



***CARR'S***  
***MILLING INDUSTRIES PLC***

**“extending our reach”**

**Preliminary Results Presentation**

**11 November 2011**

# A YEAR OF SUBSTANTIAL PROGRESS

- Successfully building on Carr's strengths
  - Developing niche products
  - UK and international expansion
  - Organic and acquisitive growth
- £19m disposal of Carrs Fertilisers
  - Balance sheet transformed
  - Volatility and seasonal working capital requirements reduced
- Strong financial performance by core activities

## RESULTS OVERVIEW\*

- Revenue **increased** 25.2% to £373.3m (2010: £298.1m)
- Pre-tax profit **increased** 36.5% to £10.1m (2010: £7.4m)
- EBITDA **increased** 30.4% to £15.4m (2010: £11.8m)
- Fully diluted EPS **increased** 47.0% to 76.3p (2010: 51.9p)
- Final DPS **increased** 8.3% to 13p: total DPS 26p (2010: 24p)
- £4.6m **net cash** (2010: £15.5m net debt)
- NAV per share £6.43

\*Continuing operations

Strong performance by core activities

# TRADING OVERVIEW

## Agriculture

- Expansion of feedblock and supplement markets/sales
- Expansion of retail sites
- Oil market share grown

## Food

- Speciality flour growth

## Engineering

- Growing order book due to nuclear plant building and decommissioning
- Emerging market – non-nuclear remote handling

## Environmental Factors

- Severe winter in UK and US
- Wheat 70% higher than 2009/10
- Flour industry over-capacity at 40 year high

# AGRICULTURE – ANIMAL FEED

- Strong volume growth
- Margin improved through forward buying, efficiencies and higher volumes
- Contribution of Bibby Agriculture (JV) up 38%
- Integration of Scotmin completed
  - Short term profit impact of reorganisation and investment to reduce costs and support future growth



# AGRICULTURE – ANIMAL FEED

- Product growth achieved
  - Strong demand for Crystalyx in New Zealand
  - Early success of German JV in France and elsewhere in Europe
  - Strong H2 in US partially offsetting impact of severe winter
- US expansion
  - £1m AminoMax plant scheduled to open November 2011
  - New high moisture feedblock plant, built with JV partner in Shelbyville, scheduled to open November 2011





# AGRICULTURE – RETAIL AND FARM MACHINERY

- Expansion of retail sites
  - Acquired Forsyths of Wooler
  - Acquired Safe at Work
  - New branch at Stirling
- Machinery sales up 18% with encouraging performance by Massey Tractors and first year's contribution from Kuhn
- Profit impact of Kuhn franchise start up costs



## AGRICULTURE - FUEL

- 37% sales increase through strong organic growth, including impact of Lancaster depot and higher oil price
- Market share gained during winter through competitive pricing and excellent service
- New depot opened at Hexham (August 2011) with Cockermouth scheduled to open in spring 2012





# FOOD

- Flour industry overcapacity greatest for 40 years
- Margins hit by high wheat price and intense competition
- Selective investment in automation continues along with strong focus on cost reduction (labour and power)
- £0.8m investment in re-opened port at Kirkcaldy has secured quality wheat supply



## ENGINEERING - UK

- Profit up 68.7% reflects strong H2 with growing order book
- Bendalls, specialist fabricators, benefiting from ongoing work for 2 major contracts – Evaporator D (Sellafield) & Hanford, Washington
- Renewed 3 year preferred supplier to Sellafield
- Increased demand for Carrs MSM in H2 is continuing



# ENGINEERING - WÄLISCHMILLER

- Strong demand in France, Germany, Japan, Korea and Russia
- Order book strong for 2012 and 2013, with broad customer base, now quoting for 2014 and beyond
- Oil industry – potential new market
- New €4m replacement factory in Markdorf scheduled for completion in 2013



## Segmental Analysis – Continuing Operations

	2011		2010	
	Revenue	PBT	Revenue	PBT
	£m	£m	£m	£m
Agriculture	272.7	6.4	215.2	6.2
Food	82.6	1.3	67.1	1.5
Engineering	18.0	1.7	15.8	1.0
Other	-	(0.4)	-	(0.9)
	<b>373.3</b>	<b>9.0</b>	<b>298.1</b>	<b>7.8</b>
Retirement Benefit		(0.7)		(1.2)
Associate & JVs (post tax)		1.8		0.8
		<b>10.1</b>		<b>7.4</b>
EPS (p) – basic		<b>77.0p</b>		<b>51.9p</b>
EPS (p) - adjusted		<b>88.4p</b>		<b>53.5p</b>

<b>Disposal of Fertiliser Business</b>	
	<b>£m</b>
<b>Consideration</b>	<b>19.0</b>
<b>Cost of disposal</b>	<b>(0.8)</b>
	<b>18.2</b>
<b>Net assets disposed of</b>	<b>(3.3)</b>
<b>Profit on disposal</b>	<b>14.9</b>
<b>Profit after taxation of discontinued operations</b>	<b>1.7</b>
	<b>16.6</b>
<b>Date of disposal was 13 July 2011</b>	
<b>Revenue 46 weeks</b>	<b>£78.4m</b>
<b>PBT 46 weeks</b>	<b>£3.1m</b>

<b>Balance Sheet</b>		
	<b>2011</b>	<b>2010</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current assets</b>	<b>47.2</b>	<b>47.9</b>
<b>Current assets (excluding cash)</b>	<b>79.8</b>	<b>76.1</b>
<b>Cash</b>	<b>33.3</b>	<b>13.7</b>
<b>Total assets</b>	<b>160.3</b>	<b>137.7</b>
<b>Loans and borrowings</b>	<b>(28.7)</b>	<b>(29.2)</b>
<b>Trade &amp; other payables</b>	<b>(57.0)</b>	<b>(52.4)</b>
<b>Tax &amp; deferred tax</b>	<b>(5.7)</b>	<b>(6.1)</b>
<b>Retirement benefit obligation</b>	<b>(6.0)</b>	<b>(10.7)</b>
<b>Total liabilities</b>	<b>(97.5)</b>	<b>(98.4)</b>
<b>Net assets</b>	<b>62.8</b>	<b>39.3</b>
<b>Gearing</b>	<b>-</b>	<b>44.7%</b>



# Cash Flow Statement

	Year to	Year to
	3 September 2011	28 August 2010
	£m	£m
<b>Profit before tax</b>	<b>8.1</b>	<b>5.8</b>
<b>Interest</b>	<b>(1.0)</b>	<b>(0.9)</b>
<b>Non-cash adjustments</b>	<b>6.8</b>	<b>6.2</b>
<b>Pension contributions</b>	<b>(4.8)</b>	<b>(2.8)</b>
<b>Working capital</b>	<b>4.0</b>	<b>1.9</b>
<b>Cash generated from operations</b>	<b>13.1</b>	<b>10.2</b>
<b>Tax paid</b>	<b>(1.7)</b>	<b>(2.1)</b>
<b>Investing activities</b>	<b>(7.7)</b>	<b>(8.2)</b>
<b>Financing activities</b>	<b>(2.9)</b>	<b>(1.9)</b>
<b>Increase in cash (before disposal)</b>	<b>0.8</b>	<b>1.9</b>
<b>Cash generated from discontinued operations</b>	<b>18.4</b>	<b>6.2</b>
<b>Increase in cash in the period</b>	<b>19.2</b>	<b>4.2</b>

## Banking & Net Cash/(Debt)

	Expiry	Facility	2011
		£m	£m
Working capital facilities (UK)	12 month rolling	(28.0)	(15.6)
Working capital facilities (US)	12 month rolling	(0.6)	(0.2)
Term loan	November 2014	(5.0)	-
Revolving credit facility	November 2014	(10.0)	(10.0)
Other loans		(1.2)	(1.2)
Cash		-	33.3
		<b>(44.8)</b>	<b>6.3</b>
Finance leases			(1.7)
Net cash			<b>4.5</b>

## Underlying PBT - 2011

	Agriculture	Food	Engineering	Associate JVs	Other	Total
	£m	£m	£m	£m	£m	£m
<b>Reported PBT</b>	<b>6.4</b>	<b>1.3</b>	<b>1.6</b>	<b>1.8</b>	<b>(1.1)</b>	<b>10.0</b>
<b>Severe winter</b>	<b>(0.5)</b>	-	-	-	-	<b>(0.5)</b>
<b>Amortisation</b>	<b>0.3</b>	-	-	-	-	<b>0.3</b>
<b>Impairment of assets</b>	<b>0.4</b>	-	<b>0.2</b>	-	-	<b>0.6</b>
<b>Profit on disposal of trade</b>	<b>(0.2)</b>	-	-	-	-	<b>(0.2)</b>
<b>Reorganisation costs</b>	<b>0.3</b>	-	-	<b>0.1</b>	-	<b>0.4</b>
<b>Underlying PBT - 2011</b>	<b>6.7</b>	<b>1.3</b>	<b>1.8</b>	<b>1.9</b>	<b>(1.1)</b>	<b>10.6</b>

## Platform for 2012 performance

	Agriculture	Food	Engineering	Associate JVs	Other	Total
	£m	£m	£m	£m	£m	£m
<b>Underlying PBT – 2011</b>	<b>6.7</b>	<b>1.3</b>	<b>1.8</b>	<b>1.9</b>	<b>(1.1)</b>	<b>10.6</b>
<b>Safe at Work</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>
<b>Fertiliser margin</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>
<b>JV – USA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>
<b>Kirkcaldy port</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>
<b>Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>0.4</b>
<b>Pension cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>
	<b>7.1</b>	<b>1.4</b>	<b>1.8</b>	<b>2.0</b>	<b>(0.6)</b>	<b>11.7</b>

# TRADING AND GROWTH PROSPECTS

## Agriculture

- Continuing expansion of feedblock and supplements with contributions from new plants
- Increase fuel sales from new depots
- Benefit of increasing UK milk price

## Food

- Benefit of automation
- Benefit of investment at Kirkcaldy port

## Engineering

- Strong order book – expanding workforce
- Growth in nuclear and emerging non-nuclear markets

## Other

- Ideally placed to make acquisitions