11 February 2020

Arena Events Group plc

("the Company" or "the Group")

Unaudited Interim Results for the six-months ended 31 December 2019

Arena Events Group plc (AIM: ARE) announces its unaudited Interim Results for the six-months ended 31 December 2019. As announced on 10 April 2019, to better reflect the seasonality of the business, the Group changed its year end to 31 March. As a result, the next set of audited results will be for the fifteen-month period to 31 March 2020.

Financial Highlights

Six months

- Revenue increased by 16% to £92.7m (6m Dec 18: £80.1m)
- Gross profit increased to £30.2m (6m Dec 18: £25.1m)
- Adjusted EBITDA* increased by 56% to £13.4m (6m Dec 18: £8.6m)
- Operating profit of £5.3m (6m Dec 18: loss of £0.3m)

Twelve months

- Revenue increased by 21% to £162.7m (12m Dec 18: £135.0m)
- Adjusted EBITDA* increased by 37% to £16.6m (12m Dec 18: £12.1m)
- Operating profit of £4.5m (12m Dec 18: £nil)

IFRS 16

- The full impact of IFRS16 has been reflected in these results, resulting in an increase of £2.1m EBITDA in the six-months ended 31 December 2019 (£4.1m 12m Dec 19) and additional depreciation of £2.0m in the six-months (£3.9m 12m Dec 19). IFRS 16 is excluded from all 2018 comparative results.

Six-month operational highlights

- In the **UK** – the delivery of structures, seating and furniture at major events including the Open Golf at Royal Portrush, the BMW PGA Championship at Wentworth and the Wimbledon Tennis Championships; the installation of over twenty ice rinks around the UK including new venues such as Cathedral Gardens Manchester and the Royal Museums Greenwich; and the successful delivery of the players' training facilities and hospitality venue for the 2019 Nitto ATP Finals.
- In the **US** – major activations included the Chicago Marathon, the Experimental Aircraft Aviation (EAA) AirVenture show and a major software vendor conference; in addition, a major cost reduction exercise was undertaken in September to re-shape the business.
- In the **Middle East & Asia** – completed two very significant contracts in Saudi Arabia, including a temporary 15,000 seat stadium and 3,000 guest VIP hospitality structure for the Joshua-Ruiz boxing match; delivered a number of temporary hospitality structures for the 2019 Rugby World Cup in Japan and the Abu Dhabi F1 Grand Prix; and provided temporary exhibition space for ADIPEC, the world's largest oil and gas show.

Post period highlights

- Secured a multi-year contract with the owners of the London Stadium, to develop, install and maintain new seating systems in the north and south of the stadium.
- Signed a multi-million pound contract to deliver a number of pavilions and kiosks for Expo 2020 Dubai.

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, intangible amortisation, exceptional items share option costs and acquisition costs.

Greg Lawless, CEO, commented:

"For the Group as a whole, trading for the six-months to December has been solid. In the Middle East & Asia, the successful delivery of several large, high-profile projects in Saudi Arabia and at the Rugby World Cup in Japan have more than offset weakness in the Hong Kong and Dubai markets. Whilst these large projects required additional investment in equipment and working capital, impacting overall debt levels, it has positioned the business well to support planned future growth in the region. During the period we also reset the cost base in the US and in the UK, to ensure that we continue to deliver an acceptable return on our asset base, whilst ensuring we deliver to the Arena standard in all regions. The London events market remains soft, but it is pleasing to note that major Tier 1 events continue to grow with robust attendance levels in all regions.

As previously announced, the Group is changing its year end to March and expects the seasonally quiet calendar Q1 period in 2020 to be broadly in line with that of the prior year with cost savings offsetting any market weakness. Looking further forward, despite some concerns about the general trading environment in a number of markets, the Group still expects to see revenue growth in the year ended March 2021 with the return of the US Open, the Ryder Cup, the Dubai Expo 2020 and further projects in Saudi Arabia.

Audited results and the dividend declaration for the fifteen-month period ending March 2020 will be released in early July 2020."

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About Arena Events Group plc

Arena Events Group plc (www.arenagroup.com) is a provider of temporary physical structures, seating, ice rinks furniture and interiors. The Group has operations across the UK, the US, the Middle East, and Asia and current clients include Wimbledon Tennis Championships, The Open, the PGA European Tour and Ryder Cup.

The Group services major sporting, outdoor and leisure events, providing a managed solution from concept and design through to the construction and integration of the final structure and interior. Contracts range in size and complexity from simple equipment rental for a local outdoor event, to an integrated solution of multiple structures and interiors for a major international sporting event.

Arena Events Group plc

Chief Executive's Review

Introduction

The Group delivered a solid performance in a challenging six-months ended December 2019. Revenue growth of 16% delivered Adjusted EBITDA of £13.4m, as headwinds from weaker markets in Hong Kong and Dubai, were broadly offset by growth in Saudi Arabia. Meanwhile both the UK and US markets were less buoyant than in previous years and we have taken measures to offset this.

Overall the Group reported a gross margin percentage of 32.6% in the six-months compared to 31.3% in the same period in 2018, with regional mix playing a large role in this outturn. Cost pressures continue in both the US and UK from "tighter" labour markets leading to an increase in staff costs, particularly among hourly paid colleagues. To counter this, steps were taken part way through the period to reset the cost base in all regions to ensure that profit margins could be maintained, without compromising the Arena Standard. As reported at the first six-months results, the London event market has been softer than prior years due to the general level of economic nervousness and political uncertainty. This trend has continued and as a result we have seen a reduction in revenues and profit in our Well Dressed Tables division versus last year.

This year we have seen an even greater concentration of activity into the final calendar quarter. This put significant pressure on a number of the business units, particularly in the Middle East, but I am pleased how all teams have yet again delivered exceptionally well. One example of this was the design and installation of the temporary 15,000 seat Diriyah Arena and 3,500 square metre temporary hospitality structure in Saudi Arabia for the Joshua v Ruiz II boxing "Clash on the Dunes". This project was delivered at short notice by resources from across the Group and was a fantastic demonstration of cross-Division cooperation. This was the single largest temporary seating structure that the company has built since the London 2012 Olympics and was highly praised by the promoter.

Operational Highlights

UK & Europe Division

During the six-months to December 2019, the UK Division delivered solutions to a range of summer and autumn events, including the Wimbledon Championships, The Open at Royal Portrush, the Women's Open, the Newmarket Races, the Major League Baseball London Series and the Goodwood Revival, followed by the Nitto ATP Finals in early November. From late October onwards attention also turned to winter activities, with the group delivering over 20 ice rink venues across the country, of which nine were on a fully managed basis. The UK Seating division also benefitted from supplying some UK-based equipment to the Middle East & Asia managed projects as well as the delivery of seats to Japan for the upcoming Tokyo 2020 Olympics.

All acquisitions made in 2018 have been fully integrated into the Division, with ongoing work to optimise the operating model and geographic footprint, whilst reducing overheads. All this is under the leadership of Chris Morris who joined the business as CEO UK & Europe in March.

US Division

The six-months ended December 2019 were weaker in revenue terms for the US Division than in previous years. This was primarily due to less disaster relief work than the prior year (2018: £2.4m revenue) and the shift in venue of the Fortnite World Cup (to a permanent stadium). The Division's attention is now, and has been for some months, on detailed planning for the three major golf events in 2020 (US Open, the PGA Championship and the Ryder Cup). Nevertheless, major projects delivered during the period included the Chicago Marathon, the Experimental Aircraft Aviation (EAA) AirVenture show, a major software vendor conference and the construction of a temporary venue in New York for the launch of a new TV series. The outlook for the region remains robust, boosted by recent contract wins to deliver the US Senior Golf Open through to 2024 and renewed the USGA contract for a further five years.

The Stuart Event Rentals business acquired at the end of 2018, continued to make progress, driving reported revenue growth in the region. Whilst still trading under the Stuart banner, the business has delivered a number of events in conjunction with the Arena Americas Division and will work closely to support the 2020 pipeline on the West Coast.

During the six-month period a wide-ranging cost transformation programme was executed in Arena Americas to streamline the overall structure and improve efficiency across the national tenting business unit. This review will help reduce the reliance on "late-notice/one-off" projects in order to deliver a sustained level of profitability moving forward.

Middle East & Asia Division

Activity in the Middle East during the six months ended December 2019, was heavily dominated by the 'mega' projects in Saudi Arabia delivered in the final calendar quarter of the year. This comprised six temporary high-end restaurants for the Riyadh Festival, and a temporary 15,000 seat stadium and a 3,000 guest VIP hospitality structure built primarily for the Joshua-Ruiz boxing match but also used for the Diriyah Tennis and the Saudia Diriyah E-Prix. Both these projects required additional capital expenditure, which has expanded the regional inventory base and will be used to support new project wins which are due to be delivered in 2020 as well as the establishment of a full-scale permanent base in Saudi Arabia later this year.

Elsewhere in the Middle East, the Group delivered its regular events including temporary exhibition space for ADIPEC, the world's largest oil and gas show, the Abu Dhabi Formula 1 Grand Prix and the Dubai Beach Soccer. However, this was against a backdrop of a generally soft Dubai market, especially in the area of events and exhibitions. While this freed up resources to help deliver the projects in Saudi Arabia, we still have further work to do to fully integrate TGP into the Arena business. This business unit was rebranded Arena Exhibitions & Event Services at the end of the year.

Across Asia the picture was also mixed with tough trading in Malaysia and Hong Kong, due to broader economic and political issues. In Korea the CJ Cup was the key project, while in Japan the Group delivered a number of temporary hospitality structures for the 2019 Rugby World Cup and dispatched seating to Tokyo for three venues at the 2020 Olympics.

Current trading and outlook

The Group is now in the traditionally quiet, loss-making quarter of the year. In the UK, the key focus is on finalising operational and property changes ahead of the Easter start to the season. In the US, planning continues for the large golf projects later in the year, including the fabrication and purchase of equipment needed to deliver them. Whilst in the Middle East, activity on normal seasonal work has progressed and additional assignments in Saudi Arabia are underway offsetting a weak Asian market. We expect this to lead to a broadly flat year on year result in the first calendar quarter, which completes the reporting period for the fifteen-months ending 31 March 2020.

Looking further forward, despite some concerns about the general trading environment in a number of markets including the UK and Hong Kong, the Group expects to see further revenue growth in the year to March 2021 as a result of several major events already secured. These include the return of the US Open, the Ryder Cup, the Dubai Expo 2020 and further work for the Tokyo Olympics. Further progress year on year is also expected in Saudi Arabia on the back of the significant events delivered in 2019.

Alongside the revenue opportunities, improvements in operational efficiency in every region continues to be a major priority as we seek to deliver continuous improvements across the global platform.

Greg Lawless
Chief Executive Officer
10 February 2020

Financial Review

Revenue and gross margin

The Group delivered £92.7m of revenue in the six-months ended December 2019 (6m Dec 18: £80.1m), representing a total increase of 16% compared to the prior period in 2018. Excluding the impact of the annualisation of acquisitions made in H2 2018, revenue growth was £1.9m. This organic growth was driven largely by the Middle East & Asia, where new projects were won in Saudi Arabia and Japan. By contrast the UK was slightly down, while the US saw a larger decline due to fewer "late notice/one-off" projects, such as disaster relief assignments.

The purchase of Stuart Event Rentals in the US and TGP in Dubai accounted for all of the acquisition-led growth in the six-months ended December 2019, contributing £2.8m and £9.6m respectively. Revenue from Ironmonger, based in Hong Kong, fell year on year due to several event cancellations, attributable to the local political uncertainty.

Gross margins across the Group increased from 31.3% to 32.6% due in part to mix, as the Middle East & Asia delivered the most revenue growth at an average 32.2% margin. The UK reported improved gross margins at 26.9% (6m Dec 2018: 20.3%) as the overtrading issues in 2018 were not repeated and the Seating division provided equipment to support the large Middle East & Asia managed projects. The US saw gross margins fall slightly to 39.7% (6m Dec 2018: 40.9%) due to fewer late notice/one off projects, which typically deliver higher margins.

Administrative expenses

Administrative expenses were £25.0m in the six-months ended December 2019, compared to £25.4m in the same period in 2018. Despite inflationary pressures, particularly in salary costs, this £0.4m reduction was mainly due to carefully targeted plans to reset the cost base across all regions by reassessing headcount levels and consolidating the property portfolio.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional items and acquisition costs. The Group's Adjusted EBITDA increased to £13.4m in the six-months ended December 2019, compared to £8.6m in the same period last year.

IFRS 16

These results include the adoption of IFRS 16 (Leases) as described in more detail in note 6 of these results. The main impact of the adoption of IFRS 16 is the change in accounting treatment for operating leases, to remove the rental payments from Adjusted EBITDA, but then to account for additional depreciation on the new Right of Use asset and additional interest charges. Without the impact of IFRS 16 on the six-months ended December 2019, reported Adjusted EBITDA would have been £2.1m lower and the depreciation charge would have been £2.0m less. IFRS 16 is excluded from all 2018 comparative results.

Operating profit and loss after tax

The Group generated an operating profit of £5.3m for the six-months ended December 2019 compared to a loss of £0.3m in the same period in 2018. Excluding the effects of IFRS 16, this outturn reflects the higher underlying Adjusted EBITDA described above, offset by £1.1m of additional depreciation year on year due to the increased asset base following the acquisitions made in 2018 and equipment investment in 2019. Exceptional costs were £1.9m in the six-month period, lower than the £5.1m charge in the same period in 2018. In 2019 these reflected restructuring activities in: the US Arena operation; the UK Structures and Well-Dressed Tables business units; the Arena Exhibitions & Events Services division in Dubai; and, operations in a number of Asian markets. There were no acquisition costs in the period and intangible amortisation was broadly consistent with prior periods.

Interest expense of £0.9m in the six-months ended December 2019 relates to the interest costs of the Group's bank debt and finance leases, with higher average drawings partly driving the year on year increase in cost. Other finance costs include the amortisation of debt arrangement fees paid in previous periods and the imputed interest on the deferred consideration balance which is shown at its discounted value on the balance sheet, with notional interest accruing at a rate of 10% per annum. In addition, with the implementation of IFRS 16 (see note 6) there is an additional finance interest charge of £0.3m relating to the new Right of Use asset.

After a tax charge of £15k (6m Dec 2018: £0.3m), the Group's profit after tax for the period was £4.1m (6m Dec 2018: loss of £1.7m).

Earnings per share

Basic earnings per share (EPS) for the six-months ended December 2019 was 2.7p per share. The figure for the comparative period in 2018 was a loss of 1.5p per share.

Dividends

At the results for the six-months ended June 2019, the Board declared an interim dividend of 0.25 pence per share (2018: 0.5 pence). This was paid on 1 November 2019. Consideration of the level of final dividend will be announced at the results for the fifteen-month period to 31 March 2020.

Cash flow

The Group generated operating cash flow of £6.2m in the six-months ended December 2019 compared to £4.4m in the same period in 2018. Increased operating profit in the 2019 period was in part offset by a higher working capital balance, as the timing of several large projects resulted in some customer receipts remaining outstanding at the end of the year.

Capital expenditure

Net capital expenditure (additions less proceeds from disposals) in the six-months ended December 2019 was £6.1m, compared to £5.3m in the same period in 2018. This level of spend reflects continued investment in rental equipment, mainly growth-related in the Middle East, to support key projects in new markets such as Saudi Arabia. The net capital expenditure in the twelve-months ended December 2019 of £11.5m, is only slightly higher year on year (12m Dec 2018: £10.8m), despite the increased size of the Group following the acquisitions made in 2018 and the contract wins to be delivered during 2020.

Balance sheet

At end of December 2019, goodwill and other intangibles stood at £55.7m. No reassessment has been made of the carrying values of any intangible assets during the six-month period. Property, plant and equipment at December 2019 of £51.5m was £4.2m higher than at December 2018.

Cash at December 2019 was £8.1m, giving a net debt position of £31.5m and a twelve-month Adjusted EBITDA to net debt ratio of 1.9x (2.5x pre IFRS 16). At the end of December 2019, the Group's drawn senior debt facility remained at £35m, in line with the June position, supported by overdraft and guarantee facilities in the US and Middle East. An additional £2m short-term financing facility with Lombard Odier Investment Management (LOIM) was agreed and announced in November, of which £2m was drawn at the period end.

During the six-month period the Group paid £1.9m of dividends, being the 2018 final dividend of £1.5m and the interim dividend of £0.4m in respect of the first six-month period. In addition, £0.6m of deferred consideration payments were made in respect of acquisitions made in 2018.

Post balance sheet events

There are no material post balance sheet events.

Exchange rates

The reported figures use an average US$ rate of $1.26 for the period (2018: $1.30) and a period end rate of $1.29 (2018 $1.33).

Condensed Consolidated Income Statement

For the six-months ended 31 December 2019

	6 months ended 31 December 2019	6 months ended 31 December 2018	**12 months ended 31 December 2019**
	(unaudited)	(unaudited)	**(unaudited)**
	£m	£m	**£m**
Revenue	**92.7**	80.1	**162.7**
Cost of sales	**(62.5)**	(55.0)	**(112.7)**
Gross profit	**30.2**	25.1	**50.0**
Administrative expenses	**(25.0)**	(25.4)	**(45.5)**
Operating profit/(loss)	**5.3**	(0.3)	**4.5**
Analysed as:			
Adjusted EBITDA	**13.4**	8.6	**16.6**
Depreciation	**(5.7)**	(2.6)	**(11.0)**
Exceptional costs	**(1.9)**	(5.1)	**(0.3)**
Acquisition costs	**(0.0)**	(0.6)	**(0.1)**
Share option costs	**(0.1)**	(0.2)	**(0.1)**
Intangible amortisation	**(0.3)**	(0.4)	**(0.7)**
Interest expense	**(0.9)**	(0.6)	**(1.5)**
Other finance costs	**(0.3)**	(0.5)	**(1.1)**
Profit/(loss) before taxation	**4.1**	(1.4)	**1.8**
Tax on profit/(loss) on ordinary activities	**(0.0)**	(0.3)	**(0.1)**
Profit/(loss) after taxation	**4.1**	(1.7)	**1.7**

Adjusted EBITDA reflects earnings before interest, taxation, depreciation, exceptional items, acquisition costs, share option costs and intangible amortisation

Loss per share

For the six-months ended 31 December 2019

	6 months ended 31 December 2019	6 months ended 31 December 2018	**12 months ended 31 December 2019**
	(unaudited)	(unaudited)	**(unaudited)**
Basic profit/(loss) per share - pence	2.7	(1.5)	1.1
Diluted profit/(loss) per share - pence	2.7	(1.5)	1.1

Statement of comprehensive income

For the six-months ended 31 December 2019

	6 months ended 31 December 2019	6 months ended 31 December 2018	**12 months ended 31 December 2019**
	(unaudited)	(unaudited)	**(unaudited)**
	£m	£m	**£m**
Profit/(loss) for the period	**4.1**	(1.7)	**1.7**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries	(0.6)	0.2	(0.5)
Other comprehensive income for the period net of tax	(0.6)	0.2	(0.5)
Total comprehensive profit/(loss) for the period	**3.5**	(1.5)	**1.2**
Total comprehensive profit/(loss) attributable:			
Owners of the company	3.5	(1.5)	1.2
	3.5	(1.5)	**1.2**

Condensed Consolidated Balance Sheet

As at 31 December 2019

	Notes	31 December 2019 (Unaudited)	31 December 2018
		£m	£m
Non-current assets			
Goodwill and other intangibles		**55.7**	57.9
Property, plant and equipment		**51.5**	47.3
Right of use asset		**20.6**	-
Trade and other receivables due after one year		**0.9**	0.5
		128.6	105.7
Current assets			
Inventories and WIP		**6.2**	5.9
Trade and other receivables		**43.1**	27.7
Cash and cash equivalents		**8.1**	7.5
		57.5	41.1
Current liabilities			
Trade and other payables		**(14.3)**	(14.9)
Current tax liabilities		**(0.0)**	(0.2)
Net obligations under finance leases		**(0.2)**	(0.7)
Net obligations under right of use		**(2.9)**	-
Borrowings		**(5.2)**	-
Other creditors		**(5.0)**	(3.6)
Accruals and deferred revenue		**(27.7)**	(17.4)
Deferred consideration	4	**(1.2)**	(2.3)
		(56.6)	(39.1)
Net current assets		**0.8**	2.0
Total assets less current liabilities		**129.4**	107.7
Non-current liabilities			
Borrowings		**(34.4)**	(26.7)
Net obligations under finance leases		**(0.0)**	(0.1)
Net obligations under right of use		**(18.2)**	-
Other creditors		**(2.2)**	(3.4)
Deferred consideration	4	**(1.2)**	(4.0)
Deferred tax liabilities		**(1.7)**	(1.5)
		(57.7)	(35.7)
Net assets		**71.7**	72.0

Condensed Consolidated Group Cash Flow Statement

	6 months ended 31 December 2019	6 months ended 31 December 2018	**12 months ended 31 December 2019**
	(unaudited)	(unaudited)	**(unaudited)**
	£m	£m	**£m**
Cash flow from operating activities			
Operating profit/(loss) for the period	**5.3**	(0.3)	**4.5**
Adjustments for the period:			
Depreciation of property, plant and equipment	**5.8**	2.6	**11.0**
Amortisation of intangibles	**0.3**	0.4	**0.7**
Gain on disposal of property, plant and equipment	**(0.2)**	(0.0)	**(0.3)**
Share option costs	**0.1**	0.2	**0.1**
Increase in provisions	**-**	3.4	**-**
(Increase)/decrease in inventories	**3.6**	2.2	**(0.9)**
(Increase)/decrease in trade and other receivables	**(9.5)**	2.6	**(15.8)**
Increase/(decrease) in trade and other payables	**0.7**	(6.6)	**5.4**
Cash generated by operations	**6.2**	4.4	**4.7**
Interest paid	**(0.7)**	(0.5)	**(1.3)**
Other finance charges	**(0.0)**	(0.5)	**(0.1)**
Corporation tax	**(0.1)**	(0.2)	**(0.1)**
Net cash inflow from operating activities	**5.4**	3.2	**3.2**
Cash flow from investing activities			
Investment in business combination, net of cash acquired	**-**	(15.9)	**-**
Deferred consideration paid	**(0.6)**	(0.1)	**(2.2)**
Proceeds on disposal of property, plant and equipment	**0.2**	0.4	**0.4**
Purchases of property, plant and equipment	**(6.3)**	(5.7)	**(11.9)**
Net cash used in investing activities	**(6.7)**	(21.3)	**(13.7)**
Cash flow from financing activities			
Increase in borrowings	**5.1**	1.7	**13.0**
Principal repayments under finance lease	**(0.2)**	(0.3)	**(0.6)**
Proceeds on issue of shares net of costs	**0.0**	19.5	**0.3**
Payment of loan note interest	**-**	(0.0)	**-**
Dividend paid	**(1.9)**	(1.8)	**(1.9)**
Net cash generated from financing activities	**2.9**	19.0	**10.8**
Net increase in cash and cash equivalents	**1.6**	0.9	**0.3**
Cash and cash equivalents at the beginning of the period	**6.2**	6.5	**7.5**
Effect of foreign exchange rate changes	**0.3**	0.1	**0.3**
Cash and cash equivalents at the end of the period	**8.1**	7.5	**8.1**

Notes to the Interim Report

1. General information

Arena Events Group plc (the "Company" or "the Group") is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 (registration number 10799086) and is registered in England & Wales. The registered address is 4 Deer Park Road, London, SW19 3GY.

Copies of this Interim Report may be obtained from the registered address or on the Corporate (Investor Relations) section of the Company's website at www.arenagroup.com.

Statement of compliance and basis of preparation

The condensed consolidated financial information presented in this Interim Report has been prepared in accordance with applicable IFRS including standards and interpretations issued by the International Accounting Standards Board as adopted by the EU and in accordance with Article 4 of the IAS Regulation. The financial information has been prepared using the historical cost convention and on a going concern basis.

The Annual Financial Report for the year ended 31 December 2018 was audited and has been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the year ended 31 December 2018 was not qualified and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The financial information for the six-months ended 31 December 2019 and 30 June 2019 is unaudited and has not been reviewed by the Company's auditors. Likewise the comparative information for the six-months ended 31 December 2018 is also deemed unaudited as it has been extracted from the year ended 31 December 2018 results by deducting the unaudited financial information for the six-months ended 30 June 2018. The Group has previously announced a change in its year end from December to March and will be publishing the next audited results for the fifteen-month period ended 31 March 2020 in July 2020.

The Interim financial statements are presented in sterling and all values are rounded to the nearest hundred thousand pounds (£0.1m) except where otherwise indicated.

Changes in accounting policies

The financial information presented in this Interim Report includes the adoption of IFRS 16 Leases.

IFRS 16 Leases

IFRS 16 came into effect for the Group's financial year commencing 1 January 2019 and requires lessees to recognise all leases on balance sheet with the exception of short-term leases and leases of low value assets.

The Group has opted to apply the transition approach which does not require the restatement of comparative information. 2018 figures have therefore not been restated and the impact of applying IFRS 16 is reflected from 1 January 2019. On 1 January 2019 the Group recognised right of use assets and corresponding lease liabilities. As a result of the adoption of IFRS 16 the Group no longer records a rental expense within its operating costs but instead records a depreciation charge in respect of the right of use assets within operating costs and an interest charge on the lease liabilities within its finance costs.

Detail on the impact of the implementation of IFRS 16 on the interim results ended 31 December 2019 is show in note 6.

2. Segmental analysis

	6 months ended 31 December 2019 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	26.7	38.4	23.8	88.8
Capital sales	2.3	0.1	1.4	3.8
Total revenue	29.0	38.5	25.2	92.7
Gross profit				
Rental	7.3	12.4	8.9	28.6
Capital sales	0.5	0.1	1.1	1.6
Total gross profit	7.8	12.4	10.0	30.2
Administration expenses	(4.6)	(5.7)	(6.5)	(16.8)
Segment result	3.2	6.8	3.5	13.5
Central administrative expenses				(0.0)
Adjusted EBITDA				13.4
Reconciliation of segment result to profit before tax:				
Depreciation & amortisation				(6.1)
Exceptional costs				(1.9)
Acquisition costs				(0.0)
Share option costs				(0.1)
Net finance expense				(1.2)
Profit before tax				4.1

	6 months ended 31 December 2018 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	29.4	17.0	28.7	75.1
Capital sales	1.6	1.8	1.6	5.0
Total revenue	31.0	18.7	30.3	80.1
Gross profit				
Rental	5.8	6.2	11.1	23.1
Capital sales	0.5	0.2	1.3	2.0
Total gross profit	6.3	6.4	12.4	25.1
Administration expenses	(5.6)	(4.1)	(6.5)	(16.2)
Segment result	0.7	2.3	5.9	8.8
Central administrative expenses				(0.2)
Adjusted EBITDA				8.6
Reconciliation of segment result to loss before tax:				
Depreciation & amortisation				(3.0)
Exceptional costs				(5.1)
Acquisition costs				(0.6)
Share option costs				(0.2)
Net finance expense				(1.0)
Loss before tax				(1.4)

	12 months ended 31 December 2019 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	49.9	53.4	52.8	156.1
Capital sales	3.3	0.5	2.7	6.6
Total revenue	53.2	54.0	55.5	162.7
Gross profit				
Rental	13.8	16.9	16.3	47.0
Capital sales	0.8	0.2	2.0	3.0
Total gross profit	14.6	17.2	18.3	50.0
Administration expenses	(9.3)	(10.2)	(12.9)	(32.4)
Segment result	5.3	6.9	5.4	17.6
Central administrative expenses				(1.0)
Adjusted EBITDA				16.6
Reconciliation of segment result to profit before tax:				
Depreciation & amortisation				(11.7)
Exceptional costs				(0.3)
Acquisition costs				(0.1)
Share option costs				(0.1)
Net finance expense				(2.7)
Profit before tax				1.8

	12 months ended 31 December 2018 (audited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	52.2	26.4	49.4	128.0
Capital sales	2.0	2.1	2.9	7.0
Total revenue	54.2	28.5	52.3	135.0
Gross profit				
Rental	12.6	9.9	16.1	38.6
Capital sales	0.6	0.4	2.2	3.2
Total gross profit	13.2	10.3	18.3	41.8
Administration expenses	(10.5)	(7.0)	(11.1)	(28.6)
Segment result	2.7	3.3	7.2	13.2
Central administrative expenses				(1.1)
Adjusted EBITDA				12.1
Reconciliation of segment result to loss before tax:				
Depreciation & amortisation				(5.7)
Exceptional costs				(5.4)
Acquisition costs				(0.8)
Share option costs				(0.2)
Net finance expense				(1.6)
Loss before tax				(1.6)

3. Earnings and Profit/(Loss) per share

(Unaudited)		**6 months ended 31 December 2019**		**6 months ended 31 December 2018**		**12 months ended 31 December 2019**
	Profit £m	**Weighted average number of shares**	**Loss £m**	**Weighted average number of shares**	**Profit £m**	**Weighted average number of shares**
	4.1	152,074,121	(1.7)	115,950,490	1.7	152,474,121
Basic profit/(loss) per share - pence		2.7		(1.5)		1.1
	Profit £m	**Diluted average number of shares**	**Loss £m**	**Diluted average number of shares**	**Profit £m**	**Diluted average number of shares**
	4.1	152,383,395	(1.7)	115,950,490	1.7	153,731,606
Diluted profit/(loss) per share - pence		2.7		(1.5)		1.1

4. Deferred consideration

Future deferred consideration falls due as follows: £1.2m in the next twelve-months, £1.0m in 2021 and £0.3m in 2022. Deferred consideration payments due in relation to Arena Stuart Rentals and TGP Holdings are linked to future profitability. Management has made an estimate of the deferred consideration due based on expected future profitability of these entities. There are no employment related obligations attached to future deferred consideration.

5. Dividends

An interim dividend of 0.25p per share was paid on 1 November 2019 to shareholders on the register on 4 October 2019. The declaration of any final dividend will accompany the results for the fifteen-month period to 31 March 2020, scheduled for release in July 2020.

6. IFRS 16

The application of IFRS 16 from 1 January had the following impact on the income statement and balance sheet.

Income Statement	**6 months ended 31 December 2019 (unaudited)**			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Adjusted EBITDA	0.8	0.5	0.8	2.1
Depreciation	(0.7)	(0.4)	(0.9)	(2.0)
Operating profit/(loss)	**0.1**	**0.1**	**(0.1)**	**0.1**
Interest	(0.1)	0.0	(0.2)	(0.3)
Profit/(loss) before tax	**0.0**	**0.1**	**(0.3)**	**(0.2)**

	12 months ended 31 December 2019 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Adjusted EBITDA	1.4	1.0	1.7	4.1
Depreciation	(1.2)	(0.9)	(1.8)	(3.9)
Operating profit/(loss)	**0.2**	**0.1**	**(0.1)**	**0.2**
Interest	(0.3)	(0.1)	(0.4)	(0.8)
Loss before tax	**(0.1)**	**(0.0)**	**(0.5)**	**(0.6)**

Balance Sheet	**31 December 2019 (unaudited)**
	£m
Right of use assets	20.6
Current lease liabilities	(2.9)
Non-current lease liabilities	(18.2)
Net assets	**(0.6)**

7. Post balance sheet events

There are no material post balance sheet events.

Ends.