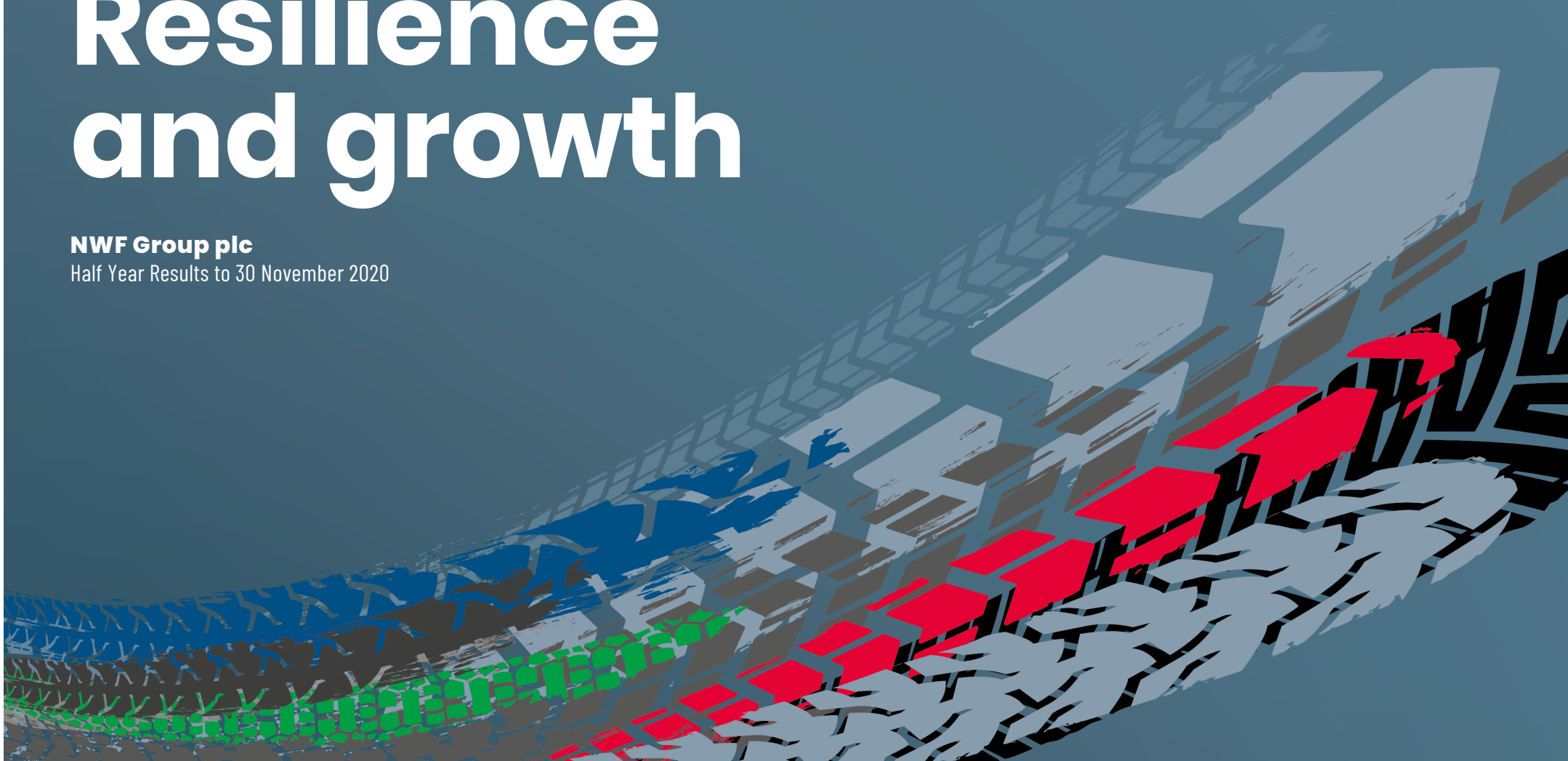




Resilience and growth

NWF Group plc

Half Year Results to 30 November 2020





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 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
- Strongly cash generative with dividend growth
- Clear growth strategy
- Demonstrated resilience through financial crisis and Covid-19

Fuels

Supplying fuel to commercial and domestic customers across the UK

- Third largest oil distributor in the UK
- 665 million litres delivered in 2020
- Road diesel, gas oil, heating oil and petrol
- 25 depots across the UK
- 154 tankers delivering fuel
- 116,000 customers, both commercial and domestic
- Five acquisitions in last two years in a fragmented market

Food

The leading North West ambient grocery consolidator

- Boughhey Distribution is a leading consolidator of ambient grocery products
- Over 1 million ft² of modern, racked warehousing in Cheshire
- 135,000 pallet spaces
- 123 trucks and 266 trailers
- 200 contracted ambient grocery customers
- Significant expansion of 35,000 pallet spaces in 2020 – new Crewe 240,000 ft² warehouse

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
- 625,000 tonnes sold in 2020
- 4,750 farming customers
- 40 trucks and 14 trailers
- Principally dairy, also beef and sheep
- Launched NWF Academy in 2019 training future nutritionists

Solid performance in line with expectations

Revenue

£309.4m

-11.3%



Headline operating profit*

£3.0m

-14.3%



Headline profit before tax*

£2.5m

-16.7%



Headline earnings per share*

4.3p

-15.7%



Net debt (excl. IFRS 16 'Leases')

£16.5m

EBITDA* ratio: 0.9x



Dividend per share

1.0p



* Stated before exceptional items, amortisation of acquired intangibles and the net finance cost in respect of the Group's defined benefit pension scheme, and the tax effect thereon where relevant. Net debt to headline EBITDA is calculated excluding the impact of IFRS 16

Impact of and response to Covid-19

Actions

- All NWF employees classified as key workers; feeding & fuelling the nation
- All business activities remain fully operational
- Safe working and home working from March 2020 unchanged
- No Government support packages utilised and no staff furloughed



Impact

- Increased demand from supermarkets and lower demand from foodservice
- Increased demand from domestic heating oil customers in first lockdown (up 37% March to May)
- Lower commercial fuel demand during first lockdown in 2020
- Feed demand stable
- Oil and feed commodity costs volatile from March 2020

Financial strength

- £65m facility to Oct 2023
- Net debt at Nov 2020 £16.5m = 0.9 x EBITDA
- Asset backing: total assets £194m
- Net cash generation £2-3 million per annum

Dividend

- Progressive dividend policy
- 2020 dividend up 4.5% to 6.9p
- Dividend increased in 11 of last 12 years
- Policy of dividend being twice covered (2.9 x in 2020)
- Interim dividend 1.0p

Positive H1 trading

- Traded ahead of expectations; higher volumes, improved product mix and acquisitions
- Increased gas oil share of commercial business. Offset lower demand for road diesel and heating oil.
- No significant demand changes as a result of lockdown and tiers in H1.
- Acquisitions performing well. 18% of volume derived from businesses acquired in the last 2 years
- Oil prices stable in range \$38 - \$48 per barrel (\$19 - \$69 in FY20)
- Investing in acquisition integration resource
- Acquisition activity recommenced



Revenue

£205.7m

-16.3%

Operating profit

£1.9m

+35.7%

Volume (litres)

329m

+4.8%

20

205.7

19

245.9

20

1.9

19

1.4

20

329

19

314

Growth with volatile demand patterns

- Built up new Crewe 35,000 pallet space facility. Now fully utilised and performing as planned
- 135,000 pallet space total capacity
- Inefficiency from significant demand volatility with retailer and consumer demand patterns impacted by concerns on lockdowns and Brexit
- Lower proportion of higher value foodservice business with increased volumes from supermarkets
- Increased activity levels – pallets shipped up 19.0%
- Palletline and packing room delivered as planned
- Rapid expansion of e-fulfilment operations: greater volumes and new customers – investment activity



Revenue

£27.5m

+12.7%

20

27.5

19

24.4

Operating profit

£0.5m

-64.3%

20

0.5

19

1.4

Pallets stored

121,000

+14.2%

20

121,000

19

106,000

Trading as planned

- Focus on nutritional advice with increased proportion of sales direct to farm
 - Less volume sold to other compounders
- Managing dramatic increases in raw material commodity costs to unprecedented highs: typically 21% higher than prior year
- Price increases supported by higher milk prices for dairy farmers
- Market conditions:
 - Milk prices up 3p to 30p per litre
 - Milk production stable up 0.1%
 - Ruminant feed market volumes up 6.9%
- Continued investment in NWF Academy; training future nutritionists



Revenue

£76.2m

-3.1%

20

76.2

19

78.6

Operating profit

£0.6m

-14.3%

20

0.6

19

0.7

Volumes (tonnes)

262,000

-11.8%

20

262,000

19

297,000

Impact and response to cyber incident

Actions

- Cyber incident at end of Oct 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 Group's IT systems

Financial impact

- No material impact to trading or commercial performance
- Anticipated one off c.£0.5m 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
- ICO have confirmed no action in respect of the data breach

Financial highlights



Group overview
Financial review
Income statement summary

	Nov 2020 £m	Nov 2019 £m	May 2020 £m
Revenue			
Fuels	205.7	245.9	470.2
Food	27.5	24.4	48.3
Feeds	76.2	78.6	169.0
Total revenue	309.4	348.9	687.5
Operating profit			
Fuels	1.9	1.4	11.0
Food	0.5	1.4	1.4
Feeds	0.6	0.7	1.9
Headline operating profit*	3.0	3.5	14.3
Exceptional items	(0.2)	(0.3)	(0.5)
Amortisation of acquired intangibles	(0.1)	(0.1)	(0.3)
Operating profit	2.7	3.1	13.5
Finance costs	(0.7)	(0.7)	(1.5)
Headline profit before tax*	2.5	3.0	13.2
Exceptional items	(0.2)	(0.3)	(0.5)
Amortisation of acquired intangibles	(0.1)	(0.1)	(0.3)
Net finance costs – DB scheme	(0.2)	(0.2)	(0.4)
Profit before tax	2.0	2.4	12.0
Tax	(0.4)	(0.5)	(3.1)
Profit after tax	1.6	1.9	8.9

* Stated before exceptional items and amortisation of acquired intangibles. Headline EBITDA is calculated excluding the impact of IFRS 16

- H1 Revenue decreased by £39.5 million (-11.3%) :
 - £11.8 million increase from acquisitions
 - £47.3 million reduction from lower commodity prices
- Headline operating profit of £3.0 million (Nov 19: £3.5 million)
- Headline EBITDA* of £5.4 million (Nov 19: £5.6 million)
- Exceptional items – acquisition-related costs of £0.1m, cyber-related costs of £0.1 million
- Headline PBT of £2.5 million (Nov 19: £3.0 million)
- Bank interest in line with prior period
- IFRS 16 interest cost of £0.2 million
- Tax rate:
 - Estimated average annual tax rate of 21.0%
- Interim dividend maintained at 1.0p

Diluted headline EPS (pence)*	4.2	5.1	20.3
DPS (pence)	1.0	1.0	6.9
Dividend cover	4.2	5.1	2.9
Interest cover (excluding pension finance)	10.0	11.7	20.4

Group overview
Financial review
Balance sheet summary

	Nov 2020 £m	Nov 2019 £m	May 2020 £m
Fixed assets (inc right of use assets)	105.5	93.7	107.2
Net working capital	9.0	6.1	4.9
Assets employed	114.5	99.8	112.1
Pension deficit	(18.7)	(17.0)	(21.0)
Net debt	(16.5)	(14.9)	(12.3)
Lease liabilities	(25.7)	(18.6)	(26.3)
Tax provisions	(0.7)	(0.5)	(1.4)
Provisions	—	—	—
Net assets	52.9	48.8	51.1
Net debt: Headline EBITDA	0.9	1.0	0.7
Total assets	193.8	183.9	178.4
ROCE:			
Fuels	54.5%	34.9%	52.9%
Food	1.8%	8.4%	4.8%
Feeds	4.5%	7.5%	5.3%
Total ROCE	15.6%	13.7%	16.7%

- Fixed assets decreased slightly since May-20 as depreciation offsets Capex
- Higher net working capital reflecting Fuel acquisitions and Crewe Warehouse
- Net debt (excluding IFRS 16 debt) £1.6 million higher than comparative and £4.2 million higher than May 20:
 - Normal seasonal outflow
- Strong asset underpin – total assets of £193.8 million
- Group ROCE of 15.6%:
 - Food underlying ROCE 3.9%
- IFRS 16 impact:
 - £26.2 million right of use asset
 - £26.0 million right of use liability
 - £0.2 million IFRS 16 interest costs
- Net debt including IFRS 16 is £42.2 million (Nov 19: £33.5 million)

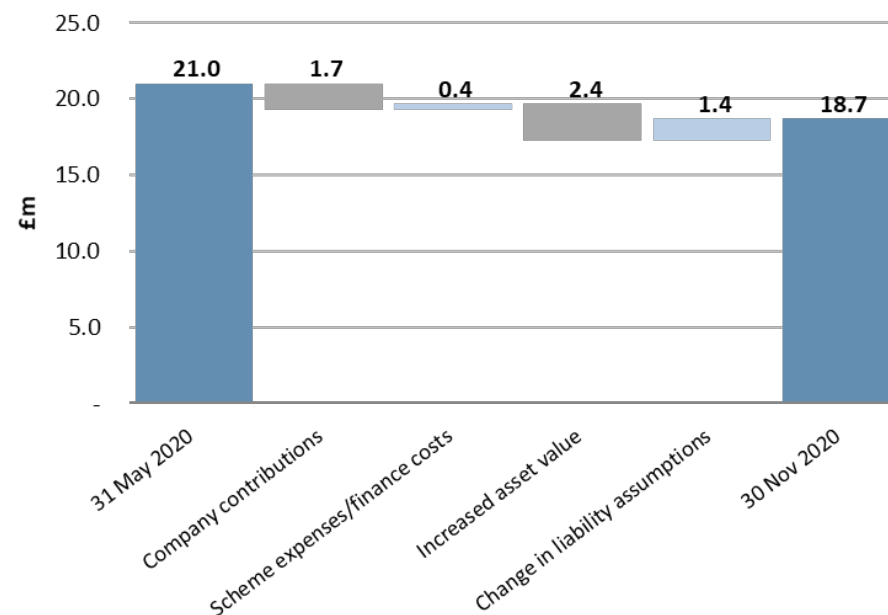
Group overview
Financial review
Pension summary

NWF Group plc
Half Year Results to Nov 2020

13

	Nov 2020 £m	May 2020 £m
Assets	43.3	40.1
Liabilities	(62.0)	(61.1)
Deficit	(18.7)	(21.0)
Related deferred tax asset	3.6	4.0
Net pension liability	(15.1)	(17.0)
Discount rate	1.60%	1.65%
Inflation rate (RPI)	2.95%	2.65%

- Single defined benefit pension scheme
- Closed to new members in 2002 and future accrual in 2016
- £2.3 million decrease in deficit since May 2020 – primarily the impact of company contributions and increased asset value
- Triennial valuation as at December 2019 concluded in H1
 - Fixed recovery payments £1.8 million until May 22, £2.1 million thereafter
 - Recovery payments to increase in line with % dividend growth from Jan 22
- Not a constraint on Group development



Group overview
Financial review
Cash flow summary

NWF Group plc
Half Year Results to Nov 2020

14

	Nov 2020 £m	Nov 2019 £m	May 2020 £m
Operating profit	2.7	3.1	13.5
Depreciation and amortisation	6.4	4.6	10.5
Profit on disposal of fixed assets	—	—	(0.2)
Working capital movements	(3.1)	1.7	1.7
Share-based payment expense	—	—	1.2
Contributions to pension scheme not recognised in income statement	(1.5)	(0.8)	(1.8)
Other	(0.5)	(0.1)	0.6
Operating cash flow	4.0	8.5	25.5
Interest paid	(0.5)	(0.5)	(1.1)
Tax paid	(1.4)	(1.7)	(2.7)
Net cash from operating activities	2.1	6.3	21.7
Net capital additions	(1.8)	(2.5)	(5.7)
Acquisition of subsidiaries (cash and debt)	(1.1)	(5.8)	(9.1)
Capital element of leases	(3.4)	(2.5)	(5.3)
Capitalised legal costs associated with leases	—	—	(0.3)
	(4.2)	(4.5)	1.3
Dividends paid	—	—	(3.2)
Movement in net debt	(4.2)	(4.5)	(1.9)

- Headline EBITDA* of £5.4 million (Nov 19: £5.6 million)
- Working capital movement since 1 June 20 as a result of Fuels acquisition, Fuels product mix and commodity prices in Fuels and Feeds
- Net capital expenditure of £1.8 million
- £1.1 million final acquisition payment on Darch following conclusion of completion accounts
- Net cash generated from operations and after lease payments £0.6 million (Nov 19: £6.0 million)

* Stated before exceptional items and amortisation of acquired intangibles. Headline EBITDA is calculated excluding the impact of IFRS 16

Group overview
Financial review
Net debt summary

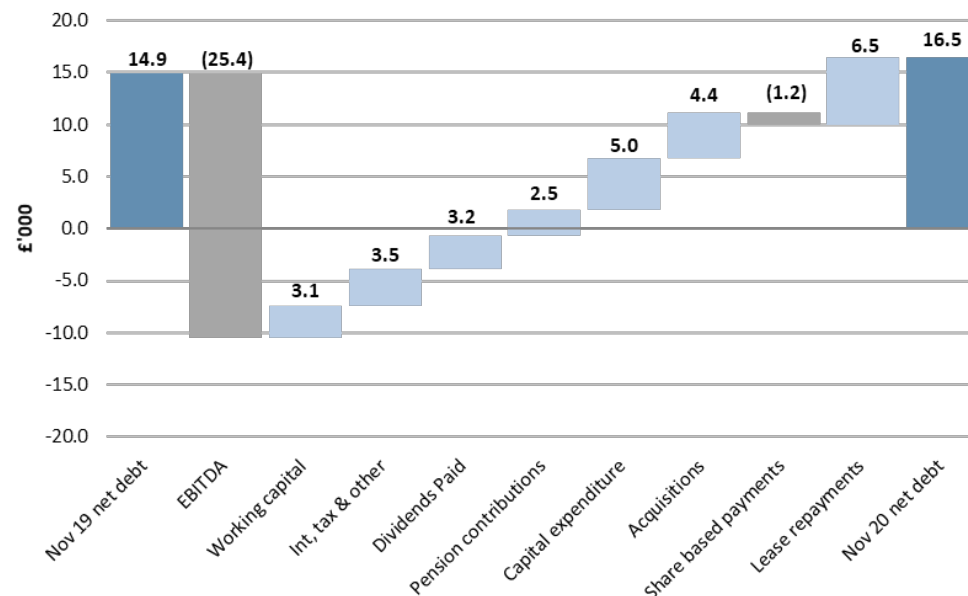
NWF Group plc
Half Year Results to Nov 2020

15

- Facilities of £65 million with NatWest Group until October 2023
- Net debt of £16.5 million at Nov 2020 with substantial facility and covenant headroom

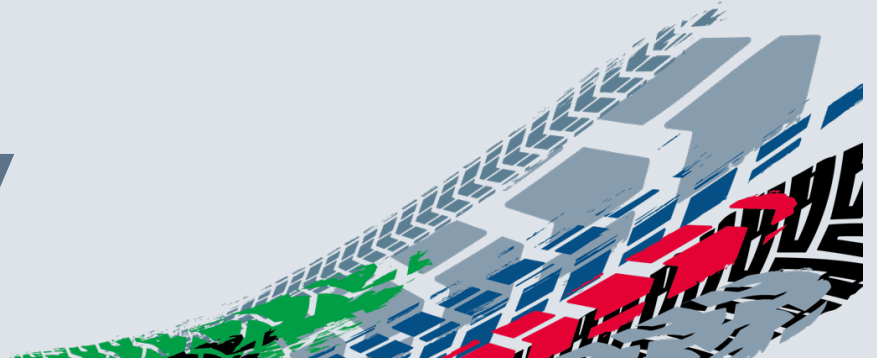
	Facility £m	Drawn £m
Facility		
Invoice discounting	50.0	10.0
RCF/guarantees	14.0	10.0
Overdraft/(cash)	1.0	(3.8)
Hire purchase obligations	—	0.3
Total	65.0	16.5

- Facility primarily in the form of invoice discounting at a base rate + 1.25%
- £7.0 million of RCF repaid in Dec-20
- Borrowing covenants:
 - Net debt : EBITDA
 - EBIT : interest cost



- £5.5 million cash generated before development expenditure
- Capital expenditure includes £0.4 million spend on Crewe warehouse in H1 2021 (total capital investment £2.3 million)

A clear development strategy



Summary

- Diversified source of earnings
- Cash generative businesses
- Experienced, 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
- Invest in a clean fleet
- Active acquisition pipeline

Food

- Optimise the customer mix
- Optimise storage and distribution solutions on the Wardle and Crewe sites
- Crewe - a centre of excellence
- Total capacity 135,000 pallet spaces
- Value added niche businesses:
 - E-fulfilment
 - Palletline
- Targeted expansion backed by customer and retailer contracts

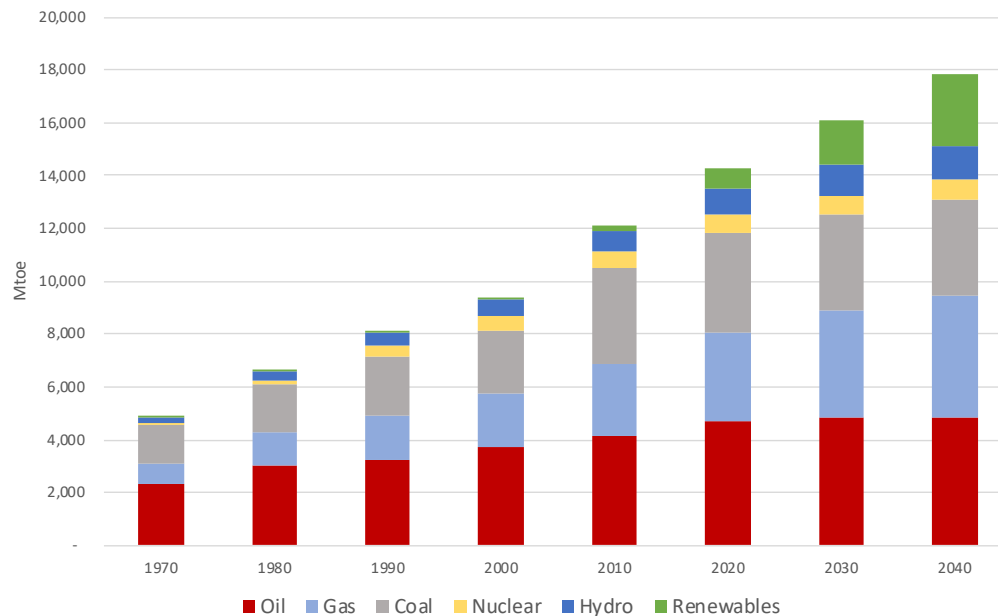
Feeds

- 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
- Promoting personal development with the NWF Academy
- Increase nutritional range offering to over 4,500 farmers across the UK

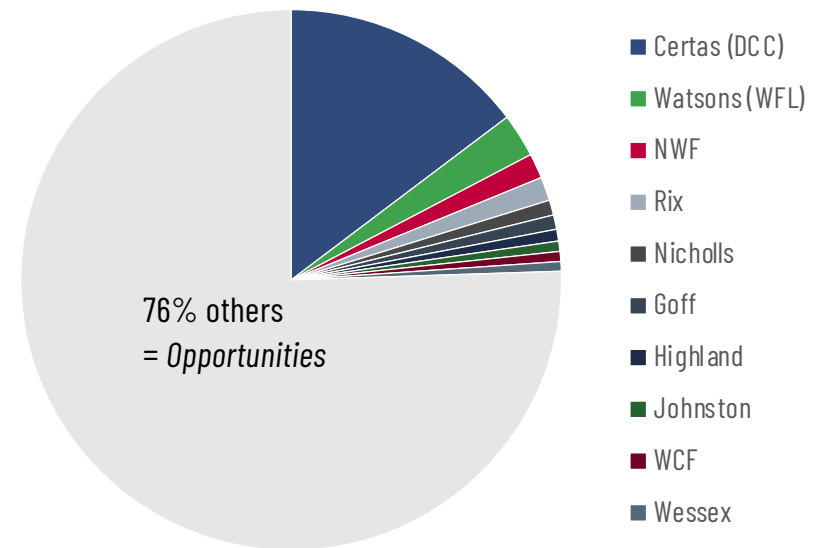
UK Fuel market

- Fragmented market for oil distribution:
 - Top 10 players represent only 25%, over 150 small players
 - NWF No. 3 with 2% market share (doubled in last 10 years)
 - 35 billion litre market at 0.5ppl net profit suggests £175 million EBIT per annum: 10% of market at 6x = funding of over £100 million
- Stable demand for oil supply
- Customers purchase fuel from local depots; expanding the depot network is key to growth

Global energy demand
BP energy outlook 2019



UK market (35 billion litres)

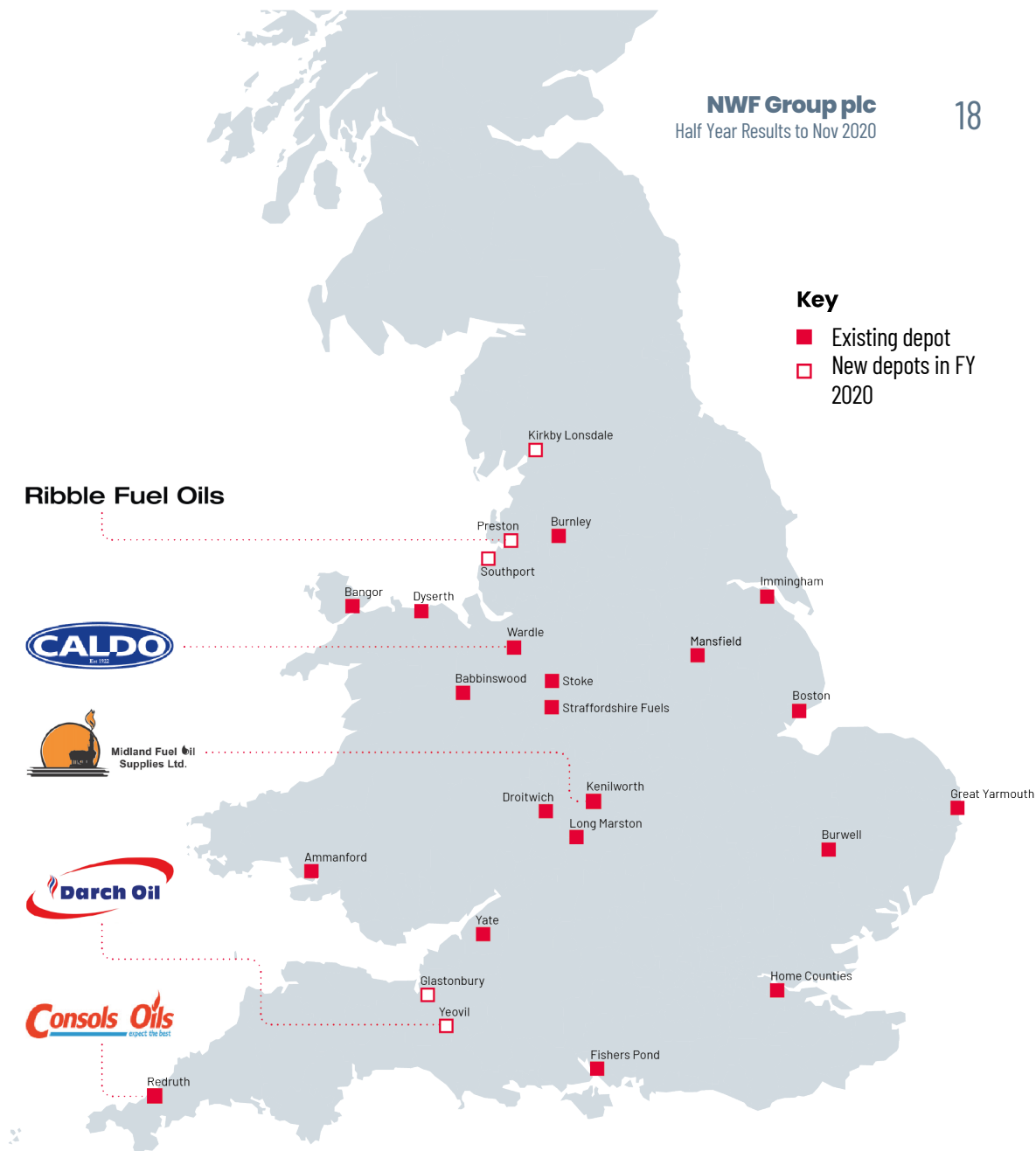
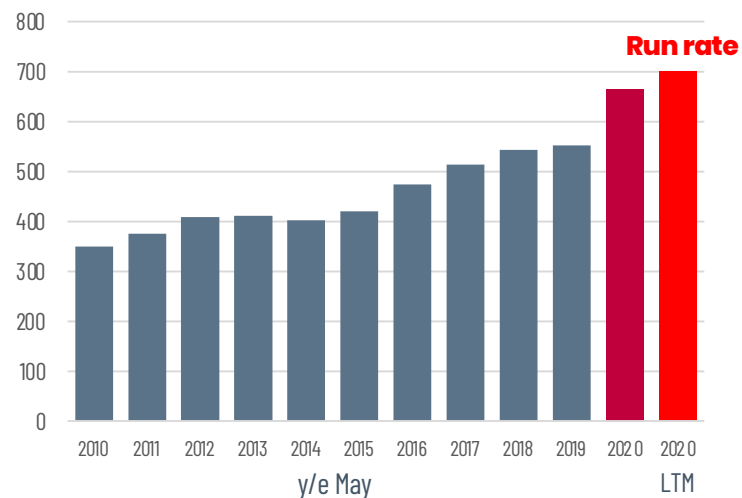


Source: company estimates

Acquisition activity

- Last two year's activity:
 - Acquired five businesses across the UK
 - Over 150 million litres (28%) 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:
 - Established legal, environmental and financial due diligence process and advisors
 - In-house operational and commercial due diligence supports integration planning
- 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 – Ribble Fuel Oils in North West and West Yorkshire, Darch in Somerset and Devon
 - Geography and/or capability expansion
- Model of retaining brands and customer facing elements whilst centralising finance, IT and credit control
- Investing to enhance systems, strengthen team and develop technology to support future acquisition activity
- Active UK pipeline of acquisitions – NWF seen as an attractive buyer
 - Opportunities unchanged post Covid-19 and lockdowns

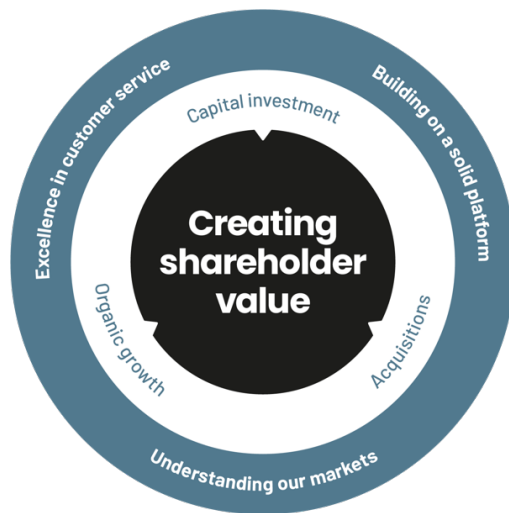


Delivering sustainable value

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

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

£193.8m

total assets

Focus on return on capital

Return on capital employed is a key metric

15.6%

Group ROCE last 12 months

Good cash generation

Typically generate
£2-3 million
of cash before
development expenditure

Growing dividend

Increased dividend in nine out of the last ten years

6.9p

total dividend per share in FY20

Strong platform for further growth

Solid result in H1 2021 – delivering expectations

- Demonstrating Resilience:
 - Covid-19, Brexit uncertainty, cyber incident
 - Strong balance sheet with long-term funding in place
 - Fully operational, delivering during lockdown
 - No Government support utilised

Currently trading in line with the Board's expectations

- Seasonal demand increasing as expected
- Fuels opportunity for further market consolidation; potential increase in heating oil demand through lockdown
- Food demand stability needed to improve efficiency
- Feeds demand stable but commodity markets remain volatile

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
- ESG framework – delivering sustainable value
- Business overview
- Locations
- Organisation
- Main site photo
- Group financial performance
- Divisional track record
- Additional market data

	Actual	Consensus forecasts		
	2020	2021	2022	2023
Revenue	£687.5m	£714.4m	£724.2m	£735.8m
Headline operating profit	£14.3m	£11.8m	£12.3m	£12.5m
Headline profit before tax	£13.2m	£10.8m	£11.4m	£11.7m
Headline earnings per share	20.5p	17.8p	18.5p	18.8p
Dividend per share	6.9p	7.1p	7.6p	7.6p
Net (debt)/cash	(£12.3m)	(£10.5m)	(£9.1m)	(£7.8m)

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 30 November 2020 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.

This information does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever. No reliance may be placed for any purpose whatsoever on the information or opinions contained in these figures or on their completeness, accuracy or fairness.

Key figures

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 650 million litres across the UK to 116,000 customers. It is one of the largest authorised distributors of Texaco (Valero) and is a major customer of other fuel suppliers including Essar and Jet (Phillips 66).

665m

litres per annum

25

depots

334

people

154

tankers



Key figures

Bouhey Distribution is a leading consolidator of ambient grocery products to UK supermarkets with over 1 million ft² of warehousing and significant distribution assets. It works with over 200 customers including Arla, Swizzels and Typhoo.

135,000

pallet spaces

123

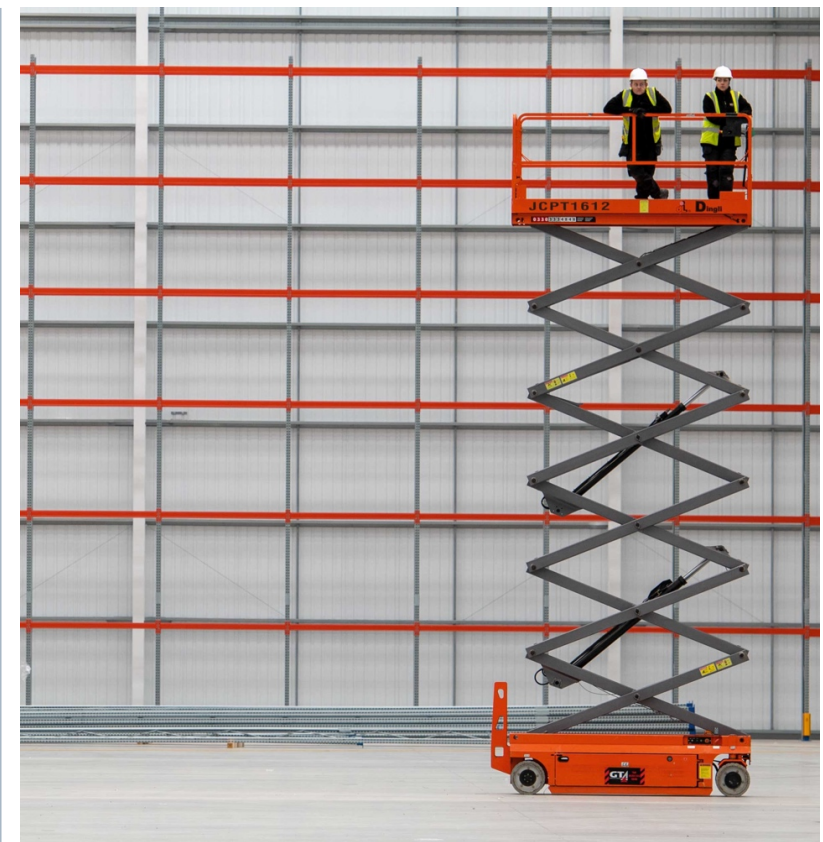
trucks

724

people

266

trailers



Key figures

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed to 4,750 customers in the UK, feeding one in six dairy cows in Britain. It operates from sites in Cumbria, Lancashire, Cheshire and Devon.

625,000

tonnes

40

trucks

218

people

14

trailers



Group overview

Business locations

NWF Group plc
Half Year Results to Nov 2020

29

Feeds

Aspatia
Longtown
Wardle*
Wixland

Food

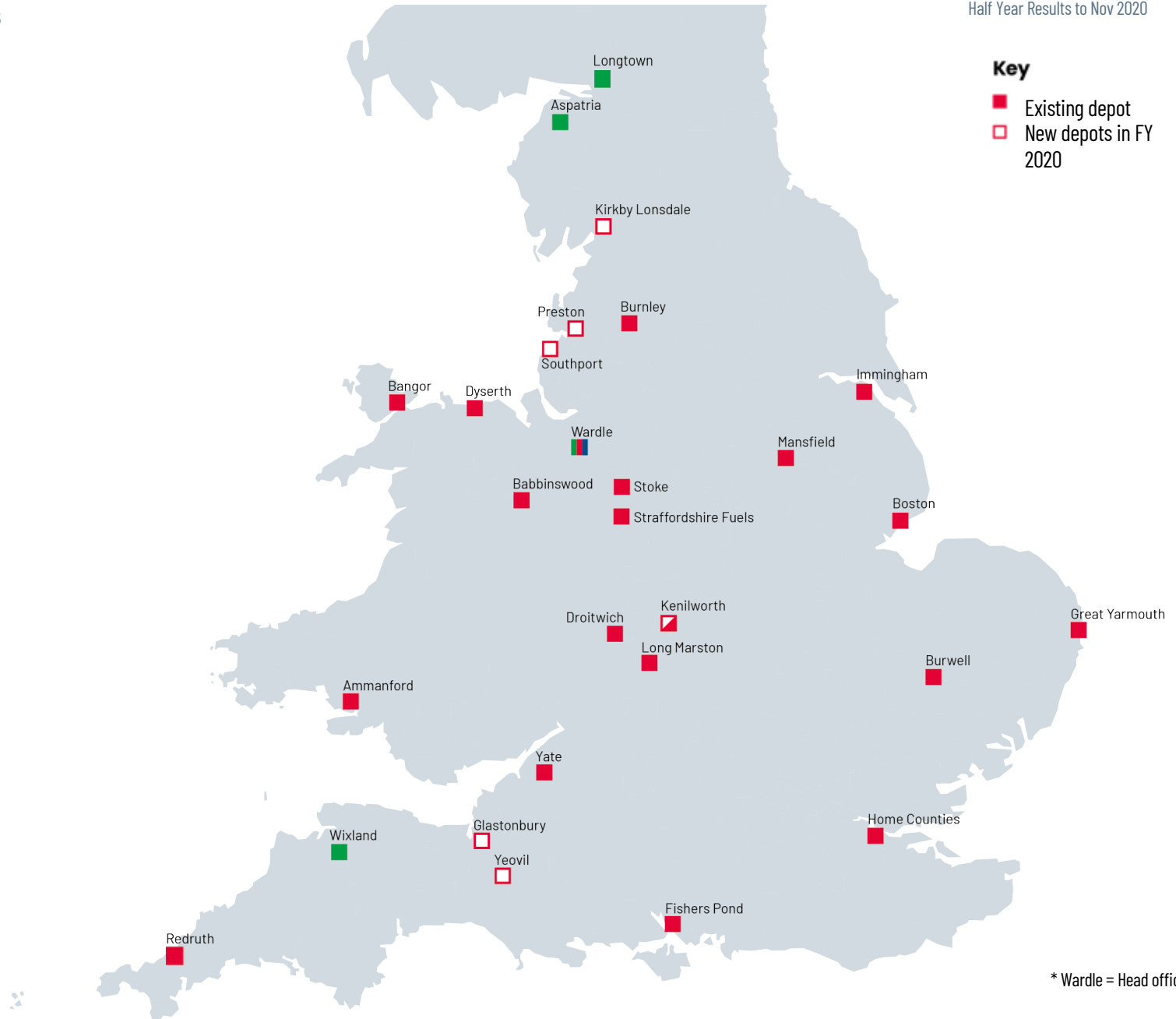
Crewe
Wardle*

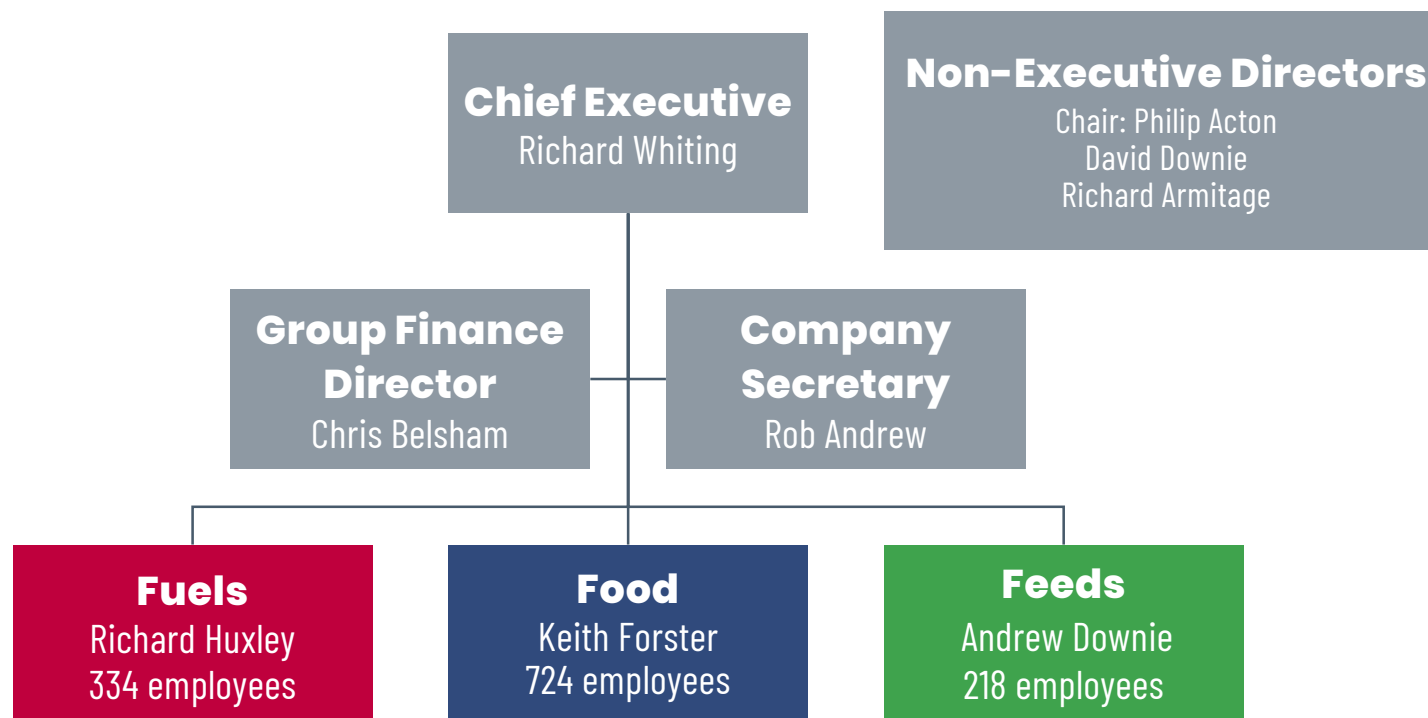
Fuels

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

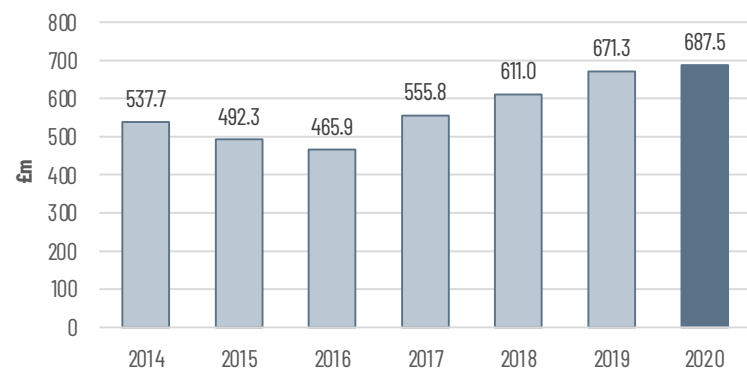
Key

■ Existing depot
□ New depots in FY 2020

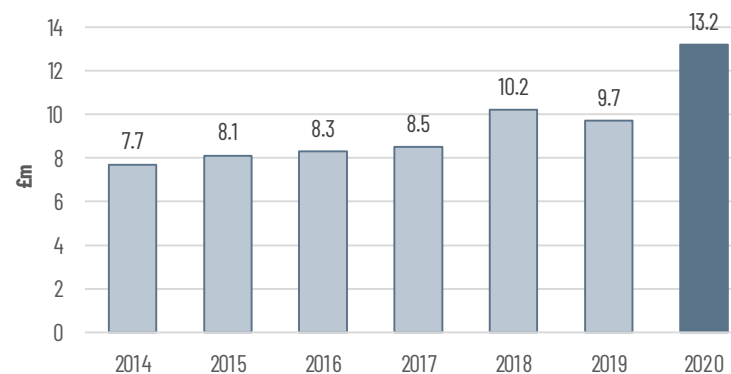




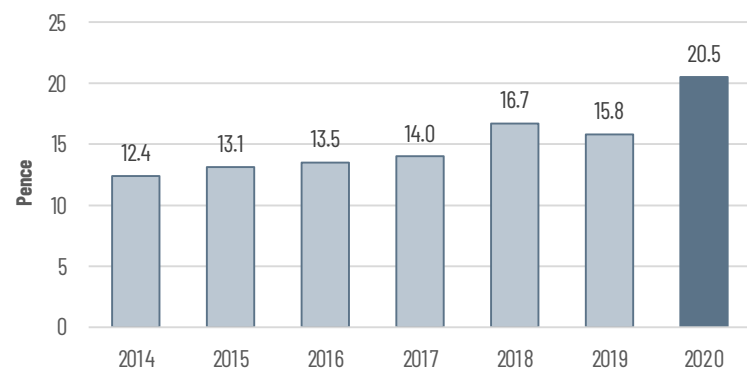
Revenue



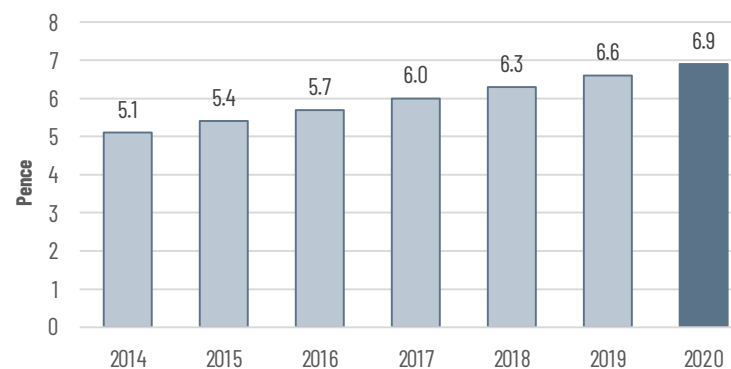
Headline PBT



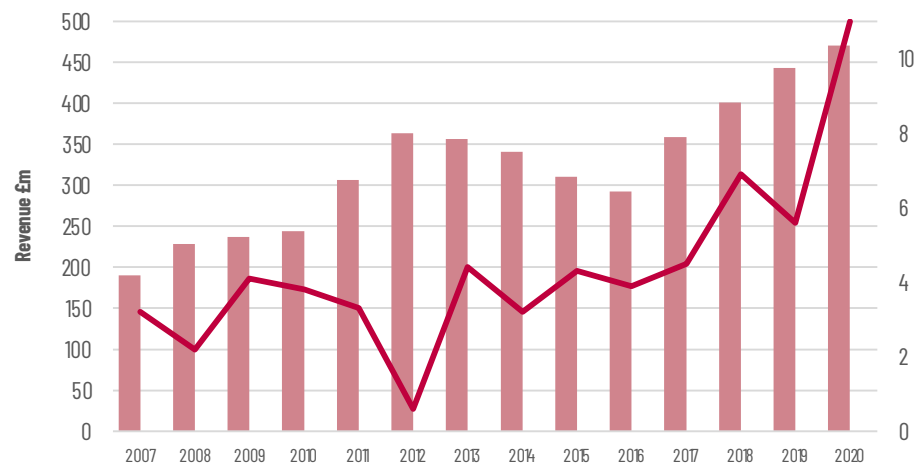
Headline EPS



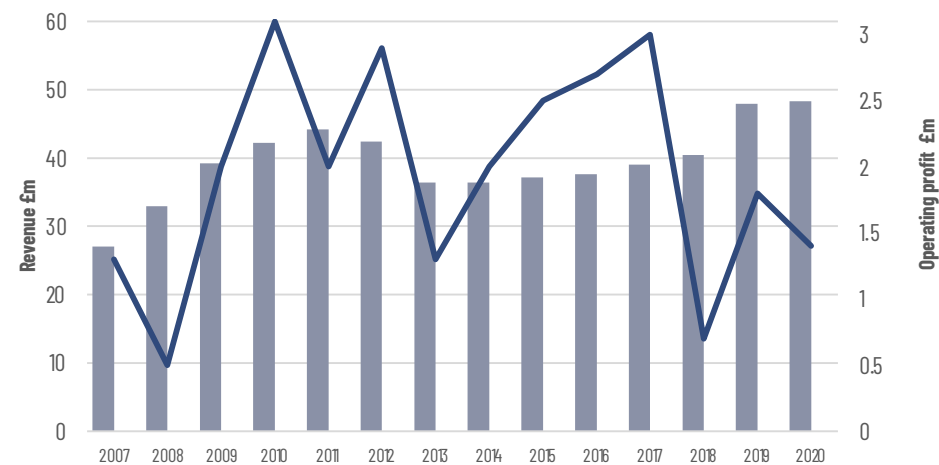
Dividend



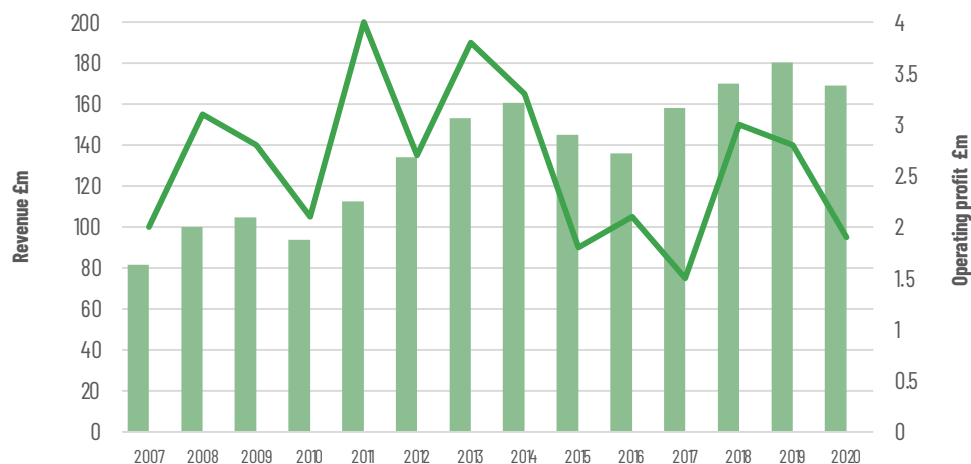
Fuels



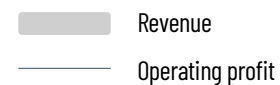
Food



Feeds



Key:



Fuels additional market data

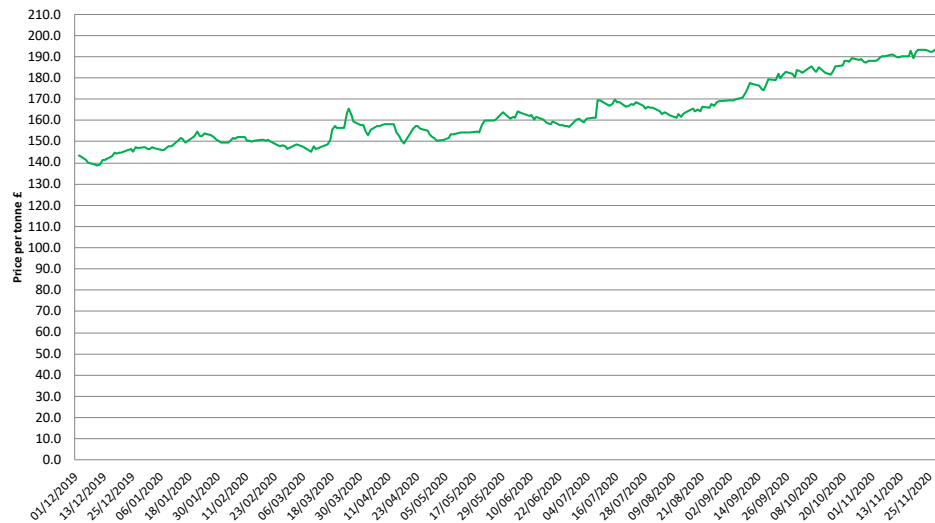
Oil Prices - Brent crude \$ per barrel

Oil Market Journal

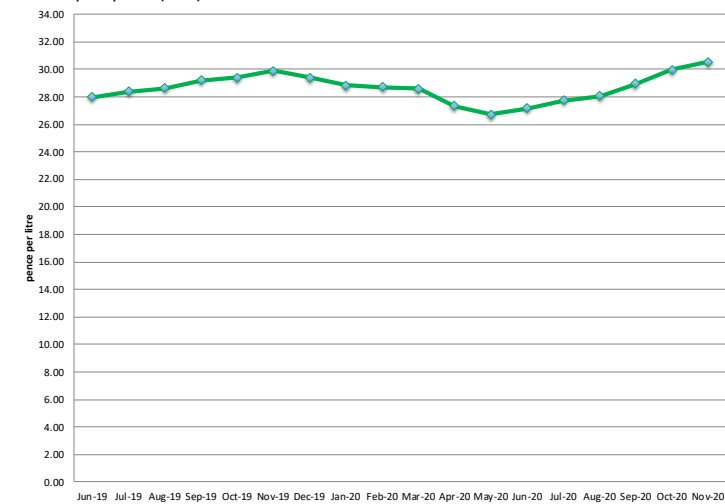


Feeds additional market data

Wheat Price LIFFE



Farm Gate Milk Price UK
pence per litre (ADHB)



Soyabean Meal Price CBOT



GB Market	2015	2016	2017	2018	2019	2020
Milk (litres)	12.2bn	12.4bn	11.8bn	12.4bn	12.6bn	12.5bn
UK Dairy Herd	1.9m	1.9m	1.9m	1.9m	1.9m	1.9m
Ruminant Feed Market (tonnes)	4.8m	4.7m	4.8m	5.1m	5.1m	4.8m
NWF (tonnes)	567k	580k	589k	589k	591k	625k
Market share	12%	12%	12%	12%	12%	13%



NWF GROUP PLC

