

Interim Results Presentation
April 2018

**BUILDING ON
FOUNDATIONS
FOR GROWTH**



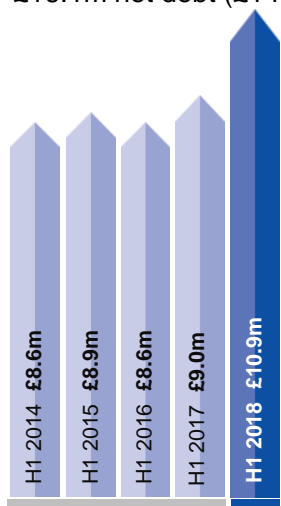
THE AGENDA



1. Introduction | Tim Davies, CEO
2. Financial Results | Neil Austin, Group FD
3. Group Strategic Vision | Tim Davies, CEO
4. Divisional Review
5. Summary
6. Q&A

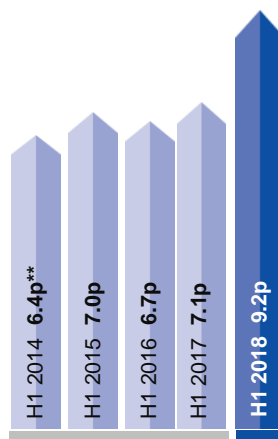
RESULTS OVERVIEW

- Revenue **increased** 13.2% to £200.1m (H1 2017: £176.8m)
- EBITDA **increased** 18.6% to £11.3m (H1 2017: £9.6m)
- Adjusted* operating profit **increased** 21.0% to £9.2m (H1 2017: £7.6m)
- Adjusted* pre-tax profit **increased** 22.0% to £10.9m (H1 2017: £9.0m)
- Pre-tax profit **increased** 28.2% to £10.6m (H1 2017: £8.3m)
- Basic EPS **increased** 40.6% to 9.0p (H1 2017: 6.4p)
- Adjusted* EPS **increased** 29.6% to 9.2p (H1 2017: 7.1p)
- Proposed first interim DPS of 1.075p (H1 2017: 0.95p)
- £16.1m net debt (£14.1m net debt as at 2 September 2017)



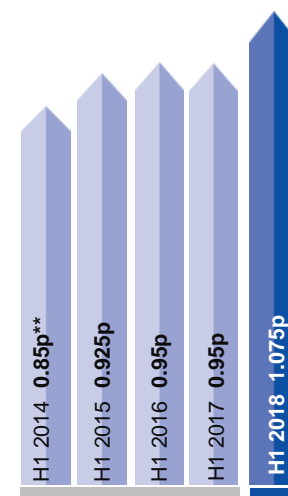
ADJUSTED PROFIT BEFORE TAX*

£10.9m



ADJUSTED EARNINGS PER SHARE*

9.2p



FIRST INTERIM DIVIDEND PER SHARE

1.075p

* Adjusted operating profit, adjusted profit before tax and adjusted EPS are before charging amortisation of intangible assets and non recurring items

** Restated for the effect of the 10:1 share split in January 2015

FINANCIAL REVIEW

Segmental Analysis

	H1 2018 (£m)	H1 2017 (£m)	% Change
Segmental revenue			
Agriculture	178.3	160.5	11.1
Engineering	21.8	16.3	34.5
Total revenue	200.1	176.8	13.2
EBITDA	11.3	9.6	18.6
Segmental adjusted* operating profit			
Agriculture	7.8	7.3	6.3
Engineering	1.4	0.3	382.5
Total adjusted* operating profit	9.2	7.6	21.0
Net finance costs	(0.4)	(0.3)	17.6
Share of associates	1.0	0.9	15.4
Share of JVs	1.1	0.8	36.4
Adjusted* profit before tax	10.9	9.0	22.0
Amortisation and non-recurring items	(0.3)	(0.7)	
EPS (p) – basic	9.0	6.4	
EPS (p) – adjusted	9.2	7.1	
Interest cover	27.9x	25.7x	

*Adjusted operating profit and adjusted profit before tax are after adding back amortisation of intangible assets and non-recurring items including acquisition costs

FINANCIAL REVIEW

Balance Sheet

	At 3 March 2018 £m	At 2 September 2017 £m	% Change
Fixed assets	83.5	82.7	1.0
Net working capital	42.3	36.3	16.6
Assets employed	125.8	119.0	5.7
Pension surplus	6.0	5.2	14.6
Net debt	(16.1)	(14.1)	13.8
Tax provisions	(4.5)	(4.2)	8.3
Net assets	111.2	105.9	5.0
Gearing	14.5%	13.3%	

Key points

- Pension surplus increased since year end
- Movement in net debt is primarily due to seasonal working capital cash flows and acquisition of Pearson Farm Supplies

FINANCIAL REVIEW

Cash Flow

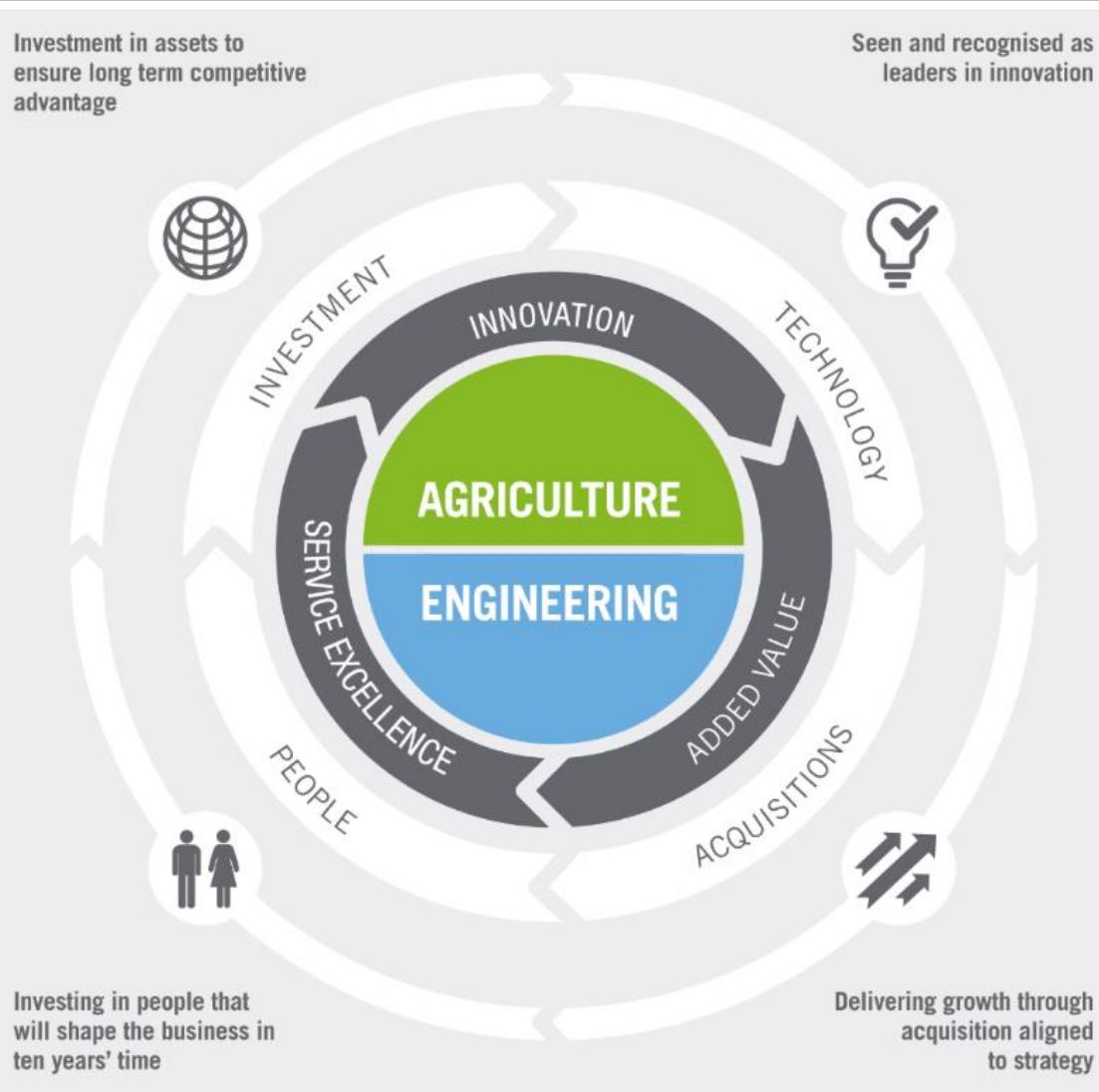
	H1 2018 £m	H1 2017 £m
EBITDA	11.3	9.6
Working capital movements	(5.0)	(3.1)
Net interest	(0.4)	(0.4)
Taxation	(1.0)	(0.4)
Other	0.6	(0.5)
Operating cash flow from continuing operations	5.5	5.2
Capex	(1.7)	(1.2)
Acquisitions	(2.1)	(4.7)
Dividends to Shareholders	(2.8)	(18.6)
Other	(0.9)	(0.3)
Increase in net debt	(2.0)	(19.6)

	Expiry	Facility £m	Utilised H1 2018 £m
Working capital facilities (UK)	12 month rolling /2019	35.5	23.1
Working capital facilities (US)	12 month rolling	0.7	-
Working capital facilities (EU)	12 month rolling	2.9	-
Term loans	Various	7.6	7.6
Revolving credit facility	2019	24.5	16.7
Cash			(33.8)
		71.2	13.6
Finance leases			2.5
Net debt			16.1

Key points:

- Seasonal working capital cash flow movement increased year on year
- Prior year dividends paid included a £16.0m special dividend following disposal of Food division

GROUP STRATEGIC VISION



**To be recognised
as a truly
international
business at the
forefront of
technology and
innovation**

Strategic Objectives

1. Build value by focusing on markets with growth potential
2. Grow our international footprint
3. Differentiate through innovation and technology
4. Lead in our chosen markets

UK AGRICULTURE



PERFORMANCE

- Total feed volumes: 6.3% increase in tonnes sold
- Fuel volumes: 5.6% increase in litres sold
- Retail: 15.7% sales increase, 3.5% in like for like sales
- Machinery: 8.9% increase in sales as confidence continues to improve
- Successful integration of Pearson Farm Supplies

INVESTMENT

- Retail store development, £1.5m investment over 3 years

New sites

- Rothbury, Northumberland
- Selkirk, Borders
- Malton, North Yorkshire
- Bakewell, Derbyshire
- Wigton, Cumbria
- Penicuik, East Midlothian
- Brecon, Wales

Major developments

- Gisburn, Lancashire
- Wooler, Northumberland
- Leek, Staffordshire
- Spennymoor, Durham
- Brock, Lancashire
- Skipton, North Yorkshire
- Morpeth Machinery Depot, Northumberland

Acquisitions £4.7m (since 2014)

- Williams, Wales
- Nicholls, Wales
- Reid & Robertson, Scotland
- Greens, Northumberland
- Phoenix Feeds, Lancashire
- Horse and Pet Warehouse Limited, Ayr: acquired March 2017
- Mortimer Feeds, Cheshire: acquired June 2017
- Pearson Farm Supplies Limited, Lancashire, Yorkshire and Anglesey: acquired October 2017



UK AGRICULTURE



STRATEGY

- Lead in dairy nutrition
- Strengthen current geographical position
- Expand into areas where current offer would be aligned

OUTLOOK

- Improving farm incomes
- Milk price declined from peak level but stable
- Raw material price increases
- Brexit uncertainty particularly relating to trade deals
- Diverse and strong business



FEED BLOCKS



PERFORMANCE

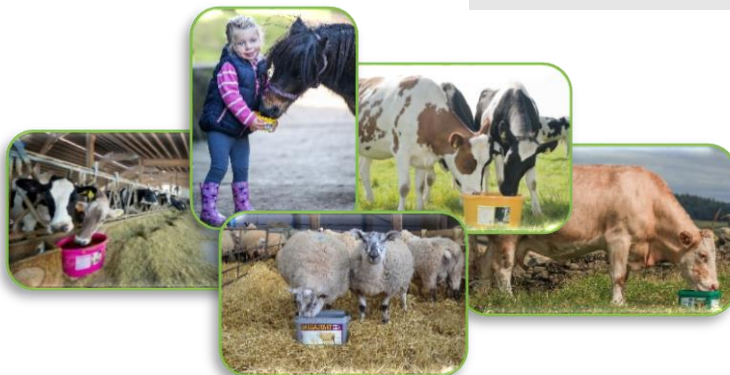
- Global feed block sales up 11.2%
- UK feed block sales up 9.3%
- USA sales up 11.0% (including JVs)
- USA feed block sales recovering as expected
- Strength of brands, e.g. Crystalyx®, SmartLic®, Feed in a Drum® and Horslyx®

INVESTMENT

- Shelbyville, Tennessee new low moisture block plant, \$4.6 million, providing access to Eastern US States

INTERNATIONAL GROWTH

- Fill existing expanded capacity
- New Zealand development
- South America on-farm trials
- Europe growth

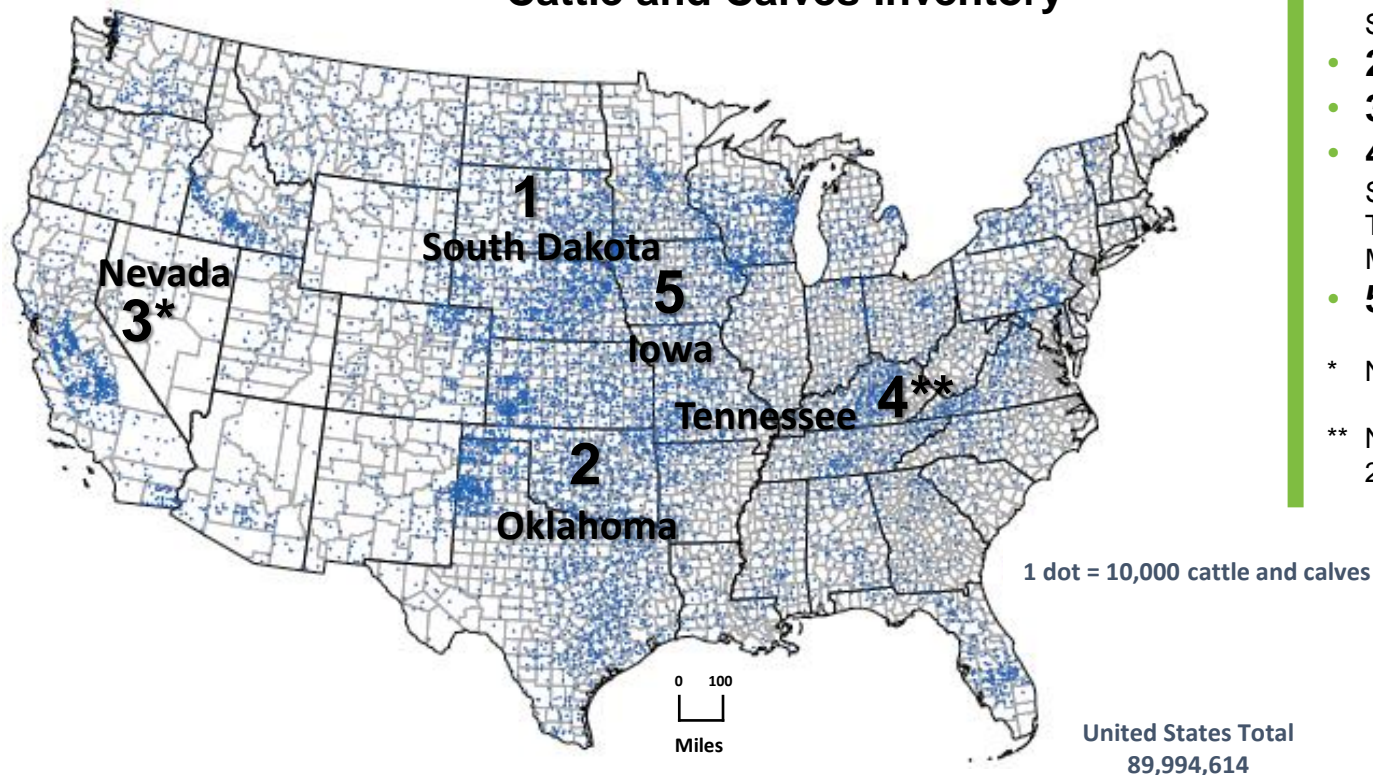


USA FEED BLOCK OPERATIONS



- Strategic location of feed block plants near cattle populations
- Newer feed block plants, Nevada **3**, Iowa **5** and Tennessee **4**

Cattle and Calves Inventory



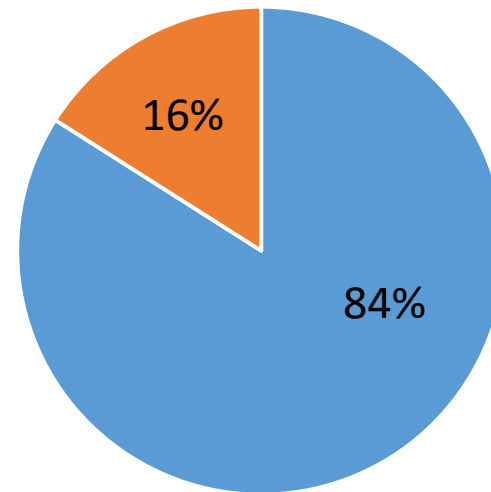
- **1** Belle Fourche, South Dakota
 - **2** Poteau, Oklahoma
 - **3** Silver Springs, Nevada
 - **4** Gold-Bar Feed Supplements, Shelbyville, Tennessee (JV) (High Moisture Blocks)
 - **5** ACC, Sioux City, Iowa (JV)
- * New Block Plant operational
- ** New Low Moisture Block Plant 2017

ENGINEERING



PERFORMANCE

- Overall divisional revenue up 34.5%
- Overall divisional adjusted operating profit up 382.5%
- Revenue from nuclear contracts 84% of total revenues up from 71% last year
- Appointment of Engineering Division, MD



■ Nuclear ■ Oil & Gas/Other



ENGINEERING



UK MANUFACTURING

- Significant improvement in performance
- Order book strong
- Major contract delayed in prior year now in place and working well
- Strengthened management team
- Effective business development
- Improved efficiencies
- Increased oil price

REMOTE HANDLING

- Excellent H1 performance in line with expectations
- Order book strong
- Product development programme progressing well
- STABER integration continues to go well, with extension at Markdorf, Germany, scheduled to complete in the Autumn



ENGINEERING



USA ENGINEERING

- Performance ahead of expectation
- Integration going well with succession and recruitment plan successfully implemented
- Showroom of Wälischmiller products under construction at Charlotte, North Carolina

OUTLOOK

- Strong recovery from prior year and set to continue
- Integration of NuVision going well
- USA expansion plans underway
- Global prospects remain good in the medium term



SUMMARY

- Very strong first half year performance
- UK Agriculture good performance driven by:
 - retail sales growth
 - feed volume growth
 - improved machinery sales
 - stable farming income
- Recovery in USA feed block performance as expected
- Integration of NuVision into our Engineering division continues to progress well
- Remote handling strong performance
- Significantly improved performance in UK Manufacturing
- Board's expectations for the full year slightly ahead of previous expectations





QUESTIONS & ANSWERS



BUILDING ON
FOUNDATIONS
FOR **GROWTH**

THE APPENDICES



1. The Group | An Overview
2. Geographic Footprint

THE GROUP AN OVERVIEW



International business focused on two sectors: agriculture and engineering

AGRICULTURE

- Manufacture of molasses-based branded feed blocks for farm animals in the UK, Germany and USA e.g. Crystalyx®, Megalix® and SmartLic®
- Operate 43 rural Country Stores across the north of England and southern Scotland, including seven machinery branches
- Circa 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

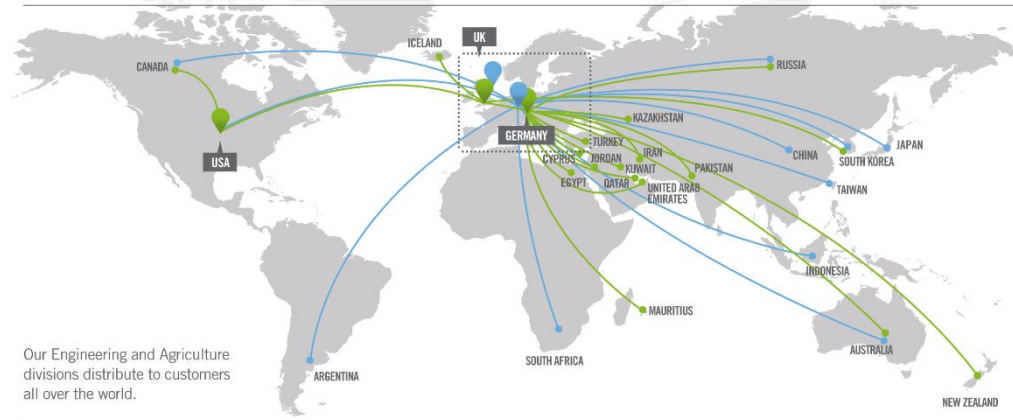
ENGINEERING

- A remote handling business designing and manufacturing bespoke manipulators and robotics, based in Swindon, UK and Markdorf, Germany
- A UK manufacturing business producing specialist fabrications and precision engineering, based in Carlisle and Newcastle upon Tyne
- A USA based nuclear technical services business with unique IP based in Pittsburgh, PA and Charlotte, NC
- Products are used across the nuclear research, nuclear, oil and gas, petrochemical and pharmaceutical industries

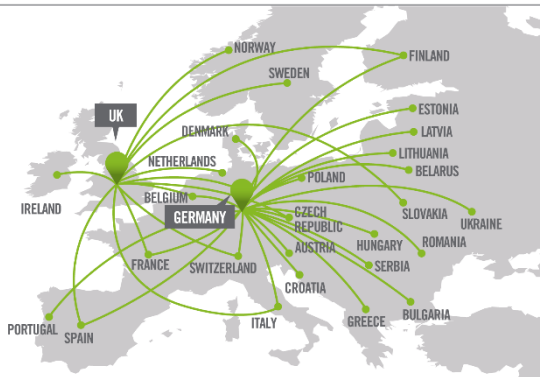
Innovation, technology and research is at the heart of our DNA and provides the common thread linking this diverse group of businesses

GEOGRAPHIC FOOTPRINT

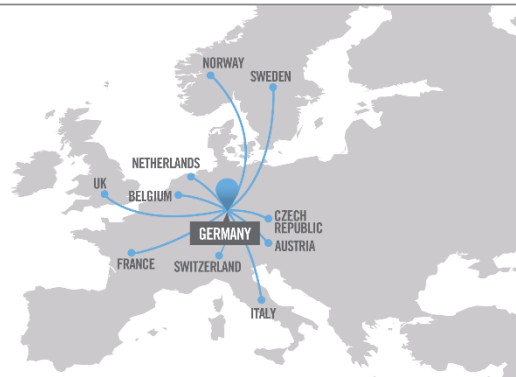
INTERNATIONAL DISTRIBUTION



AGRICULTURE EUROPEAN DISTRIBUTION



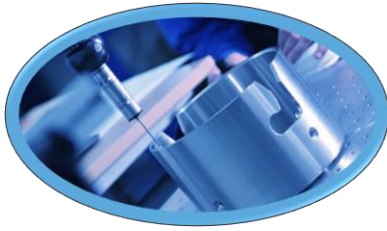
ENGINEERING EUROPEAN DISTRIBUTION



UK LOCATIONS



● HEAD OFFICE ● ENGINEERING ● AGRICULTURE



BUILDING ON FOUNDATIONS FOR **GROWTH**

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