



CMI Preliminary Results Presentation Strategic Diversity Delivering Results

November 2014



Agenda

1	Results Overview	Neil Austin, Group FD
2	Financial Review	
3	Group Strategic Vision	Tim Davies, CEO
4	Divisional Review	
5	Strategic Delivery For Future Growth	
6	Q&A	

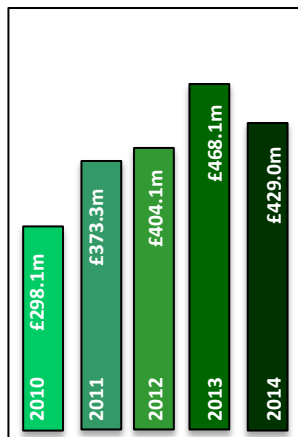


Results Overview

- Revenue decreased 8.4% to £429.0m (2013: £468.1m)
- EBITDA increased 9.1% to £20.4m (2013: £18.7m*)
- Pre-tax profit increased 7.8% to £16.6m (2013: £15.4m*)
- Adjusted EPS** increased 5.6% to 130.8p (2013: 123.9p*)
- Final DPS declared increased 3.0% to 17.0p (2013: 16.5p)
- Total dividend for the year increased 6.3% to 34.0p (2013: 32.0p)
- £24.6m net debt (2013: £22.1m)

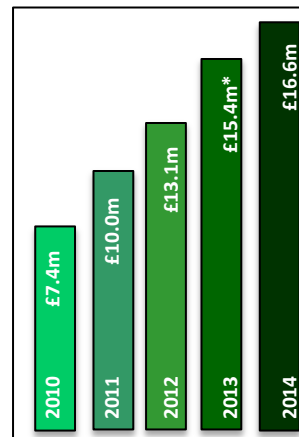
*Restated for IAS19 Revised

** Adjusted EPS is after adding back amortisation of intangibles and non recurring items, e.g. acquisition related costs



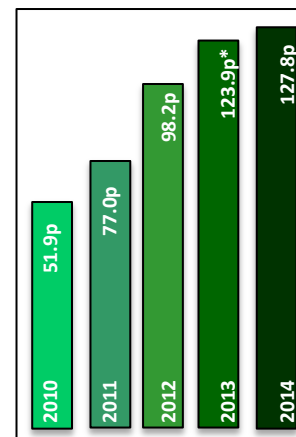
REVENUE

£429.0m



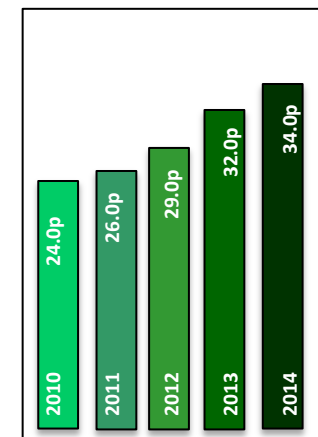
PROFIT BEFORE TAX

£16.6m



EARNINGS PER SHARE

127.8p



DIVIDEND PER SHARE

34.0p



Financial Review: Segmental Analysis

	Revenue £m	2014 Operating profit £m	Year on year change %	Revenue £m	2013 Operating profit* £m
Agriculture	314.9	10.4	+8.8	340.4	9.6
Food	87.1	3.1	+237.6	94.2	0.9
Engineering	26.9	3.8	-10.3%	33.4	4.3
Other	0.1	(1.1)		0.1	(0.7)
	429.0	16.2		468.1	14.1
Retirement benefit		(0.7)			(0.7)
Net finance costs		(1.4)			(0.8)
Share of associate		1.6			1.9
Share of JVs		0.9			0.9
Profit before tax		16.6	+7.8%		15.4
EBITDA		20.4	+9.1%		18.7
EPS (p) – basic		127.8	+3.1%		123.9
EPS (p) – adjusted		130.8	+5.6%		123.9
Total dividend per share (p)		34.0	+6.3%		32.0
Dividend cover		3.8			3.9
Interest cover**		11.1			16.8

*Restated for adoption IAS 19 (R)

** Excluding associate/JVs



Financial Review: Balance Sheet

	2014 £m	2013 £m	% change
Fixed assets	81.4	72.0	+13.1%
Net working capital	36.6	36.8	-0.5%
Assets employed	118.0	108.8	+8.5%
Pension surplus/(deficit)	2.1	(3.3)	
Net debt	(24.6)	(22.1)	+11.3%
Tax provisions	(5.7)	(5.4)	
Net assets	89.8	78.0	+15.1%
Net debt:EBITDA	1.2	1.2	



Financial Review: Cash Flow

	2014 £m	2013 £m	% change
EBITDA	20.4	18.7	9.1%
Working capital changes	(1.6)	(9.0)	
Net interest	(1.4)	(0.5)	
Taxation	(3.2)	(2.7)	
Other	(1.7)	(2.5)	
Cash flow from operations	12.5	4.0	212.5%
Maintenance capex	(1.4)	(2.2)	
Free cash flow	11.1	1.8	516.7%
Expansionary capex	(5.0)	(7.5)	
Acquisitions	(3.6)	(0.8)	
Dividends	(2.9)	(2.6)	
Other	(2.1)	(10.6)	
Increase in net debt	(2.5)	(19.7)	

	Expiry	Facility £m	2014 £m
Working capital facilities (UK)	12 month rolling/2019	38.0	13.7
Working capital facilities (US)	12 month rolling	0.9	0.2
Working capital facilities (EU)	12 month rolling	3.2	-
Term loans	2019	6.5	6.5
Revolving credit facility	2019	15.0	10.0
Other loans		1.0	1.0
Cash			(17.3)
		64.6	14.1
Finance leases			10.5
Net debt			24.6

Key points:

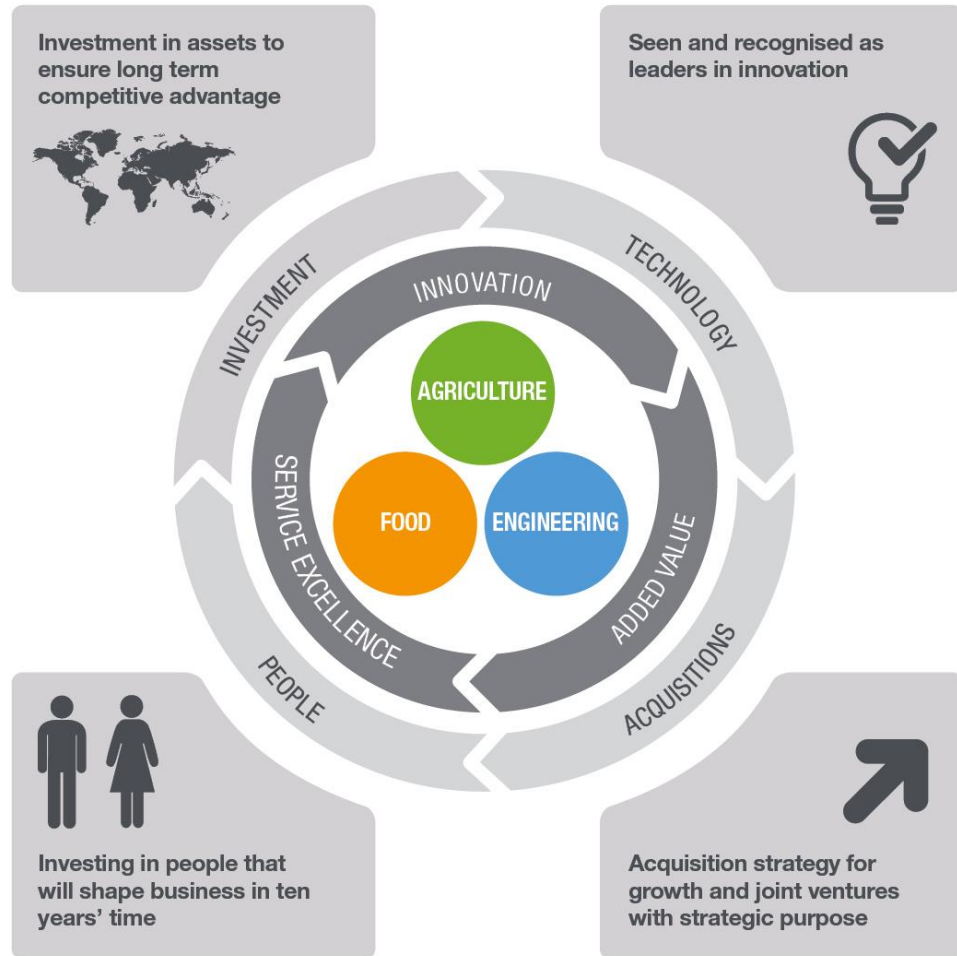
- Working capital outflow reduced (2013 weather effect)
- Reduction in capex following two large projects in 2013
- Banking facilities renegotiated in year – majority 5 year facilities at improved rates
- Borrowing headroom available for future growth



Group Strategic Vision

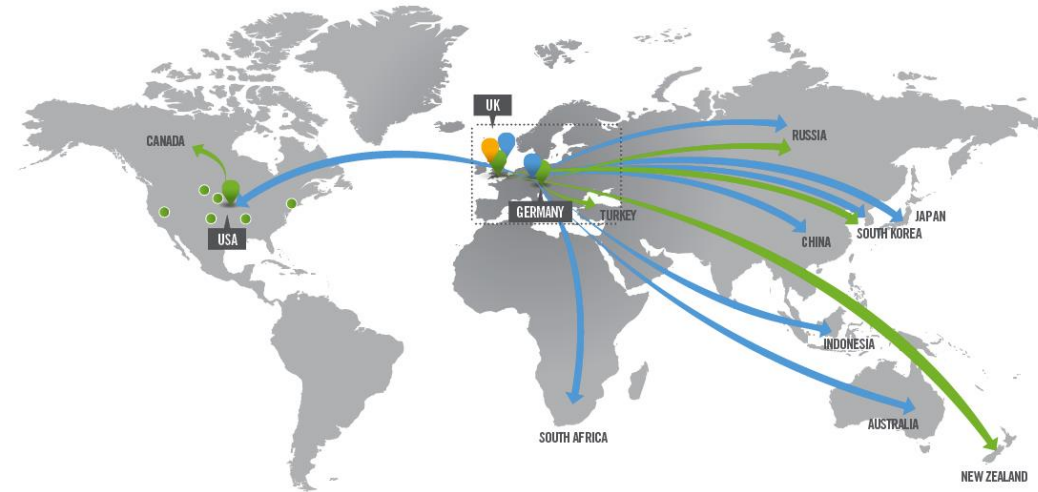
Vision

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

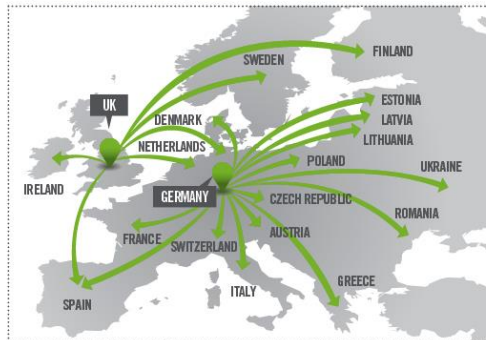




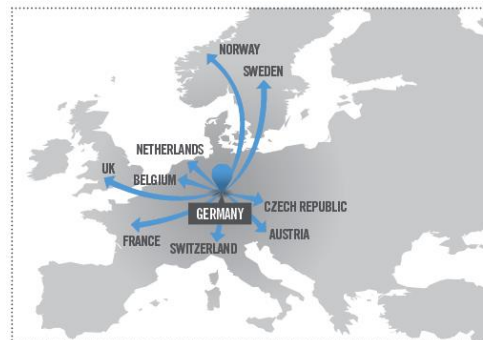
Geographic Footprint



Agriculture European Distribution

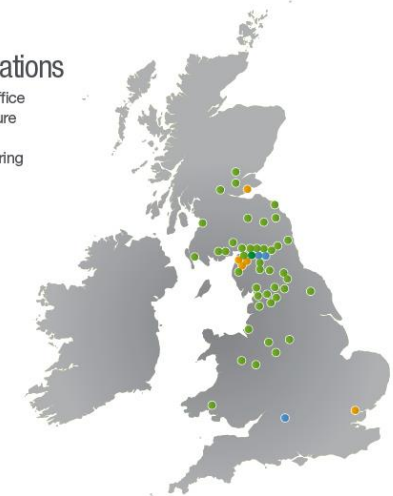


Engineering European Distribution



UK Locations

- Head Office
- Agriculture
- Food
- Engineering





UK Agriculture

Performance

- Feed decline due to mild winter: 10.5% reduction in tonnes sold
- Fuel decline due to mild winter: 5.8% reduction in litres sold
- Machinery increase: 26.7% increase in sales
- Retail: 0.5% increase in sales
- Workware: 18.6% increase in sales

Investment

- Retail store upgrades
 - Annan, Bakewell and Brock: £2.1m
- Acquisitions
 - Williams and Nicholls: £2.2m
 - Merit: Acquired by associate and integrated into Brock and Lancaster

Strategy

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

Outlook

- Challenging background in UK milk price
- Pressure on farm incomes
- Low grain prices
- Weather uncertainties
- Diverse and strong agriculture business





UK Agriculture

Annan: New investment





Feed Blocks

Performance

- Underlying sales growth: 0.5% increase in tonnes sold
- Strength of brands, eg Crystalyx®, SmartLic® and Feed in a Drum®
- Record US sales driven by severe winter weather
- UK sales affected by mild winter
- European sales growth
- New Zealand sales growth

Investment

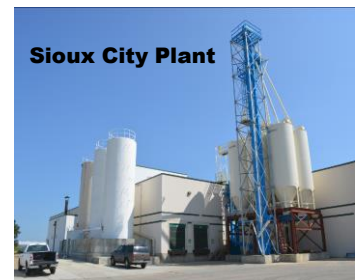
- Sioux City, Iowa, USA (\$4.1m) commissioned July 2014
- Silver Springs, Nevada, USA investment (\$3.4m) to produce branded Smartlic product by Summer 2015
- Crystalyx GmbH
 - New high moisture block plant
 - New warehouse
 - New poultry block plant

Research

- Ten research projects ongoing (£1.1m spend)

International Growth

- Europe +12.0%
- USA +5.4%
- New Zealand +116.8%
- South America



Sioux City Plant



New Zealand





Performance

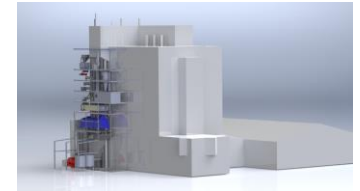
- Sales growth of 31.5% globally
- Market recognition

Investment

- Lancaster UK plant commissioned and at capacity
- Watertown New York, USA further investment (\$1.9m) to improve efficiency and capacity

Future

- Potential second line at Watertown
- West coast USA
- New products





Performance

- Step change in financial performance: 309.7% increase in PBT
- Operational efficiencies being delivered by new mill at Kirkcaldy
- Strong sales and customer relationships
- Silloth operating at higher capacity levels than planned

Market

- Low wheat prices
- Variable quality
- Large harvest

Outlook

- More efficiencies to be delivered from Kirkcaldy
- More long term contracts to be agreed
- Silloth volumes strong
- Maldon focussed on niche ethnic flours





Engineering – UK

MSM – manual manipulators

- Excellent performance 2014
- Confirmed Sellafield life of contract benefits
- Outlook steady



Bendalls – pressure vessel manufacture

- Delay in El Shah Deniz contract July 2013 to February 2014
- Contract changes impact production 2014
- Capacity now full to July 2015
- New management team in place
- More positive outlook for UK nuclear contracts



Chirton – precision engineering

- New acquisition based in Newcastle upon Tyne
- Good performance 2014
- Investment in higher tech machines planned (circa £1.2m)
- Factory move March 2015
- Synergies potential with Bendalls & Wälischmiller
- Outlook positive





Engineering – Germany

Wälischmiller, Germany – powered and robotic manipulators

- New factory investment completed £4.5m
- Investment in new high tech machines
- Strong performance 2014
- USA first contract and sales structure established
- Japanese market down
- Russian market potentially affected by sanctions
- Development projects ongoing (Demo 2000 and “Robbie”)
- Outlook
 - Short term – project delays, project mix and type
 - Medium term strong





Strategic Delivery For Future Growth

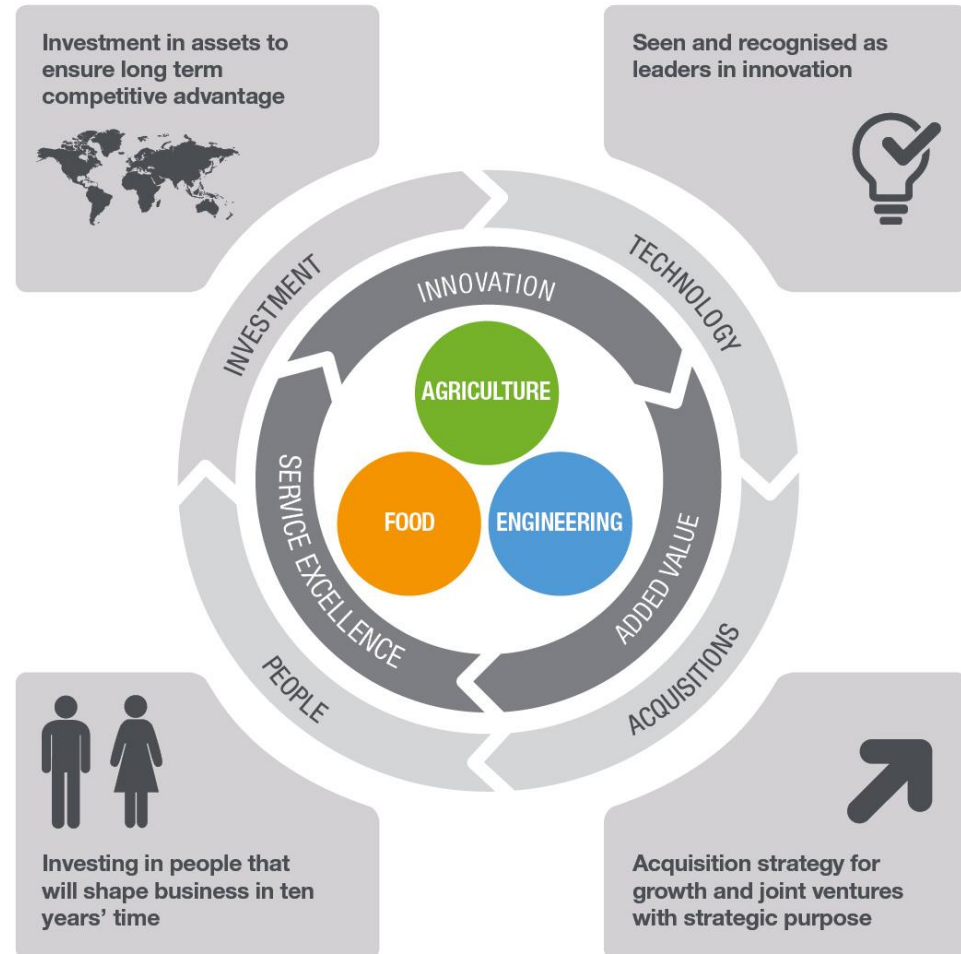
Group Strategic Objectives	Divisional Plans	Delivery
<ul style="list-style-type: none"> Innovation 	<p>Agriculture</p> <ul style="list-style-type: none"> Lead in dairy nutrition Investment in targeted research New markets Consolidate UK position Acquisitions 	<p>Agriculture</p> <ul style="list-style-type: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



Group Strategic Vision

Vision

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





Q&A



A The Group: An overview



The Group: An overview

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

Agriculture

- Manufacture of molasses-based branded feedblocks for farm animals 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, 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

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

- A collection of businesses that 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

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