



FINAL RESULTS

12 months ended 31 December 2015

Chris Sander
Chief Executive Officer

Yvonne Monaghan
Chief Financial Officer



Highlights

Another strong performance, ahead of expectations and significantly ahead of 2014

Adjusted operating profit increased by 28% to £27.9 million (2014: £21.8 million)¹

Adjusted profit before tax increased by 26% to £25.2 million (2014: £20.0 million)¹

Adjusted fully diluted earnings per share increased by 21.2% to 6.3 pence (2014: 5.2 pence)¹

Net debt lower than expected at £71.2 million (December 2014: £28.5 million)

Acquisitions of London Linen and Ashbon immediately earnings enhancing

Textile Rental continues to perform ahead of expectations with high customer retention

Restructuring of Drycleaning completed; positive progress with Waitrose partnership

23.5% increase in total dividend to 2.1 pence (2014: 1.7 pence), reflecting significant increase in underlying profit and our confidence in the prospects of the business

Notes:

- 1) Before amortisation and impairment of intangible assets (excluding software amortisation), exceptional items and, in the case of earnings per share only, associated taxation



Financial Results

Income Statement

<i>Continuing operations</i>	2015	2014	Increase
Revenue	£234.4m	£210.4m	11.4%
Adjusted operating profit ¹	£27.9m	£21.8m	28.0%
Adjusted operating margin ¹	11.9%	10.4%	n/a
Exceptional items	£(9.0)m	£(6.8)m	n/a
Adjusted PBT ¹	£25.2m	£20.0m	26.0%
Adjusted EPS ¹	6.3p	5.2p	21.2%
Number of shares used in EPS calc ²	323.2m	296.8m	n/a
Dividend	2.1p	1.7p	23.5%

Notes:

- 1) Before amortisation and impairment of intangible assets (excluding software amortisation), exceptional items and, in the case of earnings per share only, associated taxation
- 2) Basic number of shares of 320m for 2015. Shares in issuance at 01/03/2016 was 330.6m

Financial Results – Cash Flow		
£m	2015	2014
Continuing adjusted operating profit	27.9	21.8
Depreciation and software amortisation (excl. exceptionals)	32.4	27.6
Working capital (excl. exceptionals)	1.7	2.4
Capital expenditure – Fixed assets	(4.4)	(11.7)
– Rental stocks (net)	(25.3)	(23.0)
– Fixed asset proceeds	0.1	0.1
Interest and tax	(4.5)	(2.1)
Exceptional items (cash effect)	(7.9)	(3.4)
Dividends	(5.7)	(3.9)
Additional pension contributions	(1.9)	(2.0)
Other	(0.1)	0.8
Net cash inflow	12.3	6.6
New Finance Leases	(5.5)	(1.0)
Equity issue (net)	21.2	13.5
Discontinued operations	(1.2)	(0.7)
Acquisitions / Disposals	(69.5)	(22.4)
Net debt movement	(42.7)	(4.0)
Net debt	71.2	28.5

Strategic acquisitions of London Linen & Ashbon

London Linen (April 2015)

Share purchase of London Linen Supply Limited for £64.9m net of cash acquired

Complements existing Stalbridge business

Provides opportunities for brand consolidation and operational efficiencies

Continuing year on year revenue growth



Ashbon (November 2015)

Share purchase of Ashbon Services Limited for £6.25m on a debt free, cash free basis

Complements Bourne, Stalbridge and London Linen businesses

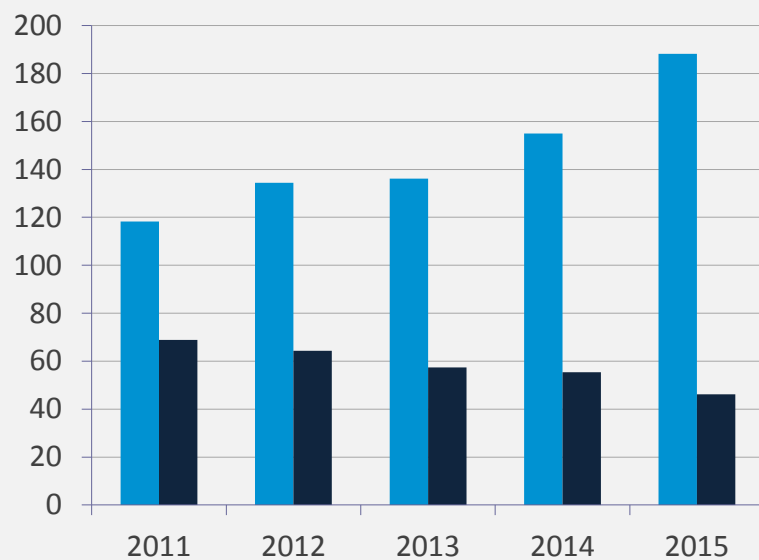
Stalbridge laundry base for geographical reach into the Midlands and North of England



Reported revenue of £4.5 million for the year to 31 October 2014 and history of YoY revenue growth.



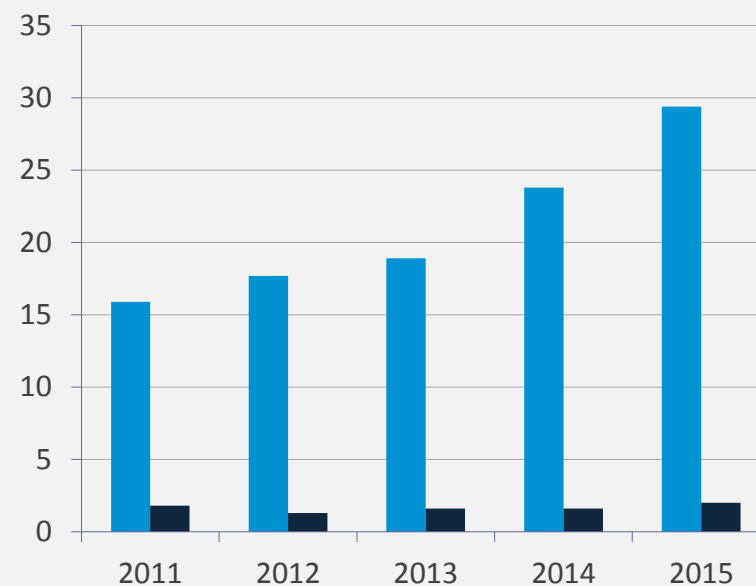
Divisional Results



Revenue £m



 Textile Rental  Drycleaning

Profit £m



 Textile Rental  Drycleaning

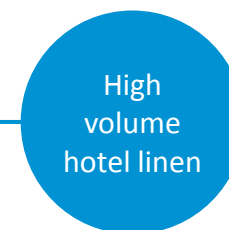
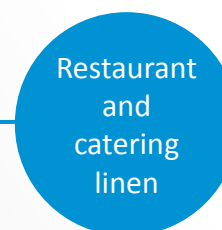
Note: Profit is stated before amortisation and impairment of intangible assets (excluding software amortisation) and exceptional items

Divisional Performance

Textile Rental

£m	2015	2014	Increase
Revenue	188.2	155.0	21.4%
Adjusted operating profit ¹	29.4	23.8	23.5%
Margin	15.6%	15.4%	

Textile Rental includes four recognised brands



Note 1: Before amortisation and impairment of intangible assets (excluding software amortisation) and exceptional items

Divisional Performance

Textile Rental

Revenue growth of 21.4%, including £23.4m from London Linen and Ashbon

Ashbon laundry rebranded as Stalbridge

Apparelmaster continuing to invest to improve productivity levels

£4.0m capital investment programme at London Linen to commence shortly and will take up to 15 months to complete

Stalbridge: Strong performance with reduced customer churn

Improved level of sales to new and existing customers in all businesses

Customer migration programme underway between Stalbridge, Bourne, London Linen and Ashbon

All businesses participate in national customer survey programme and results used to improve service



Textile Rental Market

The UK Textile Rental market can be analysed as follows:

	Market Participants	JSG Representation	Estimated total market	Estimated JSG Share
Workwear	JSG , Berendsen	Apparelmaster	£195.0m	45.0%
Hotels and Restaurants	Berendsen, Brilliant, Afonwen, JSG , AAA Linen	Ashbon, Bourne, Stalbridge, London Linen and Zip*	£555.0m	18.0%
Healthcare	Berendsen, Synergy Healthcare, NHS in house laundries	No presence	£206.0m	-
Washroom Services	PHS, Rentokil, Cannon	Partnership with Cannon	£309.0m	6.0%

* From January 2016

Textile Rental – Market and Strategy

Diverse customer base with over 45,000 accounts serviced by over 560 commercial vehicles

High proportion of contract based revenues

Average workwear customer spend by location c£36 p/w

Strong organic sales and customer retention across the four brands

Continued focus on enhancing service delivery and driving operational efficiencies

Improved levels of sales to both new and existing customers

Continued capital investment in all facilities to increase productivity and reduce energy consumption

Optimising synergies and value from acquisitions

Divisional Performance

Drycleaning

£m	2015	2014	Change
Revenue	46.2	55.4	(16.6%)
Adjusted operating profit ¹	2.0	1.6	25.0%
Margin	4.3 %	2.9 %	



Restructuring successfully completed with the closure of 101 high street locations

In-store representation increases to 143 locations in partnership with Waitrose

Margin improved to 4.3% with a more stable performance

Continuing development of alternative, more convenient collection and delivery routes to reach customers at their place of work or online

Note 1: Before amortisation and impairment of intangible assets (excluding software amortisation) and exceptional items

Exceptional Items

Continuing, £m	2015	2014
Restructuring costs – Textile Rental	1.0	1.3
Restructuring costs – Drycleaning	6.5	-
Acquisition related costs	1.5	0.6
Pension costs	-	4.9
Total	9.0	6.8

Textile Rental Restructuring costs - final costs arising from successful relocation to the new workwear processing facility in Leeds

Drycleaning Restructuring costs - costs incurred in implementing the restructuring, as announced in January 2015

Acquisition related costs – include professional fees and subsequent restructuring costs for London Linen and Ashbon



Bank Facility, Hedging & Interest

Bank Facility

- New £100.0m facility: £100.0m RCF expiring April 2020
- RCF at LIBOR + applicable margin
- RCF average margin during 2015 was 1.61% and will be 1.75% for at least Q1 2016
- Net debt at 31 Dec 2015: £71.2m (December 2014: £28.5m)
- Gearing (net debt/EBITDA) at December 2015 of 1.8x

Hedging

- New hedging swaps in place from Jan 2016 which hedge:
 - £15.0m at 1.470% to Jan 2019; and
 - £15.0m at 1.665% to Jan 2020

Interest

- Interest cost (excluding notional pension interest cost) of £2.1m (2014: £1.6m)
- Increase in notional pension interest cost reflects pension deficit at the start of 2015. The expected charge for 2016 is £0.5m

£m	2015	2014
Bank / lease interest	2.1	1.6
Notional interest	0.6	0.2
Total	2.7	1.8

Pensions and Tax

Pensions

- Net deficit of £11.9m (Dec 2014: £13.8m)
- Reduction largely due to an increase in the discount rate applied to liabilities
- Deficit recovery payments of £1.9m (2014: £2.0m) and a further £1.9m expected in 2016

Tax

- Effective tax rate¹ on adjusted profit before tax of 19.5% (2014: 22.4%)

Note: 1) Before tax relating to amortisation and impairment of intangible assets (excluding software amortisation) and exceptional items

The Group Moving Forward

Textile Rental

- Continued expansion of our presence in the Textile Rental market
- Identify further earnings accretive acquisition opportunities
- Ongoing investment in our processing facilities to drive efficiencies and increase capacity
- Realise operational benefits from the London Linen, Ashbon and Zip acquisitions

Drycleaning

- Streamlined branch portfolio focusing on service and convenience
- Develop partnership with Waitrose
- Identify additional routes to market

Financials

- Zip acquisition completed January 2016 increasing net debt from reported £71.2m to £89.1m on a pro forma basis
- Gearing expected to return to not more than 2x net debt/EBITDA before the end of 2016

Strategic Acquisition of Zip Textiles Services

Acquired on 31
January 2016 for
£15.0m and
additional debt of
£2.7m

Based in SE
Birmingham 90
miles from
existing Bourne
facility

Close to
motorway
networks and
extends
geographical
reach

Facilitates
logistical
synergies and
growth within
existing customer
base



Well invested
freehold premises
with recent
extension

£2.7m of new
equipment
providing
additional
capacity

Transfer of work
facilitates further
growth at Bourne

Reported revenue
of £7.0m for the
year to 31 January
2015





THANK YOU

Appendix 1 - Segmental Results

	2015		2014	
	Revenue £m	Operating Profit ¹ £m	Revenue £m	Operating Profit ¹ £m
Textile Rental				
- Trading	188.2	28.2	155.0	22.7
- Allocated Income	-	1.2	-	1.1
	188.2	29.4	155.0	23.8
Drycleaning				
- Drycleaning	46.2	2.0	55.4	1.6
Unallocated Costs				
- Group Costs	-	(3.5)	-	(3.6)
TOTAL	234.4	27.9	210.4	21.8

Note 1: Before amortisation and impairment of intangible assets (excluding software amortisation) and exceptional items