WINCANTON PLC

Results for the half year to 30 September 2018

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

ROBUST OPERATING PERFORMANCE AND CASH GENERATION

- Resilient performance with increased margin
- Strong cash generation and reduction in net debt
- Pension certainty provided by conclusion of 2017 triennial review
- Growth in interim dividend of 10.1% to 3.60p reflects confidence in organic growth strategy

FINANCIAL REVIEW

Tim Lawlor, Chief Financial Officer

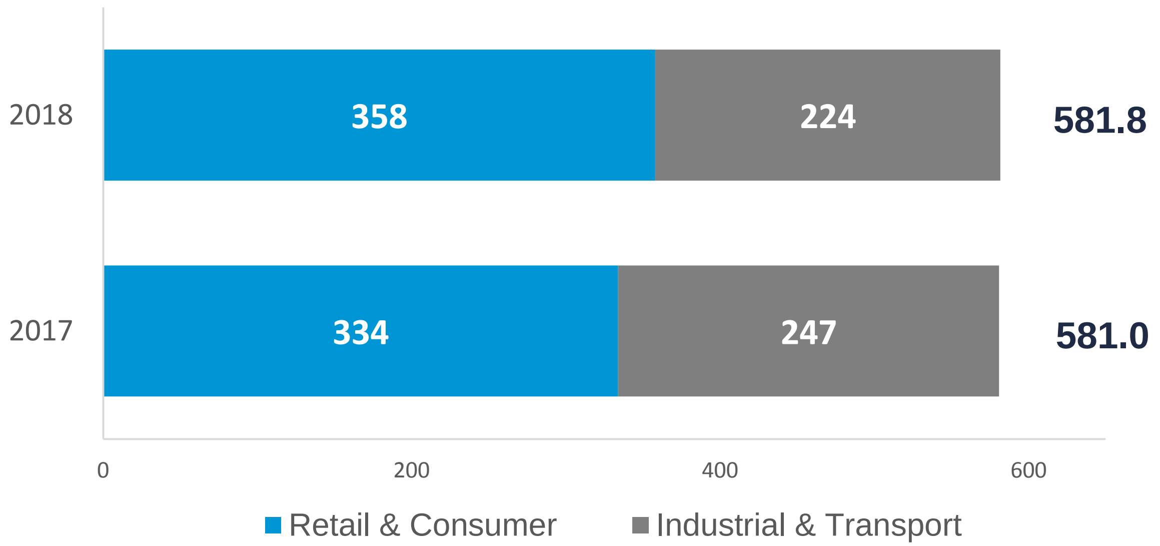
FINANCIAL SUMMARY

	2018/19 £m	2017/18 £m	Change
Revenue	**581.8**	581.0	0.1%
Underlying EBITDA*	**33.0**	31.5	4.8%
Underlying operating profit*	**27.0**	25.7	5.1%
Underlying operating profit margin* (%)	**4.6%**	4.4%	20bps
Underlying profit before tax*	**24.1**	22.5	7.1%
Profit before tax	**30.1**	20.3	48.3%
Underlying EPS (pence)*	**16.2p**	15.0p	8.0%
Net debt	**(24.2)**	(43.5)	
Interim dividend per share (pence)	**3.60p**	3.27p	10.1%

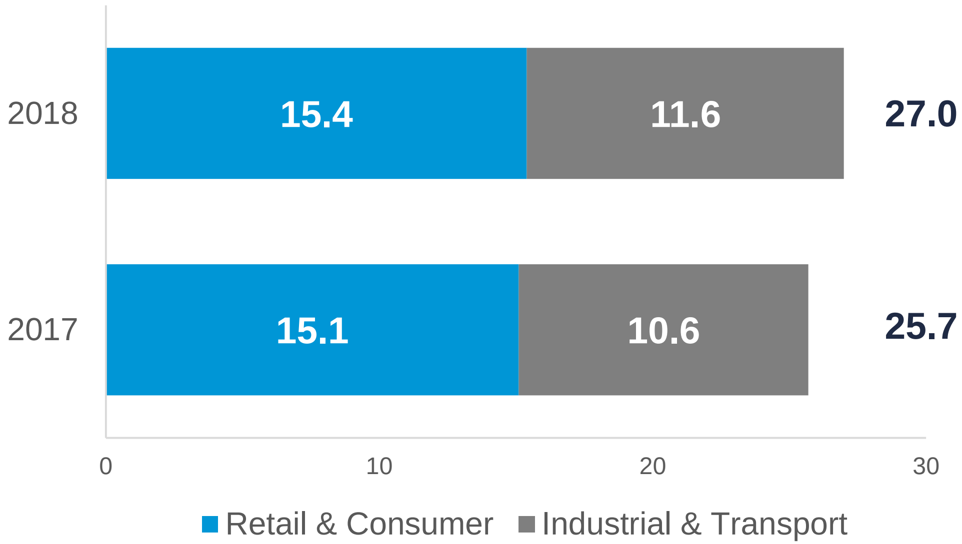
* before amortisation of intangibles and exceptional items

REVENUE

- Growth of 7% in R&C:
  - New contract revenue and organic growth with IKEA, wilko and Screwfix
  - Partially offset by contract cessations in Grocery and Consumer products
- I&T down 9% largely due to exits of low margin contracts
- Consistent split of open and closed book, 59%:41% (2017 58%:42%)



UNDERLYING OPERATING PROFIT



Operating Profit Margin	**2018/19**	2017/18
Retail & Consumer	**4.3%**	4.5%
Industrial & Transport	**5.2%**	4.3%
Group	**4.6%**	4.4%

- Operating profit growth of 5.1%
- Margin up 20bps to 4.6%
- Increased profits from new business in R&C
- Good progress in I&T from prior year restructuring activity

EXCEPTIONAL ITEMS

	2018/19 £m	2017/18 £m
Property disposal	**6.0**	-
Restructuring costs	**-**	(2.9)
Gains on pension liability management exercise	-	1.8
Exceptional items	**6.0**	(1.1)

- Disposal of under-utilised freehold property
  - Gross proceeds £14.5m
  - Exceptional profit on disposal £6.0m

FINANCING COSTS & NET DEBT

	2018/19 £m	2017/18 £m
Bank interest payable on loans	**(1.9)**	(2.0)
Unwinding of discount on provisions	**(0.4)**	(0.3)
Pension financing costs	**(0.6)**	(0.9)
Financing costs	**(2.9)**	(3.2)
Net debt	**(24.2)**	(43.5)

- Financing costs reduced due to lower net debt and pension deficit
- Net debt £19m lower than HY 2017/18
- Revolving Credit Facility in place until October 2021
    - £141m facility
    - £8.8m amortisation in 2019 and 2020

TAXATION

	2018/19 £m	2017/18 £m
Underlying profit before tax	**24.1**	22.5
Underlying tax	**4.0**	4.0
Tax on amortisation of acquired intangibles	**-**	(0.2)
Tax on exceptional items	**(0.3)**	(0.5)
Tax as reported	**3.7**	3.3
Effective tax rate	***16.5%***	*18.0%*
Cash tax (net payments)	*(1.9)*	*(1.8)*

- Underlying tax of £4.0m (2017: £4.0m)
  - Effective tax rate 16.5% (2017: 18.0%)
- Tax credit on exceptional item of £0.3m relating to property disposal (2017: £0.5m credit)
- Cash tax payment lower than P&L charge due to relief on pension payments

CASH GENERATION

	2018/19 £m	2017/18 £m
Underlying EBITDA	**33.0**	31.5
Capital expenditure	**(4.2)**	(9.4)
Net proceeds from asset disposals	**13.1**	0.3
Working capital	**(1.5)**	(15.2)
Tax	**(1.9)**	(1.8)
Interest	**(1.8)**	(2.1)
Other items	**(3.2)**	(4.3)
Free cash flow	**33.5**	(1.0)
Pension payments	**(20.0)**	(8.8)
Dividends	**(8.2)**	(7.6)
Own shares acquired	**-**	(1.8)
Net cash flow	**5.3**	(19.2)

- Capital expenditure mainly investment in systems
  - Prior year included £5.9m on specialist vehicles
- Asset disposals includes under-utilised freehold property
- Working capital improvement on prior year
  - Prior year included new contract mobilisation and timing unwind
- Pension includes one-off £15m payment funded by property sale

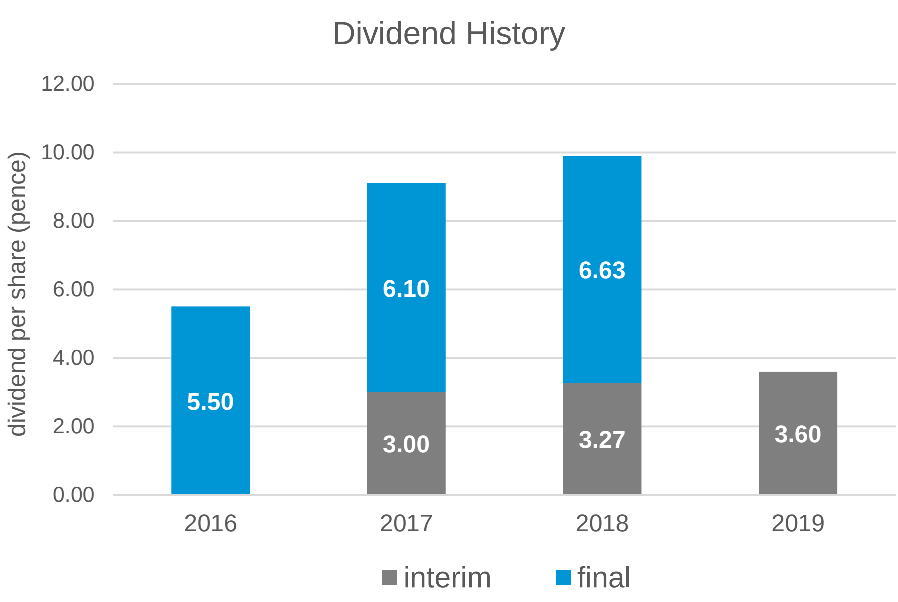
PENSION

IAS 19 valuation	30/09/18 £m	31/03/18 £m
Assets	**1,063**	1,076
Liabilities	**(1,092)**	(1,125)
Deficit	**(29)**	(49)
Deferred tax	**5**	8
Net deficit	**(24)**	(41)

- IAS 19 deficit down by £20m since 31 March 2018
- Triennial valuation concluded August 2018:
  - Retain ability to invest in the business and to continue progressive dividend policy
  - Annual payments of c.£17.3m p.a. from April 2018 to March 2021 (£24.3m p.a. thereafter, subject to next Triennial)
- Guaranteed Minimum Pensions ruling currently under review

DIVIDEND AND UNDERLYING EPS

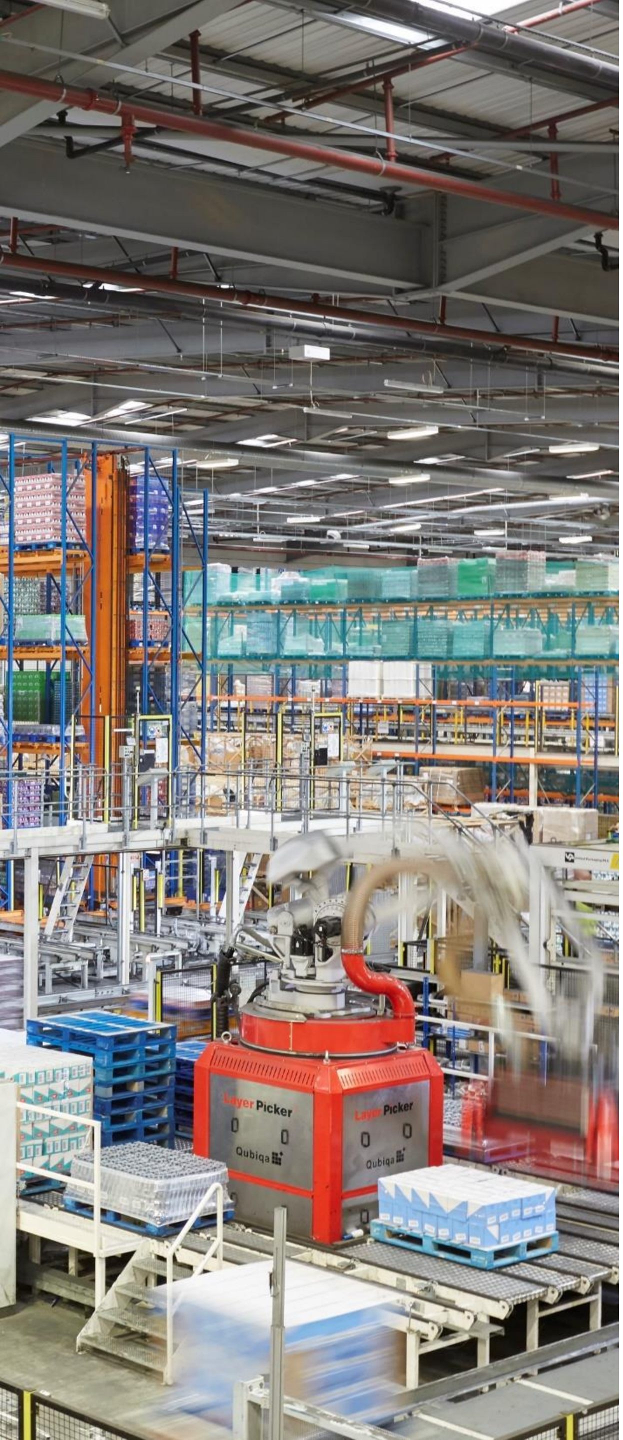
	2018/19	2017/18
Interim	**3.60p**	3.27p
Underlying EPS	**16.2p**	15.0p



- Interim dividend of 3.60p declared, an increase of 10.1%
- Consistent with progressive dividend policy
- Interim to be paid on 11 January 2019

OPERATIONAL AND STRATEGIC UPDATE

Adrian Colman, Chief Executive Officer



RETAIL & CONSUMER

GENERAL MERCHANDISE | GROCERY | CONSUMER PRODUCTS

	2018/19 £m	2017/18 £m
Revenue	**357.7**	333.9
Underlying operating profit	**15.4**	15.1
Operating margin	**4.3%**	4.5%

- Revenue growth in period driven by our success in multichannel general merchandise sector
  - New business wins with wilko and IKEA
  - Screwfix organic growth with 4th DC now in operation
- Partially offset by contract cessations in Grocery and Consumer products
- New business wins in period include Roper Rhodes bathrooms
- Key renewals completed with Halfords, Loaf.com and Micheldever Tyre Services

INDUSTRIAL & TRANSPORT

TRANSPORT SERVICES | CONSTRUCTION | ENERGY | DEFENCE

	2018/19 £m	2017/18 £m
Revenue	**224.1**	247.1
Underlying operating profit	**11.6**	10.6
Operating margin	**5.2%**	4.3%

- Revenue decrease primarily due to:
  - Contract exits in Transport services and Construction
  - Partially offset by wins in defence and infrastructure logistics
- Operating profit and margin improvements:
  - Impact of actions in prior year to reduce cost base and capacity to right-size capabilities
  - Exits from lower margin contracts
- New business wins with EDF Energy and Hapag-Lloyd
- Key renewals completed with Ibstock and AvantiGas

OUR STRATEGY

GROWTH

Our focus on markets with strong medium term growth dynamics

Multichannel retail

Market opportunity
eCommerce logistics more intensive than traditional high street fulfilment

Growth rates
Year over year growth in UK online sales (ONS Retail Sales Sept 2018)

- 11% across all categories
- 25% across household goods

Our actions

- Expanded market-leading two-man home delivery services
- Deployed enhanced eCommerce solutions

Construction

Market opportunity
Meeting demand remains key challenge for building products companies

Growth rates

Driven by strong commitments on infrastructure

- 9% growth in infrastructure in 2019 (CPA forecast)
- UK Budget supports £29bn road network improvements and Help to Buy extended

Our actions

Expanded range of services:

- Ready-mix operations
- On site logistics

DRIVING EFFICIENT OPERATIONS

Implementing differentiated transport technology

- **Telematics** - roll out of enhanced technology to vehicle fleet is improving driving standards and safety, while reducing running costs
- **Winsight** - our in-cab smartphone software for track and trace deliveries
- **Transport Management System** - Investment in new Group-wide system will:
  - Improve planning efficiency
  - Drive higher vehicle utilisation
  - Reduce total transport costs

BREXIT – LOGISTICS OPPORTUNITY

- UK based companies are now considering the physical challenges of any sort of Brexit. Some change is inevitable
- Wincanton is providing additional services to businesses, helping with:
  - Risk assessments and contingency planning around Brexit in conjunction with PwC
  - Additional storage capability and expertise to buffer more/key stocks inside UK frontier
  - Recruiting and retaining key employees and assisting with UK right to work status/immigration
  - Managing working capital impact of tariff changes
  - Trade and customs administration changes at borders

SUMMARY AND OUTLOOK

- Robust overall performance from well diversified customer portfolio
- Well positioned with relevant propositions in key growth markets
- Ongoing price pressure in market, compensated by efficiency improvements across the Group
- Brexit opportunities
- We look forward to making continued progress against our organic growth strategy

QUESTIONS

APPENDICES

Income Statement and Balance Sheet Summary,
Revenue Analysis

INCOME STATEMENT SUMMARY

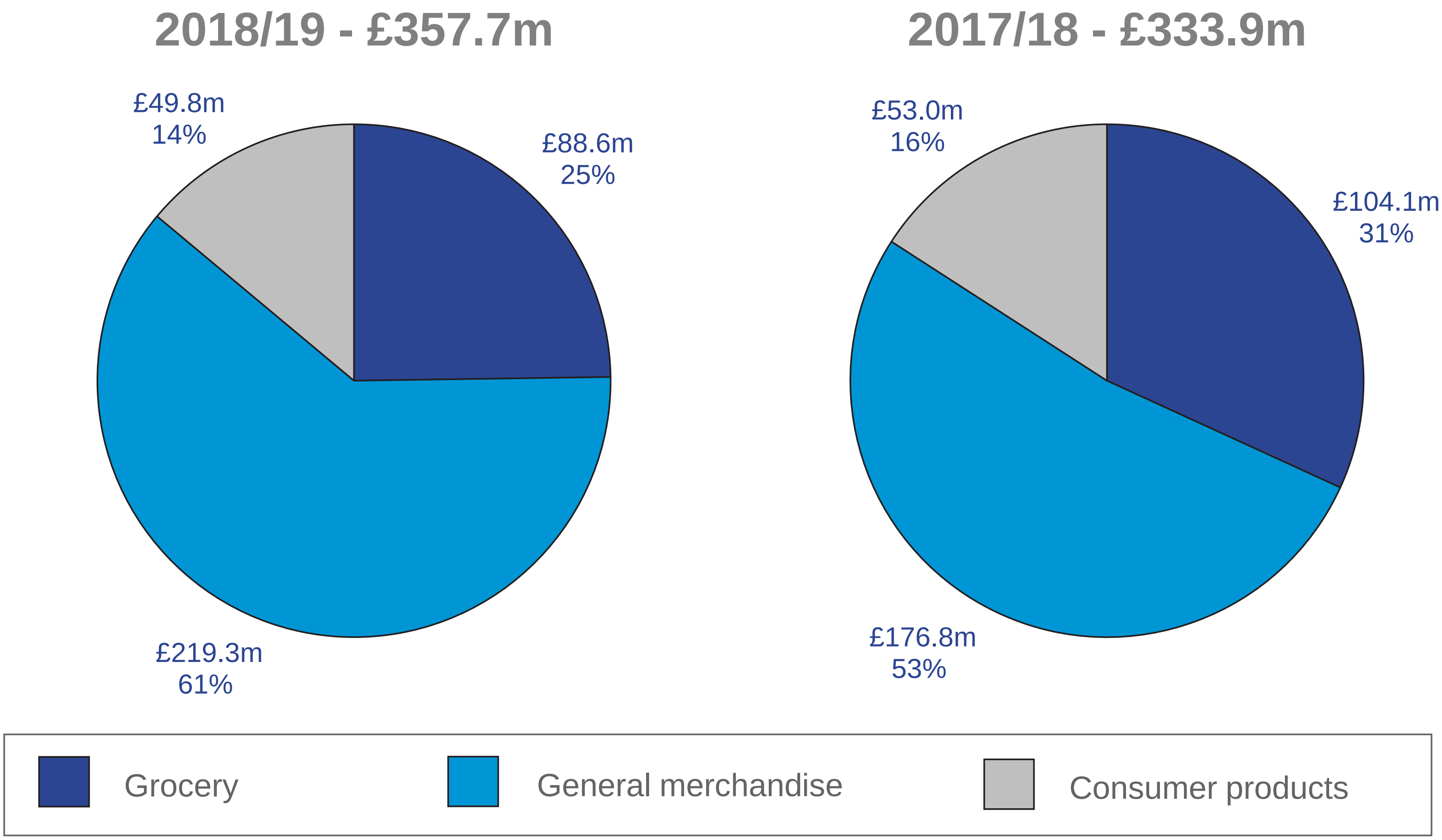
	2018/19 £m	2017/18 £m
Revenue	**581.8**	581.0
Underlying operating profit	**27.0**	25.7
Amortisation of acquired intangibles	**-**	(1.1)
Exceptional items	**6.0**	(1.1)
Operating profit	**33.0**	23.5
Net financing costs	**(2.9)**	(3.2)
Profit before tax	**30.1**	20.3
Income tax expense	**(3.7)**	(3.3)
Profit for the year	**26.4**	17.0
EPS - basic	**21.3p**	13.7p
EPS - diluted	**21.1p**	13.5p

BALANCE SHEET SUMMARY

	2018 £m	2017 £m
Non-current assets	**130.0**	147.6
Net current liabilities (excl. net debt)	**(138.4)**	(134.1)
Non-current liabilities (excl. net debt/pension deficit)	**(31.4)**	(35.0)
Net debt	**(24.2)**	(43.5)
Pension deficit (gross of deferred tax)	**(28.9)**	(69.3)
Net liabilities	**(92.9)**	(134.3)

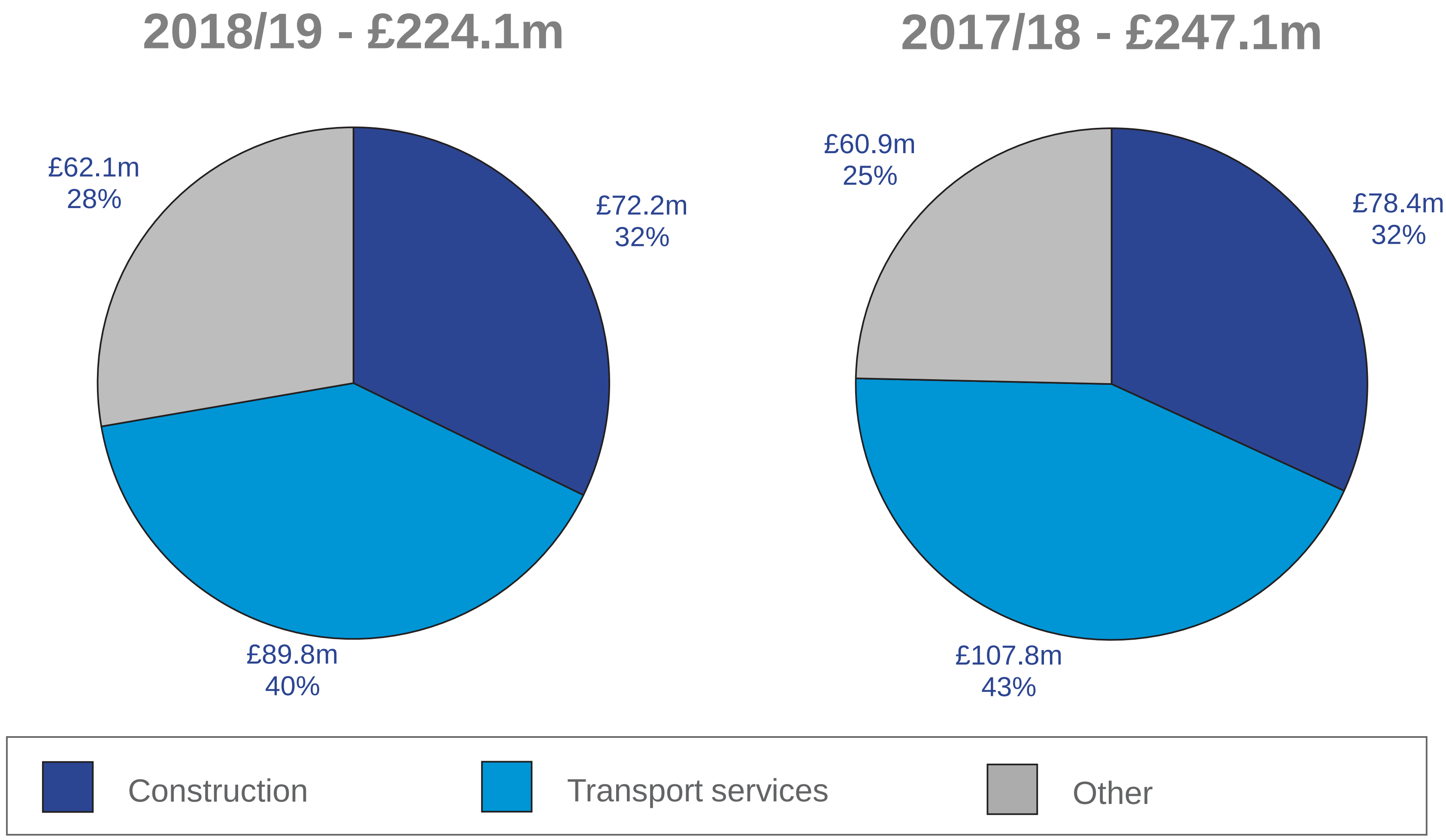
REVENUE ANALYSIS

Retail & Consumer



REVENUE ANALYSIS

Industrial & Transport



THANK YOU