



DELIVERING FUEL, FOOD & FEED

NWF GROUP PLC FINAL RESULTS TO 31 MAY 2018



GROUP OVERVIEW

Results summary: Record results delivering strong performance in exceptional conditions

Revenue

£611.0m +9.9%

2018 £611.0m

2017 £555.8m

Headline operating profit*

£10.6m +17.8%

2018 £10.6m

2017 £9.0m

Headline profit before tax*

£10.2m +20.0%

2018 £10.2m

2017 £8.5m

Headline earnings per share*

16.7p +19.3%

2018 16.7p

2017 14.0p

Net debt

£6.4m -50.8%

2018 £6.4m

2017 £13.0m

Dividend per share

6.3p +5.0%

2018 6.3p

2017 6.0p

* Stated before exceptional items (2017 only) and the net finance cost of the Group's defined benefit pension scheme and the tax effect thereon where relevant

GROUP OVERVIEW

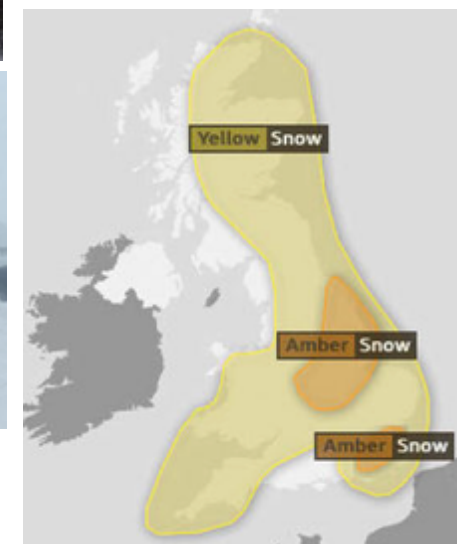
Key highlights

- » Record results for the Group
 - » Fuels rewarded for excellent service in a long, cold winter
 - » Food managed significant new customer on-take
 - » Feeds delivered planned increased returns on prior year's investment
- » Market conditions
 - » Long, cold winter conditions
 - » Rising commodity markets across Fuels and Feeds
- » Net debt 0.4x EBITDA
- » Renewed £65 million, 5 year banking facilities agreed with RBS
- » Dividend growth of 5%

FUELS - OPERATING HIGHLIGHTS

Excellent customer service in a long, cold winter

- » Reward for delivering great service in a long, cold winter
 - » Increased demand for heating oil and higher pence per litre
 - » Challenging winter conditions at all 19 depots; empowered depot teams gained customers
- » Further growth across depot network; increased all major fuel categories
- » Leadership succession; Kevin Kennerley retires after 40 years successful service – Richard Huxley new MD
- » Brent crude in the range \$45 - \$80 per barrel



Revenue

£400.7m +11.7%

2018 £400.7m

2017 £358.6m

Operating Profit

£6.9m +53.3%

2018 £6.9m

2017 £4.5m

Volume

543m +5.8%

2018 543m

2017 513m

FOOD - OPERATING HIGHLIGHTS

Managing significant new customer on-take

- » 20,000 pallet spaces of new business won in the year
 - » Securing new contracts
 - » Replaces large contract
 - » Improved customer profile
- » Managed challenges of multiple new customer on-take; recruitment/training of over 50 additional staff and warehouse reorganisation completed in the year
- » Activity levels (loads) up 17% in the second half
- » Palletline distribution service – continued development and additional resources deployed
- » Fledgling e-commerce fulfilment business

maxi muscle



Revenue

£40.4m +3.6%

2018 £40.4m

2017 £39.0m

Operating Profit

£0.7m (76.7%)

2018 £0.7m

2017 £3.0m

Pallets Stored

90,000 (7.2%)

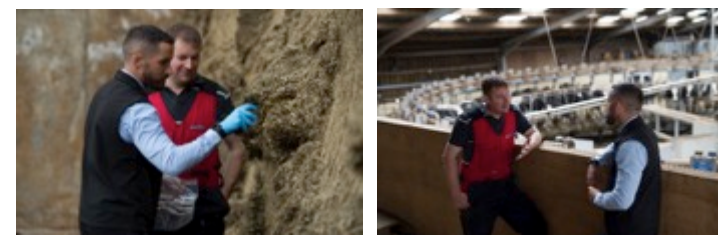
2018 90,000

2017 97,000

FEEDS - OPERATING HIGHLIGHTS

Planned returns from strategic investment

- » Delivered planned returns on prior year investment
 - » Reduced operation and transport costs
- » Pricing aligned to commodity prices
- » Increased sales of traded products to farming customers
- » Market conditions positive
 - » Milk prices stable at over 27p per litre
 - » Milk production up 4.8%
 - » Ruminant feed market volumes up 8.7%
 - » Spot commodities up 27% over the year (5 year high)



Revenue

£169.9m +7.4%

2018	£169.9m
2017	£158.2m

Operating Profit

£3.0m +100.0%

2018	£3.0m
2017	£1.5m

Tonnes

589,000 -

2018	589,000
2017	589,000

FINANCIAL REVIEW

Income statement summary

	May 2018 £m	May 2017 £m
Revenue		
Fuels	400.7	358.6
Food	40.4	39.0
Feeds	169.9	158.2
Total revenue	611.0	555.8
Operating profit		
Fuels	6.9	4.5
Food	0.7	3.0
Feeds	3.0	1.5
Headline operating profit*	10.6	9.0
Exceptional items	-	(1.2)
Operating profit	10.6	7.8

- » Revenue increased by 9.9%:
 - » £27m from higher activity levels
 - » £28m from increased commodity costs in Fuels and Feeds
- » Headline operating profit of £10.6 million – up 17.8% on prior year
- » No exceptional items in FY2018

Fuels	2013	2014	2015	2016	2017	2018
Litres (million)	411	402	420	474	513	543
Profit (pence per litre)	1.1p	0.8p	1.0p	0.8p	0.9p	1.3p
Litres per depot (m)	24.2	23.6	24.7	24.9	27.0	28.6
Revenue per litre	£0.87	£0.85	£0.74	£0.62	£0.70	£0.74

- » Fuels volumes up 5.8%
- » Profit pence per litre up 0.4p

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

FINANCIAL REVIEW

Income statement summary - continued

	May 2018 £m	May 2017 £m
Operating profit	10.6	7.8
Finance costs	(0.9)	(1.1)
Headline profit before tax*	10.2	8.5
Exceptional items	-	(1.2)
Net finance costs - DB scheme	(0.5)	(0.6)
Profit before tax	9.7	6.7
Tax	(1.9)	(1.2)
Profit after tax	7.8	5.5

- » Headline PBT* increased 20.0% to £10.2 million
- » Effective tax rate of 20% – in line with underlying rate
- » Record diluted headline EPS – increased 19.3% to 16.7p
- » Full year dividend increased by 5.0% to 6.3p

Diluted headline EPS (pence)*	16.7	14.0
DPS (pence)	6.3	6.0
Dividend cover	2.7	2.3
Interest cover (excl pension finance)	26.5	18.0

* 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

FINANCIAL REVIEW

Balance sheet summary

	May 2018 £m	May 2017 £m
Fixed assets	67.9	69.4
Net working capital	2.5	3.5
Assets employed	70.4	72.9
Pension deficit	(17.1)	(19.9)
Net debt	(6.4)	(13.0)
Deferred consideration	(0.8)	(1.4)
Tax provisions	(1.6)	(0.6)
Provisions	(0.1)	(0.3)
Net assets	44.4	37.7
Net debt : EBITDA	0.4	1.0
Total Assets	141.6	139.6
ROCE:		
Fuels	71.9%	45.5%
Food	2.7%	11.3%
Feeds	8.7%	4.2%
Total ROCE	15.1%	12.4%

- » Fixed assets reduced to £67.9 million as a result of planned lower levels of capital expenditure
- » Working capital improved by £1.0 million
- » Net debt reduced by £6.6 million reflecting trading performance, lower levels of capital expenditure and working capital improvements
- » Net debt : EBITDA 0.4x (2017: 1.0x)
- » Strong asset underpin – total assets of £141.6 million
- » Group ROCE increased to 15.1%

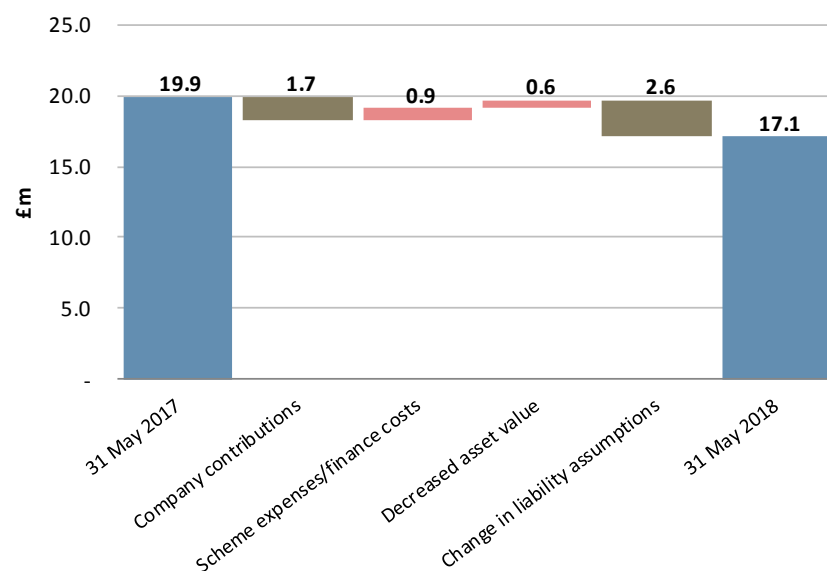
FINANCIAL REVIEW

Pension summary

Movement in pension scheme deficit

	May 2018 £m	May 2017 £m
Assets	36.3	39.5
Liabilities	(53.4)	(59.4)
Deficit	(17.1)	(19.9)
Related deferred tax asset	2.9	3.4
Net pension liability	(14.2)	(16.5)
Discount rate	2.75%	2.60%
Inflation rate (RPI)	3.05%	3.15%

- » Single defined benefit pension scheme
- » Closed to new members in 2002 and future accrual in 2016
- » Pension scheme deficit reduction of £2.8 million (accounting basis) since May 2017 – primarily the impact of discount rate
- » Current recovery plan contributions £1.8 million following triennial valuation in December 2016
- » Not constraining investment in Group development



FINANCIAL REVIEW

Cash flow summary

	May 2018 £m	May 2017 £m
Cashflows from operating activities		
Operating profit	10.6	7.8
Depreciation and amortisation	4.5	4.2
(Profit)/loss on disposal of fixed assets	(0.1)	-
Working capital	1.0	0.2
Utilisation of provision	(0.2)	(0.2)
Contribution to pension scheme not recognised in income statement	(1.3)	(1.0)
Other	0.2	(0.2)
Operating cash flow	14.7	10.8
Interest paid	(0.4)	(0.5)
Tax paid	(1.4)	(1.4)
Net cash from operating activities	12.9	8.9
Cash flows from investing activities		
Capital additions (net of receipts from disposals)	(2.9)	(9.2)
Payment of contingent deferred consideration	(0.5)	-
	9.5	(0.3)
Dividends paid	(2.9)	(2.8)
Movement in net debt	6.6	(3.1)

- » Headline EBITDA* of £15.1 million (2017: £13.2 million)
- » Further improvement in working capital performance
- » Contribution to the pension scheme of £1.3 million (2017: £1.0 million)
- » Strong cash generation from operating activities of £12.9 million (2017: £8.9 million)
- » Net capital expenditure of £2.9 million (all replacement and maintenance)
- » Excellent cash conversion ratio of 122% (2017: 99%)
- » £0.5 million of deferred consideration paid in FY18, balance of £0.9 million payable in FY19

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

FINANCIAL REVIEW

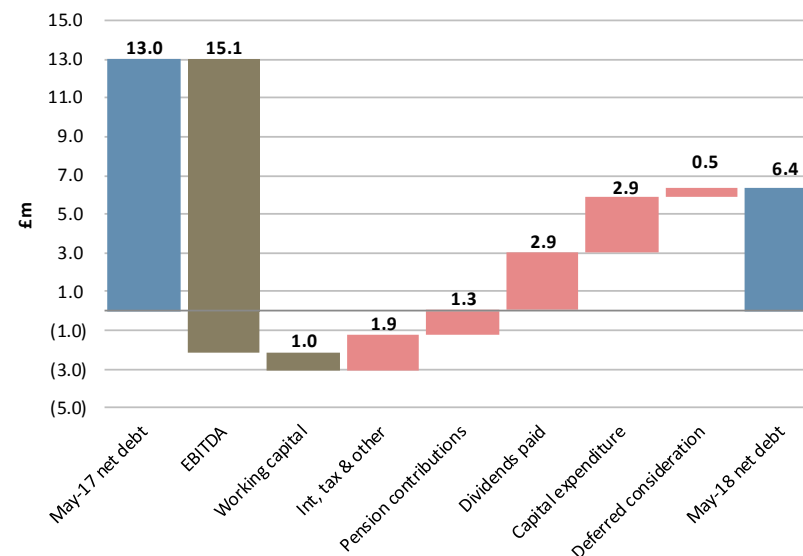
Net debt summary

- » Renewed facilities of £65 million with RBS until October 2023
- » Net debt of £6.4 million at May 2018 with substantial facility and covenant headroom

Facility	Facility	Drawn
Invoice Discounting	£50.0m	£2.8m
RCF/Guarantee	£14.0m	£4.0m
Overdraft/(Cash)	£1.0m	(£0.5m)
Bank facilities	£65.0m	£6.3m
Hire Purchase		£0.1m
		£6.4m

- » Majority of facility 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

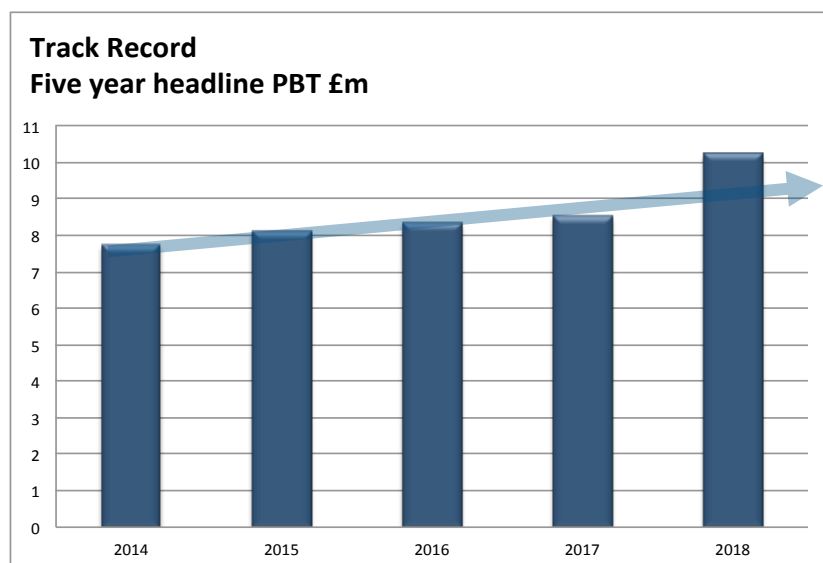


- » £7.1m cash generated before development expenditure

GROUP DEVELOPMENT STRATEGY

Solid platform for growth – good track record

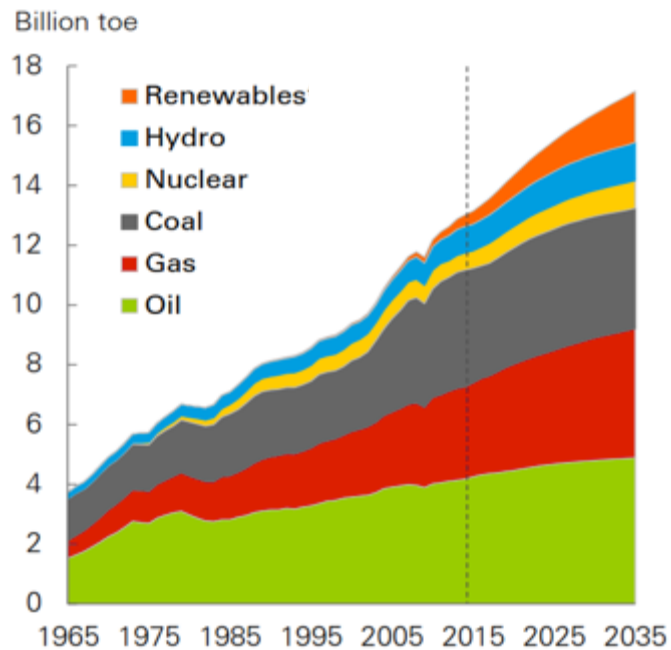
- » Diversified sources of earnings deliver resilient growth
- » Solid cash generative businesses in large stable markets
- » Fuels: consolidate the market and winning new customers
- » Food: optimise customer mix and targeted expansion
- » Feeds: consolidate the market and broaden offer
- » Solid track record and an ambitious Board
- » Focus on total shareholder return



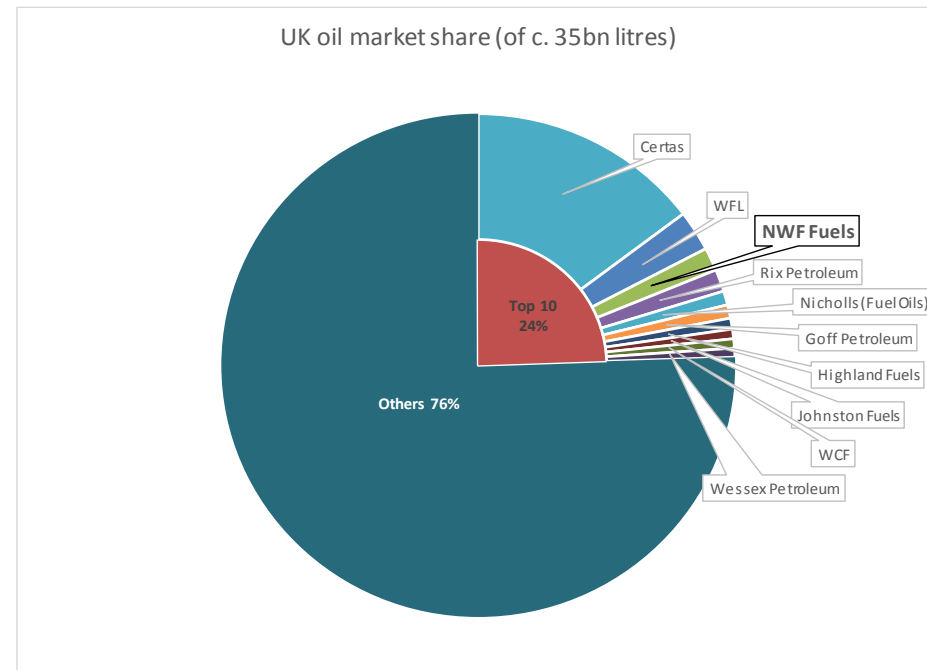
FUELS - DEVELOPMENT STRATEGY

Consolidate the market

- » Fragmented market for oil distribution
- » Stable demand for oil with other energy sources to meet increasing demand for energy



Source: BP global energy market



Source: company estimates

FUELS - DEVELOPMENT STRATEGY

Consolidate the market

- » Third largest oil distributor in the UK
- » Low cost depot operating model
- » Good track record of acquisition integration
- » Low ROS, high ROCE > 20%

Development Strategy

- » Consolidation of UK depot market
- » Organic growth of commercial and domestic customers

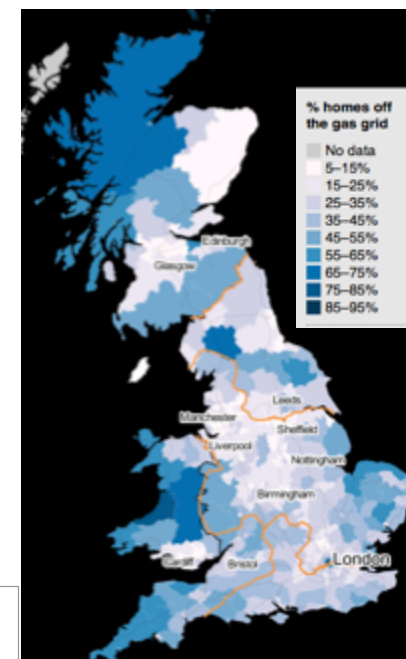
Acquisition criteria

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

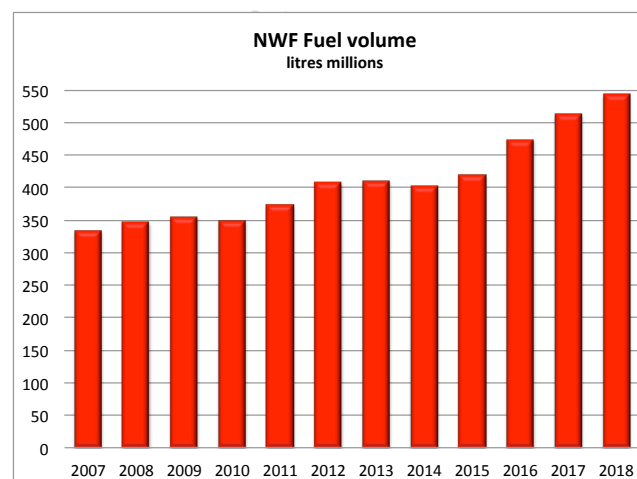
NWF depots May 2018



Off gas grid homes in GB



Source: Department for Business, Energy and Industrial Strategy



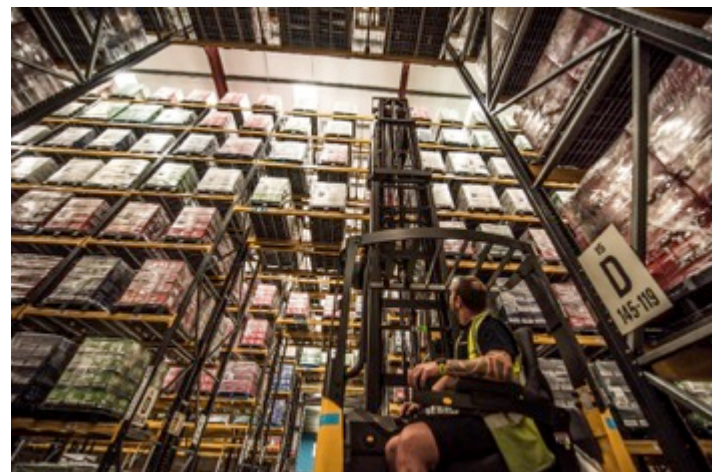
FOOD - DEVELOPMENT STRATEGY

Delivering service and efficiency

- » Market for ambient groceries remains large and stable
- » Working under contracts with blue chip brands and retailers
- » Delivering products across the UK
- » Warehousing in the UK remains in short supply

Development Strategy

- » Deliver operating efficiencies with new customer mix
- » Continue development of Palletline, exploring geographical expansion
- » Develop e-fulfilment capability and customer base
- » Optimise customer mix



e-fulfilment process



FEEDS - DEVELOPMENT STRATEGY

Consolidate the market and broaden the offer

- » Operational platform completed
- » Market prospects underpinned by stable milk prices
- » Agriculture an attractive market for the Group
- » National player with a strong track record

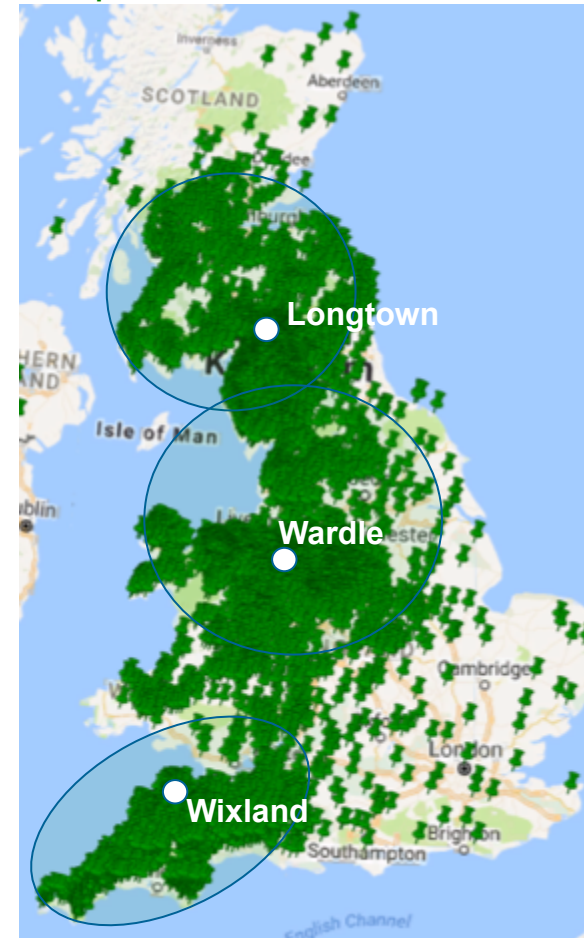
Development Strategy

- » Target market consolidation opportunities – driving market efficiency through lower cost to serve
- » Focus on increasing breadth of nutritional offering through organic development and acquisitions

Acquisition criteria

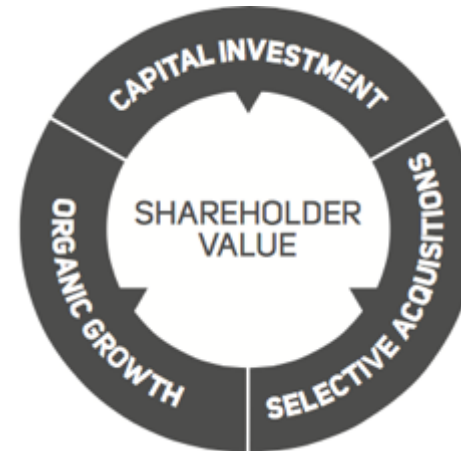
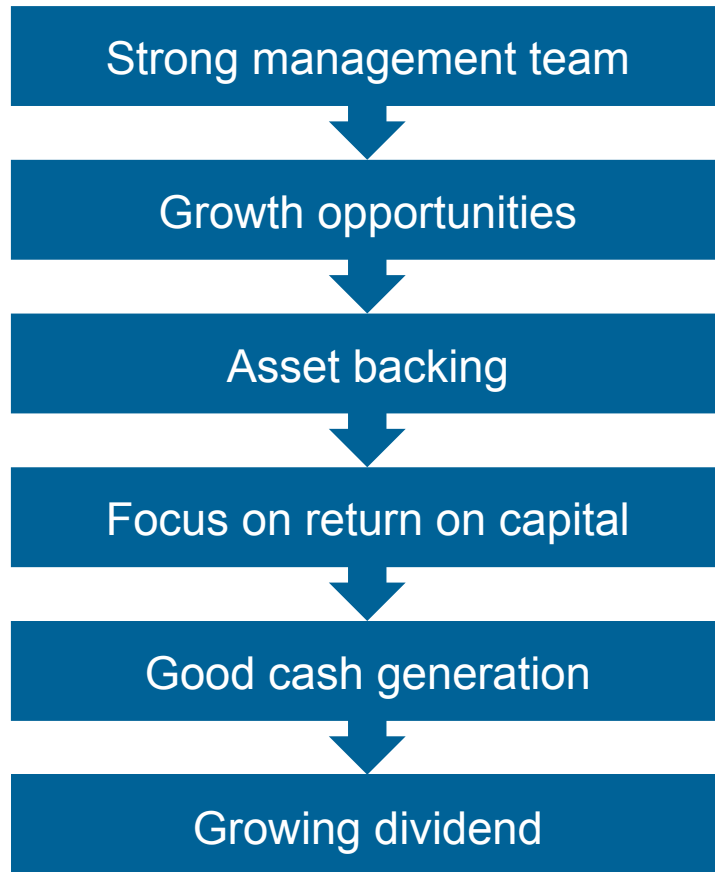
- » Synergy with existing business
- » Development capability
- » Proven management team

Principal feed mills & customers



GROUP OVERVIEW

NWF Investment summary



GROUP OVERVIEW

Summary and outlook

- » Record results for the Group, reward for delivering great service in a long, cold winter; delivered profit and converted into cash
- » Established a clear development strategy with a proven track record
- » Strong balance sheet
- » Renewed £65 million, 5 year banking facilities agreed with RBS
- » Brexit
 - » NWF operates in UK-only, large, stable markets
 - » Continue to monitor and plan contingencies with customers and suppliers
- » Currently trading in line with the Board's expectations
 - » Fuels - planning for more normal winter conditions
 - » Food - improving operating efficiency with new customer profile
 - » Feeds - continuing to benefit from returns on previous investment
- » Confidence in the the future development opportunities and outlook for the Group

GROUP OVERVIEW

Additional information

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

GROUP OVERVIEW

Analyst coverage and consensus forecasts

	Actual	Consensus forecasts		
	2018	2018	2019	2020
Revenue	£611.0m	£611.7m	£628.0m	£638.0m
Headline operating profit	£10.6m	£10.5m	£9.6m	£10.1m
Headline profit before tax	£10.2m	£10.0m	£9.0m	£9.6m
Headline earnings per share	16.7p	16.4p	14.8p	15.3p
Dividend per share	6.3p	6.3p	6.6p	6.8p
Net debt	£6.4m	£7.3m	£6.6m	£4.2m

Analysts	
Peel Hunt*	Charles Hall
Panmure Gordon	Adrian Kearsey
Shore Capital	Phil Carroll

* Corporate broker

The consensus is an arithmetic calculation of the forecasts made by contributing investment analysts as at 31 July 2018 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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BUSINESS OVERVIEW

Fuels

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

- » Third largest oil distributor in the UK
- » 59,000 customers
- » 203 people
- » 19 depots across the UK
- » Supply 29 retail petrol stations
- » 99 tankers
- » Fuel card marketing
- » 543 million litres per annum



BUSINESS OVERVIEW

Food

Consolidation of ambient grocery products to UK Supermarkets

- » Market leader in the North West
- » 100,000 pallet spaces
- » 800,000ft² of warehousing in Wardle
- » 543 people
- » 122 trucks, 236 trailers
- » 200 customers including Arla & Typhoo
- » Packing room for added value work
- » E-fulfilment capability
- » Palletline member and operation in Cheshire



BUSINESS OVERVIEW

Feeds

Supply of feed to ruminants in the UK – principally dairy

- » Number two in the UK – feeds one in six dairy cows in the UK
- » Feed for dairy, beef and sheep
- » 589,000 tonnes per annum
- » Sell added value products including minerals, supplements and fertiliser
- » 4,750 customers
- » 198 people
- » 39 trucks, 16 trailers
- » Compound mills in Cumbria, Cheshire and Devon
- » Blend plants in Cumbria, Cheshire and Devon



GROUP OVERVIEW

Business locations

Feeds

Aspatria
Longtown
Wardle*
Wixland

Food

Wardle*

Fuels

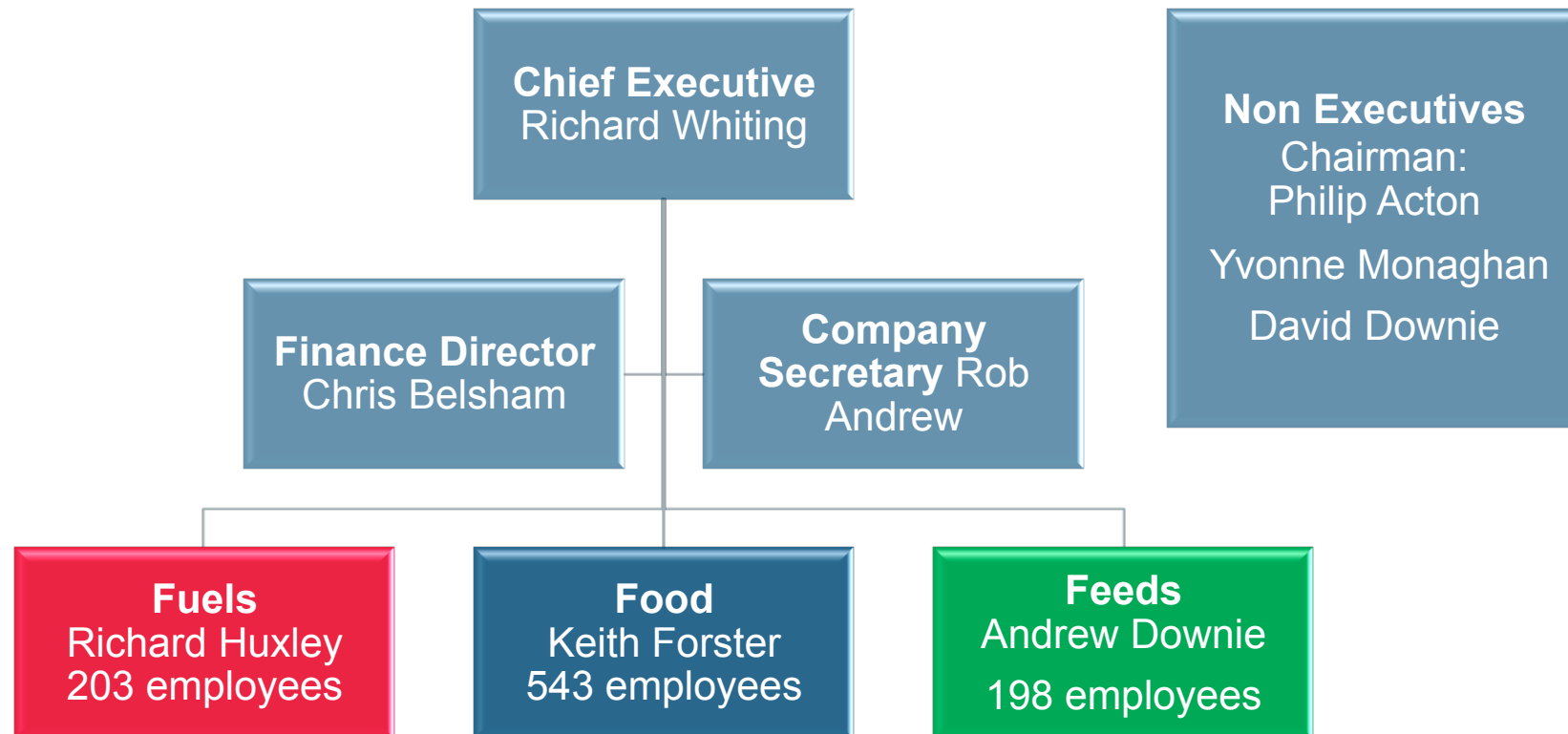
Ammanford
Babbinswood
Bangor
Boston
Burnley
Burwell
Droitwich
Dyserth
Fishers Pond
Great Yarmouth
Home Counties
Kenilworth
Long Marston
Mansfield
Martlet
Staffordshire Fuels
Stoke
Wardle*
Yate

* Wardle = Head office



GROUP OVERVIEW

Organisation



GROUP OVERVIEW

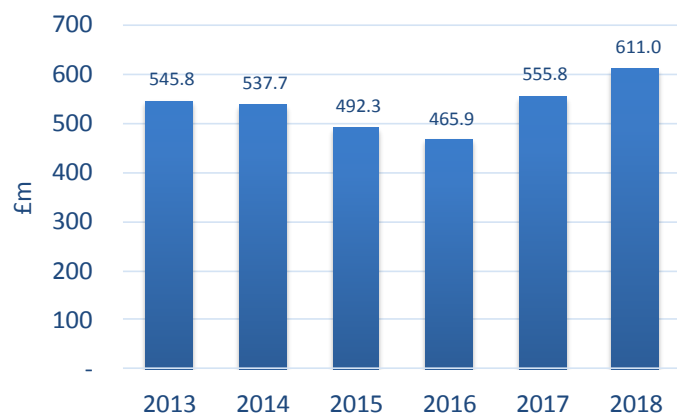
Wardle – Main operating site



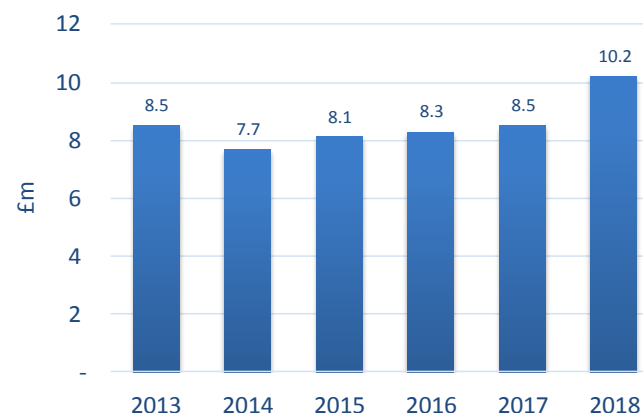
GROUP OVERVIEW

Track record

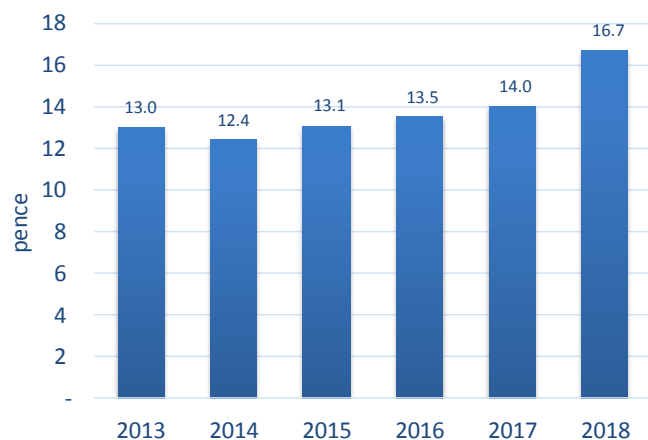
Revenue



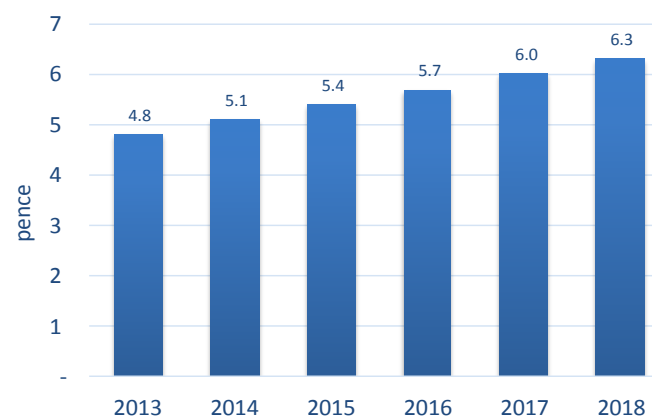
Headline PBT



Headline EPS



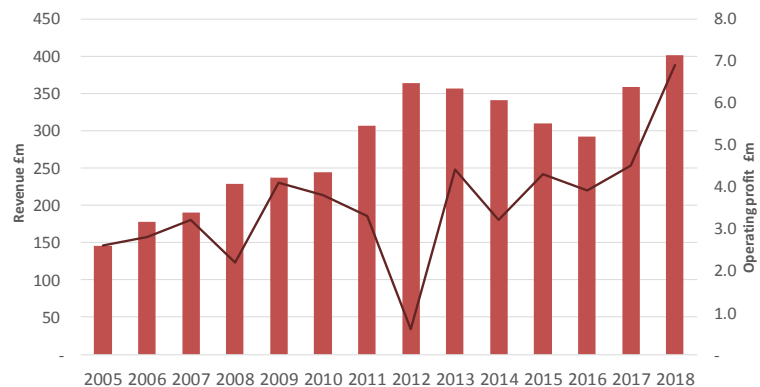
Dividend



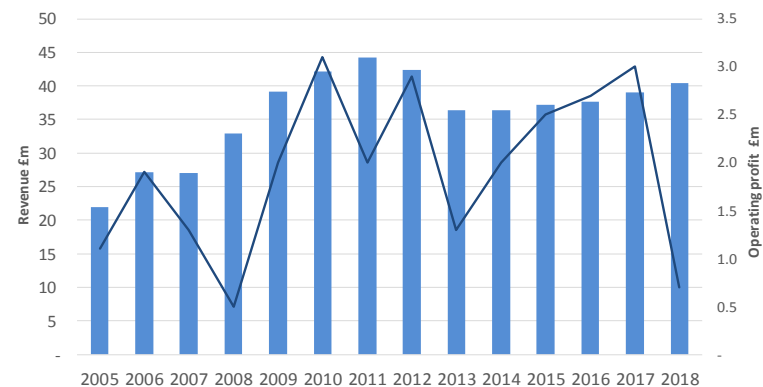
GROUP OVERVIEW

Divisional track record

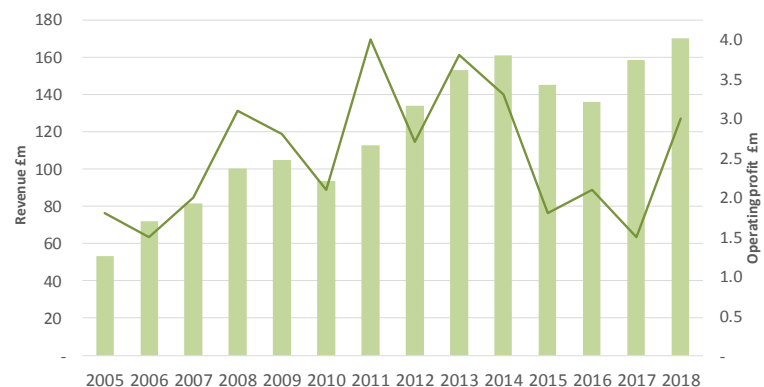
Fuels



Food



Feeds

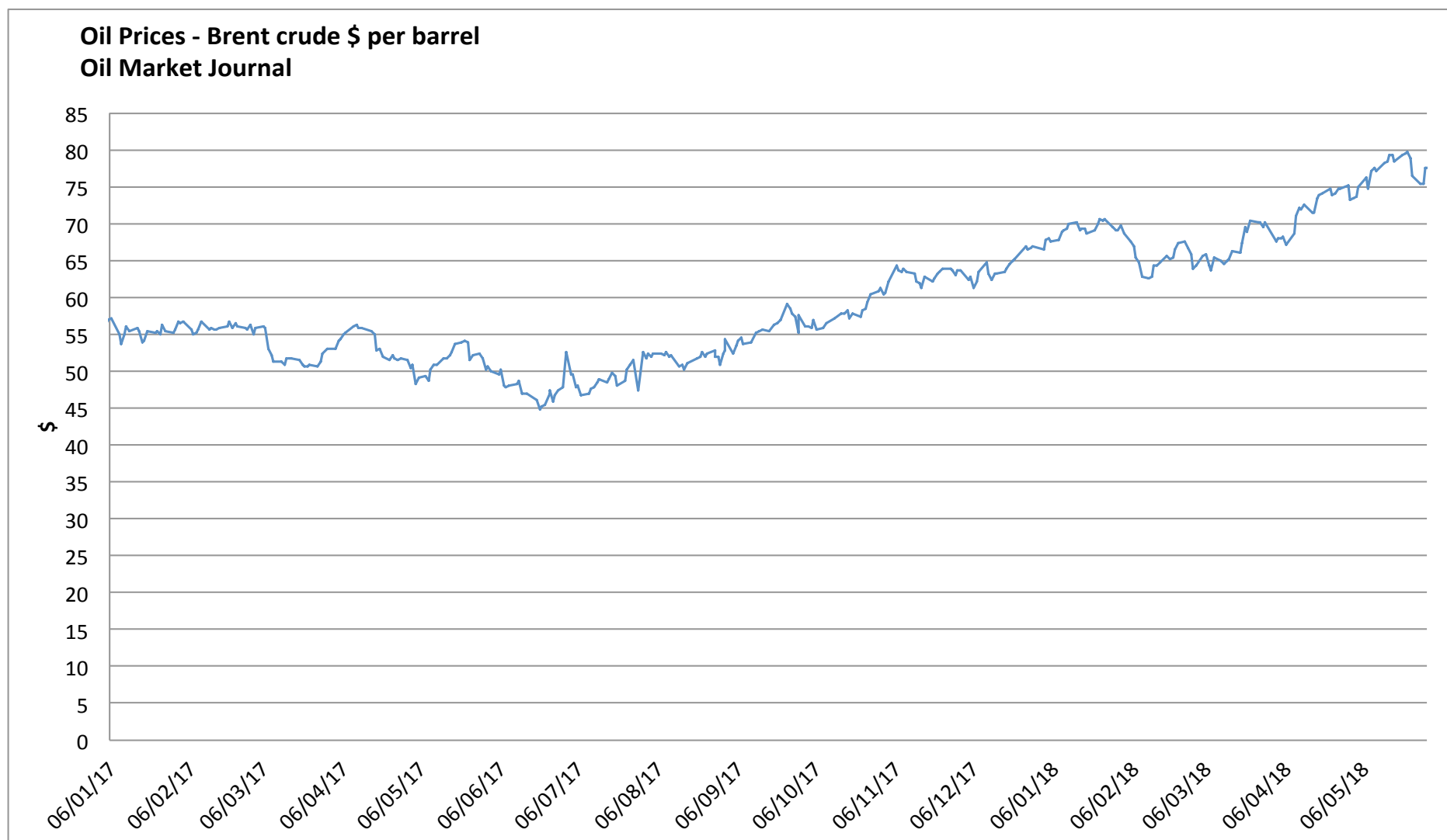


Key:



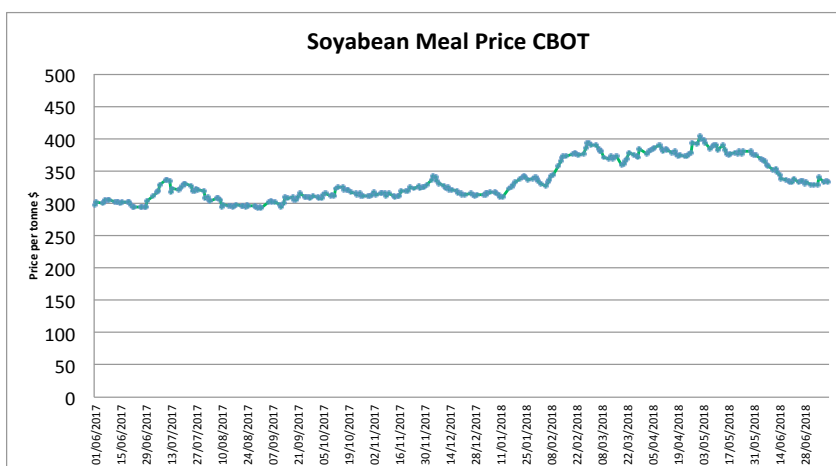
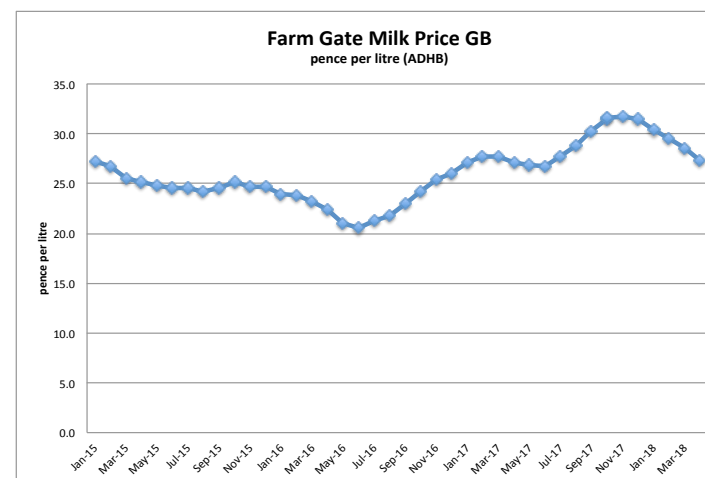
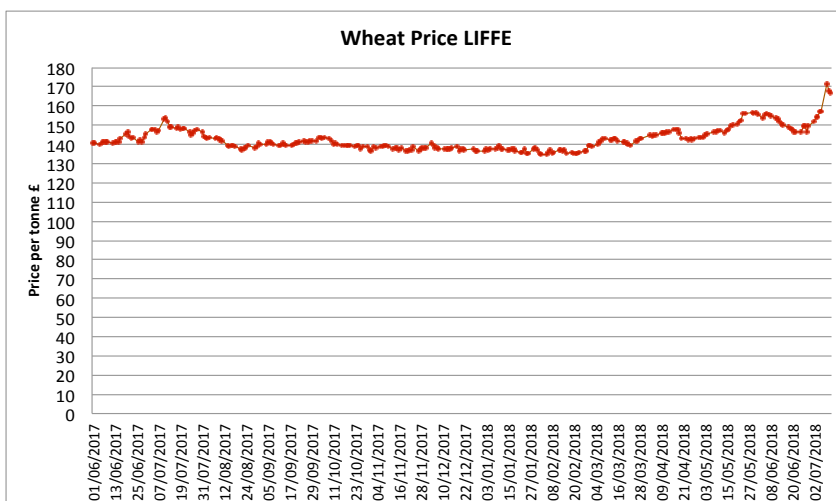
GROUP OVERVIEW

Fuels additional market data



GROUP OVERVIEW

Feeds additional market data



GB Market	2014	2015	2016	2017	2018
Milk (Litres)	11.6bn	12.2bn	12.4bn	11.8bn	12.4bn
UK Dairy Herd	1.8m	1.9m	1.9m	1.9m	-
Ruminant Feed Market (tonnes)	4.9m	4.8m	4.7m	4.8m	5.1m
NWF (tonnes)	543k	567k	580k	589k	589k
Market share	11%	12%	12%	12%	12%