



CARR'S

MILLING INDUSTRIES PLC

“the trends are positive”

Interim Results Presentation

April 2008



Presenters



Chris Holmes
Chief Executive



Ron Wood
Finance Director



Activities

- Agriculture (73% of Group revenue)
 - Animal feed
 - Fertilisers
 - Farm supplies and machinery
 - Fuel oils
- Food (25% of Group revenue)
 - Flour (for bread, biscuits and confectionery)
- Engineering (2% of Group revenue)
 - Nuclear and petrochemicals (Bendalls)
 - Nuclear (Carrs MSM)
 - Vehicle repair (R Hind)



Financial Highlights

- Revenue ***up 45.9%*** to £161.87m
- Adjusted pre-tax profit ***up 38.7%*** to £5.56m
- Adjusted basic EPS ***up 35.7%*** to 44.1p
- Dividend per share ***up 9.1%*** to 6.0p



Agriculture - Result

- Revenue ***up 45.1%*** at £118.82m
- Operating profit ***up 56.9%*** at £4.02m
- Post-tax profit in associate and JVs ***up 46.5%*** at £0.98m



Agriculture – Market Backdrop

- UK

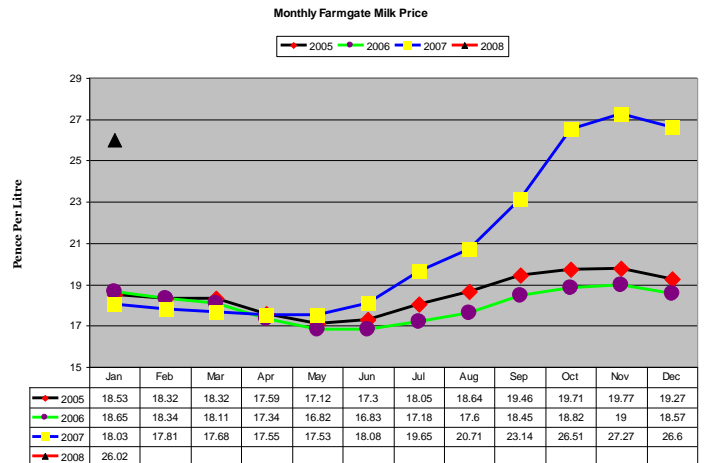
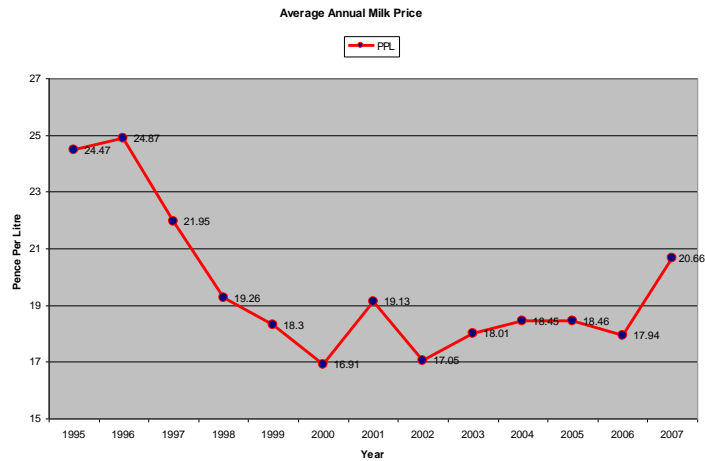
- 50% increase in farm gate milk price from late 2007
- Animal feed over-capacity
- Increasingly high feed wheat and other raw material prices
- High energy and distribution costs

- Overseas

- Higher cost of molasses, a main ingredient



Agriculture – Farm Gate Milk Price

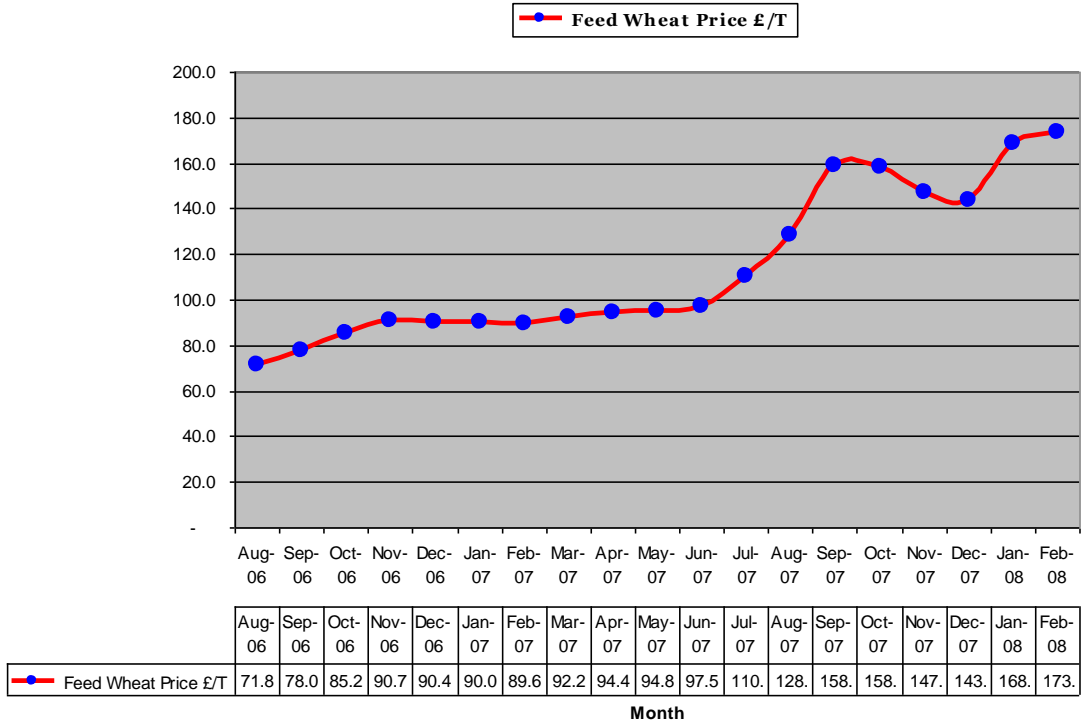




Agriculture – Feed Wheat Price



Feed Wheat Prices August 2006 - February 2008





Agriculture – Animal Feed

- UK compound and blended feed gained market share and benefited from early buying of raw materials
- UK feed block sales were up 18%
- US feed block sales were up 14%, but margins were slightly lower
- Germany low moisture feed block sales increased by the introduction of new markets



Agriculture - Other

- Fertiliser

- Revenue was up 114%, as farmers bought early and the New Choice environmentally-friendly brand continued to expand

- Retail

- Revenue was up more than 10%, with a Q2 acceleration

- Fuels

- Revenue was up 70%, reflecting the Johnstone acquisition and market share gains



Food – Result

- Revenue up 57.9% at £39.68m
- Operating profit up 21.0% at £1.1m





Food - Commentary

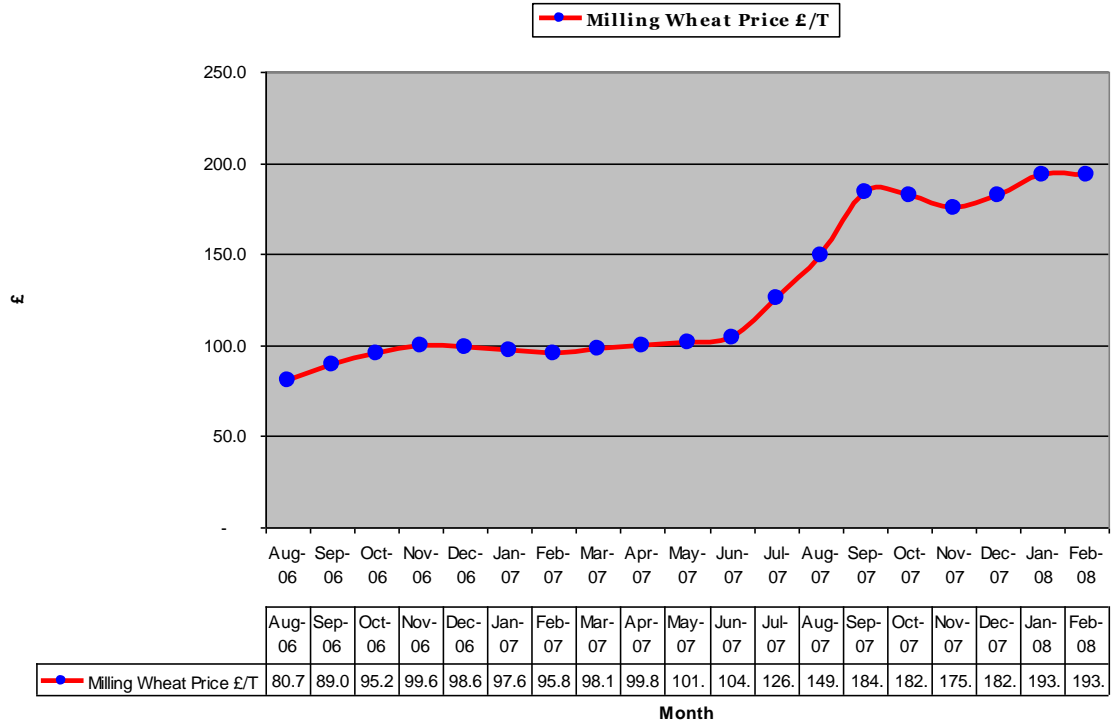
- The revenue increase reflected September and November price increases
- The profit increase reflected margin erosion in the previous H2 and the increasing benefits of the cost reduction programme



Food – Milling wheat price



Milling Wheat Prices August 2006 - February 2008





Engineering - Result

- Revenue down 14.7% at £3.30m
- Operating profit down 16.0% at £0.49m



Engineering - Commentary

- The decrease in revenue and profit reflected constant design changes to one large contract for pressure vessels
- Nuclear decommissioning contract completed ahead of schedule
- Master Slave Manipulator business for both nuclear and research establishments is buoyant



Summarised Income Statement

	2008	2007	Increase
Revenue (£m)	161.87	110.97	45.9 %
PBT - adjusted (£m)	5.56	4.01	38.7 %
- reported (£m)	5.17	3.57	45.0 %
EPS - adjusted (p)	44.1	32.5	35.7 %
- reported (p)	44.6	30.6	45.8 %
DPS (p)	6.0	5.5	9.1 %



Segmental Analysis

	Revenue		Operating profit†	
	2008 £m	2007 £m	2008 £m	2007 £m
Agriculture	118.8	81.9	4.0	2.6
Food	39.7	25.1	1.1	0.9
Engineering	3.3	3.9	0.5	0.6
Central	0.1	0.1	(0.2)	(0.1)
	161.9	111.0	5.4	4.0

† before retirement benefit charge, share of post-tax result of associate and JVs and finance costs



Summarised Balance Sheet

	01.03.08	03.03.07	01.09.07
	£m	£m	£m
Non-current assets	38.4	39.5	37.8
Current assets	82.0	58.0	51.8
Current liabilities	(68.0)	(46.7)	(39.8)
Non-current liabilities	(21.5)	(26.9)	(20.9)
Net assets	30.9	23.9	28.9
Minority interests – equity	(2.3)	(2.1)	(2.1)
Equity shareholders' funds	28.6	21.8	26.8
Net debt	26.7	18.1	15.4
Gearing	93%	83%	57%
Net assets per share	346p	264p	324p



Summarised Cash Flow Statement

	2008 £m	2007 £m
Cash (used)/generated by operations	(7.9)	0.6
Net interest	(0.6)	(0.4)
Tax paid	(0.5)	(0.7)
Net cash used by operating activities	(9.0)	(0.5)
Net cash used by investing activities	(1.1)	(2.2)
Net cash generated/(used) by financing activities	1.7	(2.1)
Effects of exchange rate changes	0.1	-
Net decrease in cash	(8.3)	(4.8)



Outlook - Agriculture

- UK is benefiting from improved farm incomes
- Compound and blended feed margin to be maintained following May price increase
- UK feed blocks – strong demands and improving margins
- Fertiliser – margins improving but volumes lower in second half
- US feed blocks - margins improving



Outlook – Food

- A more stable wheat price is expected
- The cost reduction programme should have an increasing effect



Outlook – Engineering

- A satisfactory FY outcome is expected
- Order book at record high
- Good spread of business – nuclear, oil, gas and petro-chemical



Outlook – Overall



“The trends are positive for H2 and beyond”





APPENDIX



Effective Management Action 1997 -

- 1997 Diversification into the USA, with the acquisition of Animal Feed Supplement feed block business
 - Closure of animal feed mill at Silloth (following BSE in 1996)
- 1999 Formation of Carrs Billington Agriculture animal feed JV
 - Expansion in the USA with commissioning of second feed block factory
- 2000 Acquisition of AF (2 feed mills and 4 retail outlets)
- 2002 Reorganisation of Carrs Billington Agriculture (following FMD in 2001)
- 2004 Acquisition of Meneba (2 flour mills)
- 2005 Acquisition of Pye (5 feed mills)
 - Closure of 3 feed mills
 - Establishment of Carr's Bibby JV in Wales
- 2006 Establishment of Crystalyx Products feed block JV in Germany
 - Establishment of Afgritech specialist feed JV in Cumbria