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WINCANTON plc

Half Year Results for the six months ended 30 September 2015 (unaudited)

Wincanton plc (“Wincanton” or “the Group”), a leading provider of supply chain solutions in the UK and Ireland, today announces its half year results for the six months ended 30 September 2015.

	2015	2014	change
Revenue (£m)	**582.8**	550.9	5.8%
Underlying operating profit (£m)	**23.5**	24.9	(5.6)%
Underlying operating margin (%)	**4.0%**	4.5%	(50) bps
Underlying profit before tax (£m)	**15.2**	15.9	(4.4)%
Profit before tax (£m)	**12.9**	12.7	1.6%
Underlying EPS (pence)	**10.3**	10.6	(2.8)%
Basic EPS (pence)	**8.8**	8.3	6.0%
Average net debt (£m)	**(124.0)**	(141.0)	(12.1)%
Closing net debt (£m)	**(62.2)**	(66.9)	(7.0)%

Highlights

- Revenue increased by 5.8% to £582.8m primarily driven by strong activity levels in open book contracts
- New business wins include a five year contract to manage B&Q’s distribution centres, a three year agreement for transport logistics with Halfords and the expansion of our services for B&Q to include home delivery services for their Kitchens, Bedrooms and Bathrooms products
- Successful renewals with long standing customers including HJ Heinz and Dairy Crest
- Underlying operating profit decrease of 5.6% to £23.5m (2014: £24.9m) as strong performance in Contract logistics is more than offset by losses in the Pullman business as onerous Home Shopping contracts come to an end. This has impacted the overall underlying operating margin achieved of 4.0% (2014: 4.5%)
- Basic EPS rises 6.0% to 8.8 pence per share due to lower amortisation, finance and tax charges more than offsetting lower operating profit performance. Underlying EPS down 2.8% to 10.3 pence per share.
- Closing net debt £62.2m (2014: £66.9m), average net debt down £17m to £124m from £141m
- Records Management disposal announced on 4 November 2015 valuing that business at £60m and realising substantial value and cash proceeds for the Group

Note: Underlying profit before tax and earnings per share include the share of results of the joint venture and are stated before amortisation of acquired intangibles of £2.3m (2014: £3.2m). Operating profit, including amortisation amounted to £21.2m (2014: £21.7m).

Outlook

The Contract logistics sector continues to perform well in a very competitive environment with a continued focus on cost efficiency and margin pressure on renewals. In Specialist businesses the Pullman turnaround is taking hold and the commercial impact of the two onerous Home Shopping contracts will end in the second half. The Board believes that the Group remains well positioned to pursue new business opportunities and that, through its ongoing focus on cost reduction, asset efficiency and cash generation, it will make continued strategic and operational progress. The Group continues to trade in line with full year expectations, as adjusted for the disposal of Records Management. Average net debt will be lower than expected due to receipt of the proceeds from the disposal.

Adrian Colman, Wincanton Chief Executive commented:

“Our Contract logistics sector has been a strong performer in the first half which has helped to mitigate the performance pressures in Specialist businesses, most notably in the Pullman business. The recently announced

disposal of Wincanton Records Management realises substantial value for the Group, strengthens our balance sheet, provides greater capacity for future investment and focuses the Group on its core skills and capabilities in logistics operations."

For further enquiries please contact:

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Half Year Review
for the six months to 30 September 2015

Performance summary

	2015 £m	2014 £m
Revenue	582.8	550.9
Underlying EBITDA	30.5	32.0
Underlying operating profit	23.5	24.9
Underlying margin (%)	4.0%	4.5%
Financing costs (net)	(8.3)	(9.0)
Underlying profit before tax	15.2	15.9
Amortisation of acquired intangibles	(2.3)	(3.2)
Profit before tax	12.9	12.7
Profit after tax	10.4	9.7
Underlying EPS (p)	10.3	10.6
Average net debt	(124.0)	(141.0)
Closing net debt	(62.2)	(66.9)

Revenue for the six months of £582.8m represents a 5.8% increase compared to £550.9m in the equivalent six months of 2014/15 driven primarily by strong activity levels in open book contracts.

Underlying operating profit has decreased by 5.6% from £24.9m to £23.5m primarily attributable to losses in the Home Shopping division of Pullman Fleet Services, as onerous contracts come to an end, which more than offset strong performance in Contract logistics. As a result we have achieved an underlying operating profit margin of 4.0% (2014: 4.5%).

Profit after tax improved by 7.2% from £9.7m to £10.4m due to lower amortisation charges, lower financing charges resulting from a combination of reduced average debt levels (down from £141m to £124m) as well as a lower pension financing charge and a lower effective tax rate, all offsetting the reduction in operating profits.

Average net debt reduced to £124.0m from £141.0m at 30 September 2014 and closing net debt reduced to £62.2m from £66.9m over the same period. The Group has continued to reduce average net debt to improve its balance sheet position, which includes a significant pension scheme deficit of £125.1m (2014: £143.6m). The Board continues to focus on reducing the net indebtedness of the Group and consequently is not recommending the payment of an interim dividend.

Trading

	2015 £m			2014 £m		
	Contract logistics	Specialist businesses	Total	Contract logistics	Specialist businesses	Total
Revenue	490.6	92.2	582.8	464.1	86.8	550.9
Underlying operating profit/(loss)	24.4	(0.9)	23.5	20.9	4.0	24.9
Margin (%)	5.0%	(1.0)%	4.0%	4.5%	4.6%	4.5%

The Group's internal management structure, which has remained constant over recent years, aligns the Group under two sectors; Contract logistics which is a provider of supply chain logistics solutions and services and Specialist businesses comprising Containers, Wincanton Records Management and Pullman.

Contract logistics

The Contract logistics business reported revenues of £490.6m in the period, up 5.7% on the £464.1m reported in the same period in the prior year.

The split of Contract logistics revenue by industry sector it serves is as follows:

	2015	2014
	£m	£m
Construction	81.5	67.8
FMCG	94.4	89.2
Retail grocery	117.9	121.5
Retail general merchandise	123.8	108.7
Tankers & bulk	41.7	47.6
Other	31.3	29.3
	490.6	464.1

The revenue increase was driven primarily by strong volumes and new business wins in the general merchandise and construction sector, together with good volume performance in the FMCG sector. In tankers and retail grocery volumes have been lower in the period, primarily due to the in-sourcing of a contract in each sector.

Underlying operating profit for the period was £24.4m, up 16.7% on the £20.9m reported last year and a 2.1% improvement on the second half of the prior year.

In the six month period to 30 September the business successfully concluded a number of important renewals and extensions of services with key customers. New business wins in the retail general merchandise sector included a five year contract to operate B&Q's distribution centres, a three year agreement for transport logistics with Halfords and the expansion of our services for B&Q to include home delivery services for their Kitchens, Bedrooms and Bathrooms products. Additionally, in the defence business the Group extended the breadth and length of its contract with BAE Systems where it manages goods inspection, storage and packing, and transportation services into their Military Air and Information division.

The Group also successfully renewed business with long standing customers such as HJ Heinz and Dairy Crest during the period, taking our relationship with these valued customers to over 20 and 25 years respectively. During the period Morrisons Supermarkets announced the sale of their convenience store network and, while the contract with Morrisons continues, the associated volume has ceased in the third quarter.

In partnership with our customer Screwfix, Wincanton has been awarded the accolade of 'Supply Chain Team of the Year' at Retail Week's annual Supply Chain Awards. This leading industry award comes as a result of both businesses working together to increase innovation, sustainability and efficiency for Screwfix customers.

Specialist businesses

The Specialist businesses segment of the Group comprises Container transport activities, Records Management, which provides a full suite of document storage and associated scanning and shredding services, and the vehicle maintenance and repair business Pullman.

These Specialist businesses operate mostly under a closed book model. The revenue split is given below for information, however these are managed as one segment.

	2015	2014
	£m	£m
Containers	41.0	40.0
Pullman	40.2	35.8
Records Management	11.0	11.0
	92.2	86.8

Revenue for this segment was £92.2m, an increase of £5.4m or 6.2% on the equivalent six month period last year, with the majority of the growth in revenue being delivered by Pullman through growth in home shopping fleet management contract volumes. Containers volumes with many of our primary customers have been more volatile than expected during the year, however some new business wins have mitigated the impact on overall revenues for Containers, albeit at reduced margin.

The underlying operating result was a loss of £(0.9)m compared to a profit of £4.0m in the equivalent period last year. The primary contributor to this result was the loss incurred in the Pullman division as it continues its recovery plan and works through the exit of two loss making contracts supporting home shopping delivery fleets. Additionally, the Containers business profitability has been impacted by higher overall driver costs and subcontract haulier costs in order to manage demand flows in its operations.

As previously reported, significant growth last year, reflecting the rapid expansion of retail grocers' home delivery fleets, put pressure on the Pullman operating model with two contracts proving to be loss making. Action was taken to put in place a new management team in Pullman, to give notice on the loss making contracts and to commence a turnaround of the remainder of the Pullman business that has also been underperforming. We have served notice to terminate both of the loss making contracts and these arrangements will finish during this financial year.

The expected losses on these two contracts through to closure will be approximately £2m higher than anticipated at the end of last year, the impact of which is reflected in this half. The higher rate of loss is primarily due to the continued growth of the fleets being serviced and the higher activity levels associated with these vehicles. Additionally, improvement of the remaining Pullman workshop business has been challenging, with additional costs incurred to initiate the turnaround of results. We expect that the Pullman business will perform at an improved rate in the second half of the year and in future years, albeit from a lower revenue base as loss making contracts are exited.

Net financing costs

	2015	2014
	£m	£m
Interest payable on loans/leases	5.1	5.5
Interest receivable	(0.1)	(0.1)
Net interest payable	5.0	5.4
Provisions discount unwinding	1.0	1.1
Pension financing item (net)	2.3	2.5
	8.3	9.0

Net financing costs were £8.3m, £0.7m lower overall compared to the prior year charge of £9.0m. Financing costs of £5.0m related to the Group's debt compared to the prior year charge of £5.4m. The reduction primarily reflects a lower average net debt achieved in the six month period of £124m compared to £141m for the equivalent six month period last year, the result of continuing efforts to reduce the Group's net indebtedness.

Taxation

In accordance with accounting standards, the effective tax rate applied at the half year is an estimate of the expected full year rate. The overall tax charge for the half year is £2.5m (2014: £3.0m) and the underlying effective tax rate has reduced to 19.5% (2014: 23.0%).

Since September 2014 the standard UK rate of corporation tax has reduced from 21% to 20%.

The period on period reduction in the underlying effective tax rate is a result of the decline in the standard rate from 21% to 20% as well as the non taxable income and utilisation of brought forward losses recognised in the period. This has resulted in an effective tax rate slightly below the standard UK rate for the current period, as compared to one marginally above in the prior year.

Profit after tax, earnings and dividend

Reported profit after tax for the Group for the period of £10.4m represents an increase of 7.2% over the amount of £9.7m for the equivalent period of the prior year.

These retained earnings translate to a basic EPS of 8.8p (2014: 8.3p). The Group reports an alternative, underlying EPS figure which includes the share of results of the joint venture and excludes amortisation of acquired intangibles and, where relevant, exceptionals. This has decreased year on year by 2.8% to 10.3p from 10.6p.

The Group has not declared nor paid a dividend in the six month period in line with its continuing objective to reduce net debt.

Financial position

The summary financial position of the Group is set out below;

	30 Sept 2015 £m	30 Sept 2014 £m	31 March 2015 £m
Non-current assets	179.9	190.5	185.4
Net current liabilities (ex net debt)	(196.1)	(199.7)	(203.2)
Non-current liabilities (ex net debt / pensions)	(35.2)	(48.2)	(42.1)
Net debt	(62.2)	(66.9)	(57.6)
Pensions deficit (gross)	(125.1)	(143.6)	(144.2)
Net liabilities	(238.7)	(267.9)	(261.7)

The movement since the year ended 31 March 2015 of £23.0m is principally due to the retained profit of £10.4m, increased by the remeasurement of the pension deficit net of deferred tax of £11.9m. The remeasurement of the pension deficit is primarily driven by the higher discount rate of 3.80% used to value the liabilities of the Scheme at 30 September 2015 compared with 3.25% at 31 March 2015. This reduction in liabilities has been partly offset by a decrease in the market value of the investments in the same period.

Financing and covenants

Headroom in committed facilities of £299m at 30 September 2015 was £165m. The Group also has limited operating overdrafts which provide day-to-day flexibility and amount to a further £10.7m in uncommitted facilities.

The Group's facilities comprise the following; the main bank facility of £170m which matures in 2019, £75m from the Prudential / M&G UK Companies Financing Fund LP, which matures in January 2022 with four equal repayments commencing in January 2019 and the balance of the US Private Placement debt of £54m which matures in tranches in December 2015 (£34m) and November 2016 (£20m).

The Group maintains a mix of hedging instruments (swaps) to give an appropriate level of protection against changes in interest rates. At the half year £75m of debt was at fixed rates and the balance at floating rates.

Wincanton operates comfortably within its covenants, as summarised in the table below:

Covenant	Ratio	At 30 September 2015
Adjusted net debt : EBITDA	<2.75:1	1.49
Interest cover	>3.5:1	6.6
Fixed charge cover	>1.4:1	2.0

Net debt and cash flows

	2015 £m	2014 £m
Average net debt	124.0	141.0
Closing net debt	62.2	66.9

Group closing net debt at the period end was £62.2m (2014: £66.9m) a net inflow of £4.7m over the intervening 12 months and an outflow of £4.6m since 31 March 2015.

The Group's cash flows for the six months to 30 September are summarised in the following table;

	2015 £m	2014 £m
Underlying operating profit	23.5	24.9
Depreciation / amortisation	7.0	7.1
EBITDA	30.5	32.0
Net capital expenditure	(5.6)	(3.1)
Net financing costs	(4.6)	(7.0)
Pension deficit payment	(7.0)	(7.2)
Onerous leases	(2.3)	(7.0)
Working capital movement / tax / other	(15.6	(9.7)
	(4.6)	(2.0)

The Group's reported average net debt position for the period to 30 September 2015 was £124m, a £17m reduction from the average of £141m in the comparative period. Net cash financing costs for the period totalled £4.6m and were substantially lower than the prior period of £7.0m which included the arrangement costs of the new five year bank facility put in place in June 2014.

The cash outflows in respect of the onerous lease liabilities were £2.3m in the period ended 30 September 2015 (2014: £7.0m). The cash outflows in respect of these onerous property liabilities are expected to be slightly higher in the second half of the year due to the timing of dilapidations and other termination payments on certain properties.

Pensions

The Group operates a number of pension arrangements in the UK and Ireland.

The defined benefit arrangements, which closed to future accrual with effect from 1 April 2014, have an IAS 19 deficit of £125.1m (£100.0m net of deferred tax) at 30 September 2015 (September 2014: £143.6m, March 2015: £144.2m). The movement in the deficit since September 2014 is primarily due to the movement in the discount rate used to value the liabilities, from 3.95% at 30 September 2014 to 3.25% at 31 March 2015 and to 3.80% at 30 September 2015. Each 0.1% movement in the rate impacts the liabilities of the Scheme by 1.8%, currently approximately £18m. Any increase is mitigated by the level of liability hedging in the Scheme of approximately 35% (March 2015: 35%) which reduces the overall impact on the deficit to approximately £7m. At 30 September 2015 the target allocation of the assets of the Scheme was 51% in growth assets and 49% in defensive assets (March 2015: 51% growth and 49% defensive).

During the period the Group received confirmation from the Pensions Regulator and the Trustees of the Wincanton Pension Scheme that the March 2014 actuarial valuation process has now been completed and the pension deficit recovery plan will continue with the same profile of cash deficit contribution as the previous profile. The additional cash contribution in the current year to 31 March 2016 to fund the deficit will be £14.7m (31 March 2015: £14.4m), of this £7.3m was paid in the first half, less £0.3m for certain administration costs agreed to be paid directly by the Group.

In addition, following the disposal of Wincanton Records Management, see below, a further £7.0m contribution will be made in the second half of the financial year.

Disposal of Wincanton Records Management after period end

On 4 November 2015 the Group announced the disposal of the trade and assets of Wincanton Records Management ('WRM') to Restore plc for an enterprise value of £60m.

For the year ended 31 March 2015 WRM generated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of £5.4m and operating profit of £3.5m on total revenue of £22.4m. As at 31 March 2015 gross assets were £22.2m.

Net cash proceeds, after transaction costs, will be used primarily to reduce debt. Under the Group's banking arrangements c. £11m will be due for mandatory prepayment as a result of the transaction. A contribution of £7m will be made to the Wincanton Pension Scheme from the proceeds. The remaining proceeds will be used to further reduce net bank indebtedness.

Risks

The key risks and uncertainties facing Wincanton in the second half of the current financial year have not changed materially from those outlined in the Annual Report for the year ended 31 March 2015. The principal commercial and operational risks are the Group's ability to source new contracts, at an appropriate financial return for an acceptable level of risk, and subsequent performance of new and existing contracts. The average net debt level and the desire to reduce the debt level will assist in achieving a long term sustainable capital structure.

Statement of Directors' responsibilities

The Board confirms to the best of its knowledge:

- that the consolidated half year financial statements for the six months to 30 September 2015 have been prepared in accordance with IAS 34 'Interim Financial Reporting' amended in accordance with changes in IAS 1 'Presentation of Financial Statements', as adopted by the EU; and

- that the Half Year Report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the consolidated half year financial statements; a description of the principal risks and uncertainties for the remainder of the current financial year; and the disclosure requirements in respect of material related party transactions.

The composition of the Board of Directors has changed since the publication of the Annual Report in June 2015 with Eric Born resigning from the Board on 31 July 2015 and the appointment of Tim Lawlor on 28 September 2015.

The above Statement of Directors' responsibilities was approved by the Board on 11 November 2015.

A Colman
Director

Consolidated income statement

for the six months to 30 September 2015 (unaudited)

	Note	**Six months to 30 Sept 2015 £m**	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Revenue	*2*	**582.8**	550.9	1,107.4
Underlying operating profit	*2*	**23.5**	24.9	49.7
Amortisation of acquired intangibles		**(2.3)**	(3.2)	(6.5)
Operating profit		**21.2**	21.7	43.2
Financing income	*3*	**0.1**	0.1	0.2
Financing cost	*3*	**(8.4)**	(9.1)	(18.5)
Net financing costs		**(8.3)**	(9.0)	(18.3)
Profit before tax		**12.9**	12.7	24.9
Income tax expense	*4*	**(2.5)**	(3.0)	(5.6)
Profit attributable to equity shareholders of Wincanton plc		**10.4**	9.7	19.3
Earnings per share				
- basic	*5*	**8.8p**	8.3p	16.6p
- diluted	*5*	**8.2p**	7.5p	14.9p

All operations in the above financial periods were continuing.

The Directors do not recommend the payment of a dividend in respect of the above period (2014: nil).

Consolidated statement of comprehensive income

for the six months to 30 September 2015 (unaudited)

	Six months to 30 Sept 2015 £m	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Profit for the period	**10.4**	9.7	19.3
Other comprehensive income/(expense)			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of defined benefit liability	**14.9**	(36.3)	(40.5)
Income tax relating to items that will not be reclassified subsequently to profit or loss	**(3.0)**	7.3	8.1
	11.9	(29.0)	(32.4)
Items which are or may subsequently be reclassified to the income statement			
Net foreign exchange loss on investment in foreign subsidiaries net of hedged items	**-**	(0.3)	(0.8)
Effective portion of changes in fair value of cash flow hedges	**(0.1)**	(0.4)	(1.3)
Net change in fair value of cash flow hedges transferred to the income statement	**0.6**	0.8	1.5
	0.5	0.1	(0.6)
Other comprehensive income/(expense) for the period, net of income tax	**12.4**	(28.9)	(33.0)
Total comprehensive income/(expense) attributable to equity shareholders of Wincanton plc	**22.8**	(19.2)	(13.7)

Consolidated balance sheet

at 30 September 2015 (unaudited)

	Note	**30 Sept 2015 £m**	30 Sept 2014 £m	31 March 2015 £m
Non-current assets				
Goodwill and intangible assets		**93.3**	101.2	96.8
Property, plant and equipment	*6*	**58.1**	58.4	58.2
Investments, including those equity accounted		**0.1**	0.1	0.1
Deferred tax assets		**28.4**	30.8	30.3
		179.9	190.5	185.4
Current assets				
Inventories		**5.2**	6.6	5.8
Trade and other receivables		**162.6**	130.9	135.2
Cash and cash equivalents	*7*	**76.9**	94.6	105.8
		244.7	232.1	246.8
Current liabilities				
Income tax payable		**(10.0)**	(10.4)	(8.7)
Borrowings and other financial liabilities	*7*	**(38.8)**	(2.4)	(35.3)
Trade and other payables		**(331.5)**	(308.4)	(316.6)
Employee benefits		**(0.1)**	-	(0.2)
Provisions	*8*	**(22.3)**	(18.4)	(18.7)
		(402.7)	(339.6)	(379.5)
Net current liabilities		**(158.0)**	(107.5)	(132.7)
Total assets less current liabilities		**21.9**	83.0	52.7
Non-current liabilities				
Borrowings and other financial liabilities	*7*	**(100.3)**	(159.1)	(128.1)
Employee benefits	*9*	**(125.1)**	(143.6)	(144.2)
Provisions	*8*	**(34.3)**	(47.3)	(41.2)
Deferred tax liabilities		**(0.9)**	(0.9)	(0.9)
		(260.6)	(350.9)	(314.4)
Net liabilities		**(238.7)**	(267.9)	(261.7)
Equity				
Issued share capital		**12.4**	12.2	12.2
Share premium		**12.8**	12.8	12.8
Merger reserve		**3.5**	3.5	3.5
Hedging reserve		**(1.1)**	(1.4)	(1.6)
Translation reserve		**(0.5)**	-	(0.5)
Retained earnings		**(265.8)**	(295.0)	(288.1)
Total equity deficit		**(238.7)**	(267.9)	(261.7)

Consolidated statement of changes in equity
at 30 September 2015 (unaudited)

	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings: IFRS 2 reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss £m	Total equity deficit £m
Balance at 1 April 2015	**12.2**	**12.8**	**3.5**	**(1.6)**	**(0.5)**	**18.1**	**(14.1)**	**(292.1)**	**(261.7)**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.4**	**10.4**
Other comprehensive income	**-**	**-**	**-**	**0.5**	**-**	**-**	**-**	**11.9**	**12.4**
Total comprehensive income	**-**	**-**	**-**	**0.5**	**-**	**-**	**-**	**22.3**	**22.8**
Shares issued	**0.2**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**-**	**-**
Increase in IFRS 2 reserve	**-**	**-**	**-**	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Current tax on share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.1)**	**(2.1)**
Deferred tax on share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.8**	**1.8**
Own shares disposed of on exercise of options	**-**	**-**	**-**	**-**	**-**	**-**	**14.2**	**(14.2)**	**-**
Balance at 30 September 2015	**12.4**	**12.8**	**3.5**	**(1.1)**	**(0.5)**	**18.6**	**(0.1)**	**(284.3)**	**(238.7)**
Balance at 1 April 2014	12.2	12.8	3.5	(1.8)	0.3	16.6	(14.9)	(278.7)	(250.0)
Profit for the period	-	-	-	-	-	-	-	9.7	9.7
Other comprehensive income	-	-	-	0.4	(0.3)	-	-	(29.0)	(28.9)
Total comprehensive income	-	-	-	0.4	(0.3)	-	-	(19.3)	(19.2)
Increase in IFRS 2 reserve	-	-	-	-		1.3	-	-	1.3
Balance at 30 September 2014	12.2	12.8	3.5	(1.4)	-	17.9	(14.9)	(298.0)	(267.9)
Balance at 1 April 2014	12.2	12.8	3.5	(1.8)	0.3	16.6	(14.9)	(278.7)	(250.0)
Profit for the year	-	-	-	-	-	-	-	19.3	19.3
Other comprehensive income	-	-	-	0.2	(0.8)	-	-	(32.4)	(33.0)
Total comprehensive income	-	-	-	0.2	(0.8)	-	-	(13.1)	(13.7)
Increase in IFRS 2 reserve	-	-	-	-	-	1.5	-	-	1.5
Deferred tax on share based payments	-	-	-	-	-	-	-	0.5	0.5
Own shares disposed of on exercise of options	-	-	-	-	-	-	0.8	(0.8)	-
Balance at 31 March 2015	12.2	12.8	3.5	(1.6)	(0.5)	18.1	(14.1)	(292.1)	(261.7)

Consolidated statement of cash flows
for the six months to 30 September 2015 (unaudited)

	Six months to 30 Sept 2015 £m	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Operating activities			
Profit before tax	**12.9**	12.7	24.9
Adjustments for			
- depreciation and amortisation	**9.3**	10.3	20.9
- interest expense	**8.3**	9.0	18.3
- share-based payments fair value charges	**0.5**	1.3	1.5
	31.0	33.3	65.6
(Increase)/decrease in trade and other receivables	**(27.9)**	5.6	(0.3)
Decrease/(increase) in inventories	**0.6**	(0.2)	0.6
Increase/(decrease) in trade and other payables	**14.9**	(14.1)	(4.0)
Decrease in provisions	**(4.3)**	(8.4)	(15.1)
Increase in employee benefits before pension deficit payment	**0.4**	0.8	2.1
Income taxes paid	**(2.6)**	(1.8)	(4.2)
Cash generated before pension deficit payment	**12.1**	15.2	44.7
Pension deficit payment	**(7.0)**	(7.2)	(14.4)
Cash flows from operating activities	**5.1**	8.0	30.3
Investing activities			
Proceeds from sale of property, plant and equipment	**0.1**	0.1	0.6
Interest received	**0.1**	0.1	0.2
Additions of property, plant and equipment	**(5.7)**	(3.1)	(10.0)
Additions of computer software costs	**-**	(0.1)	(0.3)
Cash flows from investing activities	**(5.5)**	(3.0)	(9.5)
Financing activities			
Decrease in borrowings	**(23.7)**	(35.1)	(33.6)
Payment of finance lease liabilities	**-**	(0.1)	(0.5)
Interest paid	**(4.7)**	(7.1)	(12.8)
Cash flows from financing activities	**(28.4)**	(42.3)	(46.9)
Net decrease in cash and cash equivalents	**(28.8)**	(37.3)	(26.1)
Cash and cash equivalents at beginning of the period	**105.8**	131.9	131.9
Effect of exchange rate fluctuations on cash held	**(0.1)**	-	-
Cash and cash equivalents at end of the period	**76.9**	94.6	105.8
Represented by			
- cash at bank and in hand	**65.7**	81.1	93.2
- restricted cash, being deposits held by the Group's captive insurer	**11.2**	13.5	12.6
	76.9	94.6	105.8

Notes to the consolidated half year financial statements

for the six months to 30 September 2015 (unaudited)

1 Basis of preparation and Statement of compliance

Wincanton plc (the ‘Company’) is a company incorporated in England and Wales. The consolidated half year financial statements of the Company for the six months to 30 September 2015 comprise the Company and its subsidiaries (together referred to as the ‘Group’) and, where relevant, the Group’s interests in jointly controlled entities.

These consolidated half year financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the half year financial statements have been prepared on the basis of the accounting policies adopted by the Group and applied and disclosed in its consolidated financial statements for the year ended 31 March 2015. As stated in the financial statements for the year ended 31 March 2015 the following amendments have been applied where applicable: Annual Improvements 2010-2012 and 2011-2013 Cycles. The adoption of these amendments has not had a significant effect on the consolidated results or financial position of the Group. These policies are in accordance with IFRS as adopted by the EU (Adopted IFRS).

These consolidated half year financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2015. The comparative figures for the year ended 31 March 2015 have been extracted from those accounts but do not comprise the full statutory accounts for that financial year. Except for the 31 March 2015 comparatives, the financial information set out herein is unaudited but has been reviewed by the auditors and their report to the Company is set out on page 22.

The consolidated financial statements for the year ended 31 March 2015 have been reported on by the Group’s auditor; delivered to the Registrar of Companies; and are available upon request from the Company’s registered office at Methuen Park, Chippenham, Wiltshire, SN14 0WT or at www.wincanton.co.uk. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The preparation of these consolidated half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated half year financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key areas of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 March 2015.

The consolidated half year financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Directors have prepared cash flow forecasts on the basis of which they expect that the Group will continue as a going concern.

The Half Year Report, which includes the consolidated half year financial statements, was approved by the Board on 11 November 2015.

2 Operating segments

Wincanton plc provides contract logistics services in the UK and Ireland. The Group manages its operations in two distinct operating segments; Contract logistics (the majority of activities including transport and warehousing for various market sectors including retail, manufacturing, defence and construction) and Specialist businesses (Pullman, Containers, and Records Management).

The results of the operating segments are regularly reviewed by the Board to allocate resources to these segments and to assess their performance. The Group evaluates performance of the operating segments on the basis of revenue and underlying operating profit.

	Contract logistics			Specialist businesses			Consolidated		
	Six months to 30 Sept 2015 £m	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m	**Six months to 30 Sept 2015 £m**	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m	**Six months to 30 Sept 2015 £m**	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Revenues from external customers [1]	**490.6**	464.1	928.8	**92.2**	86.8	178.6	**582.8**	550.9	1,107.4
Depreciation	**(4.4)**	(4.6)	(9.5)	**(1.4)**	(1.4)	(2.8)	**(5.8)**	(6.0)	(12.3)
Amortisation of software intangibles	**(1.2)**	(1.1)	(2.1)	**-**	-	-	**(1.2)**	(1.1)	(2.1)
Reportable segment underlying operating profit [2]	**24.4**	20.9	44.8	**(0.9)**	4.0	4.9	**23.5**	24.9	49.7

1 Included in segment revenue is £575.2m (2014: £536.0m) in respect of customers based in the UK.

2 Underlying operating profit includes the share of results of the joint venture and is stated before amortisation of acquired intangibles and, where relevant, exceptionals.

3 Net financing costs

	Six months to 30 Sept 2015 £m	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Recognised in the income statement:			
Interest income	**0.1**	0.1	0.2
Interest expense	**(5.1)**	(5.4)	(10.8)
Finance charges payable in respect of finance leases	**-**	(0.1)	(0.4)
Unwinding of discount on provisions	**(1.0)**	(1.1)	(2.3)
Interest on the net defined benefit pension liability	**(2.3)**	(2.5)	(5.0)
	(8.4)	(9.1)	(18.5)
Net financing costs	**(8.3)**	(9.0)	(18.3)

The interest income relates primarily to the deposits held by the Group's captive insurer.

Notes to the consolidated half year financial statements *(continued)*
for the six months to 30 September 2015 (unaudited)

4 Income tax expense

Recognised in the income statement:	**Six months to 30 Sept 2015 £m**	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Current tax expense			
Current year	**1.7**	2.9	5.9
Adjustments for prior years	**-**	(0.4)	(2.6)
	1.7	2.5	3.3
Deferred tax expense/(credit)			
Current year	**0.8**	0.1	0.4
Adjustments for prior years	-	0.4	1.9
	0.8	0.5	2.3
Total income tax expense in the income statement	**2.5**	3.0	5.6

Recognised in other comprehensive income	**Six months to 30 Sept 2015 £m**	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Remeasurements of defined benefit pension liability	**3.0**	7.3	(8.1)
Effect of movement in foreign exchange	**-**	-	(0.1)
	3.0	7.3	(8.2)
Recognised directly in equity			
Current tax on share based payments	**2.1**	-	-
Deferred tax on share based payments	**(1.8)**	-	(0.5)
	0.3	-	(0.5)

In accordance with IAS 34 the tax expense recognised in the income statement for the half year is calculated on the basis of the estimated effective full year tax rate.

The reduction in the UK Corporation tax rate from 21% to 20% (with effect from 1 April 2015) was substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 30 September 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes to the consolidated half year financial statements *(continued)*

for the six months to 30 September 2015 (unaudited)

5 Earnings per share

Earnings per share calculation is based on the earnings attributable to the equity shareholders of Wincanton plc of £10.4m (2014: £9.7m) and the weighted average of 118.4m (2014: 116.2m) shares which have been in issue throughout the period.

The diluted earnings per share calculation is based on there being 8.7m (2014: 13.1m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

The weighted average number of ordinary shares for both basic and diluted earnings per share is calculated as follows:

Weighted average number of ordinary shares (basic)	**Six months to 30 Sept 2015 millions**	Six months to 30 Sept 2014 millions	Year ended 31 March 2015 millions
Issued ordinary shares at the beginning of the period	**116.5**	116.1	116.1
Net effect of shares issued and purchased during the period	**1.9**	0.1	0.2
	118.4	116.2	116.3
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares at the end of the period	**118.4**	116.2	116.3
Effect of share options on issue	**8.7**	13.1	13.5
	127.1	129.3	129.8

An alternative earnings per share number is set out below, being before amortisation of acquired intangibles and, where applicable, exceptionals plus related tax, since the Directors consider that this provides further information on the underlying performance of the Group:

	Six months to 30 Sept 2015 pence	Six months to 30 Sept 2014 pence	Year ended 31 March 2015 pence
Underlying earnings per share			
- basic	**10.3**	10.6	21.1
- diluted	**9.6**	9.5	18.9

Underlying earnings are determined as follows:

	Six months to 30 Sept 2015 £m	Six months to 30 Sept 2014 £m	Year ended 31 March 2015 £m
Profit for the period attributable to equity shareholders of Wincanton plc	**10.4**	9.7	19.3
Amortisation of acquired intangibles	**2.3**	3.2	6.5
Tax impact of above items	**(0.5)**	(0.6)	(1.3)
Underlying earnings	**12.2**	12.3	24.5

Notes to the consolidated half year financial statements *(continued)*

for the six months to 30 September 2015 (unaudited)

6 Property, plant and equipment

Additions and disposals

During the half year to 30 September 2015 the Group acquired assets with a cost of £5.7m (2014: £3.2m).

Assets with a carrying amount of £0.1m were disposed of during the half year to 30 September 2015 (2014: £0.1m).

Capital commitments

At 30 September 2015 the Group had entered into contracts to purchase property, plant and equipment for £4.6m (2014: £2.7m); delivery is expected in the second half of the year to 31 March 2016.

7 Analysis of changes in net debt

	1 April 2015 £m	Cash flow £m	Net movement on cash flow hedges £m	Exchange movements £m	**30 Sept 2015 £m**
Cash and bank balances	105.8	(28.8)	-	(0.1)	**76.9**
Bank loans & overdrafts	(161.8)	23.7	-	0.1	**(138.0)**
Other financial liabilities	(1.6)	-	0.5	-	**(1.1)**
Net debt	**(57.6)**	**(5.1)**	**0.5**	**-**	**(62.2)**

	1 April 2014 £m	Cash flow £m	Net movement on cash flow hedges £m	Exchange movements £m	30 Sept 2014 £m
Cash and bank balances	131.9	(37.3)	–	–	94.6
Bank loans & overdrafts	(194.5)	35.1	–	(0.3)	(159.7)
Finance leases	(0.5)	0.1	–	–	(0.4)
Other financial liabilities	(1.8)	–	0.4	–	(1.4)
Net debt	(64.9)	(2.1)	0.4	(0.3)	(66.9)

	1 April 2014 £m	Cash flow £m	Net movement on cash flow hedges £m	Exchange movements £m	31 March 2015 £m
Cash and bank balances	131.9	(26.1)	–	–	105.8
Bank loans & overdrafts	(194.5)	33.6	–	(0.9)	(161.8)
Finance leases	(0.5)	0.5	–	–	–
Other financial liabilities	(1.8)	–	0.2	–	(1.6)
Net debt	(64.9)	8.0	0.2	(0.9)	(57.6)

8 Provisions

	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2015	**37.4**	**21.9**	**0.6**	**59.9**
Provisions used during the period	**(5.2)**	**(2.3)**	**(0.1)**	**(7.6)**
Unwinding of discount	**0.5**	**0.5**	**-**	**1.0**
Provisions made during the period	**3.3**	**-**	**-**	**3.3**
At 30 September 2015	**36.0**	**20.1**	**0.5**	**56.6**
Current	**12.6**	**9.2**	**0.5**	**22.3**
Non-current	**23.4**	**10.9**	**-**	**34.3**
	36.0	**20.1**	**0.5**	**56.6**

9 Employee benefits

Pension schemes

Movements in the net pension obligations recognised:

		30 Sept 2015 £m	30 Sept 2014 £m	31 March 2015 £m
Opening position		**(144.2)**	(110.9)	(110.9)
Included in Income statement:				
Administration costs		**(0.8)**	(1.4)	(2.9)
Interest on the net defined benefit liability		**(2.3)**	(2.5)	(5.0)
Cash:				
Employer contributions	- deficit funding	**7.0**	7.2	14.4
	- other	**0.3**	0.3	0.7
Included in Other comprehensive income:				
Changes in financial assumptions		**94.7**	(72.7)	(192.4)
Changes in demographic assumptions		**-**	-	(7.3)
Experience		**(8.2)**	0.5	30.1
Return on assets excluding amounts included in net financing costs		**(71.6)**	35.9	129.1
Closing net defined benefit liability		**(125.1)**	(143.6)	(144.2)

At the start of the year the Group, in agreement with the Trustee, arranged to pay certain administration expenses directly and, in line with the Schedule of Contributions, these amounts have been deducted from the deficit funding contributions and are therefore not included in the above table.

The movement in the net defined benefit liability in the period was primarily the result of the change in the discount rate which has been offset by a fall in the market value of the assets held. The defined benefit liability, after taking into account the related deferred tax asset, is £100.0m (2014: £114.8m).

Notes to the consolidated half year financial statements *(continued)*

for the six months to 30 September 2015 (unaudited)

9 Employee benefits *(continued)*

The principal actuarial assumptions for the Scheme and for the UK unfunded arrangement at the balance sheet date were as follows:

	30 Sept 2015 %	30 Sept 2014 %	31 March 2015 %
Discount rate	**3.80**	3.95	3.25
Price inflation rate – RPI	**3.05**	3.15	3.00
Price inflation rate – CPI	**2.05**	2.15	2.00
Rate of increase of pensions in payment			
- for service to 31 March 2006	**3.00**	3.00	2.95
- for service from 1 April 2006	**2.15**	2.10	2.10

10 Events after the reporting period

On 4 November 2015 the Group announced the disposal of the trade and assets of Wincanton Records Management ('WRM') to Restore plc for an enterprise value of £60m.

WRM provides a full suite of document storage and associated scanning and shredding services in the UK and Republic of Ireland.

For the year ended 31 March 2015 WRM generated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of £5.4m and operating profit of £3.5m on total revenue of £22.4m. As at 31 March 2015 gross assets were £22.2m.

The Group will use the proceeds primarily to reduce the average level of net indebtedness to below two times EBITDA. Reducing net indebtedness to below this level is an important step in ensuring the long term stability of the Group for all stakeholders.

Net cash proceeds, after transaction costs, will be used primarily to reduce debt. Under the Group's banking arrangements c. £11m will be due for mandatory prepayment as a result of the transaction. A contribution of £7m will be made to the Wincanton Pension Scheme from the proceeds. The remaining proceeds will be used to further reduce net bank indebtedness.

The date the Half Year report was authorised for issue by the Board was 11 November 2015. The consolidated half year financial statements contained within this report do not reflect events after this date.

Independent review report to Wincanton plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Andrew Campbell-Orde
for and on behalf of KPMG LLP
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

11 November 2015

Shareholders' enquiries

All administrative enquiries relating to shareholdings should, in the first instance, be directed to the Registrar at the following address:

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0870 702 0000   Fax: 0870 703 6101
Text phone: 0870 702 0005
Web queries: www.investorcentre.co.uk/contactus