



FOUNDATIONS
FOR **GROWTH**

Preliminary Results Presentation
November 2017

AGENDA

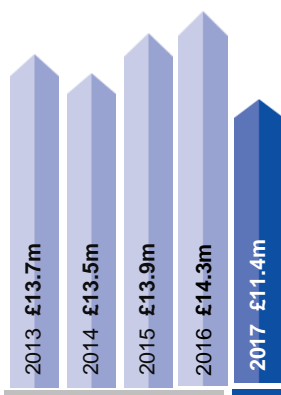


1. Introduction | Tim Davies, CEO
2. Financial Results | Neil Austin, Group FD
3. Group Strategic Vision | Tim Davies, CEO
4. Divisional Review
5. Summary
6. Q&A

RESULTS OVERVIEW

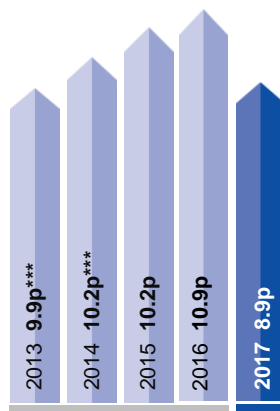
Continuing operations

- Revenue **increased** 9.9% to £346.2m (2016: £314.9m)
- EBITDA **decreased** 18.8% to £13.4m (2016: £16.5m)
- Underlying operating profit* **decreased** 28.5% to £9.3m (2016: £13.0m)
- Underlying profit before tax* **decreased** 20.2% to £11.4m (2016: £14.3m)
- Basic EPS **decreased** 28.0% to 7.7p (2016: 10.7p)
- Adjusted* EPS **decreased** 18.3% to 8.9p (2016: 10.9p)
- Total dividend per share** **increased** 5.3% to 4.0p (2016: 3.8p)
- £14.1m net debt (£8.1m net cash as at 2 September 2016)



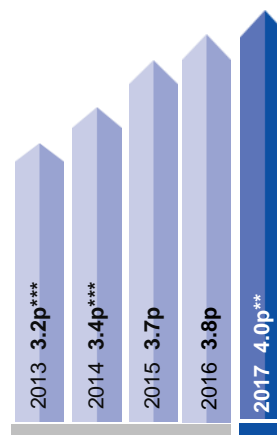
UNDERLYING PROFIT BEFORE TAX*

£11.4m



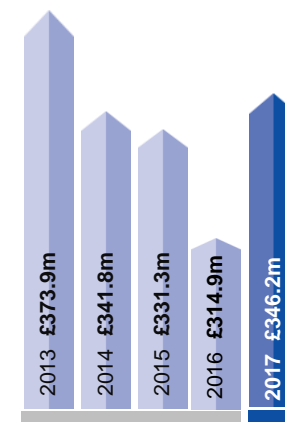
ADJUSTED EARNINGS PER SHARE*

8.9p



TOTAL DIVIDEND PER SHARE

4.0p



REVENUE

£346.2m

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

** Excluding the special dividend of 17.54p per share paid in October 2016

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

FINANCIAL REVIEW: Segmental Analysis

| | 2017 (£m) | 2016 (£m) | % Change |
|--|--------------|--------------|--------------|
| Segmental revenue (continuing operations): | | | |
| Agriculture | 315.9 | 284.8 | +10.9 |
| Engineering | 30.3 | 30.1 | +0.7 |
| Total revenue | 346.2 | 314.9 | +9.9 |
| EBITDA (continuing operations) | 13.4 | 16.5 | -18.8 |
| Segmental underlying operating profit (continuing operations): | | | |
| Agriculture | 8.6 | 10.4 | -17.3 |
| Engineering | 0.7 | 2.6 | -73.1 |
| Total underlying operating profit (continuing operations) | 9.3 | 13.0 | -28.5 |
| Net finance costs | (0.7) | (0.8) | -12.5 |
| Share of associates | 1.6 | 1.2 | +33.3 |
| Share of JVs | 1.2 | 0.8 | +50.0 |
| Underlying profit before tax (continuing operations) | 11.4 | 14.3 | -20.3 |
| EPS (p) – basic | 7.7 | 10.7 | |
| EPS (p) – adjusted | 8.9 | 10.9 | |
| Interest cover | 15.5 | 19.2 | |

- Non-recurring items of £1.3m: acquisition costs (£1.4m), release of contingent consideration (credit of £2.1m), impairment of goodwill (£1.7m), loss on property disposal (£0.2m), and restructuring costs (£0.1m)

FINANCIAL REVIEW: Balance Sheet

| | At 2 September 2017 £m | At 3 September 2016 £m | % Change |
|---------------------|------------------------------|------------------------------|----------|
| Fixed assets | 82.7 | 62.8 | +31.7 |
| Net working capital | 36.3 | 40.9 | -11.2 |
| Assets employed | 119.0 | 103.7 | +14.8 |
| Pension surplus | 5.2 | 0.3 | |
| Net (debt) / cash | (14.1) | 8.1 | |
| Tax provisions | (4.2) | (2.0) | |
| Net assets | 105.9 | 110.1 | -3.8 |
| Gearing | 13.3% | - | |

Key points

- Acquisitions increased fixed assets, including £14.2m goodwill
- Payment of special dividend October 2016 and acquisitions contributed to net debt at year end
- Increased pension surplus largely due to higher return on scheme assets than expected

FINANCIAL REVIEW: Cash Flow

| | 2017 £m | 2016 £m |
|---------------------------------------|------------|------------|
| EBITDA (continuing operations) | 13.4 | 16.5 |
| Working capital changes | 1.6 | (8.5) |
| Net interest | (0.7) | (0.5) |
| Taxation | (1.2) | (1.1) |
| Other | 0.1 | (1.8) |
| Cash flow from continuing operations | 13.2 | 4.6 |
| Net cash from discontinued operations | - | 3.6 |
| Capex | (3.2) | (5.9) |
| Acquisitions / disposals* | (13.2) | 28.7 |
| Dividends | (19.5) | (3.3) |
| JV loans | - | 2.3 |
| Other | 0.5 | 2.6 |
| Increase in net [debt]/cash | (22.2) | 32.6 |

*Including £6.0m of external debt disposed of with Carr's Flour Mills Limited

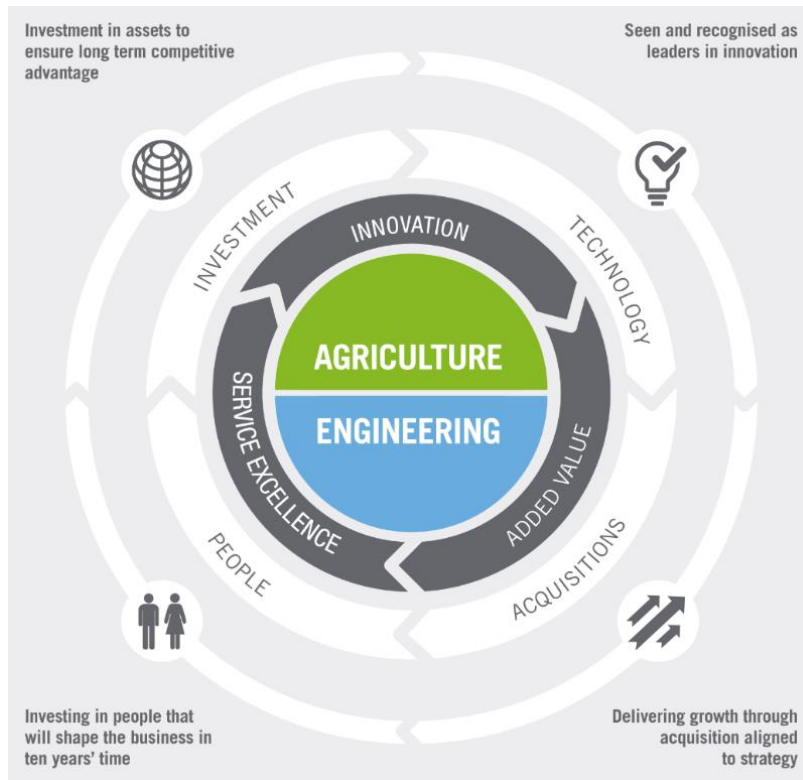
Key points:

- Special dividend October 2016 £16.0m
- Borrowing headroom available for future growth

| | Expiry | Facility £m | Utilised 2017 £m |
|---------------------------------|------------------------|----------------|------------------------|
| Working capital facilities (UK) | 12 month rolling /2019 | 35.5 | 11.9 |
| Working capital facilities (US) | 12 month rolling | 1.2 | 0.3 |
| Working capital facilities (EU) | 12 month rolling | 3.7 | - |
| Term loans | 2019 | 9.6 | 9.6 |
| Revolving credit facility | 2019 | 24.5 | 13.8 |
| Cash | | | (23.9) |
| | | | 11.7 |
| Finance leases | | | 2.4 |
| Net debt | | | 14.1 |

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

- Manufactured feed volumes: 10.9% increase in tonnes sold against a national average increase of 6.6%
- Machinery: 27.8% increase in total revenues. New tractor sales up 42% year on year versus a market increase of 21%
- Fuel volumes: 3.5% decline in litres sold due to the milder winter
- Retail: 0.8% like for like sales increase. 2.2% total sales increase
- Overall improved business performance

INVESTMENT

- Retail store development
 - £1m investment over last 3 years
 - Penicuik, Midlothian December 2016
 - 43 locations

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

Acquisitions £4.7m (since 2014)

- Williams, Wales
- Nicholls, Wales
- Reid & Robertson, Scotland
- Greens, Northumberland
- Phoenix Feeds, Lancashire
- Horse and Pet Warehouse Limited, Ayr: £0.1m acquired March 2017
- Mortimer Feeds, Cheshire: £0.6m acquired June 2017
- Pearson Farm Supplies Limited, Lancashire, Yorkshire and Anglesey: £1.3m acquired October 2017



UK AGRICULTURE



STRATEGY

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

OUTLOOK

- Recovering farm incomes expected to continue
- Improved farm gate prices
- Return of farmer confidence
- Brexit uncertainty
- Diverse and strong business



ACQUISITION OCTOBER 2017

PEARSON FARM SUPPLIES

- Pearson Farm Supplies located at Skipton, Gisburn, and Anglesey
- Strong market position in Yorkshire and Lancashire particularly animal health, dairy products and feed blocks
- Skipton and Gisburn closed and relocated in to Carrs Billington Skipton and Gisburn sites
- Chris Pearson now Regional Branch Manager for Carrs Billington covering Skipton, Gisburn, Settle, Brock and Anglesey branches
- Integration well underway and synergies being delivered
- Outstanding strategic fit

FEED BLOCKS



PERFORMANCE

- Global feed block sales down 2.1%
- USA sales decline: 4.1% decrease in tonnes sold (including JVs)
- Strength of brands, e.g. Crystalyx®, SmartLic®, Feed in a Drum® and Horslyx®
- Developing export markets for Horslyx®
- UK feed blocks – good performance

INVESTMENT

- Shelbyville, Tennessee new low moisture block plant, \$4.6 million, target completion December 2017
- Pick Block plant at Oldenburg, Germany €1.1m

RESEARCH

- During the year, 29 trials were underway across the UK, Europe, North America and South America

INTERNATIONAL GROWTH

- Fill existing expanded capacity
- New build USA
- New Zealand: direct sales operation established
- South America on-farm trials
- Europe growth

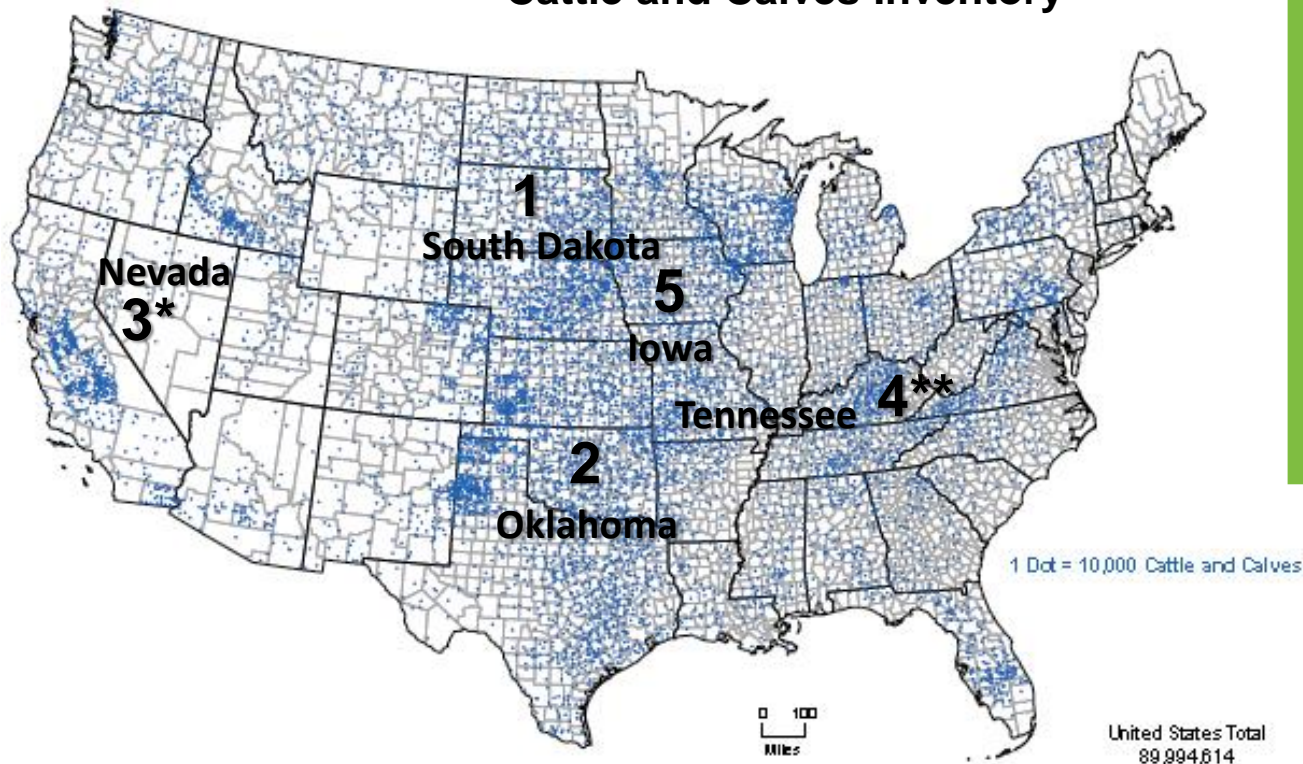


USA FEED BLOCK OPERATIONS



- 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

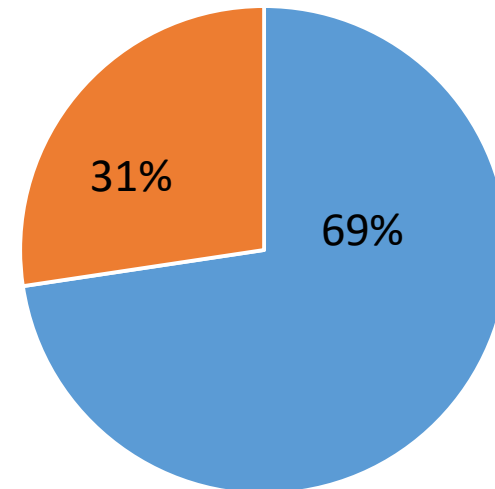
ENGINEERING



PERFORMANCE

- Overall divisional operating profit down 74.2%
- Revenue from nuclear contracts 69% of total revenues, unchanged from last year
- Significant contract delay and poor profitability of certain other contracts in UK Manufacturing
- Acquisition of STABER GmbH in October 2016
- Acquisition of NuVision Engineering, Inc. in August 2017
- Good performance in remote handling
- Appointment of divisional Managing Director

Revenue



■ Nuclear ■ Oil & Gas/Other



ENGINEERING



UK MANUFACTURING

- Significant contract delay and lower margin oil and gas business affected financial performance
- Oil and gas market still adversely affected by low oil price
- Nuclear new build will have a future positive impact
- Synergies with NuVision
- Delayed contract now commenced and other new business won



REMOTE HANDLING

- Performed ahead of expectations
- Relationship with Sellafield continues to be strong
- Successful contract wins in China – delivery ongoing with significant future potential
- Ongoing product development programme
- Significant opportunity in USA following acquisition of NuVision



ENGINEERING



ACQUISITIONS

STABER

- Long term strategic partner supplying parts for remote handling business
- Designed and developed specialised IP of strategic importance
- Full integration into Wälischmiller by July 2018
- Provides Group with access to new technologies and design expertise

NuVision

- International technology and engineering solutions business focused on nuclear markets
- Specialist IP and recognised brands
- Platform for growth in USA market
- Opportunity to market Wälischmiller remote handling equipment in the USA

OUTLOOK

- Improved order books in the short to medium term
- Significant opportunities in the USA nuclear market
- Synergies across the Engineering division
- Delayed contract signed and work commenced
- Significant global opportunities for remote handling
- Appointment of divisional Managing Director



SUMMARY

- Performance down in USA feed blocks against a challenging market backdrop and reduced profits in Engineering due to poor UK Manufacturing performance
- UK agricultural market conditions improved
- USA livestock market beginning to recover
- Improved order book in Engineering
- Acquisition of STABER GmbH and NuVision Engineering, Inc.
- New financial year has started well and in line with the expectations of the Board



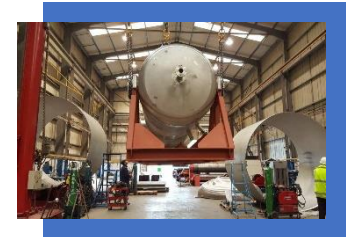


QUESTIONS & ANSWERS



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, including Crystalyx®, Megalix® and SmartLic®
- Operate 43 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

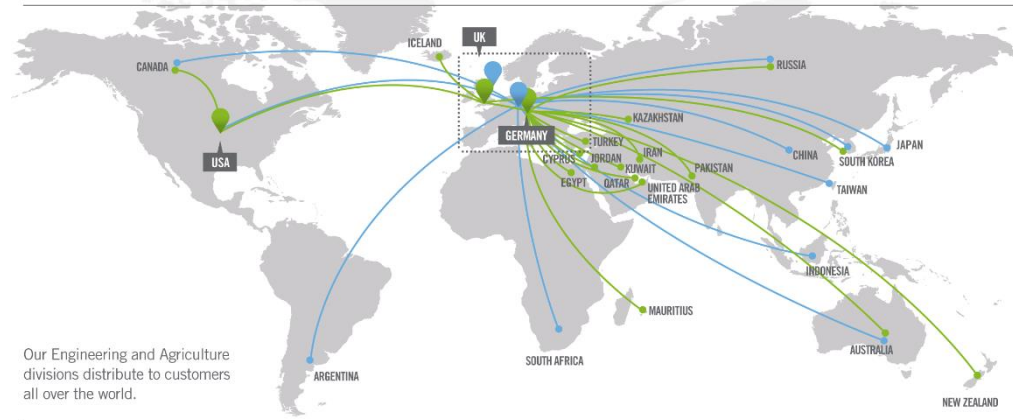
ENGINEERING

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

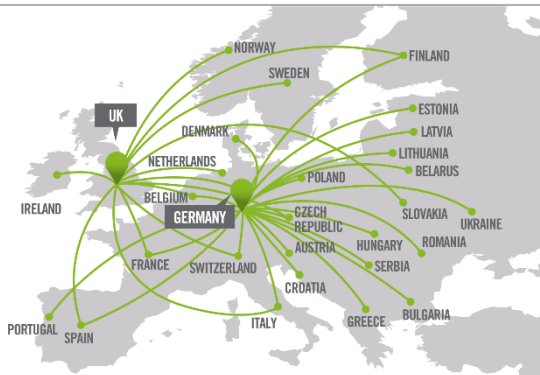
Innovation, technology and research is at the heart of our DNA and provides the common thread linking the two divisions

GEOGRAPHIC FOOTPRINT

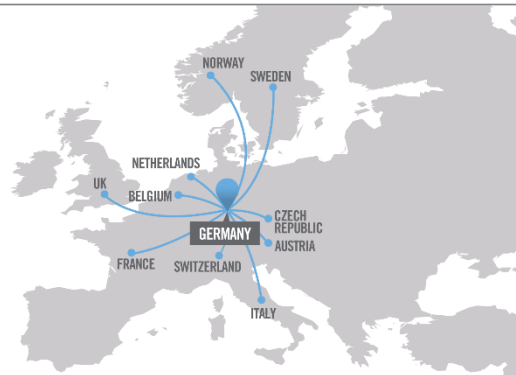
INTERNATIONAL DISTRIBUTION



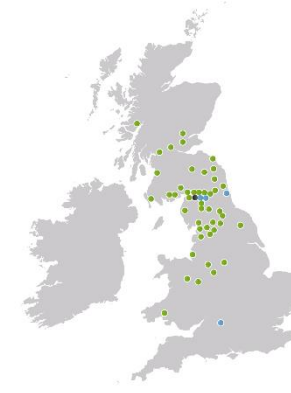
AGRICULTURE EUROPEAN DISTRIBUTION



ENGINEERING EUROPEAN DISTRIBUTION



UK LOCATIONS



● HEAD OFFICE ● ENGINEERING ● AGRICULTURE



FOUNDATIONS FOR **GROWTH**

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