



WYNNSTAY GROUP PLC

Supporting sustainable agriculture

Interim Results

For the six months to 30 April 2021

30 June 2021



Operational Highlights

Record H1 profits

- strong farmgate prices and sector sentiment recovery (EU settlement and UK Agriculture Act)
- balanced business model
- no impact from coronavirus-related restrictions

Two strategic bolt-on acquisitions

- expanded footprint in eastern England
- have integrated well and added new customers and local knowledge

Board & management appointments

- Commercial Sales and Marketing Director to join in July
- NED appointed; Catherine Bradshaw, Group Financial Controller of Greencore Group

ESG strategy

- ESG Manager appointed to ensure policies and objectives are embedded across the Group
- supports customer-facing objectives

Major investment under way

- three-year programme started at Carmarthen mill

Encouraging prospects

- firm farmgate prices and 2021 harvest on track to return to more normal yield/tonnage
- strong balance sheet and cash flows supports growth plans

H1 2021 Financial Key Points

- **Revenue up 9% to £249.71m (2020: £229.28m)**
 - commodity price inflation estimated to account for c.65% of increase
 - two acquisitions (completed in February and March) contributed combined £5.5m
- **Adjusted operating profit up 19% to £5.68m (2020: £4.78m) reflecting**
 - improved manufactured feed volumes; lower contribution from arable activity following last year's exceptionally poor harvest
- **Underlying pre-tax profit up 23% to £5.53m (2020: £4.51m)**
- **Basic EPS, after non-recurring items, up 24% to 21.62p (2019: 17.50p)**
- **Net cash on a pre-IFRS 16 basis (excl. leases) increased to £4.01m (2020: £1.28m)**
- **Net assets up 4% to at £101.05m at 30 April 2021 (30 April 2020: £96.84m):**
 - equates to £5.04 per share (2020: £4.87)
- **Increased interim dividend of 5.00p per share (2020: 4.60p), up 8.7%**
 - 2020 interim dividend was held, given uncertainties created by the pandemic

Record underlying PBT

£5.53m
+23%

2020: £4.51m

Net assets

£101.05m
£5.04 per share

2020: £96.84m

Dividend

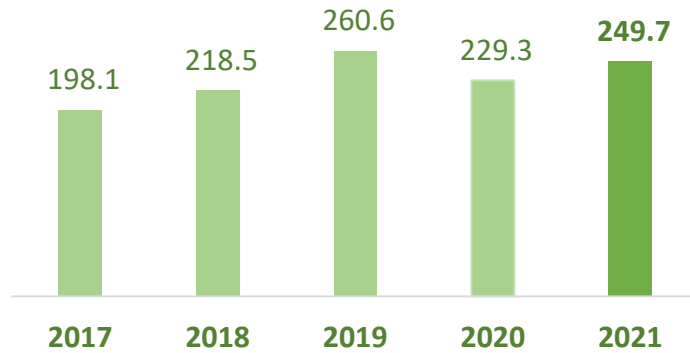
5.00p
8.7% increase

2020: 4.60p

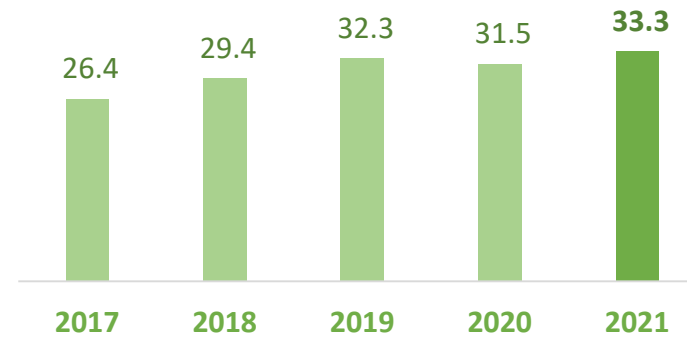
Financial Track Record

Continuing Operations

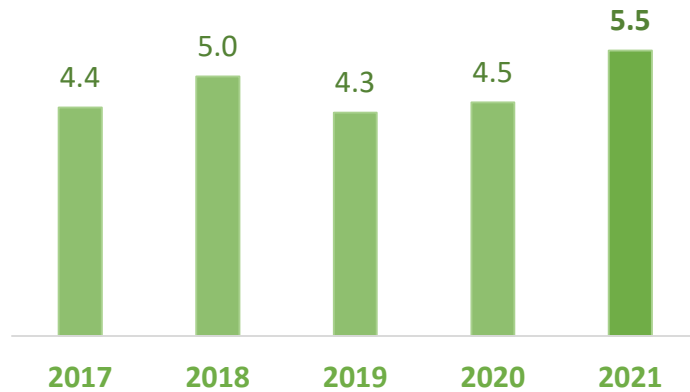
Revenue (£m)



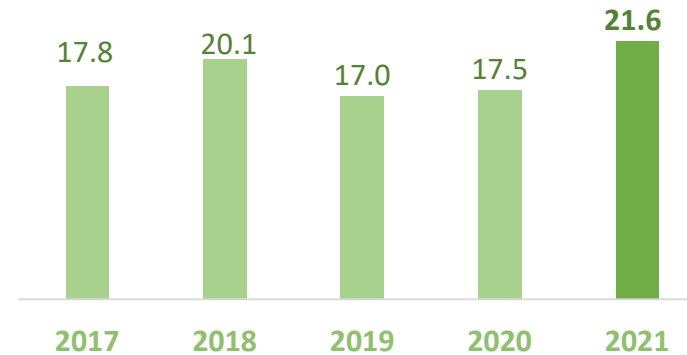
Gross profit (£m)



Underlying PBT (continuing ops) (£m)



EPS (p)



Income Statement

£'000	Six months ended 30 April 2021	Six months ended 30 April 2020	Year ended 31 Oct 2020
Revenue	249,709	229,288	431,398
Cost of sales	(216,413)	(197,781)	(370,630)
Gross profit	33,296	31,507	60,768
Net expenses	(27,621)	(26,726)	(52,627)
Adjusted operating profit	5,675	4,781	8,141
Amortisation & share based payments	(197)	(44)	(132)
Non-recurring items	-	(185)	(1,194)
Group operating profit	5,478	4,552	6,815
Net finance charges	(114)	(255)	(272)
Joint ventures and associate companies	-	-	438
Profit before taxation	5,364	4,297	6,981
Taxation	(1,027)	(817)	(1,448)
Profit after taxation	4,337	3,480	5,533
Basic earnings per ordinary share after non-recurring items (pence)	21.62	17.50	27.73

Balance Sheet

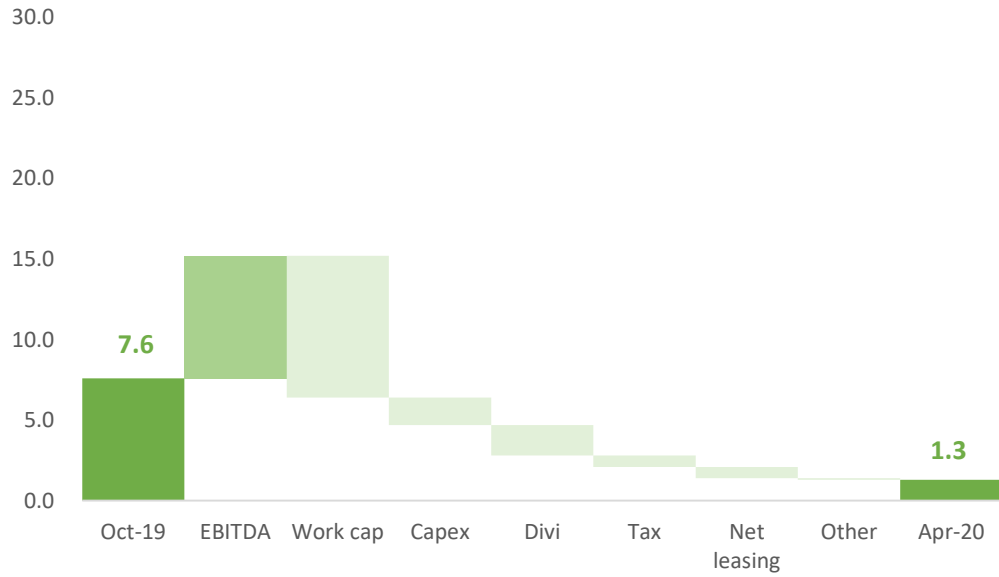
£'000	At 30 April 2021	At 30 April 2020	At 31 October 2020
NON-CURRENT ASSETS			
Goodwill	14,417	14,968	14,367
Investment property	2,372	2,372	2,372
Property, plant and equipment	17,654	17,964	17,545
Right of use asset	10,153	11,264	11,240
Investments	3,613	3,175	3,611
Intangibles	327	243	225
	48,536	49,986	49,360
CURRENT ASSETS			
Inventories	44,221	42,002	34,190
Trade and other receivables	75,407	75,501	55,850
Loans to joint ventures	3,865	4,929	3,889
Cash and cash equivalents	4,991	3,452	19,980
	128,484	125,884	113,909
Total assets	177,020	175,870	163,269
CURRENT LIABILITIES			
Borrowings	(979)	(1,860)	(1,572)
Lease Liabilities	(3,173)	(3,539)	(3,483)
Trade and other payables	(64,551)	(65,202)	(52,326)
Current tax liabilities	(1,019)	(991)	(784)
	(69,722)	(71,592)	(58,165)
Net current assets	58,762	54,292	55,744
NON-CURRENT LIABILITIES			
Borrowings	-	(313)	-
Lease Liabilities	(5,687)	(6,701)	(6,509)
Trade and other payables	(87)	(199)	(141)
Deferred tax liabilities	(474)	(228)	(276)
	(6,248)	(7,441)	(6,926)
Total liabilities	(75,970)	(79,033)	(65,091)
Net assets	101,050	96,837	98,178

Net Cash Reconciliation

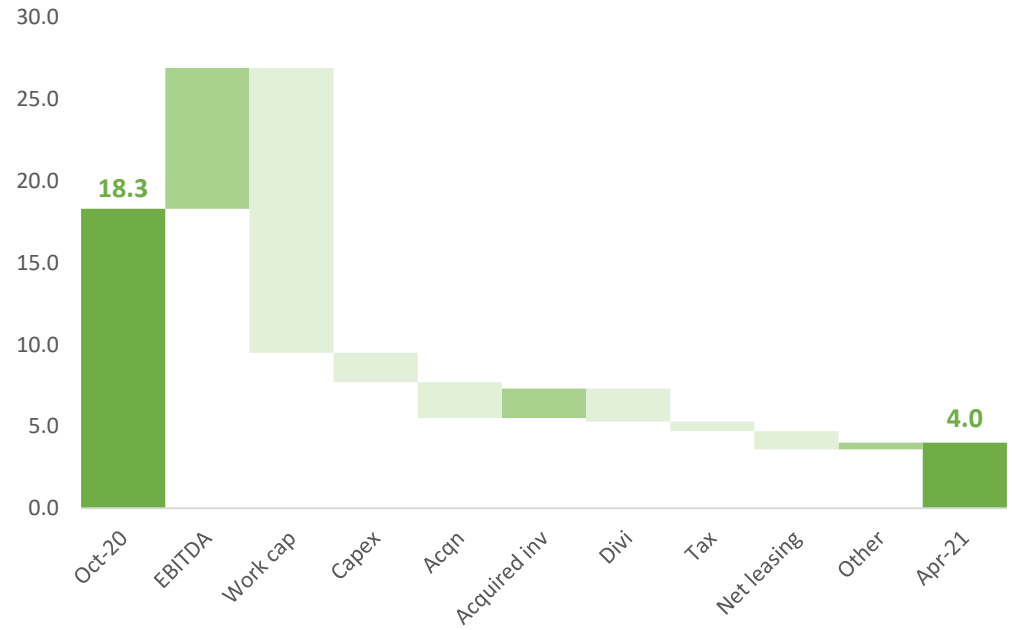
£'000	Six months ended 30 Apr 2021	Six months ended 30 Apr 2020	Year ended 31 Oct 2020
EBITDA before non-recurring items	8,570	7,584	14,147
Joint venture loans	24	(516)	524
Adjustment for pre-tax joint ventures	-	-	(538)
Working capital movements – balance sheet	(17,417)	(8,290)	6,239
Working capital movements – re-analysed	1,496	160	-
Cash (used in)/generated from operations	(7,327)	(1,062)	20,372
Working capital re-analysed	(1,496)	(160)	-
Net finance charges	(114)	(255)	(272)
Tax paid	(594)	(720)	(1,510)
Net capital expenditure including new leases	(1,773)	(1,747)	(4,014)
Capital disposal proceeds	95	6	194
Total for acquisitions in the period	(2,206)	-	-
Other acquired assets	1,777	-	-
Other proceeds	-	-	2
Dividends	(2,008)	(1,870)	(2,791)
Issue of new equity	382	253	392
Net increase /(decrease) in cash before leases	(13,264)	(5,555)	12,373
Lease repayments	(1,977)	(2,066)	(4,337)
Huyton lease disposal	-	-	(25)
New leases included in capex	845	1,334	2,831
Opening net (debt) / cash	18,408	7,566	7,566
Closing net (debt) / cash	4,012	1,279	18,408

Net Cash Bridges (£m)

H1 2020



H1 2021

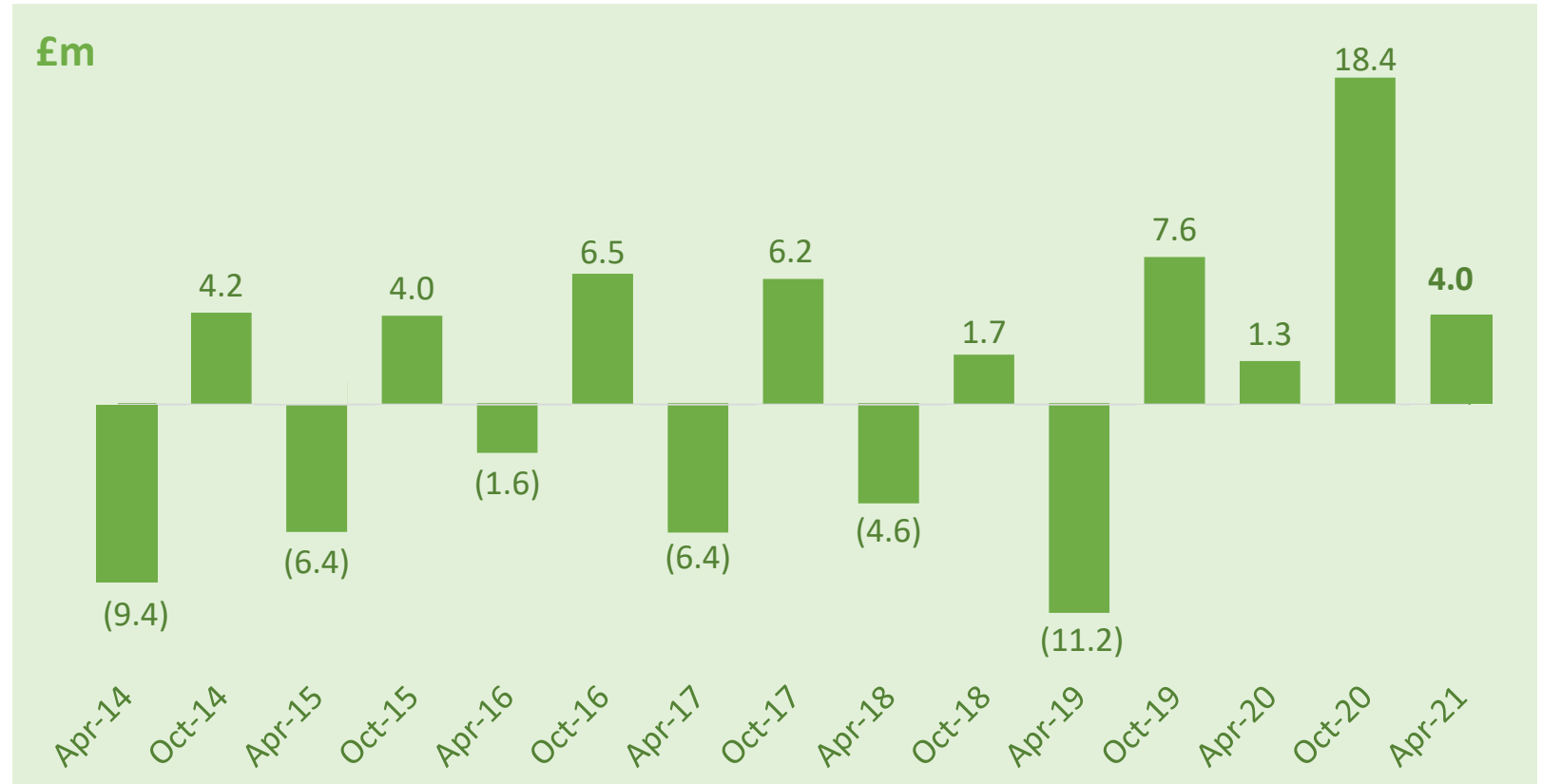


Cash/(Net Debt) Cycle

**Net cash of
£4.01m***

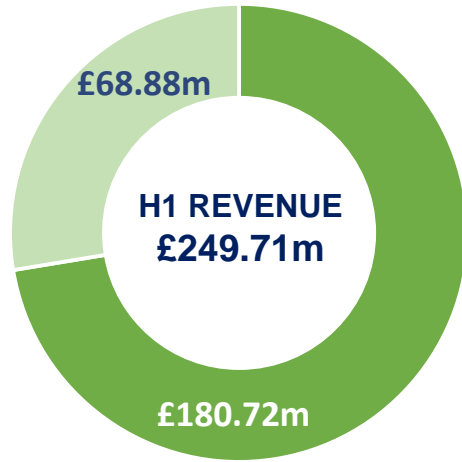
(30 Apr 2020: £1.28m)

**Excluding leases*



Segmental Contribution

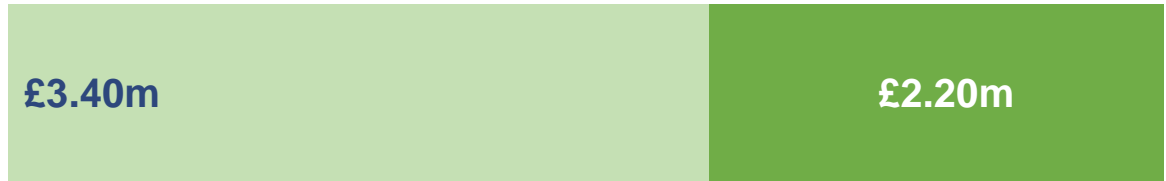
2021



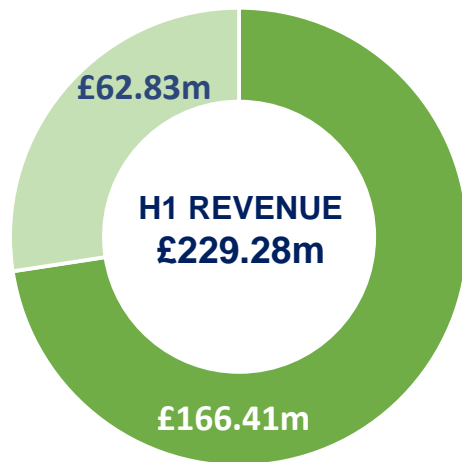
● Specialist Agricultural Merchants Division

● Agriculture Division

H1 GROUP OPERATING PROFIT BEFORE NON-RECURRING ITEMS: £5.68M



2020



H1 GROUP OPERATING PROFIT BEFORE NON-RECURRING ITEMS: £4.74M



A red tractor is shown from a rear-quarter perspective, working in a lush green field. The tractor is moving from left to right, leaving a trail of dust or soil behind it. The field is vibrant green and appears to be a crop field. In the background, there are rolling green hills under a bright sky with some light clouds. The overall scene is a typical agricultural landscape.

AGRICULTURE DIVISION

Feed, Arable and Glasson activities

Revenue, £180.72m (2020: £166.41m)

Operating profit contribution before non-recurring items, £2.20m (2020: £1.81m)

Feed

- Feed sales benefited from improved farmgate prices and late spring
- Manufactured feed volumes up 8.5% year-on-year
- Continued expansion in free-range egg and dairy feed markets
 - new customers and increased tonnage
- Managed raw material price volatility well
- Three year investment plan at Carmarthen mill commenced
 - increase capacity and efficiencies
- **Next Steps**
 - Specialists advisory teams are a major strength; adding selectively to existing poultry, dairy and youngstock teams
 - Build sales in dairy rations for robotic-milked herds
 - Continue with carbon reduction and sustainability initiatives

6TH LARGEST UK FEED PRODUCER



Market share* - Blends (dairy) 9% | Cattle 5% | Sheep 5% | Dairy 5% | Poultry 2%

* Source: Wynnstay

Arable

- The anticipated consequences of the poor harvest of 2020 and carry-over of autumn seed from 2019 came through
 - grain trading volumes at GrainLink were down 26% in line national trend but margins were higher
 - grass seed sales stalled with dry April/wet May; late summer sales expected
 - demand for fertiliser lower, reflecting combination of higher prices and adverse spring conditions
- Bolt-on acquisition (agricultural division of the Armstrong Richardson Group) in Q2 has expanded arable activities in the north east
- Good autumn planting season for farmers and strong forward prices - bode well for 2021 harvest
- **Next Steps**
 - Ongoing expansion of GrainLink's services in the east of England
 - New seed processing site
 - Ongoing investment at Astley facility, Shropshire (capacity, range & efficiency)
 - Environmental seed offering
 - Farmers' transition to ELMS (Environmental Land Management Scheme)

No 3 - CEREAL SEED PROCESSOR

No 4 - GRASS SEED PROCESSOR



Market share* - Cereal seed 11% | Grass seed 10% | Fertiliser 5% | Fertiliser incl. Glasson 12%

* Source: Wynnstay

Glasson

- Strong overall performance – above last year
 - increased volumes of feed raw materials
 - increased volumes of fertiliser
 - specialist animal feed volumes were lower
 - affected by coronavirus-related restrictions on certain product categories; game, bird and equine feed
- Acquisition of fertiliser manufacturing business and assets of HELM Great Britain Limited in Q2 added manufacturing capacity and new customers
 - exceeded expected contribution so far
- **Next Steps**
 - Leverage HELM business
 - Grow specialist animal feed activity
 - Further productivity and efficiency improvements



SPECIALIST AGRICULTURAL MERCHANTING DIVISION

Wynnstay Depots and Youngs Animal Feeds

Revenues, £68.88m (2020: £62.83m),
Operating profit before non-recurring items
contribution, £3.40m (2020: £3.02m)



WYNN
STORES



WYNNSTAY
STORES

Opening Times
Oriau Ador

Specialist Agricultural Merchandising

- **H1 sales up 10% year-on-year reflecting:**
 - comparative period was affected by onset of first coronavirus lockdown
 - strong demand for manufactured bagged feed
 - increased hardware sales as farmers returned to investment
 - specialist equine feeds increased its contribution
- **Established sales trading desk**
- **Major customer research project completed**
 - results will help to refine future decision and investment, including the roll-out of the digital trading portal
- **Next Steps**
 - Further reshaping of depot network
 - Add additional animal health advisors
 - Continued focus on digital engagement

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

THE FUTURE AND OUTLOOK FOR FY 2021



Growth Strategy

Organic growth | Expert guidance | Multi-channel | Acquisitions | ESG

- Reorganisation of senior management structure completed; supports growth plans
- Build on position as ‘trusted advisor’ – teams of specialists across all sectors
 - we are the farmers’ door into innovation – products and services
- Advance multi-channel sales strategy – digital/ trading desk/ on-farm
- Selective acquisitions (manufacturing/routes to market/distribution) – maintain balanced business model
- Expand manufacturing capacity
- Lean cost base – depot optimisation and technology investment
- ESG focus - corporate member of LEAF
 - encompassing sustainable sourcing, product offering, carbon emissions, community engagement

HELPING FARMERS TO FEED THE UK IN A MORE SUSTAINABLE WAY

Summary and Outlook

- Confidence has returned to the sector, helped by clarity over the future direction of UK agriculture with the landmark Agriculture Act and EU settlement
- UK overseas trade deals offer farmers opportunities and potential pressures:
 - Australia deal details yet to be concluded but 15-year transition period is expected
 - deal with Japan is positive for UK's consistent and 'quality' produce
- Farmgate prices are strong across the majority of product categories and trends look very encouraging
- Arable activities should benefit from an expected good harvest
- The outlook for H2 and beyond is very encouraging
- Group is well-positioned for growth operationally and financially
 - strong balance sheet and good cash flows

GROUP STRENGTHS

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



SUPPLEMENTARY INFORMATION



Business Overview

AGRICULTURE c.70% of total revenues



Feed

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



Arable

- Processing and supply of seeds, fertiliser and agrochemicals
- Grain marketing services



Glasson

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

SPECIALIST AGRICULTURAL MERCHANTING— c.30% of total revenues



Wynnstay Depots

- Network of 54 depots
- Catering for farmers and the wider rural community



Youngs Animal Feeds

- Manufacture and distribution of equine products through Youngs Animal Feeds
- Network of 3 depots

Routes to Market



**Wynnstay
Depots**



**Delivery
to Farms**

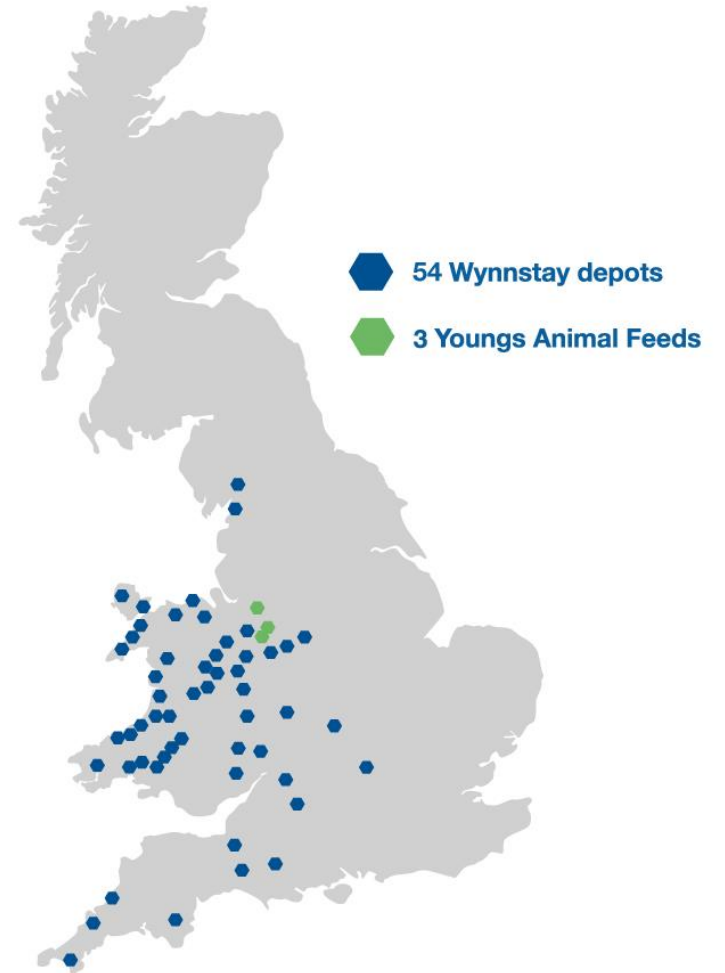


**Specialist
Catalogues**



**Expert
Advisors**

Geographic Reach



Focus on ESG

- **Values**

- trusted adviser to farmers, supporting transition to sustainable farming methods and enhanced environment care

- **Incorporating ESG factors**

- sustainable supply chain
 - feed raw materials – soya
- evolving products and production
 - methane reduction, recyclable products, plastics recycling, cleaner energy and vehicles
- targeting net zero carbon by 2040 (NFU)
- accreditations – Universal Feed Assurance Scheme, Green Dragon

- **Contribution to thought leadership**

- participants in key industry groups
 - Hybu Cig Cymru (Welsh Beef), LEAF, and Efeca UK Roundtable on Sustainable Soya
- sponsors of NFU Cymru Sustainable Farming Awards
- sustainable farming practices – Arable Event, Sheep & Beef Event

- **Community engagement**























- local charities, NHS RABI, Young Farmers Club

- **Employees**

- foster skills development and equity participation (Sharesave schemes)

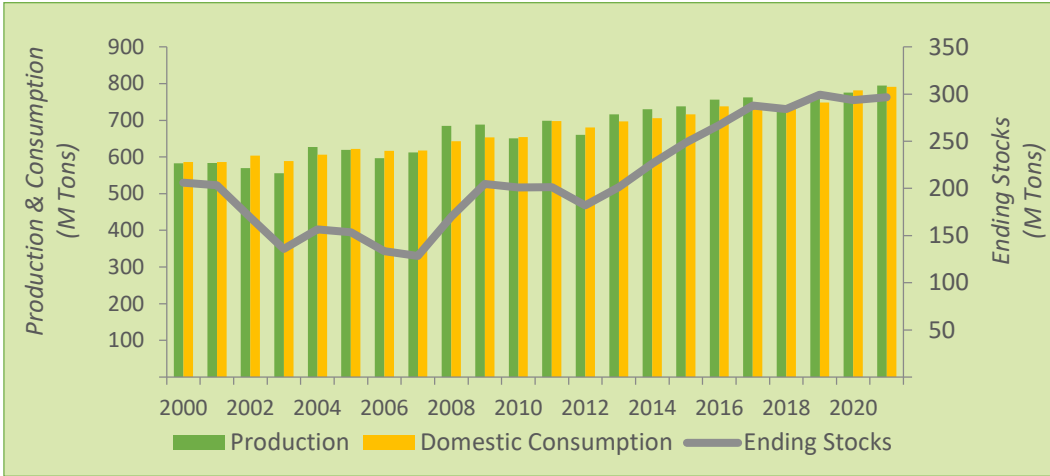


Acquisitions: 2011-2021

DATE	ACQUISITION	BUSINESS TYPE	ARABLE	FEEDS	DEPOTS
Mar 2021	Fertiliser manufacturing business and assets ("HGBF") of HELM Great Britain Limited,	Blended-fertiliser manufacturer			
Feb 2021	Agricultural division of the 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			
Oct 2014	Mansell Powell Supplies	Agricultural supplies			
Oct 2013	Carmarthen & Pumsaint Farmers Ltd	Animal healthcare and agricultural products			
Nov, Aug and May 2012	Banbury Farm & General Supplies Ltd + Whitchurch Animal Health Ltd + PSB (Country Supplies) Ltd	Hardware and agricultural supplies, and animal healthcare and agricultural products supplier			
Mar and May 2011	C & M Transport + Wrekin Grain Ltd	Agriculture business, and grain marketing and agricultural inputs supplier			

Market Trends

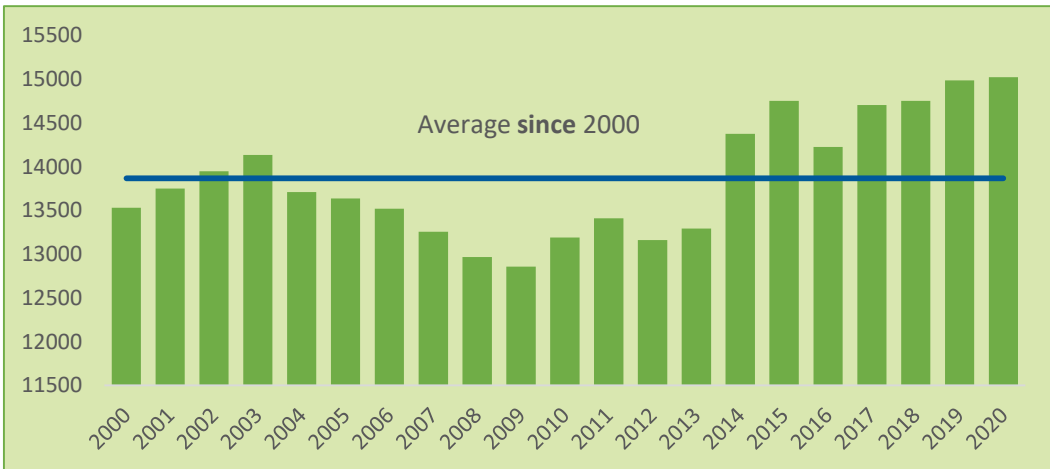
World wheat stocks¹



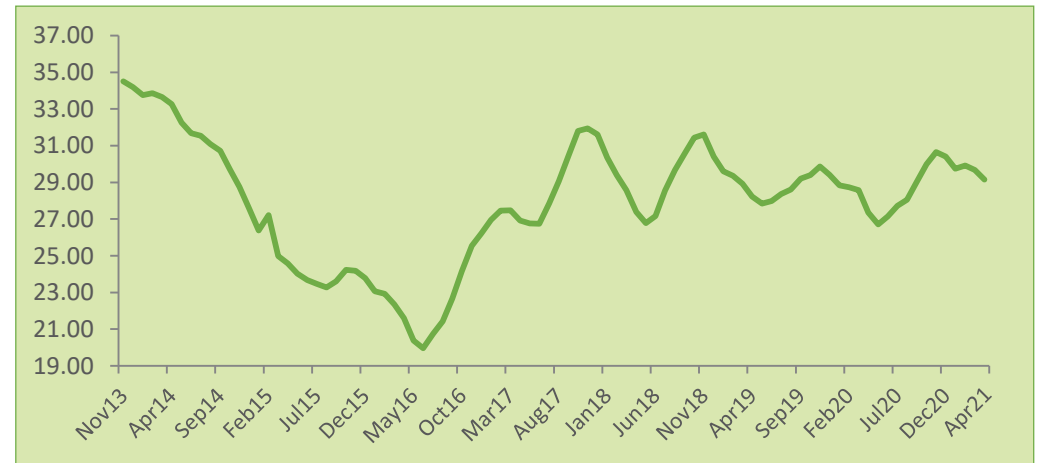
Feed wheat – UK (£ per tonne)²



UK milk volumes (millions of litres)³



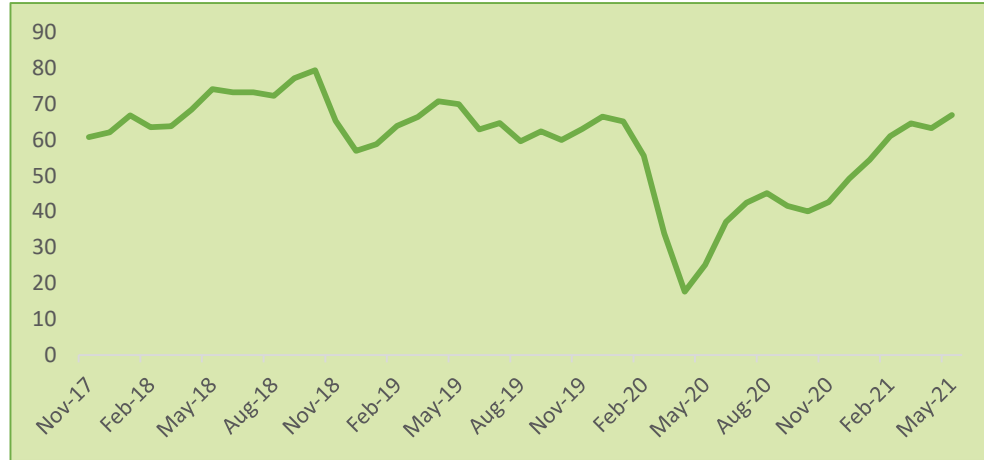
UK farmgate milk price (pence per litre)⁴



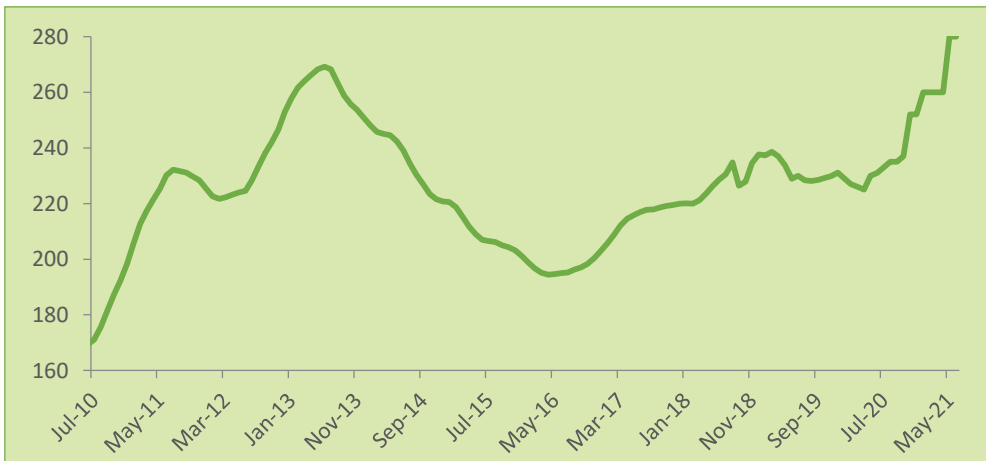
Sources: ¹United States Department of Agriculture, ²Wynnstay, ^{3&4}Agriculture and Horticulture Development Board

Market Trends

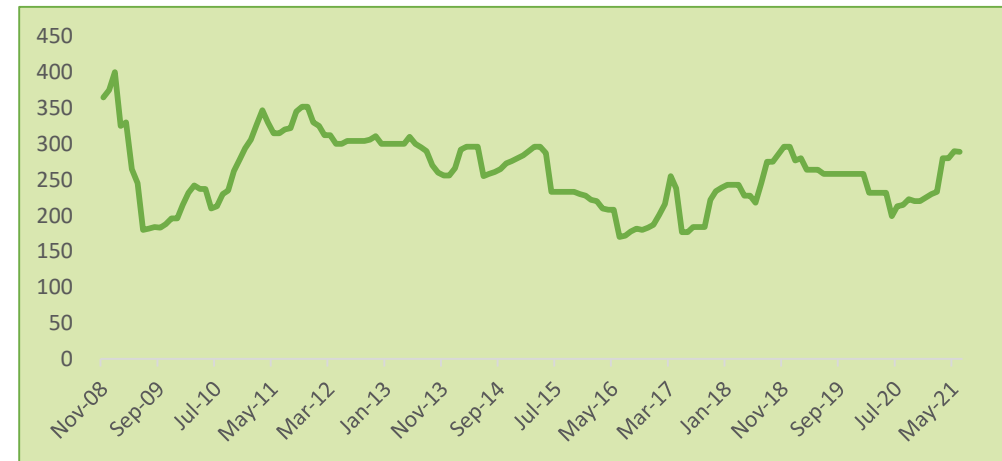
Monthly oil price (\$ per barrel)¹



Feed price (£ per tonne)²



Nitrogen fertiliser (£ per tonne)³



Sources: ¹Agriculture and Horticulture Development Board, ²Kite Consultancy, ³Wynnstay Data

Brexit and UK Agricultural Bill

- **Clarity provided with the EU Free Trade Agreement (“FTA”)**
 - stimulus to investment, and UK food sector can seek new markets
 - FTA is a good outcome for sheep farmers and buoys beef, dairy and arable sectors
- **UK Agriculture Bill reshapes financial support to the sector**
 - 7-year transition period (from 2021) to a new support system, very different to CAP
 - Government has pledged the same level of financial assistance for the sector for the duration of the current parliament
 - agricultural support to be devolved to the regions by 2025
- **Farmers will be incentivised for environmental outcomes**
 - 50% of previous Basic Payment Scheme under CAP will move to Environmental Land Management Scheme (“ELMS”) by 2024
 - animal welfare and farm waste management grants



LIKELY IMPACTS

- **Marginal land to go out of production**
- **Average farm size to increase**
- **Acceleration in adoption of precision-farming techniques as farms seek greater efficiency**