



NWF Group plc

Final results to 31 May 2023

An experienced and capable team – succession planned



Richard Whiting
Chief Executive

Succession

- Retiring from NWF (aged 60) in March 2024
- Fifteen-year tenure at NWF Group plc as Chief Executive delivering a significant sustained increase in returns for shareholders

Skills and experience

- Considerable leadership and strategic experience in a number of manufacturing and specialist distribution businesses in the building products and consumer products sectors
- Significant experience at board level with over seventeen years' experience in fully listed and AIM businesses
- Broad experience including CFO of a FTSE Small Cap listed business and operating at a senior level in sales and marketing roles in a FTSE 100 building products group



Chris Belsham
Chief Executive designate

Succession

- In line with the Board succession plans, will be appointed CEO in March 2024

Skills and experience

- Considerable strategic and leadership experience at both NWF Group and as Head of Corporate Finance and Equity Partner at Irwin Mitchell LLP
- Extensive M&A, valuation and financing expertise across a range of sectors following fourteen years as a corporate finance adviser with KPMG with a focus on listed clients
- Qualified Chartered Accountant and Fellow of the Institute of Chartered Accountants for England and Wales having qualified with PwC in 1999

Katie Shortland joins as CFO in October 2023

- Experienced finance and business leader in infrastructure, engineering and manufacturing (Midland Expressway, Meggitt plc and Rolls Royce plc)

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
- Surpassed £1 billion revenue for the first time
- Focus on delivering the skills for our workforce

Fuels

Supplying fuel to commercial and domestic customers across the UK

- Third largest oil distributor in the UK
- 636 million litres delivered in 2023
- Road diesel, gas oil, heating oil and petrol
- 27 depots across the UK
- 155 tankers delivering fuel
- 100,000 customers, both commercial and domestic
- Seven 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
- 122,000 pallet spaces utilised
- 144 trucks and 320 trailers
- 131 contracted ambient grocery customers

Feeds

Delivering nutritional advice and feed to ruminant farmers across the UK

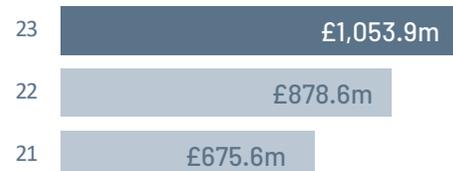
- Second largest national ruminant feed supplier – feeds one in six dairy cows
- Feed mills in Cumbria, Cheshire and Devon
- 514,000 tonnes sold in 2023
- 4,132 farming customers
- 39 trucks and 17 trailers
- Primarily dairy, also beef and sheep

Strong results, significantly ahead of initial market expectations*

Revenue

£1,053.9m

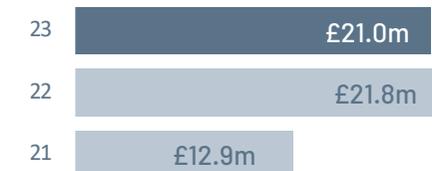
+20.0%



Headline operating profit¹

£21.0m

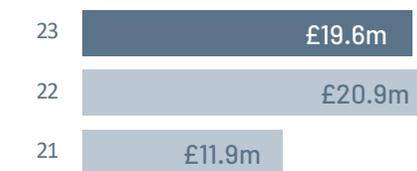
-3.7%



Headline profit before tax¹

£19.6m

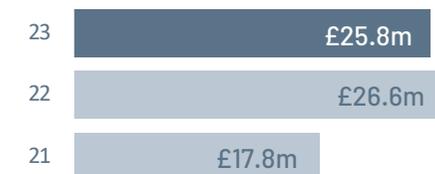
-6.2%



Headline EBITDA¹

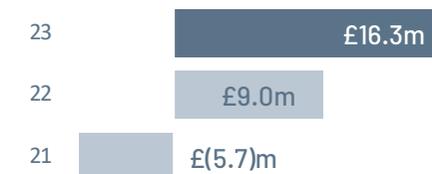
£25.8m

-3.0%



Net cash/(debt)

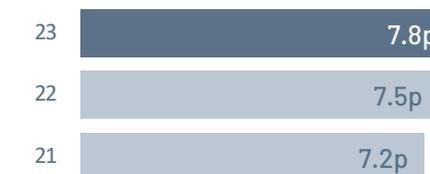
£16.3m



Dividend per share

7.8p

+4.0%



* Analyst consensus headline PBT at the start of the year was £11.9 million.

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.

Fuels



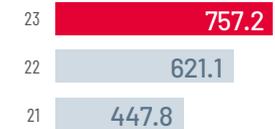
Resilient performance

- Very resilient performance in tough market conditions
- Oil supply issues in the autumn/winter period: UK removed Russian sourced oil
- Trunked oil across the country, benefitting from national supply agreements
- Mild winter: lower demand for heating oil and consumers reduced usage in the cost-of-living crisis
- Managed highly volatile oil costs over the period:
 - Brent Crude moved from \$124 per barrel to \$74 per barrel
 - Heating Oil Platts price fell from 98p per litre to 46p per litre
- Heating oil remained a lower cost source of home heating throughout 2023
- Two acquisitions in the last 12 months in Oxfordshire and Kent adding 39 million litres per annum

Revenue

£757.2m

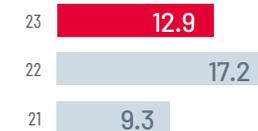
+21.9%



Operating profit

£12.9m

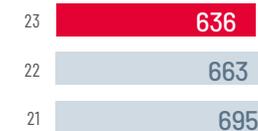
-25.0%



Volume (litres)

636.0m

-4.1%



Food



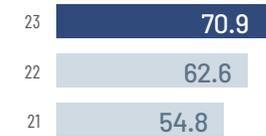
Continued successful development

- Strong outperformance with increased outloads and backhaul work
- Warehouses fully utilised throughout the year
- Focus on our people, reduced staff turnover and has resulted in a significant improvement in employee satisfaction
- Backed by high service levels and an efficient operation passed through inflationary cost increases
- Continued to win new business throughout the year
- Developed an ambitious five-year growth plan

Revenue

£70.9m

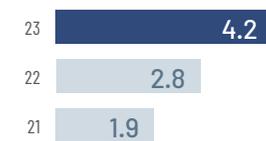
+13.3%



Operating profit

£4.2m

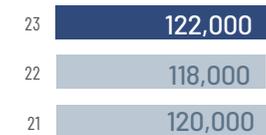
+50.0%



Pallets stored

122,000

+3.4%



Feeds



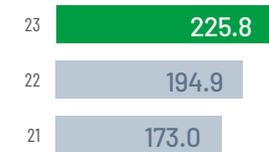
Outstanding performance

- Farmers focused on nutritional advice to optimise yields with a high milk price
- Effective management of commodity price volatility:
 - Managed a beneficial position in summer 2022
 - Significant fall in commodities across the year, c.£90 per tonne or 27%
- Backed by high levels of service and efficient operations passed through inflationary cost increases
- Investment continued in NWF Academy training future nutritionists
- Market conditions:
 - Milk prices improved to an average of over 46p per litre (up 12p compared to prior year)
 - Milk production 0.8% higher
 - Ruminant feed market volumes down 1.9%

Revenue

£225.8m

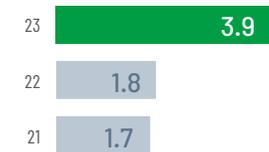
+15.9%



Operating profit

£3.9m

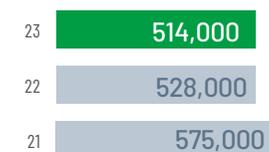
+116.7%



Volumes (tonnes)

514,000

-2.7%



Financial review



Income statement summary

	May 2023 £m	May 2022 £m
Revenue		
Fuels	757.2	621.1
Food	70.9	62.6
Feeds	225.8	194.9
Total revenue	1,053.9	878.6
Operating profit		
Fuels	12.9	17.2
Food	4.2	2.8
Feeds	3.9	1.8
Headline operating profit*	21.0	21.8
Exceptional items	–	(8.3)
Amortisation of acquired intangibles	(0.4)	(0.3)
Operating profit	20.6	13.2

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

Fuels	2018	2019	2020	2021	2022	2023
Litres (million)	543	552	665	695	663	636
Profit (pence per litre)	1.3p	1.0p	1.6p	1.4p	2.6p	2.0p
Feeds	2018	2019	2020	2021	2022	2023
Volume ('000 tonnes)	589	591	625	575	528	514
Profit (£ per tonne)	£5.09	£4.74	£3.04	£2.96	£3.41	£7.59

- Revenue increased by £175.3 million (20.0%):
 - £207.4 million from higher commodity prices and product mix movements
 - £7.1 million from acquisitions
 - Offset by £39.2 million from lower volumes
- Profit per litre remains above long-term average of c.1.3p per litre
- Outstanding Feeds profit per tonne of £7.59 due to significant commodity volatility in H1
- Headline operating profit of £21.0 million
- No exceptional items

Income statement summary

	May 2023 £m	May 2022 £m
Operating profit	20.6	13.2
Finance costs	(1.7)	(1.2)
Headline profit before tax*	19.6	20.9
Exceptional items	–	(8.3)
Amortisation of acquired intangibles	(0.4)	(0.3)
Net finance costs – DB scheme	(0.3)	(0.3)
Profit before tax	18.9	12.0
Tax	(4.0)	(3.6)
Profit after tax	14.9	8.4
Diluted headline EPS (pence)*	31.4	34.8
DPS (pence)	7.8	7.5
Dividend cover	4.0	4.6
Interest cover (excluding pension finance)	26.3	54.5

- Headline PBT of £19.6 million
- Bank interest increased to £0.8 million (2022: £0.4 million) due to higher interest rates offsetting lower average debt levels
- IFRS 16 interest of £0.6 million (2022: £0.5 million)
- Pension scheme interest of £0.3 million (2022: £0.3 million)
- Effective tax rate of 21.2% (2022: 30.0% as a result of impairment charge). Underlying tax rate was 20.0% (2022: 19.4%)
- Recommended final dividend of 6.8p, total of 7.8p for the year, an increase of 4.0%

* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme. Diluted headline EPS also takes into account the taxation effect thereon.

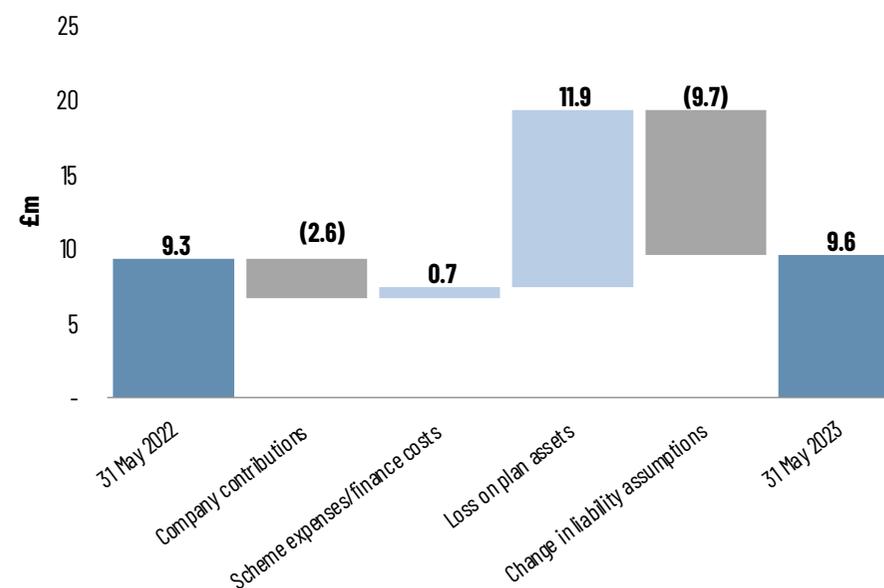
Balance sheet summary

	May 2023 £m	May 2022 £m
Fixed assets	75.5	68.1
Right of use assets	29.1	27.5
Net working capital	2.3	5.2
Reimbursement assets	1.7	2.8
Derivative financial instruments	0.1	0.2
Assets employed	107.4	103.8
Pension deficit	(9.6)	(9.3)
Net cash	16.3	9.0
Provision for liabilities	(2.7)	(3.6)
Tax provisions	(5.0)	(3.6)
Lease liabilities	(29.8)	(28.2)
Net assets	77.9	68.1
Net debt: EBITDA	(0.6)	(0.3)
Total assets	217.6	213.9
ROCE:		
Fuels	54.0%	96.1%
Food	15.7%	9.9%
Feeds	15.3%	6.9%
Total ROCE	27.6%	30.3%

- Fixed assets increased with the acquisition of Sweetfuels Limited
- Lower net working capital due to decreasing oil and commodity prices across the year combined with short-term working capital benefit at year end
- Net cash increased by £7.3 million, reflecting the strong trading, working capital inflow and lower capex
- Net debt including IFRS 16 lease liabilities £13.5 million (2022: £19.2 million)
- Strong asset underpin – total assets of £217.6 million
- Group ROCE of 27.6%

Pension summary

	May 2023 £m	May 2022 £m
Assets	29.6	39.7
Liabilities	(39.2)	(49.0)
Deficit	(9.6)	(9.3)
Related deferred tax asset	2.4	2.3
Net pension liability	(7.2)	(7.0)
Discount rate	5.35%	3.45%
Inflation rate (RPI)	3.15%	3.40%



- Single defined benefit pension scheme
- Closed to new members in 2002 and future accrual in 2016
- Limited change in deficit since May 2022 – impact of hedged investment strategy
- Triennial valuation as at 31 December 2019:
 - Recovery plan contributions now £2.3 million per annum
 - Recovery payments to increase in line with dividend growth
- Triennial valuation as at 31 December 2022 due to be completed in FY24
- No constraint on Group development

Cash flow summary

	May 2023 £m	May 2022 £m
Operating profit	20.6	13.2
Depreciation and amortisation	15.3	14.0
Profit on disposal of fixed assets	–	8.4
Working capital movements	4.1	(0.7)
Share-based payment expense	0.5	0.8
Contributions to pension scheme not recognised in income statement	(2.2)	(1.8)
Other	(1.3)	(0.1)
Operating cash flow	37.0	33.8
Interest paid	(1.4)	(0.9)
Tax paid	(3.1)	(2.7)
Net cash from operating activities	32.5	30.2
Net capital additions	(2.2)	(3.2)
Acquisition of subsidiaries (net of cash)	(9.5)	–
Capitalised element of leases	(9.9)	(8.8)
Capitalised legal costs associated with leases	–	–
	10.9	18.2
Dividends paid	(3.7)	(3.5)
Movement in net debt	7.2	14.7

- Headline EBITDA* of £26.1 million (2022: £26.6 million)
- Working capital movement as a result of short-term timing differences at the year end
- Net capital expenditure of £2.2 million
- Fuels acquisition spend of £9.0 million
- Net cash generated from operations after lease payments of £21.6 million (2022: £21.3 million):
 - Cash conversion of 107.6% (2022: 97.7%)

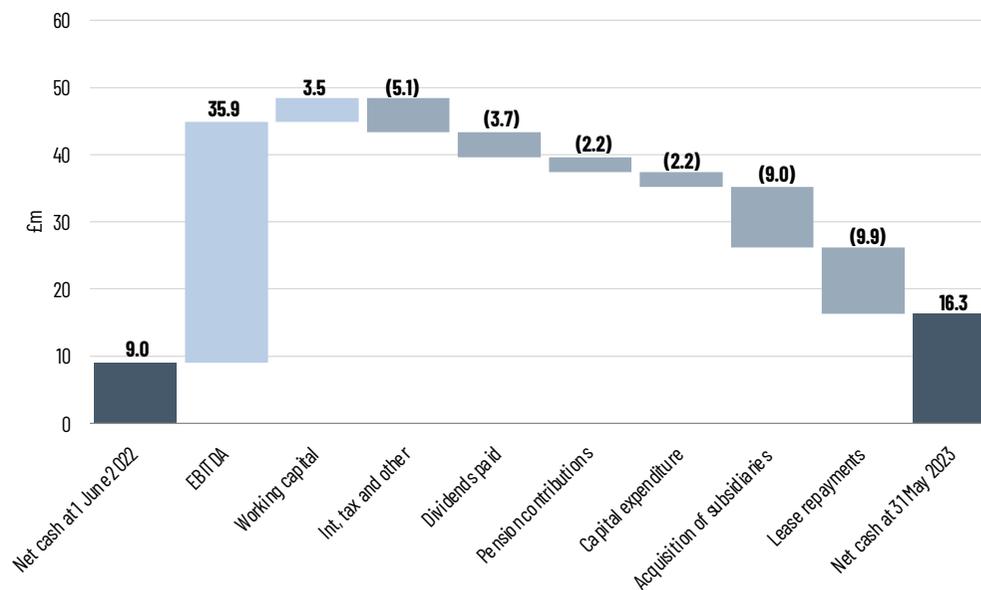
* Stated before exceptional items and the net finance cost of the Group's defined benefit pension scheme and excluding IFRS 16 depreciation.

Net debt summary

- Renewed facilities of £61 million with NatWest until May 2026 with additional accordion facilities of £20 million
- Net cash of £16.3 million at May 2023 with substantial facility and covenant headroom

	Facility £m	Drawn £m
Facility		
Invoice discounting	50.0	3.1
Invoice discounting (accordion)	10.0	—
Revolving credit facility	10.0	—
Revolving credit facility (accordion)	10.0	—
Overdraft/(cash)	1.0	(19.4)
Total	81.0	(16.3)

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



- £16.3 million cash generated before development expenditure
- Short-term working capital inflow at the year end

A clear development strategy – a platform for growth

Summary

- Diversified source of earnings
- Cash-generative businesses
- Experienced capable management across the Group
- Operates in large stable markets
- Focus on total shareholder return
- Strong track record
- A £1 billion business
- Skilled workforce

Fuels

Supplying fuel to commercial and domestic customers across the UK

- Consolidate a highly fragmented market
- Expand existing geographical area
- Increase business density in existing territories
- Active acquisition pipeline

Food

The leading North West ambient grocery consolidator

- Targeted warehouse expansion backed by customer and retailer contracts
- Optimise the customer mix
- Optimise storage and distribution solutions on the Wardle site
- Value added niche businesses:
 - E-fulfilment, repack
 - Palletline

Feeds

Delivering nutritional advice and feed to ruminant farmers across the UK

- Utilise the national operations platform
- Continue to develop feed volumes across the country
- Increase range offering to over 4,000 farmers across the UK:
 - Expand nutritional range

Consolidation opportunity

- Fragmented oil distribution businesses in the UK:
 - NWF number 3, with 2% market share, over 150 smaller players
- Clear proven acquisition process, 2 completed in last 12 months, 7 since 2019 deploying £26.0 million in total
- Model of retaining brands and customer-facing elements whilst centralising finance, IT and credit control
- A range of ways to deliver value:
 - Integrate into existing depot infrastructure to realise cost synergies
 - Expand geography and enhance performance
 - Domestic/commercial development and product expansion
- Active UK pipeline of acquisitions – NWF seen as an attractive buyer

Managing energy transition

- Supporting rural communities’ energy requirements
- Significant UK testing of domestic heating with HVO100 (hydrotreated vegetable oil):
 - 90% lower CO₂ emissions
- HVO100 now utilised in Wardle operations and Broadland Fuels



Targeted warehouse expansion

- Successful history of warehouse expansion to meet customer needs over last 60 years
- Step change in 2020 with Crewe warehouse adding 240,000 ft², 35,000 pallet spaces, exceeding planned returns
- Based in the North-West offering a compelling case for manufacturers and importers: nationwide customer locations built on backloads
- Focused multi-user site ambient grocery consolidator
- High levels of service and strong level of customer recommendations
- Work with all retailers and cash and carry operators nationwide on a daily basis
- Active pipeline of customers looking to join us:
 - Currently utilising overflow warehousing

Crewe facility



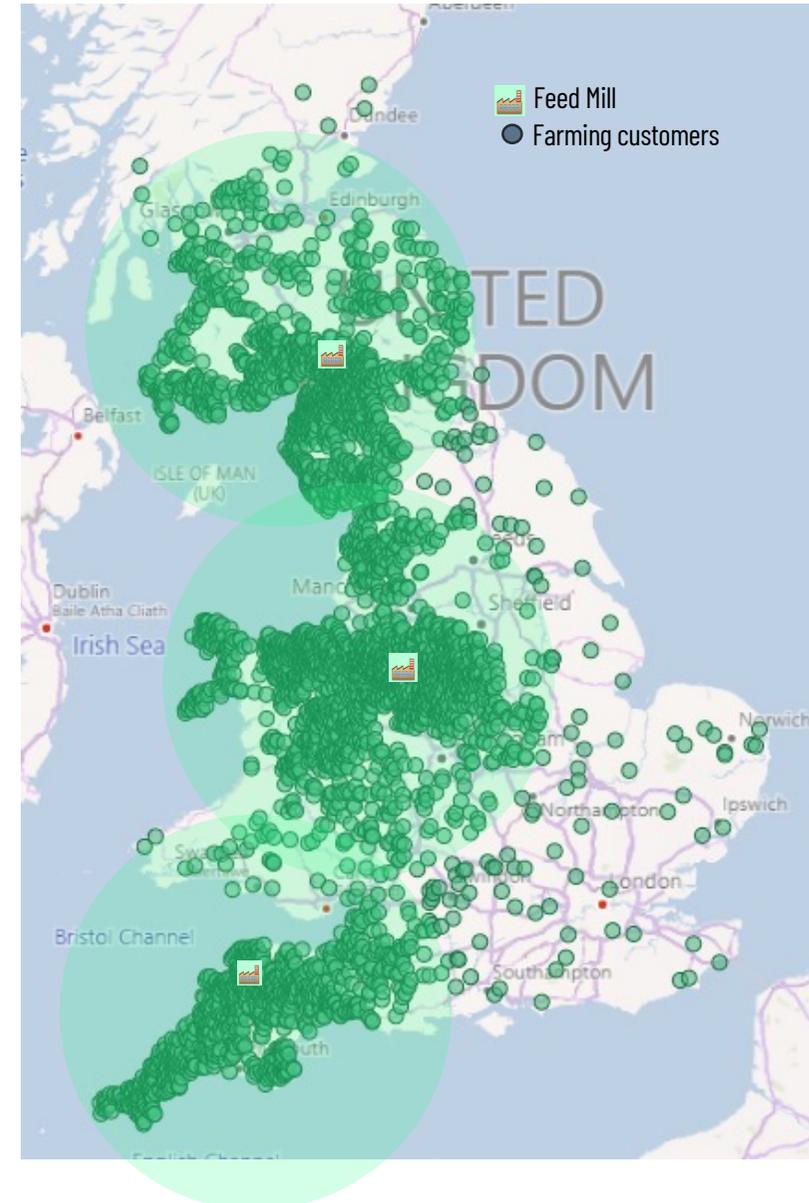
Customer locations 2023



Utilise national platform

- Optimally located, well invested mills in Cumbria, Cheshire and Devon
- Capability to increase volumes from all facilities to meet customer needs and leverage the cost base
- Over 4,000 ruminant farming customers
- Providing the full range of feed and nutritional products for dairy farmers – opportunities for range extensions
- Managing customers' sustainability agendas with the Fusion™ range of low emission feeds
- The NWF Academy now in its fifth year successfully producing future nutritionists following a structured 18-month programme
- Target 50 farmers for each nutritionist with up to 10,000 tonnes of feed per annum

NWF principal Feed Mills and Farming customers 2023



Delivering sustainable value

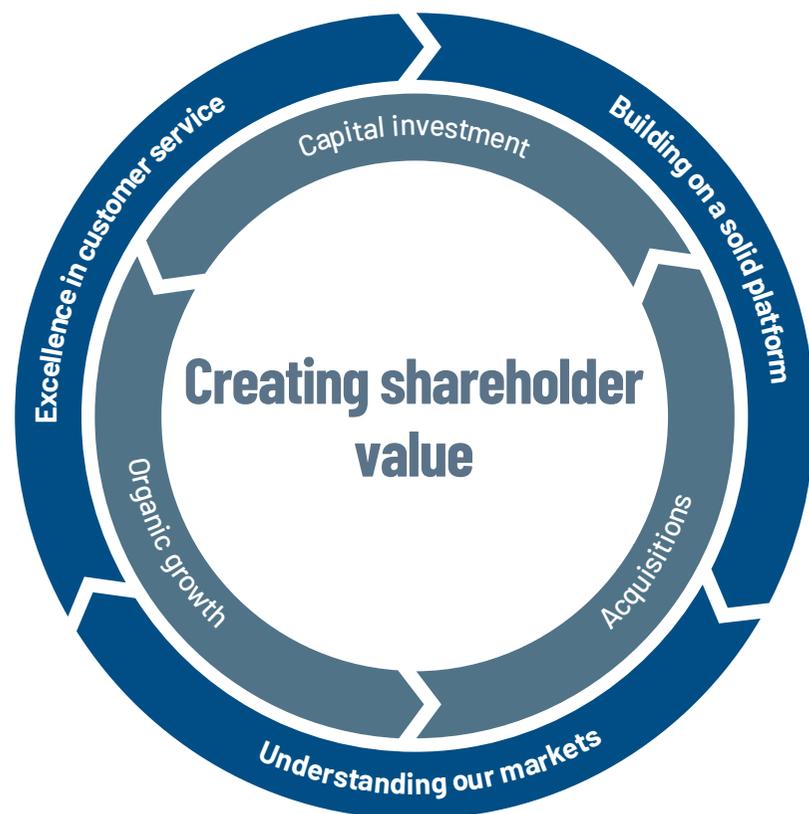
Our sustainability framework consists of four strategic objectives that reflect our values and are designed to ensure we take a proactive and responsible approach to the way we operate. Together with our stakeholders and across our three divisions, we are working to deliver long-term sustainable value:

- ESG now embedded in management reports with an ESG steering committee
- Food division has applied for B Corp certification
- TCFD disclosure aligned to Companies Act 2006 reported in 2023 report and accounts



	 Create a culture of safety	 Invest in our people	 Build strong partnerships	 Respect the environment
Strategic objectives	Create a culture of safety	Invest in our people	Build strong partnerships	Respect the environment
Priority objectives	Create a culture of safety to protect our employees and the wider community.	Create a culture of safety to protect our employees and the wider community.	Create a culture of safety to protect our employees and the wider community.	Reduce carbon, emissions and waste across our value chain and champion environmental stewardship.
Our ambitions	<ul style="list-style-type: none"> • Champion road safety • Implement a safety-first approach 	<ul style="list-style-type: none"> • Promote personal and professional development • Empower future generations • Improve employee wellbeing 	<ul style="list-style-type: none"> • Understand our customers' needs • Work together with our suppliers • Collaborate and innovate for more sustainable products 	<ul style="list-style-type: none"> • Invest in clean fleet • Mitigate our carbon emissions • Drive efficiencies across our operations • Responsible use and protection of the natural environment

The NWF investment case



<p>Strong Group wide management team</p>	<p>Growth opportunities</p>	<p>Asset backing</p>
<p>Solid track record with ambition</p> <p>7 completed Fuels acquisitions since 2019</p>	<p>Consolidate and optimise</p> <p>1 clear strategy</p>	<p>Strong balance sheet</p> <p>£217.6m total assets</p>
<p>Focus on return on capital</p>	<p>Good cash generation</p>	<p>Growing dividend</p>
<p>Return on capital employed is a key metric</p> <p>27.6% Group ROCE</p>	<p>£16.3 million of cash generated before development expenditure</p> <p>107.6% cash conversion¹</p>	<p>Increased dividend for twelve consecutive years</p> <p>7.8p total dividend per share</p>

¹ Cash conversion percentage is the ratio of net cash generated from operating activities (£32.5 million), less the capital element of lease paid (£9.9 million), to headline operating profit (£21.0 million).

Strong results & a clear strategy

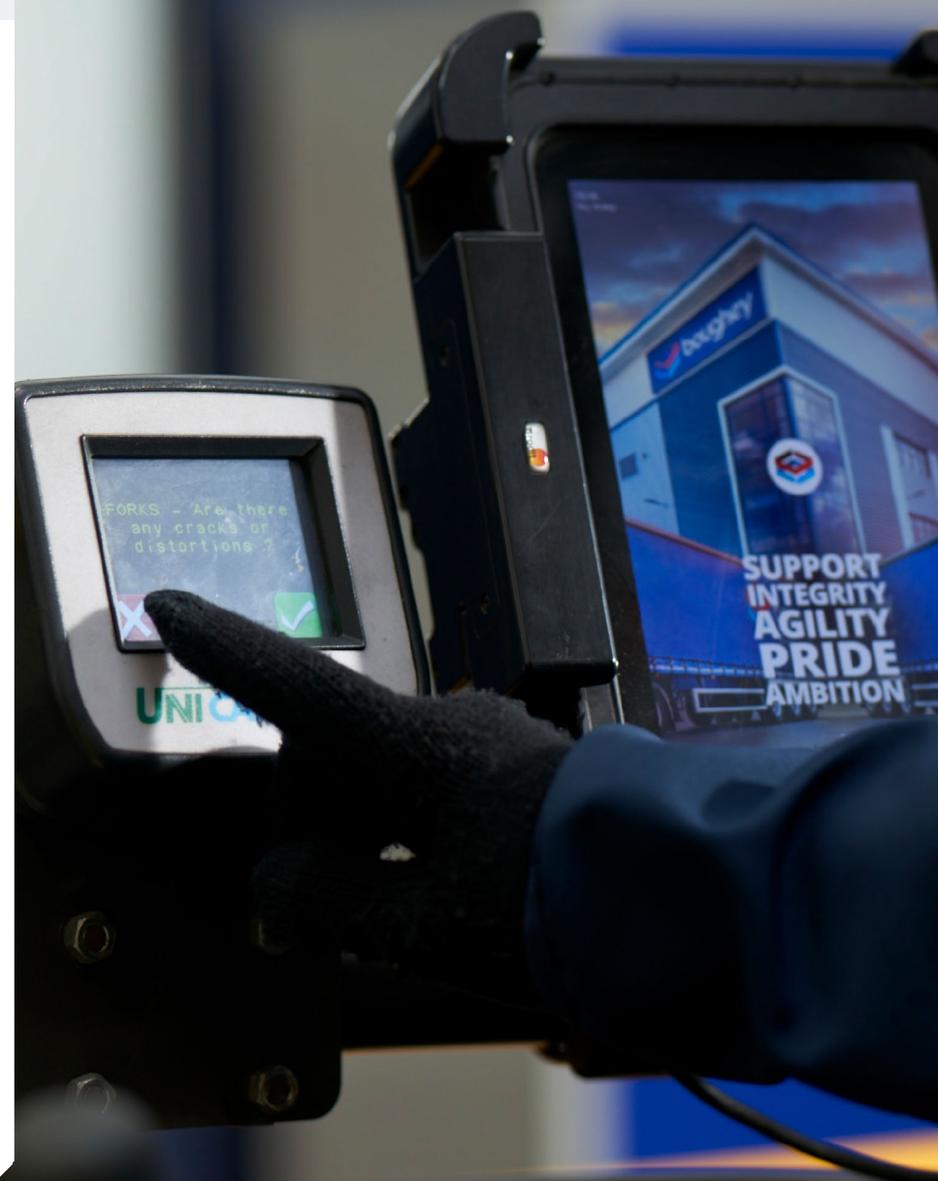
Very strong result in 2023

- Fuels performed resiliently in a volatile market with a cost-of-living crisis
- Food demonstrated strong continued development
- Feeds delivered an outstanding performance
- Excellent cash generation, a net cash position and new long-term funding provide flexibility for the Group

Succession plan in place to deliver the next phase of growth

Currently trading in line with the Board's expectations

- Fuels pipeline of acquisitions for further growth
- Food targeting expansion with customer contacts
- Feeds managing farmers' nutrition during quieter summer months
- Confidence in the future development opportunities and outlook for the Group



Q&A



Richard Whiting
Chief Executive



Chris Belsham
Chief Executive designate

Additional information

- Analyst coverage and consensus forecasts
- Business overview
- Locations
- Organisation
- Main site photo
- Group financial performance
- Divisional track record
- Additional market data

Analyst coverage and consensus forecasts

	Forecast ¹	Actual	Consensus forecasts		
	2023	2023	2023	2024	2025
Revenue	£893.1m	£1,053.9m	£1,061.5m	£1,006.9m	£1,048.9m
Headline operating profit	£12.9m	£21.0m	£20.1m	£15.2m	£16.1m
Headline profit before tax	£11.9m	£19.6m	£19.1m	£13.9m	£14.7m
Headline earnings per share	18.3p	31.4p	29.9p	21.3p	22.5p
Dividend per share	7.7p	7.8p	7.8p	8.1p	8.5p
Net cash	£9.9m	£16.3m	£15.1m	£9.3m	£14.2m

Analysts	
Peel Hunt*	Charles Hall
Panmure Gordon	Adrian Kearsay
Shore Capital	Akhil Patel

* Corporate broker.

The consensus is an arithmetic calculation of the forecasts made by contributing investment analysts as at 29 July 2019 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.

¹ Analyst consensus expectation at beginning of FY23.

Key figures

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 660 million litres across the UK to 100,000 customers. It is one of the largest authorised distributors of Texaco and is a major customer of other fuel suppliers including Shell and Jet.

Litres per annum

636m

Depots

27

People

329

Tankers

155



Key figures

Boughey Distribution is a leading consolidator of ambient grocery products to UK supermarkets with over 1,000,000ft² of warehousing and significant distribution assets. It works with over 130 customers including Arla and Typhoo.

Pallets stored

122,000

Trucks

144

People

785

Trailers

320



Key figures

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed to over 4,000 customers in the UK, feeding 1 in 6 dairy cows in Britain. It operates from sites in Cumbria, Lancashire, Cheshire and Devon.

Tonnes

514,000

Trucks

39

People

226

Trailers

17

Group overview

Business locations

Feeds

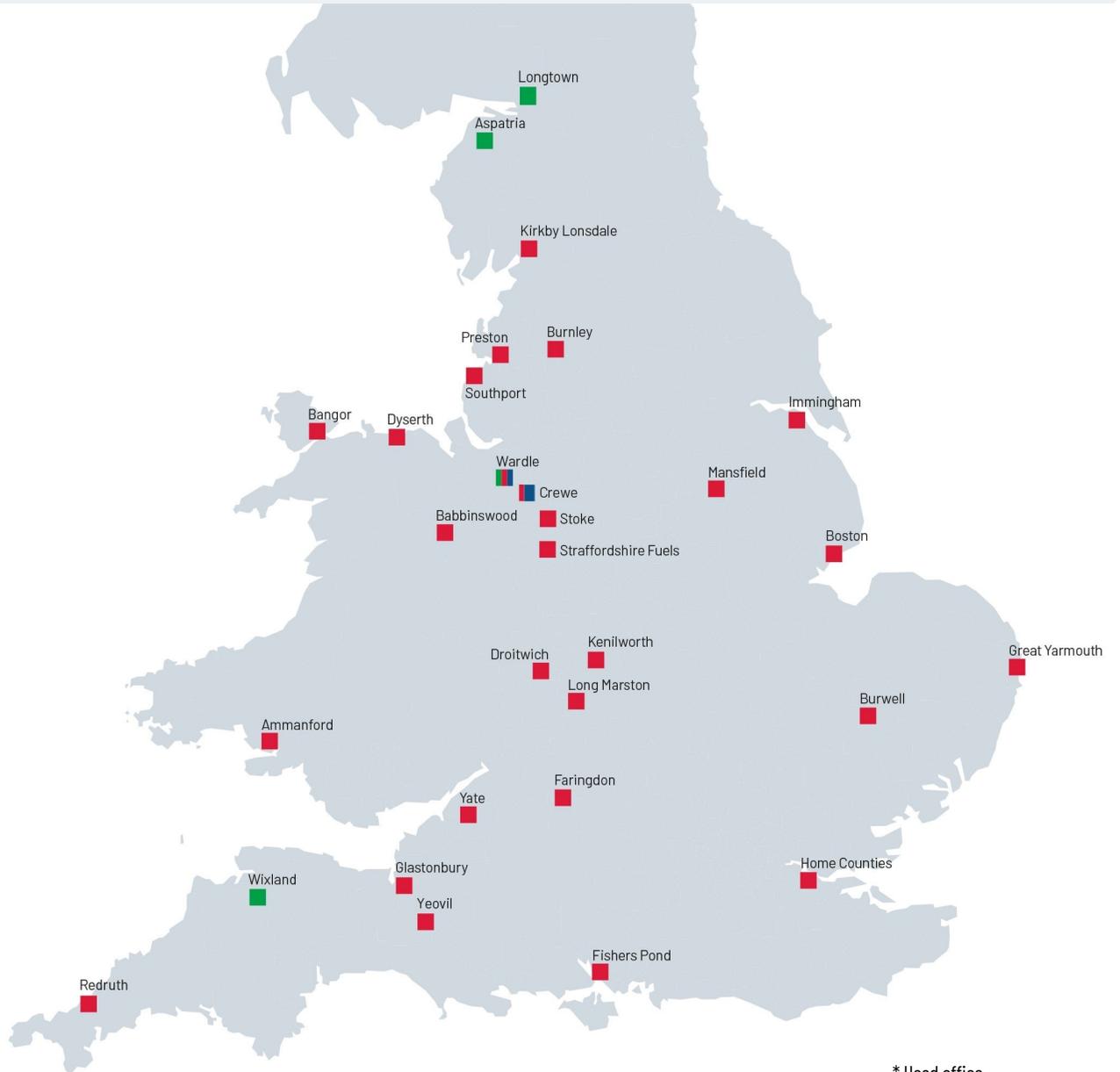
- Aspatia
- Longtown
- Wardle*
- Wixland

Food

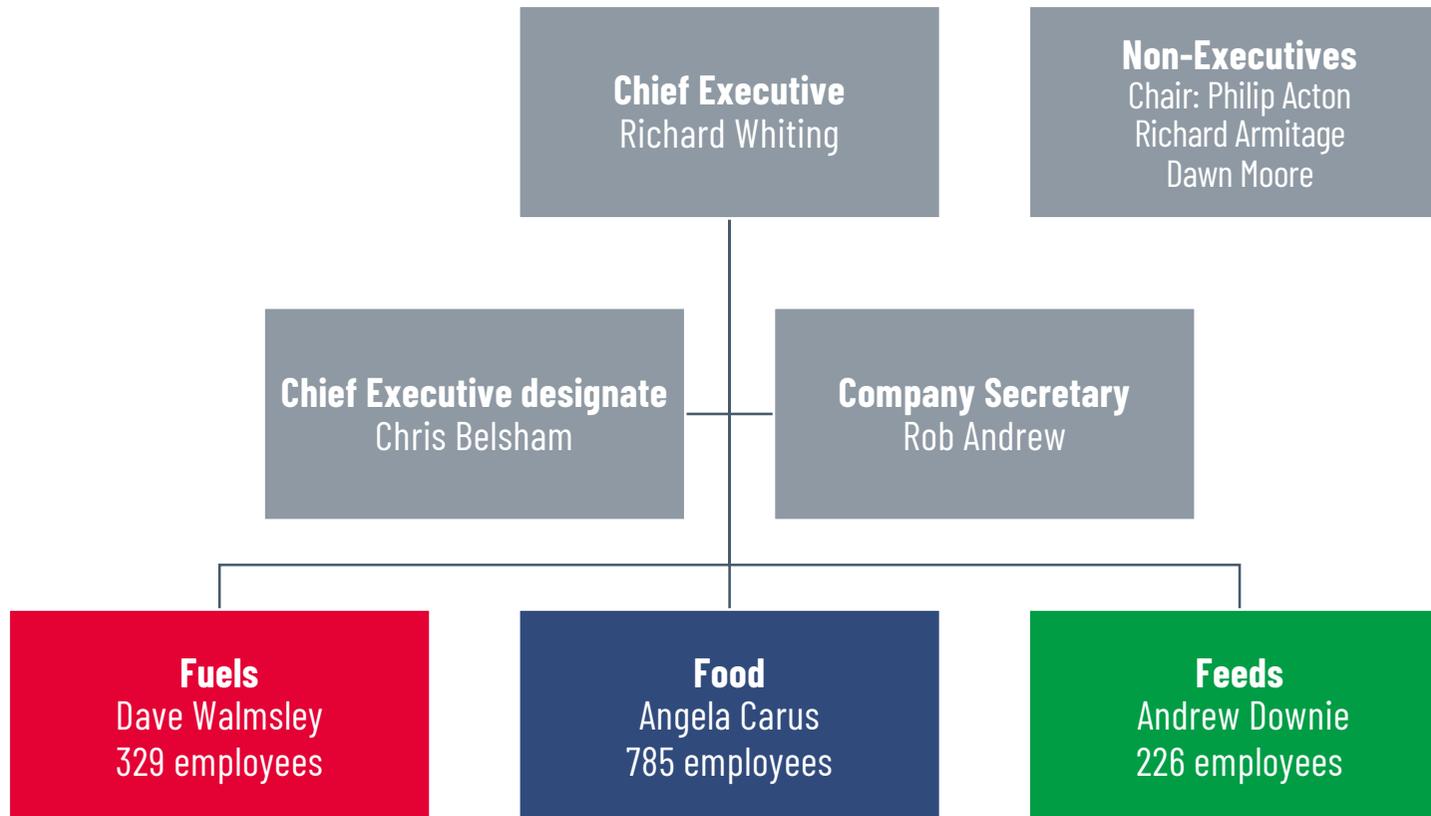
- Crewe
- Wardle*

Fuels

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



* Head office

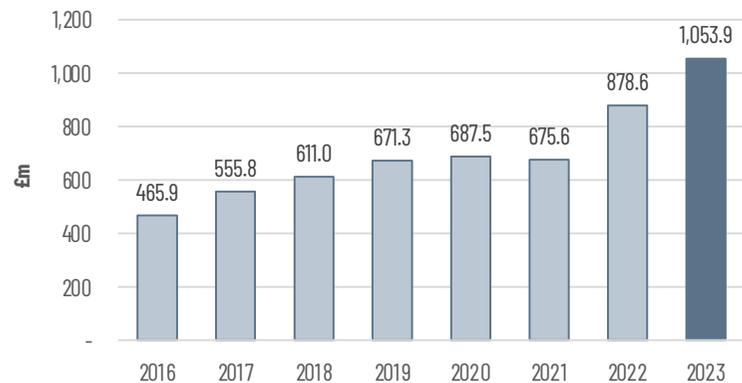


Group overview

Wardle - main operating site



Revenue



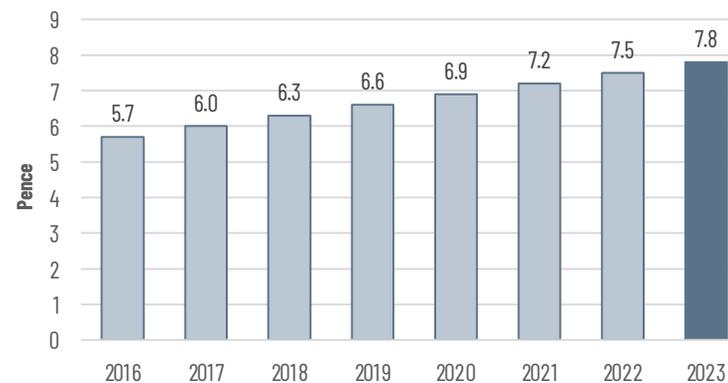
Headline PBT



Headline EPS

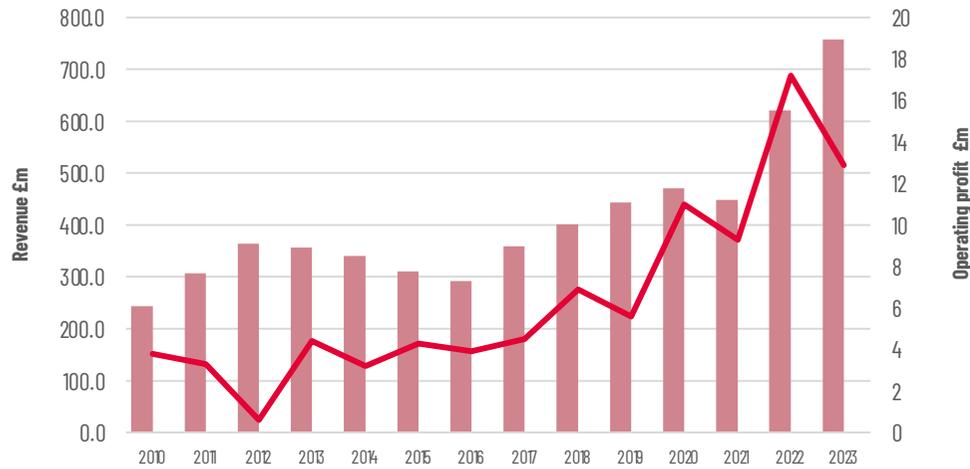


Dividend

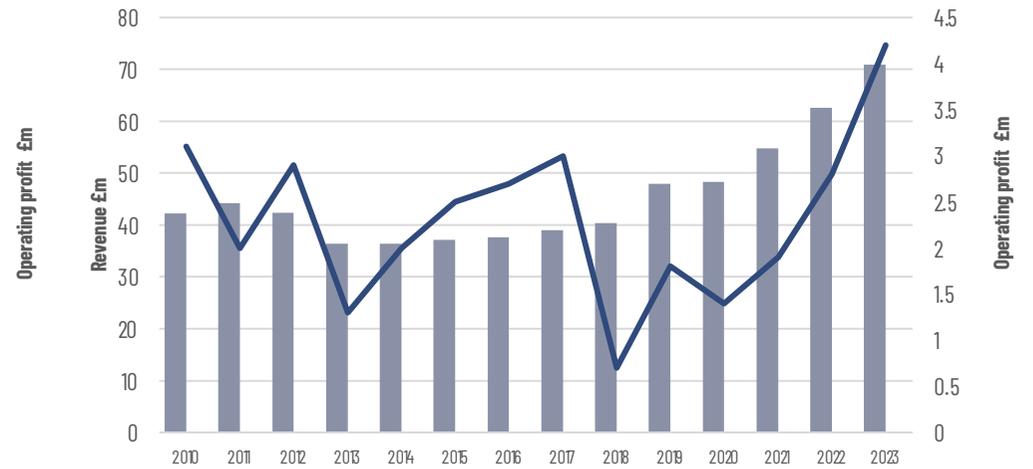


Divisional track record

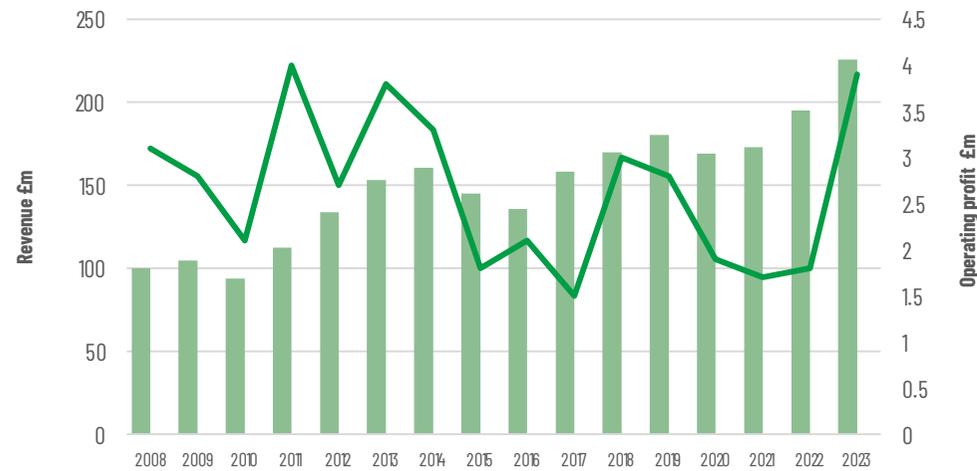
Fuels



Food



Feeds



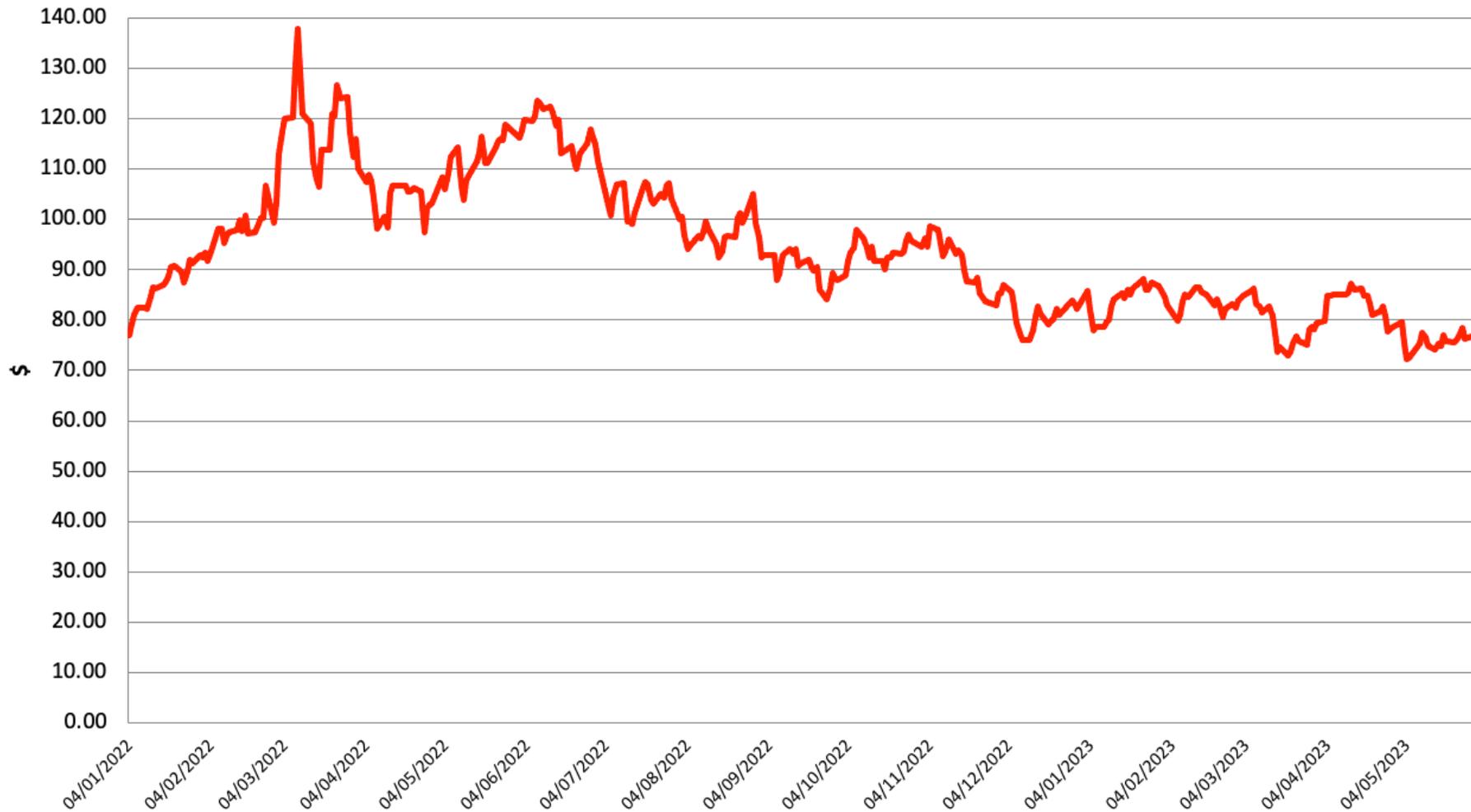
Key:

- Revenue
- Operating profit

Fuels additional market data

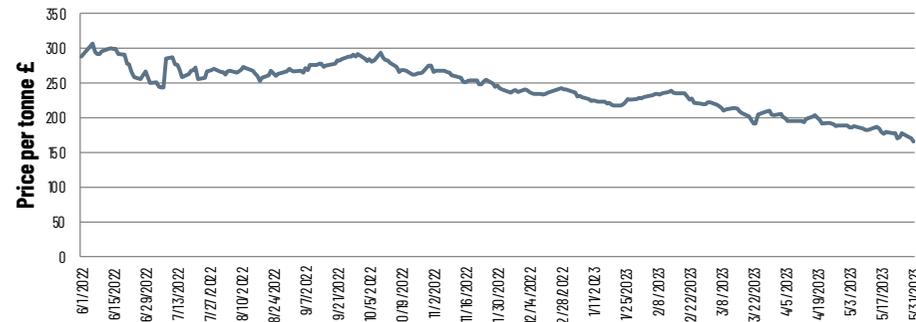
Oil Prices - Brent crude \$ per barrel

Oil Market Journal

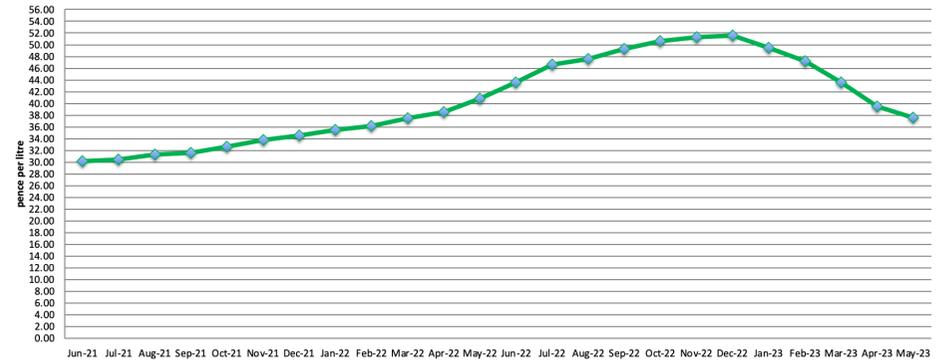


Feeds additional market data

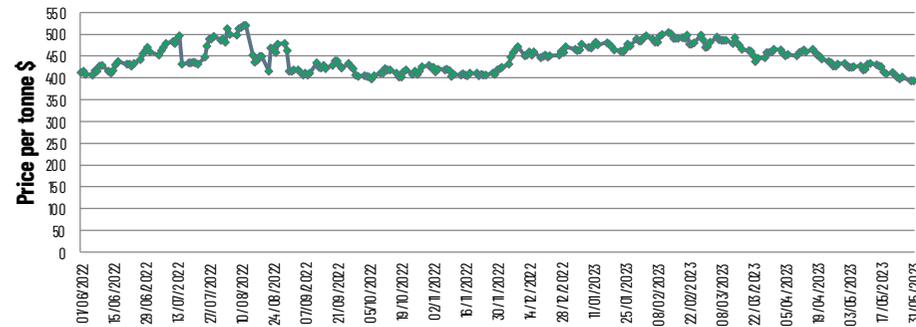
Wheat Price LIFFE 12 month period



Farm Gate Milk Price UK
pence per litre (ADHB)



Soyabean Meal Price CBOT 12 month period



GB market	2018	2019	2020	2021	2022	2023
Milk (litres)	12.4bn	12.6bn	12.5bn	12.6bn	12.5bn	12.4bn
UK dairy herd	1.9m	1.9m	1.9m	1.9m	1.9m	1.9m
Ruminant feed market (tonnes)	5.1m	5.1m	4.8m	5.0m	4.8m	4.7m
NWF (tonnes)	589k	591k	625k	575k	528k	514k
Market share	12%	12%	13%	12%	11%	11%



Thank you