Fevara

H126 results

Growth ambitions underpinned by Brazil entry

General industrials

1 May 2026

Fevara reported solid H126 results, indicating continued progress against its three strategic pillars of improving operating margins, delivering profitable commercial growth and expanding into new growth markets. The entry into Brazil is strategically important in this context. The acquisitions of Macal and Cia do Sal provide Fevara with an initial operating, distribution and future manufacturing platform in the world's largest beef cattle market, creating a credible route for low moisture block (LMB) roll-out and an additional leg of medium-term growth. Against this backdrop, management set out medium-term ambitions of at least £120m in revenue, £15m in EBITDA, a 10% EBIT margin and 20% return on capital employed (ROCE).

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
8/24	75.7	2.5	2.60	5.20	51.2	3.9
8/25	78.8	4.2	4.40	2.40	30.2	1.8
8/26e	85.4	5.5	8.90	2.50	14.9	1.9
8/27e	93.5	6.4	10.30	2.80	12.9	2.1

Note: PBT and EPS are normalised, excluding exceptionals. Results are for continuing operations.

Strategic delivery during H126

Fevara's H126 results indicate continued progress against its three strategic pillars. Revenue from continuing operations was flat at £50.6m, although management stated this was up 2.2% at constant exchange rates, while adjusted operating profit increased 22% to £7.2m and adjusted PBT rose 18.8% to £7.0m. Adjusted EPS from continuing operations increased to 11.0p from 5.1p, reflecting both stronger underlying earnings and the lower share count following last year's tender offer. In our view, the quality of the results was better than the flat headline revenue suggests, with profit growth driven by improved mix, higher LMB volumes and lower central costs.

Revenue and volume growth

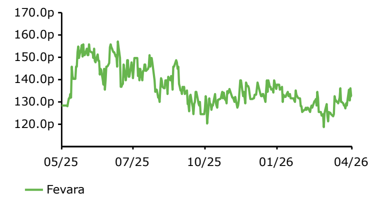
Fevara recorded encouraging growth in its core LMB category in H126. In UK/Europe, fully owned adjusted operating profit increased 26% y-o-y to £3.7m, supported by 9% LMB volume growth, a deliberate reduction in lower-margin mineral products and positive contributions from exports to New Zealand and third-party bolus supply. The US also moved forward, with fully owned adjusted operating profit up 5% to £2.7m. However, trading conditions were split geographically. The southern states recovered strongly following management action taken in FY25, while the northern states were affected by exceptionally mild winter weather and the absence of normal snow cover, which reduced supplementation demand. Joint venture (JV) performance also improved in both regions, with UK/Europe JV adjusted operating profit up 17.3% to £0.5m and the US JV contribution up 9.9% to £1.1m.

Valuation: 189p/share, up from 181p/share

We see the discounted cash flow (DCF) valuation as being key, as Fevara fully encompasses its acceleration in growth, highlighted by its completed entry into Brazil and the company's medium-term growth targets. This implies a valuation of 189p/share.

Price	**133.00p**
Market cap	**£69m**
Net cash/(debt) at H126	£1.4m
Shares in issue	51.8m
Code	FVA
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	2.7	(2.2)	6.1
52-week high/low		158.6p	114.5p

Business description

Fevara's speciality livestock supplements business serves farmers in the UK, Ireland, the US, Brazil, Germany, Canada and New Zealand with high-quality feed blocks and feed supplements.

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FY26 results	December 2026

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H126 results, further cost savings and improved JV performance

Other areas in H126 were also supportive. Adjusted central costs fell 27% y-o-y to £0.8m, reflecting the group's continued cost discipline, and management indicated that further run-rate savings should come through in H2 from actions completed late in the first half of the year, including IT outsourcing and lower professional services spend. Performance across the JVs also improved, with Fevara highlighting a material improvement in its JVs in the US and Germany; divisional detail shows UK/Europe JV adjusted operating profit up 17.3% to £0.5m and the US JV contribution up 9.9% to £1.1m. The interim dividend was maintained at 1.2p, while the new £20m committed revolving credit facility, alongside a £10m uncommitted facility, provides additional flexibility to fund growth.

Current trading encouraging

Management's near-term message was also steady, with trading since the half year described as encouraging, continued strength in the UK, further margin improvement and overall US trading ahead of the prior year, leaving the board confident of delivering FY26 results in line with market expectations.

Balance sheet and cash highlights

Fevara ended H126 with net unrestricted cash of £1.4m, down from £2.6m at FY25 and £15.7m at H125. The movement primarily reflects the FY25 tender offer, the £4.5m restricted pension escrow, the £5.0m acquisition of Macal and dividends paid, rather than any deterioration in underlying trading. Gross borrowings at the half year were £10.9m, with cash and cash equivalents of £12.3m, and the group retains a conservative funding framework with a stated target of net debt/EBITDA of no more than 1x.

The balance sheet remains supportive of the strategy. Fixed assets increased to £28.1m from £21.4m at FY25, reflecting the Macal acquisition, capex and JV accrued income, while net working capital increased to £12.9m from £11.2m. Assets employed rose to £42.5m from £34.1m at FY25, while net assets increased to £42.3m from £37.4m. Management noted that the £0.9m increase in working capital versus H125 was entirely due to the acquisition of Macal.

Funding flexibility also improved during the period. In November 2025, Fevara put in place a new £20m committed revolving credit facility with HSBC through to November 2028, with two one-year extension options, alongside a further £10m uncommitted facility. Undrawn facilities were £9.0m at H126. This gives the group additional flexibility to fund growth, including expansion in Brazil, while maintaining balance sheet discipline.

On cash flow, continuing operations generated £4.0m of cash from operations in H126, versus £4.3m in H125. Net cash generation was weighed by acquisition spend, with £4.3m of cash outflow on acquisitions in the half year, partly offset by new banking facilities. Management also highlighted potential full-year non-trading cash receipts of around £6m, subject to timing of disposals, of which £1.4m had already been received in H1.

Investment thesis

Fevara is now a more focused agriculture business following the disposal of most of its Engineering division in FY25. The group develops, manufactures and markets research-proven livestock supplements, including feed licks, blocks, bagged minerals and boluses for cattle, sheep and horses, with a focus on extensive grazing systems. Within this portfolio, LMB is the core product category and sits at the centre of the group's commercial strategy.

In our view, the investment case rests on three points. First, the legacy UK/Europe and US businesses are improving in profitability and operating discipline. Second, the group is shifting mix towards higher-margin, differentiated products, led by LMB and supported by science-backed product development and intellectual property. Third, the entry into Brazil materially expands the addressable market, giving Fevara access to a substantially larger cattle population than in its existing markets and providing a new leg of medium-term growth.

For more information on Fevara's operations see our previous research.

UK/Europe: Margin-led progress in a mature market

UK/Europe was the strongest-performing region in H126. Revenue declined 2.9% y-o-y to £26.8m, but fully owned adjusted operating profit increased 25.6% to £3.7m, while the JV profit contribution rose 17.3% to £0.5m, taking total regional adjusted operating profit to £4.2m, up 24.6% y-o-y. The key driver was mix rather than market growth: core LMB volumes increased 9%, while minerals volumes were reduced by 14% as management continued to move away from lower-margin products. The region also benefited from newly profitable exports to New Zealand and a first positive contribution from third-party bolus supply, both of which support the broader strategy of improving mix and leveraging the group's portfolio more effectively.

This is consistent with Fevara's strategy in what is, in broad terms, a mature market. Management continues to see scope for further LMB penetration across the UK and Ireland, particularly through distribution gains in underserved regions, rather than relying on structural expansion in the underlying cattle base. The Germany JV also improved, with management highlighting closer co-operation with Fevara as a contributor to H126 profit growth and to wider market share opportunities in continental Europe. In that context, UK/Europe looks increasingly like a market where self-help, pricing, mix and distribution execution can continue to drive earnings even if end market cattle numbers remain broadly stable.

The regional backdrop remains supportive for farm profitability, but less so for herd expansion. UK/Europe has c 90m cattle, or around 5% of the global total, and management points to record-high farmgate prices in late 2025 and early 2026 as supportive for livestock economics. That said, it also notes a continued slow structural decline in cattle numbers and greater profit pressure in dairy from fertiliser, energy and labour costs. Beef and lamb are in a more robust position, but management does not appear to be assuming a material end-market volume tailwind. Instead, the opportunity is to improve share and margin within an established market, which is broadly what H126 delivered.

The US: Underlying recovery despite weather disruption

The US remains Fevara's second core earnings region and delivered a solid H126 despite highly uneven trading conditions. Reported revenue was £22.9m, down 0.7% y-o-y, although management stated this was up 4% at constant currency. Fully owned adjusted operating profit increased 5.0% to £2.7m and the JV profit contribution rose 9.9% to £1.1m, taking total regional adjusted operating profit to £3.8m, up 6.4% y-o-y. Overall US volumes increased 4% in the period.

The split between the southern and northern states was clear. In the south, management's corrective action at the Oklahoma facility in H225 continued to come through, with H126 volumes up 28% y-o-y. In the north, served from South Dakota, volumes fell 11% against a strong prior-year comparative, reflecting what the company described as highly abnormal weather conditions. Management noted that the key winter period was the second warmest in 132 years, with the absence of normal persistent snow cover materially reducing supplementation demand. It does not expect the more normal conditions seen in early spring to offset the winter shortfall, which means H126 should be viewed as a good underlying result in the context of a difficult regional backdrop.

Strategically, the US remains a mature market, so the growth case is less about broad market expansion and more about pricing, margin improvement and share gains. Even so, the market backdrop may be becoming more supportive. The US has c 90m cattle, again around 5% of the global total, and management says cow-calf producers are seeing the highest net farm profitability in history due to strong beef prices. Fevara also notes early signs that the bottom of the seven-to-10-year cattle herd cycle may have been reached, with the contraction phase ending and a slow, measured rebuild beginning. This is not yet a major demand tailwind, and management rightly flagged drought conditions and farmer sentiment as important variables, but it would represent a better medium-term backdrop than the sector has faced in recent years.

The JV portfolio is also improving. The Tennessee JV is now benefiting from the second production line installed in FY24, with H126 volumes up 17%, and management sees further opportunity in this largely customer own-label LMB channel. By contrast, the Iowa JV has been exited, with Fevara stating that this will have no material negative impact on future results. Overall, the US business appears to be in better operational shape than a year ago, with the main near-term variability still coming from weather rather than execution.

Customer base and end-market exposure provides resilience

Fevara's customer base is less exposed to mainstream arable farming than that of many broader agricultural input suppliers. Management notes that its core beef and sheep farmer customers have lower exposure to fertiliser cost inflation than mainstream agriculture activity, while retail meat pricing remains supportive of farm profitability. In our view, this helps underpin a relatively resilient demand backdrop in the current geopolitical environment.

The board also stated that it does not anticipate any near-term material impact from developments in the Middle East. Fevara procures and sells locally where possible, has contracts in place on key raw materials through to the end of

FY26, has key molasses supply priced through FY26 and has UK gas pricing fixed to September 2028. This does not remove risk entirely, but it does support the view that the business is relatively well insulated from near-term supply-chain disruption.

The regional picture is more nuanced. In UK/Europe, management noted that dairy is more exposed to farm profit deflation from fertiliser, energy and labour, whereas beef and lamb are in a more robust position. In the US, cow-calf producers are seeing the highest net farm profitability in history due to strong beef prices. In Brazil, export strength and improving production efficiency are supporting a structurally attractive market backdrop. The common thread is that Fevara's end markets appear more resilient than some adjacent agricultural categories, even if they are not immune to broader farm economics.

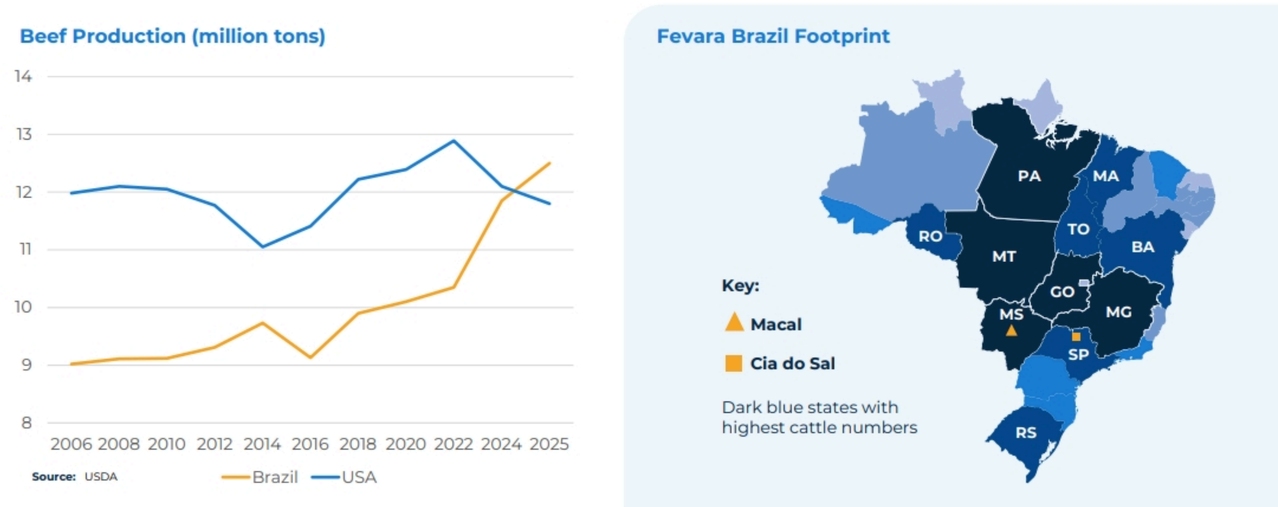
Brazil: Key growth market

The main strategic development in H126 was Fevara's entry into Brazil. The group completed the acquisition of Macal in December 2025 and, post period-end, acquired Cia do Sal in São Paulo state. Brazil made only a modest financial contribution in H126, with £0.9m of revenue and a £0.1m adjusted EBIT loss, but this understates its strategic significance. The two acquisitions establish Fevara's first operational presence in the Southern Hemisphere and provide the initial platform for local mineral distribution and future LMB production in what management describes as the world's largest beef cattle market.

Management highlighted that Brazil has a cattle population of around 230m, compared with roughly 90m in each of the US and UK/Europe, and notes that Brazil surpassed the US as the largest beef producer in 2025. It also argues that the Brazilian market today has many of the characteristics of the US market 20 to 30 years ago, with growing demand for more effective supplementation to improve yield, beef quality and labour efficiency. For Fevara, that is the central attraction: a large and developing cattle market where its established product set, particularly LMB, appears well suited to customer requirements.

The broader market conditions also support Fevara's growth case. Brazil combines high beef prices, record exports and improving genetics, nutrition and productivity, all of which are increasing efficiency and quality across the sector. While higher beef prices are causing some local substitution into other proteins, the export backdrop remains supportive. In our view, this strengthens the logic of Fevara's phased entry into the market through local operating, distribution and future manufacturing capability.

Exhibit 1: Brazil has surpassed the US as the world's largest beef producer



Source: Fevara

Brazil acquisitions: Macal and Cia do Sal

Fevara's entry into Brazil has been executed through two acquisitions with different but complementary roles.

Macal, in Campo Grande, Mato Grosso do Sul, was acquired on 24 December 2025. The initial consideration was £5.0m, with a further £0.8m to £1.9m of deferred consideration payable in March 2028, subject to performance.

Management stated that Macal delivered c £0.7m of EBITDA in the 12 months before acquisition, was acquired on a cash-free, debt-free basis with normalised working capital, and is expected to be earnings accretive in the first full year of ownership. Strategically, it gives Fevara a foothold in a high cattle-density state with access to a market of c 20m cattle, alongside local operating capability and an established distribution network. Early trading has been in line with expectations.

Cia do Sal, in Barretos, São Paulo state, was announced in March 2026 for an initial consideration of £4.3m. The business itself operates at around break-even EBITDA after notional rental, but the transaction is more strategic than driven by near-term financial considerations. Around £4.0m of the consideration relates to the freehold property, including a second building on the same site that will become the location of Fevara's Brazil LMB line. Management says the site is close to strategically important molasses supply and gives access to a c 10m cattle minerals market, while also being well located for broader LMB distribution.

Taken together, the two deals create a more credible platform than either would on a standalone basis. Macal provides an operating foothold and immediate commercial capability. Cia do Sal provides the physical base for Brazilian LMB production and a second regional route to market. In combination, they support Fevara's intended hub-and-spoke model, using owned mineral businesses and third-party distribution across the main cattle states.

Brazil growth plan: Where Fevara is today, where it aims to be and how

Fevara's stated objective is to build a material supplements business in Brazil with significant growth potential. Management said the country leadership and operating model are now established in line with the group's wider structure, integration at Macal and Cia do Sal is progressing as planned, and synergy and optimisation opportunities have already been identified. Recruitment is also continuing, with three experienced local managers already hired and further additions under way to support growth in the minerals business. Operationally, management also highlighted that margin improvement and raw-material procurement projects are in progress, while two new Macal products have been formulated and are now being launched.

The next major milestone is local LMB manufacturing. Fevara has confirmed the LMB equipment supplier, signed the equipment contract and started engineering work. The associated capex is c £4m and will be funded from existing resources. Cia do Sal is expected to begin revenue generation in H227 with FY28 being the first full year of more meaningful commercial contribution.

Commercially, Fevara plans to sell LMB through a hub-and-spoke model, using owned mineral businesses in key cattle states alongside third-party distribution. The near-term focus is on optimising Macal and Cia do Sal, commencing Brazilian LMB production and expanding distribution into the states of Goiás and Minas Gerais, in addition to Mato Grosso do Sul and São Paulo. Management also stated that further acquisitions of mineral and LMB distribution businesses in high-density cattle states will be explored. In our view, this is consistent with the group's stated low-risk approach: establish local operating capability first, prove the model and then add scale selectively.

Medium-term targets now clearly framed

Fevara set out medium-term ambitions of at least £120m in revenue, £15m in EBITDA, a 10% EBIT margin and 20% ROCE. These targets imply a significant step up from the current base. On the company's last-12-month basis, revenue is £78.8m, EBITDA is £6.1m, the EBIT margin is 6.3% and ROCE is 9.1%, so the medium-term framework requires material progress in both scale and quality of earnings.

Management frames the business as a triple-region profit engine, with more than £10m in EBITDA expected from the existing UK/Europe and US operations combined and more than £5m from Brazil. This is a useful way to view the investment case. The medium-term plan is not dependent on Brazil alone. It assumes continued improvement in the established Northern Hemisphere operations through mix, pricing, procurement, cost discipline and commercial execution, with Brazil providing an additional earnings leg rather than the sole driver of change.

The targets are also paired with a disciplined capital framework. Fevara stated that it intends to fund the plan within its established risk appetite, without the need for additional capital, while keeping targeted net debt/EBITDA below 1x (a net cash position of £1.4m at H126) and dividend cover at 2x. The new HSBC bank facility is intended to support that approach, giving the group greater flexibility to invest while maintaining conservative leverage.

Outlook

Management's near-term message is steady: trading since the half year has been encouraging, with continued strong performance in UK/Europe, further margin improvement and overall US trading ahead of the prior year despite ongoing regional variability. The board remains confident of delivering a full-year outcome in line with market expectations.

In our view, H126 supports the argument that Fevara now has a clearer investment case. The legacy business is improving, the capital framework is conservative and Brazil has become a credible new leg of medium-term growth. The next stage will be to demonstrate that better mix, tighter operations and more focused commercial execution in the Northern Hemisphere can continue to lift profitability, while Brazil moves from strategic promise to operating contribution.

Forecast changes

We have updated our forecasts, as detailed in Exhibit 2. The key reasons behind the changes are:

- Marginal upgrade expectations in revenue expectations and EBITDA growth shifting from from FY27 to FY28) in the Agricultural operations following the completed acquisitions and entry into Brazil.
- A reduction in central costs following the company's planed cost reduction programme.

Exhibit 2: Forecast changes

		FY26e			FY27e	
	Old	New	Change	Old	New	Change
Group revenues (£m)	82.4	85.4	4%	86.5	93.5	8%
EBITA including JVs	7.0	6.9	-2%	8.2	7.4	-10%
Central costs (£m)	(1.6)	(1.3)	-19%	(1.0)	(0.8)	-20%
Group EBITA (£m)	5.4	5.6	3%	7.2	6.6	-9%
Net finance costs	(0.1)	(0.1)	0%	(0.2)	(0.2)	0%
Normalised PBT (£m)	5.3	5.5	3%	7.0	6.4	-9%
Normalised undiluted EPS (p)	8.6	8.9	3%	11.3	10.3	-8%
Dividend per share (p)	3.4	2.5	-27%	4.5	2.8	-39%
Net cash/(debt) (£m)	(1.2)	(2.2)	82%	(2.6)	(3.1)	22%

Source: Edison Investment Research

Valuation

DCF valuation

Exhibit 3 highlights our valuation on a per-share basis relative to the cost of capital and the long-term growth rate expected. Assuming a cost of capital of 9.5% and terminal growth of 2% suggests a price of 189p a share (up from 181p/ share previously). Note that the DCF valuation is ahead of the peer group, reflecting the margin recovery anticipated. It is also worth noting that we have currently taken a conservative approach for the additional upside from Fevara's entry into Brazil (with meaningful impact from FY28 onwards).

Exhibit 3: DCF valuation (p/share)

		Discount rate (post-tax, nominal)						
		8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%
Terminal growth	0%	193	180	169	159	150	142	134
	1%	216	200	186	173	162	153	144
	2%	245	225	207	**192**	178	166	156
	3%	287	259	235	215	198	184	171
	4%	349	308	275	248	226	207	191

Source: Edison Investment Research

Exhibit 4: Financial summary

£m	FY23	FY24	FY25	FY26e	FY27e
31-August	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	**81.8**	**75.7**	**78.8**	**85.4**	**93.5**
Operating profit	4.3	3.8	5.0	5.5	5.8
Share of post-tax profit from JVs and associate	1.4	1.4	1.4	1.4	1.6
Central costs	(3.0)	(3.0)	(2.7)	(1.3)	(0.8)
EBITDA (inc JVs)	**4.6**	**3.8**	**4.9**	**6.8**	**7.3**
Group EBIT (before amort. and excepts.)	**2.8**	**2.2**	**3.7**	**5.6**	**6.6**
Amortisation of acquired intangibles	(0.5)	(0.1)	0.0	0.0	0.0
Exceptionals	(3.2)	(3.6)	1.5	0.0	0.0
Reported operating profit	**(0.9)**	**(1.5)**	**5.2**	**5.6**	**6.6**
Net Interest	0.1	0.3	0.5	(0.1)	(0.2)
Profit Before Tax (norm)	**2.9**	**2.5**	**4.2**	**5.5**	**6.4**
Profit Before Tax (reported)	**(0.8)**	**(1.1)**	**5.7**	**5.5**	**6.4**
Reported tax	(0.1)	2.0	0.1	(0.9)	(1.1)
Profit After Tax (norm) - continuing businesses	**2.9**	**2.3**	**3.8**	**4.6**	**5.4**
Profit After Tax (reported) - continuing businesses	**(0.9)**	**0.8**	**5.8**	**4.6**	**5.4**
Average Number of Shares Outstanding (m)	94.0	94.2	87.1	51.7	51.7
EPS - normalised (p)	2.5	2.6	4.4	8.9	10.3
EPS - basic reported (p)	(1.0)	(4.8)	23.1	8.9	10.3
Dividend (p)	5.2	5.2	2.4	2.5	2.8
EBITDA margin (%)	5.6	5.0	6.2	7.9	7.8
Normalised operating margin	5.3	5.0	6.3	6.4	6.2
Normalised Group EBIT margin (inc Jv and central costs)	3.4	2.9	4.7	6.5	7.1
BALANCE SHEET					
Fixed Assets	**73.9**	**21.3**	**21.4**	**22.8**	**24.8**
Intangible Assets	22.5	2.1	2.1	2.8	2.8
Tangible Assets	37.3	10.6	9.8	10.4	12.4
Investments & other	14.1	8.6	9.6	9.6	9.6
Current Assets	**88.4**	**122.5**	**38.3**	**35.4**	**33.9**
Stocks	26.6	12.1	12.3	13.3	14.6
Debtors	26.9	10.4	10.6	11.5	12.6
Cash & cash equivalents	23.1	13.7	12.4	7.6	6.7
Other	11.8	86.4	2.9	2.9	0.0
Current Liabilities	**(39.2)**	**(45.5)**	**(15.2)**	**(14.7)**	**(15.9)**
Creditors	(24.1)	(10.7)	(11.7)	(12.7)	(13.9)
Tax and social security	(0.1)	0.0	0.0	0.0	0.0
Short term borrowings including finance leases	(15.0)	(3.0)	(2.0)	(2.0)	(2.0)
Other	0.0	(31.7)	(1.5)	0.0	0.0
Long Term Liabilities	**(15.3)**	**(3.4)**	**(7.1)**	**(7.1)**	**(7.1)**
Long term borrowings including finance leases	(10.8)	(3.4)	(4.3)	(4.3)	(4.3)
Other long term liabilities	(4.5)	(0.0)	(2.9)	(2.9)	(2.9)
Net Assets	**107.9**	**94.9**	**37.4**	**36.3**	**35.6**
Shareholders' equity	**107.9**	**94.9**	**37.4**	**36.3**	**35.6**
CASH FLOW					
EBITDA	3.3	4.1	1.8	6.3	6.8
Working capital	(3.1)	3.2	2.9	(0.9)	(1.2)
Exceptional & other	(1.8)	(4.6)	(5.9)	(1.1)	(1.3)
Tax	(0.5)	1.5	0.2	(0.9)	(1.1)
Net Operating Cash Flow	**(2.1)**	**4.2**	**(0.9)**	**3.4**	**3.3**
Investment activities	(3.3)	(1.0)	(1.2)	(3.4)	(2.7)
Acquisitions/disposals	26.5	4.0	72.7	(5.0)	0.0
Net interest	(0.2)	0.1	0.4	(0.1)	(0.2)
Equity financing	0.2	0.2	(70.7)	0.0	0.0
Dividends	(4.9)	(5.1)	(3.8)	(1.2)	(1.3)
Other	(1.1)	(5.0)	1.8	1.5	0.0
Net Cash Flow	15.1	(2.6)	(1.7)	(4.8)	(0.9)
Opening net debt/(cash) including finance leases	**21.6**	**4.2**	**4.5**	**2.6**	**(2.2)**
FX	0.0	(0.2)	(0.5)	0.0	0.0
Other non-cash movements	2.4	3.1	0.3	0.0	0.0
Closing net cash/(debt)	**4.2**	**4.5**	**2.6**	**(2.2)**	**(3.1)**

Source: Fevara, Edison Investment Research

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