



KITWAVE[®]
Group plc

Delivering Excellence

Investor Presentation

Unaudited Interim Results
6 months ended 30 April 2022

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Key messages

- Financial performance significantly ahead of expectations
- Trading volumes at pre-pandemic levels
- Increased gross profit and continued control on costs
- Move to new foodservice depot on time and on budget
- New online trading platform launched
- Successful completion and integration of the acquisition of M. J. Baker



Highlights for the period

Financial performance

- Revenue and gross margin ahead of expectations in H1, leading to significant improvement in adjusted operating profit
- Working capital control maintained resulting in excellent operational cash conversion

Operational investment

- In March 2022, the Group opened its new 60,000 sq. ft distribution centre in Wakefield to cater for on trade product operations
- A new web trading platform launched with a roll out programme to the wider group in place

Dividend

- Declared interim dividend of 2.5 pence per ordinary share, an uplift of 11% on prior year (*Dividend cover 2.5x*)

Group revenue

£223.3m

Adjusted operating profit

£7.3m

Adjusted EBITDA

£11.1m

Profit before tax

£5.6m

Pre tax operational cash conversion

166%



Financial overview

Income statement

H1 2022 Financial Summary

H1 reflects a period of partial Covid-19 restrictions. The result therefore reflects this increase in trade as the business returned to pre-pandemic trading levels

- Group revenue recovered strongly in H1
- Gross profit margin improvement continued at 20%
(H1 2021: 18%)
- Adjusted operating profit in H1 of £7.3m
(H1 2021 : -£0.2m)
- Adjusted EBITDA improved to £11.1m
(H1 2021: £3.8m)
- Profit before tax - £5.6m (H1 2021: loss £3.5m)

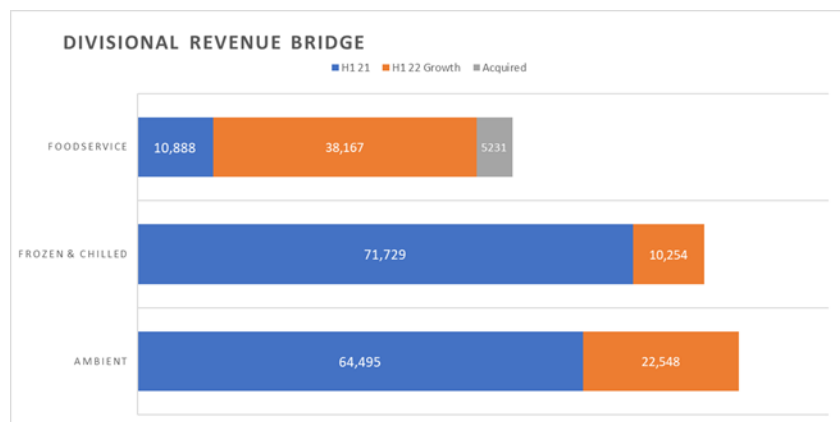
	6 months April 2022 £000	6 months April 2021 £000
Revenue	223,312	147,112
Cost of sales	(179,195)	(120,841)
Gross profit	44,117	26,271
Gross margin %	19.7%	17.9%
Other operating income	42	4,423
Distribution expenses	(19,351)	(12,712)
Administrative expenses	(18,119)	(17,192)
Operating profit	6,689	790
Operating profit %	3.0%	0.5%
Adjusted operating profit	7,316	(181)
Adjusted operating profit %	3.2%	0.0%
Adjusted EBITDA	11,125	3,834
Adjusted EBITDA %	5.0%	2.6%

H1 21 – Other income related to furlough monies received (£2.0m)
and the CPO income relating to the Luton warehouse (£2.3m)

Segmental performance

Revenue

- Revenue of £223.3m, a 52% increase on H1 2021



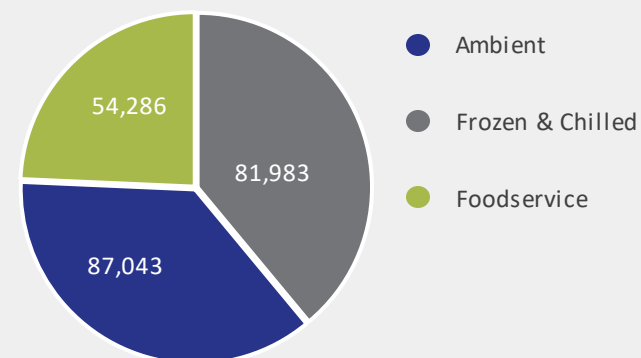
Gross profit

- Divisional gross margins improved generating £16m of additional gross profit on H1 2021

Distribution costs

- Continued drive toward cost control despite inflationary increases in cost base
- Distribution costs of £19.4m with a cost to serve of 8.7% (H1 2021 : 8.6%)

Total revenue (£000)



Gross margin

- Ambient – 14.2% (H1 2021 : 12.4%)
- Frozen & Chilled - 21.8% (H1 2021 : 21.5%)
- Foodservice – 25.6% (H1 2021 : 26.7%)

Adjusted operating profit (£000)

Ambient	2,649
Frozen & Chilled	1,645
Foodservice	3,091

Balance sheet

Key highlights

- Strong balance sheet with net assets of £63.3m

Goodwill

- £13.1m increase in goodwill resulting from the acquisition of M. J. Baker

Capital investment

- £1.1m investment in fleet and warehouse facilities
- Further £4.6m of right of use asset associated with the new Wakefield warehouse

Working capital

- Working capital - £25.9m at April 22, an increase of £4.2m on H1 21 (£1.7m increase, excluding M. J. Baker)

Debt

- Net debt of £46.6m, including £26.5m of IFRS16 lease liabilities.
- LTM leverage of 0.9x (2.1x including IFRS16 liabilities)

Apr - 2022

£000

Non-Current assets

Goodwill	44,342
Intangible assets	535
Tangible and right of use assets	40,446
Investments	35
	<hr/>
	85,358

Working Capital

Inventories	39,718
Trade receivables and other debtors	63,783
Trade payables and other creditors	(77,656)
	<hr/>
	25,845

Cash and debt

Cash and cash equivalents	6,111
Lease liabilities	(29,301)
Other interest bearing loans and borrowings	(23,420)
	<hr/>
	(46,610)

Tax

Tax payable	(573)
Deferred tax liabilities	(728)
	<hr/>
	(1,301)

Net assets

63,292

Cashflow statement

Key highlights

- Net increase in cash in H1 2022 of £1.1m
(FY 2021: inflow of £6.8m)
- Working capital inflow of £7.2m
- Pre-tax operational cash conversion of 166%

Non trading cashflows

- £1.0m net capex spend
- £2.5m of lease liabilities paid

Acquisition of M. J. Baker

- Net acquisition outflow of £16.9m funded from a draw on available banking facilities
- Net draw over the period of £8.8m

Dividend

- Final FY 2021 paid of 4.50p per share in April 2022

	6 months April 2022 £000	
Cash flow from operating activities		
PBIT	6,689	
Depreciation and amortisation	3,809	
Other non cash items	440	
	10,938	
Working capital	7,227	
Pre tax operational cash	18,165	166%
Tax paid	(1,115)	
Net cash inflow from operating activities	17,050	156%
Net capex	(1,032)	
Free cash flow to service debt	16,018	
Interest paid	(1,126)	
Acquisition	(16,914)	
Net cash movement in debt	8,800	
Lease liabilities paid	(2,485)	
Dividends paid	(3,150)	
Net increase in cash	1,143	

Current trading

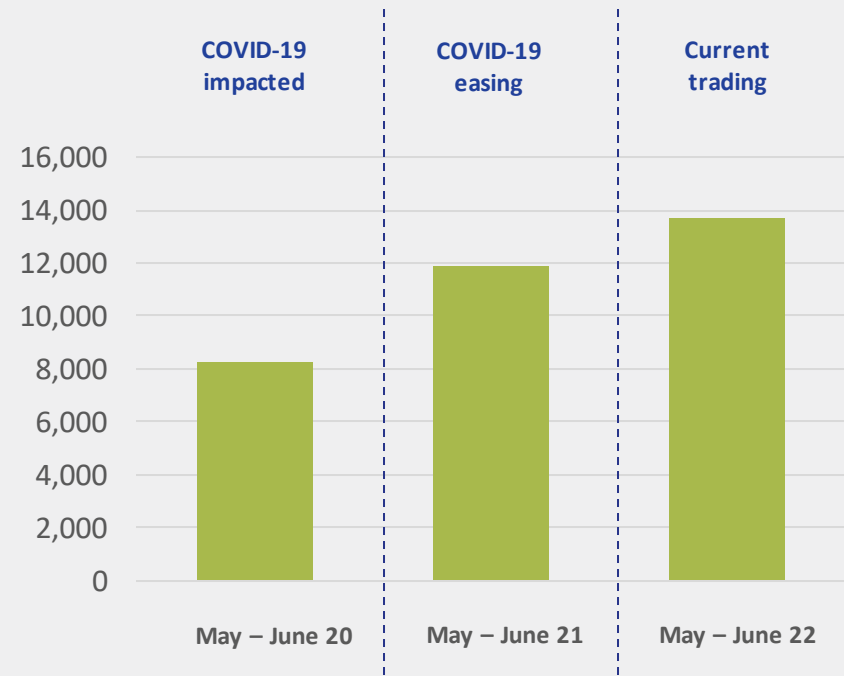
Current trading is significantly ahead of expectations

Post period trading in May and June, order levels are in excess of prior year

Continued strength in product offering and availability is driving this organic growth

Currently no immediate effect has been seen on volumes due to pressure on consumer led discretionary spend

Cases of product sold *



* All periods are L4L and include M.J. Baker sales



Operational overview

Ambient division

Revenue

£87.0m (39% of Group revenue)

Segment adjusted EBITDA

£3.4m (31% of Group adj EBITDA)

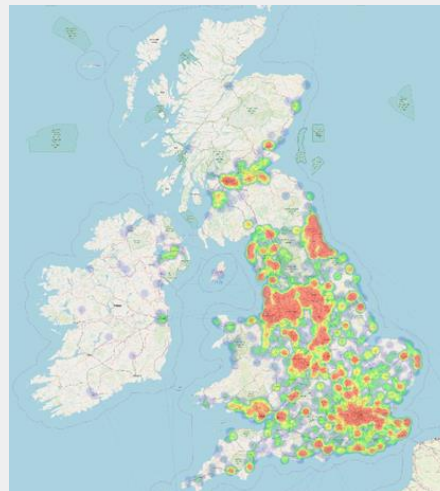
Operations

- Staff turnover rates have fallen in operational roles
- Recruitment of drivers into Class 1 & Class 2 positions have eased with good quality candidates available in the market place



Customers

- A 30% increase in cases supplied compared to H1 2021 as the vending volumes have come back on line



Products

- 30-year history working with market leading suppliers enables the Group to be a brand ambassador.
- This has been recognised in our ability to gain access to volume where allocations have been placed on SKUs due to shortages



Frozen & Chilled division

Revenue

£81.9m (37% of Group revenue)

Segment adjusted EBITDA

£3.6m (32% of Group adj EBITDA)

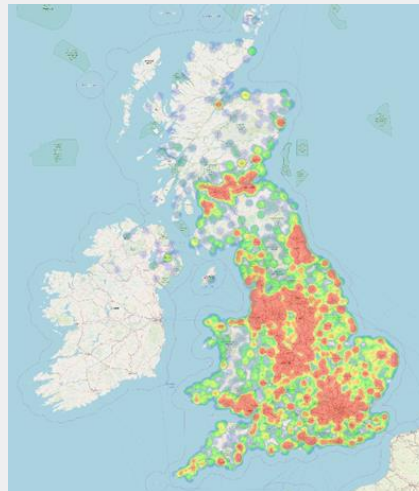
Operations

- South West operational gains leveraged from new M.J. Baker site in Newton Abbott
- Serving as a logistical base for Eden Farm to increase service levels in SW and will reduce cost to serve in this geography



Customers

- A 16% increase in cases supplied compared to H1 2021
- New supply partnership with St Pierre breads for full nationwide supply



Products

- Building on our relationships with brand owners and utilising our nationwide delivery capability has resulted in a new supply partnership with Dominos adding the supply of soft drinks to the Ben & Jerrys ice cream we currently serve nationwide to 1100+ stores



Foodservice division

Revenue

£54.3m (24% of Group revenue)

Segment adjusted EBITDA

£4.1m (37% of Group adj EBITDA)

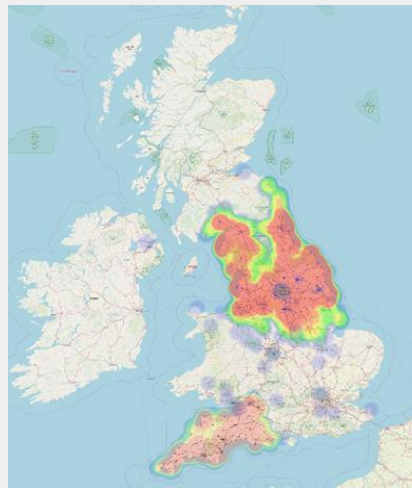
Operations

- New purpose built on-trade distribution hub fully commissioned, delivered on time and on budget
- Enables consolidation of the existing Leeds, Wakefield and Keighley depot into the new hub.
- A brand new production facility for InFAMous soft drinks bag in box
- Site will enable bonded warehouse status in time



Customers

- A 112% increase in cases supplied compared to H1 2021 as customers return to foodservice settings following the removal of all Covid-19 restrictions



Products

- Integration of buying function across M.J. Baker & David Millers to create one buying function to drive buying synergies across the wider division



Website development

New Eden Farm website successfully launched
January 2022

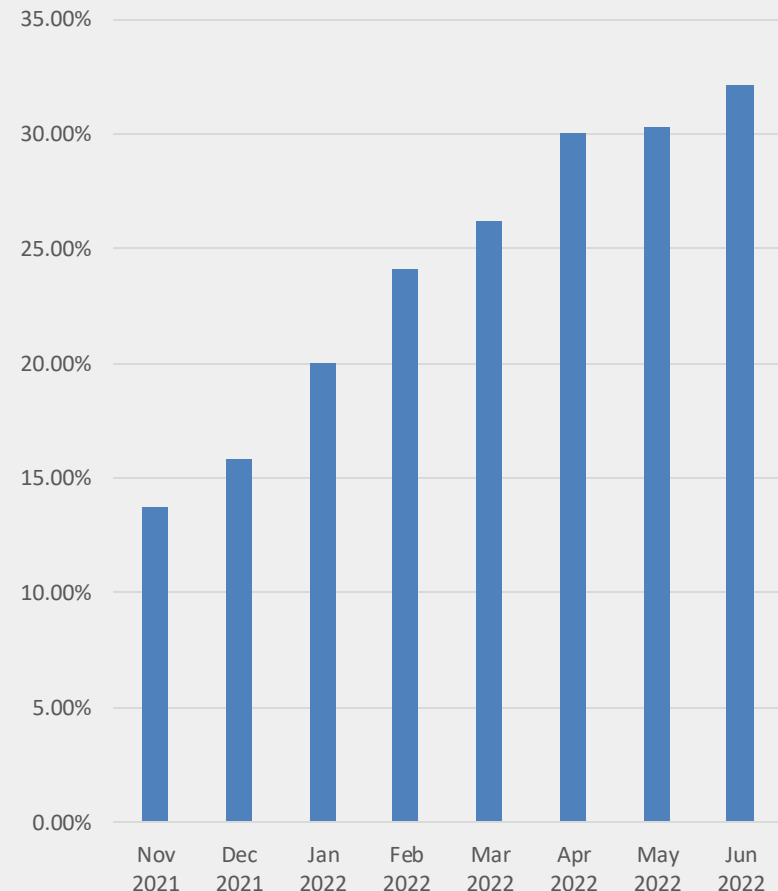
Order capture via online has risen from 14% to
32% since launch

Average order value higher online than traditional
SOP

Success of this offering has led to the roll out in
Turner & Wrights, M J Baker and Millers with
others to follow



% of orders through web
channel since launch to date



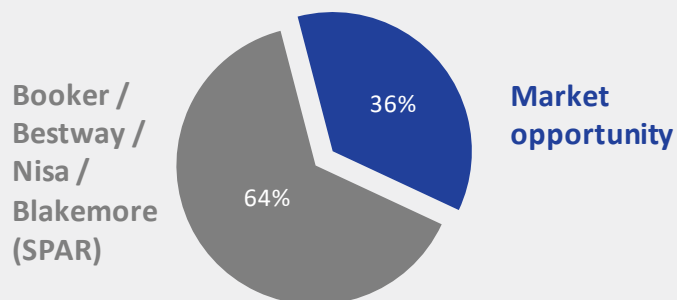


Group strategy

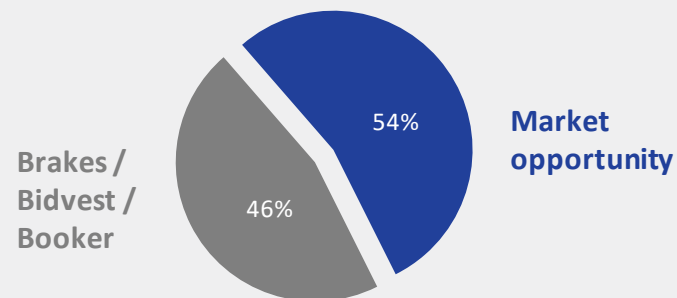
UK grocery and foodservice wholesale market offers significant acquisition and growth potential

Excellent track record of successfully integrating businesses

Highly fragmented market creates acquisition opportunity



Retail & Convenience – worth c. £15.7bn*



Foodservice – worth c. £11.2bn*

Acquisition rationale

- Market share growth
- Revenue-enhancing
- Product/customer base expansion
- Cost and operational synergies

11
acquisitions
since 2011

Ability to de-risk acquisitions

- Management expertise
- Repeatable strategy and integration blueprints

Pipeline of further small bolt on acquisitions

- Established search criteria and process
- M&A opportunities identified

Growing organically

Kitwave targets revenue and market growth across the Group

Through leveraging opportunities that arise from activities across the following four pillars:



Growth in customer base & product range

- Sale of wider basket to existing customers
- Grow customer wallet share
- Scale of product categories
- IT and sales rep education



Strengthening brand relationships

- Negotiate better annual terms and rebates
- Trusted ambassador for 'Brand' owners



Nationwide delivery capability

- Opportunity to access a wider customer base
- Delivery efficiency via centralised 'Paragon' route planning



IT & service excellence

- Full Web and App sales offering
- Order tracking and customer insight via EPOD technology

Environmental, Social & Governance

A long-term sustainable business model is essential for the success of the Group, its colleagues, shareholders and other stakeholders.

Kitwave intends to implement a CSR strategy and committee, which will monitor the implementation of practices across the Group, ensure standardisation and introduce relevant and realistic objectives.

ESG in action





Summary

Aiming to becoming a leading delivered wholesaler in the UK.

As we exit the COVID-19 period, the Group is well placed to capitalise on organic growth and acquisition opportunities to drive long-term value for its shareholders.



Listed status provides the platform to enhance brand and capture significant market share



Continuing Group's successful buy-and-build strategy



Leveraging opportunities from mature relationships with brand owners



Driving further organic growth



Website development and introduction of 'Kitwave Direct'



Robust balance sheet and cash generative business model



Appendix

Investment case

Kitwave is well placed to capitalise on the fragmented UK grocery and foodservice wholesale market.



Established business with more than 30 year history provides high barriers to entry



Strong growth track record (organic and through acquisitions)



Trusted brand ambassador and partner to suppliers, ensuring excellent service provision



Robust balance sheet and cash generative business model



Continuing a successful buy-and-build strategy



Significant market opportunity – current market share of < 2%

Ensuring high quality service provision to clients

With over three decades' experience, Kitwave's focus is delivering to its diverse, nationwide customer base – on time and in full.

Wholly owned fleet

- Fleet of 430+ delivery vehicles fulfilling 3,300+ deliveries per day
- Having its own fleet enables the flexibility to deliver on the Group's commitment to service quality
- Provides customers the ability to have lower minimum order levels, whilst still achieving next day delivery if required



Nationwide depots

- Network of 27 depots, comprising 7 main stock holding depots and 20 satellite depots
- Provides a nationwide delivery capability and the capacity to ensure stock holding is sufficient to achieve over 98% of deliveries being on time and in full



Diverse customer base

- Diverse customer base of 39,000+ customers - mainly independent convenience stores and foodservice outlets
- Group has a good representation of national based retailers
- Many other UK wholesalers utilise the Group's provision of the delivery of frozen and chilled products





Stephen ("Steve") Smith

Independent Non-Executive Chairman

- Joined the Group as Non-Executive Chairman following investment by Pricoa Capital Group in 2016
- Held role of CEO of Northgate plc for over 20 years
- Served on a number of private company boards and is currently a Non-Executive Director of Ramsdens Holdings Plc
- Chartered accountant and holds a degree in Economics from the London School of Economics
- Steve is Chairman of the Nomination Committee



Paul Young

Chief Executive Officer

- Co-founded the Group in 1987, initially as a single North East based cash and carry.
- During his 30-year tenure as Chief Executive Officer, and as majority shareholder, Paul has grown the business into a national delivered wholesale business with revenue over £380.7m in FY21.
- Paul is a qualified Cost and Management Accountant (ACMA).



David Brind

Chief Financial Officer

- Joined the Group in 2011, following NVM Private Equity LLP's investment
- Has led the Group's 11 successful acquisitions and is responsible for the development of the IT and reporting infrastructure.
- Previously held roles at Barclays, at Ward Hadaway as a Corporate Finance Director and at Ernst & Young as Assistant Director in Corporate Finance.
- Qualified as a chartered accountant and is a Fellow of the Institute of Chartered Accountants in England and Wales.
- Holds a degree in Business Studies at the University of Hull.



Ben Maxted

Chief Operating Officer

- Joined the Group in 2011 as Finance Director of the Automatic Retailing business, before his appointment as Managing Director of Eden Farm (following its acquisition by the Group in 2014).
- Led the growth of the Frozen & Chilled division, successfully integrating four acquisitions into the Group.
- Fellow of the Institute of Chartered Accountants in England and Wales
- Spent three years at PricewaterhouseCoopers in its Corporate Finance division.
- Holds a degree in Business Accounting and Finance from the University of Newcastle upon Tyne.
- Appointed to the Board as Chief Operating Officer in November 2021.



Gerard Murray

Independent Non-Executive Director

- Currently Non-Executive Chairman of Nixon Hire and director of Newrona Limited.
- Previously held roles as Group Finance Director or Chief Financial Officer at companies including Reg Vardy plc, Northgate plc, Immunodiagnostic Systems Holdings plc, Benfield Motor Group, Quantum Pharma plc and Tharsus Group.
- Fellow of the Institute of Chartered Accountants in England and Wales,
- Qualified as a chartered accountant with Arthur Andersen
- Holds a degree in Economics from the University of Leicester.
- Chairman of the Audit Committee and Chairman of the Remuneration Committee.

Key shareholders

The total number of shares in issue is 70,000,000 ordinary shares of £0.01 each

The percentage of shares not in public hands is 48.9%

Significant Shareholders

In accordance with AIM Rule 26 the following investors are identified as having a significant (3% or more) interest.

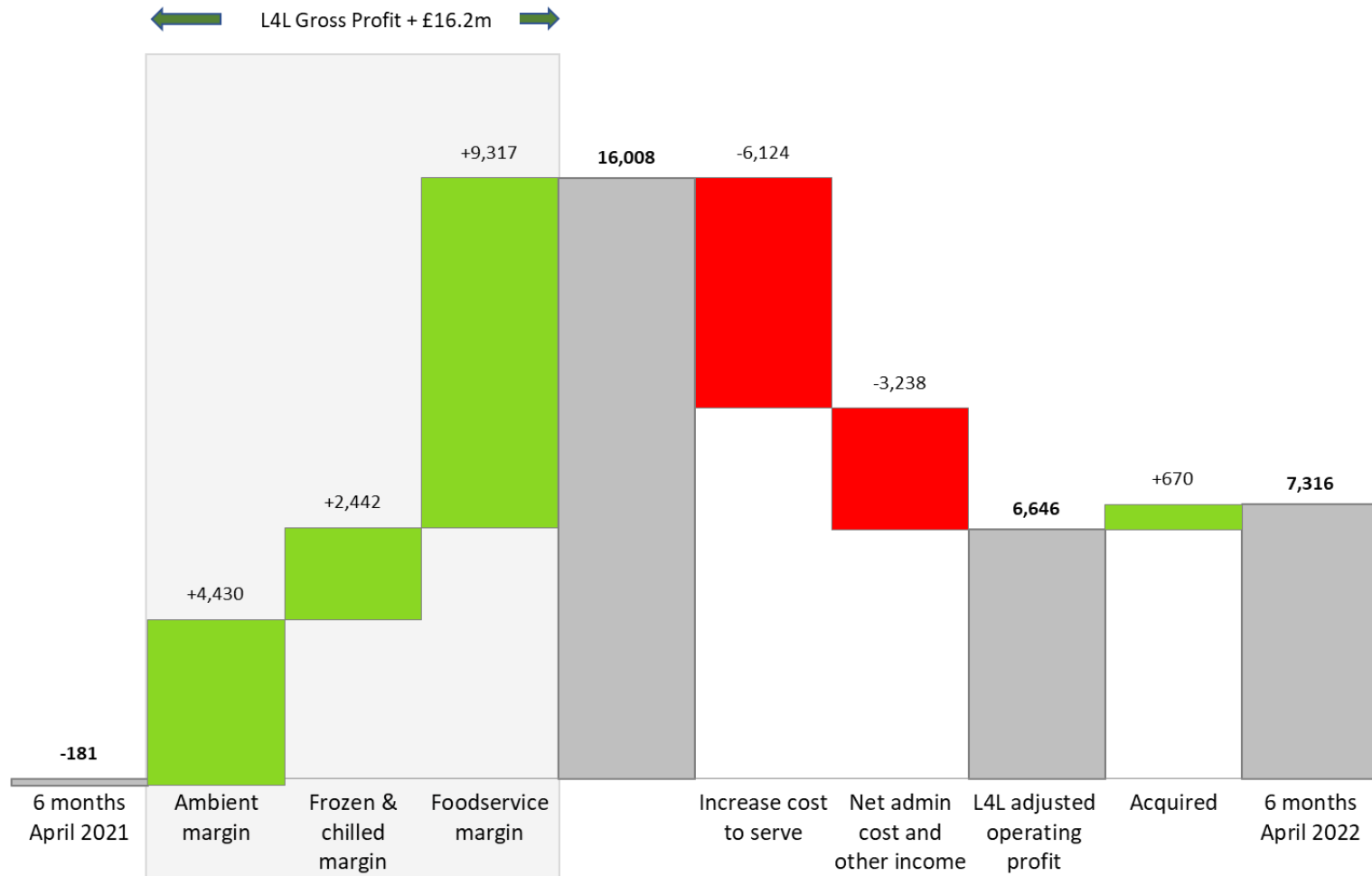
Shareholder	Shares held	Percentage
Liontrust Asset Management Plc	12,137,702	17.13
Premier Miton	6,300,000	9.00
Harwood Capital Management LLC	4,185,000	5.97
Northern Trust & Jarvis Investment Management	3,506,666	5.01
BlackRock Inc.	3,500,000	5.00
NinetyOne UK Ltd	3,497,568	4.99
Canaccord Genuity Group Inc	3,400,000	4.86
Columbia Threadneedle Investments	2,701,530	3.86
BMO Global Asset Management	2,160,000	3.09

Director Shareholdings

(holdings of the Directors and their PCAs)

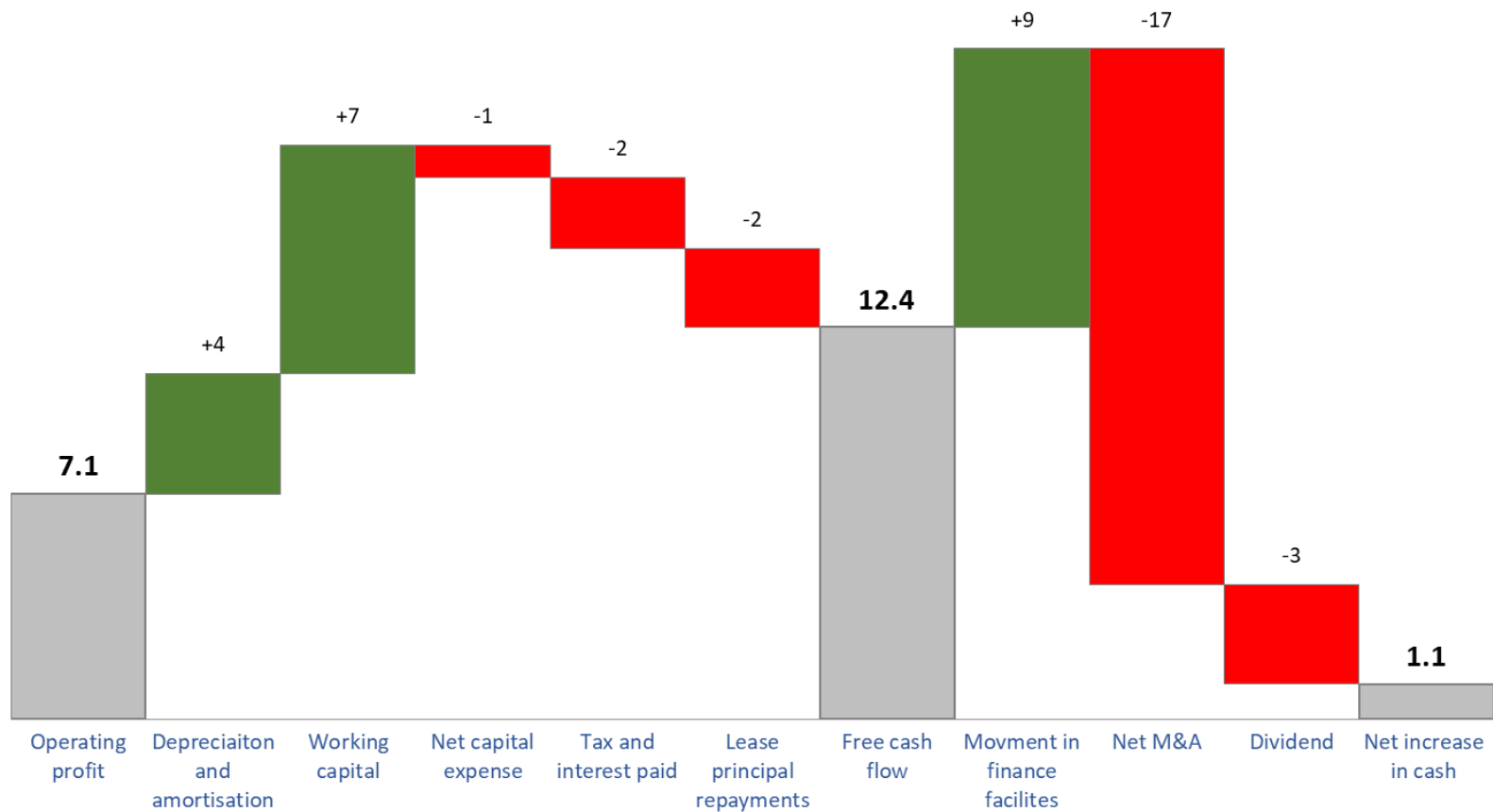
Shareholder	Shares held	Percentage
Paul Young*	10,968,550	15.67
David Brind	1,540,233	2.20
Ben Maxted	220,456	0.31
Gerard Murray	70,000	0.10
Stephen Smith	50,000	0.07

Adjusted operating profit



Cashflow statement

Strong operating cash conversion



Kitwave Group plc

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