Speedy Hire Plc

("Speedy", "the Company" or "the Group")

Results for the year ended 31 March 2017 **16 May 2017**

Significantly improved performance, strong balance sheet and well positioned for further growth

Speedy, the UK's leading tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces results for the year ended 31 March 2017.

Key Points

	Year ended 31 March 2017	Year ended 31 March 2016	Change
	(£m)	(£m)	%
Revenue	369.4	329.1	12.2%
EBITDA[1]	63.1	53.1	18.8%
EBITA[1]	19.3	10.0	93.0%
Adjusted profit before tax[1]	16.2	5.0	224.0%
Profit/ (loss) before tax	14.4	(57.6)	n/a
Adjusted earnings per share[2]	2.44p	0.79p	208.9%
Basic earnings/ (loss) per share	2.22p	(10.19)p	n/a
Net debt[3]	71.4	102.6	(30.4)%
Leverage[4]	1.13	1.93	(41.5)%
ROCE[5]	7.7%	3.2%	140.6%
Dividend for the year (pence per share)	1.00p	0.70p	42.9%

Financial Highlights

- Revenue increased to £369.4m (2016: £329.1m)
- Adjusted profit before tax[1] up 224.0% to £16.2m (2016: £5.0m)
- Net debt[3] significantly reduced to £71.4m (2016: £102.6m)
- Adjusted earnings per share[2] of 2.44 pence (2016: 0.79 pence)
- Full year dividend up 42.9% to 1.00 pence per share
- Profit before tax of £14.4m (2016: loss £57.6m)
- Excluding the impact of disposals, ROCE[5] was 8.4% (2016: 3.0%)

Strategic and Operational Highlights

- Emphasis on customer service, innovation and relationships
- Improved systems and management information fully embedded
- Hire fleet reduced by 11.4% to £194.8m, reflected in enhanced asset utilisation
- Successful acquisition of Lloyds British for £3.8m, now fully integrated and enhancing service offering
- Turnaround phase completed; strategy in place to drive sustainable profitable growth

Commenting on the results Russell Down, Chief Executive, said:

"These results demonstrate the success of our turnaround plan with significant improvements across all financial and operational performance measures.

Whilst we have made a solid start to the year, the market remains competitive. With the business now stabilised and a strong balance sheet, we are well positioned to take advantage of market opportunities and continue to deliver sustainable profitable growth."

Explanatory notes:

[1]*See note 7*
[2]*See note 5*
[3]*See note 9*
[4]*Net Debt[3] covered by EBITDA[1]*
[5]*Return on Capital Employed: Profit from operations before amortisation divided by the average of opening and closing capital employed (where capital employed equals shareholder funds and Net Debt[3])*

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Mark Garraway
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Other notes:

Inside Information: This announcement contains inside information.

Forward looking statements: The information in this release is based on management information. This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to Editors: Founded in 1977, Speedy is the UK's leading provider of tools, equipment and plant hire services to a wide range of customers in the construction, infrastructure and industrial markets, as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is accredited nationally to ISO50001, ISO9001, ISO14001 and OHSAS18001. The Group operates from 210 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations throughout the UK, Ireland and from an international office based in Abu Dhabi.

Chairman's Statement

Overview

I am pleased to report that the actions undertaken by management have enabled us to report substantially improved results; revenue and profits have increased, the hire fleet has been reduced, utilisation rates increased, and net debt[3] has fallen significantly. The business has been stabilised and we have created a solid platform for the future.

Having previously identified the underlying issues that had affected the Group's performance last year, management has improved engineering efficiency, addressed equipment availability, structured the sales force to ensure that we address large and SME customers alike, embedded ownership and accountability at a regional level, and invested in upgrades to our IT and management information systems; all of which have led to improved business performance.

Customer focussed initiatives were launched to improve responsiveness and service levels, including customer surveys, and these have also made a major contribution to our strong performance.

Results Overview

Revenue increased to £369.4m (2016: £329.1m), following actions to better address the SME market and improve non-hire revenues. Overhead costs have been tightly controlled with further savings realised during the year, partially offset by bonuses payable due to the good results.

The hire fleet reduced by 11.4% to £194.8m as a result of targeted disposals and improved asset utilisation, whilst net debt[3] fell significantly to £71.4m (2016: £102.6m). Return on capital employed[5], a key measure, increased by 140.6% to 7.7%; excluding disposals ROCE[5] was 8.4% (2016: 3.0%). The Group has a strong balance sheet, and substantial headroom with which to grow organically or through targeted value enhancing acquisitions in order to strengthen our market position.

Acquisition

On 19 December 2016 we announced the acquisition of the brand, business and assets of Lloyds British Testing Limited ("Lloyds British") from the Administrator, PwC. Lloyds British is a specialist business, which carries out testing, certification, and inspection of lifting equipment, and training from locations across the United Kingdom. The acquisition cost of £3.8m was paid in cash in full on completion; the business is now fully integrated and is enhancing Speedy's overall offering in the specialist lifting market.

Dividend

The Board is recommending a final dividend of 0.67 pence per share, an increase of 67.5%. If approved at the forthcoming Annual General Meeting the total dividend for the year would be 1.00 pence per share (2016: 0.70 pence). The dividend will be paid on 11 August 2017 to shareholders on the register at close of business on 7 July 2017.

Board

David Shearer joined the Board as a Non-Executive Director on 9 September 2016 and was subsequently appointed to the Audit and Nomination Committees. On 31 March 2017 David was appointed to the Remuneration Committee. I reverted to Non-Executive Chairman on 30 September 2016, and in accordance with best practice stepped down from both the Audit and Remuneration Committees on 31 March 2017. We have a strong Board, combining a wealth of industry and operational expertise with which to take the business forward.

Summary

The business has responded well to the actions undertaken, and I am pleased that the hard work by all our colleagues throughout the year has been reflected in these results.

We have substantially improved our efficiency and ROCE[5] this year and I am confident we can deliver further profitable growth.

Jan Åstrand

Chairman

Chief Executive's Statement

Overview

I am pleased to report that our financial and operational performance has improved significantly this year.

These results reflect the benefits which have been realised following implementation of the recovery plan that was put in place last financial year. The recovery plan is now complete and with the business stabilised, revenue growing, a lower cost and asset base, improved systems and management information, we have a strong platform for future profitable growth.

Results

Revenue increased by 12.2% to £369.4m (2016: £329.1m). During the year we have improved the customer experience, increased asset availability and restructured our sales activities. On a constant currency basis, and excluding the impact of planned disposals, revenue increased by 6.7%. In the second half of the year core hire revenue was stronger despite the disposal of hire assets and the consequent transfer of revenues to partnered services. Secondary revenues, including training and consumable sales, increased strongly.

Gross margins declined primarily as a result of the revenue mix, which included an increase in lower margin partnered services and disposal revenues as we optimised our hire fleet. Overhead costs were tightly controlled during the year, with the UK regional operations restructured into two divisions in order to increase efficiency and reduce costs. Adjusted profit before tax[1] increased by 224.0% to £16.2m (2016: £5.0m) benefitting from lower interest costs due to the lower net debt[3], and an improved performance from joint venture operations. Profit before tax was £14.4m (2016: loss £57.6m). The prior year result was affected by the write off of goodwill and exceptional costs. Adjusted earnings per share[2] increased to 2.44 pence (2016: 0.79 pence).

Strategy

Speedy provide safe and reliable hire equipment and services to enable the successful delivery of customer projects. Approximately 60% of our revenues are derived from products we own and hire out to customers. The remainder of our revenues come from our partnered services division, where we re-hire equipment from other providers in order to meet customer demand, and secondary revenues such as transport, consumables, fuel, inspection and training. Our customers range from large multinational corporations, with whom we have framework contracts, to local builders; during the year we traded with over 50,000 customers.

We operate in a highly competitive and fragmented marketplace with a number of national, regional and local competitors. Our strategy is designed to differentiate us from the competition in the different customer segments in which we operate, principally through adopting a customer focussed approach designed to address our varying customers' needs.

Our approach is to:

- *Provide first class customer experience, so that everything we do is focussed on the customer*
- *Put innovation at the heart of everything we do*
- *Cultivate strong client relationships, that build loyalty for long term sustainable profitable growth*

We have mapped out our customer journey in detail this year and are implementing action plans to improve our performance at all stages. In late 2016 we launched customer satisfaction surveys, by text and email, in order to obtain feedback on our performance directly from our customers. The results have provided us with valuable feedback on areas to improve.

ROCE[5] has improved significantly this year to 7.7% (2016: 3.2%); excluding disposals ROCE[5] was 8.4% (2016: 3.0%). We will continue to drive this measure through optimising our hire fleet by only purchasing assets which provide the right return, and disposing of lower utilised assets or procuring these through our partnered services offering. We will invest in growing our non-hire revenues which are less capital intensive, including training, consumable sales and inspection, in order to fully utilise our existing fixed depot overhead. All overhead costs will continue to be tightly controlled.

We will review both organic and acquisitive opportunities in value enhancing areas in order to realise our strategic objectives.

Capital Allocation

The Board is committed to ensuring the efficient allocation of capital.

We have significantly reduced our net debt[3] this year to £71.4m (2016: £102.6m), which includes the proceeds from the sale of heavy plant of £14.4m, and is after the acquisition of specialist lifting business Lloyds British for £3.8m. Net debt[3] to EBITDA[1] has reduced to 1.13x (2016: 1.93x). This reduction is a result of improved controls over capital expenditure, disposals of under-utilised assets and good working capital management.

The Group has a strong balance sheet and substantial headroom under its banking facilities, which expire in September 2019. With a clear strategy for sustainable profitable growth, the Board will regularly review organic growth opportunities, value enhancing acquisitions, and shareholder returns to ensure it operates with an efficient capital structure.

Operational Review

UK and Ireland

The UK and Ireland business contributed 92.8% of Group revenues. Revenue increased by 11.1% to £342.9m (2016: £308.7m). Partnered services revenue increased 15.0% to £52.2m (2016: £45.4m), reflecting revenue from the heavy plant disposal which transferred to partnered services, and an improvement in revenue from larger customers. Total revenues, excluding asset disposals, increased 6.4%.

Gross margins on core hire revenue declined slightly over the period reflecting the competitive market environment, offset by improvements in asset utilisation, the lower hire fleet and consequently lower depreciation charges. Overhead costs fell by £1.6m, after absorbing £4.3m of bonus costs (2016: £1.0m) and the costs of Lloyds British. The regional operating divisions were restructured into two during the year to improve efficiency and enhance accountability and empowerment; this has resulted in cost savings and an improved operational performance.

EBITA[1] increased to £22.0m (2016: £14.5m) before central costs of £4.8m (2016: £5.1m).

We have introduced a more stringent governance process for capital expenditure decisions, and improved our asset utilisation by c.7% to an average for the year of 51.5%. As a result, the hire fleet has been reduced by 11.4% to £186.8m (2016: £210.8m) including the sale of the Group’s heavy plant for a total consideration of £14.4m in September 2016. The fleet was sold to Ardent with whom we entered into a five-year re-hire agreement, with an option to extend for a further two years. Our hire fleet remains the largest of its type in the UK and Ireland, and combined with our partnered services offering we are proud to offer our customers the ability to hire a full range of products.

We have fully integrated the acquisition of Lloyds British into the business and have rationalised the number of Lloyds British depots, re-locating some into our existing network. We have already realised a number of further revenue and cost synergies. Lloyds British complements Speedy's existing lifting, testing and training businesses and is enhancing Speedy's overall offering to its customers.

During the year we launched our vision of becoming the best company to do business with in our sector and the best to work for, and have further developed our strategy to help us achieve these aims.

We have improved the customer experience in a number of ways including through embedding new customer feedback technology that enables customers to review our service in real time and at a local level. This feedback gives us the opportunity to respond immediately to any issues that may arise. We have also launched an internal initiative made up of four key programmes that ensure our people understand, and can contribute to our strategic vision: promoting our brand proposition; improving customer satisfaction; enhancing internal advocacy and engagement; and delivering better systems, processes and management information. These programmes are monitored and reported on monthly at the Executive Board and are improving business performance.

Our focus on strong customer relationships has enabled us to win and renew a number of contracts with our larger customers, including a contract renewal, and scope extension with Carillion Plc, which in total could be worth up to £45m over three years, and renewals with Babcock and Morgan Sindall Plc. Whilst there is some market uncertainty in the lead up to Brexit and the general election we are now well placed to deliver sustainable profitable growth.

International

In the Middle East our business is primarily with national government clients in the Oil and Gas market in Abu Dhabi. In spite of low oil prices the business has grown this year as projects have fully mobilised and new work has been secured. Revenue grew 29.9% (12.7% on a constant currency basis) to £26.5m (2016: £20.4m) of which approximately 50% is partnered services. Gross margins have increased slightly and overheads have reduced. As a result, EBITA[1] has increased to £2.1m (2016: £0.6m). Of this improvement £0.2m related to favourable exchange rate movements.

The Group operates a joint venture in Kazakhstan which has performed well this year following cyclical shutdown activity. Profit from JV operations increased to £1.7m (2016: £0.7m).

Safety and sustainability

We have an industry leading approach to safety and sustainability and continue to promote safety related topics with our customers through our "Intelligent Safety" campaign. We consistently report the lowest accident and injury rates in our sector and have recently implemented an 'app' to facilitate reporting of all health and safety related matters and recommendations. During the year we were pleased to be awarded our third RoSPA Gold Medal, were accredited to Achilles Building Confidence with a 5-star rating for the fourth year running, and have maintained our 5-star Achilles RISQS accreditation for the second year running. Our vehicle fleet is accredited to FORS Gold standard nationally.

We were the first company in our sector to achieve the ISO 50001 accreditation for energy saving. We work with suppliers to minimize waste coming into the business through reducing packaging where possible, and have identified waste streams that enable us to break down and re-cycle end of life assets at the point of disposal. Our customers demand lower carbon emitting products, and our purchasing policy is to opt for greener assets to satisfy this need.

People

The Group's headcount at 31 March 2017 was 3,745 (2016: 3,644) including 176 employees following the acquisition of Lloyds British. Employee numbers in the UK and Ireland business reduced by 116 following the operational restructuring and efficiency programmes, whilst in the Middle East numbers increased by 41 as a result of increasing revenue.

We undertook a full employee engagement survey during September with a commitment to running this on an annual basis. The survey was well received and scored highly in its management and engagement indices, whilst identifying a number of areas for improvement. We have implemented a Group action plan as well as local action plans to help us achieve our vision of becoming the best company to work for in our sector.

The significantly improved results we are reporting this year would not have been possible without the continued passion and hard work of all of our people. I would like to take this opportunity to thank all my colleagues for their support and dedication during the year.

Outlook

These results demonstrate the success of our turnaround plan with significant improvements across all financial and operational performance measures.

Whilst we have made a solid start to the year, the market remains competitive. With the business now stabilised and a strong balance sheet, we are well positioned to take advantage of market opportunities and continue to deliver sustainable profitable growth.

Russell Down

Chief Executive

Financial Review

Group financial performance

Revenue for the year to 31 March 2017 increased by 12.2% to £369.4m (2016: £329.1m) which included fleet disposals of £20.3m (2016: £5.6m); excluding these disposals and on a constant currency basis, revenue increased by 6.7%. Current year fleet disposals include £14.4m for the sale of heavy plant.

Gross profit was £191.7m (2016: £184.2m), an increase of 4.1%. The gross profit percentage was 51.9% (2016: 56.0%) and reflected the increase in disposals and a higher proportion of partnered services income.

EBITA[1] increased by 93.0% to £19.3m (2016: £10.0m) and profit before taxation, amortisation and exceptional costs increased to £16.2m (2016: £5.0m).

After taxation, amortisation and exceptional costs, the Group made a profit of £11.5m, compared to a loss of £52.7m in 2016. The loss in 2016 was impacted by a goodwill impairment charge of £45.9m and exceptional costs of £14.0m. Further details are included in note 3.

Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £4.8m (2016: £5.1m).

UK and Ireland	**12 months ended 31 March 2017 £m**	12 months ended 31 March 2016 £m	Movement %
Revenue	**342.9**	308.7	11.1
EBITDA[1]	**62.2**	54.2	14.8
EBITA[1]	**22.0**	14.5	51.7

Including the heavy plant sale, revenue improved by 11.1% to £342.9m (2016: £308.7m), with an increase across all key revenue streams. During the year we have improved the customer experience, increased asset availability and restructured our sales activities. Partnered services revenue increased 15.0% to £52.2m (2016: £45.4m). Future revenue has been secured through a number of contract wins and renewals, including an agreement with Carillion Plc, which in total could be worth up to £45m over three years. Revenue for the final quarter benefited from the acquisition of Lloyds British.

Gross margins decreased from 58.1% to 54.2% as a result of the planned fleet disposals and revenue mix. Administration expenses and distribution costs fell by £1.6m, after absorbing £4.3m of bonus costs. This reflected management action to reduce headcount and vehicle numbers, which fell by 116 and 99 respectively, when excluding Lloyds British. Overheads were tightly controlled, with the UK regional operating divisions restructured into two in order to increase efficiency and reduce costs. Following the implementation of strict processes to manage capital expenditure, disposal decisions and ROCE[5], asset utilisation improved by c.7% to an average for the year of 51.5%.

Excluding the impact of disposals, EBITDA[1] was £64.0m (2016: £53.5m) representing an increase of 19.6%.

International	12 months ended 31 March 2017 £m	12 months ended 31 March 2016 £m	Movement %
Revenue	**26.5**	20.4	29.9
EBITDA[1]	**5.0**	3.2	56.3
EBITA[1]	**2.1**	0.6	250.0

The International division has performed well with revenue up by £6.1m. Of this growth £3.5m was due to exchange rate movements, and the remainder due to the mobilisation of new equipment, in spite of low oil prices. As a result of increased revenue, EBITA[1] increased to £2.1m (2016: £0.6m). A slight increase in gross margin and savings in administration costs contributed to the increased EBITA[1], along with an exchange rate benefit of £0.2m.

One off cyclical shutdown activity in Kazakhstan helped increase our share of profit from the joint venture to £1.7m (2016: £0.7m).

Exceptional items

Net exceptional items totalled £0.0m before taxation (2016: £59.9m).

Exceptional costs of £2.2m were incurred relating to a restructuring of the UK and Ireland business, September's General Meeting, the accelerated amortisation of contract costs following a customer insolvency, and acquisition expenses associated with Lloyds British.

Offsetting the above exceptional costs was a £1.6m credit due to the revision of the International receivables provision, following the receipt of cash in the year, and a release of a provision, following the renegotiation of contingent consideration of £0.6m in relation to the prior year acquisition of OHP Limited.

Interest and hedging

As a consequence of the reduction in net debt[3] in the year, net financial expense declined to £4.8m (2016: £5.7m). Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a variable margin, while any unutilised commitment is charged at 40% of the applicable margin. During the year, the margin payable on the outstanding debt fluctuated between 1.80% and 2.75% dependent on the Group's performance in relation to leverage and the weighting of borrowings between receivables and plant and machinery. The effective average margin in the year was 2.35%. The current applicable margins are 1.80% on receivables and 2.30% on plant and machinery.

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was a liability of £0.4m at year end and they have varying maturity dates to September 2019. The incremental interest cost arising from these hedges amounted to £0.4m during the year (2016: £0.3m).

Taxation

The Group's income statement shows a tax charge for the year of £2.9m (2016: credit £4.9m), and an effective tax rate of 20.1% (2016: 8.5%). The effective rate of tax on adjusted profit amounts to 21.6% (2016: 16.8%).

The Group has benefitted from a deferred tax credit of £0.3m which arises from restating the net deferred tax liability at an enacted future tax rate of 17%, down from 18%.

Tax paid in the year ended 31 March 2017 amounted to £1.9m (2016: £0.6m).

Shares, earnings per share and dividends

At 31 March 2017, 523,566,491 shares were outstanding, of which 4,129,653 were held in the Employee Benefits Trust.

Adjusted earnings per share[2] was 2.44 pence (2016: 0.79 pence). After amortisation and exceptional items, basic earnings per share was 2.22 pence (2016: loss per share 10.19 pence).

The Board remains committed to the payment of dividends, with a policy of between 2x and 3x adjusted earnings per share[2] cover. The Board has recommended a final dividend of 0.67 pence per share (2016: 0.40 pence), which represents a cash cost of approximately £3.5m. If approved by shareholders, this gives a total dividend for the year of 1.00 pence per share (2016: 0.70 pence), an increase of 42.9% with cover of 2.44x adjusted earnings per share. It is proposed that the dividend will be paid on 11 August 2017 to shareholders on the register at 7 July 2017.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £44.8m (2016: £69.0m), of which £40.5m (2016: £57.8m) related to equipment for hire and £4.3m other property, plant and equipment (2016: £11.2m).

The hire fleet is continually reviewed to optimise asset holdings for the target market. As a result of better management information informing decisions on returns and asset utilisation, along with tight governance introduced via the investment committee, capital expenditure requirements reduced in the year. Disposal proceeds of £29.4m (2016: £17.6m) increased during the year as a result of the sale of heavy plant. At 31 March 2017, the average age of the UK and Ireland fleet was 4.2 years (2016: 3.9 years). This increase resulted in part from the disposal of heavy plant, which had an average life of less than 18 months.

Cash flow and net debt

Net cash flow generated from operating activities increased to £42.7m in the year (2016: £20.4m). Free cash flow (before dividends and financing activities) was an inflow of £35.0m (2016: £8.6m), and was supported by proceeds of £14.4m from the heavy plant sale.

Net debt[3] decreased by £31.2m from £102.6m at the beginning of the year to £71.4m at 31 March 2017. Net debt[3] to EBITDA[1] decreased to 1.13x (2016: 1.93x). Net debt[3] as a percentage of hire fleet NBV decreased to 36.7% from 46.7% as at 31 March 2016.

This further strengthening of the cash position resulted in substantial headroom within the Group's bank facility.

Balance sheet

The Group has a very strong balance sheet, which reflects the proactive management of the asset fleet and working capital.

Net assets at 31 March 2017 totalled £189.6m (2016: £178.4m), equivalent to 36.2 pence per share, and tangible fixed assets 44.8 pence per share. Net property, plant and equipment was £234.7m at 31 March 2017 (2016: £264.1m), of which equipment for hire represents 83.0% (2016: 83.3%). Net debt / property, plant and equipment of 0.30x at 31 March 2017 (2016: 0.39x) underlines the strong asset backing within the business. Of the equipment for hire, £8.0m related to the International business (2016: £9.1m).

Gross trade receivables totalled £90.2m at 31 March 2017 (2016: £85.8m) with the increase reflecting the revenue growth. Bad debt and credit note provisions reduced to £6.9m at 31 March 2017 (2016: £10.9m), equivalent to 7.6% of gross trade receivables (2016: 12.7%), demonstrating an improved ageing profile. Debtor days were 63.7 days (2016: 62.9 days).

Trade payables were £39.2m (2016: £41.2m), with reduced creditor days of 94.7 days (2016: 111.5 days).

Capital structure and treasury

Speedy's long-term funding is provided through a combination of shareholders' funds and bank debt.

The Group's £180m asset-based revolving credit facility expires in September 2019.

At 31 March 2017 the gross amount utilised under the facility was £85.0m (2016: £114.3m). The undrawn available amount, based on eligible receivables and plant and machinery, amounted to £75.8m (2016: £54.8m). The average gross borrowings under the facility during the year ended 31 March 2017 was £108.8m (2016: £132.9m). The current facility includes quarterly leverage and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the year.

The Group will continue to closely monitor cash generation, whilst balancing the need to invest in the quality of its UK hire fleet and depot network.

Return on capital

ROCE[5] is a key performance measure for the Group. ROCE[5] increased to 7.7% (2016: 3.2%), reflecting the improved profitability and strengthened balance sheet. Excluding the impact of disposals, ROCE[5] was 8.4% (2016: 3.0%).

In addition to driving improved profitability and cash generation, the Group will closely monitor the impact of future hire fleet changes, organic growth and value enhancing acquisition opportunities.

Chris Morgan
Group Finance Director

The responsibility statement below has been prepared in connection with the Group's full annual report for the year ended 31 March 2017. Certain parts of that report are not included within this announcement.

Directors' Responsibilities Statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of the Directors of the Company are:

Name	Function
Jan Åstrand	Chairman
Russell Down	Chief Executive
Chris Morgan	Group Finance Director
Bob Contreras	Senior Independent Director
Rob Barclay	Non-Executive Director
David Shearer	Non-Executive Director

Principal Risks and Uncertainties

The business strategy in place and the nature of the industry in which we operate expose the Group to a number of risks. As part of the risk management framework in place, the Board considers on an ongoing basis the nature, likelihood and potential impact of each of the significant risks it is willing to accept in achieving its strategic objectives.

The Board has delegated to the Audit Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. These systems, which ensure that risk is managed at the appropriate level within the business, can only mitigate risk rather than eliminate it completely.

Direct ownership of risk management within the Group lies with the senior management teams. Each individual is responsible for maintaining a risk register for their area of the business and is required to update this on a regular basis. The key items are consolidated into a Group risk register which has been used by the Board to carry out a robust assessment of the principal risks.

The principal risks and mitigating controls in place are summarised below.

Risk	Potential impact	Strategy for mitigation
Safety, health and environment	**Serious injury or death** Speedy operates, transports and provides for rental a wide range of machinery. Without rigorous safety regimes in place there is a risk of injury or death to employees, customers or members of the public. **Environmental hazard** The provision of such machinery includes handling, transport and dispensing of substances, including fuel, that are hazardous to the environment in the event of spillage.	The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. The Group's systems, health and safety, and environment teams measure and promote employee understanding of, and compliance with, procedures that affect safety and protection of the environment. Customer account managers are responsible for addressing service and safety issues.
Service	**Provision of equipment** Speedy is required to provide well maintained equipment to its customers on a consistent and dependable basis. **Back office services** It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation. In both cases, a failure to provide such service could lead to a failure to attract or retain customers, or to diminish the level of business such customers undertake with Speedy.	The Group has invested substantially in its operational and back office processes, to continue to improve its service offering. New personal digital assistants (PDAs) have been successfully rolled out during FY2017, improving the on-site customer experience whilst the Group continues to invest heavily in its IT infrastructure to support its business. Speedy also liaises with its customer base and takes into account feedback where particular issues are noted, to ensure that work on resolving those issues is prioritised accordingly. We have introduced an online based customer feedback system which significantly enhances our ability to understand the customer experience and improve service levels.
Revenue and trading performance	**Competitive pressure** The hire market is fragmented and highly competitive. Whilst we are developing strategic relationships with larger customers, we are also working hard to grow our Local and Regional accounts. **Reliance on high value customers** As revenue from our larger customers grows, there is a higher risk to future revenues should preferred supplier status be lost when such agreements may individually represent a material element of our revenues.	The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its partnered services division for specialist equipment. The Group monitors the performance of its major accounts against forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and reacted to where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies. No single customer currently accounts for more than 10% of revenue or receivables.

Risk	Potential impact	Strategy for mitigation
People	**Employee excellence** In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain and motivate employees who possess the right skills for the Group.	Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focussing on both short and long-term successors for the key roles within the Group. Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group. The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.
Partner and supplier service levels	**Supply chain** Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment. **Partner reputation** A significant amount of our revenues come from our partnered services offering, where the delivery or performance is effected through a third party partner. Speedy's ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy and hence future revenues may be adversely impacted.	A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group's commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service related KPIs are included within standard contract terms. Regular reviews take place with all supply chain partners.
Operating costs	**Fixed cost base** Speedy has a fixed cost base including people, transport and property. When revenues fluctuate this can have a disproportionate effect on the Group's financial results.	The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team of specialists who undertake routine maintenance works and manage the estate in terms of rental costs. We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. Fuel is purchased through agreements controlled by our supply chain processes.
Information technology and data integrity	**IT system availability** Speedy is increasingly reliant on IT systems to support our business activities. Interruption in availability or a failure to innovate will reduce current and future trading opportunities respectively. **Data accuracy** The quality of data held has a direct impact on how both strategic and operational decisions are made. If decisions are made based on erroneous data there could be a direct impact on the performance of the Group.	Annual and more medium-term planning processes are in place; these create future visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval. The introduction of improved reporting with dedicated analysts within the business provides improved business information and better data quality and consistency. Mitigations for IT data recovery are described below

Risk	Potential impact	Strategy for mitigation
	Data security Speedy, as with any organisation, holds data that is commercially sensitive and in some cases personal in nature. There is a risk that disclosure or loss of such data is detrimental to the business, either as a reduction in competitive advantage or as a breach of law or regulation.	under business continuity as these risks are linked. Speedy's IT systems are protected against external unauthorised access. All mobile devices have access restrictions and, where appropriate, data encryption is applied.
Funding	**Sufficient capital** Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact on its ability to command acceptable levels of pricing.	The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities. In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support. The Group's current £180m asset based revolving credit facility is not due to expire until September 2019.
Economic vulnerability	**Economy** Any changes in construction/industrial market conditions could affect activity levels and consequently the prices that the Group can charge for its services. Any reduction in Government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group. In common with many UK businesses, Speedy faces uncertainty as to the possible impact of leaving the European Union. There are risks to the overall level of economic activity, in addition to more direct risks relating to increased costs as a result of the falling value of sterling.	The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast.
Corporate culture	**Operational empowerment and culture** We operate an internal structure that is aligned around separate specialisms to better serve our customer base. Each division is challenged to operate with a degree of empowerment within overriding Group policies.	All Speedy employees are expected to abide by our Code of Conduct, which forms a condition of employment. Training is provided, via a combination of online and face-to-face means, to all management grades in areas such as compliance with the Bribery Act 2010 and relevant competition laws. Group policies are in place that both support and oversee key aspects of our operation in particular the areas of treasury, purchasing, asset management, accounting and debt management. Review and exception reporting activities are in place, which are designed to ensure that individuals cannot override risk mitigation procedures which have been put in place by the Group. All of the above are supported by a well-publicised and robust whistleblowing policy with rigorous follow up of all concerns raised.
Business continuity	**Business interruption** Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel based, could adversely impact current and future trading as customers could readily migrate to competitors. This could range from short-term impact in processing of invoices that would affect cash flows	Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.

Risk	Potential impact	Strategy for mitigation
	to the loss of a major site.	
Asset holding and integrity	**Asset range and availability** Speedy's business model relies on providing assets for hire to customers, when they want to hire them. In order to maximise profitability and ROCE, demand is balanced with the requirement to hold a range of assets that is optimally utilised.	A better understanding of customer expectation of the relative timescales for delivery across our range of assets allows us to reduce holdings of less time-critical assets by centralising the storage locations, whilst at the same time increasing the breadth of holding across our customer trading locations of those assets most likely to be required on a short notice basis. We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market, under our Green Option programme.

Viability Statement

The Group operates an annual planning process which includes a five year strategic plan and a one year financial budget. These plans and risks to their achievement are reviewed by the Board as part of its strategy review and budget approval processes. The Board has considered the impact of the principal risks to the Group's business model, performance, solvency and liquidity as set out above.

The projections for the first three years of the strategic plan are based on detailed action plans developed by the Group with specific initiatives and accountabilities. There is inherently less certainty in the projections for years four and five and the Directors have determined that three years is an appropriate period over which to assess the Viability Statement.

In making this statement the Directors have considered the resilience of the Group, its current position, the principal risks facing the business in distressed but reasonable scenarios, and the effectiveness of any mitigating actions. In coming to this conclusion, it has been assumed that a successful renewal of the Group's £180m asset-backed finance facility will be concluded before September 2019, on broadly similar terms to the existing facility. This conclusion is based on improved financial performance and continuing constructive relationships with all the bank syndicate members.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2020.

Consolidated Income Statement

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 £m	Year ended 31 March 2016 Before exceptional items £m	Year ended 31 March 2016 Exceptional items £m	Year ended 31 March 2016 Total £m
Revenue including share of jointly controlled entity's revenue		**375.1**	333.4	-	333.4
Less: share of jointly controlled entity's revenue		**(5.7)**	(4.3)	-	(4.3)
Revenue	*2*	**369.4**	329.1	-	329.1
Cost of sales		**(177.7)**	(144.9)	-	(144.9)
Gross profit		**191.7**	184.2	-	184.2
Distribution costs		**(34.6)**	(31.8)	-	(31.8)
Administrative expenses		**(139.6)**	(145.1)	(59.9)	(205.0)
Analysis of operating profit/ (loss)					
Operating profit before amortisation and exceptional items		**19.3**	10.0	-	10.0
Amortisation		**(1.8)**	(2.7)	-	(2.7)
Exceptional items	*3*	**-**	-	(59.9)	(59.9)
Operating profit/ (loss)		**17.5**	7.3	(59.9)	(52.6)
Share of results of jointly controlled entity		**1.7**	0.7	-	0.7
Profit/ (loss) from operations		**19.2**	8.0	(59.9)	(51.9)
Financial expense		**(4.8)**	(5.7)	-	(5.7)
Profit/ (loss) before taxation		**14.4**	2.3	(59.9)	(57.6)
Taxation*	*4*	**(2.9)**	(0.6)	5.5	4.9
Profit/ (loss) for the financial year		**11.5**	1.7	(54.4)	(52.7)
Earnings/ (loss) per share					
- Basic (pence)	*5*	**2.22**			(10.19)
- Diluted (pence)	*5*	**2.21**			(10.19)
Non-GAAP performance measures					
EBITDA before exceptional items	*7*	**63.1**	53.1		
Profit before tax, amortisation and exceptional items	*7*	**16.2**	5.0		
Adjusted earnings per share (pence)	*5*	**2.44**	0.79		

*Tax charge in the year ended 31 March 2017 is inclusive of a £0.3m tax credit on exceptional items.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	2017	2016
	£m	£m
Profit/ (loss) for the financial year	**11.5**	(52.7)
Other comprehensive income/ (loss) that may be reclassified subsequently to the income statement:		
- Effective portion of change in fair value of cash flow hedges	**0.3**	(0.3)
- Exchange difference on translation of foreign operations	**2.3**	-
Other comprehensive income/ (loss), net of tax	**2.6**	(0.3)
Total comprehensive income/ (loss) for the financial year	**14.1**	(53.0)

Consolidated Balance Sheet

At 31 March 2017

	Note	31 March 2017 £m	31 March 2016 Restated* £m
ASSETS			
Non-current assets			
Intangible assets		**3.5**	2.1
Investment in jointly controlled entity		**5.7**	4.9
Property, plant and equipment			
Hire equipment	*8*	**194.8**	219.9
Non-hire equipment	*8*	**39.9**	44.2
Deferred tax asset		**1.1**	1.5
		245.0	272.6
Current assets			
Inventories		**6.8**	6.0
Trade and other receivables		**91.0**	85.2
Current tax asset		**0.6**	3.1
Cash	*9*	**5.6**	4.4
		104.0	98.7
Total assets		**349.0**	371.3
LIABILITIES			
Current liabilities			
Borrowings	*9*	**(4.4)**	(0.1)
Other financial liabilities		**(0.4)**	(0.7)
Trade and other payables		**(74.2)**	(73.9)
Provisions		**(1.2)**	(2.5)
		(80.2)	(77.2)
Non-current liabilities			
Borrowings	*9*	**(72.6)**	(106.9)
Trade and other payables		**(0.2)**	(0.8)
Provisions		**(0.3)**	(0.9)
Deferred tax liability		**(6.1)**	(7.1)
		(79.2)	(115.7)
Total liabilities		**(159.4)**	(192.9)
Net assets		**189.6**	178.4
EQUITY			
Share capital		**26.2**	26.1
Share premium		**191.4**	191.4
Merger reserve		**1.0**	1.0
Hedging reserve		**(0.6)**	(0.9)
Translation reserve		**0.6**	(1.7)
Retained earnings		**(29.0)**	(37.5)
Total equity		**189.6**	178.4

* See note 10

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2015	26.1	191.0	1.0	(0.6)	(1.9)	18.4	234.0
Total comprehensive loss	-	-	-	(0.3)	-	(52.7)	(53.0)
Dividends	-	-	-	-	-	(3.6)	(3.6)
Tax on items taken directly to equity	-	-	-	-	0.2	(0.1)	0.1
Equity-settled share-based payments	-	-	-	-	-	0.5	0.5
Issue of shares under the Sharesave Scheme	-	0.4	-	-	-	-	0.4
At 31 March 2016	26.1	191.4	1.0	(0.9)	(1.7)	(37.5)	178.4
Total comprehensive income	-	-	-	0.3	2.8	11.5	**14.6**
Dividends	-	-	-	-	-	(3.8)	**(3.8)**
Tax on items taken directly to equity	-	-	-	-	(0.5)	-	**(0.5)**
Equity-settled share-based payments	-	-	-	-	-	0.8	**0.8**
Issue of shares under the Sharesave Scheme	0.1	-	-	-	-	-	**0.1**
At 31 March 2017	**26.2**	**191.4**	**1.0**	**(0.6)**	**0.6**	**(29.0)**	**189.6**

Consolidated Cash Flow Statement

For the year ended 31 March 2017

	Note	2017 £m	2016 £m
Cash generated from operating activities			
Profit/ (loss) before tax		**14.4**	(57.6)
Financial expense		**4.8**	5.7
Amortisation		**1.8**	2.7
Depreciation		**43.8**	43.1
Share of profit of equity accounted investments		**(1.7)**	(0.7)
Loss/ (profit) on disposal of hire equipment		**1.5**	(0.7)
Loss on disposal of other property, plant and equipment		**0.3**	-
Impairment of goodwill		**-**	45.9
(Increase)/ decrease in inventories		**(0.2)**	3.6
Decrease in net assets held for sale		**-**	1.8
(Increase)/ decrease in trade and other receivables		**(5.8)**	30.0
Increase/ (decrease) in trade and other payables		**2.4**	(6.8)
Movement in provisions		**(1.9)**	(0.8)
Equity-settled share-based payments		**0.8**	0.5
Cash generated from operations before changes in hire fleet		**60.2**	66.7
Purchase of hire equipment		**(40.5)**	(57.8)
Proceeds from sale of hire equipment		**29.2**	17.0
Cash generated from operations		**48.9**	25.9
Interest paid		**(4.3)**	(4.9)
Tax paid		**(1.9)**	(0.6)
Net cash flow from operating activities		**42.7**	20.4
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment		**(4.3)**	(11.2)
Proceeds from sale of other property, plant and equipment		**0.2**	0.6
Acquisition of subsidiary, net of cash acquired		**(3.8)**	(1.5)
Investment in jointly controlled entity		**0.2**	0.3
Net cash flow from investing activities		**(7.7)**	(11.8)
Net cash flow before financing activities		**35.0**	8.6
Cash flow from financing activities			
Finance lease payments		**(0.5)**	-
Drawdown of loans		**374.7**	393.9
Payment of loans		**(408.4)**	(393.5)
Proceeds from the issue of Sharesave Scheme shares		**0.1**	0.4
Dividends paid		**(3.8)**	(3.6)
Net cash flow from financing activities		**(37.9)**	(2.8)
(Decrease)/ increase in cash and cash equivalents		**(2.9)**	5.8
Cash/ (overdraft) at the start of the financial year		**4.4**	(1.4)
Net cash at the end of the financial year		**1.5**	4.4
Analysis of cash and cash equivalents			
Cash	*9*	**5.6**	4.4
Bank overdraft	*9*	**(4.1)**	-
		1.5	4.4

Reconciliation of Net Debt

	Note	**2017** **£m**	2016 £m
Net (decrease)/ increase in cash and cash equivalents		**(2.9)**	5.8
Decrease/ (increase) in borrowings	9	**34.3**	(1.1)
Finance lease liabilities	9	**0.4**	(1.2)
Amortisation of loan costs	9	**(0.6)**	(0.8)
Change in net debt during the year		**31.2**	2.7
Net debt at 1 April		**(102.6)**	(105.3)
Net debt at 31 March		**(71.4)**	(102.6)

1 Accounting policies

Speedy Hire Plc is a company incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated and Parent Company Financial Statements were approved by the Board of Directors on 15 May 2017.

Basis of preparation

The Financial Statements are prepared on the historical cost basis except that derivative financial instruments are held at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements.

The Group signed a £180m asset-based revolving credit facility ('the facility') in September 2014, which matures in September 2019 and has no prior scheduled repayment requirements.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have presented a Viability statement on page 16 which confirms that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

The financial information set out in this final results announcement does not constitute the Group's statutory accounts for the year ended 31 March 2017 or 31 March 2016 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2016 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2017 will be delivered in due course. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of full accounts will be available on the Group's corporate website in due course. Additional copies will be available on request from Speedy Hire Plc, Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker' (CODM). UK & Ireland Asset Services delivers asset management, with tailored services and a continued commitment to relationship management. International Asset Services delivers major overseas projects and facilities management contracts by providing a managed site support service.

For the year ended 31 March 2017

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue	**342.9**	**26.5**	**-**	**369.4**
Segment result:				
EBITDA before exceptional costs	**62.2**	**5.0**	**(4.1)**	**63.1**
Depreciation	**(40.2)**	**(2.9)**	**(0.7)**	**(43.8)**
Operating profit/ (loss) before amortisation and exceptional items	**22.0**	**2.1**	**(4.8)**	**19.3**
Amortisation	**(1.8)**	**-**	**-**	**(1.8)**
Exceptional (costs)/ income	**(1.2)**	**1.6**	**(0.4)**	**-**
Operating profit/ (loss)	**19.0**	**3.7**	**(5.2)**	**17.5**
Share of results of jointly controlled entity	**-**	**1.7**	**-**	**1.7**
Trading profit/ (loss)	**19.0**	**5.4**	**(5.2)**	**19.2**
Financial expense				**(4.8)**
Profit before tax				**14.4**
Taxation				**(2.9)**
Profit for the financial year				**11.5**
Intangible assets	**3.5**	**-**	**-**	**3.5**
Investment in jointly controlled entity	**-**	**5.7**	**-**	**5.7**
Hire equipment	**186.8**	**8.0**	**-**	**194.8**
Non-hire equipment	**36.6**	**3.3**	**-**	**39.9**
Taxation assets	**-**	**-**	**1.7**	**1.7**
Current assets	**87.3**	**9.9**	**0.6**	**97.8**
Cash	**-**	**-**	**5.6**	**5.6**
Total assets	**314.2**	**26.9**	**7.9**	**349.0**
Liabilities	**(63.5)**	**(8.4)**	**(4.4)**	**(76.3)**
Borrowings	**-**	**-**	**(77.0)**	**(77.0)**
Taxation liabilities	**-**	**-**	**(6.1)**	**(6.1)**
Total liabilities	**(63.5)**	**(8.4)**	**(87.5)**	**(159.4)**
Capital expenditure	**43.3**	**1.5**	**-**	**44.8**

2 Segmental analysis (continued)

Corporate items comprise certain central activities and costs which are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function and which are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

For the year ended 31 March 2016

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue	308.7	20.4	-	329.1
Segment result:				
EBITDA before exceptional costs	54.2	3.2	(4.3)	53.1
Depreciation	(39.7)	(2.6)	(0.8)	(43.1)
Operating profit/ (loss) before amortisation and exceptional items	14.5	0.6	(5.1)	10.0
Amortisation	(2.7)	-	-	(2.7)
Exceptional costs	(52.2)	(6.1)	(1.6)	(59.9)
Operating loss	(40.4)	(5.5)	(6.7)	(52.6)
Share of results of jointly controlled entity	-	0.7	-	0.7
Trading loss	(40.4)	(4.8)	(6.7)	(51.9)
Financial expense				(5.7)
Loss before tax				(57.6)
Taxation				4.9
Loss for the financial year				(52.7)
Intangible assets*	2.1	-	-	2.1
Investment in jointly controlled entity	-	4.9	-	4.9
Hire equipment*	210.8	9.1	-	219.9
Non-hire equipment	40.9	3.3	-	44.2
Taxation assets	-	-	4.6	4.6
Current assets	81.5	9.3	0.4	91.2
Cash	-	-	4.4	4.4
Total assets	335.3	26.6	9.4	371.3
Liabilities	(66.5)	(6.8)	(5.5)	(78.8)
Borrowings	-	-	(107.0)	(107.0)
Taxation liabilities	-	-	(7.1)	(7.1)
Total liabilities	(66.5)	(6.8)	(119.6)	(192.9)
Capital expenditure	66.0	3.0	-	69.0

* Adjusted for fair value adjustments, see note 10.

2 Segmental analysis (continued)

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Year ended 31 March 2017		Year ended 31 March 2016	
	Revenues £m	**Total assets £m**	Revenues £m	Total assets* £m
UK	**335.0**	**309.0**	303.1	334.9
Ireland	**7.9**	**13.1**	5.6	9.8
United Arab Emirates	**26.5**	**26.9**	20.4	26.6
	369.4	**349.0**	329.1	371.3

* See note 10.

Major customers

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

3 Exceptional items

For the year ended 31 March 2017

During the period, exceptional administrative costs of £2.2m were incurred, exceptional income of £1.6m received, and £0.6m of contingent acquisition consideration released to the Income Statement.

Exceptional costs of £0.8m were incurred in restructuring the UK & Ireland business. The number of regional operating divisions was reduced from three to two, with consequent reductions in staff numbers and associated redundancy costs. Contract costs which were being amortised following an acquisition in 2013, amounting to £0.8m, have been written off following the insolvency of the counter party. £0.2m of costs have been incurred relating to the acquisition of the Lloyds British business, including professional and restructuring costs arising from the business integration. £0.4m of professional fees were incurred in relation to September's General Meeting.

Exceptional income of £1.6m was received in respect of receivables previously provided for through exceptional charges arising from International asset disposals. £0.6m of contingent consideration arising on the prior year acquisition of OHP Limited was released to the Income Statement following settlement of the amounts payable.

For the year ended 31 March 2016

During the prior year, a provision of £45.9 million was made against the Group's goodwill following a review of the carrying value as part of the annual impairment testing process. Exceptional costs of £3.5m were incurred in the period reconfiguring the depot network. Costs relating to changing the management structure totalled £4.2m including redundancy costs and related expenditure. Costs amounting to £0.8m were incurred in exiting the International general and spot hire markets relating to disposals and professional fees, and a provision of £5.5m was made against outstanding debts relating to International assets disposals following default by the purchaser on outstanding payments.

4 Taxation

	2017 £m	2016 £m
Tax charged/ (credited) in the Income Statement		
Current tax		
UK corporation tax on profits/ (losses) for the period at 20% (2016: 20%)	**3.8**	(3.2)
Adjustment in respect of prior years	**0.1**	-
Total current tax	**3.9**	(3.2)
Deferred tax		
UK deferred tax at 17% (2016: 18%)	**(0.5)**	(0.6)
Adjustment in respect of prior years	**(0.2)**	(0.5)
Impact of rate change	**(0.3)**	(0.6)
Total deferred tax	**(1.0)**	(1.7)
Total tax charge/ (credit)	**2.9**	(4.9)
Tax credited in equity		
Current tax		
Current tax on equity-settled share-based payments	**-**	(0.1)
Current tax on foreign exchange reserve	**0.4**	-
Total current tax	**0.4**	(0.1)
Deferred tax		
Deferred tax on foreign exchange reserve	**0.1**	(0.2)
Deferred tax on equity-settled share-based payments	**-**	0.2
Total deferred tax charged in equity	**0.1**	-
Total tax charged/ (credited) to equity	**0.5**	(0.1)

The adjusted tax rate of 21.6% (2016: 16.8%) is higher than the standard rate of UK corporation tax of 20% (2016: 20%).

4 Taxation (continued)

The tax charge in the Income Statement for the year is higher (2016: credit is lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%) and is explained as follows:

	2017 £m	2016 £m
Profit/ (loss) before tax	**14.4**	(57.6)
Accounting profit/ (loss) multiplied by the standard rate of corporation tax at 20% (2016: 20%)	**2.9**	(11.5)
Expenses not deductible for tax purposes	**0.8**	7.7
Non-taxable income	**(0.1)**	(0.4)
Share-based payments	**0.2**	0.1
Overseas tax losses arising not subject to tax	**(0.2)**	0.5
Share of joint venture income already taxed	**(0.3)**	(0.2)
Adjustment to deferred taxation relating to future changes in corporation tax rates	**(0.3)**	(0.6)
Adjustment to tax in respect of prior years	**(0.1)**	(0.5)
Tax charge/ (credit) for the year reported in the Income Statement	**2.9**	(4.9)
Tax charged/ (credited) in equity		
Current tax credit	**0.4**	(0.1)
Deferred tax charge	**0.1**	-
Tax credited to equity	**0.5**	(0.1)

A reduction in the UK corporation tax rate from to 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset and liability at 31 March 2017 has been calculated based on these rates.

5 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £11.5m (2016: loss £52.7m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2017	2016
Profit/ (loss) (£m)		
Profit/ (loss) for the year after tax – basic earnings	**11.5**	(52.7)
Intangible amortisation charge (after tax)	**1.5**	2.4
Exceptional items (after tax)	**(0.3)**	54.4
Adjusted earnings (after tax)	**12.7**	4.1
Weighted average number of shares in issue (m)		
At the beginning of the year	**519.2**	515.6
Exercise of share options	**0.1**	1.7
At the end of the year – basic number of shares	**519.3**	517.3
Share options	**0.8**	1.7
Employee share scheme	**0.3**	0.5
At the end of the year – diluted number of shares	**520.4**	519.5
Earnings/ (loss) per share (pence)		
Basic earnings/ (loss) per share	**2.22**	(10.19)
Amortisation	**0.29**	0.47
Exceptional costs	**(0.06)**	10.51
Adjusted earnings per share	**2.45**	0.79
Basic earnings/ (loss) per share	**2.22**	(10.19)
Diluted earnings/ (loss) per share	**2.21**	(10.19)
Adjusted earnings per share	**2.45**	0.79
Share options	**(0.01)**	-
Adjusted diluted earnings per share	**2.44**	0.79

Total number of shares outstanding at 31 March 2017 amounted to 523,566,491, including 4,129,653 shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

6 Dividends

The aggregate amount of dividend comprises:

	2017 £m	2016 £m
2015 final dividend (0.40 pence on 521.9m shares)	-	2.0
2016 interim dividend (0.30 pence on 522.1m shares)	-	1.6
2016 final dividend (0.40 pence on 523.4m shares)	**2.1**	-
2017 interim dividend (0.33 pence on 523.5m shares)	**1.7**	-
	3.8	3.6

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.67 pence (2016: 0.40 pence) per share, bringing the total amount payable in respect of the 2017 year to 1.00 pence (2016: 0.70 pence), to be paid on 11 August 2017 to shareholders on the register on 7 July 2017.

The Employee Benefit Trust established to hold shares for the Performance Plan and Co-Investment Plan has waived its right to the interim and final proposed dividends. At 31 March 2017, the Trust held 4,129,653 ordinary shares (2016: 4,160,483).

7 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the Financial Statements in assessing the Group's performance. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	2017 £m	2016 £m
Operating profit/ (loss)	**17.5**	(52.6)
Add back: amortisation	**1.8**	2.7
Add back: exceptional items	-	59.9
Operating profit before amortisation and exceptional items ('EBITA')	**19.3**	10.0
Add back: depreciation	**43.8**	43.1
EBITDA before exceptional items	**63.1**	53.1
Profit/ (loss) before tax	**14.4**	(57.6)
Add back: amortisation	**1.8**	2.7
Add back: exceptional items	-	59.9
Adjusted profit before tax	**16.2**	5.0

8 Property, plant and equipment

	Land and buildings £m	Hire Equipment £m	Other £m	Total £m
Cost				
At 1 April 2015	52.3	364.3	72.6	489.2
Foreign exchange	0.3	0.3	-	0.6
Acquisition through business combinations*	-	1.2	0.3	1.5
Additions	3.4	57.8	7.8	69.0
Disposals	(1.3)	(34.3)	(0.3)	(35.9)
Transfers to inventory	-	(10.8)	-	(10.8)
At 31 March 2016*	54.7	378.5	80.4	513.6
Foreign exchange	0.6	0.5	-	1.1
Acquisition through business combinations	-	-	0.3	0.3
Additions	0.7	40.4	3.6	44.7
Disposals	(0.3)	(35.7)	(0.2)	(36.2)
Transfers to inventory	-	(33.0)	-	(33.0)
At 31 March 2017	55.7	350.7	84.1	490.5
Depreciation				
At 1 April 2015	24.5	152.0	59.4	235.9
Foreign exchange	0.1	0.2	-	0.3
Charged in year	3.2	35.2	4.7	43.1
Disposals	(0.8)	(23.3)	(0.2)	(24.3)
Transfers to inventory	-	(5.5)	-	(5.5)
At 31 March 2016	27.0	158.6	63.9	249.5
Foreign exchange	0.2	0.1	0.2	0.5
Charged in year	3.4	35.2	5.2	43.8
Disposals	-	(24.2)	-	(24.2)
Transfers to inventory	-	(13.8)	-	(13.8)
At 31 March 2017	30.6	155.9	69.3	255.8
Net book value				
At 31 March 2017	**25.1**	**194.8**	**14.8**	**234.7**
At 31 March 2016*	27.7	219.9	16.5	264.1
At 31 March 2015	27.8	212.3	13.2	253.3

* Adjusted for fair value adjustments, see note 10.

The net book value of land and buildings comprises freehold properties of £nil (2016: £nil), and short leasehold properties of £25.1m (2016: £27.7m).

At 31 March 2017, the net carrying amount of leased property, plant and equipment is £1.3m (2016: £1.4m).

9 Borrowings

	2017 £m	2016 £m
Current borrowings		
Bank overdraft	**4.1**	-
Finance lease liabilities	**0.3**	0.1
	4.4	0.1
Non-current borrowings		
Maturing between two and five years		
- ABL facility	**72.1**	105.8
- Finance lease liabilities	**0.5**	1.1
Total non-current borrowings	**72.6**	106.9
Total borrowings	**77.0**	107.0
Less: cash	**(5.6)**	(4.4)
Net debt	**71.4**	102.6

The Group has a £180m asset based revolving credit facility which is sub divided into:

(i) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.

(ii) An asset based revolving credit facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The undrawn availability of this facility as at 31 March 2017 was £75.8m (2016: £54.8m) based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in September 2019, with no prior scheduled repayment requirements.

Interest on the facility is calculated by reference to the London Inter Bank Offered Rate applicable to the period drawn, plus a margin of 170 to 275 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 2.35% (2016: 2.49%).

The facility is secured by fixed and floating charges over the UK & Ireland assets.

Analysis of consolidated net debt

	31 March 2016 £m	Non-cash movement £m	Cash flow £m	31 March 2017 £m
Cash at bank and in hand	4.4	-	1.2	**5.6**
Finance lease liabilities	(1.2)	(0.1)	0.5	**(0.8)**
Overdraft	-	-	(4.1)	**(4.1)**
Borrowings	(105.8)	(0.6)	34.3	**(72.1)**
	(102.6)	(0.7)	31.9	**(71.4)**

9 Borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017 £m	2016 £m
- not later than one year	**0.3**	0.1
- later than one year and not later than five years	**0.5**	1.1
	0.8	1.2

Under the terms of the lease agreements, no contingent rents are payable. The difference between the total future minimum lease payments and their present value is immaterial.

10 Prior year acquisition

The Group purchased the entire share capital of OHP Limited in the prior year. The fair values of the acquired assets and liabilities disclosed as provisional in the 2016 Financial Statements in respect of this acquisition have been finalised during the year. The opening balance sheet has been restated to account for a £0.5m reduction to the fair value of property, plant and equipment acquired. This has resulted in £0.5m additional goodwill being created.

11 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 0.67 pence per share as a final dividend in respect of the year ended 31 March 2017. No charge in respect of the proposed dividend has been made in the income statement for the year, and there were no tax consequences. The total amount payable if the dividend is approved at the AGM is as follows:

	2017 £m	2016 £m
0.67 pence (2016: 0.40 pence) on 523.6m (2016: 523.3m) ordinary shares	**3.5**	2.1