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# THE **FEED**, **FOOD** AND **FUEL** GROUP



HALF YEAR RESULTS  
**FOR THE PERIOD ENDED 30 NOVEMBER 2015**

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# GROUP OVERVIEW

## KEY HIGHLIGHTS

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Solid start to the year delivering on stated strategic initiatives
  - » Difficult market conditions
    - » Low milk price and falling commodity prices
    - » Food retailers competitive environment
    - » Warm autumn and winter to date
  - » Increased activity levels in all three divisions
    - » Feeds increased volumes
    - » Food at capacity and utilising overflow storage in the summer
    - » Fuels volume growth
  - » Completed good acquisitions in Feeds and Fuels
  - » Lower net debt despite acquisitions
  - » Interim dividend maintained
-

# GROUP OVERVIEW

## RESULTS SUMMARY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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### Revenue

**£224.6m** (9.1%)

2015	£224.6m
2014	£247.1m

### Headline operating profit\*

**£2.8m**

2015	£2.8m
2014	£2.8m

### Headline profit before tax\*

**£2.6m** + 4.0%

2015	£2.6m
2014	£2.5m

### Headline earnings per share\*

**4.3p** + 7.5%

2015	4.3p
2014	4.0p

### Net debt

**£10.4m** (16.1%)

2015	£10.4m
2014	£12.4m

### Dividend per share

**1.0p**

2015	1.0p
2014	1.0p

\* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme and the tax effect thereon where relevant

# OPERATIONAL HIGHLIGHTS

FEEDS

GROWTH IN A DIFFICULT MARKET

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Difficult market conditions with low milk prices continuing
- » Ruminant feed market volumes lower as a result of a warm dry autumn
- » Feed commodities fallen further in the period to historic lows
- » Underlying volumes robust
- » Delivering operational efficiencies
- » New Breed acquired in July and performing well



## Revenue

**£62.1m** (8.7%)

2015	£62.1m
2014	£68.0m

## Operating profit

**£0.3m** +200.0%

2015	£0.3m
2014	£0.1m

## Tonnes

**264,000** +2.3%

2015	264,000
2014	258,000

## OPERATIONAL HIGHLIGHTS

FOOD

DELIVERING OPERATING EFFICIENCY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Customer demand ahead of capacity over the summer
  - » Utilised external storage facilities in the North West
- » Service levels maintained at 99.7%
- » Focus on managing load preparation to improve on time departure performance
- » Strong performance from repacking operations supporting customer needs including Halloween
- » Palletline distribution service small contribution but in line with plans



### Revenue

**£19.3m** +2.7%

2015	£19.3m
2014	£18.8m

### Operating profit

**£1.4m** (6.7%)

2015	£1.4m
2014	£1.5m

### Average pallets stored

**99,000** + 5.3%

2015	99,000
2014	94,000



## OPERATIONAL HIGHLIGHTS

### FUELS

### GROWTH IN A LOWER OIL PRICE MARKET

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Significant fall in oil price to historic low, 47% fall in Brent crude compared to prior year
- » Improved affordability for customers with no negative impact on NWF
- » New start up operations at Martlet and Home County Fuels making progress
- » Drive for commercial volume and increased card marketing sales in the period
- » Warm autumn reduced market demand for heating oil
- » Staffordshire Fuels acquired November 2015 performing well



#### Revenue

**£143.2m** (10.7%)

2015	£143.2m
2014	£160.3m

#### Operating profit

**£1.1m** (8.3%)

2015	£1.1m
2014	£1.2m

#### Litres

**213m** +8.1%

2015	213m
2014	197m

# FINANCIAL REVIEW

## INCOME STATEMENT SUMMARY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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	Nov 2015 £m	Nov 2014 £m	May 2015 £m
<b>Revenue</b>			
Food	19.3	18.8	37.2
Feeds	62.1	68.0	144.9
Fuels	143.2	160.3	310.2
<b>Total revenue</b>	<b>224.6</b>	247.1	492.3
<b>Operating profit</b>			
Food	1.4	1.5	2.5
Feeds	0.3	0.1	1.8
Fuels	1.1	1.2	4.3
<b>Headline operating profit*</b>	<b>2.8</b>	2.8	8.6
Exceptional items	(0.4)	-	0.5
<b>Operating profit as reported</b>	<b>2.4</b>	2.8	9.1
Finance costs	(0.6)	(0.7)	(1.2)
<b>Headline profit before taxation*</b>	<b>2.6</b>	2.5	8.1
Exceptional items	(0.4)	-	0.5
Net finance costs - DB scheme	(0.4)	(0.4)	(0.7)
<b>Profit before taxation</b>	<b>1.8</b>	2.1	7.9
Tax	(0.4)	(0.5)	(1.7)
<b>Profit after taxation</b>	<b>1.4</b>	1.6	6.2
Headline EPS (pence)*	4.3	4.0	13.2
DPS (pence)	1.0	1.0	5.4
Dividend cover	4.3	4.0	2.4
Interest cover (excl pension finance)	14.0	9.3	17.2

- » Revenue decreased by 9.1% reflecting lower oil prices in Fuels and lower commodity prices in Feeds
- » Headline operating profit\* of £2.8 million in line with expectations
- » Exceptional costs of £0.4 million
- » Headline PBT\* increased 4.0% to £2.6 million (H1 2014: £2.5 million)
- » Headline EPS\* increased 7.5% to 4.3p (H1 2014: 4.0p)
- » Interim dividend maintained at 1p

\* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme, and the tax effect thereon where relevant

# FINANCIAL REVIEW

## BALANCE SHEET SUMMARY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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	Nov 2015 £m	Nov 2014 £m	May 2015 £m
Fixed assets	61.6	55.0	54.6
Net working capital	7.5	11.2	7.5
<b>Assets employed</b>	<b>69.1</b>	66.2	62.1
Pension deficit	(19.2)	(19.7)	(20.2)
Net debt	(10.4)	(12.4)	(5.9)
Deferred consideration	(1.4)	-	-
Tax provisions	(1.5)	(1.0)	(1.2)
<b>Net assets</b>	<b>36.6</b>	33.1	34.8
Net debt : EBITDA	0.8	1.1	0.5
Total assets	122.9	121.9	117.8
<b>ROCE*:</b>			
Food	8.6%	8.9%	9.3%
Feeds	6.2%	6.0%	6.0%
Fuels	48.3%	51.2%	69.5%
Total ROCE	12.4%	11.6%	13.8%

\* 12 month ROCE

- » Fixed assets increased to £61.6 million as a result of capex and acquisitions
- » Working capital (including acquired businesses) improved by £3.7 million
- » Pension deficit decreased predominantly due to higher discount rate
- » Strong asset underpin with total assets of £122.9 million
- » Net debt decreased by 16.1% to £10.4 million
- » Net Debt : EBITDA down to 0.8x (2014: 1.1x)
- » Group ROCE increased to 12.4%



# FINANCIAL REVIEW

## CASH FLOW SUMMARY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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	Nov 2015 £m	Nov 2014 £m	May 2015 £m
<b>Cash flows from operating activities</b>			
Operating profit	2.4	2.8	9.1
Depreciation and amortisation	2.0	2.0	4.0
Working capital	(0.5)	(1.3)	2.4
Other	(0.7)	(0.8)	(1.1)
<b>Operating cash flow</b>	<b>3.2</b>	<b>2.7</b>	<b>14.4</b>
Interest paid	(0.2)	(0.3)	(0.5)
Tax paid	(0.6)	(0.8)	(1.6)
<b>Net cash from operating activities</b>	<b>2.4</b>	<b>1.6</b>	<b>12.3</b>
<b>Cash flows from investing activities</b>			
Capital expenditure (net)	(2.2)	(2.9)	(4.6)
Acquisition of subsidiaries	(4.5)	-	-
Other	-	0.6	-
	<b>(4.3)</b>	<b>(0.7)</b>	<b>7.7</b>
Dividends paid	-	-	(2.4)
Other financing cash inflows	-	-	0.5
	<b>(4.3)</b>	<b>(0.7)</b>	<b>5.8</b>
HP acquired	(0.2)	-	-
<b>Movement in net debt</b>	<b>(4.5)</b>	<b>(0.7)</b>	<b>5.8</b>

- » Headline EBITDA\* £4.8 million (H1 2014: £4.8 million)
- » Improvement in working capital performance compared to November 2014
- » Strong cash generation with operating cash flow of £3.2 million
- » Continued good cash conversion ratio of 100.0% (H1 2014: 57.1%)
- » Ongoing capital expenditure, £2.2 million
- » £4.5 million spent on acquisitions
- » Lower net debt despite acquisitions

\* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme, and the tax effect thereon where relevant

# FINANCIAL REVIEW

## NET DEBT SUMMARY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

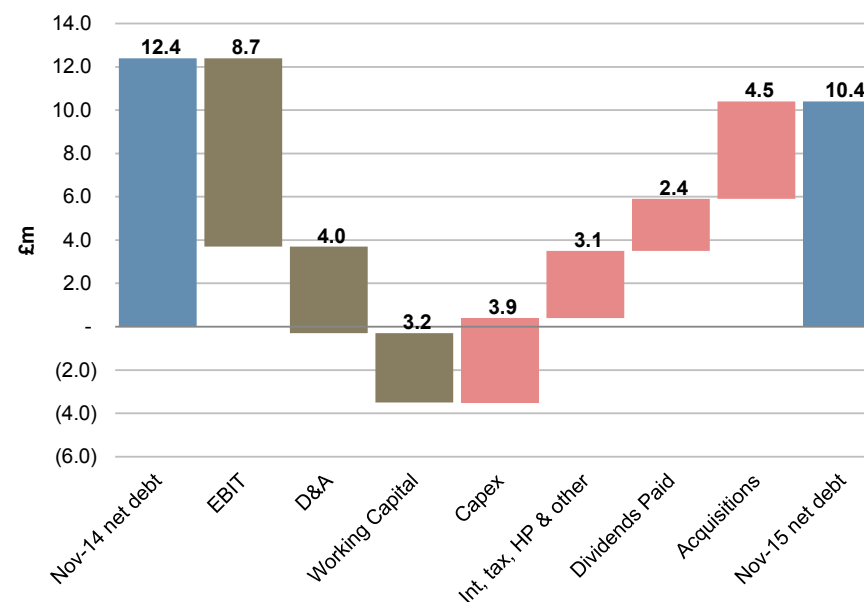
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- » Committed facilities of £65.0 million with RBS until October 2019
- » November 2015 net debt £10.4 million, substantial facility and covenant headroom

Facility	Facility	Drawn
Invoice Discounting	£50.0m	£3.2m
RCF/Guarantees	£14.0m	£7.0m
Overdraft/(Cash)	£1.0m	-
<b>Bank facilities</b>	<b>£65.0m</b>	<b>£10.2m</b>
HP acquired		£0.2m
		<b>£10.4m</b>

- » Majority of debt in the form of invoice discounting at a rate of Base +1.25%
- » Borrowing covenants: Net debt : EBITDA  
EBIT : Interest cost

## Movement in net debt



# DEVELOPMENT STRATEGY

GROUP SOLID PLATFORM FOR GROWTH

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Diversified source of earnings
  - » Solid cash generative business in large stable markets
  - » Development focus on agriculture
    - » Targeting consolidation opportunities in the UK
    - » Targeting innovative agriculture businesses
  - » Fuels can develop through new start-ups and bolt on acquisitions
  - » Food to develop through improved efficiencies and customer gains expanding the business
  - » Focus on total shareholder return – progressive dividend policy
-

# DEVELOPMENT STRATEGY

FEEDS

ACQUISITION OPPORTUNITIES

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Agriculture an attractive market for the Group
  - » Population growth
  - » Relationship with 4,500 farmers
  - » Trusted adviser to farmers
- » National player with a strong track record
- » Successful acquisitions: S.C. Feeds and New Breed

## Development Strategy

- » Opportunities for consolidation in ruminant market
- » Increase breadth of offering for famers through organic development and acquisitions

## Acquisition criteria:

- » Synergy with existing business
- » Development capability
- » Proven management team

GB Market	2011	2012	2013	2014	2015
Milk (Litres)	11.4bn	11.5bn	11.0bn	11.6bn	12.2bn
UK Dairy Herd	1.8m	1.8m	1.8m	1.8m	1.9m
Ruminant Feed Market (tonnes)	4.6m	4.6m	5.2m	4.9m	4.8m
NWF (tonnes)	462k	486k	481k	543k	567k
Market share	10%	10%	9%	11%	12%



# DEVELOPMENT STRATEGY

FOOD

DELIVERING SERVICE & EFFICIENCY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Market for ambient groceries challenging but stable
- » Working under contracts with blue chip brands and retailers
- » Clear customer proposition
  - » High service levels
  - » Low cost and efficient
  - » Boughey the leading regional operator
  - » Wardle site at capacity underpinned with long term contracts
- » Warehousing now in short supply in the UK

## Development Strategy

- » Maintain service and improve efficiencies
- » Target value added services e.g. Palletline
- » Invest in processes and systems
- » Target new business to support expansion
- » Optimise customer mix



# DEVELOPMENT STRATEGY

FUELS

ADDING DEPOTS TO A SUCCESSFUL NETWORK

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Third largest oil distributor in the UK
- » Low cost depot focused operating model
- » Network built predominantly by acquisition
- » Strong track record
- » Low ROS, high ROCE > 20%

## Development Strategy

- » Targeting better business balance at depots
- » New start ups at Brighton and Thames estuary
- » Targeting bolt-on acquisitions
  - » Staffordshire Fuels acquired Nov '15

## Acquisition criteria

- » Expand existing geographical area
- » Increase business density in an existing territory
- » Well established customer mix



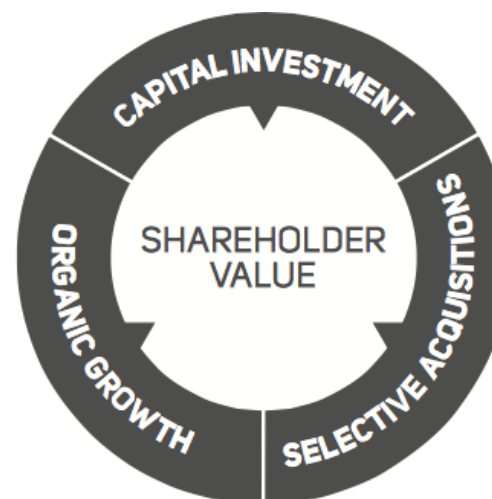
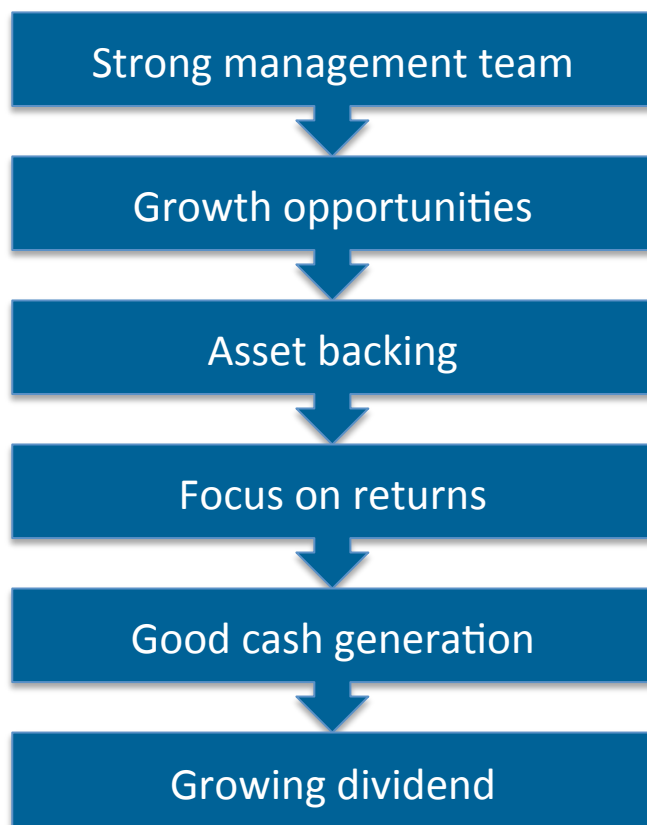


## GROUP OVERVIEW

NWF INVESTMENT SUMMARY

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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# GROUP OVERVIEW

## SUMMARY & OUTLOOK

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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- » Solid performance in the half year despite difficult markets
    - » Targeted initiatives in all three divisions
    - » Diversified source of earnings
  - » Development strategy delivering growth
  - » Acquisitions in line with stated strategic intention and performing well
  - » Strategic focus on Agri development opportunities
  - » Significant financing headroom for investment in growth initiatives
  - » Currently trading in line with the Board's full year expectations
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## GROUP OVERVIEW

### ADDITIONAL INFORMATION

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NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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

# BUSINESS OVERVIEW

## FEEDS

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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### Supply of feed to ruminants in the UK – principally dairy

- » National player – feeds one in six dairy cows in the UK, number two in the market
- » 567,000 tonnes per annum
- » Feed dairy, beef and sheep
- » Sell added value products including minerals, supplements and fertiliser
- » 4,500 customers
- » 203 people
- » 35 trucks, 18 trailers
- » Compound mills in Cheshire, Staffs and Devon
- » Blend plants in Dumfries & Galloway, Cheshire, Staffs and Devon



## BUSINESS OVERVIEW

### FOOD

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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### Consolidation of ambient grocery products to UK supermarkets

- » 100,000 pallet spaces
- » 800,000ft<sup>2</sup> of warehousing in Wardle
- » Market leader in the North West
- » 462 people
- » 100 trucks, 231 trailers
- » 99.7% service level
- » 200 customers including Princes & Typhoo
- » Packing room for added value work





# BUSINESS OVERVIEW

## FUELS

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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

- » Third largest oil distributor in the UK
- » 62,500 customers
- » 224 people
- » 19 depots across the UK
- » Supply 39 retail petrol stations
- » 101 tankers
- » Fuel card marketing
- » 460 million litres per annum





# GROUP OVERVIEW

## LOCATIONS

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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### Feeds

Dumfries  
Wardle\*  
Stone  
Wixland

### Food

Wardle\*

### Fuels

Ammanford  
Babbinswood  
Bangor  
Boston  
Burnley  
Burwell  
Droitwich  
Dyserth  
Great Yarmouth  
Kenilworth  
Kingsbury  
Long Marston  
Mansfield  
Nottingham  
Southampton  
Stoke  
Wardle\*  
Yate  
Staffordshire Fuels  
\* Wardle = Head office



# GROUP OVERVIEW

WARDLE MAIN SITE

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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## GROUP OVERVIEW

### FIVE YEAR TRACK RECORD

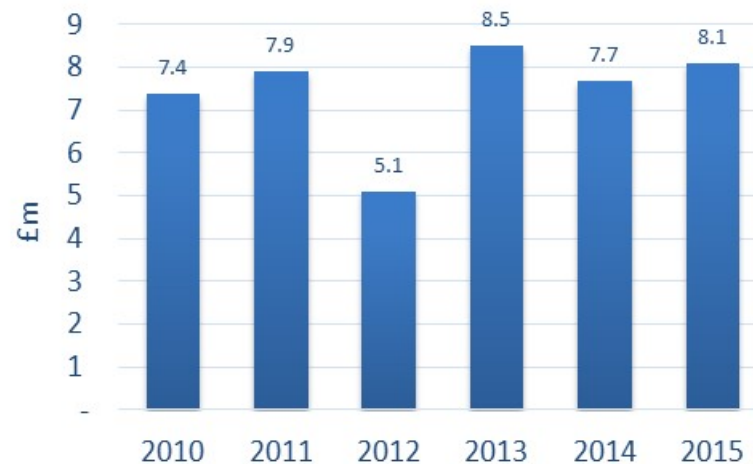
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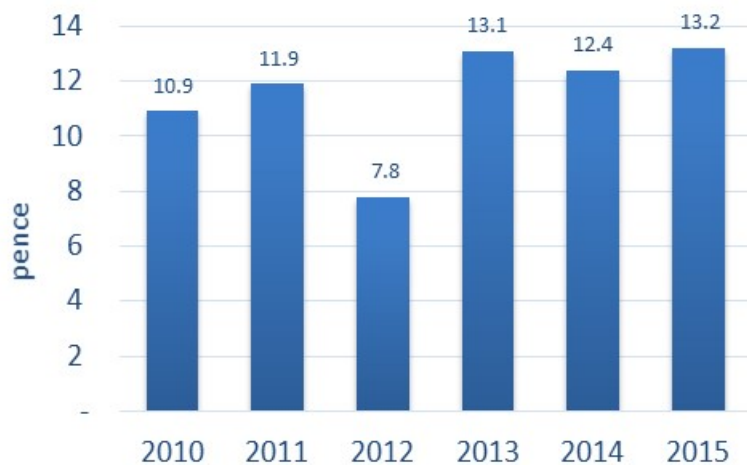
#### Revenue



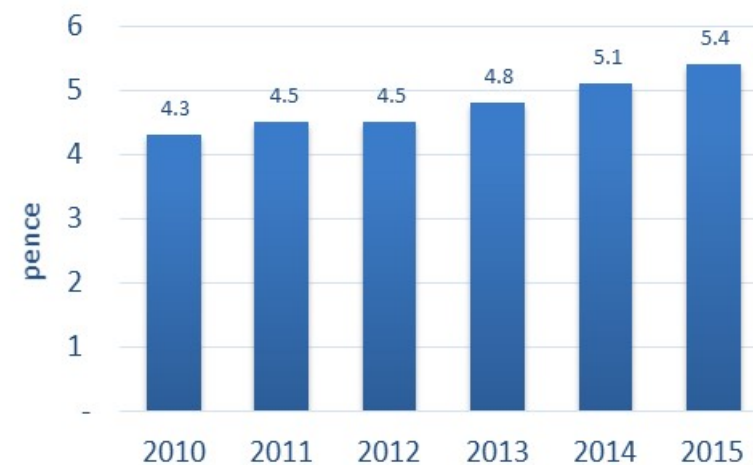
#### Headline PBT



#### Headline EPS



#### Dividend



# GROUP OVERVIEW

## DIVISIONAL TRACK RECORDS

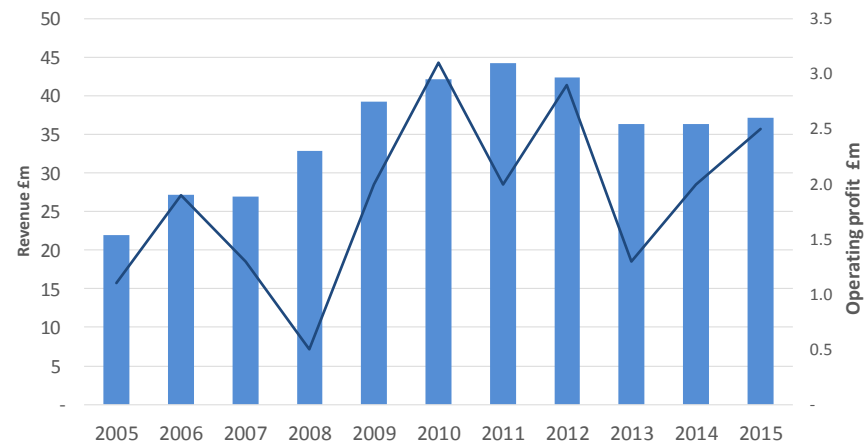
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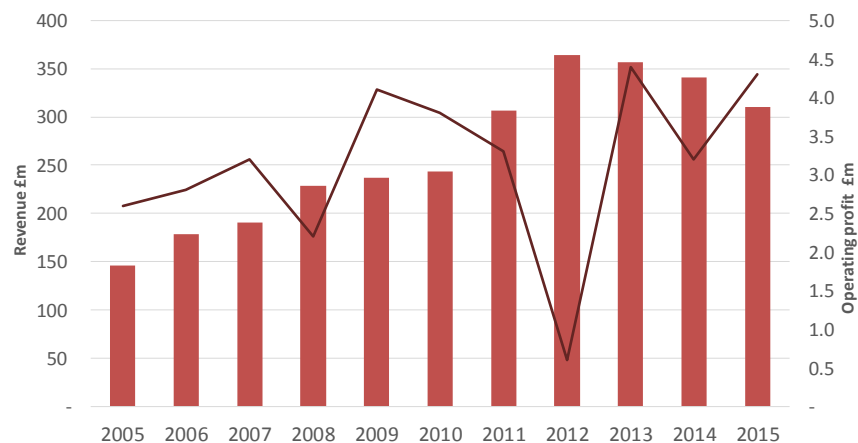
### Feeds



### Food



### Fuels

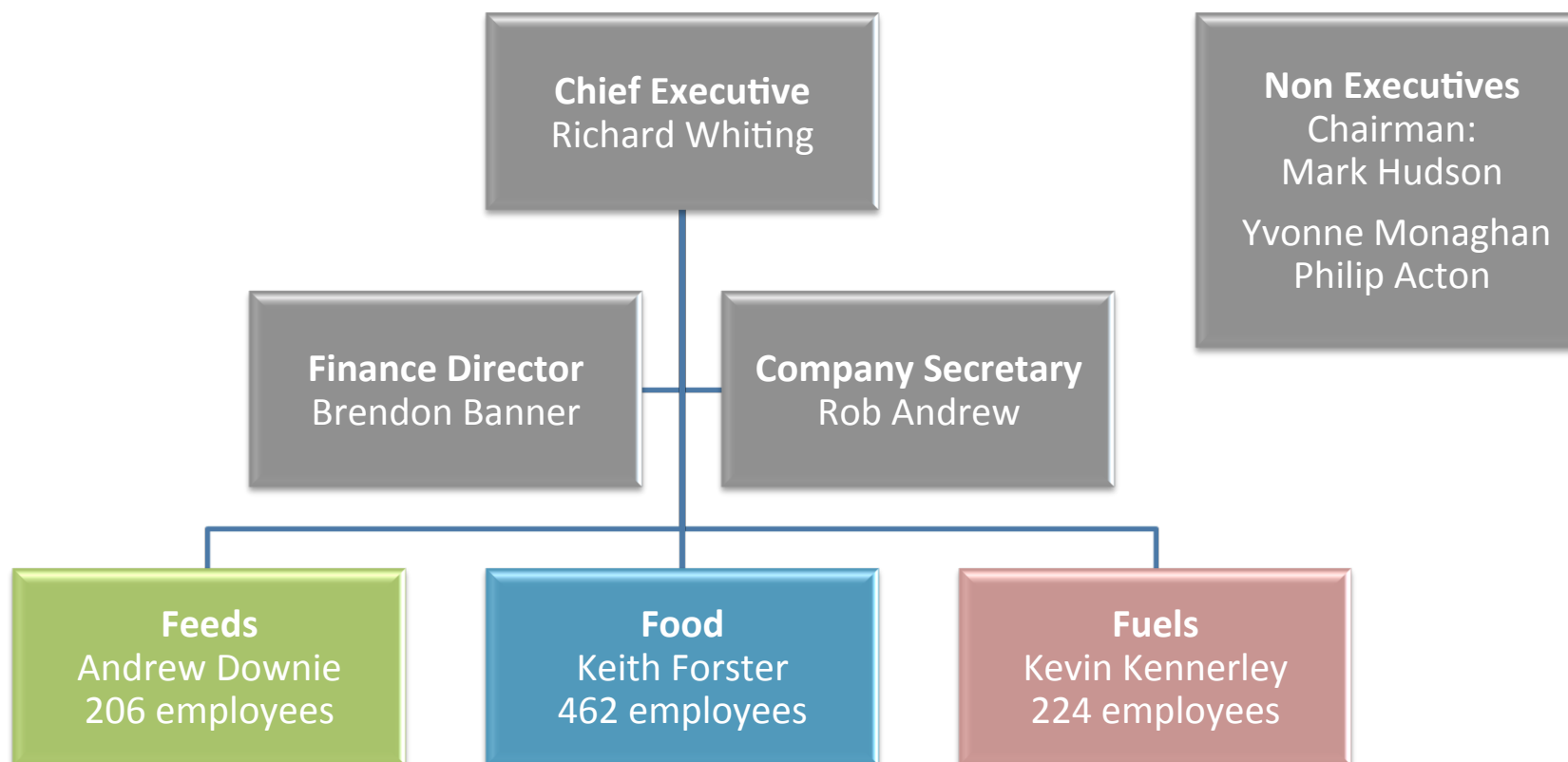


# GROUP OVERVIEW

## ORGANISATION

NWF GROUP plc  
HALF YEAR RESULTS TO 30 NOVEMBER 2015

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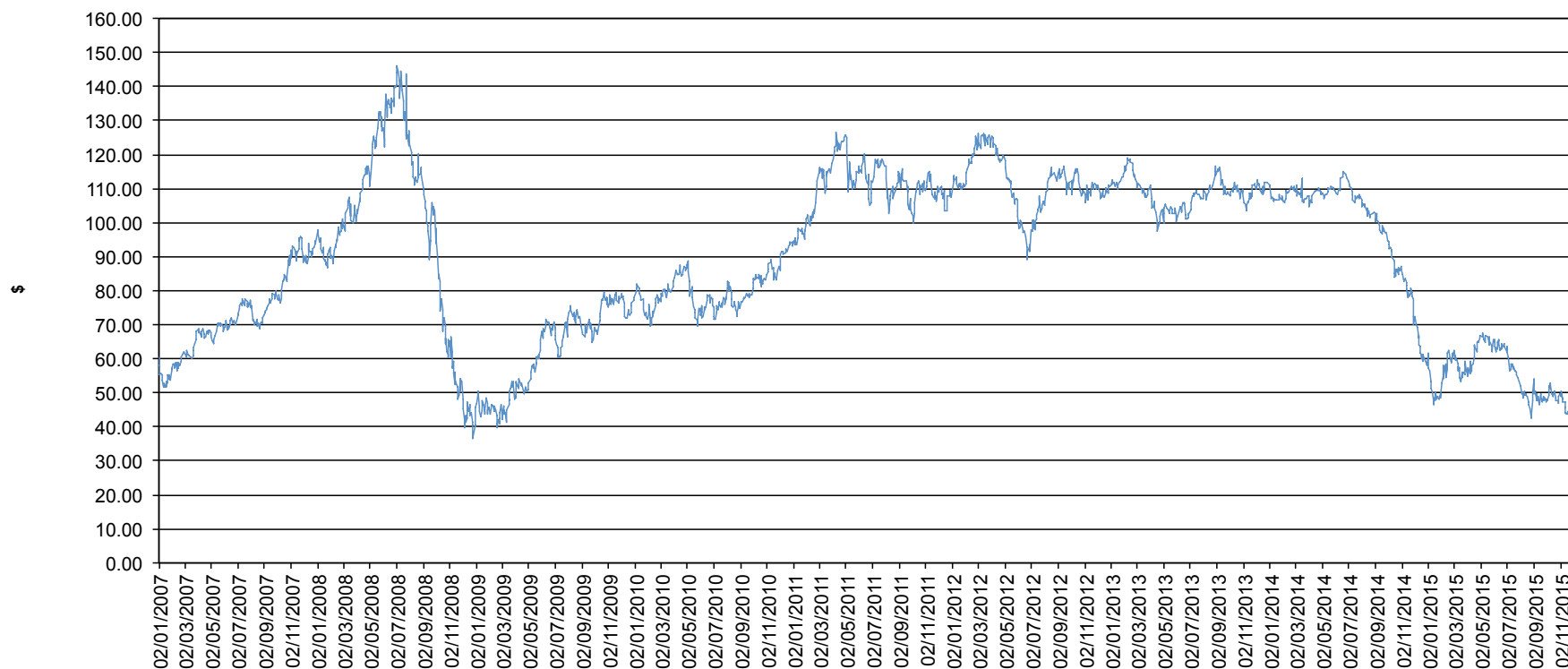
## GROUP OVERVIEW

FUELS ADDITIONAL MARKET DATA – last nine years

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HALF YEAR RESULTS TO 30 NOVEMBER 2015

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**Oil Prices - Brent crude \$ / barrel**  
Oil Market Journal





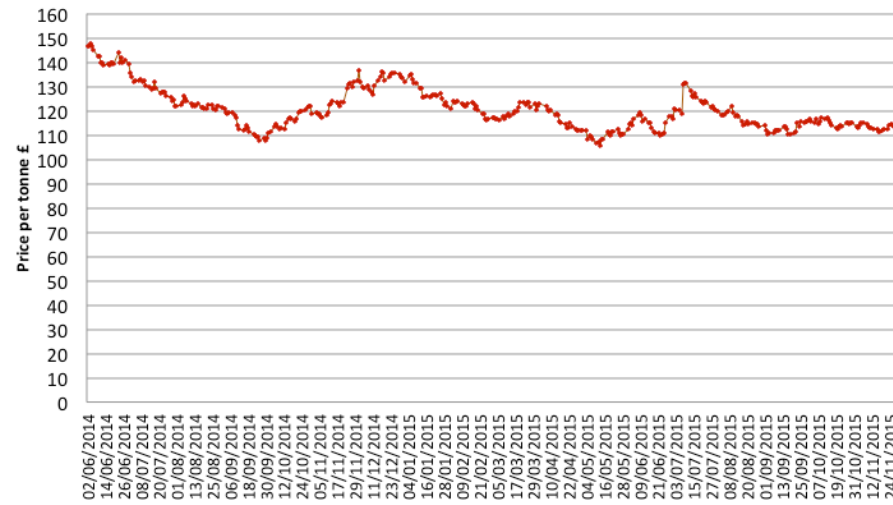
# GROUP OVERVIEW

## FEEDS ADDITIONAL MARKET INFO

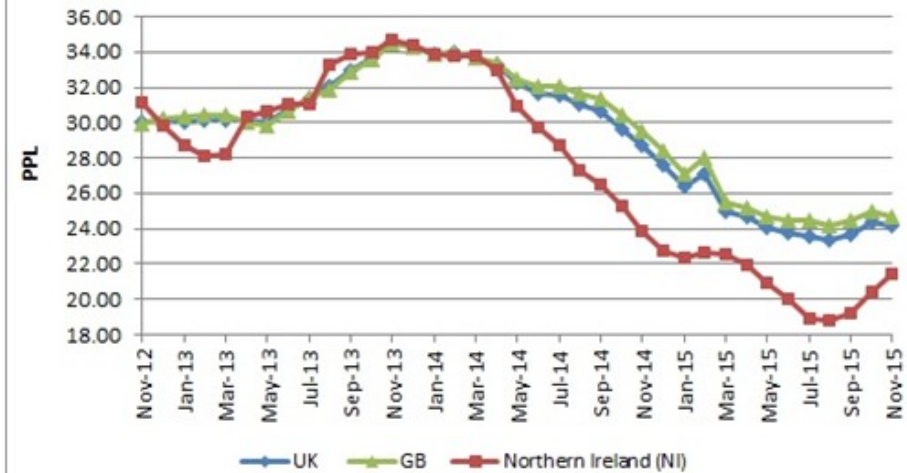
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Wheat Price LIFFE



Average UK, NI and GB Farmgate Prices



Soyameal Price CBOT

