

GROWTH THROUGH
**INNOVATION &
TECHNOLOGY**



Preliminary Results
Presentation

November 2019



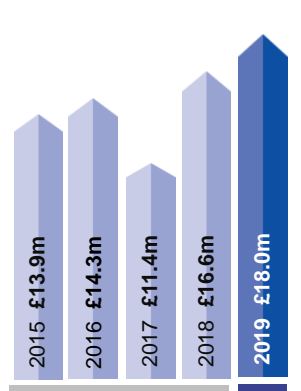
Agenda

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

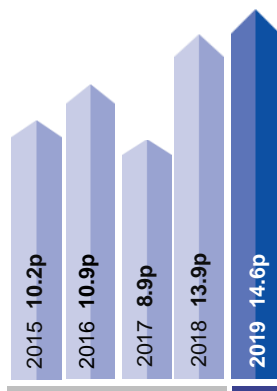
Continuing Operations

- Revenue **increased** 0.2% to £403.9m (2018: £403.2m)
- Adjusted EBITDA **increased** 12.8% to £21.2m (2018: £18.8m)
- Adjusted operating profit* **increased** 8.4% to £18.9m (2018: £17.5m)
- Adjusted profit before tax* **increased** 9.0% to £18.0m (2018: £16.6m)
- Basic EPS **increased** 0.8% to 13.1p (2018: 13.0p)
- Adjusted* EPS **increased** 5.0% to 14.6p (2018: 13.9p)
- Total dividend per share **increased** 5.6% to 4.75p (2018: 4.5p)
- £23.8m net debt (£15.4m net debt as at 1 September 2018)



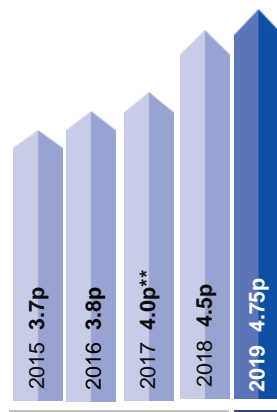
ADJUSTED PROFIT BEFORE TAX*

£18.0m



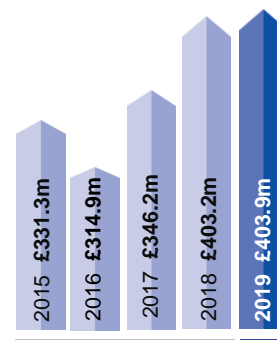
ADJUSTED EARNINGS PER SHARE*

14.6p



TOTAL DIVIDEND PER SHARE

4.75p



REVENUE

£403.9m

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

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

Financial Review

Segmental Analysis

	2019 (£m)	2018 (£m)	Change
Segmental revenue:			
Agriculture	357.4	359.6	-0.6%
Engineering	46.5	43.6	+6.7%
Total revenue	403.9	403.2	+0.2%
Adjusted EBITDA	21.2	18.8	+12.8%
Segmental adjusted operating profit:			
Agriculture	13.6	13.4	+1.6%
Engineering	5.3	4.1	+30.6%
Total adjusted operating profit	18.9	17.5	+8.4%
Net finance costs	(0.9)	(0.9)	+1.9%
Adjusted profit before tax	18.0	16.6	+9.0%
EPS (p) – basic	13.1	13.0	+0.8%
EPS (p) – adjusted	14.6	13.9	+5.0%
Interest cover	19.4	18.2	

- Adjusted profit measures are before non-recurring items of £1.7m: amortisation of acquired intangible assets (£0.8m); GMP Pension past service costs (£1.1m); business combination expenses (£0.5m); restructuring/closure costs (£0.4m); and adjustments to contingent consideration in respect of acquisitions (-£1.1m)

Financial Review

Balance Sheet

	At 31 August 2019 £m	At 1 September 2018 £m	Change
Fixed assets	107.4	86.4	+24.4%
Net working capital	45.2	43.9	+3.0%
Assets employed	152.6	130.3	+17.2%
Pension surplus	7.8	10.1	-23.4%
Net debt	(23.8)	(15.4)	+54.9%
Tax provisions	(5.6)	(4.0)	+38.4%
Net assets	131.0	121.0	+8.3
Net debt: Adjusted EBITDA	1.1	0.8	

Key points

- Movement in assets employed largely relating to acquisitions of Animax and NW Total
- Legacy DB pension scheme remains in surplus
- Increase in net debt and leverage primarily due to debt funding for the two significant acquisitions

Financial Review

Cash Flow

	2019 £m	2018 £m
EBITDA	21.2	18.8
Working capital changes	(5.0)	(4.7)
Net interest	(1.1)	(1.0)
Taxation	(2.3)	(2.5)
Other	(0.2)	0.9
Cash flow from operating activities	12.6	11.5
Capex	(5.8)	(4.8)
Acquisitions	(10.2)	(4.0)
Dividends to equity shareholders	(4.2)	(3.7)
Other	(0.8)	(0.2)
Increase in net debt	(8.4)	(1.2)

Key points

- Strong operating cashflow
- Capex increased and will be higher in FY20
- Acquisitions relates primarily to Animax and NW Total

	Expiry	Facility £m	Utilised 2019 £m
Working capital facilities (UK)	12 month rolling/2021	29.5	18.8
Working capital facilities (US)	12 month rolling	2.1	0.1
Working capital facilities (EU)	12 month rolling	3.2	-
Term loans	Various	10.9	10.9
Revolving credit facility	2023	27.0	19.7
Cash			(28.6)
		72.7	20.9
Finance leases			2.9
Net debt			23.8

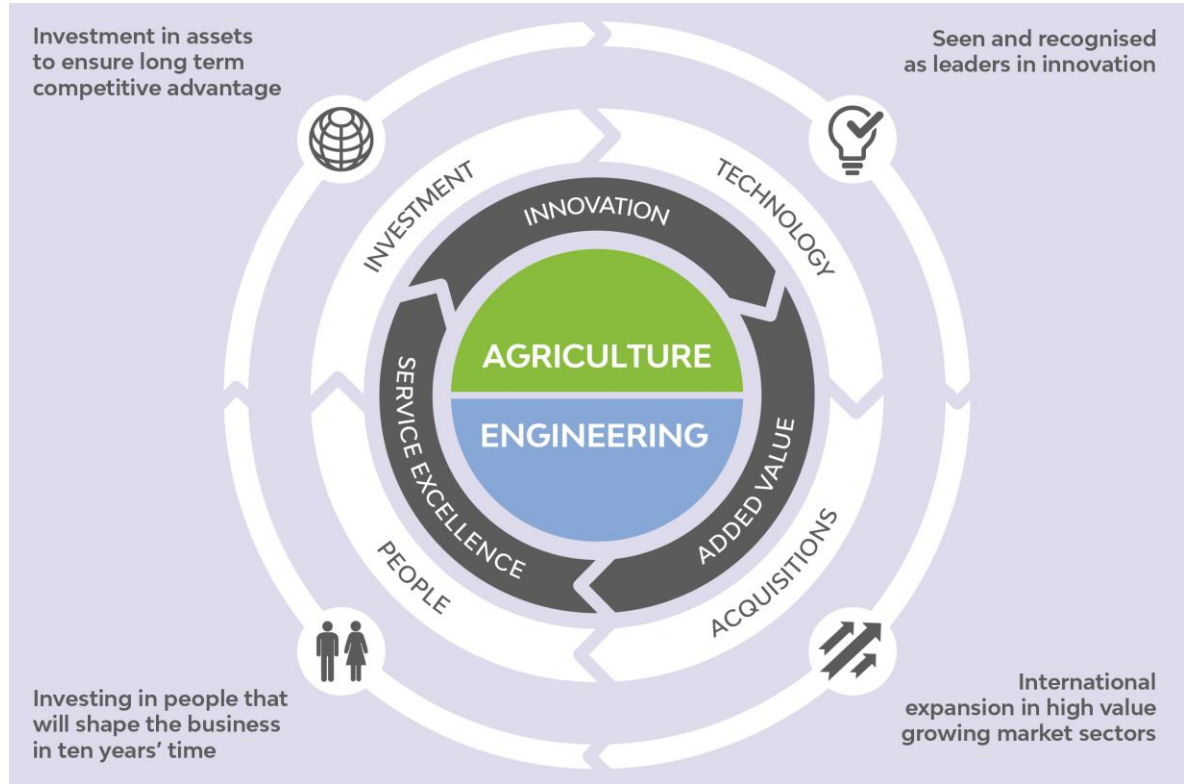
Group Strategy

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 technology and innovation
4. Lead in our chosen markets



Agriculture



Supplements

Performance

- Revenues of £61.1m (2018: £61.2m)
- Robust performance against a market challenged by weather
- Global feed block sales volumes down 6.4%
- USA sales volumes down 2.5% (including JVs)
- UK feed blocks sales volumes down 16.4%
- Impact on profitability mitigated by three factors:
 - New low moisture block plant Shelbyville, USA
 - Improved procurement processes, manufacturing efficiencies and cost control
 - Acquisition of Animax in September 2018

Investment/Research

- Shelbyville, Tennessee new low moisture block plant. Strong performance in first full year. Continue to build volume through the plant
- During the year, 27 trials were underway across the UK, Europe, North America and New Zealand
- Acquisition of Animax completed and integration and growth plans progressing well
- Animax facility to become centre of excellence for R&D for the division
- New Pick Block plant in Germany in commissioning phase

International Growth

- Feed block growth plans focused on Europe, New Zealand and North America
- Canadian feed block market – increased access, product registrations and sales support. Supplied from manufacturing plant South Dakota, USA
- Acquisition of Animax and focus on international growth



UK Agriculture

Performance

- Revenues of £296.3m (2018: £298.4m)
- Resilient performance despite challenging weather
- Volumes of feed and fuel declined due to mild weather reducing demand
- Compound feed volumes: 10% decrease in tonnes sold, in line with national average
- Fuel volumes: 6.2% decrease in litres sold
- Machinery: 2.8% decrease in total revenues. New tractor sales down 4.6% year on year. Decline related to Brexit uncertainty
- Retail: 2.1% like for like sales increase, 0.9% total sales increase
- Efficiencies, effective procurement and good forward positions on raw materials mitigating impact on profitability
- New MD appointed as part of an orderly succession plan

Strategy

- Lead in dairy nutrition with focus on technical services
- Strengthen current geographical position
- Expand into areas where current offer would be aligned

Outlook

- Remain confident in medium term prospects for UK Agriculture
- Short term, Brexit is impacting farmer confidence
- We continue to prepare for Brexit with contingency plans in place



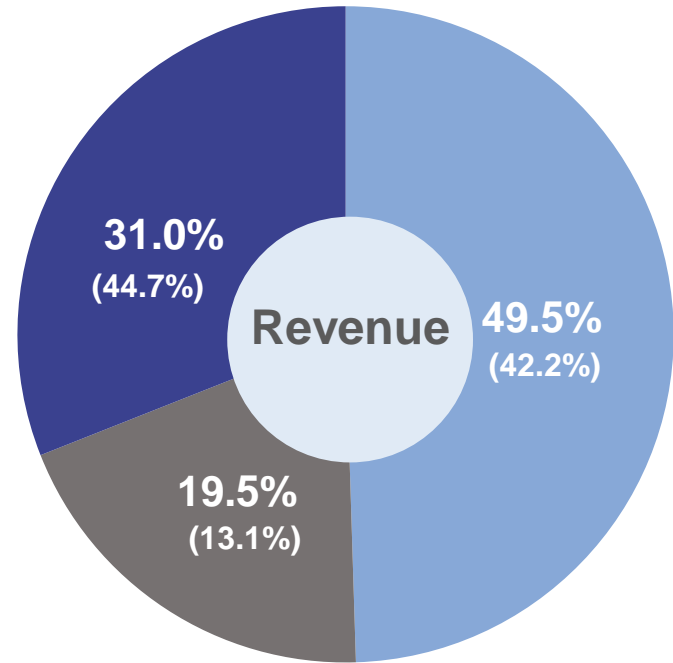
Engineering



Engineering

Performance

- Strong financial performance
- Revenue up 6.7% to £46.5m (2018: £43.6m)
- Overall adjusted divisional operating profit up 30.6% to £5.3m (2018: £4.1m)
- New organisational structure for the division aligning to customers and markets
- Improved performance in UK Service and Manufacturing
- Strong performance in Global Technical Services
- As previously flagged, weaker performance in Global Robotics
- Acquisition of NW Total in June 2019



- UK Service & Manufacturing
 - Global Technical Services
 - Global Robotics
- (%) prior year

Engineering

UK Service and Manufacturing *(UK Manufacturing)*

- Revenues of £23.0m versus £18.4m in FY18
- Strengthened order book
- Successful delivery of previously announced significant contract including synergies between NuVision and Bendalls
- New management has overseen much improved business development approach
- NW Total acquired June 2019, provides access to the nuclear defence market and presents synergy opportunities for the wider division

Global Robotics *(Remote Handling)*

- Revenues of £14.4m versus £19.5m in FY18
- Lower levels of activity as anticipated due to project flow
- Contracts secured in USA including major \$8.5m award for Wälischmiller equipment
- Order book strengthening with opportunities in USA, European and Japanese markets



Engineering

Global Technical Services (USA Engineering)

- Revenues of £9.1m versus £5.7m in FY18
- Very strong business performance
- Strong order book and opportunity pipeline mainly benefitting the 2020/21 financial year
- Award of significant funding from US Department of Energy to develop passive cooling technology



Outlook

- New organisational structure for the division aligns combined offer to our customers and markets
- Order books across the Division remain strong
- Order book for Global Robotics continues to build following award of significant USA contract
- Acquisition of NW Total extends specialist service offer, increases synergy opportunities within the division and provides access to the nuclear defence market
- Division well positioned for future growth



Summary

- Record adjusted profit for the Group with adjusted profit before tax up 9% to £18m
- Robust performance in Agriculture
 - Unseasonable weather in UK and USA reduced volumes
 - Impact on profitability mitigated through cost savings, better procurement and manufacturing efficiencies
 - Acquisition of Animax in September 2018
 - Strong first full year of new plant at Shelbyville, Tennessee, USA
- Strong performance in Engineering
 - New divisional structure established
 - Acquisition of NW Total in June 2019
 - Strong order books

Outlook

- **Agriculture**

- Investment in Animax progressing well. This will become the Group's Centre of Excellence for Innovation and New Product Development in Agriculture
- Expect further international growth in Supplements
- Lead in dairy nutrition with increasing focus on technical services
- Brexit uncertainty remains, impacting farmer confidence

- **Engineering**

- Reduced activity in Global Technical Services due to phasing of contracts but strong order book in place
- Improved performance in Global Robotics expected
- NW Total acquisition bedded in well and plenty of new opportunities for UK Service and Manufacturing, particularly in nuclear defence

- **Strategy**

- Continue to invest in our people and our asset base
- Expand in high value growing market sectors
- Ensure we remain at the forefront of innovation in our markets
- Confidence remains in the short and medium term outlook for the Group

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Questions and Answers



Appendices

1. The Group | An Overview
2. Geographic Footprint



The Group An Overview

International business focused on two sectors: agriculture and engineering



Agriculture

- An international Supplements business:
 - Manufacturing molasses-based branded feed blocks for farm animals in the UK, Germany and USA, including Crystalyx[®], Horslyx[®], MegaLic[®] SmartLic[®] and FlaxLic[®]
 - Manufacturing livestock trace element supplements, including boluses, sold under the Tracesure[®] and Allsure[®] brands based in Suffolk
- A UK Agriculture business:
 - Operating over 40 rural retail outlets across the north of England and southern Scotland, including 7 machinery branches
 - Manufacturing and distributing circa 500,000 tonnes of animal feed produced at 3 plants in the UK
 - Servicing rural and farming communities in the UK with heating oil and fuel from 8 depots



Engineering

- A Global Robotics business designing and manufacturing bespoke manipulators and robotics, based in Swindon, UK, Markdorf, Germany, and Charlotte, NC, USA
- A UK Service and Manufacturing business producing specialist fabrications, precision engineering and providing engineering solutions based in Carlisle, Newcastle upon Tyne and Barrow-in-Furness
- A Global Technical Services business delivering technology and engineering solutions based in Pittsburgh, PA, USA and Charlotte, NC, USA
- Products are used across the nuclear energy, nuclear defence, oil and gas, petrochemical and pharmaceutical industries

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

Geographic Footprint

International Locations

- **Agriculture**
- **Engineering**

Europe

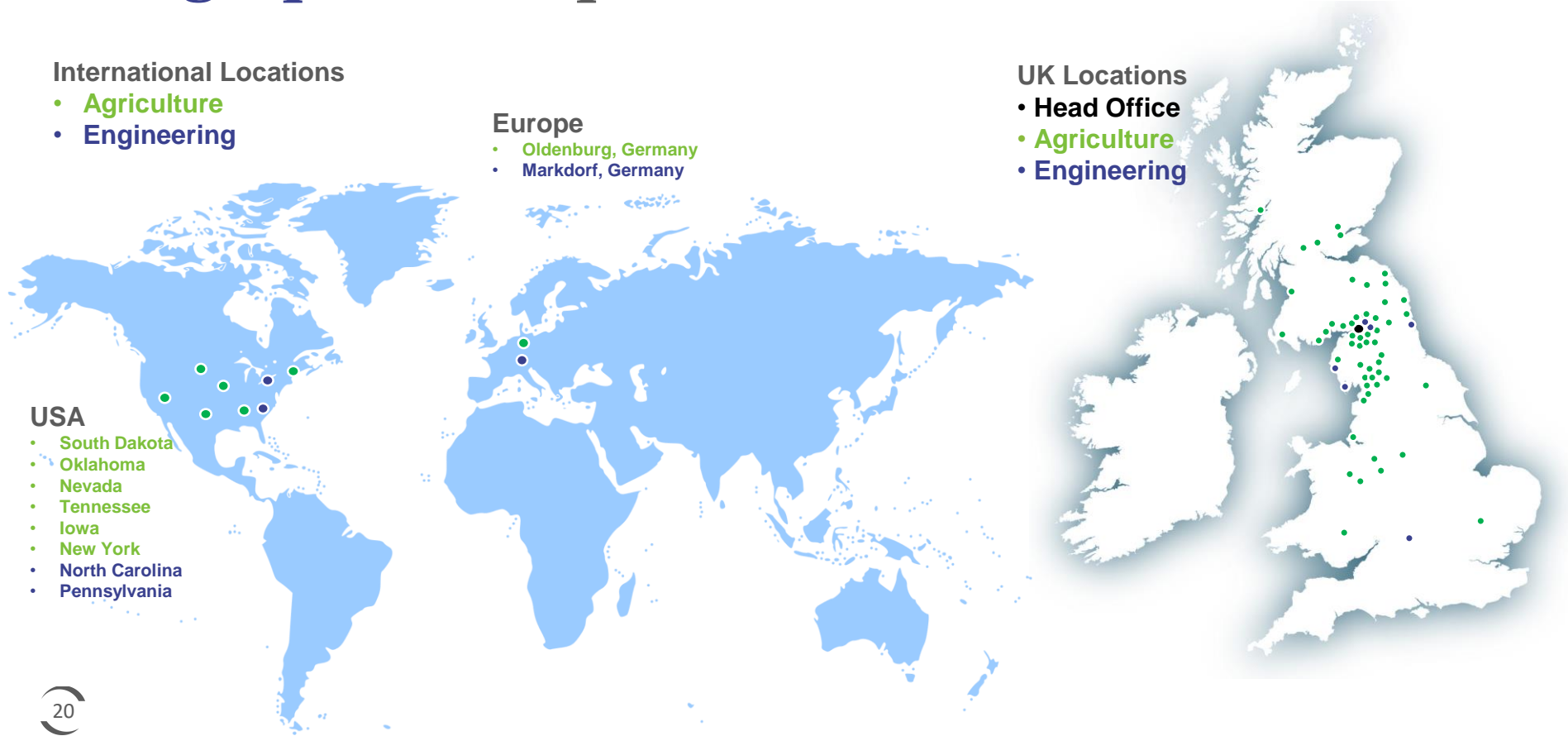
- **Oldenburg, Germany**
- **Markdorf, Germany**

UK Locations

- **Head Office**
- **Agriculture**
- **Engineering**

USA

- **South Dakota**
- **Oklahoma**
- **Nevada**
- **Tennessee**
- **Iowa**
- **New York**
- **North Carolina**
- **Pennsylvania**





Carr's Group plc

Old Croft, Stanwix, Carlisle, Cumbria, CA3 9BA, UK

Telephone: +44 (0) 1228 554600

Email: reception@carrsgroup.com

carrsgroup.com