RNS Number : 5453K
NWF Group PLC
22 December 2022

For release 7.00am Thursday 22 December 2022

NWF Group plc

NWF Group plc: Trading Update and Fuels acquisition

NWF Group plc ('NWF' the 'Company' or the 'Group'), the specialist distributor of fuel, food and feed across the UK, today provides a trading update for the six months ended 30 November 2022 (the "Period") and announces the acquisition of Sweetfuels Limited.

Trading update

The Board is pleased to report that trading in the first half has been strong. The Group's overall results for the Period were ahead of the prior year, with all three divisions trading ahead of the Board's expectations.

Fuels:
Performance in the Period has been delivered by strong margins offsetting lower year-on-year volumes. Warmer than usual weather over the Autumn months saw reduced consumption of heating oil, as well as some deferral of purchases in response to the increased cost. Oil prices have remained very volatile, with Brent Crude starting the Period at $114 per barrel and ending at $83 per barrel.

Food:
Trading has continued to be strong, with good storage capacity utilisation and continued improvements in operating efficiency. Demand from customers has been stable and service levels have remained high.

Feeds:
Performance momentum has remained very encouraging. Whilst volumes were a little lower than the prior year as a result of good Autumn grazing conditions, farmers have been focused on optimising feed rations to benefit from a very positive milk price in the Period. Commodity prices remained volatile across the first half and the business has been effective in passing through inflationary cost increases.

Outlook
The Group has made a strong start to the current financial year, with the seasonally more material winter months to come. As such the Board's full year expectations are unchanged at this stage, save for the anticipated contribution from the Sweetfuels acquisition, as set out below.

The first half has built on the strong performance in the prior year and we continue to have confidence in the Group's prospects. We also continue to target strategic development opportunities supported by our strong balance sheet and banking facilities.

Acquisition
NWF is pleased to announce the acquisition of Sweetfuels Limited ("Sweetfuels" or the "Acquisition") for a cash consideration of £10.0 million on a debt and cash free basis.

Sweetfuels is a 20 million litre fuel distributor based in Faringdon, Oxfordshire, supplying fuel to predominantly domestic customers across the Cotswolds. The Acquisition further expands and infills NWF's geographic coverage of its Fuels business within the UK and is aligned to the Group's development strategy of consolidating the highly fragmented fuels market whilst expanding its existing geographical footprint. The acquisition is expected to be immediately earnings enhancing to the Group.

The Group will implement its proven post-acquisition integration plan, retaining the local brand and customer facing parts of the business whilst centralising support services. In the 12 months to 31 August 2021, Sweetfuels generated EBITDA of £1.3 million, profit before tax of £1.2 million and had net assets of £2.8 million.

The total consideration is £14.3 million which includes £4.3 million of adjustments for surplus cash and normalised working capital. The net consideration is therefore £10.0 million which will be funded from the Group's existing financial resources. The Group reported net cash of £9.0m (excluding IFRS16 lease liabilities) as at its financial year ended 31 May 2022, together with substantial bank facilities to fund investment in its development opportunities.

Richard Whiting, Chief Executive of NWF Group plc, commented:
"We are delighted with our performance in the first half and to announce the acquisition of Sweetfuels which adds a 26th depot to our UK footprint in an attractive new geography for NWF. We have a strong platform for continued growth as we leverage the benefits from the further expansion of our growing network.

"The industry remains highly fragmented, with many small operators, which provides us with further opportunities to consolidate the market and increase our market share. Our pipeline of acquisition prospects remains healthy and this remains a focus for our development activity."

Information for investors, including analyst consensus forecasts, can be found on the Group's website at www.nwf.co.uk.

Richard Whiting, Chief Executive Chris Belsham, Group Finance Director	Reg Hoare / Catherine Chapman	Mike Bell / Ed Allsopp
NWF Group plc	**MHP**	**Peel Hunt LLP** (Nominated Adviser and broker)
Tel: 01829 260 260	Tel: 020 3128 8339	Tel: 020 7418 8900