



WINCANTON PLC

RESULTS FOR THE YEAR TO 31 MARCH 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

- Adrian Colman, CEO

Financial Review

- Tim Lawlor, CFO

Operational and Strategic Update

- Adrian Colman, CEO



INTRODUCTION

Adrian Colman, Chief Executive Officer

STRONG MOMENTUM: NEW WINS, GROWTH OF EARNINGS AND CASHFLOW



- Record level of new business wins in second half
- Strong growth in Multi-Channel: Retail General Merchandise 9.0% growth
- Managed contract exits and timing of new wins resulted in 2.6% overall revenue reduction in year
- Underlying operating profit growth of 4.5%
- Underlying EPS growth of 8.8% to 33.5p
- Free cash flow generation of £57.0m in year
- Strong growth of 10.0% in full year dividend
- CEO succession plan announced for late 2019





FINANCIAL REVIEW

Tim Lawlor, Chief Financial Officer

FINANCIAL SUMMARY



	2018/19 £m	2017/18 £m	Change
Revenue	1,141.5	1,171.9	(2.6)%
Underlying EBITDA*	66.7	64.8	2.9%
Underlying operating profit*	55.3	52.9	4.5%
Underlying operating profit margin* (%)	4.8%	4.5%	30bps
Underlying profit before tax*	49.3	46.4	6.3%
Underlying EPS (pence)*	33.5p	30.8p	8.8%
Free cash flow	57.0	25.0	128.0%
Total dividend per share (pence)	10.89p	9.90p	10.0%

* before amortisation of intangibles and exceptional items

RETAIL & CONSUMER PERFORMANCE

GENERAL MERCHANDISE | GROCERY | CONSUMER PRODUCTS

- New business wins include Co-op, Weetabix, Roper Rhodes and Jollyes
- Long term renewals secured with Asda and Lucozade Ribena Suntory
- Revenue growth of 2.5% driven by:
 - Strong growth in Multi-Channel and General Merchandise (9%)
 - Partially offset by impact of prior year contract exits in Grocery and Consumer Products
- Profit margins up due to good operating performance and favourable movements in contract mix

	2018/19 £m	2017/18 £m
Revenue	708.9	691.7
Underlying operating profit	31.2	29.7
Operating margin	4.4%	4.3%



INDUSTRIAL & TRANSPORT PERFORMANCE

TRANSPORT SERVICES | CONSTRUCTION | OTHER SERVICES

- New business wins with Aggregate Industries, EDF and HMRC
- Contract renewals with Marley, Ibstock, British Sugar and Valero
- Revenue reduction of 9.9% driven by exit / reduced activity on lower margin contracts
- Operating profit increase and margin improvement of 80bps due to:
 - Proactive management of contract portfolio
 - Actions taken to reduce the cost base and right-size capacity

	2018/19 £m	2017/18 £m
Revenue	432.6	480.2
Underlying operating profit	24.1	23.2
Operating margin	5.6%	4.8%



BAE SYSTEMS

IBSTOCK | BRICK
an IBSTOCK plc company



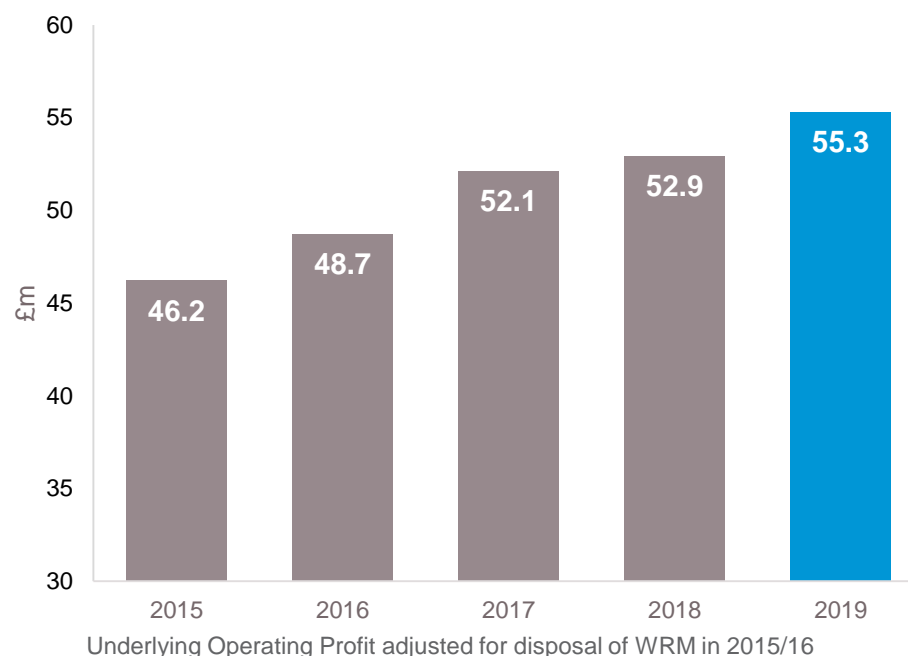
HM Revenue
& Customs



UNDERLYING OPERATING PROFIT



		2018/19 £m	2017/18 £m
Group	Op profit	55.3	52.9
	Margin	4.8%	4.5%
Retail & Consumer	Op profit	31.2	29.7
	Margin	4.4%	4.3%
Industrial & Transport	Op profit	24.1	23.2
	Margin	5.6%	4.8%



- Continued underlying operating profit growth: up 4.5% from prior year
- 30bps improvement in underlying operating profit margin, up from 4.5% to 4.8%
- Steady margin increase in recent years, up 60bps since 2014/15

EXCEPTIONAL ITEMS



	2018/19 £m	2017/18 £m
Gain on disposal of Corby freehold	6.0	-
Pension scheme – GMP	(8.2)	-
Provision reduction in respect of legacy onerous property leases	1.5	-
Restructuring costs	-	(8.2)
Pension scheme liability management exercise	-	2.0
Net exceptional items	(0.7)	(6.2)

- Disposal of under-utilised freehold property:
 - Gross proceeds £14.5m
 - Exceptional profit on disposal £6.0m
- Non-cash adjustment to pension liabilities for Guaranteed Minimum Pensions
- Successful negotiated exit from long-standing property lease in Dublin

FINANCING COSTS & TAXATION



Financing Costs	2018/19 £m	2017/18 £m
Net bank interest payable	(4.2)	(4.1)
Provisions discount unwinding	(0.8)	(0.6)
Pension financing costs	(1.0)	(1.8)
Financing costs	(6.0)	(6.5)

- Financing costs reduced by c.8%
 - Pension financing costs reduced due to lower deficit and one-off contribution of £15.0m in H1

Taxation	2018/19 £m	2017/18 £m
Underlying tax	7.8	8.3
<i>Effective tax rate</i>	<i>15.9%</i>	<i>18.0%</i>
Tax on amortisation of acquired intangibles	-	(0.4)
Exceptional tax	(2.0)	(1.2)
Tax as reported	5.8	6.7

- Decrease in effective tax rate due to
 - Tax credits related to pension payments
 - Finalisation of prior year positions

STRONG CASH GENERATION



	2018/19 £m	2017/18 £m
Underlying EBITDA	66.7	64.8
Working capital	0.8	(8.3)
Tax	(1.5)	(4.0)
Net interest	(4.2)	(4.1)
Other items	(8.9)	(9.4)
Free cash flow before capex	52.9	39.0
Capital expenditure	(9.7)	(14.5)
Net proceeds from disposals	13.8	0.5
Free cash flow	57.0	25.0

- Cash tax payment lower than P&L charge due to relief on pension payments
- 'Other items' includes property provisions and restructuring costs
- Capex split between:
 - Enhancement of transport management systems
 - Other IT development
 - Property related
- Asset disposals principally disposal of Corby warehouse in H1

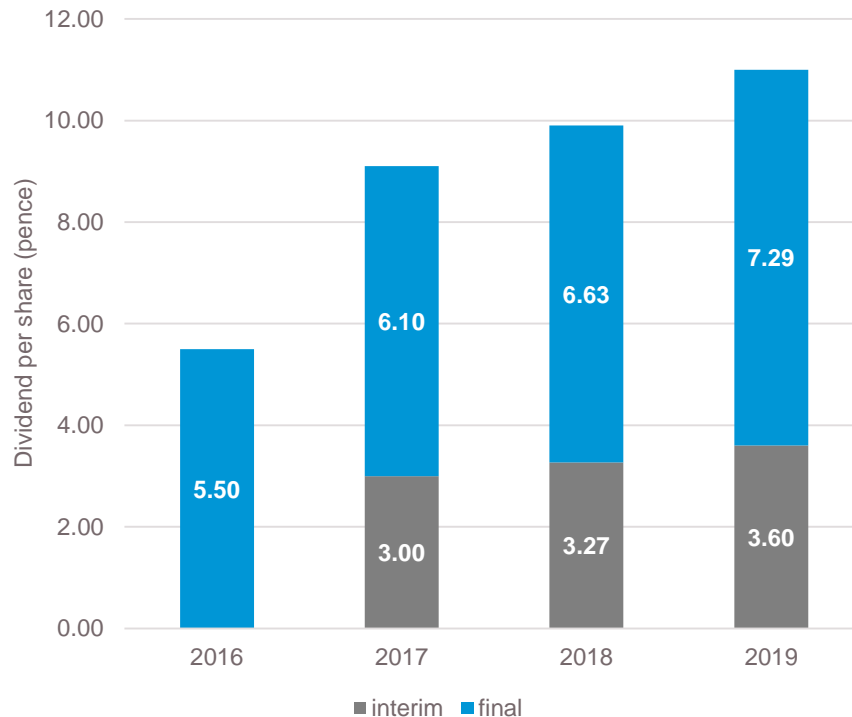
PENSIONS



	31/03/19	31/03/18
IAS 19 valuation	£m	£m
Assets	1,147	1,076
Liabilities	(1,154)	(1,125)
Deficit	(7)	(49)
	31/03/19	31/03/18
Cash payments	£m	£m
Annual payments	(17.3)	(14.6)
One-off payments	(15.0)	(2.2)
Total payments	(32.3)	(16.8)

- Deficit reduced by £42m to £7m in year:
 - Cash payments of £32.3m
 - Favourable movements in mortality rate assumptions
 - Partially offset by Guaranteed Minimum Pensions
- Triennial valuation for 31 March 2017 concluded in the year
 - Retain ability to invest in the business and to continue progressive dividend policy
 - Annual payments of £17.3m + RPI p.a. from April 2018, £23.3m p.a. from April 2021
 - Next triennial March 2020

PROGRESSIVE DIVIDENDS



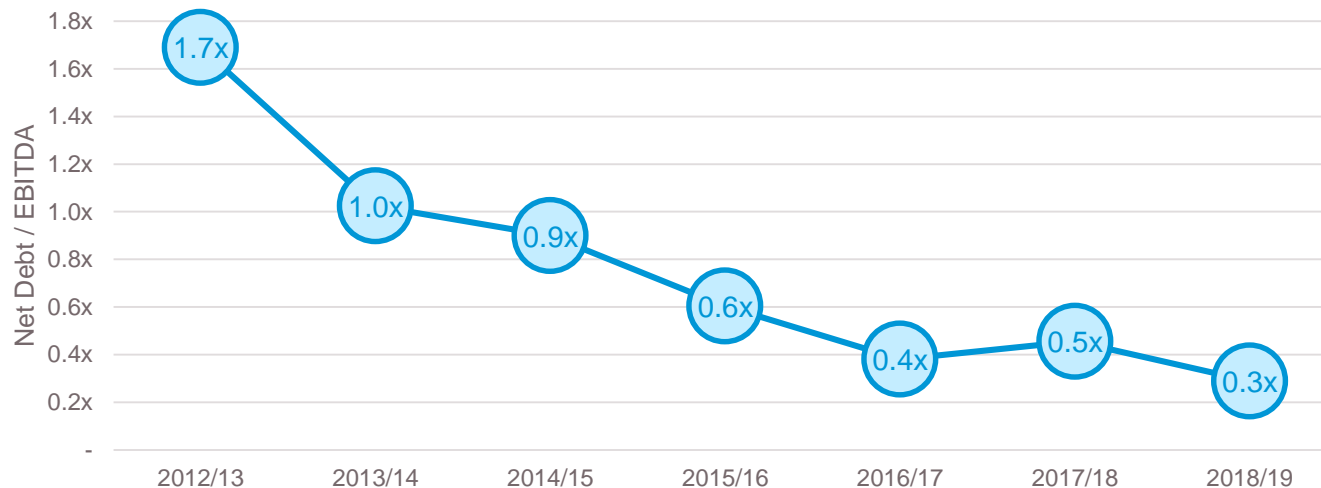
	2018/19	2017/18
Interim	3.60p	3.27p
Final	7.29p	6.63p
Total	10.89p	9.90p
Underlying EPS	33.5p	30.8p
Dividend cover	3.08	3.11

- Final dividend of 7.29p proposed
- Consistent with progressive dividend policy
- Final dividend expected to be paid in August 2019

PAYING DOWN DEBT



Deleveraging Balance Sheet: 2012/13 - 2018/19



- Further reduction in our net debt / EBITDA due to net cash inflow of £10.2m after distributions to stakeholders
- Revolving credit facility extension agreed in December 2018:
 - Facility maintained at £141.2m and extended to October 2023
 - No change to existing terms and interest rates

CASH FLOW SUMMARY 18/19



		2018/19 £m	2017/18 £m
STRONG FCF GENERATION	Free cash flow before capex	52.9	39.0
INVEST FOR GROWTH	Capital expenditure	(9.7)	(14.5)
	Net proceeds from asset disposals	13.8	0.5
PENSION FUND OBLIGATIONS	Pension payments	(32.3)	(16.8)
PROGRESSIVE DIVIDENDS	Dividends	(12.7)	(11.6)
	Own shares acquired	(1.8)	(1.8)
CHANGE IN NET DEBT	Reduction / (increase) in net debt	10.2	(5.2)

IFRS 16 LEASE ACCOUNTING



Application of IFRS 16 from FY19/20

- Economic impact
 - IFRS 16 has no underlying economic impact, and no impact on cash flows
 - No commercial impact expected: market and customer behaviours unchanged
 - Financial covenants to be measured on a 'Frozen GAAP' basis

- Presentational impact:

Income statement (non-cash)

- Rent charge replaced by depreciation of asset and finance charge on unwind of lease liability
- FY19/20 EBITDA and Operating Profit will increase by c.£31m and c.£3m
- Small FY19/20 PBT decrease expected (c.£1m) due to timing of interest cost vs. depreciation

Balance Sheet

- Right of Use asset created (est. approx. £130m), being the discounted cash flows at inception less depreciation
- Present value of lease payments results in lease liability (est. approx. £150m)

Full briefing on presentational impact to be arranged prior to H1 19/20.



OPERATIONAL AND STRATEGIC UPDATE

Adrian Colman, Chief Executive Officer

CROSS-BUSINESS COLLABORATION



Uniquely blending our service capabilities internally to enable us to win new and diverse customers



Weetabix **Five-year contract**

Full logistics service including:

- Delivery management
- Warehouse storage
- Co-packing service



HMRC **Five-year contract**

Check inbound shipments into the UK, operating two newly established Inland Pre-Clearance sites providing:

- Transport
- Container storage
- Warehouse



**HM Revenue
& Customs**

TRUST AND SERVICE EXCELLENCE



New contract wins and high level of contract renewals demonstrate the trust our customers have in us to deliver operational excellence



Co-op

Three-year contract win

Appointed to launch and run Co-op's newest distribution centre managing:

- Warehouse storage
- Store deliveries
- Talent recruitment: c500 new roles



Valero

Five-year contract renewal

Taking our relationship to beyond 25 years and providing fuel distribution:

- Transporting over two billion litres of ground fuel per year
- Around 200 deliveries everyday
- Vendor Managed Inventory



TECHNOLOGY INVESTMENT



Retail General Merchandise wins delivered with market leading technology



Jollies

New three-year contract

Full Multi-Channel solution providing:

- Retail replenishment
- Pick, pack and ship
- Customers' returns
- Carrier management
- Supplier to customer



Roper Rhodes

Three-year contract extension

Creating and running a transport solution providing:

- Dedicated transport fleet
- Transport planning
- Realtime telematics technology
- Training and development of delivery teams





Driving collaborative innovation

Develop and deploy market-leading solutions to make our customers' businesses better.

Includes three programmes:

- W² Labs
- W² Ideas Accelerator
- W² Partner Network

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Working with start-ups to bring fresh thinking to the logistics industry



Wave 1 - 2018

Pull through into current propositions

- Multi-Channel/ eFulfilment proposition enhancements now live
- oneVASTwarehouse.com
 - VAST – Virtual Access to Storage & Transport
 - Emarketplace for warehousing

Wave 2 - 2019

Delivery of live trials and proof of concepts in our business in:

- Robotics deployment enhancing productivity
- Data analytics driving intelligent decision making
- Wearable technology reducing injuries to colleagues

SUMMARY



- Good overall performance from well diversified customer portfolio
- Good momentum from recent wins supporting revenue growth into FY20
- Focus on innovation and differentiation to drive growth in the years ahead
- Strong cash generative model creates funding for investment in growth
- Pensions clarity and bank financing certainty in place for medium term
- Aim to progressively increase our returns to shareholders





QUESTIONS



APPENDICES

Income Statement and Balance Sheet Summary
Revenue Analysis

INCOME STATEMENT SUMMARY



	2018/19 £m	2017/18 £m
Revenue	1,141.5	1,171.9
Underlying operating profit	55.3	52.9
Amortisation of acquired intangibles	-	(2.3)
Exceptional items	(0.7)	(6.2)
Operating profit	54.6	44.4
Net financing costs	(6.0)	(6.5)
Profit before tax	48.6	37.9
Income tax expense	(5.8)	(6.7)
Profit for the year	42.8	31.2
EPS - basic	34.5p	25.2p
EPS - diluted	34.2p	24.8p

BALANCE SHEET SUMMARY



	2018/19 £m	2017/18 £m
Non-current assets	122.9	136.0
Net current liabilities (excluding net debt)	(133.2)	(136.4)
Non-current liabilities (excluding net debt & pension deficit)	(30.4)	(33.1)
Net debt	(19.3)	(29.5)
Pension deficit (gross)	(7.1)	(49.5)
Net liabilities	(67.1)	(112.5)

REVENUE ANALYSIS

