



WYNNSTAY

Supporting Sustainable Agriculture

FINAL RESULTS

Year ended 31 October 2022

Gareth Davies
Chief Executive Officer

Paul Roberts
Finance Director



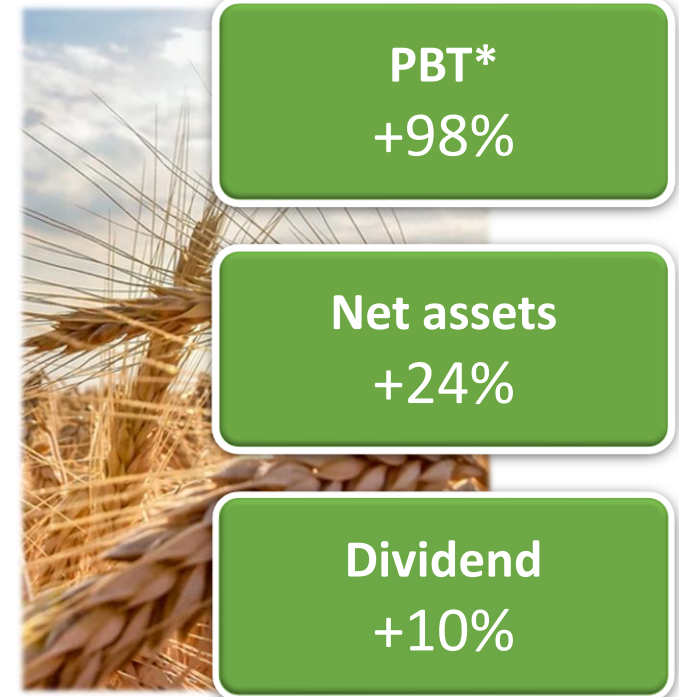
Highlights – *significant strategic progress*

- **Record results**
 - strong trading performance, helped by favourable trading environment – strong/firm farmgate prices across most sectors
 - outperformance by grain trading operation, GrainLink
 - Joint Venture also contributed above management expectations
 - significant one-off gains at Glasson’s fertiliser blending operation, arising from macroeconomic factors, in particular sharply rising natural gas prices (exacerbated by Russia’s invasion of Ukraine), which impacted the global fertiliser marketplace
 - benefits of balanced business model again evident
 - substantial inflationary pressures; managed well
- **Strong financial position**
 - underpins ability to grow the business and take advantage of market opportunities
- **Trading footprint extended in the South of England**
 - Humphrey acquisition in March 2022 significantly increased Group’s presence in free-range egg feed market
- **Manufacturing capacity increased, with further expansion available**
 - addition of Humphrey poultry feed facility in Twyford, Hampshire
 - completion of upgrade programme seed processing facility at Astley has increased capacity and efficiency



Financial Key Points – *record highs across all financial measures*

- **Revenue up 42% to £713.03m (2021: £500.39m)**
 - commodity price inflation - c.£180m
 - Humphrey acquisition - £31.58m (8-month contribution in line with expectations at the time of acquisition)
- **Underlying Group PBT* (incl. one-off gains) up 98% to £22.61m (2021: £11.44m)**
- **One-off gains reflected:**
 - impact of natural gas prices on fertiliser values
 - restricted fertiliser supply (Ukraine/Russian crisis, and closure of UK fertiliser factories)
 - accounting treatment of GrainLink wheat futures gains at FY-end
- **Basic EPS up 86% to 82.72p (2021: 44.40p)**
- **Net cash up 53% to £14.15m (2021: £9.24m)**
- **Net assets up 24% to record £130.70m/ £6.31 per share (2021: £105.72m / £5.25)**
- **Proposed final dividend of 11.60p, taking total to 17.00p, a 10% rise (2021: 15.50p, incl. final dividend of 10.50p)**
 - 19th consecutive year of dividend increases

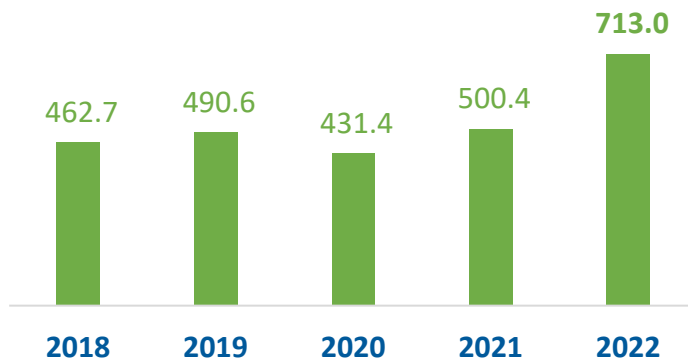


**Underlying pre-tax profit includes the gross share of results from joint ventures and associates but excludes share-based payments and non-recurring items*

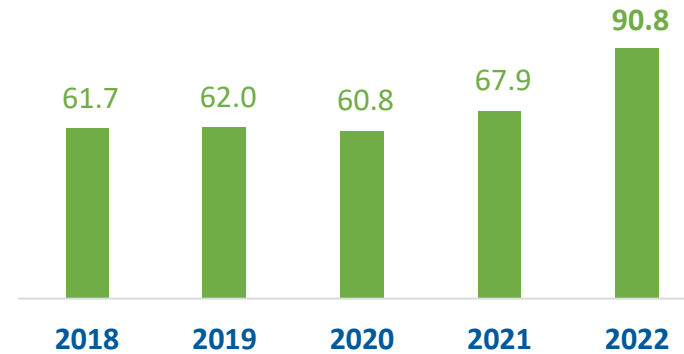


Financial Track Record Continuing operations

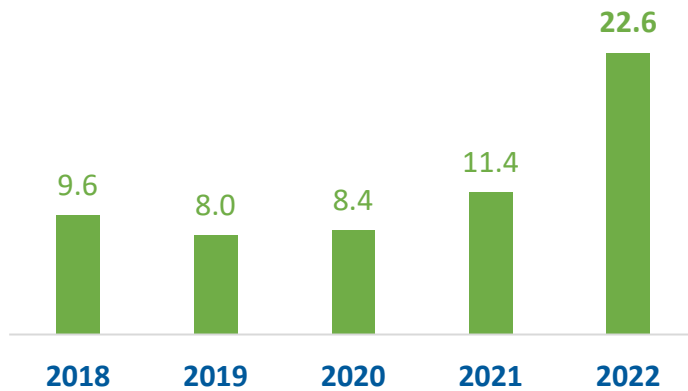
Revenue (£m)



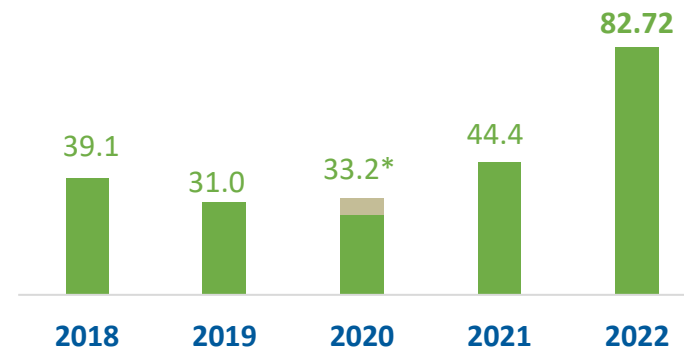
Gross profit (£m)



Underlying PBT (£m)



EPS (p)



*Before exceptional items of 5.4p

Income Statement

£000	Year ended 31 October 2022	Year ended 31 October 2021
Revenue	713,034	500,386
Cost of sales	(622,228)	(432,493)
Gross profit	90,806	67,893
Net expenses	(68,358)	(56,807)
Adjusted operating profit	22,448	11,086
Gross JV contributions	808	677
Net finance charges	(490)	(190)
Amortisation of intangible assets	(154)	(134)
Underlying pre-tax profit	22,612	11,439
Share based payment expenses	(262)	(343)
Non recurring items	(1,094)	-
JV Tax	(132)	(105)
Reported profit before taxation	21,124	10,991
Taxation incl. JV's	(3,982)	(2,057)
Profit after taxation	17,142	8,934
Basic earnings per ordinary share after non-recurring items (p)	82.72p	44.40p

- Revenue includes estimated £180m of commodity inflation
- Gross profit up 33% including one-off gains
- Non-recurring costs:
 - acquisition
 - investment property write-down

Balance Sheet

£000	Year ended 31 October 2022	Year ended 31 October 2021
NON-CURRENT ASSETS		
Goodwill	16,133	14,322
Investment property	1,850	2,372
Property, plant and equipment	20,840	16,746
Right of use asset	8,202	11,043
Investments	4,101	3,433
Intangibles and derivative financial instruments	4,937	241
	56,063	48,157
CURRENT ASSETS		
Inventories	71,095	50,550
Trade and other receivables & derivatives	97,173	72,831
Loans to joint ventures	1,067	3,319
Cash and cash equivalents	31,177	19,641
	200,512	146,341
Total assets	256,575	194,498
CURRENT LIABILITIES		
Borrowings	(3,043)	(672)
Lease liabilities	(3,344)	(3,995)
Trade and other payables	(105,015)	(76,212)
Tax liabilities, provisions and derivatives	(2,037)	(1,514)
	(113,439)	(82,393)
Net current assets	87,073	63,948
NON-CURRENT LIABILITIES		
Borrowings	(6,640)	-
Lease liabilities	(3,999)	(5,731)
Trade and other payables	(36)	(38)
Deferred tax liabilities, provisions and derivatives	(1,760)	(614)
	(12,435)	(6,383)
Total liabilities	(125,874)	(88,776)
Net assets	130,701	105,722

- Reflects Humphrey acquisition
- Increased working capital elements of c.£16m reflects inflation
- Net cash of £14.15m (2021: £9.2m)
- Net assets per share* of £6.31, up 20% year-on-year (2021: £5.25 per share)

*based on weighted average number of shares for the year

Cash Flow

£000	Year ended 31 October 2022	Year ended 31 October 2021
Cash generated from operations	13,839	10,577
Interest received – cash	166	193
Interest paid – cash	(399)	(102)
Settlement of provision	-	(96)
Tax paid	(3,342)	(1,462)
Net cash generated from operating activities	10,264	9,110
Proceeds from sale of property, plant and equipment	264	340
Purchase of property, plant and equipment	(3,560)	(1,563)
Acquisition of business and assets, net of cash acquired	(98)	(2,156)
Acquisition of subsidiary undertaking, net of cash acquired	(10,136)	(82)
Decrease in short term loans to joint ventures	2,252	570
Disposal of investments	7	
Dividends received from joint ventures and associates	4	753
Net cash used by investing activities	(11,267)	(2,138)
Net proceeds from the issue of ordinary share capital	11,040	1,025
Proceeds from new bank loan	9,485	
Lease repayments	(4,229)	(4,392)
Repayment of borrowings	(474)	(900)
Dividends paid to shareholders	(3,339)	(3,021)
Net cash generated from/(used in) financing activities	12,483	(7,288)
Net increase/(decrease) in cash and cash equivalents	11,480	(316)
Effects of exchange rate changes	56	(23)
Cash and cash equivalents at the beginning of the period	19,641	19,980
Cash and cash equivalents at the end of the period	31,177	19,641

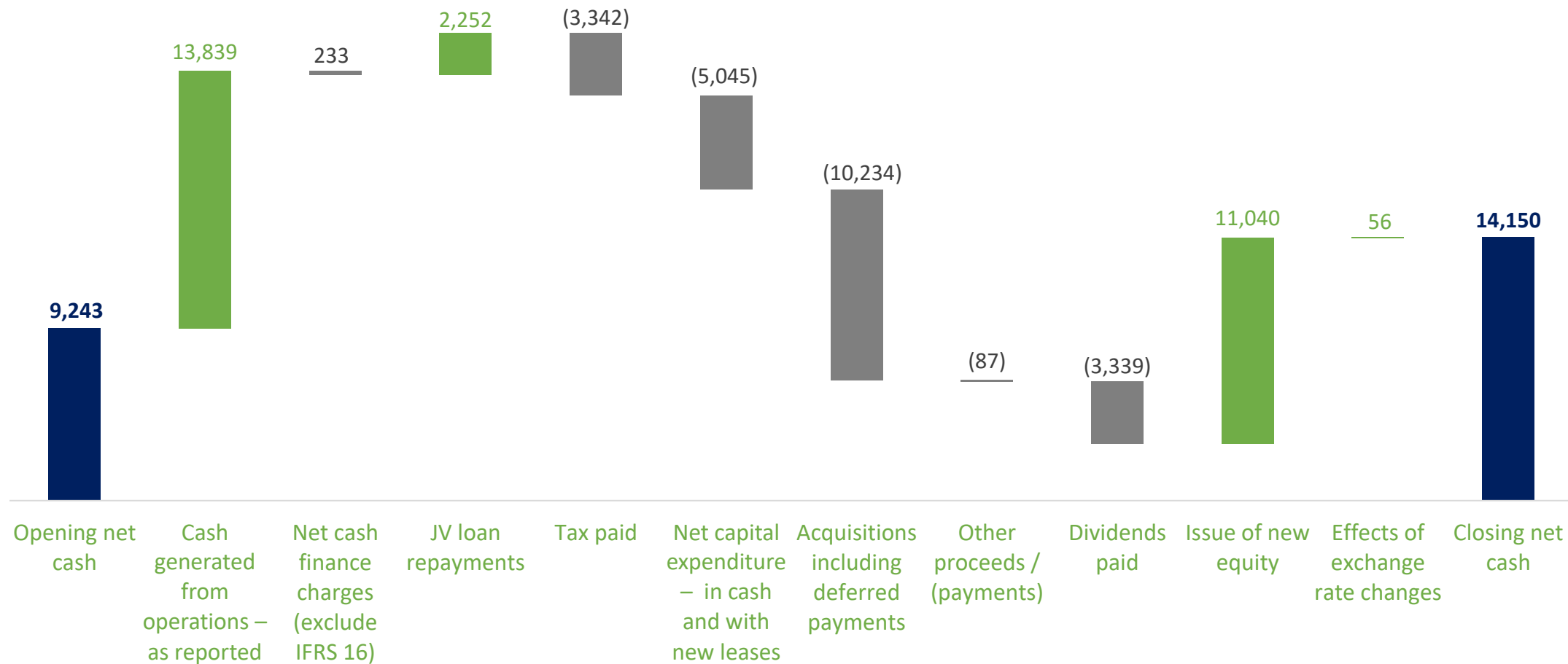
- Cash generated after funding additional working capital requirements
- Substantial investment in growth opportunities
- Improved liquidity – year-end cash balances up 59% to £31.2m (2021: £19.6m)

Net Cash Reconciliation

£000	Year ended 31 October 2022	Year ended 31 October 2021
EBITDA before non-recurring items	28,310	18,214
Adjustment for pre-tax joint ventures	(808)	(677)
Working capital movements – balance sheet	(13,663)	(6,960)
Cash generated from operations – as reported	13,839	10,577
Net cash finance charges (exclude IFRS 16)	(233)	(190)
JV loan repayments	2,252	570
Tax paid	(3,342)	(1,462)
Net capital expenditure – in cash and with new leases	(5,045)	(5,068)
Acquisitions including deferred payments	(10,234)	(2,238)
Other proceeds / (payments)	(87)	657
Dividends paid	(3,339)	(3,021)
Issue of new equity	11,040	1,025
Effects of exchange rate changes	56	(23)
Net increase /(decrease) in cash	4,907	827
Opening net cash including property leases	9,243	8,416
Closing net cash including property leases	14,150	9,243
Closing net cash excluding property leases	18,202	15,463

- Profits readily convert to cash – EBITDA £28m
- Net cash on covenant basis increased by 17% to £18.2m (2021: £15.5m)

Cash Flow Bridge





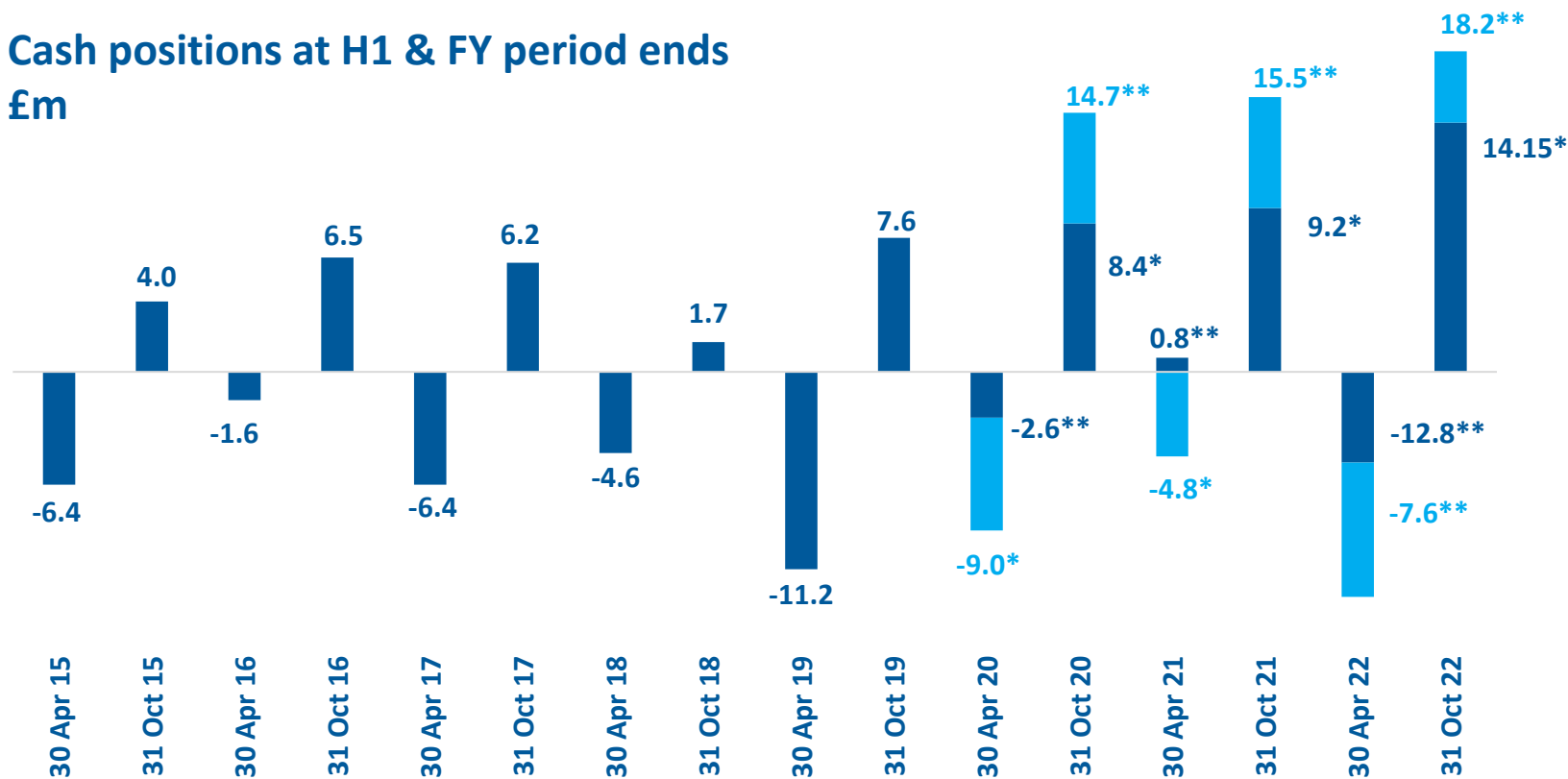
Cash/ Net Debt Cycle

Net cash at 31 Oct 2022

*net cash including property leases (accounting debt):
£14.15m (31 Oct 2021: £9.24m)

**net cash excluding property leases (bank defined debt):
£18.20m (31 Oct 2021: £15.46m)

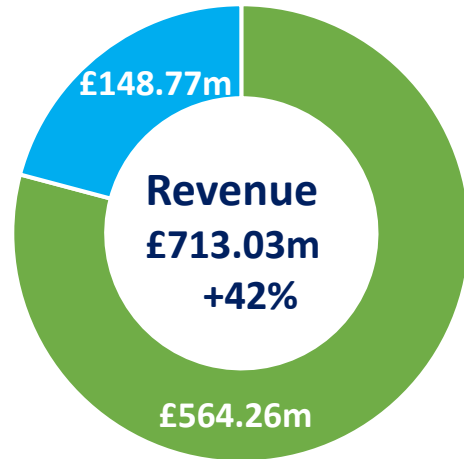
Cash positions at H1 & FY period ends
£m





Segmental Analysis

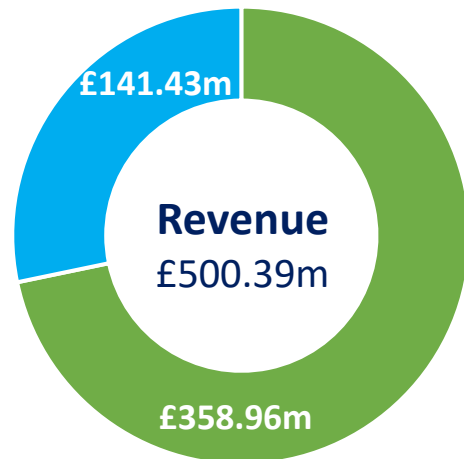
2022



Underlying Group PBT: £22.61m – up 98%



2021



Underlying Group PBT: £11.44m



Trading Environment in FY 2022

- Grain prices strong throughout 2022, but have started to weaken due to large supply
- Milk prices strengthened during the second half of 2022
- Egg prices have started to improve into 2023
- Input costs have started to reduce but are still well above twelve-month average

Challenges

- Input costs
- Energy costs
- Labour costs

	End-Oct 2022	End-Oct 2021	YoY Change
Feed wheat/tonne	£256	£196	+31%
Feed barley/tonne	£238	£184	+29%
Oilseed rape/tonne	£536	£532	0.8%
Milk/per litre	49p	31.5p	+56%
Beef/per kg, deadweight	456p	420p	+9%
Lamb/per kg, deadweight	523p	522p	0%
Free range eggs (dozen)	106p	91p	+16%
	End-Oct 2022	End-Oct 2021	YoY Change
Red diesel/per litre	107p	74.6p	+43%
Fertiliser/tonne			
- Ammonium nitrate	£780	£640	+22%
- Phosphate	£730	£525	+39%
- Potash	£660	£485	+36%
Feed/tonne			
- Dairy ration	£394	£299	+32%
- Free range hen ration	£390	£282	+38%

Feed – *Humphrey acquisition brings additional growth opportunities*

- Total like-for-like feed volumes up 6% – outperformed national trend
 - H2 demand boosted by dry summer (less grass and forage available)
 - dairy volumes up 6.9% , sheep up 5%, poultry up 1.7% - all key target sectors
 - contribution slightly lower y.o.y, reflecting inflationary pressures on margins
- Humphrey acquisition is integrating well
 - increased market share to c.11% in target sector from 6%
 - sector pressures from effects of Avian Influenza
 - cost base adapted to mitigate higher costs (energy, labour, feed)
- Launched new ruminant feeds range with a methane-inhibitor (Carbon Trust approved)
- Beef and Sheep Event returned in person in November 2022 - 600 farmers attended

Next Steps

- Enhance environmental feed offering
- Major investment project started at Carmarthen Mill – will significantly increase feed manufacturing capacity and efficiency. Completion expected end of H1 FY 2024
- Options to redevelop moth-balled feed facility at Calne being considered

Step-change in share of free-range poultry feed



Market share*

- Free-range poultry 11% (up from 6%)
- Dairy - blends 9%
- Dairy 5%
- Cattle 5%
- Sheep 5%

6th largest UK feed producer

* Source: Wynnstay

Agriculture Division

Arable – *excellent performance*

- Record volumes at grain-marketing unit, GrainLink, up 31%
 - reflected good harvest yields from 2021 and 2022, and increased market share in East of England (following previous investment)
- Very strong contribution from merchantised fertiliser sales - significantly higher than prior FY
 - higher margins
 - lower demand reflected elevated prices as well as dry spring-summer conditions
- Total seed volumes were lower year-on-year;
 - cereal seed - 19% decrease as farmers utilised ‘home-saved’ seed from early and good 2022 harvest and Wynnstay exited low-margin wholesale trades
 - grass seed – 9% decrease, with demand affected by dry spring-summer but performed better than national trend
- Arable Event returned in person in June 2022 – 800 farmers attended
- Completed investment in seed-processing facilities at Shrewsbury plant; doubled grass seed processing capacity

Next Steps

- Increase share of grass seed market
- Expand Environmental product offering
- Deliver further seed innovation (through collaboration with seed breeders)
- Continue to build on GrainLink’s market share gains in the East of England

Excellent arable performance



Market share*

- Cereal seed 8%
- Grass seed 10%
- Fertiliser 5%
- Fertiliser incl. Glasson 12%

4th largest cereal seed processor
4th largest grass seed processor

* Source: Wynnstay

Agriculture Division

Glasson – *record results*

- Record result, driven by exceptional one-off gains from fertiliser blending activity
 - substantial stock gain driven by disrupted UK and global market
 - soaring natural gas prices
 - trade sanctions on Russia
 - contraction of UK fertiliser production by manufacturers
- Specialist animal feed operation experienced lower demand, reflecting consumer pressures
 - margins impacted by rising energy and labour costs
- Feed raw materials activity trading operation performed ahead of expectations
 - volumes and margins maintained despite volatile market

Next Steps

- Seek further efficiencies
- Continue to expand fertiliser sales

Record results



Specialist Agricultural Merchenting Division

Depots, Multi-channel, Youngs

- Specialist Agricultural Merchenting Division performed well ahead of management expectations
 - operating profit contribution up 11%, driven by strong sales of higher-margin products, especially own-brand bagged feed
- Like-for-like depot sales up 5%
 - long, dry summer affected sales of some categories e.g crop packaging, animal health products and fencing
- Continued investment in depot network, also further depot optimisation
 - Bethania depot closed, trade maintained through neighbouring depots
- Youngs Animal Feeds - feed demand affected by cost-of-living increase
- First full year of operation for Group's new digital platform
 - users mainly accessing account functions

Next Steps

- Continued development of digital channel
- Ongoing training programmes for depot staff to provide added-value service to customers
- Efficiency programme continuing

Depots outperformed



MARKET SHARE*

- Silage sheets, 16%
- Animal health products, 12%
- Dairy hygiene, 11%
- Fencing wire, 10%
- Stretch film, 9%
- Livestock equipment, 7%
- Electric fencing, 6%

* Source: Wynnstay

ESG

- **Sustainable Farm Advisory Team established**
 - industry experts assisting on Group’s ESG strategy and delivery
- **Financial Stability Board’s Task Force on Climate-related Financial Disclosures (“TCFD”)**
 - adoption of TCFD recommendations; full report in 2023 Annual Report
- **Extensive carbon reduction programmes under way**
 - Group’s lighting, vehicle fleet, power requirements and use of biofuel
 - £1m solar initiative started – solar arrays to be installed across Group sites. First installation is 1MWp of solar PV panels at six high electricity usage sites
- **Launch of Holistic Whole Farm Solution**
 - Government’s new farming policy and legislation driving change (Environmental Land Management Scheme, the Sustainable Farming Scheme and Nitrate Vulnerable Zones)
 - One-stop shop of products and services designed to assist farmers in delivering their environmental ambitions
 - Continuing to increase sustainable product ranges

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Summary and Outlook

- Excellent Group performance, with results boosted by one-off gains
- Strong balance sheet enabled further investment in Group's strategic plan and productivity improvements
- Ongoing investment across Group
 - including in manufacturing facilities, specialist advisors and staff training
 - acquisition of feed manufacturer, Tamar Milling, in Nov 2022 has extended geographic reach in the South West of England
- Cost pressures on the agricultural sector remain but Wynnstay is well-placed to meet these challenges
- Farmgate prices are off FY 2022 highs, although above five-year averages
 - balanced business model will continue to support the Group's performance
- The Board believes that the Group is well-positioned to achieve its growth objectives for FY 2023 and beyond
 - trading to date is in line with management expectations

GROUP STRENGTHS

- Very experienced management
- High degree of specialist knowledge
- Balanced business model
- Clear growth strategy
- Strong brand
- Robust balance sheet
- Good cash flows
- 19-year track record of increasing dividends since IPO in 2004





Supplementary Information

- Presentation Team
- Business Overview
- Geographic Reach
- Acquisitions
- Market Trends

Presentation Team



Gareth Davies, CEO

- Appointed as CEO in July 2018
- Previously Joint Managing Director of Wynnstay (Agricultural Supplies) Ltd and before that Head of Agriculture
- Joined Wynnstay in 1999
- Background in agricultural sales



Paul Roberts, FD

- Appointed to the Board as Finance Director in 1997
- Joined the Group in 1987
- Previously worked in financial roles in the animal feed industry
- Fellow of the Chartered Institute of Management Accountants

Business Overview

Helping Farmers to Feed the UK in a More Sustainable Way
Comprehensive range of agricultural products, supported by expert advice

Agriculture

Feed

- Manufacture and supply of feeds for farm livestock
- Supply of feed raw materials for farmers and other manufacturers

Arable

- Supply of processed seeds, fertiliser and agrochemicals
- Grain marketing services

Glasson

- Trades feed raw materials
- Manufactures specialist feed products
- Manufactures blended fertiliser

Specialist Agricultural Merchandising

Wynnstay Depots

- Network of 53 depots
- Catering for farmers and the wider rural community

Youngs Animal Feeds

- Manufacture and distribution of equine products. Sold across Wales and Midlands
- 3 Youngs Animal Feeds depots

Routes to Market

Wynnstay Depots



Delivery to Farm



Expert Advisors



Specialist Catalogues



Digital Platform



Geographic Reach

12 manufacturing sites
53 depots
c.110 vehicles
c.970 employees



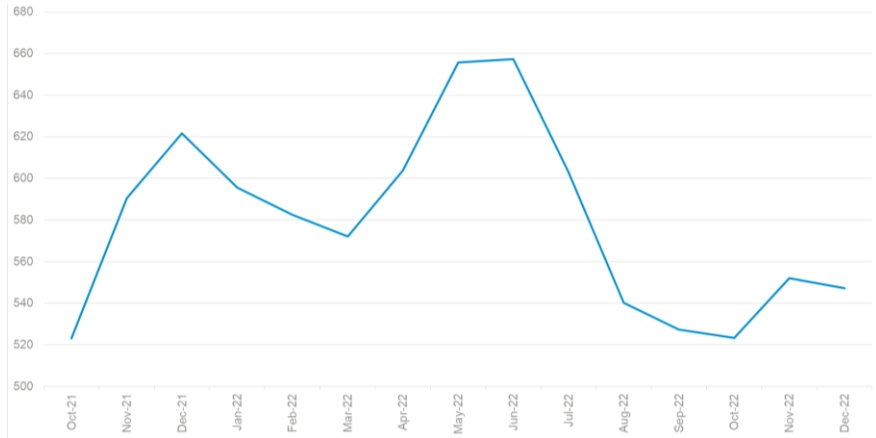
Acquisitions (2015-2022)

DATE	ACQUISITION	BUSINESS TYPE	ARABLE	FEEDS	DEPOTS
Nov 2022	Tamar Milling Limited	Feed manufacturer & supplier		✓	
Mar 2022	Humphrey Feeds and Pullets Ltd	Poultry feed manufacturer and supplier		✓	
Mar 2021	Fertiliser manufacturing business & assets ("HGBF") of HELM Great Britain Ltd	Blended-fertiliser manufacturer	✓		
Feb 2021	Agricultural div. of Armstrong Richardson Group	Agricultural inputs for arable and livestock farmers	✓	✓	
April 2019	Stanton Farm Supplies	Dairy supplies			✓
May 2018	FertLink	Fertiliser manufacturing	✓		
April 2018	Certain Countrywide Farmers stores	Agricultural stores			✓
Mar 2018	Mike Hawken Ltd	Agricultural supplies			✓
Nov 2017	M D Lloyd	Agricultural supplies			✓
Nov 2017	Montrose	Fertiliser processing facility	✓		
Oct 2015	Agricentre	Animal healthcare and agricultural products			✓
Sept 2015	S. Jones & Sons	Agricultural supplies		✓	✓
Sept 2015	Horti-stores	Supplier of packaging material	✓		✓
Jan 2015	Ross Feed	Agricultural supplies			✓

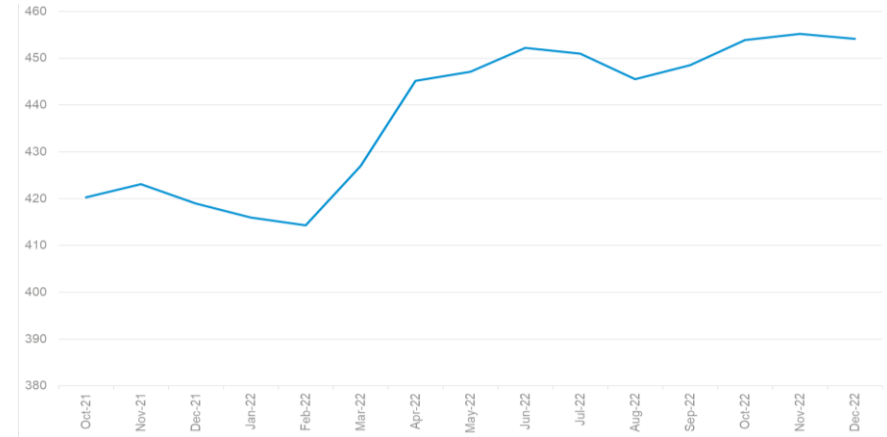
Market Trends

Sources: ¹ AHDB, ² Defra, RESAS, DAERA, AHDB, ³ Defra, AHDB, Andersons

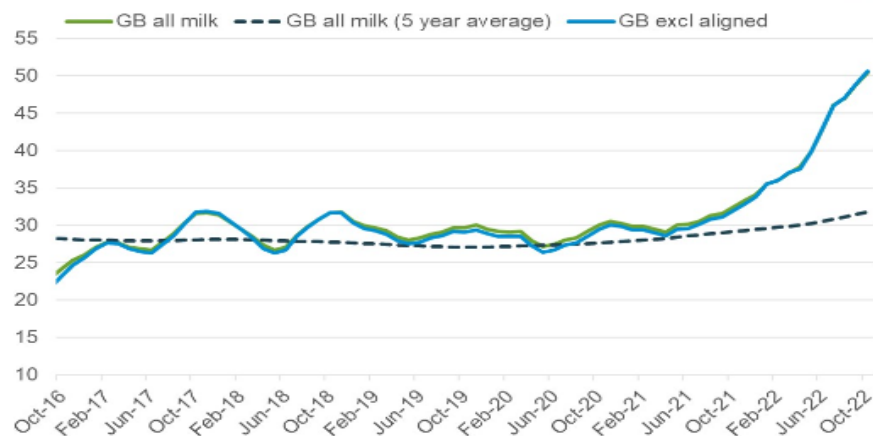
Deadweight Sheep Price (p/kg) ¹



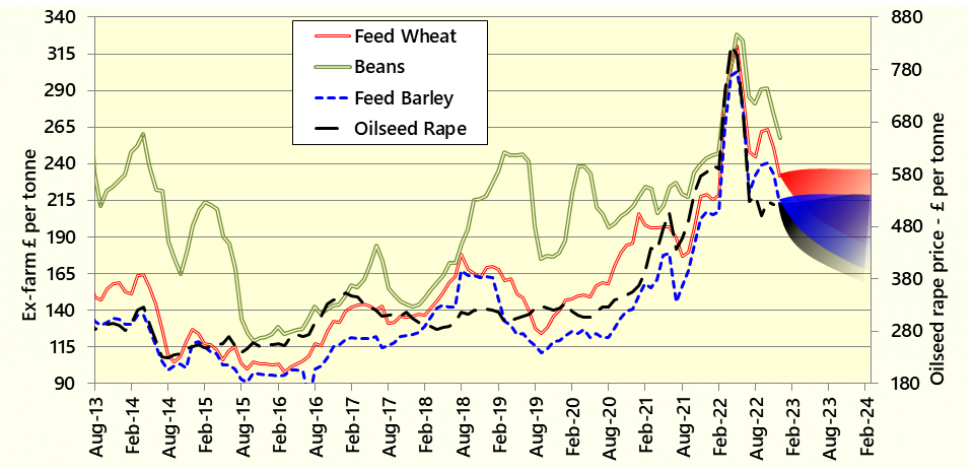
Deadweight Cattle Price (p/kg) ¹



Average Farmgate Milk Price (p/l) ²



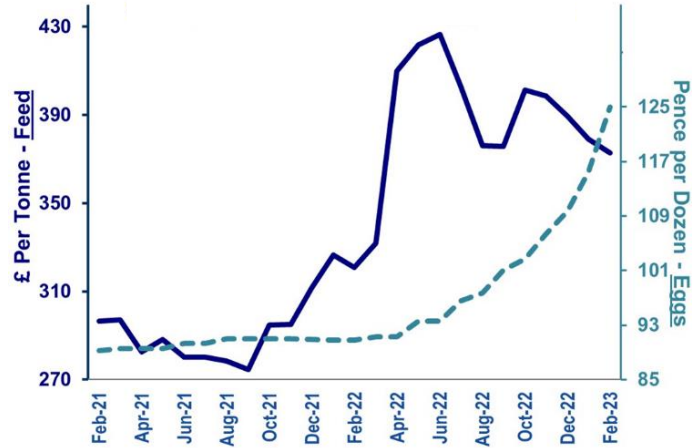
UK Crop Prices – Ex-farm Values ³



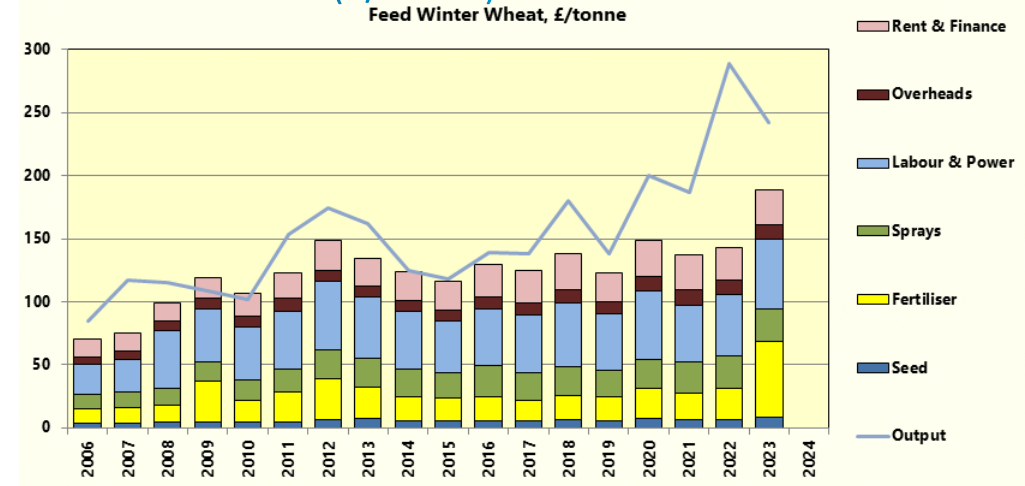
Market Trends

Sources: ¹ The Ranger, ² Andersons, ³ Defra, ONS, ⁴ USDA

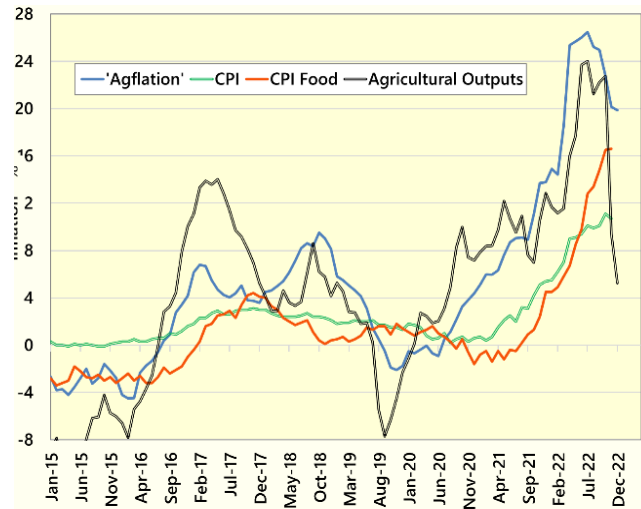
Comparison of Feed and Egg Prices ¹



Feed Wheat Price (£/tonne) ²



Inflation – 2015 to 2022 (%) ³



Global Grain Supply and Demand ⁴

