31 March 2016

Polypipe Group plc
Audited results for the year ended 31 December 2015

Record revenue and profits, strong strategic progress

Polypipe Group plc ("Polypipe" or the "Group"), a leading manufacturer of plastic piping and ventilation systems for the residential, commercial, civils and infrastructure sectors, today announces its full year results for the year ended 31 December 2015.

Financial Results

	2015	2014	Increase
Revenue	£352.9m	£327.0m	8%
Underlying operating profit	£54.2m	£46.3m	17%
Underlying operating margin	15.4%	14.2%	
Underlying profit before tax	£48.0m	£37.6m	28%
Profit before tax	£41.5m	£16.9m	
Underlying earnings per share	19.47p	16.11p	21%
Earnings per share (basic)	17.11p	6.96p	
Interim dividend - declared and paid	2.3p	1.5p*	
Final dividend - recommended	5.5p	3.0p*	

*part year (eight months post IPO period in 2014)
Non-underlying items related almost entirely to costs associated with the acquisitions during 2015 and the IPO in 2014

Financial Highlights

- Revenue from UK operations increased by 10.6%. Group revenue was up 7.9%
- Underlying operating profit ahead by 17.1% at £54.2m
- 120bps improvement in underlying operating margin to a record 15.4%
- Strong cash conversion of 102%, after absorbing a 28% increase in capital expenditure
- Underlying net finance costs reduced by £2.5m to £6.2m due to benefits from re-financing
- Recommended final dividend of 5.5 pence per share giving a full year dividend rate increase of 23%

Operational Highlights

- Significant boost to technical capability and presence in the ventilation market through the £144.3m acquisition of Nuaire in August 2015. Nuaire is performing in line with expectations
- Structural growth opportunities driving the business ahead of the overall construction market
- Continuing strong demand from residential new build construction, infrastructure and commercial developments
- Improved export performance underpinned by growing presence in the Middle East
- Capital expenditure increased by 28% to £19.3m to fund growth opportunities

Outlook

- Whilst there remain political and economic uncertainties, underlying fundamentals across all sectors of the UK construction market remain positive
- In our main UK market, 2016 industry forecasts expect that construction activity will outpace GDP
- 2016 has started well and we are encouraged by reports from the merchants of improvement in RMI spend in the early part of this year.

David Hall, Chief Executive said:

"*2015 was a record performance and another year of excellent progress for the Group. The acquisition of Nuaire was an important step in our strategic development and our growth initiatives continued to deliver. I am delighted to report such a strong performance since our IPO in April 2014, with underlying operating profit growth of 36.5% over the last two years. While there are economic and political uncertainties, 2016 has started well and the Board is confident that the market fundamentals in our main UK market remain positive and that we are pursuing a sound strategy for the future development of the business".*

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A copy of this report will be available on our website http://ir.polypipe.com/ today from 7.00am.

An analyst and investor presentation will be held today at 16 Lincoln's Inn Fields, London, WC2A 3ED, at 0915hrs (BST) with registration from 0845hrs.

For those unable to attend, a live conference call will be available at 0915hrs (BST).

Dial-In number	+44 (0) 1452 555566
Conference ID	72914704

Notes to Editors:

Polypipe is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic piping systems for the residential, commercial, civils and infrastructure sectors by revenue. The recently acquired Nuaire business is a leading designer and manufacturer of energy efficient ventilation systems in the UK.

The Group operates from nineteen facilities in total, and with over 20,000 product lines, manufactures the United Kingdom's widest range of plastic piping systems for heating, plumbing, drainage and ventilation. The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world.

Group Results

The Group’s revenue for the year ended 31 December 2015 was £352.9m (2014: £327.0m), an improvement of 7.9%. This improvement in Group revenue has been driven by our strategic focus on structural growth opportunities and the continuing recovery in the UK construction market and from complementary acquisitions benefiting from these growth drivers.

Underlying operating profit for the year of £54.2m was up 17.1% on last year with drop through from the revenue growth at 30.5%.

Non-underlying operating and finance costs of £6.5m were incurred in 2015 relating mainly to acquisitions and related refinancing. They include non-cash charges of £4.7m in respect of goodwill amortisation (£3.0m) and unamortised debt issue costs written off (£1.7m).

Underlying net finance costs of £6.2m were lower than prior year (£8.7m) due to the full year benefit in 2015 from refinancing our 9.5% Senior Secured Notes in April 2014 and improved terms of our new revolving credit facility from August 2015. Finance costs will be higher in 2016 due to the full year impact of the higher net debt associated with the acquisition of Nuaire.

The total tax charge (underlying and non-underlying) for the year of £7.4m in 2015 shows an increase on the 2014 tax charge of £3.0m due to the improved operating result and the expiry of the benefit of non-trading tax losses brought forward.

Including non-underlying items, profit after tax was £34.1m (2014: £13.9m) and basic earnings per share were 17.11 pence (2014: 6.96 pence).

Chief Executive’s Review

Good progress was made during 2015 whilst the Group’s focus was to adapt to the changing dynamics in the UK construction market recovery, manage input cost volatility and availability of our prime polymers, and to deliver on our growth initiatives, both organically and through acquisition.

The strength of the recovery in the UK market was considerably more mixed than forecasts had projected. In particular, lack of strength in the recovery of residential repair, maintenance and improvement (RMI) activity became more evident as the year progressed.

The Group has progressively moved towards designing and manufacturing more complex systems that enable a greater level of specification from our customers seeking to meet the needs of sustainable construction. The acquisition of Nuaire in August 2015 is a significant step in that direction, substantially enhancing our technical capability in the increasingly important area of ventilation. Nuaire has an excellent track record and has continued to perform well under our ownership. We have been cautious not to destabilise either the Nuaire business or our existing ventilation business, whilst we undergo a staged integration process. Nuaire’s results are allocated between both Residential Piping Systems and Commercial and Infrastructure Piping Systems – UK in line with the market sectors they serve.

Surestop acquired in January 2015 also performed well, and a considered integration programme has enabled an excellent level of sales growth as well as improved manufacturing margins by utilising components and capability from other parts of the Group.

Our immediate focus is on deleveraging following the Nuaire acquisition, and we expect net debt to EBITDA to reduce towards 2 times by the end of the 2016 financial year due to the highly cash generative nature of our business. We have sufficient financial headroom to continue to develop investment opportunities and we continue to seek compelling “bolt on” acquisition opportunities.

Despite a strong downward trajectory in crude oil prices, polymer prices have become disconnected from the primary feedstocks and displayed quite significant volatility during the year. Overall polymer prices were lower than during 2014 and the majority of this has been passed on to customers either in lower prices, discounts or as a result of not having price increases to cover other inflationary effects. Despite some availability concerns resulting from the polymer producers reducing output, the Group was able to source sufficient volumes to meet our customer's demands.

In Residential Piping Systems our products and systems targeted at delivering carbon efficient solutions have performed well, primarily in the new build sector where a higher specification is increasingly required to meet more stringent regulation. We conducted a high profile marketing campaign for underfloor heating, including television advertising fronted by leading interior designer, Kelly Hoppen, who is a brand ambassador for Polypipe. The campaign drove a significant surge in traffic to our website stimulating consumer demand and increasing the number of registered installers.

In Commercial and Infrastructure Piping Systems, Government and legislative focus on flood alleviation continued to drive strong sales growth for our comprehensive range of engineered water management solutions. We delivered a number of significant projects during the year helping to design some innovative SUDS (sustainable urban drainage systems) including the use of our 3m diameter pipe as well as experiencing a steady increase in demand from smaller new build residential sites as they commenced development. During 2015 the Group manufactured solutions for more than 700 different projects to prevent future flooding. Both our Nuaire and our Building Products division were recognized for innovative promotional campaigns by winning marketing industry awards.

We have continued to focus on new product development. During the period several new products were introduced, including an enhanced smartphone app based controls system for underfloor heating, new controls for ventilation, additions to our innovative radial ventilation duct system and a new surface and sub water treatment drainage system. Progressive introduction of new products has enabled the Group to win an increasing number of high profile project specifications and secure further penetration into the sectors of the construction industry that offer opportunities for us to add value.

We are increasing our commitment to customer training. In Doncaster we are strengthening our customer training capability by enhancing our Northern area customer training facility. We formally opened our new customer training centre in Dubai during October 2015 which enables us to train our customers and demonstrate our full capability across a comprehensive range of systems.

Despite cautious sentiment in the Middle East region, the majority of construction activity we are involved with tends to be high profile, state sponsored projects which have continued to attract funding. Following recent years where flood risk has attracted more attention in this area, our efforts to help develop a specification for storm water attenuation with the relevant authorities has led to some promising initial orders which have been delivered from the UK. We are making good progress with our plans to manufacture water management attenuation cells in the Jebel Ali Free Zone in Dubai.

The Group continued to invest in its capability to reprocess plastic packaging. During the year approximately one third of our UK production was based on reprocessed polymer making a considerable contribution to the circular economy with Polypipe one of the largest recyclers of household plastic waste in the UK. Whilst the recent decline in virgin polymer prices has made this less financially attractive than previously, we are still delivering a good return on investment from our plastic waste reprocessing plant and believe our customers regard it as an important factor in their environmentally responsible sourcing strategies.

The following tables set out Group revenue and underlying operating profit by operating segment:

Revenue	2015 £m	2014 £m	Change %
Residential Piping Systems	182.6	173.3	5.4
Commercial & Infrastructure Piping Systems – UK	131.5	111.1	18.4
Inter segment sales	(10.2)	(9.6)	
UK Operations	**303.9**	**274.8**	**10.6**
Commercial & Infrastructure Piping Systems – Mainland Europe	50.4	53.9	(6.5)
Inter segment sales	(1.4)	(1.7)	
Group revenue	352.9	327.0	7.9

Underlying Operating profit	2015 £m	2014 £m	Change %
Residential Piping Systems	32.8	28.4	15.5
Commercial & Infrastructure Piping Systems – UK	20.1	17.0	18.2
UK Operations	**52.9**	**45.4**	**16.5**
Commercial & Infrastructure Piping Systems – Mainland Europe	1.3	0.9	44.4
Group underlying operating profit	54.2	46.3	17.1

Residential Piping Systems

Sales to the residential sector were £182.6m all of which were in the UK and Ireland and represented 50% of Group revenues in 2015.

Private residential new build continued to be dominated by the national housebuilders, with activity levels of smaller builders remaining muted. The trend toward more building in the regions and less reliance on London seen in the second half of 2014 carried on through 2015. Public sector housing starts fell 8% during the year being impacted by budgetary concerns around the extension of the ‘right to buy’ scheme and changes to social housing rents announced by the new Government. Overall new build represented 38% of our residential revenues (23% of the UK Group) in 2015.

A combination of factors appear to have led to private RMI activity growing less quickly than expected. The mortgage review tightened lending criteria and the targeting of government measures towards new builds appears to be suppressing what would normally be a higher level of second hand housing transactions at this stage of the recovery. Both levels of remortgaging and the number of housing transactions have traditionally been a primary driver for major residential project works that benefits Polypipe. Both of these indicators have remained relatively muted and well below long term averages.

Residential piping systems delivered an underlying operating profit of £32.8m, an increase of 15.5% over the prior year.

Commercial and Infrastructure Piping Systems - UK

Sales from our UK commercial and infrastructure businesses were £131.5m and represented 36% of overall Group revenues in 2015.

Demand from road and rail projects remained good although changes to the funding model for Highways England resulted in some slowing of activity for a period. Their published £15.2bn Road Investment strategy for capital enhancement and renewals between 2015 and 2020 is expected to lead to a pick up in growth rates.

Private commercial also performed well and the development of high rise multi occupancy buildings in London and more recently in other major cities provided good level of demand for our commercial systems, including the recently acquired Nuaire ranges.

Export revenues grew by 18% over 2014, primarily from sales into the Gulf states. We have continued to expand our sales presence in the region and remain committed to developing further specification activity alongside our intention to commence manufacturing of water attenuation systems during 2016.

Volatile polymer costs had a negative impact on the plastics recycling industry. This resulted in a tightening of supply and combined with formulaic sales pricing mechanisms to our customers, squeezed operating margins as input costs of recyclate did not decline at the rate of virgin polymer prices.

Commercial and Infrastructure Piping Systems – UK delivered an underlying profit of £20.1m, an increase of 18.2% over the prior year.

Commercial and Infrastructure Piping Systems - Europe

Sales from our continental European businesses were £50.4m and represented 14% of overall Group revenues in 2015. Although when translated into sterling this is down 6.5% on prior year, in local currency revenues increased by 3.5%.

The market showed no real signs of improvement during the year, although our second half revenue performance improved, being 10.3% up in local currency terms against the same period in 2014. We have continued to focus on our improvement initiatives.

Underlying operating profits improved to £1.3m an increase of nearly 50% in local currency.

Board and Management changes

In November 2015 we announced that Peter Shepherd, Chief Financial Officer, planned to retire close to his 60th birthday in July 2016 after 10 years with Polypipe. We announced on the same date that Martin Payne, currently Group Finance Director at Norcros plc, will succeed him. Martin will join our Board as Chief Financial Officer, at our Annual General Meeting on 25 May 2016 when Peter will step down from the Board.

Outlook

Whilst there remain political and economic uncertainties, underlying fundamentals across all sectors of the UK construction market remain positive with Government announcements and policy generally supportive of stimulating further housebuild, home ownership and improving the national infrastructure. In our main UK market, 2016 industry forecasts expect that construction activity will outpace GDP.

2016 has started well and we are encouraged by reports from the merchants of improvement in RMI spend in the early part of this year following the upturn in housing transactions during the second half of 2015. A supportive market, our focus on delivering our growth initiatives and a determination to remain agile, mean we look forward to 2016 being a year of further progression.

Financial Review

Revenue growth and operating margins

	2015 **£m**	2014 £m
Revenue	**352.9**	327.0
Underlying operating profit	**54.2**	46.3
Underlying operating profit margin	**15.4%**	14.2%
Revenue growth:		
- Group	**7.9%**	
- UK	**10.6%**	
- Mainland Europe	**(6.5%)**	

Group revenue growth of 7.9% included revenue growth from our UK operations of 10.6%, which included the benefit of acquisitions, and adverse currency translation impacting the reported revenue of our Mainland European businesses, which at constant exchange rates grew revenue by 3.5%. Reported revenue growth from our UK operations was adversely impacted by polymer cost deflation passed onto our customers. Eliminating the impact of price deflation, our UK operations' revenue growth in volume terms, excluding acquisitions, of c.4% continued to outpace growth in UK construction. Based on ONS data for 2015 we estimate UK construction growth to be c.0.5% adjusting for anomalies relevant to our business in the ONS reported growth rates for the "Roads" and "Power" sub-sectors within the reported "Infrastructure" growth number.

The underlying operating profit margin improved to a record 15.4% (2014: 14.2%) due largely to the operational gearing benefit from the additional sales volumes. The adverse currency translation impact, whilst significant in revenue terms, had little impact on earnings.

Non-underlying items

Non-underlying items related almost entirely to costs associated with the acquisitions during 2015 and the IPO in 2014. In 2015 they included non-cash charges of £4.7m in respect of goodwill amortisation (£3.0m) and unamortised debt issue costs written off (£1.7m). Non-underlying items comprised:

	2015 **£m**	2014 £m
Relating to acquisitions and associated re-financing during 2015:		
- Acquisition costs	**2.0**	-
- Amortisation of acquired intangible assets	**3.0**	-
- Unamortised debt issue costs written off	**1.7**	-
Relating to the IPO during 2014:		
- Listing costs	**-**	12.2
- Senior Secured Notes early settlement fee	**-**	7.2
- Unamortised debt issue costs written off	**-**	1.4
Profit on sale of property, plant and equipment	**(0.2)**	(0.1)
Non-underlying items before taxation	**6.5**	20.7
Taxation	**(1.8)**	(2.4)
Non-underlying items after taxation	**4.7**	18.3

Taxation on non-underlying items is covered in the note on taxation below.

Cashflow and net debt

Cash generated from operations during the year, excluding the impact of non-underlying items, and the cash conversion rate defined as the ratio of operating cashflow after capital expenditure to operating profit (also excluding the impact of non-underlying items) were:

	2015 £m	2014 £m
Underlying operating profit	**54.2**	46.3
Depreciation	**15.1**	14.5
Underlying operating profit plus depreciation (EBITDA)	**69.3**	60.8
Increase in negative working capital	**5.3**	2.3
Operating cashflow	**74.6**	63.1
Capital expenditure	**(19.3)**	(15.1)
Operating cashflow after capital expenditure	**55.3**	48.0
Cash conversion rate	**102.0%**	103.7%

Cash generated from operations (excluding non-underlying items) after capital expenditure was strong showing an increase of 15.2% during the year to £55.3m (2014: £48.0m) and this was after absorbing a 27.8% increase in capital expenditure to £19.3m (128% of depreciation). The cash conversion rate, a key measure of operating cashflow performance, remained in excess of 100%.

Capital expenditure in 2015 increased by £4.2m to £19.3m, much of the increase related to investment in equipment for a new manufacturing facility in the Middle East to produce water management products. Capital expenditure in 2016 is expected to remain ahead of depreciation as we continue to seek to expand our product range and improve our operating efficiency.

Net working capital at 31 December 2015 of negative £2.3m compared with negative £4.4m at 31 December 2014. This decrease in negative working capital of £2.1m during 2015 comprised:

	£m
On acquisition of businesses during the year	(7.5)
Cashflow gain	5.3
Exchange movements	0.1
	(2.1)

Net working capital at our December year end is the lowest position during the year due to the seasonal slowdown in December in construction site activity and our manufacturing operations ahead of the Christmas holiday period, as well as the accumulation of quarterly and annual customer rebate liabilities which are settled in the following year.

Net debt (bank loans less cash) comprised:

	2015 £m	2014 £m	Increase £m
Bank loans	**(217.5)**	(120.0)	(97.5)
Cash and cash equivalents	**21.6**	43.1	(21.5)
	(195.9)	(76.9)	(119.0)

Net debt (RCF less cash) increased by £119.0m during the year to £195.9m. This increase was after spending £151.5m on acquiring businesses (including costs) during the year.

At 31 December 2015 liquidity headroom (cash and undrawn committed banking facilities) was substantial and improved at £104.1m (2014: £83.1m). Whilst our immediate focus is on deleveraging following the Nuaire acquisition, and we expect net debt to EBITDA to reduce towards approximately 2 times by the end of the 2016 financial year due to the high cash generative nature of our business. This headroom enables us to continue to develop our acquisition pipeline and we continue to seek out compelling "bolt on" opportunities to accelerate growth in our strategic development areas.

Refinancing

In August 2015 the Group cancelled its existing £120m term loan and £40m Revolving Credit Facility ("RCF") and entered into a new five year term £300m RCF to finance the acquisition of Nuaire. At 31 December £217.5m of the new RCF was drawn down.

The Group is subject to two financial covenants, at 31 December 2015 there was significant headroom:

Covenant:	Covenant requirement	Position at 31 December 2015
Interest cover (EBIT:Net finance costs excluding debt issuance cost amortisation)	>4:1	7.6:1
Leverage (EBITDA:Net debt)	<3.5:1	2.5:1

Finance Costs

Net underlying finance charges for the year of £6.2m were £2.5m lower than the prior year, despite higher year end net debt from acquisition financing, due to the full year benefit in 2015 of refinancing the 9.5% £150m Senior Secured Notes in April 2014 with bank loans at a significantly lower finance cost and improved terms of our new revolving credit facility from August 2015.

Interest is payable on the new RCF at LIBOR plus an interest rate margin ranging from 1.5% to 2.75%. The interest rate margin at 31 December 2015 was 2.25%.

In order to reduce exposure to future increases in interest rates the Group has entered into interest rate swaps at fixed rates ranging between 1.735% and 2.21% (excluding margin) with notional amounts hedged ranging from £60m to £91.7m over the period of the interest rate swaps.

The unrealised mark to market adjustment on these forward interest rate swaps at 31 December 2015 was £2.1m negative (2014: £2.4m negative), the movement in the mark to market adjustment during the year of £0.3m is included in the Group Statement of Comprehensive Income.

Non-underlying finance costs of £1.7m in 2015 related to the write off of unamortised issue costs incurred on our former and now refinanced term loan and RCF.

Taxation

Underlying taxation:

As noted in last year's Annual Report, the underlying tax rate (underlying tax : underlying profit before tax) for 2015 was expected to be close to the UK standard tax rate as the last of the benefit from brought forward non-trading losses was recognised in 2014. The underlying tax rate in 2015 was 19.2% (2014: 14.4%), slightly below the UK standard tax rate of 20.25% largely due to the benefit of patent box relief. The impact of our mainland European operations on the Group's tax charge is not significant.

Taxation on non-underlying items:

The non-underlying taxation credit of £1.8m in 2015 included £1.0m relating to prior year items. Adjusting for the prior year items in 2015, the relatively low tax credit on non-underlying items in both years was because there was no taxation relief on the acquisition costs incurred in 2015 and limited taxation relief was available on listing costs in 2014.

Exchange Rates

The Group is exposed to movements in exchange rates when translating the results of its mainland European operations from Euros to Sterling. Sterling appreciated further against the Euro during 2015 with the average exchange rate used for translation purposes moving from £1:€1.25 in 2014 to £1:€1.38 in 2015. The impact of this was £5.4m negative on revenue with no impact on operating profit.

Forward currency derivative contracts are classified as held for trading. There was an unrealised loss of £0.1m (included in financial liabilities) on these derivative contracts at 31 December 2015 (2014: £0.2m loss) resulting in an income statement credit of £0.1m during the year.

Earnings per share

	2015	2014
Pence per share:		
Basic	**17.11**	6.96
Underlying	**19.47**	16.11

The impact of dilution is not significant

The movement in basic EPS is distorted by significant non-underlying items during both 2015 and 2014.

Adjusted EPS, which removes the impact of non-underlying items, improved by 21% in 2015 due to the improved operating result and reduced finance costs offset by an increase in the underlying tax rate as explained above.

Dividend

The final dividend of 5.5 pence is being recommended for payment on 1 June 2016 to shareholders on the register at the close of business on 29 April 2016. The ex dividend date will be 28 April 2016.

Our dividend policy is to pay a minimum of 40% of the Group's annual underlying profit after tax. The Directors intend that the Group will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of the interim and preliminary results respectively in the approximate proportions of one-third and two-thirds, respectively. The Group may revise its dividend policy from time to time.

Pensions

The Group does not have any defined benefit pension schemes and only has defined contribution pension arrangements in place. Pension costs for the year amounted to £1.7m (2014: £1.3m).

Acquisitions

On 30 January 2015 the Group acquired 100% of the share capital of Surestop Limited, a company which manufactures and supplies a range of patented water mains switch-off devices. The cash consideration of £6.0m included payment for £0.8m for net cash at completion. Surestop has contributed revenue of £2.1m and £0.8m operating profit to the Group's result for 2015. If Surestop had been acquired on 1 January 2015 the Group's results for the tax year would have shown revenue of £353.1m and underlying operating profit of £54.2m.

On 18 August 2015 the Group acquired 100% of the share capital of a Nu-Oval Acquisitions 1 Limited ("Nuaire"), a leading provider of ventilation systems. The cash consideration of £149.2m included a payout of £4.9m for net cash at completion. Nuaire has contributed post acquisition revenue of £21.9m and £3.2m operating profit to the Group's result for 2015. If Nuaire had been acquired on 1 January 2015 the Group's results for the tax year would have shown revenue of £395.4m and underlying operating profit of £62.9m. Nuaire's results are allocated between Residential Piping Systems and Commercial and Infrastructure Piping Systems – UK in line with the market sectors they serve.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group are those detailed in the Group's Annual Report. These cover the Strategic, Financial and Operational Risks and have not changed significantly during the year.

Forward Looking Statements

Certain statements in this full year report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Annual General Meeting

The Annual General Meeting will be held at the Holiday Inn Doncaster, High Road, Warmsworth, Doncaster DN4 9JX at 10:30am on Wednesday 25 May 2016.

By order of the Board:

D G Hall
Chief Executive Officer
31 March 2016

P D Shepherd
Chief Financial Officer
31 March 2016

Polypipe Group plc
2015 Preliminary results

GROUP INCOME STATEMENT
for the year ended 31 December 2015

	Notes	***2015*** Underlying £m	Non-Underlying* £m	Total £m	*2014* Underlying £m	Non-Underlying* £m	Total £m
Revenue	***2***	**352.9**	**-**	**352.9**	327.0	-	327.0
Cost of sales		**(210.0)**	**-**	**(210.0)**	(202.4)	-	(202.4)
Gross profit		**142.9**	**-**	**142.9**	124.6	-	124.6
Selling and distribution costs		**(56.4)**	**-**	**(56.4)**	(49.8)	-	(49.8)
Administration expenses		**(32.3)**	**(2.0)**	**(34.3)**	(28.5)	(12.2)	(40.7)
Trading profit		**54.2**	**(2.0)**	**52.2**	46.3	(12.2)	34.1
Profit on sale of fixed assets		**-**	**0.2**	**0.2**	-	0.1	0.1
Amortisation of acquisition intangibles		**-**	**(3.0)**	**(3.0)**	-	-	-
Operating profit	***2***	**54.2**	**(4.8)**	**49.4**	46.3	(12.1)	34.2
Finance revenue	***4***	**0.1**	**-**	**0.1**	0.2	-	0.2
Finance costs	***4***	**(6.3)**	**(1.7)**	**(8.0)**	(8.9)	(8.6)	(17.5)
Profit before tax		**48.0**	**(6.5)**	**41.5**	37.6	(20.7)	16.9
Taxation	***5***	**(9.2)**	**1.8**	**(7.4)**	(5.4)	2.4	(3.0)
Profit for the year attributable to the owners of the parent company		**38.8**	**(4.7)**	**34.1**	32.2	(18.3)	13.9
Basic earnings per share (pence)	***6***	**19.47**		**17.11**	16.11		6.96
Diluted earnings per share (pence)	***6***	**19.42**		**17.07**	16.10		6.95
Dividend per share (pence) – Interim	***7***			**2.30**			1.50
Dividend per share (pence) – Final	***7***			**5.50**			3.00
Total				**7.80**			4.50

* Note 3

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015	*2014*
	£m	*£m*
Profit for the year	**34.1**	13.9
Other comprehensive income:		
Items which will be reclassified subsequently to profit and loss:-		
Exchange differences on translation of foreign operations	**(0.8)**	(1.1)
Effective portion of changes in fair value of interest rate swap derivative	**0.3**	(2.4)
Tax relating to items that may be reclassified	**(0.1)**	0.5
Other comprehensive income for the year net of tax	**(0.6)**	(3.0)
Total comprehensive income for the year attributable to owners of the parent	**33.5**	10.9

GROUP BALANCE SHEET

at 31 December 2015

	Notes	*31 December 2015*	*31 December 2014*
		£m	*£m*
Non-current assets			
Property, plant and equipment	***8***	**98.1**	89.2
Intangible assets	***9***	**378.4**	235.0
Total non-current assets		**476.5**	324.2
Current assets			
Inventories		**47.5**	39.9
Trade and other receivables		**30.5**	20.9
Cash and cash equivalents		**21.6**	43.1
Total current assets		**99.6**	103.9
Total assets		**576.1**	428.1
Current liabilities			
Trade and other payables		**(80.3)**	(65.2)
Other financial liabilities	***11***	**(2.2)**	(2.6)
Income tax payable		**(4.7)**	(2.0)
Total current liabilities		**(87.2)**	(69.8)
Non-current liabilities			
Loans and borrowings	***11***	**(215.9)**	(118.0)
Other liabilities		**(2.0)**	(1.7)
Deferred tax liability		**(10.0)**	(0.9)
Total non-current liabilities		**(227.9)**	(120.6)
Total liabilities		**(315.1)**	(190.4)
Net assets		**261.0**	237.7
Capital and reserves			
Equity share capital		**0.2**	0.2
Capital redemption reserve		**1.1**	1.1
Treasury shares		**(1.7)**	(1.7)
Hedging reserve		**(1.7)**	(1.9)
Foreign currency retranslation reserve		**(2.5)**	(1.7)
Retained earnings		**265.6**	241.7
Total equity		**261.0**	237.7

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share capital	*Capital redemption reserve*	*Treasury shares*	*Hedging reserve*	*Foreign currency retranslation reserve*	*Retained earnings*	*Total equity*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
At 31 December 2013	**1.3**	**-**	**-**	**-**	**(0.6)**	**230.7**	**231.4**
Profit for the year	-	-	-	-	-	13.9	**13.9**
Other comprehensive expense	-	-	-	(1.9)	(1.1)	-	**(3.0)**
Total comprehensive (expense)/income for the year	**-**	**-**	**-**	**(1.9)**	**(1.1)**	**13.9**	**10.9**
Dividends paid	-	-	-	-	-	(3.0)	**(3.0)**
Purchase of treasury shares	-	-	(1.7)	-	-	-	**(1.7)**
Share-based payments	-	-	-	-	-	0.1	**0.1**
Cancellation of deferred shares	(1.1)	1.1	-	-	-	-	**-**
At 31 December 2014	**0.2**	**1.1**	**(1.7)**	**(1.9)**	**(1.7)**	**241.7**	**237.7**
Profit for the year	**-**	**-**	**-**	**-**	**-**	34.1	**34.1**
Other comprehensive income/(expense)	**-**	**-**	**-**	0.2	(0.8)	-	**(0.6)**
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**0.2**	**(0.8)**	**34.1**	**33.5**
Dividends paid	**-**	**-**	**-**	**-**	**-**	(10.6)	**(10.6)**
Share-based payments	**-**	**-**	**-**	**-**	**-**	0.4	**0.4**
At 31 December 2015	**0.2**	**1.1**	**(1.7)**	**(1.7)**	**(2.5)**	**265.6**	**261.0**

GROUP CASH FLOW STATEMENT

for the year ended 31 December 2015

	2015	*2014*
	£m	*£m*
Operating activities		
Profit for the year before tax	**41.5**	16.9
Add back net financing costs	**7.9**	17.3
Operating profit	**49.4**	34.2
Non cash items:		
Gain on disposal of property, plant and equipment	**(0.2)**	(0.1)
Non-underlying exceptional items – listing costs expensed	**-**	12.2
– listing costs paid	**-**	(12.5)
– amortisation of acquisition intangibles	**3.0**	-
Depreciation	**15.1**	14.5
Operating cash flow before movement in working capital	**67.3**	48.3
Movement in working capital:		
Receivables	**1.6**	(0.2)
Payables	**5.6**	4.0
Inventories	**(1.9)**	(1.5)
Cash generated from operations	**72.6**	50.6
Income tax paid	**(5.2)**	(3.7)
Net cash flows from operating activities	**67.4**	46.9
Investing activities		
Interest received	**0.1**	0.2
Proceeds from disposal of property, plant and equipment	**0.4**	0.2
Acquisition of businesses – purchase consideration	**(155.2)**	(0.3)
– cash at acquisition	**5.7**	-
Purchase of property, plant and equipment	**(19.3)**	(15.1)
Net cash flow used in investing activities	**(168.3)**	(15.0)
Financing activities		
Repayment of Senior Secured Notes	**-**	(150.0)
New bank loans	**148.5**	120.0
Bank loan repayment	**(51.0)**	-
Purchase of own shares	**-**	(1.7)
Interest paid	**(5.8)**	(10.6)
Dividend paid	**(10.6)**	(3.0)
Refinancing costs	**(1.7)**	(9.4)
Net cash flows from financing activities	**79.4**	(54.7)
Net decrease in cash and cash equivalents	**(21.5)**	(22.8)
Cash and cash equivalents at 1 January	**43.1**	65.9
Cash and cash equivalents at 31 December	**21.6**	43.1

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Basis of preparation

The preliminary results for the year ended 31 December 2015 have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as endorsed by the European Union regulations as they apply to the financial statements of the Group for the year ended 31 December 2015. Whilst the financial information included in this preliminary announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies adopted are consistent with those of the previous year.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2015 will be filed in due course. The auditors' report on these accounts was not qualified or modified and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

Each of the Directors confirms that, to the best of their knowledge, the financial statements, prepared in accordance with IFRS as adopted by EU standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and the Group Results, Chief Executive Review and Financial Review includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

2. Segment information

The Group has three reporting segments - Residential Piping Systems (all UK by origin) and Commercial and Infrastructure Piping Systems (UK) and Commercial and Infrastructure (Mainland Europe).

	2015			*2014*		
	Revenue £m	***Result £m***	***Underlying result* £m***	*Revenue £m*	*Result £m*	*Underlying result* £m*
Residential Piping Systems	**182.6**	**33.0**	**32.8**	173.3	28.5	28.4
Commercial & Infrastructure Piping Systems (UK)	**131.5**	**20.2**	**20.1**	111.1	17.0	17.0
Inter segment sales	**(10.2)**	**-**	**-**	(9.6)	-	-
UK Operations	**303.9**	**53.2**	**52.9**	274.8	45.5	45.4
Commercial & Infrastructure Piping Systems (Mainland Europe)	***50.4***	***1.2***	***1.3***	*53.9*	*0.9*	*0.9*
Inter segment sales	**(1.4)**	**-**	**-**	(1.7)	-	-
Non-underlying group items	**-**	**(5.0)**	**-**	-	(12.2)	-
Total Group	**352.9**	**49.4**	**54.2**	327.0	34.2	46.3
Net finance costs		**(7.9)**	**(6.2)**		(17.3)	(8.7)
Profit before taxation		**41.5**	**48.0**		16.9	37.6

Geographical analysis

	2015	2014
Revenue by destination	**£m**	£m
UK	**276.7**	253.3
Rest of Europe	**54.2**	56.9
Rest of World	**22.0**	16.8
Total – Group	**352.9**	327.0

*****The underlying result excludes non-underlying items – see note 3

3. Non-underlying items

Non-underlying items comprised:

	2015			*2014*		
	Gross £m	**Tax £m**	**Net £m**	Gross £m	Tax £m	Net £m
Administration expenses:						
Acquisition costs	**2.0**	**-**	**2.0**	-	-	-
Listing costs	**-**	**-**	**-**	12.2	(0.2)	12.0
Profit on sale of property, plant and equipment:	**(0.2)**	**-**	**(0.2)**	(0.1)	-	(0.1)
Amortisation of acquired intangible assets:	**3.0**	**(0.5)**	**2.5**	-	-	-
Finance costs:						
Senior secured notes early settlement fee	**-**	**-**	**-**	7.2	(1.5)	5.7
Unamortised debt issue costs written off	**1.7**	**(0.3)**	**1.4**	1.4	(0.3)	1.1
Taxation:						
Prior year corporation tax	**-**	**(0.8)**	**(0.8)**	-	(0.4)	(0.4)
Effect of tax rate changes on prior year deferred tax liability	**-**	**(0.2)**	**(0.2)**	-	-	-
Total non-underlying items	**6.5**	**(1.8)**	**4.7**	20.7	(2.4)	18.3

4. Net Finance Costs

	2015			*2014*		
	Underlying £m	***Non-underlying £m***	***Total £m***	*Underlying £m*	*Non-underlying £m*	*Total £m*
Bank interest income	**0.1**	**-**	**0.1**	0.2	-	0.2
Financial income	**0.1**	**-**	**0.1**	0.2	-	0.2
Interest on Senior Secured Notes	**-**	**-**	**-**	5.5	-	5.5
Interest on Bank loan	**5.4**	**-**	**5.4**	2.4	-	2.4
Debt issue cost amortisation	**0.4**	**-**	**0.4**	0.6	-	0.6
Other finance charges	**0.5**	**-**	**0.5**	0.4	-	0.4
Senior Secured Notes early settlement fee	**-**	**-**	**-**	-	7.2	7.2
Unamortised debt issue costs relating to refinanced debt written off	**-**	**1.7**	**1.7**	-	1.4	1.4
Financial expense	**6.3**	**1.7**	**8.0**	8.9	8.6	17.5
Net financing costs	**6.2**	**1.7**	**7.9**	8.7	8.6	17.3

5. Taxation

(a) Tax charged in the income statement

	2015	*2014*
	£m	*£m*
Current income tax:		
UK corporation tax	**8.0**	3.7
Overseas tax	**0.2**	-
Current income tax charge	**8.2**	3.7
Adjustment in respect of prior years	**(0.8)**	(0.4)
Total current income tax	**7.4**	3.3
Deferred tax:		
Origination and reversal of temporary differences	**0.1**	(0.1)
Effect of changes in tax rates	**(0.1)**	-
Overseas taxation	**-**	(0.2)
Total deferred tax	**-**	(0.3)
Tax expense in the income statement	**7.4**	3.0

Details of the non-underlying tax credit of £1.8m (2014: £2.4m) are set out in note 3.

(b) Reconciliation of the total tax charge

A reconciliation between the tax expense and the product of accounting profit multiplied by the United Kingdom's standard tax rate for the years ended 31 December 2015 and 2014 is as follows:

	2015	*2014*
	£m	*£m*
Accounting profit before tax	**41.5**	16.9
Accounting profit multiplied by the UK standard rate of tax of 20.25% (2014: 21.49%)	**8.4**	3.6
Expenses not deductible for corporation tax	**0.8**	4.5
Non-taxable income	**(0.4)**	(1.8)
Utilisation of tax losses	**-**	(2.5)
Adjustments in respect of current income tax of previous years	**(0.8)**	(0.4)
Effective patent box rate adjustment	**(0.4)**	(0.3)
Effects of changes in tax rate	**(0.2)**	(0.1)
Total tax expense reported in the income statement	**7.4**	3.0

The effective rate for the full year is 17.8% (2014: 17.8%). If the impact of non-underlying costs is excluded, the underlying tax rate would be 19.2% (2014: 14.4%).

(c) Deferred Tax

The deferred tax included in the Group balance sheet is as follows:

	2015	*2014*
	£m	*£m*
Deferred tax liability		
Short term timing differences	**8.3**	(0.3)
Capital allowances in excess of depreciation	**1.7**	2.2
Tax losses carried forward	**-**	(1.0)
	10.0	0.9

The increase in the deferred tax liability during the year of £9.1m relates to businesses acquired as shown in Note 10.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(d) Change in Corporation Tax rate

The Chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 20% which was applied from 1 April 2015, to 19% from 1 April 2017 and 18% from 1 April 2020. The reduction in the corporation tax rate to 18% was included within the Finance (No 2) Act 2015 that was substantively enacted in October 2015.

Deferred taxation is measured at tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax has therefore been provided at 18%.

(e) Unrecognised tax losses

A deferred tax asset of £1.0m (2014: £1.3m) in respect of surplus non-trading losses has not been recognised at 31 December 2015 as its recovery is uncertain.

6. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Underlying earnings per share is based on the result for the year after taxation, excluding the impact of non-underlying items, of £38.8m (2014: £32.2m). The Directors consider that this measure gives a better and more consistent indication of the Group's underlying performance.

The calculation of basic and diluted earnings per share is based on the following:

Number of shares

	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**199,267,136**	199,853,984
Share options	**540,243**	111,897
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**199,807,379**	199,965,881

7. Dividends

	2015 £m	*2014 £m*
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2014 of 3.0p per share	**6.0**	-
Interim dividend for the year ended 31 December 2015 of 2.3p per share (2014: 1.5p)	**4.6**	3.0
	10.6	3.0
Proposed final dividend for the year ended 31 December 2015 of 5.5p (2014: 3.0p) per share	**10.9**	6.0

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

8. Property, plant and equipment

	Freehold land and buildings	*Plant and other equipment*	*Total*
	£m	*£m*	*£m*
Cost			
At 1 January 2014	**43.8**	**119.6**	**163.4**
Additions	**0.7**	**14.5**	**15.2**
Acquisition of businesses	**-**	**0.1**	**0.1**
Disposals	**-**	**(1.9)**	**(1.9)**
Exchange adjustment	**(0.5)**	**(2.0)**	**(2.5)**
At 31 December 2014	**44.0**	**130.3**	**174.3**
Additions	**1.8**	**17.6**	**19.4**
Acquisition of businesses	**2.6**	**2.6**	**5.2**
Disposals	**-**	**(2.0)**	**(2.0)**
Exchange adjustment	**(0.3)**	**(1.5)**	**(1.8)**
At 31 December 2015	**48.1**	**147.0**	**195.1**
Depreciation			
At 1 January 2014	**8.0**	**66.4**	**74.4**
Provided during the year	**1.3**	**13.2**	**14.5**
Disposals	**-**	**(1.8)**	**(1.8)**
Exchange adjustment	**(0.3)**	**(1.7)**	**(2.0)**
At 31 December 2014	**9.0**	**76.1**	**85.1**
Provided during the year	**1.3**	**13.8**	**15.1**
Disposals	**-**	**(1.8)**	**(1.8)**
Exchange adjustment	**(0.2)**	**(1.2)**	**(1.4)**
At 31 December 2015	**10.1**	**86.9**	**97.0**
Net Book Value:			
At 31 December 2015	**38.0**	**60.1**	**98.1**
At 31 December 2014	**35.0**	**54.2**	**89.2**

9. Intangible assets

	Goodwill	*Patents*	*Brand names*	*Customer relationships*	*Customer order book*	*Total*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Cost						
At 1 January 2014	**234.4**	**-**	**-**	**-**	**-**	**234.4**
Acquisition of businesses	**0.6**	**-**	**-**	**-**	**-**	**0.6**
At 31 December 2014	**235.0**	**-**	**-**	**-**	**-**	**235.0**
Acquisition of businesses	**94.3**	**18.2**	**25.5**	**6.4**	**2.0**	**146.4**
At 31 December 2015	**329.3**	**18.2**	**25.5**	**6.4**	**2.0**	**381.4**
Amortisation and impairment						
At 1 January and 31 December 2014	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the period	**-**	**0.7**	**1.0**	**0.5**	**0.8**	**3.0**
At 31 December 2015	**-**	**0.7**	**1.0**	**0.5**	**0.8**	**3.0**
Net Book Value:						
At 31 December 2015	**329.3**	**17.5**	**24.5**	**5.9**	**1.2**	**378.4**
At 31 December 2014	**235.0**	**-**	**-**	**-**	**-**	**235.0**

10. Acquisitions

Surestop

On 30 January 2015 the Group acquired 100% of the share capital of Surestop Limited, a company which manufactures and supplies a range of patented water mains switch-off devices. The cash consideration of £6.0 million included a payment of £0.8 million for net cash at completion.

Details of the acquisition are as follows:

	Book value £m	*Fair value adjustments £m*	*Fair value £m*
Intangible assets	-	1.7	1.7
Plant and equipment	0.7	-	0.7
Inventories	0.1	-	0.1
Trade and other receivables	0.5	-	0.5
Cash	0.8	-	0.8
Trade and other payables	(0.4)	-	(0.4)
Income tax liabilities	(0.1)	-	(0.1)
Deferred Tax	-	(0.3)	(0.3)
Net identifiable assets	**1.6**	**1.4**	**3.0**
Goodwill on acquisition			3.0
Total consideration			**6.0**

Patents and the 'Surestop' brand have been recognised have been recognised as specific intangible assets as a result of this acquisition. Fair value adjustments principally relate to the recognition of intangible assets and related deferred taxation. The goodwill arising on the acquisition primarily represents the assembled workforce, technical expertise and market share.

Post acquisition Surestop has contributed £2.1m revenue and £0.8m operating profit which is included in the group income statement. If Surestop had been acquired on 1 January 2015 the Group's results for the tax year would have shown revenue of £353.1m and underlying operating profit of £54.2m.

Nuaire

On 18 August 2015 the Group acquired 100% of the share capital of Nu-Oval Acquisitions 1 Limited ("Nuaire"), a leading provider of ventilation solutions. The cash consideration of £149.2 million included a payment of £4.9 million for net cash at completion.

Details of the acquisition are as follows:

	Book value £m	*Fair value adjustments £m*	*Fair value £m*
Intangible assets	-	50.4	50.4
Plant and equipment	4.7	(0.2)	4.5
Investments	0.2	(0.2)	-
Inventories	6.0	-	6.0
Trade and other receivables	11.1	-	11.1
Cash	4.9	-	4.9
Trade and other payables	(9.1)	(0.7)	(9.8)
Income tax liabilities	(0.4)	-	(0.4)
Deferred tax	0.2	(9.0)	(8.8)
Net identifiable assets	**17.6**	**40.3**	**57.9**
Goodwill on acquisition			91.3
Total consideration			**149.2**

Patents, the 'Nuaire' brand, customer relationships and the customer order book have been recognised as specific intangible assets as a result of this acquisition. Fair value adjustments principally relate to the recognition of intangible assets and related deferred taxation and the application of fair values on acquisition. The goodwill arising on the acquisition primarily represents the assembled workforce, technical expertise and market share.

Post acquisition Nuaire has contributed £21.9m revenue and £3.2m operating profit which is included in the group income statement. If Nuaire had been acquired on 1 January 2015 the Group's results for the tax year would have shown revenue of £395.4m and underlying operating profit of £62.9m.

11. Financial liabilities

	31 December 2015 £m	*31 December 2014 £m*
Non-current loans and borrowings:		
Bank loans - principal	**217.5**	120.0
- unamortised debt issue costs	**(1.6)**	(2.0)
Total non-current loans and borrowings	**215.9**	118.0
Other financial liabilities:		
Interest rate swap	**2.1**	2.4
Forward currency derivative contracts	**0.1**	0.2
	2.2	2.6

Bank Loans

The bank loan which is a revolving credit facility is secured and expires in full in August 2020. Interest is payable on the bank loan at LIBOR plus an interest margin ranging from 1.25% to 2.75% which is dependent on the Group's leverage (net debt to EBITDA) and reduces as the Group's leverage reduces. The interest margin at the 31 December 2015 was 2.25%.

At 31 December 2015, the Group had available, subject to covenant headroom, £82.5m (2014: £40m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met at 31 December 2015.

£10m of the £300m revolving credit facility will be reviewed at 31 December 2016 and the revolving credit facility will be reduced by £10m if the leverage ratio (EBITDA: Net Debt) at 31 December 2016 is greater than or equal to 2.25:1. The facility will also reduce by £10m each year, regardless of leverage, at 31 December 2017, 2018 and 2019, the remainder is available until August 2020.

The Group is subject to a number of covenants in relation to its bank loan which, if breached, would result in the bank loan becoming immediately repayable. These covenants specify certain maximum limits in terms of net debt as a multiple of EBITDA and interest cover. At the year end the Group was not in breach of any bank covenants. The covenant position as at 31st December 2015 was as follows:

Covenant	***Covenant requirement***	***Position at 31 December 2015***
Interest cover (EBIT:Net finance costs excluding debt issuance cost amortisation)	**>4 : 1**	**7.6 : 1**
Leverage (EBITDA:Net debt)	**<3.5 : 1**	**2.5 : 1**

The interest cover covenant remains at 4:1 throughout the duration of the revolving credit facility. The leverage covenant reduces to 3.25:1 at 31 December 2016 and further reduces to 3.0:1 at 30 September 2017 and remains at that level to August 2020.