Press Release **30 November 2021**

Vp plc
('Vp' or the 'Group')

Interim Results

'Strong trading performance across all businesses with significant growth in revenues with market leading profit margins'

Vp plc, the equipment rental specialist, today announces its Interim Results for the six months ended 30 September 2021 ('H1 2022' or the 'period').

Financial Highlights

	H1 2022	**H1 2021**
Revenues (£m)	**176.1**	142.1
Profit before tax, amortisation and exceptional items (£m)	**20.2**	8.6
Return on average capital employed	**13.5%**	10.3%
Basic EPS pre-amortisation and exceptional items (pence)	**37.7**	17.4
Proposed interim dividend (pence per share)	**10.5**	Nil
EBITDA (£m)	**44.5**	34.1
Net debt (£m)	**131.7**	118.7
Capital investment in rental fleet (£m)	**31.7**	14.6
Statutory profit before taxation (£m)	**18.6**	(6.0)
Profit before tax, amortisation and exceptional items inclusive of IFRS 16 impact (£m)	**20.2**	8.5

Operational Highlights

- Market leading profit margins
- Strong recovery in trading created opportunities for profitable reinvestment into the fleet
- UK Division delivered excellent performance driven by infrastructure and buoyant house building
- Overall demand in commercial construction and civil engineering has been solid
- International Division stable
- Substantial progress in ESG initiatives with new road map to net zero
    - Focus of capital investment heavily focused towards eco-friendly solutions
    - Signed up to the Science Based Targets Initiative to reach net-zero global emissions by 2050

Outlook / Current H2 2022 Trading

- First strategic acquisition since COVID of M&S Hire
    - Excellent addition to the successful MEP Hire business which complements existing operations well
- UK and International divisions' prospects look positive with renewed confidence
    - Volumes in AMP7 and CP6 expected to pick up in H2 and will provide significant upside potential for 2022
- Efficiently managing inflationary pressures and supply chain constraints
- Solid trading expected to continue given the positive momentum being seen across Infrastructure, Construction and Housebuilding
- Current trading is positive and in line with Board expectations for the full year

Commenting on the Interim Results, Jeremy Pilkington, Chairman of Vp plc, said: "I am pleased to report an excellent set of results for the period, reflecting a strong and continuing recovery in all of our businesses and delivery of market leading profit margins. Once again Vp has demonstrated the resilience of our distinctive business model and the inherent strength of our businesses.

"Very encouragingly, some of our businesses are already trading in line or ahead of expectations. Where this is not the case, it is generally down to factors such as the longer-term cyclical nature of some of our infrastructure markets and localised supply chain constraints which are impacting elements of the construction sector. We expect these markets will recover and this remains an opportunity for further growth.

"In the light of these strong results and our confidence in the future prospects of the Group, the Board is declaring an interim dividend of 10.5 pence per share, reinstating our progressive dividend policy. The combination of our financial strength, unique market positions and exceptional team of people will continue to deliver strong results for all stakeholders and we look to the future with much optimism."

- Ends -

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

For further information:

Vp plc Tel: +44 (0) 1423 533 400
Jeremy Pilkington, Chairman www.vpplc.com
Neil Stothard, Chief Executive
Allison Bainbridge, Group Finance Director

Media enquiries:
Buchanan
Henry Harrison-Topham / Jamie Hooper / George Beale Tel: +44 (0) 20 7466 5000
Vp@buchanan.uk.com www.buchanan.uk.com

CHAIRMAN'S STATEMENT

I am pleased to report a very good set of results for the period, reflecting a strong and continuing recovery in all of our businesses and delivery of market leading profit margins.

We have, as expected, recovered strongly against the COVID impacted comparable period last year, however we must look towards the previous trading year of 2019/2020 as a more appropriate reference period. Very encouragingly, against this measure, some of our businesses are already trading in line or ahead of these pre-Covid comparators. Where this is not the case, it is generally a result of the longer-term cyclical nature of certain of our infrastructure markets and localised supply chain constraints which are impacting elements of the construction sector. We expect these markets will recover through the second half of the year and beyond and remain an opportunity for further growth.

In the six months to 30 September 2021, profits before tax, amortisation and exceptional items rose to £20.2 million (H1 2021: £8.6 million) on revenues strongly ahead at £176.1 million (H1 2021: £142.1 million). Statutory profit before taxation was £18.6 million (H1 2021: £6.0 million loss). Earnings per share pre-amortisation and exceptional items rose to 37.7 pence per share (H1 2021: 17.4 pence per share) and EBITDA increased to £44.5 million (H1 2021: £34.1 million). Return on average capital employed was a robust 13.5% (H1 2021: 10.3%), well ahead of Vp's cost of capital and again demonstrating the high quality of Group earnings.

Capital investment in equipment was £31.7 million (H1 2021: £14.6 million) as the strong recovery in trading created significant opportunities for profitable re-investment into the Group's hire fleet. The focus has been heavily focused towards eco-friendly, lower emissions solutions including investment in the largest solar powered lighting fleet in the UK Rail sector and significant substitution of equipment with battery / cordless models. The increased level of demand across our businesses has also allowed us to improve pricing on certain product lines and has encouraged us to place substantial advance orders for H2 2022 to ensure that we have appropriate capacity to meet future customer needs. Borrowings at the period end increased to £131.7 million (H1 2021: £118.7 million) reflecting this increased fleet investment. Against total facilities of £190.5 million, this gives us generous further investment headroom.

In my last Chairman's Statement, I commented that over a number of years the level of dividend distributions had drifted outside of our policy guidance. The substantial increase in this year's interim dividend reflects a rebasing of policy towards 2x cover and the reinstatement of a more balanced interim/final split in line with our long term progressive dividend policy.

In the light of these results and our confidence in the future prospects of the Group, the Board is therefore declaring an interim dividend of 10.5 pence per share (H1 2021: Nil pence per share) payable on 11 January 2022 to shareholders registered as at 10 December 2021. This represents a substantial increase on the interim dividend for the year ended 31 March 2020 of 8.5 pence per share.

UK Division

The UK Division delivered a good first half as trading conditions recovered with operating profits before amortisation and exceptional items more than doubling to £21.8 million (H1 2021: £9.9 million) on revenues ahead 25% to £160.8 million (H1 2021: £128.9 million). Statutory operating profit was £23.3 million (H1 2021: £11.5 million).

Major infrastructure projects, such as HS2, remain key markets for us and have been supported by very buoyant housebuilding activity. The AMP7 (Water) and CP6 (Rail) infrastructure programmes have seen some delays in their implementation but we anticipate that volumes will improve in the second half and beyond.

Commercial construction and civil engineering activity has been a little softer, primarily in the South East market, impacted to some extent by supply chain issues and lingering Covid restrictions but overall demand and activity has been solid.

We are pleased to have announced on the 17 November 2021, the acquisition of the entire issued share capital of M&S Hire Limited ('M&S') for a cash consideration of £2.8 million. M&S is a specialist rental business engaged in the supply of access systems and working at height solutions to the commercial fit out sector in the Greater London market. M&S will be integrated into Vp's MEP Hire business and we are delighted to welcome the team in what I am sure will be an excellent addition to our very successful MEP Hire division.

International Division

Operating profits before amortisation and exceptional items reduced marginally to £0.7 million (H1 2021: £0.9 million) on revenues of £15.3 million (H1 2021: £13.2 million). Statutory operating profit was £0.7 million (H1 2021: £0.9 million).

Our Australian based business TR Group, has seen recovery in most of its markets despite the recurring and aggressive lockdown policies adopted in the region, which are now gradually being relaxed.

In the period, our Airpac Bukom business has rebranded as Airpac Rentals – Energy Industry Solutions to better reflect its re-orientation towards the broader energy sector as a whole and away from its historic focus on oil and gas. There have been some early encouraging signs of improvements in workloads and future prospects and we have accordingly committed capital investment into these opportunities.

ESG

The most important assets in our business are our people. We understand the need to create a rewarding and enjoyable environment within which everyone can thrive and make the fullest contribution. We continue to invest strongly in the learning and development needs of our employees and our commitment to apprentice training has been expanded to include not only engineering but also sales and LGV driver recruits. Our successful graduate recruitment programme has also seen a fresh intake this year.

We have made substantial progress in developing our corporate responsibility framework which includes the development of strong ESG policies, and in particular our commitment to sustainability as a business. We have committed to reducing all of our emissions in line with the most ambitious target set by the Paris Climate Agreement to limit global warming to 1.5°C.

We have signed up to the Science Based Targets Initiative to reach net-zero global emissions by 2050 and will, over the next 24 months, set targets for the Group in line with these commitments. This will form a key element of our short term roadmap to net zero (2021 - 2025) for the Group.

We have increased our engagement with customers to help their own sustainability ambitions and have worked closely with our supply chain to help introduce more environmentally friendly products as greener alternatives to historic solutions. This process has significant momentum and has been received well by our clients.

Rental is an inherently more environmentally friendly business model than ownership as the sunk carbon footprint of an asset can be optimised across many users and through time. We are very pleased to be engaged in a business activity with such significant green credentials.

Outlook

I am very pleased to be able to report that we have successfully emerged from a period of great uncertainty. Although the circumstances have been unusual, the business challenges that we have had to confront are very familiar. Our recovery has once again demonstrated the resilience of our distinctive business model and the inherent strength of our market leading businesses.

We have seen strong demand from repair and maintenance, housebuilding and major projects such as HS2 and Hinkley Point but certain of our core markets are still not operating at full capacity. Engineering groundworks and more specifically the AMP7 (Water) and CP6 (Rail) long term infrastructure programmes are still some way off peak activity. As these sectors ramp up into 2022 and beyond, they will deliver further significant upside for the Group.

Our commitment to investing in the recovery is demonstrated by a strong capital investment in the period under review together with a resumption of our M&A activity with the acquisition post period end of M&S Hire.

Trading for the Group continues in line with the Board's expectations for the full year and we remain confident of a positive full year outcome.

Looking further ahead, we believe that the combination of our track record, financial strength, exceptional team of people and unique market positions will continue to deliver very satisfactory results for all stakeholders.

Jeremy Pilkington
Chairman
30 November 2021

Condensed Consolidated Income Statement
For the period ended 30 September 2021

	Note	**Six months to 30 Sept 2021 £000**	Six months to 30 Sept 2020 £000	Full year to 31 Mar 2021 £000
Revenue	**3**	**176,103**	142,089	307,997
Cost of sales		**(133,354)**	(117,423)	(259,887)
Gross profit		**42,749**	24,666	48,110
Administrative expenses		**(20,409)**	(26,683)	(42,427)
Operating profit before amortisation and exceptional items	**5**	**23,988**	12,417	30,928
Amortisation and impairment		**(1,648)**	(1,650)	(10,373)
Exceptional items	**4**	**-**	(12,784)	(14,872)
Operating profit/(loss)	**3**	**22,340**	(2,017)	5,683
Net financial expense	**5**	**(3,786)**	(4,140)	(7,752)
Profit before taxation, amortisation and exceptional items	**5**	**20,202**	8,477	23,176
Amortisation and impairment		**(1,648)**	(1,650)	(10,373)
Exceptional items	**4**	**-**	(12,984)	(15,072)
Profit/(loss) before taxation	**5**	**18,554**	(6,157)	(2,269)
Taxation	**6**	**(4,992)**	(1,115)	(2,332)
Profit/(loss) attributable to owners of the parent		**13,562**	(7,272)	(4,601)
		Pence	Pence	Pence
Basic earnings per share	**8**	**34.26**	(18.31)	(11.62)
Diluted earnings per share	**8**	**33.90**	(18.31)	(11.62)
Dividend per share	**9**	**10.50**	-	25.00

IFRS 16 was adopted on 1 April 2019 for statutory reporting. As a result, the primary statements are shown on IFRS 16 basis. Note 5(a) provides the impact on the consolidated income statement for the periods ended 30 September 2021, including the £1.5 million positive impact on operating profit before amortisation and exceptional items (£22.5 million pre-IFRS 16) and £1.5 million adverse impact on net financial expense (£2.3 million pre-IFRS 16).

Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 September 2021

	Six months to 30 Sept 2021 £000	Six months to 30 Sept 2020 £000	Full year to 31 Mar 2021 £000
Profit/(loss) for the period	**13,562**	(7,272)	(4,601)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension scheme	-	-	(795)
Tax on items taken to other comprehensive income	**-**	-	56
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation difference	**(58)**	2,509	439
Effective portion of changes in fair value of cash flow hedges	**221**	212	584
Other comprehensive income	**163**	2,721	284
Total comprehensive income/(expense) for the period	**13,725**	(4,551)	(4,317)

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 September 2021

	Note	**Six months to 30 Sept 2021 £000**	Six months to 30 Sept 2020 £000	Full year to 31 Mar 2021 £000
Total comprehensive income/(expense) for the period		**13,725**	(4,551)	(4,317)
Tax movements to equity		**535**	62	165
Share option charge in the period		**899**	543	1,098
Net movement relating to shares held by Vp Employee Trust		**(721)**	(1,516)	(5,076)
Dividends to shareholders	**9**	**(9,897)**	-	(8,674)
Change in equity during the period		**4,541**	(5,462)	(16,804)
Equity at the start of the period		**153,117**	169,921	169,921
Equity at the end of the period		**157,658**	164,459	153,117

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

Condensed Consolidated Balance Sheet
At 30 September 2021

	Note	30 Sept 2021 £000	31 Mar 2021 £000	30 Sept 2020 £000
Non-current assets				
Property, plant and equipment	7	**240,783**	233,912	237,472
Goodwill		**43,740**	43,815	50,906
Intangible assets		**18,848**	20,551	22,209
Right of use assets		**51,823**	53,311	60,071
Employee benefits		**2,127**	2,175	2,986
Total non-current assets		**357,321**	353,764	373,644
Current assets				
Inventories		**6,794**	7,342	7,780
Trade and other receivables		**79,041**	66,546	66,331
Cash and cash equivalents	10	**10,471**	15,917	35,728
Income tax receivable		**-**	817	752
Total current assets		**96,306**	90,622	110,591
Total assets		**453,627**	444,386	484,235
Current liabilities				
Interest bearing loans and borrowings	10	**(85)**	(73,009)	(17,664)
Lease liabilities		**(14,521)**	(14,909)	(16,490)
Trade and other payables		**(87,517)**	(86,163)	(91,033)
Income tax payable		**(100)**		
Total current liabilities		**(102,223)**	(174,081)	(125,187)
Non-current liabilities				
Interest bearing loans and borrowings	10	**(142,107)**	(64,814)	(136,766)
Lease liabilities		**(40,609)**	(41,980)	(46,995)
Deferred tax liabilities		**(11,030)**	(10,394)	(10,828)
Total non-current liabilities		**(193,746)**	(117,188)	(194,589)
Total liabilities		**(295,969)**	(291,269)	(319,776)
Net assets		**157,658**	153,117	164,459
Equity				
Issued share capital		**2,008**	2,008	2,008
Capital redemption reserve		**301**	301	301
Share premium		**16,192**	16,192	16,192
Foreign currency translation reserve		**(1,444)**	(1,386)	684
Hedging reserve		**-**	(221)	(593)
Retained earnings		**140,574**	136,196	145,840
Total equity attributable to equity holders of parent		**157,631**	153,090	164,432
Non-controlling interest		**27**	27	27
Total equity		**157,658**	153,117	164,459

Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2021

	Note	Six months to 30 Sept 2021 £000	Six months to 30 Sept 2020 £000	Full year to 31 Mar 2021 £000
Cash flows from operating activities				
Profit/(loss) before taxation		**18,554**	(6,157)	(2,269)
Adjustment for:				
Share based payment charges		**899**	543	1,098
Depreciation	**7**	**22,036**	23,279	44,980
Depreciation of right of use assets		**8,497**	11,748	20,752
Amortisation and impairment of intangibles		**1,648**	1,650	10,373
Net financial expense		**3,786**	4,140	7,752
Profit on sale of property, plant and equipment		**(3,368)**	(3,573)	(4,263)
(Payment)/release of arrangement fees		**(591)**	-	215
Operating cash flow before changes in working capital and provisions		**51,461**	31,630	78,638
Decrease in inventories		**548**	1,293	1,731
(Increase)/decrease in trade and other receivables		**(12,495)**	17,972	17,717
Increase in trade and other payables		**2,778**	18,484	14,450
Cash generated from operations		**42,292**	69,379	112,536
Interest paid		**(2,317)**	(2,301)	(4,723)
Interest element of finance lease payments		**(5)**	(19)	(38)
Interest received		**1**	10	7
Income tax paid		**(2,895)**	(1,152)	(2,867)
Net cash flows from operating activities		**37,076**	65,917	104,915
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**8,241**	8,492	17,536
Purchase of property, plant and equipment		**(34,918)**	(18,652)	(46,582)
Net cash flows used in investing activities		**(26,677)**	(10,160)	(29,046)
Cash flows from financing activities				
Purchase of own shares by Employee Trust		**(721)**	(1,516)	(5,076)
Repayment of loans		**(42,044)**	(37,000)	(53,000)
New loans		**47,044**	-	17,000
Payment of lease liabilities		**(10,296)**	(13,524)	(24,107)
Dividends paid	**9**	**(9,897)**	-	(8,674)
Net cash flows used in financing activities		**(15,914)**	(52,040)	(73,857)
Net (decrease)/increase in cash and cash equivalents		**(5,515)**	3,717	2,012
Effect of exchange rate fluctuations on cash held		**69**	259	(242)
Cash and cash equivalents at beginning of period		**15,917**	14,147	14,147
Cash and cash equivalents at end of period	**10**	**10,471**	18,123	15,917

Notes to the Condensed Financial Statements

1. Basis of Preparation

Vp plc (the "Company") is incorporated and domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2021 consolidate the financial information of the Company and its subsidiaries (together referred to as the "Group").

The condensed interim financial statements have been prepared using accounting policies set out in the Annual Report and Accounts 2021. They are unaudited and have not been reviewed by the Company's auditor. They are in accordance with IAS 34 Interim Financial Reporting. The results for the year ended 31 March 2021 and the Consolidated Balance Sheet as at that date are abridged from the Group's Annual Report and Accounts 2021 which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The interim announcement was approved by the Board of Directors on 30 November 2021.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

The Group continues to be in a healthy financial position with total banking facilities at the period end of £190.5 million, including an overdraft facility. Since the year end net debt has increased by £9.8 million to £131.7 million, which is £13.0 million higher than 30 September 2020. The Board has evaluated the banking facilities and the associated covenants on the basis of current forecasts, taking into account the current economic climate. These forecasts have been subjected to sensitivity analysis, involving the flexing of key assumptions reflecting severe but plausible scenarios, including a downturn in economic activity. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due. Having reassessed the principal risks the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

2. Risks and Uncertainties

The principal risks and uncertainties facing the Group and the ways in which they are mitigated are described on page 28 and 29 of the 31 March 2021 Annual Report and Accounts. The principal risks and uncertainties are market, competition, investment / product management, people, safety, financial, contractual and legal and regulatory requirements, which remain the same for this interim financial report.

3. Summarised Segmental Analysis

	Revenue			Operating Profit Before Amortisation and Exceptional Items		
	Sept 2021 £000	Sept 2020 £000	Mar 2021 £000	**Sept 2021 £000**	Sept 2020 £000	Mar 2021 £000
UK	**160,761**	128,880	281,309	**23,256**	11,483	30,266
International	**15,342**	13,209	26,688	**732**	934	662
	176,103	142,089	307,997	**23,988**	12,417	30,928
Amortisation and impairment				**(1,648)**	(1,650)	(10,373)
Exceptional items				**-**	(12,784)	(14,872)
Operating Profit/(Loss)				**22,340**	(2,017)	5,683

	Assets			Liabilities		
	Sept 2021 £000	Mar 2021 £000	Sept 2020 £000	**Sept 2021 £000**	Mar 2021 £000	Sept 2020 £000
UK	**414,744**	407,184	444,407	**285,425**	280,411	310,005
International	**38,883**	37,202	39,828	**10,544**	10,858	9,771
	453,627	444,386	484,235	**295,969**	291,269	319,776

	Net Assets		
	Sept 2021 £000	Mar 2021 £000	Sept 2020 £000
UK	**129,319**	126,773	134,402
International	**28,339**	26,344	30,057
	157,658	153,117	164,459

Below summarises the disaggregation of revenue from contracts with customers from the total revenue disclosed in the Condensed Consolidated Income Statement:

	Sept 2021	Sept 2020	Mar 2021
	£000	£000	£000
Equipment hire	**134,607**	103,650	231,558
Services	**29,712**	28,658	51,723
Sales of goods	**11,784**	9,781	24,716
Total revenue	**176,103**	142,089	307,997

4. Exceptional Items

During the period the Group incurred no exceptional costs.

The prior period costs are analysed as follows:

	Sept 2021	Sept 2020	Mar 2021
	£000	£000	£000
Regulatory review costs	**-**	11,137	7,519
Restructuring costs	**-**	1,647	7,353
Exceptional Items in Operating Profit	**-**	12,784	14,872
Financing expense	**-**	200	200
Exceptional Items in Net Financial Expense	**-**	200	200
Total Exceptional Items	**-**	12,984	15,072

During the year to 31 March 2021, the Group incurred £15.1 million of exceptional costs in relation to regulatory review costs, restructuring costs and Covid-19 covenant amendments. Of this, £13.0 million was incurred during the six months to 30 September 2020.

The regulatory review costs related to an investigation by the Competition and Markets Authority which was concluded in February 2021.

5. Income Statement Reporting

(a) Impact on reporting of IFRS 16

IFRS 16 *Leases* was adopted from 1 April 2019. For comparative purposes with previous years, key reporting measures are also calculated using the previous accounting methodology of IAS 17.

Basic earnings per share before the amortisation of intangibles and exceptional items decreased by 0.03 pence for the period to 30 September 2021 as a result of IFRS 16, compared to the previous accounting methodology of IAS 17. The financial impact of the transition on the Group's Consolidated Income Statement and EBITDA is set out below:

	Sept 2021 Excluding IFRS 16	Sept 2021 IFRS 16 Impact	**Sept 2021 Reported**
	£000	£000	**£000**
Operating profit before amortisation	22,510	1,478	**23,988**
Operating profit	20,862	1,478	**22,340**
EBITDA	44,546	9,975	**54,521**
Net financial expense	(2,298)	(1,488)	**(3,786)**
Profit before taxation and amortisation	20,212	(10)	**20,202**
Profit before taxation	18,564	(10)	**18,554**

Operating profit before amortisation, segment assets and segment liabilities all increased as a result of the change in accounting policy. The IFRS 16 adjustments that have been posted to each segment for the half year ending 30 September 2021 are as follows:

Operating Profit before Amortisation and Exceptional Items

	Pre IFRS 16	IFRS 16 Adjustment	**Per Note 3**
	£000	£000	**£000**
UK	21,810	1,446	**23,256**
International	700	32	**732**
	22,510	1,478	**23,988**

	Assets			**Liabilities**		
	Pre IFRS 16	IFRS 16 Adjustment	**Per Note 3**	Pre IFRS 16	IFRS 16 Adjustment	**Per Note 3**
	£000	£000	**£000**	£000	£000	**£000**
UK	365,595	49,149	**414,744**	257,742	52,263	**310,005**
International	36,209	2,674	**38,883**	6,904	2,867	**9,771**
	401,804	51,823	**453,627**	264,646	55,130	**319,776**

(b) Government support during Covid-19 Pandemic

The Group ceased to receive furlough payments in October 2020. As such, no such amounts have been received in the six months to 30 September 2021. During the six months to 30 September 2020, furlough payments of £8.4 million received from various Governments were passed through to employees. These were treated as a credit against employee costs in the Income Statement.

6. Income Tax

The effective tax rate is 26.9% in the period to 30 September 2021 (H1 2021: -18.1%). The effective rate for the period reflects the current standard tax rate of 19% (H1 2021: 19%), as adjusted for estimated permanent differences for tax purposes offset by gains covered by exemptions. The rate includes the effect of higher statutory tax rates levied in Australia and Germany. In addition, the deferred tax element of the effective tax rate reflects the future increase in the corporation tax rate to 25%, which will apply from 1 April 2023. The effective tax rate before amortisation and exceptional items is 26.3% (H1 2021: 21.1%).

7. Property, Plant and Equipment

	Sept 2021	Mar 2021	Sept 2020
	£000	£000	£000
Opening carrying amount	**233,912**	247,761	247,761
Additions	**33,866**	44,204	16,183
Depreciation	**(22,036)**	(44,980)	(23,279)
Disposals	**(4,959)**	(13,273)	(4,919)
Effect of movements in exchange rates	**-**	200	1,726
Closing carrying amount	**240,783**	233,912	237,472

The value of capital commitments at 30 September 2021 was £19,792,000 (31 March 2021 £15,676,000).

8. Earnings Per Share

Earnings per share have been calculated on 39,581,223 shares (H1 2021: 39,711,727 shares) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 40,004,585 shares (H1 2021: 40,419,282 shares) adjusted to reflect conversion of all potentially dilutive ordinary shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

Basic earnings per share before the amortisation of intangibles and exceptional items was 37.64 pence (H1 2021: 16.84 pence) and was based on an after tax add back of £1,335,000 (H1 2021: £13,959,000) in respect of the amortisation of intangibles and exceptional items. Diluted earnings per share before amortisation of intangibles and exceptional items was 37.24 pence (H1 2021: 16.54 pence).

9. Dividends

The Directors have declared an interim dividend of 10.5 pence per share payable on 11 January 2022 to shareholders on the register at 10 December 2021. The dividend declared will absorb an estimated £4.15 million.

No interim dividend was paid in 2020.

The cost of dividends in the Statement of Changes in Equity is after adjustments for the interim and final dividends waived by the Vp Employee Trust in relation to the shares it holds for the Group’s share option schemes.

10. Analysis of Net Debt

	As at 1 Apr 2021 £000	Cash Flow £000	As at 30 Sep 2021 £000
Cash and cash equivalents	15,917	(5,446)	**10,471**
Revolving credit facilities / loans	(138,000)	(5,000)	**(143,000)**
Arrangement Fees	320	591	**911**
Finance leases excluded under IFRS 16	(143)	40	**(103)**
	(121,906)	(9,815)	**(131,721)**

In April 2021, the Group drew down a new £28 million seven year private placement under the existing agreement with PGIM Inc., in addition to the £65 million drawn down in January 2020. In June 2021, the Group also refinanced its £135 million committed revolving credit facilities with a new £90 million facility. The Group also has overdraft facilities of £7.5 million, leading to total available facilities of £190.5 million.

11. Related Party Transactions

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

12. Post balance sheet events

On 16 November 2021, the Group purchased the entire issued share capital of M&S Hire Limited for a cash consideration of £2.8 million.

13. Contingent Liabilities

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

14. Forward Looking Statements

The Chairman's Statement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Statements in respect of the Group's performance in the year to date are based upon unaudited management accounts for the period 1 April 2021 to 30 September 2021. Nothing in this announcement should be construed as a profit forecast.

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.

15. Alternative Performance Measures

(i) All performance measures stated as before amortisation are also before impairment of intangibles and exceptional items.

(ii) Basic earnings per share pre amortisation and exceptional items is reconciled to basic earnings per share in note 8.

(iii) Profit before tax, amortisation and exceptional items is reconciled to profit before tax in the Consolidated Income Statement.

(iv) Return on average capital employed is based on profit before tax, interest, amortisation and exceptional items divided by average capital employed on a monthly basis using the management accounts. Profit before tax, interest, amortisation and exceptional items is reconciled to profit before interest and tax in the Consolidated Income Statement.

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

We confirm that to the best of our knowledge:

- the condensed consolidated set of interim financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board
30 November 2021

The Board
The Directors who served during the six months to 30 September 2021 were:

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

- Ends -