



# Building on our success

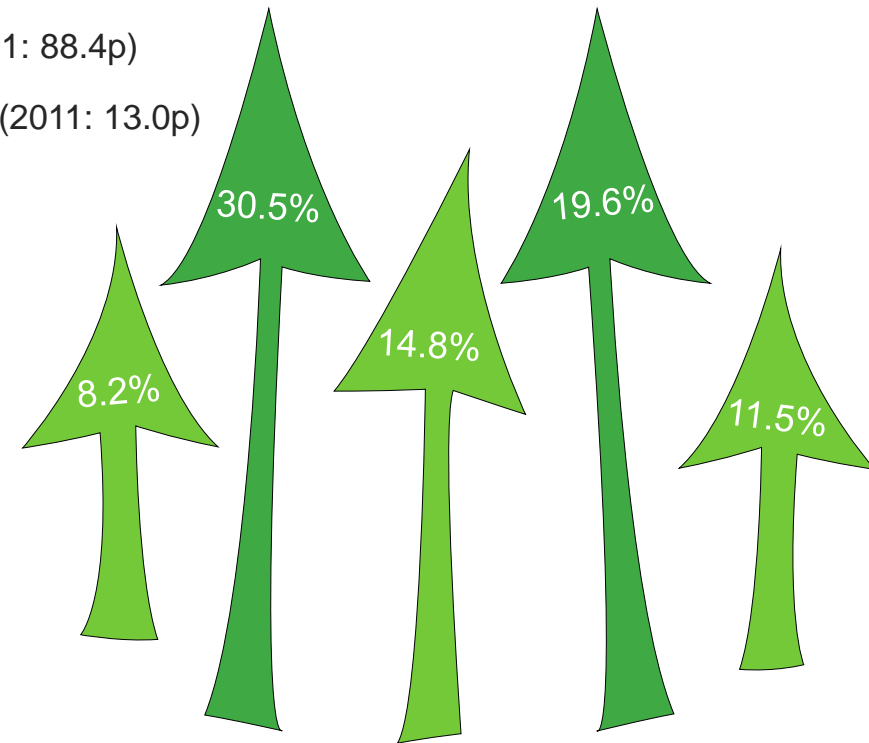
Preliminary results presentation  
November 12<sup>th</sup> 2012





# Results Overview

- Revenue **increased** 8.2% to £404.1m (2011: £373.35m)
- Pre-tax profit **increased** 30.5% to £13.1m (2011: £10.0m)
- EBITDA **increased** 19.6% to £18.4m (2011: £15.4m)
- Adjusted EPS **increased** 14.8% to 101.5p (2011: 88.4p)
- Final DPS declared **increased** 11.5% to 14.5p (2011: 13.0p)
- £2.6m **net debt** (2011: £4.6m net cash)
- NAV per share £7.65





# Trading Overview



## Agriculture

- Broadly favourable environment but input prices volatile
- Feed block sales up 24%, particularly strong in USA, with stable margins
- Compound feed sales volume down and margins squeezed
- Retail and machinery sales up 13% and 23%
- Fuel volumes maintained, despite mild winter and cold spring, with lower margins



## Food

- Industry over-capacity leading to margins squeezed
- Port facility at Kirkcaldy beneficial



## Engineering

- Significant contracts completed
- “Life of Plant” agreement with Sellafield
- Order book is strong through 2013



# Agriculture

- Animal Feed
- Retail & Farm Machinery
- Fuel

 Carr's Milling Industries PLC

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# Animal Feed



## Feed block sales and market share up in both the UK and overseas

### Low moisture feed block

- Strong recovery in demand in US – sales up 40%
- UK sales volumes maintained despite mild winter
- Strong demand continues for Crystalyx in Europe and New Zealand
- Plan to build a plant in New Zealand in 2013/2014

### High moisture feed block

- Production efficiencies achieved from investment last year
- Scotmin contributing positively following re-launch of Megalix and Megastart
- 50% JV plant in Tennessee in full production with benefits in 2012/2013





# Animal Feed



- Compound feed market down
- Milk price uncertainty (although outlook improving)
- High raw materials prices resulting in lower margins
- AminoMax plant (50%JV) in Watertown fully operational April after early engineering issues resolved



# Retail & Farm Machinery



- Retail products achieved 13% sales growth reflecting extended product range sold through enlarged retail network
- Safe at Work (acquired April 2011) integrated and product range extended to branch network
- Strong performance from machinery and workshops with product range extended
- £0.8m acquisition in July of Laycocks, has added 3 outlets (Malton, Settle and Skipton) with profitable contribution expected in 2012/13
- New branch at Kendal to open in December 2012 extending branch numbers to 26
- Extension to Carlisle branch complete April 2013




- Carrs Billington Fuels operate from 8 depots
- Cross selling benefits with agricultural products
- Maintained volumes despite milder winter
  - Increased market share
- Contributions from Hexham (opened August 2011) and Cockermonth (opened February 2012)
- Slightly lower margins reflecting oil price movement compared to the spike in 2011





# Food



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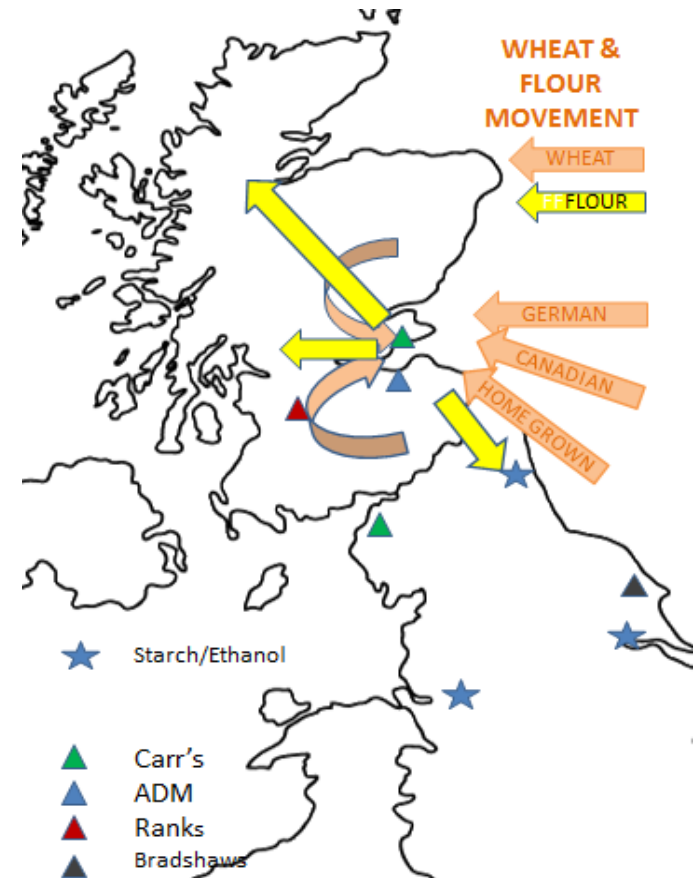


- Long-term flour industry capacity issues continue
- Sales down 3% with profit down 67%
- Volatile wheat price
- Flour volumes down 1%
- Wheat handling facility at Kirkcaldy port exceeded expectations
- Continue to expand speciality flours
- Decision to invest £17m in replacement mill at Kirkcaldy



# Strategic Reason for Investment

- Existing mill is close to end of natural life
- Port project makes Kirkcaldy a good location for wheat sourcing
- Port mills benefit from poor UK harvest (2012/13 mills will import 2.4m tonnes)
- CFM has strong customer base across Scotland and N England
- Food safety and customer demands





# UK Flour Market

## UK Flour Market

	Total Market % Share	Total Sales '000 TPA	Free Market % Share	Free Market '000 TPA
Rank Hovis	24	1000	13	400
Whitworths	20	830	28	830
ADM	16	650	22	650
Allied Mills	9	378	2.5	76
Heygates	6	250	5	150
Carrs	5	215	7	215
Other	20	830	22	650

**Carr's has approximately 70% of the 'Free Market' in Scotland**



# Benefits



## Operational Efficiencies

- Labour
- Energy
- Repairs costs

## Raw Material Cost Savings

- Extraction
- Gristing

## Others

- Flexibility in milling programme
- Port access
- Flour quality

**Step change in profitability on completion of mill**






# Engineering

- UK
- WÄLISCHMILLER



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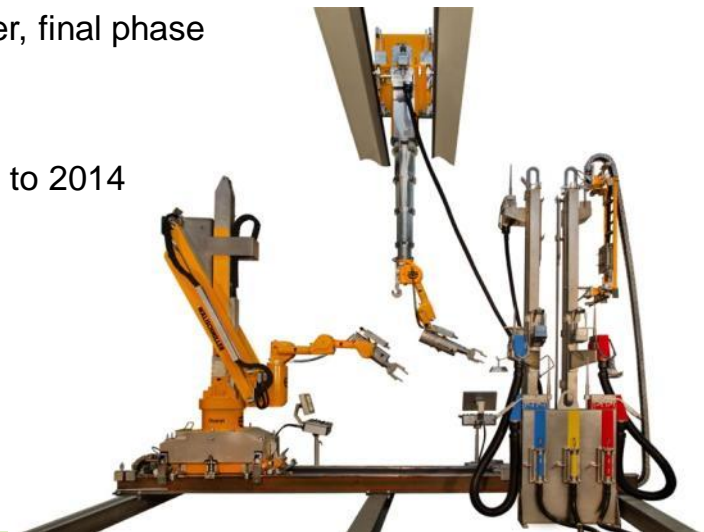


- 18% revenue growth reflects steady demand, mainly from nuclear industry
- Bendalls completed major vessel for Bechtel in USA and Evaporator D project at Sellafield
- Commenced work on £4m project for pressure vessels for Hyundai in South Korea for BP floating production storage and offloading platform
- £0.8m acquisition in May of Clive Walton Engineering, precision engineering business used by Bendalls, will contribute to revenue and profit in 2012/13
- High H2 sales by Carrs MSM benefits from “life on plant” contract for supply of critical parts to Sellafield



# WÄLISCHMILLER

- Completed de-commissioning contracts in Russia, France, Korea, Japan and China with 111% revenue growth
- Successful completion of Telbot for inspecting gas tanks for Shell in Norway
- High activity in 2012 led to increase in engineering personnel
- Developing robot for Fukushima, Japan
- Phase 1 of new factory completed in October, final phase scheduled for September 2013
- Order book value remains strong through to 2014



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# Segmental Analysis

Segmental Analysis				
	2012		2011	
	Revenue	PBT	Revenue	PBT
	£m	£m	£m	£m
Agriculture	293.8	8.1	272.7	6.4
Food	80.5	0.4	82.6	1.3
Engineering	29.7	4.7	18.0	1.7
Other	-	(1.0)	-	(0.5)
	<b>404.0</b>	<b>12.2</b>	<b>373.3</b>	<b>8.9</b>
Retirement Benefit		(0.5)		(0.7)
Associate & JVs (post tax)		1.4		1.8
		<b>13.1</b>		<b>10.0</b>
EPS (p) – basic		<b>98.2p</b>		<b>77.0p</b>
EPS (p) - adjusted		<b>101.5p</b>		<b>88.4p</b>



# Balance Sheet

<b>Balance Sheet</b>		
	<b>2012</b>	<b>2011</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current assets</b>	<b>54.7</b>	<b>47.2</b>
<b>Current assets (excluding cash)</b>	<b>86.7</b>	<b>79.8</b>
<b>Cash</b>	<b>23.3</b>	<b>33.3</b>
<b>Total assets</b>	<b>164.7</b>	<b>160.3</b>
<b>Loans and borrowings</b>	<b>(25.8)</b>	<b>(28.7)</b>
<b>Trade &amp; other payables</b>	<b>(60.3)</b>	<b>(57.0)</b>
<b>Tax &amp; deferred tax</b>	<b>(5.3)</b>	<b>(5.7)</b>
<b>Retirement benefit obligation</b>	<b>(5.4)</b>	<b>(6.0)</b>
<b>Total liabilities</b>	<b>(96.8)</b>	<b>(97.5)</b>
<b>Net assets</b>	<b>67.9</b>	<b>62.8</b>
<b>Gearing</b>	<b>4.1%</b>	<b>-</b>



# Cash Flow

## Cash Flow Statement

	Year to	Year to
	1 September 2012	3 September 2011
	£m	£m
<b>Profit before tax</b>	<b>13.1</b>	<b>10.0</b>
<b>Share of profit from associate and JV's</b>	<b>(1.4)</b>	<b>(1.8)</b>
<b>Depreciation and amortisation</b>	<b>4.7</b>	<b>4.5</b>
<b>Non-cash adjustments</b>	<b>0.3</b>	<b>1.2</b>
<b>Pension contributions</b>	<b>(3.8)</b>	<b>(4.8)</b>
<b>Working capital</b>	<b>(2.0)</b>	<b>4.0</b>
<b>Tax paid</b>	<b>(2.7)</b>	<b>(1.7)</b>
<b>Cash generated from operations</b>	<b>8.2</b>	<b>11.4</b>
<b>Investing activities</b>	<b>(11.6)</b>	<b>(7.7)</b>
<b>Financing activities</b>	<b>(6.2)</b>	<b>(2.9)</b>
<b>(Decrease)/Increase in cash</b>	<b>(9.6)</b>	<b>0.8</b>
<b>Cash generated from discontinued operations</b>	<b>-</b>	<b>18.4</b>
<b>(Decrease)/Increase in cash in the period</b>	<b>(9.6)</b>	<b>19.2</b>



# Banking & Net Debt

<b>Banking &amp; Net Debt</b>			
	<b>Expiry</b>	<b>Facility</b>	<b>2012</b>
		<b>£m</b>	<b>£m</b>
<b>Working capital facilities (UK)</b>	<b>12 month rolling</b>	<b>(29.0)</b>	<b>(11.6)</b>
<b>Working capital facilities (US)</b>	<b>12 month rolling</b>	<b>(0.6)</b>	<b>(0.4)</b>
<b>Working capital facilities (Eu)</b>	<b>12 month rolling</b>	<b>(1.6)</b>	<b>-</b>
<b>Term loan</b>	<b>November 2014</b>	<b>(7.5)</b>	<b>(4.8)</b>
<b>Revolving credit facility</b>	<b>November 2014</b>	<b>(12.5)</b>	<b>(5.8)</b>
<b>Other loans</b>		<b>(1.2)</b>	<b>(1.2)</b>
<b>Cash</b>		<b>-</b>	<b>23.3</b>
		<b>(44.8)</b>	<b>(0.5)</b>
<b>Finance leases</b>			<b>(2.0)</b>
<b>Net debt</b>			<b>(2.5)</b>





# Underlying PBT 2012

Underlying PBT - 2012						
	Agriculture	Food	Engineering	Associate JVs	Other	Total
	£m	£m	£m	£m	£m	£m
<b>Reported PBT</b>	<b>8.1</b>	<b>0.4</b>	<b>4.7</b>	<b>1.4</b>	<b>(1.5)</b>	<b>13.1</b>
<b>Financial derivative</b>	-	-	-	-	<b>0.2</b>	<b>0.2</b>
<b>Bad debt</b>	-	<b>0.3</b>	-	-	-	<b>0.3</b>
<b>Profit on disposal of property and investment</b>	-	-	-	-	<b>(0.3)</b>	<b>(0.3)</b>
<b>Underlying PBT - 2012</b>	<b>8.1</b>	<b>0.7</b>	<b>4.7</b>	<b>1.4</b>	<b>(1.6)</b>	<b>13.3</b>



# Platform for 2013 Performance

## Platform for 2013 performance

	Agriculture	Food	Engineering	Associate JVs	Other	Total
	£m	£m	£m	£m	£m	£m
<b>Underlying PBT – 2012</b>	<b>8.1</b>	<b>0.7</b>	<b>4.7</b>	<b>1.4</b>	<b>(1.6)</b>	<b>13.3</b>
<b>Acquisitions</b>	<b>0.2</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.3</b>
<b>JVs – USA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>0.4</b>
<b>Incremental</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>
<b>Interest</b>	<b>-</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(0.4)</b>
	<b>8.4</b>	<b>0.4</b>	<b>4.7</b>	<b>1.8</b>	<b>(1.6)</b>	<b>13.7</b>



# Trading & Growth Prospects



## Agriculture

- Focus on feed blocks/supplements
- Product developments/new markets
- Strength of retail/fuel network in its market underpins growth



## Food

- Benefit from port locations
- Poor harvest presents opportunities
- Develop sales of retail products
- Kirkcaldy mill efficiencies 2013/2014



## Engineering

- Strong order book through to 2014
- Life of plant contract (Sellafield) – 8 years
- New markets

## Other

- Funding available for acquisitions



# Building on our success

Profitable growth  
November 12<sup>th</sup> 2012

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