Wincanton

20 May 2022

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Wincanton plc

Preliminary announcement of results for the financial year ended 31 March 2022

Wincanton delivers strong growth with profits ahead of pre-pandemic levels

Wincanton plc (‘Wincanton’ or the ‘Group’), a leading supply chain partner for UK business, today announces its preliminary results for the year ended 31 March 2022.

Key financial measures

	2022	2021 (Restated)[1]	Change
Revenue (£m)	**1,421.4**	1,221.9	16.3%
Underlying EBITDA (£m)[2]	**108.3**	95.2	13.8%
Underlying profit before tax (£m)[2]	**58.1**	47.2	23.1%
Underlying basic EPS[2]	**40.8p**	32.0p	27.5%
Free cash flow (£m)	**54.0**	43.8	23.3%
Net cash (£m)[2]	**3.7**	11.9	
Dividend per share	**12.0p**	10.35p	

Statutory results			
Profit before tax (£m)	**54.8**	46.2	18.6%
Basic EPS	**38.6p**	31.5p	22.5%

Financial highlights

- Full year revenue up 16.3% to £1,421.4m; 19.4% organic revenue growth excluding disposals and Cygnia Logistics acquisition in September 2021
- Underlying profit before tax up 23.1% to £58.1m (2021: £47.2m), an increase of 10.0% on pre-pandemic levels (2020: £52.8m)
- Inflationary headwinds mitigated by management actions on costs and contract mix; less than 30% of Group revenue from closed book contracts
- Strong cash focus maintained; closing net cash of £3.7m (2021: net cash of £11.9m); free cash flow generated from operating activities offset by acquisition spend
- Final dividend of 8.0p recommended (2021: 7.5p), taking full year dividend to 12.0p per share (2021: 10.35p)

Operational highlights

- Growth achieved across all four sectors:
    - **eFulfilment** proposition strengthened by successful integration of Cygnia Logistics and investment in automation and innovation in Nuneaton and The WEB, Rockingham
    - **Public & Industrial** boosted by contract wins and renewals with HMRC, DHSC and Defra, and growth in defence through new work with BAE Systems and Alstom
    - **Grocery & Consumer** saw record volumes, while **General Merchandise** operations strengthened by automation and robotics solutions for the Kingfisher Group including Screwfix
- Positive progress on recruitment: fast-track driver training scheme, increased investment in apprenticeships and creation of labour campus to improve retention and operational effectiveness
- Achieved carbon neutrality for premium home delivery services; working towards new targets for Wincanton-owned non-transport operations by 2025

Outlook

- Wincanton is well positioned to maintain its positive performance across its chosen markets, driven by ongoing investment in the business and continued progress against our strategy
- While the Group remains mindful about the macro-economic headwinds and the potential impact on consumer sentiment, there is good momentum in the new business pipeline and we are confident in the future growth opportunities across all four of our sectors and in our continued ability to deliver our strategy successfully

James Wroath, Chief Executive Officer, said:

"Wincanton has delivered another strong set of results, with growth across all four sectors leading to a substantial increase in revenue and profit ahead of pre-pandemic levels. The core foundation sectors of Grocery & Consumer and General Merchandise continue to be a source of strength for the Group, and we have made significant progress in our focused growth markets of Public & Industrial and eFulfilment.

We have invested behind our strategy, particularly in eCommerce with the successful integration of Cygnia Logistics and the eFulfilment capacity created at The WEB, Rockingham. We continue to develop automation solutions and robotic technologies to create supply chains that are efficient, agile and resilient. This approach, coupled with Wincanton's longstanding reputation for high quality service delivery enabled us to secure a number of high-profile new contracts and extensions.

I want to thank all our people who have driven this performance through their relentless attention on delivering for our customers in what were often challenging operating conditions. While mindful about the macro-economic headwinds facing our sector, we are confident in the growth opportunities we have ahead of us and in our continued ability to deliver our strategy successfully."

Capital Markets Event – July 2022

On Thursday 7 July 2022, Wincanton will host an in-person Capital Markets Event for sell-side analysts and institutional investors focused on the Group's eFulfilment sector. The event will include guided tours of Wincanton's eFulfilment facility The WEB, Rockingham in Northampton, and one of the nearby Cygnia facilities. No update on current trading will be provided, nor any material information disclosed.

Should you wish to attend the event, please contact wincanton@headlandconsultancy.com for further information.

For further enquiries please contact:

Wincanton plc
James Wroath, Chief Executive Officer — Tel: 01249 710 000
James Clarke, Interim Chief Financial Officer

Headland
Susanna Voyle — Tel: 0203 805 4822
Henry Wallers

Analyst presentation and conference call:

A presentation for analysts will be held at 09:30am today, Friday 20 May 2022. The presentation will be followed immediately by a Q&A conference call for analysts with James Wroath and James Clarke.

The webcast can be found at: https://webcasting.brrmedia.co.uk/broadcast/627e2edc81ae755c56ba276c

For those wishing to ask a question in the Q&A, please dial into the call using the following details:

Phone Number +44 (0)330 165 4012
Confirmation Code: 6069200

The presentation and Q&A will be made available to watch on demand shortly after it finishes. This will be hosted on Wincanton's website: https://www.wincanton.co.uk/investors/results-reports-and-presentations/

Notes

1. Certain comparatives have been restated due to a required change in accounting policy which has resulted in costs previously capitalised now presented as a non-underlying expense within net operating profit, as explained in Note 1 to the accompanying financial statements.
2. The section on Alternative Performance Measures (APMs) below and Note 2 to the accompanying financial statements provide further information on underlying measures, including definitions and a reconciliation of APMs to statutory measures.

Group performance overview

Financial performance for the year ended 31 March 2022 was excellent, with revenue increasing 16.3% versus last year and importantly also up by 18.3% on pre-pandemic levels (2020: £1,201.2m). Retail volumes remained strong and we saw the benefit of new contract wins, particularly in our key strategic growth markets: eCommerce, Public sector, and Infrastructure.

Underlying profit before tax increased by 23.1% against last year and was up 10.0% on pre-pandemic levels (2020: £52.8m), demonstrating the Group's positive momentum. We are in attractive markets with widening opportunities. Our performance was good despite inflationary pressures experienced this year together with the lag effect of price renegotiations with customers. We remain vigilant to respond to future market conditions as necessary.

Our service levels remain excellent, and Wincanton's reputation and track record for delivering at scale for customers continues to be industry-leading. Notwithstanding the well-publicised challenges around driver and warehouse resource availability in our industry during the year, we worked closely with our customers to mitigate these issues and kept the country moving, clothed, fed, and of course supplied with essential Covid-19 tests and personal protective equipment (PPE) during the pandemic.

Our industry leading safety programme remains a clear priority for Wincanton. This year we outperformed our Group Lost Time Incident Frequency Rate performance indicator target, which was 0.37 for the year, by achieving 0.33 (2021: 0.32).

Sector performance

eFulfilment

Our three major sub-markets within eFulfilment all made major strides forward in the year. Overall revenue has grown to over £220m this year from £115m in the year ended 31 March 2020. In two-person home delivery, volumes continued to accelerate and will be further boosted by a three year contract extension with Loaf starting in June 2022. In omnichannel, the ramp-up of our 'dark store' operations for Waitrose & Partners has driven further growth alongside wins including Dobbies Garden Centres. Finally, in high-volume eFulfilment we made major investments with the acquisition of Cygnia and the new facility The WEB, Rockingham, to significantly increase our scale and presence in this high-growth market.

Automation and robotics are central to our strategy to drive service enhancement and efficiency in this sector. The WEB, Rockingham, is our new highly automated facility, and during the year further investments in robotic technology in our Nuneaton and Cygnia operations have been made. The demand from the market for later cut-off times and lower cost to serve will provide opportunities and deliver attractive returns and growth in the coming years.

The announcement of our contract with The White Company is a milestone for Wincanton. They are a premium omnichannel retailer who have recognised the huge benefit our approach will afford them, and they will be a cornerstone customer in Rockingham. The acquisition of Cygnia further diversifies our portfolio, and we are delighted to welcome brands such as Molton Brown, Feelunique, Moonpig, BrewDog and Whittard of Chelsea to our customer base. Brands such as these, allied to Wincanton's significant retail logistics reputation, are already leading to exciting growth opportunities with new customers.

End-to-end capabilities are essential in eFulfilment, so it was pleasing to have onboarded new customers such as Wickes and City Plumbing Supplies onto our carrier management services platform. These customers, when added to the Cygnia volumes, increase our scale and buying power significantly in this critical area.

Further new business with DFS in our two-person home delivery network, an extension of this service for Wickes and the award of IKEA's new Dartford distribution centre further demonstrate Wincanton's strength and reputation in this growth sector.

Public & Industrial

Our Public & Industrial sector has gone from strength to strength. Revenue was up 15.7% on a pandemic-impacted year, and importantly was up 6% on the year ended 31 March 2020 as construction volumes were more consistent and the full year effect of our HMRC contract was realised.

We continued to build on our relationship with the public sector and in particular our inland border operations for the UK Government. We secured an additional contract with the Department for Environment, Food and Rural Affairs (Defra) and expanded the number of Inland Border Clearance facilities. We also continued our support operations for the national pandemic response, shipping over one billion Covid-19 tests throughout the UK and managing the storage of PPE.

The recovery in volumes in our construction business brought operational and commercial challenges, with demand uneven and resources stretched, particularly for mechanical-offload vehicles. We successfully concluded price renegotiations with many customers, passing through the impact of wage inflation. Our discipline on re-tendering, pricing and margins has resulted in some lost business but our offering remains well positioned in the market.

Finally, we secured long-term extensions to our key relationships in the defence and infrastructure markets with BAE Systems and Alstom.

Grocery & Consumer

Our Grocery & Consumer sector continued to perform well throughout the year despite challenges with drivers and high levels of Covid-19 absence. Record volumes were again delivered, often twice: once from our consumer goods warehouses to retailers; and again when we picked and delivered them from supermarket distribution centres into stores.

As a result, revenue was up 15.8% year on year, despite the previous year already seeing strong pandemic-driven volumes. Additional transport business was awarded by Asda in the North West and important renewals were secured with Co-op, Nestlé Purina and La Doria. However, some lost business illustrates the necessity to continue working on growth opportunities in the sector for which we have a healthy pipeline.

General Merchandise

The General Merchandise sector continued to support new and existing customers through a period of increased volumes as the pandemic and lockdowns focused customer demand on life at home. Consequently, revenue was 18.6% higher versus last year and over 32.5% against the year ended 31 March 2020.

We completed automation and robotics projects in two of our Kingfisher distribution centres, increasing throughput and reducing reliance on people as the labour market tightened. We also opened a new dedicated location for the Kingfisher Group, as well as launching an operation for them in The WEB, Rockingham.

Notably, we entered the apparel market this year with a five-year Primark contract for the provision of transport services. Wincanton will make more than 50,000 deliveries to 191 stores across the UK each year and deliver significant operational efficiencies to the supply chain.

Finally, we also commenced a toys and games warehouse and transport operation for MGA Entertainment, further broadening our General Merchandise offering.

Group Operations

The power of the structural reorganisation implemented in 2020 was evident this year, most obviously in the success of the team delivering a 'One Wincanton' operations approach across our sectors.

In Group Transport, an industry leading transport management system was implemented, allowing us to increase visibility of our transport operations across the business for the benefit of both our customers and our haulier partners. This exciting initiative lays a firm foundation for driving further efficiencies and synergies from our transport networks and is a differentiator in the marketplace. Winsight Powered by ORTEC provides the Group with a substantial opportunity to sell Transport Control Tower services (4PL) to the market. In this technology-led business model, ownership or management of the assets becomes an additional consideration for the Group rather than the core offer.

The Group Transport team also led the recruitment of over 480 new drivers in the year, working across our four sectors and with the UK Government to attract people to the industry and to Wincanton.

Group Operations co-ordinates and leads on the automation and robotics activities described in this report, and we continue to build capability and expertise via a growing team of IT experts and engineers, ensuring we lead the market in this area.

Furthermore, the team provides class leading capability in continuous improvement, start-ups, fleet operations and compliance which are critical to both our own and our customers' operations. In response to labour and skill shortages, we also developed and launched an innovative 'labour campus' model in the year, hiring Wincanton permanent colleagues and deploying them flexibly during periods of peak activity in geographies where we have multiple operations.

Outlook

The Group is well positioned to maintain its positive performance across its chosen markets, driven by ongoing investment in the business and continuing progress in delivering our strategy. We remain focused on delivering sustainable, profitable growth over the long-term which is underpinned by a relentless focus on customer service. Our healthy cashflow enables continued investment in our people, innovations and distributions to shareholders.

Whilst we are mindful about the macro-economic headwinds and the potential impact on consumer sentiment, there is good momentum in the new business pipeline and we remain confident in the future growth opportunities across all four of our sectors and in our continued ability to deliver our strategy successfully.

Market environment

The current economic environment, driver shortages, Covid-19, inflation and the war in Ukraine have all created additional pressures on the supply chain. The Board has been shocked and saddened by Russia's invasion of Ukraine in February 2022 and ongoing events in the region. In response to the conflict and the economic sanctions placed on Russia, we have reviewed our own supply chains and procurement channels and remain mindful of the ongoing geo-political and macro-economic uncertainties. Management continues to closely monitor key suppliers, though we remain confident that our supply channels are robust.

Retail markets have stabilised in recent months following the relaxation of Covid-19 restrictions although there has been a significant impact from the pandemic with high levels of staff absence across all sectors. The stop-start pattern of lockdowns through 2020 and 2021 has made comparison of our financial results more challenging, with significant swings between H1 and H2.

Wincanton is largely protected from the recent increases in fuel prices through the fuel price escalation clauses built into many of our contracts with customers and, with 72% of revenue derived from open book contracts, the Group is navigating the current inflationary environment well and does not consider it a significant risk.

The Wincanton Way, our ESG strategy

The Group continues to build on our ESG commitments and strategy. From an environmental performance perspective, although our growth led to increased carbon emissions, our carbon intensity ratio decreased again year-on-year. Our strategy makes explicit environmental commitments both for the long term, net-zero carbon emissions by 2040, and for the near-term, delivering our commitment to a carbon neutral two-person home delivery business this year. Additionally, we announced this year that our own non-transport operations will be carbon neutral by 2025. Meanwhile, we made good progress towards our target of doubling our recycling from residual waste by 2025.

Engagement with our colleagues remains a critical ingredient to our success. Throughout the pandemic we ran shorter pulse surveys followed by our full bi-annual survey in the summer. Areas of strength remain in 'Safety', 'Meaningful Work' and 'Peer Relationships'. Communication is an area for improvement: this has been partially addressed with the roll-out of our Group wide intranet, 'MyPlace' in April 2022. This enables every colleague to have immediate access to information such as Company news and job vacancies. New questions were added to the survey last year on inclusion, the results of which were encouraging with 8 out of 10 of our colleagues recognising our efforts towards creating a better culture in this area.

There is scope to improve our ethnic diversity across the business. We are one of the first signatories of the CBI's Change the Race: Ratio Charter showing our commitment to improving our representation of ethnic minority groups. Alongside this external pledge, we have spent time with groups across our business to understand some of the perceived barriers to attracting talent from such backgrounds and identifying opportunities to improve. Education of all our line managers is key to this, starting at the very top.

We are also seeking to improve our support for under-represented groups and in the past year we have introduced practical initiatives into employment including ex-offenders and ex-service personnel, as well as offering work experience opportunities to those with physical or learning disabilities.

Our culture remains focused on health, safety and wellbeing; learning and development; diversity and inclusion; and colleague engagement. Our sites actively work with their communities, fundraising for local schemes.

Our graduate group, the Wincantoneers, raised £13,000 for the Prince's Trust which has been matched by the Group, and they were a runner-up for the 'Shoot for the Stars Award'. We use initiatives such as a funding match to encourage further involvement in social engagement and most recently the Group matched colleagues' local fundraising totals for victims of the Ukraine conflict.

For governance, we have continued to build on our Code of Conduct, strengthening our awareness programmes around 'Speaking Up', 'Modern Slavery', 'Data Protection' and 'Anti-Bribery and Corruption'. Our governance framework is embedded within the business and has been supplemented this year with an ESG Committee with our CEO as Chair.

Delivering on our strategy

The Executive Management Team and Board remain focused on Wincanton's vision: 'Great people delivering sustainable supply chain value'.

We deliver this through the continued development of our people, alongside technology enabled products for our chosen markets.

We have a clear market strategy. Grocery, consumer, non-food retail markets, building materials, fuel and gases and bulk food markets form the foundation of our business, providing scale as well as demonstrating capability in the highest pace supply chain environments. We are optimistic about our sales pipeline across all of these markets.

Meanwhile, we have made key moves in the markets we have identified as key strategic growth opportunities, being eCommerce, public sector and infrastructure.

We acquired Cygnia, a specialist in multichannel fulfilment with expertise spanning the full breadth of their customers' requirements, including high-volume order fulfilment, returns and carrier management services. Cygnia has approximately 700 colleagues across three sites. The acquisition boosts our reputation in the market and broadens our customer base. Cygnia's shared-user model does expose us to more risk with volumes than our more traditional open-book dedicated retail contracts. This year's peak season did highlight this, with trading softer than expected; however, we remain convinced that it will be a driver of longer-term growth in eCommerce. Furthermore, as our first acquisition in over ten years it paves the way for further selective bolt-on opportunities.

We have also invested in property specifically for eFulfilment. Critically, however, we have done so alongside automation and robotics deployment. We see a clear opportunity in the market for a pureplay logistics provider to offer customers efficient, scalable services to drive the growth of their businesses. In doing so, we believe there will be opportunities for increased Wincanton margins.

The Group continues to invest in supply chain innovation enabled by our W² Labs programme; digital solutions to support people recruitment, asset tracking and warehouse performance management are all in extended pilots. In Nuneaton, we deployed our first Autonomous Mobile Robots (AMRs) in combination with glove technology to improve speed, accuracy and safety for Neal's Yard Remedies. Further deployment of AMRs across our warehousing businesses is ongoing.

Wincanton's presence in public sector logistics has increased significantly, delivering solutions to HMRC, Defra, Department for Transport (DfT) and Department of Health & Social Care (DHSC) that are underpinned by scalable IT systems.

Finally, Winsight Supply Chain Integrator (WSCI), our major infrastructure product designed for EDF, is live and is attracting substantial interest from similar large-scale projects.

Financial review

Financial performance for the year ended 31 March 2022 was strong, with revenue increasing 16.3% versus last year and importantly also up by 18.3% on pre-pandemic levels (2020: £1,201.2m). Revenue increased across all four sectors and we saw the benefit of new contract wins, particularly in our key strategic growth markets: eCommerce; public sector; and infrastructure.

Underlying profit before tax increased by 23.1% against last year's Covid-19 affected result and was up 10.0% on pre-pandemic levels (2020: £52.8m), demonstrating the Group's positive momentum.

Positive cashflow performance is reflected in net cash of £3.7m (2021: net cash £11.9m) notwithstanding the acquisition of Cygnia for £27.6m in September 2021. The net pension asset has increased to £114.5m (2021: £48.2m) with net assets at £63.6m (2021: net liabilities £1.7m). We have also successfully renewed our revolving credit facility (RCF) for a further four years until March 2026 and extended the commitment to £175.0m.

The key financial aspects are outlined below with the results presented on an underlying basis, excluding non-underlying items, to provide a better understanding of the underlying performance. Reconciliations to statutory numbers are set out in the Alternative Performance Measures section at the end of this review and Note 2 to the accompanying financial statements which also includes details of the items reported as non-underlying in the current and prior year.

Financial performance summary

	2022 £m	**2021 (Restated)[1] £m**	Change
Revenue	**1,421.4**	1,221.9	16.3%
Underlying EBITDA[2]	**108.3**	95.2	13.8%
Underlying EBITDA margin (%)[2]	**7.6%**	7.8%	(20bps)
Net financing costs	**(6.6)**	(4.6)	43.5%
Underlying profit before tax[2]	**58.1**	47.2	23.1%
Underlying profit before tax margin (%)[2]	**4.1%**	3.9%	20bps
Non-underlying items[3]	**(3.3)**	(1.0)	
Profit before tax	**54.8**	46.2	18.6%
Income tax	**(6.9)**	(7.1)	
Profit after tax	**47.9**	39.1	22.5%
Underlying EPS	**40.8p**	32.0p	27.5%
Basic EPS	**38.6p**	31.5p	22.5%
Closing net cash (£m)	**3.7**	11.9	(8.2)
Dividend per share	**12.00p**	10.35p	

1 Certain comparatives have been restated due to a required change in accounting policy which has resulted in costs previously capitalised now presented as a non-underlying expense within net operating profit, as explained in Note 1 to the accompanying financial statements.

2 The section on Alternative Performance Measures (APMs) below and Note 2 to the accompanying financial statements provide further information on these underlying measures, including definitions and a reconciliation of APMs to statutory measures.

3 Details of items reported as non-underlying in the current and prior year are included in the section headed non-underlying items below and in Note 2 to the accompanying financial statements.

Revenue for the year ended 31 March 2022 was at its highest level since the 2011 Group restructuring, increasing over the prior year by £199.5m to £1,421.4m despite lost revenue following the disposal of the Specialist Services businesses (Containers and Pullman Fleet Services) in the prior year. Compared to the year ended 31 March 2020, revenue increased 18.3%; this reflects the excellent trading across all four sectors. Growth came from increased volumes and new contracts as well as renewals and extensions with existing customers. The Group also benefited from the full year impact of a number of

the new contracts such as the Waitrose & Partners 'dark store', Dobbies Garden Centres and HMRC Inland Border Clearance facilities which commenced late in the previous year. Growth was particularly strong in the eFulfilment sector from two-person home deliveries, omnichannel and high-volume eFulfilment.

The Group's underlying profit before tax also saw significant growth of 23.1%, increasing by £10.9m to £58.1m, with growth of 10.0% against the year ended 31 March 2020. The underlying profit margin has strengthened to 4.1% (2021: 3.9%). This is despite headwinds in labour and fuel costs, and other inflationary pressures, which are mostly mitigated by our business model and strategy. Revenue from open book contracts which provide protection from price increases was 72% (2021: 69%) of our total revenue. Furthermore, for the majority of our closed book contracts, contract renegotiations have been completed in the year with price increases agreed at an average of 15%. In addition, our driver training programmes have enrolled over 480 colleagues to become future drivers in our business and this both ensures a good pipeline of future drivers as well as reducing the reliance on more expensive agency labour.

Statutory profit before tax of £54.8m (2021: £46.2m as restated) is impacted by non-underlying costs primarily reflecting cloud computing configuration and customisation costs now expensed as a result of changes in accounting guidance and acquisition-related costs. Non-underlying credits include the release of a historic warranty provision and consequential gains on business and asset disposals. Profit after tax for the year on a statutory basis increased to £47.9m (2021: £39.1m as restated), an increase of 22.5%.

Underlying EPS, which excludes earnings from non-underlying items, increased by 27.5% to 40.8p (2021: 32.0p), reflecting increased profits and the benefit of a lower effective tax rate. Basic EPS increased by 22.5% to 38.6p (2021: 31.5p as restated).

Acquisition of Cygnia Logistics

On 10 September 2021, the Group acquired Cygnia Logistics, a specialist in multichannel fulfilment with expertise spanning the full breadth of their customers' requirements, including high-volume order fulfilment, returns and carrier management services. The Group paid consideration of £23.9m for the business including the repayment of borrowings acquired and there was a further £3.7m of cash outflow in respect of working capital acquired and capital expenditure incurred after the lockbox date. The accounting for the acquisition has been finalised and further details can be found in Note 11 to the accompanying financial statements.

Cygnia contributed £22.6m to revenue in the period since acquisition in September 2021 and, alongside our existing automated facilities, has resulted in significant new business wins. Customer retention has been strong, with Wincanton re-securing over 95% of Cygnia's existing customers at contract renewal.

Systems investment

We have successfully implemented phase one of a new enterprise-wide finance and HR system, Oracle Cloud, across the business, on time and on budget. The new system, together with the standardised processes and controls to support it, are being embedded. We are moving into phase two of the project, which is to rationalise and insource payroll operations across the business and is scheduled to be completed in 2022. Following new accounting guidance (an IFRS Interpretations Committee agenda decision), the costs of this project can no longer be capitalised and costs incurred in the year have been expensed as a non-underlying charge of £4.1m. To complete this project over the next 12 months, a similar cost to this year is expected to be incurred.

Sector revenue

	2022 £m	2021 £m	Change %
eFulfilment	**223.2**	144.4	54.6%
Public & Industrial	**284.2**	245.6	15.7%
Grocery & Consumer	**517.6**	447.0	15.8%
General Merchandise	**396.4**	334.3	18.6%
Ongoing operations	**1,421.4**	1,171.3	21.4%
Disposed businesses	**-**	50.6	(100.0)%
Total	**1,421.4**	1,221.9	16.3%

eFulfilment was our fastest growing sector for the second successive year, reflecting the strong demand for its services from retail markets. Organic growth was 38.9% reflecting both new business wins as well as the full year impact of contract wins in the previous year which included the Waitrose & Partners 'dark store'. Our investment into The WEB, Rockingham, an automated facility, also provided further growth capacity where we commenced operations with Lakeland, Snug and Saint-Gobain. In time the recently secured contract with The White Company will transition to this facility. The acquisition of Cygnia delivered additional revenue to the sector of £22.6m. This was slightly down on our expectation reflecting some softening in consumer online demand during the final quarter although the sales pipeline has presented some good prospects for continued growth.

The Public & Industrial sector saw full year revenue growth of 15.7% and importantly grew against pre-pandemic levels. The recovery seen during the second half of the previous year continued within the construction and energy markets. The strategy to increase our public sector business saw the full year impact of our HMRC Inland Border Clearance facility contract and we were successful in securing a new contract with Defra (border checks and clearance of imported plants and animals) where mobilisation commenced towards the end of the year. We also started a new contract to receive, sort and store PPE on behalf of the UK Government, which was facilitated through our innovative shared warehousing platform, OneVAST warehouse. Finally, we also expanded our relationship with BAE Systems through an additional site at Linwood.

Both Grocery & Consumer and General Merchandise sectors have seen similar levels of strong growth in the year reflecting the largely strong consumer demand for our customers' products as well as contract expansion and new business wins. We continue to support the growth of the Kingfisher Group and opened a further distribution centre in Daresbury, welcoming 400 new colleagues to Wincanton. We also won new work with MGA Entertainment and Primark and benefited from the full year revenues of Heineken and Kelkay.

The mix of open to closed book business continues to be a focus as we seek to balance the relative risks and opportunities presented from each sector. With strong growth across all four sectors the mix of business remained fairly consistent with revenue from open book contracts increasing slightly to 72% (2021: 69%).

Net financing costs

	2022 £m	2021 £m	Change £m
Interest income	**-**	0.1	(0.1)
Interest on the net defined benefit pension asset	**1.1**	2.3	(1.2)
Interest expense	**(2.1)**	(2.8)	0.7
Unwinding of discount on provisions	**(0.4)**	(0.4)	-
Interest on lease liabilities	**(5.2)**	(3.8)	(1.4)
Net financing costs	**(6.6)**	(4.6)	(2.0)

Net financing costs were £6.6m (2021: £4.6m), £2.0m higher year on year. The largest proportion of this relates to interest on lease liabilities which reflects a higher proportion of leased assets acquired for new contracts.

Bank interest payable on loans of £2.1m (2021: £2.8m) includes commitment fees and arrangement fees of £0.7m (2021: £1.5m).

Non-cash net interest income of £1.1m (2021: £2.3m) relates to the net defined benefit pension asset. The discount rate applied in calculating the interest decreased from 2.3% to 2.0%, reducing the net position from £2.3m to £1.1m in the current year.

Taxation

	2022 £m	2021 £m	Change £m
Underlying profit before tax[1]	**58.1**	47.2	10.9
Underlying tax charge	**(7.5)**	(7.5)	-
Non-underlying tax	**0.6**	0.4	0.2
Tax charge as reported	**(6.9)**	(7.1)	0.2
Effective tax rate on underlying profit before tax	**12.9%**	15.9%	(300bps)

1 Refer to the Alternative Performance Measures section at the end of this review and Note 2 to the accompanying financial statements.

The underlying tax charge of £7.5m (2021: £7.5m) represents an underlying effective tax rate (ETR) of 12.9% (2021: 15.9%) on underlying profit before tax and is stated before net tax credits of £0.6m (2021: £0.4m) in respect of non-underlying items. Corporation tax paid in the year was £3.3m (2021: £5.7m).

The ETR is lower than the statutory rate of 19.0%, in part due to the introduction of super capital allowances of 130% on qualifying assets which will remain effective until 31 March 2023. The benefit of this deduction has reduced underlying tax by £1.4m resulting from the permanent deduction of 30% on qualifying capital spend and has reduced the tax paid in the year by £5.2m. In addition, the Group has optimised the use of tax losses and will accelerate tax payments to benefit from the change in tax rates from 19% to 25% from 1 April 2023.

In line with the increase in the corporation tax rate to 25% from 1 April 2023, the rate at which deferred tax is calculated has increased. Net deferred tax at the end of the year is a liability of £16.9m (2021: £1.6m) which mainly comprises deferred tax liabilities related to the net pension assets, partially offset by deferred tax assets arising on tax losses carried forward and the tax treatment of IFRS 16 leases. As the movement in deferred tax liability related to the net pension asset is reported through other comprehensive income it does not impact the profit and loss tax charge.

Profit after tax and earnings per share

Underlying profit before tax for the year increased by 23.1% to £58.1m (2021: £47.2m as restated) due to the increased revenue as outlined above. There was also a smaller contribution to underlying profits resulting from improved margins across the Group, following the implementation of cost control measures and contract renegotiations completed in the year. This increase was partially offset by increased net financing costs, principally due to higher interest payable on leases and less interest income on the defined benefit pension surplus.

Underlying profit after tax for the year is £50.6m (2021: £39.7m). The increase of 27.5% reflects the increase in underlying profit before tax as well as the reduction in the underlying effective tax rate from 15.9% to 12.9% as explained above.

Profit after tax for the year on a statutory basis increased to £47.9m (2021: £39.1m as restated), an increase of 22.5%. This reflects increases in non-underlying costs primarily relating to cloud computing configuration and customisation costs now expensed as a result of changes in accounting guidance and acquisition-related costs. Non-underlying credits include the release of a historic warranty provision and consequential gains on business and asset disposals.

Underlying EPS, which excludes earnings from non-underlying items, increased by 27.5% to 40.8p (2021: 32.0p). Basic EPS increased by 22.5% to 38.6p (2021: 31.5p as restated).

The calculation of these EPS measures is set out in Note 5 to the accompanying financial statements. The weighted average number of shares used in the calculation of basic EPS is impacted by shares issued and purchased during the year related to share options, and for diluted EPS, by share options in issue not yet exercised.

Dividends and dividend policy

	2022 pence	2021 pence
Interim	**4.00**	2.85
Final (proposed)	**8.00**	7.50
Total	**12.00**	10.35

In setting the dividend the Board considers a range of factors, including the Group's strategy (including downside sensitivities), the current and projected level of distributable reserves and projected cash flows, including cash payments to the pension scheme and deferred payment arrangements.

The Board is proposing a final dividend of 8.0p (2021: 7.5p), which, together with the interim dividend of 4.0p per share (2021: 2.85p per share), will result in a total dividend per share for 2022 of 12.0p (2021: 10.35p). This brings the total dividend back above pre-pandemic levels and broadly tracks the improvement in underlying earnings. The proposed final dividend is subject

to approval by shareholders at the Annual General Meeting on 12 July 2022 and if approved by shareholders, will be paid on 5 August 2022 to shareholders on the register on 15 July 2022. The estimated final dividend amount to be paid is £10m and in accordance with Adopted IFRS has not been included as a liability in these statements.

Dividend payments in the year of £14.3m (2021: £3.5m) comprised the final 2021 dividend and the 2022 interim dividend (2021: interim 2021 dividend only).

Financial position

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

	2022 £m	**2021 Restated[1] £m**	Change £m
Non-current assets (excluding pension assets)	**325.6**	235.1	90.5
Net current liabilities (excluding net cash)	**(156.2)**	(158.0)	1.9
Non-current liabilities (excluding pension liabilities and borrowings)	**(224.0)**	(138.9)	(85.1)
Net cash (excluding lease liabilities)	**3.7**	11.9	(8.2)
Net pension asset (excluding deferred tax)	**114.5**	48.2	66.3
Net assets	**63.6**	(1.7)	65.3

[1] The comparative for non-current assets has been restated following a required change in accounting policy as explained in Note 1 to the accompanying financial statements.

The increase in net assets of £65.3m since 31 March 2021 relates primarily to the positive movement on the net pension asset which has increased to £114.5m (2021: £48.2m), an increase of £66.3m. The pension movement is primarily due to the impact of external market factors as explained in the Pension section below.

The increase in both non-current assets and non-current liabilities during the year reflects significant new leases for property and other assets, including those acquired with Cygnia, with right-of-use (ROU) assets being offset by increased lease liabilities. Movements in non-current assets also include goodwill recognised on the business combination, with non-current liabilities reflecting increased borrowings and deferred tax liabilities, mainly related to the net pension asset.

Revenue growth and good cash management have led to the Group reporting a net cash position of £3.7m at 31 March 2022 (2021: £11.9m net cash), despite reporting a net debt position at the end of H1 of £16.4m, shortly after completion of the Cygnia acquisition. The prior year cash position included the benefit of significant temporary cash protection measures including the deferral of VAT, corporation tax and pension recovery payments and the Coronavirus Job Retention Scheme (CJRS), which were repaid during the second half of the prior year.

Cash flow and net debt/cash

Net cash at 31 March 2022 was £3.7m (2021: net cash £11.9m), reflecting a net cash outflow of £8.2m over the intervening 12 months. Free cash flow, defined as the movement in net debt/cash before acquisitions, pension payments, dividends and the purchase of own shares, was an inflow of £54.0m (2021: £43.8m inflow).

	2022 £m	2021 (Restated)[1] £m	Change £m
Underlying EBITDA[2]	**108.3**	95.2	13.1
Working capital	**6.0**	3.0	3.0
Tax	**(3.3)**	(5.7)	2.4
Net interest	**(8.3)**	(6.3)	(2.0)
Other items	**(2.7)**	(2.2)	(0.5)
Repayment of obligations under leases	**(37.7)**	(35.1)	(2.6)
Capital expenditure	**(11.2)**	(9.6)	(1.6)
Proceeds from asset disposals	**2.9**	4.5	(1.6)
Free cash flow	**54.0**	43.8	10.2
Pension payments	**(18.5)**	(18.3)	(0.2)
Dividends	**(14.3)**	(3.5)	(10.8)
Own shares acquired	**(1.8)**	-	(1.8)
Acquisition:			
- Consideration	**(23.9)**	-	(23.9)
- Additional net assets acquired	**(3.7)**	-	(3.7)
(Decrease)/increase in net cash	**(8.2)**	22.0	(30.2)

1 Certain comparatives have been restated due to a required change in accounting policy which has resulted in costs previously capitalised now presented as a non-underlying expense within net operating profit, as explained in Note 1 to the accompanying financial statements.

2 Refer to the Alternative Performance Measures section at the end of this review and Note 2 to the accompanying financial statements.

Working capital movement in the year resulted in an inflow of £6.0m (2021: inflow of £3.0m) driven mainly by good cash management, the mix of revenue growth from both new and existing customers on favourable terms, and a timing difference on payables supporting growth.

The Group paid cash tax in the year of £3.3m, benefiting from enhanced capital allowances together with tax deductions received on pension contributions. Additional tax of £3.9m was paid in April 2022 as a consequence of group tax losses being deferred until future years to benefit from the higher rate of tax 25% from 1 April 2023.

Net interest includes arrangements fees of £1.4m paid on completion of the Group successfully renegotiating its revolving credit facility. During H2, additional drawdowns were made against the Group's revolving credit facility principally to fund the Cygnia acquisition and support cashflows associated with the peak period for the foundation markets.

The Group manages capital expenditure tightly as demonstrated during the pandemic period. This year it has made significant investment in the upgrade and replacement of assets where appropriate. Capital expenditure increased to £11.2m (2021: £9.6m) supporting growth through investment in automation and innovation in Nuneaton and The WEB, Rockingham; the prior year has been restated to reflect the change in accounting policy around cloud computing implementation costs.

Net proceeds from asset disposals of £2.9m relates to the disposal of a number of specialist vehicles in the year and includes the proceeds of assets recorded as held for sale at 31 March 2021. In the prior year, the net proceeds of £4.5m primarily relate to the disposal of sundry vehicles.

Other items of £2.7m (2021: £2.2m) comprise non-cash items relating to net movements on provisions and share-based payment charges in the year. It also includes cash costs relating to the upgrade of our finance and HR systems that have been expensed in line with our revised accounting policy around cloud computing implementation costs and acquisition-related expenses, offset by contingent consideration from the disposal of our Specialist Services businesses in the prior year.

The cash contributions to fund the pension deficit in the current year to 31 March 2022 were £19.2m (31 March 2021: £18.9m) less administration costs of £0.7m (2021: £0.7m). The Group expects to contribute £20.7m to the pension scheme in the next financial year.

Equity dividends of £14.3m (2021: £3.5m) were paid in the year, reflecting the return to the Group's progressive dividend policy. The interim cash dividend paid in the second half was £4.9m (2021: £3.5m). As noted above, the recommended final dividend for the year ended 31 March 2022 will result in an estimated cash outflow of £10.0m in the first half of the year ended 31 March 2023.

The Group acquired 500,000 of its own shares (2021: nil) during the year for a total payment of £1.8m (2021: nil) to provide shares for the Employee Benefit Trust in respect of its long term incentive plan commitments.

The acquisition of Cygnia in September 2021 resulted in a net cash outflow of £27.6m as described above.

Financing and covenants

The Group has a £175.0m (2021: £141.2m) committed RCF which has been renegotiated during the year and matures in March 2026. The headroom in these committed facilities in addition to net cash of £3.7m at 31 March 2022 was £150.0m (2021: £132.2m). The Group also has a Receivables Purchase Facility (RPF) and operating overdrafts which provide day to day flexibility, amounting to a further capacity of up to £50m and £7.5m respectively in uncommitted facilities. At 31 March 2022, utilisation of the Group's non-recourse RPF was £4.1m (2021: £7.1m).

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

Covenant	Ratio	At 31 March 2022	At 31 March 2021
Leverage ratio	<3.0:1*	**0.7**	0.3
Interest cover	>3.5:1	**38.8**	29.2
Fixed charge cover	>1.4:1	**2.7**	2.8

* Leverage ratio was <2.75:1 under previous RCF agreement

The calculation of these covenants and reconciliations to reported numbers are included in Note 10 to the accompanying financial statements.

Pensions

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

Defined benefit arrangements

The Wincanton plc Pension Scheme (the Scheme) includes defined benefit sections which were closed to future accrual on 31 March 2014.

The Group has reported an IAS 19 net asset of £114.5m (£85.9m net of deferred tax) at 31 March 2022 (2021: £48.2m).

£m	31 March 2022	30 September 2021	At 31 March 2021
Assets	**1,208.3**	1,256.4	1,211.9
Liabilities	**(1,093.8)**	(1,188.8)	(1,163.7)
Net pension asset	**114.5**	67.6	48.2
Discount rate (%)	**2.7%**	2.0%	2.0%

The movement in the net defined benefit asset in the year was primarily the result of the impact of external market factors. Scheme liabilities are calculated using a discount rate based on high quality corporate bond yields while Scheme assets are hedged against movements in gilt yields. Credit spreads on corporate bonds increased due to market uncertainty resulting in a reduction in the liabilities, which was not matched with a corresponding fall in the value of assets as at 31 March 2022.

The deficit funding contribution in the year, net of expenses, was £18.5m (2021: £18.3m).

The estimated actuarial deficit on a technical provision basis has reduced to £37m at 31 March 2022, compared to £67m at 31 March 2021. At 31 March 2022, the Scheme's investments were split between 19% in return-seeking assets and 81% in defensive assets. The inflation and interest rate risks facing the Scheme are hedged to mitigate the quantum of any future movements in the actuarial valuation.

The sensitivities of the present value of the Scheme obligations to changes in the key actuarial assumptions have been assessed; an increase of 0.25% in the discount rate has been estimated to further reduce the liability by £41m and reduce the assets by £52m, a net reduction in the net asset of £11m.

Defined contribution arrangements

The Group's defined contribution arrangements include the Retirement Savings Section, including the Auto Enrolment section, and the Pension Builder Plan in the UK, Cygnia contributions to a Master trust and a separate similar local scheme in Ireland. The charge incurred for these arrangements total £36.7m (2021: £34.0m).

Contingent liabilities

From time to time, the Group is notified of legal claims in respect of work carried out and the potential exposure can be material. Where management believes we are in a strong position to defend these claims and the likelihood of an outflow of economic benefit is not probable, no provision is made.

The Group has received notification of a potential claim from a former customer and is in the early stages of defending this claim. At this time, the Group considers that it is not probable that any claim will result in an outflow of economic benefit. The Group is actively seeking further information to substantiate the allegations made. Given the early stage of the legal and commercial process it is not practicable to make an estimate of the potential financial impact. In parallel, the Group continues to work with its insurance providers to confirm coverage if required.

Going concern

The financial statements have been prepared on a going concern basis. Having considered the ability of the Company and the Group to operate within its existing facilities and meet its debt covenants, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

In determining whether the financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the principal risks and uncertainties likely to affect its future performance and position. The review also included the financial position of the Group, its cash flows, and adherence to its banking covenants.

The Board considered the following key uncertainties in considering the Group's future:

- a deterioration in trading performance together with unplanned working capital outflows
- further waves of the Covid-19 pandemic and its impact on trading
- a decline in current market conditions, including the impact of further increases in inflation and increased competition, resulting in lower Group revenues and profits

The Board has also considered a base case and a severe but plausible downside case. In both scenarios, the Group has adequate headroom in existing bank facilities to meet its liabilities as they fall due, and it complies with the financial covenants under its committed borrowing facilities throughout the forecast period.

The forecasts on which the going concern assessment is based have also been subject to sensitivity analysis and stress testing to assess the impact of the above uncertainties. The Directors also reviewed the potential mitigation actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected.

The Directors have considered the impact of climate related matters on the Group's going concern assessment, and do not expect this to have a significant impact on the going concern assessment throughout the forecast period to 30 September 2023.

Further details are provided in Note 1 'Accounting policies' in the accompanying financial statements.

Alternative Performance Measures

The Alternative Performance Measures (APMs) or underlying results reported in this announcement represent statutory measures adjusted for items which management considers could distort the understanding of performance and comparability year on year.

APMs are used by the Board to assess the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group but should not be viewed in isolation. Additionally, underlying profit before tax is used in determining annual bonus payments and underlying EPS is used as a key performance indicator for most awards under the Long Term Incentive Plan (LTIP) share incentive scheme. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures. Wincanton's underlying measures may not be comparable to similarly titled measures used by other companies.

The Group presents underlying EBITDA, operating profit, profit before tax and EPS which are calculated as the statutory measures stated before non-underlying items. These are items which the Directors consider separate disclosure would assist both in a better understanding of the financial performance achieved and in making projections of future results. A balanced approach to both gains and losses is applied, to be both consistent and clear in the accounting and disclosure of such items.

The Group identifies items as non-underlying based on the following principles:

- items that are significant in nature. The event or transaction is clearly unrelated to, or only incidentally related to, the trading activities of the Group or the event or transaction would not reasonably be expected to recur in the foreseeable future; and/or

- items that are significant in size. The event is considered significant in size and therefore distorts the underlying results

In addition, the Group will always disclose the items below as 'non-underlying items':

- amortisation charges relating to acquired intangible assets
- profits or losses arising on the disposal of continuing or discontinued operations
- adjustments to amounts previously reported as non-underlying
- the tax impact of non-underlying items

Further details of underlying results and the definition of non-underlying items can be found in Note 2 to the accompanying financial statements.

EBITDA refers to earnings (operating profit) before interest, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of finite-lived intangible assets. This measure also excludes the impact of impairment of non-current assets.

Other APMs used which relate to cash flow are net debt/cash and free cash flow. Net debt/cash is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities excluding lease liabilities. Note 7 to the accompanying financial statements provides a breakdown of net debt/cash for the current and prior year. Free cash flow is defined as the movement in net debt/cash before acquisitions, pension payments, dividends and purchase of own shares.

The table below reconciles the APMs to the statutory reported measures.

			2022			2021
	Underlying £m	**Non-underlying items £m**	**Statutory £m**	Underlying £m	Non-underlying items (Restated)[1] £m	Statutory (Restated)[1] £m
Revenue	**1,421.4**	**-**	**1,421.4**	1,221.9	-	1,221.9
EBITDA	**108.3**	**(2.7)**	**105.6**	95.2	0.6	95.8
EBITDA margin (%)	**7.6%**	**-**	**7.4%**	7.8%	-	7.8%
Depreciation, amortisation and impairments	**(43.6)**	**(0.6)**	**(44.2)**	(43.4)	(1.6)	(45.0)
Operating profit	**64.7**	**(3.3)**	**61.4**	51.8	(1.0)	50.8
Net financing costs	**(6.6)**	**-**	**(6.6)**	(4.6)	-	(4.6)
Profit before tax	**58.1**	**(3.3)**	**54.8**	47.2	(1.0)	46.2
Income tax	**(7.5)**	**0.6**	**(6.9)**	(7.5)	0.4	(7.1)
Profit after tax	**50.6**	**(2.7)**	**47.9**	39.7	(0.6)	39.1
Earnings per share[2]	**40.8p**		**38.6p**	32.0p		31.5p
Dividend per share	**12.00p**		**12.00p**	10.35p		10.35p
Net cash excluding lease liabilities	**3.7**		**3.7**	11.9		11.9

1 Comparatives have been restated following a required change in accounting policy as explained in Note 1 to the accompanying financial statements.

2 Refer to Notes 2 and 5 to the accompanying financial statements.

Non-underlying items

	2022 £m	2021 (Restated)[1] £m	Change £m
Cloud computing configuration and customisation costs[1]	**(4.1)**	(2.2)	(1.9)
Acquisition-related costs	**(1.0)**	0.2	(1.2)
Amortisation of acquired intangibles	**(0.6)**	-	(0.6)
Release of warranty provision	**1.0**	-	1.0
Gain on disposal of businesses	**0.9**	0.4	0.5
Net profit on disposal of assets and freehold property	**0.5**	1.3	(0.8)
Pension Scheme – Guaranteed Minimum Pension (GMP)	**-**	(0.7)	0.7
	(3.3)	(1.0)	(2.2)

1 Certain comparatives have been restated due to a required change in accounting policy which has resulted in costs previously capitalised now presented as a non-underlying expense within net operating profit, as explained in Note 1 to the accompanying financial statements.

The Group has reviewed and clarified its policy on non-underlying items during the year and seeks to take a balanced approach to both gains and losses, to be both consistent and clear in the accounting and disclosure of such items.

Cloud computing configuration and customisation costs relate to a major systems implementation which has gone live during the year. These costs have been expensed following a revised accounting policy implemented in accordance with updated accounting guidance. They have been presented as a non-underlying item as they are not reflective of underlying performance. Comparatives have been restated to reflect the change of accounting policy, with £2.2m previously capitalised now being expensed.

The Group has incurred acquisition-related costs, professional fees and integration costs of £1.0m related to the acquisition of Cygnia, which have been recognised as an expense as required by accounting standards. In the prior year, a balance related to estimated costs of aborted M&A activities was released following the conclusion of these bids.

The Group has released the value of a potential claim under a historic warranty provision now considered to be remote and has recognised a gain of £0.9m arising from contingent consideration recognised on the Group's disposal of its Containers business in October 2020. Further gains which relate to the disposal in the year of a number of specialist vehicles that were not required for ongoing operations have also been treated as non-underlying.

Cautionary statement

This announcement has been prepared to provide the Company's shareholders with a fair review of the business of the Group and a description of the principal risks and uncertainties facing it. It may not be relied upon by anyone, including the Company's shareholders, for any other purpose. This announcement contains forward-looking statements that are subject to risk factors including the economic and business circumstances occurring from time to time in countries and markets in which the Group operates and risk factors associated with the Group's broad industry sectors. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. Forward-looking statements in this announcement include, but are not limited to, statements about the Group's future financial and operational performance, management's ability to successfully execute the new strategy, and the ability of the Group and its industry sectors generally to respond to the effects and aftermath of the Covid-19 pandemic. No assurance can be given that the forward-looking statements in this announcement will be realised. Statements about the Directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Group's control. Actual results could differ materially from the Group's current expectations. It is believed that the expectations set out in these forward-looking statements are reasonable but they may be affected by a wide range of variables which could cause actual results or trends to differ materially.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022** Underlying £m	**2022** Non-underlying £m	**2022** Total £m	2021 Underlying £m	2021 Non-underlying (Restated)[1] £m	2021 Total (Restated)[1] £m
Revenue		**1,421.4**	**–**	**1,421.4**	1,221.9	–	1,221.9
Net operating costs		**(1,356.7)**	**(3.3)**	**(1,360.0)**	(1,170.2)	(1.0)	(1,171.2)
Share of results of joint venture		**–**	**–**	**–**	0.1	–	0.1
Operating profit		**64.7**	**(3.3)**	**61.4**	51.8	(1.0)	50.8
Financing income	3	**1.1**	**–**	**1.1**	2.4	–	2.4
Financing cost	3	**(7.7)**	**–**	**(7.7)**	(7.0)	–	(7.0)
Profit/(loss) before tax		**58.1**	**(3.3)**	**54.8**	47.2	(1.0)	46.2
Income tax expense	4	**(7.5)**	**0.6**	**(6.9)**	(7.5)	0.4	(7.1)
Profit/(loss) attributable to equity shareholders of Wincanton plc		**50.6**	**(2.7)**	**47.9**	39.7	(0.6)	39.1
Earnings per share							
– basic	5	**40.8p**		**38.6p**	32.0p		31.5p
– diluted	5	**40.3p**		**38.2p**	31.7p		31.2p

1 Certain comparatives have been restated due to a required change in accounting policy as explained in Note 1 'Accounting policies'.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022 £m**	**2021 (Restated)[1] £m**
Profit for the year		**47.9**	39.1
Other comprehensive income/(loss)			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of net defined benefit asset	9	**47.6**	(65.3)
Deferred tax relating to items that will not subsequently be reclassified to profit or loss	4	**(14.7)**	12.4
		32.9	(52.9)
Items which are or may subsequently be reclassified to the income statement			
Net foreign exchange loss on investment in foreign subsidiaries		**(0.1)**	(0.2)
Other comprehensive income/(loss) for the year, net of income tax		**32.8**	(53.1)
Total comprehensive income/(loss) attributable to equity shareholders of Wincanton plc		**80.7**	(14.0)

1 Certain comparatives have been restated due to a required change in accounting policy as explained in Note 1 'Accounting policies'.

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2022

	Note	2022 £m	2021 (Restated)[1] £m
Non-current assets			
Goodwill and intangible assets		**110.7**	84.6
Property, plant, equipment and vehicles		**25.9**	21.0
Right-of-use assets		**189.0**	129.3
Investments, including those equity accounted		**–**	0.2
Employee benefits	9	**117.0**	50.8
		442.6	285.9
Current assets			
Inventories		**2.6**	1.4
Trade and other receivables		**207.4**	190.2
Income tax receivable		**–**	0.6
Cash at bank and in hand	7	**28.7**	30.6
		238.7	222.8
Assets classified as held for sale		**–**	0.9
		238.7	223.7
Current liabilities			
Income tax payable		**(3.3)**	–
Borrowings and other financial liabilities	7	**–**	(9.7)
Lease liabilities		**(26.6)**	(32.3)
Trade and other payables		**(323.6)**	(303.7)
Provisions	8	**(12.7)**	(15.1)
		(366.2)	(360.8)
Net current liabilities		**(127.5)**	(137.1)
Total assets less current liabilities		**315.1**	148.8
Non-current liabilities			
Borrowings and other financial liabilities	7	**(25.0)**	(9.0)
Lease liabilities		**(176.5)**	(113.4)
Employee benefits	9	**(2.5)**	(2.6)
Provisions	8	**(30.6)**	(23.9)
Deferred tax liabilities		**(16.9)**	(1.6)
		(251.5)	(150.5)
Net assets/(liabilities)		**63.6**	(1.7)
Equity			
Issued share capital		**12.5**	12.5
Share premium		**12.9**	12.9
Merger reserve		**3.5**	3.5
Translation reserve		**(0.5)**	(0.4)
Own shares		**(2.2)**	(1.0)
Retained profits/(losses)		**37.4**	(29.2)
Total equity/(deficit)		**63.6**	(1.7)

[1] Certain comparatives have been restated due to a required change in accounting policy as explained in Note 1 'Accounting policies'.

These financial statements were approved by the Board of Directors on 19 May 2022 and were signed on their behalf by:

James Wroath
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Own shares £m	Retained (losses)/ earnings £m	Total equity/ (deficit) £m
Balance at 1 April 2020	12.5	12.9	3.5	(0.2)	(1.5)	(12.5)	14.7
Profit for the year (restated)	–	–	–	–	–	39.1	39.1
Other comprehensive loss	–	–	–	(0.2)	–	(52.9)	(53.1)
Total comprehensive loss (restated)	–	–	–	(0.2)	–	(13.8)	(14.0)
Share based payment transactions	–	–	–	–	0.5	0.1	0.6
Current tax on share based payment transactions (note 4)	–	–	–	–	–	0.5	0.5
Dividends paid to shareholders (note 6)	–	–	–	–	–	(3.5)	(3.5)
Balance at 31 March 2021 (restated)	12.5	12.9	3.5	(0.4)	(1.0)	(29.2)	(1.7)
Balance as at 1 April 2021	**12.5**	**12.9**	**3.5**	**(0.4)**	**(1.0)**	**(29.2)**	**(1.7)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**47.9**	**47.9**
Other comprehensive (loss)/income	**–**	**–**	**–**	**(0.1)**	**–**	**32.9**	**32.8**
Total comprehensive (loss)/income	**–**	**–**	**–**	**(0.1)**	**–**	**80.8**	**80.7**
Share based payment transactions	**–**	**–**	**–**	**–**	**(1.2)**	**(0.3)**	**(1.5)**
Current tax on share based payment transactions (note 4)	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Deferred tax on share based payment transactions (note 4)	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Dividends paid to shareholders (note 6)	**–**	**–**	**–**	**–**	**–**	**(14.3)**	**(14.3)**
Balance at 31 March 2022	**12.5**	**12.9**	**3.5**	**(0.5)**	**(2.2)**	**37.4**	**63.6**

Certain comparatives have been restated due to a required change in accounting policy as explained in Note 1 'Accounting policies'.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £m	2021 (Restated)[1] £m
Operating activities			
Profit before tax		**54.8**	46.2
Adjustments for			
– depreciation and amortisation		**43.8**	41.1
– research and development expenditure credit		**(0.6)**	(1.0)
– net financing costs	3	**6.6**	4.6
– impairments		**0.4**	2.3
– profit on disposal of property, plant, equipment and vehicles		**(0.1)**	(0.7)
– gain on derecognition of lease liabilities		**1.2**	–
– profit on disposal of businesses		**(0.9)**	(0.4)
– share of results of joint venture		**–**	(0.1)
– write down of trade investment		**–**	0.1
– share based payment transactions		**0.3**	0.6
		105.5	92.7
Decrease/(increase) in trade and other receivables		**(7.9)**	(64.8)
(Increase)/decrease in inventories		**(1.1)**	0.6
Increase in trade and other payables		**15.9**	66.5
Decrease in provisions		**(1.7)**	(0.3)
Increase in employee benefits before pension deficit payment		**0.9**	1.5
Income taxes paid		**(3.3)**	(5.7)
Cash generated before pension deficit payment		**108.3**	90.5
Pension deficit payment	9	**(18.5)**	(18.3)
Cash flows from operating activities		**89.8**	72.2
Investing activities			
Proceeds from sale of property, plant and equipment		**2.9**	4.5
Purchase of business, net of cash acquired	11	**(13.6)**	–
Net cash outflow from disposal of businesses		**–**	(0.2)
Interest received		**–**	0.1
Additions of property, plant and equipment		**(10.7)**	(8.2)
Additions of computer software		**(0.5)**	(1.4)
Cash flows from investing activities		**(21.9)**	(5.2)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	2022 £m	2021 (Restated)[1] £m
Financing activities			
Increase/(decrease) in borrowings	7	**9.9**	(62.0)
Repayment of borrowings acquired	11	**(14.0)**	–
Own shares acquired		**(1.8)**	–
Payment of lease liabilities		**(37.7)**	(35.1)
Equity dividends paid	6	**(14.3)**	(3.5)
Interest paid on borrowings		**(3.1)**	(2.6)
Interest paid on lease liabilities		**(5.2)**	(3.8)
Cash flows from financing activities		**(66.2)**	(107.0)
Net increase/(decrease) in cash and cash equivalents		**1.7**	(40.0)
Cash and cash equivalents at beginning of the year		**27.0**	67.0
Cash and cash equivalents at end of the year		**28.7**	27.0
Represented by:			
– cash at bank and in hand		**28.7**	30.6
– bank overdrafts		**–**	(3.6)
		28.7	27.0

[1] Certain comparatives have been restated due to a required change in accounting policy as explained in Note 1 'Accounting policies'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

The financial information set out in this preliminary announcement does not constitute Wincanton plc's statutory accounts for the years ended 31 March 2022 and 31 March 2021. Statutory accounts for the year ended 31 March 2022 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Auditor has reported on those accounts; their report was unqualified, did not draw attention by way of emphasis, and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2021 have been delivered to the Registrar of Companies. The Auditor has reported on those accounts; their report was unqualified, did draw attention by way of emphasis to going concern, and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 31 March 2022. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of UK-adopted international accounting standards (Adopted IFRS), as applicable to companies reporting under those standards, this announcement does not itself contain sufficient disclosures to comply with Adopted IFRS.

Standards, amendments and interpretations effective or adopted in the year

The following standards and amendments became effective in the year or were available for early adoption but did not have a material impact on the consolidated financial statements:

- Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; and
- Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions.

Prior year restatement

Change in accounting policy – Software-as-a-Service (SaaS) arrangements

Following the IFRS Interpretations Committee (IFRIC) agenda decision published in April 2021, the Group has reviewed its accounting policy regarding the configuration and customisation costs incurred when implementing a SaaS arrangement. These costs were previously capitalised, but the accounting policy has been changed to expense these costs given the latest IFRIC guidance.

The Group's revised policy aligns with the IFRIC agenda decision whereby:

- in SaaS arrangements where the Group controls the underlying software, configuration and customisation costs are capitalised as part of bringing the identified intangible asset into use
- where the Group does not control the underlying software, but the related configuration and customisation costs are not distinct from access to the software, these costs are expensed over the SaaS contract term
- in all other circumstances, configuration and customisation costs are recognised as an expense as incurred, except in the limited instances where these costs result in a separately identifiable intangible asset.

During the previous financial year, the Group commenced the implementation of a new cloud based ERP and Human Resources system, and at 31 March 2021**,** costs of £2.2m had been capitalised. The above change in accounting policy has been applied retrospectively and results in a prior period restatement to the 31 March 2021 primary statements, to recognise these costs as a non-underlying expense within net operating expense. No costs had been incurred prior to 1 April 2020 and as such there was no impact to the balance sheet as at 31 March 2020, hence a balance sheet at that date has not been presented.

The effect on the 31 March 2021 balance sheet is a reduction in both intangible assets and retained earnings of £2.2m. The effect on the 31 March 2021 cash flow statement is a decrease in cash flows from operating activities of £2.2m, and a corresponding reduction in cash outflows due to investing activities of £2.2m.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. In adopting the going concern basis, the Directors have considered Wincanton's business activities, together with factors likely to affect its future development and performance, as well as Wincanton's principal risks and uncertainties.

The adoption of the going concern basis is based on an expectation that the Group will have adequate resources to continue in operational existence for at least 12 months from the signing of the annual financial statements. For the purpose of this going concern assessment, the Directors have considered an 18 month period from the balance sheet date, aligned with the business forecasting outlook period, to 30 September 2023. The Group has reported a profit before tax of £54.8m for the year ended 31 March 2022 (2021: £46.2m as restated), net current liabilities of £127.5m (2021: £137.1m) and net assets of £63.6m (2021: net liabilities £1.7m as restated).

The Group's committed facilities at 31 March 2022 comprise a syndicated Revolving Credit Facility (RCF) of £175.0m, which matures in March 2026. The Group had £150.0m undrawn amounts against the RCF facility as at 31 March 2022. The RCF requires the Group to comply with the following three financial covenants at 30 September and 31 March each financial year:

- leverage ratio: Consolidated total net borrowings of no more than 3.0 times consolidated EBITDA for the preceding 12 month period
- interest cover: Consolidated EBITDA for the preceding 12 month period is not less than 3.5 times higher than consolidated net finance charges for the preceding 12 month period

- fixed charge cover: Consolidated EBITDA plus operating lease costs for the preceding 12 month period is not less than 1.4 times higher than consolidated net finance charges plus operating lease costs for the preceding 12 month period.

See Note 10 for the covenant assessment as at 31 March 2022 which shows we have significant headroom across all of the covenants.

In arriving at the conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group.

The Directors have reviewed the financial forecasts across a range of scenarios. Wincanton has modelled a base case based on revenue and profit run rates at the end of March 2022 that forms the basis of the budget for the year ended 31 March 2023 and three year plan.

The severe but plausible downside case assumes a deterioration in trading performance, with a 10% reduction in profit before tax resulting primarily from a reduction in budgeted trading from a major customer. This scenario also assumes a deterioration in working capital performance compared to the base case as a result of delayed cash receipts, as well as a further material unplanned cash outflow linked to a general commercial dispute. On top of these downsides, an adverse working capital outflow was assumed to occur in the year ended 31 March 2023 to simulate the timing impact of a high inflationary environment on cash collection within our open book contracts, where receipts are normally collected in arrears.

These downsides would be partly offset by the application of further mitigating actions to the extent they are under management's control, including deferrals of capital and other discretionary expenditure, as well as management bonus payment deferral and claiming against insurance cover to offset any commercial dispute.

In both scenarios, the Group has sufficient liquidity and adequate headroom in the committed facilities set out above to meet its liabilities as they fall due throughout the forecast period and the Group complies with the financial covenants under the RCF at 30 September and 31 March throughout the forecast period.

The Group has carried out reverse stress tests against the downside case to determine the performance levels that would result in a breach of covenants. For a breach in covenants to occur during the relevant period, the Group would need to experience a sustained drop in EBITDA (-50%) versus the downside case throughout the period. The Directors do not consider this scenario to be plausible given the ability of the Group to continue its operations through the recent pandemic, the customer contract security within the Group and the buoyant nature of many of the markets within which the Group operates.

Our assessment of the developments in Ukraine and the broader region is that they are not likely to give rise to a material financial impact on the Group, since the Group does not have any operations outside of the United Kingdom and Ireland. As a result, aside from the modelling of higher costs resulting from a rising inflationary environment, it has not been deemed necessary to include any further impact of the war in Ukraine within our forecasts.

The Directors have also considered the impact of climate related matters on the Group's going concern assessment and do not expect this to have a significant impact on the going concern assessment throughout the forecast period.
Since performing their assessment, there have been no subsequent changes in facts and circumstances relevant to the Directors' assessment of going concern.

Operating segments

Operating segments are identified on the basis of information that is provided to the Chief Executive Officer (CEO) to allocate capital and resources and to assess performance. The CEO is a member of the Executive Management Team and the Board, and is the Group's Chief Operating Decision-Maker. The Group is structured as a single operating segment with one segment manager who reports to the CEO.

2. Alternative performance measures (APMs)

The alternative performance measures (APMs) or underlying results reported in this preliminary announcement represent statutory measures adjusted for items which management consider could distort the understanding of performance and comparability year on year.

APMs are used by the Board to assess the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group but should not be viewed in isolation. Additionally, underlying profit before tax is used in determining Annual Bonus payments and underlying EPS is used as a key performance indicator for most awards under the LTIP share incentive scheme. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures. Wincanton's underlying measures may not be comparable to similarly titled measures used by other companies.

The Group presents underlying EBITDA, operating profit, profit before tax and EPS which are calculated as the statutory measures stated before non-underlying items. These are items which the Directors consider separate disclosure would assist both in a better understanding of the financial performance achieved and in making projections of future results. A balanced approach to both gains and losses is applied, to be both consistent and clear in the accounting and disclosure of such items. The Group identifies items as non-underlying based on the following principles:

- items that are significant in nature. The event or transaction is clearly unrelated to, or only incidentally related to, the trading activities of the Group or the event or transaction would not reasonably be expected to recur in the foreseeable future; and/or
- items that are significant in size. The event is considered significant in size and therefore distorts the underlying results.

In addition, the Group will always disclose the items below as 'non-underlying items' for the following reasons:

- amortisation charges relating to acquired intangible assets. This relates to an acquisition event and therefore irregular in nature. The intangible assets identified are primarily customer contracts and relationships which are not recognised other than through an acquisition. In order for the profitability of the contracts acquired to be treated consistently with those of the existing business, the amortisation charges are presented as non-underlying
- profits or losses arising on the disposal of continuing or discontinued operations. These items are by their nature irregular. There are likely to be gross impacts that are material even if the net impact is not
- adjustments to amounts previously reported as non-underlying. Where an amount has been initially presented as non-underlying any adjustment to this amount is also reported as non-underlying
- the tax impact of non-underlying items. The tax impact may not be material on an item, however it is appropriate for the tax treatment to follow the treatment of the item as non-underlying.

EBITDA refers to earnings (operating profit) before interest, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of finite-lived intangible assets. This measure also excludes the impact of impairment of non-current assets.

Other APMs used are net debt/cash and free cash flow, which relate to liquidity. Net debt/cash is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities excluding lease liabilities. Free cash flow is defined as the movement in net debt before acquisitions, pension payments, dividends and purchase of own shares.

A reconciliation between statutory IFRS operating profit and underlying operating profit is given below. Details of underlying EPS can be found in Note 5.

	2022			2021		
	Underlying £m	Non-underlying £m	Total £m	Underlying £m	Non-underlying (Restated)[1] £m	Total (Restated)[1] £m
Revenue	**1,421.4**	**–**	**1,421.4**	1,221.9	–	1,221.9
Cost of sales	**(1,339.5)**	**–**	**(1,339.5)**	(1,149.3)	–	(1,149.3)
Gross profit	**81.9**	**–**	**81.9**	72.6	–	72.6
Other income and gains on disposal of assets	**4.1**	**1.4**	**5.5**	0.8	1.7	2.5
Administrative expenses	**(21.3)**	**(4.7)**	**(26.0)**	(21.7)	(2.7)	(24.4)
Share of results of associate	**–**	**–**	**–**	0.1	–	0.1
Operating profit	**64.7**	**(3.3)**	**61.4**	51.8	(1.0)	50.8

1 Comparatives have been restated due to a required change in accounting policy as explained in Note 1 ‘Accounting policies’.

Non-underlying items

Non-underlying items are as follows:

	2022 £m	2021 (Restated)[1] £m
Cloud computing configuration and customisation costs	**(4.1)**	(2.2)
Acquisition related costs	**(1.0)**	0.2
Amortisation of acquired intangibles	**(0.6)**	–
Release of warranty provision	**1.0**	–
Gain on disposal of businesses	**0.9**	0.4
Net profit on disposal of assets including freehold property	**0.5**	1.3
Pension Scheme – Guaranteed Minimum Pension (GMP)	**–**	(0.7)
	(3.3)	(1.0)

1 Comparatives have been restated due to a required change in accounting policy as explained in Note 1 ‘Accounting policies’.

a) Cloud computing configuration and customisation costs

Following the IFRS Interpretation Committee agenda decision published in April 2021, the Group has revised its accounting policy regarding the customisation and configuration costs incurred when implementing a SaaS software arrangement.

The Group is currently undertaking a major systems implementation for new cloud computing software, resulting in costs of £4.1m being recognised as an expense. In addition, £2.2m of implementation costs were incurred in the year to 31 March 2021 and comparatives have been restated as detailed in Note 1. The first phase of the implementation has gone live and was achieved on time and to budget. To complete this project over the next twelve months, a similar cost to this year is expected to be incurred which will be treated as a non-underlying cost.

Due to the size and nature of these costs they are presented as a non-underlying item as they are not reflective of underlying performance.

b) Acquisition related costs

As part of the acquisition of Cygnia, the Group has incurred acquisition related costs, professional fees and integration costs of £1.0m which have been recognised as an expense as required by IFRS 3 Business combinations.

In the prior year, a balance related to estimated costs of aborted M&A activities was released following the conclusion of these bids.

c) Amortisation of acquired intangibles

As part of the acquisition of Cygnia the Group has recorded finite-life intangible assets identified as part of the purchase price allocation accounting in line with IFRS 3 Business combinations (see Note 11). The amortisation of these finite-life intangibles is presented in non-underlying with a total expense in the period of £0.6m.

d) Release of warranty provision

The Group has released the value of a potential claim under a historic warranty provision, dating back to 2015, as any outflow of economic benefits is now considered to be remote. As the original provision was recognised as a non-underlying item, the write-back has been recognised in a consistent manner.

e) Gain on disposal of businesses
In the year ended 31 March 2022, £0.9m of contingent consideration was recognised related to the Group's disposal of its Containers business in October 2020, which has been recognised as non-underlying consistent with the presentation of the profit on disposal recognised in the prior year. The contract terms allow for further sums to be received until January 2024.

During the year ended 31 March 2021, the Group disposed of its Containers business for consideration comprising cash plus contingent consideration based on volumes associated with one contract, and the Group also disposed of its Pullman Fleet Services business. A profit on disposal of £0.4m was recognised in the prior year on the disposal of these two businesses.

f) Net profit on disposal of assets including freehold properties
Profits and losses arising on the disposal of significant assets are considered non-underlying as these transactions are only incidentally related to, the trading activities of the Group. During the current and prior year the Group disposed of a number of specialist vehicles that were not required for ongoing operations. A profit on disposal of £0.5m has been recognised in the year (2021: £0.8m).

In addition, in the prior year, £0.5m of transition costs were released following completion of the disposal of two freehold properties.

g) Pension Scheme – Guaranteed Minimum Pension (GMP)
A past service cost of £0.7m was recognised in the prior year as an estimate of the impact of equalising historic pension benefits for men and women, and this was accounted for as a non-underlying item. This followed the judgement of the High Court of Justice of England and Wales issued In November 2020.

3. Net financing costs

	Note	**2022 £m**	**2021 £m**
Interest income		**–**	0.1
Interest on the net defined benefit pension	9	**1.1**	2.3
		1.1	2.4
Interest expense		**(2.1)**	(2.8)
Interest on lease liabilities		**(5.2)**	(3.8)
Unwinding of discount on provisions	8	**(0.4)**	(0.4)
		(7.7)	(7.0)
Net financing costs		**(6.6)**	(4.6)

4. Income tax expense
Recognised in the income statement

	2022 £m	**2021 £m**
Current tax expense		
Current year	**3.5**	5.0
Adjustments for prior years	**4.5**	(1.1)
	8.0	3.9
Deferred tax expense		
Current year	**3.8**	3.6
Adjustments for prior years	**(4.9)**	(0.4)
	(1.1)	3.2
Total income tax expense	**6.9**	7.1

Reconciliation of total income tax expense

	2022 £m	**2021 £m**
Profit before tax	**54.8**	48.4

Income tax using the UK corporation tax rate of 19% (2019: 19%)	**10.4**	9.2
Non-deductible expenditure	**0.1**	0.2
Prior year research and development tax credits	–	(0.2)
Non-taxable income included in non-underlying items	–	(0.6)
Tax incentives – super capital allowances	**(1.4)**	–
Change in UK corporation tax rate	**(1.8)**	–
Adjustments for prior years		
– current tax	**4.5**	(1.1)
– deferred tax	**(4.9)**	(0.4)
Total tax expense for the year	**6.9**	7.1

Recognised in other comprehensive income

	2022 £m	2021 £m
Items which will not subsequently be reclassified to the income statement:		
Remeasurements of defined benefit pension liability	**11.8**	(12.4)
Impact of change in UK corporation tax rate	**2.9**	–
Total recognised in other comprehensive income	**14.7**	(12.4)

Recognised directly in equity

	2022 £m	2021 £m
Current tax on share based payment transactions	**(0.3)**	–
Deferred tax on share based payment transactions	**(0.1)**	(0.5)
	(0.4)	(0.5)

The main UK corporation tax rate remained at 19% (2021: 19%). The Finance Bill 2021 increases the corporation tax rate to 25% as from 1 April 2023. This Bill was substantively enacted on 24 May 2021 and therefore has been incorporated into the deferred tax balance at 31 March 2022.

The Group maintains an immaterial provision against tax risks, which is included within income tax payable.

The total tax expense above includes a tax credit on non-underlying items of £0.6m (2021: £0.4m).

5. Earnings per share

The basic earnings per share of 38.6p (2021: 31.5p as restated) is calculated based on the profit attributable to the equity shareholders of Wincanton plc of £48.0m (2021: £39.1m as restated) and the weighted average shares in issue excluding those held within an Employee Benefit Trust throughout the year as calculated below of 124.1m (2021: 124.0m). The diluted earnings per share calculation is based on there being 1.4m (2021: 1.4m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

	2022 millions	2021 millions
Weighted average number of Ordinary Shares (basic)		
Issued Ordinary Shares at the beginning of the year[1]	**124.0**	123.9
Net effect of shares issued and purchased during the year	**0.1**	0.1
	124.1	124.0
Weighted average number of Ordinary Shares (diluted)		
Weighted average number of Ordinary Shares for the year (as above)	**124.1**	124.0
Effect of share options in issue	**1.4**	1.4
	125.5	125.4

1 The number of shares excludes 0.7m Ordinary Shares (2020: 0.6m) being the weighted average number of the Company's own shares held within an Employee Benefit Trust.

An alternative earnings per share measure is set out below, being earnings before non-underlying items, including exceptional items, amortisation of acquired intangibles and related tax where applicable, since the Directors consider that this provides further information on the underlying performance of the Group:

	2022 pence	2021 pence
Underlying earnings per share		
– basic	**40.8**	32.0
– diluted	**40.3**	31.7

Underlying earnings are determined as follows:

	Note	2022 £m	2021 (Restated)[1] £m
Profit for the year attributable to equity shareholders of Wincanton plc		**47.9**	41.3
Non-underlying items	3	**3.3**	(1.2)
Tax impact of non-underlying items		**(0.6)**	(0.4)
Underlying earnings		**50.6**	39.7

1 The comparatives have been restated due to a change in accounting policy as explained in Note 1 'Accounting policies'.

Underlying earnings and underlying earnings per share for the year ended 31 March 2021 include the results of the Containers and Pullman Fleet Services businesses, which were sold during that year.

6. Dividend

Dividends paid in the year comprise:

	2022 £m	2021 £m
Final dividend for the year ended 31 March 2021 of 7.5p per share (2020: £nil)	**9.4**	–
Interim dividend for the year ended 31 March 2022 of 4.00p per share (2020: 2.85p)	**4.9**	3.5
	14.3	3.5

The Directors are proposing a final dividend of 8.0p per share for the year ended 31 March 2022 (2021: 7.5p) which, if approved by shareholders, will be paid on 5 August 2022 to shareholders on the register on 15 July 2022, an estimated total of £10m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 12 July 2022 and in accordance with accounting standards has not been included as a liability in these financial statements.

The Employee Benefit Trust has waived the right to receive dividends in respect of the shares it holds.

7. Analysis of changes in net debt

	31 March 2021 £m	Cash flow £m	Non-cash movements £m	31 March 2022 £m
Bank loans and overdrafts	(15.1)	(9.9)	–	**(25.0)**
Financial liabilities arising from financing activities	(15.1)	(9.9)	–	**(25.0)**
Cash at bank and in hand	30.6	(1.9)	–	**28.7**
Bank overdrafts classed as cash equivalents	(3.6)	3.6	–	**–**
Net cash excluding lease liabilities	11.9	(8.2)	–	**3.7**
Lease liabilities	(145.7)	42.9	(100.3)	**(203.1)**
Net debt including lease liabilities	(133.8)	34.7	(100.3)	**(199.4)**

8. Provisions

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2021		24.6	9.4	5.0	39.0
Created		9.8	3.2	2.2	15.2
Acquired with business combinations	11	–	4.2	0.6	4.8
Utilised		(5.4)	(2.0)	(0.3)	(7.7)
Released		(5.1)	(0.2)	(3.1)	(8.4)
Unwinding of discount	3	0.2	0.2	–	0.4
At 31 March 2022		**24.1**	**14.8**	**4.4**	**43.3**
Current		**7.0**	**2.6**	**3.1**	**12.7**
Non-current		**17.1**	**12.2**	**1.3**	**30.6**
		24.1	**14.8**	**4.4**	**43.3**

The Group owns 100% of the share capital of an insurance company which insures certain risks of the Group. The insurance provisions in the above table are held in respect of outstanding insurance claims, the majority of which are expected to be paid within one to seven years. Provisions are released when the obligation no longer exists or there is a reduction in management's estimate of the liability. The discount unwinding arises primarily on the employers' liability policy which is discounted over a period of seven years at a rate based on the Group's assessment of a risk-free rate. The Group provides standby letters of credit to the fronting insurer for employers' liability and motor third party claims totalling £19.7m (2021: £18.6m).

The property provisions are determined on a site by site basis and comprise primarily provisions for dilapidations. Dilapidation provisions comprise dilapidation estimates made in the normal course of business. Provisions are released when the obligation no longer exists or there is a reduction in the estimate. There remains a small level of onerous lease provisions relating to short term leases which are utilised over the relevant lease term, with the majority expected to be utilised over the next year. The dilapidations provisions are expected to be utilised at the end of the lease term. Estimated costs have been discounted at a rate based on the Group's assessment of a risk-free rate, with any estimated income being discounted at a rate reflecting an appropriate level of risk.

Other provisions include the estimated costs of the warranties and indemnities provided on disposal of businesses, together with the provision for sundry claims and settlements where the outcome is uncertain.

9. Employee benefits

Pension schemes

Employees of Wincanton participated in funded pension arrangements in the UK and Ireland during the year ended 31 March 2022, details of which are given below.

The principal Wincanton Scheme in the UK (the Scheme) is a funded arrangement which has two defined benefit sections and two defined contribution sections, called the Wincanton Retirement Savings Section and the Wincanton Pension Builder Plan. The employees of Wincanton Ireland Limited are eligible to participate in a separate defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton.

Triennial valuation

The latest formal valuation of the Scheme was carried out as at 31 March 2020 by the Scheme actuary, Hymans Robertson, and was agreed with the Trustee in September 2020. The annual deficit funding contributions were agreed at £18.9m per annum from 1 April 2020 increasing in line with the Retail Prices Index over the four years to March 2024, followed by £25.0m per annum from April 2024 increasing annually in line with the Retail Prices Index to March 2027. Since the last triennial valuation as at 31 March 2020, additional protection has been provided to the Scheme in the form of a letter of credit of £3.0m increasing by £3.0m each year to a maximum balance of £9.0m. At 31 March 2022 the letter of credit provided totals £9.0m (2021:£6.0m).The annual deficit funding contributions payable from April 2024 will be reduced by £3.0m if a further letter of credit or similar is provided.

The agreement is also subject to other provisions agreed with the Trustee, being:

- additional contributions become payable if distributions to shareholders (dividends and share buy-backs) grow year on year in excess of 10%. The matching will only be in relation to the distribution amounts above the threshold and are calculated at 50% of the excess or 100% of any distribution growth above 15%.
- additional contribution payments become payable in the event of severe adverse Scheme investment performance where the actual deficit in the Scheme exceeds an agreed threshold above the expected deficit at the end of two consecutive six month reporting periods.
- a one-off payment to the Scheme of £6.0m in any year if both the underlying profit after tax is lower than the level of profit after tax reported in the 2017/18 financial year and the dividend payout ratio increases to over 40% of profit after tax.

As with the previous agreement, it has been agreed that certain administration expenses would be paid directly by the Group and deducted from the deficit funding contributions. The expenses, which amount to £0.7m (2021: £0.7m) are not included in the contributions below.

Contributions

The deficit funding contribution in the year, net of the above expenses was £18.5m (2021: £18.3m). In addition, other administration costs of the Scheme were borne directly by the Group totalling £0.9m (2021: £0.8m).

In the financial year commencing 1 April 2022, the Group is expecting to make deficit funding contributions of £20.1m being the annual deficit contribution of £20.7m less certain administration expenses mentioned above. In addition, other administration costs of the Scheme will be borne directly by the Group; these are expected to total £0.9m.

Net defined benefit asset

The assets and liabilities of the defined benefit sections of the Group are calculated in accordance with IAS 19 Employee Benefits (Revised) and are set out in the tables below.

The calculations under IAS 19 are based on actuarial assumptions which are the best estimates chosen from a range of possible assumptions about the long term future which, unless by chance, will not necessarily be borne out in practice. The fair value of the assets, which are not intended to be realised in the short term, may be subject to significant change before they are realised, and the present value of the liabilities are derived from cash flow projections over long periods and are thus inherently uncertain.

	2022 £m	**2021 £m**
Present value of unfunded defined benefit obligations	**(2.5)**	(2.6)
Present value of funded defined benefit obligations	**(1,091.3)**	(1,161.1)
Fair value of Scheme assets	**1,208.3**	1,211.9
Net defined benefit asset	**114.5**	48.2

The movement in the net defined benefit asset in the year was primarily the result of the impact of external market factors. Scheme liabilities are calculated using a discount rate based on high quality corporate bond yields while Scheme assets are hedged against movements in gilt yields. Credit spreads on corporate bonds increased due to market uncertainty resulting in a reduction in the liabilities, which has not been matched with a corresponding fall in assets as at 31 March 2022.

The net defined benefit asset, after taking into account the related deferred tax liability, is £85.9m (2021: £39.1m). Deferred tax is recognised at 25% (2021: 19%) as the Group expects the surplus to reduce over timer rather than obtained as a refund of the surplus on winding up.

Movements in the present value of the net defined benefit liability

31 March 2022	Assets £m	Obligations £m	Net asset £m	Unfunded arrangements £m	Total net asset £m
Opening position	1,211.9	(1,161.1)	50.8	(2.6)	48.2
Included in the income statement:					
Administration costs	(1.7)	–	(1.7)	–	(1.7)
Interest on the net defined benefit asset	24.1	(23.0)	1.1	–	1.1
Cash:					
Employer contributions	19.3	–	19.3	–	19.3
Benefits paid	(34.6)	34.6	–	–	–
Included in other comprehensive income:					
Changes in financial assumptions	–	79.0	79.0	0.1	79.1
Changes in demographic assumptions	–	2.8	2.8	–	2.8
Experience adjustments	–	(23.6)	(23.6)	–	(23.6)
Return on assets excluding amounts included in net financing costs	(10.7)	–	(10.7)	–	(10.7)
Closing defined benefit asset	**1,208.3**	**(1,091.3)**	**117.0**	**(2.5)**	**114.5**

Actuarial assumptions

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

	2022 %	2021 %
Discount rate	**2.70**	2.00
Price inflation rate – RPI	**3.85**	3.40
Price inflation rate – CPI	**3.25**	2.80
Rate of increase of pensions in deferment[1]	**2.50-3.25**	2.50-2.80
Rate of increase of pensions in payment[1]	**2.20-3.65**	2.05-3.30

1 A range of assumed rates exist due to the application of annual caps and floors to certain elements of service.

On 25 November 2020, the government and UK Statistics Authority published their joint consultation response on RPI reform, confirming their intention to align RPI calculation to that already in use for the calculation of CPIH (including housing) with effect from 2030. As a result, the Group has reduced the post-2030 gap between RPI and CPI to nil, effectively assuming RPI will be aligned with CPI post-2030, resulting in a single weighted average RPI-CPI gap of 0.6% p.a. at 31 March 2022 (2021: 0.60%).

The assumptions used for mortality rates for members of these arrangements at the expected retirement age of 65 years are as follows:

	2022 Years	2021 Years
Male aged 65 today	**20.7**	20.7
Male aged 45 today	**22.1**	22.0
Female aged 65 today	**23.1**	23.0
Female aged 45 today	**25.5**	25.5

Sensitivity table

The sensitivities of the present value of the Scheme obligations to changes in the key actuarial assumptions are set out in the following table. The illustrations consider the result of only a single assumption changing with the others assumed unchanged and includes the impact of the interest rate and inflation rate hedging. In reality it is more likely that more than one assumption would change and potentially the results would offset each other; for example, a fall in interest rates will increase the Scheme obligations, but may also trigger an offsetting increase in market value of certain Scheme assets.

	Change in assumption	(Increase)/decrease in liability £m	Increase/(decrease) in assets £m

Discount rate	**+0.25%**	**41.0**	(52.0)
Credit spread	**+0.25%**	**41.0**	(8.0)
Price inflation – RPI	**+0.25%**	**(47.0)**	10.0
Mortality rate	**+ 1 year**	**51.0**	–

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £36.7m (2021: £34.0m).

10. Financial Covenants

The Group's committed facilities at 31 March 2022 comprise a syndicated RCF of £175.0m, agreed in March 2022 and maturing in March 2026. The RCF requires the Group to comply with three financial covenants at 30 September and 31 March each financial year and the Group operates comfortably within these covenants:

Covenant	**Calculation**	**Ratio**	**2022**	**2021**
Leverage ratio	Consolidated net borrowings(A)/Consolidated EBITDA (B)	<3.0:1*	**0.7**	0.3
Interest cover	Consolidated EBITDA (B)/Consolidated net finance charges (C)	>3.5:1	**38.8**	29.2
Fixed charge cover	Consolidated EBITDA (B) plus operating lease costs (D) /Consolidated net finance charges (C) plus operating lease costs (D)	>1.4:1	**2.7**	2.8

* Leverage ratio was <2.75:1 under the previous RCF agreement.

A reconciliation of these terms to the reported amounts is as follows:

	At 31 March 2022	**At 31 March 2021**
Reported net cash	**(3.7)**	(11.9)
Finance lease liability under IAS 17	**15.6**	1.3
Cash held by captive insurer	**9.2**	6.8
Guarantees provided	**25.9**	22.9
Consolidated net borrowings for covenant reporting (A)	**47.0**	19.1

	At 31 March 2022	**At 31 March 2021**
Underlying operating profit	**64.7**	51.8
Depreciation, amortisation and impairments	**43.6**	43.4
Underlying EBITDA	**108.3**	95.2
Adjustment to frozen GAAP (IFRS 16 to IAS 17)	**(42.9)**	(37.8)
Share based payment charges	**0.5**	0.9
Consolidated EBITDA for covenant reporting (B)	**65.9**	58.3

	At 31 March 2022	**At 31 March 2021**
Net interest payable	**6.6**	4.6
Adjustment to frozen GAAP (remove IFRS 16 interest)	**(5.2)**	(3.7)
RPF interest	**(0.2)**	(0.3)
Arrangement fees	**(0.2)**	(0.5)
Interest on net defined benefit asset	**1.1**	2.3
Other discount unwinding	**(0.4)**	(0.4)
Covenant net finance charges (C)	**1.7**	2.0

	At 31 March 2022	**At 31 March 2021**
Operating lease costs for covenant reporting (D)	**35.9**	29.6

11. Business combinations

On 10 September 2021, the Group acquired 100% of the equity shares in Caledonia Bidco Limited and its subsidiaries which include Cygnia Logistics Limited (Cygnia). Cygnia is a specialist mid-market eCommerce and multichannel eFulfilment provider with expertise spanning the full breadth of their customers' requirements, including high volume order fulfilment, returns and carrier management services. The acquisition is in line with the Group's strategic focus on eCommerce and provides access to exciting new growth opportunities in the mid-market sector.

The acquisition has been accounted for as a business combination using the acquisition method of accounting in accordance with IFRS 3 Business Combinations and consequently the Cygnia assets acquired, and liabilities assumed, have been recorded by the Group at fair value, with an excess purchase price over the fair value of the identifiable assets and liabilities being recognised as goodwill.

The fair values assigned to the Cygnia business combination at the acquisition date are:

	Fair value £m
Tangible assets	3.7
Right-of-use assets	31.1
Intangible assets	7.2
Inventories	0.1
Trade and other receivables	7.1
Cash and cash equivalents	2.4
Trade and other payables	(4.2)
Deferred tax liability	(1.9)
Financial liabilities – interest bearing borrowings	(14.0)
Provisions	(5.6)
Lease liabilities	(30.2)
Fair value of net liabilities acquired	(4.3)
Purchase consideration:	
Cash paid	16.0
Amounts eligible for repayment upon settlement of acquired liabilities	(0.3)
Total purchase consideration	15.7
Excess of purchase consideration over net liabilities acquired	20.0

The estimated fair value and useful lives of intangible assets as at the acquisition date are as follows:

	Fair value £m	**Useful lives years**
Customer-related intangible assets	4.8	7
Cygnia trade name	2.0	5
Software	0.4	3

The fair value attributed to intangible assets was £7.2m and primarily represents existing customer relationships and contracts. These were fair valued using the excess earnings method, which uses a number of estimates regarding the amount and timing of future cash flows. The key assumptions in the cash flows are forecasted revenue, customer attrition rate and forecast profit margins. In accordance with the Group's policy on impairment assessments per Note 1, the assets were assessed for impairment at the year end.

Goodwill amounting to £20.0m was recognised on acquisition and is underpinned by a number of elements, which individually could not be quantified. Most significant amongst these is the premium attributable to a pre-existing, well-positioned business in the eCommerce and multichannel eFulfilment markets with a highly skilled workforce and established reputation. Goodwill is not expected to be deductible for tax purposes.
Total acquisition related costs of £1.0m have been incurred by the Group, which include advisory, legal, integration and other professional fees. These costs are presented within non-underlying expenses (see Note 2).

Cygnia's results have been consolidated into the Group's results from 10 September 2021. For the period from acquisition to 31 March 2022, Cygnia's revenue was £22.6m and contributed an operating loss of £0.3m to Group profit. If the acquisition had taken effect at the beginning of the reporting period in which the acquisition occurred (1 April 2021) the total revenues of the combined Group for the year would have been £1,434.9m and an operating profit of £60.5m. This information does not purport to represent the results of the combined Group that actually would have occurred had the acquisition taken place on 1 April 2021 and should not be taken to be representative of future results.

In addition to the cash purchase consideration paid of £16.0m above, the Group immediately settled Cygnia's interest-bearing borrowings and amounts due to a debt factoring company of £11.8m and £2.2m respectively and acquired cash of £2.4m. Purchase consideration of £1.7m was paid into escrow to cover certain indemnities provided by the seller. The Group's best estimate of the amounts to be recovered from the seller is £0.3m.