Wincanton plc Results for the year to 31 March 2014

Unlocking potential

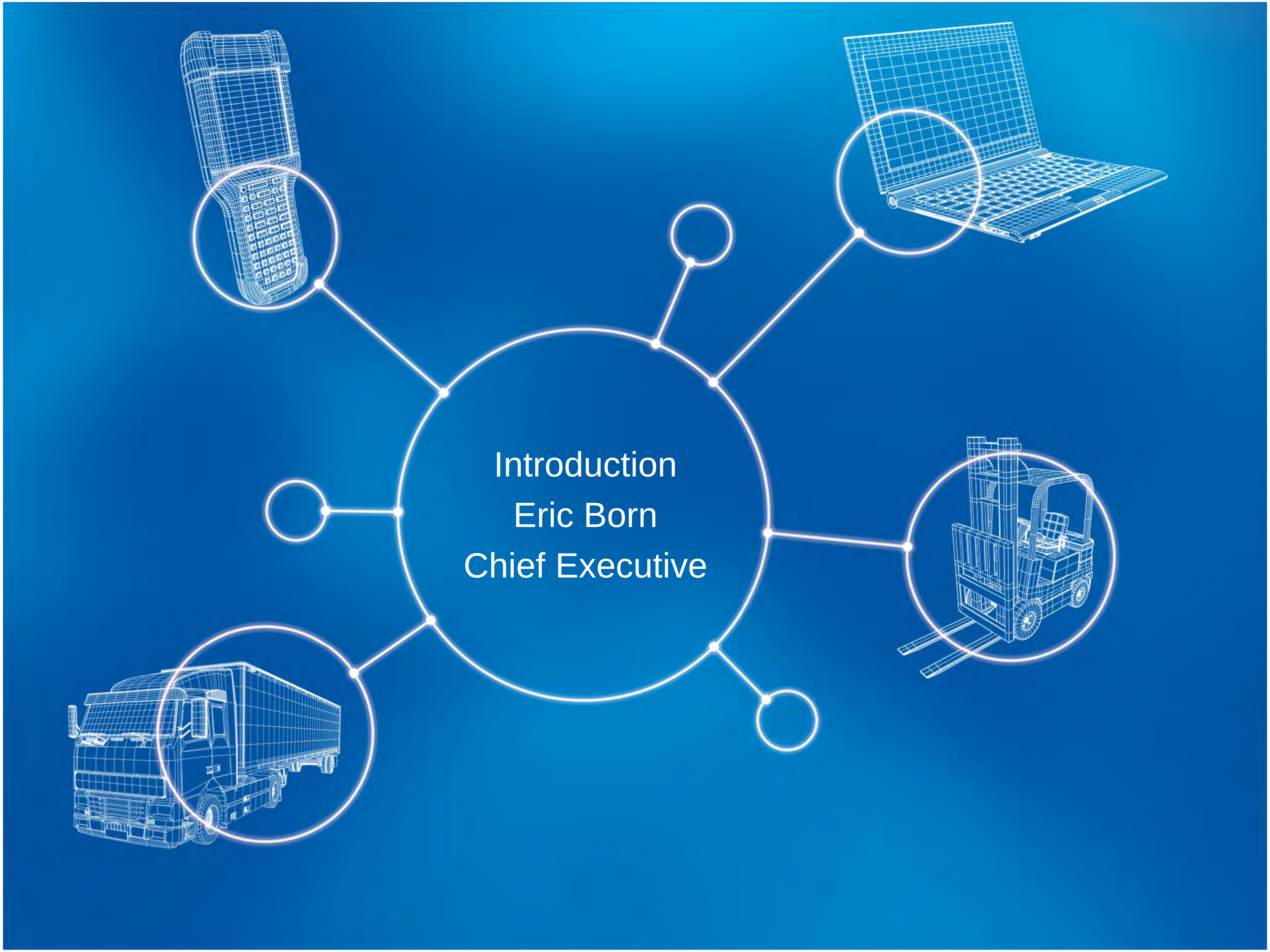
Certain statements in this presentation are forward-looking statements.

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
  - Eric Born, Chief Executive
- Financial review
  - Adrian Colman, Group Finance Director
- Operations, strategic update and outlook
  - Eric Born, Chief Executive


Introduction
Eric Born
Chief Executive

Overview – improving performance

- Revenue growth of 1.1% to £1,098.3m (2013: 1,086.8m)
- Underlying operating profit increased by 6.0% to £48.0m (2013: £45.3m)
- Strong performance on renewals across all sectors
- New business wins in competitive market place
- Defined benefit pension scheme closed to future accrual
- Net debt reduced to £64.9m (2013: £107.6m). Average net debt reduced by £33m

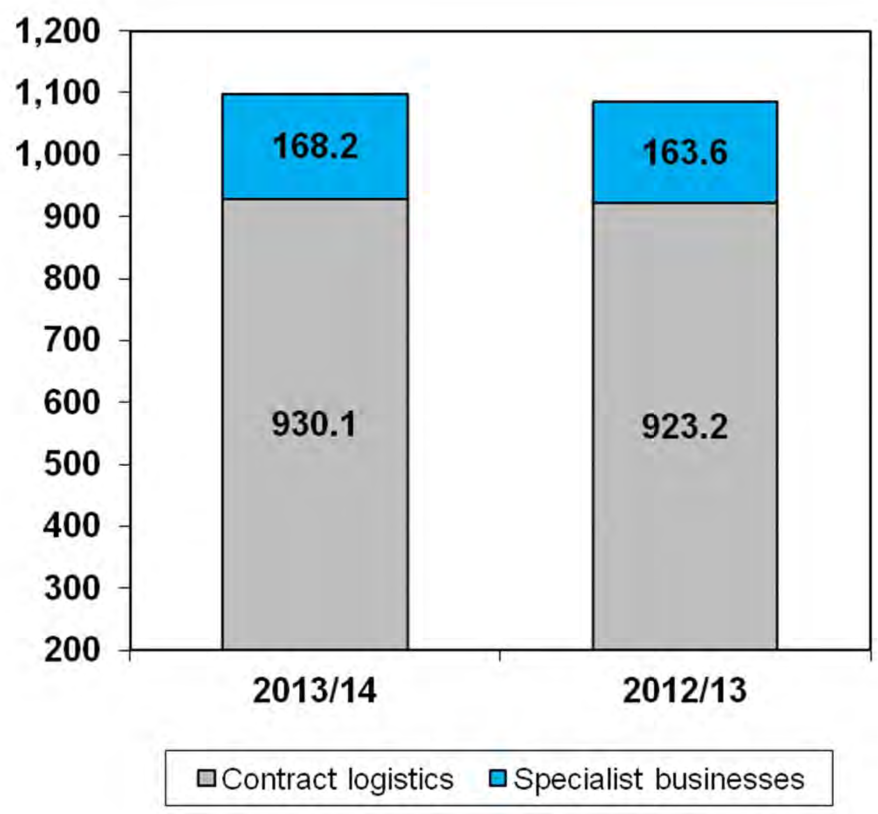

Financial review
Adrian Colman
Group Finance Director

Financial summary

	2013/14 £m	2012/13 Restated £m	Change
Revenue	**1,098.3**	1,086.8	+1.1%
Underlying EBITDA*	**63.4**	62.5	+1.4%
Underlying operating profit*	**48.0**	45.3	+6.0%
Underlying operating profit margin* (%)	**4.4%**	4.2%	+20bps
Underlying profit before tax*	**25.6**	21.3	+20.2%
Underlying EPS (pence)*	**16.6**	13.3	+24.8%
Basic EPS (pence)	**23.6**	8.7	+171.3%
Net debt	**(64.9)**	(107.6)	(39.7%)

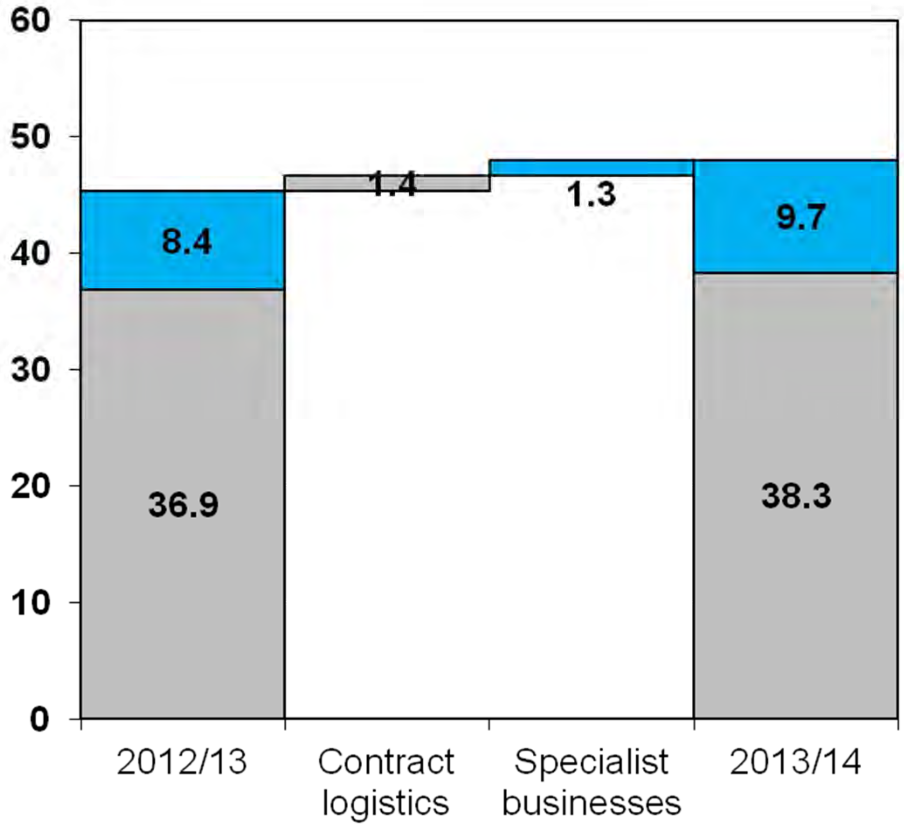
- Before net pension gain and amortisation of intangibles
  Comparatives restated for the adoption of IAS 19 Revised

Revenue by sector - £m



- Revenue growth of 1.1% to £1,098.3m (2013: £1,086.8m)
- Contract logistics
  - Strong growth in construction sector from new business and volume mitigated by tankers sector
  - Grocery retail showed modest growth through 2nd Morrisons convenience distribution centre
- Specialist businesses
  - All businesses reported growth
  - Pullman continues to perform very well in home shopping fleet sector

Operating profit - £m



- Delivered operating profit growth of 6.0% in 2013/14 to £48.0m due to:
  - Tight focus on cost control across all sectors
  - Improved property utilisation in year
  - Strong KPI performance under contracts
  - Delivery of higher value services such as start up services and systems hosting
- Margin improved from 4.2% to 4.4% in 2013/14

Financing costs

	2013/14 £m	2012/13 restated £m
Net bank interest payable	**(14.0)**	(16.0)
Provisions discounts unwinding	**(2.0)**	(2.4)
Pension financing item	**(6.4)**	(5.6)
	(22.4)	(24.0)

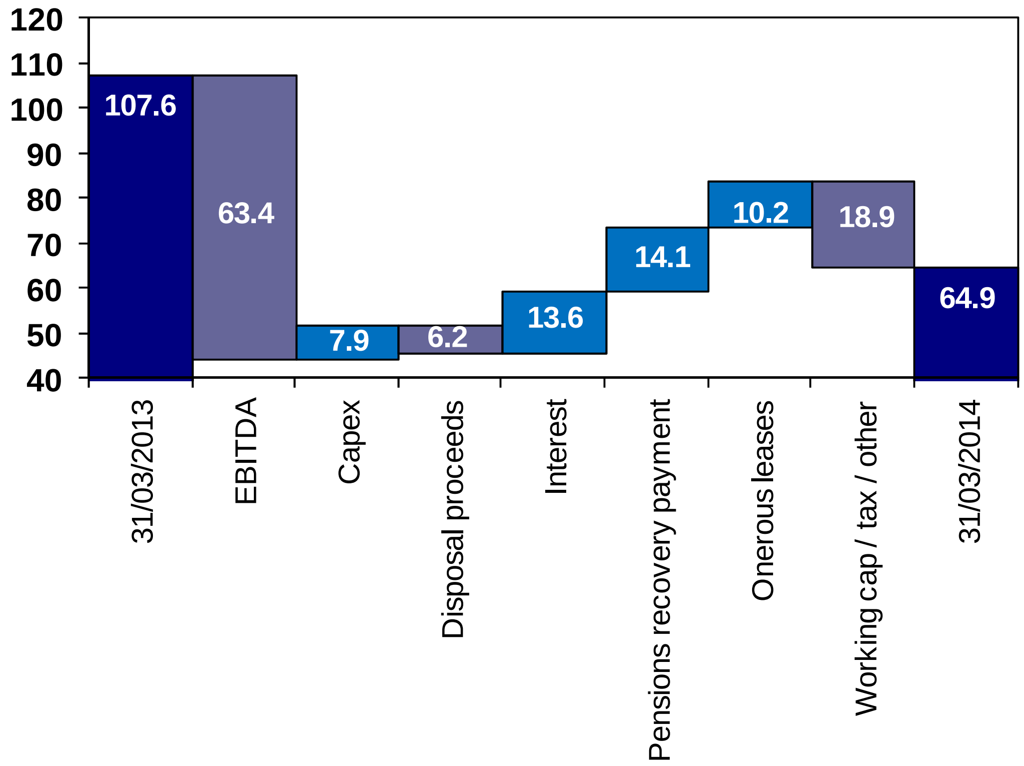
- Lower average net debt levels drive lower interest charge
- Pension financing changed following IAS 19 revision (£10.8m additional charge in 2012/13 as restated)

Taxation

	2013/14		2012/13	
	PBT £m	**Tax £m**	PBT £m	Tax £m
As reported	**34.9**	**(7.5)**	14.0	(3.9)
Add: Amortisation of intangibles	**6.5**	**(2.1)**	7.3	(2.0)
Add: Net pension gain	**(15.8)**	**3.3**	-	-
Underlying	**25.6**	**(6.3)**	21.3	(5.9)
Effective rate		**24.6%**		27.7%
Cash tax		**(2.4)**		(0.3)

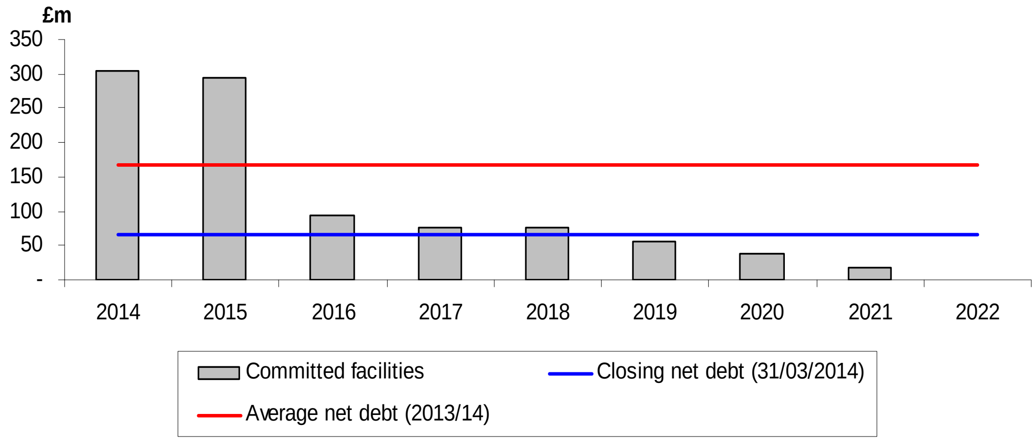
- Underlying effective tax rate
  - Trends down with corporation tax rate changes
  - Remains above statutory rate due to net disallowables
- Cash tax lower due to
  - Pension recovery payments

Summary cash flows - £m



- Net debt reduced to £64.9m
- Net capital expenditure lower than expected in year due to
  - Timing of expenditure
  - Net proceeds from surplus property sale - £5m
- Bank interest payable £2m lower at £13.6m due to lower average debt
- Pension recovery payments at 2013/14 level +RPI to 2022/23
- Future onerous lease outflows c. £12-15m next year, reducing materially thereafter

Net debt – facilities and utilisation



- Average net debt reduced by £33m from £201m in 2012/13 to £168m in 2013/14
- Covenants comfortably met at year end
- Group committed facilities of £304m
- Facilities comprise
  - Bank facility - £175m to Nov 15
  - USPP - £34m to Dec 15
  - Shelf facility - £20m to Nov 16
  - M&G facility - £75m to Nov 21

Pension

	31/03/14 £m	31/03/13 £m
Assets	**778.3**	743.9
Liabilities	**(889.2)**	(892.6)
	(110.9)	(148.7)
Deferred tax	**22.2**	34.2
Net deficit	**(88.7)**	(114.5)

- Pension risk management exercises in the year
  - Defined benefit pension scheme closed to future accrual with effect from 31 March 2014
  - Former DB members now enrolled in existing DC arrangements
  - Pension increase exchange exercise ongoing with deferred / retired members
  - Pension gain in income statement of £15.8m and deficit reduction of c. £20m
- Pension recovery payment plan agreed with Trustee
  - 2014/15 payment - £14.4m
  - Going forward at same rate + RPI for further eight years
- Triennial valuation due at 31 March 2014


Operations,
strategic update
and outlook
Eric Born

Overview

- UK economy showed signs of improvement in year
- Stable, high quality customer base
- Well diversified contract portfolio provides good trading visibility
- Strong operational credentials and service offerings
- Ongoing opportunities to help our customers to unlock the potential in their supply chains

Contract logistics - performance

	2013/14 £m	2012/13 £m
Revenue	**930.1**	923.2
Underlying operating profit	**38.3**	36.9
Operating margin	**4.1%**	4.0%

- Strong performance in construction driven by contract wins and sector recovery in UK
- Solid performance in renewing and winning contracts
  - Valero 5 year renewal (relationship length 23 years)
  - Pernod Ricard renewal (relationship length 10 years)
  - WHSmith renewal (relationship length 17 years)
  - Williams-Sonoma, Inc new business
  - Morrisons 2nd convenience distribution centre new business
- Growth in revenue, operating margin and operating profit in the year

Specialist businesses - performance

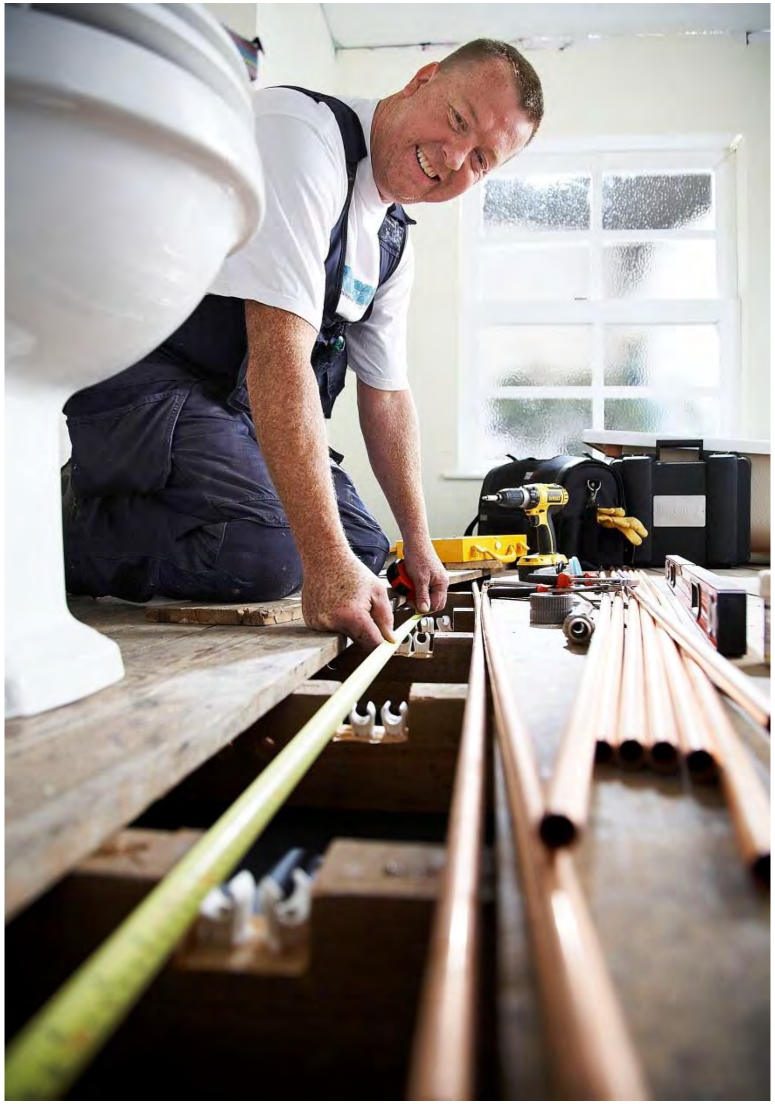
	2013/14 £m	2012/13 £m
Revenue	**168.2**	163.6
Underlying operating profit	**9.7**	8.4
Operating margin	**5.8%**	5.1%

- Continued organic growth in records management business
- Strong new business wins in Pullman with Asda home delivery fleet management and Argos HGV fleet
- Container volumes showing marginal improvement
- Strong focus on cost control continues which drives improved margin

Housing sector driving growth

- Domestic house building driving overall construction sector growth
- Leading position in UK construction logistics with largest dedicated fleet
- Uplift also evident in DIY and home products
- Strong group-wide, levels of activity with major retailers in this sector
- Sustained track record enabling growth whilst reducing costs for these customers

> "Wincanton has been an invaluable partner on our journey to become one of the UK's leading trade retailers. Customer service is a core differentiator for Screwfix, and in Wincanton we have a logistics provider with the expertise, experience and commitment to help us continue to deliver the highest standards of service.
>
> **Dave Lowther, Logistics and Supply Chain Director, Screwfix**



Delivering a differentiated service

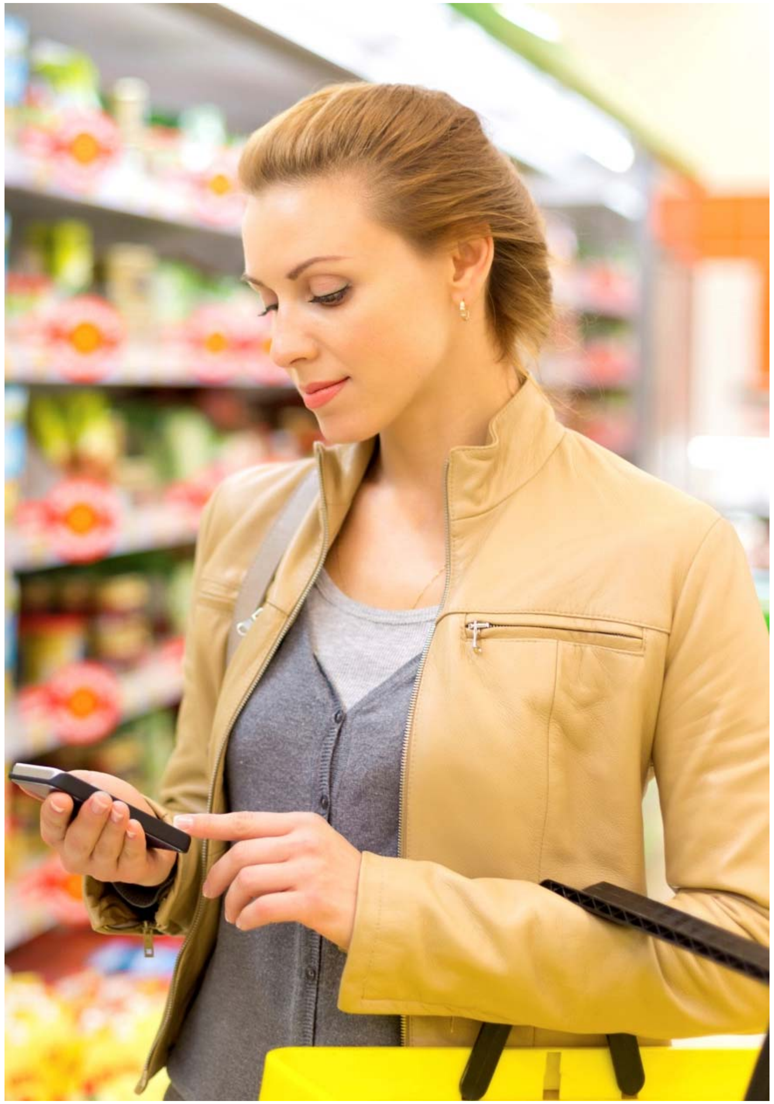
- Market leading two man home delivery network for high value goods
- Increase in volumes as market improves
- Existing contract with Marks & Spencer continues to perform well and is award winning
- New contracts with Williams-Sonoma, Inc and Loaf.com launched
- Williams-Sonoma, Inc / West Elm UK market entry
    - Risk-free start up delivered in 12 weeks
    - Scope included property, IT, people and vehicle assets
    - Result is a robust and sustainable supply chain created from scratch

> “For our UK launch, we needed a supply chain partner that shares our values and can be trusted to deliver operational excellence.
>
> **Dean Miller, Chief Supply Chain Officer, Williams-Sonoma, Inc**

Leading the convenience sector

- Convenience sector is forecast to grow by 30% over the next 5 years (IGD)
- Consumer behaviour has changed in grocery with convenience boosted by a 'little and often' shopping approach
- Strong position and sector expertise through contracts with Morrisons and Sainsbury's
- Key strength is fast, flawless start ups to support rapid customer store roll out programmes

> "Wincanton has proved itself a trusted and experienced partner in the convenience market. We have a true partnership relationship and Wincanton's team takes the lead when it comes to progressing new ideas and initiatives that add real value to our operations.
>
> **Jerome Saint-Marc, Development Director, Morrisons**



Delivering on our strategy

- Deliver ongoing improvements for our customers in our existing operations through lean sigma techniques and operational excellence
- Improve ‘share of wallet’ with our existing customers and focus on cross-selling our services
- Acquire new customers through focused prospecting process and strong service propositions
- Continue to focus on value add solutions and win higher margin, technology supported contracts
- Further improve our operating cost structure
- Continued focus on operating profit growth and free cash flow generation

Outlook

- Expect UK economic recovery and GDP growth to be maintained
- There is positive momentum in market segments such as construction and household and home retail
- Other market segments such as major grocery retail remains challenging
- Good momentum in renewals and contract wins
- Margin pressure on renewals remains
- Cash flow further improves from 2015/16 as legacy onerous leases reduce
- We expect the Group to make further progress in the current year

Unlocking potential

Appendices

- Income statement summary
- Balance sheet summary
- Cash flow summary
- Revenue analysis charts
- IAS 19 Employee Benefits (Revised) impact on restated 2012/13 results

Income statement summary

	2013/14 £m	2012/13 restated £m
Revenue	**1,098.3**	1,086.8
Underlying operating profit	**48.0**	45.3
Amortisation of intangibles	**(6.5)**	(7.3)
Net pension gain	**15.8**	-
Operating profit	**57.3**	38.0
Net financing costs	**(22.4)**	(24.0)
Profit before tax	**34.9**	14.0
Income tax expense	**(7.5)**	(3.9)
Profit for the year	**27.4**	10.1
EPS – basic (pence)	**23.6**	8.7
EPS – diluted (pence)	**21.7**	8.4

Balance sheet summary

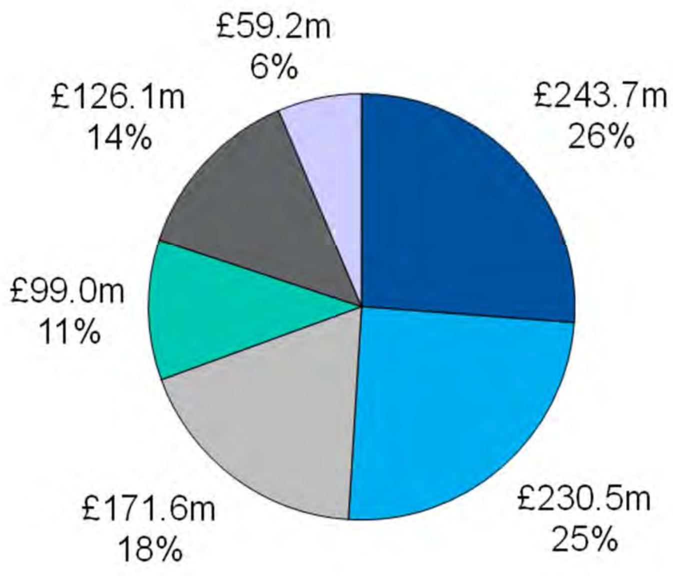
	2013/14 £m	2012/13 £m
Non-current assets	**191.2**	220.4
Non-current liabilities (excluding net debt)	**(215.0)**	(191.2)
Non-current liabilities (excluding net debt & pensions)	**(50.4)**	(59.4)
Net debt	**(64.9)**	(107.6)
Pensions deficit (gross)	**(110.9)**	(148.7)
Net liabilities	**(250.0)**	(286.5)

Cash flow summary

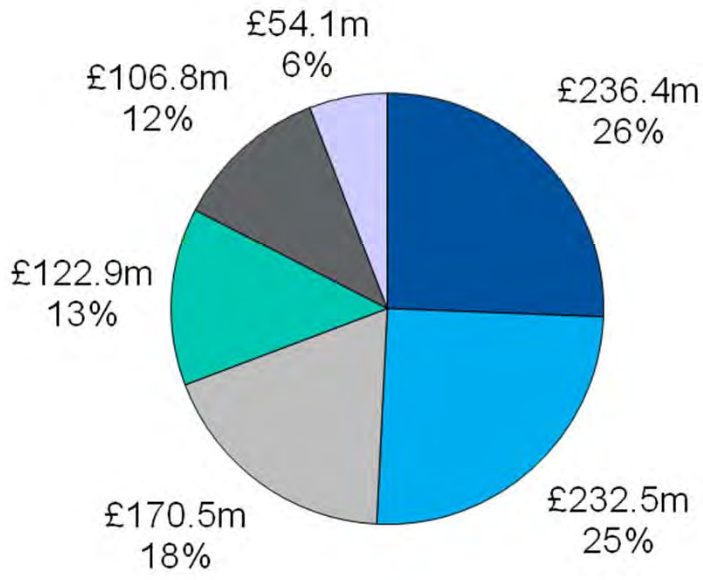
	2013/14 £m	2012/13 restated £m
Underlying operating profit	**48.0**	45.3
Depreciation and amortisation	**15.4**	17.2
Underlying EBITDA	**63.4**	62.5
Net capital expenditure	**(1.7)**	(4.6)
Net financing costs	**(13.6)**	(13.6)
Pension deficit payment	**(14.1)**	(13.6)
Onerous leases	**(10.2)**	(10.9)
Working capital movement / tax / other	**18.9**	(12.9)
Total	**42.7**	6.9

Revenue analysis
Contract logistics

2013/14 - £930.1m

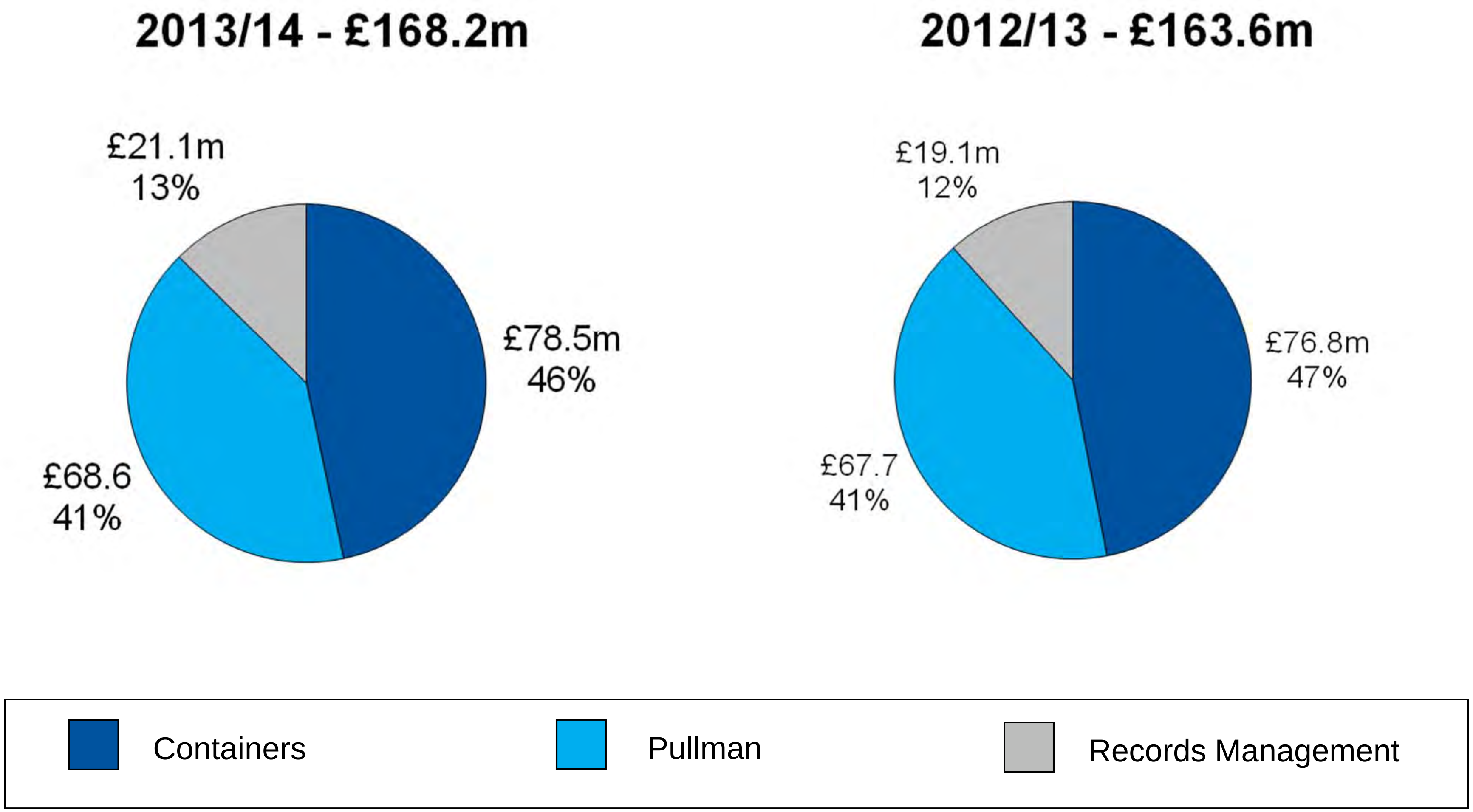


2012/13 - £923.2m

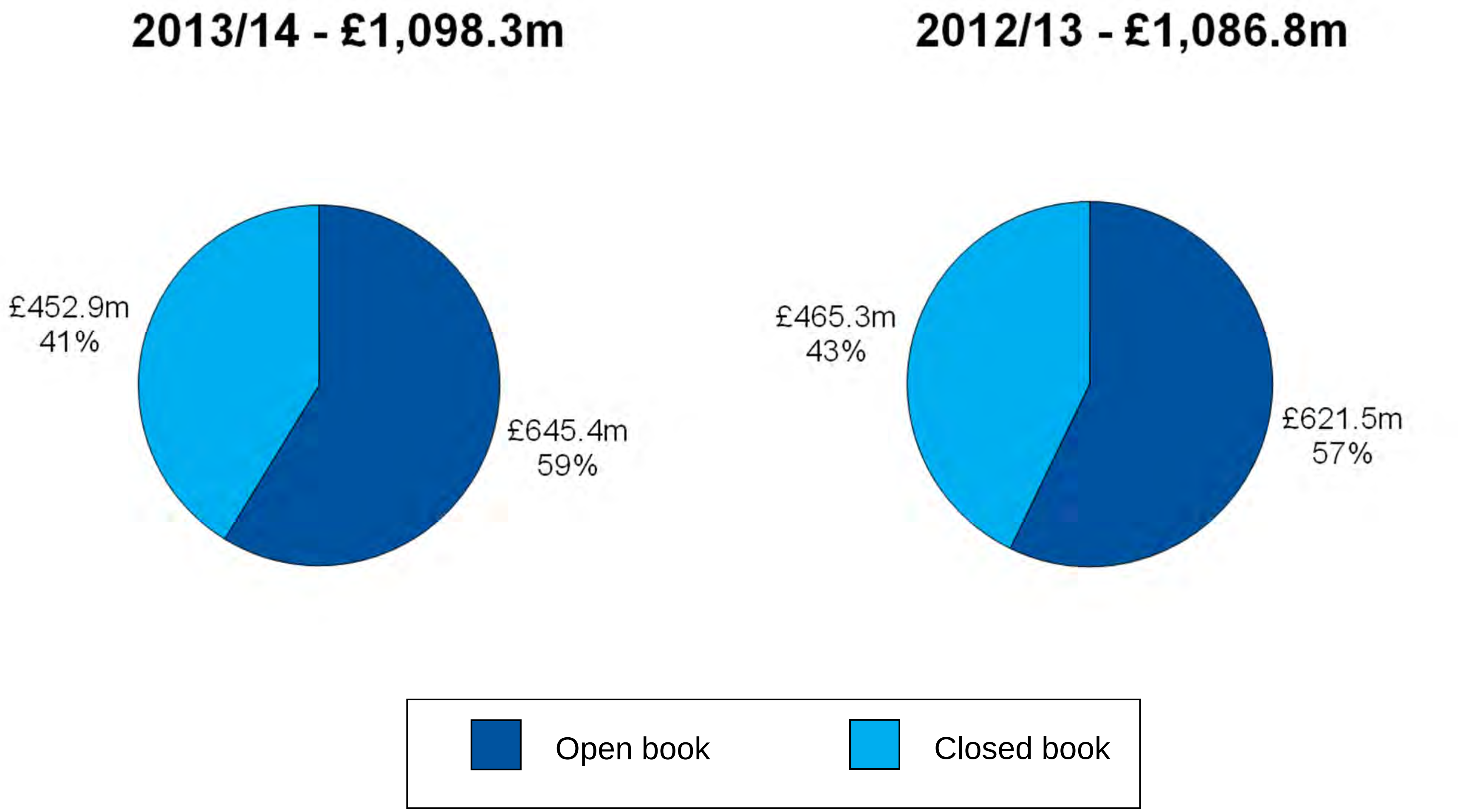


Retail grocery
Retail general merchandise
FMCG
Tankers & bulk
Construction
Other

Revenue analysis
Specialist businesses



Revenue analysis
Open and closed book



IAS 19 impact on restated 2012/13 results

	As reported £m	Amended return on assets £m	Reclassified admin charges £m	**Incorporating IAS 19 adjustment £m**
Operating profit	39.2	-	(1.2)	**38.0**
Net finance charges	(14.4)	(10.8)	1.2	**(24.0)**
Profit before tax	24.8	(10.8)	-	**14.0**
Basic EPS	15.8			**8.7**
Underlying EPS	20.4			**13.3**
Adjusted net debt : EBITDA covenant *	2.17			**2.17**

*Bank facility covenants will be unaffected by this change as they are calculated on frozen GAAP.