

DISCLAIMER

This document contains forward-looking statements with respect to the operations, performance and financial condition of WH Smith PLC. By their nature, these statements are subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events.

Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise. Nothing in this presentation should be construed as a profit forecast.

The financial information referenced in this presentation does not contain sufficient detail to allow a full understanding of the results of WH Smith PLC. For more detailed information, please see the interim results announcement for the six months ended 29 February 2024 which can be found on the Investors section of the WH Smith PLC website - www.whsmithplc.co.uk

WHSmith INTERIM RESULTS

25 April 2024

WHSmith



AGENDA

- Introduction
- Financial Review
- Business Review
- Questions



FIRST HALF HIGHLIGHTS

HEADLINE
GROUP
**PROFIT OF
£46M**



TRAVEL UK
**PROFIT
GROWTH
OF 19%**

**TRAVEL
OVER
70% OF
REVENUE**



**STORE
PIPELINE
OF OVER 80
STORES**

**53 STORES
OPENED
IN THE
HALF**



INVESTING
FOR
**FUTURE
GROWTH**

FURTHER
**STRENGTH IN
BALANCE
SHEET**



**INTERIM
DIVIDEND
OF 11.0p
PER SHARE**

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KEY DRIVERS OF GROWTH

**INCREASE
SPEND
PER
PASSENGER**



**OPTIMAL USE
OF SPACE IN
EACH
STORE**



**SPACE
GROWTH IN
NEW AND
EXISTING
MARKETS**



**GROWTH
OF
PASSENGER
NUMBERS**



**Strong revenue
growth**



**EBIT margin
accretion**



**Substantial cash
generation**



**Efficient capital
allocation policy**

WHSmith

FINANCIAL REVIEW

Robert Moorhead

Group CFO / COO



WHSmith

GROUP FINANCIAL SUMMARY¹

	6 months to Feb 2024	6 months to Feb 2023	% change
Revenue (£m)	926	859	8%
Headline Group profit from trading operations ² (£m)	72	71	1%
Headline Group profit before tax ³ (£m)	46	45	2%
Headline earnings per share ^{3, 4} (p)	24.4p	23.3p	5%
Free cash flow (£m)	(56)	(66)	
Leverage	1.8x	2.0x	
Interim dividend per share (p)	11.0p	8.1p	36%

¹ All results are stated before the impact of IFRS 16 – See Appendix for more details

² Stated after directly attributable share-based payment and pension service charges, and before non-underlying items, unallocated costs, finance costs and taxation

³ Excludes the impact of non-underlying items of £14m (2023: £2m)

⁴ Diluted (weighted average number of shares as at 29 February 2024: 131m; 2023: 133m)

REVENUE ANALYSIS

	6 months to Feb 2024 £m	6 months to Feb 2023 £m	vs 2023			7 weeks to 20 Apr 2024 Total % vs 2023 ¹
			Total	Total at constant currency	LFL	
Travel UK	360	314	15%	15%	13%	9%
North America	189	177	7%	13%	-%	4%
Rest of the World	121	102	19%	24%	12%	17%
Total Travel	670	593	13%	15%	10%	9%
High Street ²	256	266	(4)%	(4)%	(2)%	(4)%
Total revenue	926	859	8%	9%	6%	6%

¹ Constant currency

² Includes internet businesses

TRAVEL REVENUE BY SEGMENT AND FORMAT

	H1 % vs 2023			7 weeks to 20 Apr 2024
	Total	Total at constant currency	LFL	
Air	14%	14%	14%	8%
Hospitals	16%	16%	14%	15%
Rail	17%	17%	13%	7%
Travel UK	15%	15%	13%	9%
North America	7%	13%	-%	4%
Rest of World	19%	24%	12%	17%
Total Travel	13%	15%	10%	9%

¹ Constant currency

INCOME STATEMENT¹

	6 months to Feb 2024 £m	6 months to Feb 2023 £m
Travel UK ²	37	31
North America ²	14	14
Rest of the World ²	(1)	2
Total Travel ²	50	47
High Street ²	22	24
Headline Group profit from trading operations ²	72	71
Unallocated central costs	(13)	(13)
Headline Group operating profit ³	59	58
Headline net finance costs ⁴	(13)	(13)
Headline Group profit before tax ^{3, 4}	46	45

¹ All results are stated before the impact of IFRS 16 – See Appendix for more details

² Stated after directly attributable share-based payment and pension service charges, and before non-underlying items, unallocated costs, finance costs and taxation

³ Excludes non-underlying operating items of £13m (2023: £2m)

⁴ Excludes non-underlying finance costs of £1m (2023: £nil)

GROUP FREE CASH FLOW¹

	6 months to Feb 2024 £m	6 months to Feb 2023 £m
Group operating profit²	59	58
Depreciation, amortisation and impairment ³	29	26
Non cash items	6	6
Operating cash flow⁴	94	90
Capital expenditure	(65)	(60)
Working capital ³	(68)	(79)
Net tax paid	(9)	(10)
Net interest paid	(8)	(7)
Free cash flow	(56)	(66)

¹ All results are stated before the impact of IFRS 16 – See Appendix for more details

² Headline, excludes non-underlying operating items of £13m (2023: £2m)

³ Headline, excludes non-underlying items

⁴ Operating cash flow is Headline Group operating profit, before non-underlying items, depreciation, amortisation, impairment and other non-cash items

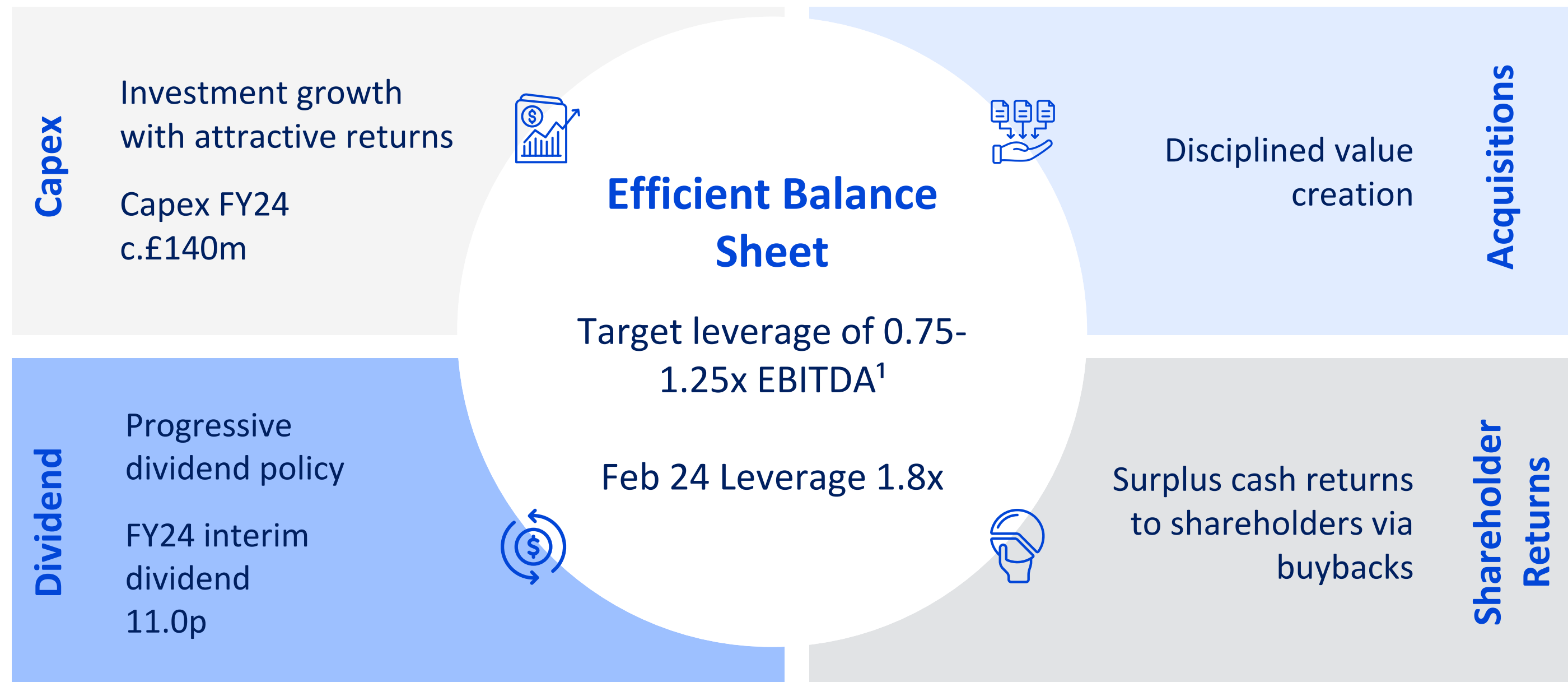
HEADLINE NET DEBT (PRE-IFRS 16)

	6 months to Feb 2024	6 months to Feb 2023	<u>Debt maturity profile</u>	
	£m	£m		
Opening net debt	(330)	(296)		
Free cash flow	(56)	(66)	Convertible bond	£m
Dividends paid	(27)	(12)	RCF ²	327
Net purchase of own shares	(12)	-		400
Other ¹	(6)	(3)		727
Non-underlying items	(6)	(1)		
Movement in net debt	(107)	(82)		
Closing net debt	(437)	(378)		
Cash/(overdraft)	(132)	46		
Term loans	-	(126)		
Bonds	(305)	(296)		
Finance leases	-	(2)		
Closing net debt	(437)	(378)		

¹ Includes non-cash bond accretion of £4m (2023: £4m)

² £224m undrawn as at 29 February 2024

AN EFFICIENT CAPITAL ALLOCATION POLICY



BUSINESS REVIEW

Carl Cowling

Group CEO



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STRONG INSTORE EXECUTION

Our **forensic approach to retail** is a key driver of our **success**

Multi-format, multi-brand **global travel retailer** operating **over 1,200 stores** across **32 countries**

Strong track record of success using expertise from both UK and NA divisions

Forensically **analyse every metre** of selling space **to maximise returns**



WHSmith

EST WHSmith 1792

LOVE LONDON

MAGAZINES

CORGI

STATIONERY

T-SHIRTS

HOODIES

Our Great Offers

Our Great Offers

Our Great Offers

PAY THIS WAY



TRAVEL
UK

3 FOR 2

WHSmith

STRONG UK PROFIT PERFORMANCE

Strong growth across all channels in our **largest division**

H1 profit up 19% to £37m

Strong LFL revenue growth up 13%

Continue to invest: on track to **open 10 to 15 stores per annum** over the medium-term

Ongoing focus on **customer conversion, increasing spend per passenger** and **ATV growth**



STRONG PERFORMANCE IN UK AIR

LFL revenue growth of 14% in UK Air

One-stop-shop format proving a **winning formula** for landlords and customers; plenty of scope for **rollout**

One-stop-shop format **improves profitability** and generates new **opportunities** across **all stores**

Continued focus on **ATV, spend per passenger and conversion**



CONTINUED GROWTH IN HOSPITALS AND RAIL

Strong performance in Hospitals
LFL revenue **growth of 14%**

On track to **open 8 hospital stores** this financial year

Strong new store pipeline

Strong performance in Rail
LFL revenue **growth of 13%**

Continue to **invest** in new formats,
drive ATV growth and improve ranges





NORTH AMERICA

Shore Points
MARKET

GRAB N GO

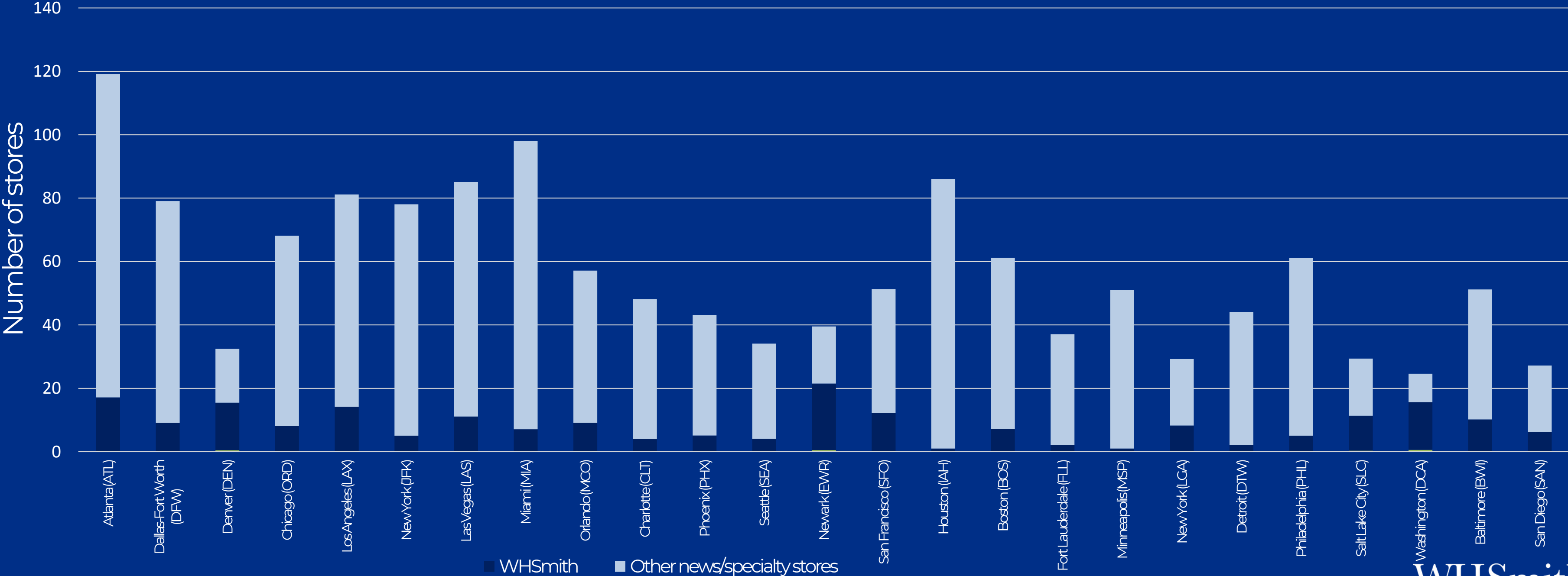
DRINKS

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SIGNIFICANT OPPORTUNITIES IN NORTH AMERICA

Anticipate *market share* to increase
to 20% over next 4 years

WHSmith share of News/Specialty retail stores in top 25 North American Airports ranked by number of passengers



Source: AXN Factbook 2022

EXCELLENT PROSPECTS IN NORTH AMERICA

Core North America Air business continues to **perform strongly**

Delivered **profit** of **£14m** in the half
Total revenue **up 13%**¹

Involved in **more live tenders** than ever before

Good success at winning new tenders with **strong tender pipeline**

¹ Constant currency basis



DRIVING GROWTH & IMPROVING EFFICIENCIES

Significant opportunities for **better use of space** taking **learnings from UK**

Operationally **merged InMotion** into **MRG** to **improve customer offer** and **create efficiencies**

Strong focus on **space management** to **better analyse space** on a store by store basis

Investing in furthering our **supply chain capabilities** to provide **key efficiencies**





REST OF
THE WORLD

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GROWING IN REST OF THE WORLD

Significant opportunities to scale travel retail formats **globally**

Period of **investment** and store openings
LFL revenue **up 12%**

Now trading from 351 stores across **29 countries** outside the UK and North America

Focus on **driving ATV** and spend per passenger



BUILDING THE STORE PIPELINE IN ROW

Continue to make **good progress** entering **new markets**

Opened first stores at **Budapest airport**

Store openings in **Australia, Spain** and **Sweden** in the half

Significant **new space opportunities** globally

Anticipate further **progress** in second half and **beyond**



STRONG OUTLOOK FOR TRAVEL

Strong revenue growth driven by: increasing **spend per passenger**, **ATV growth**, **new space**, and growth in **passenger numbers**

Scale of **growth opportunities** is **substantial**

Continue to **win tenders** globally

Very well positioned for **peak summer trading** period in H2



HIGH STREET



HIGH STREET STRATEGY DELIVERS

Focus on **forensic approach to retailing** continues to deliver **good results**

New **exclusive partnership with Toys “R” Us** to deliver a further **30 store in stores** by August 2024

£8m cost savings delivered in H1 in line with plan; further **£5m** planned for H2

Flexible lease portfolio with **short leases** allows us to **respond quickly** to changing market conditions





ESG

OUR JOURNEY TO A BETTER BUSINESS

Morningstar's Sustainalytics
ESG Benchmark



Dow Jones Sustainability Index



MSCI ESG ratings



'A' rating awarded by CDP
for climate change leadership



Rated Prime by ISS



Continued drive to net zero
by engaging top 20 suppliers



SUMMARY

EST WHSmith 1792



CORGI



LOVE LONDON

STATIONERY

T-SHIRTS

HOODIES

Our Great Offers

Our Great Offers

Our Great Offers

MAGAZINES

PAY THIS WAY

3 FOR 2



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WELL-POSITIONED FOR GROWTH

Good progress in H1; very well positioned for peak summer trading and beyond

Excellent growth opportunities across each Travel division despite different stages of evolution

Highly cash generative
Further de-leveraging expected

On track to deliver full year in line with expectations



WHSmith INTERIM RESULTS

25 April 2024

WHSmith



APPENDIX



STORE NUMBERS

	As at 31 Aug 2023	Opened	Closed	As at 29 Feb 2024
Travel UK	588	5	(3)	590
North America	327	13	(11)	329
Rest of the World	338	35	(22)	351
Total Travel	1,253	53	(36)	1,270
High Street	514	-	(8)	506
Group	1,767	53	(44)	1,776

IFRS 16 – IMPACT ON BALANCE SHEET

£m	Headline Pre-IFRS 16 29 Feb 2024	IFRS 16 Adjustment	IFRS 16 29 Feb 2024
Goodwill and other intangible assets	506	(1)	505
Property, plant and equipment	288	7	295
Right-of-use assets	-	484	484
Investments in joint ventures	2	-	2
	796	490	1,286
Inventories	207	-	207
Payables less receivables	(142)	(9)	(151)
Working capital	65	(9)	56
Net current and deferred tax assets	47	-	47
Provisions	(26)	8	(18)
Operating assets employed	882	489	1,371
Net debt	(437)	(602)	(1,039)
Total net assets	445	(113)	332

IFRS 16 – IMPACT ON INCOME STATEMENT

£m	Headline Pre-IFRS 16 29 Feb 2024	IFRS 16 Adjustment	IFRS 16 29 Feb 2024
Revenue	926	-	926
Travel UK trading profit ¹	37	2	39
North America trading profit ¹	14	-	14
Rest of the World trading (loss)/profit ¹	(1)	2	1
Total Travel trading profit ¹	50	4	54
High Street trading profit ¹	22	5	27
Group profit from trading operations¹	72	9	81
Unallocated central costs	(13)	-	(13)
Group operating profit before non-underlying items²	59	9	68
Net finance costs ³	(13)	(11)	(24)
Group profit before tax before non-underlying items^{2, 3}	46	(2)	44
Income tax expense, before non-underlying items	(11)	-	(11)
Profit for the period, before non-underlying items^{2, 3}	35	(2)	33
Diluted earnings per share, before non-underlying items	24.4p	(1.5)p	22.9p

¹ Stated after directly attributable share-based payment and pension service charges, and before non-underlying items, unallocated costs, finance costs and taxation

² Headline, excludes non-underlying operating items of £13m on a pre-IFRS 16 basis; £16m on an IFRS 16 basis

³ Headline, excludes non-underlying finance costs of £1m on a pre-IFRS 16 basis; £nil on an IFRS 16 basis

IFRS 16 – IMPACT ON CASH FLOW STATEMENT

£m	Headline Pre-IFRS 16 29 Feb 2024	IFRS 16 Adjustment	IFRS 16 29 Feb 2024
Net cash inflows from operating activities	4	58	62
Net cash outflows from investing activities	(65)	-	(65)
Net cash inflows/(outflows) from financing activities	49	(58)	(9)
Net decrease in cash in the period	(12)	-	(12)