



Preliminary results for the year ended 31 December 2016

Marshalls plc, the specialist Landscape Products Group, announces its full year results for the year ended 31 December 2016.

Financial Highlights	Year ended 31 December 2016	Year ended 31 December 2015	Increase %
Revenue	£396.9m	£386.2m	3
EBITDA	£60.8m	£51.8m	17
Operating profit	£47.6m	£37.5m	27
Profit before tax	£46.0m	£35.3m	31
Basic EPS	18.95p	14.32p	32
Total dividends – ordinary and supplementary	11.70p	9.00p	30
Final ordinary dividend - recommended	5.80p	4.75p	22
Supplementary dividend - recommended	3.00p	2.00p	
Return on capital employed (“ROCE”)	23.0%	19.0%	↑ 400 basis points
Net cash / (debt)	£5.4m	£(11.5)m	

Highlights:

- Revenue up 3% to £396.9 million (2015: £386.2 million)
- Strong profit before tax growth of 31% to £46.0 million (2015: £35.3 million) driven by improved operating margins to 12.0% (2015: 9.7%)
- Return on capital employed improved 21% (400 basis points) to 23.0% (2015: 19.0%)
- EPS up 32% to 18.95 pence (2015: 14.32 pence)
- Final ordinary dividend increased by 22% to 5.80 pence (2015: 4.75 pence) per share
- Supplementary dividend of 3.00 pence per share
- Strong sales and order intake since the year end

The 2020 Strategy:

- Grow EBITDA, improve ROCE and strengthen our brand
- Promote self help investment and growth initiatives
- Prioritise organic capital investment
- Commit further investment to research and development
- Focus on innovation and new product development to drive sales growth
- Focus on increasing the profitability of the Smaller UK Businesses
- Advance the development of a wide-ranging digital strategy
- Target selective bolt-on acquisition opportunities

Commenting on these results, Martyn Coffey, Chief Executive, said:

"The Group has again delivered significant profit growth in 2016 with the underlying indicators remaining supportive in Marshalls' main end markets. The Construction Products Association's recently published Winter Forecast reflected a slight improvement in medium term growth assumptions compared with the Autumn Forecast.

Marshalls has a strong balance sheet and the Group's innovative product range and strong market positions mean it is well placed to deliver continued growth and operational profit improvements as it implements its 2020 Strategy. Sales and order intake have been strong in the first couple of months of 2017."

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There will be a live video webcast of the analyst presentation which you can access via the following link: <http://webcasting.brrmedia.co.uk/broadcast/58c28d41649fc94ffb07f644> or from our website, www.marshalls.co.uk. An on demand version of the webcast will be available on the website later in the day. The presentation is also available by dial in conference call on +44 (0)330 336 9436; meeting code 5811388.

Group Results

Marshalls' revenue for the year ended 31 December 2016 was up 3 per cent at £396.9 million (2015: £386.2 million).

Sales to the Domestic end market, which represent 31 per cent of Group sales, were up 10 per cent for the year compared with 2015. Domestic sales growth was particularly strong in the second half of the year increasing by 14 per cent in this period. The survey of domestic installers at the end of February 2017 revealed order books of 10.9 weeks (2016: 10.5 weeks), which compares with 11.7 weeks at the end of June 2016.

Sales to the Public Sector and Commercial end market represent 64 per cent of Group sales and, as previously reported, were broadly in line with the prior year. However, based on public indicators, we believe we continue to outperform our peers and gain market share.

Operating profit was supported by a strong finish to the year and increased by 27 per cent to £47.6 million (2015: £37.5 million). EBITDA increased by 17 per cent to £60.8 million (2015: £51.8 million). The Group's operating margin increased strongly from 9.7 per cent to 12.0 per cent during the year.

ROCE is defined as EBITA / shareholders' funds plus cash / net debt and was 23.0 per cent for the year ended 31 December 2016, an increase of 21 per cent (400 basis points) compared with the prior year.

Profit before tax increased by 31 per cent to £46.0 million (2015: £35.3 million) and EPS was 18.95 pence (2015: 14.32 pence), an increase of 32 per cent.

Net finance costs were £1.6 million (2015: £2.2 million) and interest was covered 29.9 times (2015: 17.2 times). External charges totalled £1.2 million (2015: £1.8 million) and, including scheme administration costs, there was an IAS 19 notional interest charge of £0.4 million (2015: £0.4 million) in relation to the Group's pension scheme.

The effective tax rate was 18.5 per cent (2015: 20.9 per cent) and benefited from a credit arising on the finalisation of prior period tax computations. The tax charge includes a deferred tax credit of £1.1 million arising, in part, due to a further substantively enacted reduction in the rate of corporation tax to 17 per cent by April 2021. The Group has paid £7.1 million (2015: £7.0 million) of corporation tax during the year. Deferred tax of £0.2 million in relation to the actuarial gain arising on the defined benefit pension scheme in the year has been taken to the Consolidated Statement of Comprehensive Income.

Marshalls has again been awarded the Fair Tax Mark which recognises social responsibility and transparency in a company's tax affairs. The Group's tax policy has long been closely aligned with the Fair Tax Mark's objectives and this is now supported by additional tax disclosures and a declared tax policy.

Significant cash generation has seen the Group deliver a cash positive position of £5.4 million at 31 December 2016, which compares with net debt of £11.5 million at 31 December 2015.

Operating Performance

The Marshalls brand remains central to our strategy and the Group has again received "Superbrand" status for 2017. The Group has an increasingly strong market position and we continue to benefit from our leading, trusted brand with clear values and excellent environmental credentials. Marshalls remains a benchmark for excellence and our 3 cornerstone themes of customer service, quality and sustainability continue to put the customer at the very heart of our business.

The core Commercial and Domestic businesses continue to deliver benefits from operational gearing and our network of manufacturing sites remains a key competitive strength. The performance of our Smaller UK Businesses has continued to improve during 2016 and collectively they have delivered profit growth of 13 per cent. These businesses include Street Furniture, Mineral Products and Stone Cladding.

International revenue has grown by 2 per cent during 2016 and represents approximately 5 per cent of Group sales. Marshalls has made continued progress in developing the International business although the market background in mainland Europe remains subdued. During the early part of 2016 we opened a sales office in Dubai to facilitate further sales growth in the Middle East and the Group continues to improve its global infrastructure, supply chains and routes to market.

We are continuing to focus on improving operational and manufacturing efficiency. The Group adopts a flexible operating framework that focuses on employee accountability, process repeatability and plant reliability. In the UK, the Group has a unique manufacturing network of 13 concrete manufacturing sites as well as quarries producing paving, walling and cladding products, making Marshalls the only truly national supplier. Our national geographic coverage continues to provide strong competitive advantage and the implementation of best practice across the entire network continues to be a priority. All the Group's operations are supported by a centrally managed logistics and distribution capability.

In the core Landscape Products business, revenue from new products increased by 10 per cent during 2016. The development pipeline continues to be strong and the Group remains committed to increasing the resources and investment that will drive further innovation and new product development. The growth in new products and the development of new manufacturing processes are evidenced by the increase in the number of patents being taken out by the business and we currently have 8 patents pending. Particular focus is given to those businesses with the greatest growth opportunity.

Research and development expenditure in the year ended 31 December 2016 amounted to £3.4 million (2015: £3.1 million). Investment in research and development covers a number of areas including the development of the Group's project engineering and manufacturing capabilities, technical innovations in concrete and other materials and the extension of the new product pipeline.

Skilled engineers and technicians are integral to the Group's world-class Manufacturing, Innovation and New Product Development team. This capability delivers strong competitive advantage by combining machinery design and implementation with process improvement and continues to enable the Group to accelerate new product development across the business. As regards the Group's mineral reserves, the "Marshalls Stone Standard" quality mark gives our customers full assurance that all Marshalls natural stone not only meets, but exceeds, the base technical levels outlined under BS7533.

The Group's operational strategy continues to be to drive more sales through quality installers. The Marshalls Register of approved domestic installers is unique and has now grown to almost 2,000 teams. The objective is to continually develop the Marshalls brand and improve the product mix whilst ensuring a consistently high standard of quality, excellent customer service and marketing support across our national network.

Delivering the 2020 Strategy

Good progress has been made in the year to deliver our 2020 Strategy and our self help programme to support further organic growth is well advanced. The drive for sustainable operational improvements is proving successful, as evidenced by the margin improvements in the year.

Looking ahead, the Group's strategic priorities continue to be the growth initiatives of the 2020 Strategy and to drive through further sustainable cost reductions and improvements in operational efficiency. Capital expenditure of £20 million is targeted for 2017 including £6 million of additional self help investment. A good pipeline of performance improving projects has been identified that will drive this growth. In addition, further increases in research and new product development expenditure are planned.

Targeted bolt-on acquisitions remain a key part of the 2020 Strategy, specifically within our identified focus sectors of Water Management, Street Furniture and Minerals. However, given current market uncertainty, our approach remains cautious. Any proposed acquisition target will be carefully selected against strict criteria and will be thoroughly considered during detailed due diligence. Any acquisitions would be funded by operational cash flow and the Group's bank facilities.

Marshalls' operational priorities continue to focus on service, quality, design, innovation and sustainability and the Group continues to extend its product range and provide more integrated product solutions. The Group continues to receive good feedback from its customers and installers for the consistency and quality of service and we remain committed to developing new products that are better than any existing market offering. Marshalls continues to have customer service as a key KPI and maintains industry leading standards of product quality, availability and "on time" delivery. Our combined customer service measure continued to be in excess of 98 per cent throughout 2016.

Marshalls' Digital Strategy remains a key priority and further investment is being directed to enhance capability and digital support throughout the business, combining digital trading, digital marketing and digital business. Web and mobile applications now enable customers to model their requirements, allow digital access to the registered installer base and allow real-time visibility of stock.

Marshalls' strategy continues to be to enhance its position as a market leading landscape products specialist. The Group's technical and sales teams remain particularly focused on those market areas where future demand is considered to be greatest and Rail, Water Management and New Build Housing continue to show strong order intake. We promote our full range of new products and sustainable integrated solutions to customers, architects and contractors and the Group is outperforming the market in these areas. The Group's "Design Space" office in Central London was opened specifically to showcase the Group's brand leading capabilities where customers are provided with ready access to samples and technical advice.

Capital allocation

The Group's capital allocation policy is to maintain a strong balance sheet with a flexible capital structure that recognises cyclical risk. The Group's capital structure has 3 guiding principles; security, efficiency and liquidity.

The priorities for capital allocation are:

1. Organic growth – capital investment, with £20 million targeted for 2017;
2. Increased research and development and new product development expenditure;
3. Ordinary dividends – maintaining dividend cover of 2 times earnings over the business cycle;
4. Selective bolt-on acquisition opportunities in Water Management, Street Furniture and Minerals; and
5. Supplementary dividends when appropriate - discretionary and non-recurring.

Balance Sheet and Net Debt

Net assets at 31 December 2016 were £217.1 million (2015: £192.7 million). The Group has a strong balance sheet with a good range of medium-term bank facilities available to fund investment initiatives to generate growth. At 31 December 2016 the Group had cash of £5.4 million compared with net debt of £11.5 million at 31 December 2015.

The Group continues to prioritise inventory management and improved stock turnover. We believe debtor days remain industry leading due to continued close control of credit management procedures. The Group maintains credit insurance which provides excellent intelligence to minimise the number and value of bad debts and, ultimately, compensation if bad debts are incurred.

The Group's defined benefit pension scheme reported a surplus of £4.3 million at 31 December 2016 (2015: £3.4 million). The amount has been determined by the scheme actuary using assumptions that are considered to be prudent and in line with current market levels. The fair value of the scheme assets at 31 December 2016 was £360.1 million (2015: £302.2 million) and the present value of the scheme liabilities is £355.8 million (2015: £298.8 million). These changes have resulted in an actuarial gain, net of deferred taxation, of £1.4 million (2015: £3.9 million actuarial loss) and this has been recorded in the Consolidated Statement of Comprehensive Income. The Company has agreed with the Trustee that no cash contributions are now payable under the funding and recovery plan.

Dividends

Marshalls has strong cash generation and a robust balance sheet which underpins our progressive dividend policy. The Group maintains the objective of 2 times dividend cover over the business cycle. The Board is recommending a final dividend of 5.80 pence (2015: 4.75 pence) per share which, together with the interim dividend of 2.90 pence (2015: 2.25 pence) per share, makes a total ordinary dividend for the year of 8.70 pence (2015: 7.00 pence) per share.

Given the strong performance in the year, the Board is also recommending a supplementary dividend of 3.00 pence per share (2015: 2.00 pence). This supplementary dividend is discretionary and non-recurring. It recognises the Board's objective of maintaining an efficient and prudent capital structure and providing increased returns for shareholders whilst at the same time retaining flexibility for capital and other investment opportunities.

Taken together, the ordinary and supplementary dividends represent an aggregate distribution for the year of 11.70 pence per share. The final ordinary dividend of 5.80 pence per ordinary share will, subject the shareholders' approval at the Annual General Meeting on 10 May 2017, be paid alongside the supplementary dividend of 3.00 pence per share on 30 June 2017 to shareholders on the register at 16 June 2017.

Outlook

The Group has again delivered significant profit growth in 2016 with the underlying indicators remaining supportive in Marshalls' main end markets. The Construction Products Association's recently published Winter Forecast reflected a slight improvement in medium term growth assumptions compared with the Autumn Forecast.

Marshalls has a strong balance sheet and the Group's innovative product range and strong market positions mean it is well placed to deliver continued growth and operational profit improvements as it implements its 2020 Strategy. Sales and order intake have been strong in the first couple of months of 2017.

Martyn Coffey
Chief Executive

Marshalls plc
Preliminary Announcement of Results
Consolidated Income Statement
for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Revenue	2	396,922	386,204
Net operating costs	3	(349,283)	(348,752)
Operating profit	2	47,639	37,452
Financial expenses	4	(1,594)	(2,181)
Financial income	4	1	7
Profit before tax	2	46,046	35,278
Income tax expense	5	(8,539)	(7,387)
Profit for the financial year		37,507	27,891
Profit for the year			
Attributable to:			
Equity shareholders of the Parent		37,350	28,149
Non-controlling interests		157	(258)
		37,507	27,891
Earnings per share			
Basic	6	18.95p	14.32p
Diluted	6	18.61p	14.10p
Dividend			
Pence per share	7	9.65p	6.25p
Dividends declared	7	19,034	12,291

All results relate to continuing operations.

Marshalls plc
Preliminary Announcement of Results
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2016

	2016 £'000	2015 £'000
Profit for the financial year	37,507	27,891
Other comprehensive income / (expense)		
<i>Items that will not be reclassified to the Income Statement:</i>		
Remeasurements of the net defined benefit liability	1,394	(3,866)
Deferred tax arising	(237)	773
Total items that will not be reclassified to the Income Statement	1,157	(3,093)
<i>Items that are or may in the future be reclassified to the Income Statement:</i>		
Effective portion of changes in fair value of cash flow hedges	1,123	(940)
Fair value of cash flow hedges transferred to the Income Statement	1,681	1,984
Deferred tax arising	(561)	(209)
Impact of the change in rate of deferred taxation	–	(375)
Exchange difference on retranslation of foreign currency net investment	2,729	(980)
Exchange movements associated with borrowings	(2,641)	847
Foreign currency translation differences – non-controlling interests	169	(78)
Total items that are or may be reclassified subsequently to the Income Statement	2,500	249
Other comprehensive income / (expense) for the year, net of income tax	3,657	(2,844)
Total comprehensive income for the year	41,164	25,047
Attributable to:		
Equity shareholders of the Parent	40,838	25,383
Non-controlling interests	326	(336)
	41,164	25,047

Marshalls plc
Preliminary Announcement of Results
Consolidated Balance Sheet
for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Assets			
Non-current assets			
Property, plant and equipment		146,995	147,489
Intangible assets		40,093	40,168
Trade and other receivables		208	415
Employee benefits	8	4,276	3,427
Deferred taxation assets		1,821	1,316
		193,393	192,815
Current assets			
Inventories		68,713	65,254
Trade and other receivables		49,010	44,542
Cash and cash equivalents		20,681	24,990
Assets classified as held for sale		624	2,231
Derivative financial instruments		657	–
		139,685	137,017
Total assets		333,078	329,832
Liabilities			
Current liabilities			
Trade and other payables		79,646	79,607
Corporation tax		7,388	5,281
Interest-bearing loans and borrowings		34	34
Derivative financial instruments		–	2,149
		87,068	87,071
Non-current liabilities			
Interest-bearing loans and borrowings		15,234	36,418
Deferred taxation liabilities		13,655	13,625
		28,889	50,043
Total liabilities		115,957	137,114
Net assets		217,121	192,718
Equity			
Capital and reserves attributable to equity shareholders of the			
Called-up share capital		49,845	49,845
Share premium account		22,695	22,695
Own shares		(3,622)	(5,529)
Capital redemption reserve		75,394	75,394
Consolidation reserve		(213,067)	(213,067)
Hedging reserve		590	(1,653)
Retained earnings		283,821	263,894
Equity attributable to equity shareholders of the Parent		215,656	191,579
Non-controlling interests		1,465	1,139
Total equity		217,121	192,718

Marshalls plc
Preliminary Announcement of Results
Consolidated Cash Flow Statement
for the year ended 31 December 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
Profit for the financial year	37,507	27,891
Income tax expense	8,539	7,387
Profit before tax	46,046	35,278
Adjustments for:		
Depreciation	12,146	13,054
Amortisation	1,009	1,322
Associates	–	582
Gain on sale of property, plant and equipment	(609)	(149)
Equity settled share-based payments	2,884	2,202
Financial income and expenses (net)	1,593	2,174
Operating cash flow before changes in working capital and pension scheme contributions	63,069	54,463
Increase in trade and other receivables	(4,602)	(443)
(Increase) / decrease in inventories	(2,419)	1,706
Increase in trade and other payables	1,868	7,262
Operational restructuring costs paid	(476)	(175)
Pension scheme contributions	–	(4,350)
Cash generated from operations	57,440	58,463
Financial expenses paid	(940)	(1,775)
Income tax paid	(7,107)	(7,003)
Net cash flow from operating activities	49,393	49,685
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	3,839	933
Financial income received	1	7
Net proceeds from disposal of associates	–	200
Acquisition of property, plant and equipment	(12,939)	(14,016)
Acquisition of intangible assets	(934)	(909)
Net cash flow from investing activities	(10,033)	(13,785)
Cash flows from financing activities		
Payments to acquire own shares	(1,175)	(4,582)
Net decrease in other debt and finance leases	(40)	(166)
Decrease in borrowings	(23,791)	(14,182)
Equity dividends paid	(19,034)	(12,291)
Net cash flow from financing activities	(44,040)	(31,221)
Net (decrease) / increase in cash and cash equivalents	(4,680)	4,679
Cash and cash equivalents at the beginning of the year	24,990	20,320
Effect of exchange rate fluctuations	371	(9)
Cash and cash equivalents at the end of the year	20,681	24,990

Marshall's plc
Preliminary Announcement of Results
Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

	Attributable to equity holders of the Company							Total £'000	Non- controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000			
Current year										
At 1 January 2016	49,845	22,695	(5,529)	75,394	(213,067)	(1,653)	263,894	191,579	1,139	192,718
Total comprehensive income for the year										
Profit for the financial year attributable to equity shareholders of the Parent	-	-	-	-	-	-	37,350	37,350	157	37,507
Other comprehensive income / (expense)										
Foreign currency translation differences	-	-	-	-	-	-	88	88	169	257
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	1,123	-	1,123	-	1,123
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	1,681	-	1,681	-	1,681
Deferred tax arising	-	-	-	-	-	(561)	-	(561)	-	(561)
Defined benefit plan actuarial losses	-	-	-	-	-	-	1,394	1,394	-	1,394
Deferred tax arising	-	-	-	-	-	-	(237)	(237)	-	(237)
Total other comprehensive income	-	-	-	-	-	2,243	1,245	3,488	169	3,657
Total comprehensive income for the year	-	-	-	-	-	2,243	38,595	40,838	326	41,164
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	2,884	2,884	-	2,884
Deferred tax on share-based payments	-	-	-	-	-	-	122	122	-	122
Corporation tax on share-based payments	-	-	-	-	-	-	442	442	-	442
Dividends to equity shareholders	-	-	-	-	-	-	(19,034)	(19,034)	-	(19,034)
Purchase of own shares	-	-	(1,175)	-	-	-	-	(1,175)	-	(1,175)
Disposal of own shares	-	-	3,082	-	-	-	(3,082)	-	-	-
Total contributions by and distributions to owners	-	-	1,907	-	-	-	(18,668)	(16,761)	-	(16,761)
Total transactions with owners of the Company	-	-	1,907	-	-	2,243	19,927	24,077	326	24,403
At 31 December 2016	49,845	22,695	(3,622)	75,394	(213,067)	590	283,821	215,656	1,465	217,121

Marshall's plc
Preliminary Announcement of Results
Consolidated Statement of Changes in Equity (continued)
for the year ended 31 December 2016

	Attributable to equity holders of the Company							Total £'000	Non- controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000			
Prior year										
At 1 January 2015	49,845	22,695	(6,689)	75,394	(213,067)	(2,488)	254,729	180,419	1,475	181,894
Total comprehensive income / (expense) for the year										
Profit / (loss) for the financial year attributable to equity shareholders of the Parent	-	-	-	-	-	-	28,149	28,149	(258)	27,891
Other comprehensive income / (expense)										
Foreign currency translation differences	-	-	-	-	-	-	(133)	(133)	(78)	(211)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(940)	-	(940)	-	(940)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	1,984	-	1,984	-	1,984
Deferred tax arising	-	-	-	-	-	(209)	-	(209)	-	(209)
Defined benefit plan actuarial losses	-	-	-	-	-	-	(3,866)	(3,866)	-	(3,866)
Impact of change in rate of deferred tax	-	-	-	-	-	-	(375)	(375)	-	(375)
Deferred tax arising	-	-	-	-	-	-	773	773	-	773
Total other comprehensive income / (expense)	-	-	-	-	-	835	(3,601)	(2,766)	(78)	(2,844)
Total comprehensive income / (expense) for the year	-	-	-	-	-	835	24,548	25,383	(336)	25,047
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	2,202	2,202	-	2,202
Deferred tax on share-based payments	-	-	-	-	-	-	(5)	(5)	-	(5)
Corporation tax on share-based payments	-	-	-	-	-	-	445	445	-	445
Impact of the change in rate of deferred tax on share-based payments	-	-	-	-	-	-	8	8	-	8
Dividends to equity shareholders	-	-	-	-	-	-	(12,291)	(12,291)	-	(12,291)
Purchase of own shares	-	-	(4,582)	-	-	-	-	(4,582)	-	(4,582)
Disposal of own shares	-	-	5,742	-	-	-	(5,742)	-	-	-
Total contributions by and distributions to owners	-	-	1,160	-	-	-	(15,383)	(14,223)	-	(14,223)
Total transactions with owners of the Company	-	-	1,160	-	-	835	9,165	11,160	(336)	10,824
At 31 December 2015	49,845	22,695	(5,529)	75,394	(213,067)	(1,653)	263,894	191,579	1,139	192,718

Marshalls plc
Preliminary Announcement of Results
Notes to the Financial Statements
for the year ended 31 December 2016

1 Basis of preparation

Whilst the Financial Information included in this Preliminary Announcement has been prepared on the basis of the recognition and measurement criteria of IFRSs in issue, as adopted by the European Union and effective at 31 December 2016, this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full Consolidated Financial Statements in April 2017.

The Financial Information set out in this Preliminary Announcement does not constitute the Company's Consolidated Financial Statements for the years ended 31 December 2016 or 2015, but is derived from those Financial Statements. Statutory Financial Statements for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's Annual General Meeting. The auditor, Deloitte LLP, has reported on those Financial Statements. The audit reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying the reports and did not contain statements under Section 498(2) or (3) of the Companies Act 2006 in respect of the Financial Statements for 2016 or 2015.

The Consolidated Financial Statements have been prepared in accordance with IFRSs as adopted for use in the EU and therefore the Group Financial Statements comply with Article 4 of the EU IAS Regulations. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these Financial Statements. In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Financial Statements.

- Amendments to IAS 1 "Disclosure Initiative". The Group has adopted the amendments to IAS 1 "Disclosure Initiative" for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

The amendments also address the structure of the financial statements by providing examples of systematic ordering or grouping of the notes. The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation". The Group has adopted the amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation" for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:
 - (a) when the intangible asset is expressed as a measure of revenue; or
 - (b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Other than in relation to quarries, where a rate of extraction basis for depreciation is applied, the Group already uses the straight line method for depreciation and amortisation for all other items of property, plant and equipment and intangible assets. Consequently, the adoption of these amendments has had no impact on the Group's Consolidated Financial Statements.

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- “Annual Improvements to IFRSs 2012-2014 Cycle”. The Group has adopted the amendments to IFRSs included in the “Annual Improvements to IFRSs 2012-2014 Cycle” for the first time in the current year.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on Government bonds denominated in that currency should be used instead.

The adoption of these amendments has had no effect on the Group’s Consolidated Financial Statements.

At the date of authorisation of these Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

- IFRS 9 “*Financial Instruments*”;
- IFRS 15 “*Revenue from Contracts with Customers*”;
- IFRS 16 “*Leases*”;
- IFRS 2 (amendments) “*Classification and Measurement of Share-based Payment Transactions*”;
- IAS 7 (amendments) “*Disclosure Initiative*”; and
- IAS 12 (amendments) “*Recognition of Deferred Tax Assets for Unrealised Losses*”.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the Financial Statements of the Group in future periods, except as noted below:

- IFRS 9 will impact both the measurement and disclosure of financial instruments;
- IFRS 15 is not expected to have a material impact on revenue recognition and related disclosures; and
- IFRS 16 will have a material impact on the reported assets, liabilities, income statement and cash flows of the Group. Furthermore, extensive disclosures will be required by IFRS 16. The Group has operating lease commitments at 31 December 2016 amounting to £71.0 million (2015: £74.0 million).

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Details of the Group’s funding position are set out in Note 9 and are subject to normal covenant arrangements. The Group’s on-demand overdraft facility is reviewed on an annual basis and the current arrangements were renewed and signed on 16 August 2016. In the opinion of the Directors there are sufficient unutilised facilities held which mature after 12 months. The Group’s performance is dependent on economic and market conditions, the outlook for which is difficult to predict. Based on current expectations, the Group’s cash forecasts continue to meet half-year and year-end bank covenants and there is adequate headroom which is not dependent on facility renewals. The Directors believe that the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The Consolidated Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and liabilities for cash-settled share-based payments.

The accounting policies have been applied consistently throughout the Group for the purposes of these Consolidated Financial Statements and are also set out on the Company’s website (www.marshalls.co.uk).

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The Consolidated Financial Statements are presented in Sterling, rounded to the nearest thousand. Sterling is the currency of the primary economic environment in which the Group operates.

The preparation of Financial Statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Segmental analysis

Segment revenues and results

	2016			2015		
	Landscape Products £'000	Other £'000	Total £'000	Landscape Products £'000	Other £'000	Total £'000
Total revenue	311,100	89,070	400,170	299,650	90,915	390,565
Inter-segment revenue	(89)	(3,159)	(3,248)	(123)	(4,238)	(4,361)
External revenue	311,011	85,911	396,922	299,527	86,677	386,204
Segment operating profit	50,441	3,157	53,598	41,816	1,763	43,579
Unallocated administration costs			(5,959)			(5,545)
Associates			-			(582)
Operating profit			47,639			37,452
Finance charges (net)			(1,593)			(2,174)
Profit before tax			46,046			35,278
Taxation			(8,539)			(7,387)
Profit after tax			37,507			27,891

The Landscape Products reportable segment operates a national manufacturing plan that is structured around a series of production units throughout the UK, in conjunction with a single logistics and distribution operation. A national planning process supports sales to both of the key end markets, namely the UK Domestic and Public Sector and Commercial end markets and the operating assets produce and deliver a range of broadly similar products that are sold into each of these end markets. Within the Landscape Products operating segment the focus is on the 1 integrated production, logistics and distribution network supporting both end markets.

Included in "Other" are the Group's Street Furniture, Mineral Products, Stone Cladding and International operations, which do not currently meet the IFRS 8 reporting requirements.

The accounting policies of the Landscape Products operating segment are the same as the Group's accounting policies. Segment profit represents the profit earned without allocation of the share of profit of associates and certain central administration costs that are not capable of allocation. Centrally administered overhead costs that relate directly to the reportable segment are included within the segment's results.

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Segment assets	2016 £'000	2015 £'000
Fixed assets and inventory:		
Landscape Products	157,786	156,112
Other	57,922	56,631
Total segment fixed assets and inventory	215,708	212,743
Unallocated assets	117,370	117,089
Consolidated total assets	333,078	329,832

For the purpose of monitoring segment performance and allocating resources between segments, the Group's CODM monitors the tangible fixed assets and inventory. Assets used jointly by reportable segments are not allocated to individual reportable segments.

Other segment information	Depreciation and amortisation		Fixed asset additions	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Landscape Products	9,462	10,465	9,131	11,678
Other	3,693	3,911	3,883	3,816
	13,155	14,376	13,014	15,494

Geographical destination of revenue	2016 £'000	2015 £'000
United Kingdom	377,659	367,248
Rest of the World	19,263	18,956
	396,922	386,204

The Group's revenue is subject to seasonal fluctuations resulting from demand from customers. In particular, demand is higher in the summer months. The Group manages the seasonal impact through the use of a seasonal working capital facility.

3 Net operating costs	2016 £'000	2015 £'000
Raw materials and consumables	142,011	141,471
Changes in inventories of finished goods and work in progress	2,591	(1,801)
Personnel costs	98,128	96,716
Depreciation	12,146	13,054
Amortisation of intangible assets	1,009	1,322
Own work capitalised	(1,381)	(1,810)
Other operating costs	97,069	100,707
Restructuring costs	476	–
Operating costs	352,049	349,659
Other operating income	(2,157)	(1,340)
Net gain on asset and property disposals	(609)	(149)
Associates	–	582
Net operating costs	349,283	348,752

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4 Financial expenses and income

	2016 £'000	2015 £'000
(a) Financial expenses		
Net interest expense on defined benefit pension scheme	445	406
Interest expense on bank loans, overdrafts and loan notes	1,143	1,767
Finance lease interest expense	6	8
	1,594	2,181
(b) Financial income		
Interest receivable and similar income	1	7

Net interest expense on defined benefit pension scheme is disclosed net of Company recharges.

5 Income tax expense

	2016 £'000	2015 £'000
Current tax		
expense Current	10,611	8,164
Adjustments for prior years	(921)	289
	9,690	8,453
Deferred taxation expense		
Origination and reversal of temporary differences:		
Current year	(1,098)	(684)
Adjustments for prior years	(53)	(382)
Total tax expense	8,539	7,387

	2016		2015	
	%	£'000	%	£'000
Reconciliation of effective tax rate				
Profit before tax	100.0	46,046	100.0	35,278
Tax using domestic corporation tax rate	20.0	9,209	20.2	7,144
Impact of capital allowances in excess of depreciation	0.4	173	2.0	710
Short-term timing differences	1.0	480	(0.2)	(81)
Adjustment to tax charge in prior year	(2.0)	(921)	0.8	289
Expenses not deductible for tax purposes	1.6	749	1.1	391
Corporation tax charge for the year	21.0	9,690	23.9	8,453
Impact of capital allowances in excess of depreciation	(1.0)	(443)	(1.0)	(355)
Short-term timing differences	(0.1)	(66)	(0.2)	(79)
Pension scheme movements	0.3	127	2.1	746
Other items	(0.9)	(397)	(0.3)	(100)
Adjustment to tax charge in prior year	(0.1)	(53)	(1.1)	(382)
Impact of the change in the rate of corporation tax on deferred taxation	(0.7)	(319)	(2.5)	(896)
Total tax charge for the year	18.5	8,539	20.9	7,387

The net amount of deferred taxation (debited) / credited to the Consolidated Statement of Comprehensive Income in the year was £798,000 debit (2015: £189,000 credit).

The majority of the Group's profits are earned in the UK with the standard rate of corporation tax being 20 per cent for the year to 31 December 2016.

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Capital allowances are tax reliefs provided in law for the expenditure the Group makes on fixed assets. The rates are determined by Parliament annually, and spread the tax relief due over a number of years. This contrasts with the accounting treatment for such spending, where the expenditure on fixed assets is treated as an investment with the cost then being spread over the anticipated useful life of the asset, and / or impaired if the value of such assets is considered to have reduced materially.

The different accounting treatment of fixed assets for tax and accounting purposes is one reason why the taxable income of the Group is not the same as its accounting profit. During the year to 31 December 2016 the depreciation charge for the year exceeded the capital allowances due to the Group.

Short-term timing differences arise on items such as depreciation in stock and share-based payments because the treatment of such items is different for tax and accounting purposes. These differences usually reverse in the years following those in which they arise, as is reflected in the deferred tax charge in the Financial Statements.

Adjustments to tax charges arising in earlier years arise because the tax charge to be included in a set of accounts has to be estimated before those financial statements are finalised. Such charges therefore include some estimates that are checked and refined before the Group's corporation tax returns for the year are submitted to HM Revenue & Customs, which may reflect a different liability as a result.

Some expenses incurred may be entirely appropriate charges for inclusion in the Financial Statements but are not allowed as a deduction against taxable income when calculating the Group's tax liability for the same accounting period. Examples of such disallowable expenditure include business entertainment costs and some legal expenses.

As can be seen from the tax reconciliation, the process of adjustment that can give rise to current year adjustments to tax charges arising in previous periods can also give rise to revisions in prior year deferred tax estimates. This is why the current year adjustments to the current year charge for capital allowances and short-term timing differences are not exactly replicated in the deferred taxation charge for the year.

The Group's overseas operations comprise a manufacturing operation in Belgium and sales and administration offices in the USA, China and Dubai. The sales of these units, in total, were less than 5 per cent of the Group's turnover in the year to 31 December 2016. In total, the trading profits were not material and no tax was due.

6 Earnings per share

Basic earnings per share of 18.95 pence (2015: 14.32 pence) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial year, after adjusting for non-controlling interests, of £37,350,000 (2015: £28,149,000) by the weighted average number of shares in issue during the period of 197,130,419 (2015: 196,574,435).

Profit attributable to Ordinary Shareholders

	2016	2015
	£'000	£'000
Profit for the financial year	37,507	27,891
Profit / (loss) attributable to non-controlling interests	(157)	258
Profit attributable to Ordinary Shareholders	37,350	28,149

Weighted average number of Ordinary Shares

	2016	2015
	Number	Number
Number of issued Ordinary Shares (at beginning of the year)	199,378,755	199,378,755
Effect of shares transferred into employee benefit trust	(2,248,336)	(2,804,320)
Weighted average number of Ordinary Shares at end of the year	197,130,419	196,574,435

Diluted earnings per share of 18.61 pence (2015: 14.10 pence) per share is calculated by dividing the profit for the financial year, after adjusting for non-controlling interests, of £37,350,000 (2015: £28,149,000) by the weighted average number of shares in issue during the period of 197,130,419 (2015: 196,574,435) plus potentially dilutive shares of 3,561,243 (2015: 3,092,619), which totals 200,691,662 (2015: 199,667,054).

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Weighted average number of Ordinary Shares (diluted)	2016	2015
	Number	Number
Weighted average number of Ordinary Shares	197,130,419	196,574,435
Potentially dilutive shares	3,561,243	3,092,619
Weighted average number of Ordinary Shares (diluted)	200,691,662	199,667,054

7 Dividends

After the balance sheet date a final dividend of 5.80 pence (2015: 4.75 pence) per qualifying Ordinary Share was proposed by the Directors. In addition a supplementary dividend of 3.00 pence (2015: 2.00 pence) per qualifying Ordinary Share was proposed by the Directors. These dividends have not been provided for and there are no income tax consequences. The total dividends proposed in respect of the year are as follows:

	Pence per qualifying shares	2016 £'000	2015 £'000
2016 supplementary	3.00	5,917	
2016 final	5.80	11,440	
2016 interim	2.90	5,720	
	11.70	23,077	
2015 supplementary	2.00		3,988
2015 final	4.75		9,470
2015 interim	2.25		4,425
	9.00		17,883

The following dividends were approved by the shareholders and recognised in the year:

	Pence per qualifying shares	2016 £'000	2015 £'000
2016 interim	2.90	5,720	
2015 supplementary	2.00	3,945	
2015 final	4.75	9,369	
	9.65	19,034	
2015 interim	2.25		4,425
2014 final	4.00		7,866
	6.25		12,291

The Board recommends a 2016 final dividend of 5.80 pence per qualifying Ordinary Share (amounting to £11,440,000), alongside a supplementary dividend of 3.00 pence per qualifying Ordinary Share (amounting to £5,917,000), to be paid on 30 June 2017 to shareholders registered at the close of business on 16 June 2017.

8 Employee benefits

The Company sponsors a pension scheme for employees in the UK which incorporates a funded defined benefit pension section and a defined contribution section (the "Scheme"). The Scheme is administered within a trust which is legally separate from the Company. The Trustee Board is appointed by both the Company and the Scheme's membership and acts in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustee is also responsible for the investment of the Scheme's assets.

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The defined benefit section of the Scheme, which closed to future service accrual on 30 June 2006, provides pension and lump sums to members on retirement and to dependants on death. Members of the defined benefit section became entitled to a deferred pension on closure. Members no longer pay contributions to the defined benefit section. Company contributions to the defined benefit section after this date are used to fund any deficit in the Scheme and the expenses associated with administering the Scheme, as determined by regular actuarial valuations.

The defined benefit section of the Scheme poses a number of risks to the Company, for example longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The Trustee is aware of these risks and uses various techniques to control them. The Trustee has a number of internal control policies, including a risk register, which are in place to manage and monitor the various risks it faces. The Trustee's investment strategy incorporates the use of liability-driven investments ("LDIs") to minimise sensitivity of the actuarial funding position to movements in interest rates and inflation rates.

The defined benefit section of the Scheme is subject to regular actuarial valuations, which are usually carried out every 3 years. The next actuarial valuation is expected to be carried out with an effective date of 5 April 2018. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions.

A formal actuarial valuation was carried out as at 5 April 2015. The results of that valuation have been projected to 31 December 2016 by a qualified independent actuary. The figures in the following disclosure were measured using the projected unit method.

During 2015 an exercise was carried out offering eligible defined benefit section members and current pensioners and dependants the option to commute small pensions for a cash lump sum representing the value of their benefits. This represents a settlement of benefits for members taking the option. The cash lump sums were determined by the Trustee on a best estimate basis after taking advice from the actuary.

The amounts recognised in the Consolidated Balance Sheet were as follows:

	2016 £'000	2015 £'000	2014 £'000
Present value of Scheme liabilities	(355,793)	(298,812)	(309,067)
Fair value of Scheme assets	360,069	302,239	312,516
Net amount recognised at year end (before any adjustments for deferred tax)	4,276	3,427	3,449

The current and past service costs, settlements and curtailments, together with the net interest expense for the year, are included in the employee benefits expense in the Statement of Comprehensive Income. Remeasurements of the net defined benefit surplus are included in other comprehensive income.

	2016 £'000	2015 £'000
Net interest expense recognised in the Consolidated Income Statement	545	506
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in interest expense)	(59,979)	14,164
Loss / (gain) arising from changes in financial assumptions	62,474	(5,063)
Gain arising from changes in demographic assumptions	–	(7,412)
Experience (gain) / loss	(3,889)	2,177
(Credit) / charge recorded in other comprehensive income	(1,394)	3,866
Total defined benefit (credit) / charge	(849)	4,372

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The principal actuarial assumptions used were:

	2016 £'000	2015 £'000
Liability discount rate	2.65%	3.70%
Inflation assumption – RPI	3.20%	3.10%
Inflation assumption – CPI	2.20%	2.10%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions	2.20%	2.10%
Increases for pensions in payment:		
CPI pension increases (maximum 5% pa)	2.20%	2.10%
CPI pension increases (maximum 5% pa, minimum 3% pa)	3.10%	3.10%
CPI pension increases (maximum 3% pa)	2.10%	2.00%
Proportion of employees opting for early retirement	0%	0%
Proportion of employees commuting pension for cash	50.0%	50.0%
Mortality assumption – before retirement	Same as post retirement	Same as post retirement
Mortality assumption – after retirement (males)	S2PMA tables	S2PMA tables
Loading	105%	105%
Projection basis	Year of birth CMI_2015 1.0%	Year of birth CMI_2012 1.0%
Mortality assumption – after retirement (females)	S2PFA tables	S2PFA tables
Loading	105%	105%
Projection basis	Year of birth CMI_2015 1.0%	Year of birth CMI_2015 1.0%
Future expected lifetime of current pensioner at age 65:		
Male aged 65 at year end	86.5	86.5
Female age 65 at year end	88.5	88.5
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end	87.8	87.7
Female age 45 at year end	89.8	89.8

9 Analysis of net debt

	1 January 2016 £'000	Cash flow £'000	Other changes £'000	31 December 2016 £'000
Cash at bank and in hand	24,990	(4,680)	371	20,681
Debt due after 1 year	(36,125)	23,791	(2,641)	(14,975)
Finance leases	(327)	40	(6)	(293)
	(11,462)	19,151	(2,276)	5,413

	2016 £'000	2015 £'000
Net (decrease) / increase in cash equivalents	(4,680)	4,679
Cash outflow from decrease in debt and lease financing	23,831	13,350
Effect of exchange rate fluctuations	(2,276)	989
Movement in net debt in the year	16,875	19,018
Net debt at 1 January	(11,462)	(30,480)
Net debt at 31 December	5,413	(11,462)

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Borrowing facilities

The total bank borrowing facilities at 31 December 2016 amounted to £95.0 million (2015: £95.0 million) of which £80.0 million (2015: £58.9 million) remained unutilised. There are additional seasonal bank working capital facilities of £10.0 million available between 1 February and 31 August each year. The undrawn facilities available at 31 December 2016, in respect of which all conditions precedent had been met, were as follows:

	2016 £'000	2015 £'000
Committed:		
Expiring in more than 2 years but not more than 5 years	65,025	43,875
Expiring in 1 year or less	-	-
Uncommitted:		
Expiring in 1 year or less	15,000	15,000
	80,025	58,875

On 16 August 2016, the Group renewed its short-term working capital facilities and reduced its seasonal working capital facility to £10.0 million. The Group also extended the maturity of each of its committed facilities by 12 months. The committed facilities are all revolving credit facilities with interest charged at variable rates based on LIBOR. The Group's bank facilities continue to be aligned with the current strategy to ensure that headroom against available facilities remains at appropriate levels.

The maturity profile of borrowing facilities is structured to provide balanced, committed and phased medium-term debt. The current facilities are set out as follows:

	Facility £'000	Cumulative facility £'000
Committed facilities:		
Q3: 2021	20,000	20,000
Q3: 2020	20,000	40,000
Q3: 2019	20,000	60,000
Q3: 2018	20,000	80,000
On-demand facilities:		
Available all year	15,000	95,000
Seasonal (February to August inclusive)	10,000	105,000

10 Principal risks and uncertainties

The principal risks and uncertainties that could impact the Group for the remainder of the current financial year are set out in the 2016 Annual Report. These cover the strategic, financial and operational risks.

Strategic risks include those relating to general economic conditions, Government policy, the actions of customers, suppliers and competitors and also weather conditions. Cyber risk within the wider market is also an increasing risk for the Group and an area of major focus. The Group also continues to be subject to various financial risks in relation to access to funding and to the pension scheme, principally the volatility of the discount (AA corporate bond) rate, any downturn in the performance of equities and increases in the longevity of members. The other main financial risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk.

External operational risks include the weather, political and economic conditions, the effect of legislation or other regulatory actions, the actions of competitors, raw material prices and threats from cyber security, new technologies and business models. Internal operational risks include investment in new products, new business strategies and acquisitions.

The Group continues to monitor all these risks and pursue policies that take account of, and mitigate, the risks where possible.

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11 Annual General Meeting

The Annual General Meeting will be held at The Cedar Court Hotel, Ainley Top, Huddersfield, HD3 3RH at 11.00am on Wednesday 10 May 2017.

The Board

The Directors serving during the year ended 31 December 2016 were as follows:

Andrew Allner	Chairman
Janet Ashdown	Non-Executive Director
Jack Clarke	Finance Director
Martyn Coffey	Chief Executive
Alan Coppin	Non-Executive Director (retired 18 May 2016)
Mark Edwards	Non-Executive Director
Tim Pile	Non-Executive Director

By order of the Board
Cathy Baxandall
Company Secretary
15 March 2017

Cautionary Statement

This Preliminary Results announcement contains certain forward looking statements with respect to the financial condition, results, operations and business of Marshalls plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this Preliminary Results announcement should be construed as a profit forecast.

Directors' Liability

Neither the Company nor the Directors accept any liability to any person in relation to the contents of this Preliminary Results announcement except to the extent that such liability arises under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.