Wincanton plc

Results for the year to 31 March 2016

Certain statements in this presentation are forward-looking statements.

Such statements are based on current expectations and by their nature are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

The information does not assume any responsibility or obligation to update publicly or revise any of the forward-looking statements contained herein.

Agenda

- Introduction
  - Adrian Colman, Chief Executive
- Financial review
  - Tim Lawlor, Chief Financial Officer
- Operations, strategic update and outlook
  - Adrian Colman, Chief Executive

Introduction

Adrian Colman

Chief Executive

Delivering against our strategy

- Revenue £1,147.4m (2015: £1,107.4m) – like for like growth 4.4%
- New business wins in competitive market place and good performance on renewals
- PFS business stabilised and returned to profitability in second half
- Underlying operating profit of £50.9m (2015: £49.7m) – like for like growth of 5.4%
- Strong underlying EPS growth of 13.3% driven by lower finance costs
- Records Management (WRM) disposal completed, valuing business at £60m
- Closing net debt reduced to £39.5m (2015: £57.6m)
- Final dividend proposed of 5.5p per share

Financial review

Tim Lawlor

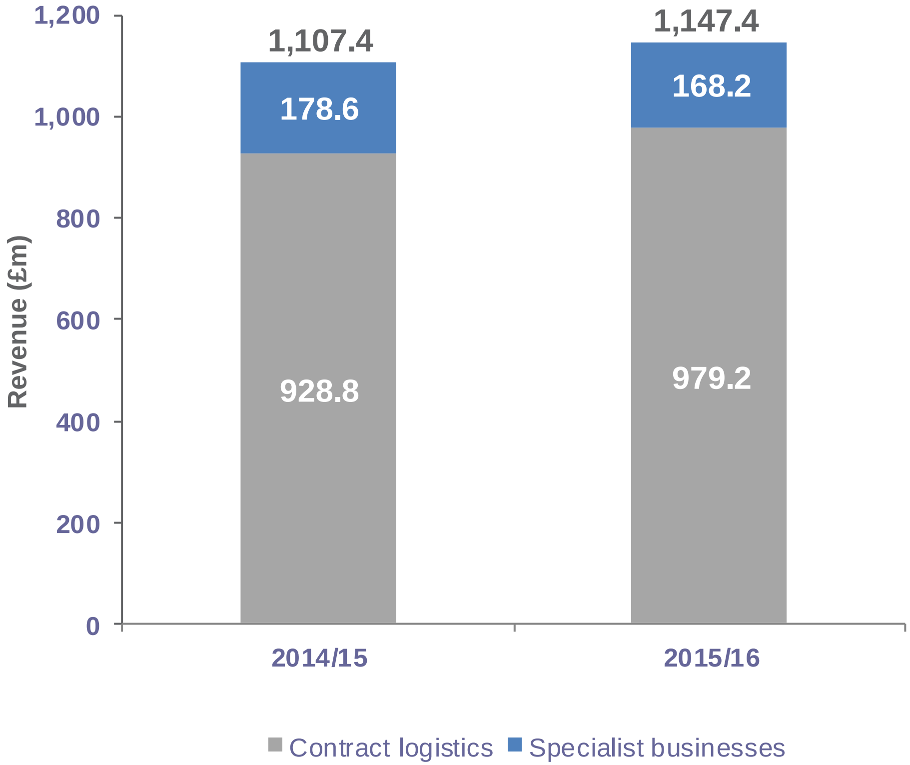
Chief Financial Officer

Financial summary

	2015/16 £m	2014/15 £m	Change	Change (excl WRM) **
Revenue	**1,147.4**	1,107.4	3.6%	4.4%
Underlying EBITDA*	**65.4**	64.1	2.0%	5.3%
Underlying operating profit*	**50.9**	49.7	2.4%	5.4%
Underlying operating profit margin* (%)	**4.4%**	4.5%		
Underlying profit before tax*	**35.3**	31.4	12.4%	
Profit before tax	**65.8**	24.9		
Underlying EPS (pence)*	**23.9**	21.1	13.3%	
Closing net debt	**(39.5)**	(57.6)	(31.4)%	
Final dividend per share (pence)	**5.5p**	-		

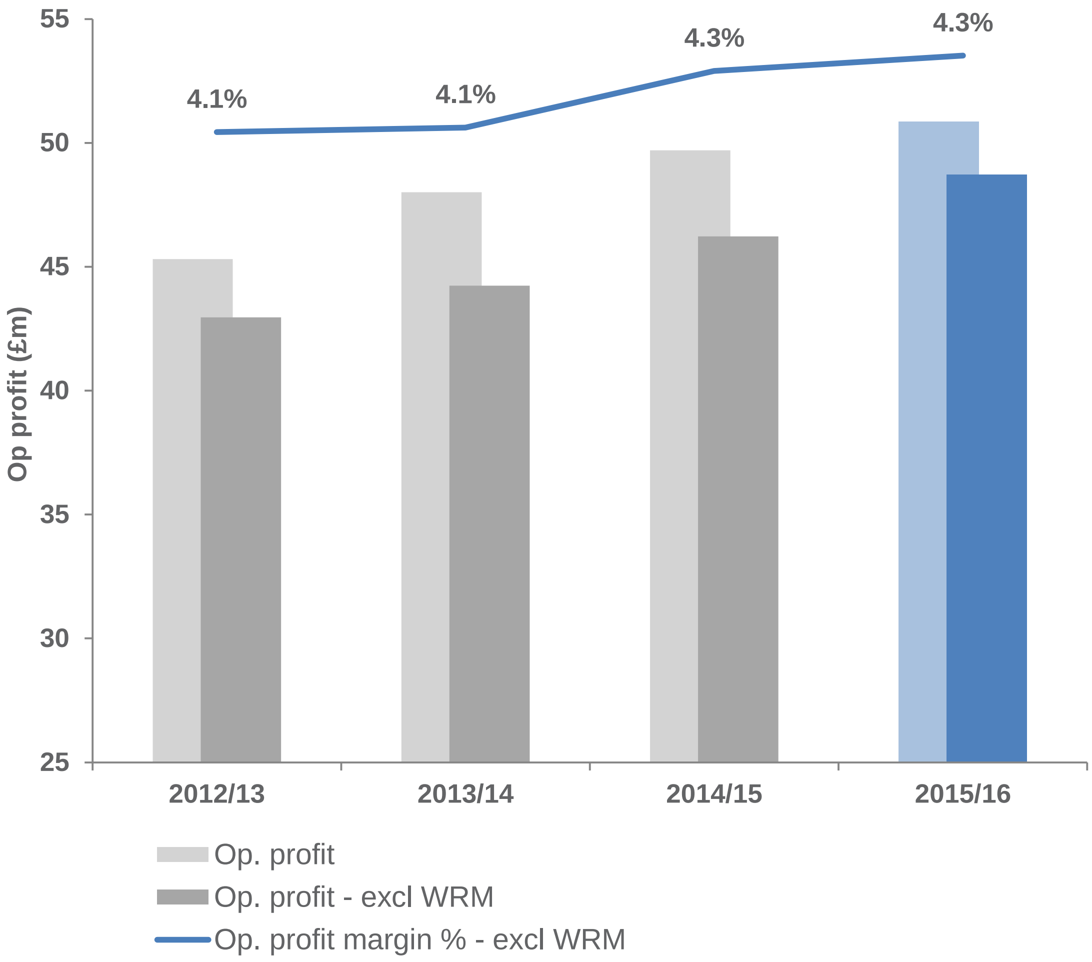
* before amortisation of intangibles and exceptionals
** excluding the WRM disposal from both years

Revenue by segment



- Revenue growth of 3.6% (4.4% excluding WRM)
- Contract logistics
  - Strong wins including B&Q, Halfords and BAE Systems
  - Volume growth in retail general merchandise and construction
  - Strong trend of successful renewals continued including HJ Heinz and Müller Milk
  - Growth partially offset by contract losses
- Specialist businesses
  - Part year effect of WRM sale

Group operating profit



- Delivered steady growth of 2.4% (5.4% excluding WRM)
- Operating margin excluding WRM stable at 4.3%
- Continued focus on costs and asset efficiency to maintain margin in competitive market

Operating profit by segment

		2015/16 £m	2014/15 £m	Change
Contract logistics	Op profit	**48.4**	44.8	3.6
	Margin	**4.9%**	4.8%	0.1%
Specialist businesses	Op profit	**2.5**	4.9	(2.4)
	Margin	**1.5%**	2.7%	(1.2)%
Group	Op profit	**50.9**	49.7	1.2
	Margin	**4.4%**	4.5%	(0.1)%
Group excluding WRM	Op profit	**48.7**	46.2	2.5
	Margin	**4.3%**	4.3%	- %

- Contract logistics margins remained resilient throughout the year
- Specialist businesses impacted by H1 Pullman losses and disposal of WRM
- Pullman onerous contracts resolved and returned to profitability in H2

Financing costs

	2015/16 £m	2014/15 £m
Net bank interest payable	**(9.9)**	(11.0)
Provisions discounts unwinding	**(1.3)**	(2.3)
Pension financing item	**(4.4)**	(5.0)
Financing costs	**(15.6)**	(18.3)

- Financing costs down 15% on prior year
- Interest payable down due to reduction in average net debt
- Reductions in non-cash financing items

Taxation

	2015/16		2014/15	
	PBT £m	**Tax £m**	PBT £m	Tax £m
As reported	**65.8**	**(4.7)**	24.9	(5.6)
Underlying	**35.3**	**(6.5)**	31.4	(6.9)
Effective rate		**18.4%**		22.0%
Cash tax		(3.1)		(4.2)

- Underlying effective tax rate reduced due to:
  - Corporation tax rate change
  - Utilisation of prior year losses
- Cash tax lower than underlying charge due to:
  - Impact of deductions for pension deficit contributions
  - Settlement of prior year items driving cash tax refunds

Records Management disposal

Use of cash proceeds	£m
Transaction costs and tax liabilities retained by Wincanton	(6.1)
Mandatory debt repayments*	-
Additional deficit reduction contribution	(7.0)
Other debt reduction	(42.6)
Cash proceeds from Restore	55.7

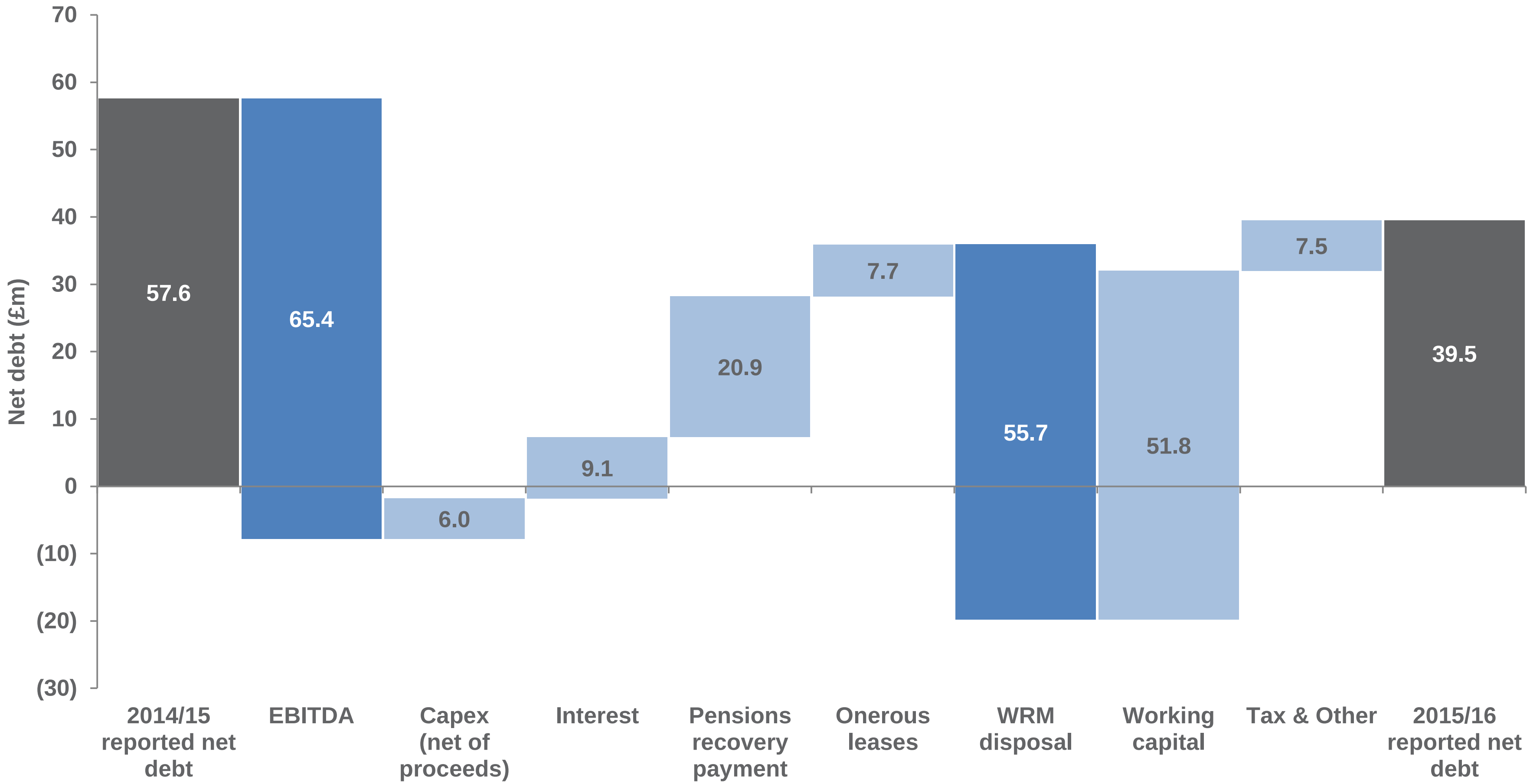
* waived

WRM element of Group prior to sale

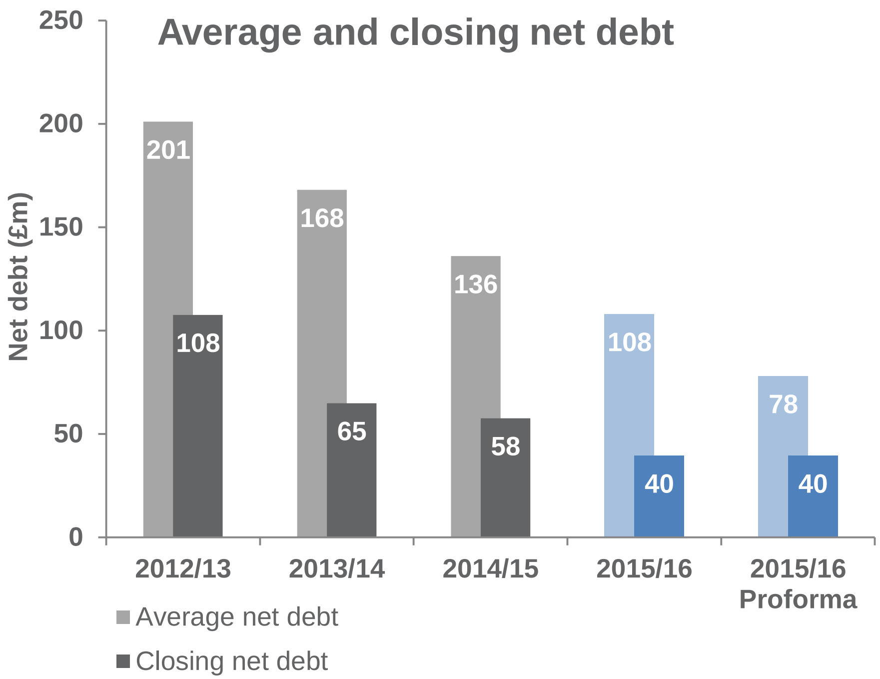
£m	**2015/16** **8 months**	2014/15 12 months
Revenue	**15.0**	22.4
EBITDA	**3.3**	5.4
Operating profit	**2.2**	3.5

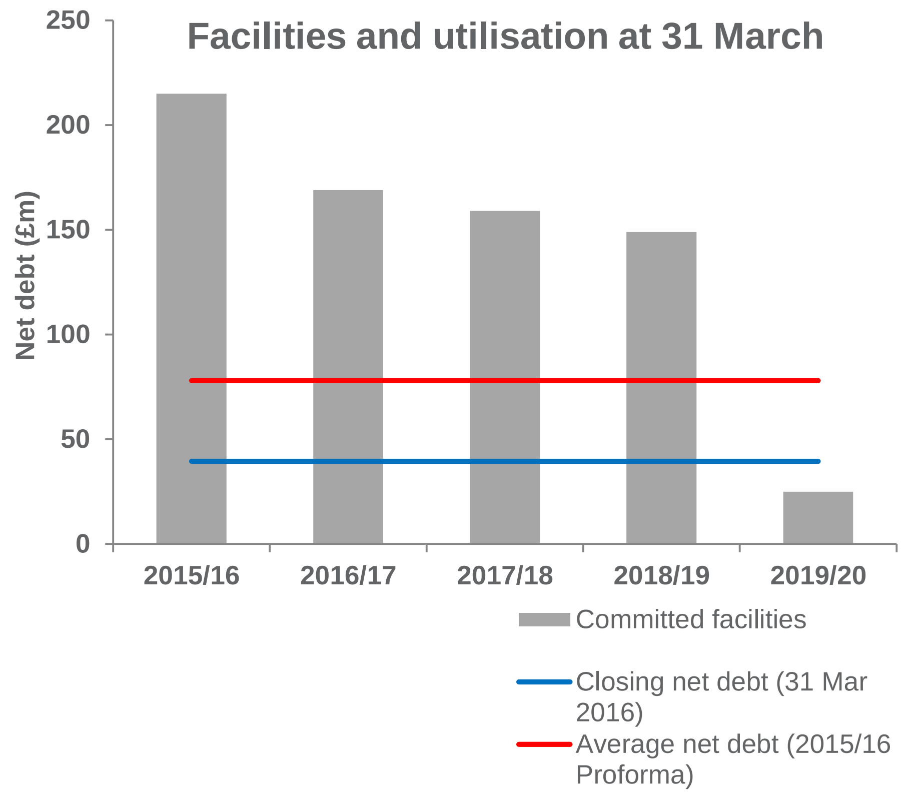
- Transaction completed December 2015 EV of £60m
- Realises material value for group: valuation >11x EBITDA
- Cash proceeds of £55.7m net of retained working capital and certain tax costs
- Proceeds used to reduce debt and contribute to the pension scheme
- Four month impact on 2015/16 results
- Exceptional gain on disposal £32.4m

Summary cash flows



Net debt





- Group committed facilities of £215m at 31 March 2016:
  - Shelf facility - £20m (November 2016)
  - Bank facility - £170m (June 2019)
  - M&G facility - £25m (January 2022)

Pension

IAS 19 valuation

	31/03/16 £m	31/03/15 £m
Assets	**897.1**	924.8
Liabilities	**(1,002.7)**	(1,069.0)
Deficit	**(105.6)**	**(144.2)**
Deferred tax	**19.0**	28.7
Net deficit	**(86.6)**	(115.5)

- Triennial valuation as at 31 March 2014 agreed in April 2015
- Pension recovery payment plan agreed with Trustee continues
  - circa £14m plus RPI per annum
  - £7m one off following WRM disposal

Dividend

- Reintroduction of dividend with a proposed final dividend of 5.5p per share

- Success factors enabling reintroduction
  - Operations performing well and sustained operating profit growth delivered
  - Debt substantially reduced by on-going cash generation
  - Onerous property leases reduced by >70%
  - Disposal of non-core WRM for £60m (11 x EBITDA)

- Dividend policy
  - Progressive annual dividend growth broadly linked to underlying earnings
  - Interim / final split approximately 1/3 to 2/3
  - Final to be paid in August, interim to be paid in January

Operations, strategic update and outlook

Adrian Colman

Chief Executive

Wincanton market position

- Contract logistics market in the UK
  - Addressable market >£30bn and growing at 2-3% per annum
  - Circa 50% of market outsourced
  - eCommerce / multichannel market largely still in house
- Major growth market segments present opportunities
  - Retail grocery – reducing cost to serve for customers
  - Retail general merchandise – eCommerce growth
  - Consumer – collaboration with retail supply chain
  - Construction – strong medium term outlook across all subsectors
- Group well placed to leverage relationships and scale with existing and new customers

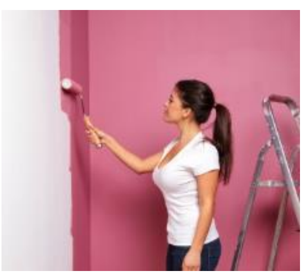
Resilience of our business model

- Provider of contract logistics managed services to high quality customer base
- Low risk business model focused on UK and Ireland
  - Asset light
  - Open book mechanism for circa 60% of business
  - Fuel costs are a pass through, limiting exposure to oil price volatility
- Good visibility of income stream due to
  - Contract terms typically three to five years
  - Customer relationships typically >10 years
  - Long lead times for contract commencement / ending

Contract logistics – performance








	2015/16 £m	2014/15 £m
Revenue	**979.2**	928.8
Underlying operating profit	**48.4**	44.8
Operating margin	**4.9%**	4.8%

- Strong open book volumes across sector
- Good new business with B&Q and Halfords
- Long term relationships extended with HJ Heinz and Müller renewals
- Delivered great peak operations for new and existing customers
- Wincanton and Screwfix team win ‘Supply Chain Team of the Year’ award

Specialist businesses - performance

	2015/16 £m	2014/15 £m
Revenue	**168.2**	178.6
Underlying operating profit	**2.5**	4.9
Operating margin	**1.5%**	2.7%

- Pullman improvement plan on track
  - Onerous contracts exited
  - Business returned to profitability in second half
- Continued softness in containers volume
- Disposal of Records Management valued business at £60m

Strategy update

Base pillars of strategy remain unchanged

- Continuing to deliver improvements for our customers in our existing operations and retaining existing contracts

- Improving ‘share of wallet’ with our existing customers and focusing on cross-selling of our services

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

- Driving on-going cost reductions and cash generation

Strategy update (cont'd)

- Changes from 1 April
  - Containers and Pullman integrated with Contract logistics
  - Business organised in two sectors
    - Retail and consumer
    - Industrial and transport

- Key focus areas into 2016/17
  - Collaboration initiatives across our portfolio to drive value for customer
  - Broaden our eCommerce capabilities
  - Deepen transport integration in Group

Outlook

- Business continues to perform well delivering high standards of operating performance
- Healthy pipeline of opportunities across all sectors
- Good renewal rate is being maintained
- On-going price pressure on renewals remains
- Group will consider limited scale investments to protect and grow the business
- We look forward to the future with confidence

Questions

Appendices

- Income statement summary
- Balance sheet summary
- Cash flow summary
- Proforma reported to average net debt
- Revenue analysis charts

Income statement summary

	2015/16 £m	2014/15 £m
Revenue	**1,147.4**	1,107.4
Underlying operating profit	**50.9**	49.7
Amortisation of intangibles	**(4.5)**	(6.5)
Exceptionals	**35.0**	-
Operating profit	**81.4**	43.2
Net financing costs	**(15.6)**	(18.3)
Profit before tax	**65.8**	24.9
Income tax expense	**(4.7)**	(5.6)
Profit for the year	**61.1**	19.3
EPS – basic (pence)	**50.7**	16.6
EPS – diluted (pence)	**47.4**	14.9

Balance sheet summary

	2015/16 £m	2014/15 £m
Non-current assets	**148.5**	185.4
Current liabilities (excluding net debt)	**(150.9)**	(203.2)
Non-current liabilities (excluding net debt & pensions)	**(36.8)**	(42.1)
Net debt	**(39.5)**	(57.6)
Pensions deficit (gross)	**(105.6)**	(144.2)
Net liabilities	**(184.3)**	(261.7)

Cash flow summary

	2015/16 £m	2014/15 £m
Underlying operating profit	**50.9**	49.7
Depreciation and amortisation	**14.5**	14.4
Underlying EBITDA	**65.4**	64.1
Net capital expenditure	**(6.0)**	(9.7)
Net financing costs	**(9.1)**	(12.6)
WRM disposal	**55.7**	-
Pension deficit payment	**(20.9)**	(14.4)
Onerous leases	**(7.7)**	(12.1)
Working capital movement / tax / other	**(59.3)**	(8.0)
Total	**18.1**	7.3

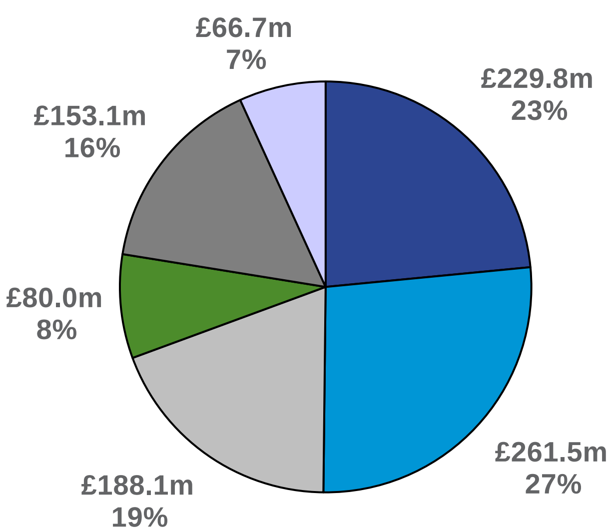
Proforma reported to average net debt

	Reported net debt £m	Average net debt £m
31/03/15	58	136
Operational cash flows	(18)	(18)
WRM proceeds (net of pension and costs)	(43)	(13)
Reduced working capital volatility	43	3
31/03/16	**40**	**108**
FY impact of WRM proceeds	-	(30)
Proforma 31/03/16	**40**	**78**

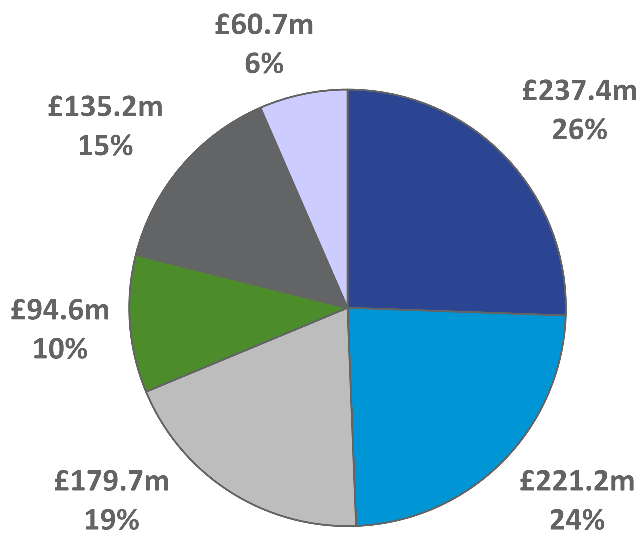
- Full year impact of WRM proceeds on a proforma basis further reduces average net debt by £30m
- Reduction in working capital movements at reporting periods

Revenue analysis
Contract logistics

2015/16 - £979.2m



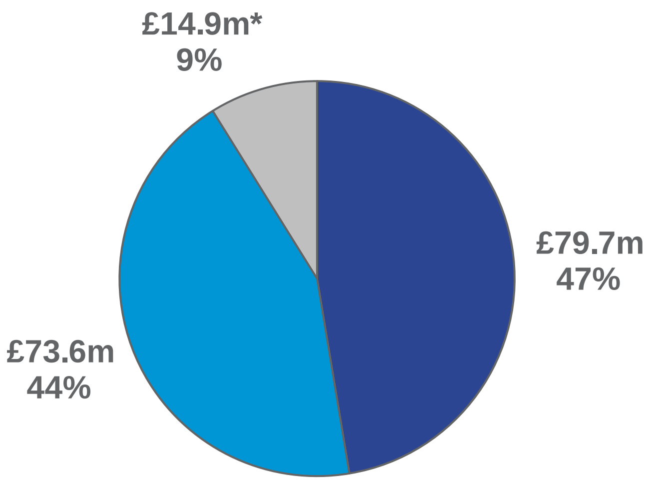
2014/15 - £928.8m



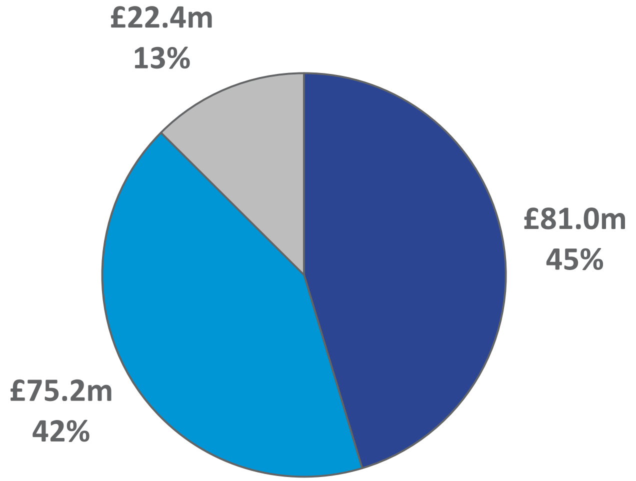
Retail grocery
Retail general merchandise
FMCG
Tankers and bulk
Construction
Other

Revenue analysis
Specialist businesses

2015/16 - £168.2m



2014/15 - 178.6m

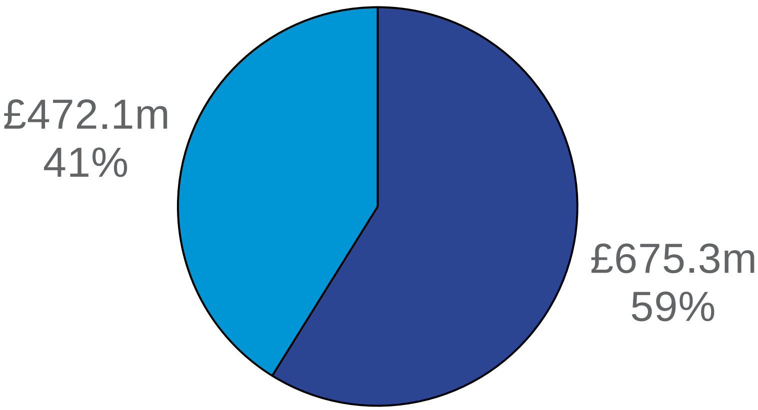


* disposed with effect from 8 December 2015

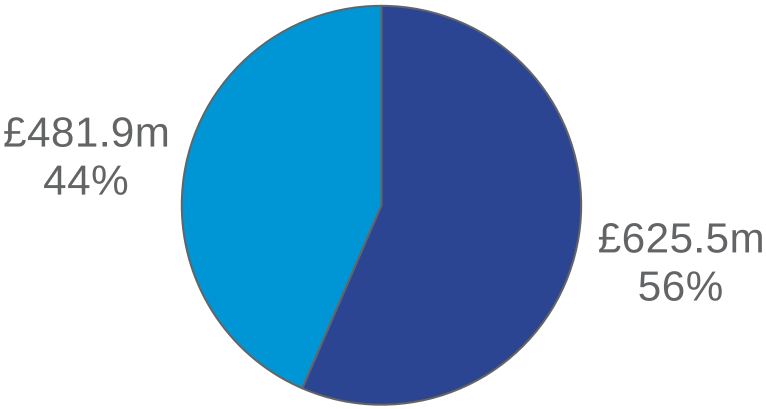
Containers | Pullman | Records Management

Revenue analysis
Open and closed book

2015/16 - £1,147.4m



2014/15 - £1,107.4m



Open book
Closed book