



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

Half Year Results to November 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 10 years of 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 ft² 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

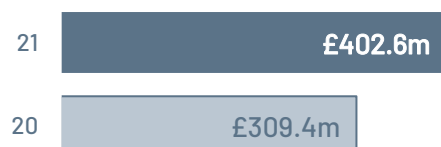
- Second largest national ruminant feed supplier – feeds one in six dairy cows
- Feed mills in Cumbria, Cheshire and Devon
- 575,000 tonnes sold in 2021
- 4,550 farming customers
- 40 trucks and 18 trailers
- Principally dairy, also beef and sheep

Strong results significantly ahead of prior year

Revenue

£402.6m

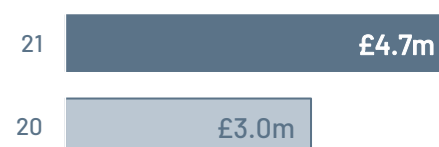
+30.1%



Headline operating profit¹

£4.7m

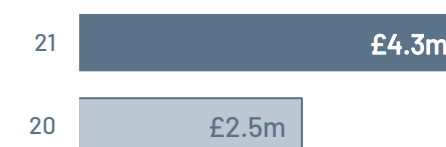
+56.7%



Headline profit before tax¹

£4.3m

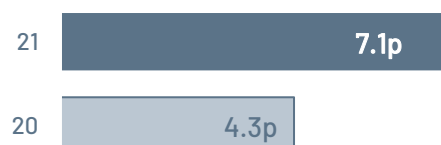
+72.0%



Diluted headline EPS¹

7.1p

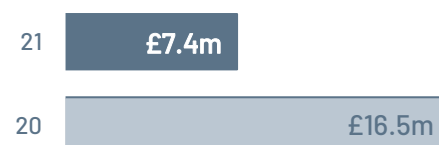
+65.1%



Net debt (excl. IFRS 16)

£7.4m

Net debt : EBITDA 0.4x



Interim dividend per share

1.0p



¹ 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.

Strong performance across the expanding network

- Performance ahead of prior year and expectations with increased short-term demand from the Autumn oil shortage
 - Increased demand across the country – not due to retail sites which are a small proportion of NWF business
 - All 25 depots fully operational and no supply or delivery issues
- Increased commercial sales of gas oil and diesel
- Managed volatile and increased oil prices over the period with Brent Crude moving to an average of \$76 a barrel (PY: \$43 a barrel)
- Continued development of the NWF Priority Club with an App for tank monitoring and auto top-up
- On line quotes and ordering launched for all brands
- Acquisition pipeline active



Revenue

£286.5m

+39.3%

21

286.5

Headline Operating profit

£3.6m

+89.5%

21

3.6

Volume (litres)

347m

+5.5%

21

347

20

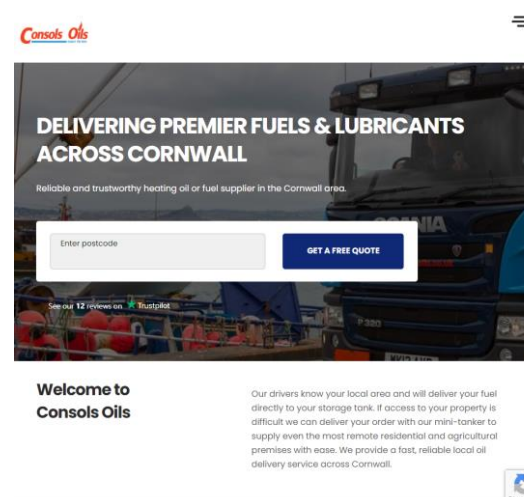
205.7

20

1.9

20

329



Delivering on investment

- Significant performance improvement on prior year as anticipated
 - Total capacity now 135,000 pallet spaces
- Business improvement delivered through efficiency gains
 - Stock in optimal locations
 - Full team of warehouse and drivers with less reliance on agency support
 - Effective capacity planning and customer communications
- Demand remained volatile throughout the period although in line with prior year
- Increased e-fulfilment and Palletline offset repacking operations
- Managing Director succession completed



Revenue

£31.3m

+13.8%

21

31.3

20

27.5

Headline Operating profit

£1.5m

+200.0%

21

1.5

20

0.5

Pallets stored

122,000

+0.8%

21

122,000

20

121,000

Performance below expectations

- Lower volumes in the South-West and the North
- Challenged by significant commodity price increases (to an all-time high) and inflationary cost pressures
- Impairment, principally goodwill recognised in half year results
- Market conditions:
 - Milk prices improved to over 33p per litre
 - Milk production down 1.3%
 - Ruminant feed market volumes down 0.8%
 - Spot commodities up 17% year on year
- Investment continued in NWF Academy training future nutritionists



Revenue	Headline Operating (loss)/profit	Volumes (tonnes)
£84.8m +11.3%	£(0.4)m -166.7%	242,000 -7.6%
21 84.8	21 (0.4)	21 242,000
20 76.2	20 0.6	20 262,000

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



Financial review

	Nov 2021 £m	Nov 2020 £m	May 2021 £m
Revenue			
Fuels	286.5	205.7	447.8
Food	31.3	27.5	54.8
Feeds	84.8	76.2	173.0
Total revenue	402.6	309.4	675.6
Headline operating profit/(loss)			
Fuels	3.6	1.9	9.3
Food	1.5	0.5	1.9
Feeds	(0.4)	0.6	1.7
Headline operating profit*	4.7	3.0	12.9

- Revenue increased by £93.2 million (30.1%)
 - £18.5 million from higher activity levels, mix and increased sales prices
 - £64.5 million higher average oil price in Fuels
 - £10.2 million higher average commodity costs in Feeds
- Headline operating profit of £4.7 million, an increase of £1.7 million
 - Fuels increase of £1.7 million
 - Food increase of £1.0 million
 - Feeds decrease of £1.0 million

Fuels	2019 H1	2019 FY	2020 H1	2020 FY	2021 H1	2021 FY	2022 H1
Litres (million)	263	552	314	665	329	695	347
Profit (pence per litre)	0.4p	1.0p	0.4p	1.6p	0.6p	1.4p	1.0p
Litres per depot (m)	13.8	29.0	12.6	26.6	13.2	27.8	13.9
Revenue per litre	£0.85	£0.80	£0.78	£0.71	£0.63	£0.64	£0.82

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

	Nov 2021 £m	Nov 2020 £m	May 2021 £m
Headline operating profit*	4.7	3.0	12.9
Exceptional items	(8.4)	(0.2)	(0.5)
Amortisation of acquired intangibles	(0.1)	(0.1)	(0.3)
Operating (loss)/profit	(3.8)	2.7	12.1
Finance costs	(0.6)	(0.7)	(1.3)
Headline profit before tax*	4.3	2.5	11.9
Exceptional items	(8.4)	(0.2)	(0.5)
Amortisation of acquired intangibles	(0.1)	(0.1)	(0.3)
Net finance costs – DB scheme	(0.2)	(0.2)	(0.3)
(Loss)/profit before tax	(4.4)	2.0	10.8
Tax	(0.8)	(0.4)	(3.0)
(Loss)/profit after tax	(5.2)	1.6	7.8
Diluted headline EPS (pence)*	7.1	4.3	20.4
DPS (pence)	1.0	1.0	7.2
Dividend cover	7.1	4.3	2.8
Interest cover (excluding pension finance & IFRS 16)	23.5	10.0	21.5

- Non-cash exceptional cost
 - Feeds goodwill impairment of £7.9 million
 - Feeds plant and machinery impairment of £0.5 million
- Headline PBT of £4.3 million
- Bank interest reduced to £0.2 million (H1 2021: £0.3 million)
- IFRS 16 interest of £0.2 million (H1 2021: £0.2 million)
- Pension scheme interest £0.2 million (H1 2021: £0.2 million)
- Effective tax rate of 21.0% (H1 2021: 21.0%). Exceptional costs are not tax allowable.
- Interim dividend maintained at 1.0 pence per share

* 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. Diluted headline EPS also takes into account the taxation effect thereon.

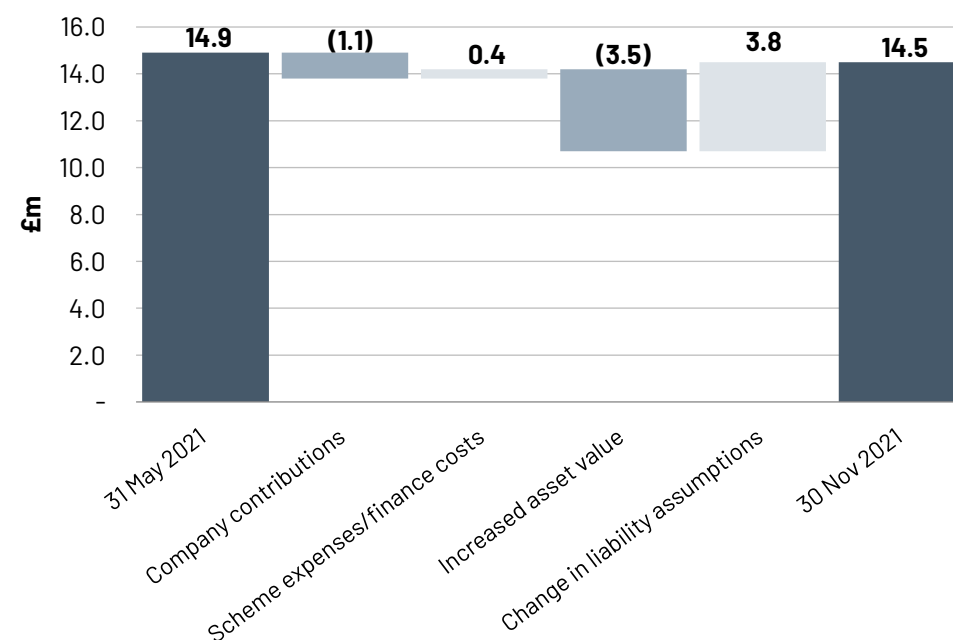
	Nov 2021 £m	Nov 2020 £m	May 2021 £m
Fixed assets	68.8	79.3	78.2
Right of use assets	28.7	26.2	25.4
Net working capital	8.9	8.9	3.5
Derivative financial instruments	0.1	0.1	0.1
Assets employed	106.5	114.5	107.2
Pension deficit	(14.5)	(19.7)	(14.9)
Net debt	(7.4)	(16.5)	(5.7)
Tax provisions	(1.8)	(0.5)	(1.5)
Lease liabilities	(29.0)	(25.7)	(25.6)
Net assets	53.8	52.1	59.5
Net debt : EBITDA	0.4	0.9	0.3
Total assets	197.4	189.7	186.9
ROCE:			
Fuels	65.5%	54.5%	54.4%
Food	10.5%	1.8%	6.7%
Feeds	1.9%	4.5%	4.7%
Total ROCE	18.9%	15.6%	15.8%

- Fixed assets decreased due to Feeds impairment and as depreciation exceeded capex
- Net working capital in line with prior-year as higher oil price in Fuels with its negative working capital cycle offset increased commodity costs in Feeds
- Net debt (excluding IFRS16 debt) £9.1 million lower than comparative and £1.7 million higher than May 2021
 - strong trading and lower capex
- Net debt including IFRS16 is £36.4 million (H1 2021: £42.2 million)
- Strong asset underpin – total assets of £197.4 million
- Group ROCE of 18.9% driven by Fuels and Food

	Nov 2021 £m	May 2021 £m
Assets	49.0	45.1
Liabilities	(63.5)	(60.0)
Deficit	(14.5)	(14.9)
Related deferred tax asset	3.6	3.7
Net pension liability	(10.9)	(11.2)
Discount rate	1.70%	2.00%
Inflation rate (RPI)	3.45%	3.30%

- Single defined benefit pension scheme
- Closed to new members in 2002 and future accrual in 2016
- Slight decrease in deficit since May 2021 – contributions and asset gains offsetting change in discount rate and inflation
- 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



	Nov 2021 £m	Nov 2020 £m	May 2021 £m
Operating (loss)/profit	(3.8)	2.7	12.1
Impairment of intangibles and fixed assets	8.4	—	—
Depreciation and amortisation	6.9	6.4	12.9
Profit on disposal of fixed assets	(0.1)	—	—
Working capital movements	(5.4)	(3.1)	2.4
Share-based payment expense	—	—	0.4
Contributions to pension scheme not recognised in income statement	(0.8)	(1.5)	(2.4)
Other	(0.1)	(0.5)	(0.6)
Operating cash flow	5.1	4.0	24.8
Interest paid	(0.4)	(0.5)	(1.0)
Tax paid	(0.7)	(1.4)	(2.8)
Net cash from operating activities	4.0	2.1	21.0
Net capital additions	(1.4)	(1.8)	(2.9)
Acquisition of subsidiaries (net of cash)	—	(1.1)	(1.1)
Capitalised element of leases	(4.3)	(3.4)	(7.0)
Dividends paid	—	—	(3.4)
Movement in net debt	(1.7)	(4.2)	6.6

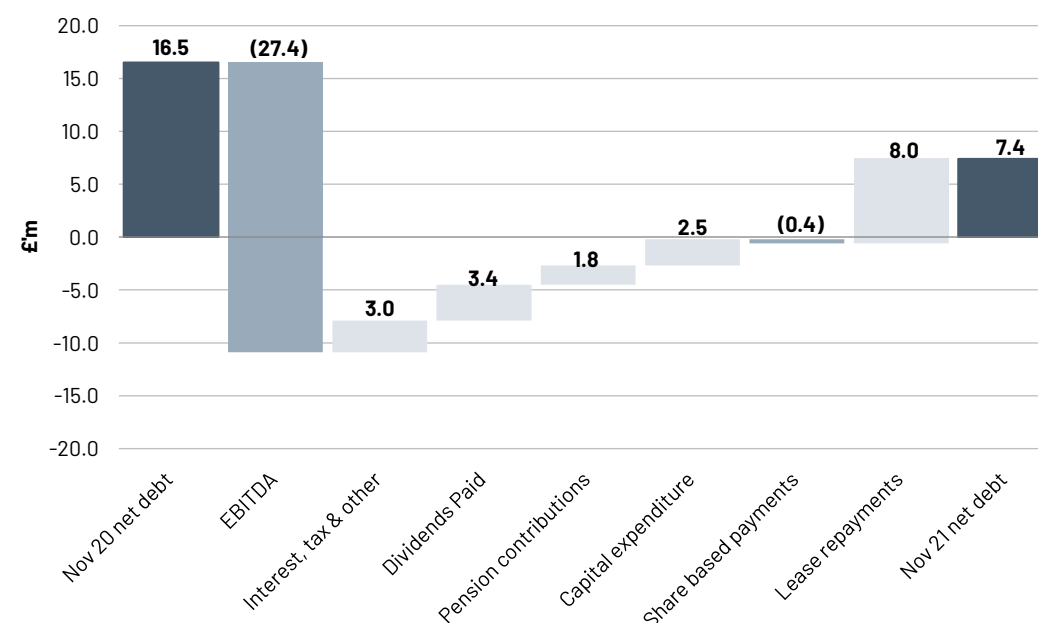
- Headline EBITDA* of £7.1 million (H1 2021: £5.3 million)
- Working capital movement reflects normal seasonal outflow in Feeds
- Net capital expenditure of £1.4 million, expect increased investment spend in H2
- Net cash generated from operations after lease payments of £0.8 million (H1 2021: £0.6 million)

* 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 Group until October 2023
- Net debt of £7.4 million at Nov 2021 with substantial facility and covenant headroom

	Facility £m	Drawn £m
Facility		
Invoice discounting	50.0	4.7
RCF/guarantees	14.0	3.0
Overdraft/(cash)	1.0	(0.5)
Hire purchase obligations	—	0.2
Total	65.0	7.4

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



- £9.1 million cash generated before development expenditure over last 12 months

A clear development strategy

Summary

- Diversified source of earnings
- Cash-generative businesses
- Experienced and capable Board focused on capital discipline
- 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

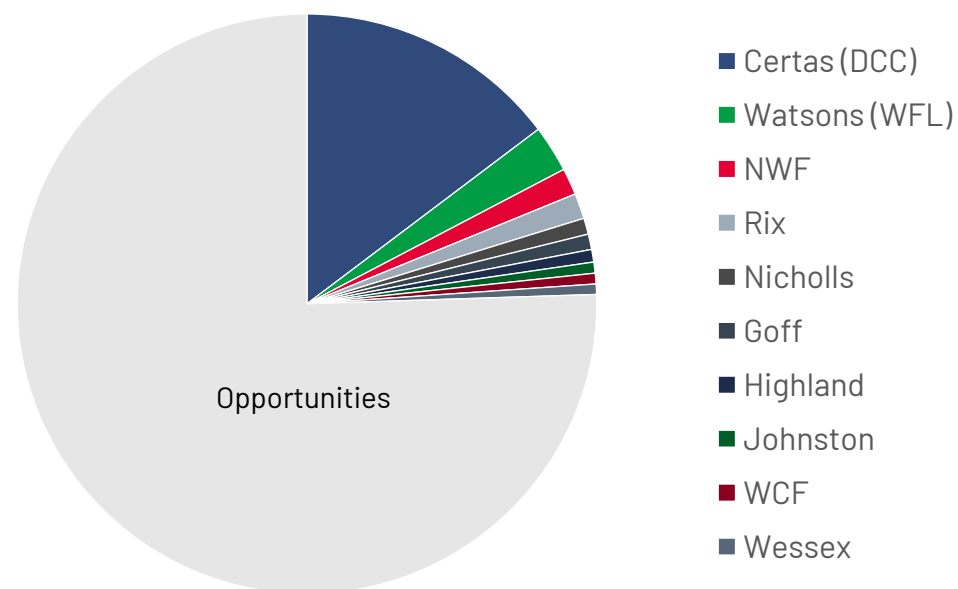
Feeds

- 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 70% utilised in commercial applications (37,000 customers)
 - 12% used in agriculture
 - Less than 5% delivered to retail garages
 - HGV and LGV dominant user of diesel
 - 90,000 domestic customers (market 1.4 million)
- Trialling sale of HVO30 (diesel containing 30% hydrotreated vegetable oil) with Esso Petroleum. Additional testing of domestic heating with HVO100 products
- Customers purchase fuel from local depots; expanding the depot network is key to growth

UK fuel market (35 billion litres)

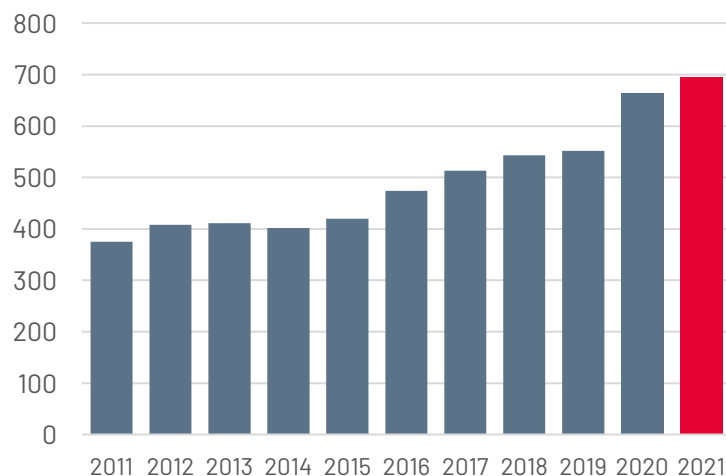


Source: company estimates

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

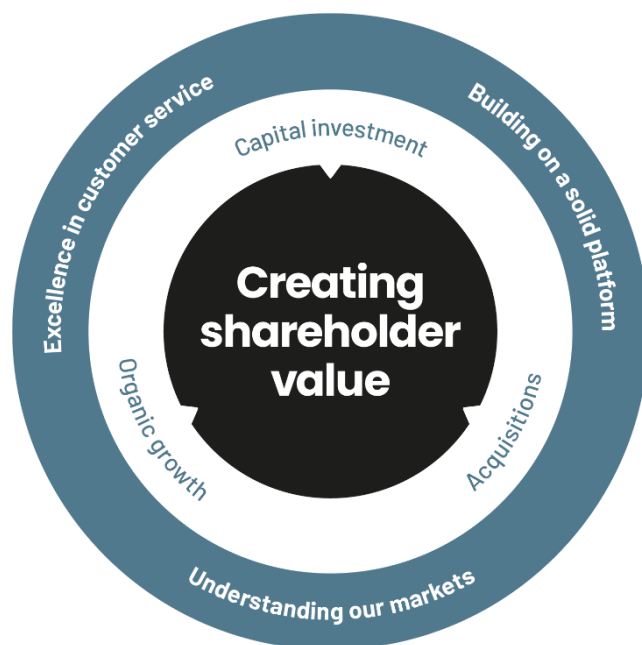


Delivering sustainable value

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
 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

£197.4m

total assets

Focus on return on capital

Return on capital employed is a key metric

18.9%

Group ROCE

Good cash generation

Typically generate **£3-4 million**

of cash before development expenditure

Growing dividend

Increased dividend for ten consecutive years

7.2p

total dividend per share in FY21

Significant opportunity for growth

Strong result in first half – ahead of expectations and prior year

- Fuels strong result from maintaining full supply across the country
- Efficiency improvements delivered a significant Food performance improvement
- NWF again demonstrated great resilience

Good momentum and Board confident in its full year expectations

- Seasonally important H2 to deliver
- Fuels meeting demand for heating oil and targeting acquisitions for further growth
- Food increasing storage volumes following significant demand in the run up to Christmas
- Feeds implementing price increases to offset inflation and targeting volume recovery

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.

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 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

Boughey 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

117

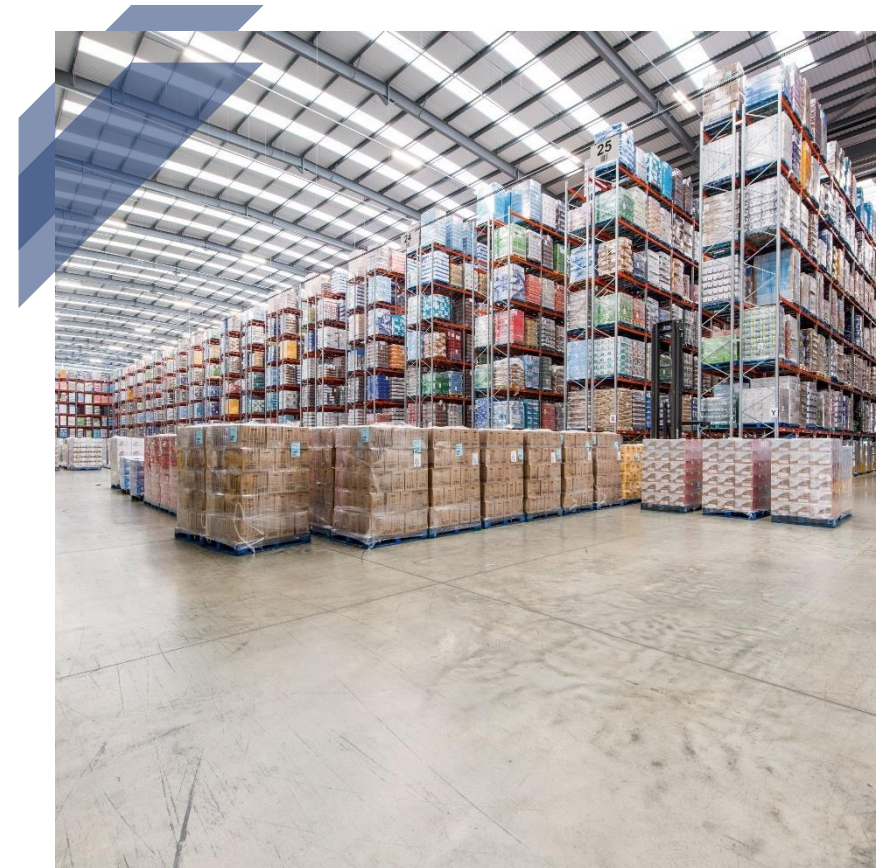
trucks

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

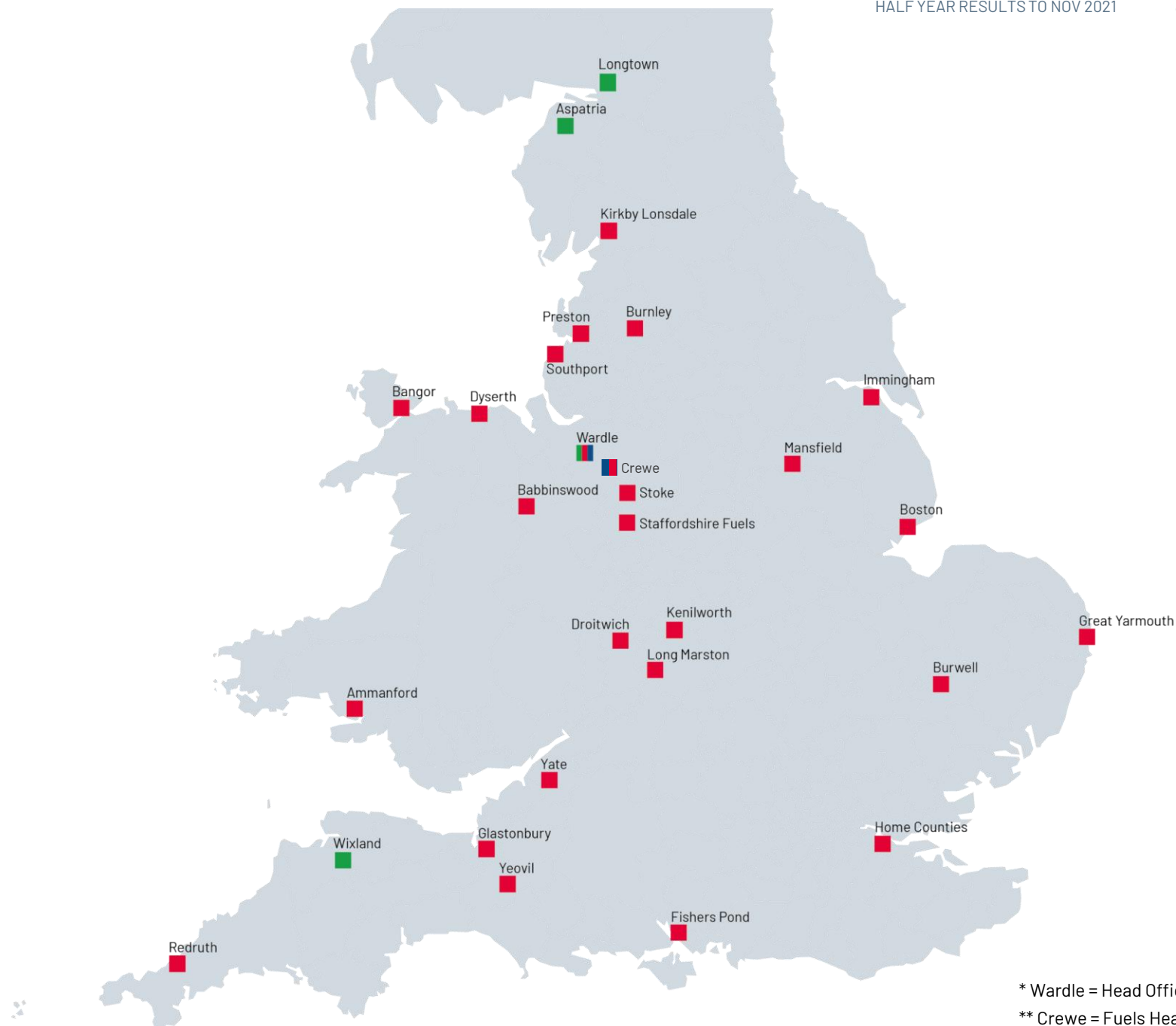
Aspatia
Longtown
Wardle*
Wixland

Food

Crewe **
Wardle*

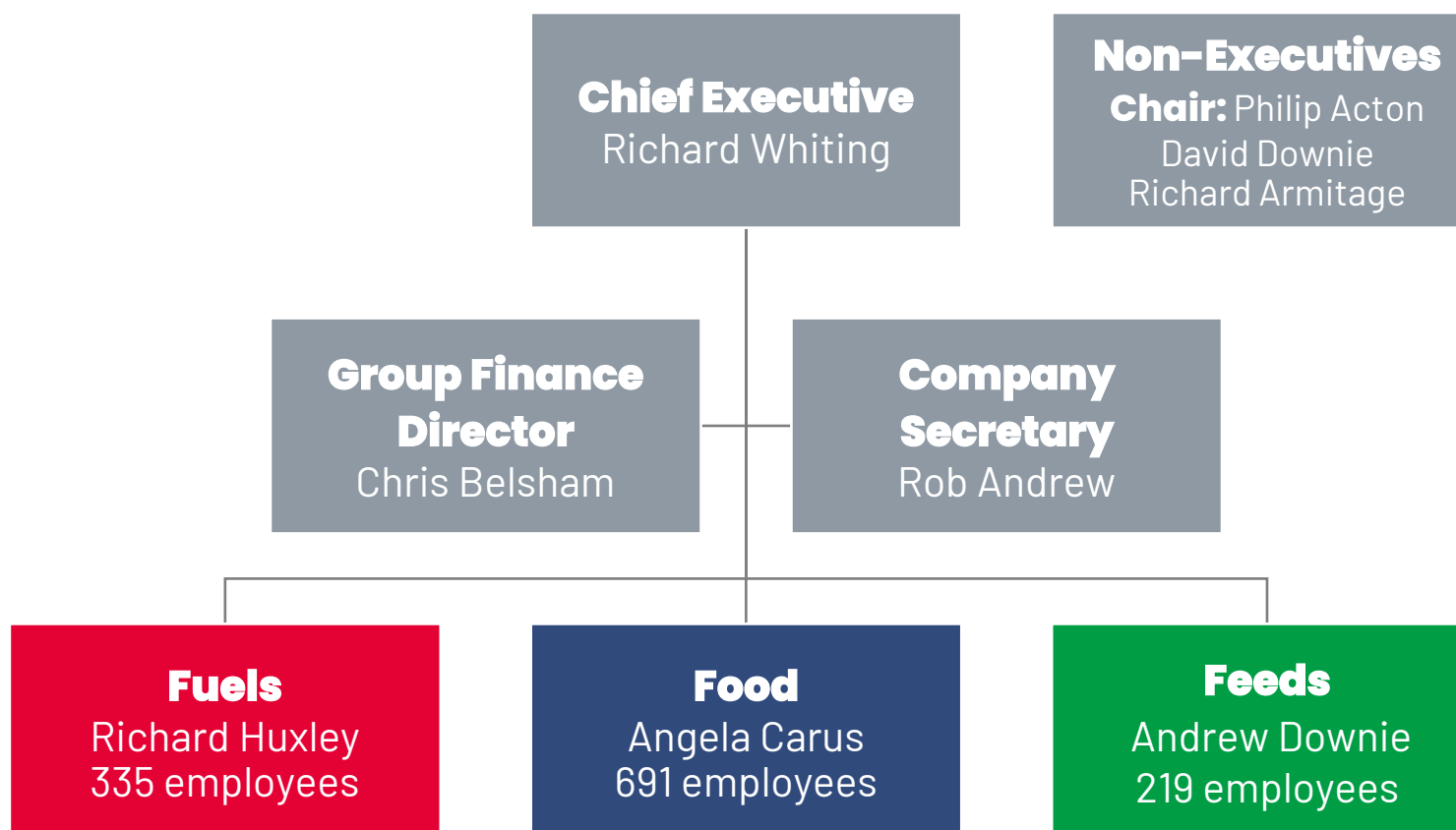
Fuels

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



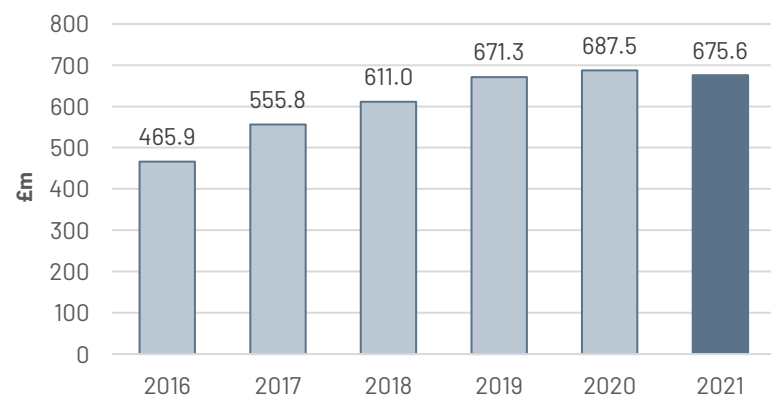
* Wardle = Head Office

** Crewe = Fuels Head Office





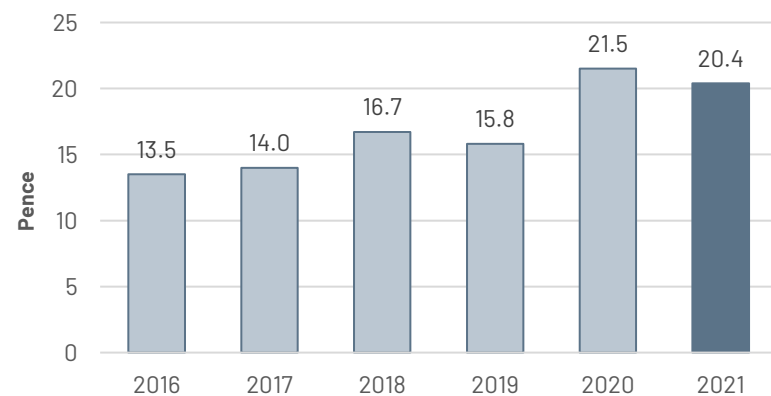
Revenue



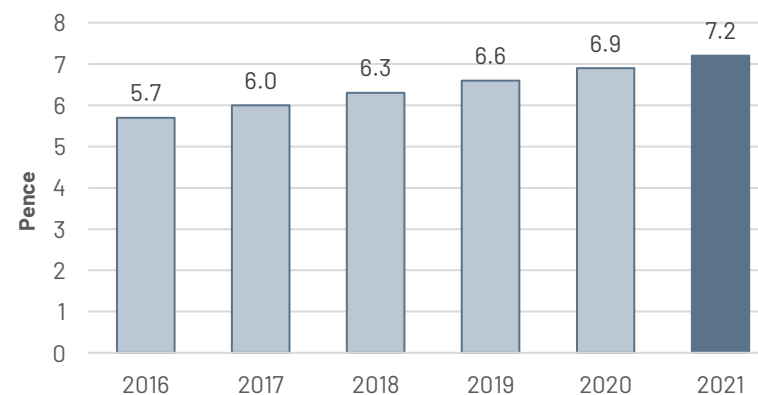
Headline PBT



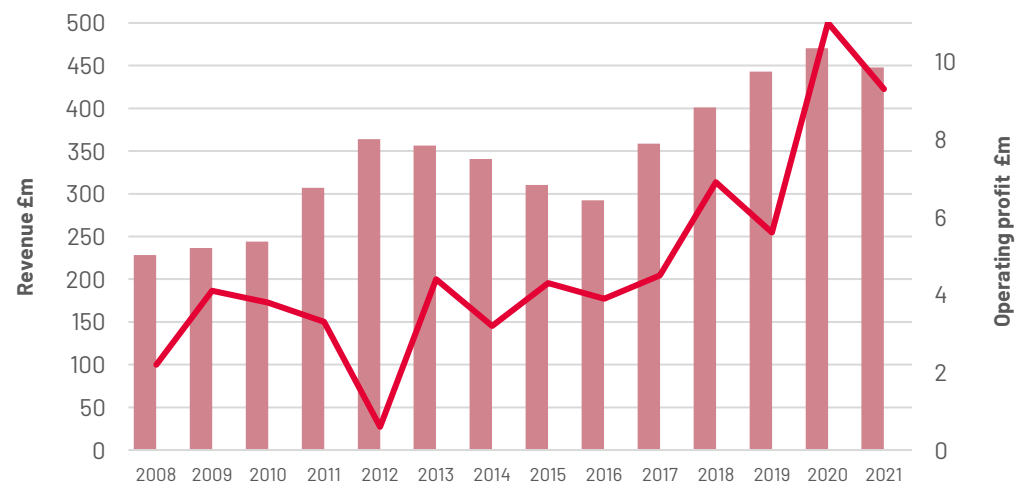
Headline EPS



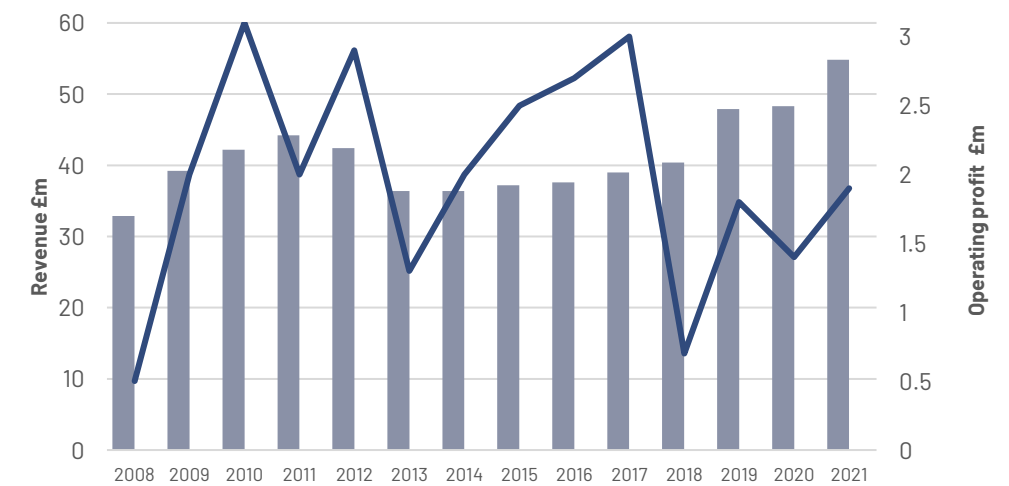
Dividend



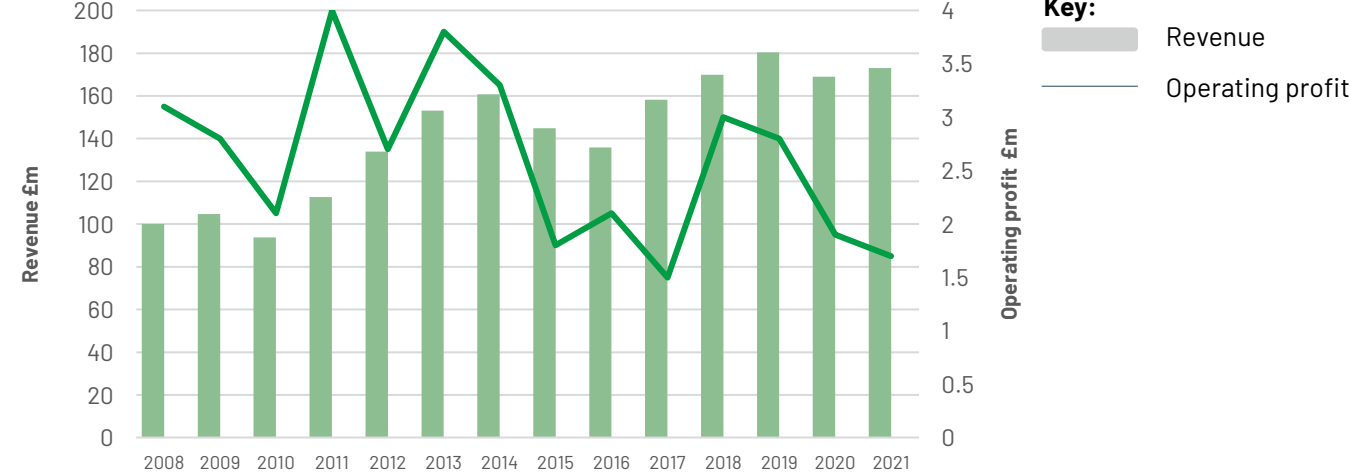
Fuels



Food



Feeds



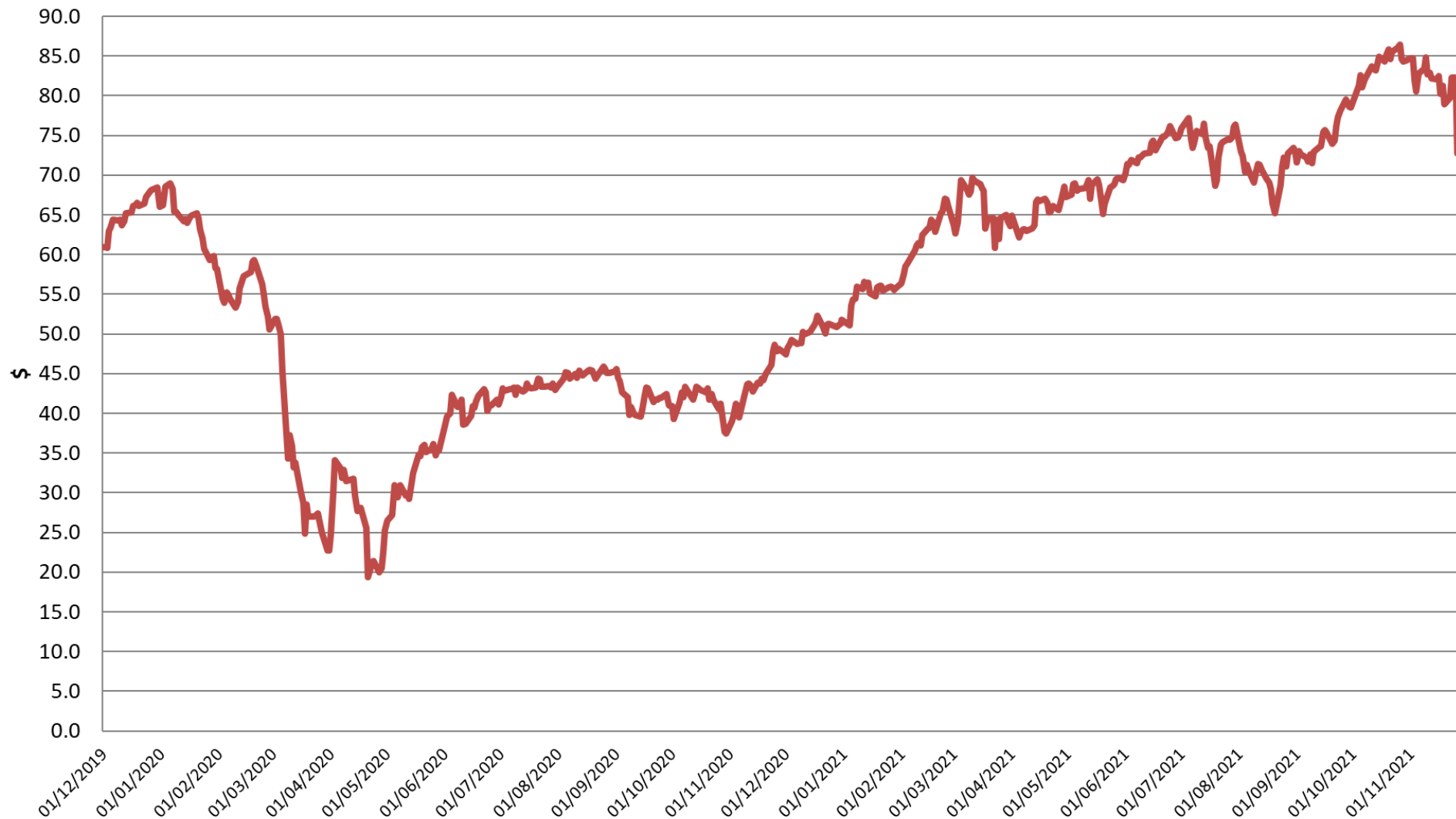
Key:

- Revenue
- Operating profit

Fuels additional market data

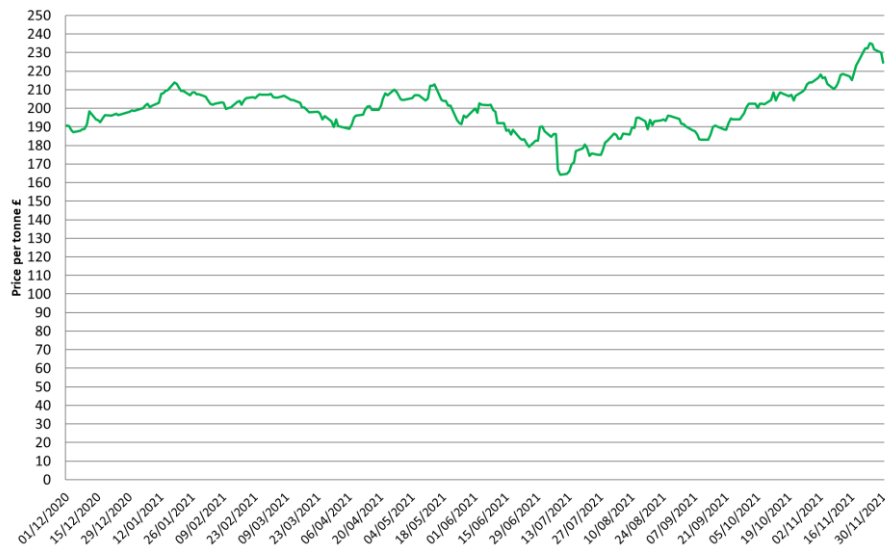
Oil Prices - Brent crude \$ per barrel

Oil Market Journal



Feeds additional market data

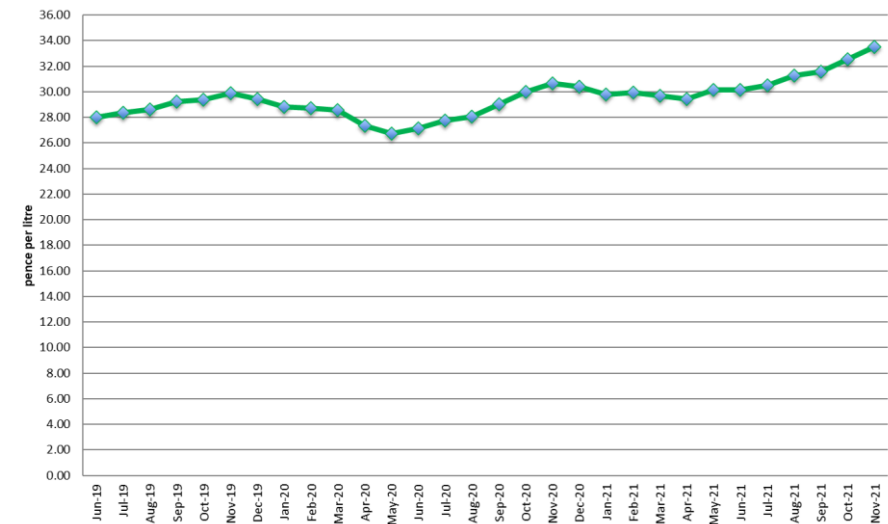
Wheat Price LIFFE 12 month period



Soyabean Meal Price CBOT 12 month period



Farm Gate Milk Price UK
pence per litre (ADHB)



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%