

Speedy Hire Plc

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

Results for the year ended 31 March 2015

Path to Sustainable Profit Growth

12 May 2015

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 2015.

Financial Highlights

	Year ended 31 March 2015	Year ended 31 March 2014	Change
	(£m)	(£m)	%
Group revenue*	375.0	349.7	+7.2
UK & Ireland	351.3	328.1	+7.1
International	23.7	21.6	+9.7
Group EBITDA*	72.7	68.7	+5.8
Group EBITA*	26.4	22.1	+19.5
UK & Ireland	37.4	32.7	+14.4
International	(5.6)	(4.3)	
Adjusted* PBT	21.9	14.6	+50.0
ROCE*	8.0%	7.0%	+100bps
Earnings per share* (pence)	3.23p	2.05p	+57.6
Dividend for the year (pence per share)	0.70p	0.61p	+14.8

* before amortisation and exceptional items

Strategic Update:

Fixing the Business

- Completed exit from general and spot hire in Middle East: process underway for sale of remaining business
- UK Sales & Marketing function re-structured delivering strong strategic customer growth
- Network Optimisation Programme completed ahead of schedule
- Implementation of new IT and MIS complete
- Re-established culture of; Safety; Governance; Service; and People Engagement

Improving Performance

- Radically enhanced sales and marketing function in place to grow core hire
- Asset Optimisation Programme making good progress to improve asset utilisation
- Cost efficiency plans accelerating

Transforming the Company

- Developing a broader range of complementary services to meet customer demand
- Significant opportunities to re-engage with Regional/Local market segment through Express network
- Further opportunities to deliver enhanced profit growth

Commenting on the results, Jan Åstrand, Chairman, said:

"I am delighted to report on a year of significant progress at Speedy. It is particularly pleasing that, despite all the challenges the Company has had to face, we have today reported a strong set of results.

"Shortly after he was appointed CEO, Mark Rogerson set out a clear plan to return the Group to health and build sustainable profit growth. Mark and his new leadership team have made significant progress, and whilst there is much to do, there is further opportunity to improve the business.

"In the Middle East, having completed the exit from general and spot hire ahead of schedule, discussions are underway regarding the disposal of the oil and gas services operations, our last remaining asset in the region.

"We can now turn our focus to developing the business in the UK where there are major opportunities ahead through further professionalising our sales and marketing activity supported by improvements in cost management and asset utilisation.

"We are, once again, in a position to deliver sustainable profit growth and our confidence for the future is underpinned by an increase in the recommended final dividend."

Enquiries:

Speedy Hire

Tel: 01942 720 000

Mark Rogerson, Chief Executive Officer
Russell Down, Group Finance Director
John Fahey, Director of Communications

Instinctif Partners

Tel: 020 7457 2020

Mark Garraway
Helen Tarbet
James Gray

There will be an analysts' meeting at the offices at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ at 09.30 today. The presentation will be webcast at www.speedyservices.com/investors and there will also be a conference call facility. For details please contact Rosie Driscoll at Instinctif Partners on 020 7457 2020 or rosie.driscoll@instinctif.com

Note - 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 clients across the construction, infrastructure, industrial, manufacturing and facilities management sectors - as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and testing, repair, inspection and maintenance (TRIM). Speedy is accredited nationally to ISO9001, ISO14001 and OHSAS18001. The Group operates from 221 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 hub based in the Middle East.

Chairman's Statement

I am delighted to report on a year of significant progress at Speedy.

Shortly after he was appointed CEO, Mark Rogerson set out a clear three-point 'FIT' plan to return the Group to health and build sustainable profit growth. Despite some very challenging historical issues, Mark and his leadership team have made significant progress.

It is particularly pleasing that despite the many challenges the Company has had to face, particularly with regard to the Middle East, we have reported a 50% increase in PBT¹. Underpinned by a further good performance in the UK & Ireland, Group revenues¹ increased by 7.2% to £375 million (2014: £349.7 million) and Group EBITA² increased by 19.5% to £26.4 million (2014: £22.1 million). Earnings per share¹ increased by 57.6% to 3.23 pence (2014: 2.05 pence). As at 31 March 2015, net debt was £105.3 million giving a net debt to EBITDA¹ ratio of 1.45x (2014: 1.23x).

PBT¹ increased by 50%, but was significantly affected by the losses in our International Division. We are therefore pleased to have exited fully from the general and spot hire market in the Middle East ahead of our 2016 deadline and are in discussions regarding the disposal of our oil and gas services operations which have returned to a break even position in March 2015. This is a very significant achievement. After de-risking the Middle East, completing the upgrade to the backbone of our network and having embedded our new IT and MI system, we are now in a position to concentrate our resources on the UK where we enjoy a market leading position and where there is considerable scope for sustainable profit growth. We will now increase our efforts to deliver further improvements in asset utilisation and cost management as well as professionalising the sales and marketing activities; all of which will contribute to an improvement in profits and ROCE.

On 18 September 2014 we announced the re-financing of the Group and secured a new £180 million 5-year asset-based revolving facility at an improved margin and with agreements in place to support additional funding, if required. Alongside our focus on cash generation, the new facility will provide us with the flexibility to support our strategy for sustainable profit growth.

Dividend

Our improved performance this year, and confidence in the future prospects for the Group, has resulted in the Board recommending a final dividend of 0.40 pence per share (2014: 0.35 pence). If approved at the forthcoming Annual General Meeting the total dividend for the year would be 0.70 pence per share (2014: 0.61 pence).

Board and People

I was appointed Chairman on 11 November 2014 following Ishbel Macpherson's decision to step down from the Board on the same date. Russell Down joined the Board as Group Finance Director on 6 April 2015 succeeding Lynn Krige who stepped down from the Board on 16 October 2014. Michael Averill, a non-executive Director since 1 May 2008, stepped down from the Board with effect from 26 February 2015. Dr Chris Masters, who was appointed a non-executive Director on 13 July 2011, succeeded Michael as Senior Independent Director and Chairman of the Remuneration Committee, also with effect from 26 February 2015. I would like to thank all our people for their professionalism, commitment and dedication over the past year. These have been challenging times and there is still a great deal to do but, thanks to some outstanding contributions and no little personal sacrifice, we can all look forward to a successful future for Speedy.

Outlook

In the UK we have a market leading position and see major opportunities ahead. Our initiatives to harness these opportunities are already well underway. We are, once again, in a position to deliver sustainable profit growth and our confidence for the future is underpinned by an increase in the recommended final dividend. I look forward to reporting on further progress.

Jan Åstrand
Chairman

¹ Excluding exceptional items and amortisation

² Excluding exceptional items, amortisation & International

Chief Executive's Statement

Overview

Speedy has achieved a great deal this year, especially given that a number of legacy issues have been much more challenging than originally expected. To have delivered a result ahead of market expectations is a good achievement.

Following my appointment in January 2014, I set out a three-point turnaround plan: to fix the business, improve operational performance, and transform the company over the medium term with the aim of delivering sustainable profit growth.

Fixing the business meant principally addressing five key issues: stabilising the Middle East; returning the Group to growth; expediting the delivery of our Network Optimisation Programme; delivering a new IT and MI system; and developing a new cultural environment where safety, governance and compliance, service, and employee conduct and ethics are our priority:

- We are pleased to have fully exited the general hire market in the Middle East and to have not only achieved a break even position in the Oil and Gas Services Business, but to have also built enterprise value.
- In the UK and Ireland we recorded increases in Revenue and EBITA before exceptional costs of 7.1% and 14.4% respectively. We secured a significant number of new contracts during the period and revenues from the Group's Strategic and Major accounts (generating some 51% of total revenues) rose by 18%.
- We have delivered the planned improvements to our UK network ahead of the scheduled timeline, successfully implemented a new IT system, and have made significant progress in establishing a new culture across the business.

These achievements are a great credit not only to the wider management team but to all our people throughout the business who have frequently had to operate under stretching and challenging conditions.

We have now commenced the journey to improve our business further targeting three specific areas in the short term: growing our core hire revenue; optimising our assets; and creating cost efficiencies.

Looking to the future, we have identified three areas to focus on within our transformation agenda: broadening our service offering to our largest customers; reinventing the Express network; and meeting customer demand through more demand led CapEx allocation and targeted growth.

Major Progress in Delivering our Three-Point 'FIT' Turnaround Plan

Fixing the business

Middle East

We announced last November the completion of our review of the Middle East operations with a view to further de-risking the business and stemming losses. It was clear that the continued under-performance was the result of a legacy cost base, weak demand for general and spot hire, and a business model unsuited to its marketplace. Conversely, we identified good value in our Oil & Gas Services business, which had the potential to deliver strong revenue growth from long-term contracts. We have executed a restructuring of this business under very difficult conditions ahead of the targeted completion date of end Q1 FY2016:

- We have exited the general and spot hire market in the Middle East, and have sold, disposed of, or returned to the UK some circa 4,500 assets. We have sold our Oman business and closed our Egypt and Qatar offices.
- We have completed the mobilisation of our largest Oil & Gas Services contracts and exploited opportunities from recently signed contracts to build value. We have now de-risked the Middle East business from both the loss perspective and also from the fact we have reduced the NBV of assets by some £20m and created a much simpler and easier to manage business. As previously announced, we are progressing a process with a third party relating to the disposal of this business.

Growth through Customer Focus

We have appointed a new Group Sales and Marketing Director and restructured the sales teams to provide clear ownership of our Strategic and Major customers who collectively account for 51% of our revenues. At the same time we have implemented a simplified and geographically aligned regional sales structure, and have re-defined our value proposition within our target market segments. This has contributed to an increased bid and tender win rate, and we are starting FY16 with a number of new contracts at either award or preferred bidder status.

Our Strategic and Major customers are increasingly looking to us to provide a broader range of operational support services and solutions. The provision of such services, alongside the hire and sale of plant and equipment is already a major differentiator between us and our peer group. We are developing this range of value-added, complementary services, such as on-site training, asset management and testing, repair, inspection and maintenance.

We have also continued a number of initiatives including our 'Own City' campaigns, which have driven revenue performance in key cities primarily through meeting the demand from the major projects of our Strategic and Major customers. However, it is evident that Speedy's previous strategy of moving away from the local markets comprising 50,000+ Regional/Local customers (whilst retaining the infrastructure and cost base to support this market) needs to be addressed. We are now starting to re-engage with this customer base through targeted marketing campaigns. However, this is no small task. Although it will take time to reverse the decrease we have seen in market share, this does represent a significant opportunity for the future.

Network Optimisation Programme

The programme to reconfigure the backbone of the Group's national network and logistics capabilities into an integrated distribution model was fully overhauled during the year. We have incorporated a new 'National Distribution Centre' (NDC) into the programme and re-profiled our Multi-Service Centre (MSC) footprint, enabling us to accelerate and deliver the programme well ahead of the original schedule. This was absolutely essential to provide much needed improvements in our Engineering function, to enable us to begin to operate in a modern, cost-effective manner and drive cost benefits.

Our new NDC located in Tamworth will serve as the central hub for overnight distribution to our UK Multi-Service Centres. This will ensure that the right products are distributed on time to our network of Superstores and Express Stores, while at the same time achieving greater efficiencies by closely aligning our fleet capability with the national network so that we can deliver our products to our customers faster and at lower cost.

During the year we opened five new Multi-Service Centres and seven new Superstores, the end result being a much improved network comprising of a new National Distribution Centre, eight supporting Multi-Service Centres and 38 Superstores which now form the backbone of our operational network. Those who have seen first-hand the work we have completed here will have witnessed a very real transformation in our business. To have executed this redesigned programme within 12 months has been an exceptional achievement and a great credit to everybody involved.

IT & Management Information System

Our IT system had not been upgraded for nine years, and establishing a much improved IT system was an urgent and long overdue priority. We have had to overcome some very significant operational and management issues. However, we now have in place a new system which is providing us with much greater levels of transparency and granularity of data around our assets, as well as giving us a platform for future development of more efficient customer processes. In addition, the new system has significantly enhanced our data analytics and reporting capabilities.

Culture

We have spent a significant amount of time this year on a programme to focus on four key cultural aspects of the business namely: ensuring we keep our people and our customers safe; behaving in an ethical way; putting our customers at the heart of everything we do; and attracting, retaining and engaging good people with strong business ethics. We have all worked tirelessly in these areas this year, and I am proud of the results.

- **Safety**

During the year we have made transformational progress in our safety journey. We launched an inaugural Annual Leadership Safety Day, mobilising all of our leaders to visit sites across the Country, and embarked on a new behavioural safety training programme. We have also launched safety awareness campaigns with our customers and have won multiple awards for the safety of our fleet.

- **Governance and Compliance**

In light of the well-documented issues in the Middle East, we have addressed a number of key business risks and have re-established controls through a much improved management system that now clearly defines policies, processes and procedures. To re-enforce the importance of business ethics, we created a new, comprehensive Code of Business Ethics booklet. This was posted to each of our 3,800 employees' homes and as a wider leadership team, we have been cascading and socialising the importance of this message across the business.

- **Service Excellence**

One of our major strategic themes has been the delivery of service excellence to our customers. We have implemented a number of strategic changes to our back office customer support functions, including a re-invigoration of the Speedy Direct sales support function, and introducing new operational support structures for our Strategic accounts. During the year we were awarded the Babcock Supply Chain Excellence Award and the J Murphy & Sons Innovation Award.

- **People**

An important task this year has been re-engaging and re-energising our people to get the best from our exceptionally talented and committed workforce. We have implemented a robust programme of multi-media employee communications, which have had a noticeably positive effect on morale. We have also aimed to attract additional top talent. Our leadership team has been bolstered with a host of new people from diverse backgrounds this year including: BAE, Hyder Consulting, SCAPA, Manchester Airport Group and Hilti. In addition, we have successfully retained the best people, promoting where appropriate to strengthen the wider leadership team. A positive trend which is emerging is the number of ex-Speedy employees who are approaching us to re-join the Company.

Improving Operational Performance

Speedy today has a customer base of 50,000+ customers, a 1,100-strong fleet, a national network comprising more than 220 stores, a Net Book Value of £212m hire equipment and 3,800 people. Our task now is to complement this scale by focusing on three things over the course of the next financial year which will drive significant operational performance improvement namely: grow our core hire revenue; optimise our asset management; and drive cost efficiencies.

Grow Core Hire

Our growth strategy must be market led and everything must begin with the customer. We have been extremely successful in building long-term relationships with our Strategic and Major clients which now give us much greater visibility of their business needs and equipment demand. We will continue to build on these relationships and target our Capex accordingly to meet the demand from this customer segment. However, the Regional customer base is becoming an increasingly competitive arena, particularly in London and the South East, but it is clear from Customer Engagement Surveys that there is a continued strong demand for our services. Our focus is now on improving customer attraction and retention through:

- Building new Sales channels including an enhanced telesales capability and a series of Marketing-led customer focused campaigns that demonstrate the breadth of our innovative and safe product range;

- Pricing to reflect market conditions;
- Introducing an improved commercial governance process enabling us to generate and secure a pipeline of quality opportunities;
- Improving Sales productivity and performance management through better sales training and a market leading reward scheme.

Asset Optimisation

Having put in place a strong backbone to our property network and a new IT infrastructure, the priority now is to optimise the breadth and depth, depot stocking levels and availability of equipment to drive asset utilisation up and costs down, whilst improving customer fulfilment.

- **Asset Breadth and Depth**
Speedy has an asset base which has been 20 years in the making. The net result is that, in some areas, it is less than optimal in the current marketplace. Using sophisticated analytical tools, we have identified the optimum number of product lines, but more importantly the stock levels we need within each SKU.
- **Asset Holdings**
We are in the process of significantly improving our asset holding strategy. The top 50 or so most utilised products will now be stocked in each of our Express stores, the next 350 most utilised products in our Superstores and the next 650 in the regional MSCs, with our remaining products being held at the National Distribution Centre. This will help to ensure that we spend less time trying to find products in our network; the aim being to never having to say no to a customer.
- **Asset Availability**
The new NDC and MSC structure in our network will also enable us to improve our engineering capabilities by consolidating our asset servicing. This will enable us to improve our processes to ensure that our asset flow and economies improve availability through the deployment of lean and consolidated engineering processes.

Drive Cost Efficiencies

As we continue to refine our network, IT system, processes and asset strategy, visibility of opportunities to improve operating costs is now starting to emerge and we can begin a much more scientific and focussed approach to cost improvement. Specifically: Engineering Productivity (where we are developing lean processes that will enable increased productivity by turning our assets through the Test and Repair functions); Logistics (where we are dovetailing our asset holding strategy into our logistics efficiency programme); and Corporate overheads (where we have a continual commitment to reviewing our residual cost base and maximising productivity).

Transforming the Company

Having successfully addressed the 'Fix' issues and with traction being made on our initiatives to improve operational efficiency, we have begun turning our attention to transforming the business over the medium term to achieve long term sustainable profit growth.

The total UK rental market is estimated to be worth c.£6bn per year. With pre-exceptional revenues of £375m, Speedy is the largest player and is well known as the market leader, covering the broadest range of customers, services and assets. The market is expected to continue to grow in coming years with market commentators having predicted a c.3% growth p.a. between 2015 and 2017. In order to build on our market leading position, and the opportunity that the market presents us, we have identified three key areas for development:

- Organic growth

Strategic and Major customer demand gives us good visibility of product demand and, as such, we can identify shortfalls in our core hire holdings. This will enable us to make more informed CapEx decisions to ensure we are buying more of the right equipment which will drive up core hire utilisation and rebalance our mix of direct and rehire.

- Reinventing our Express Network

We have 50,000+ Local/Regional customers who account for 49% of our revenues, and who represent a potentially significant prize. We are now re-evaluating the use of our 150+ strong Express Store network to enable us to provide a much more convenient and relevant service to these customers.

- Broader Services

Our market-leading position with our Strategic and Major customers, gives us significant opportunities to provide a broader range of non-hire services. We are seeing an increasing demand resulting from this customer base requiring fewer suppliers in their supply chains to provide a broader range of services. For us this includes, but will not be limited to training, fuel management, logistics, property sharing, security, welfare support and health and safety support.

Outlook

We have delivered a good result despite having had to address a number of major issues over the past 12 months. We have successfully executed and completed a number of key programmes and have started making good progress on a number of improvement initiatives.

The UK is investing in a major infrastructure regeneration programme on an unprecedented scale and our customers are demanding a broader range of services and products from their suppliers. Meanwhile we have identified a major opportunity in re-connecting with our 50,000+ Local/Regional customer base.

We have an increasingly strong platform to build on, we have a strong brand and a leading market position and we are now well placed to deliver sustainable profit growth over the medium and long term.

Mark Rogerson
Chief Executive Officer

Financial review

Group financial performance

Revenue* for the year to 31 March 2015 was £375.0m (2014: £349.7m) which included planned fleet disposals of £13.7m (2014: £9.5m); excluding these disposals, revenue was up 6.2% (2014: 2.2%). Exceptional revenue on disposal of Middle East assets amounted to £11.0m (2014: £nil).

In line with our strategy to offer a full range of services to customers, the proportion of partnered services revenues increased again during the year. As a consequence of the lower margins in this business the gross profit percentage* declined to 57.9% (2014: 61.4%).

The Group reported EBITA of £26.4m before exceptional items (2014: £22.1m), an increase of 19.5%. The result was affected by losses in the International division of £5.6m (2014: £4.3m). The International division operated at break even in March 2015 following significant restructuring activities during the year. Excluding the results from International, EBITA (before exceptional costs) increased by 21.2% to £32.0m (2014: £26.4m). Profit before taxation, exceptional items and amortisation increased by 50% to £21.9m (2014: £14.6m). Profit after taxation was £0.2m (2014: £4.0m).

	Revenue* (£m)		EBITA* (£m)	
	2015	2014	2015	2014
UK & Ireland	351.3	328.1	37.4	32.7
International	23.7	21.6	(5.6)	(4.3)
Corporate costs	-	-	(5.4)	(6.3)
Total	375.0	349.7	26.4	22.1

*Pre-exceptional items

UK & Ireland performance

Revenue grew by 7.1% to £351.3m (2014: £328.1m). The Group won c.51% of its revenue from strategic and major clients during the year and secured a number of new contract wins and renewals with clients on infrastructure and property projects including Hinkley Point and Battersea Power Station. In line with our strategy to offer a full service to clients, Partnered Services revenue has grown as a proportion of total revenue which diluted gross margins. Overhead costs have however been tightly controlled and consequently the EBITA margin increased to 10.6% (2014: 10.0%).

International performance

The International division has been restructured during the year with the closure of operations in Egypt and Qatar and the sale of the business in Oman after the year end. The Group has withdrawn from the spot hire business in the UAE with the consequent relocation and disposal of assets; the remaining Oil and Gas activities in the region are currently operating at break even. Good growth prospects exist with our key clients in the Oil and Gas sector, although discussions are continuing with a potential purchaser. Pre-exceptional revenue in the division grew by 9.7% reflecting mobilisation on existing and new oil and gas contracts, offset in part by the closure of other operations. The region incurred an EBITA loss of £5.6m for the year (2014: £4.3m).

Exceptional items

Exceptional items totalled £17.1m before taxation (2014: £4.7m) as the Group has continued its activities to restructure the UK depot network and exit from the Middle East. A summary of costs treated as exceptional is provided below; full details are provided in note 3 to the Financial Statements:

- the programme to reconfigure and upgrade the UK depot network has accelerated during the year; cost associated with this principally relate to onerous lease provisions and amount to £6.4m;
- in the International division significant asset disposals have been undertaken as part of the strategy to exit the core hire business and close other business activities; losses on disposal of assets amount to £6.2m, and,

- restructuring and redundancy costs in the UK and Middle East, finance costs and professional fees amount to £4.5m.

Interest and hedging

Net interest expense totalled £5.4m (2014: £7.4m). £0.3m of this cost related to the cancellation of the international debt facility and has consequently been treated as exceptional finance costs.

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 1.8% and 3.25% dependent on the Group's performance in relation to leverage and the weighting of lending between receivables and plant and machinery. The effective average margin in the year was 2.6%. The current applicable margins are 2.0% on receivables and 2.5% on plant and machinery.

The Group utilises interest rate hedges to manage fluctuations in LIBOR. At the year end, hedges with a notional value of £70m (2014: £55m) were in place, equivalent to approximately 66.4% of net debt outstanding. The fair value of these hedges was a liability of £0.4m at year end and they have varying maturity dates to March 2018. The incremental interest cost arising from these hedges amounted to £0.3m during the year (2014: £0.5m).

Taxation

The Group's income statement shows a tax charge for the year of £1.9m (2014: £3.0m), an effective tax rate of 90.4% (2014: 42.9%). The main reason for the high effective tax rate is that certain of the losses and exceptional charges in the International Division are not subject to tax. The effective rate of tax on adjusted profit before tax amounts to 24.7% (2014: 28.8%).

Tax paid in the year ending 31 March 2015 amounted to £5.2m (2014: £5.8m).

Shares, earnings per share and dividends

At 31 March 2015, 521,869,253 shares were outstanding, of which 6,252,907 were held in the Employee Benefits Trust.

Basic earnings per share before amortisation and exceptional items was 3.23 pence (2014: 2.05 pence). After amortisation and exceptional items, earnings per share was 0.04 pence (2014: 0.78 pence).

The Board remains committed to the payment of dividends when prudent to do so. Subsequent to the year-end, it has recommended a final dividend of 0.40 pence per share (2014: 0.35 pence) which represents a total cash cost of approximately £2.1m. If approved by shareholders, this gives a total dividend for the year of 0.70 pence per share (2014: 0.61 pence). It is proposed that the dividend will be paid on 12 August 2015 to shareholders on the register at 12 June 2015.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £87.7m, of which £68.6m (2014: £65.8m) related to equipment for hire. The Group's property network has been redeveloped and optimised during the year and consequently capital expenditure related to land and buildings increased to £13.7m (2014: £6.2m). The balance principally relates to investment in IT.

The hire fleet is continually reviewed to optimise asset holdings for the target markets and to recycle capital employed in low-utilisation assets. Disposal proceeds of £39.8m (2014: £18.7m) increased during the year as a result of the sale of equipment held in the Middle East. Reflective of the increased sale proceeds, net capital expenditure reduced to £48.5m (2014: £57.8m). At 31 March 2015, the average age of the fleet was estimated at 4.0 years (2014: 3.9 years).

Cash flow and net debt

Net cash flow generated from operating activities amounted to £3.0m in the year (2014: £4.8m). Free cash flow (before dividends and financing activities) was an outflow of £16.2m (2014: £8.2m) primarily as a result of increased investment in the depot network, combined with a working capital outflow from trade receivables,

as the Group now has a greater proportion of revenue from larger clients with longer payment terms. This outflow has been offset by a £21.1m increase in asset disposal proceeds, primarily from the International division. Dividend payments in the year amounted to £3.4m (2014: £2.9m).

Accordingly, net debt has increased from £84.4m at the beginning of the year to £105.3m at 31 March 2015, a £20.9m increase. Similarly, net debt to EBITDA has increased to 1.45x (2014: 1.23x). Net debt as a percentage of hire fleet NBV has increased to 49.6% from 37.4% as at 31 March 2014.

Balance sheet

Net assets at 31 March 2015 totalled £234.0m (2014: £239.3m).

Net assets per share amount to 44.8 pence (48.5 pence based on tangible assets). Net property, plant and equipment was £253.3m at 31 March 2015, of which equipment for hire represents approximately 83.8%. Net debt/net property, plant and equipment of 0.42x at 31 March 2015 (2014: 0.33x) underlines the strong asset backing within the business.

Gross trade receivables totalled £110.4m at 31 March 2015 (2014: £91.6m). Bad debt and credit note provisions totalled £6.3m at 31 March 2015 (2014: £5.3m), equivalent to 5.7% of the debtor book (2014: 5.8%). The increase in total provisions reflects the marginal increase in debtor weeks (calculated on a count-back basis) to 10.4 weeks at year end compared to 9.2 weeks at 31 March 2014.

Capital structure and treasury

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

In September 2014 the Group refinanced its £220m credit facility with a £180m asset-based revolving credit facility which expires in September 2019.

At 31 March 2015 the gross amount utilised under the facility was £122.9m. The undrawn available amount, based on eligible receivables and plant and machinery under the facility, amounted to £55m. The average gross borrowings under both facilities during the year ended 31 March 2015 was £129.7m. The current facility includes quarterly leverage and fixed charge cover covenant tests. The Group was compliant with 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

The return on capital (based on EBITA before exceptional items) generated by the Group's operations excluding its International division was 10.8%, up from 9.5% in FY2014. The losses generated by the International division resulted in a consolidated return on capital employed for the Group of 8.0% (2014: 7.0%).

Russell Down
Group Finance Director

Statement of Directors' Responsibilities Pursuant to Disclosure and Transparency Rules 4.1.12

The Directors confirm that, to the best of their knowledge:

- (i) 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; and
- (ii) the Management 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 Astrand	Non-Executive Chairman
Mark Rogerson	Chief Executive Officer
Russell Down	Group Finance Director
Chris Masters	Senior Independent Director
James Morley	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 has considered 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 is reviewed at Board level.

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

Risk	Potential impact	Strategy for mitigation
Safety, health and environment	<p>Serious injury or death</p> <p>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.</p> <p>Environmental hazard</p> <p>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.</p>	<p>The Group is recognised for its industry-leading position on 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.</p>
Revenue and trading performance	<p>Competitive pressure</p> <p>The Hire market is fragmented and highly competitive. Whilst we continue to develop strategic relationships with strategic and major customers, it is important that we continue to develop our local and regional accounts.</p> <p>Reliance on high value customers</p> <p>As revenue from strategic 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.</p>	<p>The Group monitors its competitive position closely, to ensure that it is able to offer its customers the best solution for their requirements. 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.</p> <p>No single customer currently accounts for more than 10% of revenue or receivables.</p>

Principal risks and uncertainties (continued)

Risk	Potential impact	Strategy for mitigation
Partner and supplier service levels	<p>Supply chain</p> <p>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.</p> <p>Partner reputation</p> <p>A significant amount of our revenues come from our partnered services offering, where the contact point with the customer is through a third party partner.</p> <p>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.</p>	<p>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.</p> <p>Regular reviews take place with all supply chain partners.</p>
Operating costs	<p>Fixed cost base</p> <p>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.</p>	<p>The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.</p> <p>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 new or nearly new to support our brand image. Fuel is purchased through agreements controlled by our supply chain processes.</p>

Principal risks and uncertainties (continued)

Risk	Potential impact	Strategy for mitigation
Information technology and data integrity	<p>IT system availability</p> <p>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.</p> <p>Data accuracy</p> <p>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.</p> <p>Data security</p> <p>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.</p>	<p>Annual and more medium-term planning processes are in place; these create future visibility as to the level and type of IT support required for the business strategy. Business units create business cases and projects for a formal Investment Committee to agree spend where necessary and then implement any new/upgraded systems.</p> <p>The introduction of improved data reporting with dedicated analysts within the business provides improved business information and better data quality and consistency.</p> <p>Mitigations for IT data recovery are described below under Business continuity as these risks are linked.</p> <p>Speedy's IT systems are protected against external unauthorised access. All mobile devices have access restrictions and, where appropriate, data encryption is applied.</p>
End to end processes	<p>Process efficiencies</p> <p>Speedy has grown successfully over many years, both through acquisition and organic growth. This, combined with our specialist divisions structure, could result in processes that do not adequately support our customers' needs.</p>	<p>We have a Programme Management Office to review our processes, align these to our IT systems and improve efficiency whilst simultaneously enhancing our customers' experience.</p>
Economic vulnerability	<p>Economy</p> <p>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.</p>	<p>The Group monitors and assesses market conditions by reference to a number of external sources, together with internal data which reports customer, sector, product and geographical demand. 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.</p>

Principal risks and uncertainties (continued)

Risk	Potential impact	Strategy for mitigation
Corporate culture	<p>Operational empowerment and culture</p> <p>We operate an internal structure that is aligned around separate specialisms to better serve our customer base. Each division is challenged with managing their business and delivering results with a degree of empowerment within overriding Group policies.</p>	<p>A concise guide to the Group's business ethics, including our Code of Conduct, was prepared and issued to all employees during the year; this is called "Do Things Right, Doing the Right Thing".. A copy is also provided to new employees.</p> <p>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.</p> <p>All of the above are supported by a well-publicised and robust whistle-blowing policy with rigorous follow up of all concerns raised.</p>
Business continuity	<p>Business interruption</p> <p>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.</p> <p>This could range from short-term impact in processing of invoices that would affect cashflows to the loss of a major site such as our National Distribution Centre.</p>	<p>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.</p>

Risk	Potential impact	Strategy for mitigation
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.	<p>A better understanding of customer expectation of the relative timescales for delivery across our range of assets links directly into our network and asset optimisation plans, enabling us to reduce holdings of less time-critical assets by centralising the storage locations.</p> <p>The introduction of an Asset Information Cell will manage integrity of records and assist operational effectiveness and decision making.</p>

Consolidated Income Statement

For the year ended 31 March 2015

		Year ended 31 March 2015			Year ended 31 March 2014		
	Note	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Total revenue		378.5	11.0	389.5	350.3	-	350.3
Less: share of jointly controlled entity's revenue		(3.5)	-	(3.5)	(0.6)	-	(0.6)
Revenue	2	375.0	11.0	386.0	349.7	-	349.7
Cost of sales		(157.9)	(17.2)	(175.1)	(135.1)	-	(135.1)
Gross profit		217.1	(6.2)	210.9	214.6	-	214.6
Distribution costs		(35.1)	-	(35.1)	(35.7)	-	(35.7)
Administrative expenses		(158.3)	(10.6)	(168.9)	(159.7)	(4.7)	(164.4)
Analysis of operating profit							
Operating profit before amortisation and exceptional items		26.4	-	26.4	22.1	-	22.1
Amortisation		(2.7)	-	(2.7)	(2.9)	-	(2.9)
Exceptional costs	3	-	(16.8)	(16.8)	-	(4.7)	(4.7)
Operating profit		23.7	(16.8)	6.9	19.2	(4.7)	14.5
Share of results of jointly controlled entity		0.6	-	0.6	(0.1)	-	(0.1)
Profit from operations		24.3	(16.8)	7.5	19.1	(4.7)	14.4
Financial expense		(5.1)	(0.3)	(5.4)	(7.4)	-	(7.4)
Profit before taxation		19.2	(17.1)	2.1	11.7	(4.7)	7.0
Taxation	4	(5.2)	3.3	(1.9)	(3.8)	0.8	(3.0)
Profit for the financial year		14.0	(13.8)	0.2	7.9	(3.9)	4.0
Earnings per share							
- Basic (pence)	5			0.04			0.78
- Diluted (pence)	5			0.04			0.76
Non-GAAP performance measures							
EBITDA before exceptional items	7	72.7			68.7		
Profit before tax, amortisation and exceptional items	7	21.9			14.6		
Adjusted earnings per share (pence)	5	3.23			2.05		

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	2015	2014
	£m	£m
Profit for the financial year	0.2	4.0
Other comprehensive (loss)/income that may be reclassified subsequently to the Income Statement:		
- Effective portion of change in fair value of cash flow hedges	(0.3)	0.5
- Exchange difference on translation of foreign operations	(2.7)	1.4
Other comprehensive (loss)/income, net of tax	(3.0)	1.9
Total comprehensive (loss)/ income for the financial year	(2.8)	5.9

Consolidated Balance Sheet

At 31 March 2015

	Note	31 March 2015 £m	31 March 2014 £m
ASSETS			
Non-current assets			
Intangible assets		48.6	51.3
Investment in jointly controlled entity		5.2	4.0
Property, plant and equipment			
Hire equipment	8	212.3	225.5
Non-hire equipment	8	41.0	29.6
Deferred tax assets		1.1	1.1
		<u>308.2</u>	<u>311.5</u>
Current assets			
Inventories		9.5	11.8
Trade and other receivables		114.5	93.4
Assets held for sale	9	1.9	-
Cash		0.2	2.6
		<u>126.1</u>	<u>107.8</u>
Total assets		<u>434.3</u>	<u>419.3</u>
LIABILITIES			
Current liabilities			
Borrowings	10	(1.6)	-
Other financial liabilities		(0.4)	(0.1)
Trade and other payables		(80.2)	(76.8)
Provisions		(2.9)	(1.1)
Liabilities held for sale	9	(0.1)	-
Current tax liabilities		(0.8)	(2.7)
		<u>(86.0)</u>	<u>(80.7)</u>
Non-current liabilities			
Borrowings	10	(103.9)	(87.0)
Trade and other payables		(0.7)	(1.2)
Provisions		(1.3)	(1.3)
Deferred tax liabilities		(8.4)	(9.8)
		<u>(114.3)</u>	<u>(99.3)</u>
Total liabilities		<u>(200.3)</u>	<u>(180.0)</u>
Net assets		<u>234.0</u>	<u>239.3</u>
EQUITY			
Share capital		26.1	26.0
Share premium		191.0	190.9
Merger reserve		1.0	1.0
Hedging reserve		(0.6)	(0.4)
Translation reserve		(1.9)	0.8
Retained earnings		18.4	21.0
Total equity		<u>234.0</u>	<u>239.3</u>

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2013	25.9	190.5	1.0	(0.9)	(0.6)	19.0	234.9
Total comprehensive income	-	-	-	0.5	1.4	4.0	5.9
Dividends	-	-	-	-	-	(2.9)	(2.9)
Tax on items taken directly to equity	-	-	-	-	-	0.2	0.2
Equity-settled share-based payments	-	-	-	-	-	0.7	0.7
Issue of shares under the Sharesave Scheme	0.1	0.4	-	-	-	-	0.5
At 31 March 2014	26.0	190.9	1.0	(0.4)	0.8	21.0	239.3
Total comprehensive loss	-	-	-	(0.3)	(2.7)	0.2	(2.8)
Dividends	-	-	-	-	-	(3.4)	(3.4)
Tax on items taken directly to equity	-	-	-	0.1	-	(0.1)	-
Equity-settled share-based payments	-	-	-	-	-	0.7	0.7
Issue of shares under the Sharesave Scheme	0.1	0.1	-	-	-	-	0.2
At 31 March 2015	26.1	191.0	1.0	(0.6)	(1.9)	18.4	234.0

Consolidated Cash Flow Statement

For the year ended 31 March 2015

	<i>Note</i>	2015 £m	2014 £m
Cash generated from operations before changes in hire fleet		43.0	63.8
Purchase of hire equipment		(68.6)	(65.8)
Proceeds from sale of hire equipment		38.9	18.7
Cash generated from operations		13.3	16.7
Interest paid		(5.1)	(6.1)
Tax paid		(5.2)	(5.8)
Net cash flow from operating activities		3.0	4.8
Cash flow to investing activities			
Purchase of non-hire property, plant and equipment		(19.1)	(10.7)
Disposal of other property, plant and equipment		0.9	-
Investment in jointly controlled entity		(1.0)	(2.3)
Net cash flow to investing activities		(19.2)	(13.0)
Net cash flow before financing activities		(16.2)	(8.2)
Cash flow from financing activities			
Proceeds from asset-based revolving credit facility		15.5	13.1
Proceeds from the issue of Sharesave Scheme shares		0.1	0.5
Dividends paid		(3.4)	(2.9)
Net cash flow from financing activities		12.2	10.7
(Decrease)/increase in cash and cash equivalents		(4.0)	2.5
Cash at the start of the financial year		2.6	0.1
Net (overdraft)/cash at the end of the financial year		(1.4)	2.6
Analysis of cash and cash equivalents			
Cash	10	0.2	2.6
Bank overdraft	10	(1.6)	-
		(1.4)	2.6

Reconciliation of net debt

	<i>Note</i>	2015 £m	2014 £m
Net (decrease)/increase in cash and cash equivalents		(4.0)	2.5
Increase in debt	10	(15.5)	(13.1)
Amortisation of loan costs	10	(1.4)	(1.5)
Change in net debt during the year		(20.9)	(12.1)
Net debt at 1 April		(84.4)	(72.3)
Net debt at 31 March		(105.3)	(84.4)

Notes to the Financial Statements

1 Basis of preparation

The consolidated Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), on 11 May 2015.

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 prepared cash flow projections for the period to September 2016 which show 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 2015 or 31 March 2014 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2014 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2015 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.

Notes to the Financial Statements (continued)

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 2015

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue before exceptional items	351.3	23.7	-	375.0
Exceptional revenue (<i>note 3</i>)	-	11.0	-	11.0
Total Revenue	351.3	34.7	-	386.0
Segment result:				
EBITDA before exceptional costs	78.0	(0.5)	(4.8)	72.7
Depreciation	(40.6)	(5.1)	(0.6)	(46.3)
Operating profit/ (loss) before amortisation and exceptional items	37.4	(5.6)	(5.4)	26.4
Amortisation	(2.7)	-	-	(2.7)
Exceptional costs	(7.2)	(8.4)	(1.2)	(16.8)
Operating profit/(loss)	27.5	(14.0)	(6.6)	6.9
Share of results of jointly controlled entity	-	0.6	-	0.6
Trading profit/(loss)	27.5	(13.4)	(6.6)	7.5
Financial expense				(5.1)
Exceptional financial expense				(0.3)
Profit before tax				2.1
Taxation				(1.9)
Profit for the financial year				0.2
Intangible assets	48.6	-	-	48.6
Investment in jointly controlled entity	-	5.2	-	5.2
Hire equipment	203.7	8.6	-	212.3
Non-hire equipment	37.8	3.2	-	41.0
Taxation assets	-	-	1.1	1.1
Current assets	102.7	22.4	0.8	125.9
Cash	-	-	0.2	0.2
Total assets	392.8	39.4	2.1	434.3
Liabilities	(71.3)	(8.3)	(6.0)	(85.6)
Bank overdraft	-	-	(1.6)	(1.6)
Borrowings	-	-	(103.9)	(103.9)
Taxation liabilities	-	-	(9.2)	(9.2)
Total liabilities	(71.3)	(8.3)	(120.7)	(200.3)
Capital expenditure	83.1	4.6	-	87.7

Notes to the Financial Statements (continued)

2 Segmental analysis (continued)

For the year ended 31 March 2014

	UK & Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
Revenue	328.1	21.6	-	349.7
Segment result:				
EBITDA before exceptional costs	73.3	0.8	(5.4)	68.7
Depreciation	(40.6)	(5.1)	(0.9)	(46.6)
Operating profit/ (loss) before amortisation and exceptional items	32.7	(4.3)	(6.3)	22.1
Amortisation	(2.9)	-	-	(2.9)
Exceptional restructuring costs	(2.4)	(0.7)	(1.6)	(4.7)
Operating profit/(loss)	27.4	(5.0)	(7.9)	14.5
Share of results of jointly controlled entity	-	(0.1)	-	(0.1)
Trading profit/(loss)	27.4	(5.1)	(7.9)	14.4
Financial expense				(7.4)
Profit before tax				7.0
Taxation				(3.0)
Profit for the financial year				4.0
Intangible assets	51.3	-	-	51.3
Investment in jointly controlled entity	-	4.0	-	4.0
Hire equipment	192.3	33.2	-	225.5
Non-hire equipment	28.7	0.9	-	29.6
Taxation assets	-	-	1.1	1.1
Current assets	93.9	10.7	0.6	105.2
Cash	-	-	2.6	2.6
Total assets	366.2	48.8	4.3	419.3
Liabilities	(68.8)	(8.7)	(3.0)	(80.5)
Borrowings	-	-	(87.0)	(87.0)
Taxation liabilities	-	-	(12.5)	(12.5)
Total liabilities	(68.8)	(8.7)	(102.5)	(180.0)
Capital expenditure	66.7	9.8	-	76.5

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.

Notes to the Financial Statements (continued)

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 2015		Year ended 31 March 2014	
	Revenues £m	Total assets £m	Revenues £m	Total assets £m
UK	345.5	385.3	322.9	361.4
Ireland	5.8	9.6	5.2	9.1
Other countries	34.7	39.4	21.6	48.8
	<u>386.0</u>	<u>434.3</u>	<u>349.7</u>	<u>419.3</u>

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 2015

During the year, exceptional administrative costs have been incurred as the business has rolled out a new network structure, changed management and restructured the International operations.

Exceptional costs of £6.4m were incurred in the period as the programme to reconfigure the depot network continued. These costs include provisions for onerous leases which remain as a result of the changes and costs related to implementing the change programme.

Costs relating to changing management totalled £2.2m, including redundancy costs and related expenditure incurred in the International division. A further £2.0m has been incurred in respect of professional and legal costs associated with disposal activity.

In addition, a further £6.2m has been incurred in respect of losses on the disposal of assets in the International division, related to the withdrawal from the General and Spot Hire markets.

Exceptional financial expenses of £0.3m relate to costs incurred in cancelling debt facilities during the period.

For the year ended 31 March 2014

In the UK & Ireland, exceptional costs of £2.4m were incurred as the business rolled out its new network structure. The most significant element of the cost (£1.9m) related to provisions for onerous leases which remained as a result of the changes. The remaining cost of £0.5m was as a result of costs incurred for employee changes as part of the programme.

Within the International division, exceptional costs of £0.7m were incurred. £0.4m arose as a result of costs and write-offs associated with the closure of the Egypt operations. The remaining £0.3m was incurred as a direct result of management changes within the business.

Exceptional items which have not been allocated to the operating divisions total £1.6m. This comprised the costs of investigating and resolving the accounting irregularities within the International Division (£1.0m), further details of this are included in the 31 March 2014 Annual Report, the professional fees incurred in entering into the Kazakhstan Joint Venture (£0.3m) and costs incurred as a result of changes to Executive Directors in the year (£0.3m).

Notes to the Financial Statements (continued)

4 Taxation

	2015 £m	2014 £m
Tax charged in the income statement		
Current tax		
UK corporation tax on profits for the period at 21% (2014: 23%)	4.2	5.1
Adjustment in respect of prior years	(0.7)	(0.2)
	<u>3.5</u>	<u>4.9</u>
Total current tax	3.5	4.9
Deferred tax		
UK deferred tax at 20% (2014: 21%)	(1.2)	0.3
Adjustment in respect of prior years	-	(1.4)
Impact of rate change	(0.4)	(0.8)
	<u>(1.6)</u>	<u>(1.9)</u>
Total deferred tax	(1.6)	(1.9)
Total tax charge	<u>1.9</u>	<u>3.0</u>
Tax credited in equity		
Current tax		
Current tax on equity-settled share-based payments	(0.2)	(0.2)
	<u>(0.2)</u>	<u>(0.2)</u>
Total current tax	(0.2)	(0.2)
Deferred tax		
Net loss on revaluation of cash flow hedges	0.1	0.1
Deferred tax on equity-settled share-based payments	0.1	(0.1)
	<u>0.2</u>	<u>-</u>
Total deferred tax credited in equity	0.2	-
Total tax credited to equity	<u>-</u>	<u>(0.2)</u>

Notes to the Financial Statements (continued)

4 Taxation (continued)

The tax charge in the income statement for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%) and is explained as follows:

	2015 £m	2014 £m
Profit before tax	2.1	7.0
Accounting profit multiplied by the standard rate of corporation tax at 21% (2014: 23%)	0.4	1.6
Expenses not deductible for tax purposes	1.3	1.5
Non-taxable income	(0.8)	(0.4)
Share-based payments	0.2	-
Unrecognised tax losses	0.3	0.5
Overseas tax losses arising not subject to tax	1.8	2.2
Share of joint venture income already taxed	(0.2)	-
Adjustment to deferred taxation relating to future changes in corporation tax rates	(0.4)	(0.8)
Adjustment to tax in respect of prior years	(0.7)	(1.6)
Tax charge for the year reported in the income statement	1.9	3.0
Tax credited in equity		
Current tax credit	(0.2)	(0.2)
Deferred tax charge	0.2	-
Tax credited to equity	-	(0.2)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The adjusted tax rate of 24.7% (2014: 28.8%) is higher than the standard rate of UK corporation tax in the UK of 21% (2014: 23%) primarily due to expenses which are not deductible for tax purposes.

Notes to the Financial Statements (continued)

5 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £0.2m (2014: £4.0m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2015	2014
Profit (£m)		
Profit for the year after tax – basic earnings	0.2	4.0
Intangible amortisation charge (after tax)	2.5	2.5
Exceptional items (after tax)	13.8	3.9
Adjusted earnings (after tax)	16.5	10.4
Weighted average number of shares in issue (m)		
At the beginning of the year	510.2	507.7
Exercise of share options	1.0	2.5
At the end of the year – basic number of shares	511.2	510.2
Share options	3.6	4.6
Employee share scheme	1.4	2.4
At the end of the year – diluted number of shares	516.2	517.2
Earnings per share (pence)		
Basic earnings per share	0.04	0.78
Amortisation	0.47	0.50
Exceptional costs	2.72	0.77
Adjusted earnings per share	3.23	2.05
Basic earnings per share	0.04	0.78
Share options	-	(0.01)
Employee share scheme	-	(0.01)
Diluted profit per share	0.04	0.76
Adjusted earnings per share	3.23	2.05
Employee share schemes	(0.01)	(0.02)
Adjusted diluted earnings per share	3.22	2.03

Total number of shares outstanding at 31 March 2015 amounted to 521,869,253, including 6,252,907 shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

Notes to the Financial Statements (continued)

6 Dividends

The aggregate amount of dividend comprises:

	2015 £m	2014 £m
2013 final dividend (0.31 pence on 517.9m shares)	-	1.6
2014 interim dividend (0.26 pence on 518.3m shares)	-	1.3
2014 final dividend (0.35 pence on 520.4m shares)	1.8	-
2015 interim dividend (0.30 pence on 520.5m share)	1.6	-
	<u>3.4</u>	<u>2.9</u>

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 0.40 pence (2014: 0.35 pence) per share, bringing the total amount payable in respect of the 2015 year to 0.70 pence (2014: 0.61 pence), to be paid on 12 August 2015 to shareholders on the register on 12 June 2015.

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 2015, the Trust held 6,252,907 ordinary shares (2014: 7,319,967).

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.

	2015 £m	2014 £m
Operating profit	6.9	14.5
Add back: amortisation	2.7	2.9
Add back: exceptional costs	16.8	4.7
Operating profit before amortisation and exceptional costs	26.4	22.1
Add back: depreciation	46.3	46.6
EBITDA before exceptional costs	72.7	68.7
Profit before tax	2.1	7.0
Add back: amortisation	2.7	2.9
Add back: exceptional costs	16.8	4.7
Add back: exceptional finance expense	0.3	-
Profit before tax, amortisation and exceptional costs	21.9	14.6

Notes to the Financial Statements (continued)

8 Property, plant and equipment

	Land and buildings £m	Hire Equipment £m	Other £m	Total £m
Cost				
At 1 April 2013	33.8	375.7	63.5	473.0
Foreign exchange	(0.1)	(0.4)	-	(0.5)
Additions	6.2	64.8	4.5	75.5
Disposals	(0.1)	(33.1)	(0.5)	(33.7)
Transfers to inventory	-	(20.4)	-	(20.4)
At 31 March 2014	39.8	386.6	67.5	493.9
Foreign exchange	0.2	(0.6)	-	(0.4)
Additions	13.7	66.9	5.3	85.9
Disposals	(1.4)	(47.9)	(0.2)	(49.5)
Transfers to inventory	-	(40.7)	-	(40.7)
At 31 March 2015	52.3	364.3	72.6	489.2
Depreciation				
At 1 April 2013	19.8	161.5	50.0	231.3
Foreign exchange	-	(0.1)	-	(0.1)
Charged in year	2.6	38.2	5.8	46.6
Disposals	-	(24.1)	(0.5)	(24.6)
Transfers to inventory	-	(14.4)	-	(14.4)
At 31 March 2014	22.4	161.1	55.3	238.8
Foreign exchange	(0.1)	(0.4)	-	(0.5)
Charged in year	2.9	39.3	4.1	46.3
Disposals	(0.7)	(31.3)	-	(32.0)
Transfers to inventory	-	(16.7)	-	(16.7)
At 31 March 2015	24.5	152.0	59.4	235.9
Net book value				
At 31 March 2015	27.8	212.3	13.2	253.3
At 31 March 2014	17.4	225.5	12.2	255.1
At 31 March 2013	14.0	214.2	13.5	241.7

The net book value of land and buildings comprises freehold properties of £nil (2014: £nil), and short leasehold properties of £27.8m (2014: £17.4m).

At 31 March 2015, the net carrying amount of leased hire equipment was £nil (2014: £nil).

Notes to the Financial Statements (continued)

9 Assets held for sale

The assets and liabilities held within the International division in relation to its Oman entity have been classified as held for sale following the commitment from management on 2 March 2015 to sell the shares in the business. The sale completed in April 2015.

No impairment loss has been recognised on the re-measurement of the assets and liabilities because, as at the year-end it was expected the carrying value of the assets and liabilities would be equal to their fair value less costs to sell.

At 31 March 2015 the asset held for sale comprised the following assets and liabilities.

	2015 £m	2014 £m
Assets classified as held for sale		
Property, plant and equipment	1.5	-
Trade receivables and other receivables	0.4	-
	<u>1.9</u>	<u>-</u>
Liabilities classified as held for sale		
Accruals	0.1	-
	<u>0.1</u>	<u>-</u>

10 Borrowings

	2015 £m	2014 £m
Current borrowings		
Bank overdraft	1.6	-
Non-current borrowings		
Maturing between two and five years		
- ABL Facility	103.9	86.1
- International Facility	-	0.9
Total non-current borrowings	<u>103.9</u>	<u>87.0</u>
Total borrowings	105.5	87.0
Less: cash	(0.2)	(2.6)
Net debt	<u>105.3</u>	<u>84.4</u>

Notes to the Financial Statements (continued)

10 Borrowings (continued)

In September 2014, the Group refinanced its asset based revolving credit facility and cancelled the International revolving credit facility. The refinanced £180m asset based revolving credit facility 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 2015 was £62.4m (2014: £68.4m) 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 refinanced 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 (prior to refinancing: 225 to 400 basis points), depending on leverage and on the components of the borrowing base. During the period, the effective margin was 2.60% (2014: 2.82%).

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

Analysis of consolidated net debt

	At 31 March 2014 £m	Non-cash movement £m	Cash flow £m	31 March 2015 £m
Cash at bank and in hand	2.6	-	(2.4)	0.2
Bank overdrafts	-	-	(1.6)	(1.6)
Borrowings	(87.0)	(1.4)	(15.5)	(103.9)
	<u>(84.4)</u>	<u>(1.4)</u>	<u>(19.5)</u>	<u>(105.3)</u>

11 Notes to the cash flow statement – cash from operating activities

	2015 £m	2014 £m
Profit before tax	2.1	7.0
Financial expense	5.4	7.4
Amortisation	2.7	2.9
Depreciation	46.3	46.6
Share of (profit)/loss of equity accounted investments	(0.6)	0.1
Loss/(profit) on disposal of hire equipment	1.8	(3.7)
Profit on disposal of other property, plant and equipment	-	0.2
Decrease in inventories	2.3	1.1
Increase in net assets held for sale	(1.8)	-
Increase in trade and other receivables	(21.1)	(10.3)
Increase in trade and other payables	3.4	11.2
Movement in provisions	1.8	0.6
Equity-settled share-based payments	0.7	0.7
Cash from operating activities	43.0	63.8

Notes to the Financial Statements (continued)

12 Post-balance sheet events

Sale of shares in Speedy International Asset Services LLC

On 20 April 2015 the group received proceeds for the disposal of its entire shareholding in Speedy International Assets Services LLC, a company incorporated in Oman. The net assets of £1.8m are held within assets held for sale on the balance sheet at the year-end representing the fair value less costs to sell of the business.

Dividends

The Directors have proposed a dividend of 0.40 pence per share as a final dividend in respect of the year ended 31 March 2015. 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:

	2015	2014
	£m	£m
0.40 pence (2014: 0.35 pence) on 521.9m (2014: 520.4m) ordinary shares	2.1	1.8