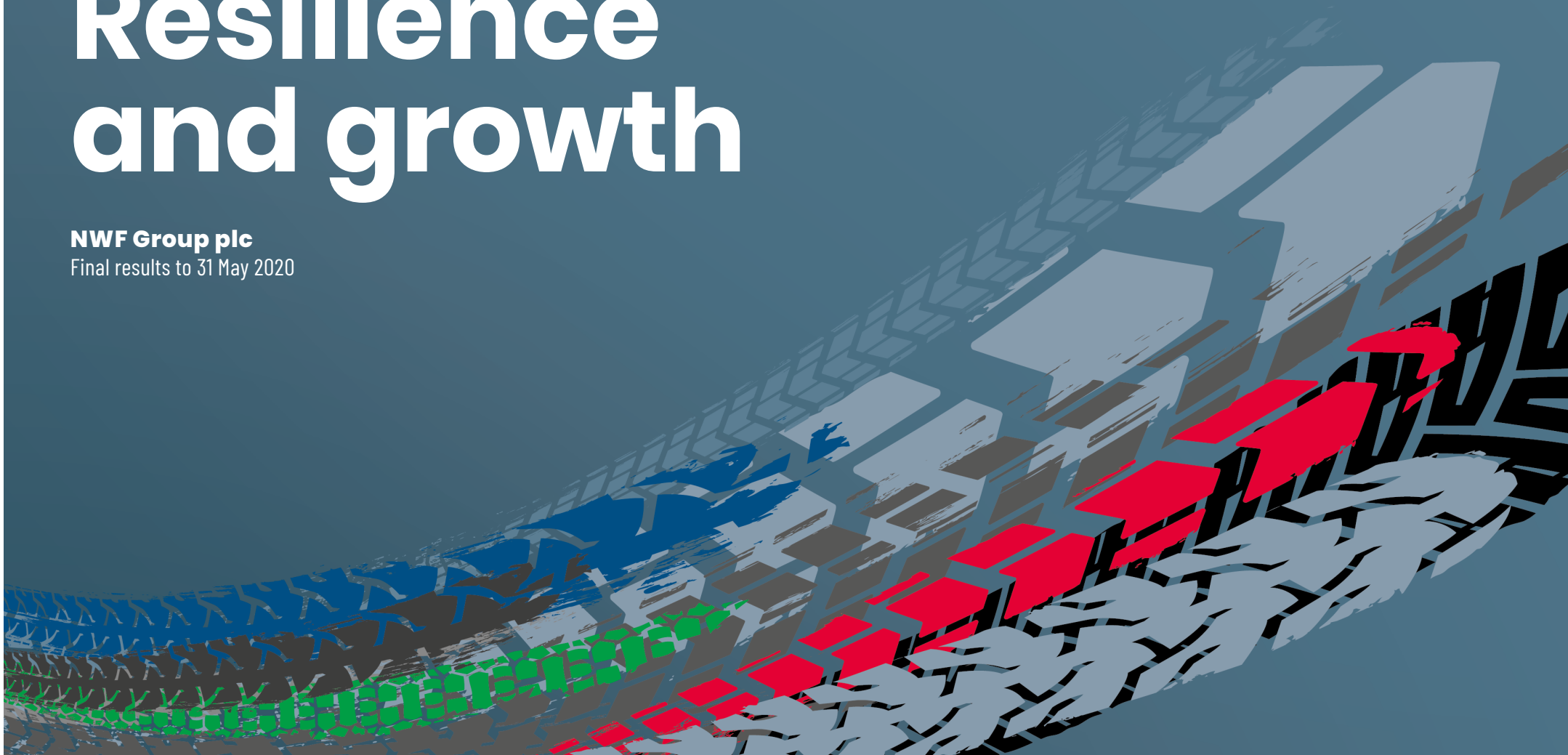




Resilience and growth

NWF Group plc

Final results to 31 May 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
- Three acquisitions in last twelve months 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
- 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

Strong results ahead of expectations

Revenue

£687.5m

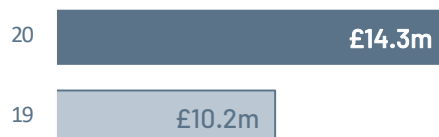
+2.4%



Headline operating profit*

£14.3m

+40.2%



Headline profit before tax*

£13.2m

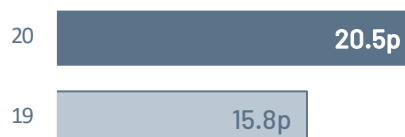
+36.1%



Headline earnings per share*

20.5p

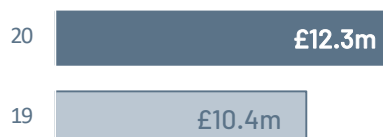
+29.7%



Net debt (excl. IFRS 16 'Leases')

£12.3m

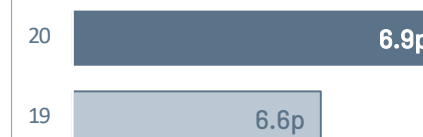
EBITDA* ratio: 0.7x



Dividend per share

6.9p

+4.5%



* 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

Covid-19 response and impact

NWF operations maintained throughout the period with good service provided

- All NWF employees classified as key workers, feeding and fuelling the country
- Operations moved to social distancing and new safe methods of working from March 2020
- All office staff home based from March 2020 where practical: 324 people (26%)
- No reduction in operational capability, efficiency or service levels
- Continuous review and monitoring of cash and business performance
- Banking: significant headroom and a resilient financial performance
- Development expenditure and acquisition activity paused during lockdown
- No Government support packages utilised and no staff furloughed

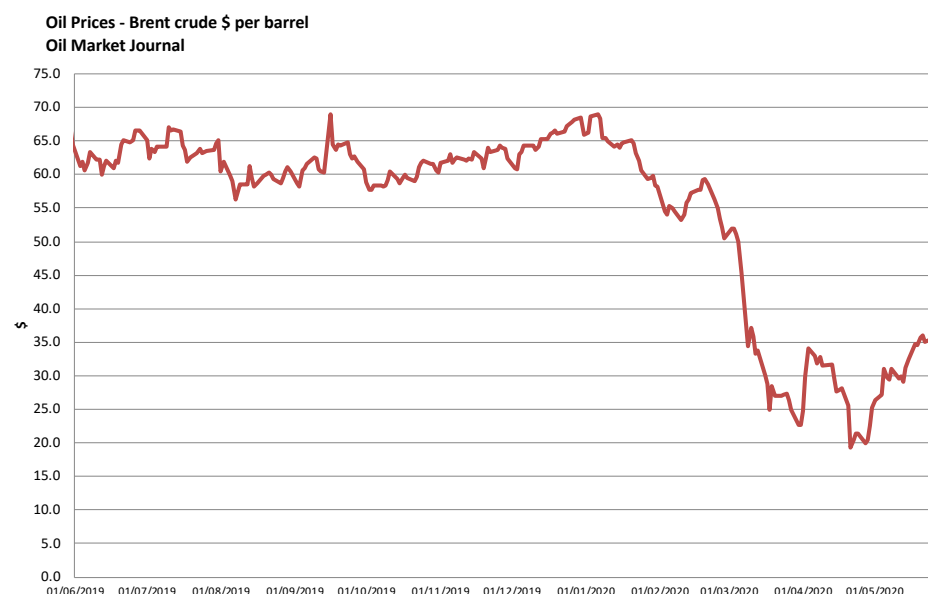
Lockdown business impact

- Significant increase in demand from supermarkets for ambient groceries:
 - Demand doubled in the short term and stock holding fell by 10,000 pallets; now stable and stock restored
- Fuel demand high from domestic customers in March and April as customers stayed at home: 37% increase in deliveries March - May
- Dramatic oil price fall, lower prices passed on and margins strengthened
- Commercial fuel volumes fell; now recovering
- Feed volumes broadly in line, feed commodity costs peaked impacting margins in the short term, some concern with lower dairy demand as food service outlets closed



Outstanding performance and development

- Trading ahead of expectations prior to lockdown
- Increased gas oil share of commercial business. Increased heating oil sales from acquisitions and significant additional demand satisfied during lockdown
- Managed significant oil price volatility effectively, passed on lower prices and stronger margins following dramatic oil price falls in March and April
- Increased heating oil demand and the dramatic fall in the oil price delivered one-off gains
- Invested as planned in skills and capability to support future development
- Acquisitions: added 20% volume (120m litres) and six additional depots:
 - Ribble Fuel Oils in North West – July '19
 - Caldo in North West – Oct '19
 - Darch in South West – Dec '19
- Acquisitions effectively integrated and performing strongly



Revenue

£470.2m

+6.1%

Operating profit

£11.0m

+96.4%

Volume (litres)

665m

+20.5%

	Revenue (£m)	Operating profit (£m)	Volume (litres)
20	470.2	11.0	665
19	433.0	5.6	552

Solid performance and a significant investment

- Underlying business ahead of prior year
- Managed increase in demand from Brexit events and the unprecedented increase in supermarket demand from Covid-19
- Increased activity levels – outloads up 4.0%
- Increased e-fulfilment operations: greater volumes and new customers
- New Crewe warehouse investment:
 - 240,000 ft² leased warehouse with 35,000 pallet spaces backed by long-term customer contracts
 - Lease commenced Feb '20, racked by end of May and fully operational
 - Fit-out completed during lockdown: £0.5m start-up costs in 2020 result as expected
- Total capacity now increased by 35% to 135,000 pallet spaces



Revenue

£48.3m

+0.8%

20

48.3

19

47.9

Operating profit

£1.4m

-22.2%

20

1.4

19

1.8

Pallets stored

103,000

+3.0%

20

103,000

19

100,000

Market share gains and Academy launched

- Market share gains across the UK:
 - Increased volumes direct to farm
 - Increased volumes to feed merchants
 - Increased volumes to other compounders
- Investment in NWF Academy training future nutritionists
- Higher energy costs throughout the year and commodity cost increases impacted margins in H2
- Market conditions:
 - Milk prices reasonably stable at 27p per litre
 - Milk production down 0.8%
 - Ruminant feed market volumes down 6.0%
 - Spot commodities volatile but lower on average



Revenue

£169.0m

-6.3%

20

169.0

19

180.4

Operating profit

£1.9m

-32.1%

20

1.9

19

2.8

Volumes (tonnes)

625,000

+5.8%

20

625,000

19

591,000

Financial highlights



Group overview
Financial review
Income statement summary

NWF Group plc
Final results to May 2020

10

	May 2020 £m	May 2019 £m
Revenue		
Fuels	470.2	443.0
Food	48.3	47.9
Feeds	169.0	180.4
Total revenue	687.5	671.3
Operating profit		
Fuels	11.0	5.6
Food	1.4	1.8
Feeds	1.9	2.8
Headline operating profit*	14.3	10.2
Exceptional items	(0.5)	(0.5)
Amortisation of acquired intangibles	(0.3)	(0.1)
Operating profit	13.5	9.6

Fuels	2014	2015	2016	2017	2018	2019	2020
Litres (million)	402	420	474	513	543	552	665
Profit (pence per litre)	0.8p	1.0p	0.8p	0.9p	1.3p	1.0p	1.6p
Brent crude high (\$ per barrel)	116.6	115.1	64.9	56.6	79.8	86.3	68.4
Brent crude low (\$ per barrel)	101.2	48.0	28.6	41.8	45.2	52.2	19.3

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

- Revenue increased by £16.2 million (2.4%):
 - £57 million from acquisitions
 - £4 million from higher activity levels
 - £45 million reduction from lower commodities in Fuels and Feeds
 - Headline operating profit of £14.3 million
 - Headline EBITDA* of £18.7 million (2019: £14.8 million)
 - Exceptional items - acquisition-related costs of £0.5 million
 - Impact of IFRS 16 - increase of £0.2 million in operating profit and headline operating profit
 - Non-IFRS 16 depreciation and amortisation £4.7 million
 - IFRS 16 depreciation of £5.8 million replaces operating lease charges of £6.0 million
-
- Fuel volumes increased by 20.5% largely from acquisitions
 - Profit pence per litre of 1.6p vs a normal target of 1.0p - reflects price volatility in final quarter and improved product mix

Group overview
Financial review
Income statement summary

NWF Group plc
Final results to May 2020

11

	May 2020 £m	May 2019 £m
Operating profit	13.5	9.6
Finance costs	(1.5)	(0.9)
Headline profit before tax*	13.2	9.7
Exceptional items	(0.5)	(0.5)
Amortisation of acquired intangibles	(0.3)	(0.1)
Net finance costs – DB scheme	(0.4)	(0.4)
Profit before tax	12.0	8.7
Tax	(3.1)	(1.9)
Profit after tax	8.9	6.8
Diluted headline EPS (pence)*	20.3	15.8
DPS (pence)	6.9	6.6
Dividend cover	2.9	2.4
Interest cover (excluding pension finance)	20.4	20.4

- Headline PBT of £13.2 million
- Bank interest increased by £0.2 million as a result of acquisitions
- IFRS 16 interest cost of £0.4 million; net negative impact on headline PBT of £0.2 million
- Tax rate:
 - Overall rate of 25.8% due to movement in deferred tax liability
 - Underlying rate of 20.8%
- Full year proposed dividend increased by 4.5% to 6.9 pence, cover of 2.9x

* Stated before exceptional items, amortisation of acquired intangibles and the net finance cost in respect of the Group's defined benefit pension scheme

Group overview
Financial review
Balance sheet summary

NWF Group plc
Final results to May 2020

12

	May 2020 £m	May 2019 £m
Fixed assets (inc right of use assets)	107.2	70.2
Net working capital	4.9	6.3
Assets employed	112.1	76.5
Pension deficit	(21.0)	(17.3)
Net debt	(12.3)	(10.4)
Lease liabilities	(26.3)	—
Tax provisions	(1.4)	(1.7)
Provisions	—	—
Net assets	51.1	47.1
Net debt: EBITDA	0.7	0.7
Total assets	178.4	149.1
ROCE:		
Fuels	52.9%	38.1%
Food	4.8%	7.2%
Feeds	5.3%	7.6%
Total ROCE	16.7%	13.4%

- Fixed assets increased due to acquisitions and recognition of rights of use assets
- Lower net working capital due to lower oil and commodity prices
- Net debt increased by only £1.9 million, as strong trading partly offset the acquisitions and investment in Crewe warehouse; remains well below 1x EBITDA
- Strong asset underpin – total assets of £178.4 million
- Group ROCE of 16.7%:
 - Food underlying ROCE 7.2%
- IFRS 16 impact:
 - £27.3 million right of use asset
 - £26.7 million right of use liability
 - £0.2 million increase in operating profit as IFRS 16 depreciation replaces £6.0 million of operating lease charges
 - £0.4 million increase in interest costs

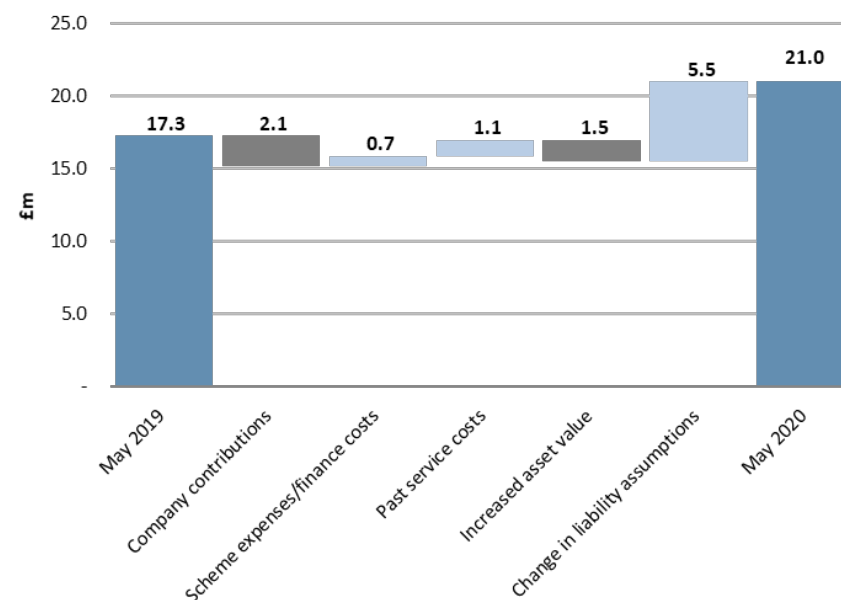
Group overview
Financial review
Pension summary

NWF Group plc
Final results to May 2020

13

	May 2020 £m	May 2019 £m
Assets	40.1	38.0
Liabilities	(61.1)	(55.3)
Deficit	(21.0)	(17.3)
Related deferred tax asset	4.0	2.9
Net pension liability	(17.0)	(14.4)
 Discount rate	 1.65%	 2.50%
Inflation rate (RPI)	2.65%	3.20%

- Single defined benefit pension scheme
- Closed to new members in 2002 and future accrual in 2016
- £3.7 million increase in deficit since May 2019 – primarily the impact of the discount rate
- Current recovery plan contributions of £1.8 million following triennial valuation in December 2016
- Triennial valuation as at December 2019 will be concluded in H1 FY21
- No constraint on Group development



Group overview
Financial review
Cash flow summary

NWF Group plc
Final results to May 2020

14

	May 2020 £m	May 2019 £m
Operating profit	13.5	9.6
Depreciation and amortisation	10.5	4.7
Profit on disposal of fixed assets	(0.2)	(0.1)
Working capital movements	1.7	(3.9)
Utilisation of provision	—	(0.1)
Contributions to pension scheme not recognised in income statement	(1.8)	(1.8)
Other	1.8	0.4
Operating cash flow	25.5	8.8
Interest paid	(1.1)	(0.5)
Tax paid	(2.7)	(1.9)
Net cash from operating activities	21.7	6.4
Net capital additions	(5.7)	(2.8)
Acquisition of subsidiaries (cash and debt)	(9.1)	(3.7)
Capital element of leases	(5.6)	—
Payment of contingent consideration	—	(0.8)
	1.3	(0.9)
Dividends paid	(3.2)	(3.1)
Movement in net debt	(1.9)	(4.0)

- Headline EBITDA* of £18.7 million (2019: £14.3 million)
- Working capital movement as a result of lower oil and commodity prices
- Net capital expenditure of £5.7 million including £1.9 million investment in new Crewe warehouse
- £9.1 million spent on three acquisitions – contributed £2.3 million headline operating profit
- Net cash generated from operating activities after IFRS 16 lease payments £16.1 million (2019: £6.4 million) – cash conversion ratio of 112.6% of headline operating profit (2019: 62.7%)

* Stated before exceptional items and amortisation of acquired intangibles. Headline EBITDA is calculated excluding the impact of IFRS 16
** May 2019 not restated for IFRS16

Group overview
Financial review
Net debt summary

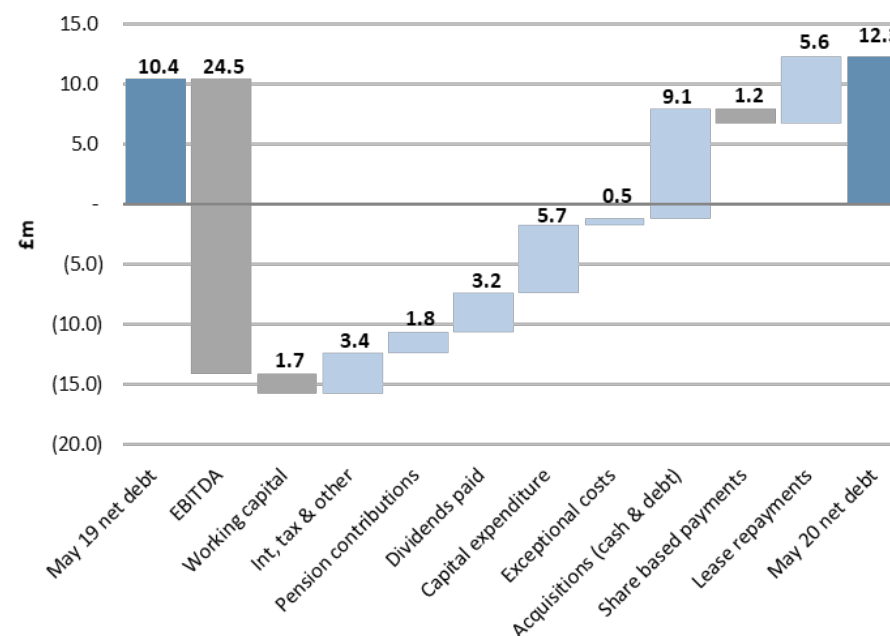
NWF Group plc
Final results to May 2020

15

- Facilities of £65 million with NatWest Group until October 2023
- Net debt of £12.3 million at May 2020 with substantial facility and covenant headroom

	Facility £m	Drawn £m
Facility		
Invoice discounting	50.0	7.2
RCF/guarantees	14.0	10.0
Overdraft/(cash)	1.0	(5.3)
Hire purchase obligations	—	0.3
Total	65.0	12.3

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



- £9.6 million cash generated before development expenditure

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
- Investing 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 for safety
- Value added niche businesses:
 - E-fulfilment
 - Palletline
- Targeted expansion backed by customer and retailer contracts

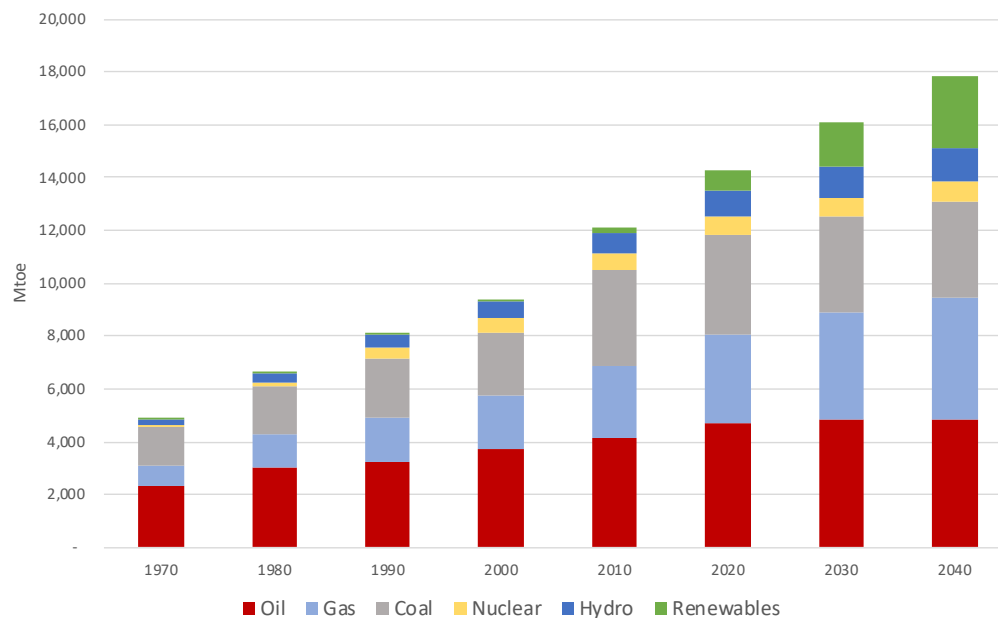
Feeds

- 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 range offering to over 4,500 farmers across the UK:
 - Expand nutritional range

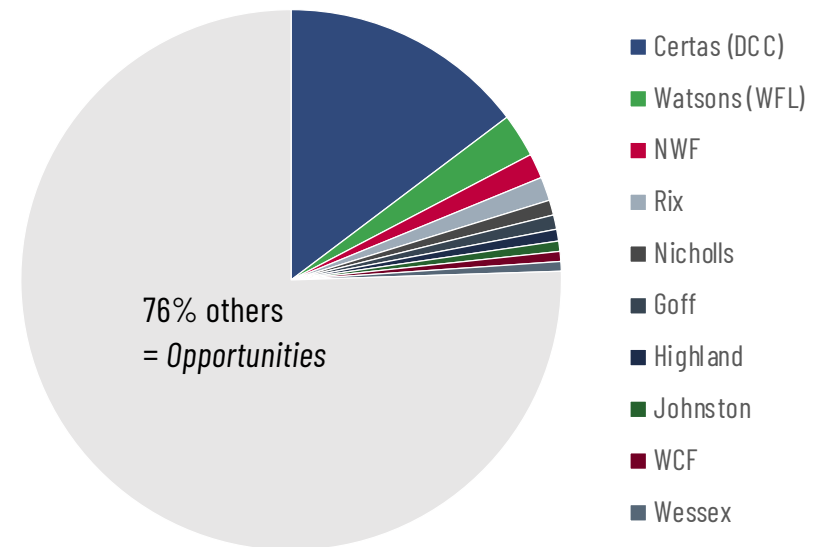
UK Fuel market

- Fragmented market for oil distribution:
 - Top 10 players only 25%, over 150 small players
 - NWF No. 3 with 2% market share (doubled in last 10 years)
 - 35 billion 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)

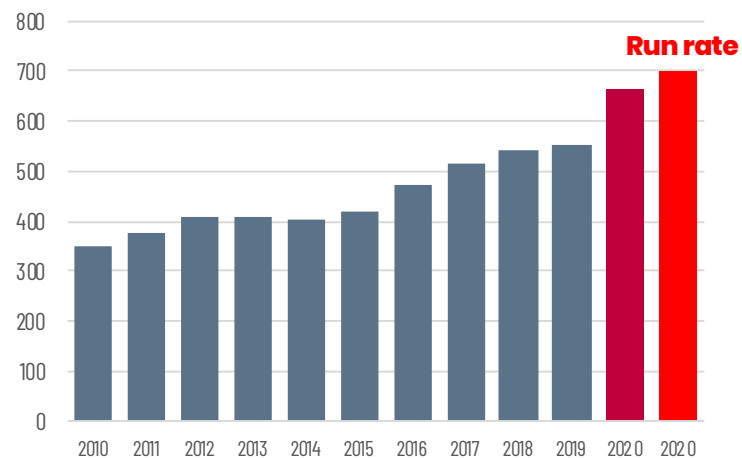


Source: company estimates

Acquisition activity

- Last twelve month's activity:
 - Acquired three businesses across the UK
 - Over 120 million litres (20%) of business added
 - £9.1 million consideration paid
- Clear post-acquisition integration plan
- Retained the brand and customer facing operations

Fuels volume
(million litres)

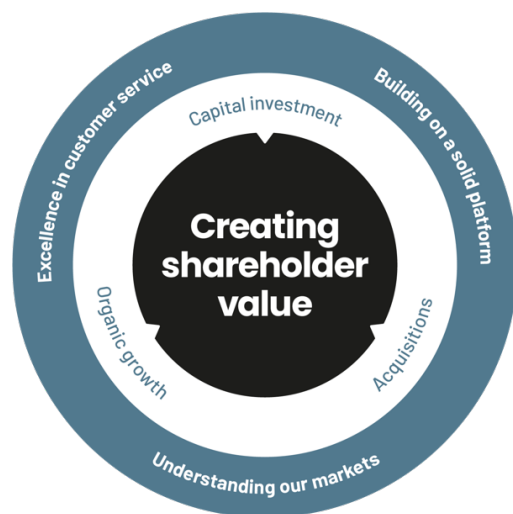


Acquisition process

- 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



The NWF proposition



Strong management team

Solid track record with ambition

3

completed fuels acquisitions

Growth opportunities

Consolidate and optimise

1

clear strategy

Asset backing

Strong balance sheet

£178.4m

total assets

Focus on return on capital

Return on capital employed is a key metric

16.7%

Group ROCE

Good cash generation

£9.6 million of cash generated before development expenditure

113%

cash conversion

Growing dividend

Increased dividend in nine out of the last ten years

6.9p

total dividend per share

Strong platform for further growth

Very strong result in 2020 – outperforming expectations

- Delivering strategy:
 - Three Fuels acquisitions
 - New 35,000 pallet space Food warehouse backed by customer contracts
 - Launched Feeds Academy training future nutritionists
- Demonstrating resilience:
 - 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

- Fuels opportunity for further market consolidation; no repetition of one-off oil price gains anticipated
- Food stock build filling the new warehouse
- Feeds demand and pricing stable

Confidence in the future development opportunities and outlook for the Group

- Strong operational and financial performance through Covid-19
- Focus returning to development and acquisition investment opportunities



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	2020	2021	2022
Revenue	£687.5m	£691.3m	£709.4m	£671.0m
Headline operating profit	£14.3m	£12.1m	£11.8m	£12.3m
Headline profit before tax	£13.2m	£11.5m	£10.8m	£11.4m
Headline earnings per share	20.5p	18.6p	17.3p	18.1p
Dividend per share	6.9p	6.9p	7.1p	7.4p
Net (debt)/cash	(£12.3m)	(£17.7m)	(£14.3m)	(£9.6m)

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 29 April 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.

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

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

339

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

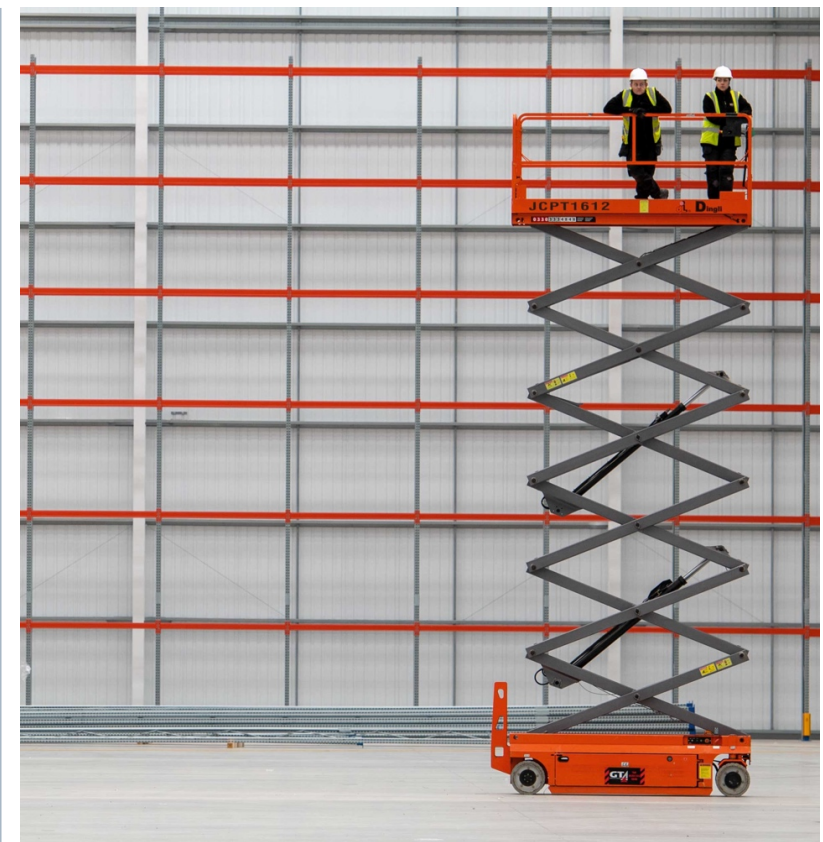
trucks

682

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

228

people

14

trailers



Group overview

Business locations

NWF Group plc
Final results to May 2020

28

Feeds

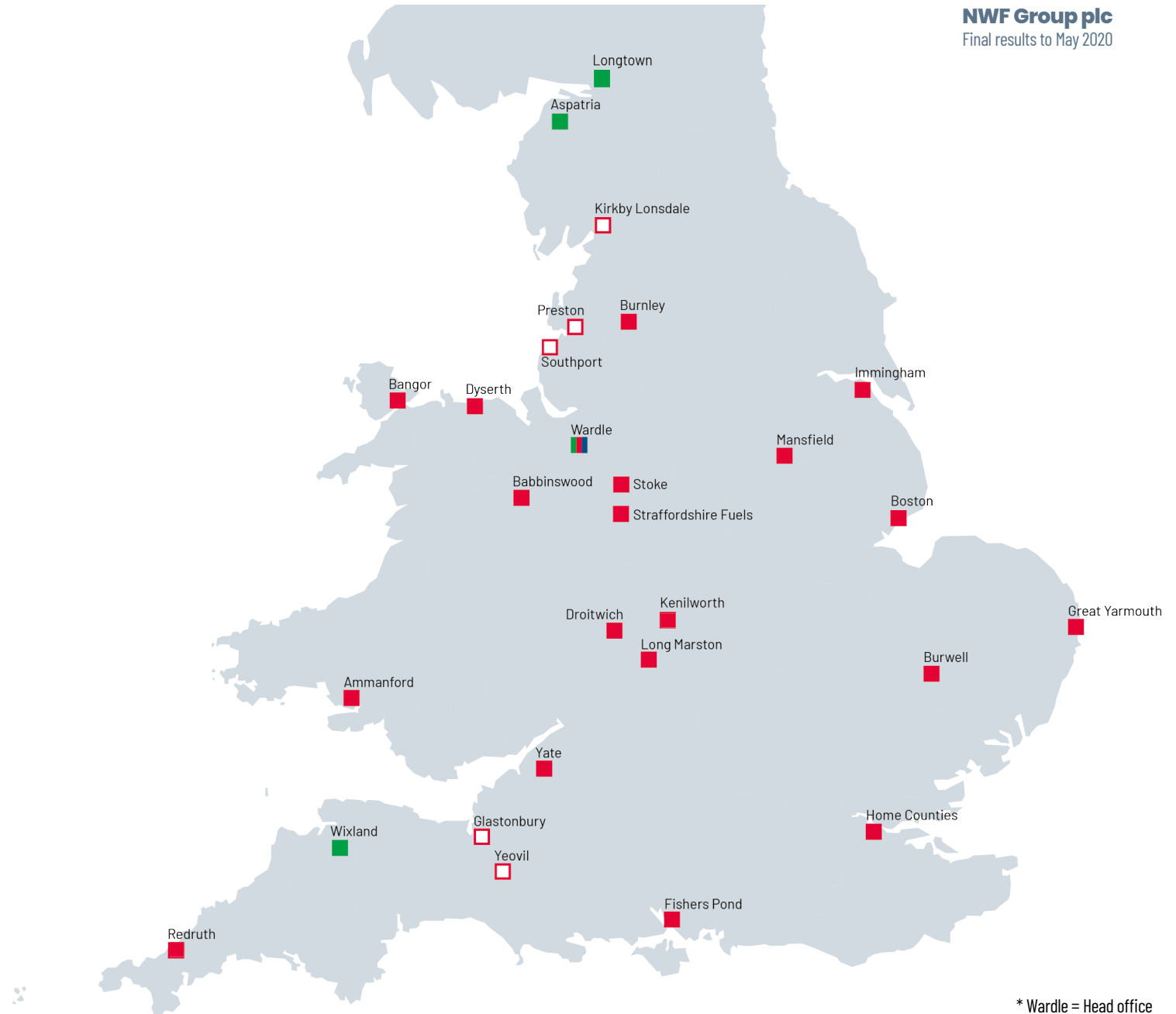
Aspatria
Longtown
Wardle*
Wixland

Food

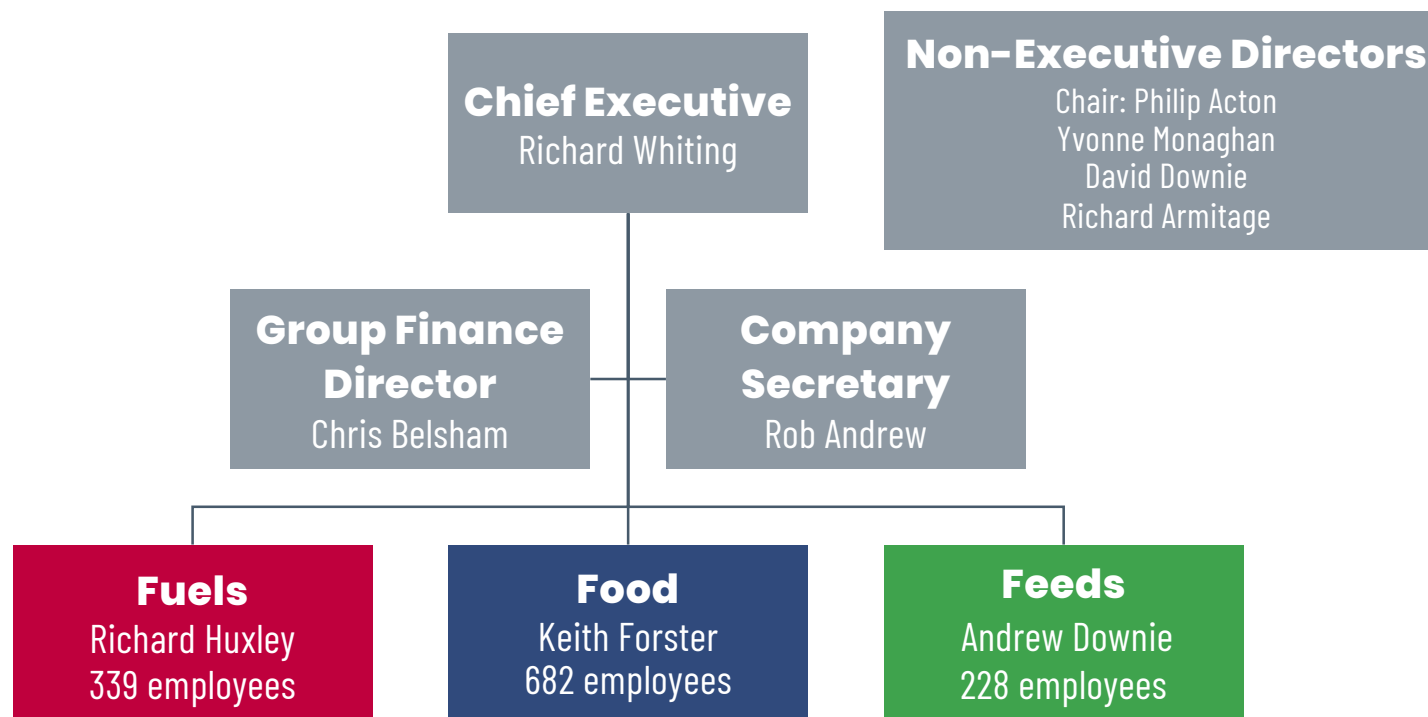
Crewe
Wardle*

Fuels

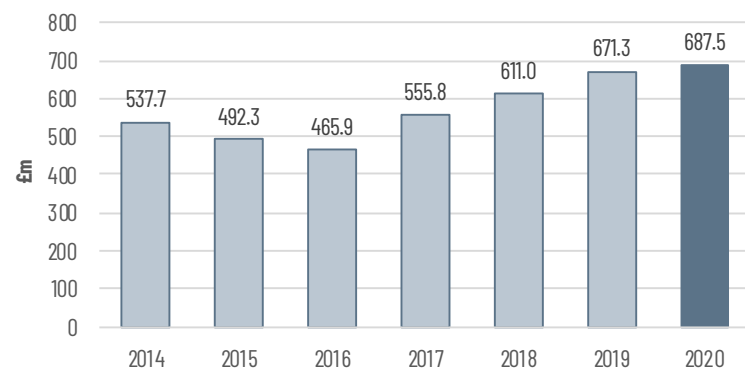
Ammanford
Babbinswood
Bangor
Boston
Burnley
Burwell
Droitwich
Dyserth
Fishers Pond
Glastonbury
Great Yarmouth
Halifax
Home Counties
Kenilworth
Kirkby Lonsdale
Long Marston
Mansfield
Preston
Redruth
Southport
Staffordshire Fuels
Stoke
Wardle*
Yate
Yeovil



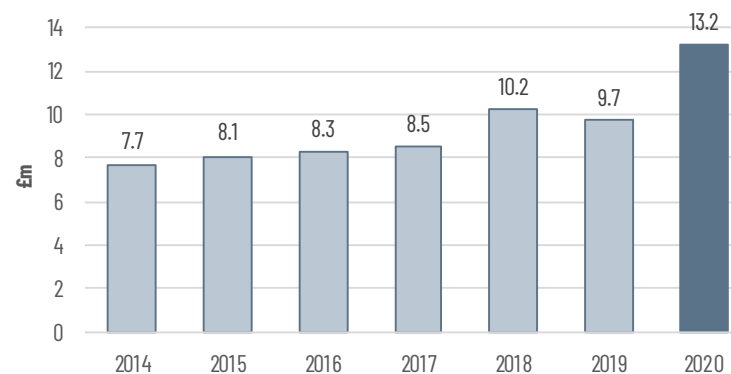
* Wardle = Head office



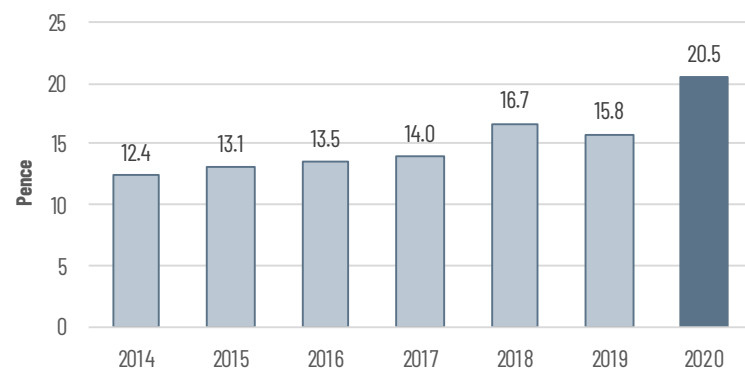
Revenue



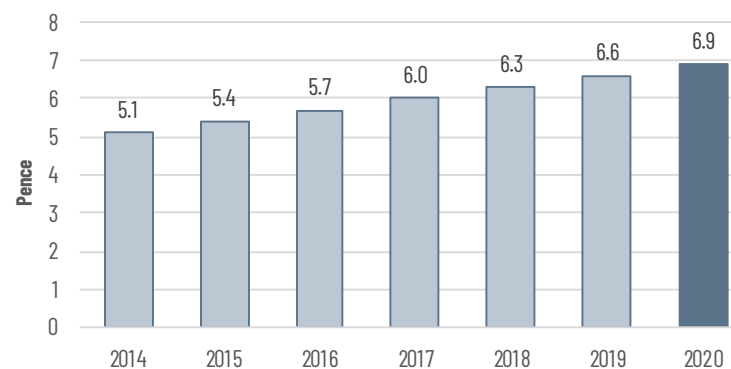
Headline PBT



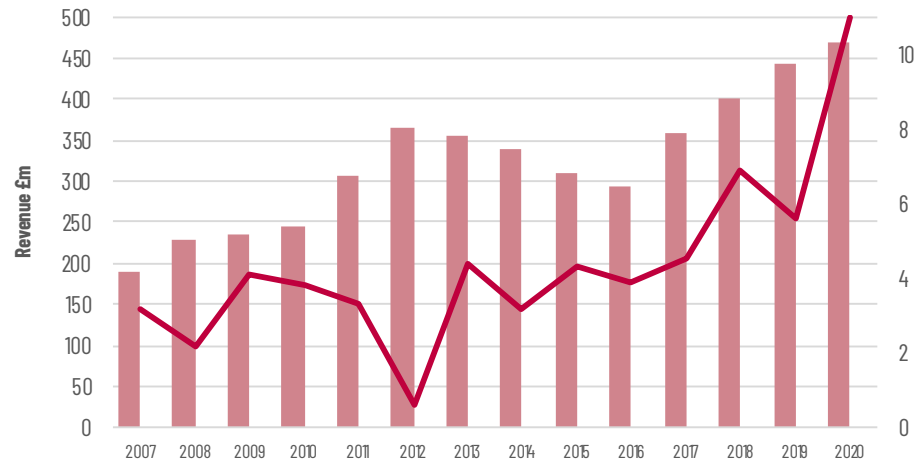
Headline EPS



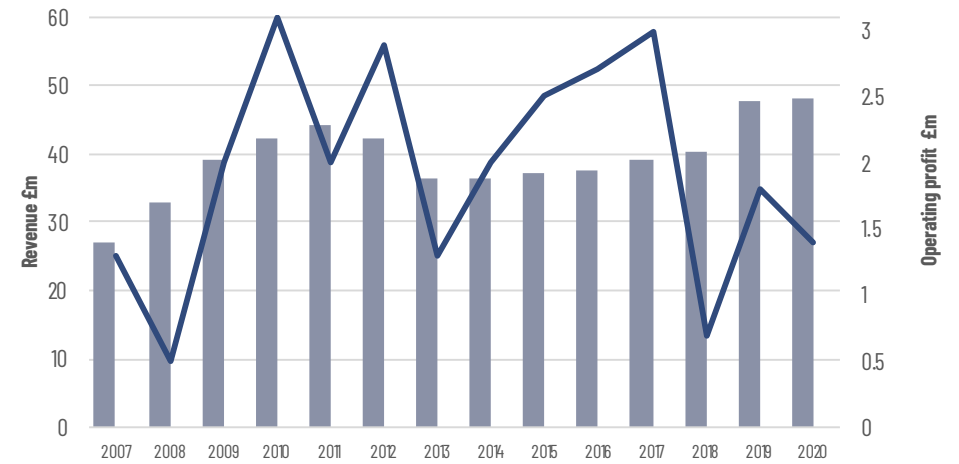
Dividend



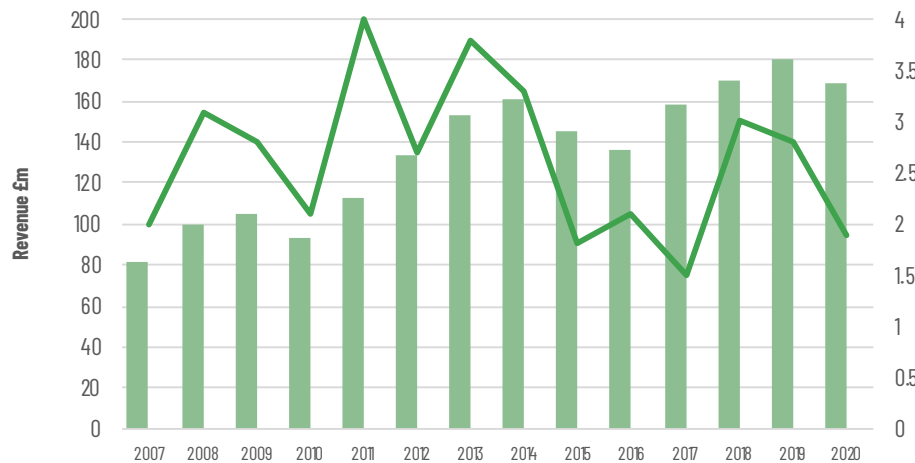
Fuels



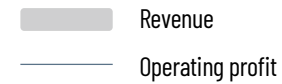
Food



Feeds



Key:



Fuels additional market data

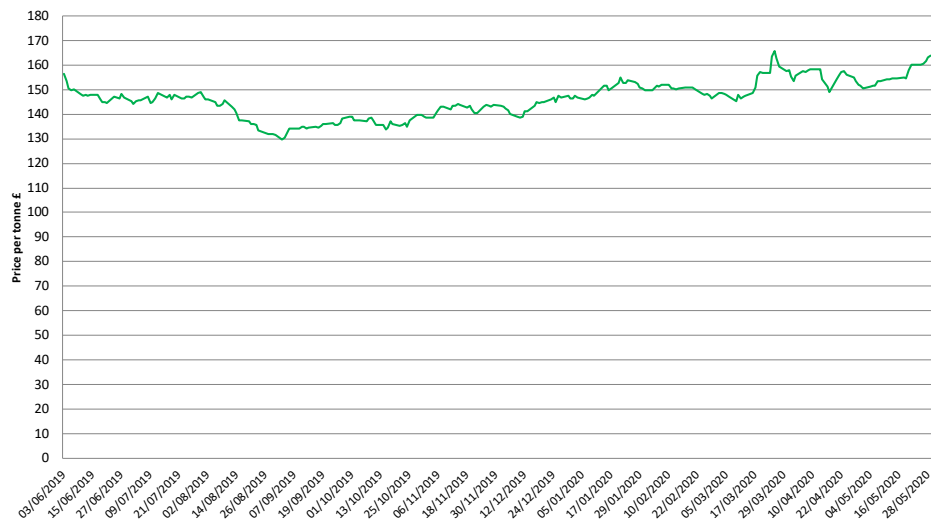
Oil Prices - Brent crude \$ per barrel

Oil Market Journal

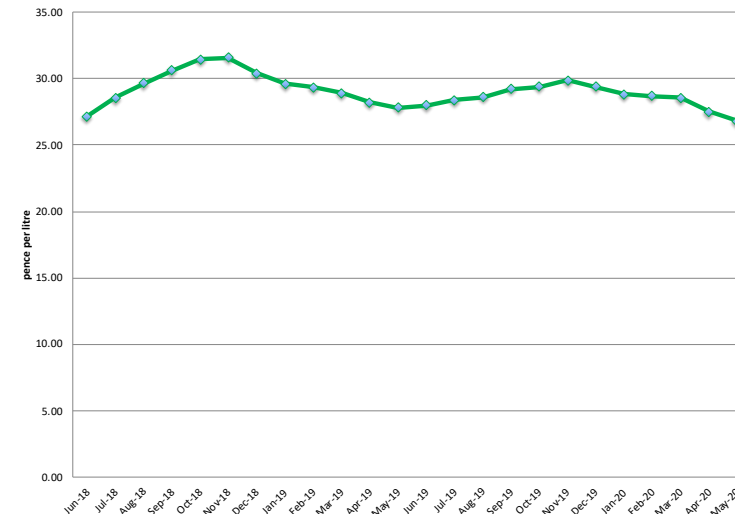


Feeds additional market data

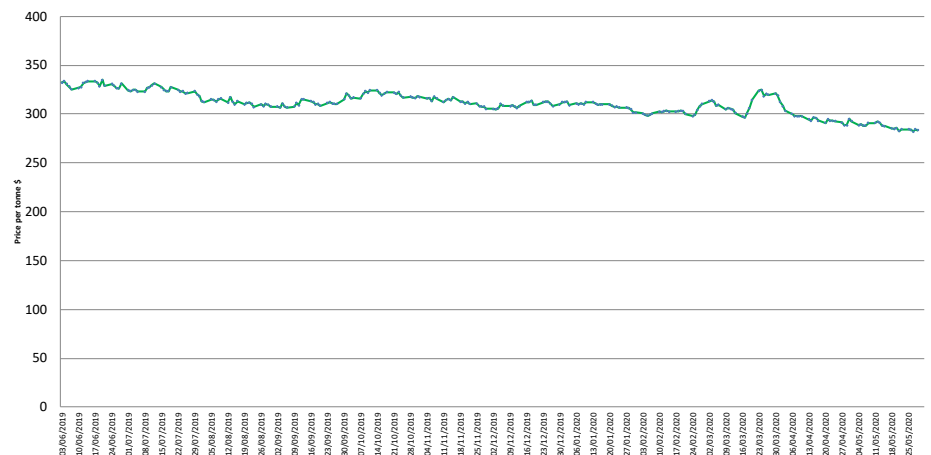
Wheat Price LIFFE



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	1.9
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

