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Wincanton

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WINCANTON plc

Half Year results for the six months to 30 September 2023 (unaudited)

Trading in line with market expectations

Dividend maintained and share buyback programme announced

Wincanton plc ("Wincanton" or "the Group"), a leading supply chain partner for UK business, today announces its half year results for the six months ended 30 September 2023.

Key financial measures

	H1 23/24	H1 22/23	Change
Revenue (£m)	**694.7**	753.6	(7.8%)
Underlying EBITDA (£m) [1]	**48.4**	57.4	(15.7%)
Underlying profit before tax (£m) [1]	**22.6**	28.0	(19.3%)
Underlying basic EPS [1]	**13.7p**	18.8p	(27.1%)
Dividend per share – interim (pence)	**4.4p**	4.4p	0.0%
Free cash flow (£m) [1]	**24.5**	17.7	
Net (Debt)/Cash (£m) [1]	**15.6**	(2.2)	
Statutory results			
Profit before tax (£m)	**19.1**	25.8	(26.0%)
Basic EPS	**11.5p**	17.4p	(33.9%)

Financial highlights

- Revenue of £694.7m and underlying profit of £22.6m, in line with expectations
  - 7.8% revenue reduction from prior year reflecting the Group's strategic shift out of closed book transport contracts and towards digitally enabled 4PL solutions
  - Excluding closed book transport contracts, revenue is down 3.7%
- Strong free cash flow generation of £24.5m with disciplined cash management resulting in an improved H1 net cash position of £15.6m
- Interim dividend of 4.4p at the same level as prior year
- Milestone agreement reached with the Defined Benefit Pension Scheme Trustees for the March 2023 triennial valuation; last contribution to scheme made in July 2023, unlocking significant free cash flow
- New capital allocation framework developed, including launch of £10m share buyback programme

Operational highlights

- Continued automation transformation with launch of robotic cross dock solution for leading UK retailer
- Strategic reorganisation of transport delivered at pace with focussed investment on digitally enabled 4PL services
- Significant growth in open book managed transport services with implementation of Sainsbury's contract, alongside previous wins with New Look and Primark
- Further new business secured with Segen, Jet2 and The Conran Shop and key renewal with customers such as LVMH Group-owned Sephora and Williams Sonoma
- Total sales pipeline of £1.5bn reflecting the scale of organic opportunity in the logistics market

James Wroath, Chief Executive Officer of Wincanton commented:
"We have delivered a resilient performance during the first half of the year despite a macro-economic backdrop characterised by persistent inflationary pressure, elevated interest rates and weakened consumer confidence. The Group made the decision to exit closed book transport contracts and proactively changed the focus of our business and I am pleased with the progress we have made on those strategic objectives.

We continue to invest in supply chain automation, transport optimisation and operational excellence. As reflected in our new capital allocation framework and the confidence of the Board, we are maintaining our dividend year on year and returning value to our shareholders through a share buyback programme.

Our people are the bedrock of our business and I would like to thank our 20,000+ colleagues, who continue to provide exceptional service to our customers and deliver supply chain value every day."

Outlook
We expect retail volume pressure to persist in the near-term, reflecting the challenging macro-economic backdrop. Despite this, the Group's diversified sectors, commercial discipline, and customer relationships ensure that Wincanton is well positioned to deliver on its strategic ambitions. Strong cash generation and the result of the 2023 pension triennial valuation will help accelerate the Group's investment in sustainable and margin accretive growth and enhance shareholder returns.

The Board remains confident in the Group's strategy and expects to deliver revenue and profit in line with market expectations for FY24.

For further enquiries please contact:

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A presentation for analysts and investors will be held at the offices of Deutsche Numis, 45 Gresham St, London, EC2V 7BF today 9 November 2023, commencing at 9am GMT. The presentation will be followed by a Q&A with James Wroath and Tom Hinton.

The live presentation can be viewed in the link below and will be available following the event later today: Issuer services | London Stock Exchange | Wincanton Half Year results 23/24

Notes

[1] The section on Alternative Performance Measures (APMs) below and Note 3 to the consolidated half year financial statements provide further information on underlying measures, including definitions and a reconciliation of APMs to statutory measures.

Half year review for the six months to 30 September 2023

Summary
The Group delivered a robust performance in a challenging external environment in terms of both its financial and operational performance.

We continue our strategic shift away from closed book transport contracts with open book warehouse and transport contracts representing 80% of total revenue, which hedges against macro-economic headwinds. These large-scale, labour-intensive operations also provide significant opportunity for investment in robotics and automation. The closed book transport contracts now represent 11% of total revenue (H1 22/23: 15%).

Revenue of £694.7m (H1 22/23: £753.6m) was 7.8% behind last year, with continued growth in eFulfilment offset by volume downsides and contract losses in other sectors. New business from customers including Segen, a solar energy and storage distributor, and New Look in General Merchandise, British Salt in Public & Industrial and an Ikea expansion in eFulfilment have all contributed to partially offset volume declines. Finally, our Grocery & Consumer sector benefitted from increased Sainsbury's capacity largely offsetting the Morrisons contract loss.

Underlying profit before tax decreased by 19.3% to £22.6m, as expected, (H1 22/23: £28.0m) and the Group's underlying profit before tax margin was 3.3% (H1 22/23: 3.7%). The Group's performance is in line with market expectations which takes into account the HMRC contract loss, volume downsides seen in the transport network and a shift in our mix towards lower risk open book contracts.

Closing net cash at the end of H1 was £15.6m (H1 22/23: net debt (£2.2m)) demonstrating strong cash conversion. There is significant liquidity headroom enabling further growth and strategic investments, alongside providing protection to potential uncertainties from the macro-economic environment.

Resilient operational delivery
The Group delivered a resilient performance, despite a macro-economic environment that includes persistent inflationary pressure and tightening of consumer spending, particularly relevant in our General Merchandise and Grocery & Consumer sectors.

eFulfilment revenue growth has been strong, up 11.7% year on year, providing momentum into the second half of FY24 and into FY25. New business growth including our expanded partnership with Ikea, The White Company and Wickes home delivery have more than offset volume declines seen in two-person home delivery and high-volume eFulfilment.

The performance of the Public & Industrial sector benefitted from contracts such as EDF, British Salt and BAE Systems helping to partially offset the HMRC contract loss and a tough prior year comparator which benefitted from high Covid-19 test volumes.

In our foundation sectors we have continued to experience volume headwinds, reflecting the wider divergence of value and volume experienced across the retail sector. The Group's weighting towards open book contracting has helped hedge against inflation and reduced consumer activity. General Merchandise benefitted from new business wins with Segen and New Look and the renewal of the Halfords contract. In Grocery & Consumer, the expansion of the Sainsbury's relationship partially offsets volume declines and contract losses.

The Group continues to invest in automation and robotics, building on the investment made in prior years. The pilot with a leading UK retailer for an automated cross dock operation is expected to deliver both efficiency and resilience within the retail supply chain operations that will be repeatable with customers of similar size and scale.

People
The Board is delighted to welcome John Pattullo OBE, who joins as a Non-Executive Director. John will also be appointed as a member of the Group's Audit and Nomination Committees. John has a wealth of experience spanning logistics and consumer goods having previously held senior positions

at Procter & Gamble, Exel/DHL and Ceva Logistics where he served as CEO between 2007 and 2012. John is currently Senior Independent Director of Redde Northgate plc, the FTSE 250 supplier of integrated mobility solutions, a position he has held since 2019. He was previously Chair of V Group until December 2020 and has served as Senior Independent Director and Remuneration Committee Chair of Electrocomponents plc (now RS Group plc), Chair of NHS Blood and Transplant, Chair of Marken Logistics and Chair of In Kind Direct, a Prince's charity.

The Board would like to thank outgoing Senior Independent Director, Stewart Oades, for his hard work, commitment and outstanding contribution to the Group over the last nine years. Stewart championed employee engagement and Wincanton has benefitted from his wealth of industry knowledge and experience throughout his time with the Group.

2023 Triennial Valuation
The Group and the Trustees of the Defined Benefit Pension Scheme reached an agreement on the terms of the 2023 triennial valuation. We were pleased to report that as of 31 March 2023 the scheme had an actuarial surplus of £3.9m compared to an actuarial deficit of £154m at 31 March 2020. This significant improvement was driven by the Group's sustained contributions to the scheme alongside the strong performance of the scheme's underlying assets.

Reflecting the scheme's performance, the Trustees agreed that Group contributions to the scheme would cease from September 2023 and conditions of shareholder returns removed. Scheme members can take comfort from the health of the scheme, along with additional security offered in the unlikely event of extreme adverse performance of the scheme or a significant increase in Group leverage.

Over the past 5 years, 35% of the Group's Free Cash Flow has been dedicated to reducing the scheme's deficit. The elimination of the deficit and corresponding cessation of contributions provides significant capital investment optionality for the Group.

Capital Allocation
The Board has approved a new Capital Allocation Framework which articulates the Group's priorities for capital investment and funding model. The framework sets out five key capital priorities:

- Business as usual capital expenditure, supporting our market-leading operating capabilities
- Maintaining the ordinary dividend according to the Group's dividend policy
- Investing in organic growth
- Investing in capability enhancing acquisitions
- Enhancing shareholder returns by returning excess capital via share buybacks and/or special dividends

Dividend
The Board is declaring an interim dividend of 4.4p per Ordinary Share in line with prior year (H1 22/23: 4.4p per share). The Group's policy is for the interim dividend to be approximately one third of the expected full year dividends and will be payable on 15 December 2023.

Share buyback
The Board also announces its intention to commence a £10m share buyback. The share buyback forms an integral part of the revised capital allocation framework and capitalises on our net cash position at the half year.

Key priorities and outlook
The Group is mindful of the macro-economic environment experienced to date. With open book contracts, making up 80% of the portfolio, we have a clear mechanism of passing on inflationary increases. We will continue with the operational efficiencies for both open and closed book contracts to mitigate these costs as much as possible, with continued investment in automation and robotics supporting in driving this efficiency.

The Group remains on track to deliver full year profits consistent with market expectations. The pipeline for our strategic markets continues to grow. The Board is particularly encouraged by the sales pipeline, future growth opportunities and the business' ability to pass inflationary cost pressures to its customers through its contractual structures.

Trading

Sector revenue	**H1 23/24 £m**	H1 22/23 £m	Change
eFulfilment	**137.3**	122.9	11.7%
Grocery & Consumer	**243.9**	260.1	(6.2%)
General Merchandise	**186.5**	221.4	(15.8%)
Public & Industrial	**127.0**	149.2	(14.9%)
Total revenue	**694.7**	753.6	(7.8%)
Underlying EBITDA	**48.4**	57.4	(15.7%)
Underlying profit before tax	**22.6**	28.0	(19.3%)
Underlying profit before tax margin (%)	**3.3%**	3.7%	(40)bps

eFulfilment delivered a 11.7%* increase in revenue, driven by new business growth including The White Company, Wickes and the expansion of our partnership with Ikea. This growth was offset by a reduction in ecommerce volumes particularly in the two-person home delivery network and Cygnia.

General Merchandise and Grocery & Consumer were down 15.8%* and 6.2%* respectively following economic and volume headwinds in the retail sector. There were new business wins including Segen, a solar energy and storage distributor, as well as New Look Retail, and an expansion of our Sainsbury's and Argos network helped in part to offset the contract loss of Wilko in September 2022.

In the Public & Industrial sector, the loss of the HMRC contract, DEFRA upside in prior year volumes and construction sector declines coupled with Covid-19 testing volume reductions resulted in a 14.9%* decrease in revenue. There were new business wins including EDF, British Salt and BAE Systems that partly offset this.

The diversified customer portfolio, increasing mix of open and closed book contracts (80%/20%) and the varied mix of markets continues to provide mitigation against the ongoing economic challenges. The underlying profit before tax has decreased by 19.3% to £22.6m (H1 FY22/23: £28.0m).

*Excluding closed book transport contracts, the year-on-year growth for the sectors is eFulfilment 13.7%, Grocery & Consumer 1.7%, General Merchandise (14.9%) and Public & Industrial (9.4%).

Net financing costs

	H1 23/24 £m	H1 22/23 £m
Interest Income	**0.3**	-
Interest on the net defined benefit pension asset	**3.0**	1.7
Bank interest payable on loans	**(3.1)**	(2.6)
Unwinding of discount on provisions	**(0.3)**	(0.3)
Interest on lease liabilities	**(3.9)**	(3.0)
Net financing costs	**(4.0)**	(4.2)

Net finance costs have decreased to £4.0m (H1 22/23: £4.2m), £0.2m lower than the prior period.

The non-cash interest income on the defined benefit pension asset in the period of £3.0m (H1 22/23: £1.7m) was higher than the prior period due to the interest rate being benchmarked against corporate bond curves, which have increased year on year.

Bank interest payable on loans of £3.1m (H1 22/23: £2.6m) was higher than prior period, primarily due to increase in interest rates in comparison to prior year.

Financing charges of £3.9m in respect of the interest on lease liabilities was driven by additional property leases supporting the Group's growth (H1 22/23: £3.0m).

Taxation

	H1 23/24 £m	H1 22/23 £m
Underlying profit before tax	**22.6**	28.0
Underlying tax	**5.7**	4.8
Tax on non-underlying items	**(0.8)**	(0.5)
Tax as reported	**4.9**	4.3
Effective tax rate on underlying profit before tax (%)	**25.2%**	17.1%

Underlying tax of £5.7m (H1 22/23: £4.8m) represents an underlying effective tax rate (ETR) of 25.2% (H1 22/23: 17.1%) on underlying profit before tax. The underlying ETR applied at the half year is an estimate of the expected full year rate and sits just above the standard rate of UK corporation tax (25.0%) due to disallowable expenses, mainly interest paid on loans to overseas subsidiaries.

Corporation tax refund of £3.7m was received from HMRC in the period in respect to the overpaid tax for the year ended 31 March 2023 (H1 22/23: £4.7m payments of which £3.8m related to prior periods). In the current financial year, payments on account are based on the latest view of taxable profits for the full year. Due to an overpayment in prior periods that has not been refunded and group losses available, no payments have been made towards the 2024 tax liability in this period. The Group has brought forward tax losses of £54m that it expects to utilise in 2024 and future periods, reducing current and future tax payments.

Profit after tax and EPS

Profit after tax for the period was £14.2m (H1 22/23: £21.5m) which translates to a basic EPS of 11.5p (H1 22/23: 17.4p). Underlying EPS, which excludes the impact of non-underlying items, decreased to 13.7p (H1 22/23: 18.8p). The calculation of these EPS measures is set out in Note 6 to the consolidated half year financial statements.

Financial position

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

	30 September 2023 £m	30 September 2022 (Restated)[1] £m	31 March 2023 £m
Non-current assets (excl. pension assets)	**317.2**	317.8	310.4
Net current liabilities (excl. net cash/debt)	**(171.2)**	(160.9)	(161.4)
Non-current liabilities (excl. net debt/ pension liabilities and borrowings)	**(216.4)**	(208.8)	(217.8)
Net (debt)/cash (excl. lease liabilities)	**15.6**	(2.2)	13.2
Net pension asset (excl. deferred tax)	**85.2**	124.5	114.7
Net assets	**30.4**	70.4	59.1

1 Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

The largest driver of the decrease in net assets of £28.7m since 31 March 2023 to £30.4m is due to a £29.5m decrease in the pension net asset position owing to external market factors.

Non-current assets and non-current liabilities which include right-of-use assets and corresponding lease liabilities have increased due to the addition of properties and leased vehicles in the period offset in part due to the impacts of depreciation of the assets and lease payments respectively.

Net current liabilities have increased £2.4m compared to year end due to the £4.6m income tax receivable as at year end unwinding during H1 and subsequent £4.0m payable due at half year, coupled with a net working capital increase of £2.7m due to higher trade payables and transfer of provisions from non-current liabilities as they became due.

Net debt and cash flows

Net cash at 30 September 2023 was £15.6m (H1 22/23: net debt of £2.2m, 31 March 2023: net cash of £13.2m), reflecting a net cash inflow of £17.8m over the intervening 12 months and net cash inflow of £2.4m since 31 March 2023.

The Group's change in net cash flows is summarised in the following table:

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Underlying EBITDA	**48.4**	57.4	121.9
Working capital	**0.8**	(1.9)	4.1
Tax	**3.7**	(4.7)	(8.8)
Net interest	**(6.7)**	(5.4)	(11.9)
Other items	**3.0**	0.5	0.3
Repayment of obligations under leases	**(19.4)**	(18.9)	(42.5)
Capital expenditure net of disposal proceeds	**(4.6)**	(7.6)	(14.5)
Non-underlying items	**(0.7)**	(1.7)	-
Free cash flow	**24.5**	17.7	48.6
Pension payments	**(11.3)**	(10.0)	(20.1)
Dividends	**(10.8)**	(9.9)	(15.3)
Own shares acquired	**-**	(3.7)	(3.7)
Movement in net debt/cash	**2.4**	(5.9)	9.5

The Group's net cash increased by £2.4m (H1 22/23: £5.9m net debt increase) with a free cash inflow of £24.5m (H1 22/23: £17.7m).

Working capital movement in the period resulted in an inflow of £0.8m (H1 22/23: outflow of £1.9m) driven by an effective cash management strategy. This is an improvement on prior year working capital outflow which had stronger volumes in that period resulting in the short-term outflow.

The Group received a corporation tax refund of £3.7m from HMRC in respect to overpaid tax for the year ended 31 March 2023 (H1 22/23: £4.7m payments of which £3.8m related to prior periods). In the current financial year, payments on account are based on the latest view of taxable profits for the full year.

Net interest has increased to £6.7m (H1 22/23: £5.4m) predominantly due to higher interest paid on lease liabilities. Additionally, interest paid on borrowings has increased in line with external bank interest rates.

Other items of £3.0m is comprised of non-cash items relating to net movements in provisions, profit on the disposal of assets and the provision for the settlement of a claim from a contract that ceased in 2018.

Net capital expenditure was £4.6m (H1 22/23: £7.6m) for expenditure on property, plant, and equipment. This principally consisted of further investment in The WEB, our automated facility in Rockingham. H1 22/23 included autonomous mobile robots investment at Cygnia and fitting out Harlow warehouses for the two-person home delivery network.

Non-underlying items of £0.7m (H1 22/23: £1.7m) primarily relates to the phase 2 implementation costs for the new upgrade of finance and HR systems in the period.

Defined recovery contributions paid to the Group's defined benefit pension scheme in the period was £11.3m (H1 22/23: £10.0m), which is net of administration costs of £0.4m paid directly by the Group.

The interim cash dividend payment in the second half of the year is expected to be c.£5.4m and will be paid on 15 December 2023.

The Group did not acquire any of its own shares in the period, compared to the prior period where we acquired 1 million of its own shares for a total payment of £3.7m to provide shares for the Employee Benefit Trust in respect of its long-term incentive plan commitments.

Financing and covenants

The Group's committed facilities at the period end were £175m (H1 22/23: £175.0m). The headroom in the committed facilities is £170m at H1 23/24 (H1 22/23: £172.8m). The Group also has a Receivables Purchase Facility (RPF) with Santander UK plc and operating overdrafts which provide day to day flexibility and amount to a further £50m and £5m respectively in uncommitted facilities. At H1 23/24, utilisation of the Group's non-recourse RPF was £10.3m (H1 22/23: £8.4m)

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

Covenant	Ratio	**At 30 September 2023**
Leverage ratio	<3.0:1	0.7
Interest cover	>3.5:1	14.5
Fixed charge cover	>1.4:1	3.7

Pensions

The Group has a number of pension arrangements in the UK and Ireland including defined benefit arrangements which are described below.

The Group has reported an IAS 19 net asset of £85.2m (£63.9m net of deferred tax) at H1 23/24 with comparatives set out in the following table:

£m	**30 September 2023**	30 September 2022	31 March 2023
Assets	**803.8**	880.8	891.1
Liabilities	**(718.6)**	(756.3)	(776.4)
Pension net asset	**85.2**	124.5	114.7
Discount rate (%)	**5.50**	5.15	4.75

The decrease in the pension net asset is driven by a narrowing of credit spreads in the period. Credit spreads have narrowed 0.3% per annum due to corporate bond yields not rising as much as gilt yields, so the assets have decreased further than the liabilities. In the period employer contributions of £11.3m (H1 22/23 £10.0m) have been paid.

In the period the Group has agreed the key terms of the triennial pension valuation as at 31 March 2023 which shows a technical provisions surplus of £3.9m (compared with a deficit of £154m at 31

March 2020). This means from 30 September 2023 no deficit contributions will be required ahead of the next triennial valuation in 2026. The technical provisions surplus as at 30 September 2023 is estimated to be £9.1m. Previously, contributions for the year ending 31 March 2024 would have been £23.6m and £25m per annum from April 2024 to March 2027, growing in line with the Retail Prices Index.

Risks
The key risks and uncertainties facing Wincanton in the second half of the current financial year are largely as outlined on pages 63 to 65 of the Annual Report for the year ended 31 March 2023. One material improvement in risk profile relates to the defined benefit pension scheme, where the conclusion of the triennial revaluation has resulted in no further pension contributions being made into the Scheme for the foreseeable future. The removal of this requirement has released substantial capital which can be used to re-invest in the business and a capital allocation model has been developed to guide how that capital should be deployed. The remaining principal risks and uncertainties remain as outlined at the year-end.

Going Concern
The consolidated half year financial statements have been prepared on a going concern basis. Having considered the ability of the Group to operate within its existing facilities and meet its debt covenants, the Directors have a reasonable expectation that 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 factors likely to affect its future development, 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
- a major customer going into administration
- 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 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 31 March 2025.

Further details are provided in the Basis of Preparation section of Note 1 Accounting Policies in the consolidated half year 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 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 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.

Further details of underlying results and the definition of non-underlying items can be found in Note 3 to the consolidated half year 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 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. Note 11 to the consolidated half year financial statements provides a breakdown of net debt/cash for the current and prior periods. 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.

	H1 23/24			H1 22/23		
£m	**Underlying**	**Non-underlying items**	**Statutory**	Underlying	Non-underlying items	Statutory
Revenue	**694.7**	**-**	**694.7**	753.6	-	753.6
EBITDA	**48.4**	**(2.5)**	**45.9**	57.4	(1.7)	55.7
EBITDA margin (%)	**7.0%**	**-**	**6.6%**	7.6%	-	7.4%
Depreciation, amortisation, and impairments	**(21.8)**	**(1.0)**	**(22.8)**	(25.2)	(0.5)	(25.7)
Operating profit	**26.6**	**(3.5)**	**23.1**	32.2	(2.2)	30.0
Net financing costs	**(4.0)**	**-**	**(4.0)**	(4.2)	-	(4.2)
Profit before tax	**22.6**	**(3.5)**	**19.1**	28.0	(2.2)	25.8
Income tax	**(5.7)**	**0.8**	**(4.9)**	(4.8)	0.5	(4.3)
Profit after tax	**16.9**	**(2.7)**	**14.2**	23.2	(1.7)	21.5
Earnings per share (p) [2]	**13.7**		**11.5**	18.8		17.4
Dividend per share (p)			**4.40**			4.40
Net cash/(debt) excluding lease liabilities	**15.6**	**-**	**15.6**	(2.2)	-	(2.2)

[2] *Note 6 to the consolidated half year financial statements provides further detail of underlying earnings per share.*

In the period to 30 September 2023 net non-underlying items of £3.5m (H1 22/23: £2.2m) were expensed. These include a claim relating to a customer contract that ceased in 2018, which was settled in October 2023, phase two implementation costs of a new enterprise-wide finance and HR system and amortisation of acquired intangible assets.

Statement of Directors' responsibilities

The Board confirms to the best of its knowledge:

- that the consolidated half year financial statements for the six months to 30 September 2023 have been prepared in accordance with UK-adopted IAS 34 *Interim Financial Reporting*; and

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

The above Statement of Directors' responsibilities was approved by the Board on 8 November 2023.

T Hinton
Director

Consolidated income statement
for the six months to 30 September 2023 (unaudited)

		Six months to 30 September 2023			Six months to 30 September 2022		
	Note	**Underlying £m**	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	Total £m
Revenue	*2*	**694.7**	**-**	**694.7**	753.6	-	753.6
Net operating costs		**(668.1)**	**(3.5)**	**(671.6)**	(721.4)	(2.2)	(723.6)
Operating profit/(loss)	*3*	**26.6**	**(3.5)**	**23.1**	32.2	(2.2)	30.0
Financing income	*4*	**3.3**	**-**	**3.3**	1.7	-	1.7
Financing costs	*4*	**(7.3)**	**-**	**(7.3)**	(5.9)	-	(5.9)
Profit/(loss) before tax		**22.6**	**(3.5)**	**19.1**	28.0	(2.2)	25.8
Income tax (expense)/credit	5	**(5.7)**	**0.8**	**(4.9)**	(4.8)	0.5	(4.3)
Profit/(loss) attributable to equity shareholders of Wincanton plc		**16.9**	**(2.7)**	**14.2**	23.2	(1.7)	21.5
Earnings per share							
- basic	*6*	**13.7p**		**11.5p**	18.8p		17.4p
- diluted	*6*	**13.7p**		**11.5p**	18.7p		17.3p

Consolidated statement of comprehensive income
for the six months to 30 September 2023 (unaudited)

	Six months to 30 September 2023 £m	Six months to 30 September 2022 £m
Profit for the period	**14.2**	21.5
Other comprehensive income/(expense)		
Items which will not subsequently be reclassified to the income statement		
Remeasurements of defined benefit asset	**(43.2)**	(1.2)
Deferred tax on remeasurements of defined benefit asset	**10.8**	(0.4)
	(32.4)	(1.6)
Items which are or may subsequently be reclassified to the income statement		
Foreign exchange gain/(loss) on investments in foreign subsidiaries net of hedged items	**(0.1)**	0.3
	(0.1)	0.3
Total other comprehensive loss for the period, net of income tax	**(32.5)**	(1.3)
Total comprehensive income/(loss) attributable to equity shareholders of Wincanton plc	**(18.3)**	20.2

Consolidated balance sheet
at 30 September 2023 (unaudited)

	Note	**30 Sept 2023 £m**	30 Sept 2022 (Restated)[1] £m	31 March 2023 £m
Non-current assets				
Goodwill and intangible assets	*8*	**104.9**	109.8	105.4
Property, plant, equipment and vehicles	*9*	**27.7**	29.3	28.8
Right-of-use assets	*10*	**184.6**	181.1	176.2
Employee benefits	*13*	**87.0**	126.1	116.6
Total non-current assets		**404.2**	446.3	427.0
Current assets				
Inventories		**2.2**	2.3	1.8
Trade and other receivables		**174.4**	232.5	170.6
Income tax receivable		**0.1**	-	4.6
Cash at bank and in hand	*11*	**20.6**	27.8	13.2
Total current assets		**197.3**	262.6	190.2
Total assets		**601.5**	708.9	617.2
Current liabilities				
Income tax payable		**-**	(0.9)	-
Lease liabilities	*10*	**(35.7)**	(38.7)	(37.5)
Trade and other payables		**(294.7)**	(346.6)	(289.6)
Provisions	*12*	**(17.5)**	(10.4)	(11.3)
Total current liabilities		**(347.9)**	(396.6)	(338.4)
Net current liabilities		**(150.6)**	(134.0)	(148.2)
Total assets less current liabilities		**253.6**	312.3	278.8
Non-current liabilities				
Borrowings	*11*	**(5.0)**	(30.0)	-
Lease liabilities	*10*	**(177.9)**	(157.4)	(168.9)
Employee benefits	*13*	**(1.8)**	(1.6)	(1.9)
Provisions	*12*	**(28.4)**	(33.8)	(32.0)
Deferred tax liabilities		**(10.1)**	(19.1)	(16.9)
Total non-current liabilities		**(223.2)**	(241.9)	(219.7)
Net assets		**30.4**	70.4	59.1
Equity				
Issued share capital		**12.5**	12.5	12.5
Share premium		**12.9**	12.9	12.9
Merger reserve		**3.5**	3.5	3.5
Translation reserve		**(0.4)**	(0.2)	(0.3)
Own shares		**(5.5)**	(5.5)	(5.6)
Retained profits		**7.4**	47.2	36.1
Total equity		**30.4**	70.4	59.1

1 Certain comparatives have been restated due to prior year adjustment as explained in Note 1 ‘Accounting policies’.

Consolidated statement of changes in equity
at 30 September 2023 (unaudited)

	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Own shares £m	Profit and loss £m	Total equity £m
Balance at 1 April 2023	12.5	12.9	3.5	(0.3)	(5.6)	36.1	59.1
Profit for the period	**-**	**-**	**-**	**-**	**-**	**14.2**	**14.2**
Other comprehensive expense	**-**	**-**	**-**	**(0.1)**	**-**	**(32.4)**	**(32.5)**
Total comprehensive expense	**-**	**-**	**-**	**(0.1)**	**-**	**(18.2)**	**(18.3)**
Share based payment transactions income	**-**	**-**	**-**	**-**	**0.1**	**0.2**	**0.3**
Tax on share based payments	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Dividends paid to shareholders	**-**	**-**	**-**	**-**	**-**	**(10.8)**	**(10.8)**
Balance at 30 September 2023	**12.5**	**12.9**	**3.5**	**(0.4)**	**(5.5)**	**7.4**	**30.4**
Balance at 1 April 2022	12.5	12.9	3.5	(0.5)	(2.2)	37.4	63.6
Profit for the period	-	-	-	-	-	21.5	21.5
Other comprehensive income/(expense)	-	-	-	0.3	-	(1.6)	(1.3)
Total comprehensive income	-	-	-	0.3	-	19.9	20.2
Share based payment transactions	-	-	-	-	(3.7)	-	(3.7)
Tax on share based payments	-	-	-	-	0.4	(0.2)	0.2
Dividends paid to shareholders	-	-	-	-	-	(9.9)	(9.9)
Balance at 30 September 2022	12.5	12.9	3.5	(0.2)	(5.5)	47.2	70.4
Balance at 1 April 2022	12.5	12.9	3.5	(0.5)	(2.2)	37.4	63.6
Profit for the year	-	-	-	-	-	33.2	33.2
Other comprehensive income/(expense)	-	-	-	0.2	-	(18.2)	(18.0)
Total comprehensive income	-	-	-	0.2	-	15.0	15.2
Share based payment transactions expense	-	-	-	-	(3.4)	(0.7)	(4.1)
Tax on share based payments	-	-	-	-	-	(0.3)	(0.3)
Dividends paid to shareholders	-	-	-	-	-	(15.3)	(15.3)
Balance at 31 March 2023	12.5	12.9	3.5	(0.3)	(5.6)	36.1	59.1

Consolidated statement of cash flows
for the six months to 30 September 2023 (unaudited)

	Six months to 30 Sept 2023 £m	Six months to 30 Sept 2022 £m	Year ended 31 March 2023 (Restated)[1] £m
Operating activities			
Profit before tax	**19.1**	25.8	38.2
Adjustments for:			
- depreciation and amortisation	**22.4**	25.7	52.2
- research and development expenditure credit	**-**	-	(0.2)
- net financing costs	**4.0**	4.2	8.7
- impairment	**0.4**	-	19.1
- loss on disposal of property, plant and equipment	**1.3**	-	1.9
- (profit)/loss on derecognition of lease liabilities	**0.3**	(0.6)	2.4
- gain on disposal of businesses	**-**	(0.2)	(0.4)
- share based payment transactions	**0.3**	-	(0.4)
	47.8	54.9	121.5
(Increase)/decrease in trade and other receivables	**(3.9)**	(25.2)	37.2
(Increase)/decrease in inventories	**(0.4)**	0.3	0.8
Increase/(decrease) in trade and other payables	**5.1**	23.0	(33.5)
Increase/(decrease) in provisions	**2.3**	0.6	(0.6)
Increase in employee benefits before pension deficit payment	**0.6**	0.5	0.9
Income taxes received/(paid)	**3.7**	(4.7)	(8.8)
Cash generated before pension deficit payments	**55.2**	49.4	117.5
Pension deficit payments	**(11.3)**	(10.0)	(20.1)
Cash flows from operating activities	**43.9**	39.4	97.4
Investing activities			
Proceeds from sale of property, plant and equipment	**0.6**	0.6	2.0
Net cash inflow from disposal of businesses	**-**	0.2	-
Additions of property, plant and equipment	**(4.3)**	(7.9)	(14.7)
Additions of computer software	**(0.9)**	(0.3)	(1.8)
Cash flows from investing activities	**(4.6)**	(7.4)	(14.5)
Financing activities			
Increase/(decrease) in borrowings	**5.0**	5.0	(25.0)
Own shares acquired	**-**	(3.7)	(3.7)
Capital repayment of lease obligations	**(19.4)**	(18.9)	(42.5)
Equity dividends paid	**(10.8)**	(9.9)	(15.3)
Interest paid on lease liabilities	**(3.9)**	(3.0)	(6.2)
Interest paid on borrowings	**(2.8)**	(2.4)	(5.7)
Cash flows from financing activities	**(31.9)**	(32.9)	(98.4)
Net increase/(decrease) in cash and cash equivalents	**7.4**	(0.9)	(15.5)
Cash and cash equivalents at beginning of the period	**13.2**	28.7	28.7
Cash and cash equivalents at end of the period	**20.6**	27.8	13.2
Represented by:			
- Cash at bank and in hand	**19.6**	25.0	10.4
- Restricted cash, being deposits held by the Group's captive insurer	**1.0**	2.8	2.8
	20.6	27.8	13.2

1 Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

Notes to the consolidated half year financial statements
for the six months to 30 September 2023 (unaudited)

1 Accounting policies

General information

Wincanton plc (the 'Company') is a company incorporated in the United Kingdom and domiciled and registered in England and Wales. The consolidated half year financial statements of the Company for the six months to 30 September 2023 comprise the Company and its subsidiaries (together referred to as the 'Group').

These consolidated half year financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2023. The comparative figures for the year ended 31 March 2023 have been extracted from those accounts but do not comprise the full statutory accounts for that financial year. Except for the 31 March 2023 comparatives, the financial information set out herein is unaudited but has been reviewed by the auditors and their report to the Company is set out below.

The consolidated financial statements for the year ended 31 March 2023 have been reported on by the Group's auditor, delivered to the Registrar of Companies, and are available upon request from the Company's registered office at Methuen Park, Chippenham, Wiltshire, SN14 0WT or at www.wincanton.co.uk. The report of the auditor was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The Half Year Report, which includes the consolidated half year financial statements, was approved by the Board on 8 November 2023.

Basis of preparation

The consolidated half year financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and also in accordance with the measurement and recognition principles of UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority, the consolidated half year financial statements have been prepared on the basis of the accounting policies adopted by the Group and applied and disclosed in its consolidated financial statements for the year ended 31 March 2023, except as described below.

Critical accounting estimates and judgements

The preparation of these consolidated half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated half year financial statements, the nature of the significant judgements made by management in applying the Group's accounting policies and the nature of the key areas of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023. The estimates and judgements that are specific to the preparation of the half year financial statements that were considered by the Group are the consideration of the appropriateness of the recognition and carrying value of the Group's assets (including the determination of an appropriate discount rate for the purposes of impairment reviews), provisions and the measurement of the defined benefit pension scheme obligation.

1 Accounting policies *(continued)*

Adoption of amended standards

Amendments to accounting standards issued by the IASB and adopted in the period ended 30 September 2023 did not have a material impact on the results or financial position of the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the results or financial position of the Group in future reporting periods.

Prior year restatement

IFRS 16 prior period adjustment

A prior year error had been identified in the 2023 Annual Report and Accounts in relation to right of use assets and associated lease liabilities that should have been recognised in earlier reporting periods from certain non-property assets in periods prior to the year ended 31 March 2023 but which were not identified by management in the respective period. This error also impacts the Group's consolidated half year financial statements for the six months to 30 September 2022 and accordingly these comparative figures in the current consolidated half year financial statements have been restated.

The impact for the consolidated half year financial statements ended 30 September 2022 is to increase right-of-use assets by £2.4m and increase lease liabilities by £2.4m, with the latter split as an increase of £0.9m in current lease liabilities and an increase of £1.5m in non-current lease liabilities. There is no material impact on the Income Statement for the six month period ended 30 September 2022. Earnings per share for the six month period ended 30 September 2022 are unaffected as a result of this correction

Cash flow statement disclosure prior period adjustment

The lease repayments in the consolidated statement of cash flow for the year ended 31 March 2023 has been restated to separately disclose the capital repayment of lease obligations and Interest paid on lease liabilities in the financing activities to be in accordance with IFRS 16. This results in the previously disclosed £48.7m being bifurcated into capital repayment of lease obligations of £42.5m and interest paid on lease liabilities of £6.2m. There is no other impact from this restatement on any other primary statements.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the consolidated half year 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 twelve months from the signing of the consolidated half year 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 31 March 2025. The Group has reported a profit before tax of £19.1m for the six months ended 30 September 2023 (30 September 2022: £25.8m), has net current liabilities of £150.6m (30 September 2022: £134.0m, 31 March 2023: £148.2m) and net assets of £30.4m (30 September 2022: £70.4m, 31 March 2023: £59.1m).

1 Accounting policies *(continued)*

Going concern *(continued)*

The Group's committed facilities at 30 September 2023 comprise a syndicated Revolving Credit Facility (RCF) of £175.0m, which matures in March 2027. The headroom in the committed facilities is £170.0m (30 September 2022: £172.8m) and a net cash position of £15.6m at 30 September 2023 (30 September 2022: net debt position £2.2m). The RCF requires the Group to comply with the following three financial covenants at 30 September and 31 March each financial year and the Group operates comfortably within these covenants with significant headroom:

Covenant	Ratio	**30 Sept 2023**	30 Sept 2022	31 March 2023
Leverage ratio	<3.0:1	**0.7**	1.0	0.5
Interest cover	>3.5:1	**14.5**	22.7	17.1
Fixed charge cover	>1.4:1	**3.7**	2.7	2.6

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 including an inflationary environment. In all 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 also carried out reverse stress tests against the downside case to determine the performance levels that would result in a breach of covenants and the Directors do not consider such a scenario to be plausible.

Since performing their assessment, there have been no subsequent changes in facts and circumstances relevant to the Directors' assessment of going concern.

2 Revenue

Customer contracts are disaggregated by sector with revenue generally being recognised over time. Further detail is given in the table below:

Sector revenue	**Six months to 30 Sept 2023 £m**	Six months to 30 Sept 2022 £m
eFulfilment	**137.3**	122.9
Grocery & Consumer	**243.9**	260.1
General Merchandise	**186.5**	221.4
Public & Industrial	**127.0**	149.2
Total revenue	**694.7**	753.6

Revenue from open book contracts totalled £555.7m (30 September 2022: £541.8m) and from closed book contracts £139.0m (30 September 2022: £211.8m).

Revenue of £143.9m (30 September 2022: £159.9m) and £113.0m (30 September 2022: £80.5m) arose from sales to the Group's two largest customers, being groups of companies under common control. No other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior period.

3 Alternative performance measures (APMs)

The alternative performance measures (APMs) or underlying results reported in these consolidated half year financial statements represent statutory measures adjusted for items which management consider could distort the understanding of performance and comparability year on year.

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.

Items reported as non-underlying are as follows:

	Note	**Six months to 30 Sept 2023 £m**	Six months to 30 Sept 2022 £m
Cloud computing configuration and customisation costs	a	**(0.6)**	(1.9)
Amortisation of acquired intangibles	b	**(1.0)**	(0.5)
M&A related transaction costs	c	**(0.1)**	-
Settlement of litigation	d	**(1.8)**	-
Gain on disposal of businesses	e	**-**	0.2
Total expense		**(3.5)**	(2.2)

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

for the six months to 30 September 2023 (unaudited)

3 Alternative performance measures (APMs) *(continued)*

a) Cloud computing configuration and customisation costs

The Group has undertaken a major systems implementation for new cloud computing software. During the half year further implementation costs were incurred. Consistent with previous presentation, these costs are recorded as a non-underlying item.

b) Amortisation of acquired intangibles

As part of the acquisition of Cygnia in September 2021, the Group has recorded finite lived intangible assets identified as part of the purchase price allocation in accordance with IFRS 3 business combinations. The amortisation of these assets is presented in non-underlying consistent with the presentation of other acquisition related costs.

c) M&A related transaction costs

Costs relating to aborted merger and acquisition activities in the period.

d) Settlement of litigation

During the half the Group received a claim relating to a customer contract that ceased in 2018, which was settled in October 2023. Claims relating to historic contracts are irregular and are not reasonably expected to recur. Due to the nature of these costs they have been presented as non-underlying.

e) Gain on disposal of businesses

The Group disposed of its Containers business in 2020 and adjustments to contingent consideration related to the disposal have been recognised and reported in non-underlying consistent with prior periods.

4 Net financing costs

	Six months to 30 Sept 2023 £m	Six months to 30 Sept 2022 £m
Recognised in the income statement		
Interest income	**0.3**	-
Interest on the net defined benefit pension asset	**3.0**	1.7
Total interest income	**3.3**	1.7
Interest expense	**(3.1)**	(2.6)
Interest on lease liabilities	**(3.9)**	(3.0)
Unwinding of discount on provisions	**(0.3)**	(0.3)
Total interest expense	**(7.3)**	(5.9)
Net financing costs	**(4.0)**	(4.2)

5 Income tax expense

Recognised in the income statement	Six months to 30 Sept 2023 £m	Six months to 30 Sept 2022 £m
Current year tax expense	**1.0**	2.5
Current year deferred tax expense	**3.9**	1.8
Total income tax expense	**4.9**	4.3
Recognised in other comprehensive income		
Items which will not subsequently be reclassified to the income statement:		
Remeasurements of defined benefit pension asset	**(10.8)**	0.4
Recognised directly in equity		
Current tax on share based payment transactions	**(0.2)**	(0.2)
Deferred tax on share based payment transactions	**0.1**	-

In accordance with IAS 34 *Interim Financial Reporting* the tax expense recognised in the income statement for the half year is calculated on the basis of the estimated underlying effective full year tax rate of 25.2% (30 September 2022: 17.1%).

The main UK corporation tax rate increased to 25% (30 September 2022: 19%).

The closing UK deferred tax asset is calculated using a tax rate of 25%.

6 Earnings per share

The basic earnings per share of 11.5p (30 September 2022: 17.4p) is calculated based on the profit attributable to the equity shareholders of Wincanton plc of £14.2m (30 September 2022: £21.5m) and the weighted average shares of 123.0m (30 September 2022: 123.5m) which have been in issue throughout the period.

The diluted earnings per share of 11.5p (30 September 2022: 17.3p) is calculated based on there being 0.5m (30 September 2022: 0.8m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

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

	Six months to 30 Sept 2023 Millions	Six months to 30 Sept 2022 Millions
Weighted average number of Ordinary Shares (basic)		
Issued Ordinary Shares at the beginning of the period	**123.9**	123.9
Net effect of shares issued and purchased during the period	**(0.9)**	(0.4)
	123.0	123.5
Weighted average number of Ordinary Shares (diluted)		
Weighted average number of Ordinary Shares at the end of the period	**123.0**	123.5
Potential ordinary shares	**0.5**	0.8
	123.5	124.3

An alternative earnings per share measure of underlying EPS is also provided, being earnings before non-underlying items and related tax where applicable. The underlying basic earnings per share of 13.7p (30 September 2022: 18.8p) is calculated based on the underlying profit attributable to the equity shareholders of Wincanton plc of £16.9m (30 September 2022: £23.2m) and diluted underlying EPS is 13.7p (30 September 2022: 18.7p). The weighted average number of shares used in these calculations are as described above.

At 30 September 2023, 1,492,005 (31 March 2023: 1,554,873) ordinary shares were held by the Employee Benefit Trust in respect of the Group's various equity compensation schemes. No shares (30 September 2022: 1,000,000) were purchased by the Employee Benefit Trust in the period.

7 Dividends

During the period a final dividend of 8.8p per share was paid, relating to the year ended 31 March 2023 (2022: 8.0p per share).

The Board has declared an interim dividend of 4.4p per share for the period ended 30 September 2023 (30 September 2022: 4.4p per share) which will be paid on 15 December 2023 to shareholders on the register on 17 November 2023, an estimated total payment of £5.4m.

8 Goodwill and intangible assets

Additions and disposals

During the half year to 30 September 2023 the Group acquired intangible assets with a cost of £0.9m (30 September 2022: £0.3m). No disposal was made in the period (30 September 2022: £0.1m).

9 Property, plant, equipment and vehicles

Additions and disposals

During the half year to 30 September 2023 the Group acquired tangible fixed assets with a cost of £4.3m (30 September 2022: £7.9m). Assets with a carrying amount of £1.9m were disposed of during the half year to 30 September 2023 (30 September 2022: £0.5m).

Capital commitments

At 30 September 2023 the Group had entered into contracts to purchase property, plant and equipment for £0.1m (30 September 2022: £1.0m); delivery is expected in the second half of the year to 31 March 2024.

10 Leases

Right of use assets

During the period to 30 September 2023, the Group recognised right-of-use assets with a value of £27.0m (30 September 2022: £12.1m). Right-of-use assets with a carrying amount of £0.6m were disposed of during the period to 30 September 2023 (30 September 2022: £2.0m).

Lease liabilities

During the period to 30 September 2023, the Group recognised lease liabilities with a value of £27.0m (30 September 2022: £12.1m). Lease liabilities of £0.3m were derecognised during the period to 30 September 2023 (30 September 2022: £2.6m).

11 Analysis of changes in net debt

	1 April 2023 £m	Cash flow £m	Non-cash movements £m	30 Sept 2023 £m
Bank loans	**-**	**(5.0)**	**-**	**(5.0)**
Financial liabilities arising from financing activities	**-**	**(5.0)**	**-**	**(5.0)**
Cash and bank balances	**13.2**	**7.4**	**-**	**20.6**
Net cash excluding lease liabilities	**13.2**	**2.4**	**-**	**15.6**
Lease liabilities	**(206.4)**	**23.3**	**(30.5)**	**(213.6)**
Net debt including lease liabilities	**(193.2)**	**25.7**	**(30.5)**	**(198.0)**

	1 April 2022 (Restated)[1] £m	Cash flow £m	Non-cash movements (Restated)[1] £m	30 Sept 2022 (Restated)[1] £m
Bank loans	(25.0)	(5.0)	-	(30.0)
Financial liabilities arising from financing activities	(25.0)	(5.0)	-	(30.0)
Cash and bank balances	28.7	(0.9)	-	27.8
Net cash/(debt) excluding lease liabilities	3.7	(5.9)	-	(2.2)
Lease liabilities	(206.7)	21.9	(11.3)	(196.1)
Net debt including lease liabilities	(203.0)	16.0	(11.3)	(198.3)

	1 April 2022 (Restated)[1] £m	Cash flow £m	Non-cash movements £m	31 Mar 2023 £m
Bank loans and overdrafts	(25.0)	25.0	-	-
Financial liabilities arising from financing activities	(25.0)	25.0	-	-
Cash and bank balances	28.7	(15.5)	-	13.2
Net cash excluding lease liabilities	3.7	9.5	-	13.2
Lease liabilities	(206.7)	48.7	(48.4)	(206.4)
Net debt including lease liabilities	(203.0)	58.2	(48.4)	(193.2)

1 Certain comparatives have been restated due to prior year adjustment as explained in Note 1 ‘Accounting policies’.

Cash and bank balances include restricted cash, being deposits held by the Group’s insurance subsidiary of £1.0m (31 March 2023: £2.8m).

12 Provisions

	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2023	22.6	14.7	6.0	43.3
Provisions made during the period	6.2	1.5	2.4	10.1
Provisions used during the period	(4.7)	-	(0.4)	(5.1)
Provisions released during the period	(2.7)	-	-	(2.7)
Unwinding of discount	0.2	0.1	-	0.3
At 30 September 2023	**21.6**	**16.3**	**8.0**	**45.9**
Current	5.8	5.9	5.8	17.5
Non-current	15.8	10.4	2.2	28.4
	21.6	16.3	8.0	45.9

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 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. They are expected to be utilised at the end of the lease term.

Other provisions include the estimated costs of warranties and indemnities provided on disposal of businesses together with provision for claims and settlements.

13 Employee benefits

The Group operates a funded pension scheme with a net surplus of £85.2m at 30 September 2023 (31 March 2023: £114.7m). The movement in the pension asset and liability position was driven by external market factors increasing the discount rate offset by a reduction in credit spreads.

The values of scheme assets and liabilities are shown below.

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Assets	**803.8**	880.8	891.1
Liabilities	**(718.6)**	(756.3)	(776.4)
Net defined benefit asset	**85.2**	124.5	114.7
Presented as:			
Non-current asset	**87.0**	126.1	116.6
Non-current liability	**(1.8)**	(1.6)	(1.9)
	85.2	124.5	114.7

13 Employee benefits *(continued)*

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

	30 Sept 2023 %	30 Sept 2022 %	31 March 2023 %
Discount rate	**5.50**	5.15	4.75
Price inflation rate – RPI	**3.25**	3.55	3.25
Price inflation rate – CPI	**2.50**	2.95	2.50
Rate of increase of pensions in deferment[1]	**2.50-3.25**	2.50-2.95	2.50-2.50
Rate of increase of pensions in payment[1]	**1.90-3.15**	2.10-3.40	1.90-3.15

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

Sensitivity to changes in assumptions

The sensitivity of the present value of the Scheme's liabilities and, due to hedging, the fair value of its assets, to changes in key actuarial assumptions are set out in the following table.

	Change in assumption	**Increase/ (decrease) in surplus £m**
Discount rate	+ 1.00%	9.0
Credit spread	+ 0.25%	16.0
Price inflation rate – RPI	- 0.25%	1.0
Mortality rate	+ 1 year	(21.0)

The illustrations consider the results 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.

14 Contingent liability

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 the Group is in a strong position to defend these claims and the likelihood of outflow of economic benefit is not probable, no provision is made.

In FY22, the Group received notification of a potential claim from a former customer. 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.

15 Related parties

Related party relationships exist with the Group's subsidiaries, key management personnel, pension schemes and employee benefit trust. A full explanation of the Group's related party relationships is provided on page 158 of the Annual Report and Accounts 2023.

There are no material transactions with related parties or changes in the related party transactions described in the last annual report that have had, or are expected to have, a material effect on the financial performance or position of the Group in the six month period ended 30 September 2023.

INDEPENDENT REVIEW REPORT TO WINCANTON PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the primary financial statements and the related explanatory notes.

Basis for conclusion

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
8 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Shareholders' enquiries

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

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