



Introduction

Andrew Page

Financial review

Paddy Gallagher

Strategy and outlook

Bob Contreras

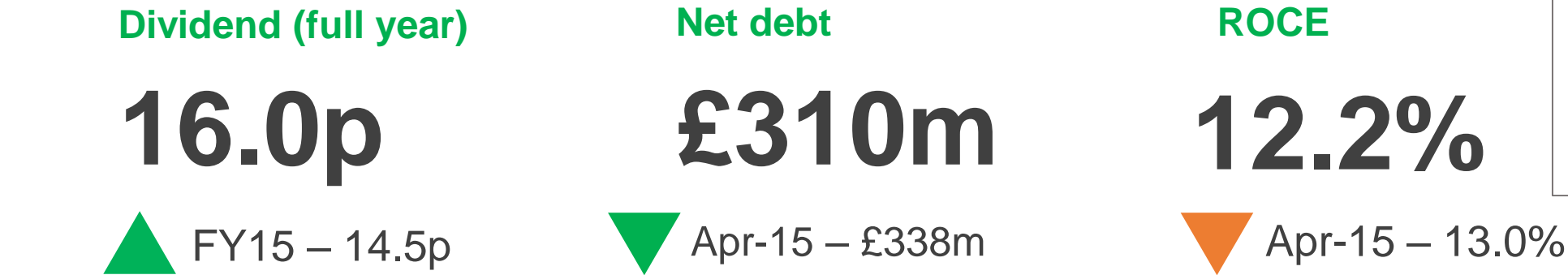
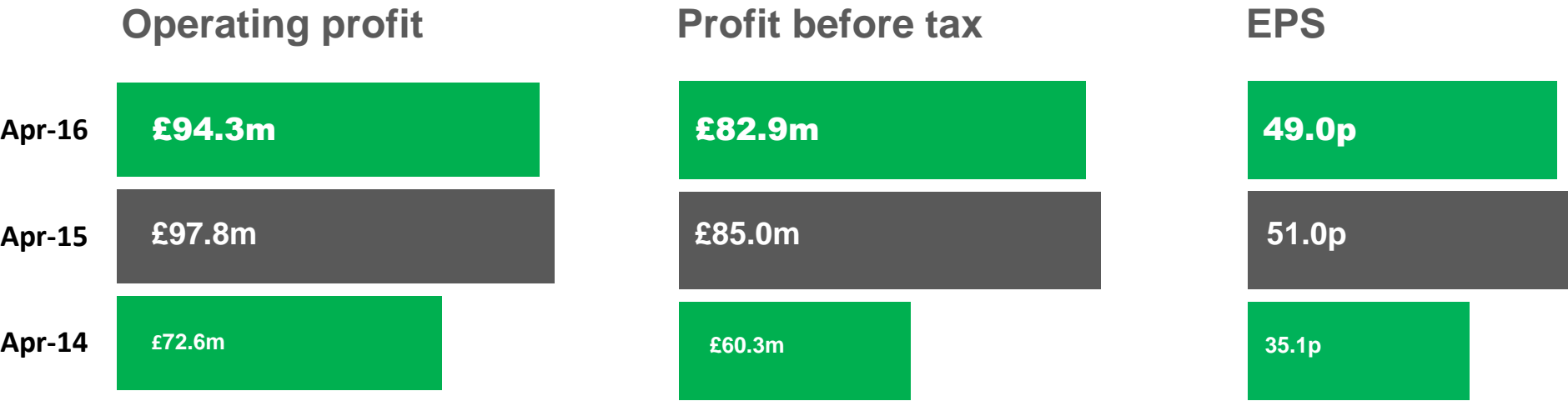


**Andrew
Page**



**Paddy
Gallagher**





After adjusting for the adverse impacts of previous depreciation rate changes (£3.7m) and foreign exchange (£1.7m) PBT grew by £3.3m.

£m	UK	Spain	Corporate	Group	FY15
Operating profit – (ex-disposals)	37.6	25.4	–	63.0	62.1
Operating profit – disposals	20.5	15.9	–	36.4	40.2
Corporate	–	–	(5.1)	(5.1)	(4.5)
Operating profit – total	58.1	41.3	(5.1)	94.3	97.8

Rate
change
impact

The depreciation rate changes effective from 1 May 2012, 2014 and 2015 have resulted in a £3.7m reduction in operating profit compared to the prior year

£m	UK	Spain	Corporate	Group
Operating profit - reported	58.1	41.3	(5.1)	94.3
Impact of depreciation change	5.9	(2.2)	–	3.7
Adjusted operating profit	64.0	39.1	(5.1)	98.0
FY15 operating profit	69.0	33.3	(4.5)	97.8
Adjusted (decrease) increase	(5.0)	5.8	(0.6)	0.2
FY16 operating margin	19.0%	29.3%	–	21.1%
Adjusted operating margin	20.9%	27.8%	–	21.9%
FY15 operating margin	22.2%	22.9%	–	21.4%

Depreciation rate change impact will fully unwind by the end of FY19



£m	FY16	FY15
Underlying operational cash generation	242.8	251.6
Net capital expenditure	(155.5)	(218.4)
Net taxation and interest payments	(18.8)	(28.8)
Share purchases and refinancing costs	(5.6)	(12.2)
Free cash flow	62.9	(7.8)
Dividends	(20.1)	(14.6)
Net cash generation	42.8	(22.4)
Net Debt	309.9	337.8
Facilities headroom	219.4	184.9
Leverage	1.3x	1.4x
Gearing	67%	81%

Free cash flow of £62.9m demonstrates strong cash generation of the Group



£m		FY16	FY15
Purchases	UK	199.1	242.2
	Spain	94.5	108.5
Disposals	UK	(127.0)	(115.1)
	Spain	(44.1)	(42.4)
Net fleet capex		122.5	193.2
Vehicles:			
Purchases	UK	15,800	19,800
	Spain	10,600	12,400
		26,400	32,200
Disposals	UK	20,300	17,600
	Spain	10,200	10,300
		30,500	27,900

Presented on an accruals basis

Disposal revenue stated before the deduction of selling costs

Agile asset management in response to changing demand

£m	FY16	FY15	Change
Revenue: hire of vehicles	306.4	311.3	(4.9)
Operating profit (excluding vehicle disposals)	37.6	41.2	(3.6)
Vehicle disposals	20.5	27.8	(7.3)
Total operating profit	58.1	69.0	(10.9)

KPI	FY16	FY15	Change
Average VOH	47,200	48,700	(1,500)
Closing VOH	45,700	48,600	(2,900)
Utilisation	87%	88%	(1)%
PPU (£)	1,014	1,583	(569)
Vehicle sales: retail penetration	33%	31%	2%
Customers with ≤ 50 vehicles	59%	56%	3%
NPS	48%	45%	3%

Growth opportunities to be capitalised upon



€m	FY16	FY15	Change
Revenue: hire of vehicles	190.3	188.4	1.9
Operating profit (excluding vehicle disposals)	34.4	27.0	7.4
Vehicle disposals	21.4	16.0	5.4
Total operating profit	55.8	43.0	12.8

In sterling foreign exchange had a £1.8m adverse impact on operating profit

KPI	FY16	FY15	Change
Average VOH	35,600	35,500	100
Closing VOH	35,700	35,600	100
Utilisation	91%	91%	—
PPU (€)	2,102	1,554	548
Vehicle sales: retail penetration	17%	16%	1%
Customers with ≤ 50 vehicles	64%	59%	5%
NPS	37%	34%	3%

Continued strong performance



From FY17 Ireland will be reported as a separate segment:



4 rental sites and 2 Van Monster sites with 90 employees



3,200 vehicles on hire at 30 April 2016



35% compound annual VOH growth over the past 3 years



**Bob
Contreras**





Optimise core business



Increasing our addressable markets



Developing the Van Monster business





Sales and marketing (UK)

- Strengthening
 - Our proposition
 - Our brand
- Changing our channels to market
 - Small SMEs (Telesales)
 - Larger SMEs (Field based sales team)
 - National (Consultative sales teams)





Improved operational delivery

- Building further upon strong NPS
- Improving workshop cycles

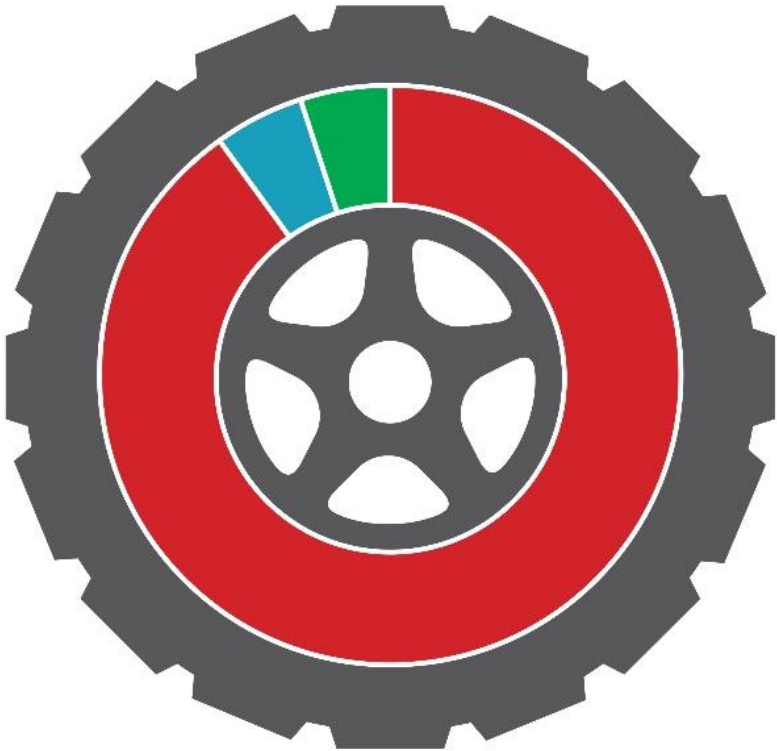


Digital approach

- Vehicle booking platforms
- Customer management information
- Website



Opportunity through service proposition to expand addressable market beyond traditional rental



LCV Parc

7 million vehicles operated across the UK, Spain and Ireland

- 90% Purchased
- 5% Contract Hire
- 5% Rental





Expansion of vehicle range

- Refrigerated
- Electric
- Utility



Expansion of geographical footprint in the medium term

- UK + 10-12 depots
- Spain + 2-3 depots
- Ireland + 3-4 depots



Maximise end
of life
proceeds



Growing retail presence:

- UK 20 sites
- Spain 9 sites
- Ireland 2 sites



Number 1 used LCV retailer in the UK



High repeat customer rates



Opportunities to increase retail penetration to >50% and increasing margin through ancillary products



Third party sourcing for Van Monster





EU referendum



Experienced senior teams in the UK and Spain to execute strategy



Objective is to grow VOH steadily through FY17





N **ORTHGATE**



HASSLE FREE.

FLEXIBLE.

TRUSTED.

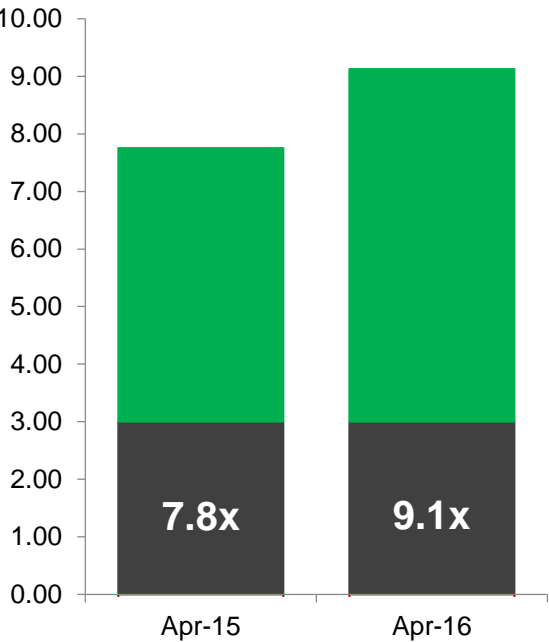
£m	FY16			FY15
	UK	Spain	Total	Total
Revenue: hire of vehicles	306.4	140.8	447.1	456.8
Operating profit (excluding vehicle disposals)	37.6	25.4	63.0	62.2
Vehicle disposals	20.5	15.9	36.4	40.1
Total operating profit			99.4	102.3
Corporate			(5.1)	(4.5)
Group operating profit			94.3	97.8
Operating margin %			21.1%	21.4%
Cash interest			(10.1)	(12.4)
Non cash interest			(1.3)	(0.4)
Profit before tax			82.9	85.0

£m	UK	Spain	Group
Vehicles (hire and used)	468	234	702
Property	27	29	56
Other fixed assets	14	4	18
Trade and other debtors	67	17	84
Trade and other creditors	(64)	(15)	(79)
Capital employed	512	269	781
Net debt	(204)	(106)	(310)
Net assets	308	163	471
ROCE	11.3%	16.0%	12.2%
Capital employed (April 2015)	516	248	764

£m	April 2016	Rate*
Syndicated bank facilities	438	
Loan notes	78	
Other facilities	16	
	532	
Fixed rate borrowings	302	2.2%
Floating rate borrowings	11	1.2%
Net debt (excluding arrangement fees)	313	2.1%
Headroom	219	

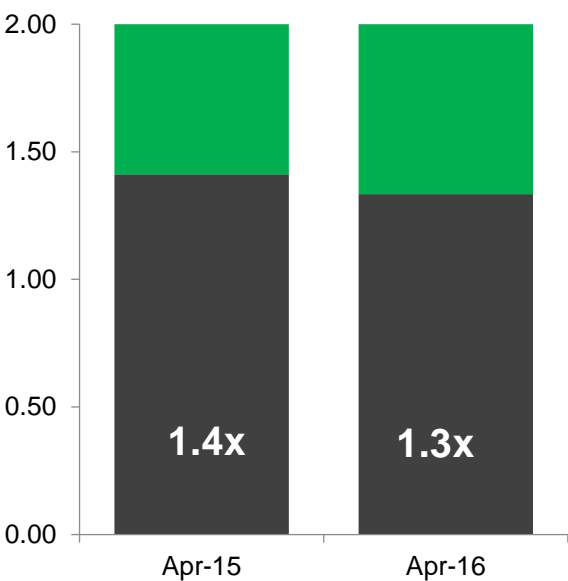
* As at 30 April 2016

Interest cover



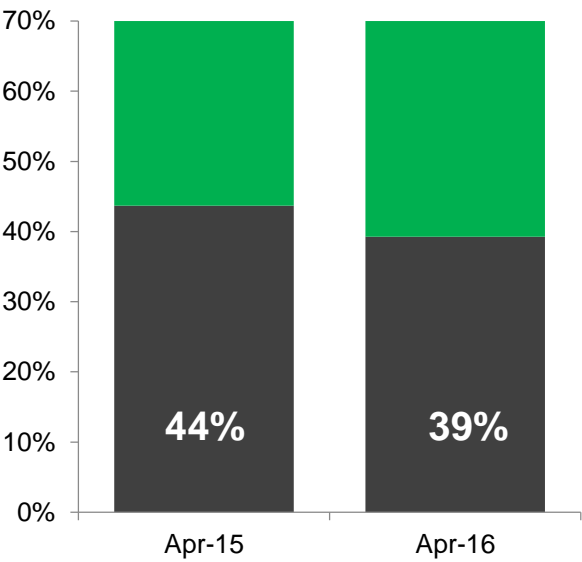
- EBIT headroom £62m
- Threshold 3.0x

Leverage



- EBITDA headroom £79m
- Threshold 2.0x

Loan to value



- Loan headroom £251m
- Threshold 70%

£m	FY16	FY15
Operating profit (statutory)	90.6	95.8
Depreciation and amortisation	146.3	146.5
Working capital and other movements	5.9	9.3
Cash generated from operations	242.8	251.6
Net interest paid	(10.5)	(12.3)
Net corporation tax paid	(8.3)	(16.5)
Cash flow after interest and tax	224.0	222.8
Vehicle purchases	(296.2)	(350.1)
Vehicle disposals	145.9	135.9
Other net capex	(5.2)	(4.2)
Share purchases and refinancing costs	(5.6)	(12.2)
Free cash flow	62.9	(7.8)
Dividends	(20.1)	(14.6)
Net cash flow	42.8	(22.4)

	April 2016	April 2015
Fleet size (closing)	53,300	56,100
Utilisation (average)	87%	88%
Closing vehicles on hire	45,700	48,600
Revenue per vehicle	£6,494	£6,390
Operating margin	19.0%	22.2%
Headcount (closing)	1,865	2,057
PPU	£1,014	£1,583
ROCE	11.3%	14.1%

	April 2016	April 2015
Fleet size (closing)	39,800	39,400
Utilisation (average)	91%	91%
Closing vehicles on hire	35,700	35,600
Revenue per vehicle	€5,350	€5,301
Operating margin	29.3%	22.9%
Headcount (closing)	994	914
PPU	€2,102	€1,554
ROCE	16.0%	12.8%

The analysis below shows the year-on-year operating profit increase (decrease) arising due to the previous changes made to vehicle depreciation rates:

£m	UK	Spain	Group
FY15	8.4	3.0	11.4
FY16	(5.9)	2.2	(3.7)
FY17*	(4.1)	(1.6)	(5.7)
FY18*	(2.7)	(1.5)	(4.2)
FY19*	-	(2.1)	(2.1)

* Management estimates

The analysis below represents the profit and loss and cash flow generation of a typical vehicle in the UK business over its life cycle, using a purchase price of £100 per vehicle*:

£	P&L	Cashflow
Purchase		(100)
Net Disposal Proceeds		53
Total Holding Cost		(47)
Rental Revenue pa	52	52
Total Costs exc Depreciation pa	(10)	(10)
Depreciation pa	(17)	-
Profit pa	25	42
Profit on Disposal	8	-
Total Profit	89	89
Discounted cash flow		55
ROCE	40.0%	

* Based on a holding period of 39 months and a discount rate of 9.7%