



# NEW HORIZONS FOR GROWTH

## AGRICULTURE / FOOD / ENGINEERING

Preliminary results presentation  
November 2013



# Agenda

1. Results Overview
2. Group Strategic Vision
3. Trading Overview
4. Divisional Review
5. Financial Review
6. The Future
7. Questions

Tim Davies, CEO

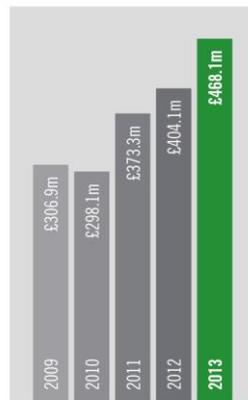
Neil Austin, Group FD

Tim Davies, CEO



# Results Overview

- Revenue increased 15.8% to £468.1m (2012: £404.1m)
- Pre-tax profit increased 21.5% to £15.9m (2012: £13.1m)
- EBITDA increased 20.3% to £22.2m (2012: £18.4m)
- Adjusted EPS increased 26.8% to 128.7p (2012: 101.5p)
- Final DPS declared increased 13.8% to 16.5p (2012: 14.5p)
- £22.1m net debt (2012: £2.5m)
- NAV per share £8.78 (2012: £7.65)



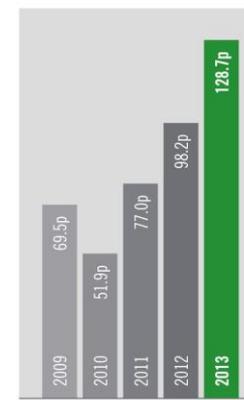
REVENUE

**£468.1m**



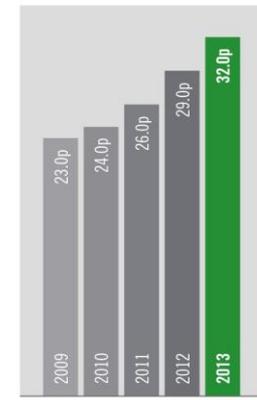
PROFIT BEFORE TAX

**£15.9m**



EARNINGS PER SHARE

**128.7p**



DIVIDEND PER SHARE

**32.0p**



# Group Strategic Vision

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

## Strategic Objectives

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**



**RESEARCH**

**INNOVATION**

**ADDED VALUE**

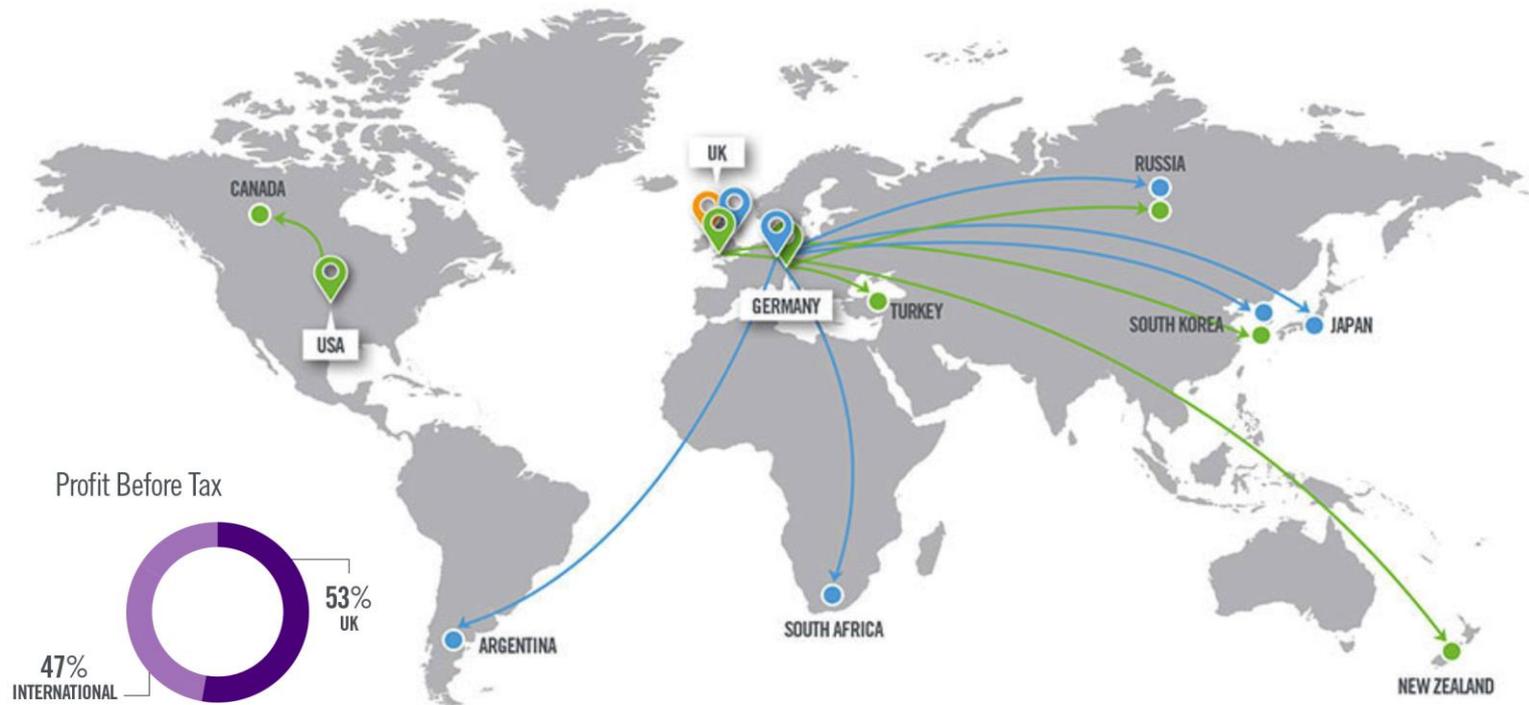
**Research capability**

**People**

**Partners**



# Truly International

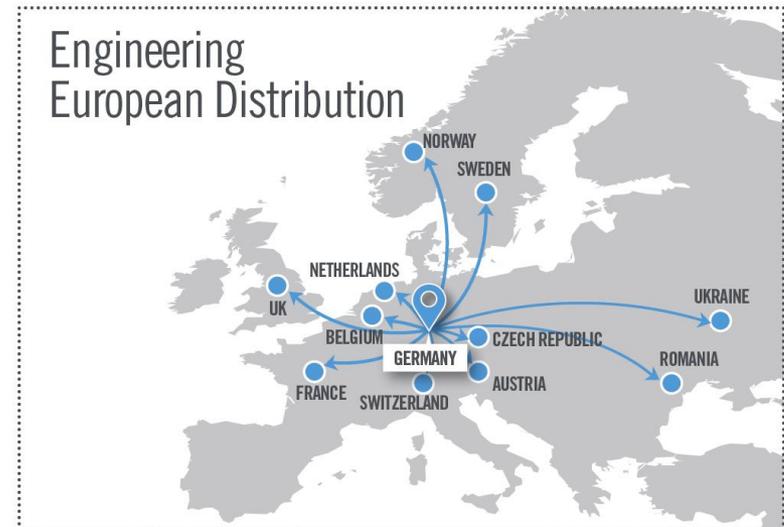
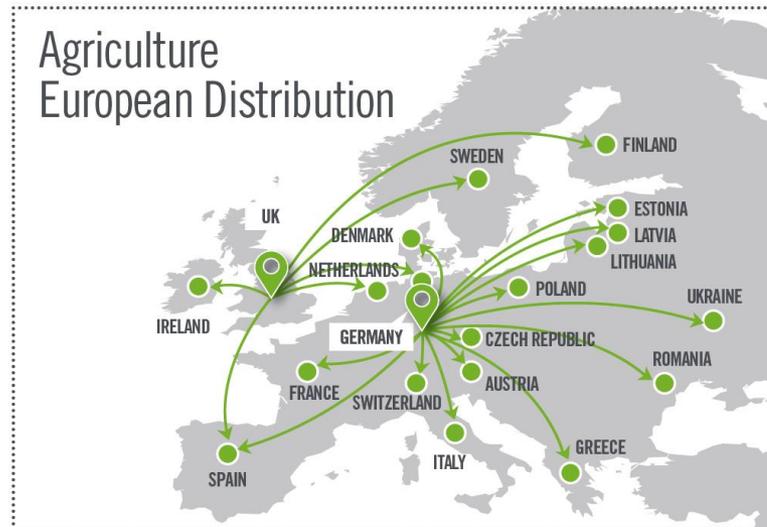


## Growth internationally through the hard work of innovative people

Carr's is a truly international company with almost half its profit before tax being achieved outside the UK and distributing to over 30 countries worldwide.



# Truly International



Growth internationally through  
the hard work of innovative people

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# Trading Overview

## Agriculture

- Weather benefit
- Underlying growth
  - Research
  - Brands
  - Investments in assets
- Developments
  - Silver Springs, Nevada, USA
  - Sioux City, USA
  - AminoMax®, Lancaster, UK
  - AminoMax®, Watertown, USA

## Food

- Operating result improvement
- New Mill investment
- Port facility project
- Flour market changes

## Engineering

- High levels of demand continue in most of the business
- Wälischmiller
  - Investment in facilities nearing completion
  - Product development
- MSM
  - Life of plant contract delivering benefits
- Bendalls
  - Bechtel resolution





# Animal Feed

## Feed blocks

- Research based branded products growth  
Crystalyx®, Horslyx®, Smartlic®, Feed in a Drum®, Megalix®
- Sales growth across all markets – 9% increase
- JV performance
  - Crystalyx GmbH, Germany – strong performance
  - Gold Bar, USA - profitable
- Investment
  - Silver Springs, Nevada, USA – £0.8m investment
  - Sioux City, Iowa, USA – £0.7m investment – link with CHS a world leading agricultural business
- Future international growth
  - New Zealand
  - Asia
  - South America





# Animal Feed

- AminoMax®, patented bypass protein
  - Lancaster, UK - plant commissioned
  - Watertown, New York, USA - expansion
- Sales growth compound feed UK – 15% increase
  - Benefit in associate – CBAL Operations
- Weather impact of extended winter – £1.9m
- Outstanding customer service during severe weather





# Retail & Distribution

- Strategy for growth
  - Upgraded and refurbished Country Stores: Carlisle, Perth, Berwick, Skipton and Settle
  - Next 12 months Malton, Annan, Bakewell and Selkirk
- Retail sales growth
  - 23% increase
  - New retail branch at Kendal and expansion of branch at Carlisle integrated well
  - Delayed Annan branch investment now started, completion H1 2014
  - Laycocks business making excellent contribution
- Fuel
  - 11% increase in sales driven by investments at our 8 fuel depot sites
- Machinery
  - 16% decrease in sales
  - National tractor sales declined 16%
  - Parts and service growth 6%
- Fertiliser
  - Fertiliser sales down in line with market





# Engineering

## Wälischmiller, Germany

- Research, investment and technology – driving force of the business
- Factory and office development – £4.5m investment complete December 2013
- Development
  - Telbot - Shell
  - V1000 (Robbie) – Japanese IROS (International Robotics Fair)
- Strong performance 2013
- Outlook
  - Short term outlook – contract completion and factory move disruption
  - Medium term outlook positive





## MSM, UK

- Excellent sales performance 2013
- Life of plant contract benefits in 2013
- Outlook – two year Sellafield ordering cycle will impact 2014



## Bendalls, UK

- Market – nuclear orders slow. Reliance on Oil and Gas market
- Bechtel – issue resolved £0.5m impact 2013
- Outlook – short term flat
- Medium term more positive as nuclear contracts granted





- New Mill investment completion – £17.0m investment complete
- Performance – PBT 26.5% increase
- Port location project – Previous £0.8m investment significant current and future impact
- Market dynamics – market changing Northern England and Scotland
- Service excellence – partnerships with customers vital for future business stability





# Segmental Analysis

	2013		2012	
	Revenue £m	PBT £m	Revenue £m	PBT £m
<b>Agriculture</b>	<b>340.4</b>	<b>8.8</b>	<b>293.8</b>	<b>8.1</b>
<b>Food</b>	<b>94.2</b>	<b>0.6</b>	<b>80.5</b>	<b>0.4</b>
<b>Engineering</b>	<b>33.4</b>	<b>4.2</b>	<b>29.7</b>	<b>4.7</b>
<b>Other</b>	<b>0.1</b>	<b>(0.4)</b>	<b>0.1</b>	<b>(1.0)</b>
	<b>468.1</b>	<b>13.2</b>	<b>404.1</b>	<b>12.2</b>
<b>Retirement Benefit</b>		<b>(0.2)</b>		<b>(0.5)</b>
<b>Associate &amp; JVs (post tax)</b>		<b>2.9</b>		<b>1.4</b>
		<b>15.9</b>		<b>13.1</b>
<b>EPS (p) – basic</b>		<b>128.7p</b>		<b>98.2p</b>
<b>EPS (p) - adjusted</b>		<b>128.7p</b>		<b>101.5p</b>



# Balance Sheet

	2013 £m	2012 £m
<b>Non-current assets</b>	<b>72.0</b>	<b>54.7</b>
<b>Current assets (excluding cash)</b>	<b>100.1</b>	<b>86.7</b>
<b>Cash</b>	<b>22.9</b>	<b>23.3</b>
<b>Total assets</b>	<b>195.0</b>	<b>164.7</b>
<b>Loans and borrowings</b>	<b>(45.0)</b>	<b>(25.8)</b>
<b>Trade &amp; other payables</b>	<b>(63.3)</b>	<b>(60.3)</b>
<b>Tax &amp; deferred tax</b>	<b>(5.4)</b>	<b>(5.3)</b>
<b>Retirement benefit obligation</b>	<b>(3.3)</b>	<b>(5.4)</b>
<b>Total liabilities</b>	<b>(117.0)</b>	<b>(96.8)</b>
<b>Net assets</b>	<b>78.0</b>	<b>67.9</b>
<b>Gearing</b>	<b>28.3%</b>	<b>3.6%</b>



# Cash Flow

	Year to 31 August 2013 £m	Year to 1 September 2012 £m
Profit before tax	15.9	13.1
Share of post-tax profit from associate and JV's	(2.9)	(1.4)
Depreciation and amortisation	5.5	4.7
Non-cash adjustments	0.1	0.3
Pension contributions	(2.9)	(3.8)
Working capital	(9.0)	(2.0)
Tax paid	(2.7)	(2.7)
Cash generated from operations	4.0	8.2
Investing activities	(11.0)	(11.6)
Financing activities	6.8	(6.2)
Decrease in cash in the period	(0.2)	(9.6)



# Banking & Net Debt

	Expiry	Facility £m	2013 £m
Working capital facilities (UK)	12 month rolling	(32.0)	(17.4)
Working capital facilities (US)	12 month rolling	(0.6)	(0.4)
Working capital facilities (Eu)	12 month rolling	(3.4)	-
Term loans	September 2015	(7.3)	(5.7)
Revolving credit facility	November 2014	(15.0)	(15.0)
Other loans		(1.2)	(1.2)
Cash		-	29.0
		<b>(59.5)</b>	<b>(10.7)</b>
Finance leases			(11.4)
Net debt			<b>(22.1)</b>



# The Future

## Group Strategic delivery

- Research
- Innovation – IP
- Technology
- Investment
- People
- Acquisition

## Agriculture

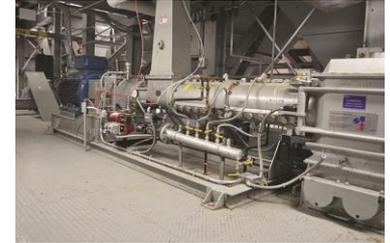
- Lead in dairy nutrition
- Investment in research
- New markets
- Consolidate UK position

## Food

- Deliver benefits of new mill
- Capitalise on market changes
- Service excellence
- Logistics optimisation
- Exploit new areas of market growth

## Engineering

- Product research innovation and development
- Investment in new products
- Exploit growing market sectors
- Acquisitions





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