



CARR'S MILLING INDUSTRIES PLC

“strong trading momentum”

Interim Results Presentation

11 April 2011



Results Overview

- Revenue **increased** 27.0% to £204.7m (2010: £161.3m)
- Pre-tax profit **increased** 48.9% to £7.9m (2010: £5.3m)
- Fully diluted EPS **increased** 52.6% to 58.6p (2010: 38.4p)
- First interim DPS **increased** 8.3% to 6.5p (2010: 6.0p)
- Net debt **up** 44.5% to £28.2m (2010: £19.5m)

Strong trading momentum



Agriculture – Trading

- Enlarged retail business in the North of England and Scotland (total number of stores: 19)
- Encouraging early performance by Kuhn franchise for agricultural machinery
- Fuel distribution increased volumes and margins in severe winter conditions
 - £35.6m revenue with positive impact of depots opened during 2010 in Langwathby (Cumbria) and Lancaster
 - Excellent customer service in rural community
 - Number of customers increased by 22%
 - Plans to increase market share further



Agriculture - Feed

- Mixed UK business environment
 - Favourable farmgate prices - except milk which remains unsustainably low
 - Excellent customer service
- UK animal feed block business, Caltech, benefited from strong demand and integration of Scotmin Nutrition (feed supplements business acquired in June 2010)
- UK compound feed volumes and margins maintained
 - SP increases offsetting higher input costs - wheat prices up 70%
 - Share of associate company profit after taxation increased by £0.3m as a result of operational efficiencies
- Overseas benefited from launch of Crystalyx in New Zealand and entry into France. Recovery in US feed block sales and profitability slowed during heavy snow
- New plant in upstate New York on track to start production of AminoMax in August 2011



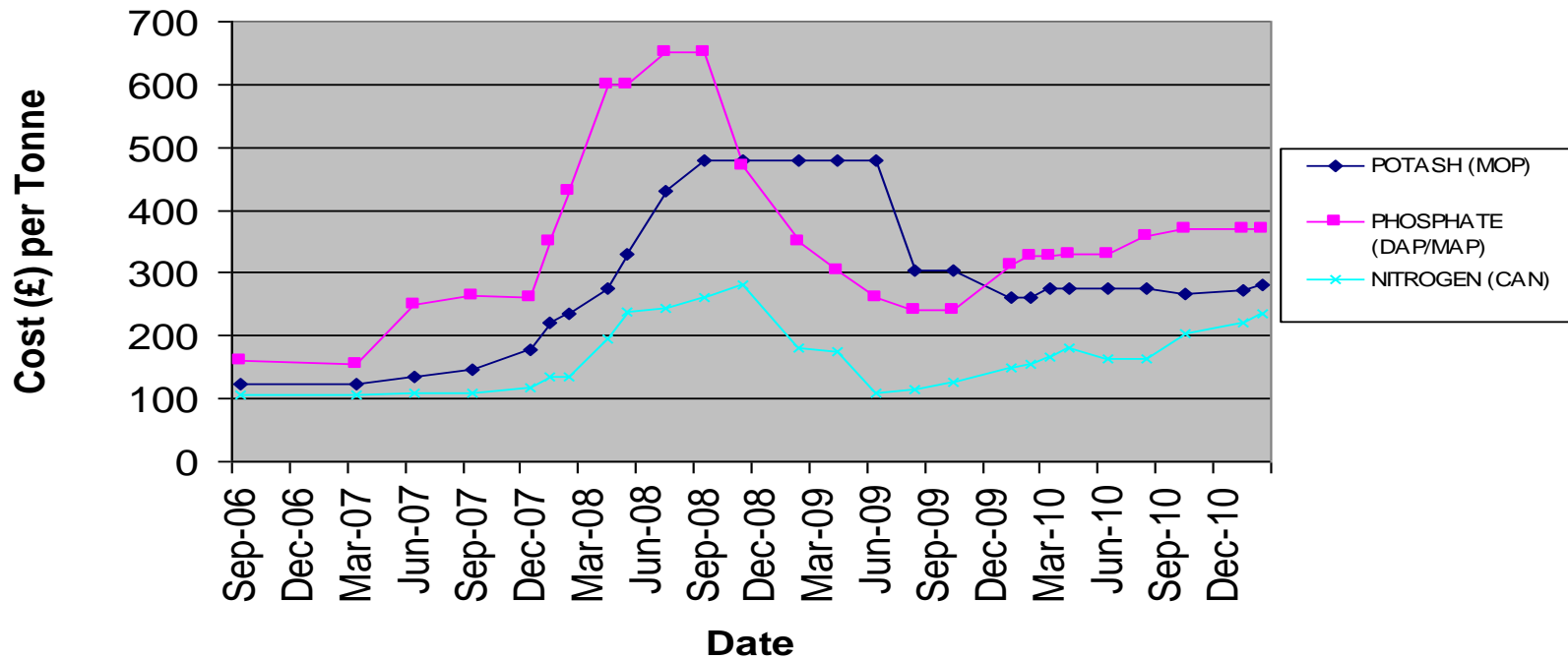
Agriculture - Fertiliser

- Strong demand resulting from high cereal prices and early buying by a large number of farmers anticipating higher raw materials prices
- March and April are peak months for fertiliser sales; a significant proportion of sales normally made in this period already made in H1
- Positive contribution from AVAIL (phosphorous fertiliser enhancer) and environmentally-oriented products.
- SPs, volumes and margins increased during H1 and expected to be significantly up for the year overall
- Inventory acquired ahead of expected demand will unwind during H2



Agriculture – Fertiliser

Fertiliser Raw Material Price Movements Sept 06 - Feb 11

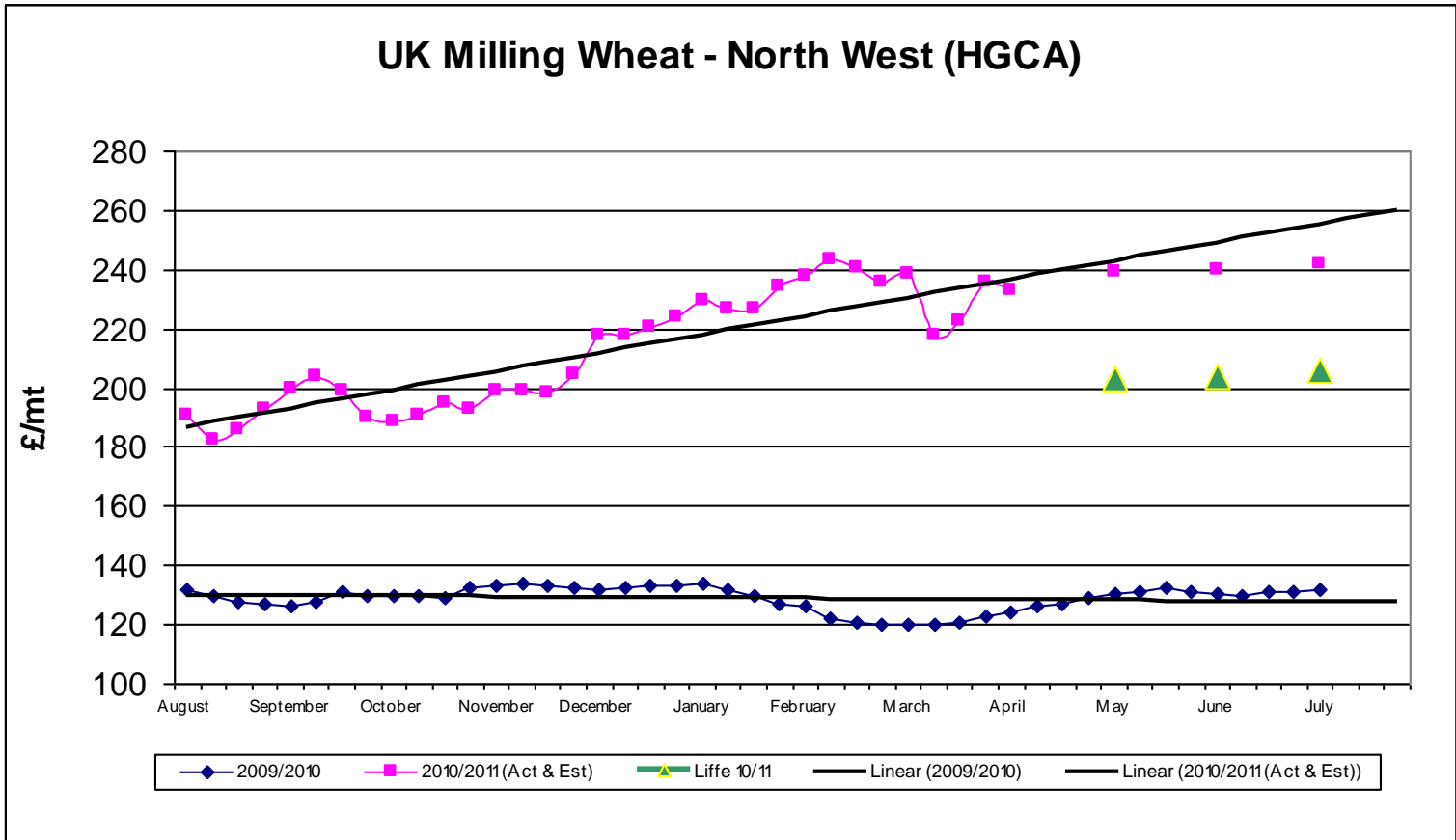


Upward movement in input prices – Phosphate and Nitrogen



Food

- Continuing challenges of overcapacity in UK flour market
- Stable sales volumes despite milling wheat prices more than doubling since June 2010
- Continuing focus on capex to reduce costs
- Significant annual savings will offset continuing pressure on margins
- Responding to pressure on SPs by developing speciality products now being sold through supermarkets



Price soars from July 2010



Engineering

- Profit increase on lower revenue reflecting high material content and lower margins for contracts completed in 2010.
- Wälischmiller profit similar to last year with H2 to benefit from expected contract completions in Germany, Japan and China – total value €4.5m
 - Order book strong through to late 2013 – significant contracts won from businesses engaged in nuclear activities in Russia, Germany and France
 - Recruiting additional skilled engineering personnel
- Carrs MSM in line with last year with H2 activity expected to increase
 - Inventory reduction by major customer
 - Demand for manipulators for de-commissioning
- Bendalls engaged in 2 contracts worth £4m+ scheduled for completion by end 2011
 - Evaporator D project at Sellafield
 - Nuclear plant in USA



Update on acquisitions

- Acquired business successfully integrated
 - Scotmin Nutrition and AC Burn (acquired June 2010)
 - Forsyths of Wooler (acquired September 2010)
- Total contribution from acquisitions
 - Revenue - £8.3m
 - Profit before taxation - £0.4m



Income Statement

26 weeks ended 26 February	2011		2010	
	Revenue£ m	PBT £m	Revenue £m	PBT £m
Agriculture Trading	124.0	4.0	97.8	3.2
Agriculture Manufacturing	36.8	2.6	22.7	1.1
Food	38.3	0.7	33.8	0.9
Engineering	5.6	0.6	6.9	0.4
Other (Head Office, etc)	-	(0.6)	-	(0.3)
	204.7	7.3	161.2	5.3
Retirement Benefits		(0.3)		(0.6)
Associate & JV's (post tax)		0.9		0.6
Total	204.7	7.9	161.2	5.3
EPS (p)		58.6		38.4
DPS (p)		6.5		6.0



Cash Flow Statement

26 weeks ended 26 February	2011	2010
	£m	£m
Operating profit	7.5	5.2
Depreciation/amortisation	2.4	1.9
Working capital (outflow)	(15.4)	(1.7)
Interest paid	(0.5)	(0.6)
Tax paid	(0.7)	(0.6)
Other – pension contribution	(1.4)	(1.4)
Other – non-cash items	(0.2)	0.5
Generated by operating activities	(8.3)	3.3
Used in investing activities	(2.5)	(1.6)
From financing activities	1.9	0.3
Net (decrease)/increase in cash	(8.9)	2.0
Opening cash	13.3	9.1
Closing cash	4.4	11.1
Closing net debt	(28.2)	(19.5)



Summarised Balance Sheet

26 weeks ended 26 February	2011 £m	2010 £m
Non-current assets	48.0	44.6
Current assets	128.4	96.6
Current liabilities	(98.7)	(64.7)
Non-current liabilities	(31.7)	(39.8)
Net assets	46.0	36.7
Minority interests – equity	(5.5)	(4.0)
Equity shareholders' funds	40.5	32.7
Net debt	28.2	19.5
Interest cover	14.2x	10.0x
Gearing	69.6%	59.6%
Pension deficit (net)	£5.0m	£9.2m
Net debt: EBITDA	2.7x	2.5x



Progressive dividend

- First interim dividend of 6.5p (2010: 6p) payable on 17 May 2011 to shareholders on the register at 26 April 2011.
- Second interim dividend payable in October 2011
- Final dividend, subject to shareholder approval, payable in January 2012



Outlook

Agriculture

- Agricultural markets mainly positive
- Stable UK fertiliser market
- Further progress from feed block and supplements in UK, Europe, New Zealand & USA
- Opening of AminoMax plant in upstate New York in August 2011 will benefit 2011/12
- Further UK expansion in fuel

Food

- Continuing over-capacity in UK flour market
- Focus on developing speciality products and reducing costs
- Sustained H1 performance at best

Engineering

- Growing order book and positioned to benefit from demand from nuclear, oil and gas
- H2 completions by Wälischmiller, Carrs MSM and Bendalls



- APPENDIX

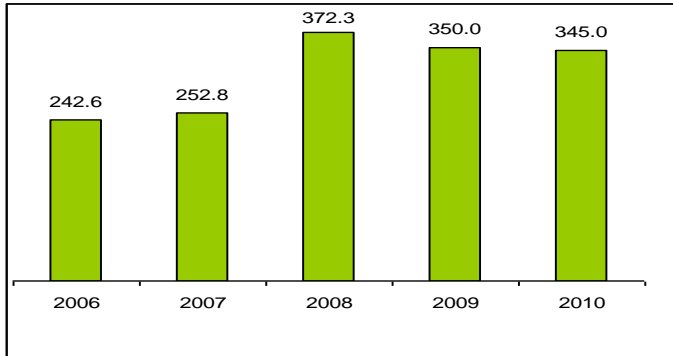


Carr's Milling Industries PLC

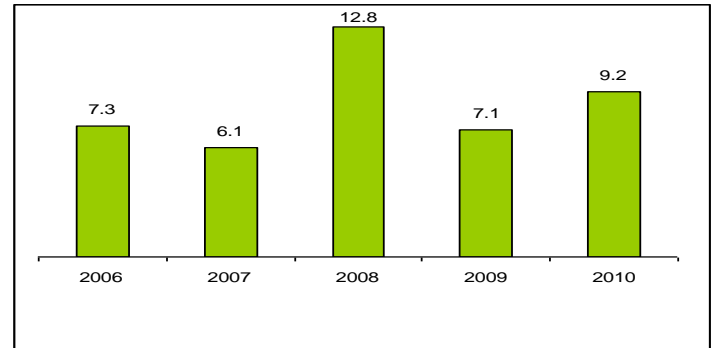
- Established, profitable agriculture, food and engineering group
- Operations primarily in UK, but also in USA and Germany
- Strategy of organic and acquisitive growth
- Progressive dividend policy
- Highly experienced management team



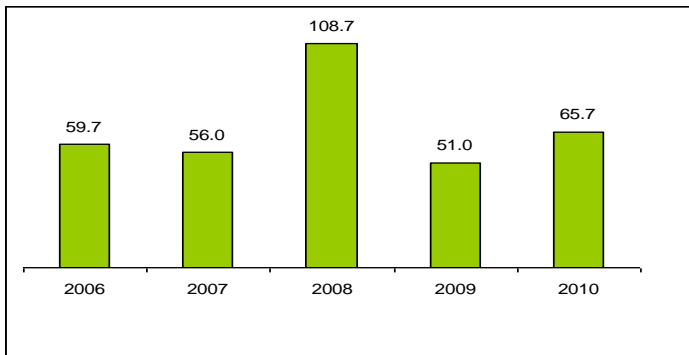
Carr's Five Year Record



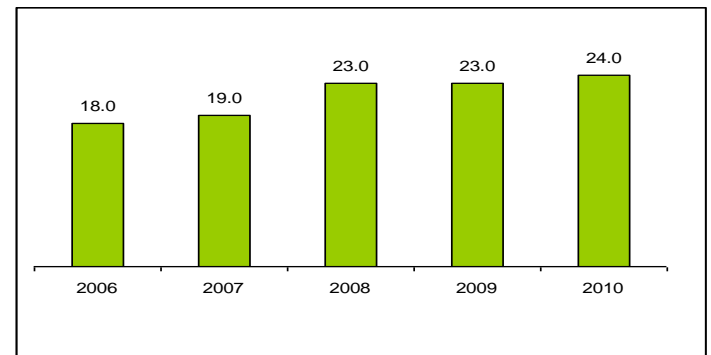
Revenue £m



Profit before tax* £m



Adjusted earnings per share* (p)



Dividends per share (p)

*excludes non-recurring items and amortisation of intangible assets



Divisional Structure

Agriculture

Animal Feed

- UK dairy, beef and sheep compound and blended animal feeds
- UK speciality feed ("AminoMax")
- UK / USA / Germany feed blocks ("Crystalx", "Smartlic")

Fertiliser

- UK standard fertiliser
- UK speciality fertiliser (AVAIL)

Agriculture retailing

- UK farm supplies / farm machinery / oil distribution

Food

Flour Mills – 230,000 tonnes

- Top 3 independent UK flour miller

Engineering

Nuclear and petrochemicals

- Small, profitable UK and German business, with increasing strategic value



Key Macro Drivers for Carr's

Activity

Key Cost Inputs

Key Demand Driver

Agriculture

Animal Feed

Feed wheat, proteins,
molasses (etc)

Milk price

Fertiliser

Nitrogen, phosphate, potash

Milk price and wheat price

Agricultural supplies

N/A

Overall farming profitability

Food

Flour

Milling wheat

Volatility in wheat prices

Engineering

Nuclear and petrochemical

Steel

Nuclear plant build/
decommissioning (global)
Oil price



Strategy

- **Build on business and management strengths**
 - Development of niche products
 - Selective geographic expansion
 - Opportunities from growth in nuclear expansion
- **Organic and acquisitive growth**
 - £9m invested in business in 2009/10
- **Three dividend payments a year**