

Carr's Milling Industries PLC

Profit Improve

HALF YEAR TO 28 FEBRUARY 2009



**CARR'S
MILLING INDUSTRIES PLC**



Overview

- 1st half pre-tax profit £5.3m (2007:£5.2m) up 2%
- Adjusted EPS 37.2p (2007:44.0p) down 15%
- Half year dividend 6p unchanged
- Good performance from all major business areas, save fertilisers
- Fertiliser suffering from significant volume declines driven by anticipated price declines
- Food continues to recover slowly

Progress made



Divisional Picture

Agriculture

Revenue £130.2m (2008 £118.8m) Operating profit £4.8m (2008:£4.0m)

Animal Feed

- Following record harvest, compound and blended animal feeds volumes declined
- Improved margin due to reduced cost base and operating efficiencies
- Crystalyx volumes and profit increased

Fertiliser

- Suffered due to forward buying in previous year
- Dramatic fall in raw material pricing prompting further weakness in demand
- Profits expected to fall significantly

Agriculture supplies

- Both oil and retail traded well

Food

Revenue £40.5m (2008:£39.7m) Operating profit £1.6m (2008:£1.1m)

Volume and margin improving

- Some signs of price resistance emerging

Engineering

Revenue £3.8m (2008:£3.3m) Operating profit £0.5m (2008:£0.5m)

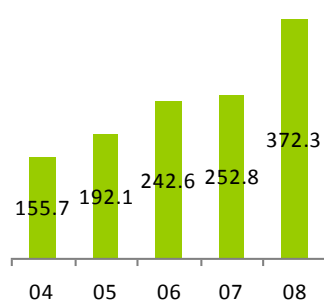
Some delays in new contracts

- Business expanded since period end through acquisition Walischmiller

Good first half but second half more challenging



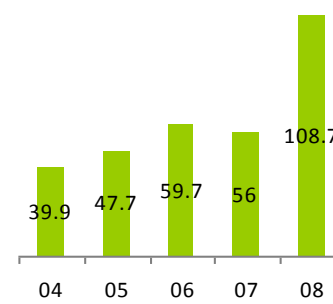
Carr's Five Year Record



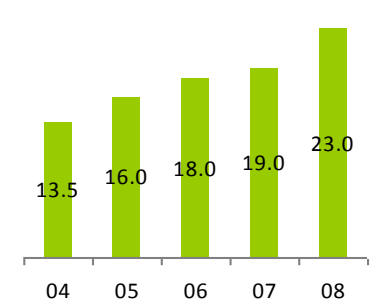
Revenue £m



Profit before tax* £m



Adjusted earnings per share* (p)



Dividends (p)

	CAGR (04-08)
Revenue	24.3%
PBT*	25.9%
EPS (adj)*	28.5%
Dividend/Share	14.2%

*excludes non-recurring items and amortisation of intangible assets

Continued profitable growth



FINANCIAL HIGHLIGHTS

Ron Wood
Finance Director



Financial Highlights

- Both revenue and profits increase modestly
- Fertiliser performance held back profits
- Significant increase in pension charge £0.4m
- Net debt and cash flow inline with group budget
- EPS lower reflecting associates and increase in shares in issue



Carr's Income Statement

Year ended August	2008		2007	
	Revenue £m	Op. Profit £m	Revenue £m	Op. Profit £m
Agriculture	275.8	11.8	185.9	5.2
Food	85.6	2.0	57.0	1.4
Engineering	10.7	1.1	9.6	1.0
Other	0.2	(1.0)	0.2	(0.3)
	372.3	13.9	252.7	7.3
Non-recurring items		0.1		(0.4)
Pension costs		(1.1)		(1.1)
Associate & JV's		1.6		0.7
Operating profit		14.5		6.5
Interest		(1.6)		(1.0)
PBT		12.9		5.5
EPS (p)		92.7		50.7
Adjusted EPS (p)*		108.7		56.0
DPS (p)		23.0		18.0

Update

*excludes non-recurring items and amortisation of intangible assets



Cash Flow

	2008	2007
	£m	£m
Operating profit	12.9	5.8
Depreciation/amortisation	3.5	3.9
Working capital outflow	(10.6)	(4.0)
Interest paid	(1.6)	(1.0)
Tax paid	(0.6)	(2.1)
Other non-cash items	(0.6)	1.2
From operating activities	3.0	3.8
Used in investing activities	(2.8)	(2.9)
From/(used) in financing activities	0.4	(2.5)
Net cash increase/(decrease)	0.6	(1.6)
Opening cash	(0.5)	1.1
Closing cash	0.1	(0.5)
Debt balances	(17.5)	(14.9)
Net debt	(17.4)	(15.4)



Summarised Balance Sheet

	30 August 08	01 September 07
	£m	£m
Non-current assets	40.9	37.8
Current assets	86.7	51.8
Current liabilities	(70.1)	(39.8)
Non-current liabilities	(29.9)	(20.9)
Net assets	27.6	28.9
Minority interests – equity	(2.6)	(2.1)
Equity shareholders' funds	25.0	26.8
Net debt	17.4	15.4
Interest cover	8.0 x	5.8 x
Gearing	69.8%	57.4%
Net assets per share	298p	324p
Pension deficit (gross)	£16.6m	£9.8m



MACRO BACKDROP

Chris Holmes
CEO



Key Macro Drivers for Carr's

Activity

Key Cost Inputs

Key Demand Driver

Agriculture

Animal Feed

Feed wheat, proteins,
molasses (etc) - rising

Milk price - falling

Fertiliser

Nitrogen, phosphate, potash
- falling

Milk price and wheat price
- short term volatility in
demand

Agricultural supplies

N/A

Overall farming profitability
- stable

Food

Flour

Milling wheat

Volatility in wheat prices,
some evidence of price
pressure from bakers

Engineering

Nuclear and petrochemical

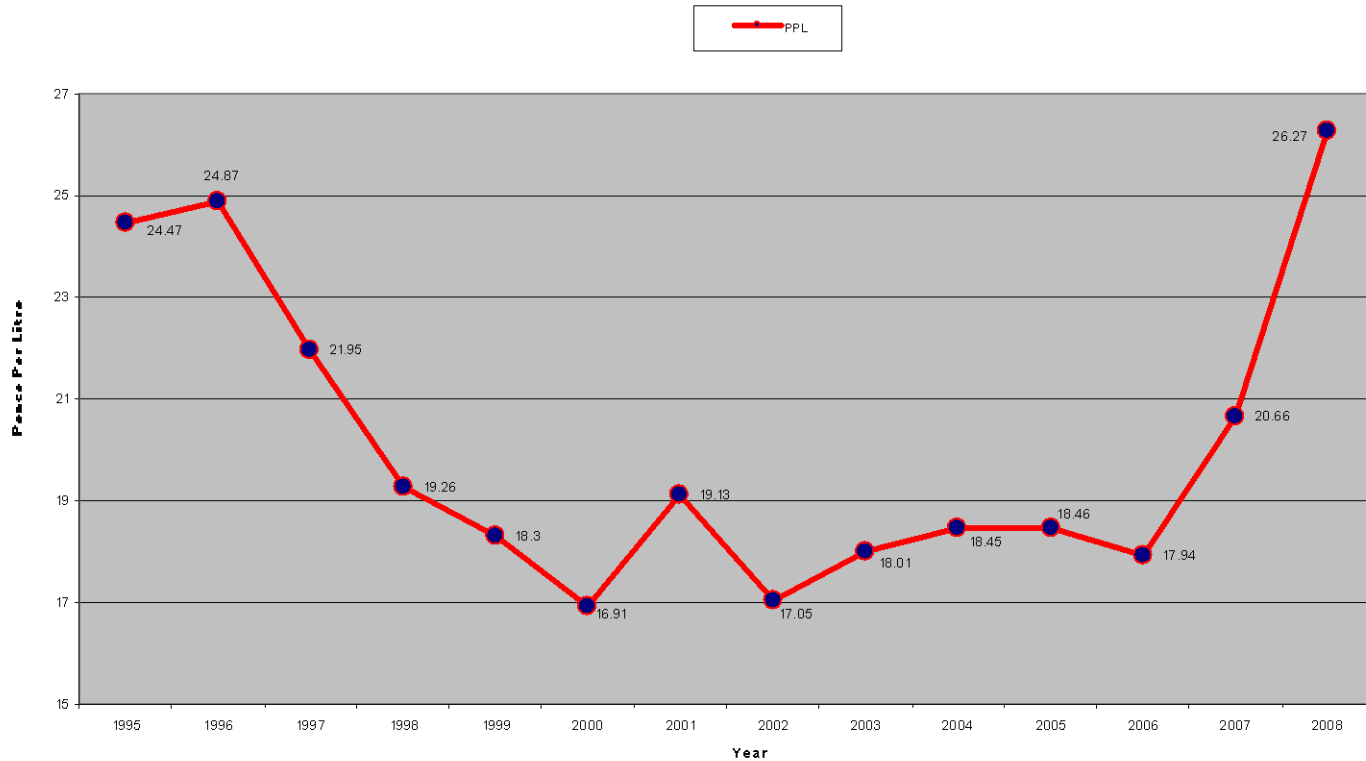
Steel

c.£1bn p.a. British Nuclear
Fuels spend/oil price



Agriculture – Farm Gate Milk Price

Average Annual Milk Price

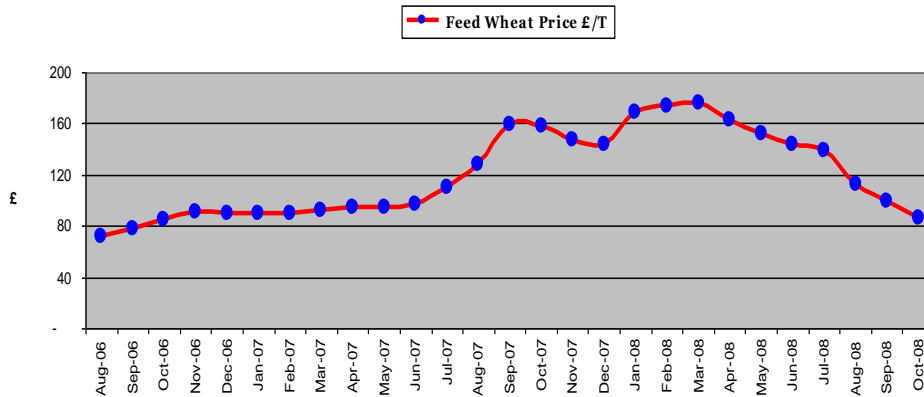


- Higher milk prices benefited dairy farmers– but recent price falls unsettling market
- Dairy farming inherently more profitable
- Input costs higher for farmers

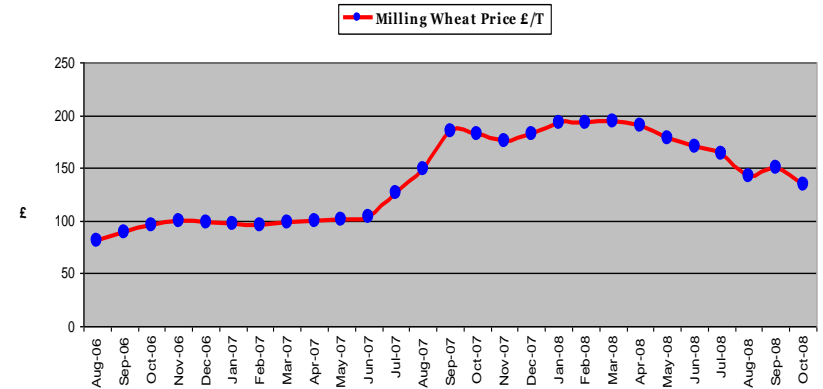


Agriculture – Wheat Prices

Feed Wheat Prices August 2006 - October 2008



Milling Wheat Prices August 2006 - October 2008



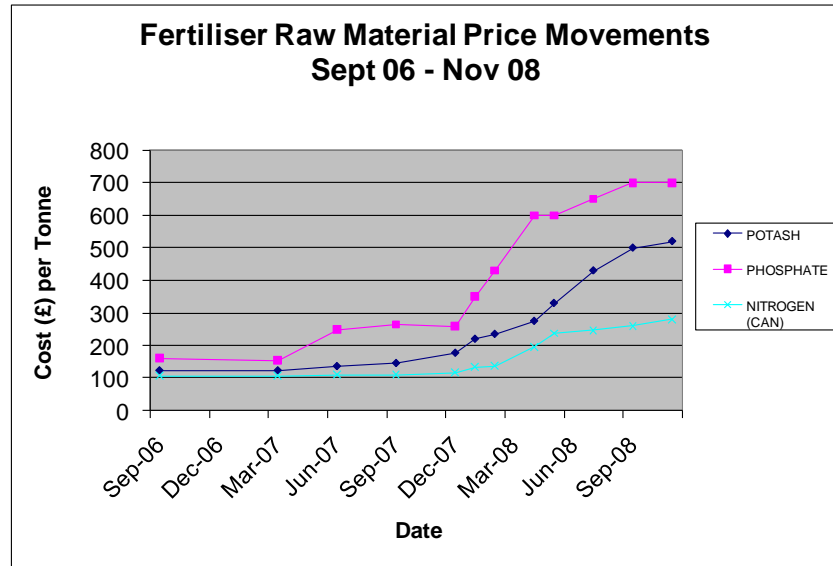
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Need to update



Agriculture – Fertiliser Raw Materials



- Total reversal of last years position
- Exceptional price deflation in fertiliser raw materials
- Farmers holding back on orders
- Carr's bought well and made "one off" inventory gains in 08 – not repeated
- Lower cereal prices may further reduce fertiliser sales in 2009
- Very uncertain outlook

Uncertain outlook



Food – Volume growth with restoration of margins

- Some evidence of price resistance from bakers
- Good recovery in volumes
- Margin improved to 4% but still below historic levels
- Raw material cost more stable



Engineering

- Significant orders completed
- Details in some new contracts depressing short term
- Acquisition significantly broadens product range and geographical reach
- Expect modest progress for the year



Outlook

Agriculture

- Short term negative impact of fertiliser demand and pricing
- Good underlying growth in speciality feed blocks
- Retail and oil remain stable

Food

- Restoration of margins remains a priority

Engineering

- Good long term prospects

Long Term Optimism tempered by weak Fertilisers