PRESS RELEASE:

17 February 2015

Brammer plc
("Brammer" or the "Group")

PRELIMINARY RESULTS

ORGANIC GROWTH AND STRATEGIC ACQUISITIONS
Delivered record £66 million of signed off cost savings to our customers in 2014

Brammer, the leading pan-European added value distributor of industrial maintenance, repair and overhaul products, today announces its preliminary results for the year ended 31 December 2014.

Financial Highlights

- Total Group revenue up 11.0% to £723.6 million (2013: £651.9 million), up 14.6% at constant currency.

- Gross margin up 20 basis points to 31.7% (2013: 31.5%).

- Underlying* operating profit increased by 3.5% to £41.2 million (2013: £39.8 million).

- Underlying* profit before tax reduced by £0.3 million to £35.1 million (2013: £35.4 million).

- Profit before tax reduced by £15.2 million to £17.7 million (2013: £32.9 million).

- Successful share placing, raising £52.4 million net during the year funding acquisitive spend of £57.5 million (including net debt acquired).

- Underlying* EPS reduced by 6.3% to 20.7p (2013: 22.1p).

- Dividend up 4.9% to 10.7p (2013: 10.2p) reflecting the Board's continuing confidence in the outlook for the business.

Operational Highlights**

- Brammer delivered a record £66.2 million (2013: £60.0 million) of customer validated cost savings to our customers.

- Exploiting industry consolidation opportunities:
  - Major acquisition completed in January expanded the Brammer footprint into the Scandinavian region.

  - Fifteen acquisitions completed in the year with annualised revenues of £98 million.

- Continued successful execution of organic growth strategy:

  - Group sales per working day ("SPWD") growth rate accelerating in the second half.

  - Key Account SPWD growth of 8.7% with pan-European Key Account sales growing 26.8%.
    - 14 contracts won with total potential incremental revenues worth in excess of €60 million per annum.

- Insite™ sales growth of 11.1% with a net 44 new locations established.
- Strong revenue growth of 80% in Tools and General Maintenance products in continental Europe
  - 138% growth rate in the final quarter to €55 million.
  - Total Tools and General Maintenance revenue grew by 8.0%
- 501 vending machines installed at year end in 10 countries at 295 customer locations.

* pre amortisation of acquired intangibles, acquisition related costs and exceptional items
** at constant currency

Current Trading and Outlook

Ian Fraser, Chief Executive said:

"In 2014 we have continued to demonstrate our resilience whilst expanding our European footprint into Scandinavia. We have invested heavily in growth drivers to counter difficult market conditions; as a result we have enjoyed improving year on year growth rates in the last eight quarters (excluding the benefit from our Scandinavian acquisition) as our strategy of focusing on Key Accounts, Insites™, Vending, and cross-selling initiatives continues to deliver results. Our continental European businesses have performed well, whilst the performance of our UK business has been disappointing, as previously indicated almost entirely due to a small number of large national and European Key Accounts reducing their spend reflecting challenging conditions in their end markets. We expect that our investment in growth drivers will enable us to continue to gain market share and provide good revenue and profit growth in the years to come.*"*

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BRAMMER PLC
PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS
FOR YEAR ENDED 31 DECEMBER 2014

2014 PERFORMANCE REVIEW

Trading

We continue to gain market share through organic growth and strategic acquisitions, despite challenging market conditions in continental Europe and the UK. This included focusing on our self-help growth driver strategies which enable us to outperform our markets. Overall we delivered a record £66.2 million of customer validated cost savings to our customers.

Overall, revenue grew by 11.0% with sales in the year totalling £723.6 million. As a sizeable proportion of our operations are based in continental Europe, we experienced a currency headwind equivalent to 3.6% of revenue growth. At constant currency, revenue increased by 14.6% - a resilient performance achieved through clear focus on our self-help growth drivers, which delivered organic sales per working day (SPWD) growth (including incremental growth of our new Scandinavian business and the impact of the bolt-on acquisitions) of 6.8%, a rate that accelerated through the year. Key Account SPWD grew by 8.7% and base business SPWD grew by 22.2% in total, 4.4% organic growth (including incremental growth of Scandinavia and the impact of bolt-on acquisitions).

We experienced an overall sequential improvement in SPWD growth during the year with total growth of 15.5% (8.2% organic growth, including the impact of bolt-on acquisitions) in the second half compared to total growth of 14.1% (5.4% organic growth, including the impact of bolt-on acquisitions) in the first half. However, market conditions affected our regions in differing ways, with all regions experiencing this sequential SPWD improvement apart from the UK, which declined 2.8% overall and 4.1% in the second half. As previously announced, this is largely due to six large UK customers, with annualised revenues of £58 million in 2013, reducing their spend by over 20%, as a result of challenging conditions in their end markets which resulted in a year on year revenue decline in 2014 of around £14 million. The UK result contributes an adverse effect of 1.3 percentage points to the Group SPWD growth rate. Continental Europe reflected a SPWD total growth rate of 29.5% (14.7% organic growth, including the impact of bolt-on acquisitions), growth rates significantly exceeding the market.

Total SPWD growth by segment	First half	Second half	Full year	
At constant currency	Growth rates (%)		Group	Excluding Acquisitions
SPWD				
UK	-1.4	-4.1	-2.8	-2.8
Germany	7.7	8.4	8.1	3.2
France	3.9	12.8	8.5	0.7
Spain	14.0	16.2	15.1	10.6
Benelux	7.7	2.9	4.7	3.8
Scandinavia	-	-	-	-
Eastern Europe & Other	27.7	55.4	41.3	35.0
Total Group	14.1	15.5	14.5	3.4

Gross margin increased by 20 basis points compared to the previous year, reaching 31.7% despite the dilutive effect of an increasing proportion of our sales being of lower margin Tools and General Maintenance products. As our volume of purchases rises we expect the margin on Tools and General Maintenance products to increase.

Underlying operating profit (profit before amortisation of acquired intangibles and acquisition related costs and exceptional items) increased by 3.5% to £41.2 million (2013: £39.8 million), supported by tight control of underlying operating costs. We recognise that self-help is essential, and have therefore continued to make significant investment in future business development opportunities, especially in Tools and General Maintenance and Vending. Sales, distribution, and administrative costs ("SDA") (excluding amortisation and acquisition related costs) increased by £22.7 million, including a £4.7 million foreign exchange impact and £14.6 million due to the Scandinavian acquisitions. Costs increased by 8.0% reflecting the effect of the bolt-on acquisitions and also £4.4 million incremental business development investment of which the majority was in our vending capability which is a major long term growth driver. This also included the development of our ecommerce capability, the Brammer Trading Platform. Our annualised business development spend is nearing the optimum and we do not anticipate material increases in 2015. Clearly in the short term, these investments are a drag on profitability and therefore the resulting underlying operating return on sales of 5.7% is 40 basis points below the previous year. Underlying basic earnings per share were down 6.3% to 20.7 pence per share (2013: 22.1 pence per share), which includes the dilutive effect of the 10% share placing during the year.

Our Market

Brammer is the leading pan-European added value distributor of high quality industrial maintenance, repair and overhaul products.

We are the authorised distributor of many of the world's leading engineering component manufacturers. We supply Bearings, Mechanical Power Transmission components, Fluid Power, and Tools and General Maintenance products, together with engineering and associated industrial services, to the maintenance repair and overhaul ("MRO") market across Europe.

We estimate the European MRO bearings market to be worth around €2 billion annually and we have approximately 10% share of that market making us the clear European market leader.

In Mechanical Power Transmission we have approximately 3% of an estimated €5 billion market. In Fluid Power we have just over 1% of an estimated €10 billion European market and in our developing product range of Tools and General Maintenance we have less than 1% of what we now estimate to be a market worth at least €55 billion across Europe.

Overall we estimate the market for our entire range of products to be worth in excess of €65 billion, of which we currently have a market share of just over 1%. We estimate our existing customer base spends around €6.5 billion on our defined product range. Our share of our customers' total spend is, therefore, just over 10%, representing an opportunity to achieve significant growth through cross-selling.

We are the European market leader but we operate in a highly fragmented marketplace. Consequently our market share will not be a constraint to growth for many years to come, especially with our expansion into Scandinavia this year.

Operating Performance and Key Performance Indicators

We use the following key performance indicators (KPIs) to measure and track performance. Each KPI relates directly to our long term strategy.

	2014	2013
	£m	£m
Revenue	**723.6**	651.9
Gross margin %	**31.7%**	31.5%
Gross profit	**229.4**	205.3
Sales, Distribution and Administration costs*	**(200.8)**	(165.5)
Operating profit*	**41.2**	39.8
Operating return on sales*	**5.7%**	6.1%
Finance expense - net	**(6.1)**	(4.4)
Profit before tax*	**35.1**	35.4
Cash generated from operations	**13.7**	45.5
Earnings per share*	**20.7p**	22.1p
Dividend per share	**10.7p**	10.2p

*before amortisation, acquisition related costs and exceptional items

Key Performance Indicators and other measures

	2014	2013
Group sales growth**	**14.6%**	-0.2%
Organic+ SPWD growth**	**6.8%**	-0.2%
Key Account SPWD growth**	**8.7%**	8.7%
Return on Capital employed	**27.2%**	34.8%
Net debt to EBITDA	**1.82:1**	1.15:1
Interest Cover	**7.9**	11.4
Stock turn	**3.8**	4.3

**at constant currency
+ including incremental growth of Scandinavia and the impact of the bolt-on acquisitions

Financial review

Revenue
Revenue increased by 11.0%, of which continental Europe contributed 12.2%, with the UK contributing a 2.8% decrease. At constant exchange rates, revenue for the Group increased by 14.6% compared to the prior year.

Trading during the year
Profit from operations before amortisation, exceptional items and acquisition related costs, interest and tax ("underlying operating profit") increased by 3.5% to £41.2 million (2013: £39.8 million), of which £20.6 million was delivered in the first half and £20.6 million in the second half (see table below).

	First half	Second half	Full year
2014	£m	£m	£m
Revenue	**364.1**	**359.5**	**723.6**
Gross profit	**114.0**	**115.4**	**229.4**
Underlying operating profit*	**20.6**	**20.6**	**41.2**
2013	£m	£m	£m
Revenue	328.4	323.5	651.9
Gross profit	100.8	104.5	205.3
Underlying operating profit*	17.2	22.6	39.8

* profit from operations before amortisation, exceptional items and acquisition related costs, interest and tax.

In the first half, revenue increased by £35.7 million reflecting the effect of acquisitions, notably in Scandinavia but also reflecting organic growth from Key Accounts and Tools and General Maintenance sales in continental Europe. Underlying operating profit increased by £3.4 million. In the second half, revenue increased by £36.0 million and underlying operating profit declined by £2.0 million, reflecting effects of currency headwinds, declining sales in several large customers and continuing investment in growth driver projects.

Exchange rates had an adverse impact on the year's results reducing reported growth in revenue by 3.6% in revenue and underlying operating profit by 2.1%.

Gross profit
The gross profit for the year was £229.4 million (2013: £205.3 million), with gross margin increasing by 20 basis points to 31.7% (2013: 31.5%).

Sales, Distribution and Administrative Expense
Total reported SDA costs increased by £37.6 million from £168.0 million in 2013 to £205.6 million; excluding amortisation of acquired intangibles ("amortisation"), exceptional items and acquisition related costs, the increase was 13.7% from £165.5 million in 2013 to £188.2 million. Underlying

SDA at constant currency increased by 17.0% primarily reflecting the effect of acquisitions. A total expenditure of £8.0 million was incurred in the year on strategic growth initiatives of which £1.5 million was capitalised.

Operating profit

Underlying operating profit increased by £1.4 million to £41.2 million in 2014 from £39.8 million in 2013. Return on sales decreased to 5.7% (2013: 6.1%).

Interest

The net finance expense for the year was £6.1 million (2013: £4.4 million), which included £1.1 million (2013: £0.9 million) interest expense relating to the retirement benefit liability. The £1.7 million increase in net finance expense arises primarily due to an increase in average net debt driven by timing of acquisitions, together with a higher effective interest rate on average net borrowings of 4.8% (2013: 4.5%) as a greater proportion of financing now consists of long-term loan notes. Underlying operating profit covers interest by 7.9 times (2013: 11.4 times).

Profit before tax

Profit before tax from continuing operations for the year was £17.7 million (2013: £32.9 million). Profit before tax, amortisation, exceptional items, and acquisition related costs but after finance expense was £35.1 million (2013: £35.4 million).

Tax

The overall tax charge for the year of £6.2 million (2013: £8.8 million) consisted primarily of the current year charge of £6.2 million. Current year tax represents an effective tax rate of 35.0% which is higher than the expected rate of 21.5% primarily as a result of tax deductions not available on the impairment of the Czech goodwill of £0.8 million, the release of deferred tax attributable to share scheme awards no longer expected to vest of £0.4 million, charges arising from the differences in tax rates across Europe of £0.4 million, disallowable acquisition costs of £0.2 million and adjustments arising from tax losses in the year on which no benefit was recognised of £0.9 million, offset by miscellaneous credits of £0.3 million.

Earnings per share

Basic earnings per share decreased by 11.3p from 20.5p to 9.2p in 2014 as a result of the exceptional items charge, a higher effective tax rate in the year and the effect of the share placing on the weighted average number of shares. Earnings per share, before amortisation, exceptional items and acquisition related costs, decreased by 6.3% from 22.1p in 2013 to 20.7p in 2014 as a result of the effect of a 10% share placing in April on the weighted average number of shares.

Amortisation of acquired intangibles and acquisition related costs

Amortisation of acquired intangibles totalled £1.8 million (2013: £1.2 million). Acquisition related costs of £3.0 million increased from £1.3 million in 2013 due to the increased level of acquisition activity in the year.

Exceptional items

In 2014 a pre-tax operating exceptional charge of £12.6 million was recognised. This included headcount, property and other restructuring costs of £5.0 million associated with the previously announced closure of the Buck & Hickman National Distribution Centre in Coventry and the merger of all supply chain operations in the UK. A further £4.5 million charge was recognised reflecting restructuring activities in continental Europe following acquisitions during the year. Other exceptional costs comprise a goodwill impairment charge of £3.6 million in respect of the Czech business and a £0.5 million profit arising on the disposal of our remaining investment in Livingston Group Limited. There were no exceptional items in 2013.

Dividend

Given the Board's confidence in the Group's proven strategy, the Board is now proposing a 4.4% increase in the final dividend to 7.1 pence per share, resulting in total dividends for 2014 of 10.7 pence per share, a 4.9% increase over the prior year and covered 1.9 times by earnings. Subject to shareholder approval, the final dividend will be paid on 2 July 2015 to shareholders on the register at close of business on 5 June 2015

Goodwill and acquired intangible assets
Goodwill in the balance sheet stands at £118.5 million at the end of the year (2013: £91.2 million). This represents an increase of £27.3 million, with £21.8 million arising from our Scandinavian acquisition and £17.4 million arising from further bolt-on acquisitions during the year, along with adverse exchange movements of £8.3 million due to goodwill held in foreign currencies and a £3.6 million impairment charge. Impairment reviews have been performed in accordance with IAS 36 and no impairment has been identified apart from the Czech component of goodwill. The Czech business has continued to experience challenging market conditions and has continued to post losses. These losses have arisen due to the illegal actions taken by one of the former owners of the business in relation to which a loss claim settlement has been received in the year. A turnaround programme has improved performance, although this has been slower than expected, with the result that the impairment review identified that the value in use was such that a full impairment of the Czech component was required. The resulting impairment charge has been included as an exceptional item in the consolidated income statement.

Acquired intangible assets in the balance sheet stand at £23.6 million at the end of the year (2013: £9.2 million). This represents an increase of £14.4 million reflecting £18.4 million identified from acquisitions during the year offset by a £2.2 million exchange movement on intangible assets held in foreign currencies and a £1.8 million amortisation charge.

Working capital
Working capital increased due to the acquisitions made during the year. Working capital measurements for debtors and creditors are in line with the previous year. However, there has been some decrease in underlying stock turns reflecting substantial investment to support the Tools & General Maintenance, and Vending growth drivers, and investment in safety stock for the relocation of the Coventry National Distribution Centre.

Return on operating capital employed
The return on operating capital employed, based on underlying operating profit, was 27.2% (2013: 34.8%) mainly reflecting the effect of acquisitions on the Group's operating capital employed.

Cash flow

	2014 £m	2013 £m
Cash inflow from operating activities before working capital change	**37.2**	47.2
Working capital increase	**(23.5)**	(1.7)
Cash inflow from operating activities	**13.7**	45.5
Cash inflow from operating activities before exceptional items and acquisition related costs	***20.6***	*48.4*
Cash outflow from acquisition related costs	***(3.0)***	*(0.7)*
Cash outflow from exceptional items	***(3.9)***	*(2.2)*
Cash inflow from operating activities	***13.7***	*45.5*
Net capital expenditure (purchases net of disposals)	**(16.0)**	(13.5)
Operational cash (absorbtion)/generation	**(2.3)**	32.0
Acquisitions (including net debt acquired)	**(57.5)**	-
Deferred consideration and earn out on prior year acquisitions	**(0.3)**	(4.2)
Tax	**(7.8)**	(7.5)
Interest, dividends, pension obligations & other	**(19.8)**	(16.4)
Purchase of own shares	**(1.6)**	(2.4)
Net proceeds from issue of shares	**52.4**	0.1
(Increase)/decrease in net debt	**(36.9)**	1.6
Opening net debt	**(52.9)**	(53.8)
Exchange	**4.5**	(0.7)
Closing net debt*	**(85.3)**	(52.9)

* total borrowings net of cash and cash equivalents.

Net debt increased by £32.4 million from £52.9 million to £85.3 million. At the year end, net debt/EBITDA stood at 1.8:1 times (2013: 1.15:1 times).

Net cash inflow from operating activities of £13.7 million decreased by £31.8 million from £45.5 million in 2013. This inflow is after £3.0 million outflow (2013: £0.7 million) of acquisition related costs, and £3.9 million outflow (2013: £2.2 million) from exceptional items and reflects £23.5 million increase in working capital, reflecting strategic investment to support Tools & General Maintenance and vending during the year and investment in safety stock during restructuring activities. The operating cash inflow was supplemented by net proceeds from the issue of shares of £52.5 million. This funded the payment of £57.5 million for acquisitions and £0.3 million deferred consideration on previous acquisitions, £7.8 million of taxation payments and £19.8 million for dividends, interest and pension obligations. Net capital expenditure increased by £2.5 million reflecting continued investment in industrial vending and other strategic growth initiatives.

Pensions

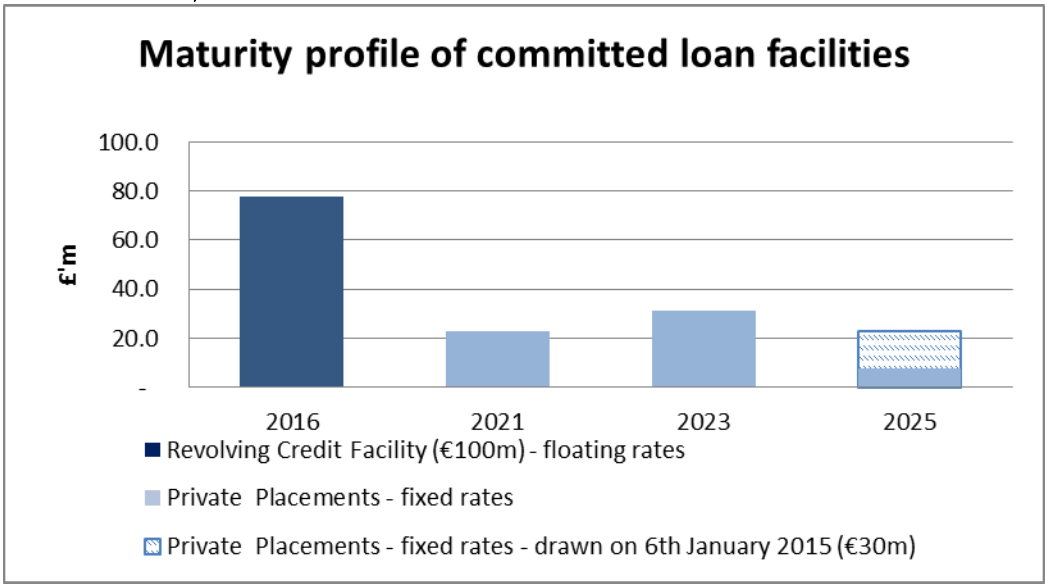
The net pension liability relating to the defined benefit pension schemes increased by £10.8 million to £38.6 million (2013: £27.8 million). The principal factors contributing to this increase were a £12.5 million net actuarial loss on the schemes offset by £3.7 million of employer contributions. The principal reason for the increase in the liabilities is the change in financial assumptions, in particular the reduction in the discount rate.

The main financial assumptions used for the UK scheme were a discount rate of 3.6% (2013: 4.45%), a 3.0% (2013: 3.3%) rate of increase for pensions in payment and a 2.4% (2013: 2.7%) rate of increase for pensions in deferment. The charge recognised in the income statement increased to £2.1 million (2013: £1.9 million) including a £0.2 million higher net interest charge.

Financing and Covenants

The Group is principally financed by a €100 million floating rate revolving credit facility which can be drawn until it expires on 30 June 2016. In addition to the revolving credit facility, £11.3 million of undrawn overdraft facilities are available. The amount drawn under the revolving credit facility as at 31 December 2014 was £25.8 million (€33.3 million).

In addition the Group is financed by a $100m (or currency equivalent) private placement shelf facility, which was initially established in 2013, under which €40 million notes had been issued. In January 2014, the remainder of the initial facility was drawn down with a further issue of €35.4 million private placement notes with a term of seven years maturing in January 2021. In December 2014, the private placement shelf facility was extended by a further $75 million making a total of $175 million (or currency equivalent), under which €10 million private placement notes were issued on 22 December 2014. A further €30 million was issued on 6 January 2015. Both of these issues are unsecured, bear interest at a fixed rate and mature in 2025.



The revolving credit facility requires, among other matters, compliance with three financial covenant ratios. These requirements are (1) consolidated total net borrowings shall not exceed 3.0 times consolidated EBITDA; (2) consolidated net worth shall be not less than £50.0 million; (3) the ratio of consolidated EBITDA to consolidated net interest payable shall not be less than 4.5:1; in addition, the guarantor subsidiaries must account for more than 75% of the Group's total gross assets, turnover and pre-tax profit. EBITDA is a measure of liquidity and is defined in the finance facility. The company has not breached these covenants throughout the period to 31 December 2014, and current forecasts indicate significant headroom for all covenants in the next twelve months.

The Group uses interest rate swaps to manage exposure to floating interest rates. During the year the company had in place interest rate swap contracts hedging a proportion of its variable rate debt. These contracts are designated as hedging instruments.

In April, Brammer placed 11.3 million shares at a price of 475 pence per share, representing 2.66% discount to the prevailing market price. The placing was significantly oversubscribed and raised a net £52.4 million after expenses.

Growth Drivers and Capabilities underpinning our performance

Our consistent and proven strategy encompasses **Growth, Synergies, Capabilities and Costs**

At constant currency	Quarter One 2014	Quarter Two 2014	Quarter Three 2014	Quarter Four 2014	Annual 2014	Revenue 2014
	Growth rates (%)					£m
SPWD						
Total Group	13.1	15.4	14.6	16.9	14.5	725.6
Organic[+]	5.0	6.7	6.1	8.8	6.8	676.2
Excluding acquisitions	4.5	3.2	3.5	2.6	3.4	655.1
Revenue						
Bearings	2.9	-1.5	0.9	-0.8	0.4	145.9
Non-bearings	15.9	17.9	18.9	22.7	18.8	579.9
of which Tools & Maintenance	*8.1*	*1.5*	6.7	15.7	*8.0*	*180.1*
of which continental T&GM	*47.0*	*54.4*	*67.1*	*138.3*	*80.0*	*44.1*
Key Accounts	10.7	8.6	8.2	7.3	8.7	385.9
Base business	15.4	19.5	23.5	31.6	22.2	339.7
excluding Scandinavia	-3.7	2.5	4.9	9.9	3.2	286.8

[+]Including incremental growth of Scandinavia and the impact of the bolt-on acquisitions

Growth Drivers

Brammer's single minded focus on growth has meant that the company has consistently outperformed the market since 2004. It is our tried and tested growth drivers of Key Accounts, Product Range Extension, Insites™ and Market Segmentation all underpinned by Customer Service that is responsible for this track record.

Key Accounts

Key Accounts sales grew at 8.7%, the eleventh year of growth. Fourteen additional pan-European contracts were won during the year representing potential annual revenues of up to €60 million. Key Accounts now represent 53.2% of the Group's total sales, slightly lower than last year due to the nature of our acquisitions. The Key Account growth rate has been adversely affected by a small number of underperforming national UK Key Accounts and therefore, the national contract tier of Key Accounts, Tier 2, experienced a small decline. However, the Tier 1 group of pan-European Key Accounts actually achieved significant growth of 26.8%. Our Key Account total now stands at 1,486 accounts across the business, with 70 pan-European Key Accounts.

Key Account Sales Performance

In Euro (millions) at 2014 constant currency rates (€1.25 : £1)

Multi-site	Status	Scope	Sales **2014/**2013	Growth
Tier 1	EU contract	Part EU Group	€148.8 **€188.7**	26.8%
Tier 2	National contract	Part EU Group	€158.4 **€156.4**	-1.2%
Tier 3	No contract	Part EU Group	€44.0 **€44.5**	1.0%
Tier 4	National contract	National Group	€92.7 **€92.7**	-
Total Key Accounts			€443.9 **€482.3**	8.7%

Our Key Account contract with Alcoa and Ma'aden Aluminium continues to perform well, and our large Insite[TM] in Saudi Arabia is now fully operational and delivering strong growth following the set-up phase in 2013.

The Key Account pipeline remains strong and the prospects for further wins remain excellent.

Product Range Extension

Throughout 2014, we continued our commitment to increase our share of the substantial European Tools and General Maintenance market. We launched the third edition of our European Tools and General Maintenance catalogue at the end of the year, significantly increasing our product offering. Printed in nine languages, in 13 editions and available in 16 countries, it now includes products in 16 sections from 84 leading brands.

Since launching our hand tools, cutting tools and tool storage brand – Roebuck – in continental Europe in 2013, we have now gained nearly 4,300 active individual customers. Throughout 2014, we built on Roebuck's success by launching our second, more comprehensive edition of the Roebuck catalogue and extending the Roebuck product range. One of the flagship products of the range – The Roebuck Uniwrench – also won two awards in 2014, having been voted the Tools Product of the Year at the Product of the Year Awards and Global Product of the Year at Acquisition International's Business Excellence Awards.

We spent the second half of the year preparing to launch a new personal protection equipment and health and safety brand called Q-Safe into a market worth in excess of £12 billion. Q-Safe provides fully compliant personal protection equipment, represents real value for money, and will be widely available, with the full market launch taking place early in 2015.

We also launched our first pan-European MRO catalogue in 2014, distributing 52,000 copies of the 1,706 page publication to customers in 10 countries - the first time a single publication has been produced for all of our MRO businesses across continental Europe.

The pilot marketing of our Vending brand, Invend™ continued throughout the year as we are still building our capabilities and capacity. Brammer is already the industrial vending market leader in Europe, and in 2014 we installed over 400 machines at an accelerating rate. We took orders for 73 machines in December alone, and we expect growth momentum to continue throughout 2015.

2014 also saw the launch of our e-Procurement programme designed to create a direct link between our customers' ordering systems and our product database. This 'PunchOut' solution as we call it, gives customers access to a customised product range and real-time stock information whilst helping them to reduce their costs through more efficient spend management, inventory control and automation expertise.

Cross-selling

We continue to extend the product offering to reflect the full Brammer range in every territory, and cross-selling contributed strongly to the Group's growth; non-bearings sales grew by 18.8%. Bearings sales grew by 0.4%, broadly reflecting challenging underlying market conditions and our relatively large market share.

Tools and General Maintenance & Vending

Tools and General Maintenance sales grew 8.0% overall, but experienced a far higher growth rate of 80.0% in continental Europe, a result of the focus on this market. SPWD growth rates accelerated through each quarter in the year resulting in an exit growth rate of 138% with Q4 sales up to €55 million.

Our capabilities continue to grow and we now have 45 people solely dedicated to support Tools and General Maintenance business development in continental Europe. In addition, selective bolt-on acquisitions of Tools and General Maintenance businesses have enhanced our market presence in several countries, and will add further growth momentum.

We have introduced more mobile demonstrators of the Brammer service offering including a mobile Health & Safety Centre of Excellence, several Hand and Power Tool demonstration vehicles and two European T&GM Demonstration vehicles. Together they have visited thousands of individual customers in the year, taking our value proposition direct to the customer's premises and demonstrating to them our increasing capabilities in these product ranges. This direct approach complements our other routes to market and has created a significant number of enquiries and sales orders.

We continued our evaluation of the potential growth opportunity from Vending in the UK, Germany, France, Spain, and Poland. We have introduced our vending capability to the Netherlands and Belgium and have increasing confidence in the scalability of our processes. We now have 116 employees supporting the vending initiative and, at the year-end had installed 501 machines in 10 countries at 295 customer locations. Our value proposition is proving interesting for various customer types, including strong interest from many existing Key Account customers. The programme is gaining traction with an accelerating rate of contract agreements and installations.

The provision of a high quality vending service, and the presence of Brammer personnel on-site is proving to be a valuable platform to demonstrate the quality of the overall Brammer offering. The annualised run rate of revenues to customers with a vending machine (both revenues directly through the machines and indirectly outside the machines – the "halo" effect), based on the fourth quarter exit rate was over £23.6 million, up 44.9% on the same period last year.

Insites™

On a constant currency basis Insite™ sales grew by 11.1%, with 86 new insites opened which, along with 42 closures due to changing customer requirements, totals a net addition of 44 new Insites™. The Group operated a total of 427 Insites™ at year end. The value-added services provided by the Insite™ model, inventory optimisation, cost-saving projects and ready access to Brammer's product specialists, continues to be an attractive proposition for our customers. We were also able to extend the geographic reach of our Insites™ to our new Scandinavian markets following our acquisition of a Scandinavian business in this region in early 2014.

Market segmentation

We continue also to focus on market segmentation as a growth driver. This not only allows us to demonstrate our understanding of our customers' industry specific needs and respond to them accordingly, it also allows us to focus on segments that are likely to give us the best opportunities for growth. In 2014 we saw our market share increase in Food and Drink with growth of 9.5%. Sales to the Recycling segment grew by 106% and Metals by 28.0%. In 2014, we also added to our range of segment specific brochures, producing specialist material for the Aluminium manufacturing industry, the Canning industry and the Paper and Packaging industry.

Customer service

Customer service underpins everything we do, with the success of our growth drivers depending on successful delivery of customer service excellence.

Providing real validated cost savings to our customers is a key part of Brammer's value proposition and finding more cost saving opportunities each year is 'hard wired' into the 'DNA' of the business. Once again in 2014, for the eleventh year in a row, we saw a significant improvement in the value of the cost savings we provided to our customers. By the end of last year we delivered over £66 million of signed-off cost savings to our customers.

During the year, we conducted our fourth annual pan-European customer satisfaction survey. This annual survey enhances our understanding of how our customers perceive us and is crucial to our growth as it helps us gain insight into what we are doing well and areas where we could improve. In 2014, 2,907 customers completed online questionnaires. Overall, Brammer achieved good results across all key performance areas and, following analysis of the survey, we created action plans on both country and business-wide levels.

To complement the survey results, the launch of the Brammer Way of Excellence in Customer Service provides a set of process and review tools in a consistent framework to enable our customer facing personnel to deliver continuous improvements in the way they interact with our customers.

Acquisitions

Our organic growth has been supplemented by strategic acquisitions during the year. During 2014 we have added 15 new businesses to the Group with a combined annual turnover of nearly £100 million. With these businesses we also welcomed hundreds of new people into the Group. Together, they have expanded our geographical footprint, our capabilities and grown our customer base. With these additions to the Group we will leverage the effect of our tried and tested growth drivers, accelerating the rate at which we gain market share.

Country	**Month acquired**	**Annualised revenues (£ million)**	**Product group**
Scandinavia*	January	54.2	Motors & Gearboxes
Germany	March	7.1	Tools & General Maintenance
France	April	8.6	Fluid Power
Spain	July	2.8	Personal Protective Equipment
Italy	July	3.1	Mechanical Power Transmission ("MPT")
Netherlands	October	2.2	Bearings & MPT
Poland	October	1.7	Hydraulics & MPT
Czech Republic	October	8.4	Bearings & MPT
Italy	November	2.9	Tools & General Maintenance
Spain	November	3.4	Tools & General Maintenance
UK	November	3.8	Bearings & MPT
Total		**98.2**	

*including 4 additional bolt-on acquisitions in Sweden in the first half

In January 2014, Brammer announced the acquisition of a Scandinavian business, giving us a major presence in all of the key Scandinavian markets. An additional four bolt-on acquisitions in Sweden in the first half broadened the product range available to Scandinavian customers to include bearings and traditional MRO products.

Our acquisitions this year provide Brammer with many cross-selling opportunities particularly in Tools and General Maintenance. These additions represent a step change in capabilities for certain key product areas in some countries. As the Brammer growth drivers become embedded and post-acquisition synergies are realised, these businesses will fuel growth and enhance profitability in future years.

In these challenging markets, many of our competitors are finding business increasingly difficult and we are seeing still more opportunities to acquire businesses which would complement and enhance the Group. The pipeline remains strong and we will continue to pursue further promising opportunities, though we will take a break from acquisitions in the first half as we aim to harvest the synergies from those made in 2014.

Synergies

Significant synergies and operational benefits will be realised from the re-organisation undertaken in the UK, representing the final phase of the Buck & Hickman integration, including the exit of the Buck & Hickman National Distribution centre and merger of all supply chain operations. The synergies realised from the integration of our acquisitions this year will also be earnings accretive in future years. As a result of these restructuring operations, related costs of £9.5 million are included within exceptional items in the income statement.

We continued to work on increasing our spend with a smaller number of key suppliers, thereby improving the level of marketing support, pricing, and co-operation in the field received from those suppliers. Gross margin improved by 20 basis points year on year to 31.7%.

Capabilities and Costs

Technology

2014 saw some very significant advances in Brammer's technology capability. Whilst significant savings continue to be made by further consolidation of data centre services and our on-going country technology modernisation programme, the headline development for the year has been e-commerce in the form of the Brammer Trading Platform.

At the heart of the Brammer Trading Platform is the new Brammer MDM (master data management) system which we believe to be industry leading. It forms the core of our e-commerce systems and provides clean, quality controlled product data into our e-commerce channels. For the first time we can provide a flexible, consistent, fully integrated e-commerce solution to our customers, one that incorporates all aspects of modern, automated document exchange. This is a major new Brammer customer offering, one that reduces significantly the cost of the procurement process for our customers whilst also making it easier and more efficient to do business with Brammer.

Our People

We are committed to recruiting and retaining the best people. During the year Brammer's Distributed Learning programme (e-learning) was updated with new product training modules and enhanced functionality to provide a better learning experience in nine languages. This training is a key element of Brammer's employee induction programme and is continuously improved and expanded to meet the needs of the growing business.

The 2014 employee survey again provided positive feedback for management and identified areas to focus upon to increase employee engagement still further; Brammer already has best in class employee engagement levels and continues to improve its employee relations at every opportunity.

During 2014, the company took its third cohort into the graduate training programme, building upon the success of prior years. All of the members of the 2012 intake who completed the programme were rewarded with permanent positions within strategically important areas of the business. This highlights our commitment to develop our people to ensure that excellence comes as standard across all areas of the business and that the delivery of great customer service remains a priority.

Operating Segments

Summary trading performance by segment at 2014 constant currency rates (€1.25 : £1)

	External Revenue		Revenue Growth	SPWD** Growth	Operating Profit*		Operating Profit growth*
	2014 £m	2013 £m	**2014** %	**2014** %	**2014** £m	2013 £m	**2014** %
UK	**285.2**	293.3	**-2.8%**	-2.8%	**15.5**	21.0	**-26.2%**
Germany	**121.1**	112.1	**8.1%**	8.1%	**7.5**	6.5	**15.4%**
France	**86.3**	79.5	**8.5%**	8.5%	**4.8**	4.2	**14.3%**
Spain	**49.2**	42.7	**15.2%**	15.1%	**6.0**	4.7	**27.7%**
Benelux	**52.8**	50.3	**4.8%**	4.7%	**2.6**	2.6	**-**
Scandinavia	**53.1**	-	**n/a**	n/a	**2.6**	n/a	**n/a**
Eastern Europe & Other	**77.9**	55.4	**40.4%**	41.3%	**2.1**	-	**n/a**
Total	**725.6**	633.3	**14.6%**	14.5%	**41.1**	39.0	**5.6%**
Exchange effect***	**(2.0)**	18.6	**-3.6%**	-3.5%	**0.1**	0.8	**-2.1%**
As reported	**723.6**	651.9	**11.0%**	11.0%	**41.2**	39.8	**3.5%**

*operating profit before amortisation of acquired intangibles, acquisition related costs and exceptional items
** sales per working day
*** to reconcile results and analysis to actual exchange rates for 2014 and 2013

UK

	2010	2011	2012*	2013*	2014*
SPWD growth -%	8.0	16.8	7.6	2.2	-2.8
Key Accounts proportion of total sales -%	57.3	62.5	67.7	71.6	76.6
Key Account sales growth -%	12.2	22.4	7.2	8.6	-0.4
Non Key Accounts proportion of total sales -%	42.7	37.5	32.3	28.4	23.4
Non Key Accounts growth -%	4.9	5.6	2.1	-9.4	-8.2
Insite numbers	143	152	163	191	197
Insites as a proportion of total sales -%	33.7	35.2	24.4	42.5	42.7
Insite sales growth -%	17.4	24.5	2.2	9.6	-3.9
Bearings proportion of total sales -%	22.1	20.6	12.4	11.9	10.5
Bearings growth -%	8.0	12.2	-1.6	-1.8	-7.2
Non bearings proportion of total sales -%	77.9	79.4	87.6	88.1	89.5
Non bearings growth -%	9.3	16.7	2.7	3.4	-2.2
T&GM as a proportion of total sales -%	10.7	13.0	47.5	47.7	47.7
Tools and General Maintenance (T&GM) sales growth -%	14.8	28.4	2.8	3.3	-4.4
MPT as a proportion of total sales -%	14.3	13.5	7.6	7.4	6.9
Mechanical Power Transmission sales growth -%	7.8	7.5	-5.0	0.5	-1.4
Fluid Power as a proportion of total sales -%	20.4	19.9	12.0	12.3	13.2
Fluid Power sales growth -%	11.1	20.3	-3.0	5.3	2.4

* includes Buck & Hickman

Our largest operation, and the one where the Brammer development strategy is most advanced, experienced some challenges during the year, mainly due to reduced spend amongst a small number of large customers reflecting tough market conditions. However, good underlying progress was made in other areas. SPWD growth declined by 2.8% as six large customers with annualised revenues of £58 million in 2013 reduced spend by over 20%, giving a year on year decline in 2014 of around £14 million. Operating profit has therefore decreased by 26.2%, to £15.5 million, a decrease of £5.5 million primarily related to this adverse sales volume effect.

Despite these year on year declines in a few national Key Account customers, overall Key Account sales declined by only 0.4%, reflecting significant growth with other customers, including Siemens, Ministry of Defence and Land Rover. As a result of our market segmentation strategy, there was good Key Account growth in resilient sectors such as Food & Drink and Power Generation and the proportion of turnover which is Key Accounts has increased to 76.6%.

The number of full time and part time Insites™ now totals 197, six more than last year. There were 22 new full time Insites™ opened this year, although nine closed due to changing customer requirements, and there are now 111 full-time Insites™.

In a challenging market, our service value proposition continues to be attractive in helping customers to manage their cost base, and we have provided more than 4,000 separate recognised solutions saving our customers £28.5 million in their costs this year.

Bearing sales declined 7.2% reflecting the challenging market and effect of the volume decrease from large customers. However, our cross-selling initiatives continued to gain traction with continued growth in Fluid Power and a small decrease in Mechanical Power Transmission products. Several large accounts from the legacy Buck & Hickman business accounted for the 4.4% decrease in Tools & General Maintenance sales, but excluding these, year on year growth continued to be strong.

Going forward, significant synergies and operational benefits will be realised from the re-organisation undertaken this year, resulting in the closure of the legacy Buck & Hickman National Distribution centre and the transfer of the supply chain operations to the UK National Distribution Centre in Wolverhampton. In addition the separate finance functions and other ancillary departments were streamlined and amalgamated during the year.

A bolt-on acquisition in the Northampton area in late 2014 has now given us the capacity we need in this increasingly important location where we previously had no existing branches.

Germany

	2010	2011	2012	2013	2014
SPWD growth -%	13.4	19.2	0.0	-2.4	8.1
Key Accounts proportion of total sales -%	24.1	26.8	30.5	35.3	38.0
Key Account sales growth -%	20.9	24.1	7.2	11.5	9.1
Non Key Accounts proportion of total sales -%	75.9	73.2	69.5	64.7	62.0
Non Key Accounts growth -%	12.3	13.6	-3.0	1.4	7.4
Insite numbers	20	37	47	54	60
Insites as a proportion of total sales -%	4.5	7.9	10.4	11.4	16.5
Insite sales growth -%	36.8	37.2	16.4	12.1	19.6
Bearings proportion of total sales -%	32.0	31.6	28.5	26.0	24.0
Bearings growth -%	9.7	14.7	-10.6	-10.6	-3.0
Non bearings proportion of total sales -%	68.0	68.4	71.5	74.0	76.0
Non bearings growth -%	16.5	17.1	3.2	1.4	12.1
T&GM as a proportion of total sales -%	2.3	3.4	3.9	4.3	10.0
Tools and General Maintenance (T&GM) sales growth -%	24.4	58.6	13.9	45.9	143.7
Mechanical Power Transmission proportion of total sales -%	8.7	8.3	8.4	9.2	8.5
Mechanical Power Transmission sales growth -%	27.0	11.0	1.4	7.3	-3.3
Fluid Power as a proportion of total sales -%	16.2	17.9	20.5	22.2	22.8
Fluid Power sales growth -%	2.3	28.1	13.0	1.3	7.7

SPWD increased by 8.1% in the year and trading profit increased by 15.4%. Growth reflected success in our organic growth drivers along with the contribution from the bolt-on acquisition of a Tools & General Maintenance specialist in March.

Bearings sales declined 3.0% in the year reflecting a challenging market, but our focus on product range extension saw 12.1% growth in non-bearings products. Tools and General Maintenance grew by 143.7%, both organically as more than 800 specialist training days improved workforce capabilities, and also due to the contribution from the bolt-on acquisition.

Key Accounts grew by 9.1% and now account for 38.0% of turnover. Several new Key Accounts were won during the year including Meplato and DS Smith.

The number of Insite™ locations increased by a net six, including five full time Insites™ with a single Key Account customer. There are now 60 Insites™, which represents a trebling of Insite™ numbers over a five year period. As a result of this increased activity, Insite™ sales growth accelerated by 7.5 percentage points to 19.6%.

France

	2010	2011	2012	2013	2014
SPWD growth -%	11.1	14.2	3.5	-4.7	8.5
Key Accounts proportion of total sales -%	33.3	35.8	40.0	44.1	44.7
Key Account sales growth -%	18.8	19.1	12.3	3.1	6.2
Non Key Accounts proportion of total sales -%	66.7	64.2	60.0	55.9	55.3
Non Key Accounts growth -%	9.5	9.0	-1.2	-8.9	10.6
Insite numbers	22	31	39	45	56
Insites as a proportion of total sales -%	6.2	6.6	9.6	12.7	13.7
Insite sales growth -%	38.7	16.0	27.3	30.9	7.7
Bearings proportion of total sales -%	36.5	35.0	32.1	30.6	27.3
Bearings growth -%	6.1	9.2	-5.0	-8.4	-5.6
Non bearings proportion of total sales -%	63.5	65.0	67.9	69.4	72.7
Non bearings growth -%	16.4	16.3	8.2	-1.8	15.1
T&GM as a proportion of total sales -%	4.0	4.6	5.2	7.6	10.0
Tools and General Maintenance (T&GM) sales growth -%	84.4	32.7	16.5	39.8	39.0
MPT as a proportion of total sales -%	20.6	20.1	20.0	18.9	17.4
Mechanical Power Transmission sales growth -%	9.8	10.6	3.5	-9.4	-2.8
Fluid Power as a proportion of total sales -%	13.9	15.4	17.0	18.0	18.4
Fluid Power sales growth -%	28.0	25.6	14.6	1.5	8.3

SPWD grew by 8.5% compared to a 4.7% decline in the previous year. Trading profit increased by 14.3%. Bearings sales declined by 5.6% as continued economic uncertainty contributed to a weak market in France. However, Tools and General Maintenance sales continued robust growth of 39.0% including a successful introduction of the Roebuck brand into the market. A bolt-on acquisition of a Fluid Power specialist in April has introduced significant capabilities and know-how into the business as well as contributing to good sales growth.

Key Account growth of 6.2% was lower than previous years, but reflected an accelerating growth rate through the year as Key Account wins including Danone, Safran and Umicor contributed to revenues. Key Accounts now represent 44.7% of sales.

The Insite™ programme grew with a net 11 sites added, making 56 Insites in in total. Insite™ sales grew by 7.7% and the success of this year should ensure that good growth is likely in the future.

Regionally embedded cost savings champions have supported the drive for excellence in customer service during the year. As a result, several large value cost savings have been delivered and signed with France reporting £22.5 million of cost savings.

Spain

	2010	2011	2012	2013	2014
SPWD growth -%	9.5	12.3	-0.3	3.8	15.1
Key Accounts proportion of total sales -%	26.8	31.2	36.4	40.6	47.8
Key Account sales growth -%	19.5	28.5	15.3	19.5	26.0
Non Key Accounts proportion of total sales -%	73.2	68.8	63.6	59.4	52.2
Non Key Accounts growth -%	6.8	6.2	-7.4	1.6	3.1
Insite numbers	15	22	30	38	46
Insites as a proportion of total sales -%	6.3	10.5	14.5	22.0	26.9
Insite sales growth -%	22.0	46.3	31.8	56.0	43.3
Bearings proportion of total sales -%	41.2	37.9	34.1	32.6	27.9
Bearings growth -%	4.4	3.3	-10.1	3.3	-7.3
Non bearings proportion of total sales -%	58.8	62.1	65.9	67.4	72.1
Non bearings growth -%	14.2	18.6	5.7	10.6	26.8
T&GM as a proportion of total sales -%	2.3	2.7	5.1	8.0	16.0
Tools and General Maintenance (T&GM) sales growth -%	48.0	33.2	89.0	71.5	115.6
MPT as a proportion of total sales -%	19.1	19.5	18.6	17.0	16.9
Mechanical Power Transmission sales growth -%	7.0	14.9	-4.9	-0.9	7.9
Fluid Power as a proportion of total sales -%	8.9	11.6	14.3	16.4	18.4
Fluid Power sales growth -%	34.2	46.1	23.9	23.4	21.9

SPWD growth accelerated by 11.3 percentage points to 15.1% while operating profit improved by 27.7%. This represents strong growth in a weak market as a result of good development of all of our growth drivers, allied with two bolt-on acquisitions in the second half.

Key Account revenues accelerated to 26.0% and now represent nearly half of sales. New contract wins during the year including Huntsman, Johnson Controls AE and Colfax among others will drive future Key Accounts growth. Significant Insite™ sales growth continued for the fifth consecutive year, up 43.3% from last year as a further twelve Insites™ were established. After four closures the number of Insites™ totals 46.

Excellent progress continued in product range extension and sales of Tools and General Maintenance more than doubled, while Fluid Power and Mechanical Power Transmission products also generated good growth.

Benelux

	2010	2011	2012	2013	2014
SPWD growth -%	10.7	12.8	7.5	-1.3	4.7
Key Accounts proportion of total sales -%	24.5	27.3	32.1	34.3	37.0
Key Account sales growth -%	21.3	22.9	20.1	5.5	9.2
Non Key Accounts proportion of total sales -%	75.5	72.7	67.9	65.7	63.0
Non Key Accounts growth -%	8.8	9.6	2.8	-4.0	2.7
Insite numbers	8	9	16	17	18
Insites as a proportion of total sales -%	5.4	7.5	10.2	10.1	12.6
Insite sales growth -%	104.8	22.7	33.1	10.5	18.4
Bearings proportion of total sales -%	52.6	50.7	48.9	46.2	44.5
Bearings growth -%	3.0	8.7	3.6	-6.5	-1.2
Non bearings proportion of total sales -%	47.4	49.3	51.1	53.8	55.5
Non bearings growth -%	23.0	17.7	10.0	4.5	10.5
T&GM as a proportion of total sales -%	11.2	11.5	13.3	15.3	16.3
Tools and General Maintenance (T&GM) sales growth -%	28.3	16.1	20.8	13.9	24.5
MPT as a proportion of total sales -%	16.2	15.9	16.1	15.7	14.8
Mechanical Power Transmission sales growth -%	16.3	10.3	0.5	-3.5	-3.2
Fluid Power as a proportion of total sales -%	8.3	8.8	9.7	10.7	11.2
Fluid Power sales growth -%	27.3	19.3	20.8	9.1	7.5

SPWD in the Benelux countries increased by 4.7%, compared to a 1.3% decrease in the prior year. Operating profit has remained flat. Tools and General Maintenance sales continue to grow at an accelerating rate, and are up 24.5% year on year.

Key Accounts grew by 9.2% and several significant wins including Unilever and Tata Steel were recorded in the year which should see good growth continue. Key Accounts now represents 37.0% of total sales, slightly higher than last year. Eight high performing new Insites™ are now well established in the Netherlands with ten in Belgium. Insite™ sales grew by 18.4%, the fifth year of double digit increases.

Scandinavia

This new segment currently represents our Scandinavian business acquired in January 2014, together with the four Swedish bolt-on acquisitions made late in the first half. This segment contributed £53.1 million to Group turnover and £2.6 million to trading profit in the period. These strategic acquisitions have expanded our geographical footprint to establish a platform in all key Scandinavian markets.

We have already identified many areas where the application of the Brammer growth drivers will build on the strong base we now have in this region. There has been strong interest from our existing Key Accounts customers currently operating in the region and three Insites™ have already been established with a strong potential pipeline identified.

As over half of this segment's sales are currently motors and gearboxes, there are significant cross-selling opportunities for the rest of the Brammer product portfolio. During the second half of the year, a specialist Tools and General Maintenance regional distribution facility has been established in Gothenburg, which will provide the infrastructure to drive strong future growth in this key product range.

Eastern Europe and Other

	2010	2011	2012	2013	2014
SPWD growth -%	18.7	18.8	-5.3	-3.1	41.3
Key Accounts proportion of total sales -%	17.1	23.7	29.7	34.8	51.1
Key Account sales growth -%	45.9	36.6	9.4	12.0	90.6
Non Key Accounts proportion of total sales -%	82.9	76.3	70.3	65.2	48.9
Non Key Accounts growth -%	16.1	15.0	-19.3	-9.1	7.2
Insite numbers	14	19	32	38	47
Insites as a proportion of total sales -%	2.9	4.6	6.9	10.0	29.2
Insite sales growth -%	27.1	6.0	15.8	13.3	203.8
Bearings proportion of total sales -%	44.6	44.1	37.8	34.8	27.0
Bearings growth -%	7.7	44.1	-22.6	-10.9	7.5
Non bearings proportion of total sales -%	55.4	55.9	62.2	65.2	73.0
Non bearings growth -%	32.8	21.2	0.1	2.2	58.6
T&GM as a proportion of total sales -%	3.0	2.9	3.2	4.7	8.9
Tools and General Maintenance (T&GM) sales growth -%	17.4	13.2	1.8	42.5	161.2
MPT as a proportion of total sales -%	11.9	11.2	11.7	12.1	10.8
Mechanical Power Transmission sales growth -%	30.5	12.2	-4.8	0.4	22.1
Fluid Power as a proportion of total sales -%	15.2	15.3	16.7	16.5	18.3
Fluid Power sales growth -%	32.0	20.4	-1.1	-4.3	52.8

In our Eastern European and other businesses (comprising Poland, the Czech Republic and Slovakia, Hungary, Italy and our Saudi Arabian Insite™) total SPWD increased by 41.3% and operating profit increased by £2.1 million compared to break-even last year. Key Accounts now represent 51% of total sales and grew by 90%. Insite™ sales tripled, having established nine net additional Insites™. Significant growth was seen in all key product areas, with 22.1% increases in Mechanical Power Transmission products, 52.8% in Fluid Power products and 161.2% growth in Tools and General Maintenance products.

In Poland, SPWD increased by 14.9%. In Italy, SPWD increased by 31.9% as strong Key Accounts growth of 46.3% was underpinned by good Insite™ development. Two bolt-on acquisitions in northern Italy have given Brammer a significant presence in this key industrial area, which will provide good opportunities for future growth. The Czech Republic and Slovakia returned to growth with a 3.3% increase in SPWD, although conditions still proved to be challenging in the market. The acquisition of a well-respected bolt-on business in the Czech Republic should deliver growth and synergistic benefits to this region in the future. In Hungary, the SPWD growth was 30.6%, with Key Accounts sales growth of 35.7%.

The Future

In 2014 we have continued to demonstrate our resilience whilst expanding our European footprint into Scandinavia. We have invested heavily in growth drivers to counter difficult market conditions; as a result we have enjoyed improving year on year growth rates in the last eight quarters (excluding the benefit from our Scandinavian acquisition) as our strategy of focusing on Key Accounts, Insites™, Vending, and cross-selling initiatives continues to deliver results. Our continental European businesses have performed well, whilst the performance of our UK business has been disappointing, as previously indicated almost entirely due to a small number of large national and European Key Accounts reducing their spend reflecting challenging conditions in their end markets. We expect that our investment in growth drivers will enable us to continue to gain market share and provide good revenue and profit growth in the years to come.

Ian Fraser
17 February 2015

Brammer Preliminary results announcement

Consolidated income statement for the year ended 31 December 2014

	Note	**Year to 31 December 2014 £m**	Year to 31 December 2013 £m
Continuing operations			
Revenue	2	**723.6**	651.9
Cost of sales		**(494.2)**	(446.6)
Gross profit		**229.4**	205.3
Distribution costs		**(200.8)**	(165.5)
Amortisation of acquired intangibles ("amortisation") and acquisition related costs		**(4.8)**	(2.5)
Total sales, distribution and administrative costs		**(205.6)**	(168.0)
Operating profit	2	**23.8**	37.3
Operating profit before amortisation, acquisition related costs and exceptional items		**41.2**	*39.8*
Amortisation and acquisition related costs		***(4.8)***	*(2.5)*
Exceptional items	4	***(12.6)***	*-*
Operating profit	2	***23.8***	*37.3*
Finance expense		**(6.3)**	(4.5)
Finance income		**0.2**	0.1
Profit before tax		**17.7**	32.9
Profit before tax before amortisation, acquisition related costs and exceptional items		***35.1***	*35.4*
Amortisation and acquisition related costs		***(4.8)***	*(2.5)*
Exceptional items	4	***(12.6)***	*-*
Profit before tax		***17.7***	*32.9*
Taxation		**(6.2)**	(8.8)
Profit for the year attributable to equity shareholders	2	**11.5**	24.1
Earnings per share - total	3		
Basic		**9.2p**	20.5p
Diluted		**8.9p**	19.9p
Earnings per share – pre amortisation, acquisition related costs and exceptional items	3		
Basic		**20.7p**	22.1p
Diluted		**20.2p**	21.4p

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Consolidated statement of comprehensive income for the year ended 31 December 2014

	2014	2013
	£m	£m
Profit for the year	**11.5**	24.1
Other comprehensive expense		
Items that are not subsequently reclassified to the income statement		
Actuarial losses on pension schemes	**(10.0)**	(6.1)
Items that may be subsequently reclassified to the income statement		
Net exchange differences on translating foreign operations	**(11.5)**	0.9
Effective portion of changes in fair value of cash flow hedges	**-**	0.1
	(11.5)	1.0
Other comprehensive expense for the year, net of tax	**(21.5)**	(5.1)
Total comprehensive (expense)/income for the year	**(10.0)**	19.0

Items in the statement above are disclosed net of tax.

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Consolidated balance sheet as at 31 December 2014

	Notes	2014 £m	2013 £m
Assets			
Non-current assets			
Goodwill		**118.5**	91.2
Acquired intangible assets		**23.6**	9.2
Other intangible assets		**16.4**	13.1
Property, plant and equipment		**23.7**	17.9
Deferred tax assets		**12.3**	10.9
		194.5	142.3
Current assets			
Inventories		**133.9**	108.6
Trade and other receivables		**130.4**	112.5
Cash and cash equivalents	6	**11.0**	17.7
		275.3	238.8
Liabilities			
Current liabilities			
Financial liabilities - borrowings	6	**(3.6)**	(4.0)
Trade and other payables		**(152.5)**	(137.3)
Derivative financial instruments		**(0.1)**	-
Provisions		**(3.6)**	(0.6)
Deferred and contingent consideration		**(0.1)**	(0.3)
Current tax liabilities		**(0.9)**	(5.4)
		(160.8)	(147.6)
Net current assets		**114.5**	91.2
Non-current liabilities			
Financial liabilities - borrowings	6	**(92.7)**	(66.6)
Deferred tax liabilities		**(14.8)**	(9.5)
Derivative financial instruments		**-**	(0.2)
Deferred and contingent consideration		**(7.2)**	(0.2)
Retirement benefit obligations		**(38.6)**	(27.8)
		(153.3)	(104.3)
Net assets		**155.7**	129.2
Shareholders' equity			
Share capital		**25.9**	23.6
Share premium		**18.2**	18.2
Translation reserve		**(11.7)**	(0.2)
Cash flow hedging reserve		**(0.1)**	(0.1)
Retained earnings		**123.4**	87.7
Total equity	7	**155.7**	129.2

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Consolidated statement of changes in equity for the year ended 31 December 2014

	Share Capital £m	Share Premium £m	Treasury Shares £m	Cash flow Hedging Reserve £m	Translation Reserve £m	Retained Earnings £m	Total £m
Balance at 1 January 2013	23.5	18.2	(0.1)	(0.2)	(1.1)	80.7	121.0
Profit for the year	-	-	-	-	-	24.1	24.1
Other comprehensive expense	-	-	-	0.1	0.9	(6.1)	(5.1)
Total comprehensive income	-	-	-	0.1	0.9	18.0	19.0
Transactions with owners							
Shares issued during the year	0.1	-	-	-	-	-	0.1
Purchase of own shares	-	-	(2.4)	-	-	-	(2.4)
Transfer on vesting of own shares	-	-	2.3	-	-	(2.3)	-
Share-based payments	-	-	-	-	-	2.7	2.7
Tax credit on share performance plans	-	-	-	-	-	0.3	0.3
Dividends	-	-	-	-	-	(11.5)	(11.5)
Total transactions with owners	0.1	-	(0.1)	-	-	(10.8)	(10.8)
Movement in year	0.1	-	(0.1)	0.1	0.9	7.2	8.2
At 31 December 2013	**23.6**	**18.2**	**(0.2)**	**(0.1)**	**(0.2)**	**87.9**	**129.2**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**11.5**	**11.5**
Other comprehensive expense	**-**	**-**	**-**	**-**	**(11.5)**	**(10.0)**	**(21.5)**
Total comprehensive expense	**-**	**-**	**-**	**-**	**(11.5)**	**1.5**	**(10.0)**
Transactions with owners							
Shares issued in respect of the placing	**2.3**	**-**	**-**	**-**	**-**	**50.1**	**52.4**
Purchase of own shares	**-**	**-**	**(1.6)**	**-**	**-**	**-**	**(1.6)**
Transfer on vesting of own shares	**-**	**-**	**1.3**	**-**	**-**	**(1.3)**	**-**
Share based payments	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Tax charge on share performance plans	**-**	**-**	**-**	**-**	**-**	**(0.8)**	**(0.8)**
Dividend equivalents paid under share performance plans						**(0.2)**	**(0.2)**
Dividends	**-**	**-**	**-**	**-**	**-**	**(13.4)**	**(13.4)**
Total transactions with owners	**2.3**	**-**	**(0.3)**	**-**	**-**	**34.5**	**36.5**
Movement in year	**2.3**	**-**	**(0.3)**	**-**	**(11.5)**	**36.0**	**26.5**
At 31 December 2014	**25.9**	**18.2**	**(0.5)**	**(0.1)**	**(11.7)**	**123.9**	**155.7**

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Consolidated cash flow statement for the year ended 31 December 2014

	Note	**2014**	2013
	Note	**£m**	£m
Cash generated from operations	5	**13.7**	45.5
Interest received		**0.2**	0.1
Interest paid		**(4.4)**	(2.7)
Tax paid		**(7.8)**	(7.5)
Funding of pension schemes less pension expense included in operating profit		**(2.7)**	(2.3)
Cash (used in)/generated from operating activities		**(1.0)**	33.1
Cash generated from operating activities before exceptional items		***5.9***	*36.0*
Cash outflow from acquisition related costs		***(3.0)***	*(0.7)*
Cash outflow from exceptional items		***(3.9)***	*(2.2)*
Cash (used in)/generated from operating activities		***(1.0)***	*33.1*
Cash flows from investing activities			
Proceeds from discontinued businesses		**0.5**	-
Acquisition of businesses (net of cash and overdrafts acquired)		**(40.8)**	-
Deferred consideration paid on prior acquisitions		**(0.3)**	(4.2)
Proceeds from sale of property, plant and equipment		**0.3**	0.2
Purchase of property, plant and equipment		**(9.8)**	(7.0)
Additions to other intangible assets		**(6.5)**	(6.7)
Net cash absorbed in investing activities		**(56.6)**	(17.7)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**52.4**	0.1
Net proceeds from issue of private placement		**37.2**	34.0
Net repayment of loans		**(23.0)**	(20.3)
Net increase in finance leases		**0.1**	-
Dividends paid to shareholders		**(13.4)**	(11.5)
Purchase of own shares		**(1.6)**	(2.4)
Net cash generated from/(used in) financing activities		**51.7**	(0.1)
Net (decrease)/increase in cash and cash equivalents		**(5.9)**	15.3
Exchange (loss)/gain on cash and cash equivalents		**(0.9)**	0.2
Net cash at beginning of year		**17.5**	2.0
Net cash at end of year		**10.7**	17.5
Cash and cash equivalents		**11.0**	17.7
Overdrafts		**(0.3)**	(0.2)
Net cash at end of year		**10.7**	17.5

General information

Brammer plc is a public limited company incorporated and domiciled in the UK, and listed on the London Stock Exchange. The address of the registered office is disclosed in note 8 below.

The consolidated financial statements comprise the company and its subsidiaries (together referred to as the "Group") and were approved for issue by a duly appointed and authorised committee of the Board on 17 February 2015. The statements are presented in UK sterling.

Basis of preparation

The financial information set out in this Preliminary Results announcement does not comprise the Group's statutory financial statements for the years ending 31 December 2014 and 2013 within the meaning of Section 434 of the Companies Act 2006.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss under IFRS.

The independent auditors' report on these accounts is unqualified, does not contain an emphasis of matter paragraph, and does not contain any statements under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

New standards, amendments to standards or interpretations

No standards have been early adopted by the Group. There has been no material impact on the Group's consolidated financial statements from the application of new standards which are mandatory for the first time for the financial year ended 31 December 2014, or from amendments to standards or interpretations of existing standards.

1. COMPARATIVE RESULTS

Comparative figures for the year ended 31 December 2013 are taken from the company's statutory accounts which were delivered to the Registrar of Companies with an unqualified audit report. Copies of the 2014 Annual Report and the 2014 interim report are available on the company's website (www.brammer.biz).

2. SEGMENTAL ANALYSIS

The Board has been identified as the chief operating decision-maker. The Board reviews the Group's internal reporting as the basis for assessing performance and allocating resources. Management has determined the operating segments based on these reports. The Group is primarily controlled on a country by country basis, in line with the legal structure. Following our Scandinavian acquisition in January 2014 the Group has amended its internal reporting to add Scandinavia, as a new operating segment from 2014.

The Group's internal reporting is primarily based on performance reports run at 'management' exchange rates – exchange rates which are set at the beginning of each year. For 2014 the management rate used was €1.25: £1, which is unchanged from the prior year.

Accordingly the segment information below is shown at the 'management' exchange rates with the exchange effect being a reconciling item between the segment results and the totals reported in the financial statements at actual exchange rates. The management rate applies to income statement, balance sheet and cash flows.

The Board assesses the performance of the operating segments based on their underlying operating profit, which comprises profit before interest and taxation, excluding amortisation of acquired intangibles, acquisition related costs, and non-recurring or exceptional items such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event.

Segment assets include property, plant and equipment, other intangible assets, inventories, and trade and other receivables. All inter-segmental trading is on an arms-length basis.

	UK	Germany	France	Spain	Benelux	Scandinavia	Eastern Europe & Other	**Total**
	£m	£m	£m	£m	£m	£m	£m	**£m**
Year ended 31 December 2014								
Continuing operations								
Revenue								
Total revenue	287.0	124.2	88.4	51.0	53.9	53.8	78.9	**737.2**
Inter-company sales	(1.8)	(3.1)	(2.1)	(1.8)	(1.1)	(0.7)	(1.0)	**(11.6)**
Sales to external customers	285.2	121.1	86.3	49.2	52.8	53.1	77.9	**725.6**
Exchange effect								**(2.0)**
Total sales to external customers								**723.6**
Underlying operating profit	15.5	7.5	4.8	6.0	2.6	2.6	2.1	**41.1**
Exchange effect								**0.1**
Total underlying operating profit								**41.2**
Amortisation of acquired intangibles								**(1.8)**
Acquisition related costs								**(3.0)**
Exceptional operating items								**(12.6)**
Total operating profit								**23.8**
Finance expense								**(6.3)**
Finance income								**0.2**
Profit before tax								**17.7**
Tax								**(6.2)**
Profit for the year								**11.5**
Segment assets	117.9	43.6	42.4	26.2	24.4	22.4	36.7	**313.6**
Exchange effect								**(9.2)**
								304.4
Goodwill								**118.5**
Acquired intangibles								**23.6**
Cash								**11.0**
Deferred tax								**12.3**
Total assets								**469.8**

2. SEGMENTAL ANALYSIS (continued)

	UK	Germany	France	Spain	Benelux	Scandinavia	Eastern Europe & Other	Total
	£m	£m	£m	£m	£m	£m	£m	**£m**
Other segment items								
Continuing operations								
Capital expenditure								
- other intangible assets	1.1	0.3	0.3	0.4	0.3	0.2	3.9	**6.5**
- property, plant and equipment	5.9	0.8	0.7	0.8	0.4	0.5	0.8	**9.9**
Exchange effect								**(0.1)**
Total capital expenditure								**16.3**
Amortisation/depreciation								
- other intangible assets	(0.2)	(0.3)	(0.1)	(0.1)	(0.2)	(0.1)	(2.6)	**(3.6)**
- property, plant and equipment	(1.9)	(0.4)	(0.4)	(0.3)	(0.5)	(0.2)	(0.7)	**(4.4)**
Exchange effect								**0.1**
Total amortisation/depreciation								**(7.9)**

	UK	Germany	France	Spain	Benelux	Eastern Europe & Other	Total
	£m	£m	£m	£m	£m	£m	**£m**
Year ended 31 December 2013							
Continuing operations							
Revenue							
Total revenue	297.9	115.0	81.6	45.3	51.7	56.3	**647.8**
Inter company sales	(4.6)	(2.9)	(2.1)	(2.6)	(1.4)	(0.9)	**(14.5)**
Sales to external customers	293.3	112.1	79.5	42.7	50.3	55.4	**633.3**
Exchange effect							**18.6**
Total sales to external customers							**651.9**
Underlying operating profit	21.0	6.5	4.2	4.7	2.6	-	**39.0**
Exchange effect							**0.8**
Total underlying operating profit							**39.8**
Amortisation of acquired intangibles							**(1.2)**
Exceptional items							**(1.3)**
Total operating profit							**37.3**
Finance expense							**(4.5)**
Finance income							**0.1**
Profit before tax							**32.9**
Tax							**(8.8)**
Profit for the year							**24.1**
Segment assets	98.1	35.1	34.0	23.2	24.2	32.8	**247.4**
Exchange effect							**4.7**
							252.1
Goodwill							**91.2**
Acquired intangibles							**9.2**
Cash							**17.7**
Deferred tax							**10.9**
Total assets							**381.1**
Other segment items							
Continuing operations							
Capital expenditure							
- other intangible assets	0.4	0.5	0.4	0.3	0.2	4.8	**6.6**
- property, plant and equipment	2.6	0.6	0.2	0.3	1.6	1.6	**6.9**
Exchange effect							**0.2**
Total capital expenditure							**13.7**
Amortisation/depreciation							
- other intangible assets	-	(0.1)	(0.1)	(0.1)	(0.2)	(1.8)	**(2.3)**
- property, plant and equipment	(1.6)	(0.3)	(0.3)	(0.3)	(0.4)	(0.6)	**(3.5)**
Exchange effect							**(0.3)**
Total amortisation/depreciation							**(6.1)**

The table below details the 'management rate' used and the actual exchange rates used for the primary exchange rate of Sterling to Euro for the year and the comparative year:

	2014	2013
Management rate	**€1.25**	€1.25
Actual average rate	**€1.244**	€1.182
Year end rate	**€1.289**	€1.202

3. EARNINGS PER SHARE

	2014		
		Earnings per share	
	Earnings £m	Basic	Diluted
Weighted average number of shares in issue ('000)		**125,554**	**128,943**
Total			
Profit for the financial year	**11.5**	**9.2p**	**8.9p**
Amortisation of acquired intangibles ("amortisation") and acquisition related costs	**4.8**		
Impairment of goodwill	**3.6**		
Exceptional items (excluding impairment of goodwill)	**9.0**		
Tax on exceptional items	**(2.1)**		
Tax on amortisation and acquisition related costs	**(0.8)**		
Earnings before amortisation, acquisition related costs and exceptional items	**26.0**	**20.7p**	**20.2p**

The weighted average number of shares for the year reflects the impact of shares issued as a result of the placing in April 2014 (11,300,407 ordinary shares issued).

	2013		
		Earnings per share	
	Earnings £m	Basic	Diluted
Weighted average number of shares in issue ('000)		117,562	121,290
Total			
Profit for the financial year	24.1	20.5p	19.9p
Amortisation and acquisition related costs	2.5		
Tax on amortisation and acquisition related costs	(0.6)		
Earnings before amortisation and acquisition related costs	26.0	22.1p	21.4p

4. EXCEPTIONAL ITEMS

	2014 £m
Included in operating profit:	
Buck & Hickman reorganisation costs	5.0
Headcount and other restructuring costs on acquisitions made during the year	4.5
Impairment of Czech goodwill	3.6
Proceeds from discontinued business	(0.5)
Total exceptional items	12.6

A total pre-tax operating exceptional charge of £12.6 million was recognised in 2014. This included the following charges arising from the final phase of integrating the Buck & Hickman business: a £2.5 million charge for property related costs upon the closure of the Buck & Hickman National Distribution Centre in Coventry and the merger of all supply chain operations in the UK, including an onerous lease provision charge of £1.2 million. A further £2.5 million charge relates to headcount restructuring from the merger of the UK supply chain and finance support functions during the year.

Following the acquisitions made during the year, other restructuring activities in continental Europe resulted in further headcount and other restructuring costs of £4.5 million being incurred and recognised as an exceptional charge. These actions were taken in order to optimise our operations and realise identified synergies from the acquisitions including branch mergers, office re-locations, headcount rationalisation and charges arising from the reprofiling of stock, brands and product lines on combined stockholdings.

A goodwill impairment charge of £3.6 million was made in the year in respect of the Czech business.

A credit of £0.5 million was recognised relating to the profit on disposal of our remaining investment in Livingston Group Limited which had previously been fully written down. The profit on disposal has been recognised as exceptional as the previous loss on disposal of the Livingston business was also recognised as an exceptional item.

2013
There were no exceptional items in 2013.

5. CASH FLOW FROM OPERATING ACTIVITIES

	2014 £m	2013 £m
Profit for the year attributable to equity shareholders	**11.5**	24.1
Taxation	**6.2**	8.8
Depreciation/amortisation of tangible and intangible assets	**9.7**	7.3
Share options – value of employee services	**0.1**	2.7
Impairment of goodwill	**3.6**	-
Gain on sale of property, plant and equipment and intangible assets	**-**	(0.1)
Financing expense – net	**6.1**	4.4
Movement in working capital (excluding the effect of exchange movements and fair value adjustments)	**(23.5)**	(1.7)
Cash generated from operations	**13.7**	45.5

6. CLOSING NET DEBT

	2014 £m	2013 £m
Borrowings – current	**(3.6)**	(4.0)
Borrowings – non-current	**(92.7)**	(66.6)
Cash and cash equivalents	**11.0**	17.7
Closing net debt	**(85.3)**	(52.9)

7. CHANGES IN SHAREHOLDERS' EQUITY

The statement of changes in shareholders' equity is shown as a primary statement.

The number of ordinary 20p shares in issue at 31 December 2014 was 129,404,481 (31 December 2013: 118,004,074).

Placing

On 9 April 2014 the company announced an issuance of 11,300,407 new ordinary shares at 475 pence per share through a placing with institutional investors, representing 9.6% of the total issued share capital at a 2.66% discount to the prevailing market price. The placing was 1.85 times oversubscribed and raised a net £52.4 million proceeds, being gross proceeds on issue of £53.7 million less expenses of £1.3 million.

Ordinarily, the excess of the net proceeds over the nominal value of the share capital issued would be credited to a non-distributable share premium account. However, the placing was effected through a structure which resulted in the excess of the net proceeds over the nominal value of the share capital being recognised within retained earnings under section 612 of the Companies Act 2006. Of the £50.1 million recognised within retained earnings, £4.7 million is considered to be non-distributable.

Dividends

A dividend, amounting to £8.8 million, which related to 2013 was paid on 3 July 2014 (2013: £7.5 million). An interim dividend amounting to £4.6 million (2013: £4.0 million) was paid on 6 November 2014. The directors propose a final dividend of 7.1p per share (2013: 6.8p) payable on 2 July 2015. This final dividend amounting to £9.2 million (2013: £8.0 million) has not been recognised as a liability in these financial statements.

8. PRELIMINARY ANNOUNCEMENT

A copy of the preliminary announcement is available for inspection at the registered office of the company, St Ann's House, 1 Old Market Place, Knutsford, Cheshire, WA16 6PD and the offices of Hudson Sandler Limited, 29 Cloth Fair, London, EC1A 7NN. It will also be available on the company's website www.brammer.biz from 17 February 2015.

9. FINAL DIVIDEND

Relevant dates concerning the payment of the final dividend are:

Annual general meeting	15 May 2015
Record date	5 June 2015
Payment date	2 July 2015

10. STATUTORY ACCOUNTS

This preliminary announcement is taken from the full audited statutory accounts which will be filed with the Registrar of Companies following the company's annual general meeting. The statutory accounts have received an unqualified report by the auditors and do not contain any statements under section 498 (2) or (3) of the Companies Act 2006.