Speedy Hire Plc

(“Speedy”, “the Company” or “the Group”)

Results for the six months to 30 September 2020

Resilient performance, well positioned as activity recovers

Speedy, the UK’s leading provider of tools and equipment hire, and services to the construction, infrastructure and industrial markets, announces results for the six months to 30 September 2020.

Commenting on the results Russell Down, Chief Executive, said:

“I am pleased with the resilient performance of our business during this unprecedented period. Cash flow performance has been excellent, due to actions taken quickly to control costs and preserve cash, and our balance sheet remains strong.

This performance is testament to the strength of our model, hard work of all my colleagues and strong operational delivery. Our customer service focus and capital commitment promise have once again delivered customer renewals and market share gains.

I am pleased to report ongoing positive trading momentum in recent months. Moving into the second half, while conditions remain uncertain due to COVID-19, utilisation has returned to 2019 levels and the business is well positioned and invested to take advantage as trading recovers to more normal levels. As a consequence full year results are expected to be towards the top end of analysts’ expectations[6].”

Underlying results

	6 months ended 30 September 2020 (£m)	6 months ended 30 September 2019 (£m)	Change %
Revenue (excluding disposals)	**162.3**	204.2	*(20.5)*
EBITDA[1]	**41.0**	52.7	*(22.2)*
Adjusted operating profit[1]	**8.2**	18.6	*(55.9)*
Adjusted profit before tax[1]	**5.9**	16.4	*(64.0)*
Adjusted earnings per share[2]	**0.88**	2.56	*(65.6)*

Statutory results

	6 months ended 30 September 2020 (£m)	6 months ended 30 September 2019 (£m)	Change %
Revenue	**163.8**	205.7	*(20.4)*
Operating profit	**3.7**	17.9	*(79.3)*
Profit before tax	**1.4**	16.4	*(91.5)*
Basic earnings per share	**0.15**	2.58	*(94.2)*

Other measures

	6 months ended 30 September 2020 (£m)	6 months ended 30 September 2019 (£m)	Change %
Net debt[3]	**57.8**	85.1	*(32.1)*
Return on Capital Employed[4]	**8.6%**	12.2%	*(29.5)*
Dividend (pence per share)	**-**	0.70	-

Strategic and Operational highlights

- Decisive action taken to manage costs and preserve cash in response to COVID-19:
    - Prioritised customer and colleague wellbeing
    - Capex managed tightly in period, NBV of hire fleet £212.0m (31 March 2020: £227.1m)
    - Average fleet age remains low at 3.9 years (31 March 2020: 3.4 years)
    - 13 depots closed and staff numbers reduced to 3,756 at 30 September (2019: 4,070) following restructuring programme
- Strong balance sheet and cash generation:
    - Strong cash collections in the period
    - Net debt[3] reduced to £57.8m (31 March 2020: £79.3m), with leverage[5] of 0.9x (31 March 2020: 1.0x)
    - Cash and facility headroom of £110.7m (31 March 2020: £99.0m)
- Continued strategic and operational progress:
    - Continuing growth in higher margin SME revenues, up 12% in September
    - Artificial intelligence supporting growth through fleet optimisation and identification of revenue opportunities
    - Environmental, Social and Governance (ESG) initiatives delivering good progress against objectives set in October 2019

Current trading and outlook

- Ongoing recovery in trading post-period end:
    - Customer demand continues to improve, with UK and Ireland core hire revenue c.3.5% below prior year in October
    - Improved UK and Ireland asset utilisation, increased to 60.2% by 31 October (2019: 57.9%)
    - Second lockdown not materially impacting the Group to date, with construction and infrastructure markets continuing to operate
- Improvements to simplify and standardise operating model ongoing:
    - Further depot consolidations underway
    - Continuing focus on cost control, delivering enhanced efficiencies
- No staff on furlough post 30 September and no intention of further utilising COVID-19 support schemes
- Dividend policy remains unchanged. Assuming current trading continues, the Board intends to pay a dividend for the full year, taking into account the results for the year as a whole.

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Notes:

Explanatory notes:
[1] See note 9
[2] See note 7
[3] See note 12
[4] Return on Capital Employed: Profit before tax, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt[3]), for the last 12 months.
[5] Leverage: Net debt[3] covered by EBITDA[1]. This metric excludes the impact of IFRS 16.
[6] Current analysts' expectations range between £10m–£17m for adjusted profit before tax[1]

Inside Information: This announcement contains inside information.

Forward looking statements: The information in this release is based on management information. This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to Editors: Founded in 1977, Speedy is the UK's leading provider of tools, equipment and plant hire services to a wide range of customers in the construction, infrastructure and industrial markets, as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is certified nationally to ISO50001, ISO9001, ISO14001, ISO17020, ISO27001 and OHSAS18001. The Group operates from over 200 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations, from an international office based in Abu Dhabi and through a joint venture in Kazakhstan.

Chief Executive's statement

Overview

Following the outbreak of COVID-19, and the first lockdown in March, we took swift and decisive action to protect the health and safety of our colleagues and stakeholders, whilst preserving the operating capability of the business to support our customers.

The results we are reporting today are testament to the hard work of all our colleagues in supporting us throughout this challenging period whilst providing excellent service to our customers. I am pleased to report that our core hire revenues have continued to recover post the first lockdown and in October were within c.3.5% of the prior year; asset utilisation has improved and at 31 October was 60.2% (2019: 57.9%).

Whilst trading conditions remain uncertain our relentless focus on excellent customer service and cost management has allowed us to grow our market share and become a more resilient business over the period.

COVID-19 response

In the UK and Ireland, the Group has continued to serve customers during the pandemic whilst operating from a reduced depot footprint, with up to two thirds of depots closed and up to 50% of staff on furlough whilst in the first lockdown. Subsequently, and following a detailed operational review, 13 depots have been closed with revenue being transferred to adjoining depots or transitioned to our digital channels. We are in the process of consolidating further depots into larger locations. No colleagues remained on furlough beyond 30 September, although a number were regrettably made redundant during the period. We have continued to support our customers with colleagues working in depots throughout the pandemic and currently have a significant proportion of staff working from home. The welfare of colleagues is of paramount importance and we have implemented revised health and safety processes and social distancing guidelines to protect colleagues and customers during this period.

Our revenues declined initially, falling by 35% in April, but recovered strongly following the first lockdown as existing customers returned to work and we secured new customers. Infrastructure spending has been resilient and we have strong opportunities in both the rail sector and with HS2 where we are the first company to be awarded DVSA earned recognition for our commitment to transport compliance, safety and sustainability. Our SME customer base has continued to grow, with revenue up 12% on the prior year for September; we are exploring further opportunities to grow in this sector. We have managed our cost base through salary and rent reductions and the use of government schemes, as well as reducing capital expenditure to the level which was necessary to meet customer demand. This has benefited asset utilisation which is now above the prior year level.

Strategy and operational review

Customer service is our top priority and during the period we launched a new customer survey programme covering order, delivery and collection. We are pleased to report that the average scores to date show a 94% satisfaction rate. We relaunched our capital commitment service promise to all customers on 1 September having reserved this exclusively for the NHS during the pandemic. The offering has been expanded to cover our 350 most popular hire products with a promise that any of these will be delivered nationally to customers within four hours. The success of our customer service ethos and capital commitment promise is evidenced through customer renewals and market share gains.

Services revenue fell in line with hire revenue at c.20% due to the disruption caused by the pandemic. Our rehire business however performed particularly well, with September revenues ahead of the prior year as we experienced strong demand for a range of products, particularly accommodation. Our consumables business benefitted from sales of protective personal equipment, and our Lloyds British testing business performed ahead of expectations. Our training business, Geason, was impacted by market conditions and social distancing requirements. Geason, which was acquired in December 2018, was subject to an assurance visit from a funding agency in early 2020, and a subsequent claim for amounts overpaid. The claim was settled in October 2020, within the provision held. The Group continues to pursue initiatives to improve its financial position.

Artificial Intelligence is integral to the management of our hire fleet and the targeting of customer accounts. We are continually improving the process which has proved more challenging during the pandemic as demand levels have been difficult to predict. Utilisation rates have however increased significantly as we withheld capital expenditure and proactively managed our repair and logistics activities. Utilisation rates have recovered from a low point of 45% in April to be in excess of 60% at the end of October.

We have invested further in developing our digital capabilities and refreshed our MySpeedy customer management portal, adding customer dashboards and a greater depth of information to support effective management of assets on hire by our customers. We have added functionality to our transactional website and App including delivery and collection tracking, increased asset purchasing parameters (Hand Arm Vibration, Eco products), online availability, and cash customer transaction capability to improve and expand the digital customer journey. The digitisation of our business has served us well in the period. Our internal digital support has enabled remote working throughout COVID-19; better collaboration and communication tools have increased the effectiveness of our teams and supported the digital transformation.

Our Energise initiative was launched in October 2019 and set challenging targets for improving our ESG performance. A new HR and Transformation Director has been appointed, with a focus on wellbeing and prioritising equality, diversity and inclusion within the workplace. We have made good progress on our objectives particularly on improving the carbon output of our hire and vehicle fleet through the use of solar, hybrid and electric technology, with sustainable products now generating c.20% of our revenue. We are proud to be trialling a commercial version of an electric taxi in London for carbon free deliveries. Over the remainder of this year we will be updating our company car fleet to include more electric and hybrid options.

The International business has performed in line with expectations under challenging conditions for colleagues offshore, with our major contracts in Abu Dhabi being renewed until February 2021. We continue to discuss long term opportunities with our major customer, as well as looking to diversify the customer base, although the latter has been impacted in the short term by COVID-19 and the weak oil price. The results of the Kazakhstan JV are below the prior period due to cyclical shutdown activity in the prior year and the effect of COVID-19 on our workload.

Group financial performance

Revenue (excluding disposals) for the period to 30 September 2020 decreased by 20.5% to £162.3m (2019: £204.2m), following a reduction in activity levels during the first COVID-19 lockdown in the UK and Ireland. Revenue from disposals was £1.5m (2019: £1.5m); total revenue for the period decreased by 20.4% to £163.8m (2019: £205.7m).

Gross profit was £85.1m (2019: £113.6 m), a decrease of 25.1%. The gross margin decreased to 52.0% (2019: 55.2%), reflecting the reduction in core hire revenue with largely fixed depreciation costs.

EBITDA[1] decreased by 22.2% to £41.0m (2019: £52.7m). EBITA[1] decreased by 55.9% to £8.2m (2019: £18.6m), and profit before taxation, amortisation and exceptional costs decreased to £5.9m (2019: £16.4m). The Group recognised exceptional administrative expenses of £4.1m (2019: £nil) relating to restructuring expenses.

After taxation, amortisation and exceptional items, the Group made a profit of £0.8m, compared to a profit of £13.4m in 2019.

Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £2.4m (2019: £2.3m).

UK and Ireland	**6 months ended 30 September 2020 £m**	6 months ended 30 September 2019 £m	Movement %
Revenue (excluding disposals)	**145.6**	186.5	*(21.9)*
EBITDA[1]	**39.9**	50.8	*(21.5)*
EBITA[1]	**8.8**	18.4	*(52.2)*

Hire revenues fell by 21.5%, reflecting an initial fall of c.40% in April during the first lockdown, which recovered as customers returned to work, supporting a recovery to only c.7% below the prior year in September. Major customer revenue has returned to almost pre-pandemic levels and SME customers showed c.12% year on year growth for September, although the Regional market faced stronger competitive pressures. This resilient and recovering revenue profile was the result of excellent customer service in a challenging environment, supported by Speedy's national depot coverage, the renewed 4-hour delivery service promise, and contactless interaction with customers via the App. A number of new and renewed contracts with key customers have been secured in the period, including Morgan Sindall, Murphy, Osborne, Horbury, and Network Plus, which reflects the strength of our market position.

Services revenues fell by 22.7%, with the COVID-19 impact offset in part by strong performance from the rehire, testing and consumables businesses, which reacted quickly to changing customer demands.

Gross margins fell from 57.7% to 55.1%. Hire margin fell to 74.8% (2019: 77.0%), with the impact from reduced revenue mitigated by reduced capex spend, depreciation and tight control of other direct costs. Services margin were similarly impacted, falling to 22.9% (2019: 27.2%).

Overheads remain under tight control, and benefited from furlough savings and additional actions taken to manage costs including staff redundancies, rent holidays and rates relief. No staff remain on furlough, and there is no intention of further utilising COVID-19 support schemes. Improvements are well underway to simplify and standardise our operating model.

Following the application of strict processes to manage capital expenditure through the period, asset utilisation at the end of September 2020 returned to pre COVID-19 levels of 55.5% (September 2019: 55.3%).

International	**6 months ended 30 September 2020 £m**	6 months ended 30 September 2019 £m	Movement %
Revenue	**16.7**	17.7	*(5.6)*
EBITDA[1]	**3.1**	3.8	*(18.4)*
EBITA[1]	**1.8**	2.5	*(28.0)*

International revenue in the United Arab Emirates fell by 5.6%. This slowdown in growth from previous periods was anticipated due to lower rehire and consumable sales. Contract extensions with our principal customer, Abu Dhabi National Oil Company, have now been confirmed through to February 2021; discussions are ongoing in relation to longer term opportunities. The full year effect of the contract renegotiation in the prior year and reduced activity levels due to COVID-19 have contributed to the decrease in EBITA[1], which fell by 28.0%.

Our share of profit from the joint venture in Kazakhstan fell to £0.6m (2019: £1.5m) having benefited from significant cyclical shutdown activity in the previous period.

Exceptional items

Action has been taken to manage the Group's cost base as a result of the COVID-19 pandemic, and consequently the network has been restructured, with a number of depot closures. As a result, £2.5m of property provisions and £1.6m redundancy costs have been incurred during the period.

Interest

The Group's net financial expense before exceptional items reduced to £2.9m (2019: £3.7m).

Borrowings under the Group's bank facility are priced on the basis of LIBOR plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the period, the margin payable over LIBOR on the outstanding debt fluctuated between 1.50% and 2.00% dependent on the Group's performance in relation to leverage and the weighting of borrowings between receivables and plant and machinery. The effective average margin in the period was 1.84% (2019: 1.84%).

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was not material at 30 September 2020 and they have varying maturity dates to April 2022.

Interest on lease liabilities of £1.4m (2019: £1.7m) was incurred during the period.

Taxation

The Group seeks to protect its reputation as a responsible taxpayer, and adopts an appropriate attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance.

The tax charge before exceptional items for the period was £1.2m (2019: £3.0m), with an effective tax rate before exceptional items and amortisation of 20.3% (2019: 18.3%).

Shares and earnings per share

At 30 September 2020, 522,573,916 Speedy Hire Plc ordinary shares were outstanding, of which 4,434,814 were held in the Employee Benefit Trust.

Adjusted earnings per share[2] was 0.88 pence (2019: 2.56 pence), a reduction of 65.6%. Basic earnings per share was 0.15 pence (2019: 2.58 pence).

Capital expenditure and disposals

The Group entered the pandemic with a young fleet, which allowed for immediate cutback of discretionary spend. With the recovering trend in the second quarter, capital expenditure has restarted through August and September, aligned to the relaunch of the expanded 4-hour delivery promise.

Total capital expenditure during the period amounted to £9.3m (2019: £32.2m), of which £7.2m (2019: £27.4m) related to equipment for hire, and £2.1m related to other property, plant and equipment (2019: £4.8m).

Reduced capital expenditure has resulted in the average age of the fleet increasing to 3.9 years from 3.4 years as at 31 March 2020.

ROCE[4] and balance sheet

The Group took swift and decisive action during the COVID-19 pandemic to preserve cash by implementing tight control over both operating costs and capital expenditure. As a result, the Group continues to have a strong balance sheet, and is well placed to continue to pursue financial and strategic objectives as more normal levels of trading return.

Net assets at 30 September 2020 were £210.1m (31 March 2020: £209.9m), equivalent to 40.2 pence per share. ROCE[4] was 8.6% (2019: 12.2%) for the period.

Net property, plant and equipment (excluding IFRS 16 right of use assets) reduced to £239.6m at 30 September 2020 (31 March 2020: £257.6m), primarily due to tight control of capital expenditure during the pandemic. The net book value of equipment for hire has reduced from £227.1m to £212.0, representing 88.5% (31 March 2020: 88.2%) of the total property, plant and equipment balance; £9.9m of this is held by the International business (31 March 2020: £11.4m).

Intangible assets remained broadly flat at £22.8m (31 March 2020: £23.1m), with amortisation offset by investment in software development.

Right of use assets of £58.9m (31 March 2020: £64.7m) and corresponding lease liabilities of £66.8m (31 March 2020: £72.9m) were recognised at 30 September 2020.

Gross trade receivables totalled £95.5m at 30 September 2020 (2019: £99.7m), benefiting from continued strong cash collections. Bad debt and credit note provisions increased to £7.4m at 30 September 2020 (2019: £4.2m), equivalent to 7.7% of gross trade receivables (2019: 4.2%). Debtor days were 67.2 days (2019: 68.2 days).

Trade payables and accruals were £84.5m (2019: £93.4m). Creditor days were 103.7 days (2019: 100.5 days).

Cash flow and net debt

Cash generated from operations for the period was £37.1m (2019: £38.7m). Free cash flow (before dividends and financing activities) increased significantly to £33.6m (2019: £24.2m), reflecting the reduced spend on hire equipment.

Net debt[3] decreased by £21.5m from £79.3m at the beginning of the period to £57.8m at 30 September 2020 (31 March 2020: £79.3m). Net debt[3] to EBITDA[1] (rolling 12 months basis) fell to 0.9x (31 March 2020: 1.0x).

The Group's continued strong cash position resulted in cash and facility headroom of £110.7m within the Group's committed bank facility (31 March 2020: £99.0).

The Group's £180m asset based finance facility runs through to October 2022. The additional uncommitted accordion of £220m remains in place through to October 2022, should further funding requirements be needed.

The facility includes quarterly leverage[5] and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. No test was required during the period, and the Group maintained significant headroom against these measures.

Dividend

The Group has accessed government support, including use of the Coronavirus Job Retention Scheme, rates relief and the ability to defer tax payments. In addition, substantial cost reduction measures were implemented during the first half which affected colleagues, landlords and other stakeholders. The Group has no intention of further utilising COVID-19 support schemes, no staff were on furlough post 30 September, and all tax deferrals were repaid by 30 September. Nevertheless, given the disruption from COVID-19 the Board has decided not to pay an interim dividend for 2020.

The dividend policy remains unchanged. Assuming current trading continues, the Board intends to pay a dividend for the full year, taking into account the results for the year as a whole.

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE[4]. This investment is expected to include capital expenditure within existing operations, as well as value enhancing acquisitions that fit with the Group's strategy and are returns accretive.

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy in support of this:

- Organic growth: the Board will invest in capital equipment to support demand in our chosen markets. This investment will be in hire fleet and IT systems to better enable us to serve our customers;
- Regular returns to shareholders when the current uncertainties due to COVID-19 are resolved: the Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle, and a payment in the range of between 33% and 50% adjusted earnings per share[2];
- Acquisitions: the Board will continue to explore value enhancing acquisition opportunities in markets adjacent to, and consistent with its existing operations;
- Gearing and treatment of excess capital: the Board is committed to maintaining an efficient balance sheet. The Board has adopted a target gearing in the region of 1.5x net debt[3] to EBITDA[1] through the business cycle, although it is prepared to move outside this if circumstances warrant. The Board will continue to review the Group's balance sheet in light of the policy, and medium term investment requirements, and will return excess capital to shareholders if and when appropriate.

Board and people

James Bunn joined the Board on 14 September as Chief Financial Officer. He has a wealth of experience in acquisition integration and digital applications and his experience is proving valuable as we continue to optimise our digital solutions. Chris Morgan stepped down from the Board on 31 July.

The Group's headcount at 30 September 2020 was 3,756 (31 March 2020: 4,064), a reduction of 8% due to the redundancy programme instigated following a COVID-19 business review. In the UK and Ireland headcount fell to 3,173 (31 March 2020: 3,464); headcount in the International business fell slightly to 583 (31 March 2020: 600).

Summary and outlook

I am pleased with the resilient performance of our business during this unprecedented period. Cash flow performance has been excellent, due to actions taken quickly to control costs and preserve cash, and our balance sheet remains strong.

This performance is testament to the strength of our model, hard work of all my colleagues and strong operational delivery. Our customer service focus and capital commitment promise have once again delivered customer renewals and market share gains.

I am pleased to report ongoing positive trading momentum in recent months. Moving into the second half, while conditions remain uncertain due to COVID-19, utilisation has returned to 2019 levels and the business is well positioned and invested to take advantage as trading recovers to more normal levels. As a consequence full year results are expected to be towards the top end of analysts' expectations[6].

Russell Down
Chief Executive

Interim condensed consolidated income statement

	Note	**Six months ended 30 September 2020** Before Exceptional items £m	Exceptional items £m	Total £m	Six months ended 30 September 2019 Before Exceptional items £m	Exceptional items £m	Total £m
Revenue	*4*	**163.8**	**-**	**163.8**	205.7	-	205.7
Cost of sales		**(78.7)**	**-**	**(78.7)**	(92.1)	-	(92.1)
Gross profit		**85.1**	**-**	**85.1**	113.6	-	113.6
Distribution and administrative costs		**(77.3)**	**(4.1)**	**(81.4)**	(95.7)	-	(95.7)
Analysis of operating profit							
Operating profit before amortisation and exceptional items		**8.2**	**-**	**8.2**	18.6	-	18.6
Amortisation		**(0.4)**	**-**	**(0.4)**	(0.7)	-	(0.7)
Exceptional items	*3*	**-**	**(4.1)**	**(4.1)**	-	-	-
Operating profit		**7.8**	**(4.1)**	**3.7**	17.9	-	17.9
Share of results of joint venture		**0.6**	**-**	**0.6**	1.5	-	1.5
Profit from operations		**8.4**	**(4.1)**	**4.3**	19.4	-	19.4
Financial expense	*5*	**(2.9)**	**-**	**(2.9)**	(3.7)	0.7	(3.0)
Profit before taxation		**5.5**	**(4.1)**	**1.4**	15.7	0.7	16.4
Taxation	*6*	**(1.2)**	**0.6**	**(0.6)**	(3.0)	-	(3.0)
Profit for the financial period		**4.3**	**(3.5)**	**0.8**	12.7	0.7	13.4
Earnings per share							
- Basic (pence)	*7*			**0.15**			2.58
- Diluted (pence)	*7*			**0.15**			2.55
Non-GAAP performance measures							
EBITDA before exceptional items	*9*	**41.0**			52.7		
Profit before tax, amortisation and exceptional items	*9*	**5.9**			16.4		
Adjusted earnings per share (pence)	*7*	**0.88**			2.56		

Interim condensed consolidated income statement (continued)

	Note	Year ended 31 March 2020		
		Before Exceptional items £m	Exceptional items £m	Total £m
Revenue	*4*	406.7	-	406.7
Cost of sales		(182.5)	-	(182.5)
Gross profit		224.2	-	224.2
Distribution and administrative costs		(186.4)	(23.8)	(210.2)
Analysis of operating profit				
Operating profit before amortisation and exceptional items		39.1	-	39.1
Amortisation		(1.3)	-	(1.3)
Exceptional items	*3*	-	(23.8)	(23.8)
Operating profit		37.8	(23.8)	14.0
Share of results of joint venture		2.8	-	2.8
Profit from operations		40.6	(23.8)	16.8
Net financial expense	*5*	(7.0)	10.9	3.9
Profit before taxation		33.6	(12.9)	20.7
Taxation	*6*	(5.9)	2.0	(3.9)
Profit for the financial period		27.7	(10.9)	16.8
Earnings per share				
- Basic (pence)	*7*			3.23
- Diluted (pence)	*7*			3.19
Non-GAAP performance measures				
EBITDA before exceptional items	*9*	107.4		
Profit before tax, amortisation and exceptional items	*9*	34.9		
Adjusted earnings per share (pence)	*7*	5.54		

Interim condensed consolidated statement of comprehensive income

	Six months ended 30 September 2020 £m	Six months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Profit for the financial period	**0.8**	13.4	16.8
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges	**(0.2)**	(0.2)	(0.2)
- Exchange difference on retranslation of foreign operations	**(0.8)**	1.2	0.9
- Tax on items	**-**	0.1	0.1
Other comprehensive income, net of tax	**(1.0)**	1.1	0.8
Total comprehensive (loss)/income for the financial period	**(0.2)**	14.5	17.6

Interim condensed consolidated balance sheet

	Note	**30 September 2020**	30 September 2019 *Restated*[1]	31 March 2020
		£m	£m	£m
ASSETS				
Non-current assets				
Intangible assets[1]		**22.8**	41.1	23.1
Investment in joint venture		**6.6**	7.6	7.3
Property, plant and equipment				
- Hire equipment	*10*	**212.0**	221.0	227.1
- Non-hire equipment	*10*	**27.6**	32.3	30.5
Right of use assets	*11*	**58.9**	66.4	64.7
Deferred tax assets		**2.7**	2.8	2.8
		330.6	371.2	355.5
Current assets				
Inventories		**8.5**	8.8	8.7
Trade and other receivables[1]		**95.4**	104.7	102.3
Cash	*12*	**18.9**	5.3	22.8
Current tax asset		**0.4**	-	1.5
		123.2	118.8	135.3
Total assets		**453.8**	490.0	490.8
LIABILITIES				
Current liabilities				
Borrowings	*12*	**-**	-	-
Lease liabilities		**(18.5)**	(20.1)	(20.2)
Other financial liabilities		**(0.7)**	(0.5)	(0.5)
Trade and other payables[1]		**(84.5)**	(93.4)	(90.9)
Current tax liabilities[1]		**-**	(1.3)	-
Provisions[1]		**(5.5)**	(1.9)	(5.9)
		(109.2)	(117.2)	(117.5)
Non-current liabilities				
Borrowings	*12*	**(76.7)**	(90.4)	(102.1)
Lease liabilities		**(48.3)**	(55.0)	(52.7)
Provisions		**(1.7)**	(10.7)	(1.2)
Deferred tax liabilities		**(7.8)**	(7.0)	(7.4)
		(134.5)	(163.1)	(163.4)
Total liabilities		**(243.7)**	(280.3)	(280.9)
Net assets		**210.1**	209.7	209.9
EQUITY				
Share capital		**26.4**	26.3	26.4
Share premium		**0.9**	0.4	0.8
Merger reserve		**1.0**	1.0	1.0
Hedging reserve		**(1.1)**	(0.9)	(0.9)
Translation reserve		**(0.4)**	0.7	0.4
Retained earnings		**183.3**	182.2	182.2
		210.1	209.7	209.9

[1] Restated for fair value adjustments relating to acquisitions made in the prior year – see Note 1 (Basis of preparation)

Interim condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2019	26.3	0.4	1.0	(0.7)	(0.5)	175.5	202.0
Total comprehensive income/ (loss)	-	-	-	(0.2)	1.2	13.5	14.5
Dividends	-	-	-	-	-	(7.3)	(7.3)
Equity-settled share-based payments	-	-	-	-	-	0.4	0.4
Tax on items taken directly to equity	-	-	-	-	-	0.1	0.1
At 30 September 2019	26.3	0.4	1.0	(0.9)	0.7	182.2	209.7
Total comprehensive income/ (loss)	-	-	-	-	(0.3)	3.4	3.1
Dividends	-	-	-	-	-	(3.6)	(3.6)
Tax on items taken directly to equity	-	-	-	-	-	0.1	0.1
Equity-settled share-based payments	-	-	-	-	-	0.1	0.1
Issue of shares under the Sharesave Scheme	0.1	0.4	-	-	-	-	0.5
At 31 March 2020	26.4	0.8	1.0	(0.9)	0.4	182.2	209.9
Total comprehensive income/ (loss)	-	-	-	(0.2)	(0.8)	0.8	(0.2)
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	0.1
Equity-settled share-based payments	-	-	-	-	-	0.3	0.3
At 30 September 2020	**26.4**	**0.9**	**1.0**	**(1.1)**	**(0.4)**	**183.3**	**210.1**

Interim condensed consolidated statement of cash flows

	Note	**Six months ended 30 September 2020 £m**	Six months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Cash generated from operating activities				
Profit before tax		**1.4**	16.4	20.7
Finance expense		**2.9**	3.7	7.0
Exceptional intangible asset impairment		**-**	-	18.5
Exceptional financial (income)/expense		**-**	(0.7)	(10.9)
Amortisation		**0.4**	0.7	1.3
Depreciation		**32.8**	34.1	68.3
Share of profit from joint venture		**(0.6)**	(1.5)	(2.8)
Loss/(profit) on disposal of leases, property, plant and equipment		**1.2**	(0.3)	(6.0)
Decrease in working capital		**5.4**	5.6	5.2
Movement in provisions		**0.1**	(0.8)	4.6
Equity-settled share-based payments		**0.3**	0.5	0.5
Cash generated from operations before changes in hire fleet		**43.9**	57.7	106.4
Purchase of hire equipment, net of sale proceeds		**(6.8)**	(19.0)	(41.9)
Cash generated from operations		**37.1**	38.7	64.5
Interest paid		**(2.6)**	(3.4)	(6.5)
Tax received/(paid)		**1.0**	(6.3)	(9.3)
Net cash flow from operating activities		**35.5**	29.0	48.7
Cash flow from investing activities				
Purchase of other fixed assets, net of sale proceeds		**(3.2)**	(4.8)	(4.8)
Movement in investment in joint venture		**1.3**	**-**	1.3
Net cash flow from investing activities		**(1.9)**	(4.8)	(3.5)
Net cash flow before financing activities		**33.6**	24.2	45.2
Cash flow from financing activities				
Payments for the principle element of leases		**(12.0)**	(12.7)	(24.5)
Net (repayment)/drawdown of loans		**(25.6)**	(9.3)	2.1
Proceeds from the issue of Sharesave Scheme shares		**0.1**	-	0.5
Dividends paid		**-**	(7.3)	(10.9)
Net cash flow from financing activities		**(37.5)**	(29.3)	(32.8)
(Decrease)/increase in cash and cash equivalents		**(3.9)**	(5.1)	12.4
Cash and cash equivalents at the start of the period		**22.8**	10.4	10.4
Cash and cash equivalents at the end of the period		**18.9**	5.3	22.8
Analysis of cash and cash equivalents				
Cash	*12*	**18.9**	5.3	22.8
Bank overdraft	*12*	**-**	-	-
		18.9	5.3	22.8

1 Basis of preparation

Speedy Hire Plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The interim condensed consolidated financial statements of the Company as at and for the six months ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2020 are available from the Company's registered office, or from the website: www.speedyservices.com.

The Group has a £180m asset based finance facility ('the facility') which matures in October 2022 and has no prior scheduled repayment requirements. Cash and facility headroom as at 30 September 2020 was £110.7m (31 March 2020: £99.0m) based on the Group's eligible hire equipment and trade receivables.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared a going concern assessment up to 30 November 2021, which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant requirements set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support the expected level of revenues, including the impact of the recent increased economic uncertainty resulting from COVID-19. The Group responded quickly to assess the potential impact on revenues, costs and cash; actions implemented immediately included restricting discretionary spend, consolidating the depot network, temporarily closing sites and servicing customers from alternative locations.

The Group's base case for the 12 months to 30 November 2021 assume a continued recovery towards prior year revenue levels by the end of March 2021. The Board has considered various severe but possible downturn scenarios including a further period of reduced activity as a result of an additional six week lockdown during December 2020 and January 2021, with revenues for those months reduced by 40% and 20% respectively from the prior year. The four week lockdown effective from 5 November 2020 is not anticipated to have a material impact on headroom, as construction and infrastructure markets continue to operate. Even with minimal mitigating actions, and despite the severity of the assumptions applied in these scenarios, the Group maintains significant headroom against its available facility and covenant requirements.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these interim condensed consolidated financial statements. Accordingly, they continue to adopt the going concern basis of accounting.

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and the Disclosure and Transparency Rules (DTR) of the UK FCA. As required by the latter, the interim condensed consolidated financial statements have been prepared applying the accounting policies and presentation that were applied in the Company's published consolidated financial statements for the year ended 31 March 2020 except as described below. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 March 2020.

The comparative figures for the financial year ended 31 March 2020 are not the Company's statutory accounts for that financial year. Those accounts which were prepared under IFRS as adopted by the EU (adopted IFRS) have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim report was approved by the Board of Directors on 17 November 2020.

1 Basis of preparation *(continued)*

Significant accounting policies

Fair value adjustments relating to prior year acquisitions

During the year ended 31 March 2020 the Group made adjustments to the fair values of assets and liabilities acquired as part of the November 2018 purchase of Geason Holdings Limited (“Geason”). The fair values disclosed as provisional in the 30 September 2019 balance sheet have been revised, comprising £1.4m of additional intangible assets and a reduction in working capital of £1.4m.

Government grants

During the period the Group utilised available government support schemes relating to COVID-19. Income from such support schemes is recognised as a credit against the underlying expense to which it relates.

Other accounting policies

The accounting policies applied by the Group in these interim condensed consolidated financial statements are otherwise the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2020.

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (‘IFRIC’) have not issued or endorsed any new standards or interpretations since the date of the 31 March 2020 year end financial statements.

Seasonality

In addition to economic factors, revenue is subject to a small element of seasonal fluctuation. Whilst construction activity tends to increase in the summer months, the equipment range helps to mitigate the impact, specifically with heating, lighting and power generation products being more in demand during the winter months. Overall, the Directors do not feel that these factors have a material effect on the performance of the Group when comparing first half results to those achieved in the second half.

2 Changes in estimates

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty for the consolidated financial statements for the year ended 31 March 2020 continued to apply.

3 Exceptional items

During the period, exceptional administrative items of £4.1m were incurred.

Action has been taken to manage the Group's cost base following the COVID-19 pandemic, and consequently the network has been restructured, with a number of depot closures. As a result, £2.5m of property provisions and £1.6m redundancy costs have been incurred during the period.

Prior period

During the period ended 30 September 2019, no exceptional administrative items were incurred.

An exceptional financial item of £0.7m has been credited to the Income Statement in relation to changes in the fair value of contingent consideration during the period.

4 Segmental analysis

The segmental disclosure presented in the interim condensed consolidated financial statements reflects the format of reports reviewed by the Chief Operating Decision Maker (CODM). UK and Ireland delivers asset management, with tailored services and a continued commitment to relationship management. International delivers major overseas projects and facilities management contracts by providing a managed site support service.

For the six months ended 30 September 2020

	UK and Ireland	International	Corporate items	Total
	£m	£m	£m	£m
Revenue	**147.1**	**16.7**	**-**	**163.8**
Segment result:				
EBITDA before exceptional items	**39.9**	**3.1**	**(2.0)**	**41.0**
Depreciation	**(31.1)**	**(1.3)**	**(0.4)**	**(32.8)**
Operating profit/(costs) before amortisation and exceptional items	**8.8**	**1.8**	**(2.4)**	**8.2**
Amortisation	**(0.4)**	**-**	**-**	**(0.4)**
Exceptional items	**(4.1)**	**-**	**-**	**(4.1)**
Operating profit/(costs)	**4.3**	**1.8**	**(2.4)**	**3.7**
Share of results of joint venture	**-**	**0.6**	**-**	**0.6**
Trading profit/(costs)	**4.3**	**2.4**	**(2.4)**	**4.3**
Financial expense				**(2.9)**
Profit before tax				**1.4**
Taxation				**(0.6)**
Profit for the financial period				**0.8**
Intangible assets	**22.8**	**-**	**-**	**22.8**
Investment in joint venture	**-**	**6.6**	**-**	**6.6**
Hire equipment	**202.1**	**9.9**	**-**	**212.0**
Non-hire equipment	**25.8**	**1.8**	**-**	**27.6**
Right of use assets	**56.7**	**2.2**	**-**	**58.9**
Taxation assets	**-**	**-**	**3.1**	**3.1**
Current assets	**89.5**	**11.3**	**3.1**	**103.9**
Cash	**-**	**-**	**18.9**	**18.9**
Total assets	**396.9**	**31.8**	**25.1**	**453.8**
Lease liabilities	**(63.1)**	**(3.7)**	**-**	**(66.8)**
Other liabilities	**(78.6)**	**(9.4)**	**(4.4)**	**(92.4)**
Borrowings	**-**	**-**	**(76.7)**	**(76.7)**
Taxation liabilities	**-**	**-**	**(7.8)**	**(7.8)**
Total liabilities	**(141.7)**	**(13.1)**	**(88.9)**	**(243.7)**

4 Segmental analysis *(continued)*

For the six months ended 30 September 2019

	UK and Ireland	International	Corporate items	Total
	Restated[1]		***Restated[1]***	***Restated[1]***
	£m	**£m**	**£m**	**£m**
Revenue	188.0	17.7	-	205.7
Segment result:				
EBITDA before exceptional items	50.8	3.8	(1.9)	52.7
Depreciation	(32.4)	(1.3)	(0.4)	(34.1)
Operating profit/(costs) before amortisation and exceptional items	18.4	2.5	(2.3)	18.6
Amortisation	(0.7)	-	-	(0.7)
Exceptional (costs)/income	-	-	-	-
Operating profit/(costs)	17.7	2.5	(2.3)	17.9
Share of results of jointly controlled entity	-	1.5	-	1.5
Trading profit/(costs)	17.7	4.0	(2.3)	19.4
Financial expense				(3.7)
Exceptional financial item				0.7
Profit before tax				16.4
Taxation				(3.0)
Profit for the financial period				13.4
Intangible assets[1]	41.1	-	-	41.1
Investment in joint venture	-	7.6	-	7.6
Hire equipment	212.4	8.6	-	221.0
Non-hire equipment	30.0	2.3	-	32.3
Right of use assets	63.7	2.7	-	66.4
Taxation assets	-	-	2.8	2.8
Current assets[1]	98.4	13.1	2.0	113.5
Cash	-	-	5.3	5.3
Total assets	445.6	34.3	10.1	490.0
Lease liabilities	(70.7)	(4.4)	-	(75.1)
Other liabilities[1]	(87.9)	(14.1)	(4.5)	(106.5)
Borrowings	-	-	(90.4)	(90.4)
Taxation liabilities[1]	-	-	(8.3)	(8.3)
Total liabilities	(158.6)	(18.5)	(103.2)	(280.3)

[1] Restated for fair value adjustments relating to acquisitions made in the prior year – see Note 1 (Basis of preparation)

4 Segmental analysis *(continued)*

For the year ended 31 March 2020

	UK and Ireland	International	Corporate items	Total
	£m	£m	£m	£m
Revenue	371.5	35.2	-	406.7
Segment result:				
EBITDA before exceptional items	102.7	8.2	(3.5)	107.4
Depreciation	(65.4)	(2.5)	(0.4)	(68.3)
Operating profit/(costs) before amortisation and exceptional items	37.3	5.7	(3.9)	39.1
Amortisation	(1.3)	-	-	(1.3)
Exceptional (costs)/income	(23.5)	(0.3)	-	(23.8)
Operating profit/(costs)	12.5	5.4	(3.9)	14.0
Share of results of jointly controlled entity	-	2.8	-	2.8
Trading profit/(costs)	12.5	8.2	(3.9)	16.8
Financial expense				(7.0)
Exceptional finance expense				10.9
Profit before tax				20.7
Taxation				(3.9)
Profit for the financial period				16.8
Intangible assets	21.9	-	1.2	23.1
Investment in joint venture	-	7.3	-	7.3
Hire equipment	215.7	11.4	-	227.1
Non-hire equipment	28.4	2.1	-	30.5
Right of use assets	62.2	2.5	-	64.7
Taxation assets	-	-	4.3	4.3
Current assets	94.5	14.9	1.6	111.0
Cash	-	-	22.8	22.8
Total assets	422.7	38.2	29.9	490.8
Lease liabilities	(68.8)	(4.1)	-	(72.9)
Other liabilities	(82.4)	(12.1)	(4.0)	(98.5)
Borrowings	-	-	(102.1)	(102.1)
Taxation liabilities	-	-	(7.4)	(7.4)
Total liabilities	(151.2)	(16.2)	(113.5)	(280.9)

4 Segmental analysis *(continued)*

Corporate items comprise certain central activities and costs, which are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function and are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Six months ended 30 September 2020		Six months ended 30 September 2019		Year ended 31 March 2020	
	Revenue £m	**Total assets £m**	Revenue £m	Total Assets[1] £m	Revenue £m	Total assets £m
UK	**143.5**	**409.0**	182.7	442.5	361.3	438.4
Ireland	**3.6**	**13.0**	5.3	13.2	10.2	14.2
United Arab Emirates	**16.7**	**31.8**	17.7	34.3	35.2	38.2
	163.8	**453.8**	205.7	490.0	406.7	490.8

[1] Restated for fair value adjustments relating to acquisitions made in the prior year – see Note 1 (Basis of preparation)

Revenue by type

Revenue is attributed to the following activities:

	Six months ended 30 September 2020 £m	Six months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Hire and related activities	**95.2**	120.4	240.5
Services	**67.1**	83.8	162.0
Disposals	**1.5**	1.5	4.2
	163.8	205.7	406.7

Major customer

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

5 Financial expense

	Six months ended 30 September 2020 £m	Six months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Total interest on borrowings	**1.4**	2.0	3.8
Interest on lease liabilities	**1.4**	1.7	3.2
Other finance costs	**0.1**	-	-
Exceptional financial items (see note 3)	**-**	(0.7)	(10.9)
	2.9	3.0	(3.9)

6 Taxation

The corporation tax charge for the six months ended 30 September 2020 is based on an effective rate of taxation of 20.3% before exceptional items and amortisation (2019: 18.3%); and 42.9% (2019: 18.3%) after exceptional items and amortisation. This has been calculated by reference to the projected charge for the full year ending 31 March 2021, applying the applicable UK corporation tax rate of 19% (2019: 19%). Deferred tax is provided using the tax rates that are expected to apply to the period in which the liability is settled, based on the tax rates that have been enacted at the balance sheet date.

7 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to equity holders of the Company of £0.8m (2019: £13.4m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	Six months ended 30 September 2020	Six months ended 30 September 2019	Year ended 31 March 2020
Profit (£m)			
Profit for the period after tax – basic earnings[1]	**0.8**	13.4	16.8
Intangible amortisation charge (after tax)	**0.3**	0.6	1.1
Exceptional items (after tax)	**3.5**	(0.7)	10.9
Adjusted earnings (after tax)	**4.6**	13.3	28.8
Weighted average number of shares in issue (m)			
Number of shares at the beginning of the period	**521.3**	519.5	519.5
Exercise of share options	**0.3**	-	0.3
Movement in shares owned by the Employee Benefit Trust	**-**	0.1	0.2
Weighted average for the period – basic number of shares	**521.6**	519.6	520.0
Share options	**4.5**	5.3	5.2
Employee share schemes	**0.3**	0.7	1.1
Weighted average for the period – diluted number of shares	**526.4**	525.6	526.3
Earnings per share (pence)			
Basic earnings per share	**0.15**	2.58	3.23
Amortisation	**0.06**	0.11	0.21
Exceptional items	**0.67**	(0.13)	2.10
Adjusted earnings per share	**0.88**	2.56	5.54
Basic earnings per share	**0.15**	2.58	3.23
Share options	**-**	(0.03)	(0.04)
Diluted earnings per share	**0.15**	2.55	3.19
Adjusted earnings per share	**0.88**	2.56	5.54
Share options	**(0.01)**	(0.03)	(0.07)
Adjusted diluted earnings per share	**0.87**	2.53	5.47

The total number of shares outstanding at 30 September 2020 amounted to 527,008,730, including 4,434,814 shares held in the Employee Benefit Trust, which are excluded in calculating the earnings per share.

8 Dividends

The aggregate amount of dividend comprises:

	Six months ended 30 September 2020 £m	Six months ended 30 September 2019 £m	Year ended 31 March 2020 £m
2019 final dividend (1.40 pence on 525.3m ordinary shares)	**-**	7.3	7.3
2020 interim dividend (0.70 pence on 525.4m ordinary shares)	**-**	-	3.6
	-	7.3	10.9

Subsequent to the end of the period, the Directors have declared no interim dividend payable (2020 interim dividend: 0.70 pence per share).

9 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the financial statements in assessing the Group's performance. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	Six months ended 30 September 2020 £m	Six months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Operating profit	**3.7**	17.9	14.0
Add back: amortisation	**0.4**	0.7	1.3
Add back: exceptional items	**4.1**	-	23.8
Operating profit before amortisation and exceptional items (EBITA)	**8.2**	18.6	39.1
Add back: depreciation	**32.8**	34.1	68.3
EBITDA before exceptional items	**41.0**	52.7	107.4
Profit before tax	**1.4**	16.4	20.7
Add back: amortisation	**0.4**	0.7	1.3
Add back: exceptional items	**4.1**	(0.7)	12.9
Profit before tax, amortisation and exceptional items	**5.9**	16.4	34.9

10 Property, plant and equipment

	Hire equipment £m	Land and buildings £m	Other £m	Total £m
Cost				
At 1 April 2019	385.8	52.2	77.8	515.8
Foreign exchange	0.7	0.3	-	1.0
Additions	27.4	0.8	4.0	32.2
Disposals	(12.5)	-	-	(12.5)
Transfers to inventory	(4.9)	-	-	(4.9)
At 30 September 2019	396.5	53.3	81.8	531.6
Foreign exchange	-	-	-	-
Additions	27.9	1.6	1.5	31.0
Disposals	(9.1)	(0.1)	(0.2)	(9.4)
Transfers to inventory	(7.2)	-	-	(7.2)
At 31 March 2020	408.1	54.8	83.1	546.0
Foreign exchange	(0.6)	(0.3)	0.3	(0.6)
Additions	7.2	0.3	1.8	9.3
Disposals	(10.4)	(0.8)	(0.5)	(11.7)
Transfers to inventory	(3.7)	-	-	(3.7)
At 30 September 2020	**400.6**	**54.0**	**84.7**	**539.3**
Depreciation				
At 1 April 2019	168.9	33.1	64.7	266.7
Foreign exchange	0.1	0.4	-	0.5
Charged in period	17.8	1.7	2.9	22.4
Disposals	(7.7)	-	-	(7.7)
Transfers to inventory	(3.6)	-	-	(3.6)
At 30 September 2019	175.5	35.2	67.6	278.3
Foreign exchange	(0.1)	(0.4)	-	(0.5)
Charged in period	17.1	1.7	3.3	22.1
Disposals	(6.6)	-	-	(6.6)
Transfers to inventory	(4.9)	-	-	(4.9)
At 31 March 2020	181.0	36.5	70.9	288.4
Foreign exchange	(0.3)	(0.3)	-	(0.6)
Charged in period	17.1	1.8	2.6	21.5
Disposals	(6.5)	(0.3)	(0.1)	(6.9)
Transfers to inventory	(2.7)	-	-	(2.7)
At 30 September 2020	**188.6**	**37.7**	**73.4**	**299.7**
Net book value				
At 30 September 2020	**212.0**	**16.3**	**11.3**	**239.6**
At 31 March 2020	227.1	18.3	12.2	257.6
At 30 September 2019	221.0	18.1	14.2	253.3

11 Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 April 2019	128.0	49.9	177.9
Foreign exchange	0.6	-	0.6
Additions	3.0	3.3	6.3
Disposals	(5.7)	(3.3)	(9.0)
At 30 September 2019	125.9	49.9	175.8
Foreign exchange	(0.2)	-	(0.2)
Additions	6.5	5.2	11.7
Disposals	(4.4)	(3.2)	(7.6)
At 31 March 2020	127.8	51.9	179.7
Foreign exchange	(0.2)	-	(0.2)
Additions	2.8	4.8	7.6
Disposals	(2.5)	(8.5)	(11.0)
At 30 September 2020	**127.9**	**48.2**	**176.1**
Depreciation			
At 1 April 2019	77.2	28.5	105.7
Foreign exchange	0.4	-	0.4
Charged in period	5.9	5.8	11.7
Disposals	(5.7)	(2.7)	(8.4)
At 30 September 2019	77.8	31.6	109.4
Foreign exchange	(0.2)	-	(0.2)
Charged in period	7.3	5.9	13.2
Disposals	(4.3)	(3.1)	(7.4)
At 31 March 2020	80.6	34.4	115.0
Foreign exchange	-	-	-
Charged in period	6.5	5.7	12.2
Disposals	(1.9)	(8.1)	(10.0)
At 30 September 2020	**85.2**	**32.0**	**117.2**
Net book value			
At 30 September 2020	**42.7**	**16.2**	**58.9**
At 31 March 2020	47.2	17.5	64.7
At 30 September 2019	48.1	18.3	66.4

Included within depreciation charged in the period on right of use assets was £1.1m relating to exceptional items (see note 3).

12 Borrowings

	30 September 2020 £m	30 September 2019 £m	31 March 2020 £m
Current borrowings			
Bank overdraft	**-**	-	-
Lease liabilities	**18.5**	20.1	20.2
	18.5	20.1	20.2
Non-current borrowings			
Maturing between two and five years			
- ABF facility	**76.7**	90.4	102.1
- Lease liabilities	**48.3**	55.0	52.7
	125.0	145.4	154.8
Total borrowings	**143.5**	165.5	175.0
Less: Cash	**(18.9)**	(5.3)	(22.8)
Exclude lease liabilities	**(66.8)**	(75.1)	(72.9)
Net debt	**57.8**	85.1	79.3

The Group has a £180m asset based finance facility which is sub divided into:

(a) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.

(b) An asset based finance facility of up to £175m, based on the Group's hire equipment and trade receivables balance. Cash and facility headroom as at 30 September 2020 was £110.7m (31 March 2020: £99.0m) based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in October 2022, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m remains in place through to October 2022.

Interest on the facility is calculated by reference to the London Inter Bank Offered Rate applicable to the period drawn, plus a margin of 150 to 250 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 1.84% (2019: 1.84%).

The facility is secured by fixed and floating charges over the UK and Ireland assets.

13 Contingent liabilities

In the normal course of business, the Company and certain subsidiaries have given performance bonds issued on behalf of Group companies, and parental guarantees have been given in support of the contractual obligations of Group companies on both a joint and a several basis.

The Directors do not consider any provision is necessary in respect of guarantees and bonds.

14 Related party disclosures

There has been no significant change to the nature and size of related party transactions, including the remuneration provided to the key management, from that disclosed in the 2020 Annual Report.

15 Principal risks and uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the 2021 financial year have not changed from those set out on pages 40 to 49 of the Group's 2020 Annual Report, which is available at www.speedyservices.com. These risks and uncertainties include, but are not limited to the following:

- COVID-19 pandemic;
- Safety, health and environment;
- Service;
- Revenue and trading performance;
- Project and change management;
- People;
- Partner and supplier service levels;
- Operating costs;
- Cyber security and data integrity;
- Funding;
- Economic vulnerability;
- Corporate culture;
- Business continuity; and
- Asset holding and integrity.

16 Post balance sheet events

Geason, which was acquired in December 2018, was subject to an assurance visit from a funding agency in early 2020, and a subsequent claim for amounts overpaid. The claim was settled in October 2020, within the provision held. The Group continues to pursue initiatives to improve its financial position.

Directors’ Responsibilities

We confirm that to the best of our knowledge:

• the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

James Bunn

Director

17 November 2020

Independent Review Report to Speedy Hire Plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated cash flow statement, interim condensed consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Nick Plumb
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

17 November 2020