

Wincanton

At the heart of British supply chains

Wincanton plc
Results for the year to 31 March 2023



Certain statements in this presentation are forward-looking statements.

Such statements are based on current expectations and by their nature are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

The information does not assume any responsibility or obligation to update publicly or revise any of the forward-looking statements contained herein.



Agenda

Executive summary

James Wroath, CEO

Financial performance

Tom Hinton, CFO

Strategic update

James Wroath, CEO

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Executive summary



Profitable growth and strategic progress amid a challenging external environment

- Robust financial performance
 - Underlying PBT up +6.9% YOY
 - Revenue growth +2.9% YOY
 - Solid balance sheet with net cash of £13.2m
 - Proposed final dividend of 8.8p, +10% YOY
- Continued strategic progress
 - New business momentum sustained
 - Transport operations reorganised
 - Foundation markets underpin cashflow
 - Investing in technology, robotics and automation
- Mindful of headwinds
 - Proactively managing impact of inflation
 - Macro-economic trends on consumer spending

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Financial performance

Tom Hinton, CFO



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Financial highlights

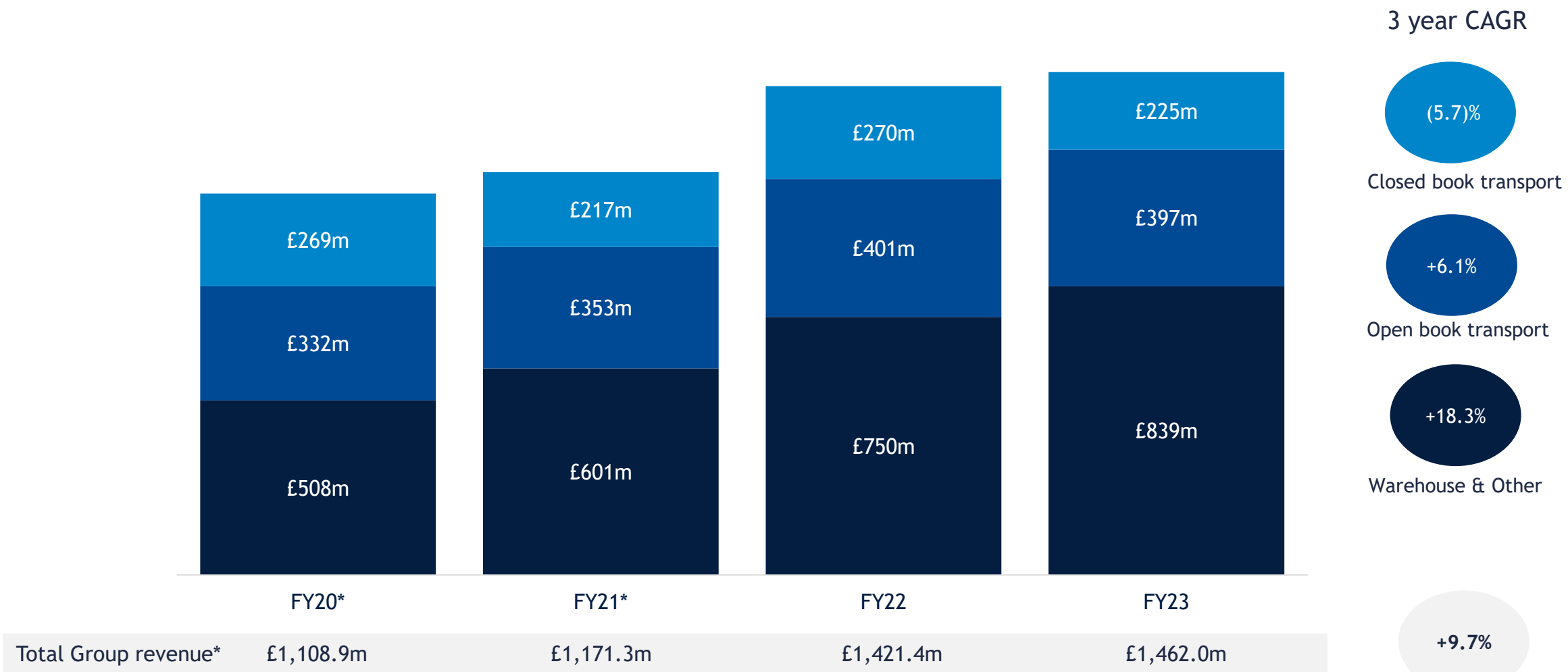
	FY23 £m	FY22 £m	Change %
Total revenue	1,462.0	1,421.4	2.9%
Underlying EBITDA	121.9	108.3	12.6%
Underlying profit before tax (PBT)	62.1	58.1	6.9%
<i>Underlying PBT margin</i>	<i>4.2%</i>	<i>4.1%</i>	<i>10bps</i>
Underlying EPS (pence)	42.5	40.8	4.2%
Free cash flow	48.6	54.0	
Change in net cash	9.5	(8.2)	
Net cash	13.2	3.7	

Dividend per share (pence)	13.2	12.0	10.0%
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- Revenue growth of 2.9% driven by new business and Cygnia acquisition offset by volume reduction in H2
- Underlying EBITDA growth of 12.6%
 - Growth in public sector
 - New business and renewals in foundation sectors
 - Volume and inflation headwinds impacting transport and shared-user warehouse networks
- Underlying profit before tax up 6.9%
 - Investment in property leases
 - Increase in interest rates
- Continued strong free cash flow performance, with a year-on-year improvement in cash
- Final proposed dividend of 8.8p, taking total dividend per share to 13.2p; 10% increase year-on-year

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Warehouse and open book transport drive revenue growth

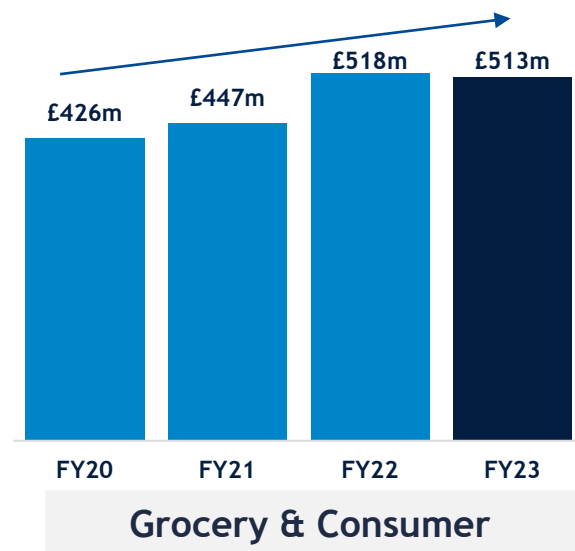


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* excludes reported revenue from Specialist services, disposal in FY20/21

Sustained revenue growth by sector

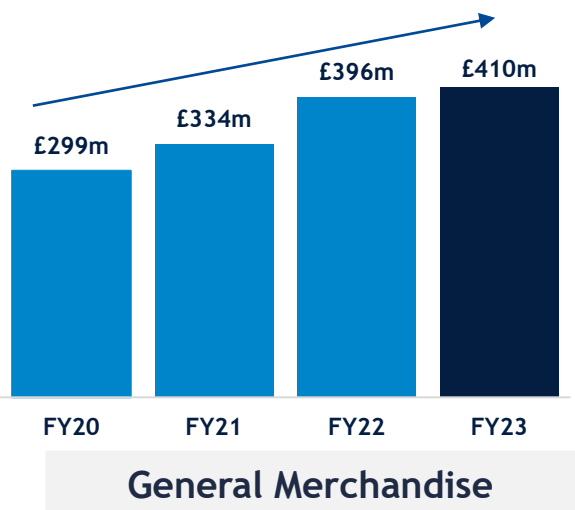
Foundation sectors



3 year
CAGR
+6.3%

YOY
(1.0)%

- Core grocery volume stable year-on-year against strong Covid-19 comparator
- Downturn in retail transport volume

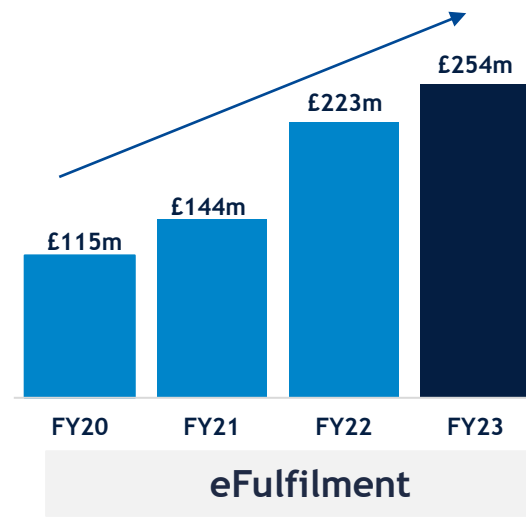


3 year
CAGR
+11.1%

YOY
+3.5%

- Growth from new business secured with Primark and MGAE offset by contract exit
- Like-for-like volume down year-on-year

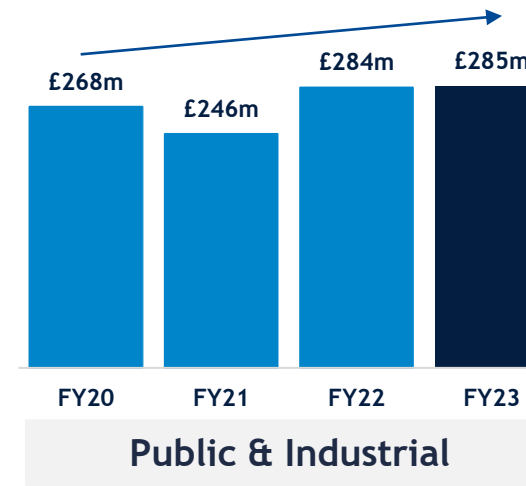
Strategic growth sectors



3 year
CAGR
+30.1%

YOY
+13.8%

- eFulfilment growth of 7.6% excluding Cygnia acquisition
- Further growth from new business secured with The White Company
- Softening volumes in two-person home delivery and shared-user warehouses



3 year
CAGR
+2.1%

YOY
+0.4%

- Core public sector growth including contract mobilisation
- Lower activity levels in construction transport market together with contract exits

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Underlying profit

	FY23 £m	FY22 £m	Change %
Underlying EBITDA	121.9	108.3	12.6%
<i>Underlying EBITDA margin</i>	8.3%	7.6%	70bps
Depreciation and amortisation	(51.1)	(43.6)	(17.2)%
Financing costs	(8.7)	(6.6)	(31.8)%
Underlying PBT	62.1	58.1	6.9%
<i>Underlying PBT margin</i>	4.2%	4.1%	10bps
Tax	(9.7)	(7.5)	(29.3)%
Underlying profit after tax	52.4	50.6	3.6%
<i>Effective tax rate</i>	15.6%	12.9%	

- Underlying EBITDA growth of 12.6% reflecting growth from new business offset by transport headwinds
- Increase in depreciation year-on-year as a result of new assets and leases
- Financing costs increased due to
 - Higher number of property leases
 - Higher interest rates
- Underlying PBT of £62.1m (FY22: £58.1m)
- Effective tax rate 15.6%; lower than statutory rate due to the benefit of super capital allowances

Managing headwinds



Labour market



Inflationary pressures



Lower consumer spending

Managing labour market headwinds

Labour market



20k

Colleagues

Breakdown of costs



59%

Labour costs

Delivered in FY23



93% Colleagues' wage increase agreed



8% Average wage increase agreed for drivers and warehouse colleagues



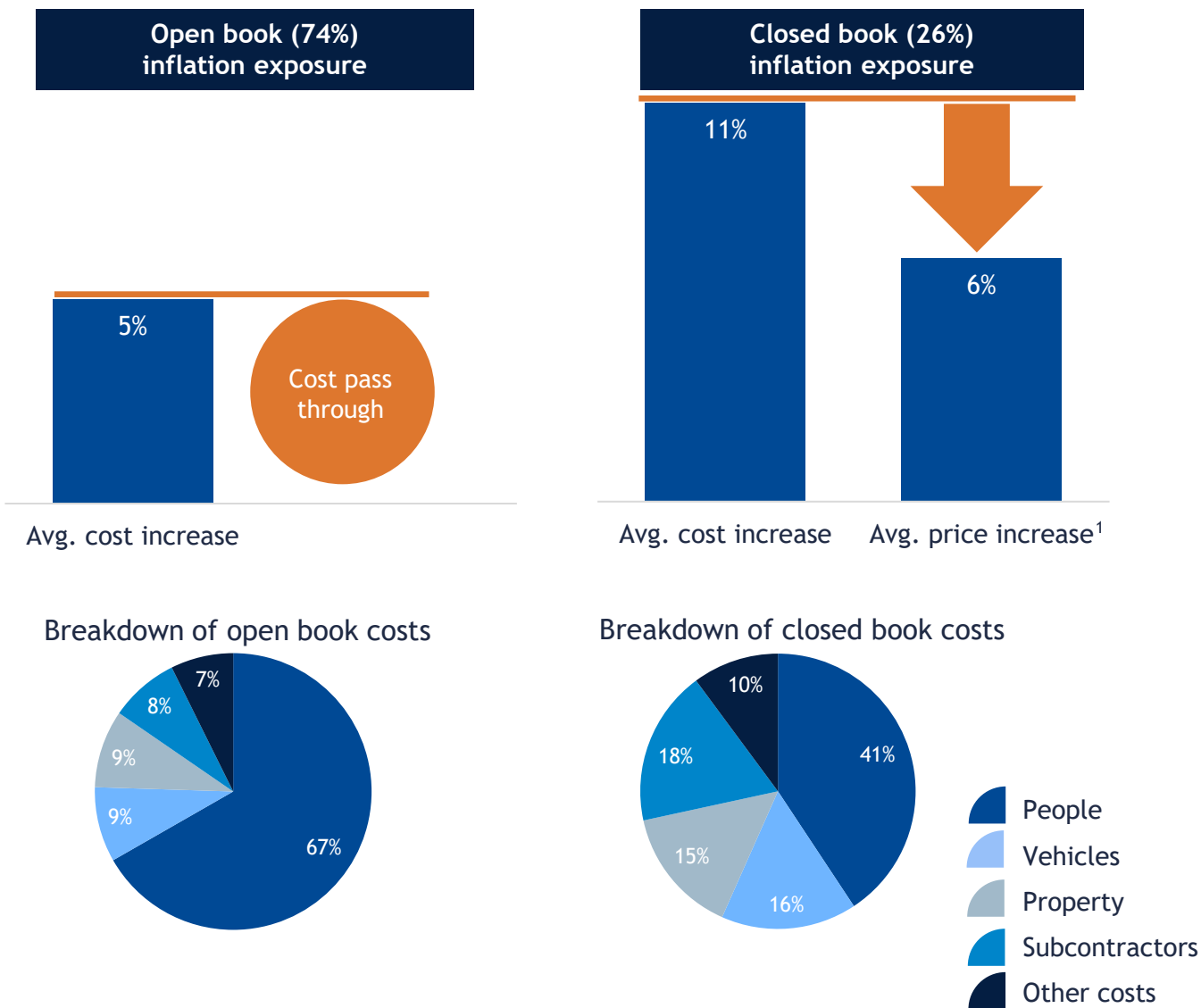
331 New apprenticeships started



221 Colleagues qualified as drivers with the future driver programme

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Addressing inflationary pressures



- Actions
- ☒

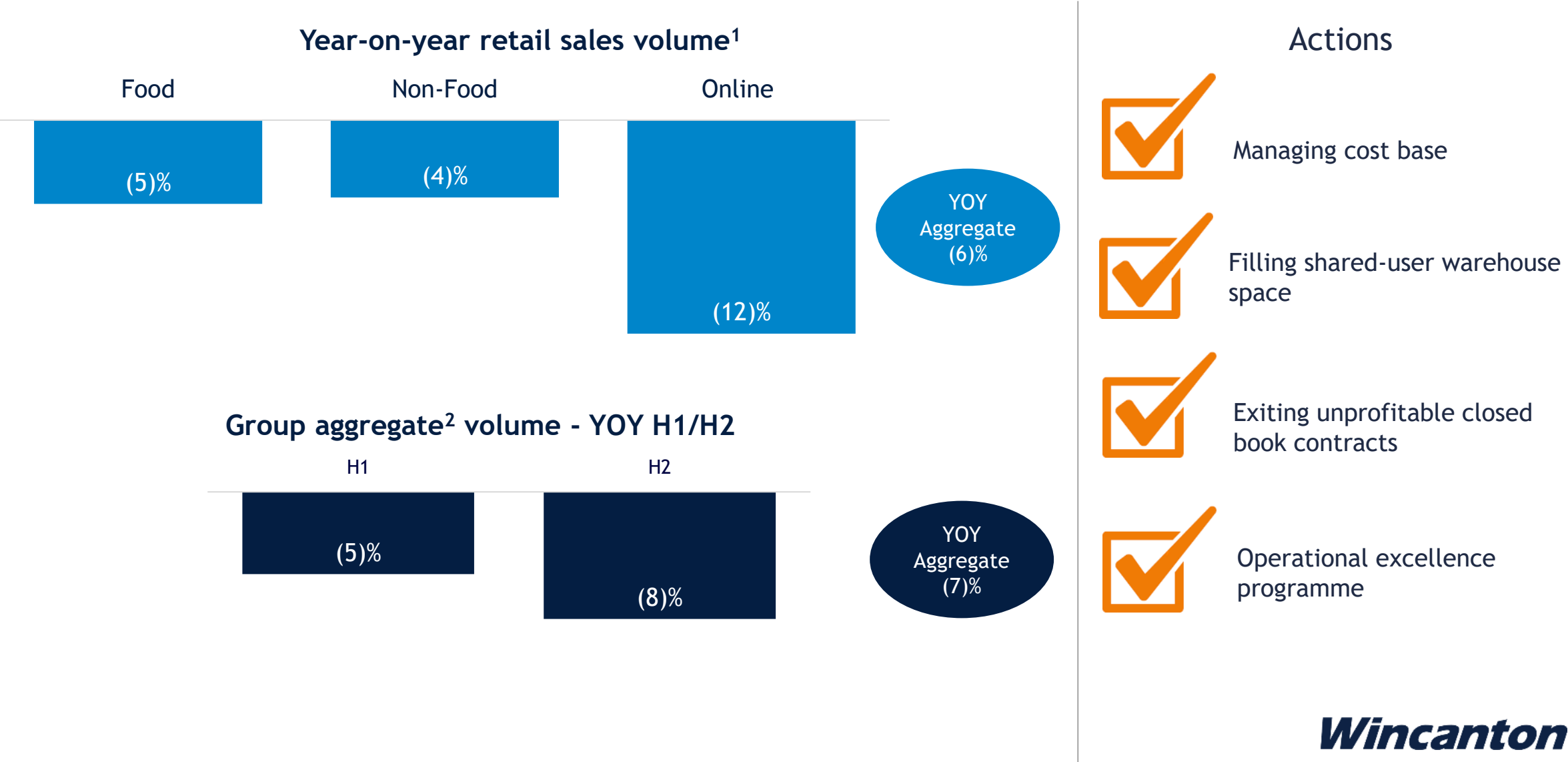
Strong customer relationships
- ☒

Contractual rate reviews
- ☒

Fuel escalator mechanism
- ☒

Savings delivered through operational excellence programme

Lower consumer spending



Non-underlying items

	FY23 £m	FY22 £m
Restructure and impairment of transport related activities	(19.5)	-
Oracle cloud implementation costs	(3.2)	(4.1)
Intangible asset amortisation	(1.1)	(0.6)
Acquisition related costs	(0.5)	(1.0)
Gain on disposal of business	0.4	0.9
Release of historic warranty provision	-	1.0
Net profit on disposal of assets	-	0.5
Non-underlying items	(23.9)	(3.3)

- Impairment following reorganisation of transport operations with the renewed focus on Transport Control Tower services and management of open book fleet
- Oracle cloud costs for payroll implementation
- Amortisation of acquired intangible assets from Cygnia acquisition

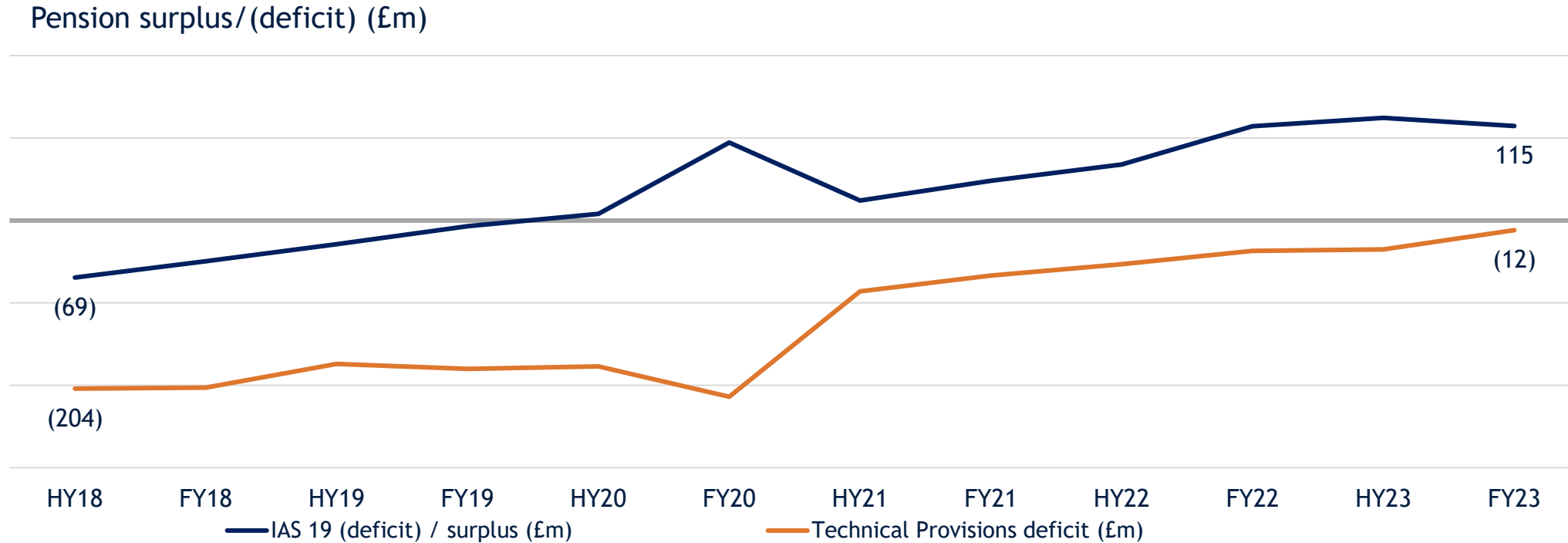
Strong balance sheet and cash management

	FY23 £m	FY22 £m
Underlying EBITDA	121.9	108.3
Working capital	4.1	6.0
Tax	(8.8)	(3.3)
Net interest	(5.7)	(5.2)
Other items	0.3	(2.7)
Repayment of obligations under leases	(48.7)	(40.8)
Capex net of disposal proceeds	(14.5)	(8.3)
Free cash flow	48.6	54.0
Pension payments	(20.1)	(18.5)
Dividends	(15.3)	(14.3)
Own shares acquired	(3.7)	(1.8)
Acquisition:		
- consideration	-	(23.9)
- acquired assets	-	(3.7)
Increase/(reduction) in net cash	9.5	(8.2)
Closing net cash	13.2	3.7

- Closing net cash of £13.2m and free cash flow of £48.6m
- Good working capital management, the mix of growth from new and existing customers on favourable terms
- Increase in tax payments includes the impact of deferred Group losses until future years
- Increased net interest costs reflects higher interest base rates
- Lease payments include investment in new properties at Harlow, Linwood and Coddington in Scotland
- Increased capex investment supporting innovation in Cygnia, investment in Harlow and new customer growth

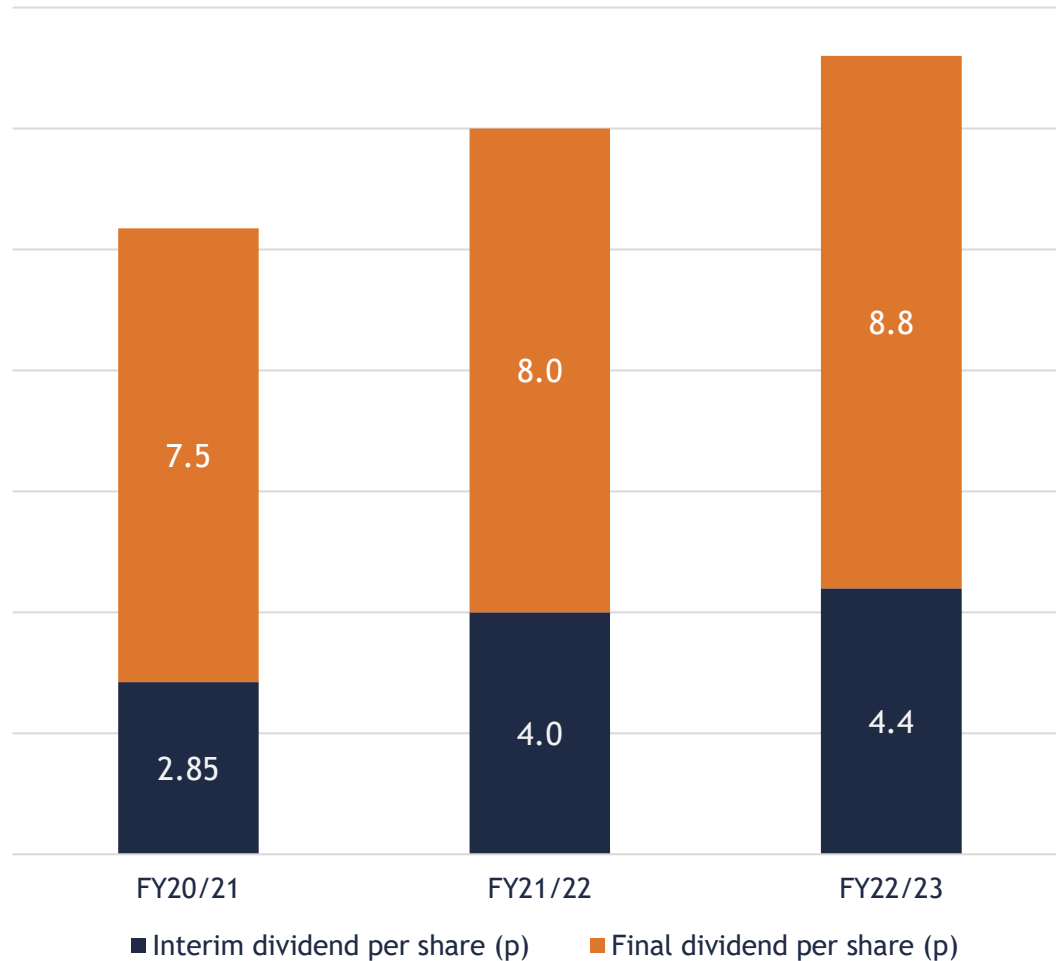
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Improving pension position



- IAS 19 pension surplus of £115m, at the same level as 31 March 2022, due to pension contributions offset by actuarial movements
- Technical provision deficit at 31 March 2023 is estimated to be £12m, an improvement of £25m from 31 March 2022
- Net pension contribution for the year was £20.1m (FY22:£18.5m)
- Triennial valuation ongoing

Track record of delivering dividend growth



- Final dividend proposal of 8.8p, taking total dividend to 13.2p, +10% YOY
- Dividend policy consistent with prior years, being broadly 1/3 interim and 2/3 final
- To be paid on 11 August 2023

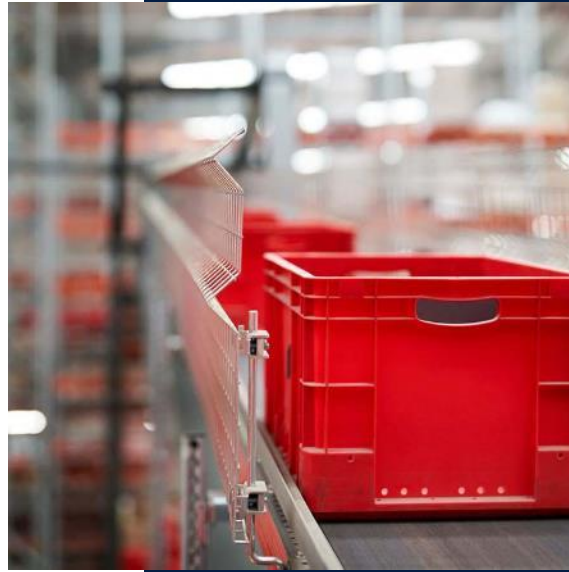


Strategic update

James Wroath, CEO

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Focus on delivery



- 1 Deliver shared-user opportunities in eFulfilment
- 2 Focus on opportunities in the public sector and public funded projects, defence and industrial markets
- 3 Capitalise on our strategic shift in Transport
- 4 Drive growth and retention in foundation markets
- 5 Ensure ESG remains at the heart of everything we do

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Deliver shared-user opportunities in eFulfilment



- Significantly expanded our partnerships with likes of IKEA and Wickes
- First to market with shared user robotics solution
- Cost restructure initiatives
- Future growth in high volume eFulfilment



SEPHORA



HUDA BEAUTY

THE WHITE COMPANY
LONDON



Focus on opportunities in the public sector and public funded projects, defence and industrial markets



- Wincanton has an important part to play in public sector supply chain operations
- Focus on infrastructure and healthcare project pipeline
- Defence and industrials remain important markets
- Continued product development to optimise complex supply chains

BRITISH SALT
A TATA Enterprise

ALSTOM

BAE SYSTEMS


Department
for Environment
Food & Rural Affairs

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Capitalise on our strategic shift in Transport



Open book dedicated networks



4PL - Investment in Transport Control Tower technology



Lane rates

- Valued transport expertise
- Deliver mutual value
- Relative low risk commercial framework
- Opportunity for Wincanton to drive collaboration between networks

- Asset free/agnostic
- Procurement services
- Data reporting, real-time visibility and insight delivering value to customers
- CO₂ benefits

- No volume guarantees
- Risk on inflation
- Closed book
- Imbalanced risk & reward
- ROCE poor

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Drive growth and retention in foundation markets

- Strong renewal and growth driven by consistent delivery in key markets
- Best opportunity for future robotics and automation projects



General Merchandise

- Major automation projects with Kingfisher delivered
- Building on key customer relationships and share of wallet growth
- Embedding new Transport customers

Grocery & Consumer

- Major automation projects implemented for Britvic and Suntory
- Building on key customer relationships in Grocery
- New business focus in Consumer market

SCREWFIX

NEW LOOK

PRIMARK

B&Q

DUNNES
STORES

halfords

CEFC
YOUR ELECTRICAL EXPERTS

HOME BASE

MGA
ENTERTAINMENT

Sainsbury's

ASDA

OP

SUNTORY

BRITVIC

LA DORIA

PURINA

Husqvarna

HEINZ
ESTD 1869



Ensure ESG remains at the heart of everything we do

- Premium home delivery service has been carbon neutral since 2022
- Multi-million investment to provide electric vehicles for IKEA
- HVO trial for major customer
- Carbon intensity ratio
 - 225 tCO₂e/£m
 - 4.3% improvement YoY
- Social value - our million hour mission launch

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FY24 - Year of delivery



- Highly cash generative business enabling continued investment in people and technology
- Remain focused on delivering excellent customer service and driving efficiencies
- Future growth opportunities across all four business sectors
- Confidence in the Group's long term strategy
- Mindful of challenging economic conditions continuing in FY24
- Revenue and underlying profit before tax remain in line with market expectations



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Q&A



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