

Wincanton plc

*At the heart of British
supply chains*

Results for the full year to
31 March 2022



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.

James Wroath,
CEO

Executive summary

James Clarke,
Interim CFO

Financial performance

James Wroath,
CEO

Strategic update

Executive summary

Wincanton

Strong growth with continued strategic progress

- Revenue +16% YOY, the Group continues to grow across all sectors
- PBT +23% YOY and ahead of pre-pandemic levels
- Acquisition of Cygnia accelerating growth prospects
- Continued investment in automation and robotics as key to efficiency, agility and resilience
- New business wins, strengthening pipeline with The WEB nearing capacity
- Good progress on ESG strategy, including an improvement of 13% in our carbon intensity and 18% in our waste recycling
- Final dividend of 8p



A blurred background image of a financial candlestick chart with red and green bars and a blue line graph, set against a dark blue gradient.

Financial performance

James Clarke, Interim CFO

Wincanton

Headline financial summary

Wincanton

| | FY 21/22 £m | FY 20/21 £m (Restated) | Change % |
|------------------------------------|----------------|------------------------------|--------------|
| Total revenue | 1,421.4 | 1,221.9 | 16.3% |
| Underlying profit before tax (PBT) | 58.1 | 47.2 | 23.1% |
| <i>Underlying PBT margin</i> | <i>4.1%</i> | <i>3.9%</i> | <i>20bps</i> |
| Underlying EPS (pence) | 40.8 | 32.0 | 27.5% |
| Free cash flow | 54.0 | 43.8 | |
| Net cash flow | (8.2) | 22.0 | |
| Net cash | 3.7 | 11.9 | |

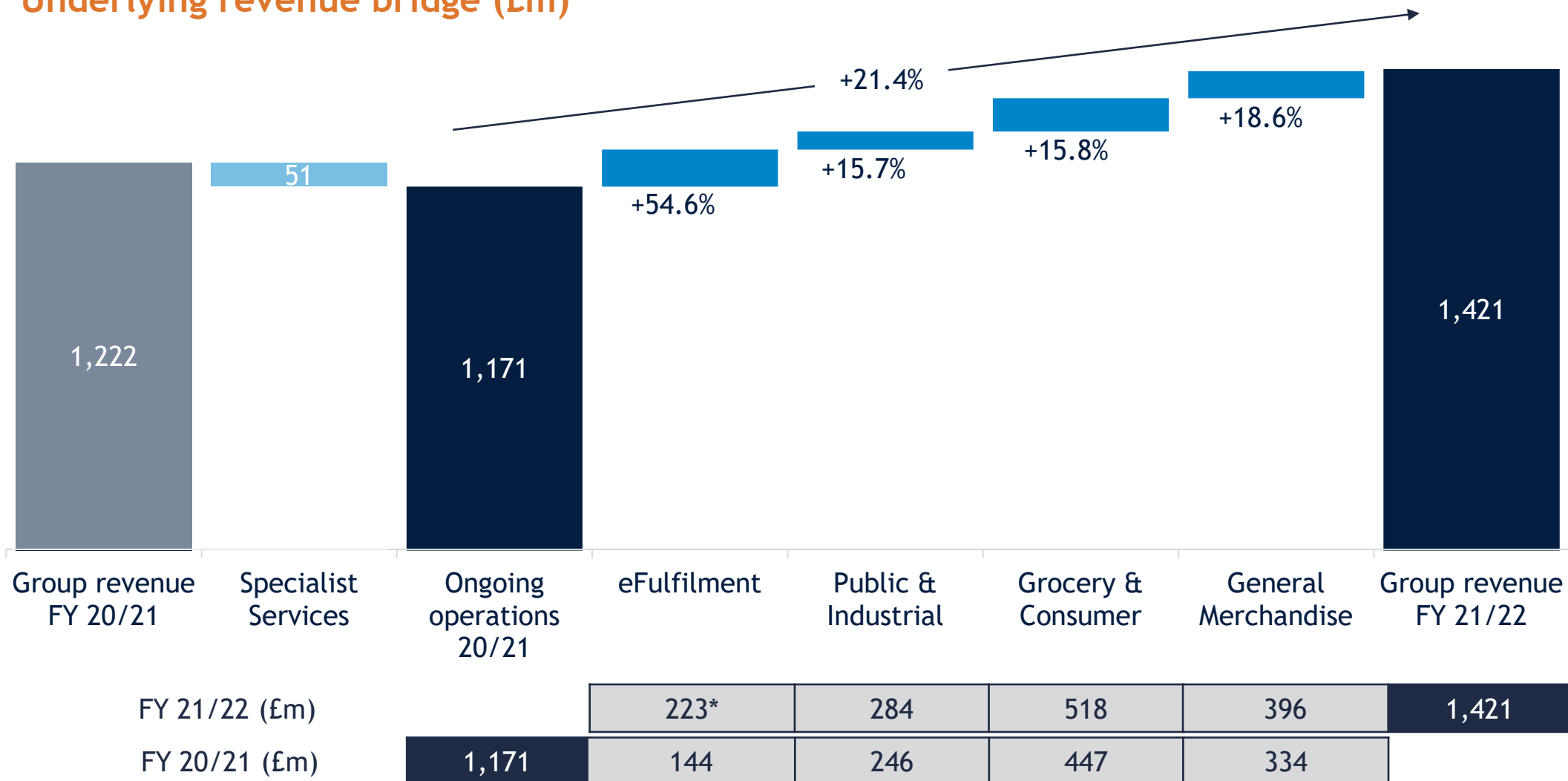
| | | | |
|----------------------------|-------|-------|-------|
| Dividend per share (pence) | 12.00 | 10.35 | 15.9% |
|----------------------------|-------|-------|-------|

- Strong revenue increase driven by growth across all four sectors
- Underlying profit before tax up 23.1%, an increase of 10.0% on pre-pandemic levels
- Improvement in margin by 20bps
- Good free cash flow performance resulting in positive net cash notwithstanding the Cygnia acquisition for £27.6m
- Final dividend of 8p, giving a total dividend of 12p for the year; in line with progressive policy

Revenue

Wincanton

Underlying revenue bridge (£m)



* Cygnia Logistics contributed £23m since acquisition

Underlying profit

Wincanton

| | FY 21/22 £m | FY 20/21 £m (Restated) | Change % |
|---------------------------------|-------------------|------------------------------|----------------|
| Underlying EBITDA | 108.3 | 95.2 | 13.8% |
| <i>Underlying EBITDA margin</i> | <i>7.6%</i> | <i>7.8%</i> | <i>(20)bps</i> |
| Depreciation and amortisation | (43.6) | (43.4) | (0.5)% |
| Financing costs | (6.6) | (4.6) | (43.5)% |
| Underlying PBT | 58.1 | 47.2 | 23.1% |
| <i>Underlying PBT margin</i> | <i>4.1%</i> | <i>3.9%</i> | <i>20bps</i> |
| Tax | (7.5) | (7.5) | - |
| Underlying profit after tax | 50.6 | 39.7 | 27.5% |

- Strong recovery from Covid-19 impact, with PBT ahead of pre-pandemic levels (FY 19/20 £52.8m)
- Financing costs increased:
 - higher number of leased assets
 - reduction in the interest on defined benefit pension asset
- Effective tax rate 12.9%; lower than statutory rate due to:
 - benefit of super capital allowances
 - one-off deferred tax benefit as a result of the increase in tax rates (19% to 25%)

Non-underlying items

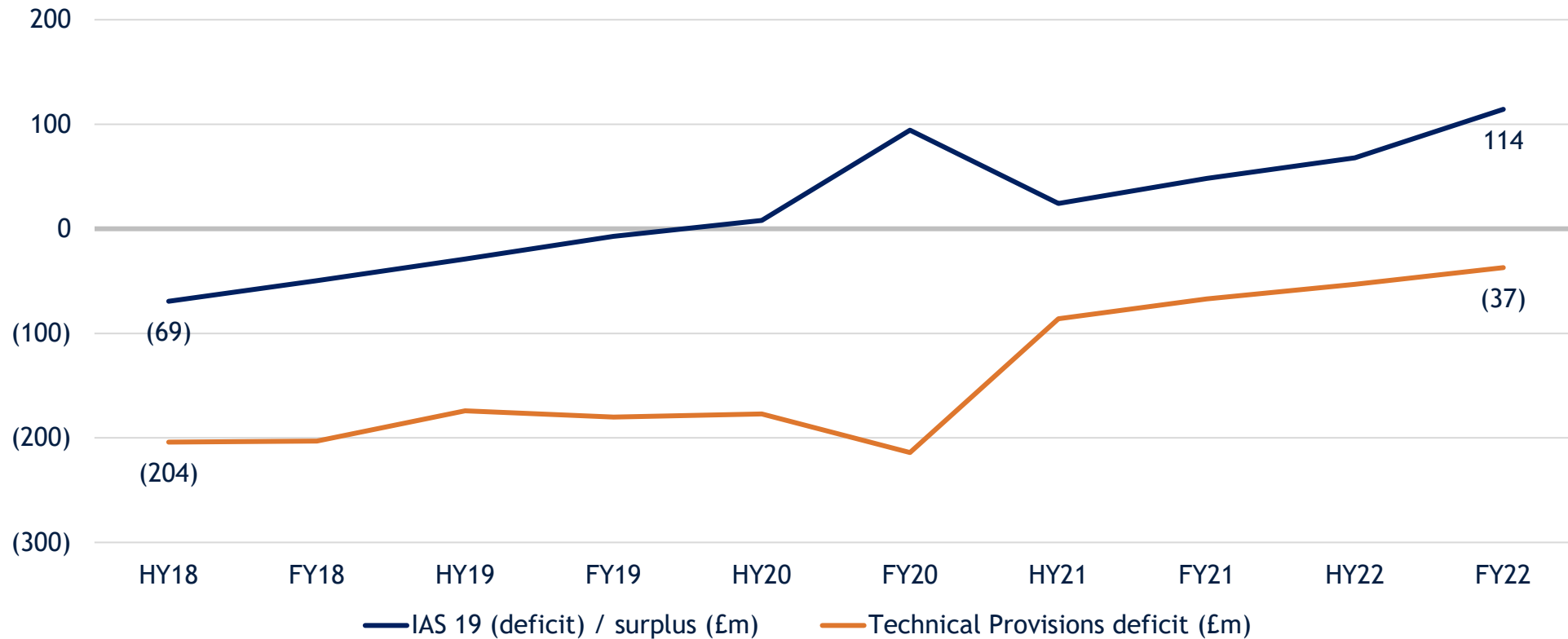
| | FY 21/22 £m | FY 20/21 £m (Restated) |
|---|----------------|------------------------------|
| Oracle cloud implementation costs | (4.1) | (2.2) |
| Acquisition related costs | (1.0) | 0.2 |
| Intangible asset amortisation | (0.6) | - |
| Warranty provision | 1.0 | - |
| Gain on disposal of businesses | 0.9 | 0.4 |
| Net profit on disposal of assets incl. property | 0.5 | 1.3 |
| Guaranteed minimum pension | - | (0.7) |
| Total non-underlying items | (3.3) | (1.0) |

- Oracle implementation costs - change of accounting policy has led to expense of intangible assets (previously capitalised)
- £1.0m costs incurred as part of Cygnia acquisition
- Amortisation of acquired intangible assets from the Cygnia acquisition
- Release of historic warranty provision dating back to 2015 disposal of Wincanton Records Management and contingent income from disposed businesses

| | FY 21/22 £m | FY 20/21 £m (Restated) |
|---------------------------------------|----------------|------------------------------|
| Underlying EBITDA | 108.3 | 95.2 |
| Working capital | 6.0 | 3.0 |
| Tax | (3.3) | (5.7) |
| Net interest | (8.3) | (6.3) |
| Repayment of obligations under leases | (37.7) | (35.1) |
| Capex net of disposal proceeds | (8.3) | (5.1) |
| Other items | (2.7) | (2.2) |
| Free cash flow | 54.0 | 43.8 |
| Pension payments | (18.5) | (18.3) |
| Dividends | (14.3) | (3.5) |
| Own shares acquired | (1.8) | - |
| Acquisition: | | |
| - consideration | (23.9) | - |
| - acquired assets | (3.7) | - |
| (Increase)/reduction in net debt | (8.2) | 22.0 |
| Closing net cash | 3.7 | 11.9 |

- Good working capital maintained with healthy mix of new and organic business on favourable payment terms
- Lower tax payments reflect the benefit of super capital allowances following higher capital investment
- Increased capex investment supporting innovation in Cygnia, Nuneaton and The WEB, Rockingham
- Increased interest costs as a result of the refinance of the Group's banking facility and increase in leases
- Other items largely relates to Oracle implementation costs reduced by contingent consideration from disposal of businesses in prior year
- Acquisition of Cygnia Logistics in September 2021 for £27.6m (a cash consideration of £23.9m plus additional £3.7m for working capital and capex)

Pension surplus/(deficit) (£m)



- IAS 19 pension surplus of £114m, increased by £66m from prior year due to pension contributions and actuarial movements
- Technical Provision deficit is estimated to be £37m, an improvement of £30m from 31 March 2021
- FY22 annual net pension contributions of £18.5m, FY23 to increase by RPI to a net contribution of £20.1m
- Next triennial valuation 31 March 2023

Financing arrangements

- Revolving credit facility renewed until March 2026 extending commitment to £175m
- At 31 March 2022 undrawn committed borrowing facilities of £150m
- Receivables purchasing facility of up to £50m
- Overdraft facility of £7.5m

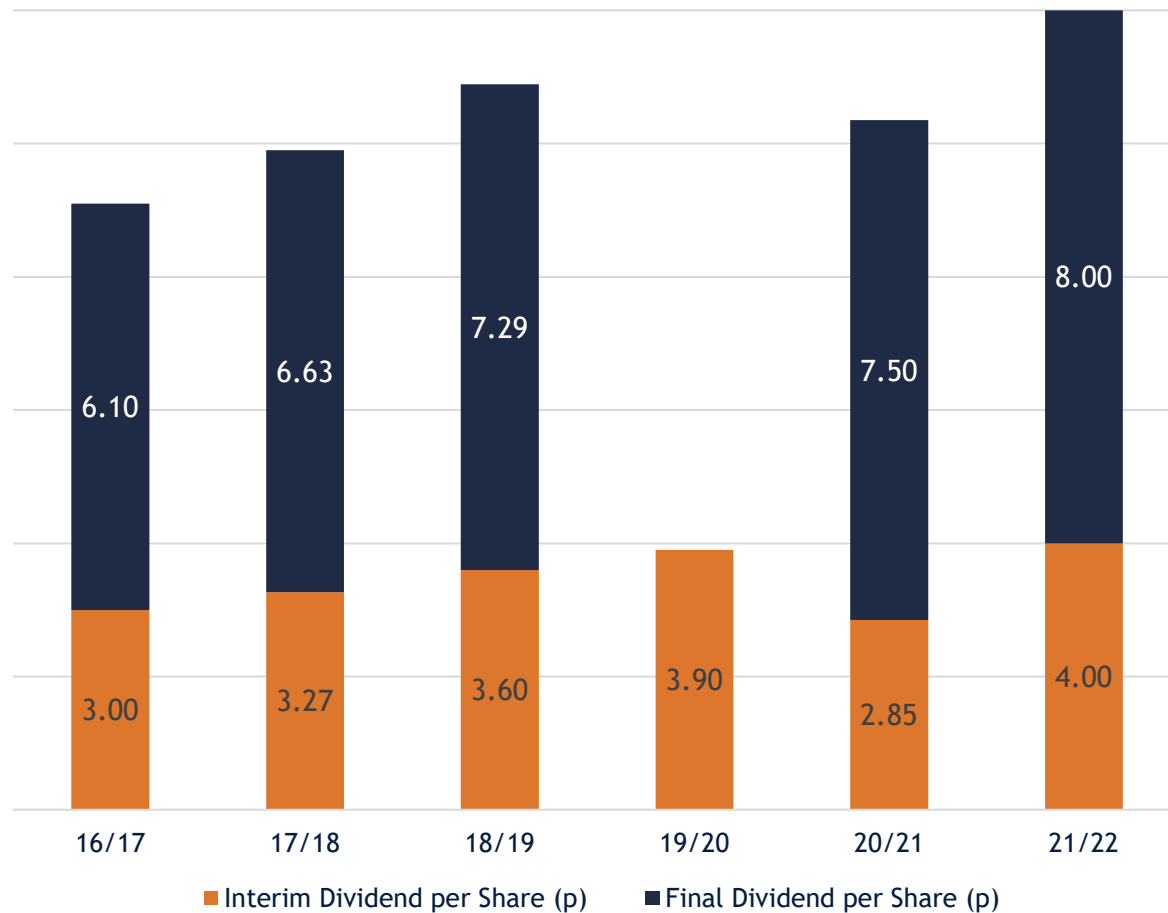
Investment opportunities

- Automation and robotics
- Acquisitions in complementary technologies e.g. Transport Management Systems
- Further investment in W² programme



Dividend

Wincanton



- Final dividend of 8p per share, above pre-pandemic levels and taking the total dividend to 12p per share
- Dividend policy consistent with prior years:
 - Movements broadly in line with underlying earnings
 - Split broadly 1/3 interim: 2/3 final
- To be paid on 5 August 2022

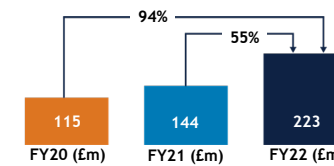
- Expect revenue growth to be mid-single digit
- Mindful of macro-economic environment
 - Protection through our mix of open and closed book contracts
 - Continued vigilance on pricing
- Underlying profit before tax guidance remains in line with current consensus estimates



Strategic update

James Wroath, CEO

Wincanton



Exciting new opportunities in mid-market enabled by automation solutions

Cygnia Logistics

- Compelling proposition of Cygnia agility and Wincanton scale delivering healthy pipeline
- Online retail trend leading to volumes below plan, however exciting new customers are contracting with us:
 - Huda Beauty - B2C fulfilment
 - Eaglemoss - B2C fulfilment
 - A drinks subscription model - fulfilment
 - A homeware multi-channel brand - fulfilment
- Autonomous Mobile Robot (AMR) implementation to deliver productivity advantage in summer 2022

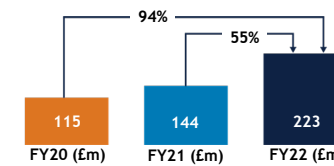
HUDA BEAUTY



The WEB, Rockingham automated facility

- Resilience, productivity and service offering benefits being recognised by the market
- The White Company signed up as major client for the facility from Q2 FY23/24
- B&Q Click + Collect and Saint-Gobain also signed and operating from The WEB
- Qualified pipeline exceeds existing automation capacity, options for expansion under active consideration

THE WHITE COMPANY
LONDON



Expanding our efulfilment offer with new customers

Two-person home delivery

- New customers continue to be attracted to premium service offering
 - Restoration Hardware - high-end US retailer launching in the UK in 2022
 - Snug - High growth 'Sofa in a Box'
 - DFS - Fulfilment platform for 'direct ship' customer orders
 - Loaf - 3 year extension to existing contract providing full range of logistics services
- Expansion of Wincanton network through opening of new facility in Harlow

RH

SNUG

dfs

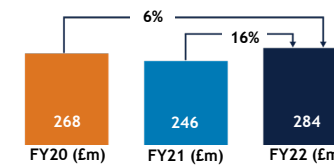
Omni-channel retail and dark stores

- New pureplay dark store client secured in West London on the back of successful delivery of Waitrose Customer Fulfilment Centre
- Further extension to IKEA relationship with award of new Dartford distribution centre
- Development of partnership with Wickes through two-person home delivery into first distribution centre operation

WAITROSE
& PARTNERS



Wickes
Let's do it right



Consolidating our position in Public sector market

Public sector

- HMRC Inland Border Facility - implemented a new facility to support border movements via Port of Holyhead and delivered improvements to drive efficiency and productivity for HM Border Operating Model
- New contract secured with Defra for Border Control Posts, consolidating our position as the go-to provider for border operations post-Brexit
- DHSC contract extension secured with UKHSA to store and distribute Lateral Flow Devices. DHSC contract win to store surplus PPE, sourced by innovative Wincanton warehousing shared-user platform, OneVAST
- Further Public sector healthcare opportunities in progress having been accredited under multiple Crown Commercial Services framework agreements



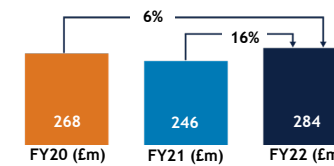
HM Revenue
& Customs



Department
for Environment
Food & Rural Affairs



Department
of Health &
Social Care



Developing our service offer in strategic markets

Infrastructure and Construction

- Launch of Winsight Supply Chain Integrator (WSCI) tool in collaboration with EDF Energy
- Further WSCI opportunities:
 - Energy infrastructure
 - New or upgraded smart motorways
 - Rail infrastructure
 - Partnerships with Tier 1 infrastructure companies
- Chosen logistics partner for the Alstom 390 Pendolino refurbishment programme
- Challenging transport market for house building, increasing opportunities for Control Tower transport management services

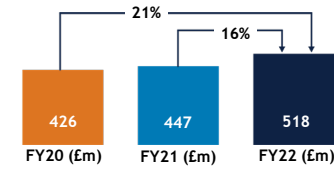
ALSTOM

Defence

- Extension of framework agreement with BAE Systems covering logistics services for critical programmes:
 - Type 26 Global Combat Ship
 - F-35 Lightning II stealth aircraft
 - Extended contract with RBSL for MOD Mechanised Infantry Vehicle contract
- Implementation of new distribution centre for major defence customer in Scotland
- Launched a customs clearance service to facilitate cross-border movements

BAE SYSTEMS

Grocery & Consumer



Wincanton

Strong performance in key foundation sector

- Continued to perform throughout the year despite challenges from Covid-19, with record volumes delivered and increased revenue secured
- Implementation of new ASDA primary logistics operation
- Renewal after a seamless implementation and start up of our Co-op Wellingborough distribution centre
- Renewal of our long-standing relationship with Nestlé Purina for automated warehousing and co-pack operations at Hams Hall
- Renewal of La Doria operations implemented in new automated facility at Sproughton

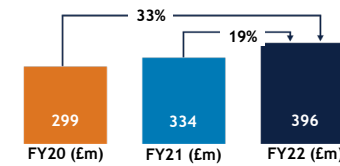
ASDA

**co
op**

 **PURINA**



General Merchandise



Wincanton

Exciting new business wins in foundation sector

Alongside the introduction of new customers in this sector, we have also supported the growth of B&Q and Screwfix as the market leader in DIY and trade fulfilment

- New national transport contract for distribution centre delivery to 190 stores for Primark
- Omni-channel solution for retail and eCommerce across UK for MGA Entertainment
- Continued development of our relationship with Kingfisher Group:
 - Goods-to-person automation implemented at two Kingfisher sites
 - B&Q Click + Collect operation launched at The WEB, Rockingham
 - New distribution centre opened for Screwfix in Daresbury

PRIMARK®

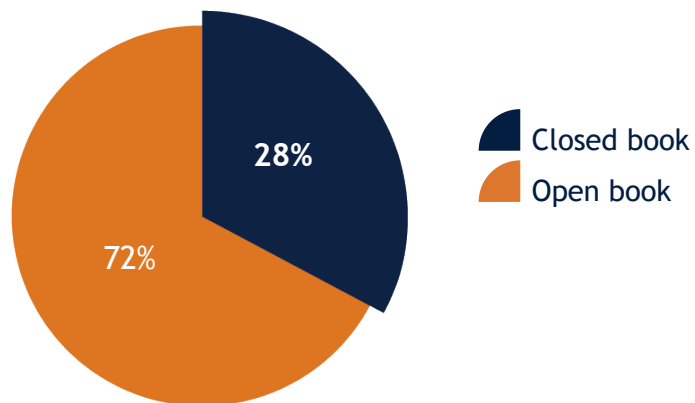


Kingfisher

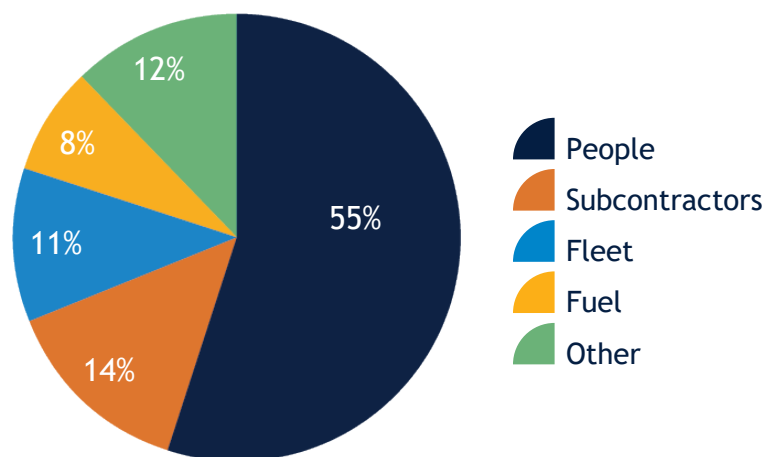
Effectively managing cost challenges

Wincanton

Open vs closed book split



Breakdown of closed book costs



Closed book revenue mitigation



62%

Exceptional pricing negotiated in the last 12 months



15%

Average price increase for those renegotiated



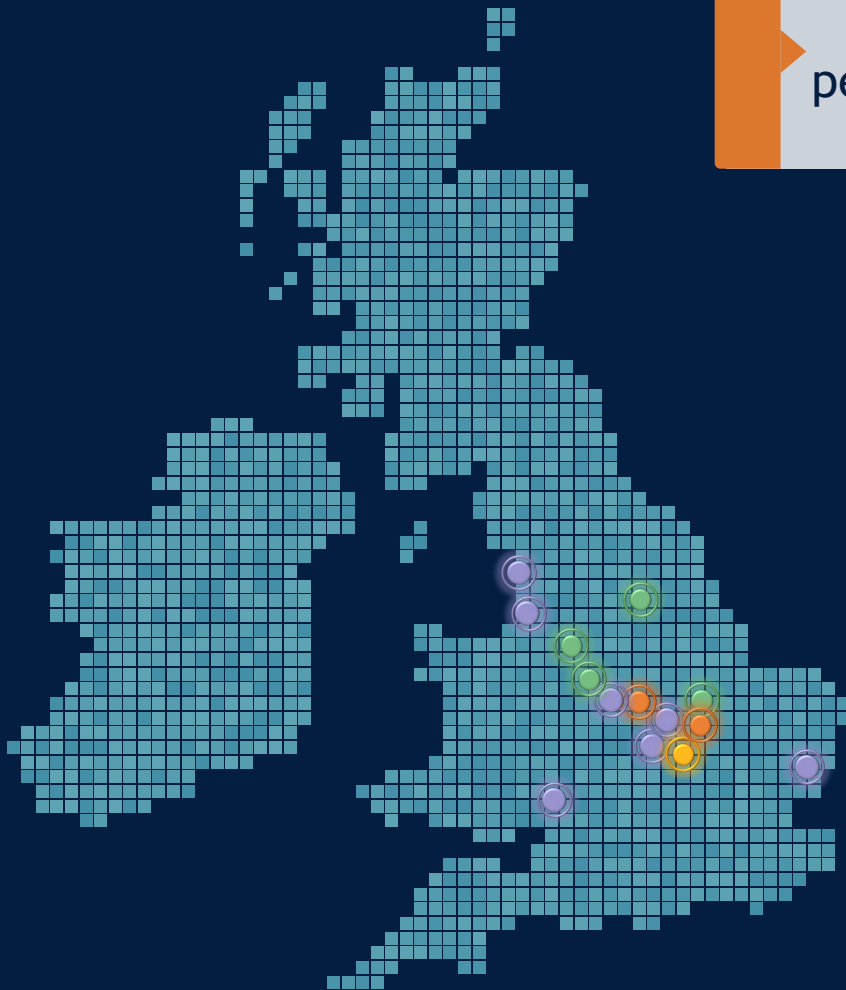
9%

Annualised revenue exited

Automation and robotics - a growth priority

Wincanton

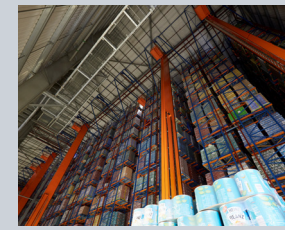
4.2m sq ft warehouse stock with automation, 1/4 of total



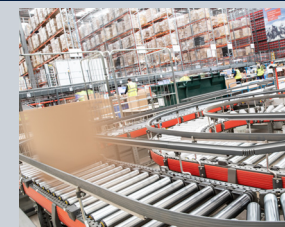
Goods-to-
person/robots



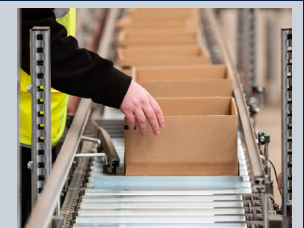
High bay
cranes



Fixed
automation



Bespoke
solutions



4PL Transport Control Tower - a growth priority

Wincanton

An optimal customer solution - digitally connected

Control Tower



Winsight powered by ORTEC

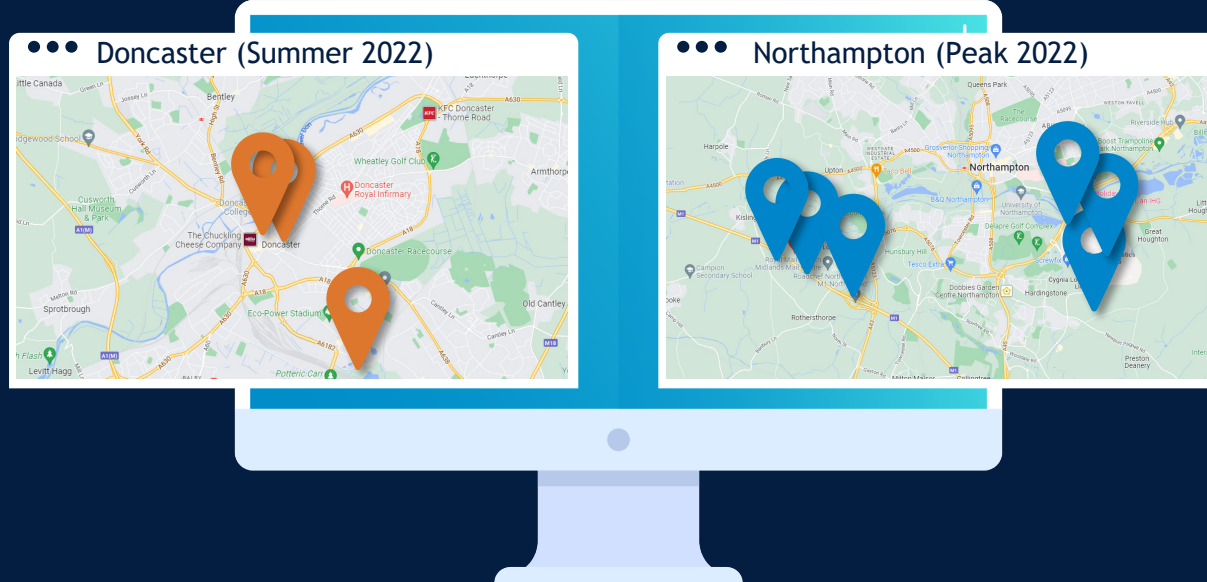


Digital transport marketplace of the future

Labour campus

Wincanton

| |
|------------------|
| ASDA |
| B&Q |
| Shared User Site |



| |
|-------------------|
| Cygnia x 3 |
| Sainsbury's |
| The White Company |
| Wickes |

What problem are we trying to solve?

- Competition for talent
- Productivity and reliability of permanent colleagues vs managing peaks and troughs



Benefits of our solution

- A dedicated and reliable workforce easily deployed across Wincanton sites in a specific geography
- Flexible to meet demand of peaks
- Trained and qualified experts to work in multiple operations



Further progress against ESG



Carbon offset programme

- Certified and recognised programme
- UK and International blended portfolio



Net-zero for HD fleet by

2022

through offset
programme

Net-zero for
total operations

by **2040**



Our six core social commitments

-  Looking after ourselves and others
-  Embedding an inclusive culture
-  Developing an inspiring workplace
-  Developing the workforce of the future
-  Enriching our communities
-  Strengthening social value partnerships



Ensuring direction and control of our business through effective management, culture, systems and processes

We are committed to:

-  Board accountability
-  Transparent reports
-  Continuous improvement

Continuing to deliver on our strategy

- Committed to driving growth through sustainable supply chain value, strong pipeline of sales
- Capitalising on opportunities in high growth markets of eCommerce, public sector and infrastructure
- Continue to build on partnerships in foundation markets
- Healthy cashflow enabling continued investment in people, robotics and innovation
- Mindful of macro-economic trends, particularly in retail
- Confident in the Group's future growth opportunities across all four business sectors; underlying profit before tax guidance remains in line with consensus



Q&A

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Wincanton