



Interim Results Presentation

May 2023

Peter Page, Chief Executive Officer
David White, Chief Financial Officer

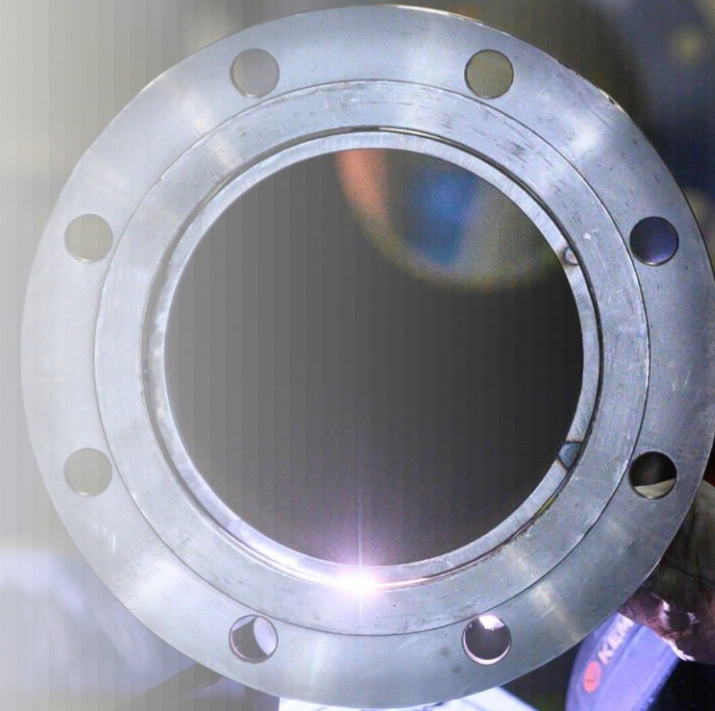
Highlights

(Continuing Operations)

- Revenue increased 24% on prior year, reflecting raw material cost recovery in Speciality Agriculture division
- H1 profits impacted by volumes in Speciality Agriculture and contract timing in Engineering
- Record Engineering order book of £57 million at 28 April, up by 30% from start of the period
- Phasing in engineering work expected to be favourable in H2, with strong profit generation in the division anticipated
- Net cash position following receipt of £24 million on completion of disposal of Agricultural Supplies division
- Full year outlook adjusted profit before tax c. £10 million

Financial and Operational Review

David White



Highlights

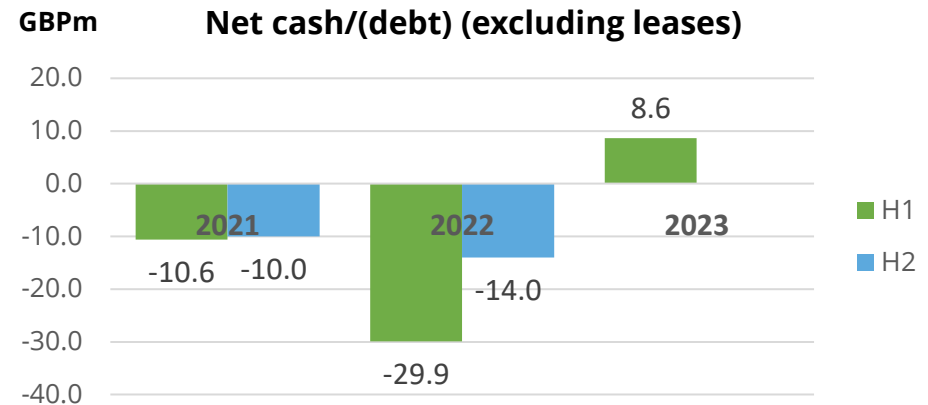
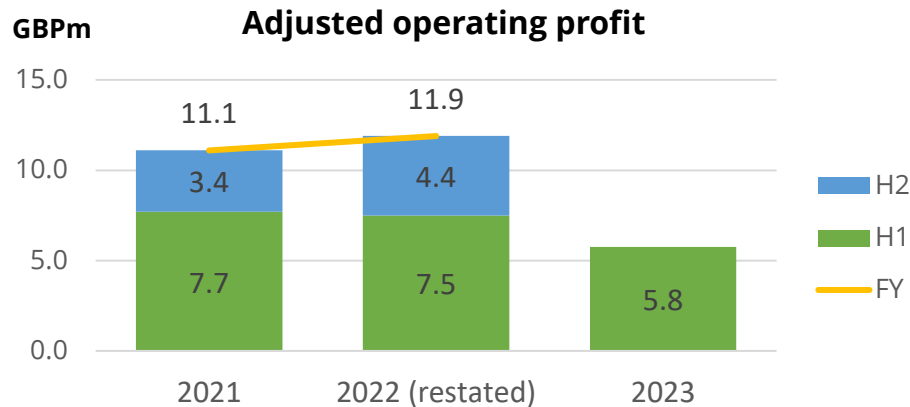
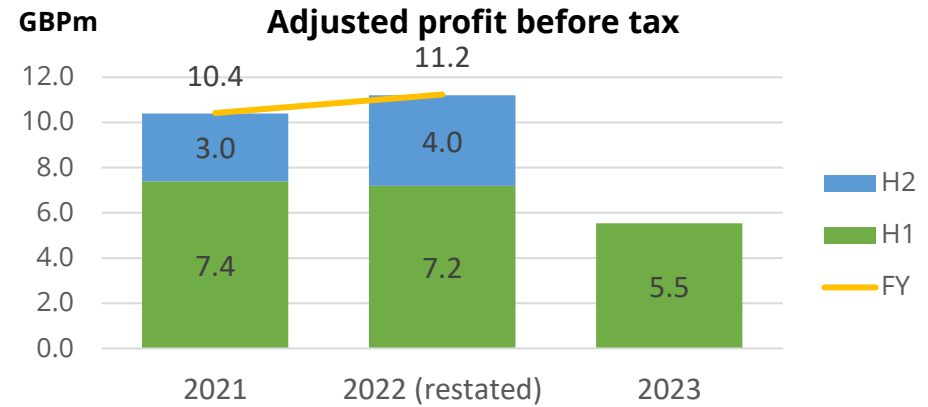
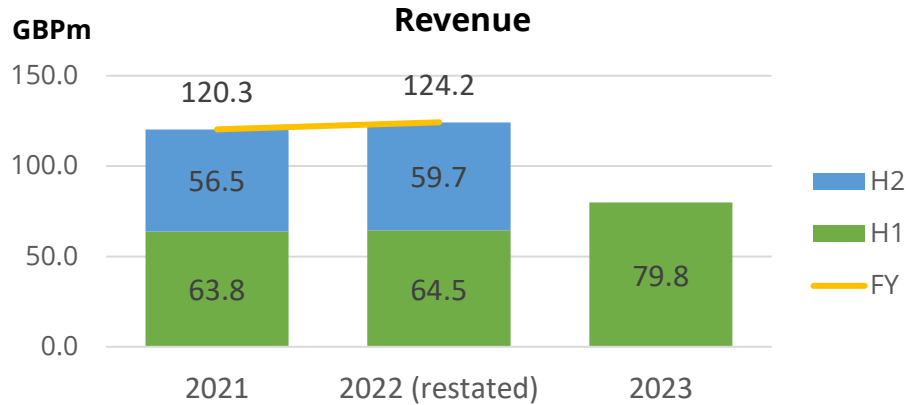
(Continuing Operations)

Adjusted¹ (Continuing Operations)	H1 FY23	H1 FY22 (restated²)	+/-
Revenue (£m)	79.8	64.5	+24%
Adjusted operating profit (£m)	5.8	7.5	-23%
Adjusted profit before tax (£m)	5.5	7.2	-23%
Adjusted EPS (p)	4.9	6.1	-20%
Net (cash)/debt	(8.6)	29.9	N/A
Interim dividend (p)	1.175	1.175	-
Statutory (Continuing Operations)	H1 FY23	H1 FY22 (restated²)	+/-
Revenue (£m)	79.8	64.5	+24%
Operating profit (£m)	5.1	8.0	-36%
Profit before tax (£m)	4.9	7.7	-36%
Basic EPS (p)	4.4	6.8	-35%

¹ Adjusted PBT is consistent with how business performance is measured internally. It excludes amortisation of acquired intangible assets, strategic review costs and cloud configuration and customisation costs

² H1 2022 restated for adjustments made in relation to the recognition of revenue from customer contracts within the Engineering Division

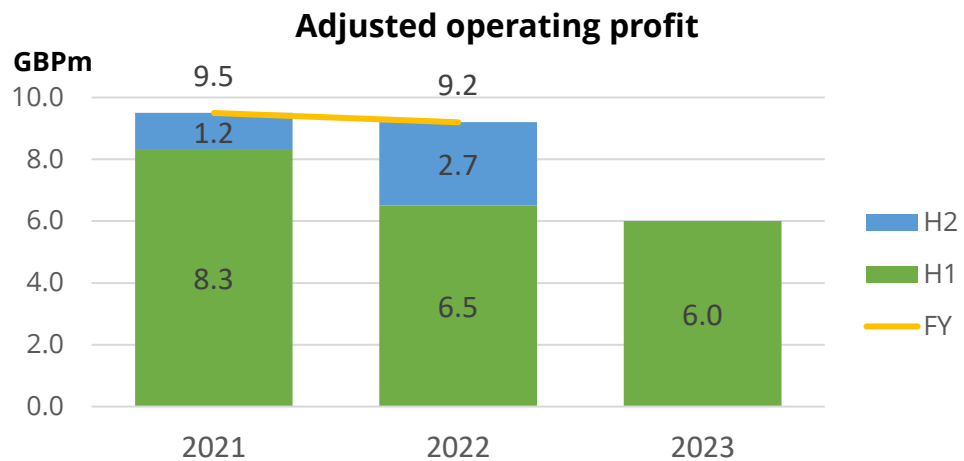
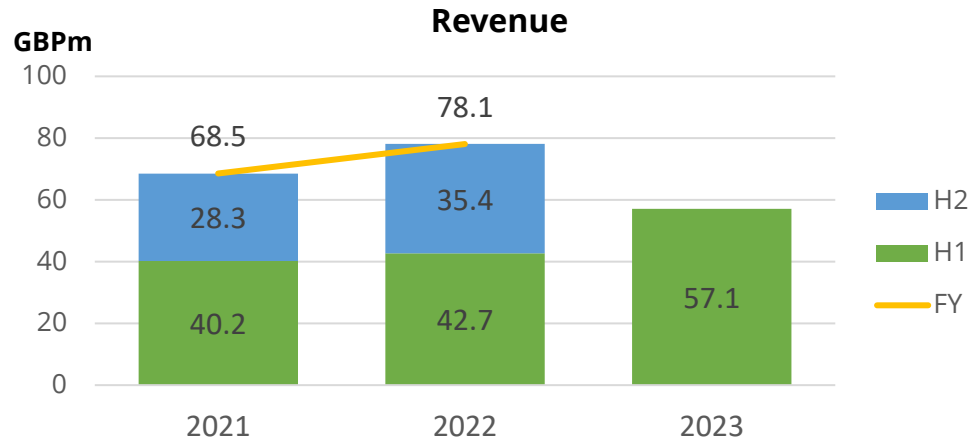
Group Financial Performance (Continuing Operations)



¹ Adjusted profit measures are before adjustments in H1 FY23 totalling £0.6m before taxation, comprising: amortisation of acquired intangible assets, strategic review costs and cloud configuration and customisation costs

² H1 2022 restated for prior period adjustments made in relation to the recognition of revenue from customer contracts within the Engineering Division

Speciality Agriculture



Products and services

- Crystalyx® and Smartlic® feed blocks and minerals
- AminoMax® bypass protein
- Tracesure® trace element boluses

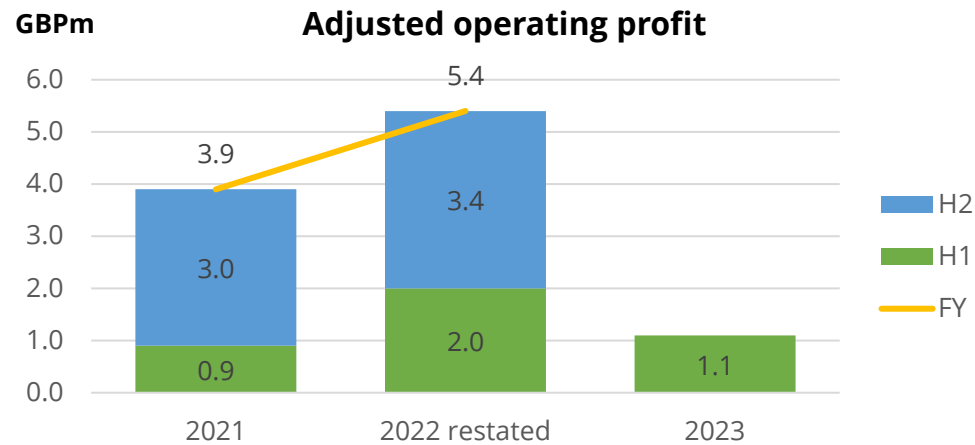
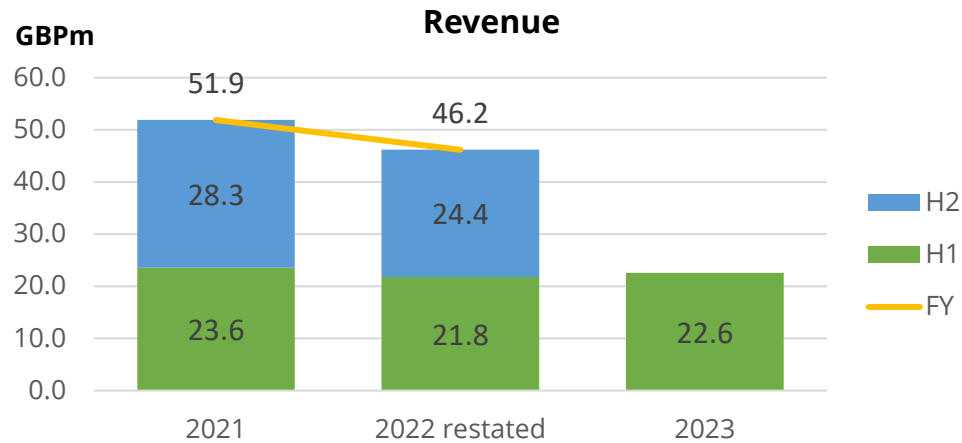
Commentary

- Feed block volumes declined year on year
 - Demand affected by US drought and UK mild winter
 - Customer spend impacted by extraordinary input costs
 - Input costs up 50-65%, prices up 45% over 3 years
 - UK volumes down 20% on last year
 - USA volumes (excluding JVs) 10% below last year

Key priorities

- Management action ongoing
 - UK animal health and US speciality protein businesses
 - Enhanced focus on branding of market-leading products

Engineering



Products and services

- Fabrication and precision engineering
- Robotics
- Engineering solutions

Commentary

- Order book currently at £57m, up from £41m at FY22
- Fabrication and precision machinery
 - Strong performance benefiting from high activity levels and a recovery in the oil and gas market
- Robotics
 - Delayed order intake in 2022 sees H1 revenue below prior year
 - Order book at record levels at end of April will support H2
- Engineering solutions
 - Asset handed over on long-running UK defence contract
 - Opportunity pipeline remains strong

Key priorities

- On-time delivery of orders to secure second half
- Continue focus on operational efficiencies

Balance Sheet

	At 4 March 2023 £m	At 3 September 2022 (restated) £m	Change	At 26 February 2022 (restated) £m
Fixed assets	76.8	76.2	+1%	112.9
Net working capital	37.6	30.1	+25%	65.1
Net assets held for resale	-	44.2	N/A	-
Assets employed	114.4	150.6	-24%	178.1
Pension surplus	5.9	6.8	-14%	10.0
Net cash /(debt) (excluding leases)	8.6	(14.0)	N/A	(29.9)
Lease liabilities	(7.1)	(7.9)	-10%	(15.3)
Tax provisions	(1.5)	(1.7)	-13%	(2.5)
Net assets	120.3	133.8	-10%	140.4

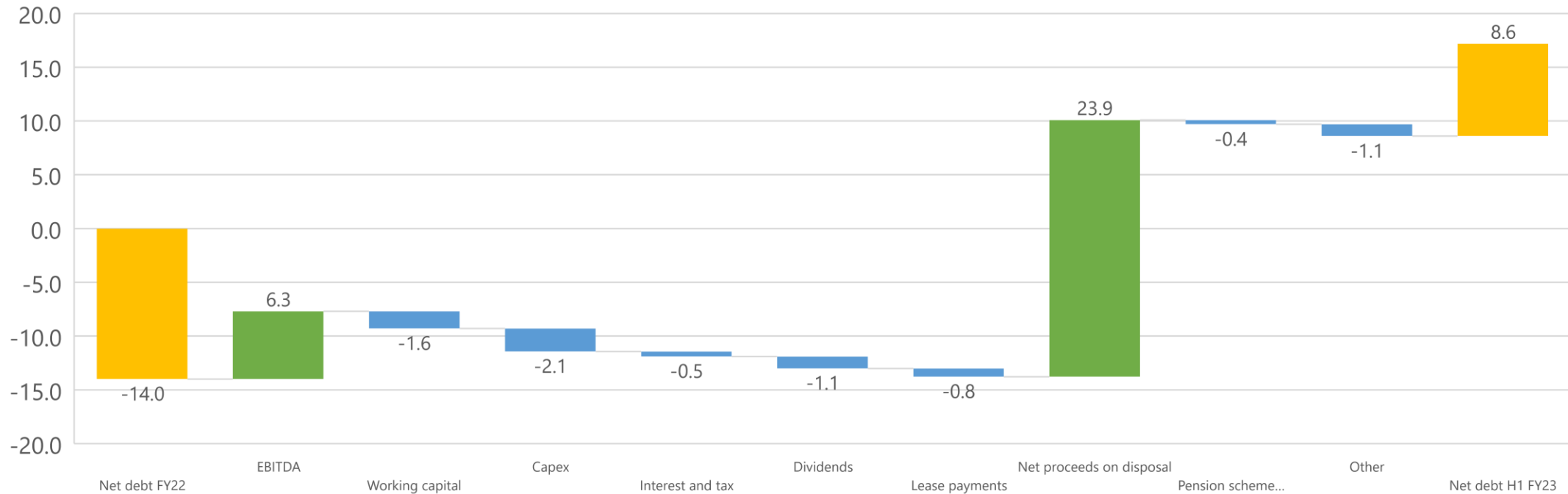
Key points

- Assets held for resale removed on completion of disposal of Agricultural Supplies division
- Increase in working capital includes £4m of unconditional deferred consideration related to disposal
- Net cash position at half year end driven by receipt of proceeds from disposal

Movement in Net Cash/(Debt) (Continuing Operations)

GBPm

■ Increase ■ Decrease ■ Total



Key points

- Net proceeds on disposal reflect £24.7m received on sale, less professional fees paid in period
- Working capital outflow reflects increase in receivables – now including Carr’s Billington
- Dividends paid in H1 lower last year; final dividend of £2.6m to be paid in May
- Net cash position expected through balance of year as capital allocation opportunities continue to be appraised

Outlook

Financial Year 2023

- Board anticipates full year adjusted profit before tax c. £10m
- Strong performance expected in H2 in Engineering; order book 30% ahead of year end and well spread across the business. Recent contract wins support delivery of year end target
- Speciality Agriculture volumes in H2 expected to be lower than same period last year; drought impacted USA herd size, pricing impacts UK demand

Medium term outlook

- Speciality Agriculture positive with UK farm input prices reducing, Farmgate prices strong, USA drought receding, USA beef production cycle improving in 2024
- Engineering strong order book and new opportunities pipeline



Q&A

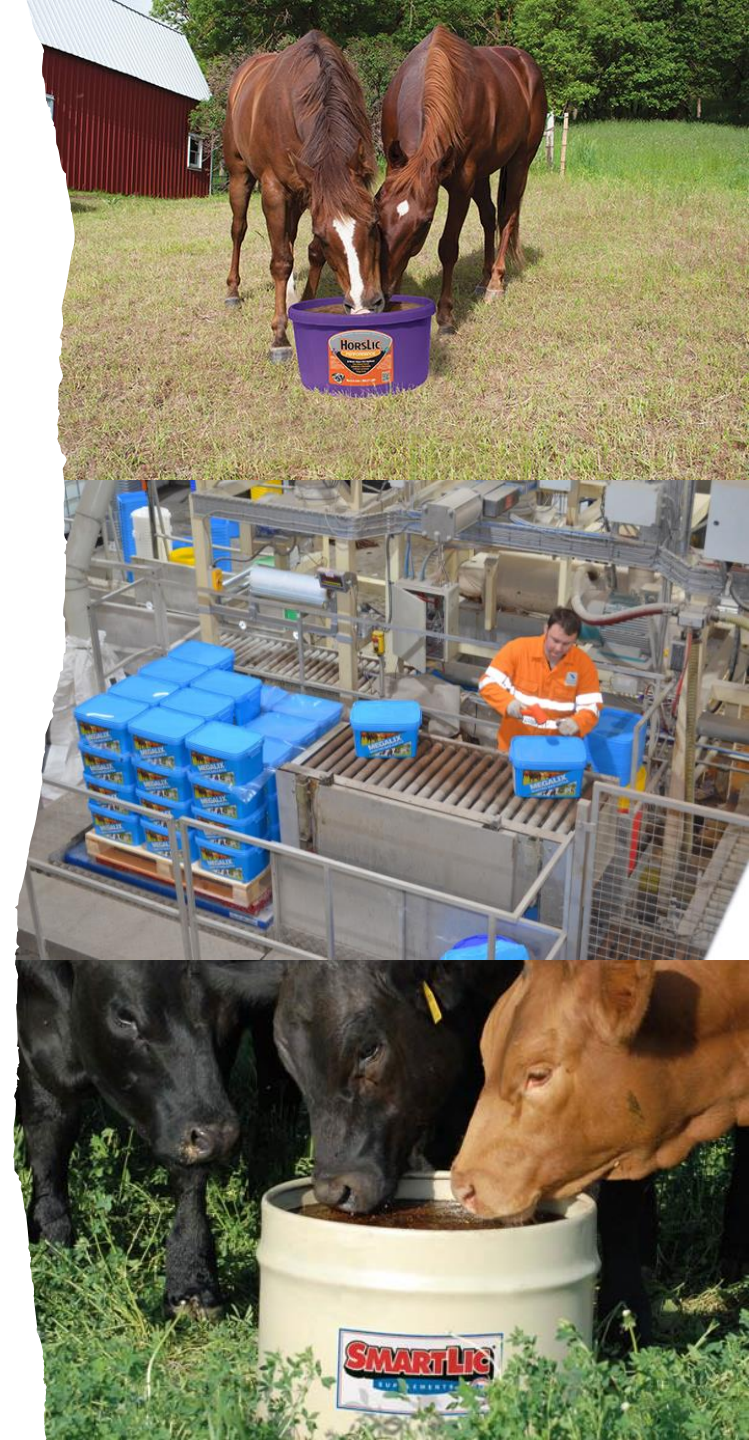


Appendix



Market context for Speciality Agriculture

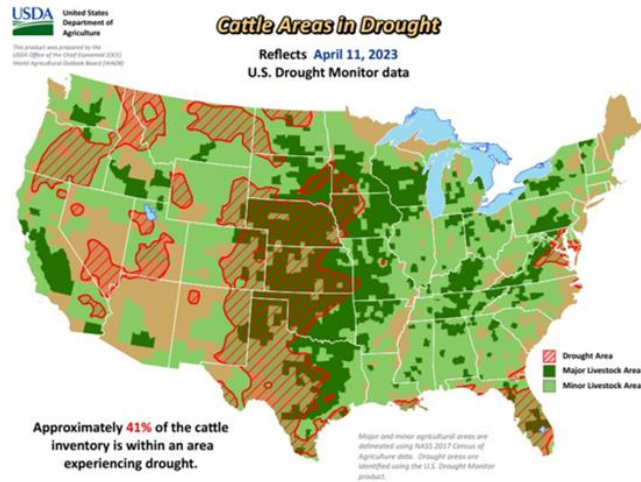
- USA has experienced a protracted period of drought causing a loss of grazing and reduction in herd sizes in parallel with the low point of a 10-year beef cycle. Both factors are reverting to more favourable positions
- In 2022 prices for essential UK farm inputs of feed, fuel and fertiliser, reached extraordinary peaks that are now reverting to more normal levels, allied to strong farmgate prices that will help maintain margins for livestock farmers
- Molasses costs, 30% of the feed block ingredients, have increased 50-70% in three years, and are holding at higher levels in 2023



USA drought conditions receding in 2023

USDA and Drought Mitigation Center (NDMC)

US Cattle Areas in Drought April 2023

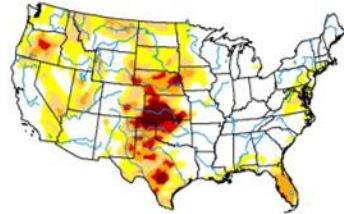


Following three years of increasingly dry conditions, recent weather leads to a much reduced area affected by drought, improving prospects for grazing area and restocking of ranch herds

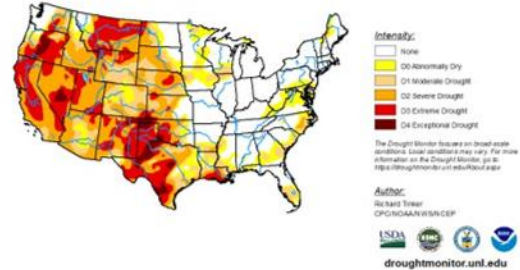
North American Drought Monitor – Comparison April 2023 vs. April 2022

USDA, National Drought Mitigation Center

U.S. Drought Monitor
Contiguous U.S. (CONUS)

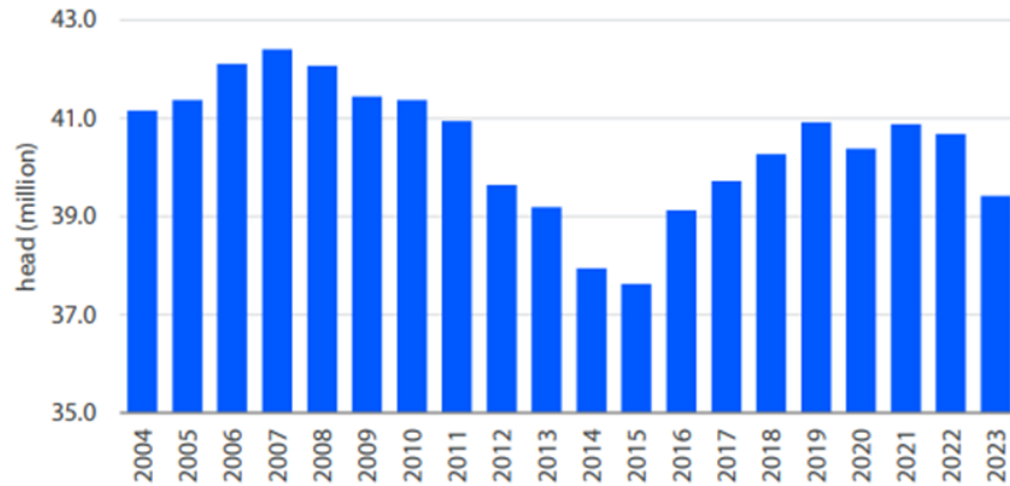


U.S. Drought Monitor
Contiguous U.S. (CONUS)



Over 40% of the national cattle herd is situated in drought affected areas, resulting in up to 40% reduction of herd size in key market areas

USA beef cycle turning positive in 2024

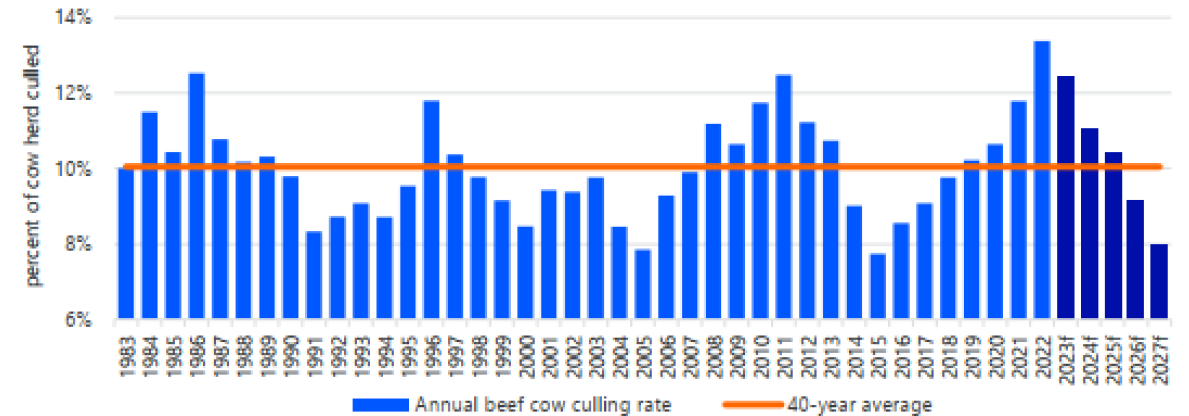


Source: USDA, Rabobank 2023

USA beef sector approaching turning point of 10-year cycle with the cow calf herd headcount at lowest since 2016

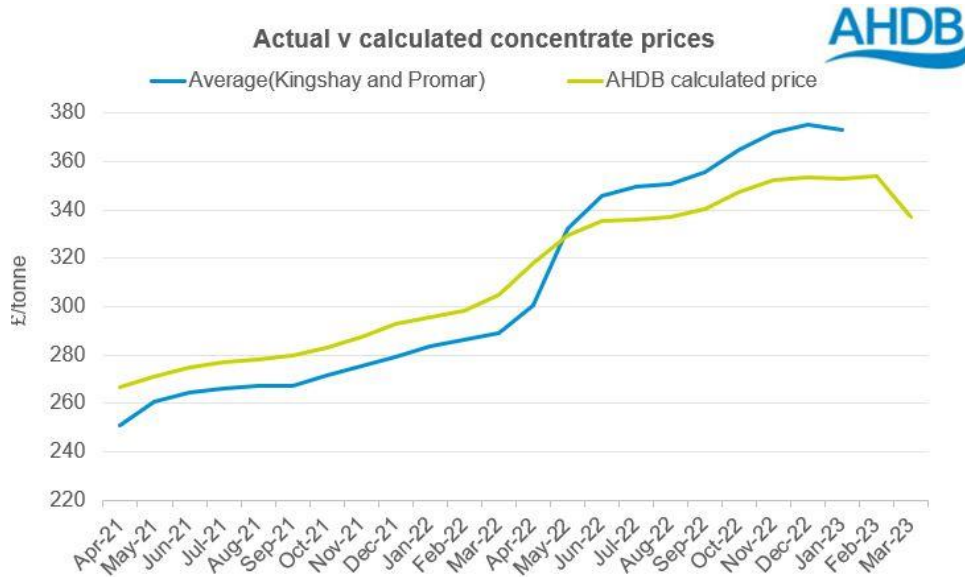
Forecasts of a reduced culling rate from 2023 onwards will result in the national herd rebuilding over the next 5-6 years, increasing demand for feed blocks

Figure 3: The cow herd culling rate will remain elevated for at least two more years



Source: USDA, Rabobank 2023

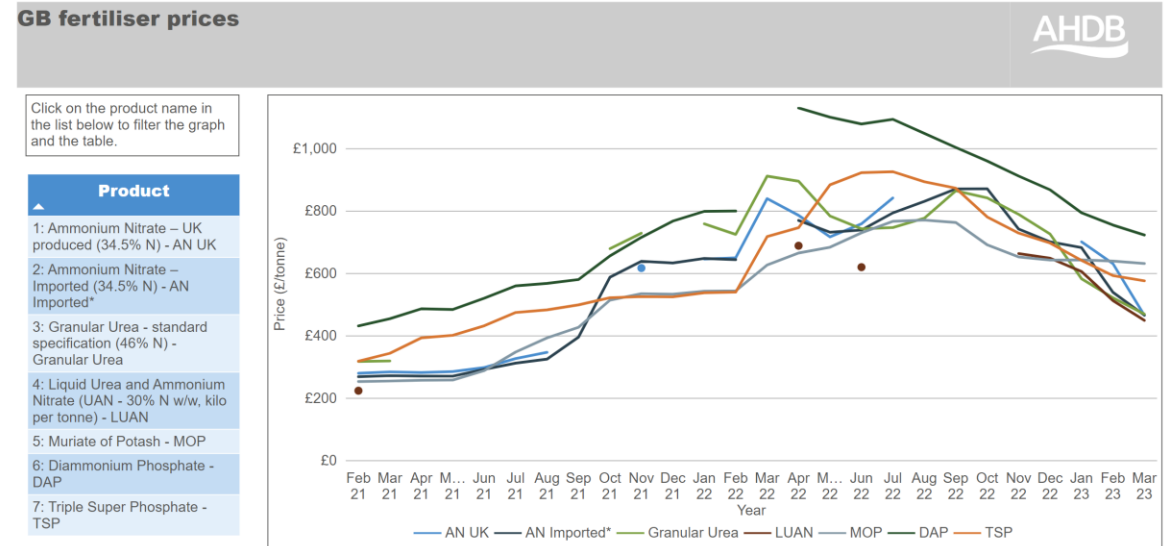
UK farm input price inflation receding



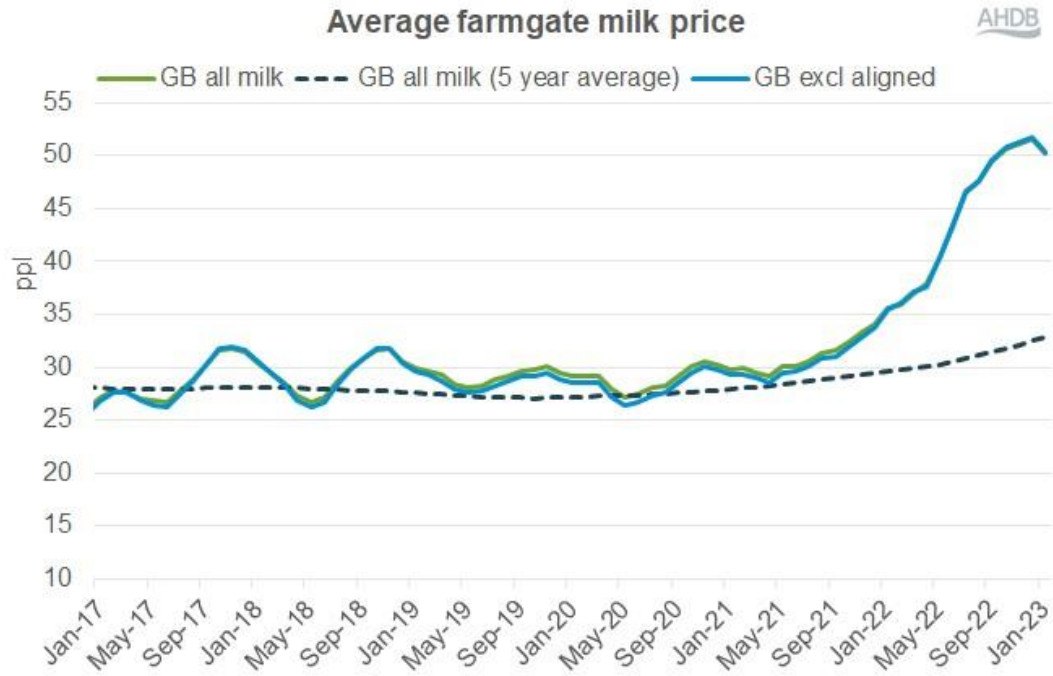
Source: AHDB, Kingshay, Promar Milkfinder

Concentrates for dairy herds reflect feed pricing in UK market, now turning down from historic peaks of 2022 that customer spending capacity for farm inputs

Fertilisers, essential to achieve strong grass growth for pasture-based grazing systems that use molasses based feed blocks, reached extraordinary prices in 2022 of £750 / tonne, now selling at c.£400, will enhance productivity and release spending capacity

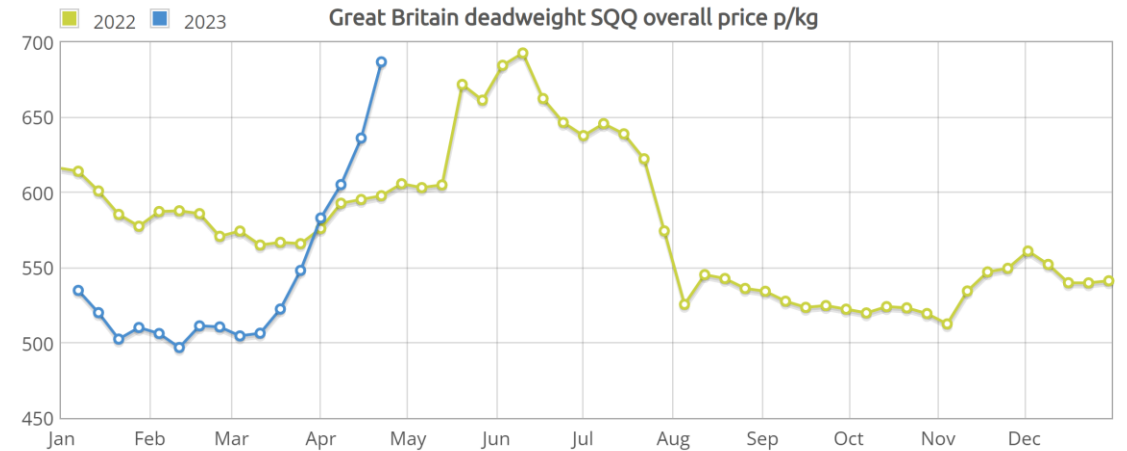


Farmgate prices remain strong in the UK



Source: Defra, RESAS, DAERA, AHDB

Milk, beef and lamb prices all remain strong compared to prior year and long-term trends rewarding expenditure on inputs to improve marginal productivity





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