

Welsh agricultural supply business Wynnstay expands with £9.5m acquisition

Powys-based agricultural supplies group Wynnstay has further expanded with a £9.5m acquisition of a Hampshire-based rival.

Wynnstay, which is listed on the Alternative Investment Market, has acquired poultry feed manufacturer and supplier, Humphrey Feeds, and associated point-of-lay pullets business, Humphrey Pullets.

The acquisition is being financed through a new £12.5m revolving bank credit facility.

The acquisition is part of Wynnstay's strategy to expand its presence in the South of England, increase its market share in free-range poultry feed, and expand its feed manufacturing capacity.

Wynnstay expects the acquisitions to be immediately earnings enhancing, benefiting shareholders.

Last month Wynnstay recorded its financial result for 2021. With a big rise in commodity price inflation, revenues for the year were up 16% to £500.39m, with underlying profits up 37% to £11.44m. The figures were significantly ahead of initial market expectations.

The group said that the lifting of Brexit uncertainties and strong farmgate prices helped it to post record revenues and profits.

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Part of a family-owned enterprise, Humphrey Feeds & Pullets, supplies a range of poultry feed including organic feed. It manufactures feed at a production facility in Twyford, with a second feed mill in Calne, Wiltshire that is currently not in operation.

In 2021, approximately 109,000 tonnes of poultry feed was sold and Wynnstay estimates the addition of the two businesses will increase its share of the market for free-range poultry feed, a growing sector, from c.6% to c.11%.

Humphrey Feeds & Pullets has a base of around 200 poultry feed farmers, mostly in the South of England, including in the South West, as well as the Midlands and Wales.

As part of expansion plans, Wynnstay intends to redevelop the empty mill at Calne to create a modern c.185 tonne capacity facility, manufacturing both poultry and ruminant feed, with organic certification.

Once complete, Wynnstay anticipates that it will open major opportunities for the Group to develop its multi-species feed sales in the region.

The Calne mill is expected to provide benefits in terms of its location relative to the Group's existing feed mills in Llandsantfraid and Carmarthen.

The company said it will be able to move production between the three mills to support further local sales growth and improve transport logistics.

Chief executive of Wynnstay Group, Gareth Davies said: “Humphrey makes a highly complementary addition to the Group, which will be readily integrated, and is expected to be immediately earnings enhancing.”

He added: “Humphrey fulfils multiple acquisition criteria for us. It will significantly extend our trading footprint in the South of England, enlarge our market share of poultry feed, a key target sector for us, increase our feed manufacturing capacity, and bring additional farmer customers.

“Looking further out, with the redevelopment of the Calne manufacturing facility into a ruminant as well as poultry mill, there is scope to drive additional significant long-term trading benefits.”

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