



WYNNSTAY

Supporting Sustainable Agriculture

FINAL RESULTS

Year ended 31 October 2023

Gareth Davies
Chief Executive Officer

Rob Thomas
Group Finance Director



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



Rob Thomas, Group FD

- Appointed to the Board as Group FD on 2 January 2024, having joined Wynnstay on 2 October 2023 as Group FD Designate
- Previously Group Finance Director at EFS Global Limited, the UK-based logistics provider and before that Finance Director of the Feed Division of NWF Group plc, the specialist distributor of fuel, food and feed
- Earlier career was in accountancy with PwC, in the UK and overseas

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

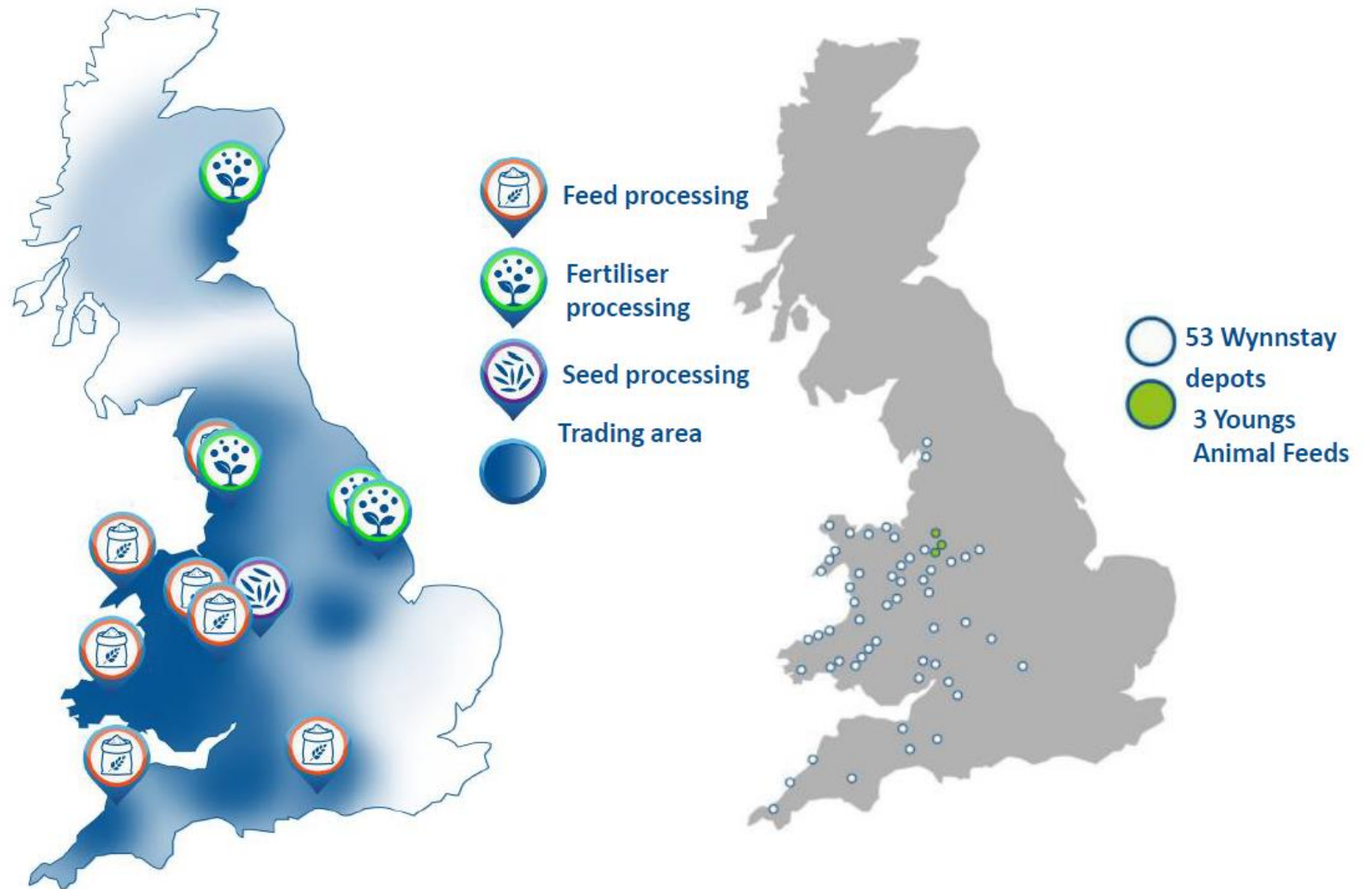


Digital Platform



Geographic Reach

12 manufacturing sites
53 depots
c.105 vehicles
c.944 employees



Overview

Solid underlying performance in a difficult market

Overall, much softer trading conditions than in FY22 esp. in H2

- Farmer sentiment and farm gate prices (esp. dairy, arable) lower
- Cost pressures incl. labour
- One-off stock losses at Glasson's fertiliser blending operation as fertiliser raw material prices normalised from historic highs in 2022
- Q4 (seasonally important for arable) weak due to prolonged wet weather

Strategic progress

Reach and capability extended

- 2022 acquisitions (Humphrey Feeds and Pullets and Tamar Milling) fully integrated
 - full potential yet to be realised
- Investments progressed well – incl. Carmarthen Feed Mill Project, Renewable Energy Programme

Strong financial position

Strong balance sheet and good cash flows; supporting:

- Group trading and investments
- Group's progressive dividend policy (20th year of dividend increases)
- Well-positioned to take advantage of market opportunities

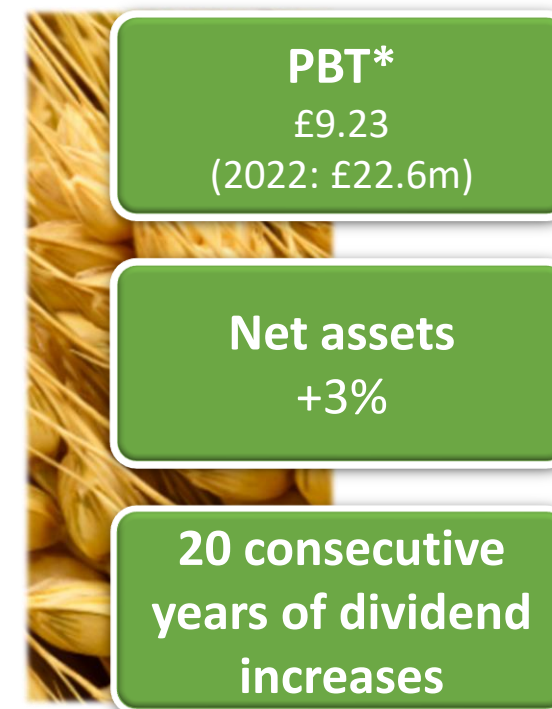
Investment plans continue

Investing for future growth

- Investing to:
 - improve efficiencies
 - increase capacity
 - expand capabilities
- Focused on helping farmers meet their new environmental objectives (Governmental support transitioning to payments for environmental outcomes)

Financial Overview

- **Revenue up 3% to £735.9m (2022: £713.0m), reflecting:**
 - first full-year contributions from the Humphrey Feeds and Tamar Milling acquisitions, record grain trading volumes, partly offset by normalisation in fertiliser prices
- **Underlying Group PBT* (incl. one-off losses) of £9.2m (2022: £22.6m incl. significant one-off gains). Performance affected by:**
 - reversal of fertiliser raw material prices from record highs of 2022 (driven by Russia's invasion of Ukraine), which generated one-off stock losses at Glasson
 - non-cash accounting loss of £0.8m, which related to grain trading book (2022: non-cash accounting profit of £0.4m, which unwound in FY23)
 - weak Q4 for arable activities
- **Basic EPS of 30.75p (2022: 82.72p)**
- **Net cash of £19.0m excluding IFRS property leases (2022: £18.2m)**
- **Net assets at record high of £135.2m/£6.00 per share (2022: £130.7m/£6.31 per share)**
- **20th year of consecutive annual dividend increases - proposed final dividend of 11.75p takes full year dividend to 17.25p (2022: 17.00p after final dividend of 11.60p)**

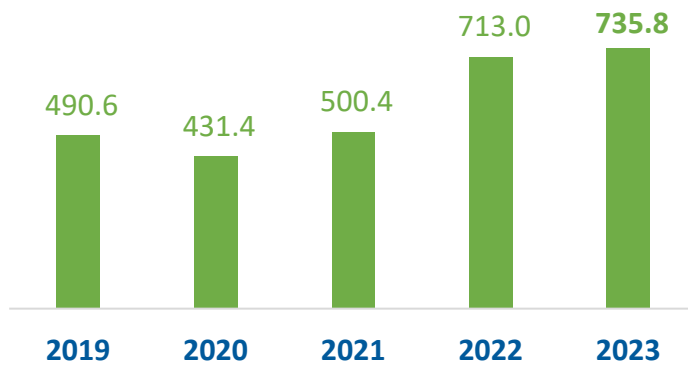


**Adjusted results includes the gross share of results from joint ventures and associates and are after adding share-based payment expense and non-recurring items*

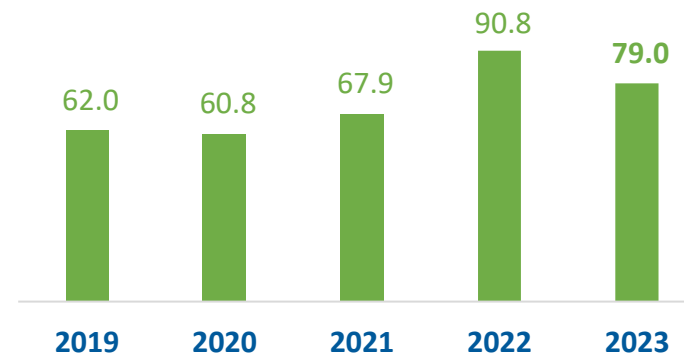


Financial Track Record Continuing operations

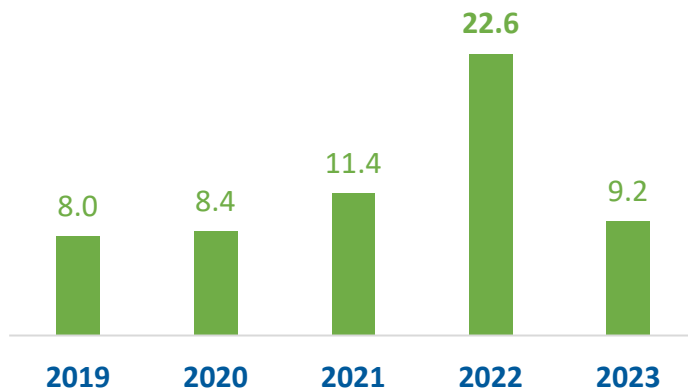
Revenue (£m)



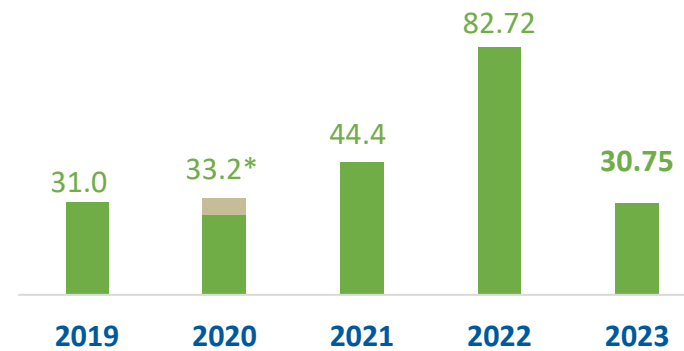
Gross profit (£m)



Underlying PBT (£m)



EPS (p)

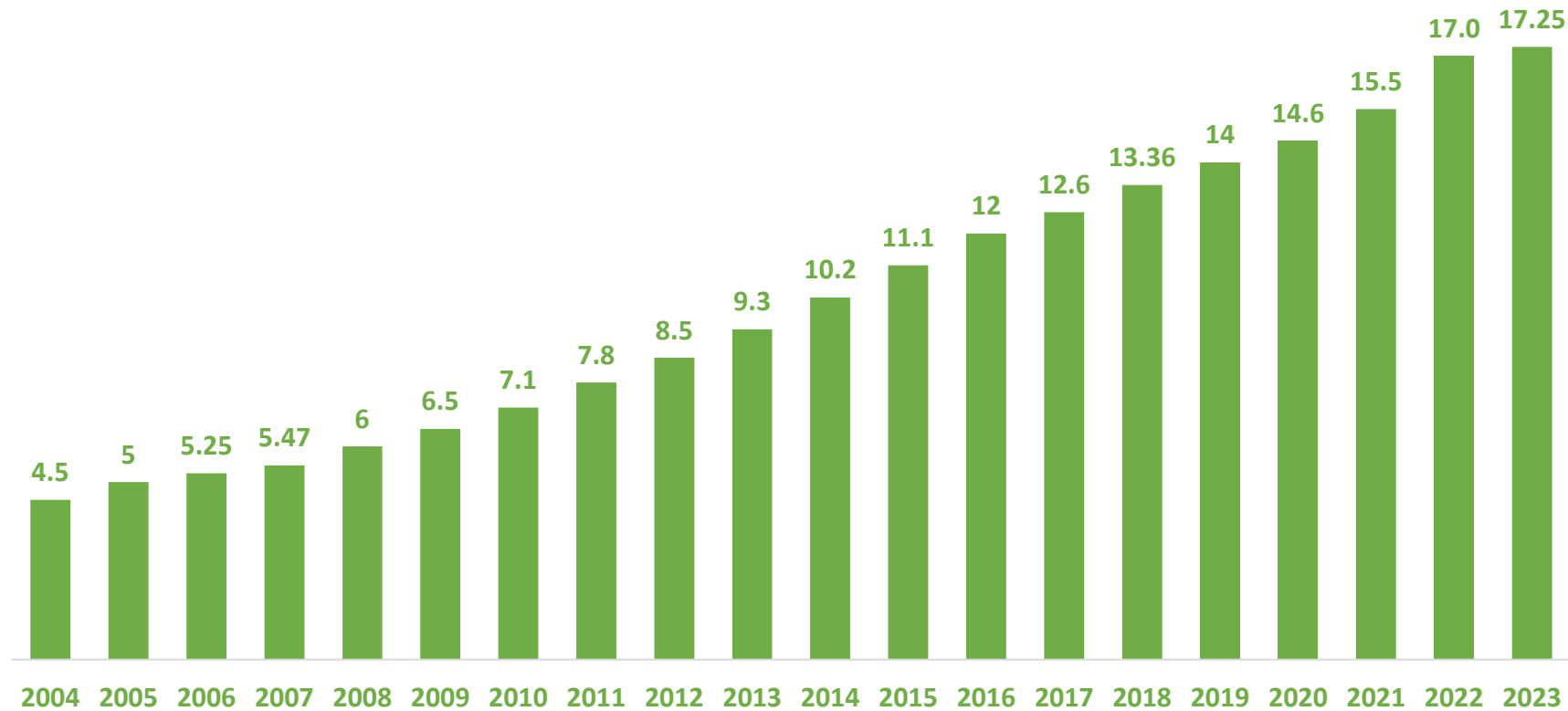


*Before exceptional items of 5.4p



Dividend – 20 years of annual growth

(pence per share)



Admission to AIM in 2004

**Before exceptional items of 5.4p*

Income Statement

£000	Year ended 31 October 2023	Year ended 31 October 2022	
Revenue	735,877	713,034	• Revenue up 3% year-on-year
Cost of sales	(656,829)	(622,228)	— first full year's contributions from Humphrey Feeds and Tamar Milling acquisitions
Gross profit	79,048	90,806	— higher grain trading activity
Net expenses	(69,649)	(68,358)	— c.£21m of commodity price deflation compared to last year
Adjusted operating profit	9,339	22,448	
Gross JV contributions	865	808	
Net finance charges	(758)	(490)	
Amortisation of intangible assets	(210)	(154)	
Underlying pre-tax profit	9,296	22,612	
Share based payment expenses	(258)	(262)	
Non-recurring items	(82)	(1,094)	• As expected, prior year one-off trading gains not repeated
JV tax	(192)	(132)	
Reported profit before taxation	8,704	21,124	
Taxation	(1,776)	(3,982)	• Record contribution from JVs
Profit after taxation	6,928	17,142	
Basic earnings per ordinary share after non-recurring items (p)	30.75p	82.72p	

Balance Sheet

£000	Year ended 31 October 2023	Year ended 31 October 2022
NON-CURRENT ASSETS		
Goodwill	15,530	16,133
Investment property	1,850	1,850
Property, plant and equipment	24,598	20,840
Right of use asset	14,239	8,202
Investments	4,407	4,101
Intangibles and derivative financial instruments	5,014	4,937
	65,528	56,063
CURRENT ASSETS		
Inventories	55,456	71,095
Trade and other receivables & derivatives	81,276	97,173
Loans to joint ventures	639	1,067
Cash and cash equivalents	31,055	31,177
	168,635	200,512
Total assets	234,163	256,575
CURRENT LIABILITIES		
Borrowings	(2,595)	(3,043)
Lease liabilities	(3,762)	(3,344)
Trade and other payables	(75,694)	(105,015)
Tax liabilities, provisions and derivatives	(689)	(2,037)
	(98,932)	(113,439)
Net current assets	85,895	87,073
NON-CURRENT LIABILITIES		
Borrowings	(4,743)	(6,640)
Lease liabilities	(9,213)	(3,999)
Trade and other payables	(9)	(36)
Deferred tax liabilities, provisions and derivatives	(2,227)	(1,760)
	(16,192)	(12,435)
Total liabilities	(98,932)	(125,874)
Net assets	135,231	130,701

- Reflects Tamar Milling acquisition
- Reduced working capital reflects lower commodity prices, offset by acquisitions and higher levels of activity.
- Cash working capital reduction of £4.2m.
- Net cash of £10.72m (2022: £14.15m)
- Net assets per share* of £6.00 (2021: £6.31 per share)

*based on weighted average number of shares for the year

Cash Flow

£000	Year ended 31 October 2023	Year ended 31 October 2022
Cash generated from operations	20,272	13,839
Interest received – cash	528	166
Interest paid – cash	(822)	(399)
Tax paid	(2,763)	(3,342)
Net cash generated from operating activities	17,215	10,264
Proceeds from sale of property, plant and equipment	256	264
Purchase of property, plant and equipment	(5,761)	(3,560)
Acquisition of business and assets, net of cash acquired	-	(98)
Acquisition of subsidiary undertaking, net of cash acquired	(2,709)	(10,136)
Decrease in short term loans to joint ventures	428	2,252
Disposal of investments	-	7
Dividends received from joint ventures and associates	367	4
Net cash used by investing activities	(7,614)	(11,267)
Net proceeds from the issue of ordinary share capital	1,471	11,040
Proceeds from new bank loan	26	9,485
Lease repayments	(5,042)	(4,229)
Repayment of borrowings	(2,371)	(474)
Dividends paid to shareholders	(3,868)	(3,339)
Net cash generated from/(used in) financing activities	(9,784)	12,483
Net increase/(decrease) in cash and cash equivalents	(183)	11,480
Effects of exchange rate changes	61	56
Cash and cash equivalents at the beginning of the period	31,177	19,641
Cash and cash equivalents at the end of the period	31,055	31,177

- Operating cash flow benefits from working capital unwind as commodities reduce
- Investment in manufacturing facilities and Tamar Milling acquisition
- Strong liquidity – year-end cash balances of £31.1m (2022: £31.2m)

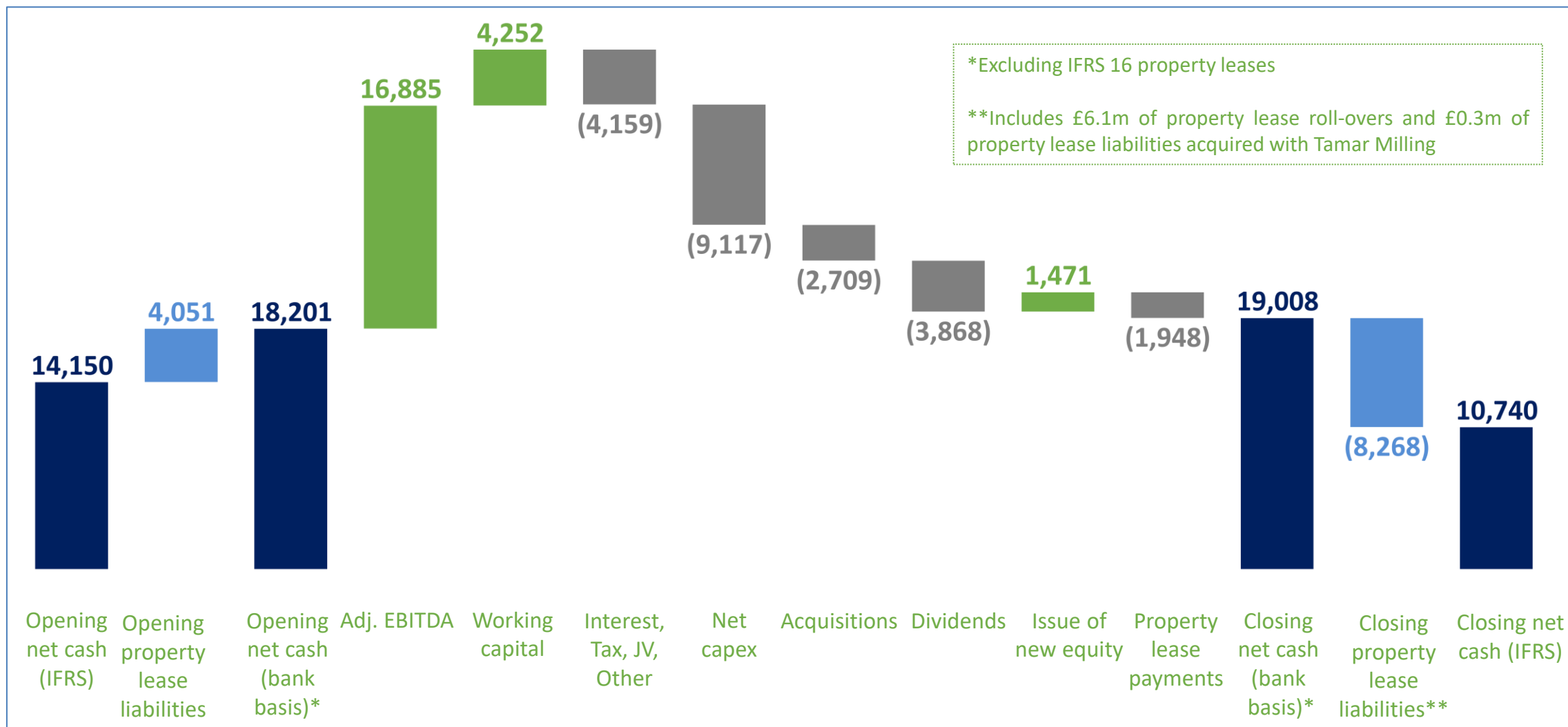
Net Cash Reconciliation

£000	Year ended 31 October 2023	Year ended 31 October 2022
EBITDA before non-recurring items	16,885	28,310
Adjustment for pre-tax joint ventures	(865)	(808)
Working capital movements – balance sheet	4,224	(13,663)
Cash generated from operations – as reported	20,272	13,839
Net cash finance charges (exclude IFRS 16)	(293)	(233)
JV loan repayments	428	2,252
Tax paid	(2,763)	(3,342)
Net capital expenditure – in cash and with new leases	(15,280)	(5,045)
Acquisitions including deferred payments	(2,709)	(10,234)
Other proceeds / (payments)	(727)	(87)
Dividends paid	(3,868)	(3,339)
Issue of new equity	1,471	11,040
Effects of exchange rate changes	61	56
Net increase /(decrease) in cash	(3,560)	4,907
Opening net cash including property leases	14,150	9,243
Closing net cash including property leases	10,742	14,150
Closing net cash excluding property leases	19,009	18,202

- Profits readily convert to cash – EBITDA £16.9m
- Net cash on covenant basis increased by 4.4% to £19.0m (2022: £18.2m)

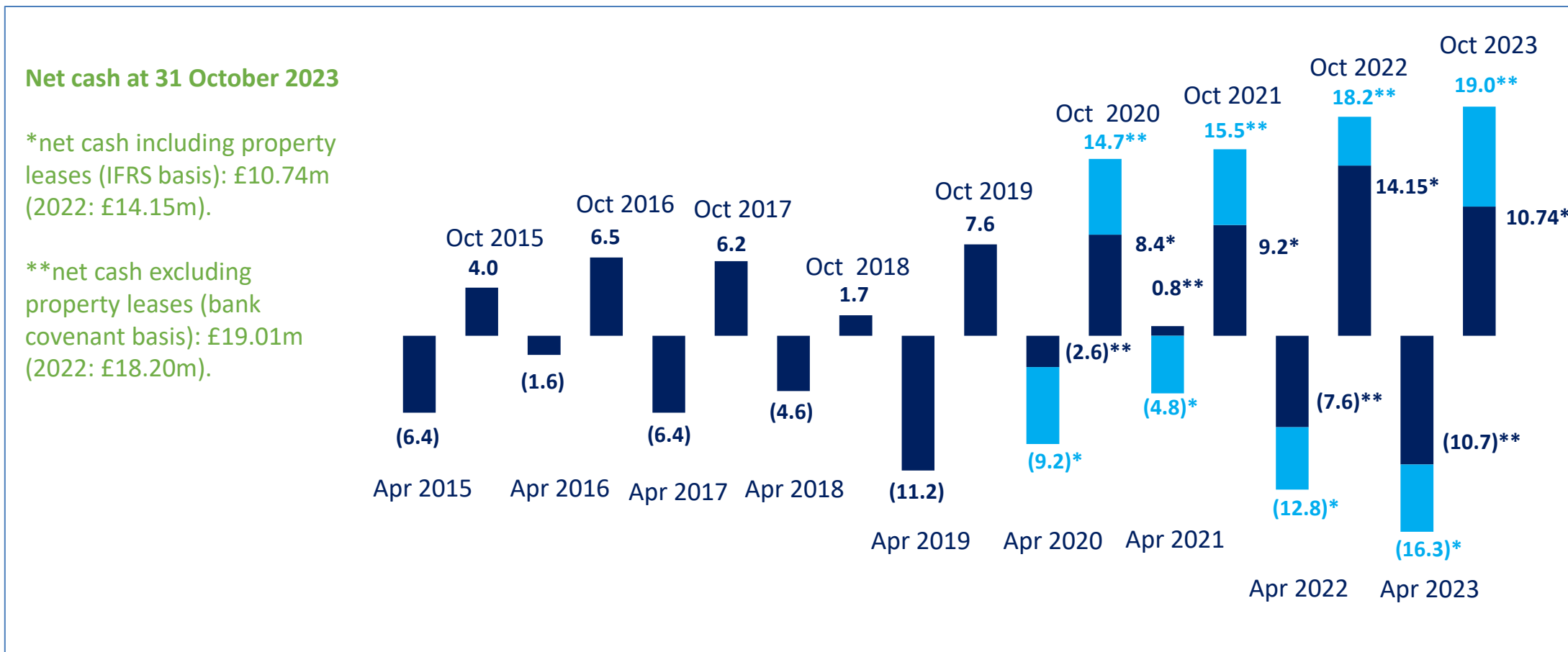


Cash Flow Bridge





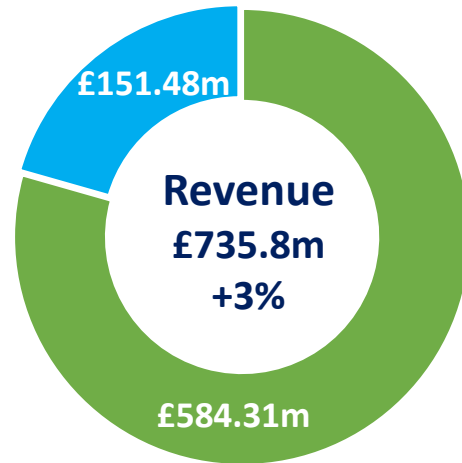
Net Cash / (debt) cycle



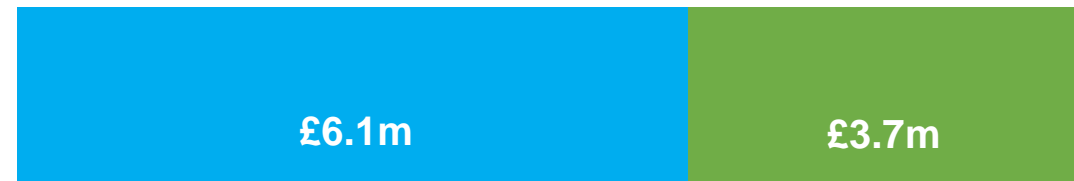


Segmental Analysis

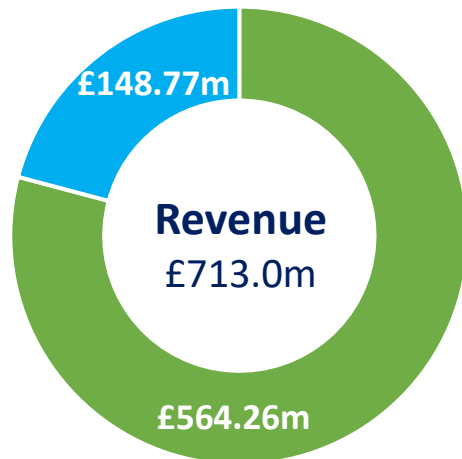
2023



Underlying Group PBT*: £9.2m



2022



Underlying Group PBT*: £22.6m



**Underlying pre-tax profit includes the Group's share of the results of joint ventures, and are after adding share based payments and non-recurring items. Bar charts show trading segments only.*

Trading Environment in FY 2023

- Grain prices weakened significantly after an exceptionally strong 2022
- Milk prices decreased from April 2023 to below cost of production against very strong levels in 2022
- Egg prices progressively improved during 2023
- Input costs decreased

Farmer challenges

- Labour costs (and availability)
- Energy costs
- Interest rates
- Transition in financial support (to environmental outcomes)

	End-Oct 2023	End-Oct 2022	YoY Change
Feed wheat/tonne	£176	£256	-31%
Feed barley/tonne	£157	£238	-34%
Oilseed rape/tonne	£339	£536	-37%
Milk/per litre	36p	49p	-27%
Beef/per kg, deadweight	492p	456p	+8%
Lamb/per kg, deadweight	574p	523p	+10%
Free range eggs (dozen)	146p	106p	+38%
	End-Oct 2023	End-Oct 2022	YoY Change
Red diesel/per litre	82p	107p	-23%
Fertiliser/tonne			
- Ammonium nitrate	£345	£780	-60%
- Phosphate	£435	£730	-41%
- Potash	£410	£660	-38%
Feed/tonne			
- Dairy ration	£338	£394	-14%
- Free range hen ration	£308	£390	-21%

Agriculture Division

Feed – Phase One of Carmarthen feed mill investment completed

- Total like-for-like feed volumes down 5.3% – better than national trend (management view)
 - reduced demand from:
 - dairy farmers due to weaker milk prices
 - free range poultry sector still recovering from Avian influenza and lower margins
- Humphrey Feeds (free range poultry feed manufacturer, based in Hampshire) - integration completed following acquisition in March 2022
 - business rebranded and sales teams combined for greater efficiencies,
 - organic egg market under pressure, with some organic producers exiting the market
- Tamar Milling (blended feed manufacturer, based in Cornwall) performed ahead of expectations following its acquisition in November 2022
 - added first feed manufacturing capability in the South-west of England
- Phase One of investment at Carmarthen feed mill completed
- On-farm nutrition advisors continue to support our customers

Future Plans

- Phase Two of Carmarthen feed mill investment scheduled to commence
 - also considering mill's potential to take on the manufacturing of feed volumes currently produced at Twyford facility
- Full potential of acquisitions to be realised
- Continue development of environmental offering

Integration of acquisitions completed



Market share*

- Free-range poultry 9%
- Dairy - blends 9%
- Dairy 5%
- Cattle 5%
- Sheep 5%

6th largest UK feed producer

* Source: Wynnstay

Agriculture Division

Arable – significant variation in performances across operation

- Significant variations in performance across the division
- Grain marketing operation, GrainLink, delivered record results - volumes up 30%
 - reflected increased in market share in East of England
 - headline performance was reduced by the accounting treatment of financial derivatives
- Merchantised fertiliser volumes up 2% y.o.y
 - demand improved as fertiliser prices decreased, but margins were affected in a falling market
 - outperformed national trend, which was down -10%
- Total seed volumes were lower year-on-year – reflecting:
 - adverse weather esp. in Autumn 2023 (key planting season)
 - exit from some low-margin cereal seed business
 - grass seed volumes down 5%
 - sales of environmental seeds grew strongly
- Very poor planting conditions in Autumn 2023 (created by persistent heavy rains) is expected to reduce size of 2024 harvest

Future Plans

- Build on GrainLink's market share gains in the East of England
- Increase environmental seed sales
- Continue innovation in seed offering (through collaboration with seed breeders)
- Increase share of grass seed market

Record performance at GrainLink (grain marketing)



Market share*

- Cereal seed 7%
- Grass seed 10%
- Fertiliser 5%
- Fertiliser incl. Glasson 12%

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

* Source: Wynnstay

Glasson – *fertiliser raw material prices normalised from historic highs in 2022*

- Performance impacted by one-off stock losses at fertiliser blending activity
 - the expected unwinding of fertiliser raw material prices to more normalised levels from the historic high of 2022* created one-off stock losses
 - overall volumes decreased by 4% but market share increased
- Feed raw materials trading activity performed well and ahead of expectations
 - volumes decreased by 11%, but margins improved on last year and drove strong results
- Specialist animal feed operation – lower volumes with consumer demand affected by cost-of-living crisis
 - margins also affected by higher energy and labour costs

Future Plans

- Reviewing efficiencies – including consolidation of fertiliser manufacturing plant at Howden into existing facility at Goole
- Continue to expand fertiliser sales

**2022 prices soared to historic highs as a result of soaring natural gas prices, trade sanctions on Russia and the contraction of UK fertiliser production by manufacturers*

Fertiliser market share rose



Pony Nuts Kibbled Maize Kibbled Peas



Specialist Agricultural Merchandising Division

Depots, Youngs

- Specialist Agricultural Merchandising Division performed behind management expectations
 - revenues increased by 2% reflecting inflation – like-for-like sales were lower
 - footfall and number of transactions were in line with prior year
 - operating profit contribution decreased by 23% - weaker farmer sentiment and lower margin product mix
 - higher margin sales own-brand bagged feed and hardware reduced
- Higher labour and energy costs impacted margins. Mitigating actions taken
- Youngs Animal Feeds – ahead of budget
- Further development of Group’s new digital platform
 - user numbers continue to rise, although farmers are still mainly using accounts functions

Future Plans

- Continued development of digital channel, with ‘Click-and-Collect’ service to be introduced
- Depot staff training and education – to provide specialist advice/enhanced customer service
- Efficiency programme continuing

Footfall in line with prior year



MARKET SHARE*

- Silage sheets, 16%
- Animal health products, 12%
- Dairy hygiene, 11%

* Source: Wynnstay

ESG – progressing with goals

Internal focus

- First TCFD* report – 2023 Annual Report
- Resource Efficiency Action Team established (following creation of Sustainable Farm Advisory Team comprising external experts)
- Carbon reduction programmes – incl. solar arrays, LED lightening, fleet electrification/upgrade, biofuels
- A consortium partner in the ‘Dancing with Daffodils’ Project – (methane emissions reduction in ruminants – trialling daffodil compound. Group would be the route-to-market for product)
- Colleague and community initiatives – to support staff engagement and local communities



Customer focus

- Supporting farmers’ environmental transition
- Government support policies driving change across UK farms
 - Environmental Land Management Scheme, Sustainable Farming Scheme, Nitrate Vulnerable Zones
- Environmental product offering is expanding
- Expertise advice – ‘on-farm’ advisors, online advice etc
- Farmer Events – Arable Event, Beef and Sheep Events
- Collaborations and affiliations across industry e.g. Harper Adams University

Lower Phosphorus Layer Feeds



**the Financial Stability Board’s Task force on climate-related financial disclosures*

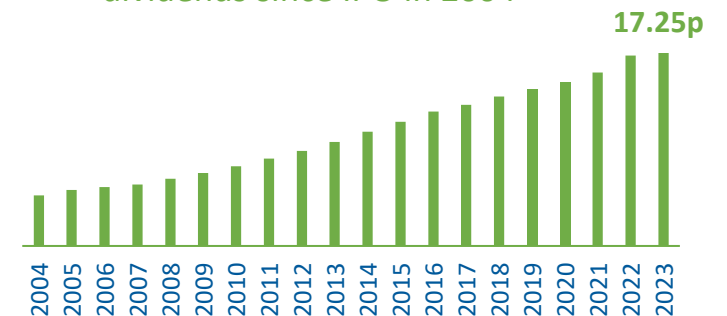
Summary and Outlook

- Solid underlying trading against a more difficult trading background, particularly in H2
 - overall results reflected, in particular, the absence of previous year's significant one-off gains, less favourable trading backdrop (especially in dairy and arable sectors), as well as fertiliser raw material stock losses
- Major phase of investment at Carmarthen feed mill completed and Humphrey Feeds and Tamar Milling acquisitions fully integrated
 - full benefits still to come
- Investment continues across the Group alongside efficiencies programme
- Strong balance sheet and good cash flows
- Dividend increased, delivering 20th consecutive year of growth
- Group is well-positioned to continue with its strategic growth plans and to consider suitable acquisition opportunities



GROUP STRENGTHS

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





Supplementary Information

- Acquisitions
- Market Trends

Acquisitions (2015-2022)

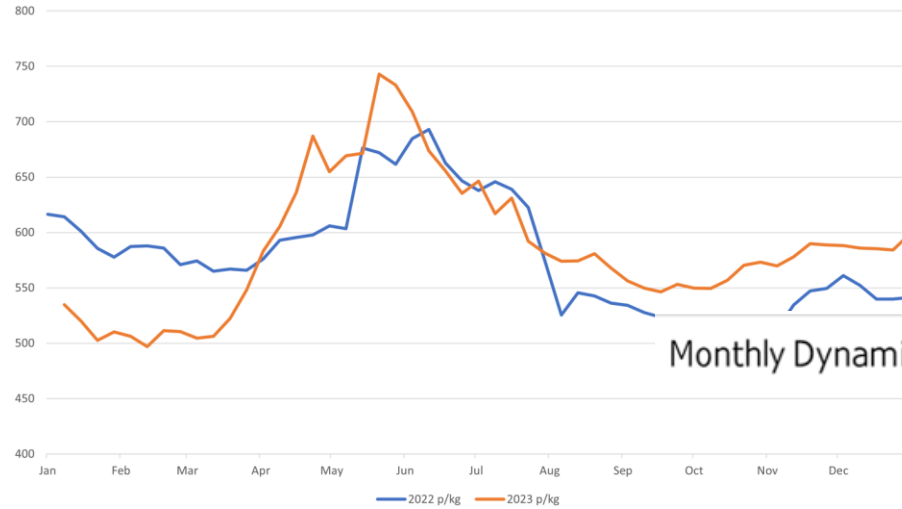
DATE	ACQUISITION	BUSINESS TYPE	ARABLE	FEEDS	DEPOTS
Nov 2022	Tamar Milling Limited	Feed manufacturer & supplier		✓	
Mar 2022	Humphrey Feeds and Pullets Ltd	Poultry feed manufacturer and supplier		✓	
Mar 2021	Fertiliser manufacturing business & assets ("HGBF") of HELM Great Britain Ltd	Blended-fertiliser 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			✓



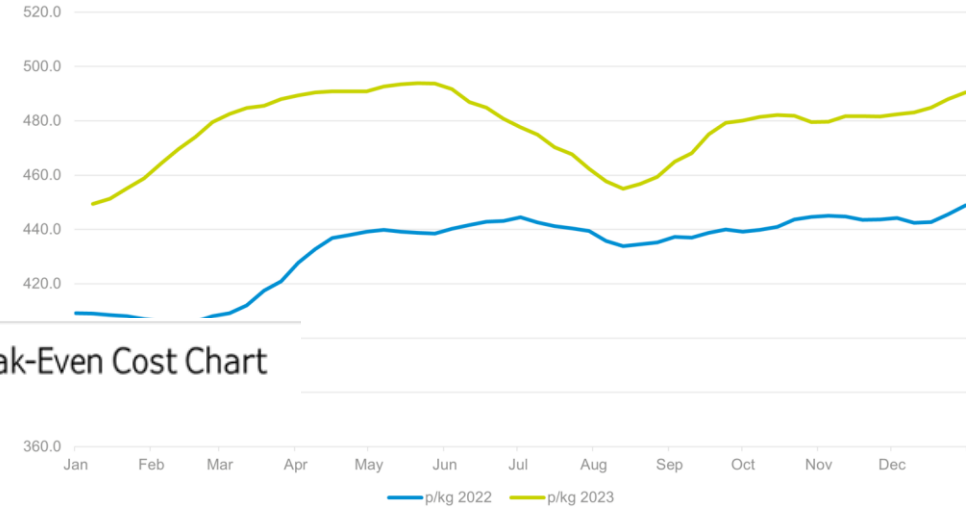
Market Trends

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

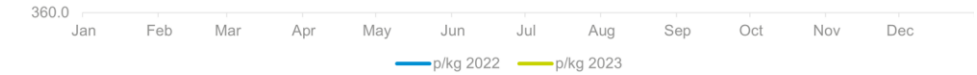
Deadweight Sheep Price (p/kg) ¹



Deadweight Cattle Price (p/kg) ¹



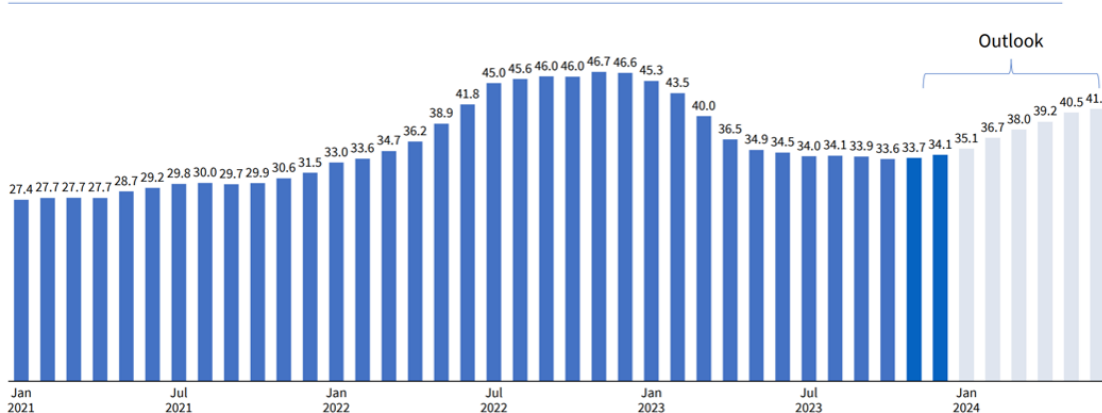
Monthly Dynamic Milk Price - Break-Even Cost Chart



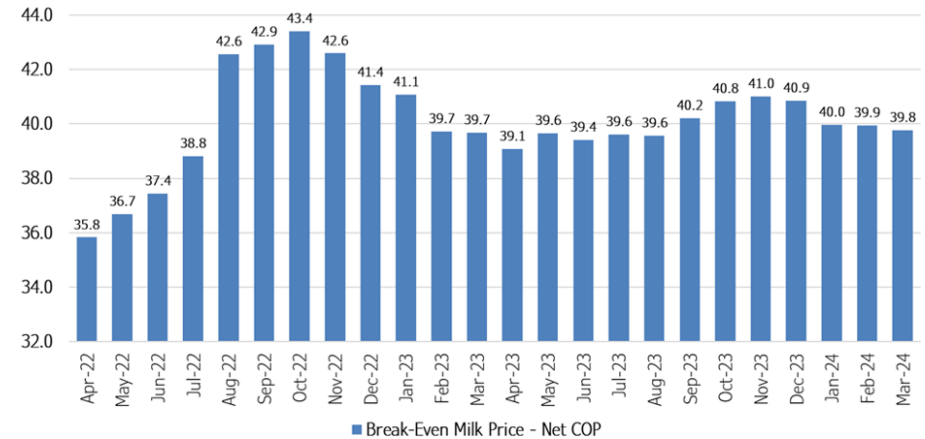
Average Farmgate Milk Price (p/l) ²

Milk price for UK (SCM-based)

£ / 100 kg



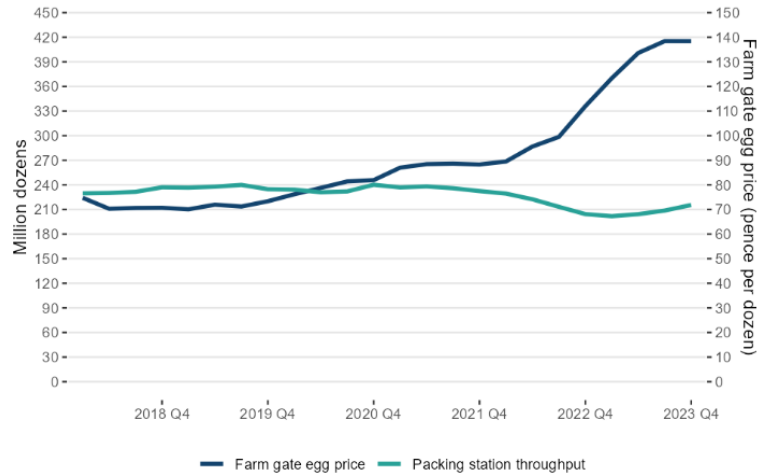
Monthly Dynamic Milk Price – Breakeven cost chart ²



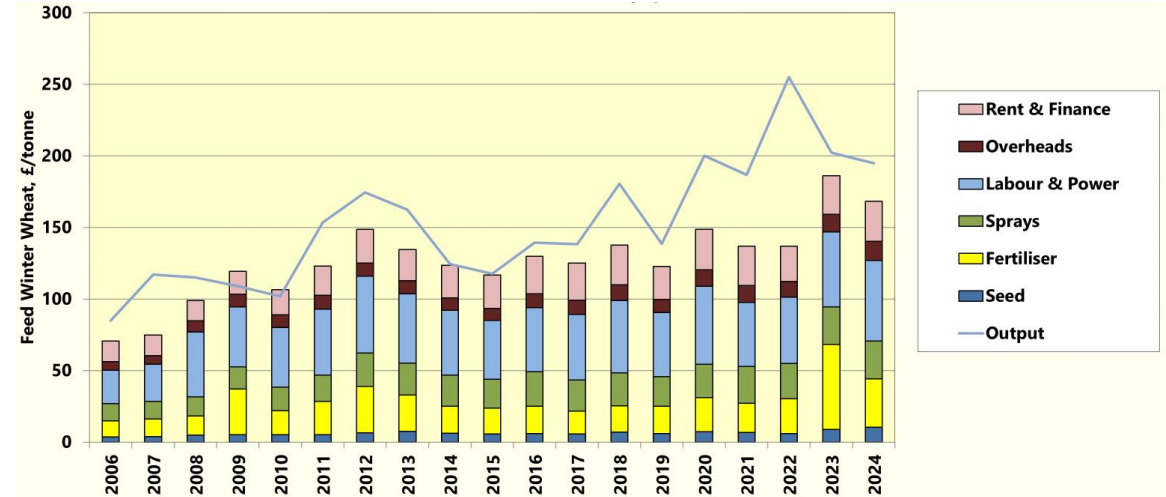
Market Trends

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

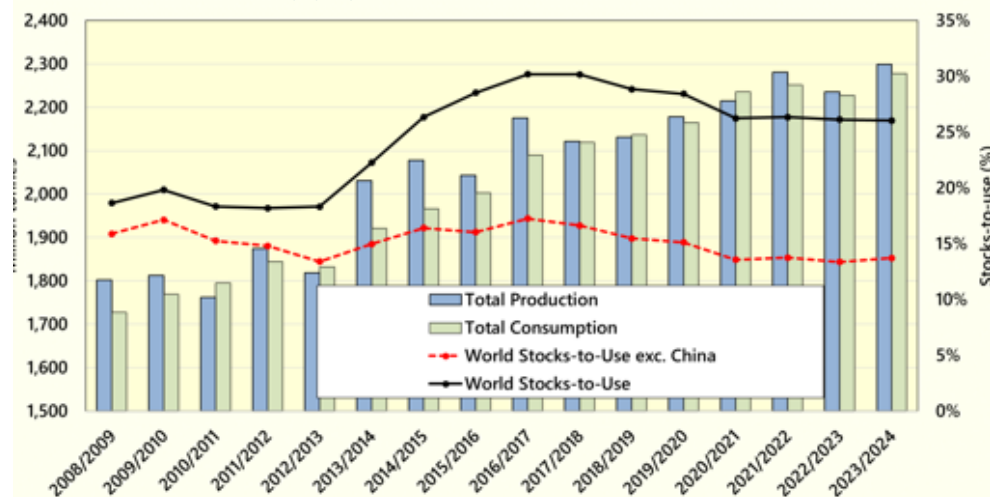
Number of eggs packed in UK packing stations vs. UK farm-gate egg price: 2017-2022¹



Feed Wheat Price (£/tonne)²



Global Grain Supply and Demand – 2008 - 2023⁴



Farm Inputs & Outputs and CPI – 2018 - 2023³

