

WHSmith

Accelerating growth as a pure play global travel retailer

28 March 2025



Carl Cowling

Group CEO



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TRANSACTION HIGHLIGHTS

Now a pure play Travel retailer with enhanced financial metrics

Agreed sale of High Street business¹ for £76m to Modella Capital



Transaction consistent with **WHSmith's strategic focus** to become **the leading global travel retailer**

Group's Travel divisions will continue under the WHSmith brand



Transaction expected to complete in Q4 of current financial year



¹Transaction comprising the entire UK High Street business, including c.5,000 High Street colleagues, c.480 High Street stores, and Swindon-based Support Centre and Distribution Centre. Enterprise value purchase price is on a cash and debt free basis, subject to standard working capital and other adjustments.

TRANSACTION RATIONALE

Transaction puts us in
our strongest ever
position to enhance
growth, profit and
sustain cash flows



Opportunity **to**
capitalise on **substantial**
growth opportunities
across key markets
globally



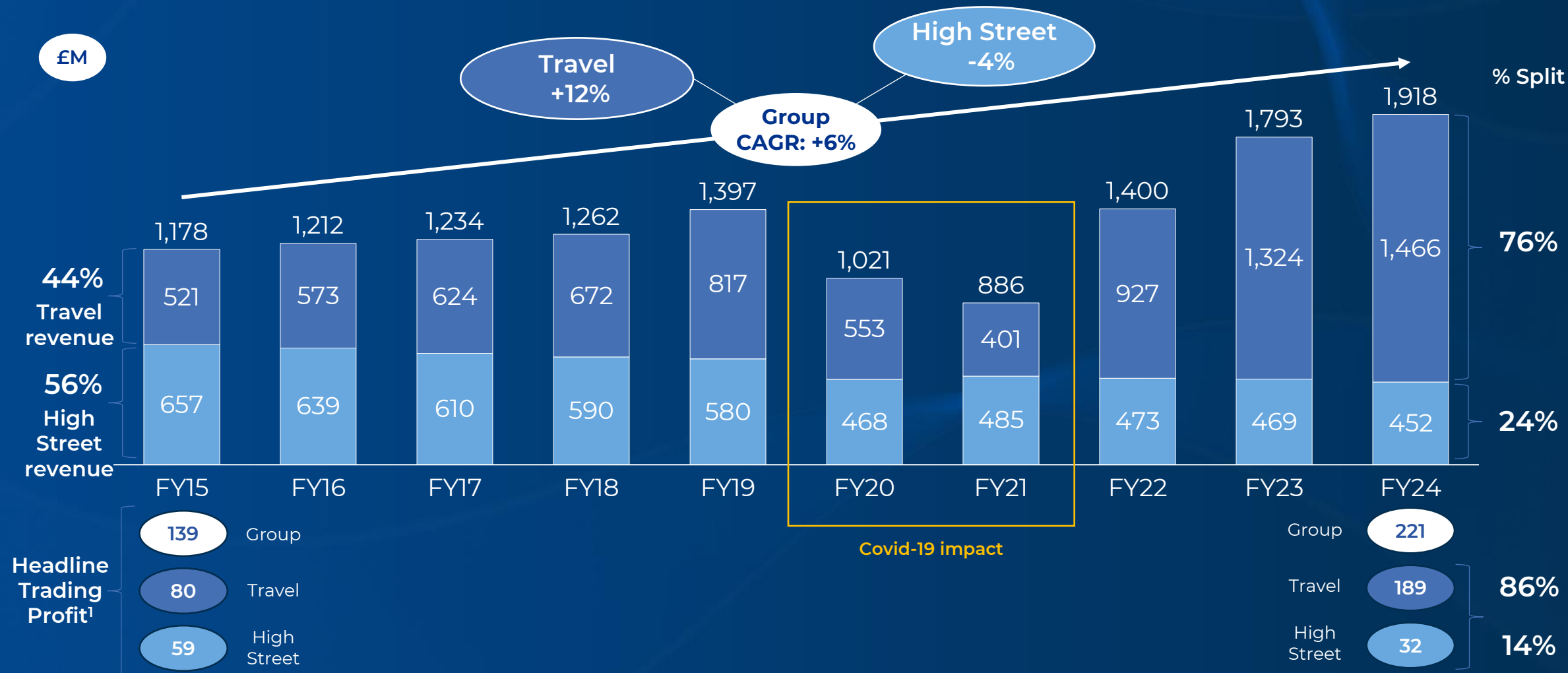
Focuses management
time **to deliver**
sustainable, profitable
growth for shareholders

Current **review of**
strategic options for
funkypigeon.com



**A pure play, global travel retailer solely focused on fast growing,
high growth markets**

STRONG PLATFORM CREATED OVER PAST DECADE



CLEAR STRATEGY IN HIGH GROWTH MARKETS



**INCREASE IN
SPEND PER
PASSENGER**



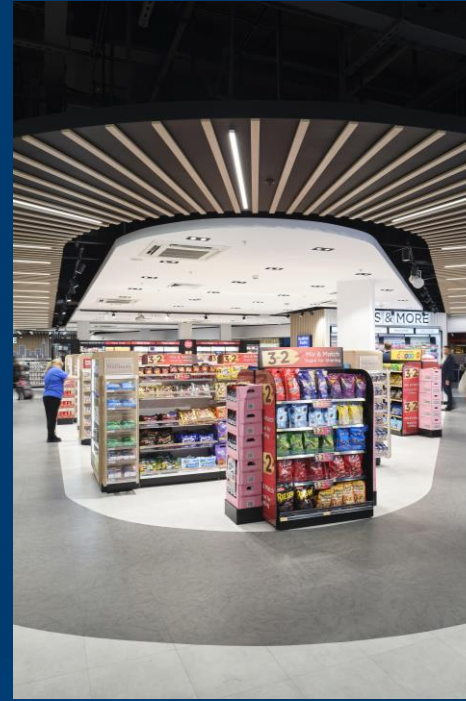
**Strong revenue
growth**



**OPTIMAL USE
OF SPACE IN
EACH STORE**



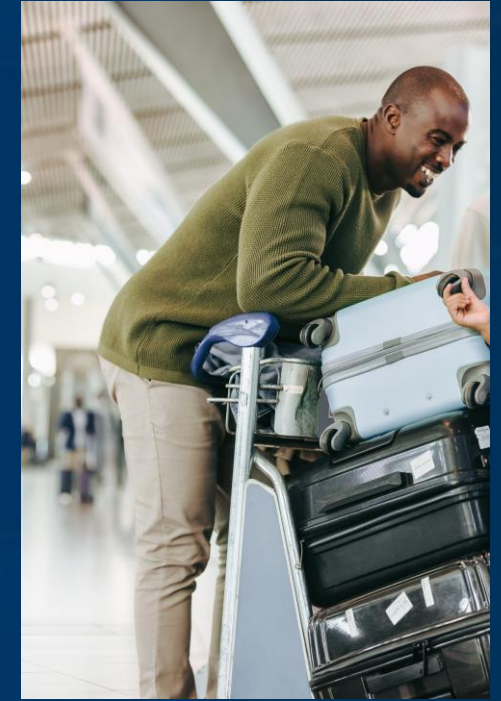
Profit growth



**SPACE GROWTH
IN NEW AND
EXISTING
MARKETS**



**Substantial
cash generation**



**GROWTH OF
PASSENGER
NUMBERS**



**Efficient capital
allocation policy**

SIGNIFICANT GROWTH OPPORTUNITIES IN TRAVEL RETAIL

Air passenger numbers forecast to grow at 2.5x from 2024 – 2050
driven by economic and population growth



Significant investment into airport infrastructure, globally



Convergence trends in travel retail **supporting 'one-stop-shop' strategy** across the globe



Well-positioned to generate substantial growth and value for our shareholders

Max Izzard

Group CFO



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TRANSACTION DETAILS

**Sale of entire
UK High Street
business**

Enterprise value of £76m

**Transaction expected to
complete in Q4**
of current financial year

**Gross cash proceeds of
£52m** subject to cash
deferrals and customary
adjustments at completion

Net cash proceeds of £25m
adjusting for transaction
costs and separation costs

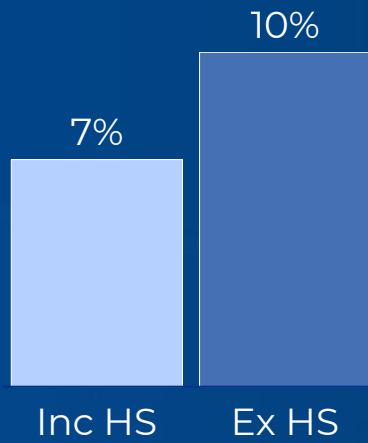
**WHSmith will support a
smooth transition
under a TSA**

Net proceeds to be
deployed in line with
**Group's existing capital
allocation policy**

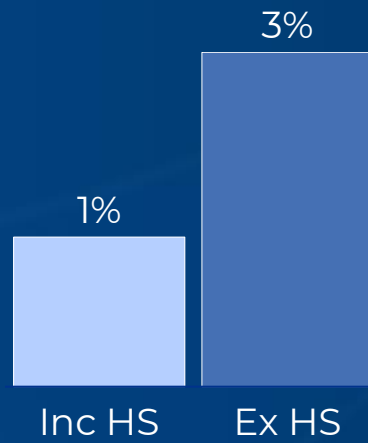
IMPROVEMENT IN GROWTH AND MARGIN TRAJECTORY

- Stronger **revenue growth**
- Acceleration in **store number growth**, with a robust pipeline of Travel store openings

Rev Growth FY24

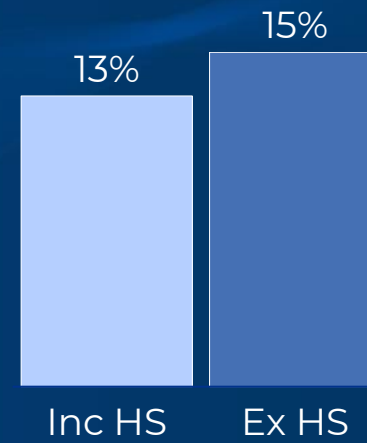


Store Growth FY24

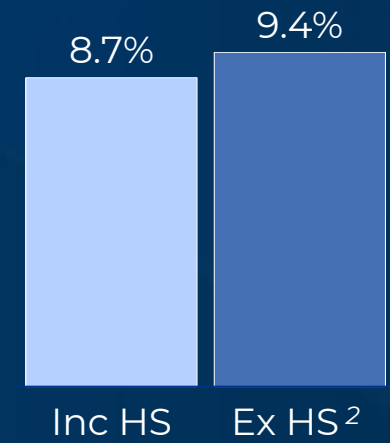


- Enhanced **Headline Trading profit growth**
- **Expansion of Headline PBT Margin¹** of 70bps with pre-transaction central cost base to be optimised

Headline Trading Profit¹ Growth FY24



Headline PBT¹ Margin FY24



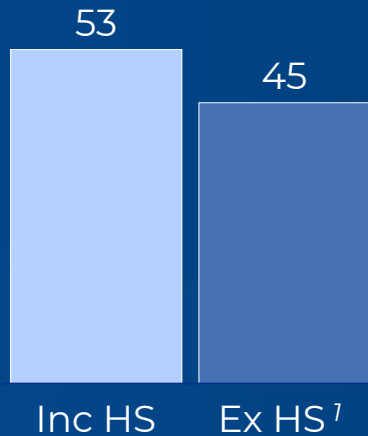
¹ Pre-IFRS 16

² Includes £4m central cost saving included in Ex HS

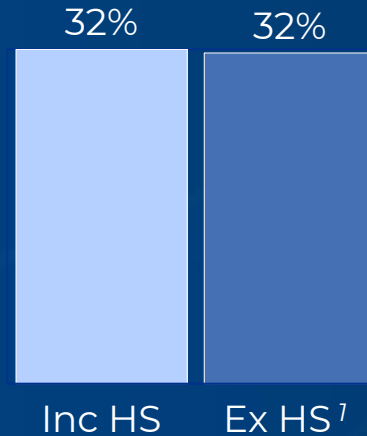
STRONG FREE CASH FLOW AND LEVERAGE

- Travel is **highly cash generative**
 - Free cash flow conversion broadly flat
- Capital investment **focused on growth**
 - Leverage temporarily elevated

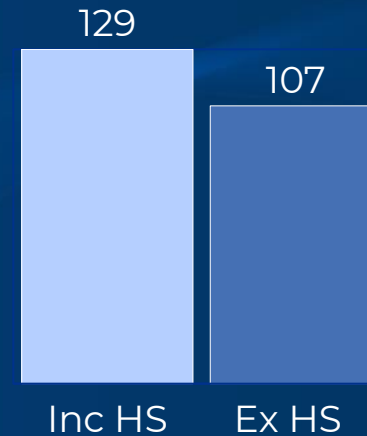
FCF FY24 £'m



FCF Conversion FY24



Capex £'m FY24



Leverage FY24

1.4x **1.6x**
Inc HS Ex HS¹

¹ Includes £4m central cost saving included in Ex HS

PROFORMA 2024 AND LOOKING AHEAD

£m	Current Group ¹	High Street ¹	Future Group ¹
Travel UK	122		122
North America	54		54
Rest of the World	13		13
Total Travel	189		189
High Street	32	29	3
Headline Group profit from trading operations	221	29	192
Unallocated central costs	(28)	-	(28)
Headline Group operating profit	193	29	164
Net finance costs	(27)	-	(27)
Headline Group profit before tax	166	29	137
Non underlying items	(57)	(16)	(41)
Group profit before tax	109	13	96
Income tax charge	(30)	(3)	(27)
Profit for the period	79	10	69

- **FY25 will be a year of transition** - High Street considered discontinued business for the full year
- **Looking ahead:**
 - **Central costs** – Pre transaction central costs to be reduced by £4m by the end of FY26
 - **Interest charges** – Following the completion of the refinance we would expect finance costs of 6.3% in FY27
 - **Tax rate** – Is expected to remain broadly stable at 25%
 - **Capex** – Continued investment in growth, with Capex of around £110m in FY26
 - **Shares in issue** – expected to be c.127m following the completion of the current share buyback

¹ Pre-IFRS 16

DISCIPLINED APPROACH TO CAPITAL ALLOCATION



Strong Balance Sheet
Target leverage of 0.75-1.25x EBITDA¹

Carl Cowling

Group CEO



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ACCELERATING GROWTH AS A PURE PLAY GLOBAL TRAVEL RETAILER

**Strongest ever position
to exclusively focus on
the future as a
pure play global
Travel retailer**



**c.50% of revenue of the
business is now
international**

**Re-position Group
to higher growth
markets**



**Scale of
growth
opportunities is
substantial**

**Clear strategy focused
on travel retail**



Excellent position to create growth and value for shareholders

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