



Year end results 31 March 2016

Russell Down, Chief Executive  
Chris Morgan, Group Finance Director

17 May 2016

## Overview

- Business stabilised and starting to respond to recovery action plans
- Asset availability, customer service and IT systems improved
- New Board with deep industry and operational experience
- Acquisition of OHP strengthens UK rail sector offering
- Solid platform being created for the future

The Speedy logo is a red triangle pointing to the right, containing the word "Speedy" in a blue, italicized, sans-serif font.

# Financial Performance

Chris Morgan, Group Finance Director

17 May 2016

## Summary financials

	FY2016 £m	FY2015 £m	Change %
Revenue*	329.1	375.0	-12.2%
Gross profit*	184.2	217.1	-15.2%
Gross margin* %	56.0%	57.9%	
EBITDA* <sup>1</sup>	53.1	72.7	-27.0%
EBITDA* margin %	16.1%	19.4%	
EBITA*	10.0	26.4	-62.1%
EBITA* margin %	3.0%	7.0%	
Adjusted PBT*	5.0	21.9	-77.2%
Adjusted earnings per share*	0.79p	3.23p	-75.5%
Exceptional items	59.9	17.1	
ROCE (rolling 12 months)*	3.2%	8.0%	
Dividend per share	0.70p	0.70p	

- Improving revenue trend in second half
- Gross margins impacted by sales mix and decrease in one off asset sales
- Adjusted EPS 0.79 pence (2015: 3.23 pence)
- Exceptional items £59.9m (2015: £17.1m). Goodwill impairment £45.9m, International bad debt provision £5.5m, restructuring £7.7m and £0.8m losses on Middle East disposals
- Final dividend maintained at 0.40 pence per share

\*Before amortisation and exceptional items

<sup>1</sup> Includes corporate items, excluded from UK & Ireland and International

## Segmental analysis – UK & Ireland

	FY2016 £m	FY2015 £m	Change %
Revenue*	308.7	351.3	-12.1%
Gross margin %*	58.1%	61.0%	
EBITDA*	54.2	78.0	-30.5%
EBITDA margin %*	17.6%	22.2%	
EBITA*	14.5	37.4	-61.2%
EBITA margin %*	4.7%	10.6%	
NBV of property, plant & equipment	252.2	241.5	4.4%
Net capital expenditure	48.4	52.9	-8.5%
Depreciation	39.7	40.6	-2.2%
Average age of hire fleet (years)	3.9	4.0	2.5%

- UK & Ireland revenue represents c.94% of the Group
- Revenues (excluding disposals) fell by 10.1%. Planned disposal revenue £5.4m (2015: £14.1m)
- Sales mix and decrease in one off asset sales affected gross margin
- Gross capex £66.0m (2015: £83.1m)
- NBV of property, plant and equipment:
  - Hire fleet £211.3m (2015: £203.7m), reduced by £4.0m since half year
  - Land and buildings £24.4m (2015: £24.6m)
  - Other assets £16.5m (2015: £13.2m)

\*Before amortisation and exceptional items

## Segmental analysis – International

	FY2016 £m	FY2015 £m	Change %
Revenue*	20.4	23.7	-13.9%
Gross margin* %	21.7%	8.5%	
EBITDA*	3.2	(0.5)	N/A
EBITDA margin %*	15.7%	(2.1%)	
EBITA*	0.6	(5.6)	N/A
EBITA margin %*	2.9%	(23.6%)	
NBV of property, plant & equipment	12.4	11.8	5.1%
Net capital expenditure	3.0	(8.6)	N/A
Depreciation	2.6	5.1	-49.0%
Average age of hire fleet (years)	2.2	1.9	-15.8%

- International revenue represents c6% of the Group
- The business services national oil and gas clients in the UAE
- Significant portion of revenue is through partnered services
- Actions taken have ensured the business is operating profitably
- Gross capex of £3.0m (2015: £4.6m)

\*Before amortisation and exceptional items

## Balance sheet

	31 March 2016 £m	31 March 2015 £m	Change %
<b>Intangibles &amp; JV</b>	6.5	53.8	-87.9%
<b>Property, plant and equipment</b>	264.6	253.3	4.5%
<b>Inventory</b>	6.0	9.5	-36.8%
<b>Trade and other receivables</b>	85.2	114.5	-25.6%
<b>Net debt</b>	(102.6)	(105.3)	2.6%
<b>Trade and other payables</b>	(74.7)	(80.9)	6.8%
<b>Tax</b>	(2.5)	(8.1)	69.1%
<b>Provisions</b>	(3.4)	(4.2)	19.0%
<b>Other</b>	(0.7)	1.4	N/A
	178.4	234.0	-23.8%

- Property, plant and equipment
  - Hire fleet £220.4m (2015: £212.3m). £4.5m reduction since half year
  - Land and buildings £27.7m (2015: £27.8m)
  - Other assets £16.5m (2015: £13.2m) reflects investment in IT systems
- Lower inventories reflect improved management of consumable stock, and lower fuel prices
- Significant reduction in UK & Ireland debtor days to 63 (2015: 73)
- Trade payables decline reflects reduced expenditure in H2

## Cash flow

	FY2016 £m	FY2015 £m	Change %
Adjusted operating profit	10.0	26.4	-62.1%
Depreciation	43.1	46.3	-6.9%
<b>EBITDA</b>	<b>53.1</b>	<b>72.7</b>	<b>-27.0%</b>
Exceptional costs	(14.0)	(16.8)	16.7%
Profit on disposal	(0.7)	(5.0)	86.0%
Working capital	28.6	(10.4)	N/A
Provisions	(0.8)	1.8	N/A
Share-based payments	0.5	0.7	-28.6%
Purchase of hire fleet	(57.8)	(68.6)	15.7%
Proceeds from sale of hire fleet	17.0	38.9	-56.3%
<b>Cash generated from operations</b>	<b>25.9</b>	<b>13.3</b>	<b>94.7%</b>

- Cash generated from operations £25.9m (2015: £13.3m)
- Working capital inflow reflects the significant reduction in debtors and inventory decline, in part offset by payables decrease
- Hire fleet expenditure down 15.7%, following lower capex in H2



## Net debt reconciliation

	FY2016 £m	FY2015 £m	Change %
Net debt 1 April	105.3	84.4	24.8%
Cash from operations	(25.9)	(13.3)	-94.7%
Interest Paid	4.9	5.1	-3.9%
Tax Paid	0.6	5.2	-88.5%
Non-fleet capex	10.6	18.2	-41.8%
Acquisition (including debt assumed)	2.2	-	
Dividend	3.6	3.4	5.9%
Other	1.3	2.3	-43.5%
Net debt 31 March	102.6	105.3	-2.6%

- Total banking facility £180m subject to available asset base and debtor book
- Facility headroom available £54.8m (2015: £55.0m)
- Covenants only tested if headroom in the facility falls below £18m:
  - Net debt: EBITDA < 3.0 : 1.0
  - EBITDAR (adjusted EBITDA): adjusted interest > 2.1 : 1.0



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click

Private  
No parking

# Business and Strategic Update

Russell Down, Chief Executive

17 May 2016

# Speedy at a glance



National brand and coverage; largest hire fleet



Full service proposition; equipment hire, training, compliance and sales



Largest asset breadth and depth in the industry; over 320,000 SKUs



£211.3m  
of hire assets



206  
trading locations



0.12  
Reportable safety incidents

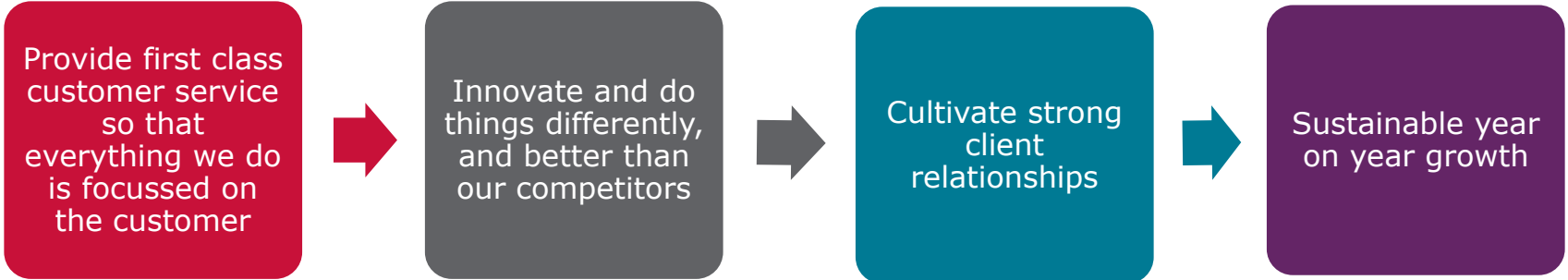
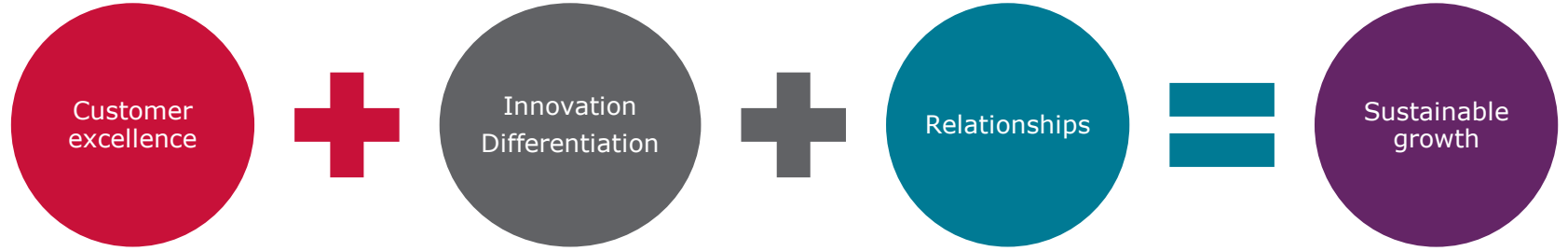
## Leading the industry in health, safety and sustainability



FTSE4Good



# Back to basics



Creating an empowered culture where everyone is valued  
Keeping our people and customers safe

## Focussed on the customer experience

Customer  
excellence

Provide first class  
customer service  
so that  
everything we do  
is focussed on  
the customer

- Customer journey mapped out:
  - Need
  - Order
  - Use
  - Pay
- Customer satisfaction measures to be formalised
- Culture change required throughout the business; reward/recognition
- HR training and development; NVQs
- Customer journey improvements



# A culture of innovation

Innovation  
Differentiation

Innovate and do  
things differently  
and better than  
our competitors

- Leading the industry in health, safety and sustainability
- Sustainable / innovative fleet additions
- New smart devices implemented
  - Paperless
  - GPS tracking
  - Built in camera
- IT system enhancements; HR; CRM; better management information
- Updated website and app



# Strengthening relationships

Relationships

Cultivate strong  
client  
relationships

- Restructured sales teams
  - Strategic and national
  - Regional and local
- Increased customer engagement and communication
- Customer innovation days
- More effective marketing activity
- New Tradepoint relationship broadening customer base



## Managing the business

- Significant improvements made to management information
- Holistic view, not just pure financial data
- Balanced scorecards in place by division:

### Financial

- Utilisation
- Profitability
- ROCE

### People

- Voluntary turnover
- Overtime
- Sickness rates

### Customers

- Profitability
- Invoice queries
- Service levels

### Safety/sustainability

- Reportable incidents
- Audit scores
- Compliance





## Recovery action plan

- Testing and repair processes reviewed; engineering resources increased
- Sales teams restructured to address the needs of all our customers
- Investment in IT systems
- Greater focus on engineering / logistics costs and recoveries
- Voluntary turnover reducing
- Introduction of flexible benefits and working arrangements
- Tighter overhead control
- Key metric is return on capital employed



## Summary and outlook

- UK and Ireland business restructured
- International business reduced in scale; now operating profitably
- Improved culture of accountability and customer service
- Improved management information enables better decision making
- Solid platform being created for the future



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# Questions

**Speedy**

A better way

**tPod**<sup>TM</sup>  
Fuel point of delivery system

**Speedy**  
A better way

Fuel point of delivery system

- ▶ Constant fuel supply
- ▶ Quality control of fuel

Only to be used  
by trained operatives

