



Full Year Results 2024 and Future Strategy

December 2024

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Results and Future Strategy

- 2024 Overview: Transformative change to drive future growth
- Update on strategy for Engineering Division
- Financial Review: FY2024 Results
- Agriculture Review and Strategy
- PLC / Central Strategy
- Summary

2024 Overview: Transformative changes to drive future growth

Highlights:

- Process to realise value for Engineering Division is continuing positively
- Parallel focus on preparing the Group for its future with a clear strategy for value generation in Global Agriculture
- Global Agriculture leadership team in place and focussed strategy for the future developed
- FY25 EBIT-enhancing actions taken on under-performing core Agriculture businesses and non-core loss making business closed in October 2024
- Central cost reductions in progress, alongside property sales and pension scheme de-risking

Value Realisation of Engineering Division

Strategy Review

- In April 2024 we announced we were exploring options regarding the potential disposal of the Engineering Division
- Driving performance across two separate 'small' divisions is costly and generalist
- Engineering Division performance slowly improving on prior years and order book levels holding steady
- Agriculture Division required significant change
- Simplify and de-risk non-core activities in parallel with this process

Process Update

- Engineering Division continuing to perform strongly and generate cash
- Forward order book continuing close to record high level despite significant growth in recognised revenue
- Process to realise value is ongoing and continuing positively
- Further updates will be provided in due course

Progress in Agriculture

Simplification and Focus

- Single division allows expert focus on Agriculture, which offers long-term growth based on core products – in existing and new markets
- Will also bring improved capital allocation to assess growth opportunities versus return of capital and subsequent performance
- Phased streamlining of central costs has begun, creating opportunity for significant cost savings

Sector Expertise Brought in to Lead Agriculture Business

- Joshua Hoopes joined as CEO Global Agriculture in March 2024
- Supported by new UK Commercial Director and UK Operations Director bringing consistency of approach across customers, products and sites
- New leadership in US feed blocks business, with Zach Westberg appointed as President
- Shift of functional support from centre to dedicated divisional roles brings focus on talent development
- Leadership team has new markets experience to execute strategic plans

Financial Review: FY2024 Results



Basis of Presentation Of Financial Results

Basis of Presentation

- Given status of transformational activities at the period end **statutory reporting** is required to separate continuing and discontinued activities – albeit that relevant changes have / will occur after the year end
- Actual performance in the year is shown through **Like for Like** presentation – reflecting Group structure throughout FY24

Continuing Activities

Continuing Activities represents:

- Our **Agriculture** businesses in UK, US (continuing) and New Zealand and JVs in US and Germany
- Our **central cost** base not directly relating to discontinued activities

Discontinued Activities

Discontinued Activities represents

- The **Engineering Division** (process underway)
- The **Afgritech** business in New York State (closed 31 October 2024)
- Non-core properties** (10 properties, one sold in FY24, six sold post year end, three in process)

Continuing Operations

	FY24 £m	FY23 £m	Change £m
Revenue: UK Agriculture	38.2	36.1	2.1
US Agriculture	37.5	45.7	(8.2)
Total	75.7	81.8	(6.1)
Adjusted EBIT: UK	1.1	2.6	(1.5)
US	2.7	1.8	0.9
JV profits	1.4	1.4	-
Central	(3.0)	(3.0)	-
Total	2.2	2.8	(0.6)
Adjusted EPS (p)	2.5	2.5	-
Basic EPS (p)	(4.8)	(1.0)	(3.8)

Continuing Operations represents our Agriculture businesses in UK, US (continuing) and New Zealand and JVs in US and Germany

- Agriculture recovery momentum building:

YOY variance (%)		H1	H2
Volume	UK	+11	+13
	US	-18	-9

(excludes Animax)

- UK feed blocks recovery more advanced in recovery than US, where southern states continue to be drought impacted
- US feed blocks volume influenced by closure of Nevada plant in December 2023 and volume recovery much stronger in northern states than southern (drought)
- UK influenced by Animax sales performance: H1: -1%, H2: -15%. Rapid turnaround plan in progress
- Structure of subscale, loss making New Zealand business changed post Y/E
- Central costs cover group functions, cost reductions underway – H2 down 18% YOY

Like for Like Disclosure

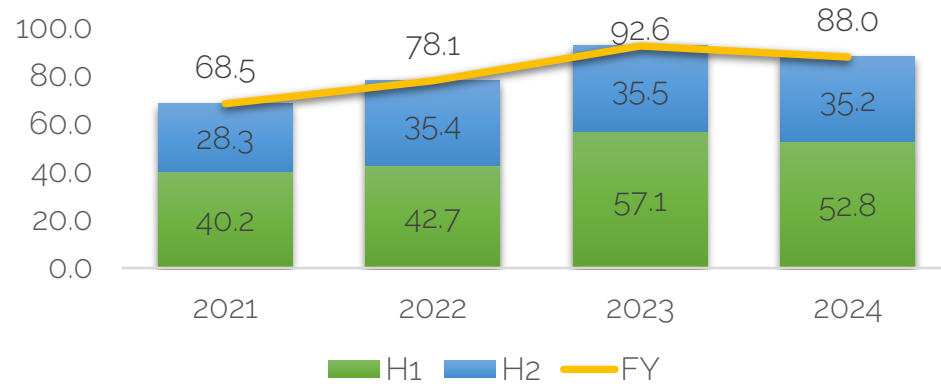
	FY24 £m	FY23 £m	Change £m
Revenue: Agriculture	88.0	92.6	(4.6)
Engineering	60.1	50.6	9.5
Total	148.0	143.2	4.8
Adjusted EBIT: Agriculture	4.7	5.6	(0.9)
Engineering	7.2	5.3	1.9
Central	(3.0)	(3.0)	-
Total	8.9	8.0	0.9
Adjusted EPS (p)	2.5	2.5	-
Basic EPS (p)	(6.1)	(0.3)	(5.8)

Like for Like Disclosure reflects the Group as it traded throughout FY24 and on a basis consistent with that disclosed as Continuing Operations in the Group's FY23 reporting.

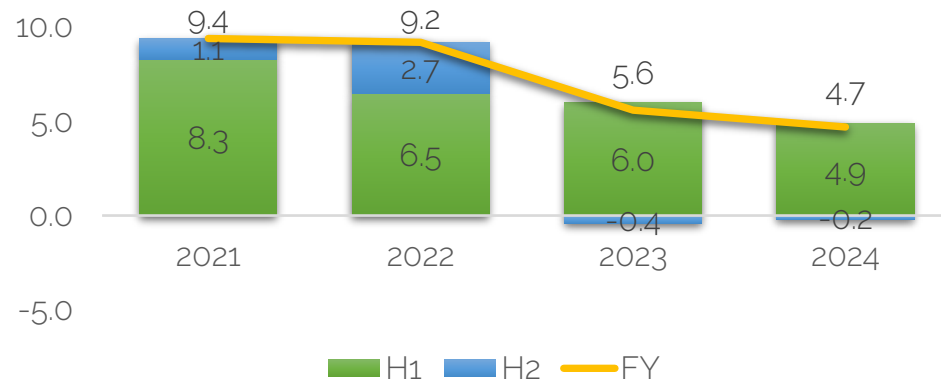
- **Agriculture** volume recovery offset by lower input and sales pricing
- Performance impacted by issues at Afgritech (£0.5m loss: closed) and Animax (£0.8m loss: accelerated turnaround plan) and New Zealand (£0.3m loss: model changed)
- **Engineering** performs strongly in most markets
- Order book remains close to record levels
- **Central** costs flat overall but down 18% YOY in H2 as impact of reductions begin to take hold

2024 Summary Financials – Agriculture Like For Like

Revenue (£m)



Adjusted Operating Profit (£m)

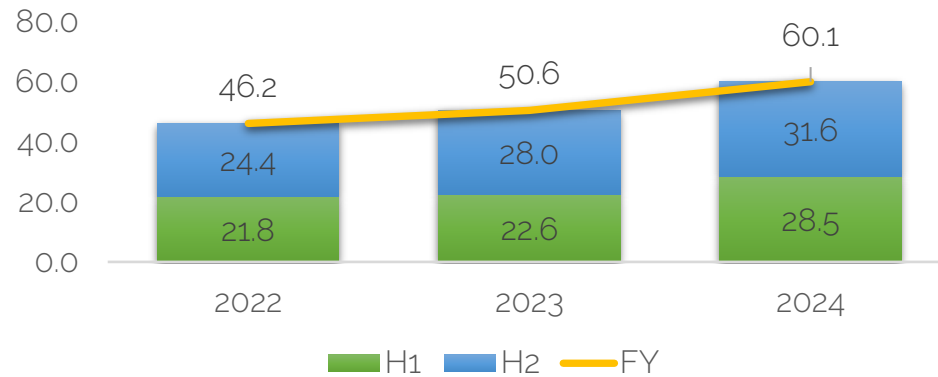


Trading conditions

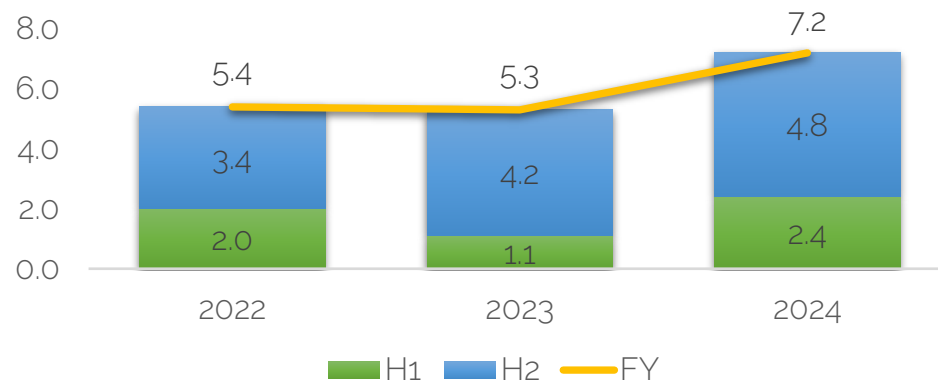
- H1 volume and revenue reduction as challenging conditions continued
- H2 volume recovery commenced – but seasonally lower
- Sequential improvement has continued into Q1 FY25
- UK recovery ahead of US where southern states still impacted by drought
- Strong performance in most businesses off set by underperformance in: Afgritech, New Zealand and Animax – all addressed post year end

2024 Summary Financials – Engineering

Revenue (£m)



Adjusted Operating Profit (£m)

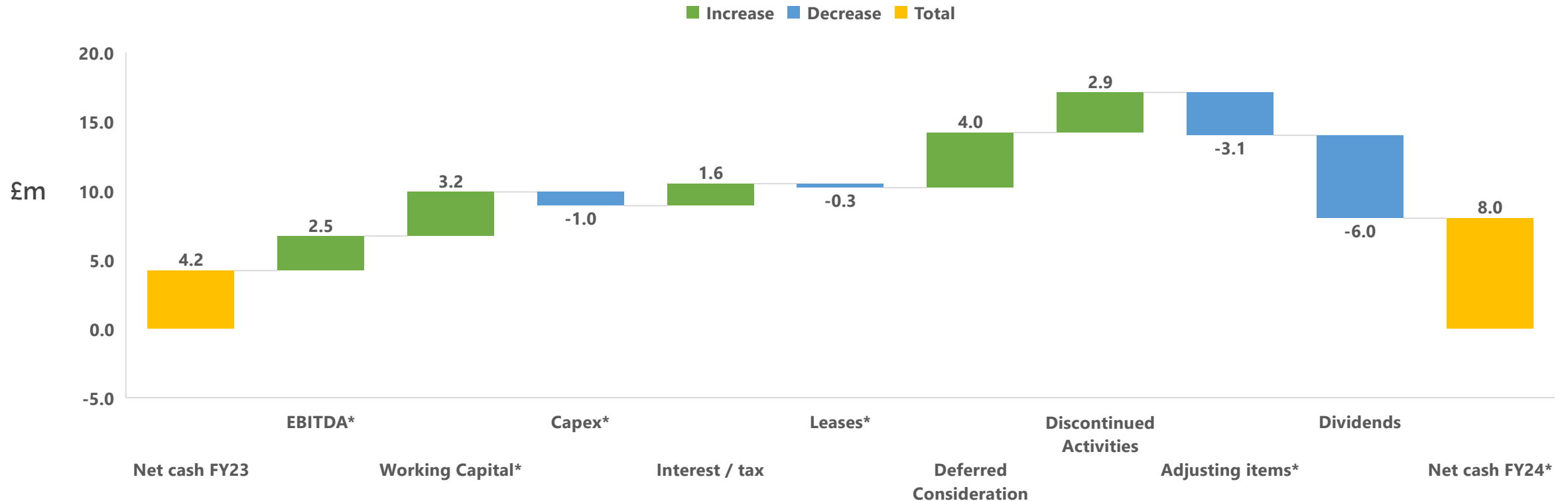


Trading

- Strong momentum continues with: Revenue growth of 19% and Adjusted Operating Profit growth of 36%
- Robotics businesses in Germany and UK both performing well
- UK Engineering fabrication also performing particularly strongly, with new premises leased to provide capacity
- Order book down 10% on FY23 but remains close to record high and pipeline remains healthy

Net Cash/(Debt) Movement

Movement in net cash/(debt) (excluding leases)



Key points

- Continuing net cash at end FY24 of £8.0m offset by £3.5m net debt within Discontinued Operations
- Main bank facility in place until December 2026 – quantum being renegotiated in light of engineering process
- Post year end property disposals bring in £3.9m
- Continued focus on working capital within Continued Operations

*in respect of continuing operations only

Balance Sheet

Statutory Disclosure

	At 31 August 2024 £m	At 3 September 2023 Restated £m	Change
Fixed assets	21.3	68.6	-70%
Net working capital	10.6	35.9	-70%
Assets/liabilities held for resale/deferred consideration	53.9	4.0	N/A
Assets employed	85.8	108.5	-21%
Pension surplus	1.8	5.3	-66%
Net cash / (debt) (excluding leases)	8.0*	4.2	+90%
Lease liabilities	(0.7)	(5.6)	-88%
Tax provisions	-	(4.5)	-100%
Net assets	94.9	107.9	-12%

*Note: £3.5m net debt reflected within Assets/liabilities held for sale

- Net assets held for sale in FY24 relate to 'discontinued activities' :
 - Engineering Division
 - Properties
 - Afgritech
- Pension surplus reduced by resolution of Barber window and by actuarial assumptions
- Simpler Balance Sheet after disposal of assets held for sale
- Bank facilities will be adjusted for any Engineering disposal

Adjusting Items

- Significant exceptional costs required to effect the transformation of the Group and prepare for significant return of value to shareholders
- Restructuring costs include management changes and advisor costs
- ERP implementation completed in FY24
- Pension scheme de-risking impacts cash on completion of buy-in
- Asset impairments within 'discontinued' may be reversed on completion of disposals

£'m	Continuing	Discontinued	Total
Cash Items			
Restructuring costs and costs to sell assets held for sale	2.1	1.1	3.2
ERP Implementation	0.8	-	0.8
Pension de-risking	3.3	-	3.3
Profit on property sale	(0.2)	-	(0.2)
Non-Cash Items			
Asset impairments	2.9	4.1	7.0
Intangible amortisation	0.1	0.4	0.5
Total	9.0	5.6	14.6

PLC / Central Strategy



PLC / Central Strategy

Simplified and Focussed

- Group Head Office relocated to inexpensive flexible office space
- Rightsizing of central resource to support Agriculture business in train:
 - 2025 will be a transitional year with c£1m+ pa taken out of cost base
 - Medium term objective to reduce net central costs to nil
- Disposal of seven investment properties completed (£4.1m proceeds received with further £0.8m deferred) with three properties (c£3m) in progress and expected to complete in FY2025
- DB Pension Scheme buy-in agreed with de-risking expected to be in place by Q3 FY2025

Executive Board

- Leadership focus on return of capital to shareholders, completion of Engineering disposal, right-sizing central costs and pension scheme de-risking
- Active focus on delivery of Agriculture Strategy

Dividend Policy

- Dividend policy to be re-set following disposal of Engineering and payment of final dividend for FY2024
- Future policy to target average 4% yield annually (c33% interim, 67% final)

Global Speciality Agriculture Strategy



● Who we are...

“A global specialist
of feed supplements for cattle,
horses, sheep and goats.”



Multinational manufacturing across
3 different countries



Over **20 countries** sold to globally



5 market leading product brands:
Crystalyx™, Smartlic™, Feed in a Drum™,
Horslyx™ and Tracesure™



Led by **global leadership team** with
agricultural depth



Our manufacturing sites ●

● What we do...

“ Manufacture and sell
research proven supplements
delivered through block, bolus
and bagged mineral formats.”

1 Feed
licks
.....

The **core
product** for
our business.

Making up
90% of our
revenue.

2 Bagged
minerals
.....

3 Boluses
.....



Why farmers purchase our products...

“Because forages aren't enough, **Crystalux nutrition solutions** help **maximise** your herd's potential and your **profits**.”

- Our products **improve the health, performance**, and **fertility** of livestock.
- We **boost microbial activity** in the rumen which enhances feed digestibility.
- Product nutrients are delivered as a **highly palatable** low moisture feed lick that self-moderate intake.
- They can be **used in all-weather, all-season, all conditions** both in the barn and in the field.

Crystalux vs competitor

Crystalux



Week 1



Week 2

competitor



Week 1



Week 2

Crystalux feed licks have been shown to be consumed by animals far **more consistently** than competitors' products.



● Our strategy...



1 Improve operating margin across Global Agriculture portfolio

2 Deliver profitable commercial growth in the core business

3 Expand into new extensive, grazing based growth geographies



“Drive shareholder returns and growth by leveraging our **feed supplement expertise** as a **global specialist** for extensive, grazing based food systems.”

1 Improve operating margin across Global Agriculture portfolio

- **Portfolio shift** away from low margin, commodity-based products
 - Recent sale and disposal of Afgritech (New York, USA based rumen bypass business)
- Introduce **operational excellence** programme
 - Integrated UK operations leadership across x three sites
 - Oklahoma USA site leadership change
- Execute **cost improvement** plan
 - Group procurement established
 - Animax commissioned automated bolus machines



2 Deliver profitable commercial growth in the core business

- Focus on **driving branded, differentiated and patented products** within portfolio
 - Farm level marketing and demand generation investment initiated
 - Global NPD programme established
- Reinvigorated **commerciality and sales capability**
 - New UK commercial leadership with integrated sales team across all product ranges
 - Additional commercial resources applied to Poteau, Oklahoma site territories
- Underpinned by expected **improvement in underlying market** conditions across our core markets



3 Expand into **new** extensive, grazing based **growth geographies**

- **New distribution partner** and model established for New Zealand market
 - Volume growth expected
 - Cost reduction in progress
- Explore **opportunities for targeted investment** into new, specially selected, high potential markets
- Leverage **global product portfolio** and intellectual property

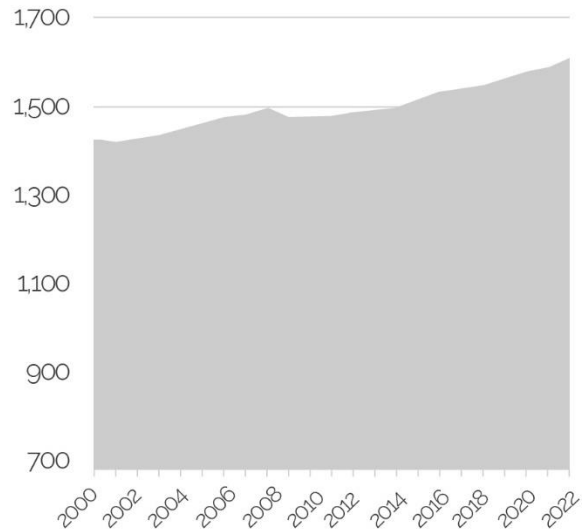
“The OECD has forecast beef consumption will increase to 76Mt between 2020 and 2029, while the FAO predicts global protein availability from beef will rise 8% in the 10 years to 2031.”



Industry growth and future demand...

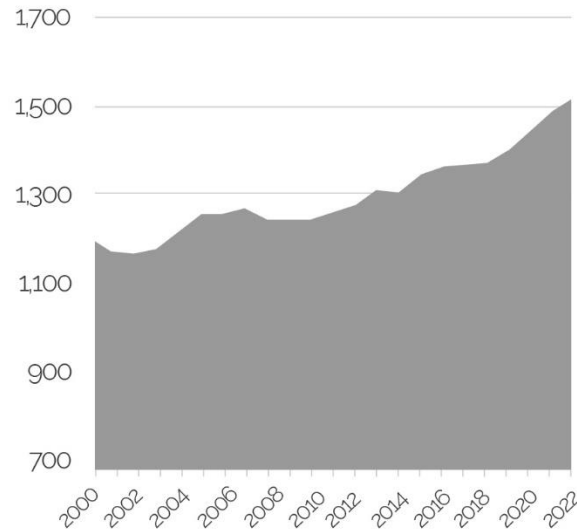
Increasing demand for animal protein due to global population growth and rising affluence

Global **Cattle** Stocks (millions)



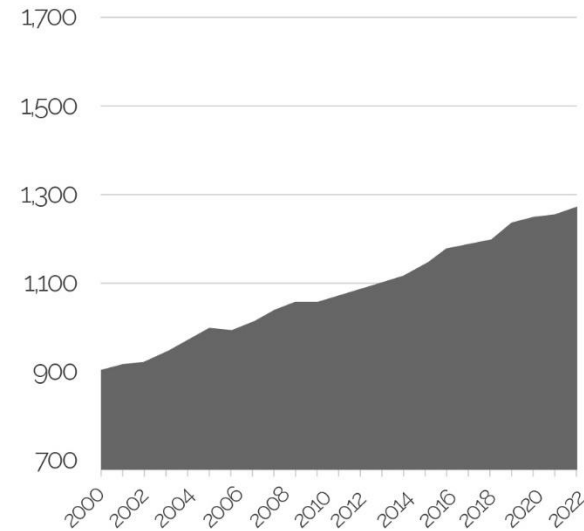
	Growth	CAGR
5 Years	4%	0.81%
10 Years	8%	0.76%
20 Years	12%	0.57%

Global **Sheep** Stocks (millions)



	Growth	CAGR
5 Years	10%	2.01%
10 Years	16%	1.47%
20 Years	29%	1.27%

Global **Goats** Stocks (millions)

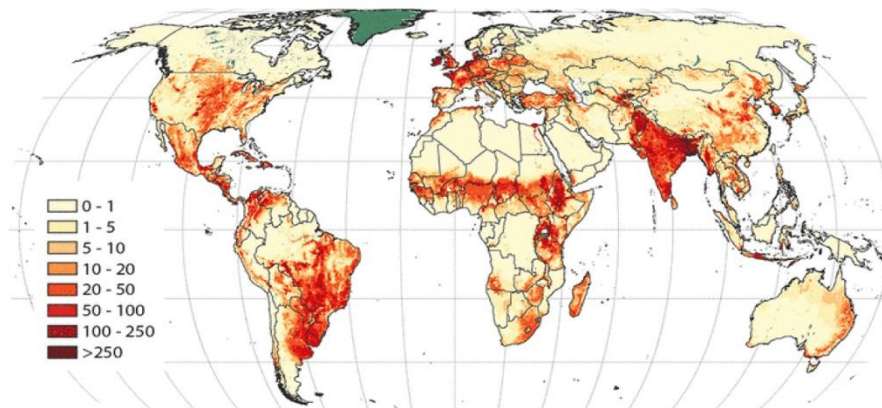


	Growth	CAGR
5 Years	6%	1.24%
10 Years	15%	1.45%
20 Years	35%	1.50%

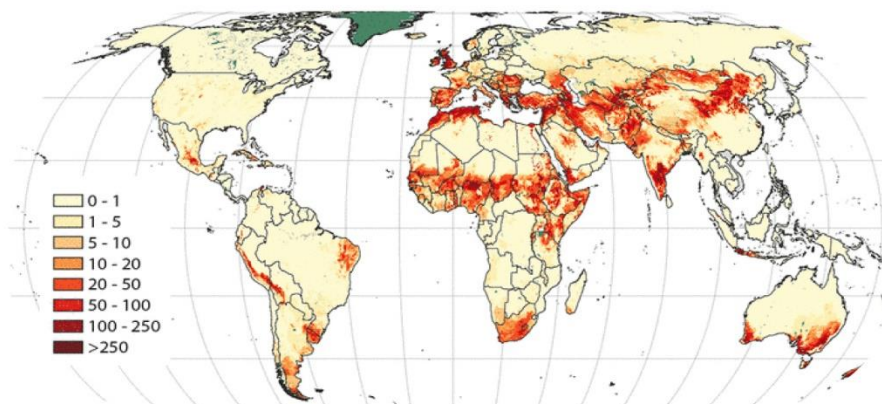


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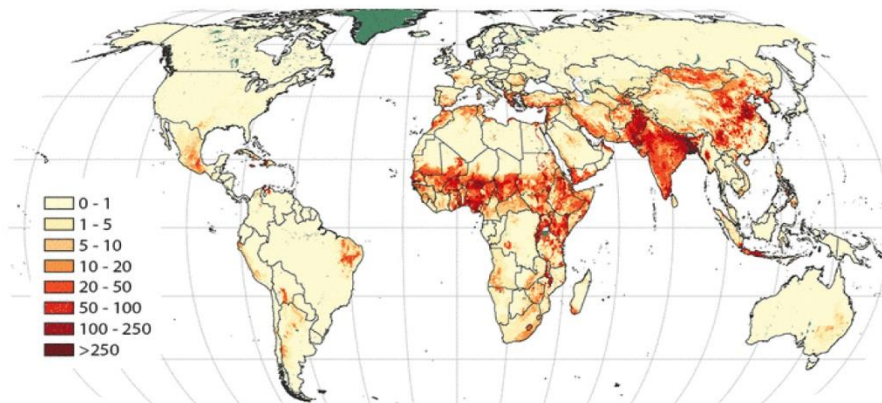
Cattle Stocks
(millions per sq km)



Sheep Stocks
(millions per sq km)



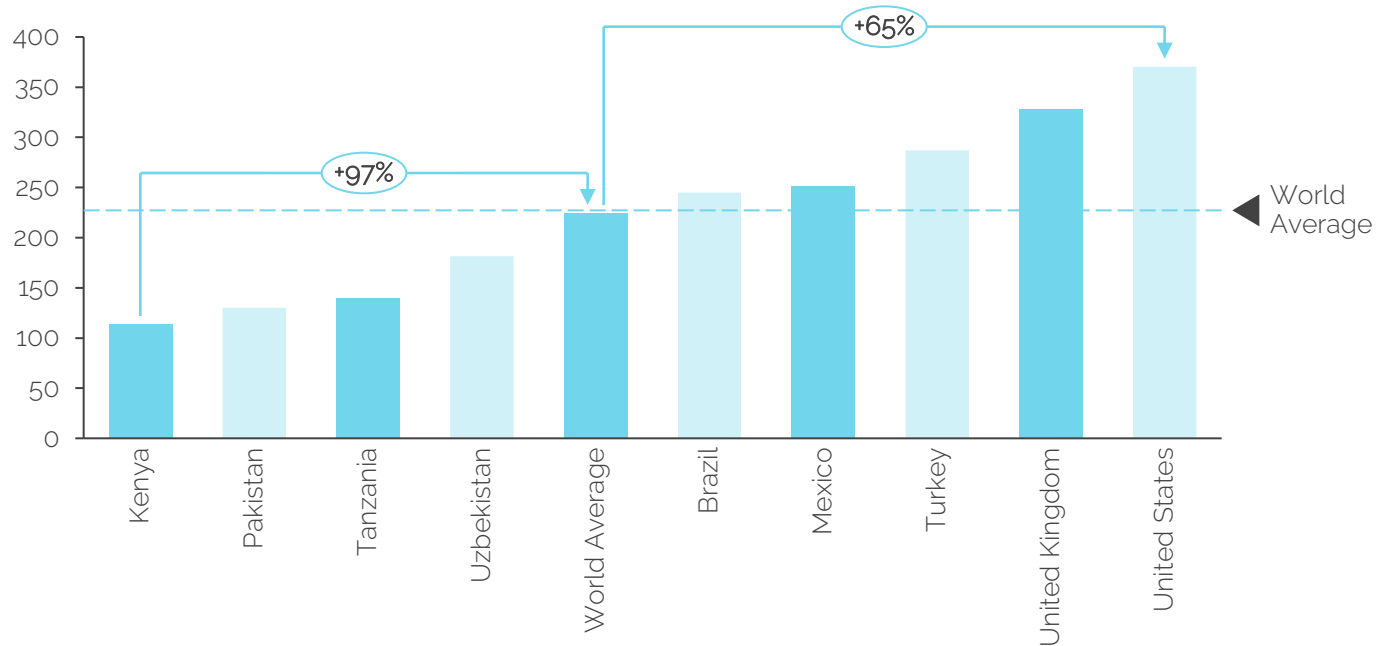
Goat Stocks
(millions per sq km)



Continued...

Strategic use of supplements can improve **productivity**, rural livelihoods and food security.

Global Cattle Meat Yields (Kg per animal)



Source: fao.org/faostat



● Our operating model...



Global Leadership Team

Disciplined **capital allocation** and risk management.

Corporate development.

Performance management.

Coordinated Research and Development

New **product innovation.**

Scale **research** projects.

Intellectual property development.

Local Businesses

Deep customer intimacy and market **insight.**

Demand generation and sales execution.

Manufacturing excellence.



“Our operating model is designed to **drive shareholder returns and growth.**”





“Carr’s Group is **well-positioned for growth** with strong product offerings, strategic market presence, and a **clear focus on delivering shareholder value.**”

Delivering today,
building our future

Summary



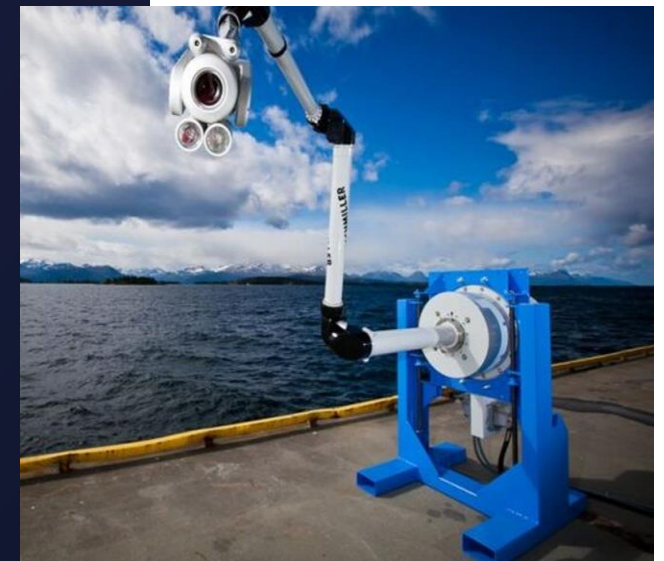
Conclusion of Strategic Review

- Progress disposal process of Engineering Division to conclusion
- Return of vast majority of capital to shareholders
- Tender offer process expected to take 8-10 weeks from completion

Agriculture

- Strategy defined and focus is clear
- Actions already taken on under-performing businesses
- Simplification of Group removes distractions and reduces central costs
- Leadership team and functional expertise in place to drive top line growth and operating efficiencies

Q&A





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