WINCANTON PLC

RESULTS FOR THE HALF YEAR TO 30 SEPTEMBER 2019

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

- James Wroath - CEO

Financial and Performance review

- Tim Lawlor - CFO

Initial observations & Business highlights

- James Wroath - CEO

INTRODUCTION

James Wroath, Chief Executive Officer

CONTINUED MOMENTUM
STRONG MARGIN, EPS AND CASH PERFORMANCE

- Good level of new business wins and key renewals secured
- High growth in Retail Grocery of 17.6% and Consumer Products of 10.8%
- Underlying operating profits up 5.6%* and margin up 20bps to 4.8%*
- Underlying EPS growth of 9.9% to 17.8p
- Free cash flow generation of £22.4m in H1
- Interim dividend increased by 8.3%

* On a pre-IFRS 16 basis

FINANCIAL AND PERFORMANCE REVIEW

Tim Lawlor, Chief Financial Officer

FINANCIAL SUMMARY

	2019/20 IFRS 16[1] £m	2019/20 IAS 17[1] £m	2018/19 IAS 17 £m	Change vs IAS 17
Revenue	592.9	592.9	581.8	1.9%
Underlying EBITDA[2]	50.9	34.4	33.0	4.2%
Underlying operating profit[2]	30.3	28.5	27.0	5.6%
Underlying operating profit margin[2] (%)	5.1%	4.8%	4.6%	20bps
Underlying profit before tax[2]	26.2	26.3	24.1	9.1%
Underlying EPS (pence) [2]	17.8p	17.8p	16.2p	9.9%
Free cash flow	22.4	22.4	33.5	(33.1%)
Interim dividend per share (pence)	3.90p	3.90p	3.60p	8.3%

[1] IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach and accordingly prior period figures are not restated. As a result, the discussion of results is based on a comparable IAS 17 basis, unless otherwise stated
[2] Before amortisation of intangibles and exceptional items

RETAIL & CONSUMER

GENERAL MERCHANDISE | GROCERY | CONSUMER PRODUCTS

	2019/20 IFRS 16 £m	2019/20 IAS 17 £m	2018/19 IAS 17 £m	Change vs IAS 17
Revenue	378.3	**378.3**	357.7	5.8%
Underlying operating profit	17.9	**16.6**	15.4	7.8%
Operating margin	4.7%	**4.4%**	4.3%	10bps

- Revenue growth of 5.8% driven by:
  - Strong growth in Grocery (17.6%) and Consumer Products (10.8%)
  - New business wins secured in H2 18/19, including Weetabix, Sainsbury's and Co-op, and organic volume growth from existing customers
- Recent business wins include transport operations for Morrisons on a five-year deal
- Long-term renewals secured with Williams Sonoma, Cormar and Husqvarna
- Operating profit increase and margin uplift of 10bps due to continuing operational efficiencies

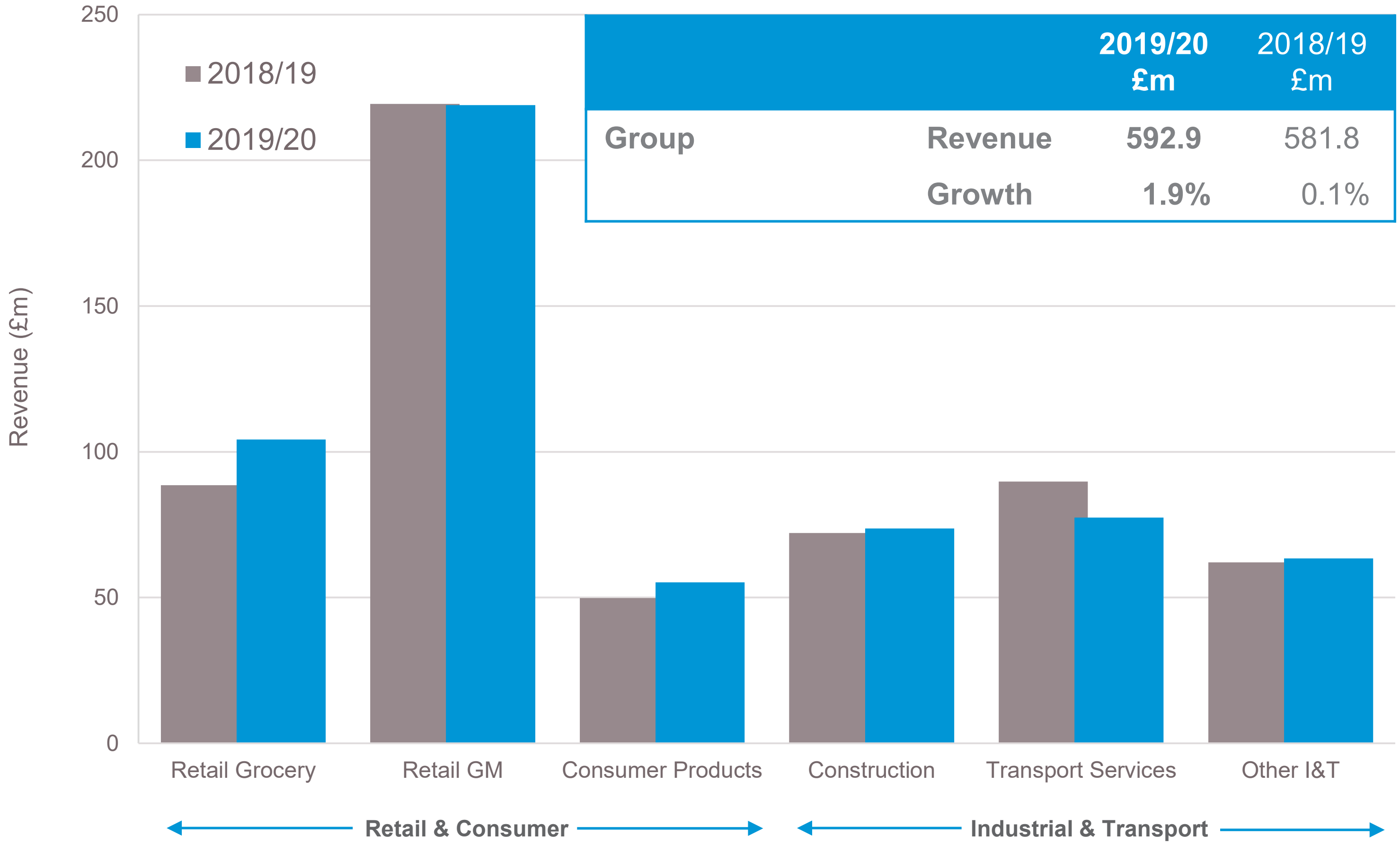
INDUSTRIAL & TRANSPORT

TRANSPORT SERVICES | CONSTRUCTION | OTHER SERVICES

	2019/20 IFRS 16 £m	2019/20 IAS 17 £m	2018/19 IAS 17 £m	Change vs IAS 17
Revenue	214.6	**214.6**	224.1	(4.2%)
Underlying operating profit	12.4	**11.9**	11.6	2.6%
Operating margin	5.8%	**5.5%**	5.2%	30bps

- Revenue reduction of 4.2% driven by exit / reduced activity on lower margin contracts
- Recent business wins include fleet maintenance services for Morrisons and a five-year deal with a leading fuels distribution business
- Key contract renewals with Muller Milk, Philips 66 and Ibstock
- Operating profit increase and margin improvement of 30bps due to transport efficiencies and improved mix

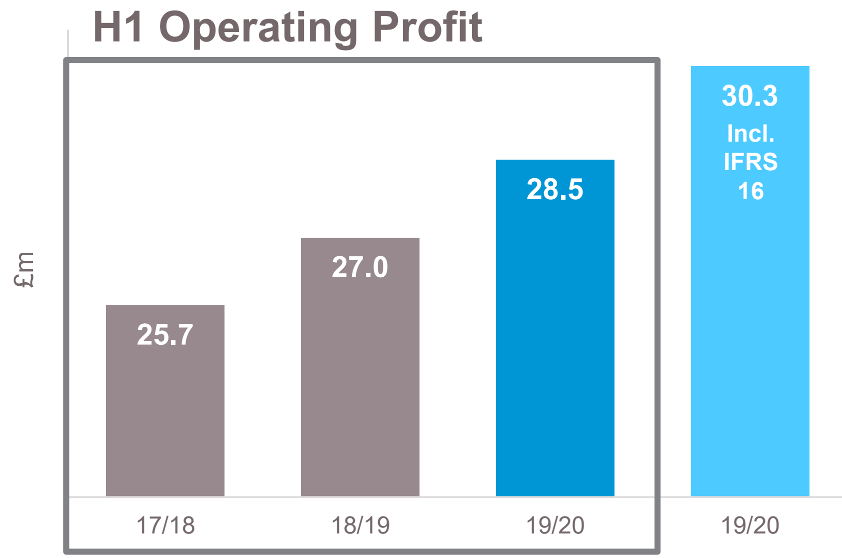
REVENUE ANALYSIS

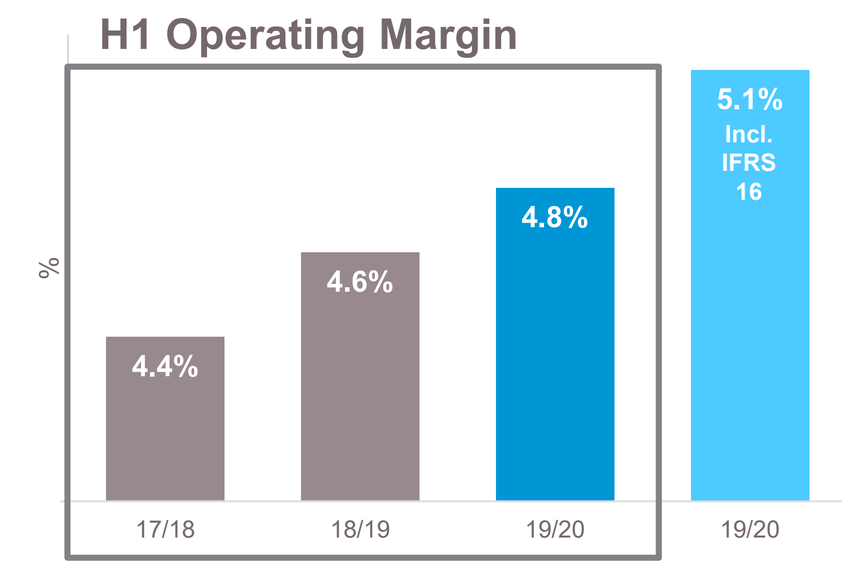


		2019/20 £m	2018/19 £m
Group	**Revenue**	**592.9**	581.8
	Growth	**1.9%**	0.1%

- All sectors saw growth or were broadly flat YoY, with the exception of Transport Services following planned exits on lower margin contracts
- Open book contracts 63%,Closed book contracts 37% (2018: O/B 60%, C/B 40%)

UNDERLYING OPERATING PROFIT





- Operational efficiency driving continued underlying operating profit growth, up £1.5m from prior year
- 20bps improvement in underlying operating profit margin from 4.6% to 4.8%

Incl. IFRS 16

EXCEPTIONAL ITEMS

	2019/20 £m	2018/19 £m
Property disposal	**2.3**	6.0
Exceptional items	**2.3**	6.0

- Disposal in 19/20 of two under-utilised freehold properties
  - Gross proceeds £5.5m
  - Net proceeds of £4.7m after disposal and transaction costs
  - Exceptional profit on disposal £2.3m

FINANCING COSTS & TAXATION

Financing Costs	2019/20 IFRS 16 £m	**2019/20 IAS 17 £m**	2018/19 IAS 17 £m
Net bank interest payable	(1.9)	**(1.9)**	(1.9)
Interest payable on leases	(1.9)	**-**	-
Provisions discount unwinding	(0.3)	**(0.3)**	(0.4)
Pension financing costs	-	**-**	(0.6)
Financing costs	(4.1)	**(2.2)**	(2.9)

- Financing costs reduced by 24% due to elimination of the pension deficit

Taxation	2019/20 IFRS 16 £m	**2019/20 IAS 17 £m**	2018/19 IAS 17 £m
Underlying tax	4.2	**4.3**	4.0
Effective tax rate	*16.2%*	*16.2%*	*16.5%*
Exceptional tax	-	**-**	(0.3)
Tax as reported	4.2	**4.3**	3.7

- No tax charge on the exceptional profit due to utilisation of capital losses

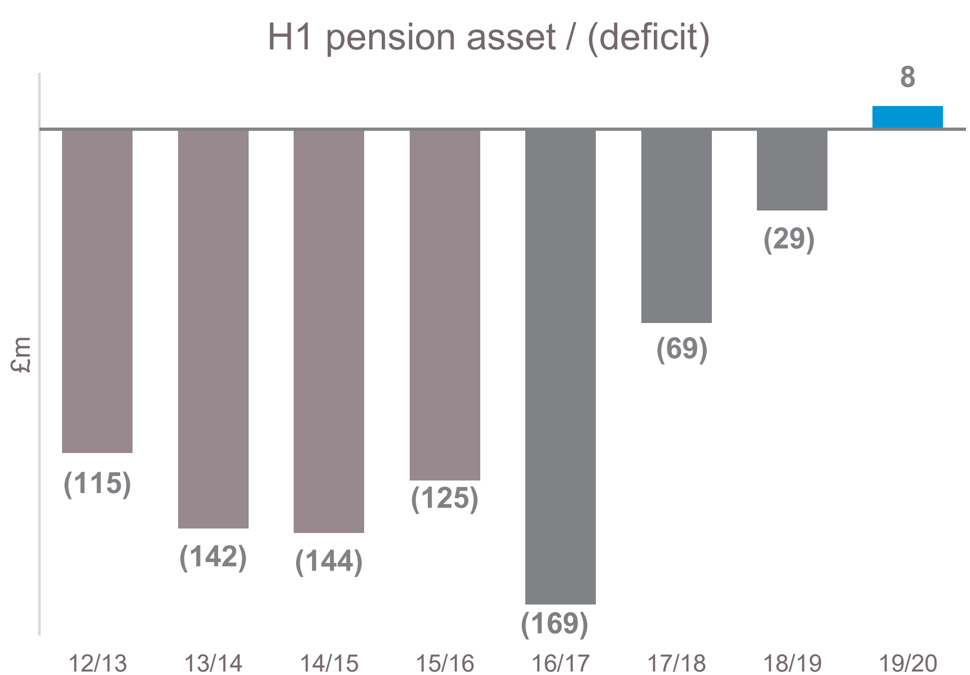
CASH GENERATION

	2019/20 IFRS 16 £m	2019/20 IAS 17 £m	2018/19 IAS 17 £m
Underlying EBITDA	50.9	**34.4**	33.0
Working capital	(2.5)	**(3.3)**	(1.5)
Tax	(4.9)	**(4.9)**	(1.9)
Net interest	(4.1)	**(2.2)**	(1.8)
Other items	(1.5)	**(1.9)**	(3.2)
Free cash flow before capex	37.9	**22.1**	24.6
Capital expenditure	(4.7)	**(4.7)**	(4.2)
Net proceeds from disposals	5.0	**5.0**	13.1
Repayment of obligations under leases	(15.8)	**-**	-
Free cash flow	22.4	**22.4**	33.5

- Healthy cash conversion maintained
  - Small working capital outflow due to usual H1 timing
  - Tax payments increased due to earlier payments under new HMRC timing rules
- Capex split between:
  - Enhancement of transport management systems
  - Property fit out costs
- Proceeds from disposal relate to property sales

PENSIONS

IAS 19 valuation	**30/09/19 £m**	30/09/18 £m	31/03/19 £m
Assets	**1,272.5**	1,063.4	1,146.6
Liabilities	**(1,264.4)**	(1,092.3)	(1,153.7)
Asset / (deficit)	**8.1**	(28.9)	(7.1)

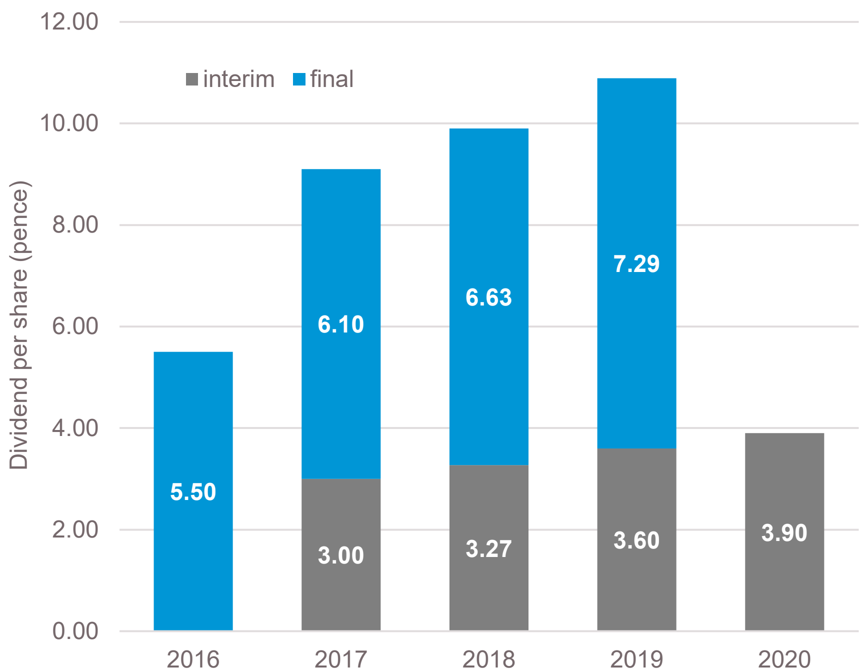


Note – pension asset / (deficit) excludes deferred tax in the table and graph

- Pension position moved to surplus under IAS 19 due to:
  - Employer contributions paid into the scheme of £8.9m
  - Decrease in discount rate
- Significant improvement in pension exposure in recent history – an enhancement in net balance sheet position of +£177m since H1 16/17
- Next Triennial valuation negotiations to commence in early 2020

PROGRESSIVE DIVIDENDS

	H1 19/20	H1 18/19
Interim	**3.90p**	3.60p
Underlying EPS	**17.8p**	16.2p



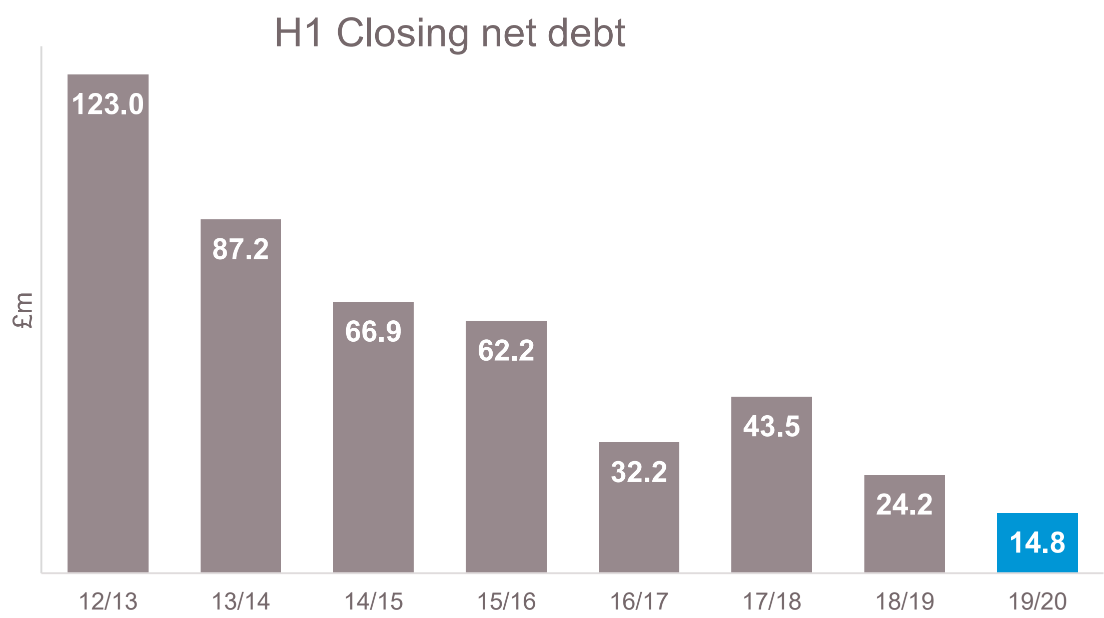
Underlying EPS*	**23.9p**	**27.7p**	**30.8p**	**33.5p**	**17.8p**

- Interim dividend of 3.90p per share (up 8.3%) declared
- Implied dividend cover of 3.04
- Interim dividend to be paid in January 2020

* Underlying EPS figures are provided for the full year, except for the current 19/20 half-year

NET DEBT

	2019/20 IFRS 16 £m	2019/20 IAS 17 £m	2018/19 IAS 17 £m
Free cash flow	22.4	**22.4**	33.5
Pension payments	(8.9)	**(8.9)**	(20.0)
Dividends	(9.0)	**(9.0)**	(8.2)
Reduction in net debt	4.5	**4.5**	5.3
Closing net	(14.8)	**(14.8)**	(24.2)



- Continued cash generation has enabled significant reductions in net debt – in excess of £100m reduction since Sep-12
- Group bank facility in place to October 2023
  - Bank facility - £141.2m (October 2023)
  - Receivables Purchasing Facility – line of credit up to £40.0m
  - Overdraft facility of £7.5m

INITIAL OBSERVATIONS & BUSINESS HIGHLIGHTS

James Wroath, Chief Executive Officer

INITIAL OBSERVATIONS

“Passionate colleagues with customer focus at their core, the company has huge potential for growth. My ambition is to fully unlock that potential”.

- Great company – good foundations for further growth
- Fantastic people, operational excellence and market-leading safety record
- Embedded 'partnerships' and collaborative relationships with customers

MARKET LEADER

New contract wins to provide transport services demonstrate Wincanton's market leading propositions

Morrisons
Five-year contract win

Appointed to provide transportation services from sites at Stockton, Wakefield and Gadbrook

- Transportation planning and operations
- Vehicle maintenance via Pullman Fleet Services

Morrisons
Since 1899

Leading fuels distribution business
Five-year contract win

Distributing fuel across the UK

- Delivering into national depot network
- Direct delivery to end customers

RELATIONSHIPS AND REPUTATION

Wincanton

Key contract renewals demonstrate Wincanton's reputation for service excellence and collaborative relationships with customers

Müller Milk & Ingredients
Three-year contract win

Continuing to deliver a safe, effective and timely service

- Collecting 700 million litres of milk each year
- Collecting from over 450 farms across the south of England and Wales

müller

Williams Sonoma, Inc
Four-year contract renewal

Continuing to support West Elm brand providing eFulfilment services from:

- Pick and pack, warehousing and store delivery
- One-man parcel and two-man white glove home delivery

WILLIAMS-SONOMA

DRIVING INNOVATION

Our W² Driving Innovation programme brings next generation thinking

By developing and deploying market-leading designs and ideas that transform the supply chain, Wincanton aims to:

- drive the logistics industry forwards
- enhance the experience of our customers

POTENTIAL OFFER FOR EDDIE STOBART LOGISTICS PLC

- As per the announcement on 18 October 2019, the Group is engaged in a thorough assessment of the potential merits of a combination with Eddie Stobart.
- Wincanton's ability to deliver any firm offer for the listed entity, Eddie Stobart Logistics plc, primarily remains contingent upon the provision of outstanding due diligence information, including the finalisation of the ongoing accounting review by Eddie Stobart’s auditor.
- Our remaining due diligence is focused on achieving assurance as to the underlying profitability, balance sheet and cash flow; cost saving opportunities; and the funding of working capital requirements on a short- and medium-term basis.
- Consistent with Eddie Stobart's announcements to its shareholders on 9 July, 23 August and 16 September 2019, we still have no visibility on when Eddie Stobart's auditor's review may be complete.
- There can be no certainty any offer will be made, nor as to the terms of any such offer, and a further update will be provided in due course.

OUTLOOK

- Clear ambition for growth – continue to capitalise on Wincanton's market-leading position
- Review of strategy in H2 to ensure growth ambitions are realised
- Cash generation provides funding for investment for growth
- New business pipeline of opportunities remains strong but monitoring our customers' market conditions
- The business will remain focused on delivering value for our shareholders and customers throughout H2 and beyond

QUESTIONS

APPENDICES

Income Statement and Balance Sheet Summaries

IFRS 16 Key messages

INCOME STATEMENT SUMMARY

	2019/20 IFRS 16 £m	2019/20 IAS 17 £m	2018/19 IAS 17 £m
Revenue	592.9	**592.9**	581.8
Underlying operating profit	30.3	**28.5**	27.0
Exceptional items	2.3	**2.3**	6.0
Operating profit	32.6	**30.8**	33.0
Net financing costs	(4.1)	**(2.2)**	(2.9)
Profit before tax	28.5	**28.6**	30.1
Income tax expense	(4.2)	**(4.3)**	(3.7)
Profit for the period	24.3	**24.3**	26.4
EPS - basic	19.7p	**19.7p**	21.3p
EPS - diluted	19.5p	**19.5p**	21.1p

BALANCE SHEET SUMMARY

	30/09/19 IFRS 16 £m	**30/09/19 IAS 17 £m**	30/09/18 IAS 17 £m	31/03/19 IAS 17 £m
Non-current assets	225.5	**118.5**	130.0	122.9
Net current liabilities (excl. net debt)	(159.3)	**(129.3)**	(138.4)	(133.2)
Non-current liabilities (excl. net debt/pension deficit)	(116.9)	**(28.8)**	(31.4)	(30.4)
Net debt	(14.8)	**(14.8)**	(24.2)	(19.3)
Pension asset/(deficit) (gross of deferred tax)	8.1	8.1	(28.9)	(7.1)
Net liabilities	(57.4)	**(46.3)**	(92.9)	(67.1)

IFRS 16 – KEY MESSAGES

- Key changes under IFRS 16
  - No distinction between finance and operating leases – all leases on balance sheet
  - Operating lease charges replaced by depreciation and interest expense
- Economic impact
  - IFRS 16 has no underlying economic impact and no impact on cash flows
  - No commercial impact expected: market and customer behaviours unchanged
  - No impact on borrowing facilities or ability to fund dividends
- Half Year presentational impact: Income statement
  - H1 2019/20 Underlying EBITDA and Underlying operating profit increase by £16.5m and £1.8m respectively
  - H1 2019/20 PBT decrease of -£0.1m due to timing of depreciation + interest expense vs. operating lease charges
- Half Year presentational impact: Balance Sheet at 30 September 2019
  - Right-of-use ('ROU') assets of £117.6m and lease liabilities of £137.4m recognised on transition to IFRS 16 on 1 April 2019
  - ROU assets of £105.0m and lease liabilities of £123.7m at 30 September 2019
  - Primary measure of net debt will continue to be Bank borrowings less Cash and cash equivalents

THANK YOU