For immediate release **8 June 2021**

Vp plc

(‘Vp’, the ‘Group’ or the ‘Company’)

Final Results

‘PBT ahead of market expectations, debt significantly reduced, strong start to new financial year and supportive market backdrop’

Vp plc, the equipment rental specialist, today announces its audited Final Results for the year ended 31 March 2021 (FY-2021) and an update on the Group’s trading to date in FY-2022.

An excellent recovery for the business after an extremely difficult period against a pre-Covid comparator, demonstrating the strength of our model.

Financial Highlights

	FY-2021	FY-2020
Revenues (£m)	**308.0**	362.9
Profit before tax, amortisation and exceptional items (£m)	**23.3**	47.1
Return on average capital employed	**9.2%**	14.5%
Basic EPS pre-amortisation and exceptional items (pence)	**46.8**	91.0
Proposed final dividend (pence per share)	**25.0**	*22.0
EBITDA before exceptional items (£m)[1]	**72.7**	98.1
Net debt (£m)	**121.9**	159.8
Capital investment in rental fleet (£m)	**40.2**	49.1
Exceptional items	**(15.1)**	(1.5)
Statutory loss before taxation (£m)	**(2.3)**	28.4
Statutory (loss)/earnings per share (pence)	**(11.6)**	46.9
Profit before tax, amortisation and exceptional items inclusive of IFRS 16 impact (£m)	**23.2**	46.6

* Special dividend in lieu

Operational Highlights

- Continued innovation, strategic and operational progress:
  - Digital upgrades across the entire business
  - Installation of Omni channel software, new app launching in Q2 and data led IT systems
  - Sales resources unaltered providing customers with a consistent service throughout the year, maintaining strong customer relationships
- Significant steps taken to reduce costs and preserve cash in response to Covid-19:
  - Closed or merged 25 business locations to streamline the business
  - Aligned the opening of locations with the return to work of customers
  - Secured material cost reductions in areas such as the commercial vehicle fleet
- Environmental, Social and Governance (ESG) initiatives maintained across all divisions

Outlook / Current FY-2022 Trading

- Strong start to the financial year
- Trading supported by positive market backdrop with infrastructure sector poised for growth in the coming year and the house building and construction sectors showing signs of sustained improvement with some good customer contract renewals
- Increasing confidence in the prospects for the coming year

Commenting on the Final Results, Jeremy Pilkington, Chairman of Vp plc, said: "I am pleased to be reporting a set of results that are ahead of our expectations in a year that has seen unprecedented challenges for the business and its customers. The past twelve months saw a focus on cash management which delivered a significant reduction in net debt.

"We have exited the year at nearly pre-Covid levels which is a better recovery than we anticipated at the beginning of the pandemic. Given that we are reporting results beyond the upper end of original expectations, and reflecting our confidence in the prospects of the Group, the Board is recommending a final dividend of 25.0 pence per share.

"As we look to the future with renewed optimism, I would like to thank all colleagues at Vp for their hard work and dedication throughout what has been the most challenging of times."

Neil Stothard, Chief Executive of Vp plc, added: "The Covid-19 pandemic has brought out the very best in the business against the severest of backdrops and in response to a significant downturn in activity early in the last financial year, we took significant steps to de-risk the business by reducing costs. We finished the prior year well and I am pleased to confirm that we have maintained this into April and May of the new financial year, which has started strongly for us.

"Looking ahead, the market backdrop for Vp is positive. Our core markets of infrastructure, housebuilding and construction are showing positive signs of sustained growth. At the onset of the pandemic I said that we were entering a period of significant economic uncertainty with an excellent and financially robust business and we planned to exit with an equally strong business, which I believe has been achieved.

"Vp has proven over time and throughout other economic downturns that its business model can continue to deliver quality, market leading earnings, for our shareholders. We are excited about the prospects for the coming year which we approach with increasing confidence."

- 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.

For further information:

Vp plc Tel: +44 (0) 1423 533 400

Jeremy Pilkington, Chairman www.vpplc.com

Neil Stothard, Chief Executive

Allison Bainbridge, Group Finance Director

Media enquiries:

Buchanan

Henry Harrison-Topham / Jamie Hooper / George Beale Tel: +44 (0) 20 7466 5000

Vp@buchanan.uk.com www.buchanan.uk.com

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 IFRS 16 basis. The table below provides the impact on the consolidated income statement for the period ended 31 March 2021. As the decision makers currently allocate resource and assess performance primarily on an IAS 17 basis, 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 decreased by 0.2 pence for the period to 31 March 2021 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 2021 is set out below:

	Excluding IFRS 16 £000	IFRS 16 Impact £000	**Reported £000**
Operating profit before amortisation and exceptional items	27,721	3,207	**30,928**
Operating (loss)/profit	2,476	3,207	**5,683**
EBITDA	72,701	23,959	**96,660**
Net financial expense	(4,448)	(3,304)	**(7,752)**
Profit before taxation, amortisation and exceptional items	23,273	(97)	**23,176**
Loss before taxation	(2,172)	(97)	**(2,269)**

- 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 very pleased to report on what we consider an extremely satisfactory outcome for the year to 31 March 2021 given the unique challenges that the business has faced this year.

The majority of our revenue decline was suffered in March and April 2020 as Covid lockdowns impacted most heavily and immediately. Thereafter, revenues have progressively recovered across our businesses although varying in pace and extent. We have exited the financial year with revenue run rate at 95% of prior year, an exceptionally strong recovery of which we had no expectation at the beginning of the pandemic.

Profit before tax, amortisation and exceptional items was £23.3 million (2020: £47.1 million) on revenues down by 15% to £308.0 million (2020: £362.9 million). EBITDA was £72.7 million (2020: £98.1 million) A relentless focus on cash management helped to reduce year end debt by £37.9 million to £121.9 million (2020: £159.8 million) whilst at the same time enabling us to support specific high return on capital investment opportunities to the extent of £40.2 million (2020: £49.1 million).

Return on average capital employed slipped to 9.2% (2020: 14.5%) and earnings per share largely tracked reduced profitability to 46.8 pence per share (2020: 91.0 pence per share).

As we announced at the time of our Interim results, the Board wished to have better visibility for the out turn for the year as a whole before declaring a dividend. We are now reporting results beyond the upper end of our original expectations and therefore the Board will be recommending the payment of a final dividend of 25.0 pence per share (2020: Special Dividend 22.0 pence per share). Subject to shareholders approval at the Annual General Meeting to be held on 22 July 2021, it is proposed to pay the final dividend on 5 August 2021 to members registered at 25 June 2021. Historically our dividend policy has sought to maintain dividends over the economic cycle having due regard to future prospects as well as immediate performance and we have been guided by a dividend cover ratio in the range of 2.5 to 3 times net earnings. We have more recently operated outside of the upper limit of this range. Going forward, we intend to more fully distribute earnings and operate more towards the lower end of that range.

We did initially participate in the Government's job retention scheme but all use of furlough support was ended in October 2020. At no time did the company access Government support loans or seek funding from shareholders. Throughout the period the Company operated within its existing banking covenants although we did secure a precautionary, temporary easing of these measures, which ultimately were neither required nor utilised.

As has already been announced, after an investigation lasting almost four years, the Competition and Markets Authority ("CMA") announced that there had been a breach of competition law by three major suppliers of groundworks products for hire in the UK, including the Group's excavations support business, Groundforce Shorco. The CMA imposed a penalty of £11.2 million on the Company. We fundamentally disagree with the conclusions of the CMA but the Board reluctantly decided that it was not in the best interests of the business to contest this finding given the uncertainty of the process, the costs and the continued distraction that it would represent to senior management. Vp has always prided itself on a corporate ethic of fairness, integrity and respect. We believe that our behaviour continues to exemplify these values irrespective of the CMA's findings.

Vp has always placed itself at the forefront of innovation and I am very pleased to highlight the many initiatives that are taking place throughout the business. Reduction of our carbon footprint, addressing broader areas of environmental performance and the application of information technology to enhance the customer experience are just some of the programmes described in more detail in the Business Review.

As we hopefully return to more normal trading conditions, uninhibited by Government restrictions, we feel the market backdrop for Vp is very positive. Particularly in the UK, major infrastructure and levelling up projects provide significant upside growth opportunities for the Group over the immediate and longer term. Internationally the prospects for our energy business look better now than they have for some time and the TR business appears set to benefit from effective local pandemic responses. Extended supply chains and shortages of certain construction materials provide some challenges in the short term and against which we have taken mitigation measures wherever possible.

I would like to extend a special thanks to all our employees at this time as they have responded to these unprecedented challenges with a courage and energy that has been remarkable to witness.

Jeremy Pilkington
Chairman
8 June 2021

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 2021	Year ended 31 March 2020
Revenue	**£308.0 million**	£362.9 million
Operating profit before amortisation and exceptionals	**£27.7 million**	£51.9 million
Operating margin	**9.0%**	14.3%
Investment in rental fleet	**£40.2 million**	£49.1 million
Return on average capital employed	**9.2%**	14.5%
Statutory Operating profit	**£5.7 million**	£37.2 million

The year to 31 March 2021 was an extremely challenging trading period for the Group against a backdrop of a global pandemic and the inevitable impact on economic conditions.

Whilst Group operating profits before amortisation and exceptional items were significantly reduced at £27.7 million compared with prior year of £51.9 million this represented an excellent recovery from the business after an extremely difficult first quarter trading impacted by national shutdowns. Operating margins decreased to 9.0% (2020: 14.3%) with Group revenues at £308.0 million (2020: £362.9 million) 15% down on prior year. Return on average capital employed inevitably reduced to 9.2% from prior year of 14.5%. Whilst this is below our average ROACE for the last five financial years of 15.2%, we remain confident of restoring this important measure towards historic levels as markets recover and we maintain our investment disciplines with the deployment of increased capex.

EBITDA before exceptionals was £72.7 million (2020: £98.1 million) and cash generation from trading remained robust. Net debt at 31 March 2021 was £121.9 million (2020: £159.8 million), a significant reduction of £37.9 million in the period, clearly demonstrating the Group's ability to pay down debt even in the most testing of circumstances.

With activity subdued during the year, the investment in rental fleet was tailored accordingly with a reduced gross capital expenditure of £40.2 million, (2020: £49.1 million). Fleet disposal proceeds were £17.5 million (2020: £21.4 million) generating profit on disposals of £4.3 million (2020: £8.9 million). We have recently seen supply chain lead times extend significantly and we have committed new capex during March 2021 to mitigate potential short falls in products later in the year.

To deliver a PBTA of £23.3 million is a tremendous achievement and this underlines the quality of the business streams that we have in Vp and the confidence derived from our success over the long term. Our specialist divisions within the UK, Europe and other International regions provide a level of diversity of risks which, even against a poor market backdrop, demonstrate the resilient characteristics of our business model.

With the rapid onset of Covid-19 in March 2020, most Group activities were severely impacted by lockdowns and in the final two weeks of March 2020 we saw demand for our products and services drop significantly as customers closed down sites.

In response to the severe downturn in activity, we had to take significant steps to de-risk the business by reducing costs. As the year progressed many mothballed locations were re-opened and furloughed employees returned to work. We controlled this process so as to align with the return to work of our customers. We closed or merged 25 business locations and also secured material cost reductions in other areas of expenditure such as the commercial vehicle fleet. Overall the average headcount in the Group reduced by 279 (9%), of which 187 were in operational roles and 86 in administration and included 160 redundancies. Sales resources were largely unaltered and available to our customers throughout the year.

The Covid-19 pandemic brought out the very best in the business against the severest of backdrops.

Whilst carefully operating defined safe working protocols, our colleagues on the ‘front line’ delivering and collecting equipment, maintaining fleet or opening branches have done a tremendous job in maintaining the quality of our services to those of our customers who needed it. Equally many colleagues have had to adapt to working remotely and this has proven to be a manageable temporary solution throughout the worst of the pandemic.

UK DIVISION

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue	**£281.3 million**	£331.0 million
Operating profit before amortisation and exceptionals	**£27.2 million**	£50.2 million
Investment in rental fleet	**£35.6 million**	£41.0 million

Operating profits (before amortisation and exceptionals) in the UK division decreased to £27.2 million compared with £50.2 million prior year. Revenues of £281.3 million (2020: £331.0 million) were 15% down 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 the UK divisions support the three core sectors of infrastructure, construction and housebuilding.

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

The **UK Forks** materials handling business had a satisfactory year, recovering well from a difficult first few months once housebuilding re-opened during May 2020. All depots remained operational throughout the pandemic. A customer first approach has been key, with all account managers remaining available to customers throughout the year, and as a result, customer retention has remained extremely high. A number of major housebuilder agreements were also renewed for the coming year. Whilst capital investment has been reduced, the business has continued to grow the rotational and heavy lift telehandler fleet. Digital enhancements to operational performance includes further upgrades to the JCB Live Link system enabling our customers to receive real time data on fleet usage and help them manage important targets such as fuel consumption and CO^2 emissions. A focus on environmental matters has seen UK Forks invest in both battery powered electric teletruks and electric telehandlers. They are new products to the market and key to engagement with our customers in achieving their environmental goals. We have also been trialling the use of hydrogenated vegetable oil (H.V.O) on our existing telehandler fleet which, if proved to be successful, will deliver exceptional carbon foot print reductions. Heading into the new financial year the utilisation of our fleet is very high, and exacerbated by the increased lead times for new product which are causing pinch points on supply. Demand from housebuilding remains strong and general construction continues to improve.

The **Groundforce** excavation support business has seen some recovery in civil engineering work but there is still more to come. The water industry investment programme (AMP 7) was in its first year of five and, impacted by Covid-19, was slower than normal to transition from the planning to implementation stage. This should start to accelerate in the coming year. In addition, we are also optimistic that other large infrastructure projects like HS2 and the new Thames Crossing will provide further demand for our shoring and associated excavation support products.

Focussed on improving our customer interaction, initiatives embracing our digital strengths include the enhancement of our hire system by the introduction of a mobile, tablet driven solution within both Groundforce and elsewhere across Vp. This provides a mobile system for our

operational and commercial teams whilst delivering material benefits to our customers. We have further enhanced the customer experience by the launch of 'Your Solution' which is a self-serve app which allows customers to create simple but safe excavation designs, 24/7, ahead of finalising the detailed solution with our engineering design team, a much more efficient and validated process. An in-house developed pressure testing app 'Pressure Tests +' to support our AMP7 framework customers was also launched in the year. Fleet investment was maintained and this included, new excavator attachment solutions for both the rail and road infrastructure customer base.

In Europe, the Groundforce business suffered from regional Covid-19 driven restrictions. These regional constraints materially impacted the construction sector in Germany, Austria and France. Both core shoring and major project contracts suffered resultant delays. We are however encouraged by progress into the new financial year as both delayed and new projects are starting to come on stream.

The **TPA UK** business which offers temporary access solutions had an excellent year underpinned by strong demand for portable roadway products. There was rapid growth in activity from contractors working on the HS2 project, both on the enabling and construction phases. This was supplemented by solid demand from the transmission and ground investigation markets, and despite outdoor events being completely closed in the year. TPA also delivers rapid rail access solutions to the rail sector. The transition to CP6, the new five year framework in the UK rail market, was slow and further impacted by Covid. TPA's rail activity only started to materially recover in the second half of the year. The strength of demand for roadway product saw the business invest in further rental fleet in support of the core customer base and backed by our positive longer term view of the market.

The aluminium roadway panels have a long lifespan, are manufactured from re-cycled metal, and are 100% recyclable at the end of life, demonstrating a superior environmental solution to that of many composite alternatives. Looking ahead, continuation of the longer term HS2 work, an anticipated uplift of CP6 activities in the rail sector, and the resumption of the outdoor event sector, are all seen as excellent market opportunities for TPA UK.

In **Europe, the TPA** business also traded well with good demand from transmission and construction customers and despite the disruption of the various lockdowns in Germany and Austria. As in the UK, the TPA Europe business has exposure to the outdoor event sector which was also closed during the year. Stable demand from the transmissions market more than compensated for this. We have continued to invest in the roadway fleet, encouraged by the prospect of resilient long term demand from the transmission, renewable energy and gas pipeline sectors all of which are benefitting from government infrastructure investment in Germany and surrounding countries.

Brandon Hire Station, our tool and equipment hire specialist business, entered the new financial year against a backdrop of a national lockdown and a temporarily closed construction sector. Revenues fell by 50% during April 2020 compared to the prior year and as previously reported, over 100 locations were mothballed and large numbers of employees furloughed. Despite this, 70 locations remained open for business throughout as our activities were classified as essential in support of the health, utility and transport sectors and subsequently the construction sector, as that market also re-opened. The sales team was retained in full throughout the year and, as elsewhere in the Group, this enabled us to maintain relationships with our customers, which was invaluable to them particularly in those difficult early months. The business has subsequently merged sixteen, and closed nine branch locations to maintain an efficient, but still comprehensive, national tool hire network. Our national business offers local service to a broad customer base and focuses on availability and quality. Despite the myriad of challenges and

changes over the last twelve months, keeping it simple has been the guiding mantra and we expect this to pay dividends as the market picks up.

Brandon Hire Station has developed its digital approach over recent years aiming to leverage the associated benefits of a more efficiently run business together with a transactional relationship which offers customers market leading, quality management information. All fleet assets at branches are bar coded and scanned in and out to customers, and transactions are paperless. All deliveries are managed by our drivers using tablet based mobile technology and we are able to keep our customers up to date via text at each stage of the transaction.

We expect to deliver the majority of our orders within a two to three hour window and this quality of service can only be achieved by having industry leading availability of tool hire fleet. Our IT system assimilates both historical and current rental data to help us establish minimum stock holding levels on the top 350 lines at all branches. This system has been in place for a number of years and it is designed to make it possible for us to say 'Yes' whenever a customer requests a product.

Our National Customer Service Centre in Manchester handles a third of all tool hire orders, processing over 18,000 transactions per month. The installation of Omni channel software has boosted productivity and upgraded our response to customers whether via web, email, phone, SMS, live chat or social media. A new progressive app will be launched to customers early in the new financial year allowing customers to self-transact in a seamless manner. We believe this will be transformational for our already strong SME customer base. A key positive from the pandemic was the emergence of a revitalised DIY sector. Online revenues more than trebled compared with prior year and we estimate Brandon Hire Station now captures c. 15% of all online tool hire transactions in the UK via its website, a share that is continuing to grow.

Brandon Hire Station also completed a successful first year supporting the new, minimum six year duration, Network Rail contract and this will be the eleventh year of managing and supplying Network Rail's small tool requirements. Infrastructure projects on the rail network continued throughout the pandemic. The business also provided regular essential support to certain NHS departments during the year and continues to do so.

Brandon Hire Station is targeting further investment in eco-friendly equipment to add to the rental fleet and the move away from diesel powered, to electric and solar powered products is well underway. The portable toilets offer is being rolled out nationally and investment has been committed to deliver on that plan. The Brandon Hire Station partnered services business has seen a rapid acceleration in revenues over the last 12 months. This activity acts as a transaction vehicle for all Vp products, alongside over 20 other key product suppliers from outside of the Vp group. This offer is aimed at those specific customers who require a single transactional source for all their rental requirements.

Looking forward, the Brandon Hire Station business, with a genuine national footprint of 160 locations, is an attractive local tool hire source, whilst also offering the largest tool hire network of branches in the UK. It operates the largest owned tool hire fleet, and the largest delivery fleet, providing support to those larger customers who require a consistent and reliable national service. We are confident that an already successful combination of availability and reliability together with the most experienced rental staff in the industry will deliver further success for Brandon Hire Station this year.

ESS remains the market leading safety and survey rental business in the UK and whilst inevitably impacted by Covid restrictions stayed open for business throughout providing not only vital support throughout the pandemic to key national infrastructure organisations such as the NHS

but also the rail, communications, and utilities sectors. Revenues had reached c.95% of pre-Covid levels by the close of the financial year. Highlights included the award of a three year sole supply agreement of rail and location equipment to Colas Rail, together with the successful delivery of a wide range of services in support of a major shutdown at the Valero oil refinery in Pembrokeshire supplying almost 2500 contractors. ESS also completed a successful withdrawal of its operations in the Netherlands at the end of the financial year enabling the division to concentrate its resources and energies on the significant opportunities available in the UK market. Capital investment was maintained during the year with a particular focus on the survey and test & measurement fleets to meet renewed demand. The division has invested in the operation of hybrid service vehicles in London with a view to significantly reducing vehicle emissions. The plan is to roll this out further across ESS in the future.

MEP which supports the mechanical, electrical and plumbing sectors had a very good year in the circumstances. Despite losing a large percentage of monthly revenue in April 2020, the business experienced a resilient and quick recovery and, by the end of the financial year was operating ahead of prior year levels. Like many Vp businesses, MEP maintained accessibility for its customer base throughout 2020, with all branches bar one staying open and the sales team largely operating as normal. This has undoubtedly further reinforced MEP's already strong customer relationships as we were able to deliver when it mattered most. MEP's success was driven by a combination of a general recovery and specific, targeted activity in the major conurbations outside of London. Initially the London region was slower to recover but this has accelerated in recent months as the city has re-opened. This should provide added impetus for the new financial year, further helped by a recent success to secure a major two year plus presence at one of London's largest new office constructions. Investment continues to grow and a number of exclusive innovative products have been added to the fleet. Like UK Forks, MEP is trialling HVO fuels but this time in the service and delivery vehicles. It is targeting emission reductions of c. 90% from this source. MEP will further enhance its branch network in the current year with relocation to an impressive new location at Trafford Park improving their capacity to service the growing North West market.

Torrent Trackside which provides specialist plant to the rail sector, was open throughout the pandemic as the UK Rail industry made an early call to maintain essential maintenance activity. Whilst some projects were delayed, operational activity levels at Torrent were similar to the prior year. Like Brandon Hire Station, Torrent had a very successful first year of their new long term contract in support of Network Rail.

Torrent is using Vp's M42 mobile IT system to enhance operational efficiency and at the same time eliminate paperwork. Torrent now provides a 100% digital service platform from placing the initial enquiry, to delivery, collection and final invoicing.

Torrent has also made large strides in reducing fossil fuel usage and successfully trialled a "site of the future" concept, showcasing our significant investment in battery powered rail specific plant, which operates at lower noise levels and is effectively carbon neutral. This concept was well received by our rail customer base, including Network Rail, who see us as a pivotal supply chain partner to help drive their own carbon reduction targets over the next five years.

Despite CP6 being slow to develop, as the year progressed the rail market became busier. We anticipate that some of the delayed major rail projects will go live early in the new financial year. These include the Trans Pennine upgrade programme and the TfW Core Valleys Line upgrade, both of which have appointed Torrent as a key supply chain partner. HS2 activity, for Torrent, is likely to pick up in to 2022 when the construction phase has become more mature. Torrent is however very well placed to support that work when it comes on stream. Torrent also secured a major five year supply contract with Balfour Beatty Rail supporting them on a number of key rail

projects including the Core Valleys Line extension referred to above. The latter contract will be serviced by our recently opened depot facility in South Wales. Investment in the Torrent fleet has been maintained and more than 60% of the capex spend is expected to be in substitutional, battery and solar powered, products as we further enhance the environmental credentials of our rail offer.

INTERNATIONAL DIVISION

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue	**£26.7 million**	£31.9 million
Operating profit before amortisation and exceptionals	**£0.6 million**	£1.7 million
Investment in rental fleet	**£4.6 million**	£8.1 million

The International division reported operating profits before amortisation and exceptionals of £0.6 million, on revenues 16% reduced on prior year of £26.7 million (2021: £31.9 million).

The International division comprises Airpac Bukom, 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 during the year.

Airpac Bukom, which provides equipment and services to the international energy sector, encountered difficult trading conditions in the year. A combination of cancelled or postponed projects and a restricted ability for labour to cross many international borders impacted revenue levels. Pre-Covid, the business was anticipating a pick-up in activity and had secured a number of new longer term contracts most of which however, fell foul of Covid-19 delays or cancellation. Activity levels in our three main geographical areas of operation, these being Europe, Australia and Asia, were somewhat mixed. In Europe maintenance and well testing was very subdued, but the markets are pleasingly now starting to pick up into the new financial year. In Australia all major shutdown activities were postponed but we are increasingly confident of a resumption of shutdown work there, as we are in Europe. Asia held up relatively well with good activity in both drilling contracts and well test.

Despite a difficult trading year we have identified future opportunities and have invested further in the rental fleet with additional high pressure compressor/ booster products. We have also added more environmentally friendly electric compressors to the fleet during the year.

TR Group, Australasia's leading technical equipment rental group, also experienced a challenging trading year across all its geographies. All constituent businesses were impacted to some extent, as borders were closed and lockdowns of varying lengths imposed. Despite this, the business continued to operate, initially supporting sectors deemed to be essential, but then more broadly as conditions improved, particularly in Australia and New Zealand. The TR Group offers instrumentation solutions and communication products to a wide range of markets including construction, mining and infrastructure. These sectors remained open. Revenues recovered slowly and as we moved into 2021, were approaching pre-pandemic levels. In New Zealand, the Vidcom business, which provides audio visual rental solutions, was severely hit by the closure of large elements of the conference and hospitality sector, Vidcom's main market. In response the business was restructured in to a new operating model. Physical attendance at events that did take place was replaced by virtual access. Vidcom further developed their live streaming services to a wide range of customers including the New Zealand government. Other innovations across TR Group include the introduction of mobile calibration vans to TR Calibration enabling instrument calibration services to be provided at remote locations. Environmental initiatives at TR Group include the installation of solar panels at a number of their locations.

Our expectation is that the international markets will, subject to any further Covid setbacks, offer accelerating demand for our services and flourish again as their respective economies recover.

EMPLOYEES

As an asset management business we rightly focus on maximising the physical assets in which we invest. However, the most important assets we have are our people and investing in this aspect remains critical to our ongoing and successful development. As highlighted earlier in this review the response of our colleagues to the Covid-19 pandemic has been extremely positive and fundamental to the successful business recovery to date.

We are now in the 12th consecutive year of our engineering apprenticeship programme and this year we are delighted to be offering 41 apprentice roles across our business. We have gradually increased the intake. Since we started the scheme in the last global recession, we have seen 144 apprentice engineers recruited to the programme. In 2021 we intend to expand our apprentice training further with the launch of a sales programme targeting a formal accreditation for both new and existing sales people within the business. We are also recruiting four more graduates to our well established Vp Graduate Scheme.

OUTLOOK

Across Vp, we are now firmly looking forwards rather than backwards after the most testing year for everyone across the business. We finished the prior year well and I am pleased to confirm that we have maintained this into April and May of the new financial year which has started strongly for us.

The market backdrop for Vp is positive. Major infrastructure sectors, such as water, rail and transmission are primed for escalating growth in the coming year, added to which other major projects such as HS2 and Hinkley Point will continue to drive demand. We see the residential construction market continuing to be supportive as housebuilders maintain their build programmes. Whilst the general construction sector has been slightly slower to recover, we are seeing positive signs of a sustained improvement in this key and large market.

We have taken robust action over the last twelve months to streamline our divisional activities where necessary and I am confident that we are well placed to deliver significant progress over the next year.

I refer in the overview to our resilient characteristics as a business and how that has contributed to our ability to consistently combat the most challenging of conditions. We have, however, also proven time and again in the past, that if the markets are supportive then those same characteristics can also deliver high quality, market leading earnings, for our shareholders.

Twelve months ago I said that we had entered the pandemic with an excellent business and that as best as we can manage, we planned to exit with an equally excellent business. I believe this plan has been achieved.

As a team we are excited about the prospects for the coming year which we approach with increasing confidence as each day comes.

Neil Stothard
Chief Executive
8 June 2021

Consolidated Income Statement
for the year ended 31 March 2021

	Note	**2021 £000**	2020 £000
Revenue	**1**	**307,997**	362,927
Cost of sales		**(259,887)**	(292,746)
Gross profit		**48,110**	70,181
Administrative expenses		**(42,427)**	(32,975)
Operating profit before amortisation and exceptional items	**1**	**30,928**	55,480
Amortisation and impairment	**1**	**(10,373)**	(16,756)
Exceptional items	**2**	**(14,872)**	(1,518)
Operating profit		**5,683**	37,206
Net financial expense		**(7,752)**	(8,840)
Profit before taxation, amortisation and exceptional items		**23,176**	46,640
Amortisation and impairment	**1**	**(10,373)**	(16,756)
Exceptional items	**2**	**(15,072)**	(1,518)
(Loss)/profit before taxation		**(2,269)**	28,366
Taxation	**5**	**(2,332)**	(9,779)
(Loss)/profit attributable to owners of the parent		**(4,601)**	18,587
		Pence	Pence
Basic earnings per share	**3**	**(11.62)**	46.92
Diluted earnings per share	**3**	**(11.62)**	46.17
Dividend per 5p ordinary share interim and special paid and final proposed	**6**	**25.0**	30.45

Note: IFRS 16 was adopted on 1 April 2019 for statutory reporting. As a result, the primary statements are shown on IFRS 16 basis. Notes on alternative performance measures above provides the impact on the consolidated income statement for the period ended 31 March 2021, including the £3.2 million positive impact on operating profit before amortisation and exceptional items (£27.7 million pre-IFRS 16), £3.3 million adverse impact on net financial expense (£4.5 million pre-IFRS 16) and £0.1 million adverse impact on loss before taxation, amortisation and exceptional items (£23.2 million pre-IFRS 16).

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2021

	2021 £000	2020 £000
(Loss)/profit for the year	**(4,601)**	18,587
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension schemes	**(795)**	368
Tax on items taken to other comprehensive income	**56**	86
Impact of tax rate change	**-**	47
Items that may be subsequently reclassified to profit or loss		
Foreign exchange translation difference	**439**	(1,045)
Effective portion of changes in fair value of cash flow hedges	**584**	(482)
Total other comprehensive expense	**284**	(1,026)
Total comprehensive (expense)/income for the year attributable to owners of the parent	**(4,317)**	17,561

Consolidated Statement of Changes in Equity
for the year ended 31 March 2021

	2021 £000	2020 £000
Total comprehensive (expense)/income for the year	**(4,317)**	17,561
Dividends to shareholders	**(8,674)**	(12,055)
Net movement relating to shares held by Vp Employee Trust	**(5,076)**	(2,396)
Share option charge in the year	**1,098**	758
Tax movements to equity	**165**	(648)
Impact of tax rate change	**-**	(33)
Change in Equity	**(16,804)**	3,187
Equity at start of year	169,921	168,885
Effect of changes in accounting standards	-	(2,151)
Equity at end of year	**153,117**	169,921

Consolidated Balance Sheet
as at 31 March 2021

	Note	2021	2020
		£000	£000
Non-current assets			
Property, plant and equipment		**233,912**	247,761
Intangible assets		**64,366**	74,267
Right of use asset		**53,311**	68,566
Employee benefits		**2,175**	3,018
Total non-current assets		**353,764**	393,612
Current assets			
Inventories		**7,342**	9,073
Trade and other receivables		**66,546**	84,263
Income tax receivable		**817**	1,003
Cash and cash equivalents	**4**	**15,917**	20,094
Total current assets		**90,622**	114,433
Total assets		**444,386**	508,045
Current liabilities			
Interest-bearing loans and borrowings	**4**	**(73,009)**	(6,161)
Lease liabilities		**(14,909)**	(17,692)
Trade and other payables		**(86,163)**	(75,186)
Total current liabilities		**(174,081)**	(99,039)
Non-current liabilities			
Interest-bearing loans and borrowings	**4**	**(64,814)**	(173,739)
Lease liabilities		**(41,980)**	(54,158)
Deferred tax liabilities		**(10,394)**	(11,188)
Total non-current liabilities		**(117,188)**	(239,085)
Total liabilities		**(291,269)**	(338,124)
Net assets		**153,117**	169,921
Equity			
Issued share capital		**2,008**	2,008
Capital redemption reserve		**301**	301
Share premium		**16,192**	16,192
Foreign currency translation reserve		**(1,386)**	(1,825)
Hedging reserve		**(221)**	(805)
Retained earnings		**136,196**	154,023
Total equity attributable to equity holders of the parent		**153,090**	169,894
Non-controlling interests		**27**	27
Total equity		**153,117**	169,921

Consolidated Statement of Cash Flows
for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Cash flow from operating activities			
(Loss)/profit before taxation		**(2,269)**	28,366
Share based payment charge		**1,098**	758
Depreciation	**1**	**44,980**	46,160
Depreciation of right of use asset		**20,752**	22,177
Amortisation and impairment	**1**	**10,373**	16,756
Release of arrangement fees		**215**	-
Financial expense		**7,760**	8,892
Financial income		**(8)**	(52)
Profit on sale of property, plant and equipment		**(4,263)**	(8,939)
Operating cash flow before changes in working capital		**78,638**	114,118
Decrease/(increase) in inventories		**1,731**	(1,215)
Decrease/(increase) in trade and other receivables		**17,717**	(3,890)
Increase/(decrease) in trade and other payables		**14,450**	(8,898)
Cash generated from operations		**112,536**	100,115
Interest paid		**(4,723)**	(4,454)
Interest element of finance lease rental payments		**(38)**	(92)
Interest received		**7**	10
Income tax paid		**(2,867)**	(10,694)
Net cash generated from operating activities		**104,915**	84,885
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**17,536**	21,381
Purchase of property, plant and equipment		**(46,582)**	(54,686)
Acquisition of businesses and subsidiaries (net of cash acquired)		**-**	(3,325)
Net cash used in investing activities		**(29,046)**	(36,630)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		**(5,076)**	(2,396)
Repayment of borrowings		**(53,000)**	(94,000)
New loans		**17,000**	89,000
Payment of lease liabilities		**(24,107)**	(26,530)
Dividends paid		**(8,674)**	(12,055)
Net cash used in financing activities		**(73,857)**	(45,981)
Increase in cash and cash equivalents		**2,012**	2,274
Effect of exchange rate fluctuations on cash held		**(242)**	(259)
Cash and cash equivalents net of overdrafts at the beginning of the year		**14,147**	12,132
Cash and cash equivalents net of overdrafts at the end of the year		**15,917**	14,147

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 2021. The accounting policies applied are in line with those applied in the annual financial statements for the year ended 31 March 2020.

EU Law (IAS Regulation EC1606/2002) requires that the consolidated accounts of the Group for the year ended 31 March 2021 be prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted for use in the EU ('adopted IFRSs').

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 2021.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2021 or 2020. Statutory accounts for 31 March 2020 have been delivered to the registrar of companies, and those for 31 March 2021 will be delivered in due course. The auditor has reported on the 31 March 2020 accounts; the reports were (i) unqualified, (ii) did not include a reference to any matters 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.

The financial statements were approved by the Board of Directors on 8 June 2021.

Going Concern

Notwithstanding the impact of Covid 19, the Group ended the financial year in a healthy financial position. The Group continues to generate strong cash flows and net debt reduced by £37.9 million from £159.8 million at 31 March 2020 to £121.9 million at 31 March 2021. EBITDA before exceptional items and IFRS 16 impact totalled £72.7 million which was lower than prior year £98.1 million due to the impact of Covid 19. The Business Review above sets out the Group's business activities, markets and outlook for the forthcoming year and beyond.

The Group finances its operations through a combination of shareholders' funds, bank borrowings, finance leases and operating leases. The capital structure is monitored using the gearing ratio of adjusted Net Debt/EBITDA. The Group's funding requirements are largely driven by capital expenditure and acquisition activity.

As at 31 March 2021 the Group had £200.0 million of debt capacity (2020: £200.0 million) comprising committed revolving credit facilities of £135.0 million and a £65.0 million private placement which are subject to covenant testing. In addition to the committed facilities, the Group net overdraft facility at the year-end was £7.5 million (2020: £7.5 million).

The £135.0 million revolving credit facilities 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. Management are in regular dialogue with our lenders who continue to express their commitment to the business.

The Board has evaluated the facilities and covenants on the basis of the budget for 2021/22 (including 2022/23 long term forecast). All of which has been prepared taking into account the current economic climate, together with appropriate sensitivity analysis. Stress scenarios have also been considered by the Board. Under these scenarios material revenue reductions have been applied for the financial year ended 31 March 2022 against the Group's original budget. All scenarios retain adequate headroom against borrowing facilities and fall within the existing covenants.

Our most severe downside modelling, which reflects a 20% reduction in revenue levels demonstrates headroom over borrowing facilities and existing covenant levels throughout the forecast period to the end of June 2022.

On the basis of this testing, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis has been adopted in preparation of the consolidated financial statements.

1. Business Segments

	Revenue		Depreciation, amortisation and impairment		Operating profit before amortisation and exceptional items	
	2021	2020	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000	**£000**	£000
UK	**281,309**	331,005	**50,157**	58,346	**30,266**	53,672
International	**26,688**	31,922	**5,196**	4,570	**662**	1,808
Total	**307,997**	362,927	**55,353**	62,916	**30,928**	55,480

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 £10.4 million (2020: £16.8 million) includes £7.1 million (2020: £13.2 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 £15.1 million (2020: £1.5 million) of exceptional costs in relation to regulatory review costs, restructuring costs and Covid-19 covenant amendments.

The Competition and Markets Authority (CMA) announced on 17 December 2020 that three businesses, including a part of the Group's excavation support system business (Groundforce), were involved in anti-competitive behaviour. Consequently, the CMA imposed a penalty of £11.2 million on the Group.

In April 2019, the CMA had announced its provisional findings and as required by accounting standard IAS 37, an exceptional cost of £4.5 million was recorded in the Annual Report and Accounts for the year ended 31 March 2019.

Although, the Board fundamentally disagrees with the conclusions of the CMA it was determined after careful consideration that on balance it would be in the best interests of the Group not to appeal the decision and to pay the penalty when it became due in February 2021. A further exceptional item of £6.8m has been recognised after utilising the £4.5 million provision already held at 31 March 2020. The Group also incurred professional fees of £0.7m relating to this matter which are also classified as exceptional.

During the period the Group also incurred £7.4 million of exceptional costs in relation to restructuring costs across the Group, arising primarily from required cost mitigation actions as a result of the Covid 19 impact on business revenues.

As noted in the previous year's accounts, in May 2020 the Group incurred financing expenses of £0.2 million relating to precautionary Covid-19 covenant amendments.

In the prior year ended 31 March 2020, the Group incurred £1.5 million of exceptional costs in relation to regulatory review costs and continued restructuring costs regarding severance payments.

Exceptional costs are analysed as follows:

	2021	2020
	£000	£000
Regulatory review costs	**7,519**	834
Restructuring costs	**7,353**	684
Exceptional items recognised in Operating Profit	**14,872**	1,518
Financing expense	**200**	-
Exceptional items recognised in Net Financial Expenses	**200**	-
Total Exceptional items	**15,072**	1,518

3. Earnings Per Share

The calculation of basic earnings/ (loss) per share of (11.62) pence (2020: 46.92 pence) is based on the loss attributable to equity holders of the parent of £4,601,000 (2020: profit of £18,587,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2021 of 39,595,000 (2020: 39,618,000), calculated as follows:

	2021	2020
	Shares 000s	Shares 000s
Issued ordinary shares	**40,154**	40,154
Effect of own shares held	**(559)**	(536)
Weighted average number of ordinary shares	**39,595**	39,618

Basic earnings per share before the amortisation of intangibles and exceptional items was 46.56 pence (2020: 90.21 pence) and is based on an after tax add back of £23,073,000 (2020: £17,153,000) in respect of the amortisation of intangibles and exceptional items.

The calculation of diluted earnings/ (loss) per share of (11.62) pence (2020: 46.17 pence) is based on loss attributable to equity holders of the parent of £4,601,000 (2020: £18,587,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2021 of 40,218,000 (2020: 40,260,000), calculated as follows:

	2021	2020
	Shares 000s	Shares 000s
Weighted average number of ordinary shares	**39,595**	39,618
Effect of share options in issue	**623**	642
Weighted average number of ordinary shares (diluted)	**40,218**	40,260

The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

Diluted earnings per share before the amortisation of intangibles and exceptional items was 45.84 pence (2020: 88.77 pence).

4. Analysis of Net Debt

	At 31 March 2021 £000	At 1 April 2020 £000
Cash and cash equivalents	**15,917**	20,094
Bank overdraft	**-**	(5,947)
Cash and cash equivalents as per cash flow statement	**15,917**	14,147
Current debt obligations, net of arrangement fees	**(73,009)**	(214)
Non-current debt, net of arrangement fees	**(64,814)**	(173,739)
Net debt	**(121,906)**	(159,806)

Year end gearing (calculated as net debt expressed as a percentage of shareholders' funds) stands at 81% (2020: 94%).

As at 31 March 2021 the Group had £200.0 million (2020: £200.0 million) of debt capacity comprising committed revolving credit facilities of £135.0 million and a £65.0 million private placement. In addition to the committed facilities, the Group net overdraft facility at the year-end was £7.5 million (2020: £7.5 million).

The £135.0 million revolving credit facilities 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 £135.0m 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 a negative effective tax rate of (102.8%) (2020: 34.5%). The underlying tax rate was 24.2% (2020: 20.3%) before exceptional items, prior year adjustments, impact of tax rate changes and impairment of intangibles.

6. Dividend

The Board has proposed a final dividend of 25.0 pence per share to be paid on 5 August 2021 to shareholders on the register at 25 June 2021. As no interim dividend was paid, this makes a total dividend for the year of 25.0 pence per share (2020: 30.45 pence per share). A special dividend of 22.0 pence per share was paid to shareholders on 17 January 2021 in lieu of the final dividend for the financial year ended 31 March 2020, which was delayed due to Covid-19 uncertainties.

The ex-dividend date will be 24 June 2021 and the last day to elect to participate in the dividend reinvestment plan will be 9 July 2021.

7. 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 2021. 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.

Covid-19 has not been identified as a specific new risk, but considered in relation to each area of risk it impacts. As such, 3 of the 8 principal risks disclosed in this report (Market, Safety and Financial) have an increased risk status.

The executive board created a Covid-19 working party (Group CEO, Group FD, Group HR Director and senior Divisional Managing Directors) to consider the risks facing the Group and individual Divisions. This group has met regularly throughout the pandemic and continues to meet as the Group navigates through the re-opening of the economy. Refer to further discussion regarding going concern above.

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

Market risk – increased due to the impact of Covid-19

Risk description

An economic downturn (as a result of economic cycles, political or Brexit related 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.

The Covid-19 pandemic has impacted the business, some Divisions being more affected than others depending on the end market they serve.

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 obtains 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 9.2% (2020: 14.5%) in 2021. The quality of the Group's fleet disposal margins also demonstrate robust asset management and appropriate depreciation policies. Immediate action taken in response to Covid 19 was to defer capital expenditure in many areas. Selective spending resulted in fleet capital spend of £40.2 million (2020: £49.1 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.

The Group utilised the Government's Job Retention Scheme until October 2020.

Safety – increased due to the impact of Covid-19

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.

The Covid-19 pandemic has had a significant impact on our employees, many of whom successfully transitioned to working from home as required during the various lockdowns. Our IT processes and prior planning facilitated this. In line with Government guidance, we have commenced a phased transition back into working at our various back office locations.

Our compliance teams continue to carefully considered safe methods of working in our depot network and with due consideration of how the business can safely interact with our customers.

Financial risks – increased due to the impact of Covid-19

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 provided adequate headroom against the downturn in activity caused by the Covid-19 pandemic. Notwithstanding the impact of Covid-19, the Group ended the financial year in a healthy financial position. The Group continues to generate strong cash flows and net debt reduced by £37.9 million from £159.8 million at 31 March 2020 to £121.9 million at 31 March 2021. 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 interest rate swaps and 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 56 days (2020: 62 days) and bad debts, as a percentage of revenue remained low at 0.6% (2020: 0.8%).

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.

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 2021 will be provided to shareholders before the end of June 2021.

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 pursuant to Regulation (EC) No 1606/2002 as it applies in 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.

10. 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	**A M Bainbridge**
Director	Director

- Ends -