



Wincanton plc

Results for the half year to 30 September 2017



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



- Introduction
 - Adrian Colman, Chief Executive Officer
- Financial Review
 - Tim Lawlor, Chief Financial Officer
- Operational and Strategic Update
 - Adrian Colman, Chief Executive Officer



Introduction

Adrian Colman
Chief Executive Officer



Highlights



- Delivering our organic growth strategy
 - Mobilisation of new contract wins
 - Successful renewals secured with major customers
 - Further contract wins with new and existing customers
 - Cash generation supporting investment in new business
 - Interim dividend growth of 9% to 3.27p per share



Financial Review

Tim Lawlor
Chief Financial Officer



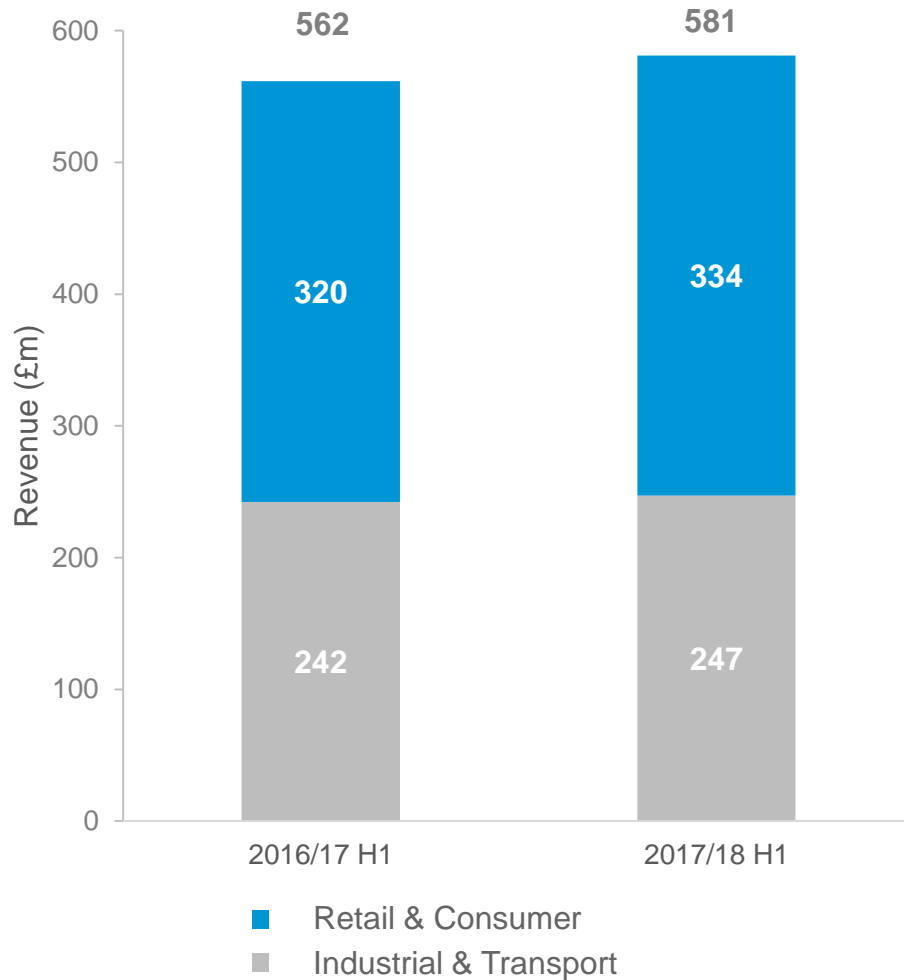
Financial Summary



	2017/18	2016/17	Change
Key financial measures			
Revenue (£m)	581.0	561.8	3.4%
Underlying EBITDA (£m)*	31.5	32.3	(2.5)%
Underlying operating profit (£m)*	25.7	26.1	(1.5)%
Underlying profit before tax (£m)*	22.5	20.7	8.7%
Underlying EPS (p)*	15.0	14.0	7.1%
Dividend per share - interim (p)	3.27	3.0	9.0%
Net debt (£m)	(43.5)	(32.2)	
Statutory results			
Operating profit (£m)	23.5	25.0	(6.0)%
Profit before tax (£m)	20.3	19.6	3.6%
Basic EPS (p)	13.7	13.2	3.8%

* before amortisation of acquired intangibles and exceptional items

Revenue by Segment



- Revenue increase of £19m (3.4%)
 - New business start-ups
 - Continued strong volumes in general merchandise
 - Partly offset effect of prior year losses and containers volumes

Underlying Operating Profit



		2017/18 £m	2016/17 £m
Group	Op profit	25.7	26.1
	<i>Margin</i>	4.4%	4.6%
Retail & Consumer	Op profit	15.1	11.8
	<i>Margin</i>	4.5%	3.7%
Industrial & Transport	Op profit	10.6	14.3
	<i>Margin</i>	4.3%	5.9%

- Retail & Consumer
 - Profit growth from new business
 - Strong existing contract performance
- Industrial and Transport
 - Competitive transport services market (esp. containers)
 - Contract start-ups and weaker transport network performance
 - Prior year included some end of contract property credits
- Restructuring programme under way to provide cost resilience

Exceptional items



	2017/18 £m	2016/17 £m
Restructuring costs	(2.9)	-
Gain from pension scheme liability management exercise	1.8	-
Exceptional items	(1.1)	-

- Restructuring programme initiated in H1
 - Expense of £2.9m incurred in H1
 - Expected full year charge of up to £7m
- Pension gain from liability management exercise concluded in H1

Financing Costs



	2017/18 £m	2016/17 £m
Net bank interest payable	(2.0)	(3.0)
Provisions discount unwinding	(0.3)	(0.7)
Pension financing costs	(0.9)	(1.7)
Financing costs	(3.2)	(5.4)

- Financing costs reduced by £2.2m
 - Net bank interest reduced by 33% driven by improved mix of debt
 - Pension financing costs reduced due to lower opening IAS19 deficit

Taxation



	2017/18 £m	2016/17 £m
Underlying profit before tax	22.5	20.7
Underlying tax	4.0	3.6
Tax on amortisation of acquired intangibles	(0.2)	(0.2)
Tax on exceptional items	(0.5)	-
Tax as reported	3.3	3.4
<i>Underlying effective tax rate</i>	18.0%	17.5%
<i>Cash tax (payment)/receipt</i>	(1.8)	1.0

- Underlying tax of £4.0m (2016: £3.6m)
 - Underlying effective tax rate of 18.0% (2016 FY also 18.0%)
- Exceptional tax credit of £0.5m relating to restructuring programme
- Cash tax payment lower than P&L charge due to relief on pension payments

Cash Generation

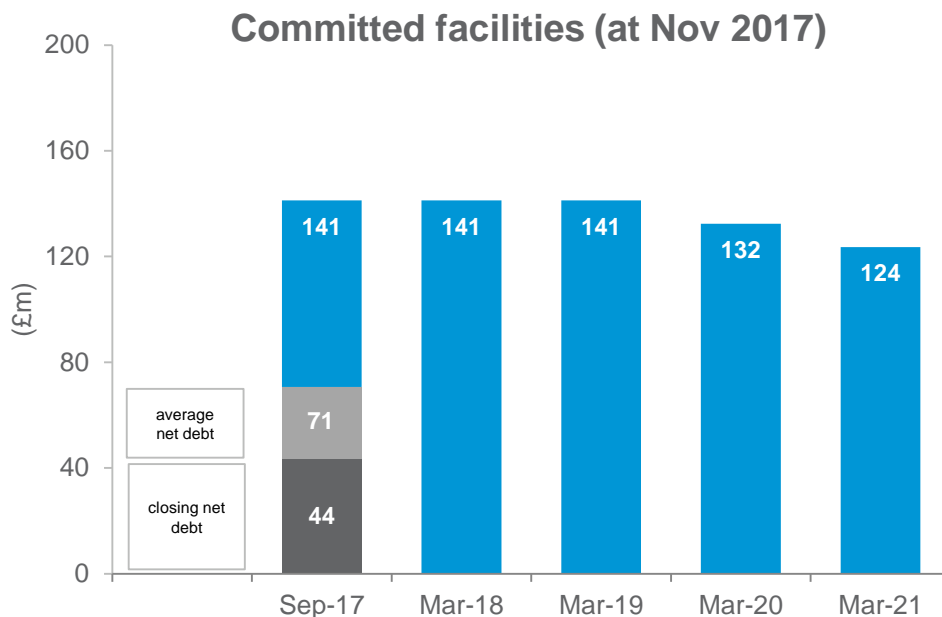
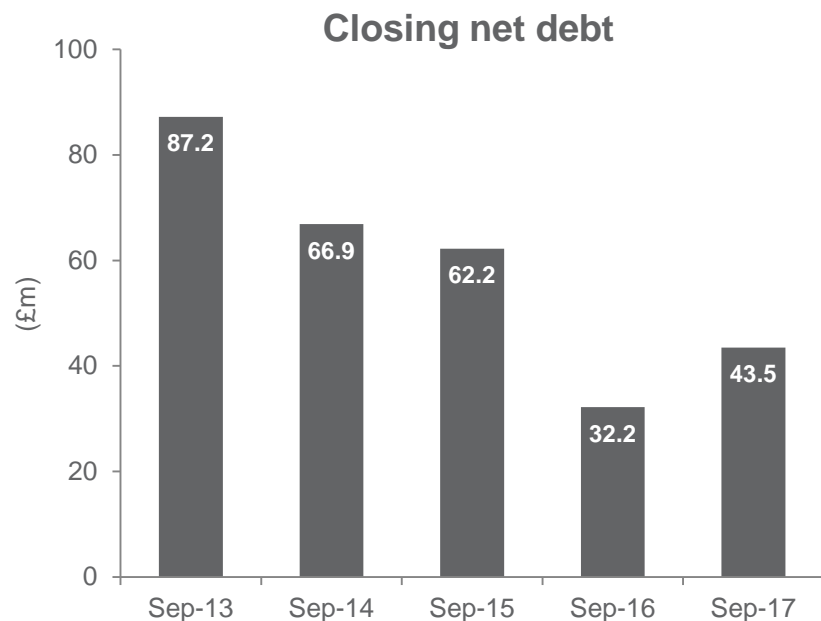


	2017/18 £m	2016/17 £m
Underlying EBITDA	31.5	32.3
Net capex	(9.1)	(4.8)
Working capital	(15.2)	0.3
Tax	(1.8)	1.0
Net interest	(2.1)	(2.6)
Other items	(4.3)	(5.2)
Free cash flow	(1.0)	21.0

Pension payments	8.8	7.0
Dividends	7.6	6.7
Own shares purchased	1.8	-
Net debt (increase)/reduction	(19.2)	7.3
Cash usage	(1.0)	21.0

- Cash generation funding growth in H1
 - Working capital investment
 - Increased capex investment on new business for fit outs and fleet
- Working capital outflow includes unwind of favourable year-end timing
- Other items includes £0.8m for legacy property provisions
- Pension includes £1.5m to fund liability management exercise

Net Debt and Facilities



- Net debt < 1.0x EBITDA
- Remaining £25m of M&G facility repaid in July 2017
- Long term financing facility in place until October 2021
- Closing and average net debt levels no longer disconnected

Pension



IAS 19 valuation	30/09/17 £m	31/03/17 £m
Assets	1,035	1,081
Liabilities	(1,104)	(1,159)
Deficit	(69)	(78)
Deferred tax	12	13
Net deficit	(57)	(65)

- Current pension recovery payment plan
 - c.£15m per annum plus RPI to 2024
 - Triennial valuation to be completed during 2018
- Liability management
 - Enhanced Transfer Value exercise reduced gross liabilities by £27.6m
 - Reduced IAS 19 deficit by £3.3m

Dividend and Underlying EPS



	2017/18	2016/17	Growth
Interim dividend	3.27p	3.0p	9.0%
Underlying EPS	15.0p	14.0p	7.1%

- Interim dividend of 3.27p declared to be paid in January 2018
- Final dividend for 2016/17 of 6.1p per share, paid August 2017



Operational and Strategic Update

Adrian Colman
Chief Executive Officer



Retail & Consumer



	2017/18 £m	2016/17 £m
Revenue	333.9	319.6
Underlying operating profit	15.1	11.8
Operating margin	4.5%	3.7%



- Revenue growth driven by:
 - New business wins with IKEA, Wickes and wilko
 - Strong volumes in Retail general merchandise
 - Partially offset by Tesco contract exit in grocery
- New business wins in period with Argos and IKEA grow existing partnerships
- Multichannel and eFulfilment capability delivering growth in a changing retail landscape



Industrial & Transport



	2017/18 £m	2016/17 £m
Revenue	247.1	242.2
Underlying operating profit	10.6	14.3
Operating margin	4.3%	5.9%



- Revenue growth delivered from:
 - Contract wins in Transport services and Construction
 - Partially offset by prior year losses including a Defence contract; and
 - Volume pressures in transport operations, especially containers
- Operating profit and margin headwinds:
 - Competitive Transport services market
 - Contract start ups and transport network changes
 - Prior year property-related credits from contract cessations
- New business wins and renewals with Thales, Aggregate Industries and Ibstock in 17/18



Delivering Our Organic Growth Strategy



1

Delivering improvements for our customers in our existing operations and retaining existing contracts.

2

Improving 'share of wallet' with our existing customers and focusing on cross selling our services.

3

Acquiring new customers through improved prospecting process and innovative service propositions.

4

Driving ongoing cost reductions and cash generation.

TO DELIVER THIS STRATEGY WE:

Put the customer at the centre with sector focused strategies

Deliver integrated and consistent services to optimise operations

Differentiate market position through innovative solutions

Invest in our people to become an aspirational organisation to work for

Improving 'Share of Wallet'



Improving 'share of wallet' with existing customers and cross selling our services



- Supporting IKEA with their multichannel distribution growth strategy
 - Start up of two new distribution centres
 - Operations commenced as planned in Summer 2017
- Relationship grown by leveraging our eFulfilment capabilities
 - Two-man home delivery services in the South East from Autumn 2017
- Expanding our relationship with Aggregate Industries
 - Existing bulk cement distribution extended by four years
 - Services expanded to include bagged cement



Acquiring New Customers



Acquiring new customers through improved prospecting and innovative service propositions



- Acquiring new customers
 - Enabling Thales to unlock value in their supply chain covering distribution of critical components
 - Significant, successful start up of transport operations for wilko mobilisation completed
- Differentiating our proposition
 - W2 Labs programme contributing to e-fulfilment service offering enhancements
 - Health & Safety recognition in 2017
 - CILT Safety Award
 - Rospa Gold Award

THALES

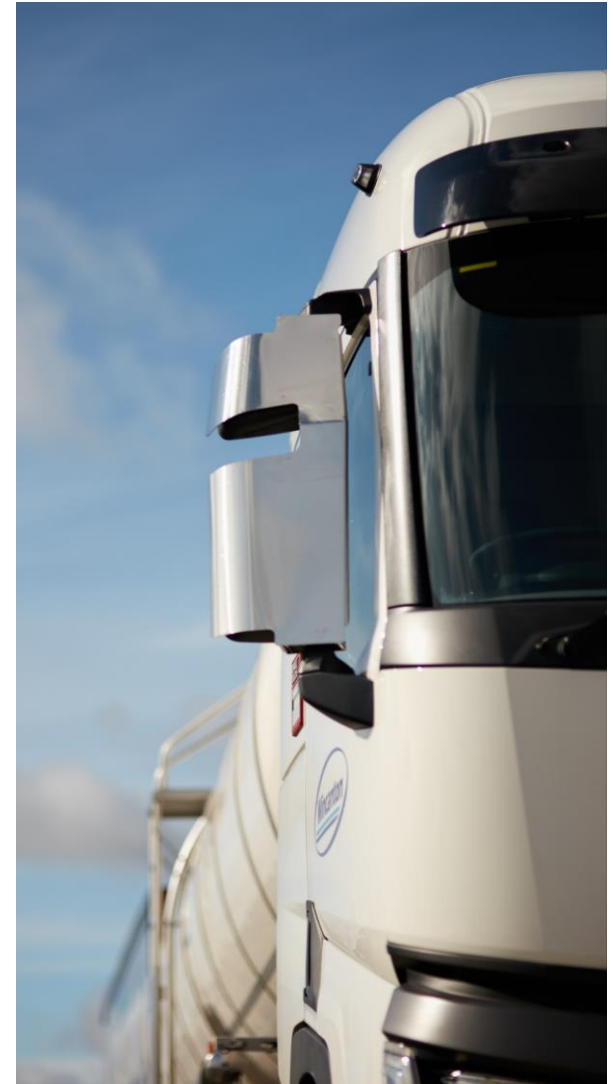
wilko



The Chartered Institute of Logistics and Transport

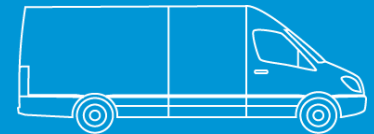
Outlook

- Good overall performance from well diversified customer portfolio
- Restructuring programme will complete in H2 improving competitiveness
- Selective investment continues to deliver our organic growth strategy
- Triennial review of the pension scheme is underway to agree an appropriate future funding plan
- We look forward to making continued progress





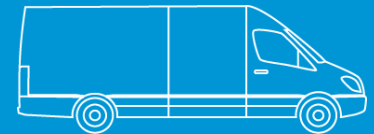
Questions?





APPENDICES

Income Statement Summary
Balance Sheet Summary
Revenue Analysis
Open / Closed Book Analysis



Income Statement Summary



	2017/18 £m	2016/17 £m
Revenue	581.0	561.8
Underlying operating profit	25.7	26.1
Amortisation of acquired intangibles	(1.1)	(1.1)
Exceptional items	(1.1)	-
Operating profit	23.5	25.0
Net financing costs	(3.2)	(5.4)
Profit before tax	20.3	19.6
Income tax expense	(3.3)	(3.4)
Profit for the period	17.0	16.2
EPS – Basic (pence)	13.7p	13.2p
EPS – Diluted (pence)	13.5p	12.9p

Balance Sheet Summary



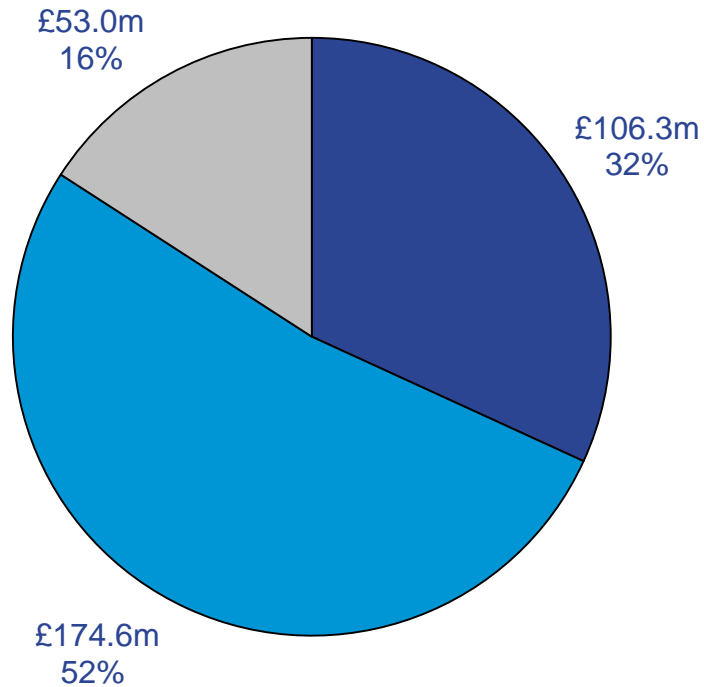
	2017/18	2016/17
	£m	£m
Non-current assets	147.6	155.3
Net current liabilities (excluding net debt)	(134.1)	(153.9)
Non-current liabilities (excluding net debt & pension deficit)	(35.0)	(33.5)
Net debt	(43.5)	(32.2)
Pension deficit (gross)	(69.3)	(169.2)
Net liabilities	(134.3)	(233.5)

Revenue Analysis

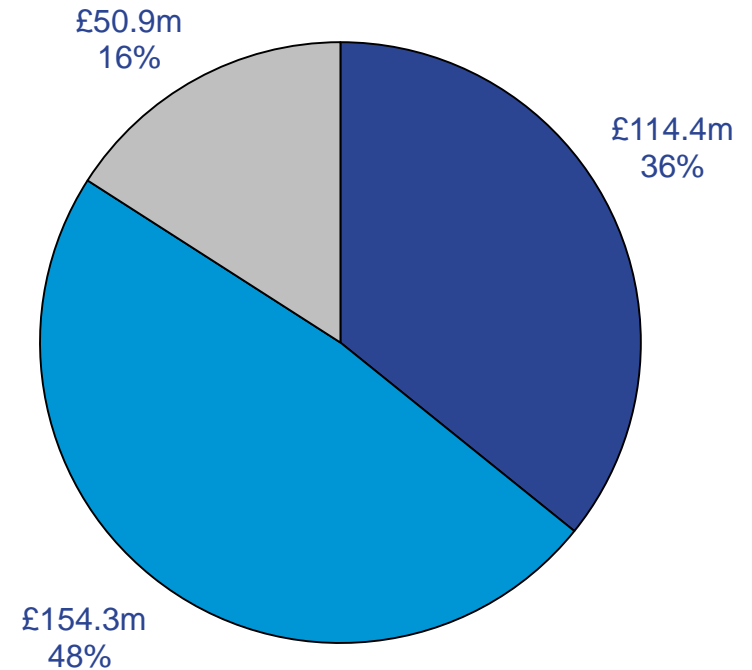
Retail & Consumer



2017/18 - £333.9m



2016/17 - £319.6m



Retail Grocery



Retail GM

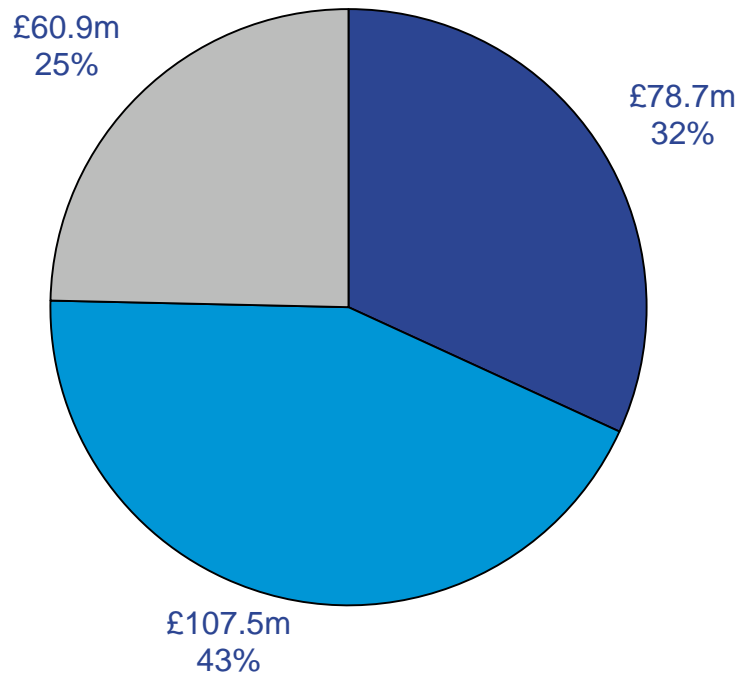


Consumer Products

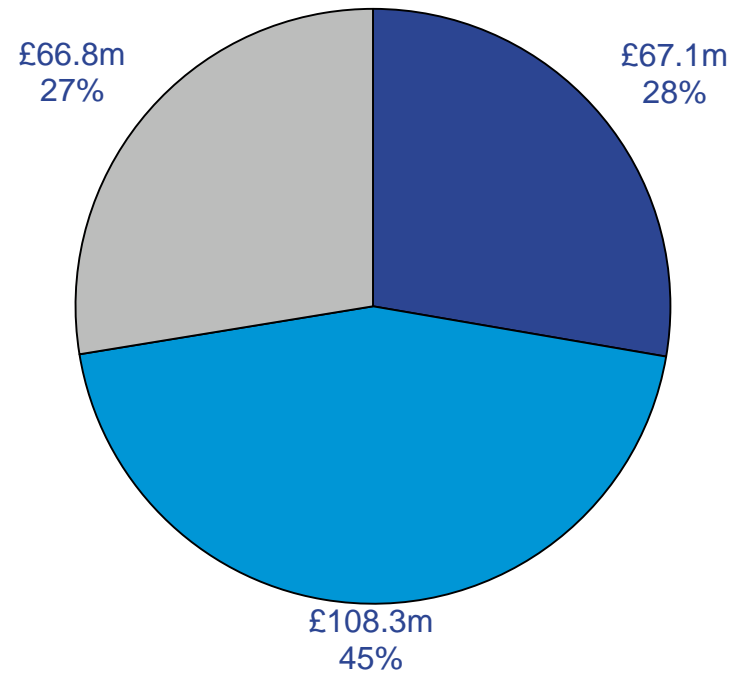
Revenue Analysis Industrial & Transport



2017/18 - £247.1m



2016/17 - £242.2m



Construction



Transport Services



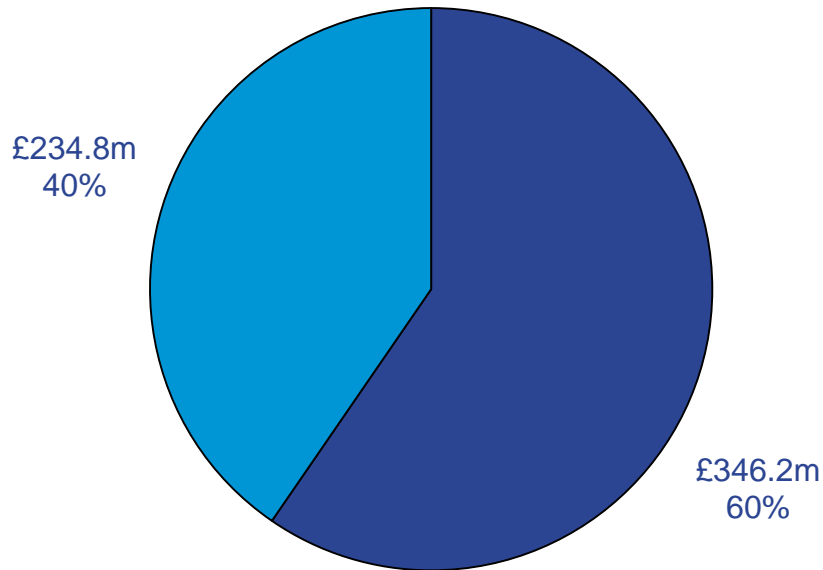
Other

Revenue Analysis

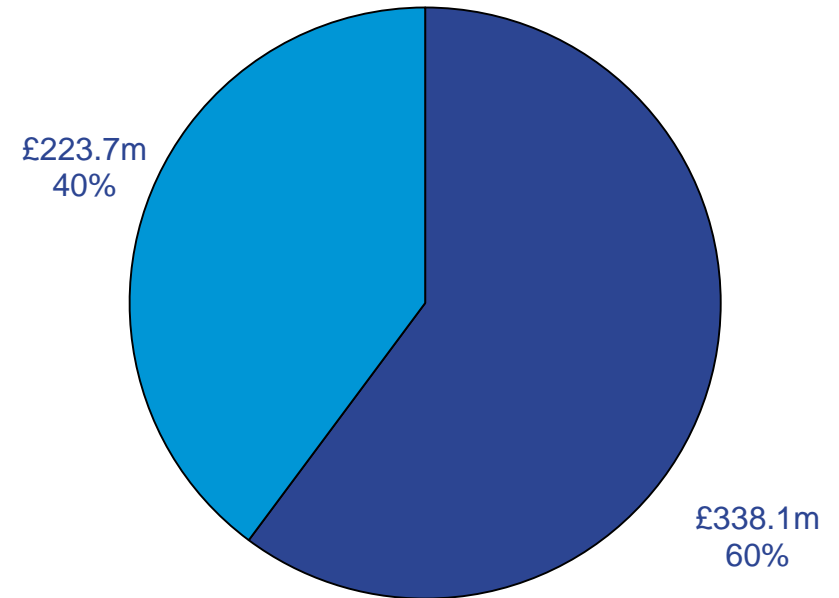
Open and Closed Book



2017/18 - £581.0m



2016/17 - £561.8m





Thank You

