

Wincanton



Wincanton plc

At the heart of British supply chains

Results for the half year to 30 September 2021

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.

James Wroath, CEO

Executive summary

Tim Lawlor, CFO

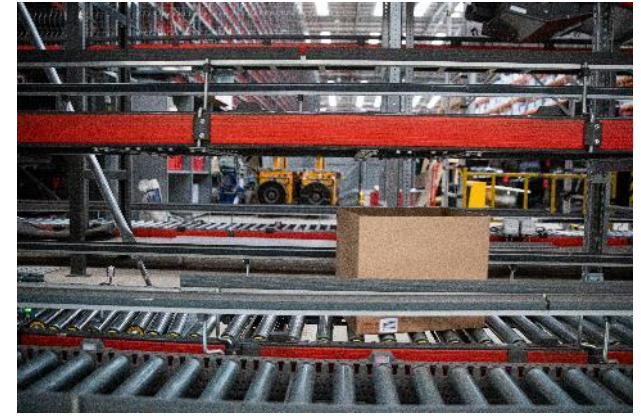
Financial performance

James Wroath, CEO

Strategic update

Strong growth and continued strategic progress

- Revenue +28.6% YOY
- Group continues to win, supported by the Cygnia acquisition
- PBT +42.9% YOY, ahead of pre-pandemic levels
- Continued investment in automation and robotics
- ESG targets on track
- Interim dividend of 4.00p



Sector performance

Wincanton

Digital & eFulfilment



- Cygnia acquisition
- Robotics and automation investment
- New customers

LAKELAND

SNUG



Grocery & Consumer



- Buoyant Grocery volumes
- Partner renewals & growth

ASDA



General Merchandise



- Activity high in strong DIY market
- New customers

Kingfisher



PRIMARK®

Public & Industrial



- Construction and Energy network recovery
- Public sector growth
- Share of wallet growth

BAE SYSTEMS



Department
for Transport



HM Revenue
& Customs

Managing transport challenges

Wincanton

Pricing status



17%

Closed book
transport share of
Group revenue



84%

Re-negotiated



11%

Currently re-negotiating



5%

Exited



14%

Av. Price
increase



The background of the slide is a blurred image of a financial candlestick chart. The chart features red and green candles, with a blue line representing a moving average or trend line. The overall color scheme is dark blue with some lighter blue and white highlights from the chart lines and text.

Financial performance

Tim Lawlor, CFO

Wincanton

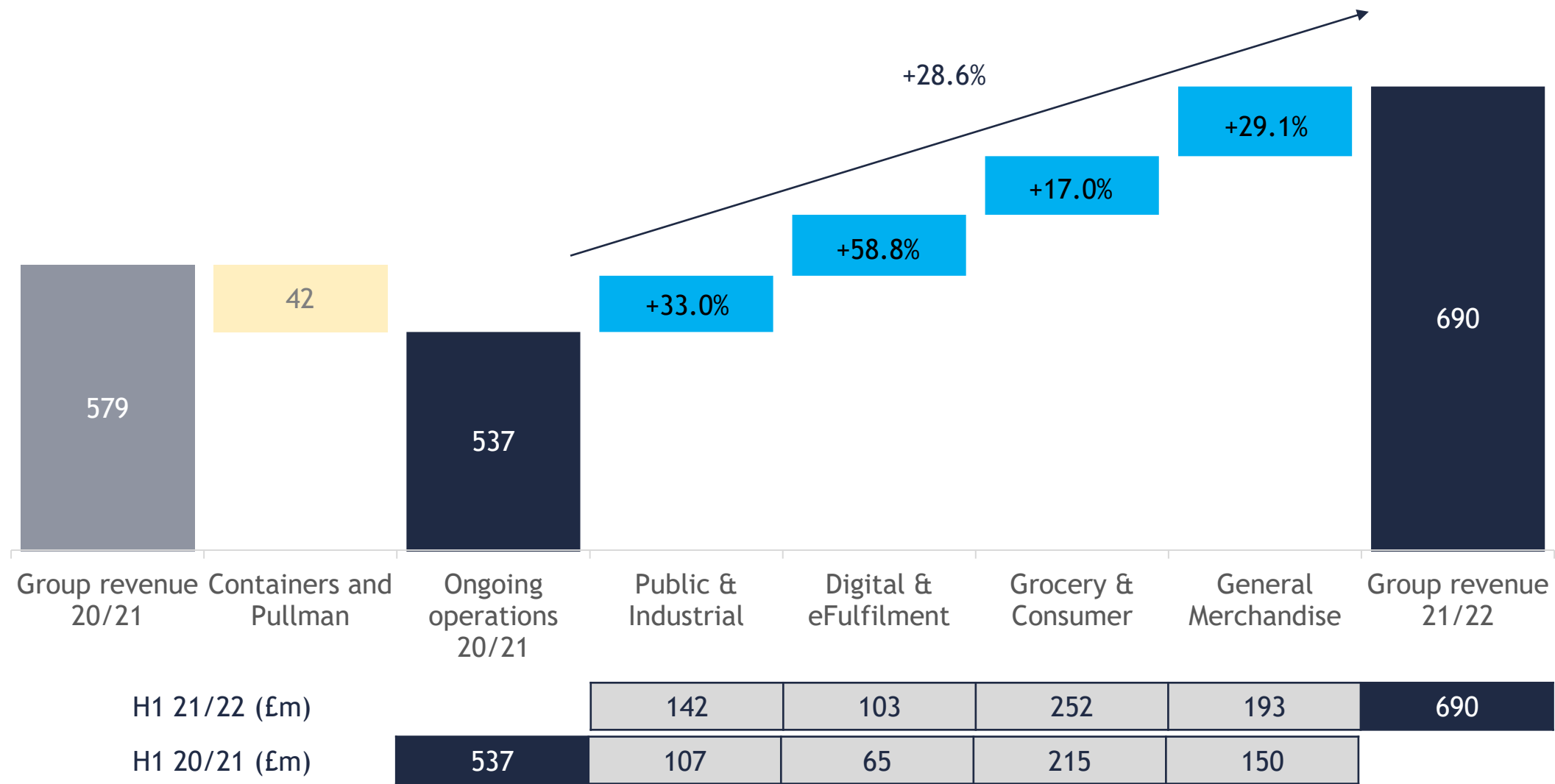
Headline financial summary

Wincanton

	H1 21/22 £m	H1 20/21 £m	Change %
Total Revenue	690.3	578.7	19.3%
Ongoing Revenue	690.3	536.6	28.6%
Underlying profit before tax	27.3	19.1	42.9%
<i>Underlying profit before tax margin</i>	<i>4.0%</i>	<i>3.3%</i>	<i>70bps</i>
Underlying EPS (pence)	18.2	12.9	41.1%
Free cash flow	17.9	76.4	
Net cash flow	(28.3)	73.4	
Net (debt) / cash	(16.4)	63.3	

- Ongoing revenue up 28.6% from PY, up 26.5% from H1 19/20
- PBT ahead of pre-pandemic despite transport issues
- Net debt reflects Cygnia acquisition and unwind of Covid-19 related cash benefits
- Interim dividend of 4.00p; in line with progressive policy

Interim dividend per share (pence)	4.00	2.85	40.4%
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Open book : Closed book revenue 71% : 29% (H1 20/21 67% : 33%)

Underlying profit

Wincanton

	H1 21/22 £m	H1 20/21 £m
Underlying EBITDA	50.8	43.2
Depreciation & Amortisation	(21.0)	(21.8)
Underlying EBIT	29.8	21.4
<i>Underlying EBIT Margin</i>	4.3%	3.7%
Financing costs	(2.5)	(2.3)
Underlying Profit Before Tax	27.3	19.1
<i>Underlying Profit Before Tax Margin</i>	4.0%	3.3%
Tax	(4.7)	(3.1)
Underlying Profit After Tax	22.6	16.0

- Strong recovery from Covid-19 impact, with PBT ahead of pre-pandemic levels (H1 19/20 £26.2m)
- Financing costs up slightly due to non-cash pension impacts
- Effective tax rate 17.2%; lower than statutory rate due to expected benefits from capital allowances

Non-underlying items

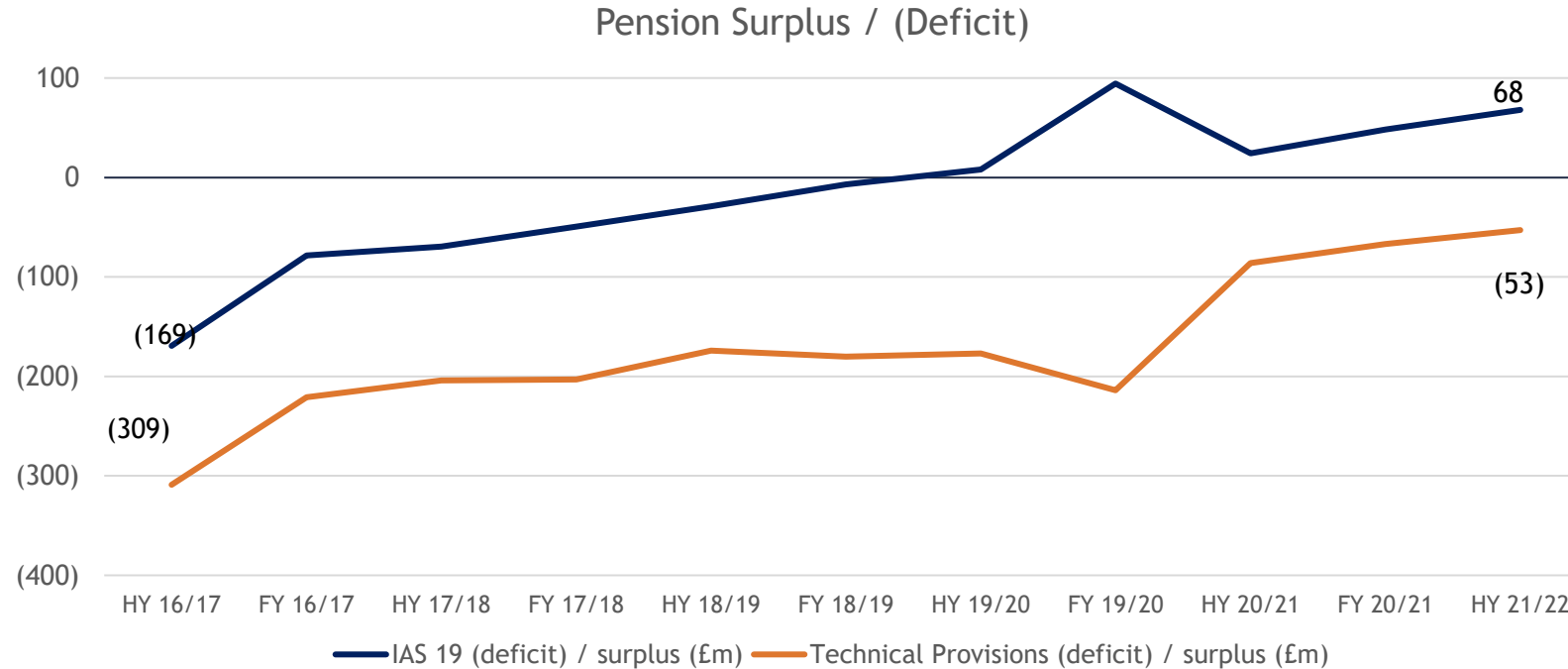
Wincanton

	H1 21/22 £m	H1 20/21 £m
Oracle Cloud	(3.2)	-
Acquisition related transaction costs	(0.7)	-
Release of warranty provision	1.0	-
Gain on disposal of businesses	0.5	-
Net profit on disposal of assets incl. property	0.2	-
GMP	-	-
Net non-underlying items	(2.2)	-

- ERP implementation - change of accounting policy has led to expense of intangible assets (previously capitalised)
- £0.7m costs incurred as part of Cygnia acquisition
- Release of historic warranty provision dating back to 2015 disposal of Wincanton Records Management

	H1 21/22 £m	H1 20/21 £m
Underlying EBITDA	50.8	43.2
Working capital	(10.6)	54.1
Tax	(1.8)	-
Net interest	(2.9)	(3.1)
Repayment of obligations under leases	(13.5)	(16.2)
Capex net of disposal proceeds	(1.1)	(2.4)
Other items	0.2	0.8
Non-underlying items	(3.2)	-
Free cash flow	17.9	76.4
Pension payments	(9.2)	(3.0)
Dividends	(9.4)	-
Acquisition:		
- consideration	(23.9)	-
- acquired assets	(3.7)	-
(Increase)/Reduction in net debt	(28.3)	73.4
Closing net cash/(debt)	(16.4)	63.3

- H1 20/21 benefitted from significant Covid-related cash protection measures (tax, pension, dividend), most unwound during H2 20/21
- Working capital outflow in H1 21/22 due to:
 - Final unwind of Covid-19 related deferred payments
 - Impact of revenue growth in excess of customer budgets, delaying receipt where billing is based on budget
- ERP implementation investment:
 - Finance and HR system implemented on time and on budget in H1 20/21;
 - Phase 2 to rationalise and insource payroll in 2022
 - No longer treated as capex: £3.2m outflow in Non-underlying items



- IAS 19 pension surplus of £68m, up £20m from year-end due to pension contributions and actuarial movements
- Distortion at FY19/20 year-end caused by temporary market uncertainty
- Net pension contributions of £18.2m p.a. plus RPI increase, 2021 to 2024
- Technical Provisions deficit at 30 September 2021 is estimated to be £53m (31 March 2021 was £67m)
- Next Triennial valuation 31 March 2023

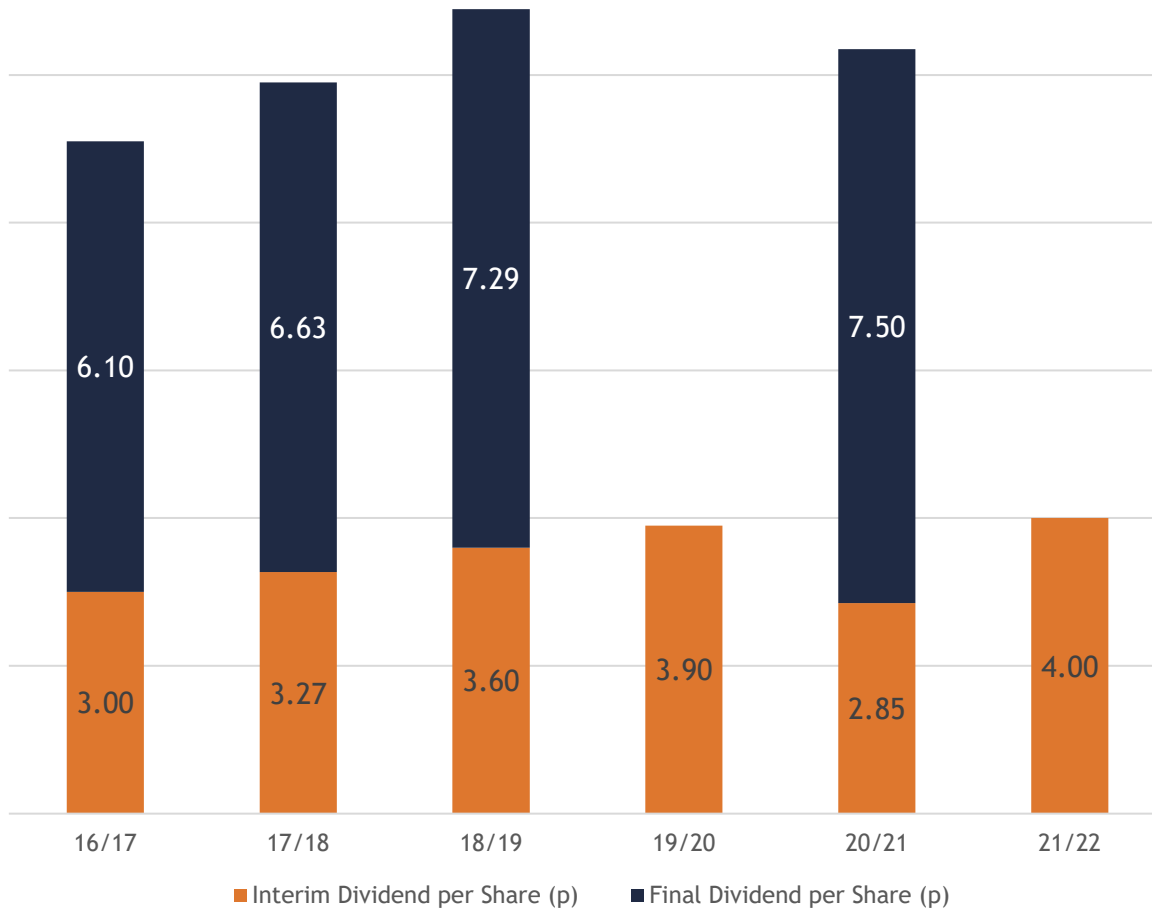
Acquisition of Cygnia Logistics

- Purchased in September 2021 for cash consideration of £23.9m
- Additional cash outflow of £3.7m in respect of working capital acquired and capital expenditure incurred since lockbox date

Financing Arrangements

- Revolving credit facility of £141.2m
 - Facility expires Oct 2023
 - Renegotiation expected to commence in H2
- Receivables purchasing facility of up to £50m
- Overdraft facility of £7.5m





- Interim dividend of 4.00 pence per share
- Dividend policy consistent with prior years:
 - Movements broadly in line with underlying earnings
 - Split broadly 1/3 interim: 2/3 final
- To be paid on 31 December 2021



Strategic update

James Wroath, CEO

Wincanton

Great people delivering sustainable supply chain value

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Digital & eFulfilment



Technology focused sector to support the growing eCommerce

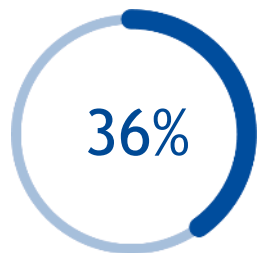


- eCommerce

Grocery & Consumer



Food focused sector creating a logical connection in one of the UK's most critical supply chains



- Grocery
- FMCG

General Merchandise



Retail focused sector to meet the evolving needs of major multichannel customers

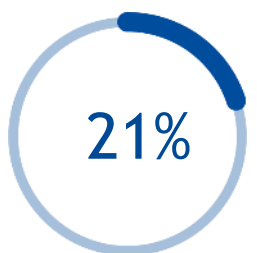


- General Merchandise

Public & Industrial



Services focused for customers in Construction, Infrastructure, Defence, Energy and the Public Sector



- Public Sector
- Infrastructure
- Energy
- Defence
- Construction



Two-person home delivery

- Premium proposition
- First time outsourcers



Omnichannel

- eCommerce focused omnichannel retailers
- Dark stores



High-volume eFulfilment

- Cygnia
- The WEB, Rockingham

High-volume eFulfilment

Wincanton



£50m
turnover



700+
colleagues



750,000 sqft
warehousing



Over 30
Customers



moonpig

KaO

MOLTON BROWN
LONDON

FEELUNIQUE

REVOLUTION
BEAUTY LONDON

Whittard
CHELSEA 1886

BREWDOG



The WEB, Rockingham

Wincanton

Shared user, high-volume automated eFulfilment facility



£20m of
automation
investment



c200
colleagues



528,000 sqft
warehouse

LAKELAND



SNUG



Continued innovation

Wincanton



Further progress against ESG

Wincanton

E

Net-zero for HD
fleet by

2022

Net-zero for own non-
transport operations by

2025

Net-zero for total
operations by

2040

S

33%

Female representation
at senior management
level

Ethnic minority groups, by
end of

2025

to be more reflective of
communities we work within

D&I engagement score to be over

85% by **2025**

G Underpinned by strong governance

Continuing to deliver the strategy launched in FY 20/21

- Committed to driving growth through sustainable supply chain value - strong pipeline of sales
- Continue to build on partnerships in foundation markets
- High growth markets remain eCommerce, public sector and infrastructure
- Significant investment in robotics and innovation
- Acquisition of Cygnia; platform for step change in mid-market eFulfilment
- ESG delivery on track
- Strong momentum from H1:
 - trading remains strong, on track to deliver
 - Continuing to actively manage transport and wider supply chain headwinds
- Confident in the Group's future growth opportunities

Q & A

Wincanton