4m
2012	£1.6m

Tonnes

225,000 + 5.1%

2013	225,000
2012	214,000

Financial Review

Financial review – income statement summary

	Nov 2013 £m	Nov 2012 £m	Growth %	May 2013 £m
Revenue				
Food	18.5	18.9	(2.1%)	36.4
Feeds	68.4	66.2	3.3%	153.1
Fuels	172.2	171.4	0.5%	356.3
Total revenue	259.1	256.5	1.0%	545.8
Operating profit				
Food	1.1	0.7	57.1%	1.2
Feeds	1.4	1.6	(12.5%)	3.8
Fuels	1.1	0.5	120.0%	4.4
Total operating profit	3.6	2.8	28.6%	9.4
Interest expense	(0.3)	(0.4)	(25.0%)	(0.9)
Headline profit before tax	3.3	2.4	37.5%	8.5
Notional net pension finance cost	(0.4)	(0.4)	0.0%	(0.7)
Profit before tax	2.9	2.0	45.0%	7.8
Tax	(0.7)	(0.5)	40.0%	(2.1)
Profit after tax	2.2	1.5	46.7%	5.7
Headline EPS (basic)	5.3	3.8	39.5%	13.1
DPS	1.0	1.0	0.0%	4.8
Dividend cover	5.3	3.8	1.5	2.7
Interest cover (excluding IAS 19R net pension finance cost)	12.0	7.0	5.0	10.4

Financial Review

Financial review – balance sheet summary

	Nov 2013 £m	Nov 2012 £m	May 2013 £m
Fixed assets	54.0	49.6	48.8
Net working capital	13.3	10.1	9.2
Assets employed	67.3	59.7	58.0
Pension deficit	(17.0)	(16.9)	(18.8)
Net debt	(16.8)	(13.7)	(9.2)
Tax provisions	(1.7)	(1.8)	(1.8)
Net assets	31.8	27.3	28.2
Net debt : EBITDA	1.2	1.4	0.7

Financial Review

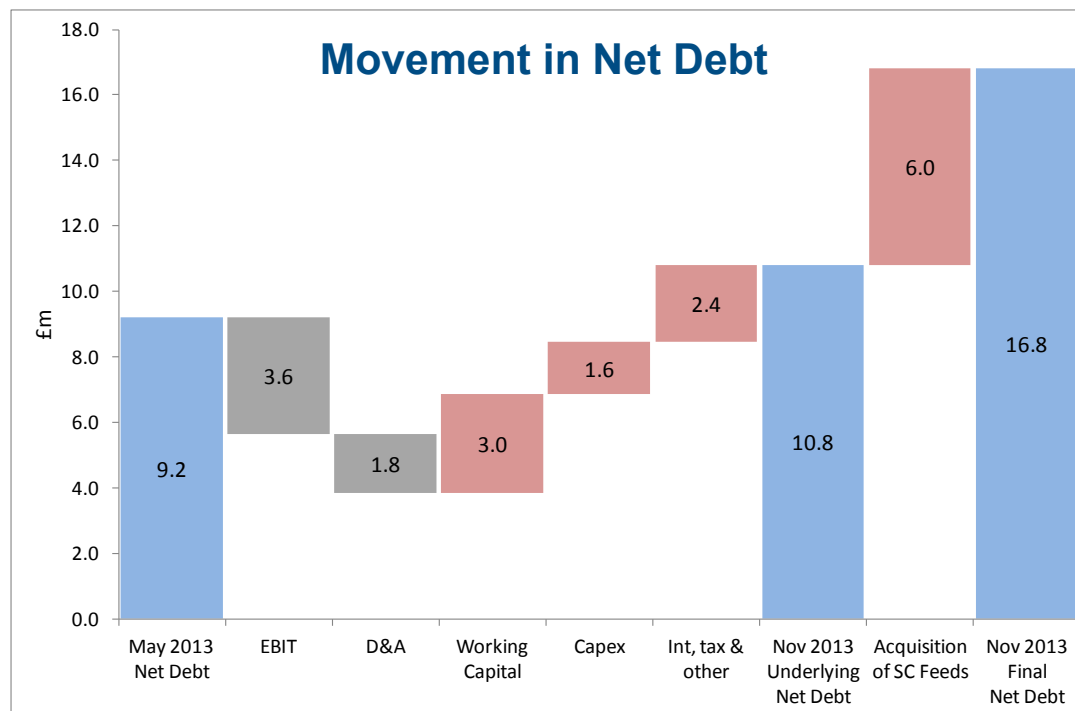
Net debt summary

Debt Summary

- Committed facilities of £55.0m with RBS until Oct 2015
- In addition £7m of HP finance is available

Facility	Facility	Drawn
Invoice Discounting	£44.0m	£16.8m
Revolving Credit Facility	£10.0m	£0.0m
Overdraft/(Cash)	£1.0m	(£0.1m)
Bank facilities	£55.0m	£16.7m
Hire Purchase	£7.0m	£0.1m
Total Debt	£62.0m	£16.8m

- Majority of debt in the form of Invoice Discounting at a cost of Base +1.75%
- Borrowing covenants – Net debt: EBITDA and EBIT: Interest cost



Financial Review

Financial review – cash flow summary

	Nov 2013 £m	Nov 2012 £m
Cash flows from operating activities		
Operating profit	3.6	2.8
Depreciation of property, plant and equipment	1.5	1.5
Working capital	(3.0)	(0.6)
Other	(0.2)	(0.2)
Operating cash flow	1.9	3.5
Interest paid	(0.3)	(0.4)
Tax paid	(1.3)	(0.3)
Net cash from operating activities	0.3	2.8
Cash flows from investing activities		
Capital expenditure (net)	(1.6)	(0.9)
Acquisition of subsidiary	(6.0)	-
Other	(0.3)	(0.1)
(Increase) / decrease in net debt	(7.6)	1.8

Development strategy

Fuels

- Third largest fuel distributor in the UK
- Low cost depot operating model provides competitive advantage
- Network built by acquisition with good record of integration
- Good long term business track record
- Low ROS, high ROCE >20%

Development strategy

- *Develop organic growth from existing network*
- *Bolt on acquisitions across the UK*
 - *Synergy with existing depots*
 - *Geographical expansion*

Our locations

NWF depots

1 Acle	10 Kenilworth
2 Ammanford	11 Kingsbury
3 Babbinswood	12 Long Marston
4 Bangor	13 Nottingham
5 Boston	14 Southampton
6 Burnley	15 Stoke
7 Burwell	16 Wardle*
8 Droitwich	17 Yate
9 Dyserth	

* Group head office and main operating site



Development strategy

Food

- Market for ambient groceries remains stable
- Competitive environment working with large food manufacturers and supermarkets
- Key value delivered to customers
 - High levels of service
 - Low cost
- Boughey has a significant market share in North West
- Wardle location now full with long term customer contracts in place

Development strategy

- *Maintain high service and improve efficiencies*
- *Improve resource flexibility to match changing and variable customer demand patterns*
- *Target new business & opportunities with existing customers*
- *Optimise customer mix*



Development strategy

Feeds

- Agriculture is an attractive market for the Group
 - Population growth & food security underpins stable, growing markets
- Represents the heritage of NWF and a good base has been established to date
- NWF growing No. 2 ruminant feed producer in the UK and a national player
- Strong technical sales team, advising over 4,000 farmers
- In line with pre-stated strategy:
 - Acquisition of S.C Feeds strengthens market position and delivers increased manufacturing capacity allowing for continued growth



Development strategy

- *Increase the focus on nutritional advice and technical support*
- *Identify and bolt-on complementary agri businesses*
- *Drive industry consolidation for synergy and scale economies*
- *Diversify the agri offering from a focused ruminant feed base*



Group overview

Summary & outlook

- Record half year for the Group
- Strong & experienced operational management
- All divisions in line with Board expectations
- Strong cash generation and progressive dividend policy
- Supporting strategy with Agri acquisition
- Strong platform for development
 - Strong balance sheet and bank facilities available
 - Resilient Group earnings and cash generation

Group overview

Additional information

- Business backgrounds
- Locations
- Organisation
- Main site photo
- Five year financial performance
- Ten year divisional track record
- Additional market data

Business background

Feeds

Supply of feed to ruminants in the UK – principally dairy

- National player – feed one in seven dairy cows in the UK, number two in the market
- 560,000 tonnes produced
- Feed dairy, beef and sheep
- Sell added value products including minerals, supplements and fertiliser
- Over 4,000 customers
- 185 people
- 34 trucks, 13 trailers
- Compound mills in Cheshire, Staffs and Devon
- Blend plants in Ayrshire, Cumbria, Cheshire and Devon



Business background

Food

Consolidation of ambient grocery products to UK supermarkets

- 115,000 pallet spaces
- 900,000ft² of warehousing in Wardle and Deeside (North West)
- Market leader in the North West
- 423 people
- 106 trucks, 216 trailers
- 99.6% service level
- 200 customers including Princes & Typhoo
- Packing room for added value work



Business background

Fuels

Supply of fuels and fuel cards to commercial, domestic and retail customers across the UK

- Third largest distributor in the UK
- 38,000 customers
- 197 people
- 17 depots across the UK
- Supply 76 retail petrol stations
- 79 tankers
- Fuel card marketing
- 411 million litres per annum



Group overview

Locations

Feeds

Ayr
Penrith
Stone
Wardle*
Wixland

Food

Deeside
Wardle*

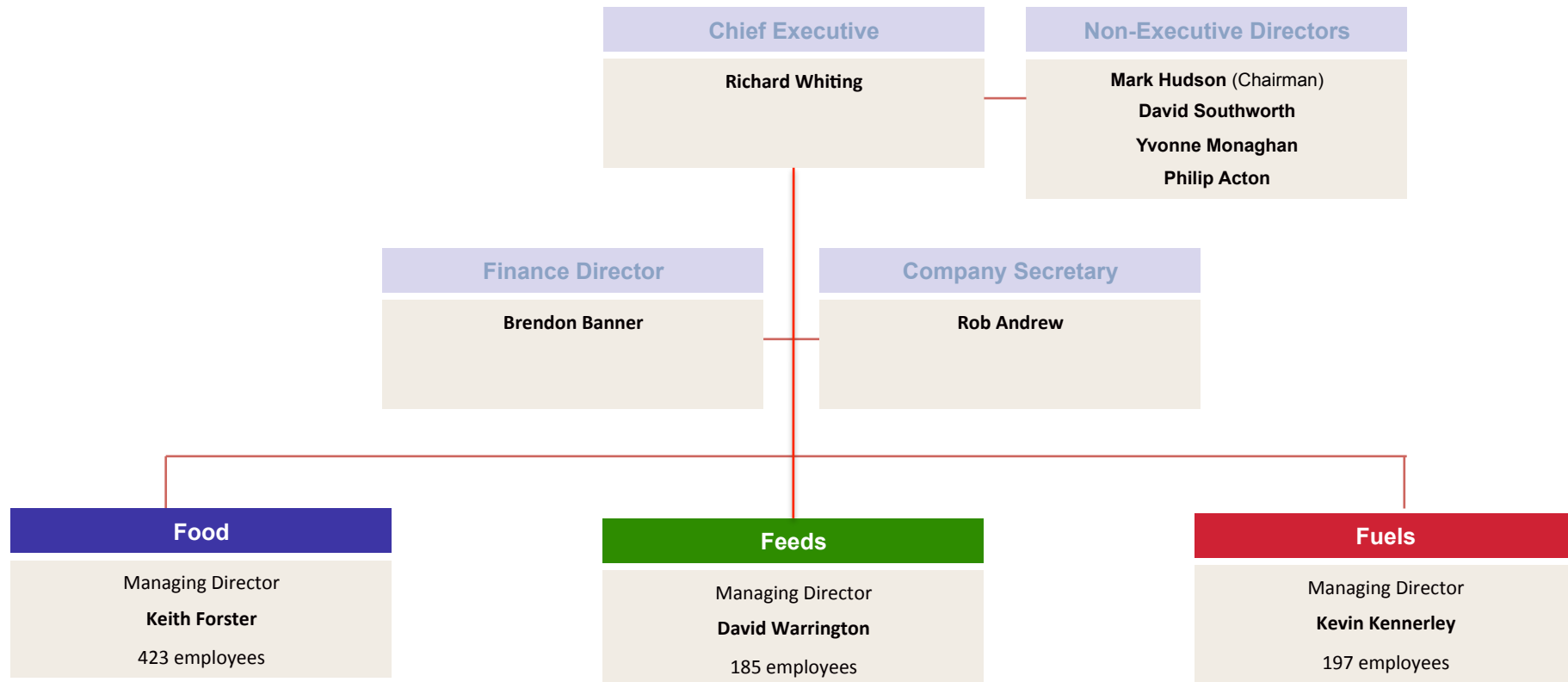
Fuels

Acle
Ammanford
Babbinswood
Bangor
Boston
Burnley
Burwell
Droitwich
Dyserth
Kenilworth
Kingsbury
Long Marston
Nottingham
Southampton
Stoke
Wardle*
Yate



Group overview

Additional information



Group overview

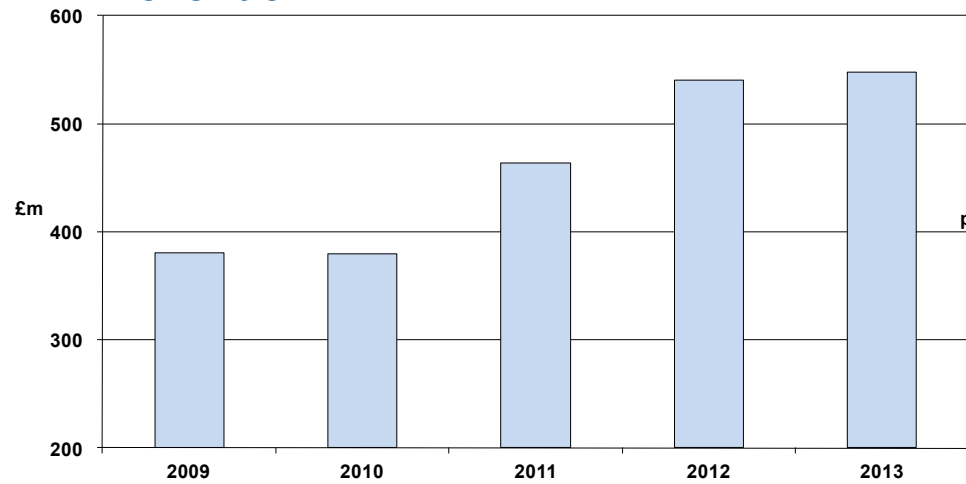
Wardle: Group head office and main operating site



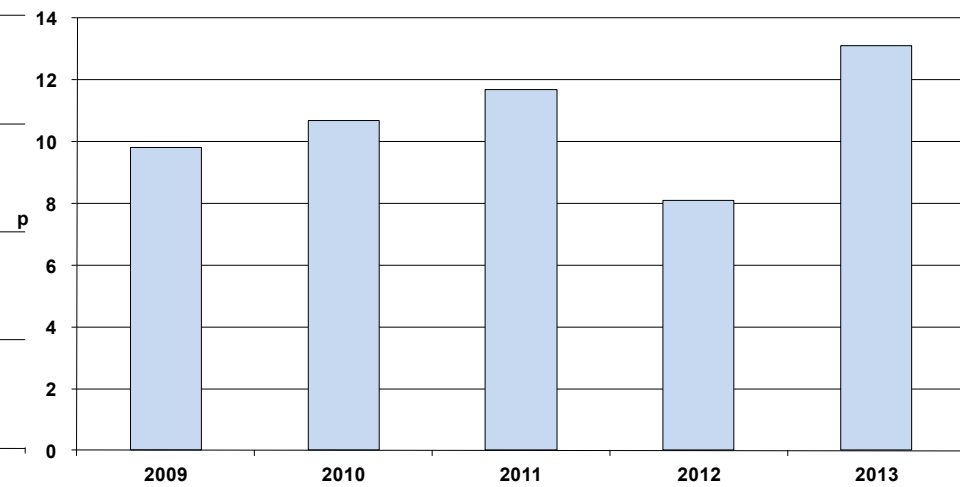
Group Overview

Five year financial performance

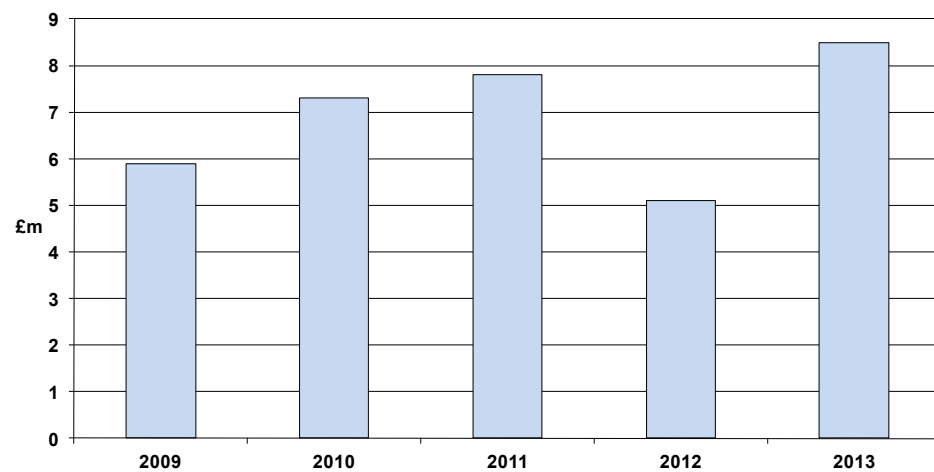
Revenue



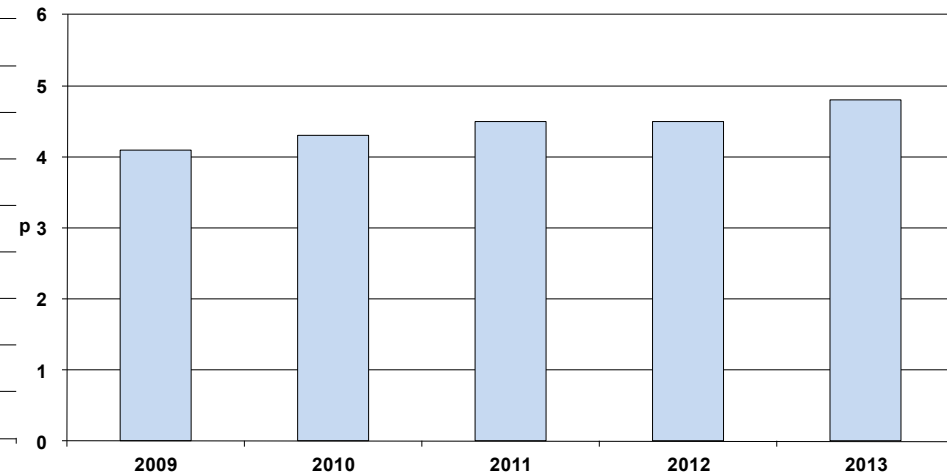
Headline EPS



Headline PBT



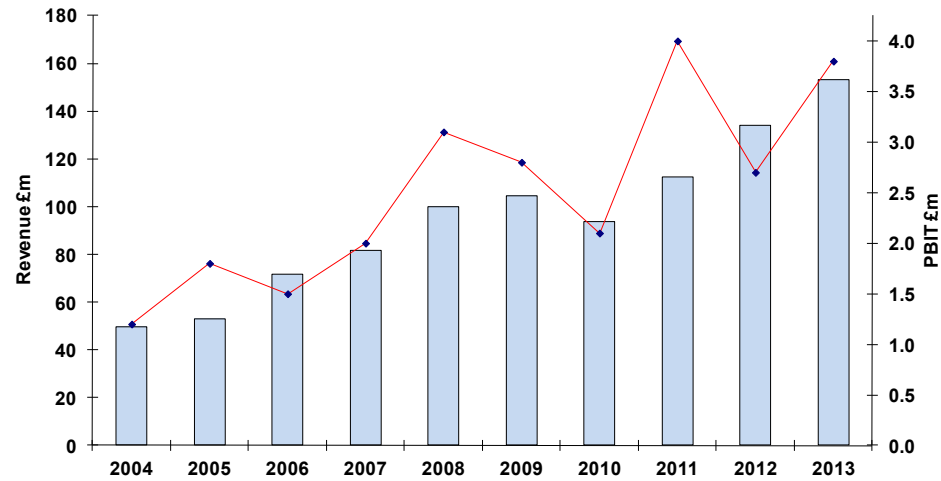
DPS



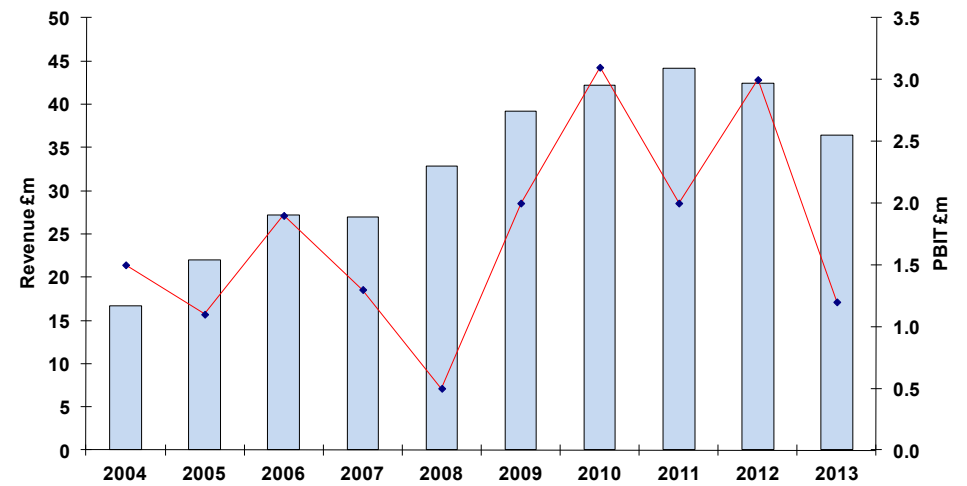
Group Overview

Divisional track record

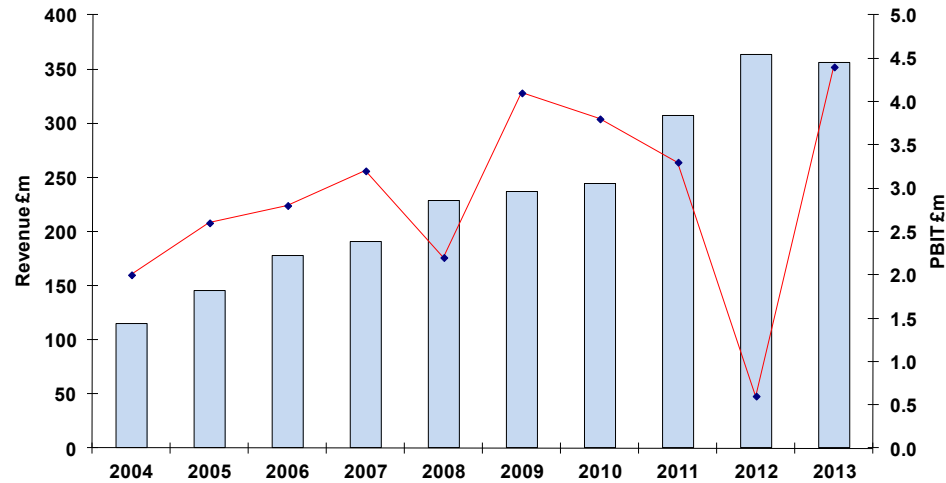
Feeds



Foods

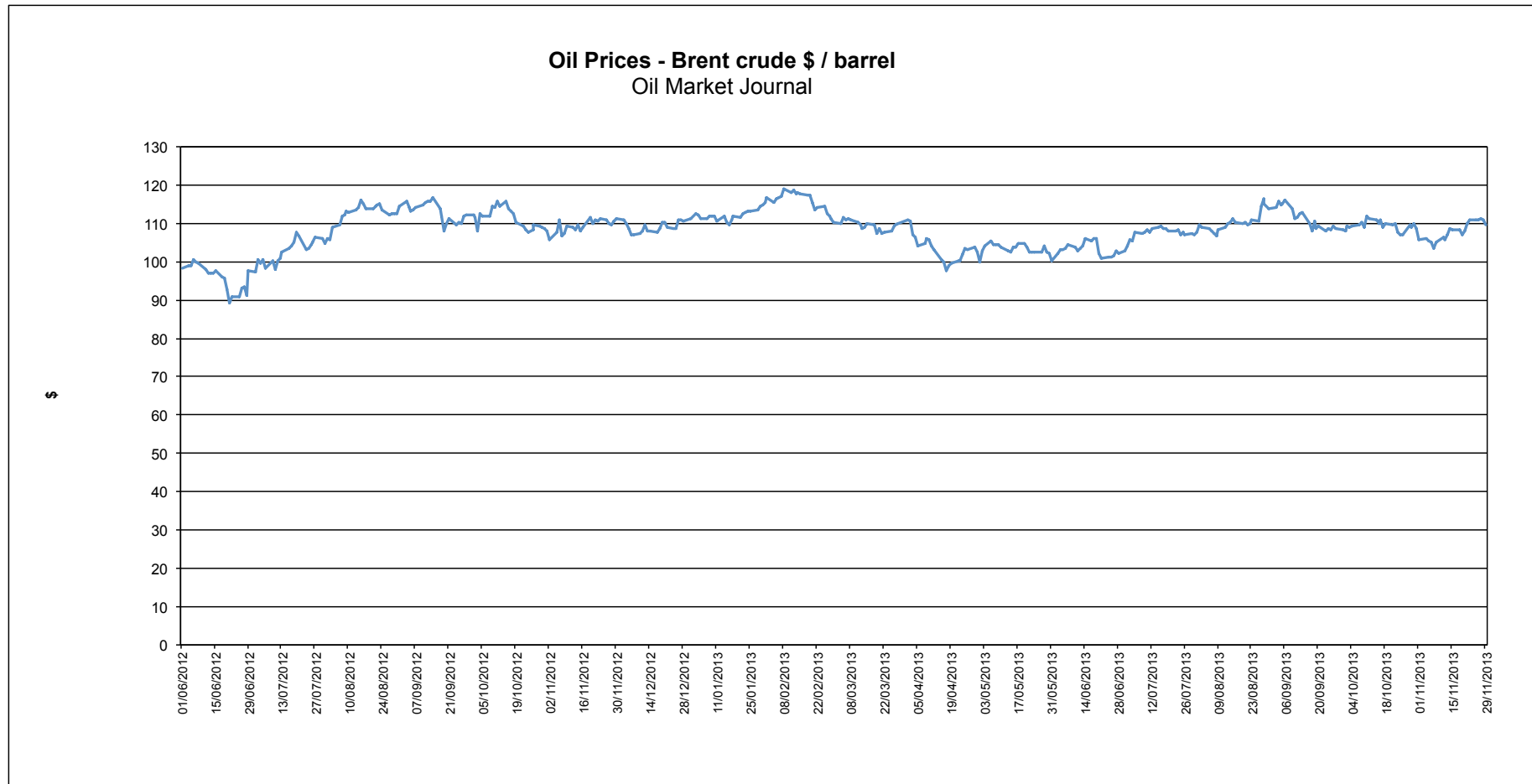


Fuels



Group overview

Fuels additional market data



Group overview

Feeds additional market data

