



For immediate release

8 June 2022

Vp plc
(‘Vp’, the ‘Group’ or the ‘Company’)

Final Results

Strong performance across all key metrics, underpinned by ESG and innovation

Vp plc, the equipment rental specialist, today announces its audited Final Results for the year ended 31 March 2022.

Financial Highlights

	31 March 2022	31 March 2021	% change
Revenues (£m)	350.9	308.0	+14%
Profit before tax, amortisation and exceptional items (£m)	38.9	23.3	+67%
Return on average capital employed	14.5%	9.2%	+57%
Basic EPS pre-amortisation and exceptional items (pence)	71.2	46.8	+52%
Proposed final dividend (pence per share)	25.5	25.0	+2%
Dividend for the year (pence per share)	36.0	25.0	+44%
EBITDA before exceptional items (£m) ¹	88.9	72.7	+22%
Net debt (£m)	130.6	121.9	+7%
Capital investment in rental fleet (£m)	59.8	40.2	+49%
Exceptional items	-	(15.1)	
Statutory profit/(loss) before taxation (£m)	35.6	(2.3)	
Statutory earnings/(loss) per share (pence)	64.5	(11.6)	
Profit before tax, amortisation and exceptional items inclusive of IFRS 16 impact (£m)	38.9	23.2	+68%

Operational Highlights

- Material recovery in the quality of profits measured by return on average capital employed
- Significant growth in operating profits across UK divisions, driven by the strength of certain infrastructure, construction and housebuilding sectors
- Purchase of M&S Hire Limited in November 2021, complementing the MEP service offering
 - M&S Hire has performed in line with the Board’s expectations
- Two substantial contract wins during the period, include;
 - In March 2022, Valero Refinery renewed its long running support contract
 - Additionally in March, a new five-year exclusive hire partnership with Watkin Jones
 - Partnership agreement included the acquisition of Watkin Jones’ in-house plant and tools fleet
 - Strength of ESG offering proved key to success of winning the partnership
- Increased investment in rental fleet reflects growing demand across the Group’s network
- Good progression in digital innovation across the entire business
 - New Brandon Hire Station website launched in early 2022 as a progressive web app, compatible with mobile devices
 - Anticipated growth in rental channels

- Groundforce's three-year digital roadmap well underway and already seeing results with increased customer take-up
- Continued development and implementation of ESG initiatives across all divisions
 - Achieved the International Energy Management System Standard across three of the Group's businesses with the aim of attaining it across the whole Group by the end of 2022
 - All businesses continue to introduce new greener equipment solutions to their customer base
 - Supporting UK regional restoration and conservation projects during the year with further projects in the pipeline

Outlook / Current Trading

- Encouraging start to the new financial year with an anticipated increase in AMP7 and other infrastructure activity
- Management taking a proactive approach to mitigate cost inflation and supply chain delays
- Growth across the Group's three key sectors provides a supportive market backdrop for the new financial year
- The Company has launched a formal sale process and further communication with shareholders will be made if and when appropriate to do so. In the meantime, it is 'business as usual' as we stay fully focused on delivering on our plans for the current financial year.

Commenting on the Final Results, Jeremy Pilkington, Chairman of Vp plc, said: "These results represent significant progress across the Group, as the business continues its recovery following Covid related impacts and we have seen substantial progress across all key financial metrics.

"We are particularly pleased with the increased investment into the rental fleet which was driven by increased demand and an emphasis on lower emission products. The strong return on average capital employed performance demonstrates the resilience of the Group's quality of earnings. In line with our stated dividend policy and reflecting our confidence in the business, we are pleased to propose a final dividend of 25.5 pence per share, making a total for the year of 36.0 pence.

"Although there are some macro related headwinds from cost inflation and supply chain disruptions, we see significant upside growth opportunities for this year and further ahead. We have every confidence that Vp will continue to deliver sector leading results for all our stakeholders. I would like to thank all colleagues at Vp for their hard work and commitment which yet again has made these excellent results possible."

Neil Stothard, Chief Executive of Vp plc, added: "The quality of the recovery in our trading performance is extremely pleasing and these results demonstrate a significant increase in profitability and a material recovery in the quality of those profits. These strong results have been largely supported by the core markets which we serve.

"Over the last financial year, I am particularly pleased with our ESG initiatives where we have continued to invest in apprenticeships and our employees as well as our commitment to the environment. Throughout the year we continued to invest in our ambition to be net carbon zero by 2050 with all our businesses continuing to introduce new greener equipment solutions to their customers.

"Although there are widely reported macro issues for all businesses, we continue to meet current challenges on a day to day basis. I am optimistic of Vp's future prospects and believe our core markets will continue to offer good opportunities for further increases in demand for our products and services

in the new financial year. The Group is in a strong position to continue to embrace those new opportunities as well as managing any potential headwinds.”

- Ends -

The information contained in this announcement is deemed by the Company to constitute inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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Notes on alternative performance measures:

- ¹ IFRS 16 was adopted on 1 April 2019 for statutory reporting. As a result, the primary statements are shown on an IFRS 16 basis. The table below provides the impact on the consolidated income statement for the period ended 31 March 2022. As the decision makers currently allocate resource and assess performance primarily on the basis of applying the previous leasing standard IAS 17, the alternative performance measures are disclosed on this basis.

Impact on Consolidated Income Statement, EBITDA and earnings per share

Basic earnings per share before the amortisation of intangibles and exceptional items increased by 0.04 pence for the period to 31 March 2022 as a result of the adoption of IFRS 16. The financial impact of IFRS 16 on the Group's Consolidated Income Statement and EBITDA for the year ended 31 March 2022 is set out below:

	Unaudited excluding IFRS 16 £000	IFRS 16 Impact £000	Audited Reported £000
Operating profit before amortisation and exceptional items	43,333	2,966	46,299
Operating profit	40,031	2,966	42,997
EBITDA	88,868	19,525	108,393
Net financial expense	(4,428)	(2,925)	(7,353)
Profit before taxation, amortisation and exceptional items	38,905	41	38,946
Profit before taxation	35,603	41	35,644

- All performance measures stated as before amortisation are also before impairment of intangibles and exceptional items.
- Basic earnings per share pre amortisation and exceptional items is reconciled to basic earnings per share in note 3.
- Profit before tax, amortisation and exceptional items is reconciled to profit before tax in the Income Statement.
- EBITDA is reconciled to profit before tax, amortisation and exceptional items by adding back net financial expenses and depreciation.
- Return on average capital employed is based on profit before tax, interest, amortisation and exceptional items divided by average capital employed on a monthly basis using the management accounts. Profit before tax, interest, amortisation and exceptional items is reconciled to profit before interest and tax in the Income Statement.

CHAIRMAN'S STATEMENT

I am delighted to report a robust set of results that demonstrates the very strong progress and continued recovery in trading performance across all our core markets following the impact of Covid last year.

Profit before tax, amortisation and exceptional items rose by 67% to £38.9 million (2021: £23.3 million) on turnover ahead 14% to £350.9 million (2021: £308.0 million). EBITDA (pre IFRS 16) improved to £88.9 million (2021: £72.7 million).

Capital investment in the rental fleet grew almost 50% to £59.8 million (2021: £40.2 million). This increased spending was in response to improving customer demand with particular emphasis on new lower emission product substitutions and also reflects pre-emptive bulk purchasing to avoid some of the supply chain difficulties that we were anticipating.

Year end net debt (pre IFRS 16) rose marginally to £130.6 million (2021: £121.9 million).

Return on average capital employed ('ROCE') recovered strongly to 14.5% (2021: 9.2%) in line with our long term target, an excellent result which reflects once again the underlying resilience in the Group's quality of earnings. Earnings per share grew 52% to 71.2 pence per share (2021: 46.8 pence per share).

At the AGM, scheduled to be held on 21 July 2022, the Board will be recommending payment of a final dividend of 25.5 pence per share (2021: 25.0 pence per share) making a total for the year of 36.0 pence per share (2021: 25.0 pence per share). Subject to Shareholder's approval it is proposed to pay the final dividend on 5 August 2022 to members registered at 24 June 2022. This proposed level of dividend is based on our policy to distribute on a two times covered earnings basis going forward.

In November 2021, we purchased the fit-out specialist M&S Hire Limited ('M&S') for £2.8 million. M&S complements and extends our MEP service offering and since acquisition has performed in line with our expectations. We are excited about the opportunities presented by this new niche market.

We also achieved two notable contract wins in the period. In March 2022, we were awarded a further renewal to our long running support contract with the Valero Refinery in Pembrokeshire and at the very end of the financial year, we finalised a five-year exclusive hire partnership with Watkin Jones plc, the UK's leading developer and manager of residential for rent homes. This partnership agreement included the acquisition of Watkin Jones' in-house plant and tools fleet as they transitioned to a pure outsourced rental supply model. Key to our success in winning this vigorously contested contract was the strength of our ESG offering.

In April, Vp announced that its controlling shareholder, a company connected to me, had indicated to the Board its desire to explore opportunities to dispose of its c.50.26% shareholding in Vp. In light of this, the Company has launched a formal sale process and further communication with shareholders will be made if and when appropriate to do so. In the meantime, it is 'business as usual' as we stay fully focused on delivering on our plans for the current financial year.

Although we are facing some headwinds from cost inflation and supply chain disruptions, we identify significant upside growth opportunities for this year and further ahead. This gives us every confidence that we can continue to deliver sector-leading results for all our stakeholders.

It remains my great pleasure to thank, on behalf of Shareholders and the Board, all our employees for their hard work and commitment that has made these excellent results possible.

Jeremy Pilkington

Chairman

8 June 2022

BUSINESS REVIEW

OVERVIEW

Vp plc is a rental business providing specialist products and services to a diverse range of end markets including infrastructure, construction, housebuilding, and energy. The Group comprises a UK and an International Division.

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	£350.9 million	£308.0 million
Operating profit before amortisation and exceptionals	£43.3 million	£27.7 million
Operating margin	12.3%	9.0%
Investment in rental fleet	£59.8 million	£40.2 million
Return on average capital employed	14.5%	9.2%
Statutory Operating profit	£43.0 million	£5.7 million

The year to 31 March 2022 was a period of significant recovery for the Group as the Covid-19 restrictions were gradually removed and our customers began to trade back towards pre-pandemic levels of activity.

Group operating profits before amortisation and exceptional items showed a significant recovery in the year to £43.3 million compared with prior year of £27.7 million, a 56% increase. Operating margins improved to 12.3% (2021: 9.0%) with Group revenues at £350.9 million (2021: £308.0 million) 14% up on prior year. Return on average capital employed of 14.5% increased strongly on the prior year of 9.2% demonstrating the resilience of the Group in being able to restore the quality of profits back towards our long term, through the cycle, ROCE target of 15%.

Cash generation also improved and EBITDA before exceptionals was £88.9 million (2021: £72.7 million). Net debt at 31 March 2022 was £130.6 million (2021: £121.9 million), a small increase of £8.7 million and after funding a healthy increase in capital expenditure during the year.

The increased investment in rental fleet reflected growing demand across our business network. Gross capital expenditure was £59.8 million (2021: £40.2 million). Fleet disposal proceeds were £17.8 million (2021: £17.5 million) generating profit on disposals of £7.0 million (2021: £4.3 million). The increase in capex during the year was partially driven by increased demand within our divisions, and also due to bulk buying of products ahead of the usual timeframes to compensate for the extended lead times in certain of our supply chains, a necessary and successful strategy.

The markets which the Group serves experienced different paces of recovery both in functionality and geography. In the UK and Europe, certain of the infrastructure markets e.g. HS2 and transmission fared well, whilst water (AMP7) and Rail (CP6) were more subdued, only starting to show signs of uplift in Q4.

The general construction market was mixed with repair and maintenance strong whilst new construction was more subdued. The house building market provided sustained demand.

Internationally, border restrictions initially inhibited business recovery but in early 2022 these were eased facilitating both improved customer contact and a subsequent increase in activity.

The operating profit (before amortisation) result of £43.3 million was primarily sourced in the UK division, but it is the quality of all our specialist divisions across the whole Group in the UK, Europe and Internationally that has driven an excellent overall performance.

UK DIVISION

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	£320.2 million	£281.3 million
Operating profit before amortisation and exceptionals	£41.8 million	£27.2 million
Investment in rental fleet	£55.2 million	£35.6 million

Operating profits (before amortisation and exceptionals) in the UK division increased to £41.8 million compared with £27.2 million in the prior year. Revenues of £320.2 million (2021: £281.3 million) were 14% up on prior year.

The UK division comprises seven main business units: **UK Forks, Groundforce, TPA, Brandon Hire Station, ESS, MEP Hire and Torrent Trackside**. Whilst mainly operating in the UK, TPA and Groundforce also have operations in mainland Europe, primarily in Germany and Austria. All of the business units in the UK division support the three core market sectors of infrastructure, construction and housebuilding.

The following section comments on the highlights and key actions for the constituent businesses within the UK division.

The **UK Forks** business had a good year, experiencing high levels of activity for their telehandler fleet, particularly in the residential construction sector where demand remained very good throughout the year. This performance was despite the ongoing challenges of supply chain delays on acquiring new machines for the hire fleet and as a result, the division is not yet back to its pre Covid fleet size. Overall fleet numbers grew by 7%. Disposal of fleet was also slowed down and equipment retained longer in the rental fleet to ensure that we were able to meet the demands of our customer base. As part of our sustainability commitments the business has started to introduce electric versions of both the 6m telehandler and teletruck products and further investment in these lines will continue into the current financial year. Whilst we have seen inflationary cost increases in both parts and labour the business has been able to pass on some of these costs by increasing hire rates.

We have successfully renewed all our key account relationships during the year. In March 2022 the Higher Access spider platform business transitioned to a partnered services offer, with our customer base primarily utilising third party products.

The **Groundforce UK & Ireland** business experienced a positive year which having started relatively slowly, accelerated as activity increased in the final quarter and into the new financial year.

Activity in Groundforce was buoyed by good demand from the HS2 and Hinkley Point projects in addition to a supportive housebuilding sector. The general construction and civil engineering sectors outside of infrastructure were slower to recover in the year. The AMP7 water industry capital investment programme was frustrated as activity levels remained relatively subdued for most of what was the second full year of the five year AMP programme. The transition from the planning to implementation stage was delayed and we also saw regional differences in levels of AMP activity.

Investment in hire fleet grew by over 88% on prior year partially to satisfy increased demand and partially in anticipation of a busier AMP programme in the new financial year. The foundation year of Groundforce's three year digital roadmap went well as ecommerce capability was introduced to the website and the online, self-service specification tool, 'Your Solutions' for shoring was upgraded and continued to enjoy increased customer take-up.

Future prospects remain good with an anticipated increase in AMP and other infrastructure activity.

The **Groundforce Europe** business had an excellent year making good progress both in its core shoring offer and also with much improved activity in significant major project support solutions in Germany, Scandinavia and France. The signs remain positive for this to continue.

The **TPA UK** business traded well in the year with strong demand for roadway panels particularly from HS2 and the transmission sectors which provided an increase in longer term hires. The business delivered an excellent result for the year against a backdrop of product and labour cost inflation. We continued to invest in aluminium roadway panels, which enabled the business to meet solid demand. There will be further opportunities in both the construction and enabling phases of HS2 and the outdoor event sector should provide further demand as this market re-opens after a two year break.

For **TPA Europe** it was a successful, if challenging year, as the business consolidated a strong prior year performance. Demand from the transmission and renewables sectors was good in both Germany and Austria and we continued to support the business with new fleet investment. Whilst revenues grew there were some costs pressures in particular on transport and recruitment. The end markets for TPA in Germany and Austria remain positive for the coming year.

The **Brandon Hire Station** business secured further recovery particularly in the early months of the year, though activity levels did subsequently flatten out through to the end of the year. As reported before, construction markets were led by a buoyant repair and maintenance segment, whilst new build construction was less busy and impacted by materials and labour shortages. The business has good customer retention, but many of our SME customers are still trading on fewer contracts than they were pre-Covid. A number of new strategic accounts were secured in the period notably the tool and plant fleet of Watkin Jones plc, which was acquired at the end of the financial year alongside a five year sole supply arrangement.

In early 2022 the new Brandon Hire Station website was launched and developed as a progressive web app for use on mobile devices. We anticipate growth in this rental channel as customers increasingly interface with us on mobile devices. The National Partnered Service Centre made further excellent progress in the year in support of those of our customers who are looking for a captive provider for their rental requirements. The fleet investment programme in Brandon Hire Station moved ahead strongly in the year with a marked re-alignment towards environmentally friendly asset solutions for our customer base. The core fleet holding (top 350 products) continues to transition to battery powered, solar and electrically driven solutions and replacing traditional diesel / petrol powered products. These include e.g. mini excavators, hedge trimmers and cut-off saws. The older equipment continues to be sold off as new products are added to the fleet thereby accelerating the transition to greener fleet solutions.

In the year, Brandon Hire Station gained the FORS Gold accreditation for continuous improvement in driving standards and safety processes, together with RoSPA Gold award for Health & Safety. Recently ISO 50001, the International Standard for continuous improvement in environmental performance, energy efficiency and sustainability, was also secured by the Brandon Hire Station business.

ESS, our UK market leading Safety, Survey and Test & Measurement rental business had a good year and delivered excellent year on year profit growth. The completion of the Valero shutdown contract in Pembrokeshire made for a very busy start to the year for ESS. The focus of the business has been

in strengthening of the management team and the re-positioning of the divisions into a core (branch network) mainstream rental offer complemented by specialist services supporting the wider industrial sector in the UK. Operationally the business moved into new flagship premises in Manchester providing further operational capacity. Aside from the core survey and safety rental activities, ESS has some excellent additional service offers to their customer base including communications, confined space training, test & measurement, safety teams and breathing air solutions. These specific services provide further growth opportunities going forward, over and above the core survey and safety revenue streams.

MEP Hire ('MEP') which provides low level access and press fitting equipment and associated services to the mechanical, electrical and plumbing sectors delivered another excellent performance in the year. The business recovered quicker than most after the worst of the pandemic in the prior year and pleasingly this trend was maintained. The business benefitted from good demand from contracts in schools and hospitals alongside projects aimed at re-purposing existing buildings into living accommodation or re-configuring offices for new modes of working. MEP further expanded its national operational footprint opening new depots in Scotland and Manchester during the year. Recent growth in the business has been derived from further market penetration in the major conurbations outside of London. The important London market also started to recover back towards historic levels of demand. As previously reported, in November 2021, MEP acquired M&S Hire Limited, a South East based supplier to the large scale commercial fit out sector. This acquisition widens MEP's offer and also establishes an important foothold in the commercial fit out market. Capital investment in the fleet was strong combining fleet refreshment with the introduction of additional new and innovative product solutions to further enhance the customer experience.

Torrent Trackside experienced a relatively quiet rail market for most of the financial year, with activity only picking up in the final quarter. A number of larger projects such as the Transpennine Route Upgrade ('TRU'), the Transport for Wales, Core Valleys line upgrade and the CP6 programme in general offered lower demand than anticipated for most of the year. A contributory factor to a volatile 2021 was the cancellation of planned blockades and engineering works as the train operators struggled with a combination of Covid impact and major timetable changes. The good news is that these projects are now underway and the Network Rail High output contract also resumed in the final quarter.

Proactive investment in fleet was maintained to ensure supply to the customer base. The business further enhanced its sustainability focus with the acquisition of solar powered lighting products, via a strategic relationship with Prolectric, delivering excellent product efficiencies and emission reductions to our rail customers. The expectation is for improved and more consistent levels of rail demand into the new financial year as the major projects, listed above, in particular, gather further momentum.

INTERNATIONAL DIVISION

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue	£30.7 million	£26.7 million
Operating profit before amortisation and exceptionals	£1.5 million	£0.6 million
Investment in rental fleet	£4.6 million	£4.6 million

The International division reported operating profits before amortisation and exceptionals of £1.5 million, on revenues 15% ahead of prior year of £30.7 million (2021: £26.7 million).

The International division comprises Airpac Rentals, a global supplier to the energy sector and TR Group, which operates in Australia, New Zealand, Malaysia and Singapore and is a leading technical equipment rental group. The following section comments on the highlights and key actions for the two main business groupings within the International division.

The **Airpac Rentals** business made good progress in the year despite trading conditions remaining changeable. Operations were impacted by Covid restrictions causing customer driven contract delays due to lack of labour availability. In spite of this, revenues recovered well compared with prior year, driven by solid demand in Asia, and a much improved performance in Europe and Australia. The improved oil price certainly changed sentiment for the better in well testing where we have seen enhanced demand in both the North Sea and Asia. In Asia, the business also secured preventative maintenance revenues, and in Australia LNG infrastructure maintenance as shutdown activity increased. We have committed further investment to support a combination of high pressure pipeline applications and core well test, together with a growing focus on geothermal drilling projects. We acquired more electric compressors to support our European markets and to complement those electric units already on long term contracts in Asia and Australia as we seek to offer alternatives to diesel driven compressors where we can.

The **TR Group ('TR')** enjoyed a satisfactory year achieving results ahead of plan but still below pre-Covid levels. In spite of the extended lockdowns experienced, particularly in Australia and New Zealand, the business traded well overall. TR provides instrumentation and communication products to a wide range of markets including construction, mining and infrastructure.

In Australia, the closure of state borders actually contributed to improved activity in Western Australia and Queensland where the resource sectors experienced buoyant conditions. This was tempered by weaker non-resource driven markets in other Australian states. Highlights included a strong recovery in long term rental activity in the communication business Hirecom, and solid demand in TR New Zealand, Malaysia and Singapore. The audio visual business Vidcom, in New Zealand, had a better year with further development of their livestreaming solution for events customers compensating for the significantly reduced number of 'in person' events during the year. As elsewhere in the Vp Group, supply chain delays and cost inflation are common but, again, mitigated by a focus on increasing rental rates where possible.

TR anticipates further recovery, particularly in those market areas e.g. aviation and outdoor events, where demand has been subdued but where there is likely to be a catch up in due course.

Employees

The success of the Group is fundamentally down to the quality of our team and their individual and collective contributions to the ongoing development of the business.

We are therefore committed to provide relevant support to colleagues to allow them to develop as individuals within our business. We have launched a range of internal learning and development programmes during the year aimed at delivering on that commitment.

We have continued to invest in engineering apprenticeships group wide and are currently working on the 2022 intake for both apprentices and graduates across the Group. The Group HR team are leading a wide range of new initiatives including sales professional development, talent management, career pathways, mental health first aid, essentials of management and customer service training amongst others. We also invested in a new SAP, HR & Payroll system which will significantly streamline and modernise all areas of human resource administration. Allied to that we also introduced the SAP Litmos learning management system to support the learning and development initiatives listed above.

Environmental

We have continued, throughout the year, to invest in the journey to deliver on our commitment to achieve net carbon zero by 2050 in line with the Science Based Targets Initiative to which the Group has signed up. The Environmental Steering Group, which I chair, acts as the main co-ordinator in terms of the Group approach to this wide ranging topic. We have achieved ISO 50001, the International Energy Management System Standard across three of our businesses with the aim to attain this Group wide by the end of calendar year 2022. All of our businesses have continued to introduce new 'greener' equipment solutions to their customer base and I comment on some of those initiatives within the respective business sections. We supported three UK regional restoration and conservation projects during the year with allied employee engagement opportunities. We plan to continue our investment in such projects in the coming year.

Outlook

We are extremely pleased with the quality of the recovery in our trading performance as the impact of Covid-19 diminished during the financial year. These results not only demonstrate a significant increase in profitability but also importantly a material recovery in the quality of those profits measured by return on average capital employed.

The Group has made a positive start to the new financial year and in line with our expectations.

The markets, which the Group serves, are for the most part supportive and we believe offer good prospects for further increases in demand for our products and services into the new financial year. As with all businesses, the current challenges of managing cost inflation, supply chain delays and labour shortages are being met on a day-to-day basis.

The entire Vp team have contributed significantly to a successful year and we are well set as a Group to both embrace the opportunities, and manage through the inevitable challenges, over the next twelve months.

Neil Stothard
Chief Executive
8 June 2022

**Consolidated Income Statement
for the year ended 31 March 2022**

	Note	2022 £000	2021 £000
Revenue	1	350,915	307,997
Cost of sales		(263,950)	(259,887)
Gross profit		86,965	48,110
Administrative expenses		(43,968)	(42,427)
Operating profit before amortisation and exceptional items	1	46,299	30,928
Amortisation and impairment	1	(3,302)	(10,373)
Exceptional items	2	-	(14,872)
Operating profit		42,997	5,683
Net financial expense		(7,353)	(7,752)
Profit before taxation, amortisation and exceptional items		38,946	23,176
Amortisation and impairment	1	(3,302)	(10,373)
Exceptional items	2	-	(15,072)
Profit/(loss) before taxation		35,644	(2,269)
Taxation	5	(10,109)	(2,332)
Profit/(loss) attributable to owners of the parent		25,535	(4,601)
		Pence	Pence
Basic earnings per share	3	64.49	(11.62)
Diluted earnings per share	3	63.83	(11.62)
Dividend per 5p ordinary share interim paid and final deferred	6	36.0	25.0

*IFRS 16 was adopted on 1 April 2019 for statutory reporting. As a result, the primary statements are shown on an IFRS 16 basis. The note on alternative performance measures above provides the impact on the consolidated income statement for the period ended 31 March 2022, including the £3.0 million positive impact on operating profit before amortisation, (£43.3 million pre-IFRS 16), £2.9 million adverse impact on net financial expense (£4.4 million pre-IFRS 16) and £0.04 million positive impact on profit before taxation, amortisation and exceptional items (£38.9 million pre-IFRS 16).

**Consolidated Statement of Comprehensive Income
for the year ended 31 March 2022**

	2022	2021
	£000	£000
Profit/(loss) for the year	25,535	(4,601)
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of defined benefit pension schemes	693	(795)
Tax on items taken to other comprehensive income	(183)	56
Impact of tax rate change	110	-
<i>Items that may be subsequently reclassified to profit or loss</i>		
Foreign exchange translation difference	361	439
Effective portion of changes in fair value of cash flow hedges	221	584
Total other comprehensive income	1,202	284
Total comprehensive income/(expense) for the year attributable to owners of the parent	26,737	(4,317)

**Consolidated Statement of Changes in Equity
for the year ended 31 March 2022**

	2022	2021
	£000	£000
Total comprehensive income/(expense) for the year	26,737	(4,317)
Dividends to shareholders	(14,054)	(8,674)
Net movement relating to shares held by Vp Employee Trust	(516)	(5,076)
Share option charge in the year	1,249	1,098
Tax movements to equity	90	165
Impact of tax rate change	(11)	-
Movement in minority interest	(27)	-
Change in Equity	13,468	(16,804)
Equity at start of year	153,117	169,921
Equity at end of year	166,585	153,117

**Consolidated Balance Sheet
as at 31 March 2022**

	Note	2022 £000	Restated* 2021 £000
Non-current assets			
Property, plant and equipment		247,526	233,912
Intangible assets		62,422	64,366
Right of use assets		54,151	56,795
Employee benefits		2,738	2,175
Total non-current assets		366,837	357,248
Current assets			
Inventories		7,956	7,342
Trade and other receivables		76,057	66,472
Income tax receivable		-	817
Cash and cash equivalents	4	13,617	15,917
Total current assets		97,630	90,548
Total assets		464,467	447,796
Current liabilities			
Interest-bearing loans and borrowings	4	-	(73,009)
Lease liabilities	4	(14,147)	(16,477)
Income tax payable		(152)	-
Trade and other payables		(80,676)	(83,490)
Total current liabilities		(94,975)	(172,976)
Non-current liabilities			
Interest-bearing loans and borrowings	4	(144,221)	(64,814)
Lease liabilities	4	(43,496)	(44,603)
Provisions		(1,512)	(1,892)
Deferred tax liabilities		(13,678)	(10,394)
Total non-current liabilities		(202,907)	(121,703)
Total liabilities		(297,882)	(294,679)
Net assets		166,585	153,117
Equity			
Issued share capital		2,008	2,008
Capital redemption reserve		301	301
Share premium		16,192	16,192
Foreign currency translation reserve		(1,020)	(1,386)
Hedging reserve		-	(221)
Retained earnings		149,104	136,196
Total equity attributable to equity holders of the parent		166,585	153,090
Non-controlling interests		-	27
Total equity		166,585	153,117

* The comparative figures have been restated to reclassify a number of balances between financial statement line items. See note 7 for more details.

**Consolidated Statement of Cash Flows
for the year ended 31 March 2022**

		Restated*
		2021
	2022	2021
	£000	£000
Note		
Cash flow from operating activities		
Profit/(loss) before taxation	35,644	(2,269)
Share based payment charge	1,249	1,098
Depreciation	45,532	44,980
Depreciation of right of use asset	16,561	20,752
Amortisation and impairment	3,302	10,373
Release of arrangement fees	314	215
Financial expense	7,355	7,760
Financial income	(2)	(8)
Profit on sale of property, plant and equipment	(7,045)	(4,263)
Operating cash flow before changes in working capital	102,910	78,638
(Increase)/decrease in inventories	(614)	1,731
(Increase)/decrease in trade and other receivables	(9,133)	17,717
(Decrease)/increase in trade and other payables	(2,781)	14,450
Cash generated from operations	90,382	112,536
Interest paid	(4,456)	(4,723)
Interest element of lease liability payments	(2,940)	(3,342)
Interest received	2	7
Income tax paid	(6,282)	(2,867)
Net cash generated from operating activities	76,706	101,611
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	17,819	17,536
Purchase of property, plant and equipment	(68,679)	(46,582)
Acquisition of businesses and subsidiaries (net of cash acquired)	(2,693)	-
Net cash used in investing activities	(53,553)	(29,046)
Cash flow from financing activities		
Purchase of own shares by Employee Trust	(516)	(5,076)
Repayment of borrowings	(95,044)	(53,000)
New loans	102,044	17,000
Arrangement fees	(773)	-
Capital element of lease liability payments	(17,149)	(20,803)
Dividends paid	(14,054)	(8,674)
Net cash used in financing activities	(25,492)	(70,553)
(Decrease)/increase in cash and cash equivalents	(2,339)	2,012
Effect of exchange rate fluctuations on cash held	39	(242)
Cash and cash equivalents net of overdrafts at the beginning of the year	15,917	14,147
Cash and cash equivalents net of overdrafts at the end of the year	13,617	15,917

* The comparative figures have been restated to reclassify the interest element of lease liability payments. See note 7 for more details.

NOTES

The final results have been prepared on the basis of the accounting policies which are set out in Vp plc's annual report and accounts for the year ended 31 March 2022. The accounting policies applied are in line with those applied in the annual financial statements for the year ended 31 March 2021 and conform with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards ("IFRSs"). The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

Whilst the financial information included in this announcement has been computed in accordance with adopted IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements in June 2022.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2022 or 2021. Statutory accounts for 31 March 2021 have been delivered to the registrar of companies, and those for 31 March 2022 will be delivered in due course. The auditor has reported on those accounts; the reports were (i) unqualified, (ii) included a reference to going concern to which the auditor drew attention by way of emphasis without qualifying the report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 31 March 2021.

The financial statements were approved by the Board of Directors on 8 June 2022.

Going Concern

The going concern basis has been adopted in preparation of the consolidated financial statements. As noted in the Chairman's statement, on 28 April 2022 the Company launched a formal sale process (the 'sale'). As at the date of this report the sale process is in its early stages and as a result the Directors do not have visibility of the Company's post sale ownership or funding structure, including the terms on which such funding will be provided. In addition, the Group's existing committed debt facilities contain standard change of control clauses which, upon completion of the sale process, could result in the existing committed debt facilities being withdrawn. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern.

Notwithstanding the above, the Directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these financial statements. The Directors have reviewed the Group's and parent company's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the Group and parent company financial statements on the going concern basis. The Group and parent company forecast positive cash inflows through a pipeline of existing and new hire agreements and other services; the Group and parent company also have sufficient finance facilities available if required. The assessment included an analysis of the Group's and parent company's current financial position, ability to trade, principal risks facing the Group, and the effectiveness of its strategies to mitigate the impact of liquidity risks.

1. Business Segments

	Revenue		Operating profit before amortisation and exceptional items	
	2022	2021	2022	2021
	£000	£000	£000	£000
UK	320,203	281,309	44,704	30,266
International	30,712	26,688	1,595	662
Total	350,915	307,997	46,299	30,928

Operating profit before amortisation and exceptional items is reconciled to profit before tax in the Income Statement. In addition, all performance measures stated as before amortisation are also before impairment of intangibles and exceptional items.

The amortisation and impairment charge of £3.3 million (2021: £10.4 million) includes £nil (2021: £7.1 million) in relation to impairment of goodwill and intangibles. Furthermore, return on average capital employed is based on profit before tax, interest, amortisation and exceptional items divided by average capital employed on a monthly basis.

2. Exceptional Items

During the year, the Group incurred no exceptional costs. The prior period costs are analysed as follows:

	2022 £000	2021 £000
Regulatory review costs	-	7,519
Restructuring costs	-	7,353
Exceptional items recognised in Operating Profit	-	14,872
Financing expense	-	200
Exceptional items recognised in Net Financial Expenses	-	200
Total Exceptional items	-	15,072

During the year to 31 March 2021, the Group incurred £15.1 million of exceptional costs in relation to regulatory review costs, restructuring costs and Covid-19 covenant amendments. The regulatory review costs related to an investigation by the Competition and Markets Authority which was concluded in February 2021.

3. Earnings Per Share

The calculation of basic earnings/(loss) per share of 64.49 pence (2021: (11.62) pence) is based on the profit attributable to equity holders of the parent of £25,535,000 (2021: loss of £4,601,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2022 of 39,597,000 (2021: 39,595,000), calculated as follows:

	2022	2021
	Shares 000s	Shares 000s
Issued ordinary shares	40,154	40,154
Effect of own shares held	(557)	(559)
Weighted average number of ordinary shares	39,597	39,595

Basic earnings per share before the amortisation of intangibles and exceptional items was 71.24 pence (2021: 46.56 pence) and is based on an after tax add back of £2,675,000 (2021: £23,073,000) in respect of the amortisation of intangibles and exceptional items.

The calculation of diluted earnings per share of 63.83 pence (2021: (11.62) pence) is based on profit attributable to equity holders of the parent of £25,535,000 (2021 loss of £4,601,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2022 of 40,009,000 (2021: 40,218,000), calculated as follows:

	2022	2021
	Shares 000s	Shares 000s
Weighted average number of ordinary shares	39,597	39,595
Effect of share options in issue	412	623
Weighted average number of ordinary shares (diluted)	<u>40,009</u>	<u>40,218</u>

Diluted earnings per share before the amortisation of intangibles and exceptional items was 70.51 pence (2021: 45.84 pence). The calculation of diluted earnings per share in the prior year does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

4. Analysis of Net Debt

	As at 31 Mar 2021	Cash movements	Non-cash movements	As at 31 Mar 2022
	£000	£000	£000	£000
Secured loans	138,143	6,857	-	145,000
Arrangement fees	(320)	(773)	314	(779)
Cash and cash equivalents	<u>(15,917)</u>	<u>2,339</u>	<u>(39)</u>	<u>(13,617)</u>
Net debt excluding lease liabilities	121,906	8,423	275	130,604
Lease liabilities	<u>61,080</u>	<u>(17,149)</u>	<u>13,712</u>	<u>57,643</u>
Net debt including lease liabilities	<u>182,986</u>	<u>(8,726)</u>	<u>13,987</u>	<u>188,247</u>

Year end gearing (calculated as net debt expressed as a percentage of shareholders' funds) stands at 77% (2021: 78%).

As at 31 March 2022 the Group had £183.0 million (2021: £200.0 million) of debt capacity comprising committed revolving credit facilities of £90.0 million and private placements of £93.0 million. In addition to the committed facilities, the Group net overdraft facility at the year-end was £7.5 million (2021: £7.5 million).

The Group had £135.0 million of revolving credit facilities which were due to mature in December 2021. Consequently in April 2021, the Group drew down a new £28.0 million seven year private placement under the existing agreement with PGIM, Inc. In June 2021, the Group also refinanced its £135.0 million committed revolving credit facilities with a new £90.0 million facility. The new revolving credit facility agreement also includes a £20.0m uncommitted accordion facility.

5. Taxation

The charge for taxation for the year represents an effective tax rate of 28.3% (2021: -102.8%). The underlying tax rate was 20.6% (2021: 24.2%) before exceptional items, prior year adjustments, impact of tax rate changes and impairment of intangible assets.

6. Dividend

The Board has proposed a final dividend of 25.5 pence per share to be paid on 5 August 2022 to shareholders on the register at 24 June 2022. Including the interim dividend of 10.5 pence per share, this makes a total dividend for the year of 36.0 pence per share (FY-2021: 22.0 pence per share).

The ex-dividend date will be Thursday 23 June 2022 and the last day to elect to participate in the dividend reinvestment plan will be Friday 8 July 2022.

7. Restatement of prior year balances

Following a review of certain financial statement line items within the consolidated balance sheet and the consolidated statement of cash flows the directors identified a number of errors impacting the prior period, which have been adjusted in these financial statements, as follows:

a) Right of use assets and lease liabilities

Certain leases entered into in the periods up to and including the financial year ended 31 March 2021 had not been previously captured in the accounting under IFRS 16. The impact of correcting this error on the balance sheet at 31 March 2021 was to increase right of use assets by £3.5 million, current lease liabilities by £0.8 million and non-current lease liabilities by £2.6 million. There was no impact on the Income Statement for the year ended 31 March 2021 or on the balance sheet at 1 April 2020 consequently there was no impact on opening reserves.

b) Classification of items within trade and other payables

Certain items previously classified within trade and other payables should have been classified into either lease liabilities or provisions on the balance sheet. The impact of correcting this error on the balance sheet at 31 March 2021 was to decrease trade and other payables by £2.7 million, increase provisions by £1.9m and increase current lease liabilities by £0.8 million. There was no impact on the Income Statement for the year ended 31 March 2021. If the same changes had been made at 1 April 2020, the impact would have been to decrease trade and other payables by £1.2 million, increase provisions by £0.8 million and increase current lease liabilities by £0.4 million. Consequently there was no impact on opening reserves.

The total impact of correcting the above errors on the balance sheet at 31 March 2021 was to increase right-of-use assets from £53.3 million to £56.8 million, current lease liabilities from £14.9 million to £16.5 million, non-current lease liabilities from £42.0 million to £44.6 million and provisions from nil to £ 1.9 million. Trade and other payables decreased from £86.2 million to £83.5 million.

c) Classification of interest in the consolidated statement of cash flows

Interest on lease liabilities had been included within 'Payments for lease liabilities' (now renamed to 'Capital element of lease liability payments') in the 'Cash flows from financing activities' section of the consolidated statement of cash flows, rather than within 'Interest element of lease liability payments' within the 'Cash flows from operating activities' section. The impact of this correction on the consolidated statement of cash flows for the year ended 31 March 2021 was to decrease 'Capital element of lease liability payments' by £3.3 million from £24.1 million to £20.8 million and increase 'Interest element of lease liability payments' from £nil to £3.3 million. 'Net cash generated from

operating activities' for the year ended 31 March 2021 is therefore £3.3 million lower than as previously reported and 'Net cash used in financing activities' is lower by the same amount.

8. Principal risks and uncertainties

The Board is responsible for determining the level and nature of risks it is appropriate to take in delivering the Group's objectives, and for creating the Group's risk management framework. The Board recognises that good risk management aids effective decision making and helps ensure that risks taken on by the Group are adequately assessed and challenged.

The Group has an established risk management strategy in place and regularly reviews divisional and departmental risk registers as well as the summary risk registers used at board level. A risk register is prepared as part of the due diligence carried out on acquisitions and the methodology is subsequently embedded.

All risk registers have a documented action plan to mitigate each risk identified. The progress made on the action plan is considered as part of the risk review process. Within the last financial year the Group Internal Audit Department has completed key control reviews in all divisions.

The summary divisional and departmental risk registers and action plans were reviewed at risk meetings held in May 2022. In all cases it is considered that the risk registers are being used as working documents which provides the required assurance that existing risks are being managed appropriately. Work is also underway on communicating risk registers more effectively using our chosen visualisation software. This will enhance accountability over key risk areas.

The risk registers are reviewed at the start (to facilitate the planning process) and at the end of each internal audit project. A post audit risk rating is agreed with management. If new risks are identified following an audit project they are added to the relevant risk register. Heat maps illustrating post audit risk ratings and new risks are provided to the board in each published internal audit report.

Further information is provided below on our principal risks and mitigating actions to address them.

Market risk

Risk description

An economic downturn (as a result of economic cycles, political or global uncertainty) could result in worse than expected performance of the business due to lower activity levels or prices.

Mitigation

Vp provides products and services to a diverse range of markets with increasing geographic spread. The Group regularly monitors economic conditions and our investment in fleet can be flexed with market demand.

Competition

Risk description

The equipment rental market is already competitive and could become more so, potentially impacting market share, revenues and margins.

Mitigation

Vp aims to provide a first class service to its customers and maintains significant market presence in a range of specialist niche sectors. The Group monitors market share, market conditions and competitor performance and has the financial strength to maximise opportunities.

Investment/product management

Risk description

In order to grow it is essential the Group invests in first class products at attractive prices and keeps them well maintained.

Mitigation

Vp has well established processes to manage its fleet from investment decision to disposal. The Group's return on average capital employed was 14.5% (FY-2021: 9.2%) in 2021/22. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies. During the year the Group invested £59.8 million in fleet capital (FY-2021: £40.2 million).

People

Risk description

Retaining and attracting the best people is key to our aim of exceeding customer expectations and enhancing shareholder value.

Mitigation

Vp offers well-structured reward and benefit packages, and nurtures a positive working environment. We also try to ensure our people fulfil their potential to the benefit of both the individual and the Group, by providing appropriate career advancement and training.

Safety

Risk description

The Group operates in industries where safety is a key consideration for both the wellbeing of our employees and customers that hire our equipment. Failure in this area would impact our results and reputation.

Mitigation

The Group has robust health and safety policies and management systems. Our induction and training programmes reinforce these policies. We have compliance teams in each division.

We provide support to our customers exercising their responsibility to their own workforces when using our equipment.

Financial risks

Risk description

To develop the business, Vp must have access to funding at a reasonable cost. The Group is also exposed to interest rate and foreign exchange fluctuations which may impact profitability and has exposure to credit risk relating to customers who hire our equipment.

Mitigation

The Group has borrowing facilities of £190.5 million and strong relationships with all lenders. Our treasury policy defines the level of risk that the Board deems acceptable. Vp continues to benefit from a strong balance sheet, and EBITDA, which allows us to invest into opportunities.

Our strong balance sheet position and committed borrowing facilities also provide adequate headroom to pursue growth opportunities or against any potential downturn in activity. The Group ended the financial year in a healthy financial position and continues to generate strong cash flows. After funding the acquisition of M & S Hire Limited for £2.8 million and a year on year increase in fleet capital investment of £19.6 million, net debt increased by only £8.7 million from £121.9 million at 31 March 2021 to £130.6 million at 31 March 2022. Management are in regular dialogue with our lenders who continue to express their commitment to the business.

Our treasury policy requires a significant proportion of debt to be at fixed interest rates and we facilitate this through fixed interest borrowings. We have agreements in place to buy or sell currencies to hedge against foreign exchange movements. We have strong credit control practices and use credit insurance where it is cost effective. Debtor days were 55 days (2021: 56 days) and bad debts, as a percentage of revenue remained low at 0.6% (2021: 0.6%).

Contractual risks

Risk description

Ensuring that the Group commits to appropriate contractual terms is essential; commitment to inappropriate terms may expose the Group to financial and reputational damage.

Mitigation

The Group mainly engages in supply only contracts. The majority of the Group's hire contracts are governed by the hire industry standard terms and conditions. Vp has defined and robust procedures for managing non-standard contractual obligations.

Climate change

Risk description

The effects of climate change and the transition to a lower carbon economy could lead to increasing levels of regulation and demands on the business from customers, employees and shareholders. Changes in weather patterns may increase the likelihood of disruption to our business, although this is considered minimal at this stage.

Mitigation

The Group has formally declared to be net carbon zero by 2050 at the latest. This declaration is part of a wider body of work in relation to quantifying and ultimately reducing the environmental impact of the Group's operations. Once our scope 3 inventory is complete the Group will commit to, and publish, Science-Based Targets.

Legal and regulatory requirements

Risk description

Failure to comply with legal or regulatory obligations culminating in financial penalty and/or reputational damage.

Mitigation

The Group mitigates this risk utilising:

- Specialist Project Committees (e.g. GDPR) with ongoing responsibility to review key compliance areas and investigate breaches and non-conformance.
- Assurance routines from Group Internal Audit and External Auditors.
- Comprehensive training and awareness programmes rolled out to the wider business (including GDPR, Modern Slavery, Competition Law, Bribery and Corruption) by representatives from Group Finance, HR, Internal Audit and IT. Many of these programmes are completed using our preferred on line training portals.
- Established whistleblowing policy circulated to all employees.
- Use of legal advisers where required.

8. Forward Looking Statements

The Chairman's Statement and Business Review include 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.

9. Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 March 2022 will be provided to shareholders before the end of June 2022.

Directors' Responsibility Statement in Respect of the Annual Financial Report (extracted from the Annual Financial Report)

We confirm that to the best of our knowledge:

- The Group and Parent Company financial statements which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company; and
- The Business Review and Financial Review, which form part of the Directors' Report, include 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 the description of the principal risks and uncertainties that they face.

Alternative Performance Measures

- (i) All performance measures stated as before amortisation are also before impairment of intangibles and exceptional items.
- (ii) Basic earnings per share pre amortisation and exceptional items is reconciled to basic earnings per share in note 3.
- (iii) Profit before tax, amortisation and exceptional items is reconciled to profit before tax in the Income Statement.

- (iv) EBITDA is reconciled to profit before tax, amortisation and exceptional items by adding back net financial expenses and depreciation.
- (v) Return on average capital employed is based on profit before tax, interest, amortisation and exceptional items divided by average capital employed on a monthly basis using the management accounts. Profit before tax, interest, amortisation and exceptional items is reconciled to profit before interest and tax in the Income Statement.

For and on behalf of the Board of Directors.

J F G Pilkington
Director

A M Bainbridge
Director

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