Speedy Hire Plc

(“Speedy”, “the Company” or “the Group”)

Results for the year ended 31 March 2019 **15 May 2019**

Achieving strategic goals and improving returns
Strong platform for future growth

Speedy, the UK’s leading tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces results for the year ended 31 March 2019.

Key Points

	Year ended 31 March 2019	Year ended 31 March 2018	Change
	(£m)	(£m)	
Revenue (excluding disposals)*	389.2	367.2	6.0%
Revenue*	394.7	373.0	5.8%
EBITDA[1]	78.7	73.0	7.8%
Adjusted profit before tax[1]	30.9	25.9	19.3%
Profit before tax	27.2	18.0	51.1%
Adjusted earnings per share[2]	4.90p	4.04p	21.3%
Basic earnings per share	4.26p	2.71p	57.2%
Return on Capital Employed (ROCE)[4]	12.8%	11.5%	1.3pp
Dividend for the year (pence per share)	2.00p	1.65p	21.2%

** Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)*

Financial highlights

- Revenue excluding disposals increased 6.0% to £389.2m (2018: £367.2m)
- Revenue increased 5.8% to £394.7m (2018: 373.0m)
- Adjusted profit before tax[1] up 19.3% to £30.9m (2018: £25.9m)
- Adjusted earnings per share[2] increased 21.3% to 4.90 pence (2018: 4.04 pence)
- Profit before tax increased to £27.2m (2018: £18.0m)
- Net debt[3] increased to £89.4m (2018: £69.4m)
- ROCE[4] increased to 12.8% (2018: 11.5%)
- Strong balance sheet; leverage[5] at 1.1x (2018: 1.0x), after £30.9m of acquisition spend and £21.9m of growth capex
- Full year dividend up 21.2% to 2.00 pence per share (2018: 1.65 pence per share)

Strategic and operational highlights

- Value enhancing acquisitions of Geason Holdings Limited ("Geason Training") and Lifterz Holdings Limited ("Lifterz") strengthening training and powered access propositions
- Continued growth in SME customer numbers and revenues
- Asset utilisation in the UK and Ireland improved to 57.0% (2018: 55.4%)
- Digital transformation gaining momentum:
    - Management information systems significantly improved
    - Speedy app for customers launched in 2018
- Customer same-day delivery promise launched in Ireland, and strengthened in London with delivery available within four hours on most popular products
- All time high customer satisfaction rating of over 92% in March 2019

Commenting on the results Russell Down, Chief Executive, said:

“These strong results demonstrate the excellent progress Speedy is making against our strategy, including a significant increase in our SME customer base, services revenue growth, and the completion of two UK acquisitions. We have further increased our return on capital through an improved operating performance and continuing to optimise the business using digital technology. The business has a strong platform for future growth.”

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Notes:

Explanatory notes:
[1] Before exceptional items, see Note 7
[2] See Note 5
[3] See Note 9
[4] Return on Capital Employed: Profit from operations before amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and Net debt[3]) excluding the impact of Lifterz acquisition (acquisition date 20 March 2019; no profit recognised in period)
[5] Leverage: Net debt[3] covered by EBITDA[1]

Inside Information: This announcement contains inside information.

Forward looking statements: The information in this release is based on management information. This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to Editors: Founded in 1977, Speedy is the UK's leading provider of tools, equipment and plant hire services to a wide range of customers in the construction, infrastructure and industrial markets, as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is certified nationally to ISO50001, ISO9001, ISO14001 and OHSAS18001. The Group operates from over 200 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations, from an international office based in Abu Dhabi and through a joint venture in Kazakhstan.

Chairman's Statement

Overview

I am pleased to deliver my first Chairman's Statement by reporting strong results for the Group. We have grown revenues in the UK through our customer focused approach which has led to SME revenues increasing considerably, offsetting revenues lost following the liquidation of Carillion. We have completed two acquisitions and conclude the year with a robust balance sheet.

Results

Revenue, excluding disposals, increased to £389.2m (2018: £367.2m), due to growth in services revenue and SME customers, and acquisitions. In the UK and Ireland operating profit increased to £29.4m (2018: £21.8m) benefiting from the acquisitions, but affected by the loss of revenue from the liquidation of Carillion. In the Middle East operating profit increased to £5.8m (2018: £5.0m) reflecting increased activity levels. Adjusted profit before tax[1] increased by 19.3% to £30.9m (2018: £25.9m). Profit before tax increased to £27.2m (2018: £18.0m).

UK and Ireland asset utilisation rates continued to improve to 57.0% (2018: 55.4%) as a result of further rationalisation of the hire fleet. Net debt increased to £89.4m (2018: £69.4m), after expenditure of £30.9m on acquisitions which will enable the Group's growth plans in specialist hire and services, further strengthening our market position.

Acquisitions

On 13 December 2018 we announced the acquisition of training provider Geason Holdings Limited ("Geason Training"). Geason Training is a leading provider of construction and professional services training across the UK with over 1,500 students currently on programmes. The acquisition is allowing the Group to better support its customers in training and developing their staff and is performing in line with our expectations.

On 20 March 2019 we announced the acquisition of powered access specialist Lifterz Holdings Limited ("Lifterz"). Lifterz is based in Yorkshire, operating from a head office in Ossett, with additional sites in Haydock, Daventry and Bathgate and has a fleet of approximately 1,300 access platforms. The acquisition complements our previous powered access acquisitions and creates a comprehensive national presence to service customers with larger specialist equipment. Since November 2017, we have invested £52m in the powered access market in line with our strategy to build a national presence through in-fill acquisitions and organic capital expenditure.

Dividend

The Board is recommending a final dividend of 1.40 pence per share. If approved at the forthcoming Annual General Meeting, the total dividend for the year would be 2.00 pence per share (2018: 1.65 pence), an increase of 21.2%. The dividend will be paid on 9 August 2019 to shareholders on the register at close of business on 5 July 2019.

Board and people

Having served as a Non-Executive Director since 9 September 2016, I was delighted to be appointed as Chairman of the Board and Nomination Committee on 1 October 2018.

Jan Astrand resigned as a Director on 31 October 2018 and on behalf of the Board I would to like to thank him for his contribution as Chairman. I am pleased to welcome Rhian Bartlett, who is joining the Board as a Non-Executive Director and member of the Audit, Remuneration and Nomination Committees with effect from 1 June 2019, and look forward to working with her.

I have visited a number of the Group's operations since my appointment as Chairman, including the Middle East, and have been impressed by the dedication of our staff and their exceptional levels of customer service. I would like to take this opportunity to thank all of my colleagues for their efforts over the course of the last year.

Conclusion

I am pleased with the results we are reporting today. We have a clear strategy for sustainable growth which is evident from our ability to grow both organically and through specialist hire or services acquisitions. As a result, and as reflected in our increased dividend, we can continue to look forward with confidence.

David Shearer
Chairman

Overview

I am pleased to report that our results have improved again this year. Group revenues, excluding disposals, have increased, with services revenues growing faster than hire revenues, in line with our strategy. The acquisitions of Geason Training and Lifterz have further strengthened our training and powered access propositions respectively. Operationally, equipment utilisation rates have continued to increase in the UK and Ireland. Our key financial measure is return on capital employed (ROCE[4]) which increased to 12.8% this year, well above our weighted average cost of capital of 10.1%.

Results

Revenue increased by 5.8% to £394.7m (2018: £373.0m). Revenue excluding disposals increased by 6.0% to £389.2m (2018: £367.2m). Services revenue grew by 10.2%, driven primarily through cross-selling our full services portfolio and revenues from Geason Training which was acquired in December 2018.

Gross margins were broadly flat, benefiting from optimisation of the hire fleet offset by changes in revenue mix between hire and services, notably in International. Overheads increased following recent acquisitions but continue to be well controlled with a number of cost saving measures implemented during the year. EBITDA[1] increased by 7.8% to £78.7m (2018: £73.0m). Adjusted profit before tax[1] increased by 19.3% to £30.9m (2018: £25.9m). Profit before tax increased to £27.2m (2018: £18.0m). Adjusted earnings per share[2] increased to 4.90 pence (2018: 4.04 pence).

Net debt[3] increased by £20.0m from £69.4m at the beginning of the year to £89.4m at 31 March 2019 after increased capital expenditure of £54.3m (2018: £44.8m) due to organic growth of powered access and replacement of power generation equipment. Capital expenditure is expected to reduce in the current year. Expenditure on acquisitions amounted to £30.9m (2018: £10.7m). Net debt[3] to EBITDA[1] at the year end was 1.1 times (2018: 1.0 times).

The Group continues to have a strong balance sheet, which reflects proactive management of the asset fleet and working capital.

Strategy

Our strategy is based on our vision of being the best company in our sector to do business with across all of our customer segments.

Customers range from SMEs, through to large national contractors across the construction, infrastructure, utilities, events and facilities management sectors. In recent years we have increased our focus on SMEs who were previously under represented in our customer portfolio. The expansion of our national Customer Relationship Centre in Newport this year has provided a dedicated service to our SME customers, making more than 30,000 calls to customers each month. The telemarketing team has been successful in reactivating down trading and dormant accounts, and supporting our specialist and seasonal marketing campaigns. This has increased the number of SME customers trading with us during the period, providing both increased service levels and optimising the costs to serve this market. As a consequence this year our revenues from SME customers have increased by in excess of 25%. This increase in revenue has offset the revenue lost from the liquidation of one of our largest customers, Carillion, in January 2018.

We seek to constantly improve our customers' experience through ensuring availability of product, quality, reliability, and speed of service delivery, as well as access to our services, through the channels that suit them best. We measure our performance against these criteria, through real-time customer satisfaction surveys at multiple points of the customer journey. To date we have conducted over 400,000 surveys, and during the year, satisfaction scores continued to increase. In March 2019 over 92% of customers rated the service they received as good or very good. Whilst we are rightly proud of this score we aim to continually improve and any low scores are followed up with the customer within an hour and root cause analysis undertaken to prevent reoccurrence.

On 1 January 2018 we launched our same day service commitment to customers on our top selling products; order by 3pm with same day delivery guaranteed. The commitment was launched in London and rolled out nationally on 1 May 2018; it was subsequently enhanced in London such that delivery is guaranteed within four hours. To date we have seen strong revenue growth from this campaign with no service failures.

During the year we have invested heavily in becoming a more digital business. Our management information systems have been significantly improved and all managers now have access to live dashboards showing revenue, utilisation and housekeeping information which has enabled better informed decision making throughout the organisation. This decision making is also now being informed by predictive analytics and artificial intelligence based on historical trend analysis of transactions undertaken across our 220 depots and over 2,000 products. Asset stocking levels, customer spending behaviours and asset movements are all being analysed using historical information, with improvements identified and implemented.

The Speedy app was launched during 2018 enabling customers to on-hire and off-hire equipment digitally. The app makes it easier for customers to do business with Speedy 24/7 by enabling them to complete a full end-to-end transaction from their mobile device. Customers can view products and pricing, find a depot, hire and buy products for collection or delivery, and off-hire in a single click, thereby saving them both time and money. The app also meets the growing customer demand for instant processing of orders and transactions, including Click and Collect, and Click and Deliver for our same day delivery service 'Capital Commitment'. On-time delivery is important to our customers, and in December 2018, to enhance the customer experience, we launched a live on-line delivery tracking service to enable customers to identify exactly where their order is in real-time. A number of major customers are currently using the app and others are in the trial phase.

Acquisitions

Geason Training was acquired in December 2018 and enables us to extend our existing training offering to a full end-to-end training solution with the addition of professional training and Apprenticeship Levy funding support. Geason Training is based in Glasgow but will manage the existing training business nationally and provide expertise and management support to enable the growth of this business. The Geason Training business services national customers with opportunities to cross-sell into the Speedy customer base. Geason Training will be opening centres in existing Speedy depots during FY2020, maximising the synergy opportunities.

Since November 2017, the Group has invested £52m in the powered access market, growing our powered access capability significantly. The acquisition of the Prolift and Platform Sales & Hire businesses in the prior year enabled us to develop a foothold in the larger powered access market in the South West and the Midlands. This was enhanced with capex investment to grow organically and set up new depots in London and Warrington to provide a greater geographical coverage to better serve our national customer base. Revenue growth has been slower than anticipated as a result of not having full national coverage and the loss of some rehire revenue. In order to complete our national footprint, on 20 March 2019 we acquired Yorkshire based powered access specialist Lifterz. This results in a total fleet of 7,100 machines, making us one of the largest UK operators.

Operational Review

UK and Ireland

Total revenue, excluding asset disposals, increased by 4.3% to £353.1m (2018: £338.6m).

During the year we realigned our sales and business development teams around customer segments, geographies and sectors, allowing resource to be targeted where the return is greatest. Dedicated portfolio management strategies have been put in place to service these distinct customer groups, and our 'One Speedy' approach empowers employees to cross-sell the full portfolio of products and services to our customers. The new structure is providing greater focus on business development and as a consequence we have secured a number of new contract wins during the year including Story Construction, Canals and Rivers Trust, P J Carey and ATR (a Centurion Company).

Services revenues grew by 5.5%, as a result of growth in our product sales and fuel businesses and the acquisition of Geason Training. This was partially offset by a decline in rehire revenues as result of a reduction in major client activity levels. Disposal revenues remained broadly consistent with the prior year at £5.5m (2018: £5.8m) as we continue to optimise the hire fleet and only hold those assets which our customers demand and which provide the right return.

Utilisation and ROCE[4] are key performance measures and we have invested only in assets which reflect customer demand and provide a suitable return. Net book value of the hire fleet (excluding acquisitions) was £199.2m (2018: £197.5m) and the average age of the fleet has reduced to 3.3 years (2018: 3.8 years). This has been achieved through careful management of capital expenditure and disposal decisions, as well as a further reduction in the number of product lines. Asset utilisation has improved to an average for the year of 57.0% (2018: 55.4%).

Overhead costs continue to be tightly controlled with a number of depot closures and cost management programmes being implemented during the year in order to optimise our operational performance. Some of the implementation costs of these programmes have been recognised as exceptional in the year.

Operating profit before amortisation and exceptional items increased by 7.0% to £32.3m (2018: £30.2m).

International

In the Middle East, the business primarily supports the operation of offshore oil fields, working with government clients in the oil and gas sector in Abu Dhabi, on long term framework contracts. The business performed strongly this year as a result of an increase in the level of activity, principally on rehired equipment and consumable sales. Negotiations are continuing with the client in relation to our major contract in the region which is due for renewal in August this year.

Revenue increased by 26.2% (26.6% on a prior year constant currency basis) to £36.1m (2018: £28.6m). Gross margins increased as a result of improved asset utilisation and improved mix. Overheads remain well controlled and as a result EBITA[1] increased by 45.0% to £5.8m (2018: £4.0m). During the year we increased our business development activities and further developed our specialist offering for the onshore market as we seek to diversify our client base and operations. Capital expenditure increased to £2.7m (2018: £0.5m) as we invested in further equipment to support demand.

Our joint venture in Kazakhstan performed well in the year following increased shutdown activity in the oil and gas market; share of results increased to £1.9m (2018: £0.8m).

Safety and sustainability

Safety comes first at Speedy, and we are proud to be the safest hire provider in the industry based on reported accident rates. Having repeatedly improved our safety record in recent years, during FY2019 we were pleased to once again report our lowest recorded RIDDOR accident frequency rate of 0.10 per 100,000 hours worked and our lowest recorded major accident frequency at 0.01.

During the year we were awarded a RoSPA Gold Award for the fifth year running, for achieving a high level of safety performance and demonstrating well-developed occupational health and safety management systems. Speedy also won the 2018 LEEA Sustainable Solution of the Year Award. We remained accredited to gold standard under the Fleet Operator Recognition Scheme (FORS) and won the award for Best Sustainability and CSR Initiative at the HAE Awards in April 2019.

Our Corporate Social Responsibility (CSR) Roadmap ensures our CSR Key Performance Indicators (KPIs) remain integral to our business objectives and strategy. Our CSR Working Group operates within a framework which links directly to our CSR KPIs, and ensures that responsible sustainable business practice forms part of everything we do.

People

The Group's headcount at 31 March 2019 was 4,063 (2018: 3,755). Underlying headcount excluding acquisitions remained broadly flat at 3,817 despite growth in the International business, primarily due to further efficiency and restructuring programmes.

In order to achieve our vision, it is important that we measure how engaged our people are with the business, and what is important to them about working for Speedy. We are committed to running our employee engagement survey to measure our performance in this area. We were pleased that the response rate from the survey increased from 67% in the prior year to 74%, which is indicative of strong overall employee engagement with the business.

The improvement in the results we are reporting again this year is testament to the hard work of all of our people. I would like to take this opportunity to thank all my colleagues for their ongoing support and dedication during the year.

Outlook

These strong results demonstrate the excellent progress Speedy is making against our strategy, including a significant increase in our SME customer base, services revenue growth, and the completion of two UK acquisitions. We have further increased our return on capital through an improved operating performance and continuing to optimise the business using digital technology. The business has a strong platform for future growth.

Russell Down

Chief Executive

Financial Review

Group financial performance

Revenue (excluding disposals) for the year to 31 March 2019 increased by 6.0% to £389.2m (2018: £367.2m). Revenue from disposals was £5.5m (2018: £5.8m); total revenue for the period increased by 5.8% to £394.7m (2018: £373.0m).

Gross profit was £214.4m (2018: £204.7m), an increase of 4.7%. The gross margin was 54.3% (2018: 54.9%) with flat hire margin, offset by the impact of International growth at a lower margin than in the UK and Ireland.

EBITA[1] increased by 12.0% to £32.7m (2018: £29.2m) and profit before taxation, amortisation and exceptional items increased to £30.9m (2018: £25.9m).

After taxation, amortisation and exceptional items, the Group made a profit of £22.1m, compared to a profit of £14.1m in 2018. The profit in the year was impacted by exceptional items of £2.2m (2018: £7.2m) and exceptional financial expense of £0.8m (2018: £0.5m). Further details are included below.

Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £5.4m (2018: £5.0m), with the increase reflecting depreciation on IT investment.

UK and Ireland

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m	Movement %
Revenue*	**358.6**	344.4	4.1
EBITDA[1]	**74.9**	70.8	5.8
EBITA[1]	**32.3**	30.2	7.0

* Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)

Excluding disposals, and despite lost revenue of £8.0m following the liquidation of Carillion, revenue improved by 4.3% to £353.1m (2018: £338.6m). Revenue for the year benefited from the full year effect of the Prolift and Platform Sales & Hire acquisitions which were completed in November 2017, and the purchase of Geason Training in December 2018. During the year the Group has continued to improve the customer experience and increase asset availability.

On a like for like basis (excluding the impact of acquisitions in both years) hire revenues increased 0.4%, with strong growth in the SME market which has offset lost revenue from Carillion. Our Customer Relationship Centre in Newport, South Wales was expanded during the year, and the increased telemarketing activity resulted in significant revenue uplift from SME customers. The acquisition of Lifterz had little impact on the results for the year as it took place towards the end of March. This acquisition complements Speedy's previous powered access acquisitions, creating a comprehensive national presence.

Services revenues grew by 5.5%. This growth has been achieved through new Geason Training opportunities, the growth of our product and fuel business, and the prior year restructure of our operations which enhanced our ability to cross-sell the full portfolio of products and services to our customers. Services like for like revenues grew by 0.9%.

Gross margins were broadly constant at 57.1% (2018: 57.2%). Hire margin remained flat at 76.7%, and rehire margin strengthened, which offset the dilutive impact of services revenues mix. Overheads remain under tight control, with further restructuring undertaken to manage the cost base and increase efficiency. Headcount at the year end increased from 3,238 to 3,458, which includes 246 as a result of the Geason Training and Lifterz acquisitions.

Following the continued application of strict processes to manage capital expenditure, the number of product lines, disposal decisions and ROCE[4], asset utilisation improved by 1.6pp to an average for the year of 57.0% (2018: 55.4%).

International

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m	Movement %
Middle East			
Revenue*	**36.1**	28.6	26.2
EBITDA[1]	**8.0**	6.4	25.0
EBITA[1]	**5.8**	4.0	45.0
Kazakhstan JV			
Share of profits	**1.9**	0.8	137.5

* Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)

The International division has continued to perform strongly with revenue increasing by 26.2% due to growth in short term hires and consumable sales. On a prior year constant currency basis the improvement was 26.6%. In addition to revenue growth, an increase in services gross margin contributed to the improved EBITA[1], which grew by 45.0%. Capital expenditure of £2.7m (2018: £0.5m) in the Middle East increased to diversify operations ahead of a major contract review in 2019.

Our share of profit from the joint venture in Kazakhstan increased to £1.9m (2018: £0.8m) having benefited from significant increased cyclical shutdown activity alongside steady growth of the customer base.

Exceptional items

During the year, net exceptional items of £2.2m were charged to operating profit.

Further action has been taken in the year to manage the Group's cost base, with a number of depots closed, repurposed for the training business or relocated. Property related costs of £1.2m were incurred as part of this programme. In addition, £0.2m of people costs have resulted due to related redundancies. These actions result in ongoing overhead savings of c.£1.2m per annum.

Following the training and powered access acquisitions, acquisition related costs of £0.9m have been treated as exceptional in the year.

Offsetting the above exceptional costs is a credit of £0.1m due to the release of a provision relating to the liquidation of Carillion which is no longer deemed necessary.

An exceptional financial expense of £0.8m has been recognised in relation to changes in the fair value of contingent consideration between the date of the Geason Training acquisition and 31 March 2019.

Interest and hedging

In October 2017 the Group completed an amendment and extension to its bank facility which now expires in October 2022. As a consequence of this refinancing the Group's net financial expense (excluding exceptional items) reduced to £3.7m (2018: £4.1m). Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the year, the margin payable over LIBOR on the outstanding debt fluctuated between 1.50% and 2.10% dependent on the Group's performance in relation to leverage and the weighting of borrowings between receivables and plant and machinery. The effective average margin over LIBOR in the period was 1.80% (2018: 1.92%).

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was a liability of £0.3m at year end (2018: asset of £0.1m) and they have varying maturity dates to April 2022.

Taxation

The Group seeks to protect its reputation as a responsible taxpayer, and adopts a responsible attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance.

The Group's income statement shows a tax charge for the year of £5.1m (2018: charge of £3.9m), and an effective tax rate of 18.8% (2018: 21.7%), which includes the effect of a deferred tax credit for the year of £2.3m (2018: charge of £0.8m). The effective rate of tax on adjusted profit amounts to 17.2% (2018: 18.9%), and reflects the mix impact of the International business on profits.

Shares, earnings per share and dividends

At 31 March 2019, 525,281,026 Speedy Hire Plc ordinary shares were outstanding, of which 5,802,223 were held in the Employee Benefits Trust.

Adjusted earnings per share[2] was 4.90 pence (2018: 4.04 pence). After amortisation and exceptional items, basic earnings per share was 4.26 pence (2018: 2.71 pence).

The Board has recommended a final dividend of 1.40 pence per share (2018: 1.15 pence), which represents a cash cost of £7.4m. If approved by shareholders, this gives a total dividend for the year of 2.00 pence per share (2018: 1.65 pence), an increase of 21.2% with cover of 2.45x adjusted earnings per share (2018: 2.45x). It is proposed that the dividend will be paid on 9 August 2019 to shareholders on the register at 5 July 2019.

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE[4]. This investment is expected to include capital expenditure within existing operations, as well as value enhancing acquisitions that fit with the Group's strategy and are returns accretive.

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and therefore it continues to adopt the following capital allocation policy in support of this:

- Organic growth: The Board will invest in capital equipment to support demand in our chosen markets. This investment will be in hire fleet and IT systems to better enable us to serve our customers;
- Regular returns to shareholders: The Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle, and a payment in the range of between 33% and 50% adjusted earnings per share[2];
- Acquisitions: The Board will continue to explore value enhancing acquisition opportunities in markets adjacent to, and consistent with its existing operations;
- Gearing and treatment of excess capital: The Board is committed to maintaining an efficient balance sheet. The Board has adopted a target gearing in the region of 1.5x net debt[3]: EBITDA[1] through the business cycle, although it is prepared to move outside this if circumstances warrant. The Board will continue to review the Group's balance sheet in light of the policy, and medium term investment requirements, and will return excess capital to shareholders if and when appropriate.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £61.8m (2018: £50.4m), of which £55.1m (2018: £45.4m) related to equipment for hire and £6.7m to other property, plant and equipment (2018: £5.0m), which included significant investment in IT in order to deliver our digital strategy.

The increase in the period reflects the purchase of powered access assets, in addition to further investment in tools, generators and fencing. Since November 2017, the Group has invested over £50m in the powered access market in line with its strategy to build a national presence through in-fill acquisitions and organic capital expenditure.

Increased capital expenditure resulted in the average age of the fleet reducing to 3.3 years as at 31 March 2019 from 3.8 years in the prior year. Total hire equipment disposal proceeds were £17.8m (2018: £17.6m). During the year we further optimised our stockholdings across the network utilising machine learning to inform decisions on returns and asset utilisation. The number of product lines has reduced from over c.3,500 to c.2,200 with a significant reduction in assets which had been under-utilised for a long period. This has enabled us to improve the efficiency of our supply chain, from procurement through to network operations.

Cash flow and net debt[3]

Net cash flow generated from operating activities was £26.4m (2018: £30.9m). Free cash flow (before dividends and financing activities) was an outflow of £9.8m (2018: inflow of £17.4m), after acquisition spend of £30.9m.

Net debt[3] increased by £20.0m from £69.4m at the beginning of the year to £89.4m at 31 March 2019 after cash expenditure of £30.9m on acquisitions. Average month end net debt[3] was £76.0m (2018: £74.9m). Leverage[5] increased to 1.1x (2018: 1.0x), including acquisitions.

The Group's continued strong cash position resulted in substantial headroom within the Group's bank facility.

Balance sheet

The Group continues to have a strong balance sheet, which reflects proactive management of the asset fleet and working capital.

Net assets at 31 March 2019 totalled £211.2m (2018: £197.8m), equivalent to 40.2 pence per share.

Intangible assets increased to £38.5m (2018: £10.5m). This increase reflects the goodwill relating to acquisitions during the year, which includes £10.1m contingent consideration associated with the Geason Training acquisition.

Net property, plant and equipment was £250.3m at 31 March 2019 (2018: £238.7m), of which equipment for hire represents 86.9% (2018: 85.3%). Net debt / property, plant and equipment of 0.36x at 31 March 2019 (2018: 0.29x) underlines the continued strong asset backing within the business. Of the equipment for hire, £7.1m related to the International business (2018: £6.2m).

Gross trade receivables totalled £100.2m at 31 March 2019 (2018: £96.9m) with the increase reflecting revenue growth and acquisitions. Debtor days were 65.8 days (2018: 64.8 days). Bad debt and credit note provisions reduced to £3.6m at 31 March 2019 (2018: £5.2m), equivalent to 3.6% of gross trade receivables (2018: 5.4%).

Trade payables were £46.4m (2018: £45.2m), with creditor days of 99.3 days (2018: 99.4 days).

Capital structure and treasury

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

The Group signed an amendment and extension to its £180m bank facility on 10 October 2017, extending the agreement, through to October 2022. An additional uncommitted accordion of £220m remains in place through to October 2022, should further funding requirements be needed.

At 31 March 2019 the headroom under the facility was £68.4m (2018: £73.5m). The average gross borrowings under the facility during the year ended 31 March 2019 was £92.9m (2018: £88.0m). The current facility includes quarterly leverage[5] and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the year.

Return on capital

ROCE[4] is a key performance measure for the Group. ROCE[4] increased to 12.8% (2018: 11.5%), which exceeds the Group's weighted average cost of capital of 10.1%, and reflects the continued improvement in profitability and balance sheet management.

Introducing IFRS 16

The Group is adopting IFRS 16, the new financial reporting standard on accounting for leases, for FY2020. We intend to adopt the standard fully retrospectively. The first accounts prepared under IFRS 16 will be the 2020 interim results, published in November 2019. A summary of the impact is included in Note 1 (Accounting policies).

Chris Morgan
Group Finance Director

The responsibility statement below has been prepared in connection with the Group's full annual report for the year ended 31 March 2019. Certain parts of that report are not included within this announcement.

Directors' Responsibilities Statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of the Directors of the Company are:

Name	Function
David Shearer	Chairman
Russell Down	Chief Executive
Chris Morgan	Group Finance Director
Bob Contreras	Senior Independent Director
Rob Barclay	Non-Executive Director
David Garman	Non-Executive Director

Principal Risks and Uncertainties

The business strategy in place and the nature of the industry in which we operate expose the Group to a number of risks. As part of the risk management framework in place, the Board considers on an ongoing basis the nature, likelihood and potential impact of each of the significant risks it is willing to accept in achieving its strategic objectives.

The Board has delegated to the Audit Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. These systems, which ensure that risk is managed at the appropriate level within the business, can only mitigate risk rather than eliminate it completely.

Direct ownership of risk management within the Group lies with the senior management teams. Each individual is responsible for maintaining a risk register for their area of the business and is required to update this on a regular basis. The key items are consolidated into a Group risk register which has been used by the Board to carry out a robust assessment of the principal risks.

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

Risk	Description and potential impact	Strategy for mitigation
Safety, health and environment	**Serious injury or death** Speedy operates, transports and provides for rental a wide range of machinery. Without rigorous safety regimes in place there is a risk of injury or death to employees, customers or members of the public. **Environmental hazard** The provision of such machinery includes handling, transport and dispensing of substances, including fuel, that are hazardous to the environment in the event of spillage.	The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. The Group's health, safety, and environmental teams measure and promote employee understanding of, and compliance with, procedures that affect safety and protection of the environment. Customer account managers are responsible for addressing service and safety issues. We maintain systems that enable us to hold appropriate industry recognised accreditations.
Service	**Provision of equipment** Speedy is required to provide well maintained equipment to its customers on a consistent and dependable basis. **Back office services** It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation. In both cases, a failure to provide such service could lead to a failure to attract or retain customers, or to diminish the level of business such customers undertake with Speedy.	During the year we have successfully launched our nationwide service promise under "Trust Speedy to Deliver". Our use of personal digital assistants (PDAs) and online based customer feedback system are fully embedded into our business and these are used to improve the on-site customer experience. Speedy liaises with its customer base and takes into account feedback where particular issues are noted, to ensure that work on resolving those issues is prioritised accordingly.
Revenue and trading performance	**Competitive pressure** The hire market is fragmented and highly competitive. We are continuing to develop strategic relationships with larger customers and also working hard to grow our local and regional accounts. **Reliance on high value customers** There is a risk to future revenues should preferred supplier status with larger customers	The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its rehire division for specialist equipment. The Group monitors the performance of its major accounts against forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group

Risk	Description and potential impact	Strategy for mitigation
	be lost when such agreements may individually represent a material element of our revenues. The International business in the Middle East is dependent on one major contract which is due for renewal in mid-2019.	are maximised. Market share is measured and competitors' activities are reported on and reacted to where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies. No single customer currently accounts for more than 10% of revenue or receivables. We have been successful in growing our SME customer base, which also helps to mitigate this risk. Investment has been made to diversify our International business in the Middle East ahead of a major contract renewal.
Project and change management	**Acquisitions** Our strategy includes selective acquisitions that complement or extend our existing business in specialised markets. There is a risk that suitable targets are not identified, or that acquired businesses do not perform to expectations.	All potential business combinations are presented to the Board, with an associated business case, for approval. Once a decision in principle is made, a detailed due diligence process covering a range of criteria is undertaken. The results of due diligence are presented to the Board prior to formal approval being granted. The use of a cross functional project team ensures effective integration into the Group. These teams work with a blueprint plan, modified as needed to specifically address any risks identified during the due diligence phase.
People	**Employee excellence** In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain and motivate employees who possess the right skills for the Group.	Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focusing on both short and long-term successors for the key roles within the Group. Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group. The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.
Partner and supplier service levels	**Supply chain** Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment. **Partner reputation**	A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group's commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service related KPIs are included within standard contract terms.

Risk	Description and potential impact	Strategy for mitigation
	A significant amount of our revenues come from our rehire offering, where the delivery or performance is effected through a third party partner. Speedy's ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy and hence future revenues may be adversely impacted.	Regular reviews take place with all supply chain partners.
Operating costs	**Fixed cost base** Speedy has a fixed cost base including people, transport and property. When revenues fluctuate this can have a disproportionate effect on the Group's financial results.	The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team of specialists who undertake routine maintenance works and manage the estate in terms of rental costs. We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. Fuel is purchased through agreements controlled by our supply chain processes. The growth of our services offering will help to mitigate this risk as these activities have overheads that are more flexible.
Information technology and data integrity	**IT system availability** Speedy is increasingly reliant on IT systems to support our business activities. Interruption in availability or a failure to innovate will reduce current and future trading opportunities respectively. **Data accuracy** The quality of data held has a direct impact on how both strategic and operational decisions are made. If decisions are made based on erroneous data there could be a direct impact on the performance of the Group. **Data security** Speedy, as with any organisation, holds data that is commercially sensitive and in some cases personal in nature. There is a risk that disclosure or loss of such data is detrimental to the business, either as a reduction in competitive advantage or as a breach of law or regulation.	Annual and more medium-term planning processes are in place; these create future visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval. Management information is provided in all key areas from dashboards that are based on real time data drawn from central systems. We have devised a data management framework and identified data owners across the business who are responsible for putting in place procedures to maintain accuracy of the information. Mitigations for IT data recovery are described below under business continuity as these risks are linked. Speedy's IT systems are protected against external unauthorised access. All mobile devices have access restrictions and, where appropriate, data encryption is applied.

Risk	Description and potential impact	Strategy for mitigation
Funding	**Sufficient capital** Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact its ability to command acceptable levels of pricing.	The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities. The £180m asset based finance facility including an additional uncommitted accordion of £220m, is available through to October 2022. Close relationships are maintained with the Group's bankers with a view to ensuring that the Group enjoys a broad degree of support. In line with the treasury policy, the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity.
Economic vulnerability	**Economy** Any changes in construction/industrial market conditions could affect activity levels and consequently the prices that the Group can charge for its services. Any reduction in Government expenditure which is not offset by an increase in private sector expenditure could adversely affect the Group. In common with many UK businesses, Speedy faces uncertainty as to the possible impact of leaving the European Union. There are risks to the overall level of economic activity, in addition to more direct risks relating to increased costs as a result of the falling value of sterling.	The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process. Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors who are likely to benefit from those areas in which increased activity is forecast. The main risk in relation to the UK's departure from the European Union is the impact on the overall market in which Speedy operates. In addition, there are limited risks associated with availability of assets and spares, cost price inflation, labour availability and consequences of potential border arrangements in Ireland (the Irish business poses only a limited risk, since turnover is less than 3% of the overall Group's). Risks have been assessed in detail by the Board as part of the overall risk assessment process, and contingency plans established. These plans include the consideration of alternative sources for equipment supply and forward buying of spares stock. Sensitivity analysis has been prepared and reviewed by the Board. Combined with strong progress against strategic goals, the Board believes that these plans will allow Speedy to continue to maximise growth opportunities in whatever scenario transpires. Notwithstanding the impact on the wider economy, no significant impact on the Group is therefore expected at this stage.
Corporate culture	**Operational empowerment and culture**	All Speedy employees are expected to abide by our Code of Conduct, which forms a

Risk	Description and potential impact	Strategy for mitigation
	We operate an internal structure that is aligned around separate specialisms to better serve our customer base. Each division is challenged to operate with a degree of empowerment within overriding Group policies.	condition of employment. Training is provided, via a combination of online and face-to-face means, to all management grades in areas such as compliance with the Bribery Act 2010 and relevant competition laws. Group policies are in place that both support and oversee key aspects of our operation in particular the areas of treasury, purchasing, asset management, accounting and debt management. Review and exception reporting activities are in place, which are designed to ensure that individuals cannot override risk mitigation procedures which have been put in place by the Group. All of the above are supported by a well-publicised and robust whistleblowing policy with rigorous follow up of all concerns raised.
Business continuity	**Business interruption** Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel based, could adversely impact current and future trading as customers could readily migrate to competitors. This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.	Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its central UK and International sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.
Asset holding and integrity	**Asset range and availability** Speedy's business model relies on providing assets for hire to customers, when they want to hire them. In order to maximise profitability and ROCE[4], demand is balanced with the requirement to hold a range of assets that is optimally utilised.	Our understanding of customer expectation of the relative timescales for delivery across our range of assets allows us to reduce holdings of less time critical assets by centralising the storage locations, whilst at the same time increasing the breadth of holding across our customer trading locations of those assets most likely to be required on a short notice basis. We regularly monitor our asset status information and use this to optimise our asset holdings. We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market, under our Green Option programme.

Viability Statement

The Group operates an annual planning process which includes a five year strategic plan and a one year financial budget. These plans, and risks to their achievement, are reviewed by the Board as part of its strategy review and budget approval processes. The Board has considered the impact of the principal risks to the Group's business model, performance, solvency and liquidity as set out above.

The projections for the first three years of the strategic plan are based on detailed action plans developed by the Group with specific initiatives and accountabilities. There is inherently less certainty in the projections for years four and five and the Directors have determined that three years is an appropriate period over which to assess the Viability Statement. The Group has a £180m asset-based finance facility in place through to October 2022. The Strategic Plan makes certain assumptions about the adequacy of facilities to meet the Group's capital investment and acquisition strategies.

In making this statement, the Directors have considered the resilience of the Group, its current position, the principal risks facing the business in distressed but reasonable scenarios, including various risks associated with the UK's departure from the European Union, and the effectiveness of any mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2022.

Consolidated Income Statement

for the year ended 31 March 2019

	Note	**Year ended March 2019**			Year ended March 2018 *Restated**		
		Before exceptional items	**Exceptional items**	**Total**	Before exceptional items	Exceptional items	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue*	*2*	**394.7**	-	**394.7**	373.0	-	373.0
Cost of sales*		**(180.3)**	-	**(180.3)**	(168.3)	-	(168.3)
Gross profit		**214.4**	-	**214.4**	204.7	-	204.7
Distribution costs		**(37.7)**	-	**(37.7)**	(35.5)	-	(35.5)
Administrative expenses		**(142.4)**	**(2.3)**	**(144.7)**	(138.4)	(6.4)	(144.8)
Impairment of financial assets		**(2.3)**	**0.1**	**(2.2)**	(1.8)	(0.8)	(2.6)
Analysis of operating profit							
Operating profit before amortisation and exceptional items		**32.7**	-	**32.7**	29.2	-	29.2
Amortisation		**(0.7)**	-	**(0.7)**	(0.2)	-	(0.2)
Exceptional items	*3*	-	**(2.2)**	**(2.2)**	-	(7.2)	(7.2)
Operating profit		**32.0**	**(2.2)**	**29.8**	29.0	(7.2)	21.8
Share of results of joint venture		**1.9**	-	**1.9**	0.8	-	0.8
Profit from operations		**33.9**	**(2.2)**	**31.7**	29.8	(7.2)	22.6
Financial expense		**(3.7)**	**(0.8)**	**(4.5)**	(4.1)	(0.5)	(4.6)
Profit before taxation		**30.2**	**(3.0)**	**27.2**	25.7	(7.7)	18.0
Taxation	*4*	**(5.3)**	**0.2**	**(5.1)**	(4.9)	1.0	(3.9)
Profit for the financial year		**24.9**	**(2.8)**	**22.1**	20.8	(6.7)	14.1
Earnings per share							
- Basic (pence)	*5*			**4.26**			2.71
- Diluted (pence)	*5*			**4.22**			2.70
Non-GAAP performance measures							
EBITDA before exceptional items	*7*	**78.7**			73.0		
Profit before tax, amortisation and exceptional items	*7*	**30.9**			25.9		
Adjusted earnings per share (pence)	*5*	**4.90**			4.04		

*Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Profit for the financial year	**22.1**	14.1
Other comprehensive income that may be reclassified subsequently to the Income Statement:		
- Effective portion of change in fair value of cash flow hedges	**(0.6)**	0.5
- Exchange difference on translation of foreign operations	**0.2**	(1.5)
- Tax on items	**0.1**	-
Other comprehensive income, net of tax	**(0.3)**	(1.0)
Total comprehensive income for the financial year	**21.8**	13.1

Consolidated Balance Sheet

at 31 March 2019

	Note	**31 March 2019 £m**	31 March 2018 Restated* £m
ASSETS			
Non-current assets			
Intangible assets*		**38.5**	10.5
Investment in joint venture		**5.8**	5.1
Property, plant and equipment			
Hire equipment*	*8*	**217.5**	203.7
Non-hire equipment	*8*	**32.8**	35.0
Deferred tax asset		**1.1**	1.4
		295.7	255.7
Current assets			
Inventories		**9.3**	7.9
Trade and other receivables		**106.1**	99.7
Cash	*9*	**11.5**	9.8
		126.9	117.4
Total assets		**422.6**	373.1
LIABILITIES			
Current liabilities			
Borrowings	*9*	**(1.3)**	(5.7)
Other financial liabilities		**(0.3)**	-
Trade and other payables*		**(84.9)**	(83.4)
Provisions		**(6.8)**	(1.6)
Current tax liability		**(4.6)**	(1.4)
		(97.9)	(92.1)
Non-current liabilities			
Borrowings	*9*	**(99.6)**	(73.5)
Provisions		**(7.0)**	(1.5)
Deferred tax liability		**(6.9)**	(8.2)
		(113.5)	(83.2)
Total liabilities		**(211.4)**	(175.3)
Net assets		**211.2**	197.8
EQUITY			
Share capital		**26.3**	26.2
Share premium		**0.4**	-
Merger reserve		**1.0**	1.0
Hedging reserve		**(0.7)**	(0.1)
Translation reserve		**(0.7)**	(0.9)
Retained earnings		**184.9**	171.6
Total equity		**211.2**	197.8

* Adjusted for fair value adjustments, see Note 10.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2017	26.2	191.4	1.0	(0.6)	0.6	(29.0)	189.6
Total comprehensive income	-	-	-	0.5	(1.5)	14.1	13.1
Dividends	-	-	-	-	-	(6.1)	(6.1)
Tax on items taken directly to equity	-	-	-	-	-	(0.1)	(0.1)
Equity-settled share-based payments	-	-	-	-	-	1.2	1.2
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	0.1
Capital reduction transfer*	-	(191.5)	-	-	-	191.5	-
At 31 March 2018	26.2	-	1.0	(0.1)	(0.9)	171.6	197.8
Total comprehensive income	-	-	-	(0.6)	0.2	22.2	21.8
Dividends	-	-	-	-	-	(9.1)	(9.1)
Tax on items taken directly to equity	-	-	-	-	-	0.4	0.4
Equity-settled share-based payments	-	-	-	-	-	0.9	0.9
Issue of shares under the Sharesave Scheme	0.1	0.4	-	-	-	-	0.5
Purchase of own shares to satisfy share schemes	-	-	-	-	-	(1.1)	(1.1)
At 31 March 2019	**26.3**	**0.4**	**1.0**	**(0.7)**	**(0.7)**	**184.9**	**211.2**

*On 23 August 2017, the High Court of Justice confirmed the cancellation of the amount within the share premium account of the Company. The court order approving the cancellation was registered by the Registrar of Companies on 30 August 2017 and the cancellation became effective on that date. This follows the approval of the cancellation by the Company's shareholders at its Annual General Meeting held on 12 July 2017.

Consolidated Cash Flow Statement

for the year ended 31 March 2019

	Note	**Year ended 31 March 2019 £m**	Year ended 31 March 2018 £m
Cash generated from operating activities			
Profit before tax		**27.2**	18.0
Financial expense		**3.7**	4.1
Exceptional financial expense		**0.8**	0.5
Amortisation		**0.7**	0.2
Depreciation		**46.0**	43.8
Share of profit of joint venture		**(1.9)**	(0.8)
Profit on disposal of hire equipment		**(1.2)**	(0.7)
Increase in inventories		**(0.9)**	(1.0)
Increase in trade and other receivables		**(0.7)**	(4.5)
(Decrease)/increase in trade and other payables		**(3.2)**	2.5
Movement in provisions		**(0.5)**	1.1
Equity-settled share-based payments		**0.9**	1.2
Cash generated from operations before changes in hire fleet		**70.9**	64.4
Purchase of hire equipment		**(54.3)**	(44.8)
Proceeds from sale of hire equipment		**17.8**	17.6
Cash generated from operations		**34.4**	37.2
Interest paid		**(3.3)**	(4.7)
Tax paid		**(4.7)**	(1.6)
Net cash flow from operating activities		**26.4**	30.9
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment		**(6.5)**	(5.0)
Proceeds from sale of non-hire property, plant and equipment		**-**	1.6
Acquisitions, net of cash acquired		**(30.9)**	(10.7)
Investment in joint venture		**1.2**	0.6
Net cash flow from investing activities		**(36.2)**	(13.5)
Net cash flow before financing activities		**(9.8)**	17.4
Cash flow from financing activities			
Finance lease payments		**(0.3)**	(8.5)
Drawdown of loans		**468.7**	401.9
Payment of loans		**(442.9)**	(401.9)
Proceeds from the issue of Sharesave Scheme shares		**0.5**	0.1
Purchase of own shares to satisfy share schemes		**(1.1)**	-
Dividends paid		**(9.1)**	(6.1)
Net cash flow from financing activities		**15.8**	(14.5)
Increase in cash and cash equivalents		**6.0**	2.9
Net cash at the start of the financial year		**4.4**	1.5
Net cash at the end of the financial year		**10.4**	4.4
Analysis of cash and cash equivalents			
Cash	*9*	**11.5**	9.8
Bank overdraft	*9*	**(1.1)**	(5.4)
		10.4	4.4

Reconciliation of Net Debt

for the year ended 31 March 2019

	Note	**2019**	2018
		£m	£m
Net increase in cash and cash equivalents		**6.0**	2.9
Increase in borrowings	*9*	**(25.8)**	(0.9)
Finance lease liabilities	*9*	**0.2**	0.3
Movement in capitalised loan costs	*9*	**(0.4)**	(0.3)
Change in net debt during the year		**(20.0)**	2.0
Net debt at 1 April		**(69.4)**	(71.4)
Net debt at 31 March		**(89.4)**	(69.4)

1 Accounting policies

Speedy Hire Plc is a company incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group and Parent Company Financial Statements were approved by the Board of Directors on 14 May 2019.

Basis of preparation

The Financial Statements are prepared on the historical cost basis except that derivative financial instruments and contingent consideration are held at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements.

The Group has a £180m asset based finance facility ('the facility') which matures in October 2022 and has no prior scheduled repayment requirements.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have presented a Viability Statement which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant tests set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

The financial information set out in this final results announcement does not constitute the Group's statutory accounts for the year ended 31 March 2019 or 31 March 2018 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2018 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2019 will be delivered in due course. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of full accounts will be available on the Group's corporate website in due course. Additional copies will be available on request from Speedy Hire Plc, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

Significant accounting policies

IFRS 9 'Financial Instruments' has been adopted in these consolidated Financial Statements. The revised standard replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidance for classification and measurement, impairment of financial instruments, and hedge accounting. The cumulative impact on adoption of this standard has not been material and therefore comparatives have not been adjusted.

IFRS 15 'Revenue from Contracts with Customers' has been adopted in these consolidated Financial Statements. The standard replaces IAS 18 Revenue. The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

A restatement has been made to reduce revenue and costs of sale relating to certain incidental fuel revenues impacted by IFRS 15 of £4.4m for the year ended 31 March 2018, with no net impact on gross profit, net profit after tax, earnings per share or diluted earnings per share. There has been no material impact on the balance sheet.

1 Accounting policies (continued)

Significant accounting policies *(continued)*

IFRS 16 'Leases' – In January 2016, the IASB issued IFRS 16 which applies to an entity's first annual statements beginning on or after 1 January 2019, and will therefore be applicable to the Group for the year ending 31 March 2020. The main principle of the standard is to eliminate the dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and to provide a single model for lessee accounting. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for leases. Accounting requirements for lessors are substantially unchanged from IAS 17.

The standard represents a significant change in the accounting and reporting of leases for lessees and it will impact the income statement and balance sheet as well as statutory and alternative performance measures used by the Group. The impact on the Financial Statements on transition to IFRS 16, where the Group is the lessee, will depend on the approach taken by the Group. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. Both approaches will impact the income statement, balance sheet and disclosure when adopted, including the opening balance sheet at 1 April 2018, although the amounts will differ dependent on the approach taken.

The Group intends to apply the fully retrospective transition approach, and will therefore restate comparative amounts as at 1 April 2018 and for the year ended 31 March 2019. The Group expects to recognise c.£81m additional lease liabilities and c.£67m of right-of-use assets upon transition at 1 April 2018 relating to operating leases existing at that date. A sub-lease finance receivable of c.£1m will also be recognised. Under IFRS 16, the Group will experience a different pattern of expense within the income statement, with the IAS 17 operating lease expense replaced by depreciation and interest expense. The interest expense is weighted towards the earlier years of the leases and as a result a reduction in reserves of c.£12m will be recognised upon transition, along with a corresponding c.£2m deferred tax asset. There is no impact on the Group's underlying cash flows.

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker' ('CODM'). UK and Ireland delivers asset management, with tailored services and a continued commitment to relationship management. International principally delivers projects and facilities management contracts by providing a managed site support service.

For the year ended 31 March 2019

	UK and Ireland £m	International £m	Corporate items £m	Total £m
Revenue	**358.6**	**36.1**	**-**	**394.7**
Segment result:				
EBITDA before exceptional items	**74.9**	**8.0**	**(4.2)**	**78.7**
Depreciation	**(42.6)**	**(2.2)**	**(1.2)**	**(46.0)**
Operating profit/(costs) before amortisation and exceptional items	**32.3**	**5.8**	**(5.4)**	**32.7**
Amortisation	**(0.7)**	**-**	**-**	**(0.7)**
Exceptional items	**(2.2)**	**-**	**-**	**(2.2)**
Operating profit/(costs)	**29.4**	**5.8**	**(5.4)**	**29.8**
Share of results of joint venture	**-**	**1.9**	**-**	**1.9**
Trading profit/(costs)	**29.4**	**7.7**	**(5.4)**	**31.7**
Financial expense				**(3.7)**
Exceptional financial expense				**(0.8)**
Profit before tax				**27.2**
Taxation				**(5.1)**
Profit for the financial year				**22.1**
Intangible assets	**38.5**	**-**	**-**	**38.5**
Investment in joint venture	**-**	**5.8**	**-**	**5.8**
Hire equipment	**210.4**	**7.1**	**-**	**217.5**
Non-hire equipment	**30.3**	**2.5**	**-**	**32.8**
Taxation assets	**-**	**-**	**1.1**	**1.1**
Current assets	**102.5**	**12.0**	**0.9**	**115.4**
Cash	**-**	**-**	**11.5**	**11.5**
Total assets	**381.7**	**27.4**	**13.5**	**422.6**
Liabilities	**(83.5)**	**(11.4)**	**(4.1)**	**(99.0)**
Borrowings	**-**	**-**	**(100.9)**	**(100.9)**
Taxation liabilities	**-**	**-**	**(11.5)**	**(11.5)**
Total liabilities	**(83.5)**	**(11.4)**	**(116.5)**	**(211.4)**

2 Segmental analysis (continued)

Corporate items comprise certain central activities and costs that are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function that are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

For the year ended 31 March 2018

	UK and Ireland	International	Corporate items	Total
	*Restated**	*Restated**		*Restated**
	£m	£m	£m	£m
Revenue*	344.4	28.6	-	373.0
Segment result:				
EBITDA before exceptional items	70.8	6.4	(4.2)	73.0
Depreciation	(40.6)	(2.4)	(0.8)	(43.8)
Operating profit/(costs) before amortisation and exceptional items	30.2	4.0	(5.0)	29.2
Amortisation	(0.2)	-	-	(0.2)
Exceptional (costs)/income	(8.2)	1.0	-	(7.2)
Operating profit/(costs)	21.8	5.0	(5.0)	21.8
Share of results of joint venture	-	0.8	-	0.8
Trading profit/(costs)	21.8	5.8	(5.0)	22.6
Financial expense				(4.1)
Exceptional financial expense				(0.5)
Profit before tax				18.0
Taxation				(3.9)
Profit for the financial year				14.1
Intangible assets**	10.5	-	-	10.5
Investment in joint venture	-	5.1	-	5.1
Hire equipment**	197.5	6.2	-	203.7
Non-hire equipment	32.4	2.6	-	35.0
Taxation assets	-	-	1.4	1.4
Current assets	97.0	9.7	0.9	107.6
Cash	-	-	9.8	9.8
Total assets	337.4	23.6	12.1	373.1
Liabilities**	(70.6)	(10.6)	(5.3)	(86.5)
Borrowings	-	-	(79.2)	(79.2)
Taxation liabilities	-	-	(9.6)	(9.6)
Total liabilities	(70.6)	(10.6)	(94.1)	(175.3)

* Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)

** Adjusted for fair value adjustments, see Note 10.

2 Segmental analysis (continued)

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Year ended 31 March 2019		Year ended 31 March 2018	
	Revenue £m	**Total assets £m**	Revenue *Restated** £m	Total assets *Restated*** £m
UK	**347.8**	**381.2**	335.3	337.4
Ireland	**10.8**	**14.0**	9.1	12.1
United Arab Emirates	**36.1**	**27.4**	28.6	23.6
	394.7	**422.6**	373.0	373.1

Revenue by type

Revenue is attributed to the following activities:

	Year ended 31 March 2019	Year ended 31 March 2018 *Restated**
	£m	£m
Hire and related activities	**236.4**	228.5
Services	**152.8**	138.7
Disposals	**5.5**	5.8
	394.7	373.0

* Restated as a result of the adoption of IFRS 15 – see Note 1 (Accounting policies)
** Adjusted for fair value adjustments, see Note 10

Major customers

No one customer represents more than 10% of revenue, reported profit or combined assets of the Group.

3 Exceptional items

For the year ended 31 March 2019

During the year, net exceptional items of £2.2m were charged to operating profit.

Further action has been taken in the year to manage the Group's property base, with a number of depots in the UK closed, repurposed for the training business or relocated. Property related costs of £1.2m were incurred as part of this programme. In addition, £0.2m of people costs have been incurred due to related redundancies.

During the year there has been a high level of acquisition activity undertaken, including a number of aborted transactions. The associated transaction costs which are not deemed consideration total £0.9m.

Offsetting the above exceptional costs is a credit of £0.1m due to the release of a provision relating to the liquidation of Carillion which is no longer deemed necessary.

An exceptional financial expense of £0.8m has been recognised in relation to changes in the fair value of contingent consideration between the date of the Geason Training acquisition and 31 March 2019.

3 Exceptional items (continued)

For the year ended 31 March 2018

During the year, net exceptional items of £7.2m were charged to operating profit. Exceptional financial expenses of £0.5m were incurred.

The number of operating divisions and distribution centres were reduced. Property related costs of £4.7m, including onerous lease costs, dilapidations and asset write offs, and redundancy costs of £1.3m were incurred as part of this programme.

The Group was a supplier to Carillion Plc, which entered compulsory liquidation on 15 January 2018. A charge of £2.1m was recognised in relation to trade receivables of £1.8m and asset related provisions of £0.3m.

Offsetting the above exceptional costs was a £1.0m credit due to the revision of the International receivables provision, following the receipt of all outstanding cash.

Integration costs of £0.1m were incurred in relation to acquisitions made in the year. As a result of settlement of debt acquired, an exceptional finance cost of £0.5m was incurred.

4 Taxation

The adjusted tax rate of 17.2% (2018: 18.9%) is lower than the standard rate of UK corporation tax of 19% (2018: 19%).

The tax charge in the Income Statement for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%) and is explained as follows:

	2019 £m	2018 £m
Profit before tax	**27.2**	18.0
Accounting profit multiplied by the standard rate of corporation tax at 19% (2018: 19%)	**5.2**	3.4
Expenses not deductible for tax purposes	**1.2**	1.0
Share-based payments	**0.4**	0.2
Overseas profits not subject to tax	**(0.8)**	(0.4)
Share of joint venture income already taxed	**(0.4)**	(0.2)
Difference between current and deferred tax rates	**-**	(0.1)
Adjustment to tax in respect of prior years	**(0.5)**	-
Tax charge for the year reported in the Income Statement	**5.1**	3.9
Tax (credited)/charged in equity		
Current tax (credit)/charge	**(0.4)**	0.1
Deferred tax credit	**(0.1)**	-
Tax (credited)/charged to equity	**(0.5)**	0.1

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset and liability at 31 March 2019 have been calculated based on these rates.

5 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £22.1m (2018: £14.1m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2019	2018
Profit (£m)		
Profit for the year after tax – basic earnings	**22.1**	14.1
Intangible amortisation charge (after tax)	**0.5**	0.2
Exceptional items (after tax)	**2.8**	6.7
Adjusted earnings (after tax)	**25.4**	21.0
Weighted average number of shares in issue (m)		
Number of shares at the beginning of the year	**519.6**	519.4
Exercise of share options	**0.3**	0.1
Movement in shares owned by the Employee Benefit Trust	**(1.4)**	-
Weighted average for the year – basic number of shares	**518.5**	519.5
Share options	**4.4**	2.2
Employee share scheme	**1.2**	1.2
Weighted average for the year – diluted number of shares	**524.1**	522.9
Earnings per share (pence)		
Basic earnings per share	**4.26**	2.71
Amortisation	**0.10**	0.04
Exceptional costs	**0.54**	1.29
Adjusted earnings per share	**4.90**	4.04
Basic earnings per share	**4.26**	2.71
Diluted earnings per share	**4.22**	2.70
Adjusted earnings per share	**4.90**	4.04
Share options	**(0.05)**	(0.02)
Adjusted diluted earnings per share	**4.85**	4.02

Total number of shares outstanding at 31 March 2019 amounted to 525,281,026 (2018: 523,703,797), including 5,802,223 (2018: 4,118,744) shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

6 Dividends

The aggregate amount of dividend comprises:

	2019 £m	2018 £m
2017 final dividend (0.67 pence on 523.6m shares)	**-**	3.5
2018 interim dividend (0.50 pence on 523.7m shares)	**-**	2.6
2018 final dividend (1.15 pence on 523.7m shares)	**6.0**	-
2019 interim dividend (0.60 pence on 523.7m shares)	**3.1**	-
	9.1	6.1

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 1.40 pence (2018: 1.15 pence) per share, bringing the total amount payable in respect of the 2019 year to 2.00 pence (2018: 1.65 pence), to be paid on 9 August 2019 to shareholders on the register on 5 July 2019.

The Employee Benefit Trust established to hold shares for the Performance Share Plan and other employee benefits has waived its right to the interim and final proposed dividends. At 31 March 2019, the Trust held 5,802,223 ordinary shares (2018: 4,118,744).

7 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the Financial Statements in assessing the Group's performance by adjusting for the effect of exceptional items and significant non-cash depreciation and amortisation. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	2019 £m	2018 £m
Operating profit	**29.8**	21.8
Add back: amortisation	**0.7**	0.2
Add back: exceptional items	**2.2**	7.2
Operating profit before amortisation and exceptional items ('EBITA')	**32.7**	29.2
Add back: depreciation	**46.0**	43.8
EBITDA before exceptional items	**78.7**	73.0
Profit before tax	**27.2**	18.0
Add back: amortisation	**0.7**	0.2
Add back: exceptional items	**3.0**	7.7
Adjusted profit before tax	**30.9**	25.9

8 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2017	55.7	350.7	84.0	490.4
Foreign exchange	(0.4)	0.2	-	(0.2)
Acquisition through business combinations*	0.1	15.0	1.1	16.2
Additions	0.4	45.4	4.6	50.4
Disposals	(5.3)	(31.2)	(17.0)	(53.5)
Transfers to inventory	-	(16.1)	-	(16.1)
At 31 March 2018*	50.5	364.0	72.7	487.2
Foreign exchange	0.1	(0.2)	-	(0.1)
Acquisition through business combinations	0.3	11.3	0.9	12.5
Additions	1.4	55.1	5.3	61.8
Disposals	(0.1)	(25.5)	-	(25.6)
Transfers to inventory	-	(18.3)	-	(18.3)
At 31 March 2019	52.2	386.4	78.9	517.5
Depreciation				
At 1 April 2017	30.6	155.9	69.3	255.8
Foreign exchange	(0.1)	0.1	-	-
Charged in year	3.2	34.7	5.9	43.8
Disposals	(3.8)	(19.5)	(16.9)	(40.2)
Transfers to inventory	-	(10.9)	-	(10.9)
At 31 March 2018	29.9	160.3	58.3	248.5
Foreign exchange	0.1	-	-	0.1
Charged in year	3.2	35.9	6.9	46.0
Disposals	(0.1)	(14.5)	-	(14.6)
Transfers to inventory	-	(12.8)	-	(12.8)
At 31 March 2019	33.1	168.9	65.2	267.2
Net book value				
At 31 March 2019	**19.1**	**217.5**	**13.7**	**250.3**
At 31 March 2018*	20.6	203.7	14.4	238.7
At 31 March 2017	25.1	194.8	14.7	234.6

* Adjusted for fair value adjustments, see Note 10.

The net book value of land and buildings comprises freehold properties of £nil (2018: £nil) and short leasehold properties of £19.1m (2018: £20.6m).

At 31 March 2019, the net carrying amount of leased property, plant and equipment is £0.6m (2018: £0.8m).

9 Borrowings

	2019 £m	2018 £m
Current borrowings		
Bank overdraft	**1.1**	5.4
Finance lease liabilities	**0.2**	0.3
	1.3	5.7
Non-current borrowings		
Maturing between two and five years		
- ABL facility	**99.5**	73.3
- Finance lease liabilities	**0.1**	0.2
Total non-current borrowings	**99.6**	73.5
Total borrowings	**100.9**	79.2
Less: cash	**(11.5)**	(9.8)
Net debt	**89.4**	69.4

The Group has a £180m asset based finance facility which is sub divided into:

(a) A secured overdraft facility, provided by Barclays Bank Plc, which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.

(b) An asset based finance facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The undrawn availability of this facility as at 31 March 2019 was £68.4m (2018: £73.5m), based on the Group's eligible hire equipment and trade receivables.

The facility amounts to £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in October 2022, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m remains in place through to October 2022.

Interest on the facility is calculated by reference to the LIBOR applicable to the period drawn, plus a margin of 150 to 250 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 1.80% (2018: 1.92%).

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

Analysis of consolidated net debt

	31 March 2018 £m	Non-cash movement £m	Cash flow £m	31 March 2019 £m
Cash at bank and in hand	9.8	-	1.7	**11.5**
Finance lease liabilities	(0.5)	(0.1)	0.3	**(0.3)**
Bank overdraft	(5.4)	-	4.3	**(1.1)**
Borrowings	(73.3)	(0.4)	(25.8)	**(99.5)**
	(69.4)	(0.5)	(19.5)	**(89.4)**

10 Acquisition of subsidiaries

In December 2018, the Group acquired 100% of the share capital of Geason Holdings Limited ("Geason Training").

Geason Training is a leading provider of construction and professional services training across the UK, operating from a head office in Scotland. The Group expects to realise both revenue and cost synergies from the acquisition, which will allow the Group to better support its customers in training and developing their staff and accelerate the growth of the Group's services businesses.

The acquisition has been accounted for using the acquisition method of accounting. A provisional assessment has been made of the fair value to the Group of the assets and liabilities acquired.

For the period to the end of 31 March 2019, the acquisition contributed revenue of £3.2m and operating profit of £0.4m to the Group results. If the acquisition had been part of the Group for the full year, it would have contributed c.£8.0m of revenue and c.£1.7m of operating profit.

The fair values of the assets and liabilities acquired are as follows:

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Intangible assets	-	6.7	6.7
Tangible fixed assets	0.1	-	0.1
Receivables	2.2	-	2.2
Cash	0.2	-	0.2
Current payables	(0.9)	-	(0.9)
Deferred tax	-	(1.2)	(1.2)
	1.6	5.5	7.1
Goodwill capitalised			12.0
Cash consideration			9.0
Contingent consideration			10.1
Total consideration			19.1

Cash consideration paid on completion amounted to £9.0m with net cash assumed of £0.2m. Additional consideration of up to £26.0m may be payable in cash based on a multiple of 3.25x EBITA, dependent on the combined performance of Geason Training and the Group's training business in the three years post acquisition. The Group has included £16.2m of contingent consideration, discounted at 25% resulting in a fair value of £10.1m. Net assets of £7.1m were acquired. Costs associated with the acquisition of £0.5m are included within exceptional administrative expenses for the year.

The customer relationship intangible asset of £5.4m has been valued using the 'excess earnings' method and is based on income forecast to be generated by the business acquired. Capital asset charges have been applied using a risk adjusted weighted average cost of capital in respect of fixed assets, working capital and the workforce. Other assumptions used in the valuation include an assumed growth in income from customers of 2.0% per annum, and a discount rate applied to the resulting income stream of 19.2%. The customer list intangible is being amortised over ten years, which is considered to be the period over which the majority of the benefits are expected to arise.

The brand intangible asset of £1.3m has been valued using the 'relief-from-royalty' method, using a royalty rate of 2.0% of income, discounted at a rate of 19.2%. The intangible is being amortised over a period of ten years, which is estimated to be the useful life within the business.

10 Acquisition of subsidiaries (continued)

In March 2019, the Group acquired 100% of the share capital of Lifterz Holdings Limited ("Lifterz").

Lifterz specialises in providing powered access equipment, operating from a head office in Ossett. The Group expects to benefit from revenue synergies through the provision of a national offering to major customers from its owned fleet of equipment. Cost synergies will be realised from the operation of a national powered access business.

The acquisition has been accounted for using the acquisition method of accounting. A provisional assessment has been made of the fair value to the Group of the assets and liabilities acquired.

As the acquisition was completed close to the year end, the impact on the Group's results for the year ended 31 March 2019 was not material. If the acquisition had been part of the Group for the full year, it would have contributed c.£15.0m of revenue and c.£1.5m of operating profit.

The fair values of the assets and liabilities acquired are as follows:

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Intangible assets	-	0.3	0.3
Tangible fixed assets	12.3	-	12.3
Inventory	0.5	-	0.5
Receivables	3.5	-	3.5
Current payables	(3.0)	(0.3)	(3.3)
Non-current payables	(0.4)	(0.6)	(1.0)
	12.9	(0.6)	12.3
Goodwill capitalised			9.3
Total consideration			21.6

Cash consideration paid on completion amounted to £21.6m with £12.3m of net assets acquired. Costs associated with the acquisition of £0.3m are included within exceptional administrative expenses for the year.

Fair value adjustments have also been recognised for provisions not previously recognised.

10 Acquisition of subsidiaries (continued)

Prior year acquisition

The Group acquired 100% of the share capital of both Prolift Access Limited and Platform Sales & Hire Limited in the prior year. The fair values disclosed as provisional in the 2018 Financial Statements in respect of these acquisitions have been finalised during the year at the end of the measurement period. As a result, the opening balance sheet has been restated to account for a £0.8m reduction to the fair value of tangible fixed assets previously recognised, and a £0.3m decrease in the fair value of payables previously recognised. This has resulted in £0.5m additional goodwill being recognised.

11 Post-balance sheet events

Dividends

The Directors have proposed a dividend of 1.40 pence per share as a final dividend in respect of the year ended 31 March 2019. No charge in respect of the proposed dividend has been made in the Income Statement for the year, and there were no tax consequences. The total amount payable if the dividend is approved at the Annual General Meeting is as follows:

	2019	2018
	£m	£m
1.40 pence (2018: 1.15 pence) on 525.3m (2018: 523.7m) ordinary shares	**7.4**	6.0