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



PRELIMINARY RESULTS  
**FOR THE YEAR ENDED 31 MAY 2015**

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# GROUP OVERVIEW

## KEY HIGHLIGHTS

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Successful year for the Group delivering on stated strategic initiatives
  - » Profit increase following a strong H2 Feeds recovery and good performances in Food and Fuels
  - » Revenue decrease reflecting lower commodity prices
  - » Strong cash generation leaves debt at a 10 year low
  - » Renewed £65.0 million banking facilities for 5 years
  - » Increased full year dividend
  - » Feeds increasing volumes and H2 turnaround
  - » Food delivering efficiency gains
  - » Fuels out performing with premium sales and benefiting from falling oil prices
  - » Acquisition of New Breed June 2015
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# GROUP OVERVIEW

## RESULTS SUMMARY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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### Revenue

**£492.3m** - 8.4%

2015	£492.3m
2014	£537.7m

### Operating profit

**£8.6m** +1.2%

2015	£8.6m
2014	£8.5m

### Headline profit before tax

**£8.1m** + 5.2%

2015	£8.1m
2014	£7.7m

### Headline earnings per share

**13.2p** + 6.5%

2015	13.2p
2014	12.4p

### Net debt

**£5.9m** - 49.6%

2015	£5.9m
2014	£11.7m

### Dividend per share

**5.4p** + 5.9%

2015	5.4p
2014	5.1p

# OPERATIONAL HIGHLIGHTS

FEEDS

STRONG RECOVERY IN SECOND HALF

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Challenging market with falling milk prices
- » Falling commodity prices squeezed margins in 2014
- » Volumes remained robust
- » Opened Dumfries feed operations in June 2014
- » Implemented new ERP system across the business
- » Appointed new Managing Director in the Feeds division
- » Acquired New Breed in June 2015



## Revenue

**£144.9m** -9.8%

2015	£144.9m
2014	£160.7m

## Operating profit

**£1.8m** -45.5%

2015	£1.8m
2014	£3.3m

## Tonnes

**567,000** +4.4%

2015	567,000
2014	543,000

# OPERATIONAL HIGHLIGHTS

FOOD

DELIVERING EFFICIENCY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Tough market conditions continue
- » Improved efficiency in warehouses and fleet
- » Benefits from a single site operation
- » Signed long-term agreements with new and existing customers
- » Managed driver numbers through CPC introduction and industry wide shortage
- » Launched Palletline operation at Wardle
- » Excellent customer service levels maintained at 99.7%



## Revenue

**£37.2m** +2.2%

2015	£37.2m
2014	£36.4m

## Operating profit

**£2.5m** +25.0%

2015	£2.5m
2014	£2.0m

## Average pallets stored

**92,000** -5.2%

2015	92,000
2014	97,000

# OPERATIONAL HIGHLIGHTS

FUELS

OUTPERFORMANCE IN A FALLING MARKET

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Increased sale of premium products
- » Oil prices fell 27% to \$79 per barrel
- » Margins improved in a falling market
- » Mild winter conditions pre Christmas
- » New depot with 400,000 litre storage built and opened in Mansfield
- » Norfolk team relocated to Great Yarmouth with storage
- » Boston awarded depot of the year by the FPS



## Revenue

**£310.2m** -8.9%

2015	£310.2m
2014	£340.6m

## Operating profit

**£4.3m** +34.4%

2015	£4.3m
2014	£3.2m

## Litres

**420m** +4.5%

2015	420m
2014	402m

# FINANCIAL REVIEW

## INCOME STATEMENT SUMMARY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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	May 2015 £m	May 2014 £m
<b>Revenue</b>		
Food	37.2	36.4
Feeds	144.9	160.7
Fuels	310.2	340.6
<b>Total revenue</b>	<b>492.3</b>	<b>537.7</b>
<b>Operating profit</b>		
Food	2.5	2.0
Feeds	1.8	3.3
Fuels	4.3	3.2
<b>Underlying operating profit</b>	<b>8.6</b>	<b>8.5</b>
Exceptional items	0.5	-
<b>Operating profit</b>	<b>9.1</b>	<b>8.5</b>
Finance costs	(1.2)	(1.6)
<b>Headline profit before tax</b>	<b>8.1</b>	<b>7.7</b>
Exceptional items	0.5	-
Net finance costs - DB scheme	(0.7)	(0.8)
<b>Profit before tax</b>	<b>7.9</b>	<b>6.9</b>
Tax	(1.7)	(1.6)
<b>Profit after tax</b>	<b>6.2</b>	<b>5.3</b>
Headline EPS (pence)	13.2	12.4
DPS (pence)	5.4	5.1
Dividend cover	2.4	2.4
Interest cover (excl pension finance)	17.2	10.6

- » Revenue decreased by 8.4% reflecting lower oil prices in Fuels and lower commodity prices in Feeds
- » Strong H2 Feeds recovery in profitability and good performances in Food and Fuels, underlying Operating Profit £8.6 million (2014: £8.5 million)
- » Headline PBT increased by 5.2% to £8.1 million (2014: £7.7m)
- » Net exceptional credit of £0.5 million
- » Headline EPS 13.2p (2014: 12.4p)
- » Amortisation of other intangible assets £0.7m, share based payment expense of £0.2m
- » Dividend increase of 5.9% to 5.4p (2014: 5.1p)

# FINANCIAL REVIEW

## BALANCE SHEET SUMMARY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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	May 2015 £m	May 2014 £m
Fixed assets	<b>54.6</b>	54.0
Net working capital	<b>7.5</b>	9.8
<b>Assets employed</b>	<b>62.1</b>	63.8
Pension deficit	<b>(20.2)</b>	(17.3)
Net debt	<b>(5.9)</b>	(11.7)
Tax provisions	<b>(1.2)</b>	(1.8)
<b>Net assets</b>	<b>34.8</b>	33.0
Net debt : EBITDA	<b>0.5</b>	1.0
Total Assets	<b>117.8</b>	119.4

### ROCE:

Food	<b>9.3%</b>	7.4%
Feeds	<b>6.0%</b>	11.3%
Fuels	<b>69.5%</b>	44.4%
Total ROCE	<b>13.8%</b>	13.4%

- » Fixed assets increased to £54.6 million, net investment of £4.6 million (depreciation and amortisation £4.0 million)
- » Working capital improved further by £2.3 million to £7.5 million
- » Pension deficit increase predominantly due to lower discount rate
- » Net Debt decreased by 49.6% to £5.9 million (2014: £11.7 million)
- » Net Debt: EBITDA down to 0.5X (2014: 1.0X)
- » Strong asset underpin with total assets of £117.8 million
- » Group ROCE increased to 13.8%

# FINANCIAL REVIEW

## CASH FLOW SUMMARY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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	May 2015 £m	May 2014 £m
<b>Cashflows from operating activities</b>		
Operating profit	9.1	8.5
Depreciation and amortisation	4.0	3.7
Working capital	2.4	1.1
Other	(1.1)	(0.7)
<b>Operating cash flow</b>	<b>14.4</b>	<b>12.6</b>
Interest paid	(0.5)	(0.7)
Tax paid	(1.6)	(2.3)
<b>Net cash from operating activities</b>	<b>12.3</b>	<b>9.6</b>
<b>Cash flows from investing activities</b>		
Capital additions (net of receipts from disposals)	(4.6)	(3.2)
Acquisition of subsidiary	-	(6.5)
	<b>7.7</b>	<b>(0.1)</b>
Dividends paid	(2.4)	(2.3)
Other financing cash inflows / (outflows)	0.5	(0.2)
<b>Movement in Net debt</b>	<b>5.8</b>	<b>(2.6)</b>

- » EBITDA £13.1 million (2014: £12.2 million)
- » Further improvement in working capital by £2.4 million, driven particularly by sustainable reduction in Fuels debtors
- » Strong cash generation with operating cash flow of £14.4 million
- » Cash conversion ratio of 135.2% (2014: 112.9%)
- » Continued investment in capital expenditure, £4.6 million net investment in year which was £0.6 million ahead of depreciation and amortisation
- » Net debt reduced by £5.8 million to 10 year low

# FINANCIAL REVIEW

## NET DEBT SUMMARY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

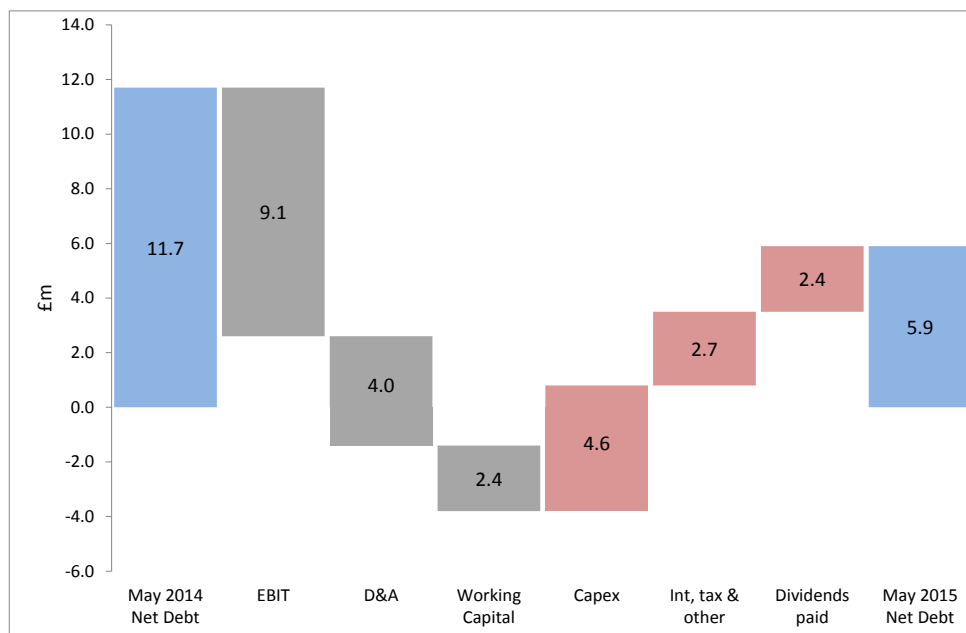
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- » Committed facilities of £65.0 million with RBS until October 2019
- » Year End net debt £5.9 million, substantial facility and covenant headroom

Facility	Facility	Drawn
Invoice Discounting	£50.0m	£5.9m
RCF/Guarantee	£14.0m	-
Overdraft/(Cash)	£1.0m	-
<b>Bank facilities</b>	<b>£65.0m</b>	<b>£5.9m</b>

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

## Movement in net debt



# DEVELOPMENT STRATEGY

GROUP SOLID PLATFORM FOR GROWTH

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Focus on total shareholder return – progressive dividend policy
  - » Solid cash generative business in large stable markets
  - » Development focus on agriculture
    - » Targeting additional products and services for UK farmers
    - » Targeting innovative agriculture businesses
  - » Fuels can develop through cold starts and bolt on acquisitions
  - » Food to develop through improved efficiencies and customer gains expanding the business
-

## DEVELOPMENT STRATEGY

FEEDS

ACQUISITION OPPORTUNITIES

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Agriculture an attractive market for the Group
  - » Population growth
  - » Relationship with 4,300 farmers
  - » Trusted adviser to farmers
- » National player with a strong track record
- » Successful acquisitions: S.C. Feeds and New Breed

### Development Strategy

- » Opportunities for consolidation in Ruminant market
- » Increase breadth of offer for farmers through organic development and acquisitions

### Acquisition criteria:

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

GB Market	2011	2012	2013	2014	2015
Milk (Litres)	11.4bn	11.5bn	11.0bn	11.6bn	12.2bn
UK Dairy Herd	1.8m	1.8m	1.8m	1.8m	n/a
Ruminant Market (tonnes)	4.6m	4.6m	5.2m	4.9m	4.9m
NWF (tonnes '000s)	462	486	481	543	567



# DEVELOPMENT STRATEGY

FOOD

DELIVERING SERVICE & EFFICIENCY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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

## Development Strategy

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



# DEVELOPMENT STRATEGY

FUELS

ADDING DEPOTS TO A SUCCESSFUL NETWORK

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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

## Development Strategy

- » Driving for business balance
- » Investing in new depots in 2015
  - » Mansfield and Great Yarmouth
- » New start up at Brighton
- » Targeting business around the Thames
- » Targeting bolt-on acquisitions



## OUR LOCATIONS

- 1 Ammanford
- 2 Babbinswood
- 3 Bangor
- 4 Boston
- 5 Brighton
- 6 Burnley
- 7 Burwell
- 8 Droitwich
- 9 Dyserth
- 10 Great Yarmouth
- 11 Kenilworth
- 12 Long Marston
- 13 Mansfield
- 14 Southampton
- 15 Stoke
- 16 Wardle\*
- 17 Yate

\* Group head office  
and main operating site.

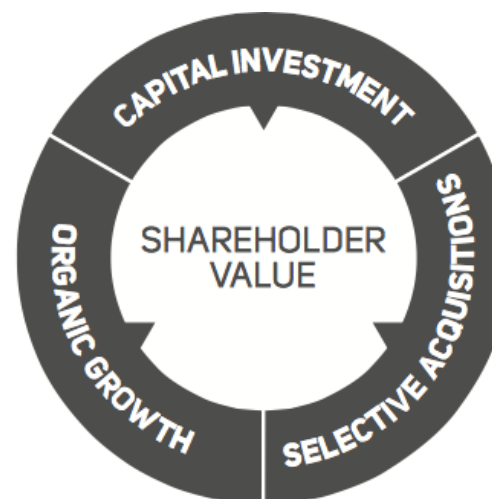
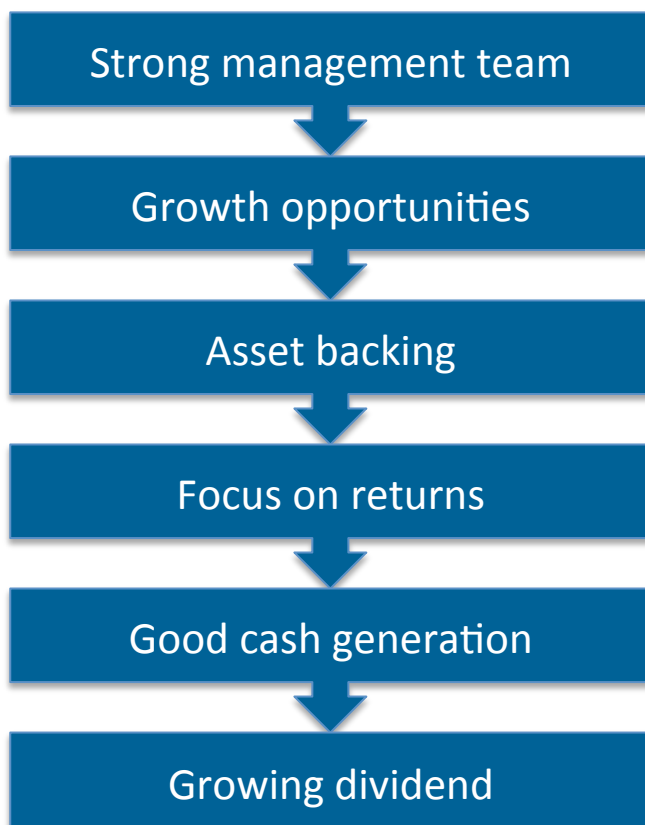


## GROUP OVERVIEW

NWF INVESTMENT SUMMARY

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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## GROUP OVERVIEW

### SUMMARY & OUTLOOK

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NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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- » Solid performance last year
    - » Benefits of targeted initiatives in all three divisions
  - » Development strategy delivering growth
  - » Progressive dividend demonstrating confidence
  - » Strategic focus on Agri development opportunities
  - » Acquisition in line with stated strategic intention
  - » Significant financial headroom for investment in growth initiatives
  - » Current year started in line with the Board's expectations
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## GROUP OVERVIEW

### ADDITIONAL INFORMATION

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NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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

# BUSINESS OVERVIEW

## FEEDS

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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

- » National player – feeds one in six dairy cows in the UK, number two in the market
- » 567,000 tonnes per annum
- » Feed dairy, beef and sheep
- » Sell added value products including minerals, supplements and fertiliser
- » 4,300 customers
- » 195 people
- » 36 trucks, 18 trailers
- » Compound mills in Cheshire, Staffs and Devon
- » Blend plants in Dumfries & Galloway, Cheshire, Staffs and Devon



## BUSINESS OVERVIEW

### FOOD

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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### Consolidation of ambient grocery products to UK supermarkets

- » 100,000 pallet spaces
- » 800,000ft<sup>2</sup> of warehousing in Wardle
- » Market leader in the North West
- » 455 people
- » 100 trucks, 233 trailers
- » 99.7% service level
- » 200 customers including Princes & Typhoo
- » Packing room for added value work



# BUSINESS OVERVIEW

## FUELS

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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

- » Third largest oil distributor in the UK
- » 59,000 customers
- » 204 people
- » 17 depots across the UK
- » Supply 48 retail petrol stations
- » 88 tankers
- » Fuel card marketing
- » 420 million litres per annum



# GROUP OVERVIEW

## LOCATIONS

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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### Feeds

Dumfries  
Wardle\*  
Stone  
Wixland

### Food

Wardle\*

### Fuels

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

\* Wardle = Head office



# GROUP OVERVIEW

WARDLE MAIN SITE

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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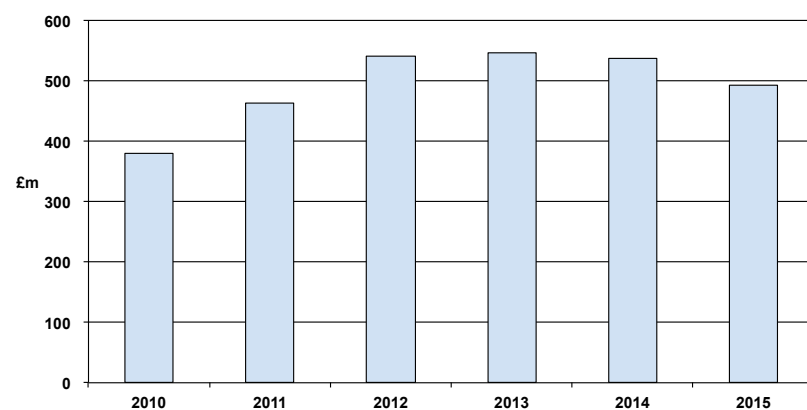
# GROUP OVERVIEW

## FIVE YEAR TRACK RECORD

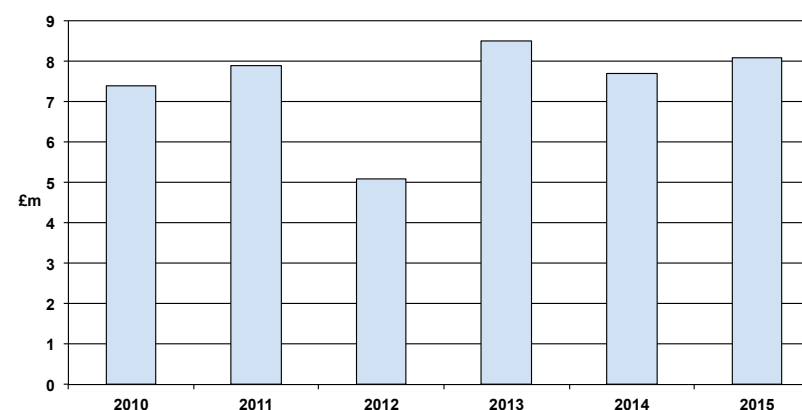
NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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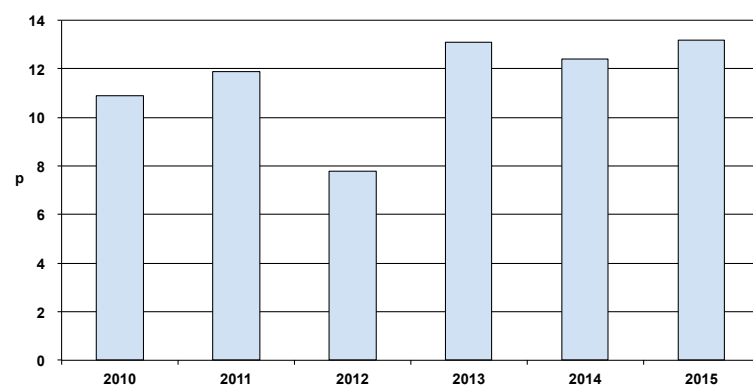
### REVENUE



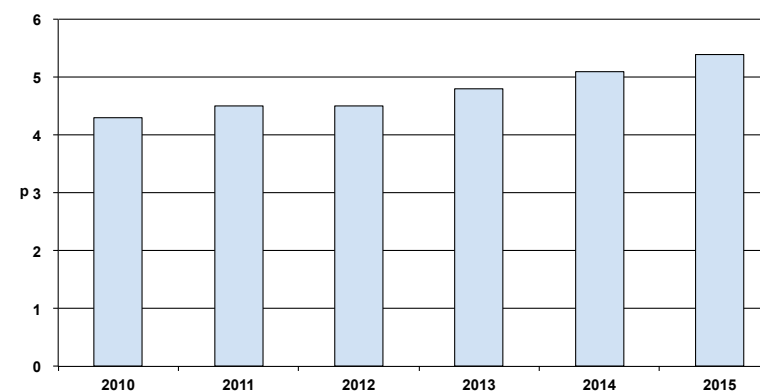
### HEADLINE PBT



### HEADLINE EPS



### DIVIDEND



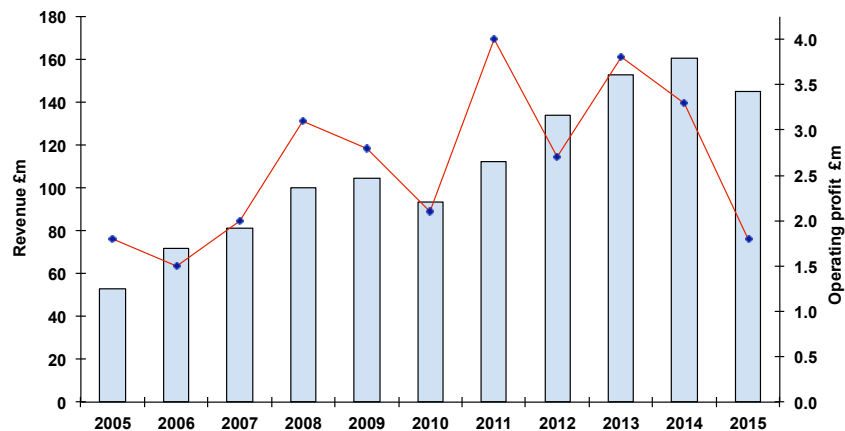
# GROUP OVERVIEW

## DIVISIONAL TRACK RECORDS

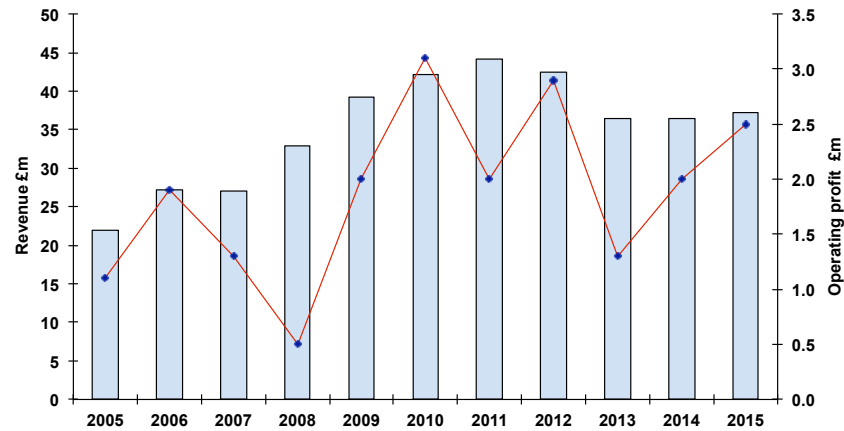
NWF GROUP plc  
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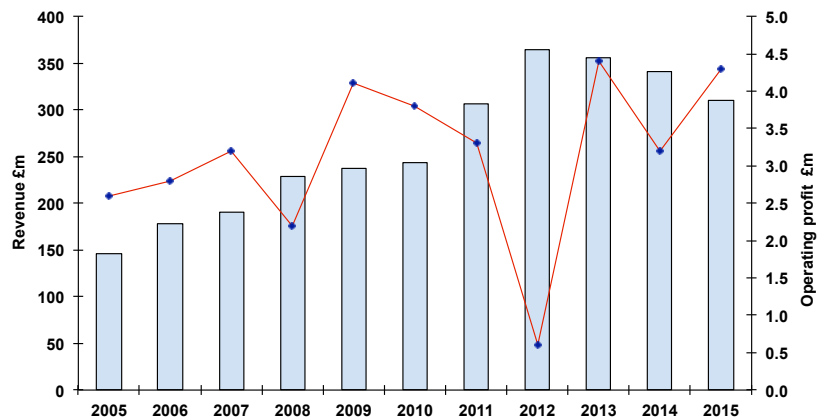
### FEEDS



### FOOD



### FUELS

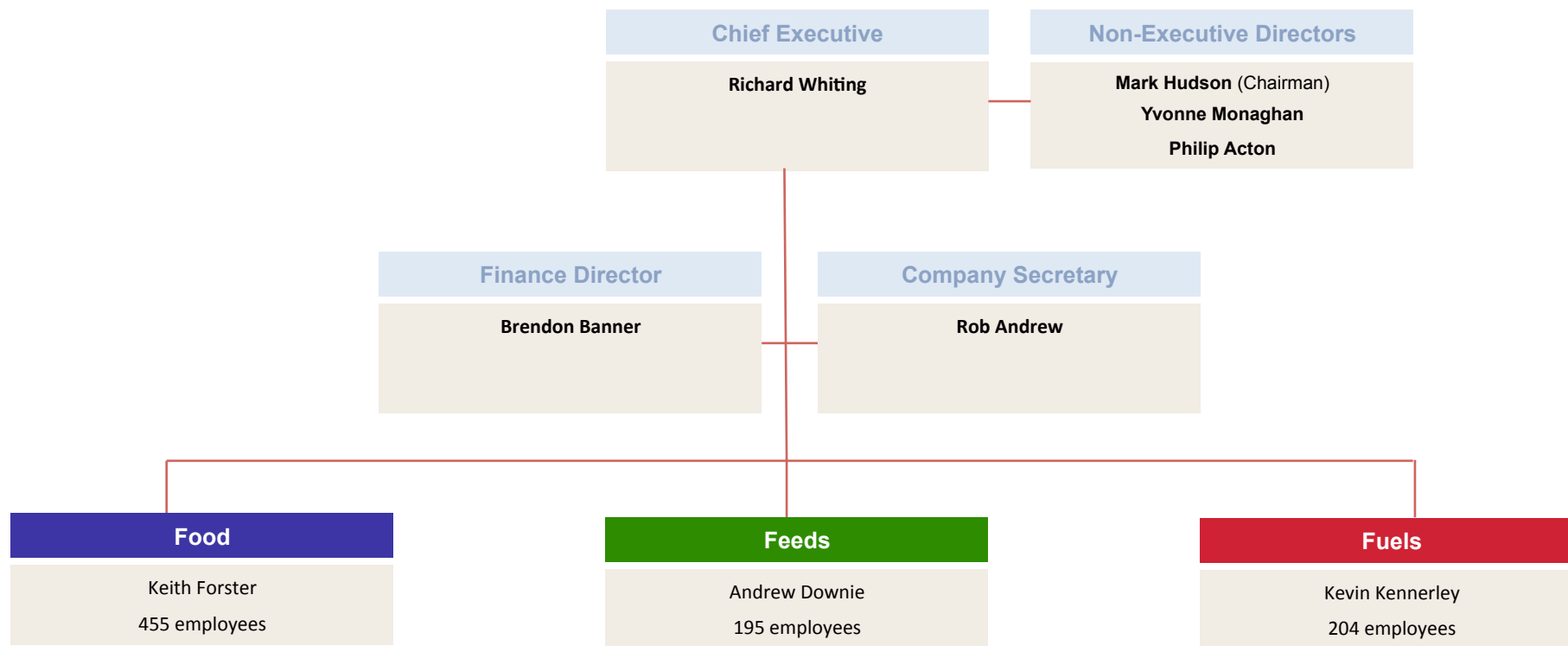


# GROUP OVERVIEW

## ORGANISATION

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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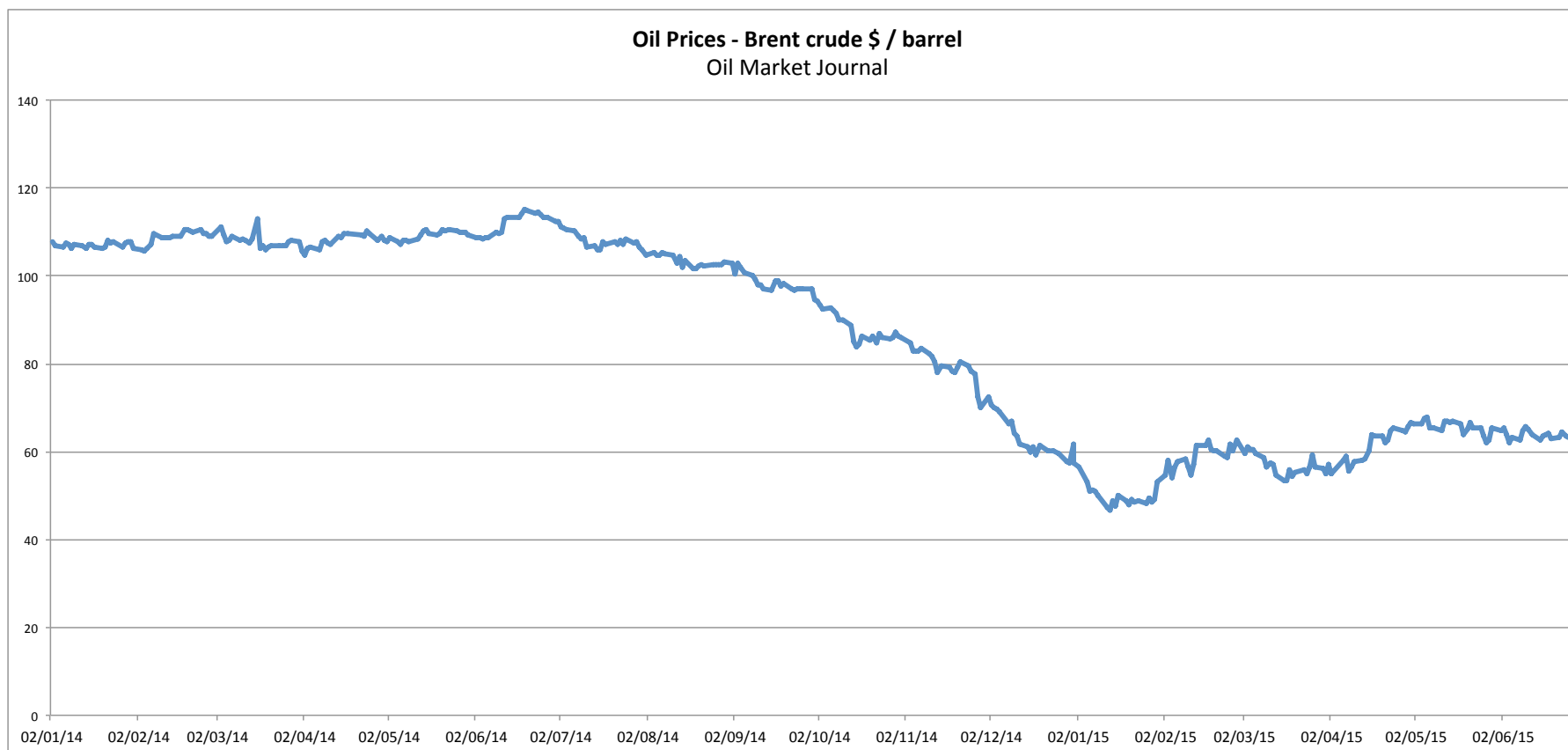


## GROUP OVERVIEW

### FUELS ADDITIONAL MARKET DATA

NWF GROUP plc  
PRELIMINARY RESULTS TO 31 MAY 2015

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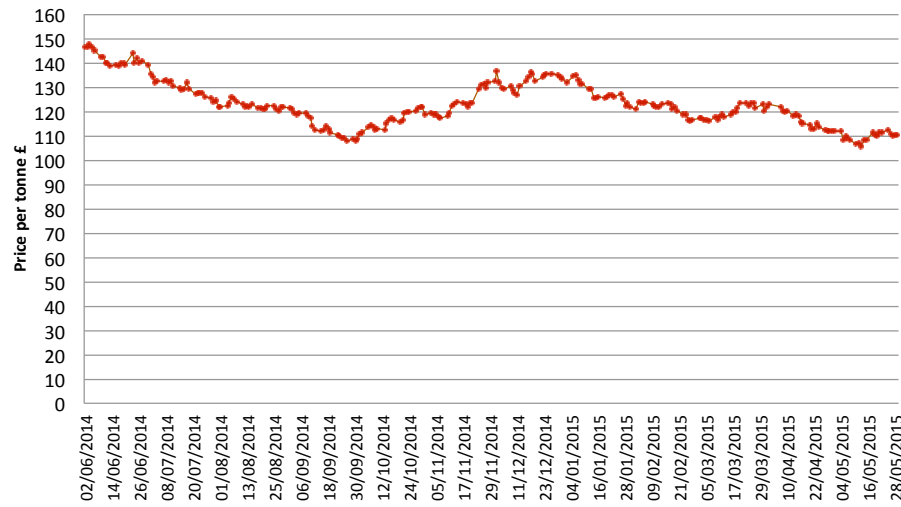
# GROUP OVERVIEW

## FEEDS ADDITIONAL MARKET INFO

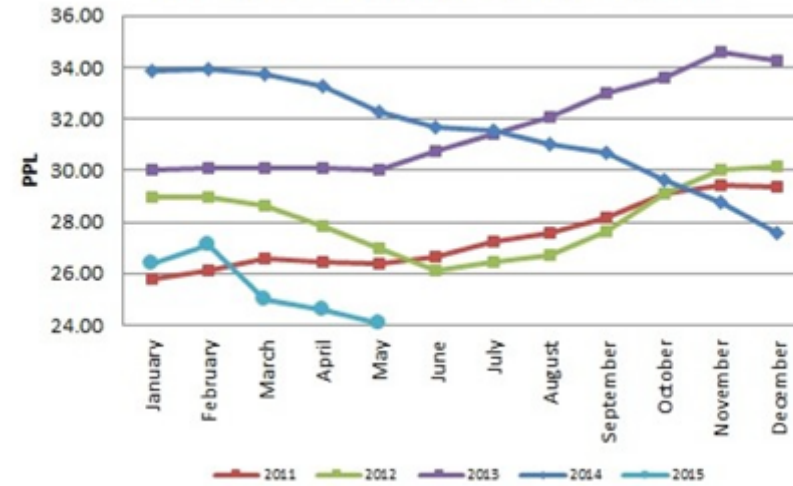
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Wheat Price LIFFE



Average UK farmgate price yearly comparison



Soyameal Price CBOT

