



# REAPING THE BENEFITS OF GEOGRAPHICAL AND OPERATIONAL DIVERSITY

**Interim results presentation**  
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# The Business

International business focused on three sectors: agriculture, food and engineering

## Agriculture

- Manufacture of molasses-based branded feedblocks for farm animals both in the UK, Germany and USA e.g. Crystalyx®, Megalix® and SmartLic®
- Own and operate 26 rural retail outlets across the north of England and southern Scotland
- 500,000 tonnes of animal feed production at three plants in the UK
- Service country dwellers and farmers with heating oil and machine fuel in the UK

## Food

- Supplies flour to bakeries, food manufacturers and multiples across the UK
- Three strategically-located UK mills at Kirkcaldy in Scotland, Silloth in Cumbria and Maldon in Essex
- Produce a range of flours for use in bread & biscuits to speciality flour e.g chapatti

## Engineering

- Designs and manufactures bespoke manipulators, robotics, specialist fabrication and precision engineering
- Products used across the nuclear research, nuclear, oil and gas, petrochemical and pharmaceutical industries
- Locations in Germany, Carlisle, Swindon and Newcastle upon Tyne
- Provides a natural hedge to any major agricultural sector issues

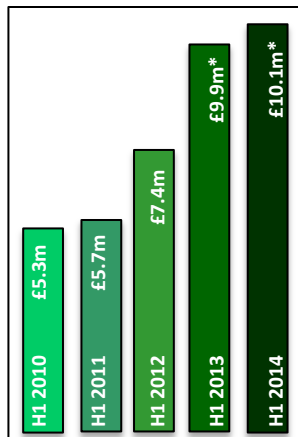
Innovation, technology and research is at the heart of our DNA and provides the common thread linking this diverse group of businesses



# Results Overview

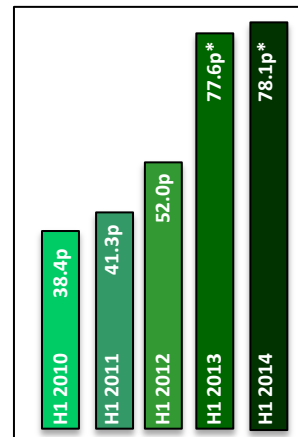
- Pre-tax profit increased 2.0% to £10.1m (H1 2013: £9.9m\*)
- EBITDA increased 3.1% to £13.3m (H1 2013: £12.9m\*)
- Adjusted EPS increased 0.6% to 78.1p (H1 2013: 77.6p\*)
- First interim DPS increased 9.7% to 8.5p (H1 2013: 7.75p)
- £25.3m net debt (£22.1m as at 31 August 2013)
- NAV per share £9.35 (£8.78 as at 31 August 2013)

\*Restated figures due to the adoption of IAS19 Revised



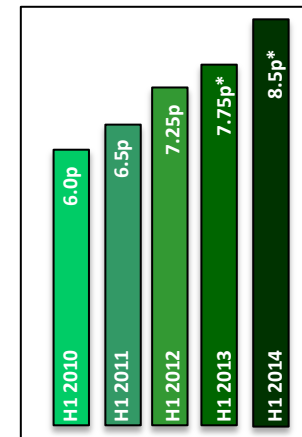
PROFIT BEFORE TAX

**£10.1m\***



ADJUSTED EARNINGS PER SHARE

**78.1p\***



DIVIDEND PER SHARE

**8.5p**



# Group Strategic Plan

## VISION

Recognised as a truly international business at the forefront of technology and innovation

Investing in people that will shape business in ten years time

Seen and recognised as leaders in innovation

Acquisition strategy for growth and JVs with strategic purpose

Investment in assets to ensure long term competitive advantage

**AGRICULTURE**



**ENGINEERING**



**FOOD**



**INNOVATION**

**ADDED VALUE**

**SERVICE EXCELLENCE**

**Research capability**

**Best people**

**Working in partnership**



# Trading Overview

## Agriculture

- Weather impact
- AminoMax®
- Feed blocks
- Developments
  - Sioux City (USA)
  - Silver Springs (USA)
  - International growth

## Food

- Financial step change
- New flour mill
- Market dynamics
- Next steps – continued delivery of new mill benefits

## Engineering

- Investment at Wälischmiller
- MSM growth
- Bendalls
  - New contracts oil and gas
  - Nuclear contracts
- Acquisition of Chirton Engineering







# Feed Blocks

## Technology

- Research
  - Ongoing research programmes in UK, Europe and USA
- Production
  - Investment in facilities and production techniques
- Products
  - Pig Block - new market UK and Europe
  - Pick Block - new market Europe
  - Flaxlic® - improved performance and fertility
  - Megastart® - improved performance

## Investment

- Sioux City, Iowa, USA
  - Production scheduled to commence July 2014
- Silver Springs, Nevada, USA
  - Investment programme to redevelop the production facility in advance of main winter season 2014/15
- Crystalyx GmbH Germany
  - New high moisture block plant under construction
- Brands
  - Continued investment in our brands drives growth





# Feed Blocks

## Performance

- Underlying growth continues despite vagaries of weather (+5% volume)

## JVs

- Shelbyville, Tennessee, USA
  - Record tonnages in first half (+66% volume)
- Crystalyx GmbH, Oldenberg, Germany
  - Sales growth continues (+20% volume)

## Future growth

- Europe
  - Export growth using Crystalyx GmbH Germany as the hub
- New Zealand
  - New distribution network delivers sales growth (+81% volume)
- New Markets
  - Investigation into opportunities – Brazil, Argentina and China







# Overseas Agriculture Operations

## Foreign Operations

### USA



### Agriculture

Animal Feed Supplement Inc,  
USA

- 01 Belle Fourche, South Dakota
- 02 Poteau, Oklahoma
- 03 Gold-Bar Supplements LLC,  
Shelbyville, Tennessee

04 Western Feed Supplements,  
Silver Springs

05 ACC, Sloux Cty, Iowa

Afgritech

06 Watertown, New York  
State

### Germany



### Agriculture

Crystalix Products GmbH  
01 Oldenberg



# AminoMax®

## Technology

- Research
  - University research programmes and on-farm trials in the USA and UK
- Production
  - New techniques and efficiencies in place

## Investment

- Lancaster UK
  - Investment complete and at capacity (£1.4m)
- Watertown USA
  - Expansion completed December 2013 (\$2.4m)

## Strategy

- Lead in dairy nutrition

## Future plans

- Ireland
- West Coast USA





## Compounds and blends feed

- Reduced sales (-12% volume) compared to last year but in line with expectations

## Retail sales and distribution

- Country Store developments
  - Berwick, Bakewell, Skipton open
  - Annan on track to open summer 2014
- Sales performance
  - Impacted by weather but offset by other areas
  - Overall in line with expectations

## Fuel

- Volume down (-5%) due to weather impact

## Machinery

- Increase in sales over 2013 (+29%)

## Workware

- An online business supplying arborist safety and work clothing
- Sales growth (+37%) and new products

# UK Agriculture





# UK Agricultural Operations

## Home Operations

### The United Kingdom and Ireland



## Head Office

01 Carr's Milling Industries PLC, Carlisle

## Agriculture

Caltech  
02 Silloth

ScotIn Nutrition  
03 Ayr

Carrs Billington Agriculture (Sales)

04 Annan  
05 Appleby  
06 Barnard Castle  
07 Berwick upon Tweed  
08 Brock

09 Carlisle  
10 Cockermouth  
11 Gisburn  
12 Hawes  
13 Hexham  
14 Jedburgh

15 Kendal  
16 Leek  
17 Malton  
18 Milnathort  
19 Morpeth  
20 Penrith  
21 Perth  
22 Selkirk  
23 Settle

24 Skipton  
25 Spennymoor  
26 Stirling  
27 Weoler

Wallace Oils  
28 Carlisle  
29 Cockermouth  
30 Hexham  
31 Lancaster  
32 Langwathby

Johnstone Wallace Fuels  
33 Castle Douglas  
34 Dargavel Stores, Dumfries  
35 Stranraer  
36 Newton Stewart

Agritech  
37 Carlisle

Bibby Agriculture  
38 Carmarthen  
39 Shrewsbury

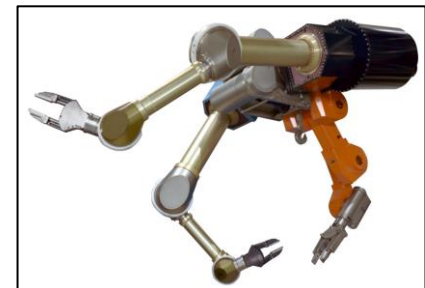
Silloth Storage  
40 Silloth



## Wälischmiller, Markdorf, Germany

- Investment in new factory completed January 2014
- Product research and development
  - V1000 (Robbie) – work ongoing with clients
  - Telbot – Statoil Shell project progressing
- New contract – first contract for Wälischmiller in the USA
- Outlook – positive

Wälischmiller case study is available as a handout







# Engineering

## MSM

- Strong performance continues
- Additional to Sellafield work replacing MSM products in power stations in Heysham II, Hinckley and Hartlepool
- Tendering for contracts within UK Nuclear Decommissioning Programme for remote handling equipment
- Outlook good

## Bendalls

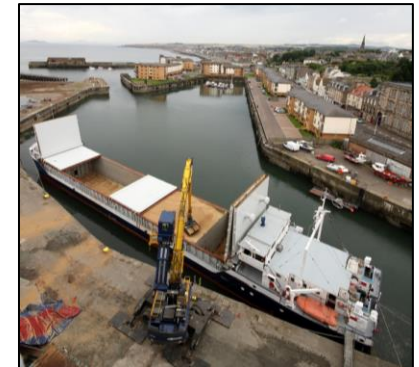
- New contract
  - BP Shah Deniz
    - Contract now worth £7m
    - 27 vessels
    - Delayed start to production which will impact current year
- Outlook
  - More positive as nuclear contracts materialise







- New mill complete and commissioned driving efficiencies
- Resultant step change in financial performance
- Market dynamics
  - Wheat harvest 2013
  - Wheat prospects 2014 UK harvest
  - Flour market changes
- Outlook
  - Continued delivery of benefits of investment including a “halo” effect
  - Home baking category
  - Logistics





# Segmental Analysis

	1H 2014		1H 2013 (restated)	
	Revenue £m	PBT £m	Revenue £m	PBT £m
<b>Agriculture</b>	159.9	6.8	173.4	6.3
<b>Food</b>	44.8	1.0	44.7	0.4
<b>Engineering</b>	10.0	1.8	13.5	2.2
	<b>214.7</b>	<b>9.6</b>	<b>231.6</b>	<b>8.9</b>
<b>Head office/other</b>		(0.6)		(0.3)
<b>Retirement benefits</b>		(0.4)		(0.4)
<b>Associate &amp; JVs (post tax)</b>		1.5		1.7
		<b>10.1</b>		<b>9.9</b>
<b>EPS (p) – basic</b>		77.5p		78.5p
<b>EPS (p) – adjusted</b>		78.1p		77.6p



# Balance Sheet

	At 1 March 2014 £m	At 31 August 2013 £m
<b>Non-current assets</b>	75.0	72.0
<b>Current assets (excluding cash)</b>	107.0	100.1
<b>Total assets (excluding cash)</b>	182.0	172.1
<b>Net debt</b>	(25.3)	(22.1)
<b>Trade &amp; other payables</b>	(64.4)	(63.3)
<b>Tax &amp; deferred tax</b>	(6.7)	(5.4)
<b>Retirement benefit obligation</b>	(2.4)	(3.3)
<b>Total liabilities</b>	(98.8)	(94.1)
<b>Net assets</b>	83.2	78.0
<b>Gearing</b>	30.4%	28.3%



# Cash Flow

	Half year to 1 March 2014 £m	Half year to 2 March 2013 (Restated) £m
<b>Profit before tax</b>	10.1	9.9
<b>Share of post-tax profit from associate and JV's</b>	(1.5)	(1.7)
<b>Depreciation and amortisation</b>	2.5	2.6
<b>Pension contributions</b>	(1.4)	(1.4)
<b>Working capital</b>	(5.9)	(12.7)
<b>Tax paid</b>	(0.7)	(0.9)
<b>Other</b>	0.6	(0.1)
<b>Cash generated from/(used in) operating activities</b>	3.7	(4.1)
<b>Investing activities</b>	(4.5)	(10.3)
<b>Financing activities</b>	(5.9)	11.1
<b>Decrease in cash in the period</b>	(6.7)	(3.3)



# Banking and Net Debt

	Expiry	Facility £m	As at 1 March 2014 £m
<b>Working capital facilities (UK)</b>	<b>12 month rolling</b>	(38.0)	(14.9)
<b>Working capital facilities (USA)</b>	<b>12 month rolling</b>	(0.6)	(0.4)
<b>Working capital facilities (Eu)</b>	<b>12 month rolling</b>	(3.3)	-
<b>Term loans</b>	<b>September 2015</b>	(7.3)	(4.4)
<b>Revolving credit facility</b>	<b>November 2014</b>	(15.0)	(10.0)
<b>Other loans</b>		(1.2)	(1.2)
<b>Cash</b>		-	16.4
		<b>(65.4)</b>	(14.5)
<b>Finance leases</b>			(10.8)
<b>Net debt</b>			(25.3)



# Strategic Delivery For Future Growth

Group Strategic Objectives	Divisional Plans	Delivery
<ul style="list-style-type: none"> <li>Innovation</li> <li>Technology</li> </ul>	<p><b>Agriculture</b></p> <ul style="list-style-type: none"> <li>Lead in dairy nutrition</li> <li>Investment in targeted research</li> <li>New markets</li> <li>Consolidate UK position</li> <li>Acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>AminoMax®</li> <li>Research</li> <li>New plants</li> <li>New products</li> <li>New markets</li> <li>Retail development and expansion</li> </ul>
<ul style="list-style-type: none"> <li>Investment</li> <li>People</li> </ul>	<p><b>Food</b></p> <ul style="list-style-type: none"> <li>Deliver benefits of new mill</li> <li>Capitalise on market changes</li> <li>Service excellence</li> <li>Logistics optimisation</li> <li>Exploit new areas of market growth</li> </ul>	<ul style="list-style-type: none"> <li>Step change in financial performance</li> <li>Continued financial improvement</li> <li>Baking category and brand</li> <li>New contracts</li> </ul>
<ul style="list-style-type: none"> <li>Acquisitions</li> </ul>	<p><b>Engineering</b></p> <ul style="list-style-type: none"> <li>Product research, innovation and development</li> <li>Investment in new products</li> <li>Exploit growing market sectors</li> <li>Acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Wälischmiller               <ul style="list-style-type: none"> <li>Telbot</li> <li>V1000</li> <li>Factory</li> <li>Showroom</li> <li>USA contracts</li> </ul> </li> <li>Chirton acquisition</li> </ul>





# Growing internationally - continuing investment