



For immediate release

5 June 2024

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

Final Results

Solid performance reflects strength of business and diverse end market exposure

Vp plc, the equipment rental specialist, today announces its audited Final Results for the year ended 31 March 2024 (‘FY24’ or the ‘year’).

Financial Highlights

	31 March 2024	31 March 2023	% change
Revenue (£m)	368.7	371.5	(0.8)%
Adjusted PBTA£* (£m)	39.7	40.5	(2.0)%
Return on Average Capital Employed*	14.5%	14.4%	0.7%
Adjusted basic EPS* (pence per share)	74.8	79.0	(5.3)%
Proposed final dividend (pence per share)	27.5	26.5	3.8%
Proposed dividend for the year (pence per share)	39.0	37.5	4.0%
Adjusted EBITDA* (£m)	91.0	92.9	(2.0)%
Net debt excluding lease liabilities* (£m)	125.2	134.4	6.8%
Capital investment in rental fleet (£m)	62.8	59.9	4.8%
Statutory profit before tax (£m)	2.8	30.7	(90.9)%
Statutory (loss)/earnings per share (pence)	(13.4)	58.1	(123.1)%

* These measures are explained and reconciled in the Alternative Performance Measures section below.

- Solid overall performance despite challenges in some end markets, key metrics encouraging
- Strong Return on Average Capital Employed, slightly ahead of prior year
- Increased investment in the rental fleet, at £63 million, with a continued transition towards environmentally friendly solutions
- Robust balance sheet with reduction in net debt. Net debt/EBITDA of 1.4 with significant headroom and well within covenants
- Refinance of £90 million Revolving Credit Facility secured during the year, complementing existing private placements of £93 million. Three quarters of year end borrowings fixed at low rates
- Proposed full year dividend increased by 4.0% to 39.0 pence per share, reflecting confidence in the Group's prospects and maintaining a 30-year uninterrupted track record
- Statutory profit before tax includes the impact of non-cash impairment of £27.7 million in relation to Brandon Hire Station.

Operational Highlights

- New Group leadership in place, supported by fresh talent and a simplification of the management structure
- Progression of Group strategy:
 - Growth: organic investment and enhanced cross divisional working
 - Operational excellence: simplification and consistency underpinned by digital roadmap
- Continued Environmental, Social and Governance (‘ESG’) progress - focused investment in the rental fleet, targets validated by the Science Based Targets Initiative (‘SBTi’)
- Strong performance in Infrastructure market with continued demand from rail, transmission and water, and encouraging progress in the Energy market
- Challenges remain in General Construction, particularly impacting Brandon Hire Station and resulting in a non-cash impairment. This division now has a new management team and its initiatives, including a review of its branch network, are starting to have a positive impact.

Current Trading and Outlook

- Whilst some economic uncertainty remains, the Group has made a solid start to the new financial year, which we expect to

- Whilst some economic uncertainty remains, the Group has made a solid start to the new financial year, which we expect to be in line with the Board's expectations:
 - Infrastructure market remains supportive with a clear pipeline of projects
 - Prospects in Energy market provide confidence
 - General Construction market remains challenging. Brandon Hire Station action plan underway with confidence in medium-term prospects
 - Headwinds remain in Housebuilding market, with a slight drop in activity levels.

Commenting on the Final Results, Anna Bielby, Chief Executive of Vp plc, said:

"The Group has again delivered sector-leading returns, led by a strong performance in Infrastructure. Whilst some economic uncertainty remains, particularly in Construction and Housebuilding, we remain confident in our ability to react to changes in end markets and take advantage of economic improvements.

"We have made considerable progress in FY24 with new leadership and a refreshed strategy. We are excited about the future and have confidence in our ability to both grow the business and drive value through simplifying the way we work."

Sell-side analyst meeting

A meeting for sell-side analysts will be held in person at 9:30am (BST) today, Wednesday 5 June 2024, at Buchanan, 107 Cheapside, London EC2V 6DN. A copy of the Final Results presentation will be available post 10:30am (BST) on the Group's website: <https://www.vpplc.com/investors>

For retail investors, an audiocast of the Final Results presentation will be made available after 10:30am (BST): <https://stream.buchanan.uk.com/broadcast/664b0b6118ce6cde5730679d>

- Ends -

For further information:

Vp plc

Anna Bielby, Chief Executive

Tel: +44 (0) 1423 533 400

Keith Winstanley, Chief Financial Officer

www.vpplc.com

Media enquiries:

Buchanan

Henry Harrison-Topham / Jamie Hooper / George Beale

Tel: +44 (0) 20 7466 5000

Vp@buchanan.uk.com

www.buchanancomms.co.uk

Notes to Editors

Vp plc is a specialist equipment rental business providing equipment, people, services and support for specialist projects. It focuses on niche sectors principally in the Infrastructure, Construction, Housebuilding and Energy markets in the UK and overseas. Businesses include; Groundforce, TPA, Torrent Trackside, Brandon Hire Station, MEP, ESS, UK Forks, Airpac Rentals and Tech Rentals.

CHAIR'S STATEMENT

I am pleased to report a solid overall performance for the Group despite the particular challenges that we have faced in the UK General Construction market. Elsewhere, our international and infrastructure operations have enabled the majority of our businesses to move forward strongly in the period.

For the year ended 31 March 2024, adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items* eased marginally to £39.7 million (2023: £40.5 million) on revenue broadly in line at £368.7 million (2023: £371.5 million). Whilst it is never pleasurable to report a reduction in profitability, we believe that under the circumstances, this represents a good result demonstrating once again the ability of our diversified business exposure to deliver resilient profit in spite of localised challenges. Reflecting the challenges faced by the UK General Construction market, we have taken a £27.7 million non-cash impairment charge against intangible assets, including goodwill, in the Brandon Hire Station business, referenced in more detail later.

Capital investment in the rental fleet was slightly ahead of prior year at £62.8 million (2023: £59.9 million) as we continue to support specific investment opportunities with an ongoing emphasis on transitioning towards more environmentally friendly solutions. Year-end net debt excluding lease liabilities* was £125.2 million (2023: £134.4 million). Return on Average Capital Employed* was 14.5% (2023: 14.4%), in line with our long-term target, an excellent result, which reflects once again the underlying quality of the Group's earnings. Adjusted earnings per share* of 74.8 pence per share (2023: 79.0 pence per share) includes the impact of the 6% increase from 19% to 25% of UK Corporation Tax rate.

At the Annual General Meeting, scheduled to be held on Thursday 25 July 2024, the Board will be recommending payment of a final dividend of 27.5 pence per share (2023: 26.5 pence per share) making a total for the year of 39.0 pence per share (2023: 37.5 pence per share). Subject to shareholder approval, it is proposed to pay the final dividend on 7 August 2024 to members registered at 21 June 2024. This proposed level of dividend is based on our policy to distribute on a two times covered earnings basis over the cycle and having due regard to future prospects.

As previously announced, after 26 years with the Company and latterly 19 years as Managing Director and CEO, Neil Stothard retired from the Board at the end of September 2023. I wish to repeat on behalf of myself, the Board and the wider employee and shareholder audience, our appreciation of Neil's contribution over this period.

Anna Bielby, who joined as Chief Financial Officer (CFO) in January 2023, was appointed to the position of Chief Executive from 1 September 2023 and has made an immediate positive impact in her new role. Anna is bringing a welcome new energy and strategic oversight to the Group and I look forward to working with her as she drives the business forward.

Keith Winstanley joined as CFO on 1 January 2024, and we look forward to working with Keith in the months and years ahead.

In addition to these Board changes, we have simplified the senior management reporting structure, established an Executive Committee, and significantly strengthened the central senior management team in a number of key roles.

As always the skills and commitment of our employees lie behind everything we achieve as a business. Our people bring specialist skills, technical prowess and sharp focus to delivering the right solution for our customers. We continue to promote our extensive apprentice and graduate schemes which provide advancement and career progression opportunities and to emphasise recruitment policies which support diversity in the workplace.

It is therefore my pleasure on behalf of the Board to thank all our employees for their hard work and commitment during the year that has made these results possible.

Jeremy Pilkington

Chair

5 June 2024

* These measures are explained and reconciled in the Alternative Performance Measures section below.

BUSINESS REVIEW

Results

The Group's performance for the year ended 31 March 2024 was encouraging, with the delivery of a solid set of results against the backdrop of mixed and challenging markets. This year also represented a significant change for Vp with a new Chief Executive and leadership team.

Our full-year result of £39.7 million adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items (PBTAE)*, represents a resilient performance underpinned by a robust balance sheet, following successful refinancing of our revolving credit facility in November 2023.

During the year, we continued to generate strong returns with a Return on Average Capital Employed* of 14.5% (2023: 14.4%), slightly below our target level of 15%.

Market summary

Our specialist divisions operate across a number of end markets and, as we have seen this year, this diversity underpins the resilience of our business model.

The Infrastructure and Energy markets have been supportive during the year, benefiting Groundforce and Airpac in particular. In contrast, the more challenging Construction and Housebuilding markets have significantly impacted Brandon Hire Station, as well as affecting the performance of other divisions, such as ESS and UK Forks. These businesses have implemented division-specific action plans where needed, which has led to some restructuring costs, included within our exceptional costs of £5.8 million.

Strategy

Under new leadership, we have refreshed the Group's strategy and are focused on growing the business, underpinned by operational excellence. During the year, we have established an Executive Committee and simplified our management structure.

Local agility and decision making have been key to Vp's success over the years and this is an important part of the specialist solutions we have consistently delivered to our customers. Our local teams will continue to be empowered to do what they do best. Despite this, our structure carries cost and complexity, and we believe that this offers opportunities to drive greater simplicity and consistency. Focus areas include a more group-wide approach to procurement, property and digital investment improving the overall customer experience.

Our digital roadmap is focused on making our internal processes as efficient as possible. It will also allow us to work better across our divisions, therefore making it easier for our customers to do business with us. Our digital approach will be disciplined, with a focus on enhancing current capability, supplemented by modest investment in those areas that give the best returns across the Group.

Under new HR leadership, we have focused on our People strategy, recognising the importance of our colleagues in supporting our customers. This is particularly relevant given the skills shortages which have been apparent across all of our businesses and geographies this year.

We are strong asset managers, and we care for our assets throughout their lifecycle. During the year, we invested £62.8 million in our fleet to ensure that our asset base continues to meet our customers' needs. This includes moving towards green product equivalents, where appropriate.

ESG continues to be a focus area for the business through our engagement with both customers and our supply chain. Climate change remains an important agenda item. The emissions from our hire fleet (embodied and usage carbon) account for c.75% of entire Group emissions. We take seriously our role in working with our customers and suppliers to address Scope 3 emissions and have a plan in place to reduce these emissions. We were pleased this year to have our science-based targets validated by the SBTi.

As an employer, we have direct impacts on the wellbeing, professional development and economic reward of our workforce with responsibility for creating an inclusive and positive working environment. Our teams are tasked with extending our culture into our supply chains and communities where we live and operate. Our social value strategy will be a key area for further development this year.

We have a strong growth track record and have refreshed our corporate development strategy during the year.

Divisional performance

While our divisions typically operate in more than one market, the majority of our divisions are principally aligned to one of our four major market segments of Infrastructure, Construction, Housebuilding or Energy.

Infrastructure

Groundforce UK

A market-leading rental and design provider of excavation support systems and specialist products to the water, civil engineering and construction industries across the UK, the Republic of Ireland and mainland Europe.

Groundforce has delivered a market-leading performance and strong year-on-year growth. The division has supported a number of varying projects, across rail, utilities and transmission. Within rail, Groundforce supported HS2 on over 30 sites across London and the Midlands, with involvement in larger projects relating to sewer and utility diversions in London. Utilities remains a consistent sector of project work, with AMP7 ending in March 2025, including the Anglian Water Strategic Pipeline Alliance.

Groundforce continues to focus on customer service, including digital innovations such as the self-service tools "Your Solution" and "Your Solution+" platforms, aimed at enhancing customer experience and streamlining project delivery.

In mainland Europe, Groundforce grew year-on-year leading to the addition of a further operational site to support local markets and the pipeline of projects anticipated for the coming year.

TPA

One of Europe's largest suppliers of temporary access solutions providing portable roadways and temporary access solutions to customers in the transmission, construction, rail and outdoor events markets.

TPA UK achieved year-on-year growth principally driven by activity in the portable roadways sector. Market conditions remained stable in power transmission and utilities, however, there was a slowdown in the last quarter of the year.

The division has recently opened a new southern depot to support growth and increase local operational capacity in the South East of England and the transition from CP6 to CP7 within the rail sector is expected to present new opportunities in the coming year. TPA also has a strong pipeline in the events sector for the summer.

TPA Europe operates principally in the power transmission market, where we have seen strong growth and further opportunity leading to increased capital investment to meet demand. The power transmission and renewables sectors in Germany and across Europe are anticipated to remain supportive in the coming year.

Torrent Trackside

Specialist suppliers of rail infrastructure, portable plant and related trackside services, principally to Network Rail and their appointed track renewal, maintenance and project contractors.

Torrent Trackside has grown year-on-year, despite ongoing disruption caused by UK-wide industrial action, which led to the cancellation of several track projects. Notable projects include the TransPennine route upgrade programme, covering on-track activities for both the East and West legs, and the Core Valley Lines project led by Transport for Wales.

The end of CP6 saw a slight reduction in activity but we anticipate a good level of projects and maintenance from CP7 as we move into the new financial year. In the light rail sector, which includes London Underground, activity has been lower than expected.

Throughout the year, this division has placed a strong emphasis on environmental impact with over 70% of the fleet purchased this year being zero carbon at point of use.

Construction

Brandon Hire Station

The leading provider of tools and specialist rental products to industry, construction and home owners across the UK.

Brandon Hire Station experienced challenging trading conditions throughout the year, leading to a disappointing performance and lower activity levels than last year. The high operational gearing of this division means that market challenges impact financial performance quickly and significantly. Fleet investment in this division reduced during the year to match activity levels. As a result of the division's performance, intangible assets, including goodwill, of £27.7 million have been written off during the year.

Under a new management team, a review of the business was undertaken midway through the year. The new team is focused on a number of initiatives around pricing, cost control and process. In addition, the division is refocusing the business to better serve target customers.

Actions in the year also include reviewing and optimising the branch network, leading to a number of closures and consolidations. As a result of these changes, restructuring exceptional costs were incurred during the year.

Notwithstanding the above, Brandon Hire Station remains a significant element of the Group's revenues and plays an important part in supporting some of our biggest customers. Despite the continuing uncertainty in the General Construction market, the self-help measures taken, coupled with a truly national footprint, leaves the division well placed to respond quickly to any market upturn in the coming financial year.

MEP

The UK's largest provider of mechanical and electrical press fittings and low level access platforms to the construction, fit out, mechanical and electrical markets.

MEP delivered a strong year securing a number of large contracts in London, which provide a significant opportunity for growth.

With two new locations opening during the year, the network of depots within MEP represents true national coverage with major hubs supporting the UK's largest cities.

Key project focus, particularly in London, relates to regeneration programmes, with a clear shift from traditional office space fit-outs, to multifunctional operating spaces. Outside of major projects, the focus for the core business remains on non-residential projects, which gives optimism going into the coming year.

MEP has, however, felt the effects of a challenging credit market within the year, due to the prevalence of smaller subcontractors within its customer base.

ESS

The leading specialist provider of safety, survey, communications and test and measurement equipment rental in the UK.

Market conditions were challenging during the year, particularly in the survey sector. Despite this, the business responded well with a clear action plan, including the finalisation of its regionalisation programme, to right-size its physical footprint across the UK.

Other areas of the business performed strongly, including test and measurement and industrial projects, with key customers utilising a range of products and services to support major projects in the Energy market.

ESS remains at the forefront of innovation, particularly in communications products, collaborating closely with manufacturers to develop customer-centric solutions, which have had significant traction in the rail sector.

Momentum across ESS was positive in the fourth quarter of the year with a number of key projects in the pipeline leading to optimism for the year ahead.

Housebuilding

UK Forks

One of the UK's leading specialist hirers of telescopic handlers operating across construction and housebuilding sites across the UK.

The UK Housebuilding market, although steady, remains subdued. The strength of UK Forks' customer relationships has allowed it to successfully retain all core customers, both national and regional, albeit at reduced volumes.

UK Forks has responded well to the challenging market conditions by demonstrating rigorous cost controls and managing its fleet size carefully, helped by strong ties with suppliers and manufacturers.

Although the outlook for Housebuilding remains subdued in the short term, when the market improves the business is well placed to capitalise.

Energy

Airpac

A supporter of a wide range of oil and gas markets, servicing well testing, pipeline, rig maintenance and liquefied natural gas (LNG) markets worldwide.

Airpac's performance in the Energy markets delivered strong year-on-year growth.

Asia performed particularly well, benefiting from various LNG shutdowns and projects, which we expect to leverage further in the coming year. Europe represented a more subdued landscape, marked by project delays and postponements. Meanwhile, Australia showed a gradual recovery, with revenue streams from a range of projects including plant maintenance, new pipelines, and other initiatives.

The wider macro-economic and political environment creates opportunity for Airpac, as focus remains on the maintenance of existing plant and facilities within the sector. Airpac has made investments in electric compressors, aligning with customers' green initiatives, especially in geothermal projects. The pipeline of projects in the current financial year remains optimistic, particularly across Asia.

Other

Tech Rentals

Australasia's leading technical equipment rental group providing test and measurement, communications, calibration and audio visual solutions in Australia, New Zealand and South East Asia.

Tech Rentals recorded a strong performance against a backdrop of challenging geographical markets and subdued business confidence in Australia. Key markets of events, defence and aviation allowed Tech Rentals to deliver year-on-year growth.

Anna Bielby
Chief Executive
5 June 2024

* These measures are explained and reconciled in the Alternative Performance Measures section below.

FINANCIAL REVIEW

Trading performance

The Group has delivered an encouraging financial performance against a challenging backdrop with Group revenue remaining broadly flat at £368.7 million (2023: £371.5 million). Adjusted profit before taxation, amortisation, impairment of intangible assets and exceptional items* (PBTAE) decreased to £39.7 million (2023: £40.5 million) with net operating margin at 10.8% (2023: 10.9%). Statutory profit before tax was £2.8 million (2023: £30.7 million). Return on Average Capital Employed* was 14.5% (2023: 14.4%).

Segmental performance

Revenue generated by the Group's UK segment was £330.1 million (2023: £333.5 million), while operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items was flat at £45.5 million (2023: £45.6 million) - a resilient performance given the challenges in the UK General Construction market.

The Group's International segment, assisted by exposure to international energy markets, delivered pleasing growth, with revenue increasing by 1.3% to £38.6 million (2023: £38.1 million). Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items increased by 50% to £4.8 million (2023: £3.2 million).

Exceptional items

This year, the Group has recorded exceptional items of £5.8 million (2023: £5.0 million). These items have been reported separately due to their size, nature or irregularity and in order to better understand the underlying performance of the Group. Exceptional items comprise £1.6 million of costs from changes to the Group's Board and senior leadership team alongside branch closure costs of £4.2 million, mainly in relation to Brandon Hire Station.

Impairment of intangible assets

Intangible assets have been impaired by £28.1 million (2023: £1.2 million). The majority of the impairment (£27.7 million) has been recorded against assets initially recognised on the acquisition of Brandon Hire in November 2017. This non-cash impairment has reduced the carrying value of goodwill, trade names, and customer relationships by £25.9 million, £0.7 million and £1.1 million respectively.

The impairment has been calculated by comparing the carrying value of the cash generating unit assets against their recoverable amount.

As discussed further in the Business Review, Brandon Hire Station performed disappointingly during the year, due to challenging trading conditions in the General Construction market.

Earnings per share, dividend and shares

Adjusted basic earnings per share before amortisation, impairment of intangible assets and exceptional items ('Adjusted basic earnings per share')* decreased from 79.0 pence to 74.8 pence. The decrease of 4.2 pence includes the impact of the increase in the UK Corporation Tax Rate in the current year. After taking into account amortisation, exceptional items and impairment charges the Group recorded a basic loss per share of (13.4) pence (2023: earnings per share of 58.1 pence). The Board has recommended a final dividend of 27.5 pence per share. If approved, the full-year dividend would increase to 39.0 pence per share with dividend cover of 1.9 times (2023: 2.1 times) based upon adjusted basic earnings per share. At 31 March 2024, 40.2 million shares were in issue, of which 609,000 were held by Vp's Employee Trust.

Balance sheet

Total property, plant and equipment increased by £4.5 million to £256.9 million. The movement in the year mainly

comprised £69.9 million (2023: £66.9 million) of capital expenditure offset by depreciation of £44.1 million (2023: £46.9 million) and £17.8 million (2023: £15.7 million) of disposals (net book value).

Rental equipment at £226.0 million (2023: £220.6 million) accounts for 88.0% of property, plant and equipment net book value. Expenditure on equipment for hire was £62.8 million (2023: £59.9 million) and depreciation of rental equipment was £38.8 million (2023: £40.9 million).

Intangible assets reduced from £57.7 million to £28.6 million, predominately due to the impairment charge noted earlier.

Gross trade debtors were £71.4 million at 31 March 2024 (2023: £77.6 million). Days sales outstanding has decreased by 1 day from 59 to 58 days as the external credit environment has remained stable yet challenging. Bad debt and credit note provisions totalled £4.9 million (2023: £4.6 million) equivalent to 6.9% (2023: 5.9%) of gross debtors. The impairment of trade receivables for the year as a percentage of total revenue was 1.0% (2023: 0.9%).

The Group's defined benefit pension schemes have a net surplus of £1.9 million (2023: £2.3 million), which is recorded as an asset on the balance sheet on the basis that the Company has an unconditional right to a refund of the surplus of its main scheme.

Cash flows and net debt

Year-end net debt excluding lease liabilities* decreased by £9.2 million to £125.2 million.

The Group continues to generate strong cash flows with £108.7 million (2023: £80.2 million) generated from operations.

The year-on-year increase includes the impact of a £9.8 million improvement in working capital, with pro-active management remaining an important area of focus.

Cash outflows for the purchase of property, plant and equipment were £71.4 million (2023: £63.3 million). Proceeds from disposal of assets totalled £25.3 million (2023: £24.9 million), generating a profit on disposal of £7.5 million (2023: £9.2 million).

Net interest outflows, excluding IFRS 16 interest, for the year were £6.3 million (2023: £5.4 million). This additional cost was largely due to the increase in Sterling Overnight Index Average (SONIA) during the year. Interest cover before amortisation and IFRS 16 interest was 7.3 times (2023: 8.3 times) and the gearing ratio of adjusted Net Debt/EBITDA was 1.36 (2023: 1.44), both are calculated in accordance with our bank facility agreements and are comfortably within our covenants of greater than 3.0 times and lower than 2.5 times respectively. Net interest expense including IFRS 16 was £9.6 million (2023: £8.6 million). Cash tax was £9.2 million (2023: £5.5 million).

Dividend payments to shareholders totalled £15.0 million (2023: £14.5 million), and cash investment in own shares on behalf of the Employee Benefit Trust (EBT) during the year was £0.7 million (2023: £1.1 million).

Capital structure

The Group finances its operations through a combination of shareholders' funds, bank borrowings and leases. The Group allocates its capital using a disciplined capital allocation policy that prioritises organic growth and ordinary dividends. The capital structure is monitored using the gearing ratio quoted above.

In November, the Group was pleased to renegotiate its revolving credit facility (RCF) for a further three years, including a refreshment of our banking club (HSBC, Lloyds, Bank of Ireland). The updated RCF provides £90 million of credit and expires in November 2026. The terms of the facility are broadly unchanged, other than an increase in the uncommitted accordion facility from £20 million to £30 million.

At the year-end date, the Group had £183.0 million debt capacity (2023: £183.0 million) comprising £90 million committed revolving credit facilities and £93 million private placement agreements. The Group has two private placement agreements both with low fixed interest rates. The placements expire in January 2027 and November 2028. At 31 March 2024, £132.0 million of the combined facilities were drawn down (2023: £146.0 million). In addition to the committed facilities, the Group's net overdraft facility at the year-end was £7.5 million (2023: £7.5 million). Borrowings under the Group's RCF are priced on the basis of SONIA plus a margin. The interest rate margin is linked to the net debt to EBITDA leverage of the Group.

The Board has evaluated the facilities and covenants on the basis of the 2025/26 long-term forecasts which have been prepared taking into account the current economic climate, together with a severe but plausible downside scenario. All scenarios retain adequate headroom against borrowing facilities and fall within existing covenants.

This evaluation gives the Directors confidence that the Group has adequate resources to continue in operation over the viability period.

Treasury

The Group has exposure to movements in interest rates on its borrowings, which is managed by maintaining a mix of fixed and floating debt. The fixed element of year-end borrowings was £93.0 million, which was c.75% of net debt excluding lease liabilities.

The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of

The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. The Group regards its interests in overseas subsidiary companies as long-term investments and manages its transactional exposures through the currency matching of assets and liabilities where possible.

The matching is reviewed regularly with appropriate risk mitigation performed, where necessary. During the year the Group has not had any foreign exchange hedges.

Taxation

The overall tax charge for the year was £8.1 million (2023: £7.7 million). The effective rate was significantly higher than the prior year predominately due to goodwill impairment charges not being deductible for tax.

Keith Winstanley
Chief Financial Officer

5 June 2024

* These measures are explained and reconciled in the Alternative Performance Measures section below.

Consolidated Income Statement for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Revenue	1	368,691	371,519
Cost of sales		(275,703)	(284,176)
Gross profit		92,988	87,343
Administrative expenses		(48,644)	(44,763)
Impairment losses on trade receivables		(3,743)	(3,305)
Impairment of intangible assets		(28,120)	-
Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items	1	49,496	48,775
Amortisation and impairment of goodwill, trade names and customer relationships		(31,198)	(4,490)
Exceptional items	2	(5,817)	(5,010)
Operating profit		12,481	39,275
Net financial expense		(9,635)	(8,569)
Profit before tax, amortisation and impairment of goodwill, trade names and customer relationships and exceptional items		39,861	40,206
Amortisation and impairment of goodwill, trade names and customer relationships		(31,198)	(4,490)
Exceptional items	2	(5,817)	(5,010)
Profit before tax		2,846	30,706
Income tax expense	5	(8,137)	(7,696)
(Loss) / profit after tax		(5,291)	23,010
		Pence	Pence
Basic (loss) / earnings per share	3	(13.41)	58.05
Diluted (loss) / earnings per share	3	(13.41)	57.76
Dividend per 5p ordinary share interim paid and final deferred	6	39.0	37.5

Consolidated Statement of Comprehensive Income for the year ended 31 March 2024

2024

2023

	2024 £000	2023 £000
(Loss) / profit for the year	(5,291)	23,010
Other comprehensive (expense) / income:		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of defined benefit pension schemes	(391)	(319)
Tax on items taken to other comprehensive income	248	5
Impact of tax rate change	-	58
<i>Items that may be subsequently reclassified to profit or loss</i>		
Foreign exchange translation difference	(1,522)	502
Total other comprehensive (expense) / income	(1,665)	246
Total comprehensive (expense) / income for the year	(6,956)	23,256

**Consolidated Statement of Changes in Equity
for the year ended 31 March 2024**

	2024 £000	2023 £000
(Loss) / profit for the year	(5,291)	23,010
Other comprehensive (expenses) / income	(1,665)	246
Dividends to shareholders	(14,997)	(14,471)
Net movement relating to shares held by Vp Employee Trust	(706)	(1,096)
Share based payments expense	767	580
Tax movements to equity	(20)	62
Impact of tax rate change	-	16
Change in equity	(21,912)	8,347
Equity at start of year	174,932	166,585
Equity at end of year	153,020	174,932

**Consolidated Balance Sheet
as at 31 March 2024**

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment		256,944	252,385
Intangible assets		28,572	57,748
Right of use assets		58,645	54,637
Employee benefits		1,853	2,300
Total non-current assets		346,014	367,070
Current assets			
Inventories		9,548	8,915
Trade and other receivables		74,753	81,513
Income tax receivable		3,582	736
Cash and cash equivalents	4	6,061	11,140
Total current assets		93,944	102,304
Total assets		439,958	469,374
Current liabilities			
Lease liabilities	4	(16,319)	(14,622)
Overseas income tax payable		(1,501)	-
Trade and other payables		(71,720)	(72,184)
Total current liabilities		(89,540)	(86,806)

Non-current liabilities			
Interest-bearing loans and borrowings	4	(131,280)	(145,508)
Lease liabilities	4	(45,642)	(43,896)
Other payables		(667)	-
Provisions		(3,160)	(1,612)
Deferred tax liabilities		(16,649)	(16,620)
Total non-current liabilities		(197,398)	(207,636)
Total liabilities		(286,938)	(294,442)
Net assets		153,020	174,932
Equity			
Issued share capital		2,008	2,008
Capital redemption reserve		301	301
Share premium		16,192	16,192
Foreign currency translation reserve		(2,040)	(518)
Retained earnings		136,559	156,949
Total equity		153,020	174,932

Consolidated Statement of Cash Flows
for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flow from operating activities			
Profit before taxation		2,846	30,706
Share based payment charge		767	580
Depreciation		44,138	46,853
Depreciation of right of use asset		16,488	16,305
Amortisation and impairment of intangible assets		32,054	4,490
Release of arrangement fees		427	287
Financial expense		9,693	8,602
Financial income		(58)	(32)
Profit on sale of property, plant and equipment		(7,456)	(9,175)
Operating cash flow before changes in working capital and provisions		98,899	98,616
Increase in inventories		(633)	(959)
Decrease/(increase) in trade and other receivables		6,760	(5,452)
Increase/(decrease) in trade and other payables		2,082	(12,079)
Increase in provisions		1,548	100
Cash generated from operations		108,656	80,226
Interest paid		(6,521)	(5,413)
Interest element of lease liability payments		(3,315)	(3,038)
Interest received		58	32
Income taxes paid		(9,233)	(5,496)
Net cash generated from operating activities		89,645	66,311
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		25,273	24,855
Purchase of property, plant and equipment		(71,375)	(63,312)
Purchase of intangible assets		(963)	-
Net cash used in investing activities		(47,065)	(38,457)
Cash flow from financing activities			
Purchase of own shares by Employee Trust		(706)	(1,096)
Repayment of borrowings		(76,000)	(29,000)
Drawdown of borrowings		62,000	30,000
Arrangement fees		(655)	-
Capital element of lease liability payments		(17,275)	(15,921)
Dividends paid		(14,997)	(14,471)
Net cash used in financing activities		(47,633)	(30,488)
Net decrease in cash and cash equivalents		(5,053)	(2,634)
Effect of exchange rate fluctuations on cash held		(26)	157
Cash and cash equivalents net of overdrafts at the beginning			

Cash and cash equivalents net of overdrafts at the beginning of the year		11,140	13,617
Cash and cash equivalents net of overdrafts at the end of the year	4	6,061	11,140

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 2024. The accounting policies applied are in line with those applied in the annual financial statements for the year ended 31 March 2023 and conform with UK-adopted International Accounting Standards ('UK-adopted IASs'). The financial statements have also been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Whilst the financial information included in this announcement has been computed in accordance with UK-adopted IASs, this announcement does not itself contain sufficient information to comply with UK-adopted IASs. The Company expects to publish full financial statements in June 2024.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2024 or 2023. Statutory accounts for 31 March 2023 have been delivered to the registrar of companies, and those for 31 March 2024 will be delivered in due course. The auditor has reported on those accounts; the reports were (i) unqualified, and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 31 March 2024.

The financial statements were approved by the Board of Directors on 4 June 2024.

Going Concern

The going concern basis has been adopted in preparation of the consolidated financial statements. The Board has evaluated funding, facilities and covenants on the basis of the budget for 2024/25 (including 2025/26 long-term forecast) and has performed sensitivity analysis on them.

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. 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. On the basis of these procedures, the Board has a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for at least the next 12 months from the date of approval of these financial statements. The financial statements do not include the adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

1. Business Segments

	Revenue		Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items	
	2024	2023	2024	2023
	£000	£000	£000	£000
UK	330,068	333,453	44,684	45,564
International	38,623	38,066	4,812	3,211
Total	368,691	371,519	49,496	48,775

Operating profit before amortisation and impairment of goodwill, trade names and customer relationships and exceptional items is reconciled to profit before tax in the Income Statement.

2. Exceptional Items

During the year, the Group incurred costs which were identified as being exceptional.

	2024	2023
	£000	£000
Restructuring and reorganisations	5,817	3,323
Costs associated with Formal Sale Process	-	1,687
Total Exceptional items	5,817	5,010

Current year restructuring and reorganisation costs include costs relating to changes to the Group's Board and Senior leadership team (£1.6 million) and branch closure costs (£4.2 million). Costs relating to Board and leadership changes are considered exceptional due to the size and irregularity. Branch closure costs are deemed exceptional due to their size and nature. Branch closure costs include redundancies, property exit costs and the write-off of assets that can no longer be used. In all cases, these closures and reorganisations were part of a one-off process and were completed by 31 March 2024.

Costs associated with the Formal Sale Process in the prior year were professional fees which were incurred by the Group as part of the procedure. This was a one-off process, which is deemed to be exceptional.

The exceptional items above result in a reduction of £1.5 million (2023: £0.6 million) in the tax charge.

The net cash outflow from activities associated with exceptional items is £4.0 million (2023: £2.4 million).

3. Earnings Per Share

The calculation of basic loss per share of (13.41) pence (2023: earnings of 58.05 pence) is based on the loss after tax of £5,291,000 (2023: profit of £23,010,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2024 of 39,470,000 (2023: 39,635,000), calculated as follows:

	Shares 000s	Shares 000s
Issued ordinary shares	40,154	40,154
Effect of own shares held	(684)	(519)
Weighted average number of ordinary shares	39,470	39,635

The calculation of diluted loss per share of (13.41) pence (2023: earnings of 57.76 pence) is based on the loss after tax of £5,291,000 (2023: profit of £23,010,000) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2024 of 39,683,000 (2023: 39,835,000), calculated as follows:

	Shares 000s	Shares 000s
Weighted average number of ordinary shares	39,470	39,635
Effect of share options	213	200
Weighted average number of ordinary shares (diluted)	39,683	39,835

The calculation of diluted earnings per share in the current 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 2023 £000	Cash movements £000	Non-cash movements £000	As at 31 Mar 2024 £000
Secured loans	146,000	(14,000)	-	132,000
Arrangement fees	(492)	(655)	427	(720)
Cash and cash equivalents	(11,140)	5,053	26	(6,061)
Net debt excluding lease liabilities	134,368	(9,602)	453	125,219
Lease liabilities	58,518	(20,590)	24,033	61,961
Net debt including lease liabilities	192,886	(30,192)	24,486	187,180

Year-end gearing (calculated as net debt excluding lease liabilities expressed as a percentage of shareholders' funds) stands at 81% (2023: 76%).

As at 31 March 2024, the Group had £183.0 million (2023: £183.0 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 (2023: £7.5 million).

5. Taxation

The charge for taxation for the year represents an effective tax rate of 285.9% (2023: 25.1%). The underlying tax rate was 27.1% (2023: 21.1%) before exceptional items, adjustments to tax in respect of prior years, impact of tax rate changes and impairment of intangible assets.

6. Dividend

The Board has proposed a final dividend of 27.5 pence per share to be paid on 7 August 2024 to shareholders on the register at 21 June 2024. Including the interim dividend of 11.5 pence per share, this makes a total dividend for the year of 39.0 pence per share (2023: 37.5 pence per share).

The ex-dividend date will be 20 June 2024 and the last day to elect to participate in the dividend reinvestment plan will be 5 July 2024.

7. Intangible Assets

The performance of Brandon Hire Station in the year has resulted in an impairment of goodwill and intangible assets.

The carrying value of intangible assets and goodwill has been assessed for impairment by reference to its recoverable amount, being the higher of its value in use and fair value less costs of disposal. Value in use has been estimated using cash flow projections over a period of five years derived from the approved budget for the coming year and subsequent year's long-range forecast.

Impairment modelling resulted in the full impairment of goodwill (£25.8 million), alongside partial impairments of Trade Names (£0.8 million) and Customer Relationships (£1.1 million) resulting in impairment charges of Brandon Hire Station intangible assets of £27.7 million.

A further £0.4 million of other intangible assets were impaired during the year, resulting in a total Group impairment charge of £28.1 million.

8. Principal risks and uncertainties

The Group has an established risk management framework which identifies, assesses, and mitigates key risks facing the business. The principal risks and uncertainties facing the Group are set out in detail on pages 39 to 42 of the Annual Report and Accounts for the year ended 31 March 2023, a copy of which is available on the Group's website.

During the year, a refreshed review of the Group's principal risks was performed which included considering the scope of the risk description. These risks include: market & competition, fleet management & investment, people & culture, health & safety, financial risk, legal (including contractual) & regulatory requirements, environmental, and technology & IT resilience.

With the exception of market & competition and people & culture, the Board considers the principal risks and uncertainties as

at 31 March 2024 to be the same as those described in the Report and Accounts for year ended 31 March 2023.

The level of market & competition risk is considered to have increased given the worsening activity levels in some of our markets, whilst the risk associated with people & culture has also increased, principally due to challenges faced in attracting and retaining staff in some areas.

The Group continues to closely monitor risks to ensure our operational resilience remains strong and has robust measures in place to identify and manage potentially disruptive events should they arise.

9. 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.

10. Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 March 2024 will be provided to shareholders before the end of June 2024.

Alternative Performance Measures

The Board monitors performance principally through adjusted and like-for-like performance measures. Adjusted profit and earnings per share measures exclude certain items including the impact of IFRS16, amortisation of acquired intangible assets and goodwill impairment charges and exceptional items.

The Board believes that such alternative measures are useful as they exclude one-off (amortisation, impairment of intangible assets and exceptional items) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group from one year to the next when making investment and other decisions. Equally, IFRS 16 is excluded from measures used by these same stakeholders and so is removed from certain APMs.

The key measures used as APMs are reconciled below.

	2024	2023
	£'000	£'000
Profit before tax as per Income Statement	2,846	30,706
Adjustment to remove IFRS 16 impact	(154)	283
Adjusted profit before tax APM	2,692	30,989
Amortisation and impairment of goodwill, trade names, and customer relationships	31,198	4,490
Exceptional items	5,817	5,010
Adjusted profit before tax, amortisation, impairment of intangible assets and exceptional items APM (PBTAE)	39,707	40,489
Interest (excluding interest on lease liabilities)	6,319	5,542
Adjusted operating profit, amortisation, impairment of intangible assets and exceptional items APM	46,026	46,031
Depreciation (excluding depreciation of right of use assets)	44,994	46,853
Adjusted EBITDA APM	91,020	92,884

Adjusted PBTAE and adjusted operating profit exclude amortisation and impairment of goodwill, trade names and customer relationships but include amortisation of software of £856,000 in 2024 (2023: nil).

Adjusted operating margin is calculated by dividing adjusted operating profit before amortisation, impairment of intangible assets and exceptional items by revenue.

	2024	2023
	Pence	Pence
Basic earnings per share	(13.4)	58.1
Impact of amortisation, impairment of intangible assets and exceptional items after tax	88.5	20.3
Impact of IFRS 16	(0.3)	0.6
Adjusted basic earnings per share APM	74.8	79.0

	2024	2023
	£'000	£'000
Net debt including lease liabilities	187,180	192,886
Lease liabilities	(61,961)	(58,518)
Net debt excluding lease liabilities APM	125,219	134,368

Return on Average Capital Employed (ROACE) is based on adjusted operating profit before amortisation and exceptional items as defined above divided by average capital employed on a monthly basis using the management accounts.

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 UK-adopted IASs 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.

For and on behalf of the Board of Directors.

J F G Pilkington
Director

K J Winstanley
Director

- ENDS -

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR FIMBTMTBMTAI