



# Wincanton plc

## Results for the year to 31 March 2017



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 Officer
- Financial Review
  - Tim Lawlor, Chief Financial Officer
- Operational and Strategic Update
  - Adrian Colman, Chief Executive Officer



# Introduction

Adrian Colman  
Chief Executive Officer



- Resilient trading performance
  - Long term renewals secured with major customers
  - Significant new customers added to portfolio
  - Investment in capability in new and existing markets
  - No impact on trading to date from decision to leave EU
- Strong financial performance
  - Underlying PBT growth of 17.6% to £41.5m (2016: £35.3m)
  - Underlying EPS growth of 15.9% to 27.7p (2016: 23.9p)
  - Strong cash generation with Free cash flow of £39.8m
  - Final dividend of 6.1p brings total dividend to 9.1p for the full year



# Financial Review

Tim Lawlor  
Chief Financial Officer



# Financial Summary

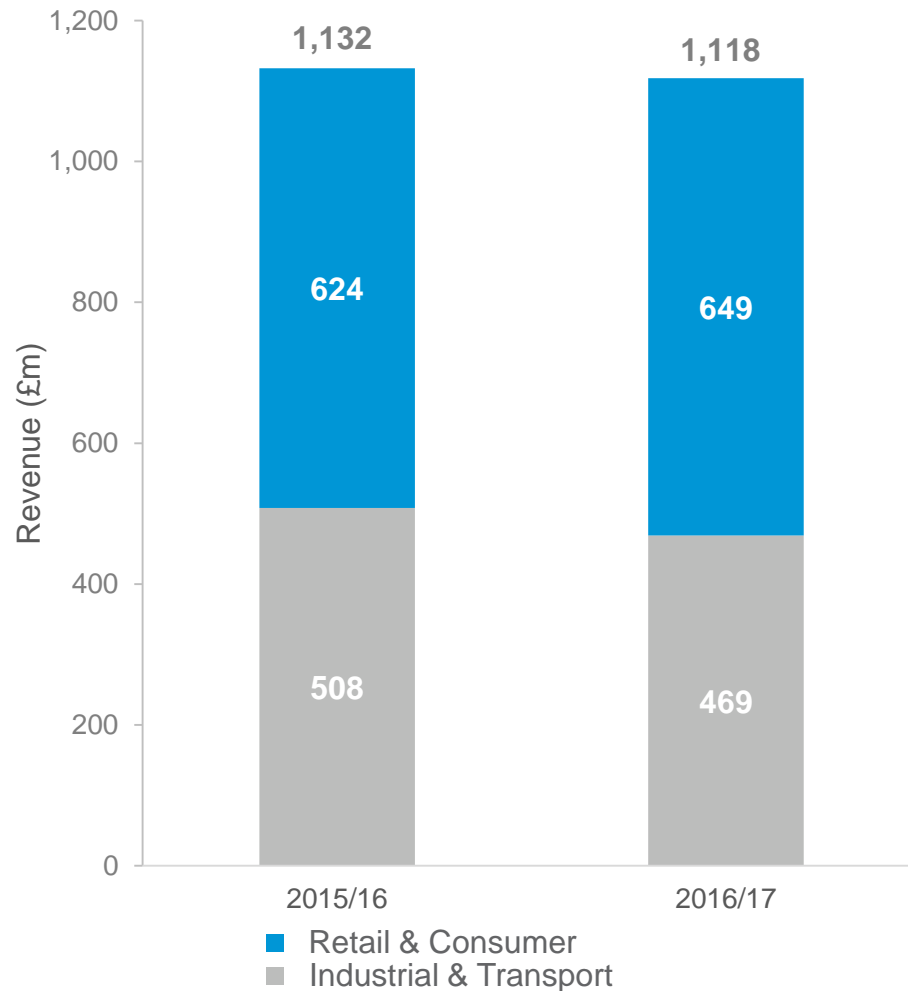


	2016/17 £m	2015/16 £m	Change	Change** (excl. WRM)
Revenue	1,118.1	1,147.4	(2.6)%	(1.3)%
Underlying EBITDA*	63.9	65.4	(2.3)%	2.9%
Underlying operating profit*	52.1	50.9	2.4%	7.0%
Underlying operating profit margin* (%)	4.7%	4.4%	30bps	40bps
Underlying profit before tax*	41.5	35.3	17.6%	
Profit before tax	45.4	65.8	(31.0)%	
Underlying EPS (pence)*	27.7p	23.9p	15.9%	
Closing net debt	(24.3)	(39.5)	(38.5)%	
Total dividend per share (pence)	9.1p	5.5p		

\* before amortisation of intangibles and exceptional items

\*\* on a like for like basis excluding WRM from the prior period

# Revenue by Segment\*



- Revenue decrease of £14m, (1.3%) excl. WRM
- Impacted by contract exits
- Volumes
  - Retail general merchandise growth
  - Containers business faces continued pressure

\* on a like for like basis excluding WRM from the prior period

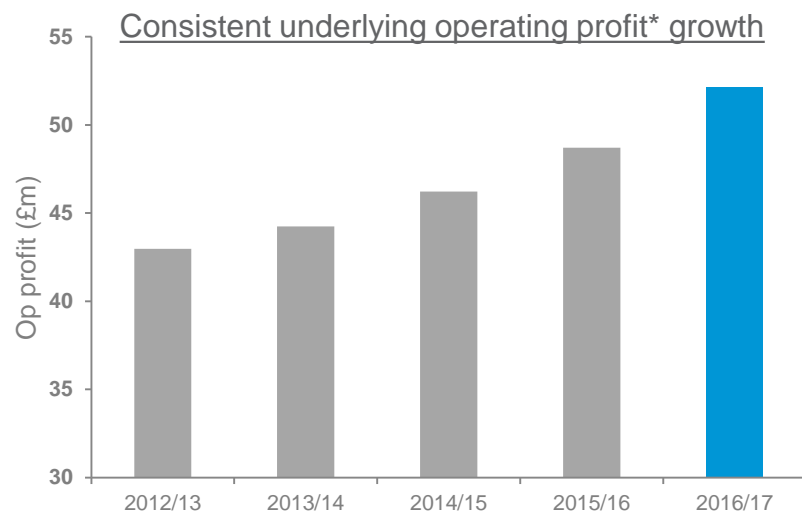


# Underlying Operating Profit\*



		2016/17 £m	2015/16 £m
Group (excl. WRM)	Op profit	<b>52.1</b>	48.7
	<i>Margin</i>	<b>4.7%</b>	4.3%
Retail & Consumer	Op profit	<b>25.8</b>	25.2
	<i>Margin</i>	<b>4.0%</b>	4.0%
Industrial & Transport	Op profit	<b>26.3</b>	23.5
	<i>Margin</i>	<b>5.6%</b>	4.6%

- Continued operating profit growth: 7.0% up in year
- Strong operational performance
- Pullman return to profitability
- Credits from end of contract property settlements



\* on a like for like basis excluding WRM from the prior period

# Financing Costs



	2016/17 £m	2015/16 £m
Net bank interest payable	<b>(5.9)</b>	(9.9)
Provisions discount unwinding	<b>(1.2)</b>	(1.3)
Pension financing costs	<b>(3.5)</b>	(4.4)
<b>Financing costs</b>	<b>(10.6)</b>	(15.6)

- Financing costs reduced by £5.0m
  - Reduction in interest payable, average net debt down £54m
  - Pension financing costs reduced due to lower opening deficit

# Exceptionals



	2016/17 £m	2015/16 £m
Items related to disposed businesses	4.6	2.6
Profit recognised on the disposal of WRM	-	32.4
Other items	1.5	-
<b>Exceptionals</b>	<b>6.1</b>	<b>35.0</b>

- Non-cash credit on release of disposed business provisions
- Successful settlement of claim against a legacy supplier in year

	2016/17 £m	2015/16 £m
Underlying profit before tax	41.5	35.3
Underlying tax	7.5	6.5
Tax on amortisation of acquired intangibles	(0.4)	(0.9)
Exceptional tax	(3.7)	(0.9)
<b>Tax as reported</b>	<b>3.4</b>	<b>4.7</b>
<i>Effective tax rate</i>	<b>18.0%</b>	18.4%
<i>Cash tax (net)</i>	2.6	3.1

- Underlying tax of £7.5m (2016: £6.5m)
  - Effective tax rate of 18.0% (2016: 18.4%)
- Exceptional tax credit of £3.7m (2016: £0.9m) relating to prior years' liabilities

# Cash Generation

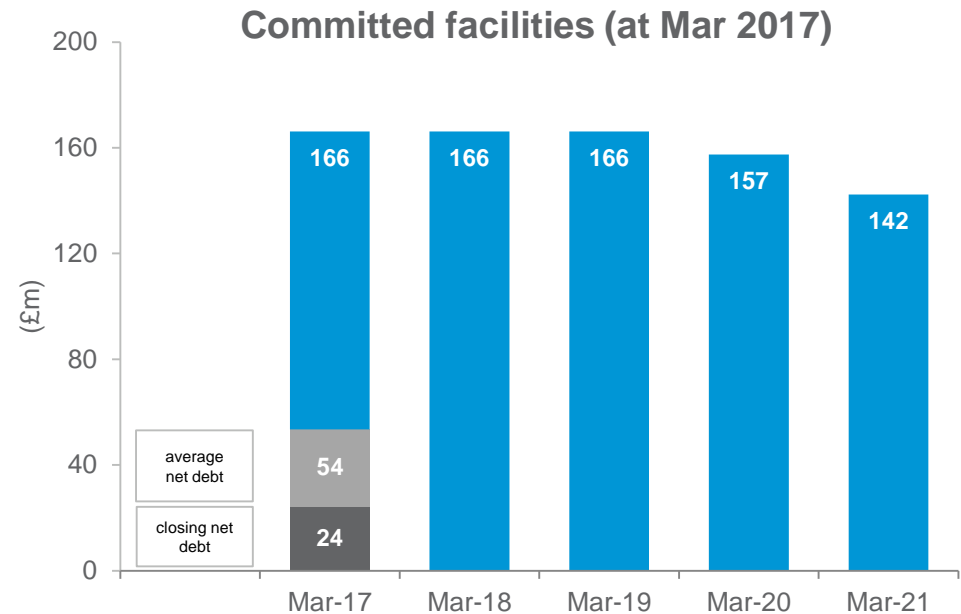
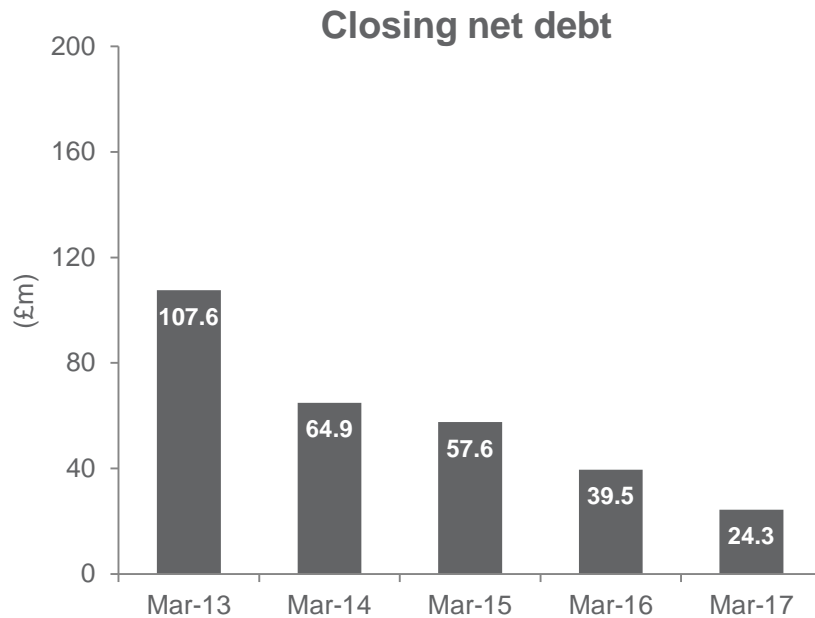


	2016/17 £m	2015/16 £m
EBITDA	63.9	65.4
Net capex	(18.7)	(6.0)
Onerous leases	(2.7)	(7.7)
Working capital	6.5	(51.8)
Tax	(2.6)	(3.1)
Net interest	(6.8)	(9.1)
Other items	0.2	0.1
<b>Free cash flow</b>	<b>39.8</b>	<b>(12.2)</b>
Disposal of WRM	-	55.7
<b>Total cash generation</b>	<b>39.8</b>	<b>43.5</b>

Pension recovery payment	14.1	20.9
Dividends	10.4	-
Shares purchased	0.1	4.5
Net debt reduction	15.2	18.1
<b>Cash usage</b>	<b>39.8</b>	<b>43.5</b>

- Capex increase supports new business growth. e.g. Hanson and EnergyLink
- Reduction in onerous lease payments as properties exited as planned
- Period end working capital flows normalised

# Net debt



- £20m shelf facility repaid in November 2016
- Group bank facility extended from June 2019 to October 2021
  - Bank facility - £141m (October 2021)
  - M&G facility - £25m (January 2022)

# Pension



IAS 19 valuation	31/03/17 £m	31/03/16 £m
Assets	1,081	897
Liabilities	(1,159)	(1,003)
Deficit	(78)	(106)
Deferred tax	13	19
Net deficit	(65)	(87)

- IAS 19 deficit down by £91m since 30 September 2016 mainly due to bond yield increase
- Current pension recovery payment plan
  - c.£15m per annum plus RPI
- Triennial valuation at 31 March 2017 underway
- Liability management
  - Trivial commutation reduced liability by £3.8m
  - Enhanced Transfer Value exercise commenced

# Dividend and Underlying EPS



	2016/17	2015/16
Interim	3.0p	-
Final	6.1p	5.5p
<b>Total</b>	<b>9.1p</b>	<b>5.5p</b>
<b>Underlying EPS</b>	<b>27.7p</b>	<b>23.9p</b>

- Final dividend of 6.1p proposed
- Consistent with progressive dividend policy
- Final dividend to be paid in August, interim to be paid in January



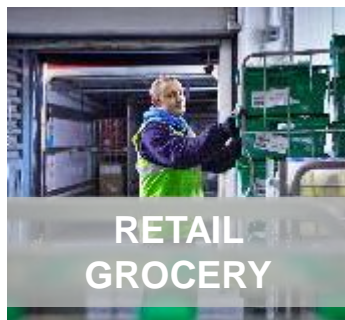


# Operational and Strategic Update

Adrian Colman  
Chief Executive Officer



# Retail & Consumer



	2016/17 £m	2015/16 £m
Revenue	<b>649.3</b>	624.4
Underlying operating profit	<b>25.8</b>	25.2
Operating margin	<b>4.0%</b>	4.0%

- Revenue growth driven by:
  - New business wins with B&Q and Halfords in prior year
  - Strong volumes in Retail general merchandise
  - Partially offset by contract exits in grocery and consumer
- New business wins in period with new customers including Wickes, IKEA and wilko
- Long term renewals secured with Sainsbury's and Co-op
- Multichannel revenues >£250m demonstrate capability in a changing retail landscape
- Focus on collaboration as business growth enabler

# Industrial & Transport



	2016/17 £m	2015/16 £m
Revenue	<b>468.8</b>	508.1
Underlying operating profit	<b>26.3</b>	23.5
Operating margin	<b>5.6%</b>	4.6%

- Revenue impacted by:
  - Contract exits and Containers volumes
  - Partially offset by growth in EnergyLink and start-up of ready-mixed concrete
- Operating profit and margin improvement due to:
  - Pullman return to profitability
  - Minor credits from end of contract property settlements
- New business wins with Hanson and Britvic will contribute to 17/18

# Our Strategy



1

Delivering improvements for our customers in our existing operations and retaining existing contracts.

2

Improving 'share of wallet' with our existing customers and focusing on cross selling our services.

3

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

4

Driving ongoing cost reductions and cash generation.

## TO DELIVER THIS STRATEGY WE SEEK TO:

Put the customer at the centre with sector focused strategies

Deliver integrated and consistent services to optimise operations

Differentiate market position through innovative solutions

Invest in our people to become an aspirational organisation to work for

# Improving 'Share of Wallet'



Improving 'share of wallet' with existing customers and cross sell our services



- Enabling Screwfix multichannel and eCommerce growth
  - Management of the start up of a new Distribution Centre
  - Adds to existing 3 Wincanton sites
  - Operations commence Nov 2017
- Team won 3PL of the year at Retail Supply Chain Awards for work with Screwfix
- Significantly expanding our relationship with Britvic
  - National transport operation added to portfolio
  - Relationship extended to 2022
  - Warehouse activities renewed





# Acquiring New Customers



Acquiring new customers through improved prospecting and innovative service propositions



- Winning new customers:
  - IKEA - multichannel warehousing
  - wilko – all UK transport
  - Wickes – home delivery of building products
  - Hanson - ready-mixed concrete transport activities
- Creating new propositions
  - Putting innovation at the core of our propositions - W<sup>2</sup>
    - W<sup>2</sup> Ideas Accelerator
    - W<sup>2</sup> Labs Incubator



- Investment in ready-mixed concrete logistics continues

# Outlook



- Strong operating performance
- Good momentum in new business and healthy pipeline
- Business model can flex quickly to manage uncertainty from UK's exit from EU
- Robust cash generation supports limited scale investments to protect and grow the business
- Triennial pension valuation discussions will shape pension cash profile from 2018 onwards
- We look forward to making continued progress



# Questions



# **APPENDICES**

**Income Statement Summary**  
**Balance Sheet Summary**  
**Revenue Analysis**  
**Open / Closed Book Analysis**  
**Disposed Operations**



# Income Statement Summary



	2016/17 £m	2015/16 £m
Revenue	1,118.1	1,147.4
Underlying operating profit	52.1	50.9
Amortisation of acquired intangibles	(2.2)	(4.5)
Exceptionals	6.1	35.0
Operating profit	56.0	81.4
Net financing costs	(10.6)	(15.6)
Profit before tax	45.4	65.8
Income tax expense	(3.4)	(4.7)
Profit for the year	42.0	61.1
EPS – Basic (pence)	34.2p	50.7p
EPS – Diluted (pence)	33.0p	47.4p

# Balance Sheet Summary



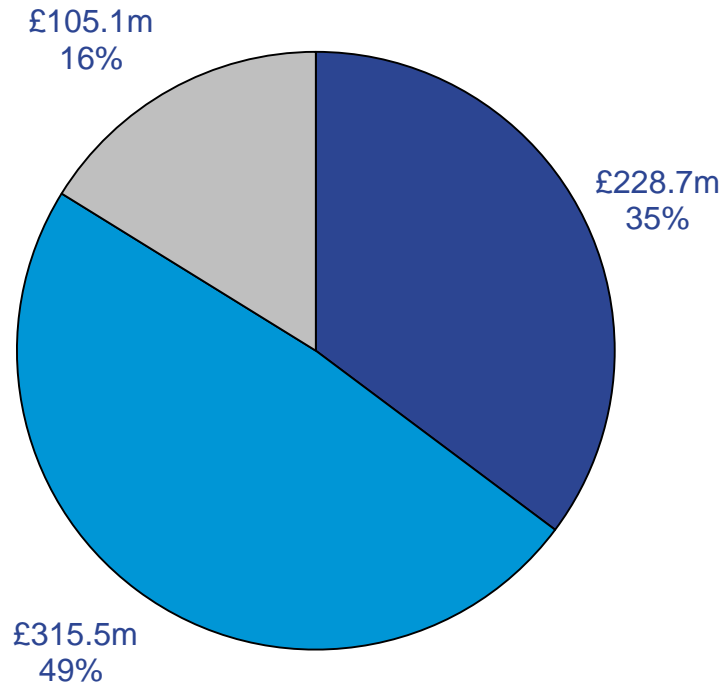
	2016/17 £m	2015/16 £m
Non-current assets	147.9	148.5
Net current liabilities (excluding net debt)	(152.5)	(150.9)
Non-current liabilities (excluding net debt & pension deficit)	(32.1)	(36.8)
Net debt	(24.3)	(39.5)
Pension deficit (gross)	(78.4)	(105.6)
Net liabilities	(139.4)	(184.3)

# Revenue Analysis

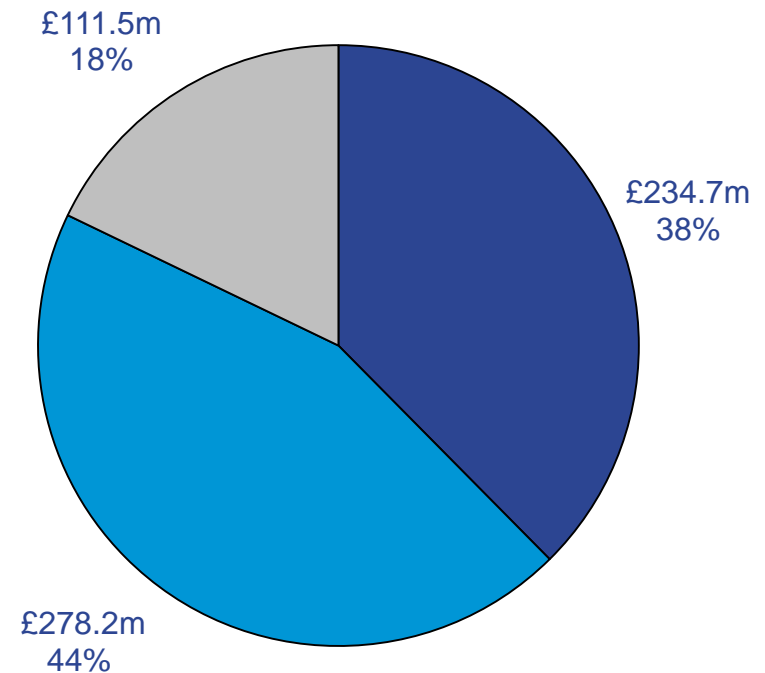
## Retail & Consumer



2016/17 - £649.3m



2015/16 - £624.4m



Retail Grocery



Retail GM



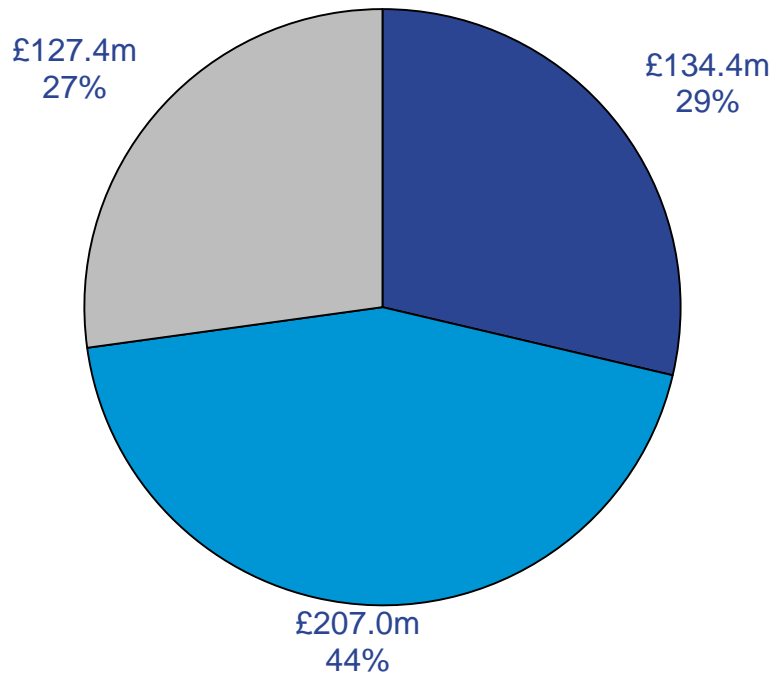
Consumer Products

# Revenue Analysis

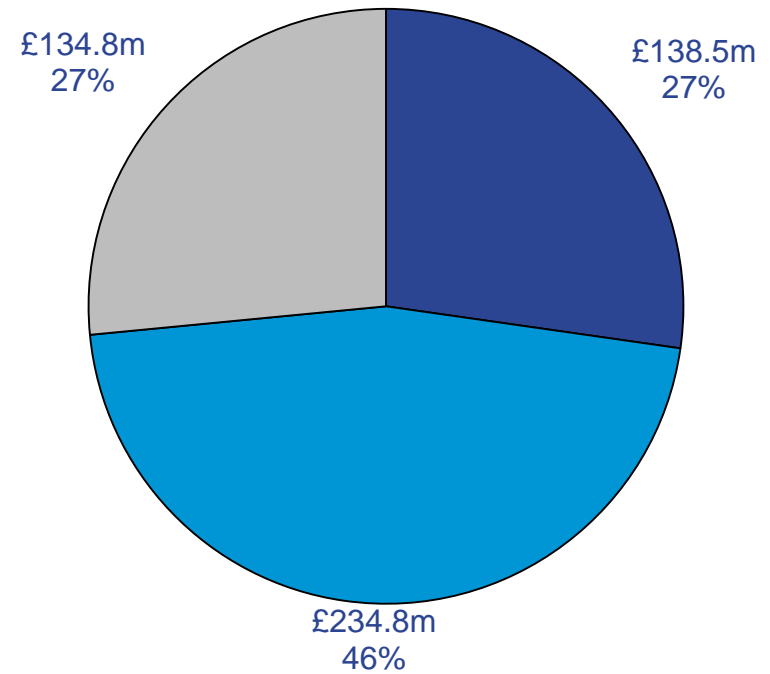
## Industrial & Transport



2016/17 - £468.8m



2015/16 - £508.1m



Construction



Transport Services



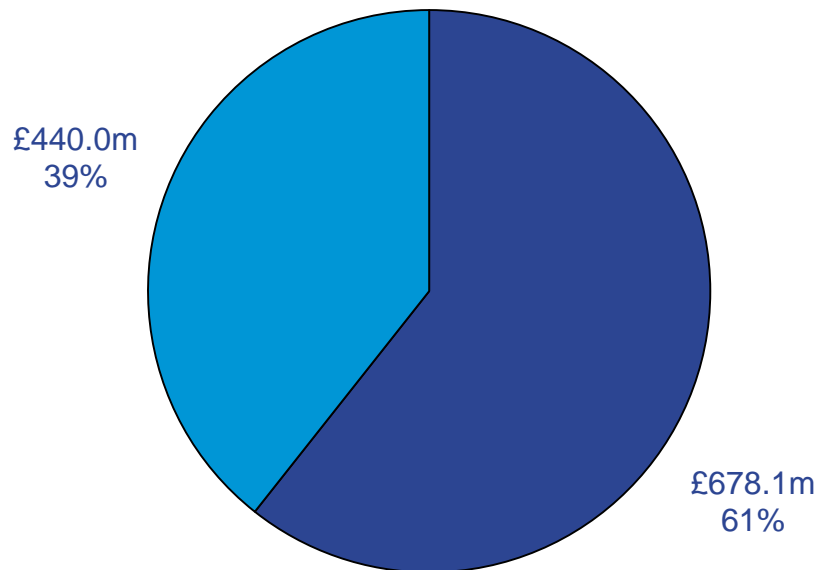
Other

# Revenue Analysis\*

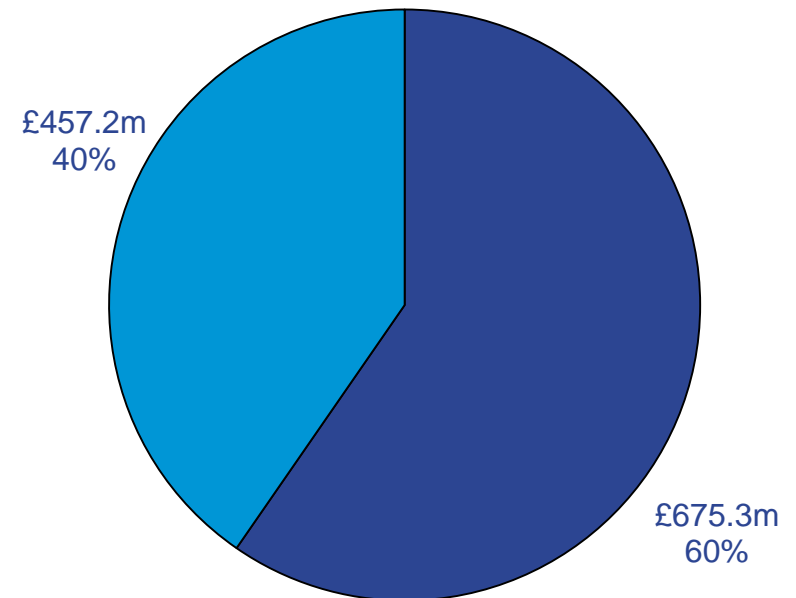
## Open and Closed Book



2016/17 – £1,118.1m



2015/16 - £1,132.5m



\* on a like for like basis excluding WRM from the prior period

# Disposed Operations

## WRM Element of 2015/16 Reported Results



	2016/17 £m	2015/16 (excl. WRM) £m	2015/16 WRM £m	2015/16 Reported £m
Revenue	1,118.1	1,132.5	14.9	1,147.4
Underlying EBITDA	63.9	62.1	3.3	65.4
Underlying operating profit	52.1	48.7	2.2	50.9
Margin	4.7%	4.3%		4.4%



# Thank You

