9 November 2017

**WINCANTON plc**

**Half Year Results for the six months ended 30 September 2017 (unaudited)**

**“Delivering Our Organic Growth Strategy”**

Wincanton plc (“Wincanton” or “the Group”), a leading provider of supply chain solutions in the UK and Ireland, today announces its half year results for the six months ended 30 September 2017.

| **Key financial measures** | **2017** | 2016 | Change |
|---|---|---|---|
| Revenue (£m) | **581.0** | 561.8 | 3.4% |
| Underlying EBITDA (£m)[1] | **31.5** | 32.3 | (2.5)% |
| Underlying operating profit (£m)[2] | **25.7** | 26.1 | (1.5)% |
| Underlying profit before tax (£m)[2] | **22.5** | 20.7 | 8.7% |
| Underlying EPS (p)[2] | **15.0** | 14.0 | 7.1% |
| Dividend per share – interim (p) | **3.27** | 3.0 | 9.0% |
| Net debt (£m)[3] | **(43.5)** | (32.2) | |
| **Statutory results** | | | |
| Operating profit (£m)[2] | **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% |

1 Underlying EBITDA refers to underlying operating profit before depreciation and amortisation and is reconciled in Note 2 to the financial statements.
2 The section on Alternative Performance Measures (APMs) below provides further information on these measures, including definitions and a reconciliation of APMs to statutory measures.
3 Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities. Note 8 to the financial statements provides a breakdown of net debt for the current and prior periods.

## Highlights

- Continuing to deliver against organic growth strategy through attracting new customers and increasing share of wallet with existing customers
  - New business wins include an expansion of our partnerships with IKEA and Argos and the introduction of new customers such as Thales
  - Successful renewals including Ibstock, Aggregate Industries and Argos
  - Organic growth particularly in the Retail general merchandise sector
- Underlying operating profit decrease of 1.5% to £25.7m, with strong operating profit performance from Retail & Consumer partly offset by the impact of weaker performance within certain transport-related activities in Industrial & Transport and the inclusion of end of contract settlement credits in the prior year
- Underlying profit before tax increase of 8.7% to £22.5m, driven by lower net finance charges
- Restructuring programme underway to deliver greater efficiencies in the business resulting in an exceptional cost of £2.9m in the half year

**Adrian Colman, Wincanton Chief Executive Officer commented:**

“In the first half of the year the Group has delivered a good overall performance. During the period we successfully commenced operations on a number of new contracts, which have helped mitigate some of the trading challenges we faced in Industrial & Transport, highlighting the benefit of our well diversified operational and customer portfolio. We have reacted quickly to the challenges identified earlier in the year, taking action by identifying cost saving initiatives to protect margins and ensure the business is competitively positioned going forward.

The Group continues to perform well from a stable platform which will provide the capacity for future investment to deliver against our organic growth strategy. We look forward to making further strategic and operational progress to support long term returns for stakeholders."

**For further enquiries please contact:**


| | |
|---|---|
| **Wincanton plc** | |
| Adrian Colman, Chief Executive Officer | Tel: 020 7466 5000 today, thereafter |
| Tim Lawlor, Chief Financial Officer | Tel: 01249 710000 |
| **Buchanan** | |
| Richard Oldworth, Victoria Hayns | Tel: 020 7466 5000 |


A meeting for analysts will be held at Buchanan, 107 Cheapside, London, EC2V 6DN today, Thursday 9 November 2017, commencing at 9.30am. Wincanton's Half Year Results 2017 are available at www.wincanton.co.uk

An audio webcast of the analysts' meeting will be available from 12 noon today: http://vm.buchanan.uk.com/2017/wincanton091117/registration.htm

# Half Year Review
# for the six months to 30 September 2017

## Summary

### Results

Revenue and underlying profit before tax have grown by 3.4% and 8.7% respectively in the half year compared to the same period last year. The Group has delivered this growth through a continued focus on its organic growth strategy by winning new business and by expanding wallet share with existing customers. In the first half the business experienced some challenging trading performance in certain transport-related activities. In response to this, and to position the business competitively for the years ahead, a restructuring programme is being undertaken to reduce the cost base of the business. As previously reported a restructuring charge of up to £7m for the year is expected, of which £2.9m was incurred in the first six months. Underlying EPS also increased by 7.1% to 15.0p per share (2016: 14.0p per share) driven by lower net finance charges.

### Dividend

The Board is pleased to declare an interim dividend of 3.27p per Ordinary Share (2016: 3.0p per share).

### Board

During the half year Gill Barr joined the Board as a Non-executive Director. Her background in retail and technology businesses as well as her broad marketing experience is a strong addition to the Board. Very sadly, the Group's Chairman, Steve Marshall, passed away unexpectedly in September and Stewart Oades, Senior Independent Director has taken on the role of Interim Chairman whilst the Board conducts a search for a permanent Chairman.

### Key priorities

The Group's priority will be to continue to make further progress in the delivery of the organic growth strategy. This requires targeted investments in people and processes, to extend our capabilities in areas directly relevant to customers in our existing contract logistics heartland. In this area our $W^2$ Labs initiative has created a foundation for innovation within Wincanton, through a start-up incubator programme. This is helping us identify and nurture partnerships with providers that will enhance and extend our e-fulfilment propositions. Additionally, the 2017 triennial review of the pension scheme is underway to agree an appropriate future funding plan with the Scheme Trustee. The Group still has a sizeable pension deficit, and so the pension scheme remains a significant stakeholder of the Group.

### Outlook

The Group remains well positioned in its chosen markets and continues to perform as expected. The Group's restructuring programme, which will be completed in the second half, will ensure the business is competitively positioned for the future. During the second half of the year the Board expects Wincanton to make continued progress and that full year results for the Group will be in line with expectations.

### Performance summary

The Group has made good progress in the first half of the year with several significant new contracts commencing in the period.

Revenue for the six months increased by 3.4% to £581.0m (2016: £561.8m) driven primarily by the impact of contract wins announced in the prior year and strong volume growth with Home & DIY customers.

Underlying operating profit decreased by 1.5% to £25.7m (2016: £26.1m), partly as a result of property-related credits arising at the end of contract terms in the prior year together with operational headwinds in Industrial & Transport which have been partially offset by a strong performance in Retail & Consumer. As a result, the underlying operating margin has reduced to 4.4% (2016: 4.6%).

Cost saving opportunities have been identified which will offset weaker than expected performance in some of the transport-related activities. The implementation of these cost saving initiatives is expected to result in a full year exceptional charge of up to £7m of which £2.9m has been incurred in the first half of the year. These savings will also position the business to be more competitive in the future.

Underlying EPS increased by 7.1% to 15.0p per share (2016: 14.0p per share) reflecting the reduction in net financing costs which more than offsets the decrease in underlying operating profit.

Net debt increased to £43.5m (30 September 2016: £32.2m, 31 March 2017: £24.3m) with the cash outflow since 31 March 2017 of £19.2m being after the working capital investment in new contracts started in the period and the payment of a final dividend totalling £7.6m. The Group's pension scheme deficit stood at £69.3m at 30 September 2017 (30 September 2016: £169.2m, 31 March 2017: £78.4m).

**Trading**

The Group's internal management structure, which has remained constant with the prior period, aligns the Group under two sectors; Retail & Consumer and Industrial & Transport.

**Retail & Consumer**

| | **2017** | 2016 | Change |
|---|---|---|---|
| Revenue (£m) | **333.9** | 319.6 | 4.5% |
| Underlying operating profit (£m) | **15.1** | 11.8 | 28.0% |
| Margin (%) | **4.5%** | 3.7% | 80bps |

Retail & Consumer reported revenues of £333.9m, up 4.5% on the £319.6m reported in the same period in the prior year.

Underlying operating profit was £15.1m, up 28.0% (2016: £11.8m) as a result of the commencement of the new contracts announced in the second half of last year, together with strong operating performance in existing contracts.

The split of Retail & Consumer revenue by the industry sectors it serves is as follows:

| | **2017 £m** | 2016 £m | Change |
|---|---|---|---|
| Retail general merchandise | **174.6** | 154.3 | 13.2% |
| Retail grocery | **106.3** | 114.4 | (7.1)% |
| Consumer products | **53.0** | 50.9 | 4.1% |
| | **333.9** | 319.6 | 4.5% |

The overall revenue increase was driven primarily by the impact of new contract wins and strong volume growth with Home & DIY customers, reported within Retail general merchandise above. This growth was partly offset by the impact of lost volumes due to contract cessations primarily in Retail grocery due to the loss of a Tesco contract.

Several significant new contracts commenced operations during the period, including a four-year contract with IKEA to set up and operate two new distribution centres to support their multichannel distribution growth strategy; a five-year contract with wilko managing all UK transport operations from store replenishment to yard management and backhaul; a three-year contract with Wickes to operate home delivery of building products where Wincanton has implemented new technology and a specialist fleet to support their multichannel strategy; and a three-year warehousing contract with Argos to manage and support a network reorganisation.

Retail general merchandise has also further expanded its relationship with IKEA with the award in October of a three-year contract to provide two-man home delivery services in the South East of England.

**Industrial & Transport**

| | **2017** | 2016 | Change |
|---|---|---|---|
| Revenue (£m) | **247.1** | 242.2 | 2.0% |
| Underlying operating profit (£m) | **10.6** | 14.3 | (25.9)% |
| Margin (%) | **4.3%** | 5.9% | (160)bps |

Industrial & Transport reported revenues of £247.1m, up 2.0% on the £242.2m reported in the same period in the prior year.

Underlying operating profit was £10.6m, down 25.9% (2016: £14.3m). This decrease is a result of lower volumes in Transport services and weaker than expected operational and financial performance from certain transport-related activities together with property-related credits from a contract cessation recognised in the prior period.

The split of Industrial & Transport revenue by the industry sectors it serves is as follows:

| | **2017 £m** | 2016 £m | Change |
|---|---|---|---|
| Transport services | **107.5** | 108.3 | (0.7)% |
| Construction | **78.7** | 67.1 | 17.3% |
| Other | **60.9** | 66.8 | (8.8)% |
| | **247.1** | 242.2 | 2.0% |

The increase in revenue was primarily due to the impact of prior year contract wins in Transport services and Construction partly offset by volume pressures in transport operations, especially containers, and the cessation at the end of the comparative half year of a contract within defence operations (included in 'Other').

Construction extended and expanded a number of contracts within the period, including a two-year renewal with Ibstock covering national distribution of bricks and a four-year renewal with Aggregate Industries including an expansion of our distribution services. Within Transport services, the Group's relationship with Argos was further extended by a two-year renewal covering fleet maintenance with Pullman Fleet Services. In addition, the Group extended the services provided to Britvic with a five-year contract to include their national transport operations, as well as extending the existing warehouse services contract reported within Retail & Consumer.

New business wins included a five-year warehousing and distribution contract with Thales in which Wincanton will become sole logistics provider, supporting the simplification and increased efficiency of Thales' supply chain to operate national distribution and warehousing of their critical component supply chain.

**Net financing costs**

| | **2017 £m** | 2016 £m |
|---|---|---|
| Bank interest payable on loans | **2.0** | 3.1 |
| Interest receivable | **-** | (0.1) |
| Net interest payable | **2.0** | 3.0 |
| Unwinding of discount on provisions | **0.3** | 0.7 |
| Interest on the net defined benefit pension liability | **0.9** | 1.7 |
| **Net financing costs** | **3.2** | 5.4 |

Net financing costs were £3.2m, £2.2m lower overall compared to the prior year charge of £5.4m.

Bank interest payable on loans was £2.0m (2016: £3.1m), a reduction of £1.1m reflecting the maturity of the US$ Private Placement in November 2016, the repayment of the £25m Prudential/M&G UK Companies Financing Fund LP facility in July 2017 and the lower average borrowing rate on the remaining facilities.

The non-cash financing items total £1.2m (2016: £2.4m) and comprise the discount unwinding on the Group's provisions for property and insurance claims, which has reduced primarily due to a change in the discount rate used for the property provision; plus the financing charge in respect of the defined benefit deficit, lower in the year because of a reduction in the opening pension deficit.

**Amortisation of acquired intangibles**

The amortisation charge has remained at £1.1m (2016: £1.1m) in the period. This is expected to be fully amortised by 31 March 2018.

**Exceptional items**

| | **2017 £m** | 2016 £m |
|---|---|---|
| Restructuring costs | **(2.9)** | - |
| Pension scheme liability management exercise | **1.8** | - |
| **Exceptional items** | **(1.1)** | - |

The Group is undertaking a restructuring programme to ensure the business is competitively positioned for the future. A charge of £2.9m is included as exceptional in the period with an expectation of a charge of up to £7m for the full year.

The Group has also concluded the pension scheme liability management exercise initiated in conjunction with the Trustee at the end of last year, reducing liabilities by £27.6m and resulting in settlement gains of £1.8m (see Pensions section below).

**Taxation**

| | **2017** | 2016 |
|---|---|---|
| Underlying profit before tax (£m) | **22.5** | 20.7 |
| Underlying tax (£m) | **4.0** | 3.6 |
| Tax on amortisation of acquired intangibles (£m) | **(0.2)** | (0.2) |
| Tax on exceptional items (£m) | **(0.5)** | - |
| Tax as reported (£m) | **3.3** | 3.4 |
| Effective tax rate on underlying profit before tax (%) | **18.0%** | 17.5% |

Underlying tax of £4.0m (2016: £3.6m) represents an underlying effective tax rate of 18.0% (2016: 17.5%, March 2017: 18.0%) on underlying profit before tax and is stated before tax credits of £0.2m (2016: £0.2) in respect of the amortisation of acquired intangibles and tax on exceptional items of £0.5m (2016: £nil). The effective underlying tax rate applied at the half year is an estimate of the expected full year rate.

Corporation tax paid in respect of the period was £2.9m, partly offset by a refund in respect of the prior year of £1.1m.

The total net deferred tax asset has reduced to £14.6m (2016: £31.1m) primarily as a result of the reduction in the pension deficit and the deferred tax asset thereon.

**Profit after tax and EPS**

Profit after tax for the period was £17.0m, an increase of £0.8m (2016: £16.2m) which translates to a basic EPS of 13.7p (2016: 13.2p).

Underlying EPS, which excludes from earnings amortisation of acquired intangibles and, where relevant, exceptional items, has increased year on year by 7.1% to 15.0p (2016: 14.0p).

The calculation of these EPS measures is set out in Note 5.

### Dividends

The Group's policy is to show dividend growth broadly matched to growth in underlying earnings.

In setting the dividend the Board considers a range of factors, including the Group's strategy (including downside sensitivities), the current and projected level of distributable reserves and projected cash flows.

The Board has declared an interim dividend of 3.27p (2016: 3.0p) per share relating to the six-month period ended 30 September 2017, payable in January 2018.

The Group paid a final dividend in the six-month period of 6.1p per share relating to the period ended 31 March 2017 (2016: 5.5p).

### Financial position

The summary financial position of the Group is set out below:

| | **30 September 2017 £m** | 30 September 2016 £m | 31 March 2017 £m |
|---|---|---|---|
| Non-current assets | **147.6** | 155.3 | 147.9 |
| Net current liabilities (excl. net debt) | **(134.1)** | (153.9) | (149.8) |
| Non-current liabilities (excl. net debt/pension deficit) | **(35.0)** | (33.5) | (34.8) |
| Net debt | **(43.5)** | (32.2) | (24.3) |
| Pensions deficit (gross of deferred tax) | **(69.3)** | (169.2) | (78.4) |
| **Net liabilities** | **(134.3)** | (233.5) | (139.4) |

The reduction in net liabilities since the year ended 31 March 2017 of £5.1m is represented by the profit after tax of £17.0m, the remeasurement of the pension deficit net of deferred tax of £(0.1)m less the payment of the prior year final dividend of £(7.6)m, movements in equity relating to shares and share based payment transactions £(4.0)m and other movements in equity of £(0.2)m.

### Net debt and cash flows

Net debt[1] at 30 September 2017 was £43.5m (2016: £32.2m), reflecting a net cash outflow of £11.3m over the intervening 12 months and £19.2m since 31 March 2017.

The average level of net debt[1] for the six-month period to 30 September 2017 was £70.7m, a £16.7m increase from the average of £54.0m in the comparative period, primarily reflecting the investment in mobilising new contracts.

[1]Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities. Average net debt is calculated on a daily basis throughout the period.

The Group’s cash flows for the six months to 30 September are summarised in the following table:

| | **2017 £m** | 2016 £m |
|---|---|---|
| Underlying EBITDA | **31.5** | 32.3 |
| Net capital expenditure | **(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 acquired | **(1.8)** | - |
| **Net cash flow** | **(19.2)** | 7.3 |

The Group incurred a £(19.2)m net cash outflow in the period (2016: £7.3m inflow), with a free cash outflow of £(1.0)m (2016: £21.0m inflow).

Net capital expenditure was £9.1m (2016: £4.8m), the increase on the prior half year being driven by investment to support new business growth including £5.9m for specialist vehicles and £1.8m warehouse fit out. The capital expenditure is net of cash receipts on sale of assets of £0.3m (2016: £0.3m).

The £15.2m outflow on working capital in the period is primarily due to the reversal of year end working capital movements as previously noted and working capital investment in new contracts started in the period.

The Group paid cash tax in the period of £1.8m (2016: £1.0m refund received in respect of prior years). The cash tax payable continues to trend below the underlying charge due to the impact of tax relief on the pension deficit recovery payments made in the year and on share options exercised.

The amount of cash interest paid, excluding fees, of £2.1m (2016: £2.6m) reduced compared to the prior half year due to the overall reduction in the interest charge.

Other cash outflows include payments in respect of provision movements. There was a cash outflow of property provisions of £0.8m (2016: £1.9m), and this is anticipated to be higher in the second half of the year as we expect to settle certain dilapidation claims.

The cash contribution to fund the pension deficit in the current year to 31 March 2018 will be £15.2m (31 March 2017: £14.8m); of which £7.6m was paid in the first half, less £0.3m for certain administration costs agreed to be paid directly by the Group. Total contributions in the period of £8.8m comprise the deficit recovery payments of £7.3m plus the additional payments for the liability management exercise of £1.5m.

Own shares were acquired in the period, amounting to £1.8m (2016: £nil), in order to satisfy share option awards.

**Financing and covenants**

The Group’s committed facilities at the period end were £141m (2016: £205m) and the headroom in these committed facilities to reported net debt at 30 September 2017 was £98m (2016: £173m). The Group also had additional operating overdrafts which provide day to day flexibility and amount to a further £9m in uncommitted facilities.

At the period end the Group’s facilities comprised the syndicated main bank facility of £141.2m which amortises by £8.8m in October 2019, with a second equal amortisation at the four-year anniversary in October 2020. The £25m facility with Prudential/M&G UK Companies Financing Fund LP was prepaid without penalty on 14 July 2017 from cash generated in the period and from other facilities. The Group has consciously reduced facility levels as overall net debt levels have fallen, most notably the £75m M&G facility has been fully paid down over the last eighteen months.

The Group maintains a mix of hedging instruments (swaps) to give an appropriate level of protection against changes in interest rates. At the half year, £20m of debt was at fixed rates and the balance at floating rates.

Wincanton operates comfortably within its banking covenants, as summarised in the table below:

| Covenant | Ratio | At 30 September 2017 |
|---|---:|---:|
| Adjusted net debt: EBITDA | <2.75:1 | 1.08 |
| Interest cover | >3.5:1 | 16.8 |
| Fixed charge cover | >1.4:1 | 3.0 |

**Pensions**

The Group operates a number of pension arrangements in the UK and Ireland.

Defined benefit arrangements

The Wincanton plc Pension Scheme (the Scheme), which closed to future accrual on 31 March 2014, had an IAS 19 deficit of £69.3m (£57.5m net of deferred tax) at 30 September 2017 (September 2016: £169.2m, March 2017: £78.4m). The following table shows the reported IAS 19 deficit:

| | **30 Sept 2017** | 30 Sept 2016 | 31 March 2017 |
|---|---:|---:|---:|
| Assets (£m) | **1,035.4** | 1,086.0 | 1,080.5 |
| Liabilities (£m) | **(1,104.7)** | (1,255.2) | (1,158.9) |
| **Total (£m)** | **(69.3)** | (169.2) | (78.4) |
| **Discount rate (%)** | **2.70** | 2.30 | 2.60 |

The movement in the deficit since March 2017 is primarily due to the employer contributions paid into the Scheme and the impact of the liability management exercise. The discount rate has increased from 2.30% at 30 September 2016 to 2.60% at 31 March 2017 and to 2.70% at 30 September 2017. Each 0.1% movement in the rate impacts the liabilities of the Scheme by 1.8%, currently some £20m. Any movement is mitigated by the level of liability hedging in the Scheme.

Over recent years, the Trustee has pursued a diversification of the investment portfolio as part of a de-risking strategy and the programme has continued in the period ended 30 September 2017. As at 30 September 2017 the Scheme's investment was split between 50% in return-seeking assets and 50% in defensive assets.

To hedge the interest and inflation rate risks facing the Scheme the Trustee is increasing the level of the hedge to 100% of the Scheme's assets by November 2017, subject to leverage restrictions. At 30 September 2017 the Scheme had hedged 94% of the value of its assets against inflation and interest rate risk.

In conjunction with the Trustee, the Group also initiated a liability management exercise in the form of an Enhanced Transfer Value in the year to 31 March 2017, whereby deferred members approaching retirement could choose to transfer their benefits out of the Scheme in order to access the new flexible retirement options available. In the period to 30 September 2017 the Group has recognised an exceptional item of £1.8m, being the settlement gain generated on completion of the exercise, together with an associated cash outflow to fund the enhanced transfer values and a reduction in pension liabilities. As part of the exercise the Group paid top up payments to the Scheme of £1.5m resulting in a total reduction in the deficit on an IAS 19 basis of £3.3m. The impact of the exercise on the assets, liabilities and deficit is shown in the table below:

| | **IAS 19 £m** |
|---|---:|
| Cash Equivalent Transfer Value | (24.3) |
| Liabilities extinguished | 27.6 |
| **Deficit reduction** | **3.3** |
| Group top up | (1.5) |
| **Net gain on settlement** | **1.8** |

Discussions have commenced with the Trustee in respect of the triennial valuation of the Scheme. The future deficit funding contributions are subject to the outcome of these discussions which we expect to become effective in 2018.

**Risks**

The key risks and uncertainties facing Wincanton in the second half of the current financial year have not changed materially from those outlined on pages 24 to 27 of the Annual Report for the year ended 31 March 2017. The principal commercial and operational risks are the Group's ability to source new contracts, at an appropriate financial return for an acceptable level of risk, and subsequent performance of new and existing contracts. Wincanton has a diversified customer base which spans large sectors of the UK economy. The majority of our contracts are open book and we are not directly exposed to foreign currency movements in our business. The impact of Britain's decision to leave the EU is being closely monitored by the Board and will continue to be monitored as the political and economic consequences become clearer.

**Alternative Performance Measures**

Alternative Performance Measures (APMs) are used by the Board in assessing the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group. Additionally, underlying EPS is used as a key performance indicator for the share incentive schemes, including the Special Option Plan and Long Term Incentive Plan. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures.

The Group presents underlying EBITDA, operating profit and EPS which are calculated as the statutory measures stated before amortisation of acquired intangibles and exceptional items, including related tax where applicable. The table below reconciles the APMs to the statutory reported measures.

| | | | | **2017** | | | 2016 |
|---|---|---|---|---|---|---|---|
| | **Statutory** | **Amortisation of acquired intangibles** | **Exceptional items[1]** | **Underlying** | Statutory | Amortisation of acquired intangibles | Underlying |
| Revenue (£m) | **581.0** | **-** | **-** | **581.0** | 561.8 | - | 561.8 |
| EBITDA (£m)[2] | **30.4** | **-** | **1.1** | **31.5** | 32.3 | - | 32.3 |
| Operating profit (£m) | **23.5** | **1.1** | **1.1** | **25.7** | 25.0 | 1.1 | 26.1 |
| Operating margin (%) | **4.0** | | | **4.4** | 4.4 | | 4.6 |
| Net financing costs (£m) | **(3.2)** | **-** | **-** | **(3.2)** | (5.4) | - | (5.4) |
| Profit before tax (£m) | **20.3** | **1.1** | **1.1** | **22.5** | 19.6 | 1.1 | 20.7 |
| Income tax (£m) | **(3.3)** | **(0.2)** | **(0.5)** | **(4.0)** | (3.4) | (0.2) | (3.6) |
| Profit after tax (£m) | **17.0** | **0.9** | **0.6** | **18.5** | 16.2 | 0.9 | 17.1 |
| Earnings per share (p)[3] | **13.7** | | | **15.0** | 13.2p | | 14.0p |
| Dividend per share (p) | **3.27** | | | **3.27** | 3.0p | | 3.0p |
| Net debt (£m)[4] | **(43.5)** | | | **(43.5)** | (32.2) | | (32.2) |

1 Note 2 provides further detail of exceptional items
2 EBITDA refers to operating profit before depreciation and amortisation and is reconciled in Note 2.
3 Note 5 provides further detail of underlying earnings per share.
4 Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities. Note 8 provides a breakdown of net debt for the current and prior periods.

**Statement of Directors' responsibilities**

The Board confirms to the best of its knowledge:

- that the consolidated half year financial statements for the six months to 30 September 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* amended in accordance with changes in IAS 1 *Presentation of Financial Statements*, as adopted by the EU; and

- that the Half Year Report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the consolidated half year financial statements; a description of the principal risks and uncertainties for the remainder of the current financial year; and the disclosure requirements in respect of material related party transactions.

The composition of the Board of Directors has changed since the publication of the Annual Report in May 2017, as noted on page 3. A list of current Directors is maintained on the Wincanton plc website at www.wincanton.co.uk.

The above Statement of Directors' responsibilities was approved by the Board on 8 November 2017.

T Lawlor
Director

# Consolidated income statement
for the six months to 30 September 2017 (unaudited)

| | Note | **Six months to 30 Sept 2017 £m** | Six months to 30 Sept 2016 £m | Year ended 31 March 2017 £m |
|---|---|---|---|---|
| **Revenue** | *2* | **581.0** | 561.8 | 1,118.1 |
| **Underlying operating profit** | *2* | **25.7** | 26.1 | 52.1 |
| Amortisation of acquired intangibles | | **(1.1)** | (1.1) | (2.2) |
| Exceptional items | *2* | **(1.1)** | - | 6.1 |
| **Operating profit** | *2* | **23.5** | 25.0 | 56.0 |
| Financing income | *3* | **-** | 0.1 | 0.1 |
| Financing cost | *3* | **(3.2)** | (5.5) | (10.7) |
| Net financing costs | | **(3.2)** | (5.4) | (10.6) |
| **Profit before tax** | | **20.3** | 19.6 | 45.4 |
| Income tax expense | *4* | **(3.3)** | (3.4) | (3.4) |
| **Profit attributable to equity shareholders of Wincanton plc** | | **17.0** | 16.2 | 42.0 |
| | | | | |
| **Earnings per share** | | | | |
| **- basic** | *5* | **13.7p** | 13.2p | 34.2p |
| **- diluted** | *5* | **13.5p** | 12.9p | 33.0p |

## Consolidated statement of comprehensive income
for the six months to 30 September 2017 (unaudited)

| | **Six months to 30 Sept 2017 £m** | Six months to 30 Sept 2016 £m | Year ended 31 March 2017 £m |
|---|---|---|---|
| **Profit for the period** | **17.0** | 16.2 | 42.0 |
| **Other comprehensive (expense)/income** | | | |
| **Items which will not subsequently be reclassified to the income statement** | | | |
| Remeasurements of defined benefit liability | **(0.1)** | (68.5) | 17.6 |
| Income tax relating to items that will not subsequently be reclassified to profit or loss | **-** | 10.6 | (4.0) |
| | **(0.1)** | (57.9) | 13.6 |
| **Items which are or may subsequently be reclassified to the income statement** | | | |
| Net foreign exchange loss on investment in foreign subsidiaries net of hedged items | **-** | - | (0.1) |
| Effective portion of changes in fair value of cash flow hedges | **(0.2)** | 0.1 | 0.4 |
| Net change in fair value of cash flow hedges transferred to the income statement | **-** | 0.1 | 0.2 |
| | **(0.2)** | 0.2 | 0.5 |
| Other comprehensive (expense)/income for the period, net of income tax | **(0.3)** | (57.7) | 14.1 |
| **Total comprehensive income/(expense) attributable to equity shareholders of Wincanton plc** | **16.7** | (41.5) | 56.1 |

# Consolidated balance sheet

at 30 September 2017 (unaudited)

| | Note | **30 Sept 2017 £m** | 30 Sept 2016 £m | 31 March 2017 £m |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill and intangible assets | | **84.9** | 88.9 | 86.9 |
| Property, plant and equipment | *7* | **48.0** | 34.4 | 43.7 |
| Investments, including those equity accounted | | **0.1** | 0.1 | 0.1 |
| Deferred tax assets | | **14.6** | 31.9 | 17.2 |
| | | **147.6** | 155.3 | 147.9 |
| **Current assets** | | | | |
| Inventories | | **4.4** | 4.1 | 4.0 |
| Trade and other receivables | | **150.2** | 147.6 | 133.4 |
| Cash and cash equivalents | *8* | **22.9** | 50.8 | 40.9 |
| | | **177.5** | 202.5 | 178.3 |
| **Current liabilities** | | | | |
| Income tax payable | | **(5.0)** | (9.9) | (6.4) |
| Borrowings and other financial liabilities | *8* | **(0.3)** | (20.2) | (0.2) |
| Trade and other payables | | **(270.2)** | (280.2) | (265.4) |
| Employee benefits | | **-** | (0.3) | (0.2) |
| Provisions | *9* | **(13.5)** | (15.2) | (15.2) |
| | | **(289.0)** | (325.8) | (287.4) |
| **Net current liabilities** | | **(111.5)** | (123.3) | (109.1) |
| | | | | |
| **Total assets less current liabilities** | | **36.1** | 32.0 | 38.8 |
| | | | | |
| **Non-current liabilities** | | | | |
| Borrowings and other financial liabilities | *8* | **(66.1)** | (62.8) | (65.0) |
| Employee benefits | *10* | **(69.3)** | (169.2) | (78.4) |
| Provisions | *9* | **(35.0)** | (32.7) | (34.8) |
| Deferred tax liabilities | | **-** | (0.8) | - |
| | | **(170.4)** | (265.5) | (178.2) |
| **Net liabilities** | | **(134.3)** | (233.5) | (139.4) |
| | | | | |
| **Equity** | | | | |
| Issued share capital | | **12.5** | 12.4 | 12.4 |
| Share premium | | **12.9** | 12.9 | 12.9 |
| Merger reserve | | **3.5** | 3.5 | 3.5 |
| Hedging reserve | | **(0.3)** | (0.5) | (0.1) |
| Translation reserve | | **(0.3)** | (0.2) | (0.3) |
| Retained earnings | | **(162.6)** | (261.6) | (167.8) |
| **Total equity deficit** | | **(134.3)** | (233.5) | (139.4) |

# Consolidated statement of changes in equity

at 30 September 2017 (unaudited)

| | Issued share capital £m | Share premium £m | Merger reserve £m | Hedging reserve £m | Translation reserve £m | Retained earnings: Own shares £m | Retained earnings: Profit and loss £m | Total equity deficit £m |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2017** | **12.4** | **12.9** | **3.5** | **(0.1)** | **(0.3)** | **(0.5)** | **(167.3)** | **(139.4)** |
| **Profit for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **17.0** | **17.0** |
| **Other comprehensive expense** | **-** | **-** | **-** | **(0.2)** | **-** | **-** | **(0.1)** | **(0.3)** |
| **Total comprehensive income** | **-** | **-** | **-** | **(0.2)** | **-** | **-** | **16.9** | **16.7** |
| **Share based payment transactions** | **-** | **-** | **-** | **-** | **-** | **0.5** | **(2.9)** | **(2.4)** |
| **Current tax on share based payments** | **-** | **-** | **-** | **-** | **-** | **-** | **0.9** | **0.9** |
| **Deferred tax on share based payments** | **-** | **-** | **-** | **-** | **-** | **-** | **(0.7)** | **(0.7)** |
| **Shares issued** | **0.1** | **-** | **-** | **-** | **-** | **(0.1)** | **-** | **-** |
| **Own shares acquired** | **-** | **-** | **-** | **-** | **-** | **(1.8)** | **-** | **(1.8)** |
| **Dividends paid to shareholders** | **-** | **-** | **-** | **-** | **-** | **-** | **(7.6)** | **(7.6)** |
| **Balance at 30 September 2017** | **12.5** | **12.9** | **3.5** | **(0.3)** | **(0.3)** | **(1.9)** | **(160.7)** | **(134.3)** |
| | | | | | | | | |
| Balance at 1 April 2016 | 12.4 | 12.9 | 3.5 | (0.7) | (0.2) | (3.1) | (209.1) | (184.3) |
| Profit for the period | - | - | - | - | - | - | 16.2 | 16.2 |
| Other comprehensive income/(expense) | - | - | - | 0.2 | - | - | (57.9) | (57.7) |
| Total comprehensive income | - | - | - | 0.2 | - | - | (41.7) | (41.5) |
| Share based payment transactions | - | - | - | - | - | 2.0 | (3.3) | (1.3) |
| Current tax on share based payments | - | - | - | - | - | - | 0.6 | 0.6 |
| Deferred tax on share based payments | - | - | - | - | - | - | (0.3) | (0.3) |
| Dividends paid to shareholders | - | - | - | - | - | - | (6.7) | (6.7) |
| Balance at 30 September 2016 | 12.4 | 12.9 | 3.5 | (0.5) | (0.2) | (1.1) | (260.5) | (233.5) |

# **Consolidated statement of changes in equity** *(continued)*

at 30 September 2017 (unaudited)

| | Issued share capital £m | Share premium £m | Merger reserve £m | Hedging reserve £m | Translation reserve £m | Retained earnings: Own shares £m | Retained earnings: Profit and loss £m | Total equity deficit £m |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 April 2016 | 12.4 | 12.9 | 3.5 | (0.7) | (0.2) | (3.1) | (209.1) | (184.3) |
| Profit for the year | - | - | - | - | - | - | 42.0 | 42.0 |
| Other comprehensive income/(expense) | - | - | - | 0.6 | (0.1) | - | 13.6 | 14.1 |
| Total comprehensive income | - | - | - | 0.6 | (0.1) | - | 55.6 | 56.1 |
| Share based payment transactions | - | - | - | - | - | 2.7 | (4.4) | (1.7) |
| Current tax on share based payment transactions | - | - | - | - | - | - | 1.1 | 1.1 |
| Deferred tax on share based payment transactions | - | - | - | - | - | - | (0.1) | (0.1) |
| Own shares acquired | - | - | - | - | - | (0.1) | - | (0.1) |
| Dividends paid to shareholders | - | - | - | - | - | - | (10.4) | (10.4) |
| Balance at 31 March 2017 | 12.4 | 12.9 | 3.5 | (0.1) | (0.3) | (0.5) | (167.3) | (139.4) |

## Consolidated statement of cash flows

for the six months to 30 September 2017 (unaudited)

| | **Six months to 30 Sept 2017 £m** | Six months to 30 Sept 2016 £m | Year ended 31 March 2017 £m |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | **20.3** | 19.6 | 45.4 |
| Adjustments for | | | |
| - depreciation and amortisation | **6.9** | 7.3 | 14.0 |
| - interest expense | **3.2** | 5.4 | 10.6 |
| - exceptional items (non cash) | **-** | - | (4.6) |
| - share based payment transactions* | **(2.4)** | (1.3) | (1.7) |
| | **28.0** | 31.0 | 63.7 |
| (Increase)/decrease in trade and other receivables | **(16.4)** | (8.4) | 6.2 |
| (Increase)/decrease in inventories | **(0.4)** | 0.7 | 0.8 |
| Increase in trade and other payables | **4.5** | 8.0 | - |
| Decrease in provisions | **(1.9)** | (4.5) | (4.3) |
| (Decrease)/increase in employee benefits before pension deficit payment | **(1.6)** | 0.4 | 0.9 |
| Income taxes (paid)/received | **(1.8)** | 1.0 | (2.6) |
| **Cash generated before pension deficit payment** | **10.4** | 28.2 | 64.7 |
| Pension deficit payment | **(8.8)** | (7.0) | (14.1) |
| **Cash flows from operating activities** | **1.6** | 21.2 | 50.6 |
| | | | |
| **Investing activities** | | | |
| Proceeds from sale of property, plant and equipment | **0.3** | 0.3 | 0.1 |
| Proceeds from sale of computer software | **-** | - | 0.4 |
| Interest received | **-** | 0.1 | 0.1 |
| Additions of property, plant and equipment | **(9.4)** | (5.0) | (18.0) |
| Additions of computer software | **-** | (0.1) | (1.2) |
| **Cash flows from investing activities** | **(9.1)** | (4.7) | (18.6) |
| | | | |
| **Financing activities** | | | |
| Own shares acquired | **(1.8)** | - | (0.1) |
| Borrowings repaid | **(25.0)** | - | (20.1) |
| Increase in borrowings | **26.0** | 7.4 | 10.1 |
| Equity dividends paid | **(7.6)** | (6.7) | (10.4) |
| Interest paid | **(2.1)** | (2.7) | (6.9) |
| **Cash flows from financing activities** | **(10.5)** | (2.0) | (27.4) |
| | | | |
| Net (decrease)/increase in cash and cash equivalents | **(18.0)** | 14.5 | 4.6 |
| Cash and cash equivalents at beginning of the period | **40.9** | 36.3 | 36.3 |
| **Cash and cash equivalents at end of the period** | **22.9** | 50.8 | 40.9 |
| | | | |
| Represented by: | | | |
| - cash at bank and in hand | **15.1** | 41.8 | 33.0 |
| - restricted cash, being deposits held by the Group's insurance subsidiary | **7.8** | 9.0 | 7.9 |
| | **22.9** | 50.8 | 40.9 |

* Prior period amounts include the reallocation of cash flows arising on the settlement of share options

# Notes to the consolidated half year financial statements

for the six months to 30 September 2017 (unaudited)

## 1 Basis of preparation and Statement of compliance

Wincanton plc (the 'Company') is a company incorporated in England and Wales. The consolidated half year financial statements of the Company for the six months to 30 September 2017 comprise the Company and its subsidiaries (together referred to as the 'Group') and, where relevant, the Group's interests in jointly controlled entities.

These consolidated half year financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. As required by the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority, the half year financial statements have been prepared on the basis of the accounting policies adopted by the Group and applied and disclosed in its consolidated financial statements for the year ended 31 March 2017. As stated in the financial statements for the year ended 31 March 2017 the following amendments have been applied where applicable: amendments to IFRS 12 as a result of Annual Improvements 2014-2016 Cycle; amendments to IAS 7 Disclosure Initiative; and amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses. The adoption of these amendments has not had a significant effect on the consolidated results or financial position of the Group. These policies are in accordance with IFRS as adopted by the EU (Adopted IFRS).

As reported within the 2017 Annual Report and Accounts, IFRS 9 Financial Instruments was issued by the IASB in July 2014, and is effective for the Group for the year ended 31 March 2019. Applying IFRS 9 will result in changes to the measurement and disclosure of financial instruments and introduces a new expected loss impairment model. The Group does not currently expect adoption of the standard to have a significant impact on its consolidated results or financial position, but will result in increased disclosure.

IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014 and becomes effective for the Group for the year ended 31 March 2019. The Group expects to apply IFRS 15 retrospectively, with the year ended 31 March 2018 restated as the comparative period. Under IFRS 15 revenue is recognised when the customer obtains control of the goods and services transferred by the Group and the related performance obligations have been satisfied. The amount recognised reflects the amount of consideration that the Group expects to be entitled to in exchange for those goods and services.

The Group will be required to present separate line items for contract assets and contract liabilities and to disclose further details on significant changes in these balances, as well as judgements made in determining which costs of fulfilling a contract can be capitalised.

The anticipated effects of implementing IFRS 15 include changes in the timing of revenue recognition on certain contracts for: costs to fulfil a contract; deferred management fees and revenue linked to performance measures such as Key Performance Indicators and gain-share mechanisms. The Group does not expect a significant impact on the total Group revenue recognised nor on the timing of this recognition.

IFRS 16 Leases was issued by the IASB in January 2016 and becomes effective for the Group for the year ended 31 March 2020. Adoption of this standard will result in the recognition on balance sheet of assets and liabilities relating to leases which are currently being accounted for as operating leases. The Group continues to assess the impact of adopting IFRS 16, with a significant impact anticipated on the reported assets, liabilities, and income statement of the Group, as well as extensive additional disclosures.

These consolidated half year financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2017. The comparative figures for the year ended 31 March 2017 have been extracted from those accounts but do not comprise the full statutory accounts for that financial year. Except for the 31 March 2017 comparatives, the financial information set out herein is unaudited but has been reviewed by the auditors and their report to the Company is set out on page 27.

The consolidated financial statements for the year ended 31 March 2017 have been reported on by the Group's auditor; delivered to the Registrar of Companies; and are available upon request from the Company's registered office at Methuen Park, Chippenham, Wiltshire, SN14 0WT or at www.wincanton.co.uk. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The preparation of these consolidated half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated half year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key areas of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

The Group has net liabilities of £134.3m (2016: £233.5m) primarily as a result of the pension deficit as well as previous retained losses. The reduction in the period principally relates to the profit for the period and reduced pension deficit offset by dividend payments. The consolidated half year financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Directors have prepared cash flow forecasts on the basis of which they expect that the Group will continue as a going concern.

The Half Year Report, which includes the consolidated half year financial statements, was approved by the Board on 8 November 2017.

# Notes to the consolidated half year financial statements *(continued)*
for the six months to 30 September 2017 (unaudited)

## 2 Operating segments

Wincanton plc provides contract logistics services in the UK and Ireland. In the period to 30 September 2017 the Group managed its operations in two distinct operating segments; Retail & Consumer (including retail general merchandise, retail grocery and consumer products) and Industrial & Transport (including transport services, construction and other).

The results of the operating segments are regularly reviewed by the Executive Management Team (EMT) to allocate resources to these segments and to assess their performance. The Group evaluates performance of the operating segments on the basis of revenue and underlying operating profit.

| | | **Six months to 30 Sept 2017** | |
|---|---|---|---|
| | **Retail & Consumer £m** | **Industrial & Transport £m** | **Total £m** |
| **Revenue from external customers[1]** | **333.9** | **247.1** | **581.0** |
| Underlying EBITDA[2] | 17.8 | 13.7 | 31.5 |
| Depreciation | (2.2) | (2.7) | (4.9) |
| Amortisation of software intangibles | (0.5) | (0.4) | (0.9) |
| Underlying operating profit[2] | 15.1 | 10.6 | 25.7 |
| Amortisation of acquired intangibles | | | (1.1) |
| Exceptional items | | | (1.1) |
| **Operating profit** | | | **23.5** |
| Net financing costs | | | (3.2) |
| **Profit before tax** | | | **20.3** |

1 Included in segment revenue is £575.7m (2016: £557.6m) in respect of customers based in the UK.

2 Underlying EBITDA refers to underlying operating profit before depreciation and amortisation. Underlying operating profit is stated before amortisation of acquired intangibles and exceptional items.

| | | Six months to 30 Sept 2016 | |
|---|---|---|---|
| | Retail & Consumer £m | Industrial & Transport £m | Total £m |
| Revenue from external customers | 319.6 | 242.2 | 561.8 |
| Underlying EBITDA | 15.0 | 17.3 | 32.3 |
| Depreciation | (2.7) | (2.6) | (5.3) |
| Amortisation of software intangibles | (0.5) | (0.4) | (0.9) |
| Underlying operating profit | 11.8 | 14.3 | 26.1 |
| Amortisation of acquired intangibles | | | (1.1) |
| Operating profit | | | 25.0 |
| Net financing costs | | | (5.4) |
| Profit before tax | | | 19.6 |

## Notes to the consolidated half year financial statements *(continued)*
for the six months to 30 September 2017 (unaudited)

### 2 Operating segments *(continued)*

| | | | Year ended 31 March 2017 |
|---|---|---|---|
| | Retail & Consumer | Industrial & Transport | Total |
| | £m | £m | £m |
| Revenue from external customers | 649.3 | 468.8 | 1,118.1 |
| Underlying EBITDA | 32.0 | 31.9 | 63.9 |
| Depreciation | (5.0) | (4.8) | (9.8) |
| Amortisation of software intangibles | (1.2) | (0.8) | (2.0) |
| Underlying operating profit | 25.8 | 26.3 | 52.1 |
| Amortisation of acquired intangibles | | | (2.2) |
| Exceptional items | | | 6.1 |
| Operating profit | | | 56.0 |
| Net financing costs | | | (10.6) |
| Profit before tax | | | 45.4 |

Revenue of £103.2m (2016: £98.6m) and £64.2m (2016: £73.8m) arose from sales to the Group's two largest single customers, being groups of companies under common control, and is reported within the Retail & Consumer segment. No other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior period.

The Group incurred a restructuring charge of £2.9m primarily in respect of redundancy costs which is included as an exceptional item in the period, partly offset by £1.8m of settlement gains following the liability management exercise in the pension scheme undertaken in the period.

### 3 Net financing costs

| | **Six months to 30 Sept 2017 £m** | Six months to 30 Sept 2016 £m | Year ended 31 March 2017 £m |
|---|---|---|---|
| **Recognised in the income statement** | | | |
| Interest income | **-** | 0.1 | 0.1 |
| | | | |
| Interest expense | **(2.0)** | (3.1) | (6.0) |
| Unwinding of discount on provisions | **(0.3)** | (0.7) | (1.2) |
| Interest on the net defined benefit pension liability | **(0.9)** | (1.7) | (3.5) |
| | **(3.2)** | (5.5) | (10.7) |
| **Net financing costs** | **(3.2)** | (5.4) | (10.6) |
| | | | |
| **Recognised in other comprehensive income** | | | |
| Foreign currency translation differences for foreign operations – recognised in the translation reserve | **-** | - | (0.1) |

The interest income relates primarily to the deposits held by the Group's insurance subsidiary.

## 4 Income tax expense

| Recognised in the income statement | **Six months to 30 Sept 2017 £m** | Six months to 30 Sept 2016 £m | Year ended 31 March 2017 £m |
|---|---|---|---|
| **Current tax expense** | | | |
| Current year | **1.9** | 2.4 | 7.0 |
| Adjustments for prior years | **(0.5)** | (0.2) | (4.3) |
| | **1.4** | 2.2 | 2.7 |
| **Deferred tax expense** | | | |
| Current year | **1.9** | 1.2 | 1.6 |
| Adjustments for prior years | - | - | (0.9) |
| | **1.9** | 1.2 | 0.7 |
| **Total income tax expense** | **3.3** | 3.4 | 3.4 |

| | | | |
|---|---|---|---|
| **Recognised in other comprehensive income** | | | |
| Items which will not subsequently be reclassified to the Income statement: | | | |
| Remeasurements of defined benefit pension liability | **-** | (10.6) | 4.0 |
| **Recognised directly in equity** | | | |
| Current tax on share based payment transactions | **(0.9)** | (0.6) | (1.1) |
| Deferred tax on share based payment transactions | **0.7** | 0.3 | 0.1 |
| | **(0.2)** | (0.3) | (1.0) |

In accordance with IAS 34 the tax expense recognised in the income statement for the half year is calculated on the basis of the estimated underlying effective full year tax rate of 18% (2016: 17.5%, March 2017: 18%).

The main UK Corporation tax rate has reduced from 20% to 19% with effect from 1 April 2017 and will further reduce to 17% with effect from 1 April 2020. This should reduce the Group’s future current tax charge accordingly.

The closing UK deferred tax provision is calculated based on the rate of 17% which was substantively enacted at the balance sheet date.

## 5 Earnings per share

Earnings per share calculation is based on the earnings attributable to the equity shareholders of Wincanton plc of £17.0m (2016: £16.2m) and the weighted average shares of 123.7m (2016: 122.4m) which have been in issue throughout the period.

The diluted earnings per share calculation is based on there being 2.5m (2016: 3.5m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

The weighted average number of ordinary shares for both basic and diluted earnings per share is calculated as follows:

| | **Six months to 30 Sept 2017 millions** | Six months to 30 Sept 2016 millions | Year ended 31 March 2017 millions |
|---|---|---|---|
| **Weighted average number of Ordinary Shares (basic)** | | | |
| Issued Ordinary Shares at the beginning of the period | **123.5** | 121.9 | 121.9 |
| Net effect of shares issued and purchased during the period | **0.2** | 0.5 | 0.9 |
| | **123.7** | 122.4 | 122.8 |
| **Weighted average number of Ordinary Shares (diluted)** | | | |
| Weighted average number of Ordinary Shares at the end of the period | **123.7** | 122.4 | 122.8 |
| Effect of share options on issue | **2.5** | 3.5 | 4.3 |
| | **126.2** | 125.9 | 127.1 |

An alternative earnings per share number is set out below, being earnings before amortisation of acquired intangibles and exceptional items, including related tax and exceptional tax items where applicable, since the Directors consider that this provides further information on the underlying performance of the Group:

| | **Six months to 30 Sept 2017 pence** | Six months to 30 Sept 2016 pence | Year ended 31 March 2017 pence |
|---|---|---|---|
| **Underlying earnings per share** | | | |
| - basic | **15.0** | 14.0 | 27.7 |
| - diluted | **14.7** | 13.6 | 26.8 |

Underlying earnings are determined as follows:

| | **Six months to 30 Sept 2017 £m** | Six months to 30 Sept 2016 £m | Year ended 31 March 2017 £m |
|---|---|---|---|
| Profit for the period attributable to equity shareholders of Wincanton plc | **17.0** | 16.2 | 42.0 |
| Exceptional items | **1.1** | - | (6.1) |
| Amortisation of acquired intangibles | **1.1** | 1.1 | 2.2 |
| Tax impact of above items and exceptional tax items | **(0.7)** | (0.2) | (4.1) |
| **Underlying earnings** | **18.5** | 17.1 | 34.0 |

## 6 Dividends

During the period a final dividend of 6.1p per share was paid, relating to the year ended 31 March 2017.

The Board has declared an interim dividend of 3.27p per share for the period ended 30 September 2017 (2016: 3.0p per share) which will be paid on 10 January 2018 to shareholders on the register on 8 December 2017, an estimated total of £4.0m.

## 7 Property, plant and equipment

### Additions and disposals

During the half year to 30 September 2017 the Group acquired assets with a cost of £9.4m (2016: £5.1m). Assets with a carrying amount of £0.3m were disposed of during the half year to 30 September 2017 (2016: £0.3m).

### Capital commitments

At 30 September 2017 the Group had entered into contracts to purchase property, plant and equipment for £1.2m (2016: £4.8m); delivery is expected in the second half of the year to 31 March 2018.

## 8 Analysis of changes in net debt

| | 1 April 2017 £m | Cash flow £m | Net movement on cash flow hedges £m | **30 Sept 2017 £m** |
|---|---|---|---|---|
| Cash and bank balances | 40.9 | (18.0) | - | **22.9** |
| Bank loans and overdrafts | (65.1) | (1.0) | - | **(66.1)** |
| Other financial liabilities | (0.1) | - | (0.2) | **(0.3)** |
| **Net debt** | **(24.3)** | **(19.0)** | **(0.2)** | **(43.5)** |

| | 1 April 2016 £m | Cash flow £m | Net movement on cash flow hedges £m | 30 Sept 2016 £m |
|---|---|---|---|---|
| Cash and bank balances | 36.3 | 14.5 | - | 50.8 |
| Bank loans and overdrafts | (75.1) | (7.4) | - | (82.5) |
| Other financial liabilities | (0.7) | - | 0.2 | (0.5) |
| **Net debt** | (39.5) | 7.1 | 0.2 | (32.2) |

| | 1 April 2016 £m | Cash flow £m | Net movement on cash flow hedges £m | 31 March 2017 £m |
|---|---|---|---|---|
| Cash and bank balances | 36.3 | 4.6 | - | 40.9 |
| Bank loans and overdrafts | (75.1) | 10.0 | - | (65.1) |
| Other financial liabilities | (0.7) | - | 0.6 | (0.1) |
| **Net debt** | (39.5) | 14.6 | 0.6 | (24.3) |

## 9 Provisions

| | Insurance £m | Property £m | **Total £m** |
|---|---|---|---|
| At 1 April 2017 | 33.5 | 16.5 | **50.0** |
| Effect of movements in foreign exchange | - | 0.1 | **0.1** |
| Provisions used during the period | (3.0) | (0.8) | **(3.8)** |
| Unwinding of discount | 0.2 | 0.1 | **0.3** |
| Provisions made during the period | 1.9 | - | **1.9** |
| **At 30 September 2017** | **32.6** | **15.9** | **48.5** |
| | | | |
| Current | 8.8 | 4.7 | 13.5 |
| Non-current | 23.8 | 11.2 | 35.0 |
| | **32.6** | **15.9** | **48.5** |

## 10 Employee benefits

Pension schemes

Movements in the net pension obligations recognised:

| | **Assets 2017 £m** | **Liabilities 2017 £m** | **Total 30 Sept 2017 £m** | 30 Sept 2016 £m | 31 March 2017 £m |
|---|---|---|---|---|---|
| Opening position | **1,080.5** | **(1,158.9)** | **(78.4)** | (105.6) | (105.6) |
| Included in Income statement: | | | | | |
| Administration costs | **(0.8)** | **-** | **(0.8)** | (0.8) | (1.7) |
| Effect of settlements | **(25.8)** | **27.6** | **1.8** | | |
| Interest on the net defined benefit liability | **13.8** | **(14.7)** | **(0.9)** | (1.7) | (3.5) |
| Cash: | | | | | |
| Employer contributions | **9.1** | **-** | **9.1** | 7.4 | 14.8 |
| Benefits paid | **(20.5)** | **20.5** | **-** | - | - |
| Included in Other comprehensive income: | | | | | |
| Changes in financial assumptions | **-** | **20.7** | **20.7** | (269.2) | (202.5) |
| Changes in demographic assumptions | **-** | **-** | **-** | 17.8 | 24.2 |
| Experience | **-** | **0.1** | **0.1** | - | (0.6) |
| Return on assets excluding amounts included in net financing costs | **(20.9)** | **-** | **(20.9)** | 182.9 | 196.5 |
| **Closing defined benefit liability** | **1,035.4** | **(1,104.7)** | **(69.3)** | (169.2) | (78.4) |

Liabilities in the table above include unfunded arrangements.

## 10 Employee benefits *(continued)*

The Group, in agreement with the Trustee, has arranged to pay certain administration expenses directly and, in line with the Schedule of Contributions, these amounts have been deducted from the deficit funding contributions and are therefore not included in the above table.

The movement in the net defined benefit liability in the period was primarily the result of the contributions received from the Group and the impact of the liability management exercise. The reduction in liabilities resulting from an increase in the discount rate was offset by a fall in the market value of the assets held. The defined benefit liability, after taking into account the related deferred tax asset, is £57.5m (2016: £140.4m).

The principal actuarial assumptions for the Scheme and for the UK unfunded arrangement at the balance sheet date were as follows:

| | **30 Sept 2017 %** | 30 Sept 2016 % | 31 March 2017 % |
|---|---|---|---|
| Discount rate | **2.70** | 2.30 | 2.60 |
| Price inflation rate – RPI | **3.15** | 3.05 | 3.15 |
| Price inflation rate – CPI | **2.15** | 2.05 | 2.15 |
| Rate of increase of pensions in deferment | | | |
| - for service to 31 March 2006 | **3.05** | 3.00 | 3.05 |
| - for service from 1 April 2006 | **2.15** | 2.15 | 2.15 |

# Independent review report to Wincanton plc

## Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of changes in cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

**Simon Haydn-Jones**
***for and on behalf of KPMG LLP***
*Chartered Accountants*
66 Queen Square
Bristol
BS1 4BE

8 November 2017

**Shareholders' enquiries**

All administrative enquiries relating to shareholdings should, in the first instance, be directed to the Registrar at the following address:

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0370 702 0000   Fax: 0370 703 6101
Web queries: www.investorcentre.co.uk/contactus