



**NWF Group plc**  
Preliminary Results  
Year to 31 May 2008



**Distribution**



**Feeds**



**Fuels**

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## Group overview

- ➔ Transition year for the Group
- ➔ Turnover\* up 20.8% to £361.2 million (2007: £298.9 million)
- ➔ Profit before tax\* £4.2 million (2007: £5.8 million)
- ➔ Basic earnings per share\* 6.0p (2007: 8.8p<sup>1</sup>)
- ➔ Full year dividend maintained at 3.9p
- ➔ Wardle £19 million distribution development completed
- ➔ Group to focus as a specialist distributor and sell garden centres

\* Continuing operations (Garden Centres presented as discontinued)

<sup>1</sup> restated for bonus issue of shares (4 for 1) on 4 October 2007

## Operational highlights - Distribution



£m	2007/8	2006/7	%
Sales	32.9	27.0	+21.9
Operating profit	0.5	1.3	-61.5
Pallet spaces (year end)	100,000	72,000	+38.9

- Completion of new Wardle warehouse development; 58,000 additional pallet spaces
- Won 25,000 pallet spaces of business from new customers; G Costa, Kinnertons
- Significant start up / transitional costs and inefficiencies
- Decision to exit leased facility at Winsford (one off impact in 2008/9)
- Business now moving to capacity and focusing on margin and efficiency



## Operational highlights - Feeds

£m	2007/8	2006/7	%
Sales	100.1	81.5	+22.8
Operating profit	3.1	2.0	+55.0
Tonnes	517,000	512,000	+1.0

- Record year in significantly volatile raw material markets  
(July 08 £ wheat / tonne: 112 ➡ 195 ➡ 148)
- Dairy farmers received increases in milk prices
- Successfully passed on price increases
- Benefit of favourable raw material forward purchasing
- Good year for the trading desk
- Additional sales, purchasing and blending capacity now in place

## Operational highlights - Fuels



£m	2007/8	2006/7	%
Sales	228.2	190.4	+19.9
Operating profit	2.2	3.2	-31.3
Litres (million)	347	335	+3.6

- Record high oil prices and significant volatility  
(Brent crude \$67 / barrel ➔ \$128 / barrel)
- Lower operating margin responding to price pressure
- New domestic customer wins (domestic oil volume up 8.2%)
- Upgraded Yate (Bristol) depot
- Appointed 2 regional managers

## Garden Centres (discontinued operations)

£m	2007/8	2006/7
Profit after tax	-0.3	0.2

- Four key reasons for sale
  - Focus on specialist distribution businesses & exit retail
  - Historic low returns from the division
  - High levels of capital required to invest in additional centres
  - Opportunity to reduce high level of Group debt
- KPMG Manchester supporting a full sale process
- Anticipate a sale in 2008/9
- Proceeds to strengthen the balance sheet

## Financial review – segmental income statement

	May 2008 £m	May 2007 £m	Growth %
<b>Continuing operations</b>			
<b>Revenue</b>			
Distribution	32.9	27.0	21.9%
Feeds	100.1	81.5	22.8%
Fuels	228.2	190.4	19.9%
<b>Total revenue</b>	<b>361.2</b>	<b>298.9</b>	<b>20.8%</b>
<b>Operating profit</b>			
Distribution	0.5	1.3	-61.5%
Feeds	3.1	2.0	55.0%
Fuels	2.2	3.2	-31.3%
<b>Total operating profit</b>	<b>5.8</b>	<b>6.5</b>	<b>-10.8%</b>



## Financial review - income statement

	May 2008 £m	May 2007 £m	Growth %
<b>Continuing operations</b>			
<b>Revenue</b>	361.2	298.9	20.8%
<b>Operating profit</b>	5.8	6.5	-10.8%
Finance costs (net)	(1.6)	(0.7)	-128.6%
<b>Profit before tax</b>	4.2	5.8	-27.6%
Income tax expense	(1.4)	(1.8)	22.2%
<b>Profit from continuing ops</b>	2.8	4.0	-30.0%
(Loss)/profit from discontinued ops	(0.3)	0.2	-250.0%
<b>Profit for year</b>	2.5	4.2	-40.5%

### Continuing Operations

EPS (basic)	6.1	8.7 *	-29.9%
DPS	3.9	3.9 *	0.0%
Dividend cover	1.6	2.2	-27.3%
Interest cover	3.2	9.3	-65.6%

\* restated for bonus issue of shares (4 for 1) on 4 October 2007

## Financial review – balance sheet summary

	May 2008 £m	May 2007 £m
<b>Non current assets</b>		
Property, plant and equipment	37.6	53.7
Intangible assets	5.5	10.1
Deferred tax asset	1.2	1.1
<b>Current assets</b>		
Inventories	4.6	8.1
Trade and other receivables	51.4	39.9
Derivative financial instruments	0.9	0.2
Cash and cash equivalents	0.0	0.1
Assets held for sale	30.4	0.0
<b>Current liabilities</b>		
Trade and other payables	(36.8)	(36.7)
Current income tax liabilities	0.0	(1.0)
Borrowings	(4.9)	(10.0)
Derivative financial instruments	(0.6)	0.0
Liabilities held for sale	(15.1)	0.0
<b>Non current liabilities</b>		
Borrowings	(37.1)	(30.0)
Retirement benefit obligations	(4.4)	(3.5)
Deferred tax liabilities/other	(2.2)	(1.9)
<b>Net assets</b>	<b>30.5</b>	<b>30.1</b>
Net debt	52.1	39.9
Gearing %	171%	133%

## Financial review - cash flow summary

	May 2008 £m	May 2007 £m	Change £m
<b>Cashflows from operating activities</b>			
Operating profit	6.8	8.1	(1.3)
Depreciation of property, plant and equipment	3.7	3.4	0.3
Amortisation of intangible assets	0.3	0.1	0.2
Increase in working capital/other	(6.8)	1.1	(7.9)
<b>Operating cash flow</b>	<b>4.0</b>	<b>12.7</b>	<b>(8.7)</b>
Interest paid	(3.5)	(2.3)	(1.2)
Tax paid	(1.3)	(1.9)	0.6
<b>Net cash from operating activities</b>	<b>(0.8)</b>	<b>8.5</b>	<b>(9.3)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE/intangible assets (net)	(6.7)	(20.0)	13.3
Acquisitions including cash acquired	0.0	(1.7)	1.7
Deferred acquisition payments/disposal receipts	(1.3)	(1.2)	(0.1)
<b>Net cash used in investing activities</b>	<b>(8.0)</b>	<b>(22.9)</b>	<b>14.9</b>
<b>Net cash outflow before financing</b>	<b>(8.8)</b>	<b>(14.4)</b>	<b>5.6</b>
Term loan and HP finance movements	(0.4)	5.7	(6.1)
Issue of ordinary share capital	0.5	0.0	0.5
Dividends paid	(1.8)	(1.7)	(0.1)
<b>Net decrease in cash and cash equivalents</b>	<b>(10.5)</b>	<b>(10.4)</b>	<b>(0.1)</b>

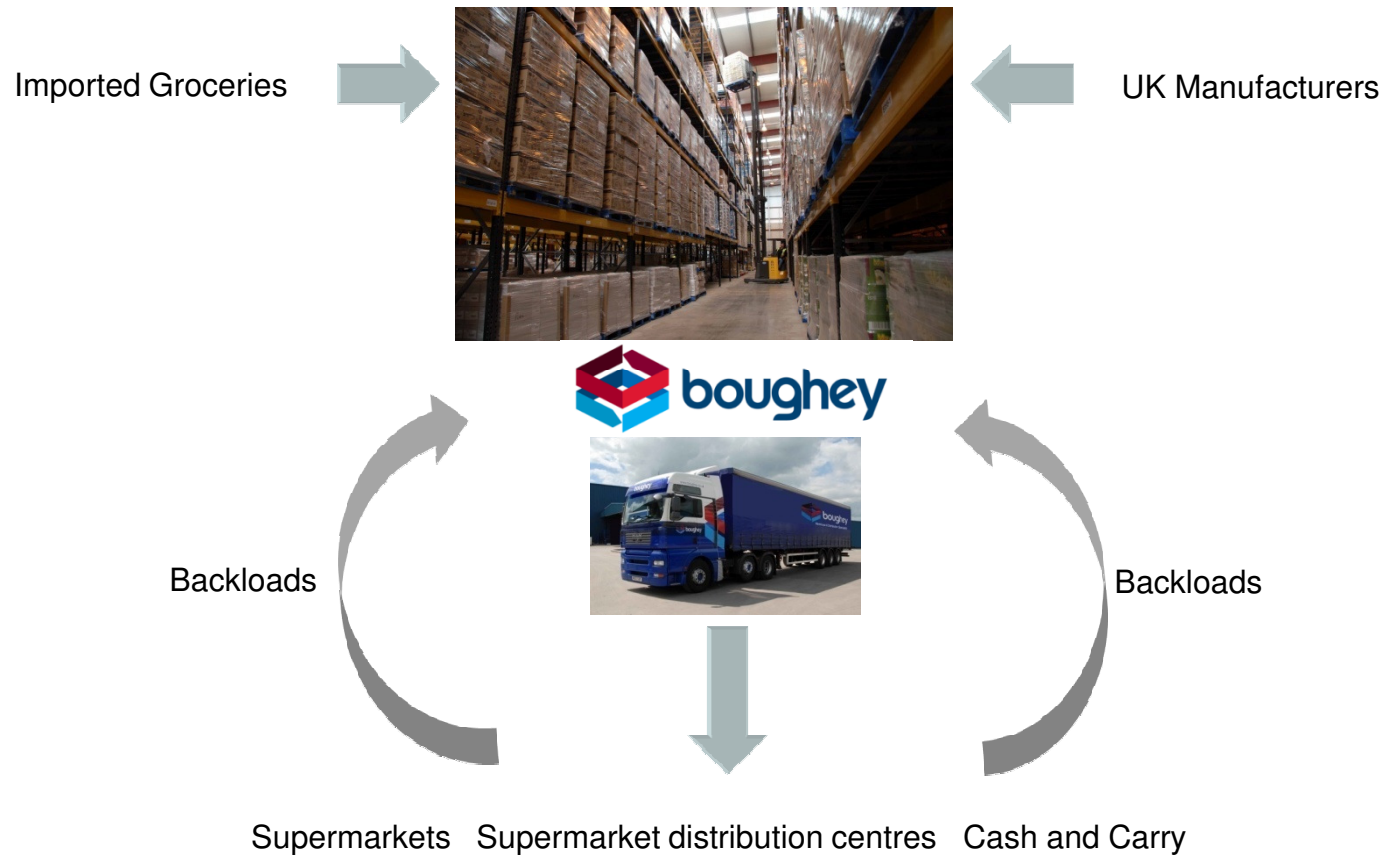
## Financial review - IFRS impact summary

### Year ended 31 May 2008

	IFRS £m	UK GAAP £m	
<b>Income Statement - continuing operations</b>			
Revenue	<b>361.2</b>	361.2	No change
Operating profit	<b>5.8</b>	5.4	Up 7.4%
Profit before tax	<b>4.2</b>	3.8	Up 10.5%
<b>Balance Sheet</b>			
Net assets	<b>30.5</b>	31.1	Down 1.9%
Net debt	<b>52.1</b>	41.6	Up 25.2%
Gearing	<b>171%</b>	134%	

## Distribution – our business

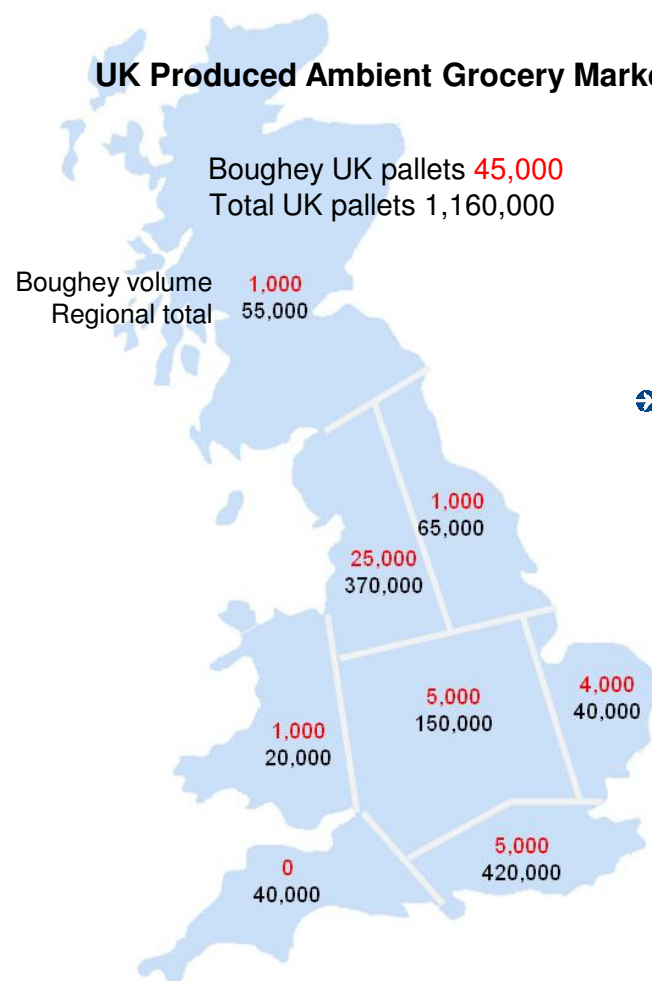
### ➔ Consolidation of ambient grocery products



## Distribution

## Market drivers and development opportunities

### UK Produced Ambient Grocery Market



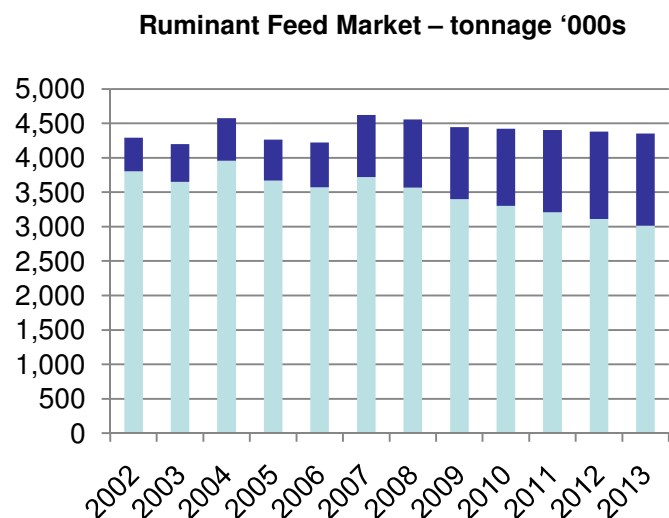
### Imported Ambient Grocery Market

Boughey imported pallets 55,000  
Total imported pallets 2,000,000

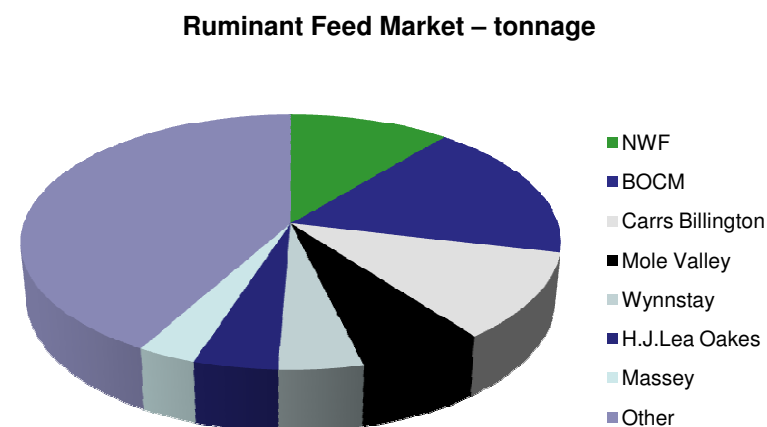
#### ➤ Market dynamics are changing: the trend is positive

- Smaller more frequent deliveries
- Buffer stocks being pushed upstream by retailers
- Retailers selling a wider product range
- Manufacturer consolidation (Premier Foods/RHM, ABF)
- Primary consolidation (Asda + Morrisons)
- Far East and Eastern European manufacturing
- Green issues and the need to reduce empty running

## Feeds      Market drivers and development opportunities



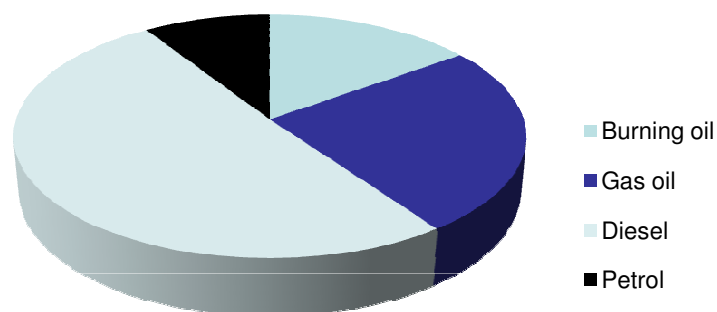
■ Blend  
■ Compound



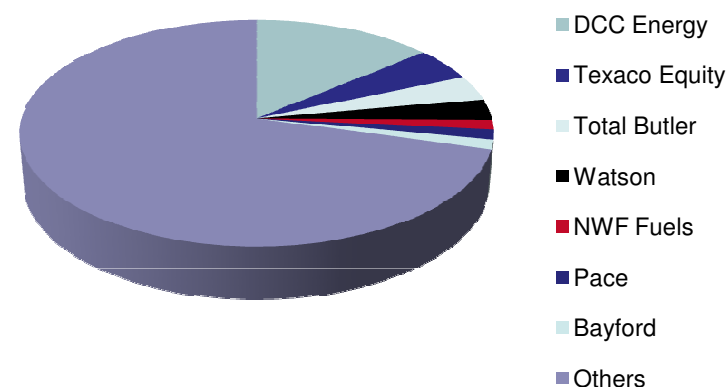
- Dairy output under quota, dairy herd unlikely to increase until 2011, continued farm consolidation
- Market volumes stable over next 5 years, continued trend to more blend
- NWF opportunities to continue to increase share utilising compound and blend plant capacity
- NWF continuing to increase share in the South (new to region in 2005)
- Medium term additional consolidation opportunities

## Fuels Market drivers and development opportunities

UK Fuel Market 25.2 billion litres



UK Fuel Market - NWF 1.4% share



- Market volumes stable over next 5 years, some additional diesel substitution from petrol
- Significant opportunities to continue consolidation, both by acquisition with a clear criteria and green field depots
- NWF business model depot based, others rely on centralisation: call centre approach
- Team has a strong track record of growth and successful acquisition integration



## Summary

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- Basic earnings per share\* 6.0p (2007: 8.8p<sup>1</sup>)
- Full year dividend maintained at 3.9p
- Wardle £19 million distribution development completed and almost full
- Group to focus as a specialist distributor and sell garden centres
- Group has good development opportunities

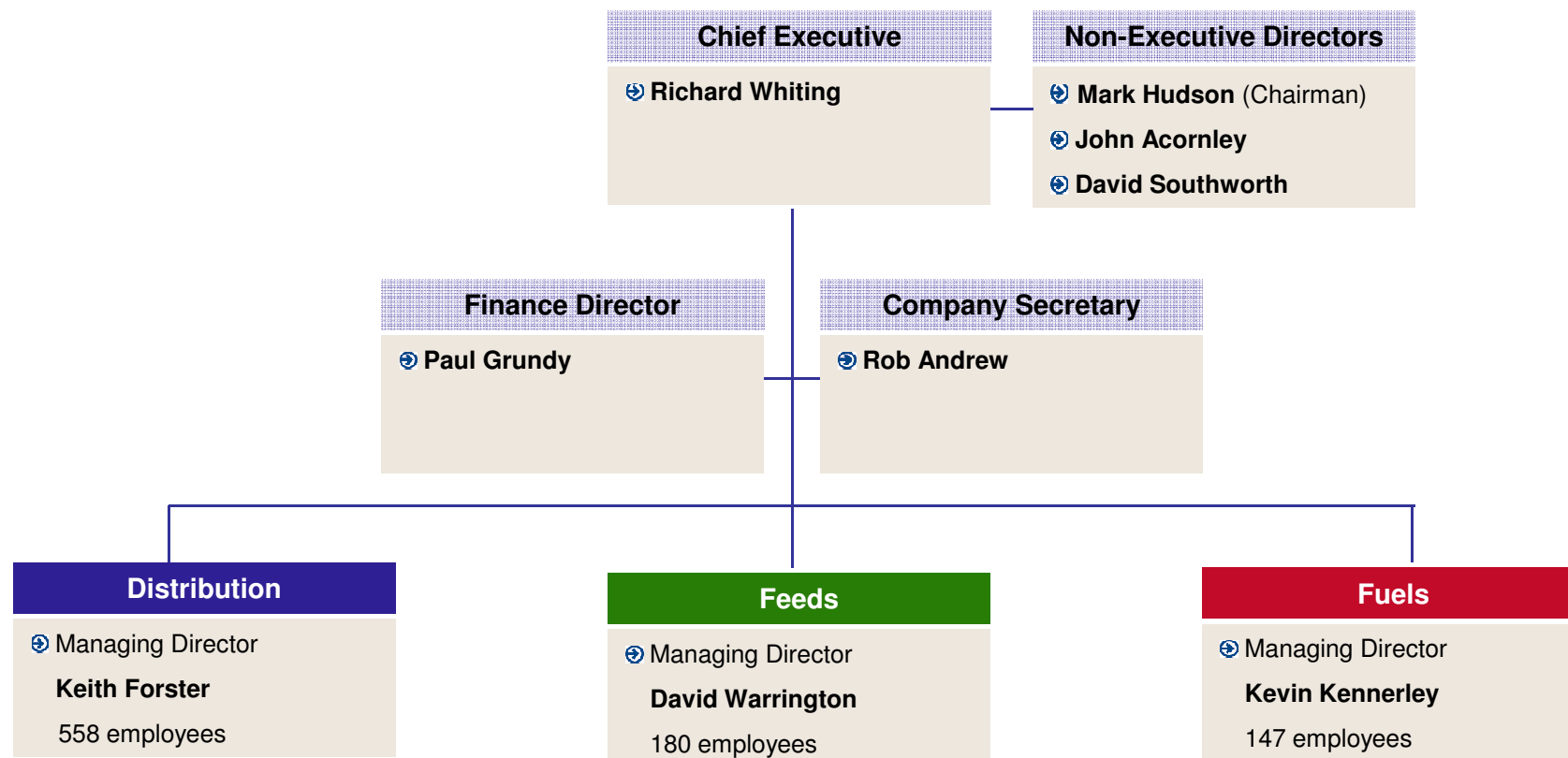
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## Appendices

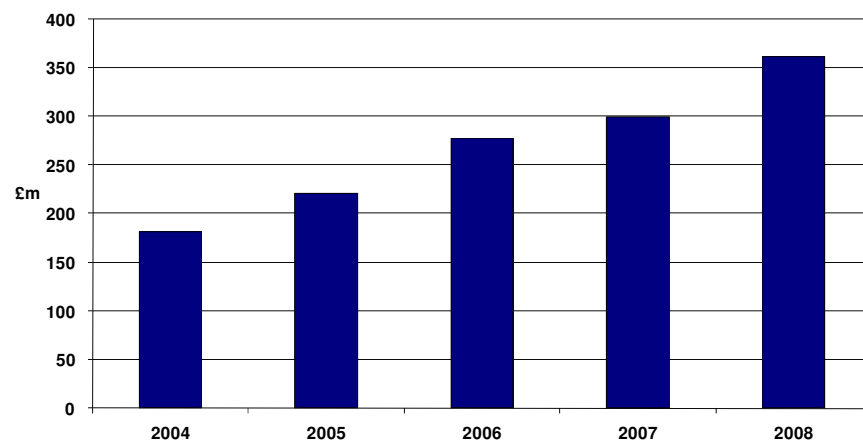
- Group organisation
- Group / divisional historical performance
- Business backgrounds
- Locations
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## Group organisation

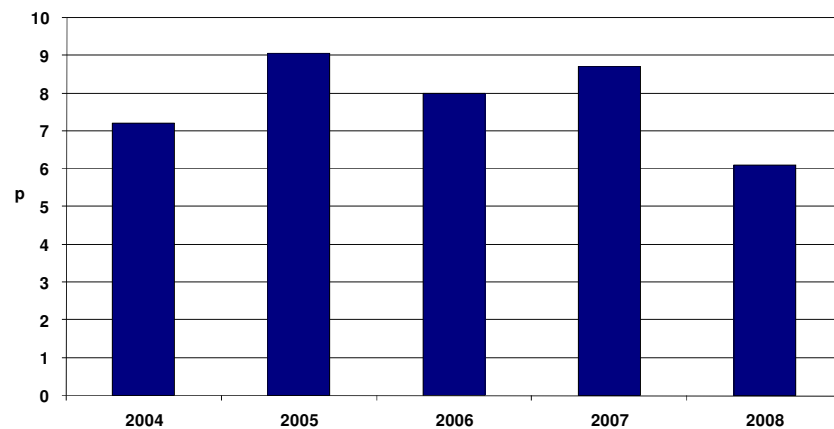


## Group performance (continuing operations)

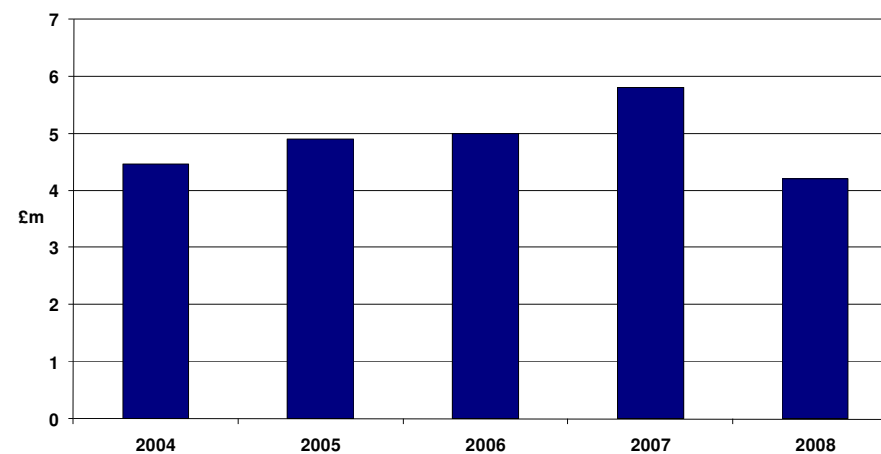
### Revenue



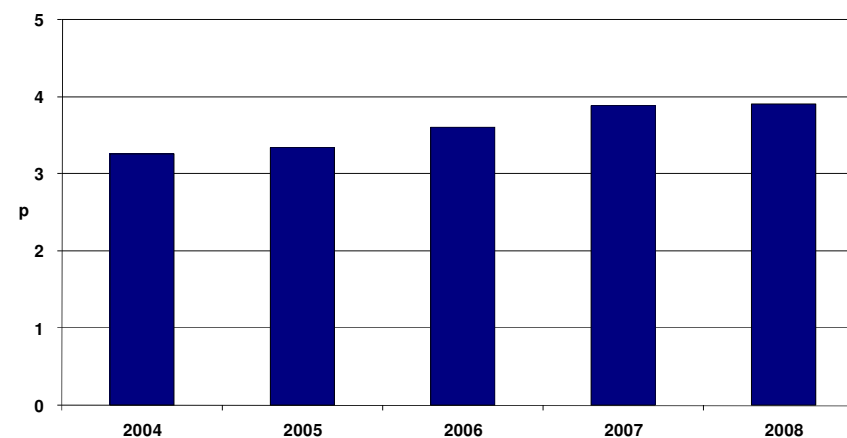
### EPS\*



### PBT



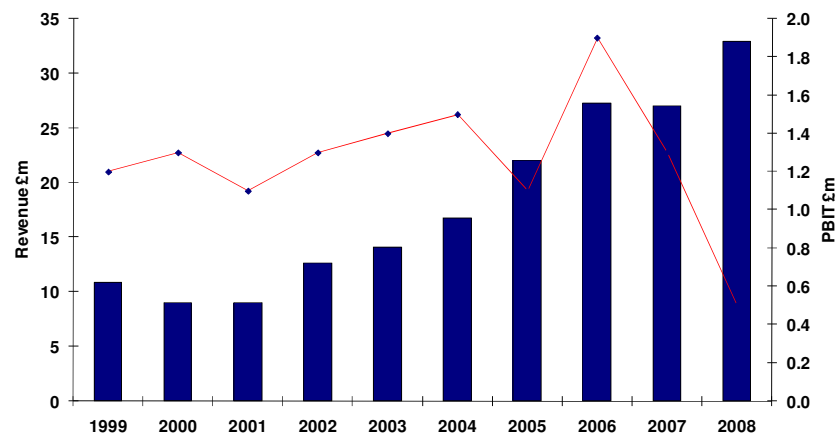
### DPS\*



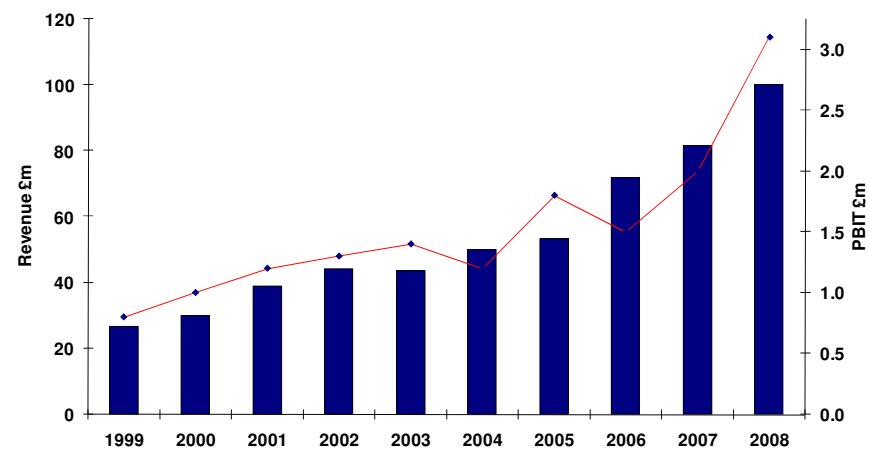
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## Divisional performance

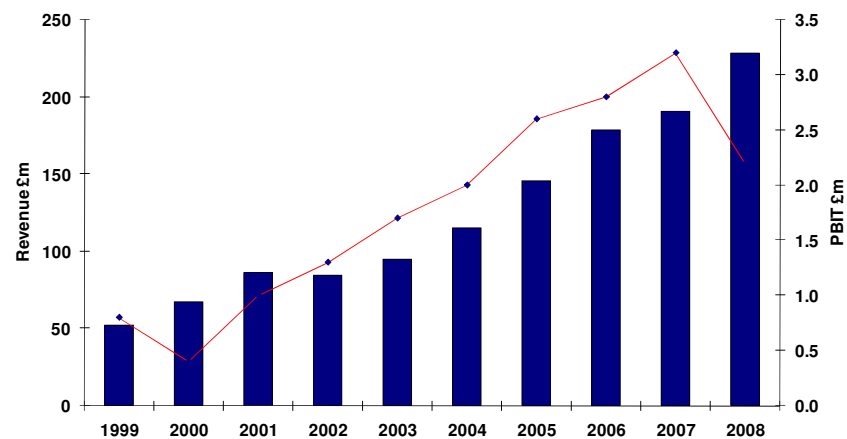
### Distribution



### Feeds



### Fuels



## Business background - Distribution



### Market

- Consolidation of groceries en route to UK supermarkets

### Our business

- Boughey Distribution: national business
- Destinations are primarily RDC's of supermarket chains
- Ambient warehousing for 117,000 pallets on two sites
- Around 200 customers – manufacturers and importers
- Packing room for added-value work





## Business background - Feeds

### Market

- 12,000 important dairy farmers in England
- 1.9m dairy cows
- Around 3 million tonnes of dairy feeds per annum
- Reasonably steady demand

### Our business

- One of only two national players
- Around 16% market share
- Capacity for 400,000 tonnes of compound feeds at Wardle & Wixland
- Capacity for 150,000 tonnes of blended feeds at Wardle, Ayr, Penrith, Exeter
- Volume grown by factor of ten in 13 years



## Business background - Fuels



### Market

- 1.5 million homes with oil fired heating in Great Britain (and growing)
- Freight and passenger transport
- Local authorities
- Service stations
- Agriculture
- Industrial heating and off road automotive
- Diesel bunkering
- Oil fired boiler servicing, repairs and replacement

### Our business

- 13 strategic depot locations in England and Wales, 10 with bulk storage
- Major distributor of Texaco products also sells Conoco, Total and other fuel brands
- Supply contracts with around 80 retail petrol stations
- Growing national Fuel Card marketing division
- Always increasing geographical coverage via proactive sales activity, acquisitions and cold starts







## Business background – Garden Centres

### Market



- Gardening and leisure enthusiasts
- Market has doubled since 1991
- Destination garden centres becoming dominant
- Market consolidating

### Our business

- Six large destination garden centres:
  - Rivendell, Cheshire
  - Wheatcroft, Nottingham
  - Dukeries, Nottinghamshire
  - Victoria, Yorkshire
  - Woodford Park, Cheshire
  - Ashton Park, Manchester



Locations



## The Board

**Mark Hudson – Chairman (age 61)**

*Joined the Board in 1985. Chairman 2006. Mark is an agricultural business adviser and dairy farmer. Past President of the CLA. Chair of Game Conservancy Trust. Council Member Duchy of Lancaster.*

**Richard Whiting – Chief Executive (age 44)**

*Richard joined NWF on 1 October 2007 having been Group FD of Heywood Williams Group plc. He was previously with Brand-Rex Ltd and Caradon plc.*

**Paul Grundy FCA – Finance Director (age 51)**

*Paul joined NWF in 2004 from N Brown Group plc. He had previously been with Hilti and Sharp Electronics.*

**John Acornley FCA - Non-executive Director (age 54)**

*Joined the Board in 2001. John is Chairman or NED of a number of companies. He was previously a director of Baxi plc and Rainford Group plc.*

**David Southworth FCCA - Non-executive Director (age 59)**

*Joined the Board in 2006. David is Chairman or NED of a number of companies. He previously led Skillsgroup.*

