

Wincanton

At the heart of British supply chains

Wincanton plc

Results for the half year to 30 September 2023





Certain statements in this presentation are forward-looking statements. Such statements are based on current expectations and by their nature are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. The information does not assume any responsibility or obligation to update publicly or revise any of the forward-looking statements contained herein.

Agenda

James Wroath, CEO

Executive summary

Tom Hinton, CFO

Financial performance

James Wroath, CEO

Strategic update



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Executive summary

- **Trading in line with market expectations**, despite lower year-on-year revenue and profit
- **Challenging macro-economic environment** impacting retail and construction volumes
- **Strategic reorganisation of transport**
- **Strong balance sheet** and cash generation
- **Pensions resolution** offers significant boost to free cash flow
- **New capital allocation framework** introduced and announcement of £10m share buyback programme
- **Primary focus on organic growth**, deploying technology to deliver transformational supply chain value





Financial performance

Tom Hinton, CFO

Wincanton

Financial summary

£m	HY 23/24	HY 22/23	Change
Total Revenue	694.7	753.6	(7.8%)
Underlying EBITDA	48.4	57.4	(15.7%)
<i>Underlying EBITDA margin</i>	7.0%	7.6%	(65)bps
Depreciation & amortisation	(21.8)	(25.2)	(13.5%)
Financing cost	(4.0)	(4.2)	(4.8%)
Underlying PBT	22.6	28.0	(19.3%)
<i>Underlying PBT margin</i>	3.3%	3.7%	(46)bps
Tax	(5.7)	(4.8)	(18.8%)
Underlying Profit after tax	16.9	23.2	(27.2%)
<i>Effective tax rate</i>	25.2%	17.1%	
Underlying EPS (pence)	13.7p	18.8p	(5.1p)
Free cash flow	24.5	17.7	38.4%
Net cash flow	2.4	(5.9)	
Net cash/(debt)	15.6	(2.2)	
Dividend per share (pence)	4.4	4.4	-

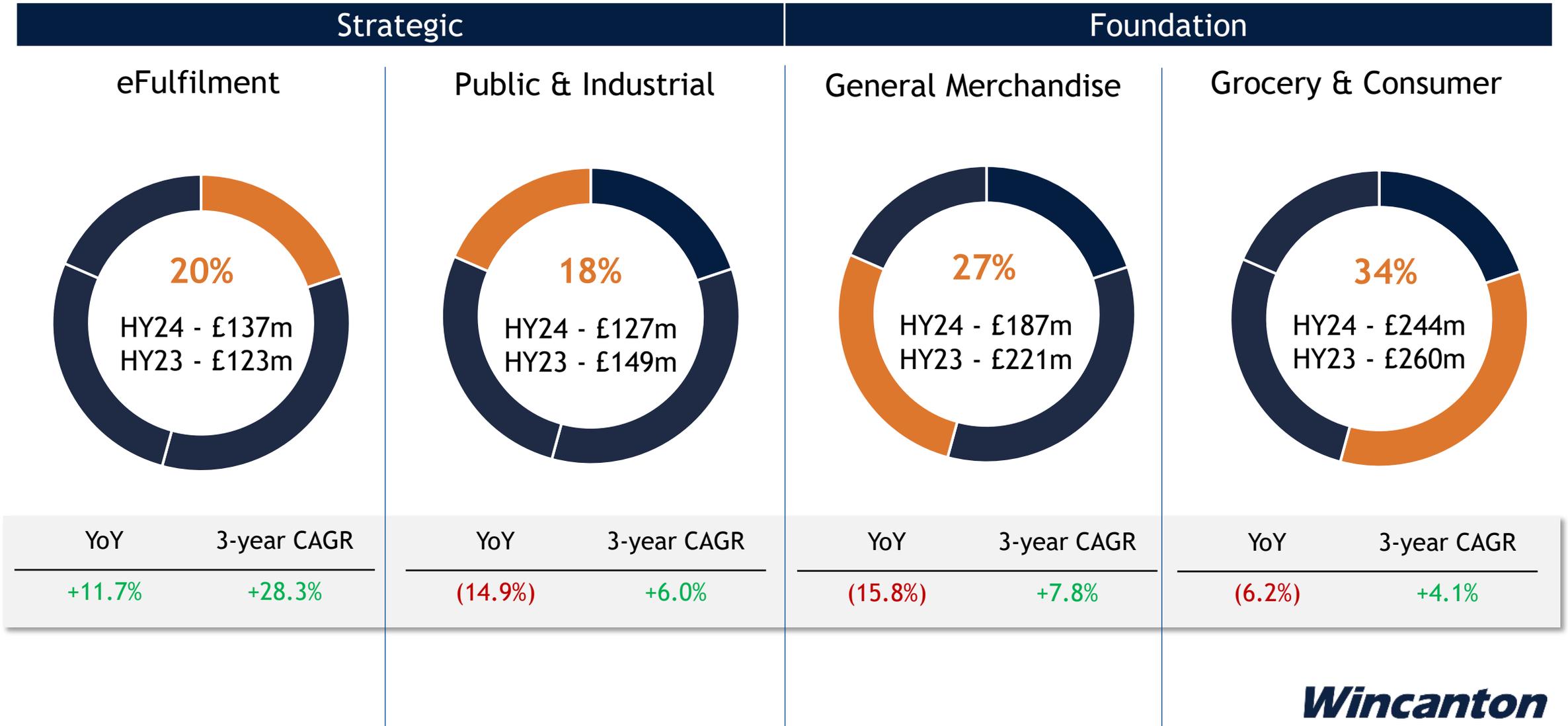
- Revenue lower year-on-year driven by strategic exit of closed book transport contracts and reduced customer volumes
- Margin impact driven by weaker volumes and profile of new business
- Underlying PBT in line with FY24 market expectations
- Effective tax rate increase due to higher UK corporation tax and prior year super capital allowances
- High level of free cash flow and strong cash position
- Interim dividend held at HY23 level

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Understanding our business

Type	Characteristics	H1 Performance	Trajectory	3-year CAGR															
<p>Open book</p>  <p>Warehousing</p>	<ul style="list-style-type: none"> ✓ Lower risk ✓ Robotics & Automation opportunity ✓ Capital investment 	<p>Core</p> <p>YoY</p> <p>✓ (1%)</p>	<p>% of Group revenue*</p> <table border="1"> <tr><th>Year</th><th>Revenue (£m)</th><th>% of Group revenue</th></tr> <tr><td>HY21</td><td>£227m</td><td>39%</td></tr> <tr><td>HY22</td><td>£273m</td><td>40%</td></tr> <tr><td>HY23</td><td>£302m</td><td>40%</td></tr> <tr><td>HY24</td><td>£300m</td><td>43%</td></tr> </table>	Year	Revenue (£m)	% of Group revenue	HY21	£227m	39%	HY22	£273m	40%	HY23	£302m	40%	HY24	£300m	43%	+10%
Year	Revenue (£m)	% of Group revenue																	
HY21	£227m	39%																	
HY22	£273m	40%																	
HY23	£302m	40%																	
HY24	£300m	43%																	
<p>Closed book</p>  <p>Warehousing</p>	<ul style="list-style-type: none"> ✓ High volume eFulfilment ✓ Defence and Infrastructure 	<p>Core</p> <p>YoY</p> <p>✓ +3%</p>	<table border="1"> <tr><th>Year</th><th>Revenue (£m)</th><th>% of Group revenue</th></tr> <tr><td>HY21</td><td>£43m</td><td>8%</td></tr> <tr><td>HY22</td><td>£48m</td><td>7%</td></tr> <tr><td>HY23</td><td>£62m</td><td>8%</td></tr> <tr><td>HY24</td><td>£64m</td><td>9%</td></tr> </table>	Year	Revenue (£m)	% of Group revenue	HY21	£43m	8%	HY22	£48m	7%	HY23	£62m	8%	HY24	£64m	9%	+14%
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HY21	£43m	8%																	
HY22	£48m	7%																	
HY23	£62m	8%																	
HY24	£64m	9%																	
<p>Open book</p>   <p>Transport</p>	<ul style="list-style-type: none"> ✓ Technology enabled ✓ Seamless network subcontracting ✓ Customer fleet 	<p>Core</p> <p>YoY</p> <p>✓ (9%)</p>	<table border="1"> <tr><th>Year</th><th>Revenue (£m)</th><th>% of Group revenue</th></tr> <tr><td>HY21</td><td>£215m</td><td>37%</td></tr> <tr><td>HY22</td><td>£257m</td><td>37%</td></tr> <tr><td>HY23</td><td>£280m</td><td>37%</td></tr> <tr><td>HY24</td><td>£256m</td><td>37%</td></tr> </table>	Year	Revenue (£m)	% of Group revenue	HY21	£215m	37%	HY22	£257m	37%	HY23	£280m	37%	HY24	£256m	37%	+6%
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HY24	£256m	37%																	
<p>Closed book</p>   <p>Transport</p>	<ul style="list-style-type: none"> ▪ Strategic exit from high exposure closed book transport 	<p>Core</p> <p>YoY</p> <p>✗ (32%)</p>	<table border="1"> <tr><th>Year</th><th>Revenue (£m)</th><th>% of Group revenue</th></tr> <tr><td>HY21</td><td>£93m</td><td>16%</td></tr> <tr><td>HY22</td><td>£112m</td><td>15%</td></tr> <tr><td>HY23</td><td>£110m</td><td>15%</td></tr> <tr><td>HY24</td><td>£75m</td><td>11%</td></tr> </table>	Year	Revenue (£m)	% of Group revenue	HY21	£93m	16%	HY22	£112m	15%	HY23	£110m	15%	HY24	£75m	11%	(7%)
Year	Revenue (£m)	% of Group revenue																	
HY21	£93m	16%																	
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HY23	£110m	15%																	
HY24	£75m	11%																	

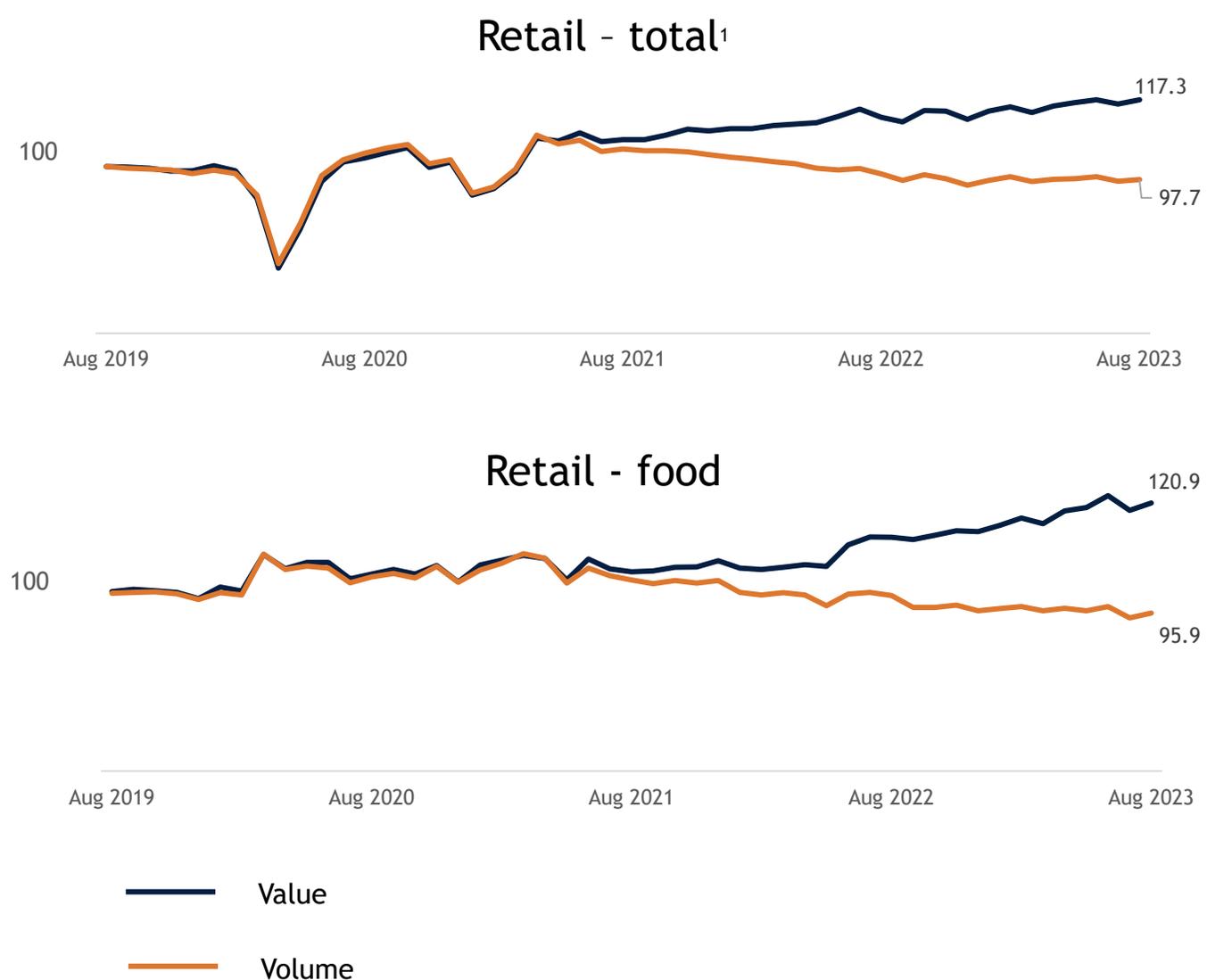
Year-on-year revenue - by sector



Managing headwinds



Divergence of value and volume



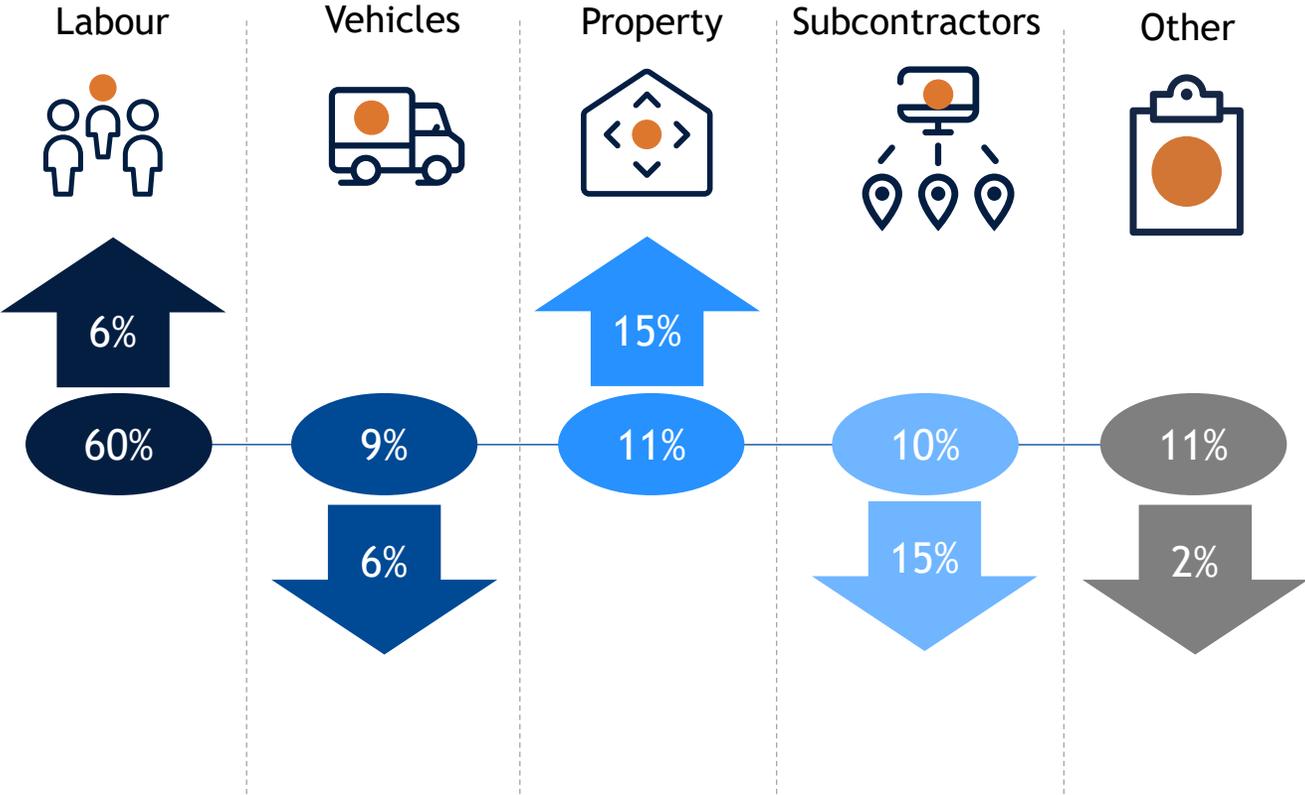
Actions

- Managing cost base
- Optimising shared-user assets
- Exiting closed book transport at pace
- Operational excellence programme
- Capitalise on customer decision making



Proactive response to inflation

Impact by cost category*



Actions

- Close customer engagement
- Contractual rate reviews
- Fuel escalator mechanism
- Continuous improvement
- People Campus

Efficient capital management

£15.6m

H1 period end net cash

£2.8m

Net interest on borrowings

14.5x

Interest cover*

£134m

Avg. RCF headroom

Actions

-  Rigorous working capital management
-  Optimising sources of credit
-  Leveraging supplier relationships
-  Disciplined focus on cash

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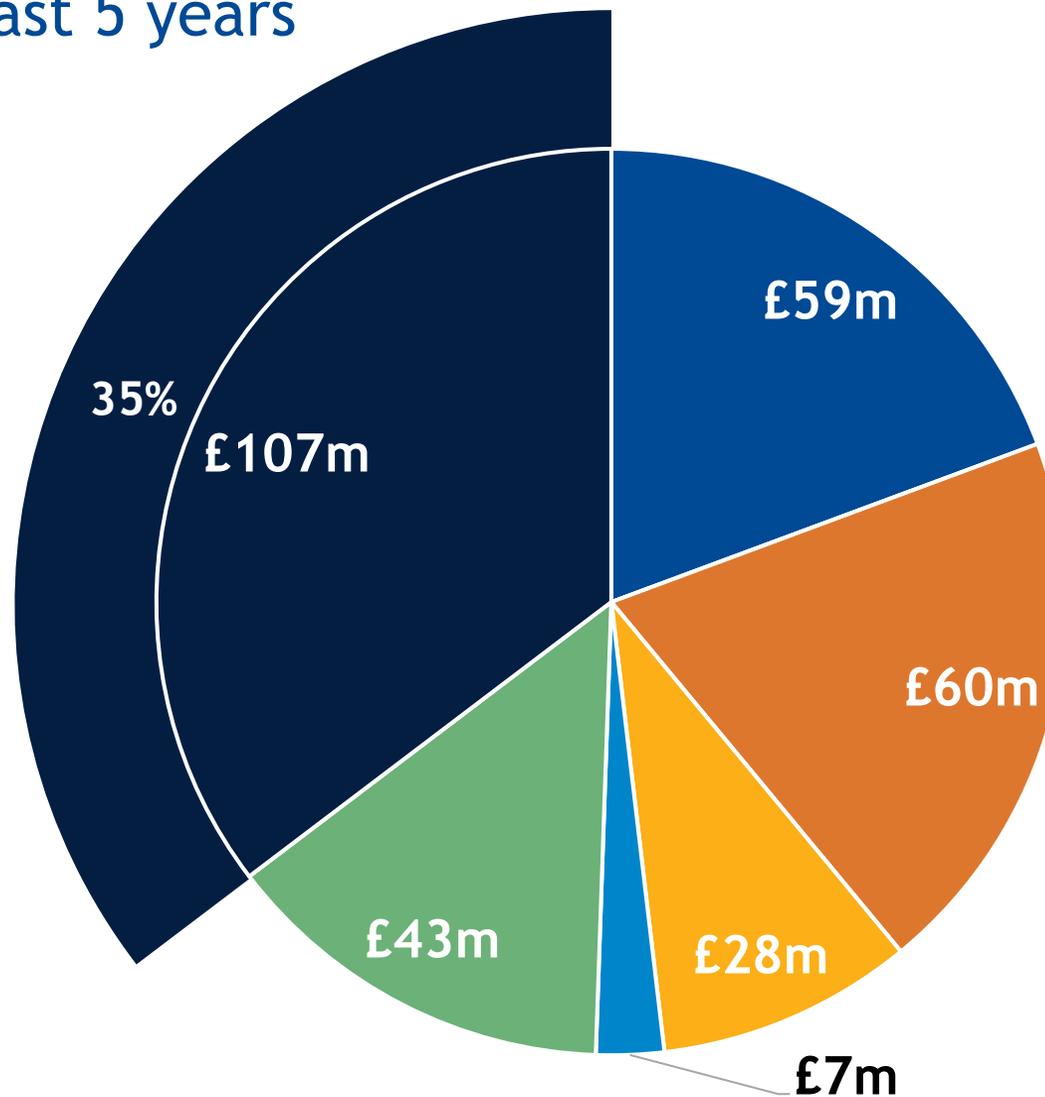
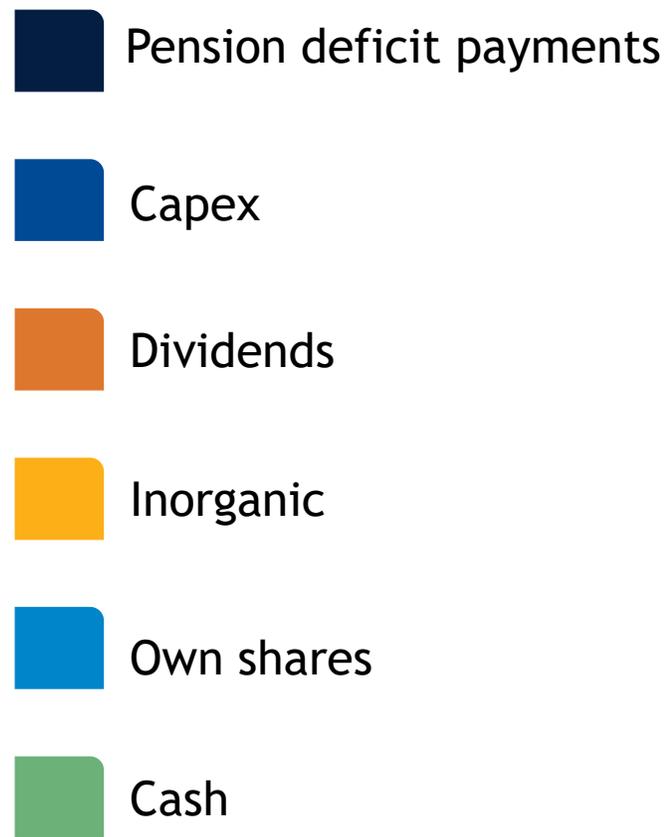
Strong cash generation

£m	HY 23/24	HY 22/23
Underlying EBITDA	48.4	57.4
Working capital	0.8	(1.9)
Tax	3.7	(4.7)
Net interest	(6.7)	(5.4)
Other items	3.0	0.5
Repayment of obligations under leases	(19.4)	(18.9)
Capex net of disposal proceeds	(4.6)	(7.6)
Non-underlying items	(0.7)	(1.7)
Free cash flow	24.5	17.7
Pension payments	(11.3)	(10.0)
Dividends	(10.8)	(9.9)
Acquisition	-	-
Own shares acquired	-	(3.7)
Net cash flow	2.4	(5.9)
Closing Net Cash/(Debt)	15.6	(2.2)

- Closing net cash of £15.6m and free cash flow of £24.5m
- £11.3m pension payment represents total outflow for FY24
- £3.7m tax rebate in reflecting FY23 overpayment
- Year-on-year increase in lease payments reflects the investment in ROU assets

Pension deficit largest capital use in recent years

Allocation of free cash flow - last 5 years



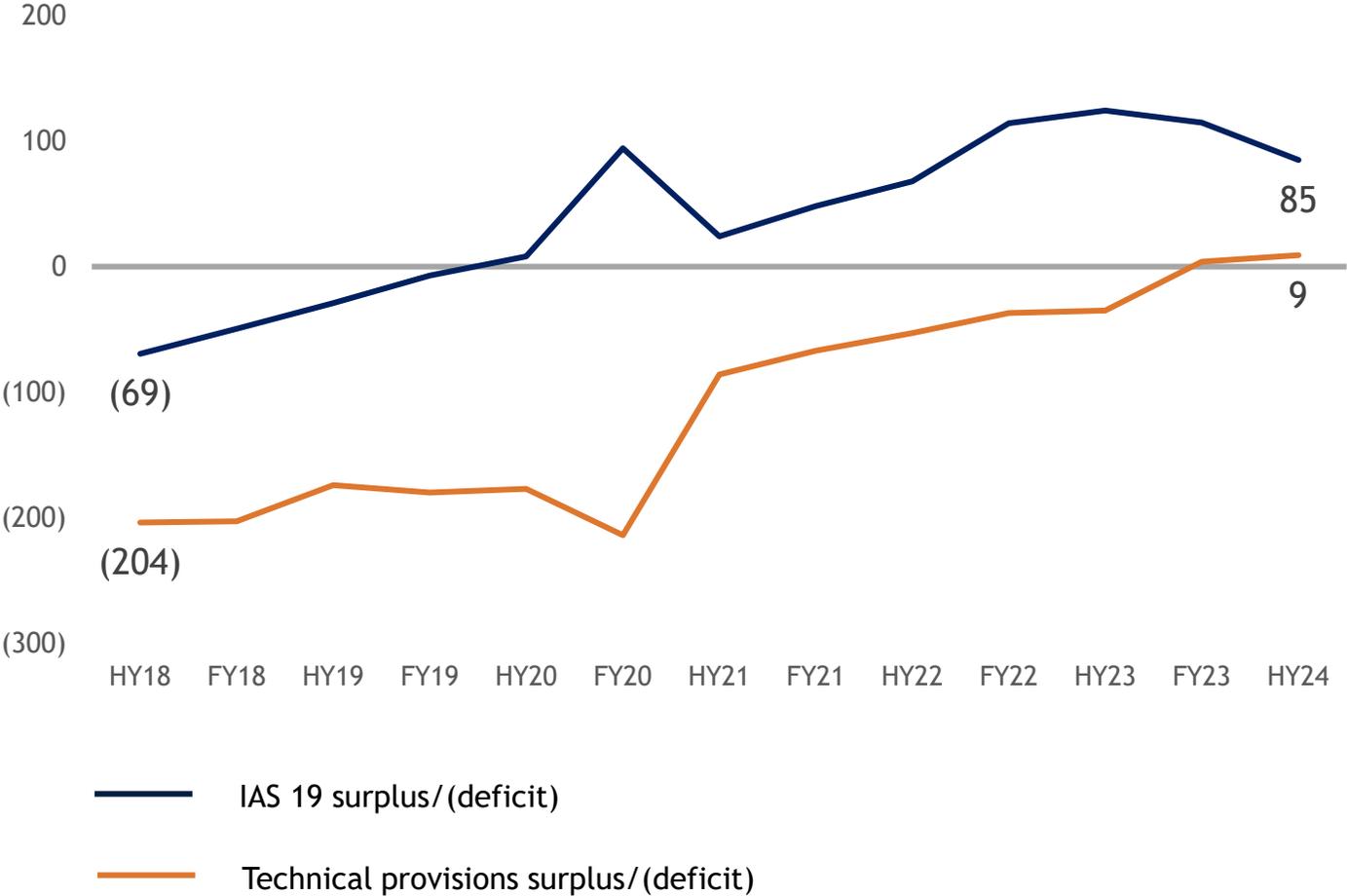
£304m

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Pensions

2023 Triennial valuation outcome

Pension surplus/(deficit) (£m)

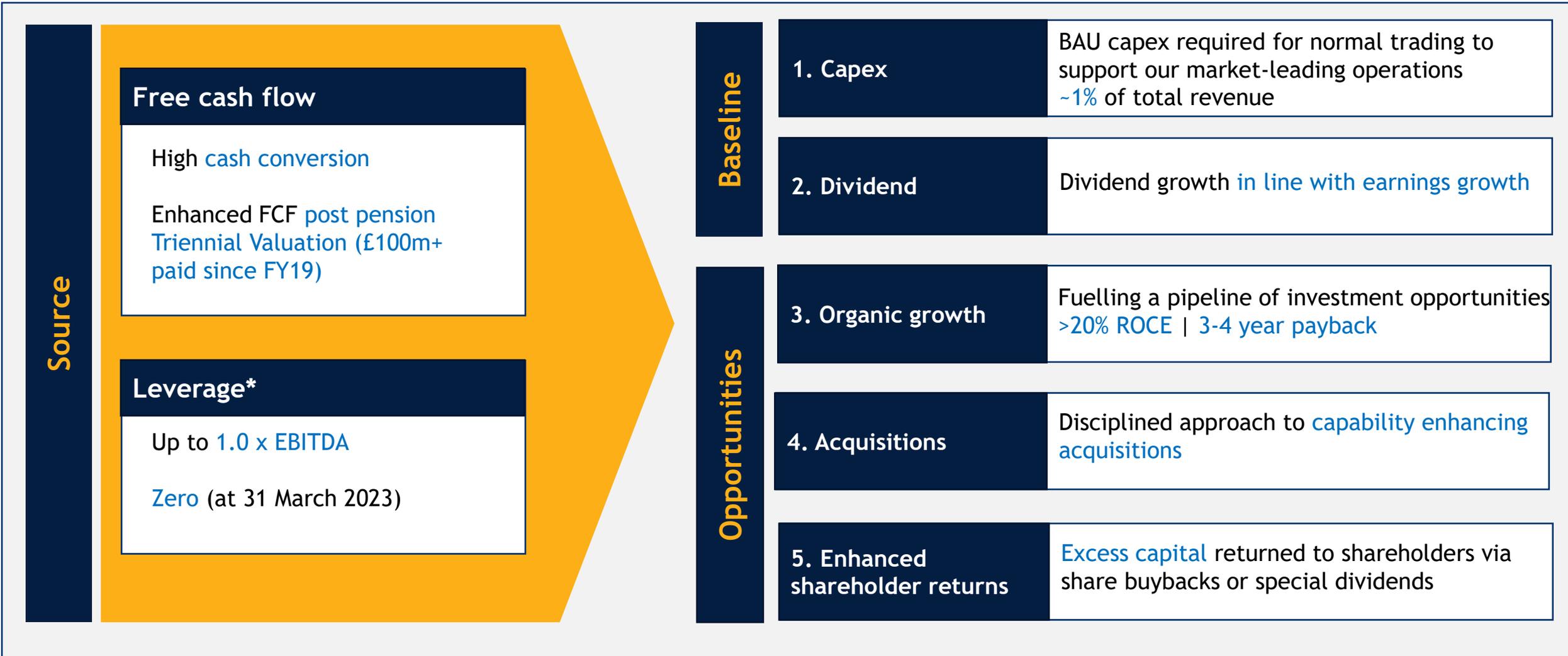


Summary of outcome

- Enhanced security and certainty for scheme members
- Final deficit recovery outflow July 2023
- Conditions on shareholder returns removed
- Scheme security reinforced with guardrails for any required future contribution

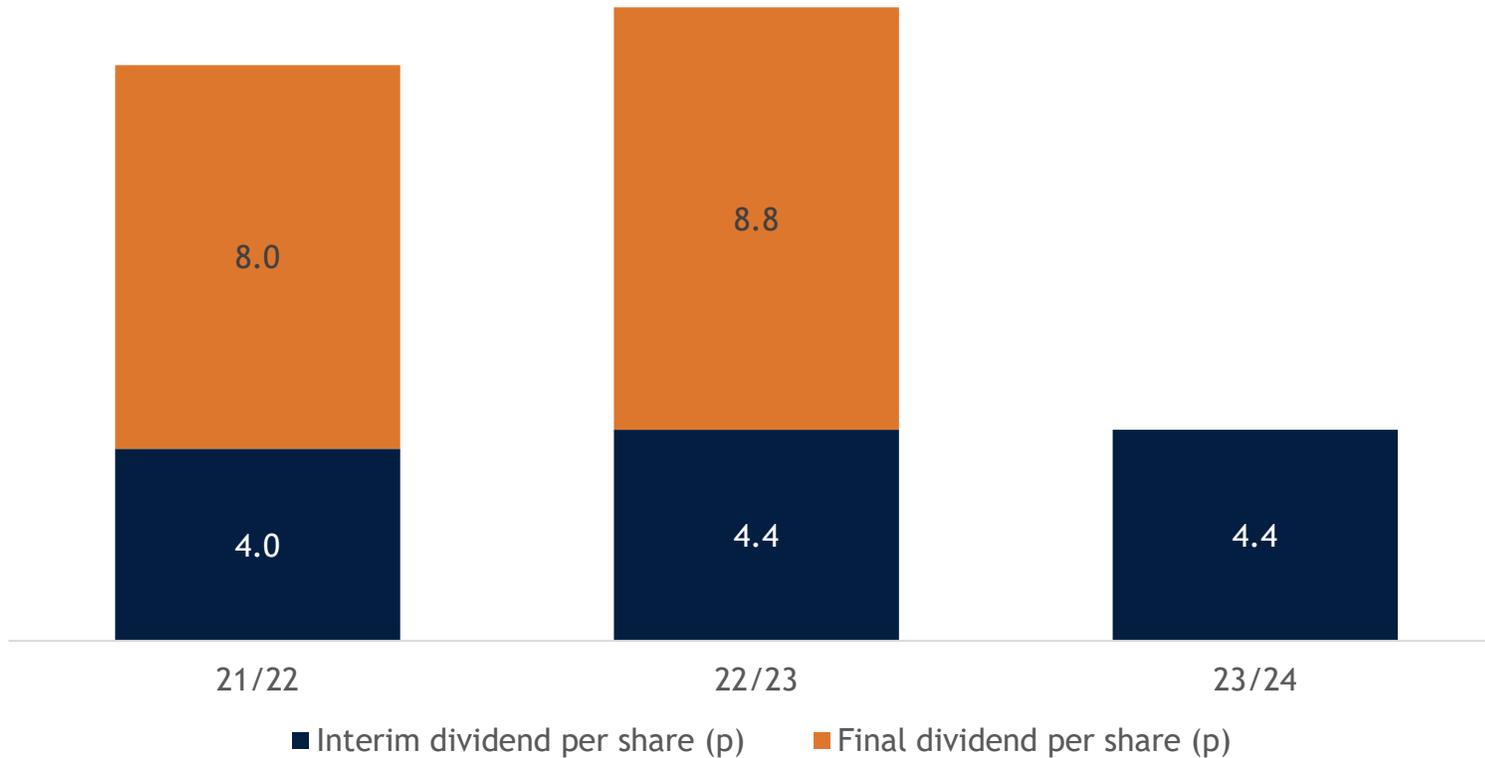
New Capital Allocation Framework

New framework to provide general guidance and prioritise capital spend



Enhanced shareholder returns

Dividend maintained and £10m share buyback announced



- Interim dividend of 4.4p per share
- Dividend policy consistent with prior years:
 - Split broadly 1/3 interim: 2/3 final
- To be paid on 15 December 2023



Strategic update

James Wroath, CEO

Wincanton

Wins | Renewals | Go-lives

BRITISH SALT
A TATA Enterprise

ASDA

Sainsbury's

NEW LOOK

WILLIAMS SONOMA
CALIFORNIA

SEPHORA

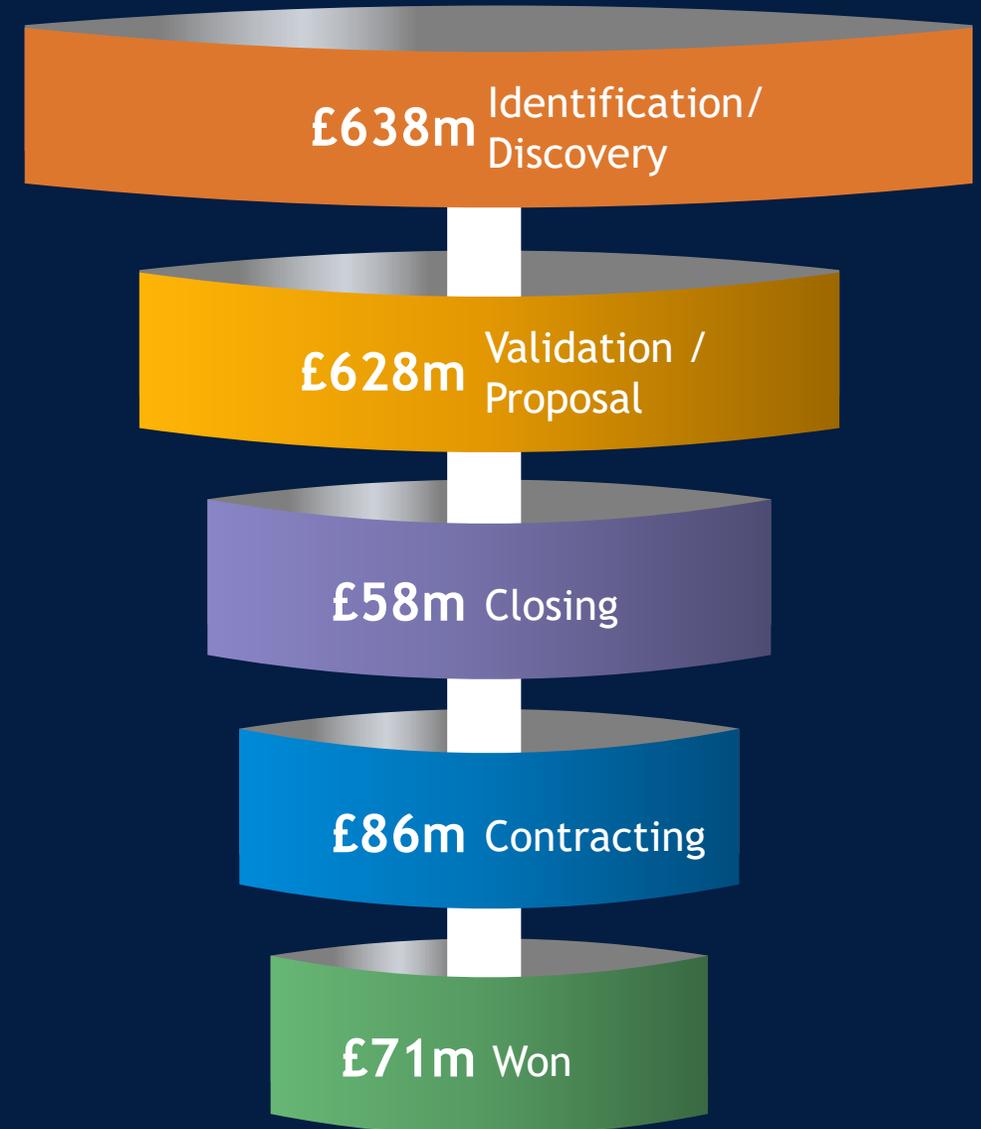
Segen



Jet2.com

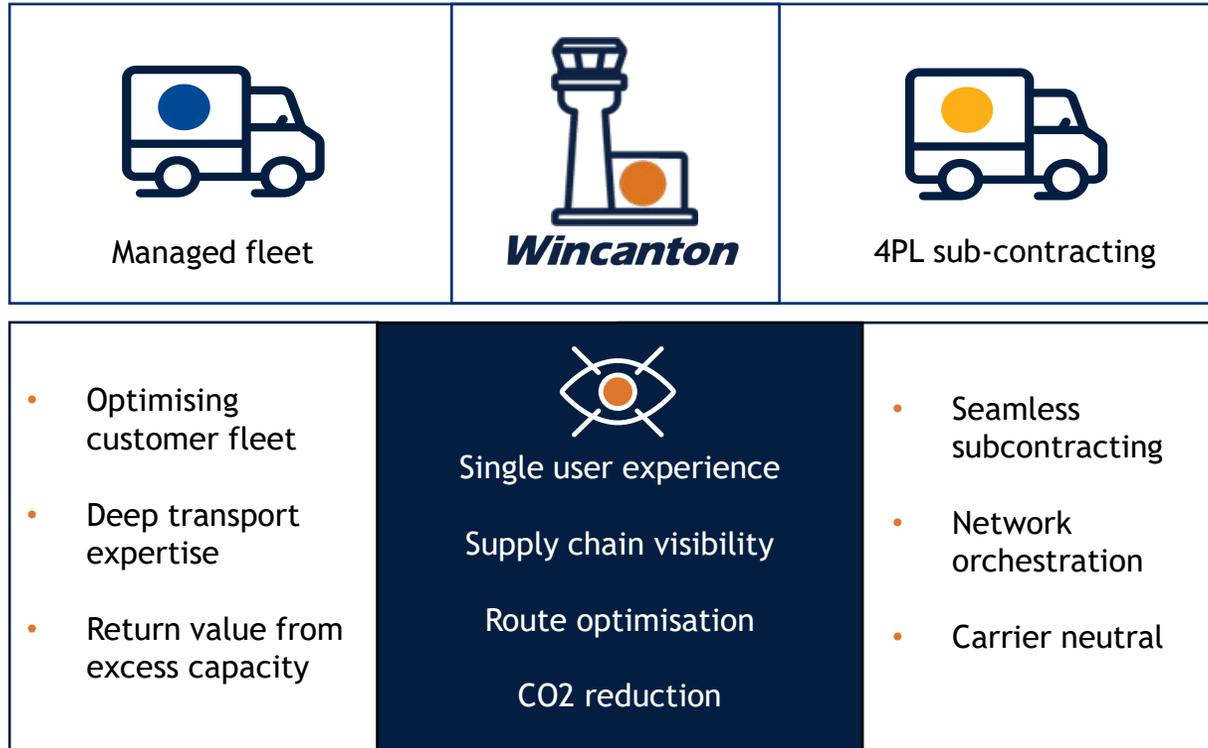
THE
CONRAN
SHOP

Pipeline 1x Group revenue



Transforming transport

Optimising transport through orchestration and technology



CASE STUDY

Sainsbury's

Largest transport outsourcing project in recent years

- 5-year contract
- Complex transition (2/3 complete)
 - c.3,500 new colleagues
 - 21 sites
- 6,013 vehicles & trailers

Customers already benefitting from our innovative transport solutions:

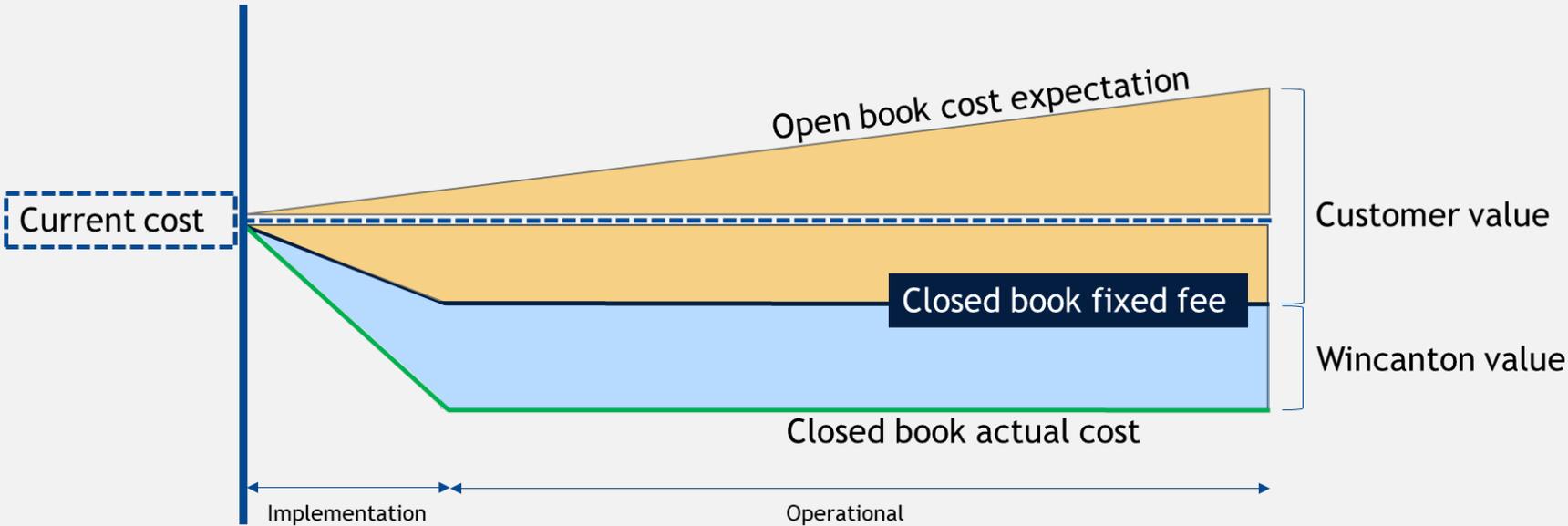


Capturing supply chain value through automation

3. Organic growth

Fuelling a pipeline of investment opportunities
>20% ROCE | 3-4 year payback

Value sharing mechanism



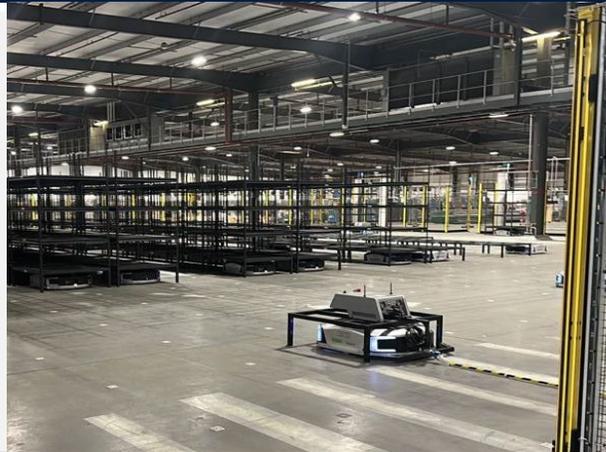
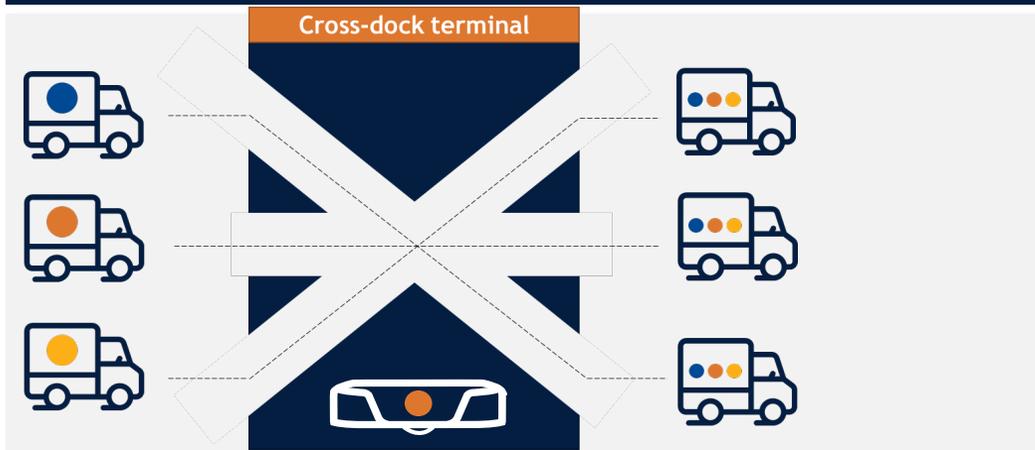
Benefits

-  Lower labour costs
-  Higher depreciation + EBITDA
-  Higher skillset
-  Increased customer stickiness
-  Higher margin

Transforming warehouse productivity

Deployable and repeatable technology

Cross-dock automation



Operational test case



100 (AMRs)

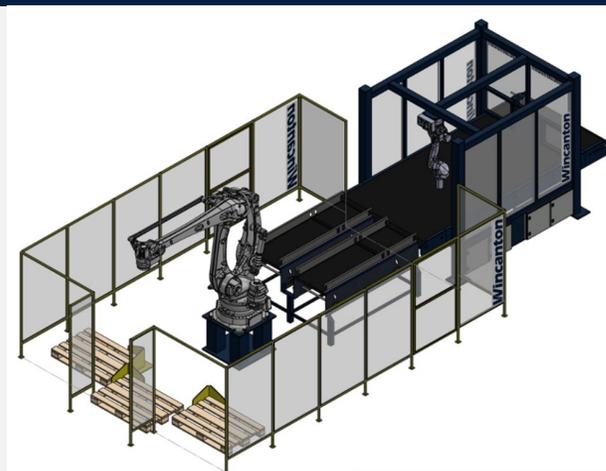
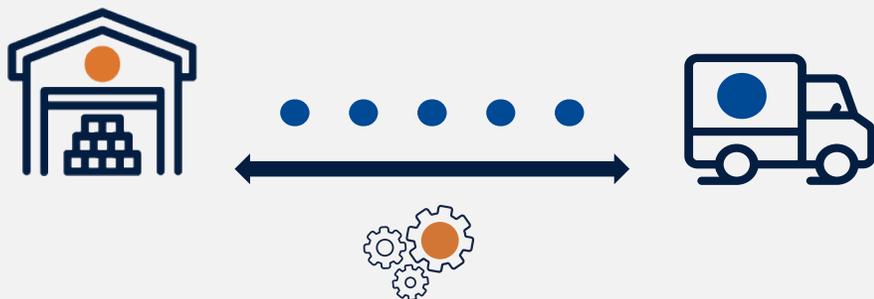


£4m capital investment



Test case with long-term customer

De-stuffing automation



Cases unloaded per hour

~50% increase



People management in the age of automation

379 active apprenticeships

29 new Graduates

18 Degree Apprentices

14 Engineering Apprentices

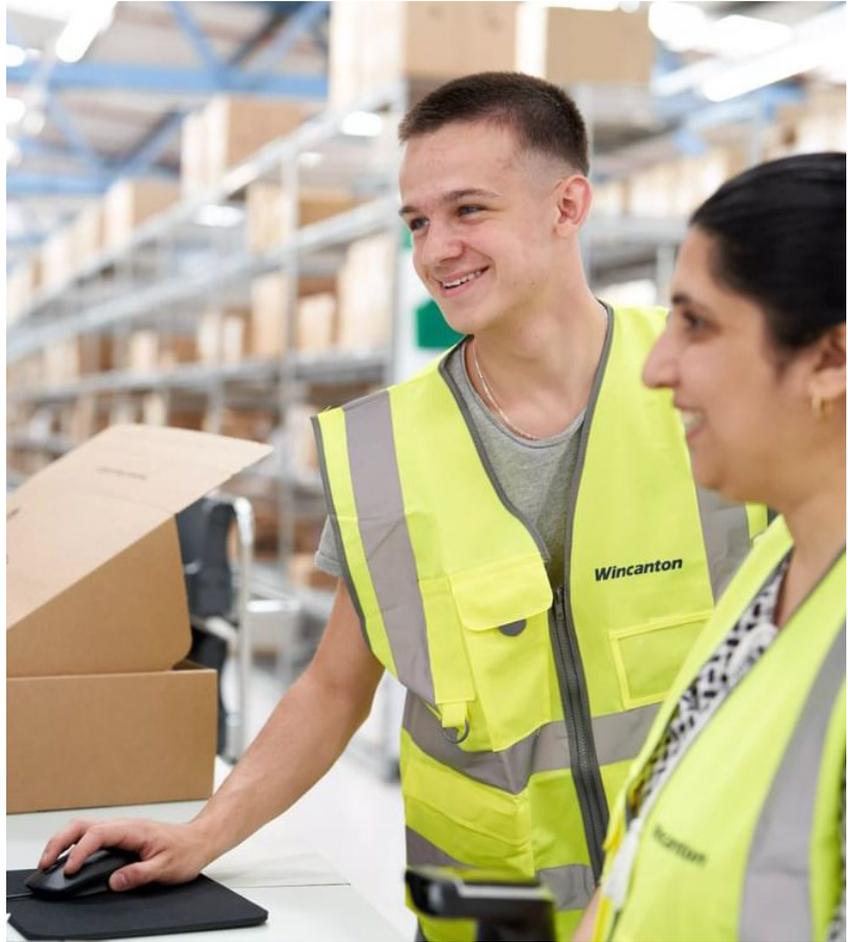
Partnerships & initiatives




The Chartered Institute of Logistics and Transport



CLEAR
CENTRE FOR LOGISTICS, EDUCATION AND RESEARCH



Delivering on ESG

E



- **PPE uniform** - circular economy partnership with Arco
- **Deep customer partnership** - IKEA's zero emission final mile by 2025

S



G



- **Governance Day** - focusing on Cyber, Modern Slavery and the *Wincanton Way*



Outlook and summary

Strategic focus and continued delivery

- Resilient H1 performance in a challenging external environment, **trading in line with market expectations¹**
- **Strategic exit of unprotected closed book transport**, reorientation towards commercial robust open book principles
- **Continued investment in technology capability**, focused on productivity transforming robotics and automation
- **New capital allocation framework** to prioritise investment and shareholder returns
- **Confidence in business's strength** reiterated by maintained dividend and announcement of £10m share buyback programme



