



EQUIPMENT RENTAL SINCE 1954

INTERIM REPORT
2017/18

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Chairman's Statement

I am very pleased to report on a period of further significant growth for the Group in the six month period to 30 September 2017.

Profit before tax and amortisation rose 13% to £21.2 million (H1 2017: £18.7 million) on revenues 12% higher at £136.0 million (H1 2017: £121.7 million). Earnings per share pre-amortisation increased 17% to 44.2 pence per share (H1 2017: 37.9 pence per share) positively impacted by a reduced corporation tax rate. Return on capital employed was maintained at 16.0% reflecting the high quality of our earnings.

Capital investment in fleet rose to £32.5 million (H1 2017: £29.9 million) plus a further £9.8 million (including assumed net debt) was invested in acquisitions. Borrowings at the period end stood at £115.4 million (H1 2017: £107.5 million). EBITDA increased to £41.1 million (H1 2017: £36.3 million) reflecting the strong cash flow qualities of the Group.

In view of this excellent set of results, the Board is pleased to declare a 13% increase in the interim dividend to 6.8 pence per share (2016/17: 6.0 pence per share) payable on 5 January 2018 to shareholders on the register as at 1 December 2017.

Review of Operations

UK Division

The UK division continues to enjoy excellent trading and delivered a strong first half with operating profits before amortisation 14% ahead at £22.2 million (H1 2017: £19.5 million) on revenues up by 11% at £120.3 million (H1 2017: £108.1 million). Infrastructure investment, residential activity and general construction all remained supportive throughout the trading period.

In April 2017, we made two acquisitions. Jackson Mechanical Services which was acquired for a cash consideration of £3.6 million and provides mechanical and electrical equipment rental services. Zenith Survey Equipment was acquired for a cash consideration of £3.85 million plus assumed debt of £2.3 million. Zenith is engaged in the rental and sale of survey and safety equipment from seven locations across the UK. Both businesses have been integrated into the respective specialist activities within Hire Station and both have made a positive contribution to the results we are now reporting.

Post the period end, in November 2017, we made the largest acquisition in the history of the Group with the purchase of the entire issued share capital of Brandon Hire Group Holdings Limited ('Brandon Hire') and its subsidiaries for a cash consideration of £41.6 million plus debt of £27.2 million. Brandon Hire is a major national tool hire company with a service model and business culture very similar to that of Hire Station, our own specialist tool hire business.

Brandon Hire serves predominantly local and regional SME's through a network of 143 branches across the UK. In the year ended 31 December 2016, Brandon Hire made profits before interest, tax, exceptionals and amortisation of £6.0 million on revenues of £79.8 million. Brandon Hire will operate alongside Hire Station and will create a new market leading offering in the UK specialist tool hire sector.

Also in November 2017, we acquired First National, a specialist rough terrain fork lift rental business based in the Midlands, for £0.9 million plus assumed debt of £0.8 million. First National will be integrated within our UK Forks business.

International Division

Operating profits before amortisation reduced to £0.3 million (H1 2017: £0.6 million) on revenues ahead by 15% at £15.7 million (H1 2017: £13.7 million). Despite strong results at TR and a first full six month contribution from Tech Rentals NZ, profits in the International division were held back by a trading loss at Airpac Bukom.

The first half of the financial year was challenging for Airpac Bukom, who were not helped by delays to secured contracts. However, new business inquiry and activity levels have improved into the second half, further helped by the recent rise in oil prices, which leads us to believe that progress will be made in the second half of the current financial year.

The performance of TR within its Asia Pacific region was encouraging, with trading improved on the prior year, particularly in the core instrumentation rental and communication divisions.

Outlook

There are conflicting views on the prospects for the UK, amplified by speculation on the impact of Brexit, but day-to-day demand on the ground continues to remain positive.

We conclude an excellent first half with the exciting prospect of delivering, over time, the value from the new Brandon Hire acquisition. This, combined with the organic opportunities available elsewhere within the Group, encourages the Board to look forward to the second half of the year and beyond with every confidence.

Jeremy Pilkington
Chairman
21 November 2017



Condensed Consolidated Income Statement

For the period ended 30 September 2017

		Six months to 30 Sept 2017 (unaudited)	Six months to 30 Sept 2016 (unaudited)	Full year to 31 Mar 2017 (audited)
	Note	£000	£000	£000
Revenue	3	135,992	121,733	248,740
Cost of sales		(98,083)	(87,031)	(181,807)
Gross profit		37,909	34,702	66,933
Administrative expenses		(16,315)	(15,528)	(33,688)
Operating profit	3	21,594	19,174	33,245
Net financial expenses		(1,284)	(1,452)	(2,906)
Profit before amortisation and taxation		21,155	18,682	34,851
Amortisation of intangibles		(845)	(960)	(4,512)
Profit before taxation		20,310	17,722	30,339
Income tax expense	4	(3,602)	(3,677)	(6,687)
Net profit for the period		16,708	14,045	23,652
Basic earnings per share	7	42.49p	35.92p	60.31p
Diluted earnings per share	7	41.21p	34.70p	58.65p
Dividend per share	8	6.80p	6.00p	22.00p



Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2017

	Six months to 30 Sept 2017 (unaudited)	Six months to 30 Sept 2016 (unaudited)	Full year to 31 Mar 2017 (audited)
	£000	£000	£000
Profit for the period	16,708	14,045	23,652
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gains on defined benefit pension scheme	-	-	366
Tax on items taken direct to equity	-	-	(70)
Foreign exchange translation difference	(264)	922	783
<i>Items that may be subsequently reclassified to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges	356	(249)	367
Other comprehensive income	92	673	1,446
Total comprehensive income for the period	16,800	14,718	25,098

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 September 2017

	Six months to 30 Sept 2017 (unaudited)	Six months to 30 Sept 2016 (unaudited)	Full year to 31 Mar 2017 (audited)
	£000	£000	£000
Total comprehensive income for the period	16,800	14,718	25,098
Tax movements to equity	172	352	468
Impact of tax rate change	(20)	-	-
Share option charge in the period	1,158	1,081	2,525
Net movement relating to shares held by Vp Employee Trust	(920)	(3,162)	(4,493)
Dividends to shareholders	(6,286)	(5,274)	(7,632)
Change in equity during the period	10,904	7,715	15,966
Equity at the start of the period	137,316	121,350	121,350
Equity at the end of the period	148,220	129,065	137,316

There were no movements in issued share capital, the capital redemption reserve or share premium in the reported periods.



Condensed Consolidated Balance Sheet

At 30 September 2017

		30 Sept 2017 (unaudited)	31 Mar 2017 (audited)	30 Sept 2016 (unaudited) Restated*
	Note	£000	£000	£000
Non-current assets				
Property, plant and equipment	5	211,805	195,569	188,352
Goodwill		41,380	38,937	40,381
Intangible assets	6	8,689	8,575	9,949
Employee benefits		1,928	1,928	1,534
Total non-current assets		263,802	245,009	240,216
Current assets				
Inventories		6,328	5,166	5,355
Trade and other receivables		57,040	49,723	51,438
Cash and cash equivalents	9	17,129	15,070	12,627
Total current assets		80,497	69,959	69,420
Total assets		344,299	314,968	309,636
Current liabilities				
Interest bearing loans and borrowings	9	(8,924)	(5,823)	(10,781)
Income tax payable		(3,001)	(1,514)	(2,455)
Trade and other payables		(53,892)	(55,270)	(52,000)
Total current liabilities		(65,817)	(62,607)	(65,236)
Non-current liabilities				
Interest bearing loans and borrowings	9	(123,596)	(108,180)	(109,339)
Deferred tax liabilities		(6,666)	(6,865)	(5,996)
Total non-current liabilities		(130,262)	(115,045)	(115,335)
Total liabilities		(196,079)	(177,652)	(180,571)
Net assets		148,220	137,316	129,065
Equity				
Issued share capital		2,008	2,008	2,008
Capital redemption reserve		301	301	301
Share premium		16,192	16,192	16,192
Hedging reserve		203	(153)	(769)
Retained earnings		129,489	118,941	111,306
Total equity attributable to equity holders of parent		148,193	137,289	129,038
Non-controlling interest		27	27	27
Total equity		148,220	137,316	129,065

*Cash and cash equivalents and interest bearing loan and borrowings have been restated as at 30 September 2016 following the change in accounting policy in the prior year required by the updated interpretation of IAS 32 as described in note 1 of the 31 March 2017 financial statements. This change has had no impact on net assets.



Condensed Consolidated Statement of Cash Flows

For the period ended 30 September 2017

		Six months to 30 Sept 2017 (unaudited)	Six months to 30 Sept 2016 (unaudited)	Full year to 31 Mar 2017 (audited)
	Note	£000	£000	£000
Cash flows from operating activities				
Profit before taxation		20,310	17,722	30,339
Adjustment for:				
Share based payment charges		1,158	1,081	2,525
Depreciation	5	18,659	16,172	33,481
Amortisation of intangibles		845	960	4,512
Net financial expense		1,284	1,452	2,906
Profit on sale of property, plant and equipment		(3,229)	(3,280)	(5,809)
Operating cash flow before changes in working capital and provisions		39,027	34,107	67,954
(Increase)/decrease in inventories		(177)	8	197
Increase in trade and other receivables		(5,483)	(4,955)	(3,125)
(Decrease)/increase in trade and other payables		(4,796)	288	4,860
Cash generated from operations		28,571	29,448	69,886
Interest paid		(1,192)	(1,294)	(2,738)
Interest element of finance lease rental payments		(90)	(156)	(183)
Interest received		6	14	14
Income tax paid		(2,663)	(1,461)	(4,539)
Net cash flows from operating activities		24,632	26,551	62,440
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		8,694	8,108	16,686
Purchase of property, plant and equipment		(32,646)	(33,637)	(64,649)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)		(8,185)	(8,876)	(9,984)
Net cash flows used in investing activities		(32,137)	(34,405)	(57,947)
Cash flows from financing activities				
Purchase of own shares by Employee Trust		(920)	(3,162)	(4,493)
Repayment of loans		(77)	(110)	(3,897)
New loans		15,000	16,000	19,000
Payment of hire purchase and finance lease liabilities		(551)	(198)	(636)
Dividends paid	8	(6,286)	(5,274)	(7,632)
Net cash flows from financing activities		7,166	7,256	2,342
Net (decrease)/increase in cash and cash equivalents		(339)	(598)	6,835
Effect of exchange rate fluctuations on cash held		(160)	(756)	(1,270)
Cash and cash equivalents at beginning of period		10,082	4,517	4,517
Cash and cash equivalents at end of period	9	9,583	3,163	10,082



Notes to the Condensed Financial Statements

1. Basis of Preparation

Vp plc (the "Company") is a company incorporated and domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2017 comprise the financial information of the Company and its subsidiaries (together referred to as the "Group").

This interim announcement has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS34 ("Interim Financial Reporting") as adopted by the EU. The accounting policies applied are consistent for all periods presented and are in line with those applied in the annual financial statements for the year ended 31 March 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. There are no new IFRSs or IFRICs that are effective for the first time in the current year which are expected to have a significant impact on the Group. In addition, the Group is in the process of reviewing IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers". Based on the work to date the Group is still of the opinion that these standards will not have a material impact on the financial statements of the Group for the year ended 31 March 2019.

The interim announcement was approved by the Board of Directors on 20 November 2017.

The Condensed Consolidated Interim Financial Statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The comparative figures for the financial year ended 31 March 2017 are extracted from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors 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.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

The Group continues to be in a healthy financial position with total banking facilities at the period end of £135 million, including an overdraft facility. Since the year end net debt has increased by £16.5 million to £115.4 million. The Board has evaluated the banking facilities and the associated covenants on the basis of current forecasts, taking into account the current economic climate and an appropriate level of sensitivity analysis. Having reassessed the principal risks the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

2. Risks and Uncertainties

The principal risks and uncertainties facing the Group and the ways in which they are mitigated are described on pages 18 and 19 of the 31 March 2017 Annual Report and Accounts. The principal risks and uncertainties are market risk, competition, investment/product management, people, safety, financial risks and contractual risk. These risks and uncertainties remain the same for this interim financial report.

3. Summarised Segmental Analysis

Income statement	Revenue		Operating Profit	
	Sept 2017	Sept 2016	Sept 2017	Sept 2016
	£000	£000	£000	£000
UK	120,299	108,071	22,178	19,485
International	15,693	13,662	261	649
	135,992	121,733	22,439	20,134
Amortisation			(845)	(960)
Operating Profit			21,594	19,174

Net Assets	Assets Restated		Liabilities Restated		Net Assets	
	Sept 2017	Sept 2016	Sept 2017	Sept 2016	Sept 2017	Sept 2016
	£000	£000	£000	£000	£000	£000
UK	284,237	251,324	60,132	51,988	224,105	199,336
International	43,474	42,675	3,722	10,734	39,752	31,941
Group/unallocated	16,588	15,637	132,225	117,849	(115,637)	(102,212)
	344,299	309,636	196,079	180,571	148,220	129,065

The net liability in Group primarily reflects the balance on the revolving credit facility which is controlled centrally by the Group.

4. Income Tax

The effective tax rate is 17.7% in the period to 30 September 2017 (H1 2017: 20.7%). The effective rate for the period reflects the current standard tax rate of 19% (H1 2017: 20%) as adjusted for estimated permanent differences for tax purposes offset by gains covered by exemptions. In addition the tax rate also reflects the effect, on an annualised basis, of reduction in the net deferred tax liability of the Group as a result of the expected reduction in the UK corporation tax rate from 19% to 17% for the year ended 31 March 2021. The effect is to reduce the tax rate by 1.8% (H1 2017: nil effect). This is the best estimate of the weighted average annual income tax rate expected for the full financial year.



Notes to the Condensed Financial Statements

5. Property, Plant and Equipment

	Sept 2017 £000	Sept 2016 £000	Mar 2017 £000
Opening carrying amount	195,569	167,201	167,201
Additions	34,929	31,608	61,805
Acquisitions	5,549	8,512	8,850
Depreciation	(18,659)	(16,172)	(33,481)
Disposals	(5,465)	(4,828)	(10,877)
Effect of movements in exchange rates	(118)	2,031	2,071
Closing carrying amount	211,805	188,352	195,569

The value of capital commitments at 30 September 2017 was £12,421,000 (31 March 2017: £9,561,000).

6. Acquisitions

On 1 April 2017 the Group acquired the business and assets of Jackson Mechanical Services (UK) Limited, for cash consideration of £3.6 million plus assumed net debt of £0.1 million and on 20 April 2017 the Group acquired Zenith Survey Equipment Limited for cash consideration of £3.85 million plus assumed net debt of £2.3 million. The fair value of net assets acquired for both acquisitions, including provisional estimates of intangibles for the trade name and customers relationships, was £5.0 million.

7. Earnings Per Share

Earnings per share have been calculated on 39,319,346 shares (H1 2017: 39,098,567 shares) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 40,546,052 shares (H1 2017: 40,473,236 shares) adjusted to reflect conversion of all potentially dilutive ordinary shares. Basic earnings per share before the amortisation of intangibles was 44.23 pence (H1 2017: 37.89 pence) and was based on an after tax add back of £684,000 (H1 2017: £768,000) in respect of the amortisation of intangibles. Diluted earnings per share before amortisation of intangibles was 42.90 pence (H1 2017: 36.60 pence).

8. Dividends

The Directors have declared an interim dividend of 6.80 pence (H1 2017: 6.00 pence) per share payable on 5 January 2018 to shareholders on the register at 1 December 2017. The dividend declared will absorb an estimated £2,693,000 (H1 2017: £2,358,000) of shareholders funds. The dividend proposed at the year-end was subsequently approved at the AGM in August 2017 and £6,286,000 was paid in the period (H1 2017: £5,274,000 was paid). The cost of dividends in the Statement of Changes in Equity is after adjustments for the interim and final dividends waived by the Vp Employee Trust in relation to the shares it holds for the Group's share option schemes.

9. Analysis of Net Debt

	As at 1 Apr 2017 £000	Acquired Net Debt £000	Cash Flow £000	As at 30 Sept 2017 £000
Cash and cash equivalents	15,070	183	1,876	17,129
Bank overdraft	(4,988)	(955)	(1,603)	(7,546)
Revolving credit facilities/loans	(107,000)	(1,075)	(14,923)	(122,998)
Finance leases and hire purchases	(2,015)	(512)	551	(1,976)
	(98,933)	(2,359)	(14,099)	(115,391)

In August 2017 the Group took out an additional revolving credit facility of £10 million by making use of an uncommitted step up facility. The Group's committed revolving credit bank facilities therefore comprise a £65 million facility which expires in May 2020 and a £65 million facility which expires in December 2021, together with an uncommitted step up facility of £10 million and overdraft facilities totalling £5 million.

10. Related Party Transactions

Transactions between Group Companies, which are related parties, have been eliminated on consolidation and therefore do not require disclosure. The Group has not entered into any other related party transactions in the period which require disclosure in this interim statement.

11. Post Balance Sheet Event

On 7 November 2017 the Group acquired the entire issued share capital of Brandon Hire Group Holdings Limited and its subsidiaries ('Brandon') for a cash consideration of £41.6 million payable on completion and assumed net debt of approximately £27.2 million. The acquisition has been funded from new banking facilities of £70 million with the Group's lenders.

In addition, on 9 November 2017 the Group also acquired the entire issued share capital of FNPR Holdings Limited ('First National') for £0.9 million payable on completion and assumed net debt of £0.8 million.

12. Contingent Liabilities

In an international group a variety of claims arise from time to time in the normal course of business. Such claims may arise due to actions being taken against group companies as a result of investigations by fiscal authorities or under regulatory requirements. Provision has been made in these consolidated financial statements against any claims which the directors consider are likely to result in significant liabilities.

13. Forward Looking Statements

The Chairman's Statement 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, review or change any forward looking statements to reflect events or developments occurring after the date of this report.



Notes to the Condensed Financial Statements

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of interim financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

21 November 2017

The Board

The Directors who served during the six months to 30 September 2017 were:

- Jeremy Pilkington (Chairman)
- Neil Stothard (Chief Executive)
- Allison Bainbridge (Group Finance Director)
- Steve Rogers (Non-executive Director)
- Phil White (Non-executive Director)

Independent Review Report to Vp plc

Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed Vp plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the interim report 2017/18 of Vp plc for the 6 month period ended 30 September 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2017;
- the Condensed Consolidated Income Statement for the period then ended;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report 2017/18, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report 2017/18 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report 2017/18 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report 2017/18 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants, Leeds

21 November 2017

