



Introduction

Andrew Page

Financial review

Chris Muir

Operational review

Bob Contreras

Outlook

Bob Contreras



**Andrew
Page**



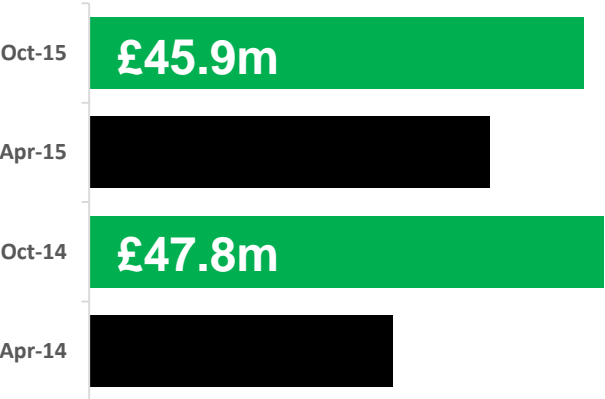
**Chris
Muir**



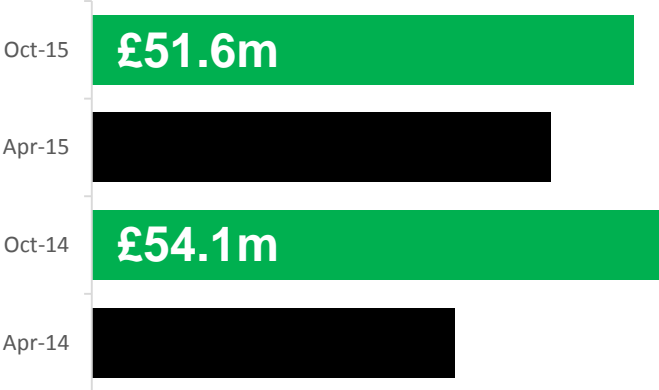
H1 profit impacted by:

- £2.4m adverse impact of depreciation rate changes
- £1.9m adverse foreign exchange impact (£2.2m on operating profit)

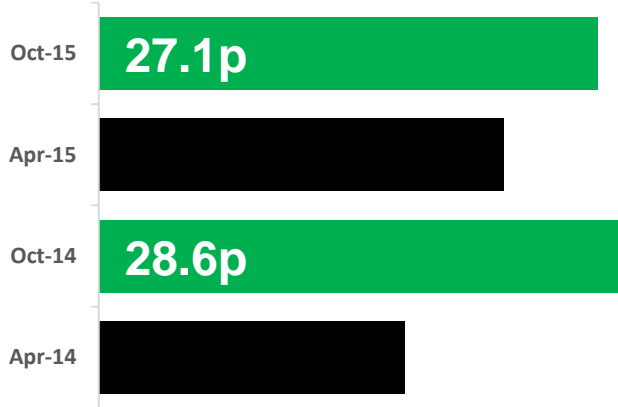
Profit before tax



Operating profit



EPS



Net debt

£339m

▲ Apr-15 – £338m

ROCE

12.0%

▼ Apr-15 – 13.0%

Interim dividend

5.1p

▲ FY15 – 4.3p

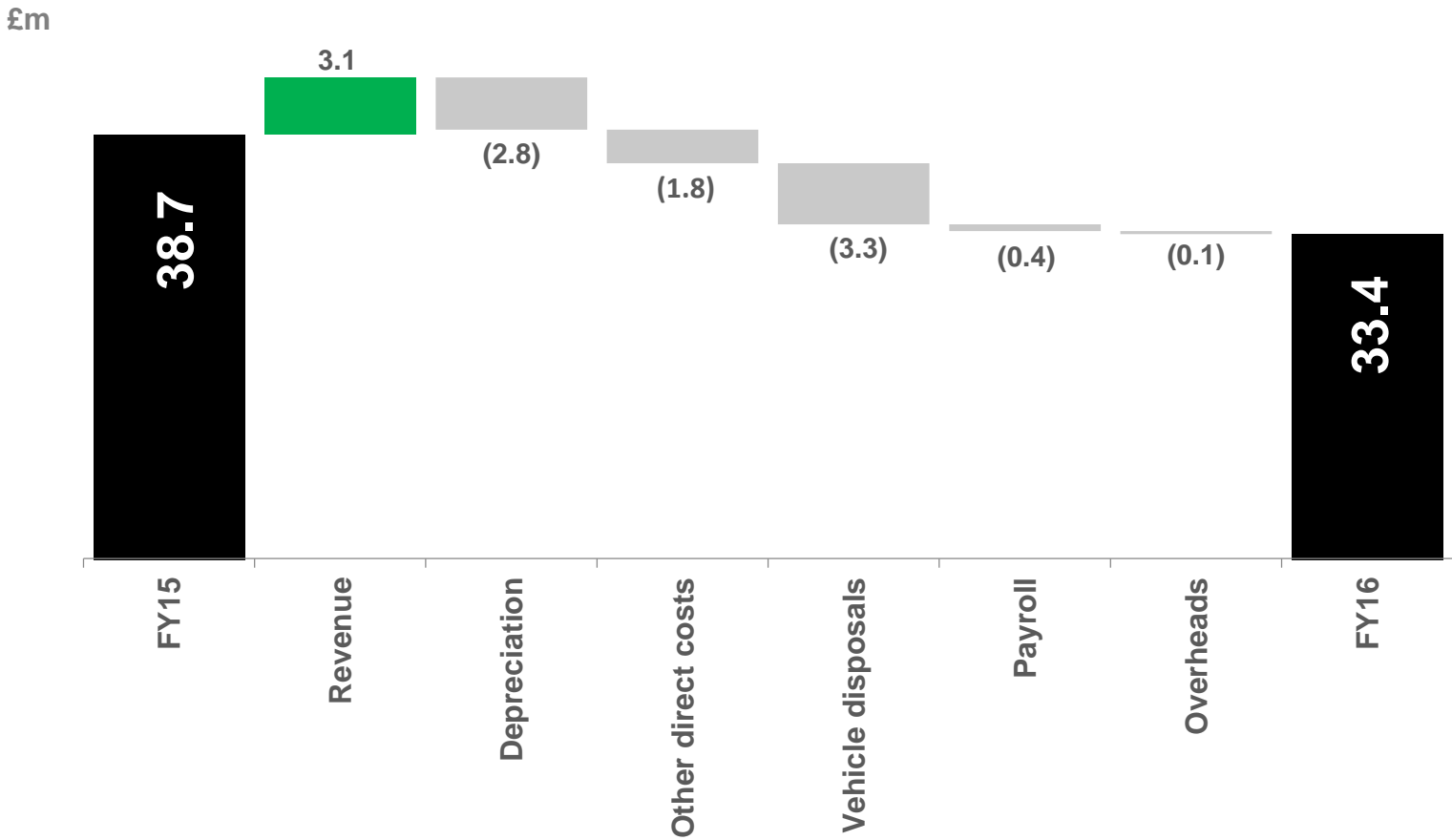
Rate
change
impact

The depreciation rate changes made since May 2012 have resulted in a net £2.4m adverse impact in the period

£m	UK	Spain	Corporate	Group
Operating profit	33.4	20.3	(2.1)	51.6
Impact of depreciation change	3.6	(1.2)	-	2.4
Adjusted operating profit	37.0	19.1	(2.1)	54.0
FY15 operating profit	38.7	17.4	(2.0)	54.1
Adjusted (decrease) increase	(1.7)	1.7	(0.1)	(0.1)
FY16 H1 operating margin	21.3%	29.6%	-	22.8%
Adjusted operating margin	23.6%	27.9%	-	23.9%
FY15 H1 operating margin	25.2%	22.9%	-	23.5%



Operating profit decreased as a result of higher vehicle running and holding costs, including the £3.6m year on year adverse impact of the previous change in depreciation rates which has reduced vehicle disposal profit



UK new
sites

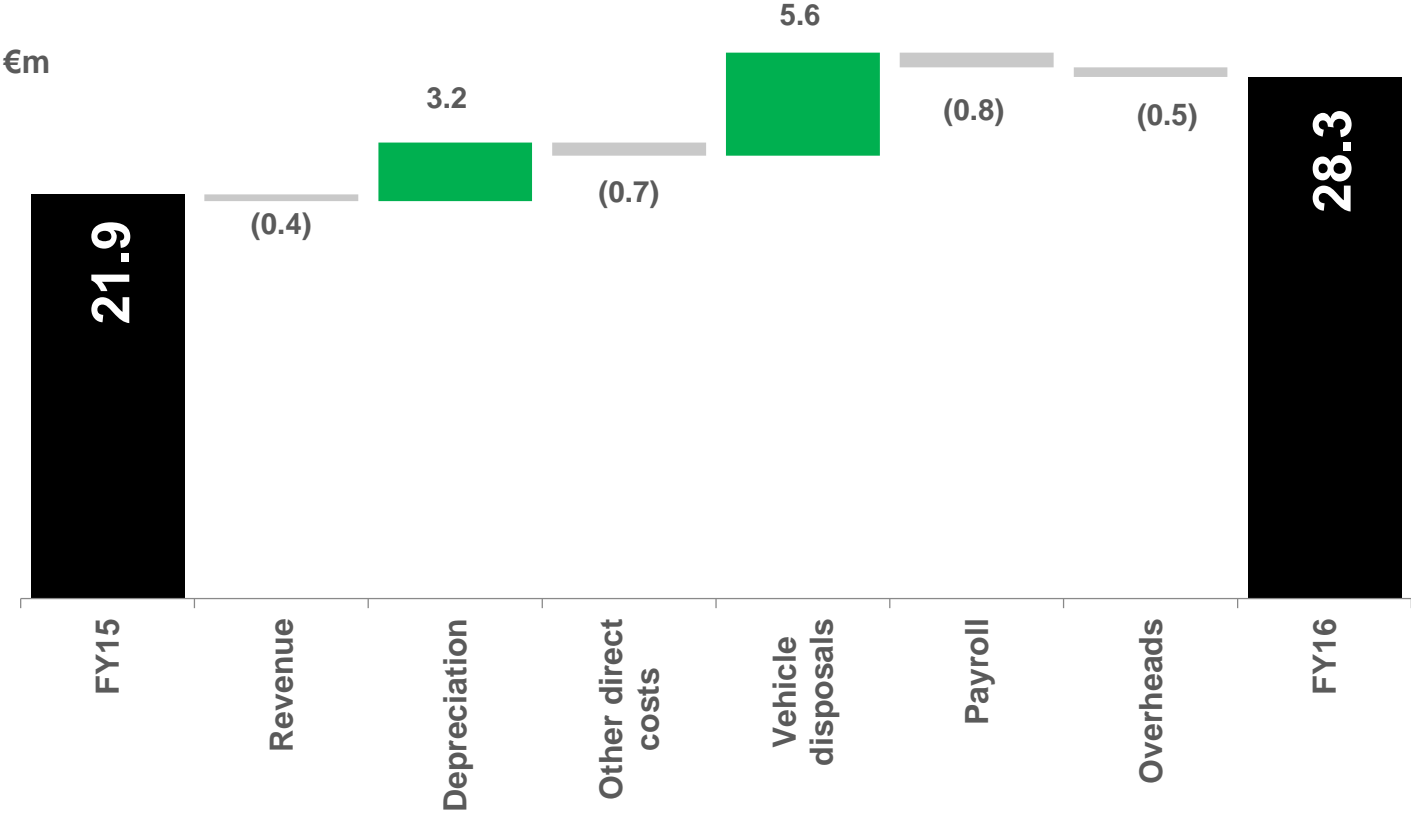
The 16 new sites opened since February 2013 contributed £1.7m to operating profit in the six month period. The impact on ROCE was a reduction of 0.9%.

£m	H1 FY16
Reported operating profit	33.4
New sites adjustment	(1.7)
Adjusted operating profit	31.7

%	H1 FY16
Reported ROCE	12.1
New sites adjustment	0.9
Adjusted ROCE	13.0



The growth in operating profit is predominantly as a result of the change in depreciation rate and an increased volume of disposals at enhanced PPU

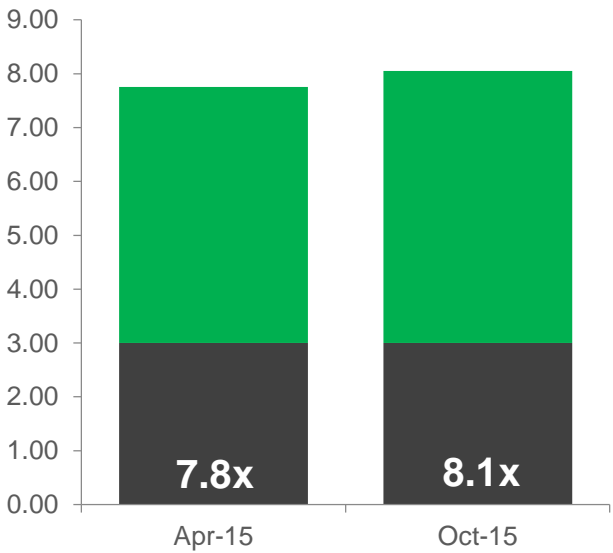


Refinancing

- Issued a €100 million, 2.38% seven year debt private placement
- Principal bank facility reduced from £499m to £424m
- Principal bank facility renegotiated at a reduced margin and maturity extended to June 2020
- All financing has been moved from a secured to an unsecured basis

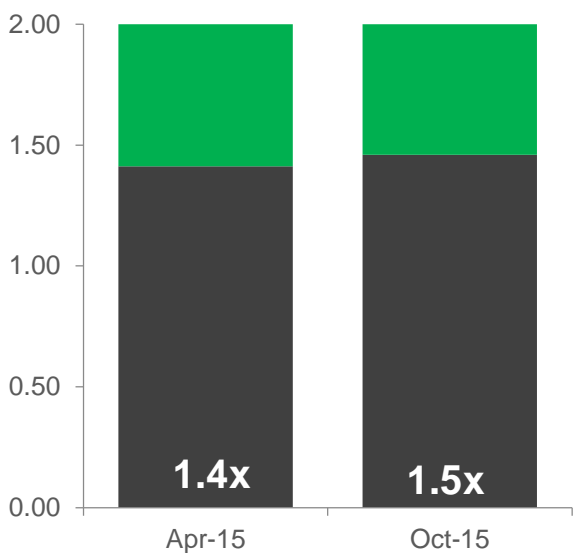


Interest cover



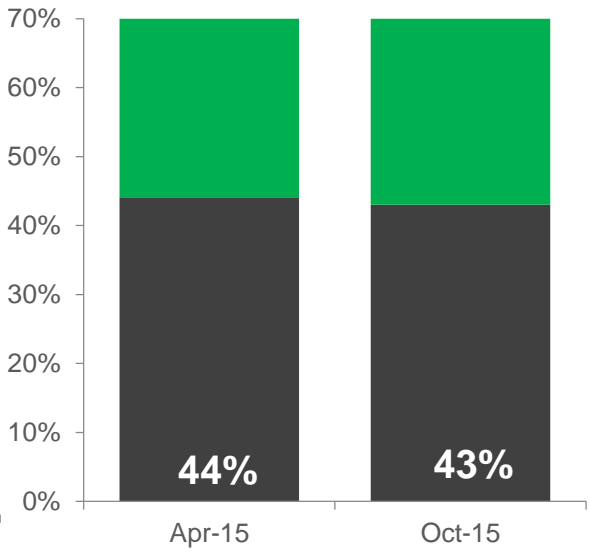
- EBIT headroom £59m
- Threshold 3.0x

Leverage



- EBITDA headroom £64m
- Threshold 2.0x

Loan to value



- Loan headroom £216m
- Threshold 70%

**Bob
Contreras**



Our main focus continues to be on improving customer service and targeting growth with SME customers

Vehicles on hire

-1,000

since April 2015

Utilisation

88%

(2014 – 89%)

Retail sales percentage

31%

(2014 – 29%)

ROCE

12.1%

(Apr-15 – 14.1%)

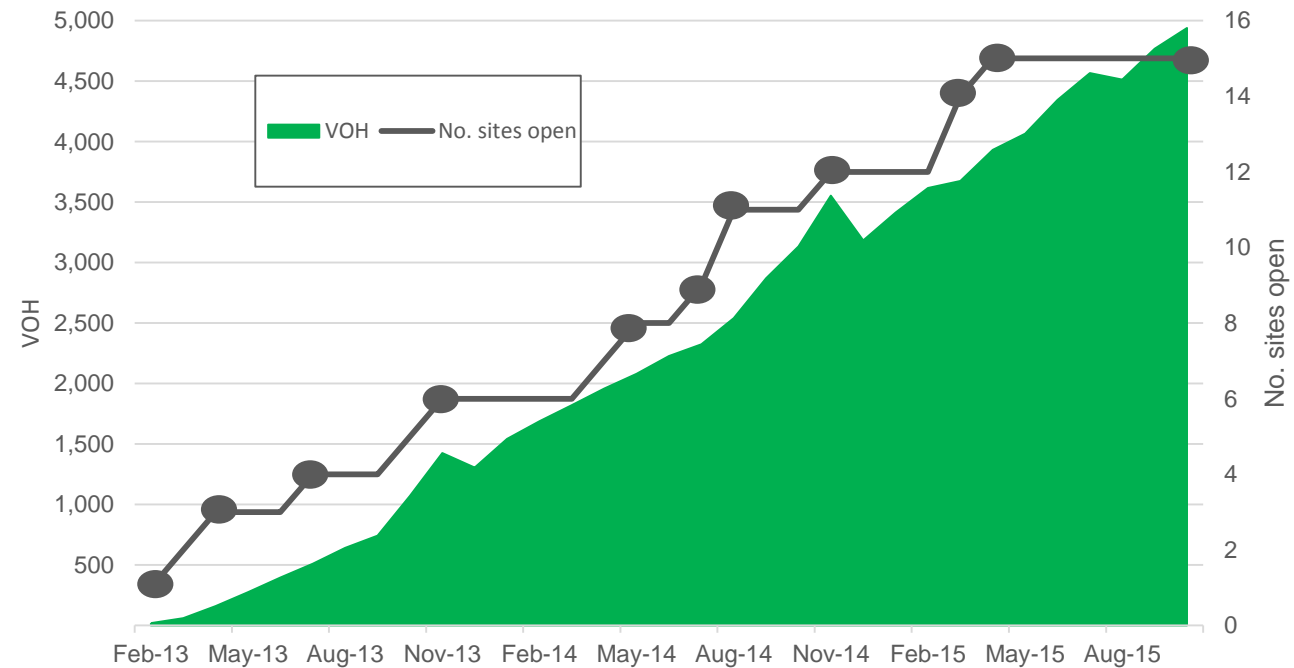


The proportion of our business with regional customers continues to develop. Consumer hires reduced following a strategic decision to focus operations on serving business customers.

VOH	October 2015	%	April 2015	%	April 2014	%
Regional	33,400	70.2	33,200	68.3	31,500	66.1
National	14,100	29.6	14,800	30.5	15,400	32.4
Consumer	100	0.2	600	1.2	700	1.5
Total	47,600		48,600		47,600	



- 15 sites opened since Feb-13 up to 31 Oct
- Oldbury opened in November 2015
- Total 4,900 VOH at Oct-15
- Growth of 1,000 in the period



UK new sites

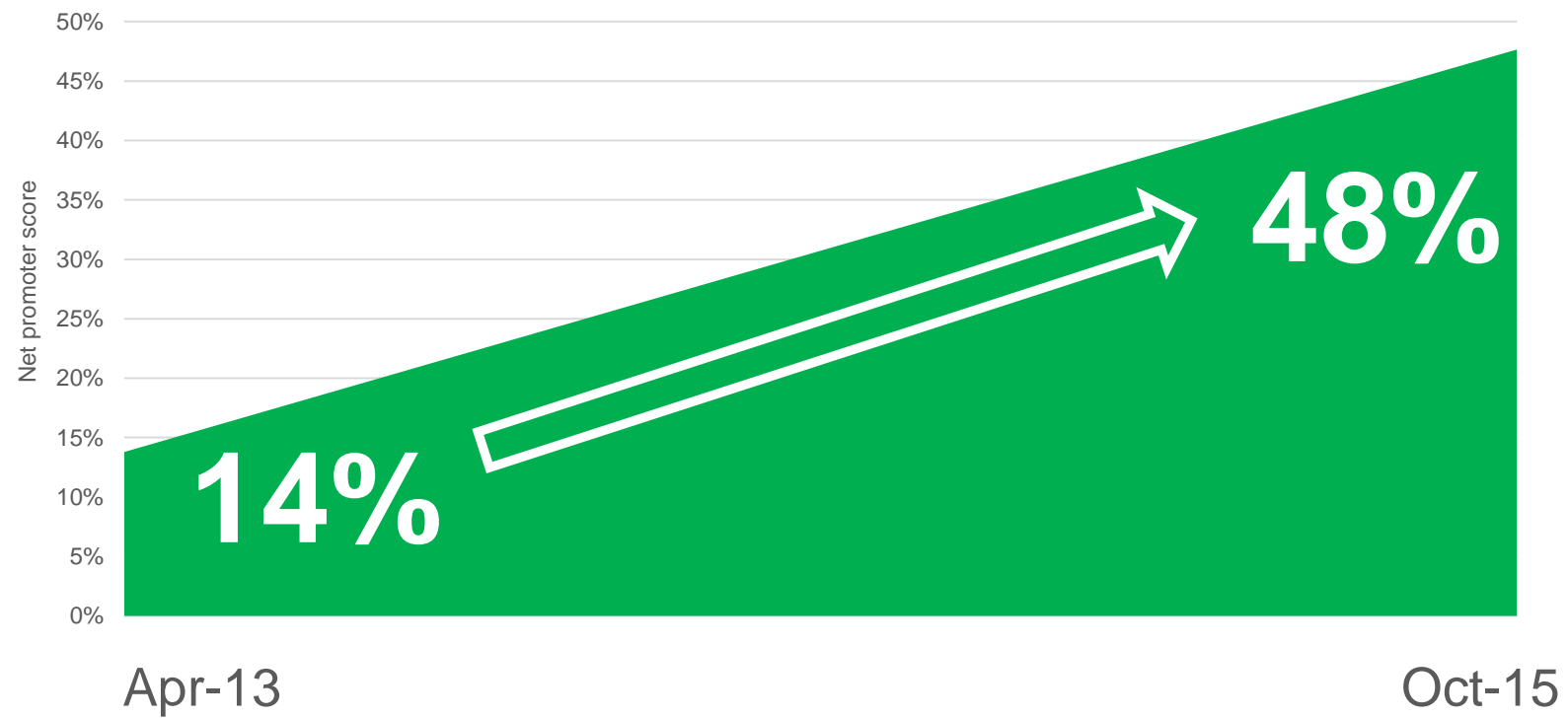
We estimate that each new site will, on average, operate a fleet of 600 vehicles by the end of year three and we expect ROCE to exceed 16% in year four as the site matures

	No. sites	Ave. age	Ave. on hire
0-6 months	1	6	130
7-12 months	3	9	300
13-18 months	4	16	300
19-24 months	2	21	200
25+ months	5	29	460



Customer satisfaction

Our customer satisfaction rating continues to progress as we deliver on the three key areas of our customer proposition



PPU for the period was £1,012. Our focus remains on increasing retail penetration in order to maximise returns going forward.

	October 2015	October 2014	Difference
No. through retail channels	3,300	2,500	32%
Retail penetration	31%	29%	2%



**Spain
operational
highlights**

Our Spanish business continues to execute its market strategy well. We anticipate this continuing against the backdrop of an improving economy.

Vehicles on hire

+100

since April 2015

Utilisation

91%

(2014 – 92%)

Retail sales percentage

19%

(2014 – 17%)

ROCE

13.5%

(Apr-15 – 12.8%)



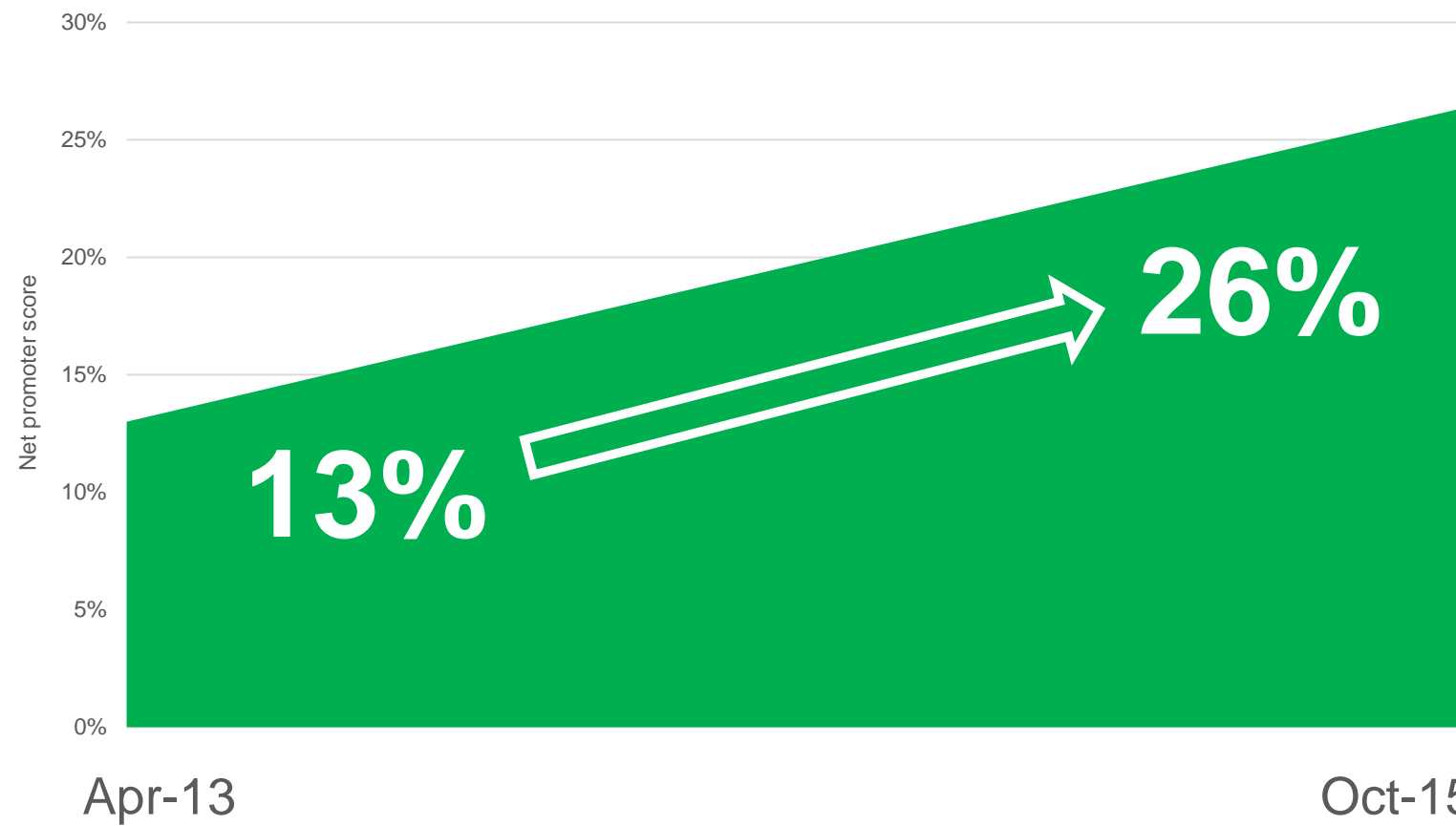
We continue to see evolution in the proportion of our business with SME customers

VOH	October 2015	%	April 2015	%	April 2014	%
Regional	21,100	59.1	19,900	55.9	18,500	53.3
National	14,600	40.9	15,700	44.1	16,200	46.7
Total	35,700		35,600		34,700	



Customer satisfaction

Customer satisfaction has increased significantly over the previous 30 months



Spain
vehicle sales
evolution

PPU has increased to €2,211 in the period, which in part reflects progress made in selling more vehicles through our retail sales channels

	October 2015	October 2014	Difference
No. through retail channels	1,000	700	43%
Retail penetration	19%	17%	2%



**Bob
Contreras**





In the UK we have strengthened the management team and sales function and continue to focus on maximising opportunities for growth



In Spain our team continues to execute its market strategy well, we anticipate this continuing against the backdrop of an improving economy



We will continue to target progressive dividends within the dividend cover range 3.75x – 2.50x



Both businesses continue to target growth



£m	October 2015			October 2014
	UK	Spain	Total	Total
Revenue: hire of vehicles	157.1	68.6	225.7	230.0
Operating profit (excluding vehicle disposals)	22.6	11.8	34.4	37.1
Vehicle disposals	10.8	8.5	19.3	19.0
Total operating profit	33.4	20.3	53.7	56.1
Corporate			(2.1)	(2.0)
Group operating profit			51.6	54.1
Operating margin			22.8%	23.5%
Cash interest			(5.4)	(6.1)
Non cash interest			(0.3)	(0.2)
Profit before tax			45.9	47.8

The first year benefit of depreciation rate changes made in the UK in FY13 and FY15 and in Spain in FY15 and FY16 will reverse through disposal profits over the life of the vehicles

£m	FY16	FY17	FY18	FY19
UK: Profit on disposal	(5.9)	(10.3)	(13.0)	(13.0)
Spain: Depreciation	3.5	3.5	3.5	3.5
Spain: Profit on disposal	(1.2)	(3.0)	(4.8)	(5.8)
Spain: Total	2.3	0.5	(1.3)	(2.3)
Group: Total	(3.6)	(9.8)	(14.3)	(15.3)

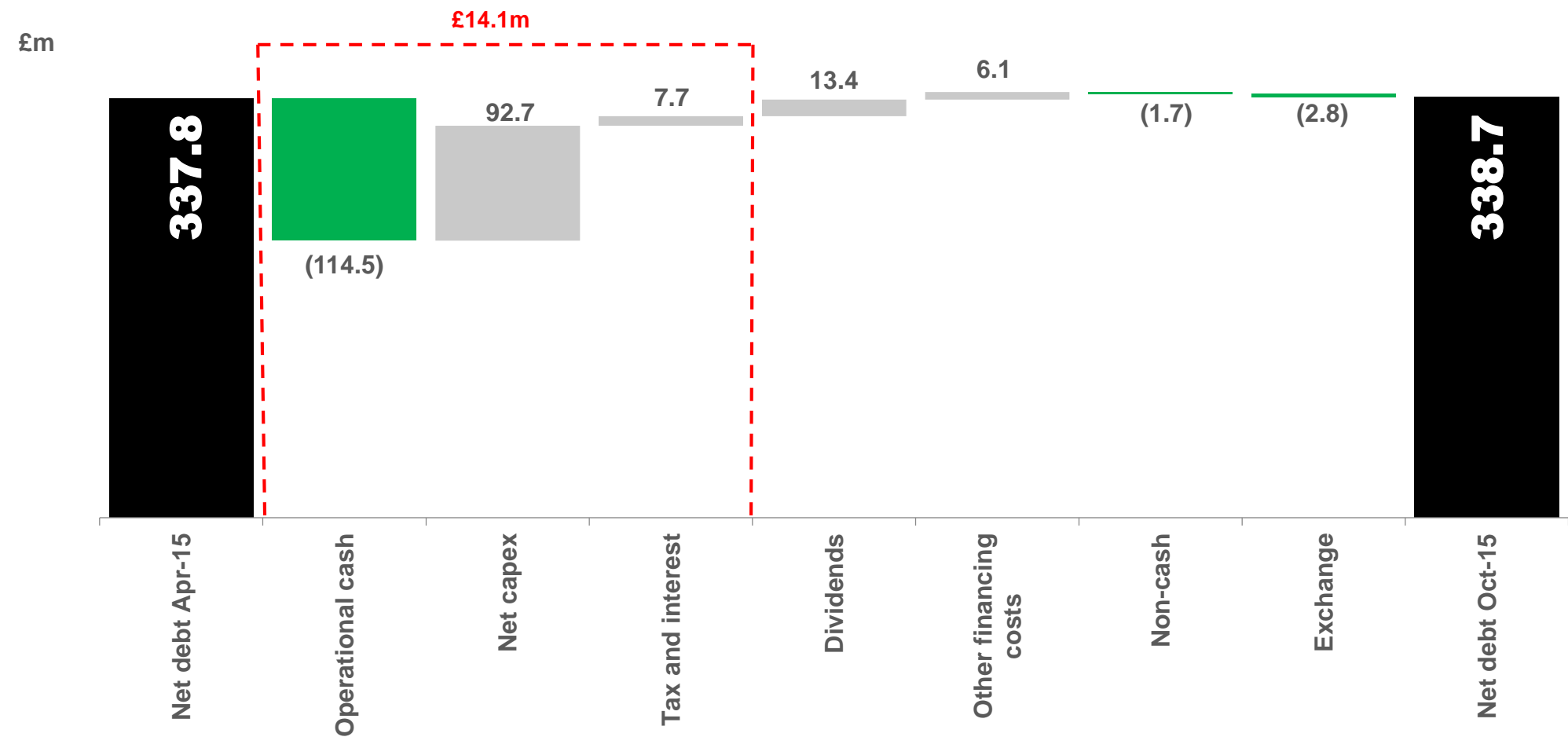
Spain translated at April 2015 rate of 1.38

£m	UK	Spain	Group
Vehicles (hire and used)	481	212	693
Property	28	27	55
Other fixed assets	16	3	19
Trade and other debtors	67	24	91
Trade and other creditors	(64)	(10)	(74)
Capital employed	528	256	784
Net debt	(224)	(115)	(339)
Net assets	304	142	446
ROCE	12.1%	13.5%	12.0%
Capital employed (April 2015)	516	248	764

£m	October 2015	Rate*
Syndicated bank facilities	426.5	
Loan notes	71.8	
Other facilities	18.1	
	516.4	
Fixed rate borrowings	284.1	2.25%
Floating rate borrowings	57.6	1.85%
Net debt (excluding arrangement fees)	341.7	2.18%
Headroom	174.7	

* Rate as at 31 October 2015

Net underlying cash generation was £14.1m. Net debt closed at £338.7m with gearing of 78% compared to 81% at April 2015.



£m	October 2015	October 2014
Operating profit (statutory)	50.1	53.0
Depreciation and amortisation	70.8	73.8
Working capital and other movements	(6.4)	(9.9)
Cash generated from operations	114.5	116.9
Net interest paid	(5.4)	(6.1)
Corporation tax paid	(2.3)	(8.4)
Cash flow after interest and tax	106.8	102.4
Vehicle purchases	(164.5)	(206.1)
Vehicle disposals	75.4	64.1
Other net capex	(3.6)	(0.7)
Cash flow before equity and financing costs	14.1	(40.3)
Other financing costs	(20.4)	53.9
Net cash flow	(6.3)	13.6

£m		FY16 (H1)	FY15 (H1)	FY15 (H2)
Purchases	UK	112.3	143.2	99.0
	Spain	50.2	62.8	45.7
Disposals	UK	(64.5)	(57.7)	(57.4)
	Spain	(22.9)	(17.3)	(25.1)
Net fleet capex		75.1	131.0	62.2
Vehicles:				
Purchases	UK	8,900	11,700	8,100
	Spain	5,900	7,100	5,300
		14,800	18,800	13,400
Disposals	UK	10,700	8,600	9,000
	Spain	5,300	4,100	6,200
		16,000	12,700	15,200

Presented on an accruals basis

Disposal revenue stated before the deduction of selling costs

	October 2015	October 2014	April 2015
Fleet size (closing)	55,200	57,000	56,100
Utilisation (average)	88%	89%	88%
Closing vehicles on hire	47,600	49,400	48,600
Revenue per vehicle (annualised)	£6,388	£6,174	£6,157
Operating margin	21.3%	25.2%	22.2%
Headcount (closing)	2,029	1,971	2,057
PPU	£1,012	£1,636	£1,583
ROCE	12.1%	12.7%	14.1%

April 2015 represents full year

	October 2015	October 2014	April 2015
Fleet size (closing)	39,700	40,000	39,400
Utilisation (average)	91%	92%	91%
Closing vehicles on hire	35,700	36,000	35,600
Revenue per vehicle (annualised)	€5,337	€5,281	€5,301
Operating margin	29.6%	22.9%	22.9%
Headcount (closing)	940	890	914
PPU	€2,211	€1,517	€1,554
ROCE	13.5%	10.6%	12.8%

April 2015 represents full year

Revenue	£
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Revenue pv on rent	6,163
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Costs	£
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Non fleet site CAPEX	125k
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Depreciation pv	2,011
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Maintenance / repair costs pv	674
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Other direct costs pv	398
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Costs	£'000 Yr. 0	£'000 Yr.1	£'000 Yr.2
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Staff costs	51	305	414
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Rent & rates	13	75	77
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Marketing	-	65	10
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Other overheads	33	90	92
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Total	97	535	593
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No.	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
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Average on rent	-	122	334	472	534	534
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Closing on rent	-	240	410	540	540	540
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Average fleet	-	145	375	530	600	600
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Closing fleet	-	290	460	600	600	600
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Disposals	-	-	-	-	145	230
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- On rent at maturity 540
- 84% utilisation year 1 then 89%
- 14 employees

	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
Revenue	-	751	2,077	2,966	3,391	3,425
Depreciation	-	(292)	(769)	(1,109)	(1,280)	(1,306)
Maintenance / repairs	-	(98)	(258)	(371)	(429)	(437)
Other direct costs	-	(58)	(152)	(219)	(253)	(258)
Staff costs	(51)	(305)	(414)	(422)	(431)	(439)
Overheads	(46)	(230)	(178)	(182)	(184)	(189)
Disposal profit	-	-	-	-	87	138
Operating profit	(97)	(232)	306	663	901	934
ROCE	-	(13%)	7%	12%	16%	17%