



Interim Results Presentation

April 2022



Highlights

Peter Page – Executive Chairman



Highlights

Full year performance expectations unchanged



£222.7m
+10.6%
Revenue

£10.3m
-2.3%
Adjusted* PBT

1.175p
Unchanged
Interim dividend

259kt
-2.5%
Total feed

102kt
+0.8%
Feed blocks / minerals

£44.2m
+13.8%
Engineering order book

* Adjusted PBT is consistent with how business performance is measured internally. It excludes amortisation of acquired intangible assets, adjustments to contingent consideration, strategic review costs, cloud configuration and customisation costs, impairment charges, restructuring costs, and the effect of deferred tax rate changes

Highlights (continued)

- Strong performance in Agricultural Supplies despite significant raw material cost increases
- Engineering order book value increased 14% during H1 with improved utilisation and stronger margins
- Speciality Agriculture margins impacted by timing difference between input cost increases and sale price movements
- Full year outlook in line with Board's expectations

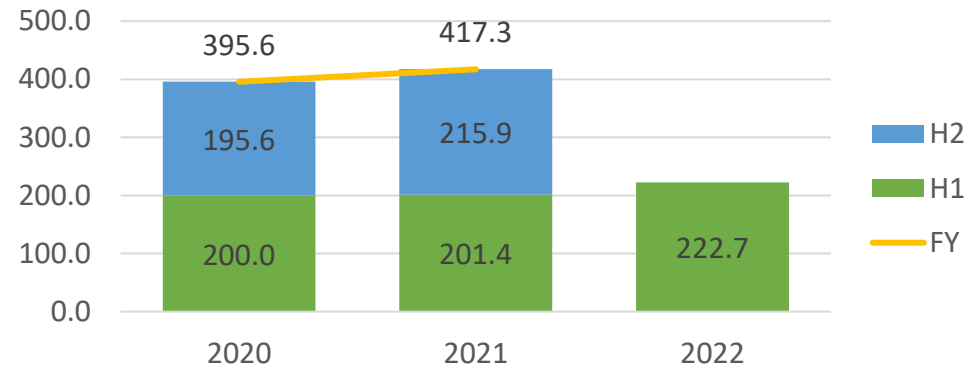
Financial and Operational Review

Neil Austin – Chief Financial Officer

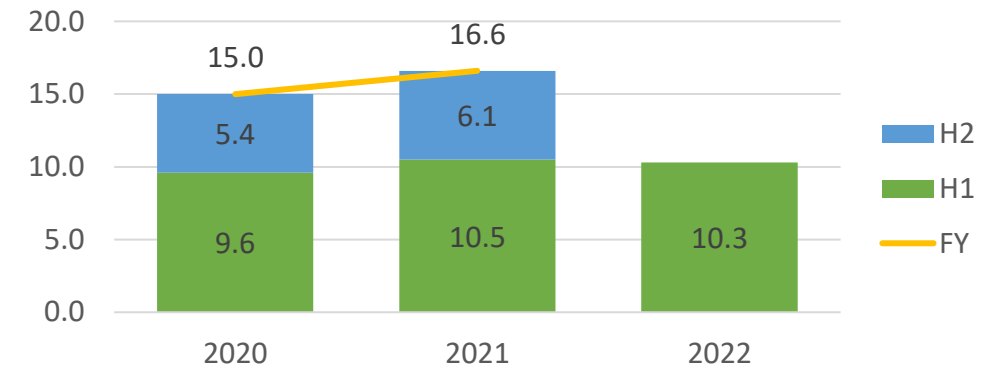
Group Financial Performance



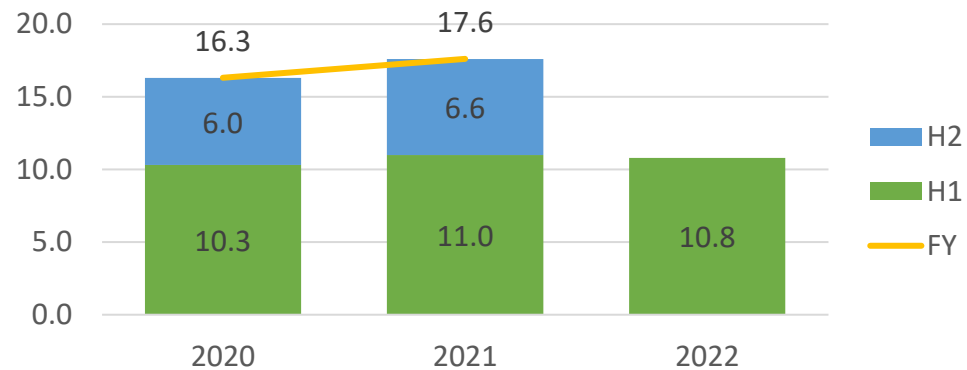
Revenue



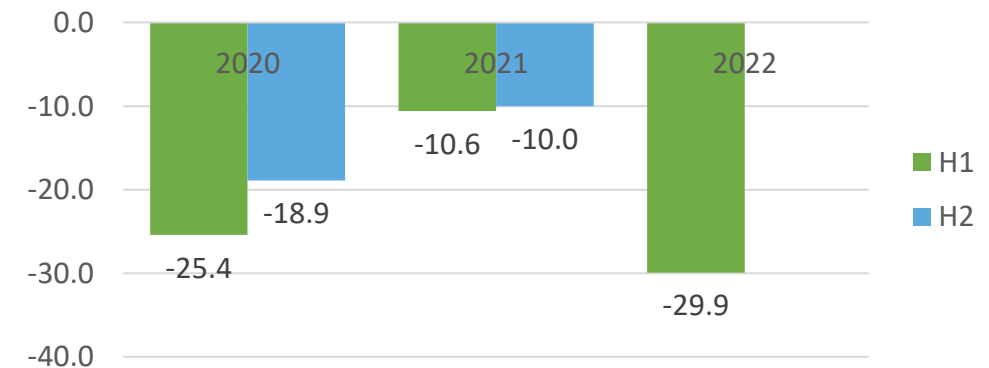
Adjusted profit before tax (restated)*



Adjusted operating profit (restated)*



Net debt (excluding leases)



* Prior period restatement recognised for H1 2020, H2 2020 and H1 2021 in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021

Income Statement



	H1 2022 (£m)	H1 2021 Restated (£m)	Change
Revenue:			
Speciality Agriculture	42.7	40.2	+6.2%
Agricultural Supplies	158.7	137.7	+15.3%
Engineering	21.3	23.6	-9.6%
Total revenue	222.7	201.4	+10.6%
Adjusted EBITDA	12.4	12.2	+2.0%
Segmental adjusted operating profit:			
Speciality Agriculture	6.5	8.3	-21.1%
Agricultural Supplies	3.9	3.3	+19.1%
Engineering	1.5	0.9	+58.2%
Central	(1.1)	(1.5)	N/A
Total adjusted operating profit	10.8	11.0	-1.9%
Net finance costs	(0.5)	(0.5)	+6.4%
Adjusted profit before tax	10.3	10.5	-2.3%
EPS (p) – basic	7.6	7.8	-2.6%
EPS (p) – adjusted	7.6	8.3	-8.4%
Interest cover	18.9	20.1	

- Adjusted profit measures are before adjustments totalling £0.8m, comprising: amortisation of acquired intangible assets (£0.5m); strategic review costs (£0.4m); cloud configuration and customisation costs (£1.2m) and adjustments to contingent consideration in respect of acquisitions (-£1.3m)

Balance Sheet



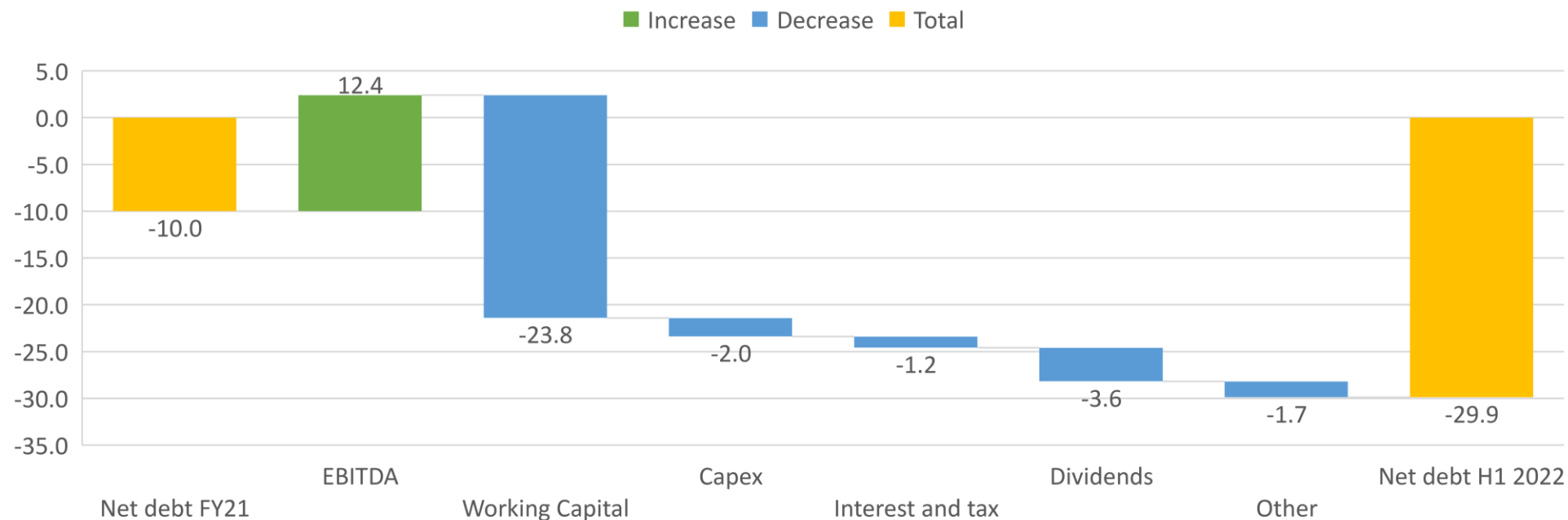
	At 26 February 2022 £m	At 28 August 2021 £m	Change	At 27 February 2021 (restated) £m
Fixed assets	112.9	114.0	-0.9%	115.4
Net working capital	65.5	40.1	+63.1%	38.7
Assets employed	178.4	154.1	+15.7%	154.1
Pension surplus	10.0	9.4	+6.3%	7.8
Net debt (excluding leases)	(29.9)	(10.0)	+199.7%	(10.6)
Lease liabilities	(15.3)	(15.4)	-0.9%	(15.1)
Tax provisions	(2.6)	(2.9)	-9.7%	(2.6)
Net assets	140.6	135.2	+4.0%	133.5
Net debt (excluding leases): Adjusted EBITDA	1.41	0.48		0.50

Key points

- Significant uplift in working capital: combination of higher prices, slower collections, and tactical increases in inventory
- Pension scheme remains in surplus, buy out remains long term objective

Movement in Net Debt

Movement in net debt (excluding leases)



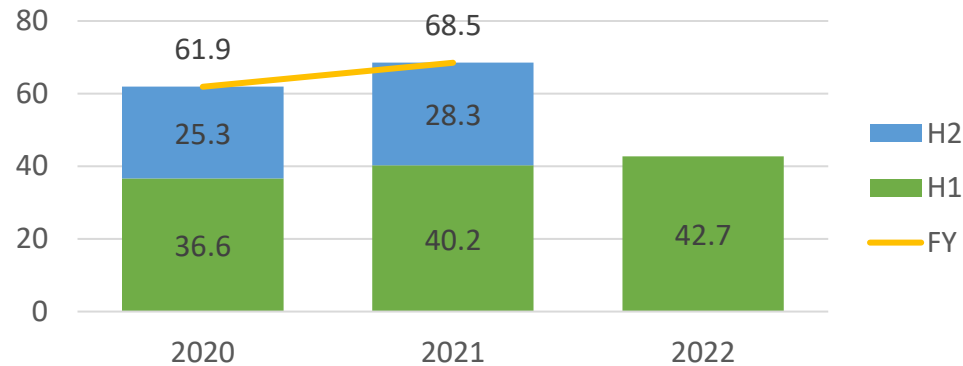
Key points

- Working capital increase expected to substantially reverse in H2
- Majority of bank facilities mature in late 2023, intention to renew in 2022

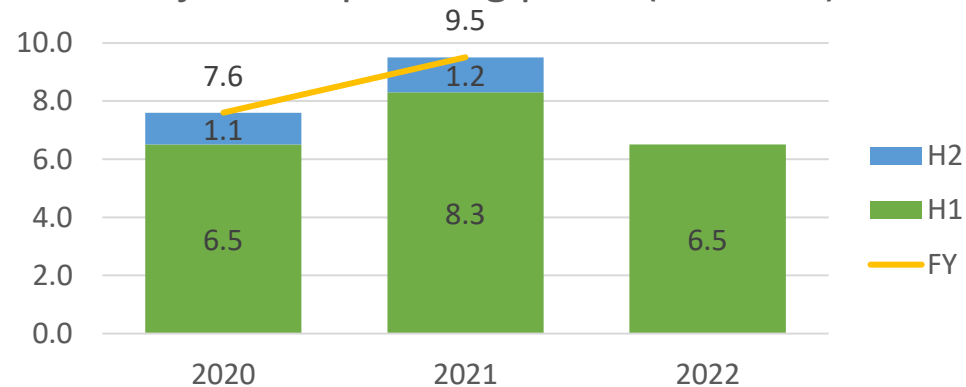
Speciality Agriculture



Revenue



Adjusted operating profit (restated)*



* Prior period restatement recognised for H1 2020, H2 2020 and H1 2021 in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021

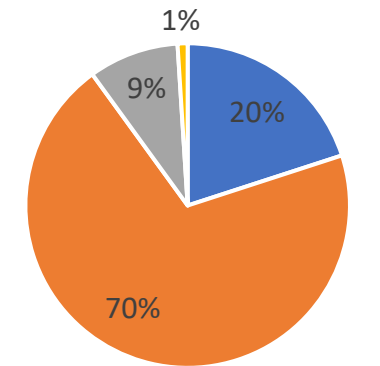
Products and services

- Molasses based feed blocks and minerals
- AminoMax® bypass protein
- Trace element boluses

Commentary

- Feed blocks
 - UK volumes +2.5%
 - Europe volumes +4.5%
 - USA volumes (excluding JVs) -5.9%
 - Margin erosion due to lag in passing on input cost increases, now implemented
- Animal health revenues down - H121 benefited from pre-Brexit ordering

Feed Block Volumes



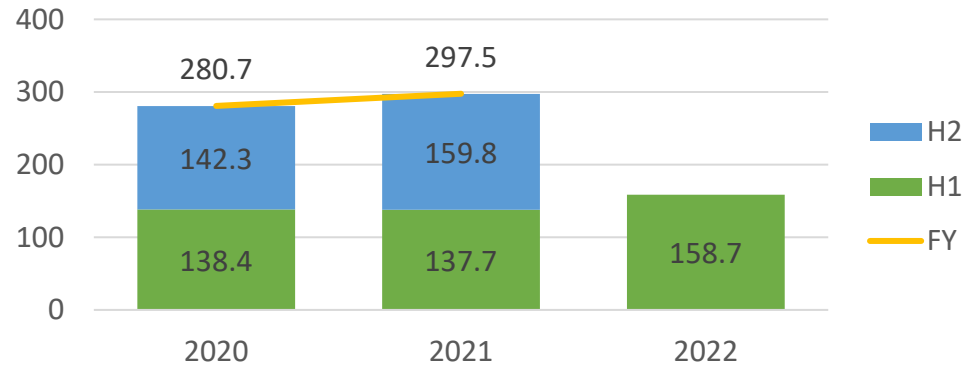
Key priorities

- Growth in Europe and North America
- Completion of Animax automation

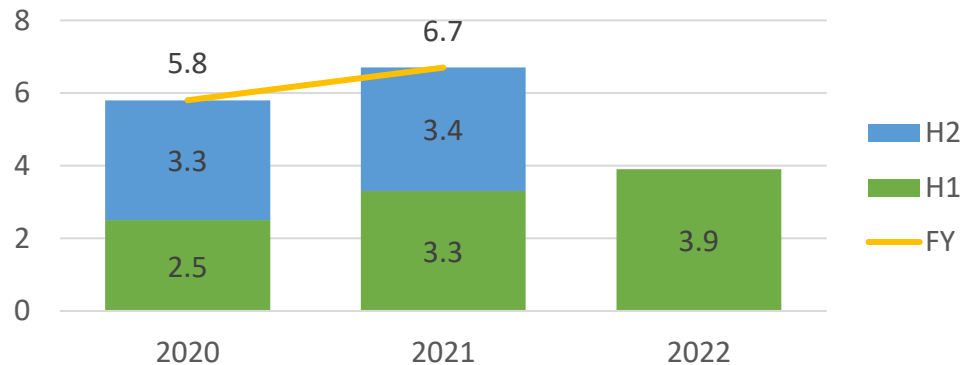
Agricultural Supplies



Revenue



Adjusted operating profit



Products and services

- Feed for ruminant livestock
- Country stores – agricultural and rural supplies
- Agricultural machinery
- Fuel supply

Commentary

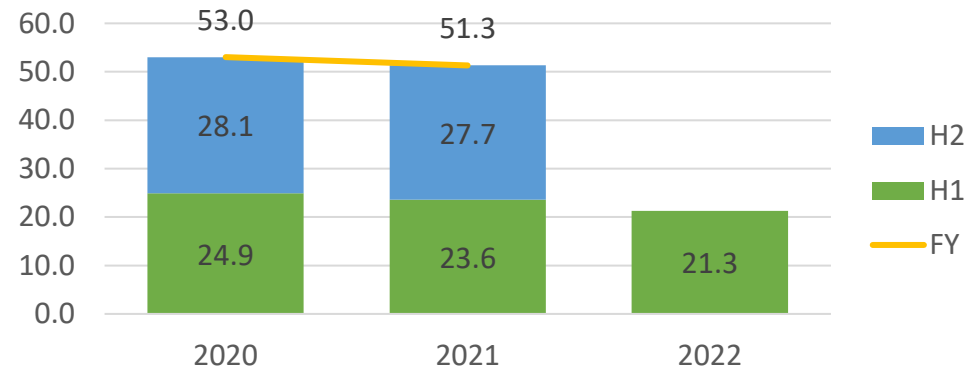
- 259kt total feed delivered -2.5% year on year
- Strong retail (+4.1% like for like) and agricultural machinery sales (+0.4%)
- Impact of rising raw material prices offset by improved retail and fuel margins
- Store improvements being delivered - new branch at Stranraer now open and Thirsk to open soon

Key priorities

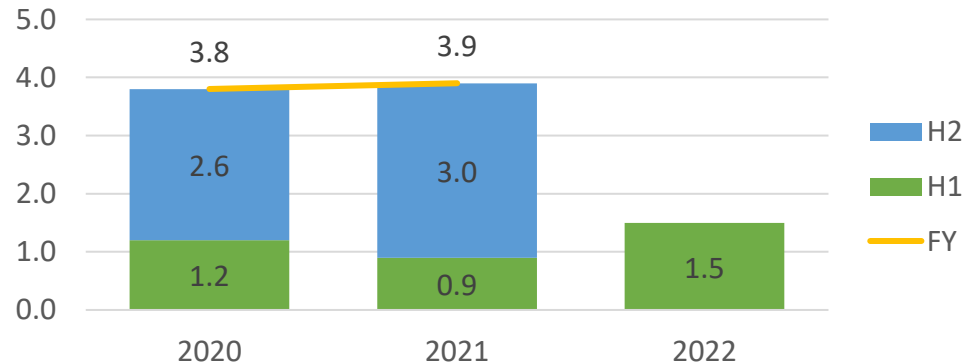
- Continuation of modernisation programme
- Development of e-commerce solution

Engineering

Revenue



Adjusted operating profit



Products and services

- Engineering solutions
- Fabrication and precision engineering
- Robotics

Commentary

- Fabrication and precision machinery
 - Strong performance benefiting from high activity levels and a recovery in the oil and gas market
- Robotics
 - Performance on plan
 - First sale of a powered manipulator into USA and development of A150 for growing nuclear medicine market
- Engineering solutions
 - Challenges on two contracts in the period
 - Pipeline still strong

Key priorities

- Delivery of critical projects in defence sector
- Continuing to build growing order books

Key Takeaways and Outlook

- Robust overall performance
- Strong performance expected in H2 in Engineering; order books at record levels
- Outlook for Speciality Agriculture remains challenging in H2 due to continuing drought in parts of USA
- Agricultural Supplies expected to continue to trade positively in H2

Strategic Review and Board Succession

Peter Page – Chairman

Strategic Review and Board Succession

- Review of strategic options for each division progressing well, with focus on mid to long term growth in Shareholder value
- Non-Executive Director recruitment process progressing well
- CEO succession process in hand with external recruitment consultants managing a comprehensive search process for relevant and appropriate candidates

Outlook

Outlook H2

- Further improvement in Engineering
- Continued positive trading in Agricultural Supplies
- Volumes and pricing challenges in Speciality Agriculture
- Full year expectations remain unchanged

Q&A

Appendix

Engineering Services

Engineering Solutions

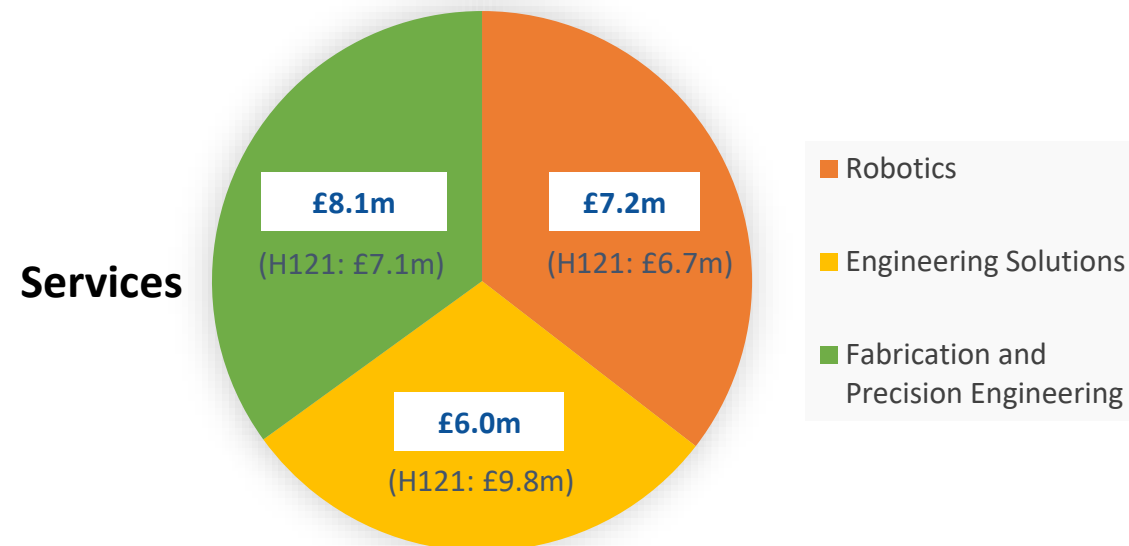
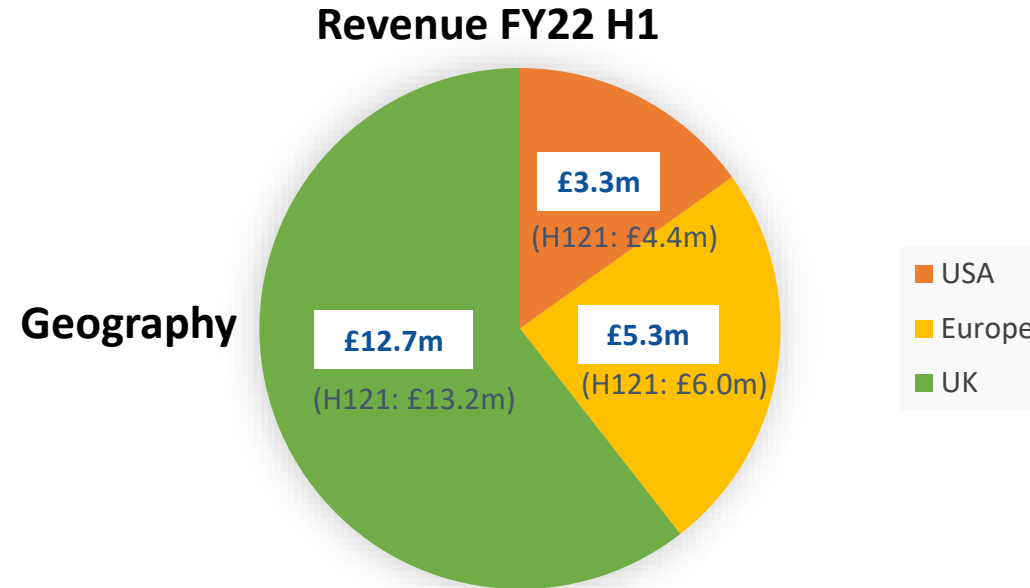
- Design, procurement and installation of specialist mechanical services
- MSIP®, Power Fluidics™ and passive cooling technology

Robotics

- Master slave manipulators
- Handling equipment
- Telbot® robot

Fabrication and Precision Engineering

- Pressure vessel design and fabrication
- Advanced precision machining



Adjusting Items



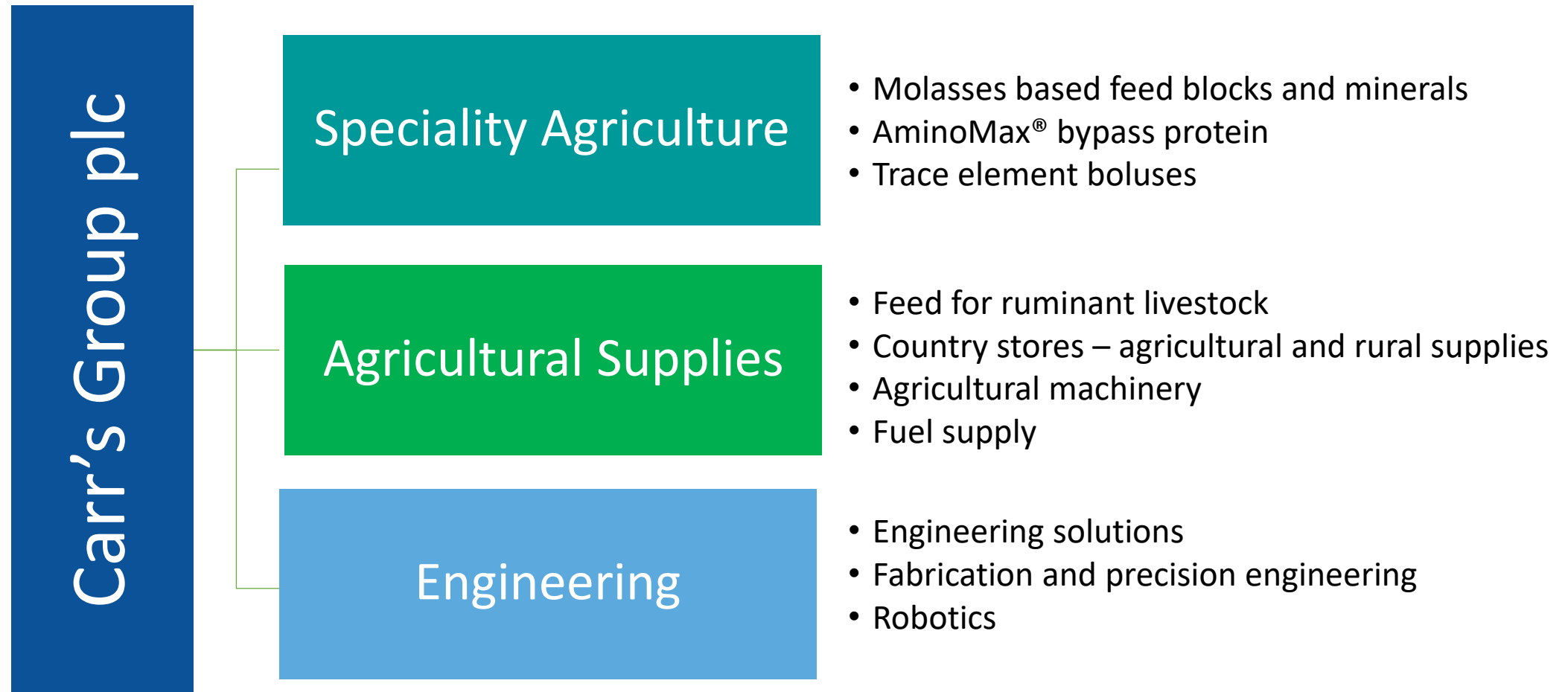
	H1 2022 (£m)	H1 2021 (restated) (£m)
Reported profit before tax	9.5	9.5
Amortisation of acquired intangible assets	0.5	0.6
Adjustments to contingent consideration	(1.3)	(0.7)
Restructuring/closure costs	-	0.2
Strategic review costs	0.4	-
Cloud configuration and customisation costs - Group	1.0	0.7
Cloud configuration and customisation costs – share of associate	0.3	0.1
Adjusted profit before tax	10.3	10.5

Key points

- Adjustments to contingent consideration is in relation to historic acquisitions where earn out payments were no longer payable
- Cloud computing costs relate to the Group's ERP implementation. H121 has been restated to expense previously capitalised costs following an agenda decision from IFRIC in April 2021
- Strategic review costs include external advisor fees incurred in the development of the Group's strategy

Additional information

Group Structure and Operating Model



Agricultural Divisions and Brands



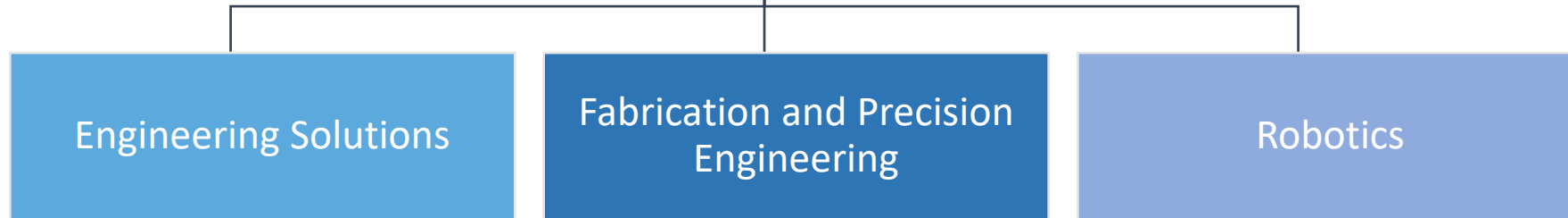
Speciality Agriculture

- Manufacturing molasses-based branded feed blocks for farm animals in the UK, Germany and USA, including Megalix, Megastart, Crystalyx®, Horslyx®, MegaLic®, SmartLic®, FlaxLic® and FesCool®
- Manufacturing livestock trace element supplements, including boluses, sold under the Tracesure® and Allsure® brands

Agricultural Supplies

- Operating over 38 rural retail outlets across the north of England and Scotland, including 9 machinery branches
- Manufacturing and distributing circa 500,000 tonnes of animal feed produced at 3 plants in the UK
- Servicing rural and farming communities in the UK with heating oil and fuel from 8 depots

Engineering Division and Brands



International Presence

International Locations

- **Speciality Agriculture**
- **Engineering**

Europe

- Oldenburg, Germany
- Markdorf, Germany

Oceania

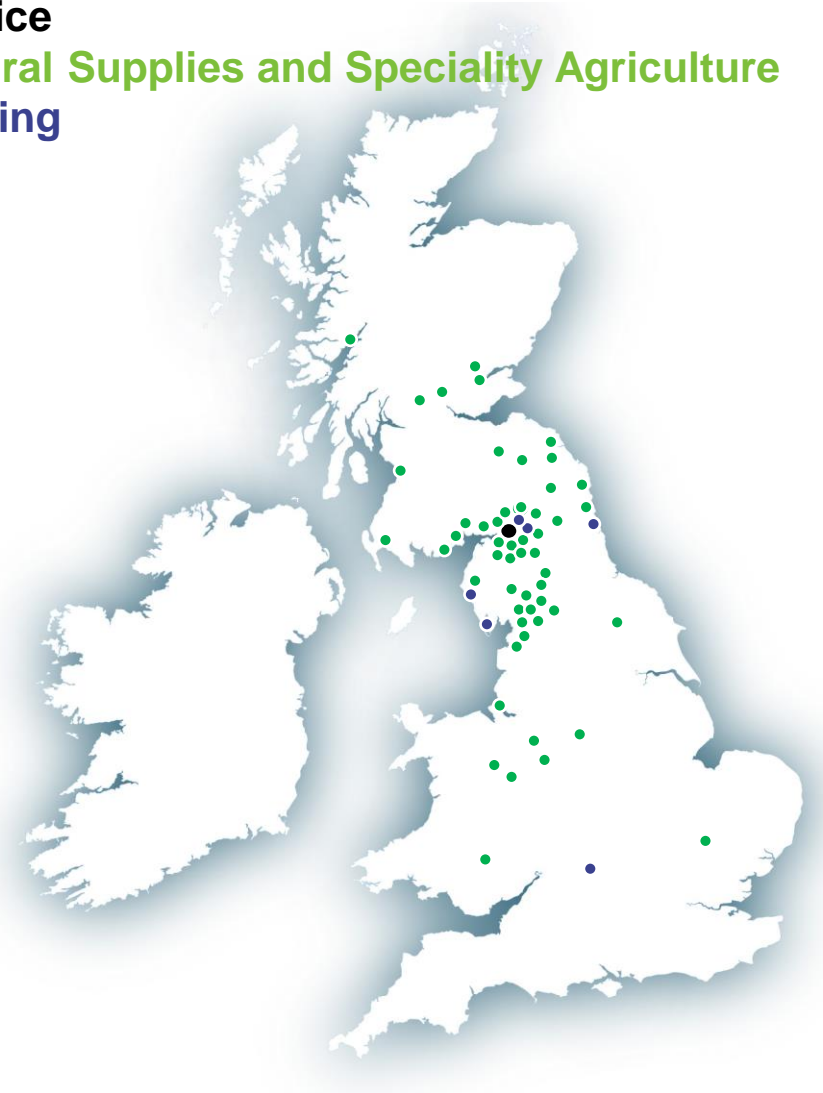
- Auckland, New Zealand

UK Locations

- **Head Office**
- **Agricultural Supplies and Speciality Agriculture**
- **Engineering**

North America

- South Dakota
- Oklahoma
- Nevada
- Tennessee
- Iowa
- New York
- North Carolina
- Pennsylvania





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