



# Speedy Hire Plc

("Speedy", "the Company" or "the Group")

Results for the six months to 30 September 2017

## Strong first half performance

Speedy, the UK's leading tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces results for the six months to 30 September 2017.

### Key points

	6 months ended 30 September 2017 (£m)	6 months ended 30 September 2016 (£m)	Change %	Year ended 31 March 2017 (£m)
Revenue (excluding disposals)	183.2	171.4	6.9%	349.1
Revenue	185.8	187.1	(0.7%)	369.4
EBITDA <sup>1</sup>	33.8	30.4	11.2%	63.1
Adjusted profit before tax <sup>1</sup>	10.8	6.8	58.8%	16.2
Profit before tax	6.0	5.4	11.1%	14.4
Adjusted earnings per share <sup>2</sup>	1.66p	1.04p	59.6%	2.45p
Basic earnings per share	0.79p	0.81p	(2.5%)	2.22p
Net debt <sup>3</sup>	63.1	85.4	(26.1%)	71.4
Dividend (pence per share)	0.50p	0.33p	51.5%	1.00p

### Financial highlights

- Revenue (excluding disposals) increased by 6.9% to £183.2m (2016: £171.4m)
- Adjusted profit before tax<sup>1</sup> up 58.8% to £10.8m (2016: £6.8m)
- Adjusted earnings per share<sup>2</sup> of 1.66 pence (2016: 1.04 pence)
- Net debt<sup>3</sup> reduced to £63.1m (31 March 2017: £71.4m)
- Strong balance sheet and leverage<sup>4</sup> 0.95 times EBITDA<sup>1</sup> (2016: 1.47 times)
- Dividend up 51.5% to 0.50 pence per share (2016: 0.33 pence per share)
- ROCE<sup>5</sup> increased to 9.4% (2016: 5.1%)

### Operational highlights

- UK and Ireland business restructured to better align with the customer proposition and provide improved opportunities for cross selling and operational efficiencies
- Hire fleet optimisation programme improving UK and Ireland asset utilisation to 54.7% (2016: 49.1%)
- Newly introduced customer surveys providing valuable feedback and improving the customer experience
- Increased marketing activity driving regional and local sales
- Growing revenue from value added services businesses; testing, inspection and certification (TIC), training and consumables
- Successful refinancing on improved terms provides greater flexibility to support our strategy for growth

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

***"These results are confirmation of the sustainable progress we continue to make following implementation of our customer focussed strategy and a rigorous approach to capital allocation and cost control.***

***Our end markets are diverse and remain competitive. The improvements we have made to our operations have enabled us to more effectively manage the business and meet market challenges.***

***We are confident of delivering a result for the year above current expectations and that the Group has a strong future ahead of it."***

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Russell Down, Chief Executive  
Chris Morgan, Group Finance Director

**Instinctif Partners****Tel: 020 7457 2020**

Mark Garraway  
James Gray

**Notes:****Explanatory notes:**<sup>1</sup> See note 9<sup>2</sup> See note 7<sup>3</sup> See note 11<sup>4</sup> Leverage: Net Debt<sup>3</sup> covered by EBITDA<sup>1</sup> (rolling 12 month basis)<sup>5</sup> Return on Capital Employed: Profit from operations before amortisation and exceptional items (rolling 12 month basis) divided by the average capital employed over the last 12 months (where capital employed equals shareholder funds and Net Debt<sup>3</sup>)**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 accredited nationally to ISO50001, ISO9001, ISO14001 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 throughout the UK, Ireland and from an international office based in Abu Dhabi.

## Chief Executive's Statement

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### Overview

I am pleased to report that our financial and operational performance has continued to improve during the first half of the year with results well ahead of the prior period. In line with our strategy, operating margins, before amortisation and exceptional items, have increased to 6.6% (2016: 4.5%) and ROCE<sup>5</sup> has improved to 9.4% (2016: 5.1%).

The results reflect the effectiveness of our customer focussed strategy, significant improvements in management information and a rigorous approach to capital allocation and cost control.

### Results

Revenue (excluding disposals) for the period to 30 September 2017 increased by 6.9% to £183.2m (2016: £171.4m). Following actions to review asset holdings and tight control of capital expenditure, the hire fleet reduced by 3.2% to £195.6m (2016: restated £202.0m) and UK and Ireland average asset utilisation rates for the period increased to 54.7% (2016: 49.1%). In spite of the decline in the hire fleet, as a result of increasing utilisation rates core hire revenue increased on a like for like basis. Services revenue grew principally as a result of increased consumable sales and the acquisition of Lloyds British.

The Group has maintained tight control over its cost base in the period and consequently EBITDA<sup>1</sup> increased by 11.2% to £33.8m (2016: £30.4m). EBITA<sup>1</sup> increased by 46.4% to £12.3m (2016: £8.4m). Profit before tax, amortisation and exceptional items for the period increased to £10.8m (2016: £6.8m). Profit before tax was £6.0m (2016: £5.4m).

Adjusted earnings per share<sup>2</sup> was 1.66 pence (2016: 1.04 pence).

As at 30 September 2017, net debt<sup>3</sup> amounted to £63.1m (2016: £85.4m). The Group has a strong balance sheet, including headroom of £87.6m (2016: £76.1m) to support its growth strategy. During October we announced an amendment and extension to our existing bank facilities. The £180m asset based finance facility, which was due to mature in September 2019, has been extended by a further three years, through to October 2022. Terms have been improved which will lower the cost of the Group's debt financing. The additional uncommitted accordion (£220m) remains in place through to October 2022, should further funding requirements be needed.

### Dividend

The Board has declared an increase in the interim dividend of 51.5% to 0.50 pence per share (2017 interim dividend: 0.33 pence) per share, to be paid on 26 January 2018 to shareholders on the register on 15 December 2017.

### Strategy and operational review

The Group's turnaround has been completed and the continued performance improvement has allowed the Board to consider future strategic options. Following the recent operational restructuring, the business is better placed to cross sell to existing customers and grow services revenue. We will reinforce our hire business, and rebalance the Group through growing our services revenue over the medium term by a combination of organic and acquisitive growth.

The Group has a strong balance sheet and substantial headroom under its recently revised banking facilities. With a clear strategy for sustainable profitable growth, the Board will regularly review organic growth opportunities, value enhancing acquisitions and shareholder returns to ensure it operates with an efficient capital structure.

A key strategic objective has been to enhance the customer experience through improved systems, processes and training, and to date, approximately 40% of employees have received customer experience training. We implemented externally managed customer satisfaction surveys in January to measure our performance. The surveys measure our performance at order, delivery and collection and are undertaken by text and email. To date we have conducted over 125,000 surveys with 90% of responses confirming

customers are satisfied or very satisfied with our performance. The results provide us with invaluable feedback and provide detailed insight into our performance.

We work with 85% of the UK's largest contractors, and are pleased to have renewed framework contracts with a number of these customers during the period including Murphy and Osborne. Our client base also includes c.50,000 local and regional customers where we have worked to improve our proposition, marketing and sales activities.

In the UK and Ireland further action has been taken to improve operational efficiency and manage the Group's cost base; consequently the number of operating divisions and distribution centres has been reduced. We have further streamlined our operations to enable us to provide customers with a 'One Speedy' proposition combining our core tool hire with specialist offerings for power, lifting, rail and survey along with our services businesses encompassing training, consumables and TIC. These actions will result in overhead savings of at least £3m per annum and have contributed to net exceptional items before taxation of £4.7m.

Middle East revenue increased by 14.6%, 6.5% at constant exchange rates, to £14.1m (2016: £12.3m) following an increase in outsourced activity from oil and gas clients in the region. EBITA<sup>1</sup> increased by 100% to £1.8m.

### **Board and people**

David Garman joined the Board as a non-executive Director on 1 June 2017, and was also appointed to the Audit and Nomination Committees. He was appointed to the Remuneration Committee on 9 November 2017.

The Group's headcount at 30 September 2017 was 3,666 (31 March 2017: 3,745). In the UK and Ireland headcount during the period decreased by 3.0% to 3,155, following consolidation of the power and rail businesses into the two existing regional operating divisions, and further head office reductions. The costs of the restructuring have been recognised as exceptional. Headcount in the International business increased by 18 to 511 in line with revenue growth.

The significant improvement in business performance over the past two years would not have been possible without the continued dedication and professionalism of everyone at Speedy. I would like to take this opportunity to thank all of my colleagues for their support and dedication during this period.

### **Outlook**

These results are confirmation of the sustainable progress we continue to make following implementation of our customer focussed strategy and a rigorous approach to capital allocation and cost control.

Our end markets are diverse and remain competitive. The improvements we have made to our operations have enabled us to more effectively manage the business and meet market challenges.

We are confident of delivering a result for the year above current expectations and that the Group has a strong future ahead of it.

**Russell Down**  
**Chief Executive**

## Financial review

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### Group financial performance

Revenue (excluding disposals) for the period to 30 September 2017 increased by 6.9% to £183.2m (2016: £171.4m). At constant exchange rates the increase was 6.2%. Revenue from fleet disposals was £2.6m (2016: £15.7m); the reduction was due to the sale of the heavy plant division in the previous period.

Gross profit was £100.1m (2016: £95.4m), an increase of 4.9%. The gross profit margin was 53.9% (2016: 51.0%).

EBITA<sup>1</sup> increased by 46.4% to £12.3m (2016: £8.4m) and adjusted profit before taxation<sup>1</sup> increased to £10.8m (2016: £6.8m).

The Group incurred exceptional items (post tax) of £4.4m (2016: £0.5m) in the period. After taxation, amortisation and exceptional items, the Group made a profit of £4.1m (2016: £4.2m).

### 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 £2.6m (2016: £2.6m).

#### UK and Ireland

	6 months ended 30 September 2017 £m	6 months ended 30 September 2016 £m	Movement %
Revenue (excluding disposals)	169.1	159.1	6.3%
EBITA <sup>1</sup>	13.1	10.1	29.7%

Excluding disposals, revenue increased by 6.3% to £169.1m (2016: £159.1m). Services revenue increased as a result of strong growth in consumables and the Lloyds British acquisition. Future revenue has been secured through a number of contract wins and renewals, including agreements with Murphy and Osborne.

Gross margin increased to 56.1% from 53.0%. Core hire gross margin improved in the period, reflecting increased utilisation. The overall margin was impacted by the change in revenue mix, as a result of increased services revenue, which has a lower margin than core hire. Margin in the prior period was impacted by the heavy plant sale. As a result of operating efficiencies implemented during the period, overhead costs are at the same level as in 2016, despite the Lloyds British acquisition and pay inflation. Headcount at September 2017 was 3,155, a decrease of 3.0% in the first half of the year, primarily as a result of the restructuring activities undertaken in September. Further savings are expected in the second half.

EBITDA<sup>1</sup> was £32.9m (2016: £30.4m) representing an increase of 8.2%.

<b>International</b>	<b>6 months ended 30 September 2017 £m</b>	6 months ended 30 September 2016 £m	Movement %
Revenue	<b>14.1</b>	12.3	14.6%
EBITA <sup>1</sup>	<b>1.8</b>	0.9	100.0%

International revenue increased by £1.8m; of this growth £1.0m was due to exchange rate movements. As a result of costs being tightly controlled, the growth in revenue has resulted in EBITDA<sup>1</sup> increasing by 34.8% to £3.1m.

Our share of profit from the joint venture in Kazakhstan fell to £0.5m (2016: £1.0m); the prior period benefited from cyclical shutdown activity.

### **Exceptional items**

Exceptional items totalled £4.7m before taxation (2016: £0.5m).

Further action has been taken in the period to manage the Group's cost base and consequently the number of operating divisions and distribution centres has been reduced. Property related costs of £4.5m were incurred as part of this programme. In addition £1.2m of people costs have been incurred due to redundancies. These actions will result in overhead savings of at least £3.0m per annum.

Offsetting the above exceptional costs was a £1.0m credit due to the revision of the International receivables provision, following the receipt of further cash.

### **Interest and taxation**

As a consequence of the reduction in net debt<sup>3</sup> in the period, the net financial expense reduced to £2.0m (2016: £2.6m). Following the half year the Group completed an amendment and extension to its bank facility which now expires in October 2022. Interest savings are expected in the second half of the year due to more favourable terms.

The tax charge for the period was £1.9m (2016: £1.2m), with an effective tax rate of 31.7% (2016: 22.2%); the increase is a result of non-deductible exceptional items. The effective rate of tax on adjusted profit was 20.4% (2016: 20.3%). This has been calculated by reference to the projected charge for the full financial year ending 31 March 2018.

### **Shares, earnings per share and dividends**

Adjusted earnings per share<sup>2</sup> was 1.66 pence (2016: 1.04 pence), an increase of 59.6%. After amortisation and exceptional items, basic earnings per share was 0.79 pence (2016: 0.81 pence).

The Board has recommended an interim dividend of 0.50 pence per share (2016: 0.33 pence), which represents a cash cost of approximately £2.6m (2016: £1.7m). It is proposed that the dividend will be paid on 26 January 2018 to shareholders on the register at 15 December 2017.

### **Capital expenditure and disposals**

Total capital expenditure during the period amounted to £27.9m (2016: £23.4m), of which £25.4m (2016: £21.5m) related to equipment for hire, and £2.5m other property, plant and equipment (2016: £1.9m).

The hire fleet is continually reviewed to optimise asset holdings for the target markets, making informed decisions using management information on returns and asset utilisation, along with tight governance via the investment committee.

Total disposal proceeds of £9.1m (2016: £19.7m) reduced as a result of the £12.1m sale of heavy plant in the prior period.

## **Cash flow and net debt**

Free cash flow (before dividends and financing activities) decreased to £11.7m (2016: £19.2m) as a result of the disposal of heavy plant in the prior period.

Net debt<sup>3</sup> decreased by £8.3m from £71.4m at the beginning of the period to £63.1m at 30 September 2017. Net debt<sup>3</sup> to EBITDA<sup>1</sup> (rolling 12 months basis) decreased to 0.95x (31 March 2017: 1.13x). Net debt<sup>3</sup> as a percentage of hire fleet NBV decreased to 32.3% from 36.7% as at 31 March 2017.

## **Balance sheet**

The Group has a strong balance sheet, which reflects the proactive management of the hire fleet and working capital.

Net assets at 30 September 2017 totalled £189.7m (31 March 2017: £189.6m), equivalent to 36.2 pence per share. Net property, plant and equipment was £232.0m at 30 September 2017 (31 March 2017 restated: £234.6m), of which equipment for hire represents 84.3% (31 March 2017: 83.0%). Of the equipment for hire, £7.2m related to the International business (31 March 2017: £8.0m).

Gross trade receivables totalled £94.3m at 30 September 2017 (2016: £100.6m). Debtor days were 68.2 days (2016: 70.7 days).

Trade payables were £46.8m (2016: £40.8m). Creditor days reduced to 102.7 days (2016: 114.6 days).

## **Capital structure and treasury**

Speedy's long term funding is provided through a combination of shareholders' funds and bank debt.

The Group signed an amendment and extension to its bank facility on 10 October 2017, extending the current agreement by a further three years, through to October 2022. The terms have been improved which will lower the cost of the Group's debt financing. The additional uncommitted accordion (£220m) remains in place through to October 2022, should further funding requirements be needed.

At 30 September 2017 the headroom under the facility, based on eligible receivables and plant and machinery, was £87.6m (2016: £76.1m). The average gross borrowings under the facility during the period ended 30 September 2017 were £84.7m (2016: £119.1m). The facility includes quarterly leverage and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the period.

The Group will continue to closely monitor cash generation, whilst balancing the need to invest in the quality of its hire fleet and depot network.

## **Return on capital**

ROCE<sup>5</sup> is a key performance measure for the Group. ROCE<sup>5</sup> increased to 9.4% (2016: 5.1%), reflecting the ongoing improved profitability and strengthened balance sheet.

In addition to driving improved profitability and cash generation, the Group will continue to closely monitor the impact of future hire fleet changes, organic growth and value enhancing acquisition opportunities.

## **Chris Morgan**

Group Finance Director

## Interim condensed consolidated income statement

	Note	Six months ended 30 September 2017			Six months ended 30 September 2016		
		Before Exceptional items £m	Exceptional items £m	Total £m	Before Exceptional items £m	Exceptional items £m	Total £m
Total revenue		187.7	-	187.7	190.7	-	190.7
Less: share of jointly controlled entity's revenue		(1.9)	-	(1.9)	(3.6)	-	(3.6)
<b>Revenue</b>	4	<b>185.8</b>	-	<b>185.8</b>	187.1	-	187.1
Cost of sales		(85.7)	-	(85.7)	(91.7)	-	(91.7)
<b>Gross profit</b>		<b>100.1</b>	-	<b>100.1</b>	95.4	-	95.4
Distribution costs		(17.6)	-	(17.6)	(16.6)	-	(16.6)
Administrative costs		(70.3)	(4.7)	(75.0)	(71.3)	(0.5)	(71.8)
<b>Analysis of operating profit</b>							
Operating profit before amortisation and exceptional items		12.3	-	12.3	8.4	-	8.4
Amortisation		(0.1)	-	(0.1)	(0.9)	-	(0.9)
Exceptional items	3	-	(4.7)	(4.7)	-	(0.5)	(0.5)
<b>Operating profit</b>		<b>12.2</b>	<b>(4.7)</b>	<b>7.5</b>	7.5	(0.5)	7.0
Share of results of jointly controlled entity		0.5	-	0.5	1.0	-	1.0
<b>Profit from operations</b>		<b>12.7</b>	<b>(4.7)</b>	<b>8.0</b>	8.5	(0.5)	8.0
Financial expense	5	(2.0)	-	(2.0)	(2.6)	-	(2.6)
<b>Profit before taxation</b>		<b>10.7</b>	<b>(4.7)</b>	<b>6.0</b>	5.9	(0.5)	5.4
Taxation	6	(2.2)	0.3	(1.9)	(1.2)	-	(1.2)
<b>Profit for the financial period</b>		<b>8.5</b>	<b>(4.4)</b>	<b>4.1</b>	4.7	(0.5)	4.2
<b>Earnings per share</b>							
- Basic (pence)	7			<b>0.79</b>			0.81
- Diluted (pence)	7			<b>0.79</b>			0.81
<b>Non-GAAP performance measures</b>							
EBITDA before exceptional items	9	<b>33.8</b>			30.4		
Profit before tax, amortisation and exceptional items	9	<b>10.8</b>			6.8		
Adjusted earnings per share (pence)	7	<b>1.66</b>			1.04		



## Interim condensed consolidated income statement (continued)

	Note	Year ended 31 March 2017
		Total £m
Total revenue		375.1
Less: share of jointly controlled entity's revenue		(5.7)
<b>Revenue</b>	4	369.4
Cost of sales		(177.7)
<b>Gross profit</b>		191.7
Distribution costs		(34.6)
Administrative costs		(139.6)
<b>Analysis of operating profit</b>		
Operating profit before amortisation and exceptional items		19.3
Amortisation		(1.8)
<b>Operating profit</b>		17.5
Share of results of jointly controlled entity		1.7
<b>Profit from operations</b>		19.2
Financial expense	5	(4.8)
<b>Profit before taxation</b>		14.4
Taxation	6	(2.9)
<b>Profit for the financial period</b>		11.5
<b>Earnings per share</b>		
- Basic (pence)	7	2.22
- Diluted (pence)	7	2.21
<b>Non-GAAP performance measures</b>		
EBITDA before exceptional items	9	63.1
Profit before tax, amortisation and exceptional items	9	16.2
Adjusted earnings per share (pence)	7	2.45

Exceptional items (pre-tax) netted to nil in the year ended 31 March 2017, with a tax credit of £0.3m included in the taxation charge above.

## Interim condensed consolidated statement of comprehensive income

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	Six months ended 30 September 2017 £m	Six months ended 30 September 2016 £m	Year ended 31 March 2017 £m
<b>Profit for the financial period</b>	<b>4.1</b>	4.2	11.5
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges	<b>0.1</b>	(0.1)	0.3
- Exchange difference on retranslation of foreign operations	<b>(1.3)</b>	1.3	2.3
Other comprehensive (loss)/ income, net of tax	<b>(1.2)</b>	1.2	2.6
<b>Total comprehensive income for the financial period</b>	<b>2.9</b>	5.4	14.1

## Interim condensed consolidated balance sheet

		30 September 2017	30 September 2016 Restated*	31 March 2017 Restated*
	Note	£m	£m	£m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		3.7	1.2	3.8
Investment in jointly controlled entity		5.5	6.4	5.7
Property, plant and equipment				
- Hire equipment	10	195.6	202.0	194.8
- Non-hire equipment	10	36.4	42.4	39.8
Deferred tax assets		0.9	1.4	1.1
		<u>242.1</u>	<u>253.4</u>	<u>245.2</u>
<b>Current assets</b>				
Inventories		7.3	7.8	6.6
Trade and other receivables		96.6	101.0	91.0
Current tax assets		-	0.9	0.6
Cash	11	6.4	0.2	5.6
		<u>110.3</u>	<u>109.9</u>	<u>103.8</u>
<b>Total assets</b>		<u>352.4</u>	<u>363.3</u>	<u>349.0</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	11	(2.6)	(0.3)	(4.4)
Other financial liabilities		(0.2)	(0.8)	(0.4)
Trade and other payables		(80.3)	(85.4)	(74.2)
Current tax liabilities		(2.9)	-	-
Provisions		(1.7)	(1.6)	(1.2)
		<u>(87.7)</u>	<u>(88.1)</u>	<u>(80.2)</u>
<b>Non-current liabilities</b>				
Borrowings	11	(66.9)	(85.3)	(72.6)
Trade and other payables		-	(0.4)	(0.2)
Provisions		(2.2)	(0.5)	(0.3)
Deferred tax liabilities		(5.9)	(6.7)	(6.1)
		<u>(75.0)</u>	<u>(92.9)</u>	<u>(79.2)</u>
<b>Total liabilities</b>		<u>(162.7)</u>	<u>(181.0)</u>	<u>(159.4)</u>
<b>Net assets</b>		<u>189.7</u>	<u>182.3</u>	<u>189.6</u>
<b>EQUITY</b>				
Share capital		26.2	26.2	26.2
Share premium		-	191.4	191.4
Merger reserve		1.0	1.0	1.0
Hedging reserve		(0.5)	(1.0)	(0.6)
Translation reserve		(0.7)	(0.4)	0.6
Retained earnings		163.7	(34.9)	(29.0)
		<u>189.7</u>	<u>182.3</u>	<u>189.6</u>

\* Restated for fair value adjustments, see note 12.

## 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 2016	26.1	191.4	1.0	(0.9)	(1.7)	(37.5)	178.4
Total comprehensive (loss)/ income	-	-	-	(0.1)	1.3	4.2	5.4
Dividends	-	-	-	-	-	(2.1)	(2.1)
Equity settled share-based payments	-	-	-	-	-	0.3	0.3
Issue of shares under the Sharesave Scheme	0.1	-	-	-	-	-	0.1
Tax on items taken directly to equity	-	-	-	-	-	0.2	0.2
At 30 September 2016	26.2	191.4	1.0	(1.0)	(0.4)	(34.9)	182.3
Total comprehensive income	-	-	-	0.4	1.0	7.3	8.7
Dividends	-	-	-	-	-	(1.7)	(1.7)
Tax on items taken directly to equity	-	-	-	-	-	(0.2)	(0.2)
Equity settled share-based payments	-	-	-	-	-	0.5	0.5
At 31 March 2017	26.2	191.4	1.0	(0.6)	0.6	(29.0)	189.6
Total comprehensive income/ (loss)	-	-	-	0.1	(1.3)	4.1	<b>2.9</b>
Dividends	-	-	-	-	-	(3.5)	<b>(3.5)</b>
Equity settled share-based payments	-	-	-	-	-	0.6	<b>0.6</b>
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	<b>0.1</b>
Capital reduction transfer*	-	(191.5)	-	-	-	191.5	-
<b>At 30 September 2017</b>	<b>26.2</b>	<b>-</b>	<b>1.0</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>163.7</b>	<b>189.7</b>

\*On 23 August 2017, the High Court of Justice confirmed the cancellation of the amount within the share premium account of the Company. The court order approving the cancellation was registered by the Registrar of Companies on 30 August 2017 and the cancellation became effective on that date. This follows the approval of the cancellation by the Company's shareholders at its annual general meeting held on 12 July 2017.

## Interim condensed consolidated statement of cash flows

	Six months ended 30 September 2017 £m	Six months ended 30 September 2016 £m	Year ended 31 March 2017 £m
<b>Cash generated from operating activities</b>			
Profit before tax	6.0	5.4	14.4
Financial expense	2.0	2.6	4.8
Amortisation	0.1	0.9	1.8
Depreciation	21.5	22.0	43.8
Share of profit from jointly controlled entity	(0.5)	(1.0)	(1.7)
(Profit)/ loss on disposal of hire equipment	(0.7)	0.9	1.5
Loss on disposal of other property, plant and equipment	1.4	-	0.3
(Increase)/ decrease in inventories	(0.7)	0.3	(0.2)
Increase in trade and other receivables	(5.6)	(15.8)	(5.8)
Increase in trade and other payables	3.7	11.3	2.4
Movement in provisions	2.4	(1.3)	(1.9)
Equity-settled share-based payments	0.6	0.3	0.8
	<u>30.2</u>	<u>25.6</u>	<u>60.2</u>
<b>Cash generated from operations before changes in hire fleet</b>			
Purchase of hire equipment	(25.4)	(21.5)	(40.5)
Proceeds from sale of hire equipment	9.0	19.7	29.2
	<u>13.8</u>	<u>23.8</u>	<u>48.9</u>
<b>Cash generated from operations</b>			
Interest paid	(1.8)	(2.4)	(4.3)
Tax received/ (paid)	1.4	0.1	(1.9)
	<u>13.4</u>	<u>21.5</u>	<u>42.7</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flow from investing activities</b>			
Purchase of non-hire property, plant and equipment	(2.5)	(1.9)	(4.3)
Proceeds from sale of non-hire property, plant and equipment	0.1	-	0.2
Acquisition of subsidiary, net of cash acquired	-	-	(3.8)
Movement in investment in jointly controlled entity	0.7	(0.4)	0.2
	<u>(1.7)</u>	<u>(2.3)</u>	<u>(7.7)</u>
<b>Net cash flow from investing activities</b>			
<b>Net cash flow before financing activities</b>	<u>11.7</u>	<u>19.2</u>	<u>35.0</u>
<b>Cash flow from financing activities</b>			
Finance lease payments	(0.2)	(0.2)	(0.5)
Drawdown of loans	205.6	195.4	374.7
Payment of loans	(211.2)	(216.6)	(408.4)
Proceeds from the issue of Sharesave Scheme shares	0.1	0.1	0.1
Dividends paid	(3.5)	(2.1)	(3.8)
	<u>(9.2)</u>	<u>(23.4)</u>	<u>(37.9)</u>
<b>Net cash flow from financing activities</b>			
<b>Increase/ (decrease) in cash and cash equivalents</b>	<u>2.5</u>	<u>(4.2)</u>	<u>(2.9)</u>
Cash and cash equivalents at the start of the period	1.5	4.4	4.4
	<u>4.0</u>	<u>0.2</u>	<u>1.5</u>
<b>Cash and cash equivalents at the end of the period</b>			
<b>Analysis of cash and cash equivalents</b>			
Cash	11	6.4	0.2
Bank overdraft	11	(2.4)	-
		<u>4.0</u>	<u>0.2</u>
		<u>0.2</u>	<u>1.5</u>

## Interim reconciliation of net debt

	<i>Note</i>	<b>Six months ended 30 September 2017 £m</b>	Six months ended 30 September 2016 £m	Year ended 31 March 2017 £m
Net increase/ (decrease) in cash and cash equivalents		<b>2.5</b>	(4.2)	(2.9)
Decrease in borrowings	<i>11</i>	<b>5.9</b>	21.5	34.3
Reduction in finance lease liabilities	<i>11</i>	<b>0.2</b>	0.2	0.4
Amortisation of loan costs	<i>11</i>	<b>(0.3)</b>	(0.3)	(0.6)
<b>Change in net debt during the period</b>		<b>8.3</b>	17.2	31.2
Net debt at 1 April		<b>(71.4)</b>	(102.6)	(102.6)
<b>Net debt at the end of the period</b>		<b>(63.1)</b>	(85.4)	(71.4)

## **1 Basis of preparation**

Speedy Hire Plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The interim financial statements of the Company as at and for the six months ended 30 September 2017 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2017 are available from the Company's registered office, or from the website: [www.speedyservices.com](http://www.speedyservices.com).

The Group meets its day to day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared cash flow projections for the period to March 2018 which show that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the facilities. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenue and an assessment of the net capital investment required to support the expected level of revenue.

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 the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS34 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 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 2017 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 2017.

The comparative figures for the financial year ended 31 March 2017 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 13 November 2017.

### **Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2017.

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 2017 year end financial statements.

### **Seasonality**

In addition to economic factors, revenue is subject to a small element of seasonal fluctuation largely driven by certain UK public holidays and their impact on the billing cycle, resulting in marginally fewer trading days in the second half of the year.

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 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 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 2017 continued to apply.

## **3 Exceptional items**

During the period, exceptional administrative costs of £5.7m were incurred, offset by a £1.0m exceptional credit.

Further action has been taken to manage the Group's cost base and consequently the number of operating divisions and distribution centres has been reduced. Property related costs of £4.5m were incurred as part of this programme. In addition £1.2m of people costs have been incurred due to redundancies. These actions will result in overhead savings of at least £3.0m per annum.

Offsetting the above exceptional costs was a £1.0m credit due to the revision of the International receivables provision, following the receipt of further cash.

In the prior period net exceptional items of £0.5m were incurred. £1.3m exceptional costs related to an operational restructure and professional fees for the September 2016 General Meeting. These costs were partially offset by a £0.8m exceptional credit, following the receipt of cash in relation to the International bad debt previously provided for as exceptional.



## 4 Segmental analysis

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

**For the six months ended 30 September 2017**

	UK and Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
<b>Revenue</b>	171.7	14.1	-	185.8
<b>Segment result:</b>				
EBITDA before exceptional items	32.9	3.1	(2.2)	33.8
Depreciation	(19.8)	(1.3)	(0.4)	(21.5)
<b>Operating profit/ (loss) before amortisation and exceptional items</b>	13.1	1.8	(2.6)	12.3
Amortisation	(0.1)	-	-	(0.1)
Exceptional items	(5.7)	1.0	-	(4.7)
<b>Operating profit/ (loss)</b>	7.3	2.8	(2.6)	7.5
Share of results of jointly controlled entity	-	0.5	-	0.5
<b>Trading profit/ (loss)</b>	7.3	3.3	(2.6)	8.0
Financial expense				(2.0)
<b>Profit before tax</b>				6.0
Taxation				(1.9)
<b>Profit for the financial period</b>				4.1
Intangible assets	3.7	-	-	3.7
Investment in jointly controlled entity	-	5.5	-	5.5
Hire equipment	188.4	7.2	-	195.6
Non-hire equipment	33.5	2.9	-	36.4
Taxation assets	-	-	0.9	0.9
Current assets	92.9	10.0	1.0	103.9
Cash	-	-	6.4	6.4
<b>Total assets</b>	318.5	25.6	8.3	352.4
Liabilities	(72.7)	(8.1)	(3.6)	(84.4)
Borrowings	-	-	(69.5)	(69.5)
Taxation liabilities	-	-	(8.8)	(8.8)
<b>Total liabilities</b>	(72.7)	(8.1)	(81.9)	(162.7)
<b>Capital expenditure</b>	27.6	0.3	-	27.9

#### 4 Segmental analysis (continued)

For the six months ended 30 September 2016

	UK and Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
<b>Revenue</b>	174.8	12.3	-	187.1
<b>Segment result:</b>				
EBITDA before exceptional items	30.4	2.3	(2.3)	30.4
Depreciation	(20.3)	(1.4)	(0.3)	(22.0)
<b>Operating profit/ (loss) before amortisation and exceptional items</b>	10.1	0.9	(2.6)	8.4
Amortisation	(0.9)	-	-	(0.9)
Exceptional (costs)/ income	(0.8)	0.8	(0.5)	(0.5)
<b>Operating profit/ (loss)</b>	8.4	1.7	(3.1)	7.0
Share of results of jointly controlled entity	-	1.0	-	1.0
<b>Trading profit/ (loss)</b>	8.4	2.7	(3.1)	8.0
Financial expense				(2.6)
<b>Profit before tax</b>				5.4
Taxation				(1.2)
<b>Profit for the financial period</b>				4.2
Intangible assets*	1.2	-	-	1.2
Investment in jointly controlled entity	-	6.4	-	6.4
Hire equipment*	193.1	8.9	-	202.0
Non-hire equipment	39.0	3.4	-	42.4
Taxation assets	-	-	2.3	2.3
Current assets	94.7	13.8	0.3	108.8
Cash	-	-	0.2	0.2
<b>Total assets</b>	328.0	32.5	2.8	363.3
Liabilities	(71.5)	(9.7)	(7.5)	(88.7)
Borrowings	-	-	(85.6)	(85.6)
Taxation liabilities	-	-	(6.7)	(6.7)
<b>Total liabilities</b>	(71.5)	(9.7)	(99.8)	(181.0)
<b>Capital expenditure</b>	22.4	1.0	-	23.4

\* Restated for fair value adjustments, see note 12.

#### 4 Segmental analysis (continued)

For the year ended 31 March 2017

	UK and Ireland Asset Services £m	International Asset Services £m	Corporate items £m	Total £m
<b>Revenue</b>	342.9	26.5	-	369.4
<b>Segment result:</b>				
EBITDA before exceptional items	62.2	5.0	(4.1)	63.1
Depreciation	(40.2)	(2.9)	(0.7)	(43.8)
<b>Operating profit/ (loss) before amortisation and exceptional items</b>	22.0	2.1	(4.8)	19.3
Amortisation	(1.8)	-	-	(1.8)
Exceptional (costs)/ income	(1.2)	1.6	(0.4)	-
<b>Operating profit/ (loss)</b>	19.0	3.7	(5.2)	17.5
Share of results of jointly controlled entity	-	1.7	-	1.7
<b>Trading profit/ (loss)</b>	19.0	5.4	(5.2)	19.2
Financial expense				(4.8)
<b>Profit before tax</b>				14.4
Taxation				(2.9)
<b>Profit for the financial period</b>				11.5
Intangible assets*	3.8	-	-	3.8
Investment in jointly controlled entity	-	5.7	-	5.7
Hire equipment	186.8	8.0	-	194.8
Non-hire equipment*	36.5	3.3	-	39.8
Taxation assets	-	-	1.7	1.7
Current assets*	87.1	9.9	0.6	97.6
Cash	-	-	5.6	5.6
<b>Total assets</b>	314.2	26.9	7.9	349.0
Liabilities	(63.5)	(8.4)	(4.4)	(76.3)
Borrowings	-	-	(77.0)	(77.0)
Taxation liabilities	-	-	(6.1)	(6.1)
<b>Total liabilities</b>	(63.5)	(8.4)	(87.5)	(159.4)
<b>Capital expenditure</b>	43.3	1.5	-	44.8

\* Restated for fair value adjustments, see note 12.

#### 4 Segmental analysis (continued)

Corporate costs 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 2017		Six months ended 30 September 2016		Year ended 31 March 2017	
	Revenue £m	Total assets £m	Revenue £m	Total assets £m	Revenue £m	Total assets £m
UK	167.3	313.9	171.3	318.3	335.0	309.0
Ireland	4.4	12.9	3.5	12.5	7.9	13.1
Other countries	14.1	25.6	12.3	32.5	26.5	26.9
	<u>185.8</u>	<u>352.4</u>	<u>187.1</u>	<u>363.3</u>	<u>369.4</u>	<u>349.0</u>

##### 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 2017 £m	Six months ended 30 September 2016 £m	Year ended 31 March 2017 £m
Interest on bank loans and overdrafts	1.4	1.8	3.7
Amortisation of issue costs	0.3	0.3	0.6
	<u>1.7</u>	<u>2.1</u>	<u>4.3</u>
Hedge interest payable	0.2	0.2	0.4
Other finance costs	0.1	0.3	0.1
	<u>0.3</u>	<u>0.5</u>	<u>0.5</u>
Finance expense	<u>2.0</u>	<u>2.6</u>	<u>4.8</u>

## 6 Taxation

The corporation tax charge for the six months ended 30 September 2017 is based on an effective rate of taxation of 20.4% before exceptional items and amortisation (2016: 20.3%); and 31.7% (2016: 22.2%) after exceptional items and amortisation. This has been calculated by reference to the projected charge for the full year ending 31 March 2018, applying the applicable UK corporation tax rate of 19% (2016: 20%). 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 £4.1m (2016: £4.2m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	<b>Six months ended 30 September 2017</b>	Six months ended 30 September 2016	Year ended 31 March 2017
<b>Profit (£m)</b>			
Profit for the period after tax – basic earnings	4.1	4.2	11.5
Intangible amortisation charge (after tax)	0.1	0.7	1.5
Exceptional items (after tax)	4.4	0.5	(0.3)
Adjusted earnings (after tax)	<u>8.6</u>	<u>5.4</u>	<u>12.7</u>
<b>Weighted average number of shares in issue (m)</b>			
At the beginning of the period	519.4	519.2	519.2
Change in weighted average number of ordinary shares	0.1	0.1	0.1
At the end of the period – basic number of shares	<u>519.5</u>	<u>519.3</u>	<u>519.3</u>
Share options	2.0	2.0	0.8
Employee share schemes	0.7	-	0.3
At the end of the period – diluted number of shares	<u>522.2</u>	<u>521.3</u>	<u>520.4</u>
<b>Earnings per share (pence)</b>			
Basic earnings per share	0.79	0.81	2.22
Amortisation	0.02	0.13	0.29
Exceptional items	0.85	0.10	(0.06)
Adjusted earnings per share	<u>1.66</u>	<u>1.04</u>	<u>2.45</u>
Basic earnings per share	0.79	0.81	2.22
Share options	-	-	(0.01)
Diluted earnings per share	<u>0.79</u>	<u>0.81</u>	<u>2.21</u>
Adjusted earnings per share	1.66	1.04	2.45
Share options	(0.01)	-	(0.01)
Adjusted diluted earnings per share	<u>1.65</u>	<u>1.04</u>	<u>2.44</u>

The total number of shares outstanding at 30 September 2017 amounted to 523,675,965, including 4,122,497 shares held in the Employee Benefit Trust, which are excluded in calculating the earnings per share.

## 8 Dividends

The aggregate amount of dividend comprises:

	<b>Six months ended 30 September 2017 £m</b>	Six months ended 30 September 2016 £m	Year ended 31 March 2017 £m
2016 final dividend (0.40 pence on 523.4m ordinary shares)	-	2.1	2.1
2017 interim dividend (0.33 pence on 523.5m ordinary shares)	-	-	1.7
2017 final dividend (0.67 pence on 523.7m ordinary shares)	<b>3.5</b>	-	-
	<u>3.5</u>	<u>2.1</u>	<u>3.8</u>
	<u><u>3.5</u></u>	<u><u>2.1</u></u>	<u><u>3.8</u></u>

Subsequent to the end of the period, and not included in the results for the period, the Directors have declared an interim dividend of 0.50 pence (2017 interim dividend: 0.33 pence) per share, to be paid on 26 January 2018 to shareholders on the register on 15 December 2017.

## 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.

	<b>Six months ended 30 September 2017 £m</b>	Six months ended 30 September 2016 £m	Year ended 31 March 2017 £m
Operating profit	<b>7.5</b>	7.0	17.5
Add back: amortisation	<b>0.1</b>	0.9	1.8
Add back: exceptional items	<b>4.7</b>	0.5	-
<b>Operating profit before amortisation and exceptional items (EBITA)</b>	<b>12.3</b>	8.4	19.3
Add back: depreciation	<b>21.5</b>	22.0	43.8
<b>EBITDA before exceptional items</b>	<b>33.8</b>	30.4	63.1
Profit before tax	<b>6.0</b>	5.4	14.4
Add back: amortisation	<b>0.1</b>	0.9	1.8
Add back: exceptional items	<b>4.7</b>	0.5	-
<b>Profit before tax, amortisation and exceptional items</b>	<b>10.8</b>	6.8	16.2

## 10 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
<b>Cost</b>				
At 1 April 2016*	54.7	378.5	80.4	513.6
Foreign exchange	0.4	0.5	-	0.9
Additions	0.6	22.4	1.3	24.3
Disposals	(0.3)	(21.7)	-	(22.0)
Transfers to inventory	-	(22.2)	-	(22.2)
At 30 September 2016*	55.4	357.5	81.7	494.6
Foreign exchange	0.2	-	-	0.2
Acquisition through business combinations*	-	-	0.2	0.2
Additions	0.1	18.0	2.3	20.4
Disposals	-	(14.0)	(0.2)	(14.2)
Transfers to inventory	-	(10.8)	-	(10.8)
At 31 March 2017*	55.7	350.7	84.0	490.4
Foreign exchange	(0.1)	0.6	-	0.5
Additions	0.7	26.0	1.8	28.5
Disposals	(5.3)	(19.3)	(16.8)	(41.4)
Transfers to inventory	-	(7.0)	-	(7.0)
<b>At 30 September 2017</b>	<b>51.0</b>	<b>351.0</b>	<b>69.0</b>	<b>471.0</b>
<b>Depreciation</b>				
At 1 April 2016	27.0	158.6	63.9	249.5
Foreign exchange	0.1	0.1	-	0.2
Charged in period	1.7	18.0	2.3	22.0
Disposals	(0.3)	(15.0)	-	(15.3)
Transfers to inventory	-	(6.2)	-	(6.2)
At 30 September 2016	28.5	155.5	66.2	250.2
Foreign exchange	0.1	-	0.2	0.3
Charged in period	1.7	17.2	2.9	21.8
Disposals	0.3	(9.2)	-	(8.9)
Transfers to inventory	-	(7.6)	-	(7.6)
At 31 March 2017	30.6	155.9	69.3	255.8
Foreign exchange	-	0.3	-	0.3
Charged in period	1.6	17.2	2.7	21.5
Disposals	(3.8)	(13.1)	(16.8)	(33.7)
Transfers to inventory	-	(4.9)	-	(4.9)
<b>At 30 September 2017</b>	<b>28.4</b>	<b>155.4</b>	<b>55.2</b>	<b>239.0</b>
<b>Net book value</b>				
<b>At 30 September 2017</b>	<b>22.6</b>	<b>195.6</b>	<b>13.8</b>	<b>232.0</b>
At 31 March 2017*	25.1	194.8	14.7	234.6
At 30 September 2016*	26.9	202.0	15.5	244.4

\* Restated for fair value adjustments, see note 12.

## 11 Borrowings

	<b>30 September 2017 £m</b>	30 September 2016 £m	31 March 2017 £m
<b>Current borrowings</b>			
Bank overdraft	2.4	-	4.1
Finance lease liabilities	0.2	0.3	0.3
	<u>2.6</u>	<u>0.3</u>	<u>4.4</u>
<b>Non-current borrowings</b>			
Maturing between two and five years			
- Asset backed facilities	66.5	84.6	72.1
- Finance lease liabilities	0.4	0.7	0.5
	<u>66.9</u>	<u>85.3</u>	<u>72.6</u>
Total non-current borrowings			
Total borrowings	69.5	85.6	77.0
Less: cash	(6.4)	(0.2)	(5.6)
	<u>63.1</u>	<u>85.4</u>	<u>71.4</u>
<b>Net debt</b>			

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

- (i) 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.
- (ii) An asset based finance facility of up to £175m. The availability of this facility is dependent upon the Group's hire equipment and trade receivables. The headroom on this facility as at 30 September 2017 was £87.6m (2016: £76.1m) based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, but it is reduced to the extent that any ancillary facilities are provided.

### Facility during the period

The facility in place at 30 September 2017 was repayable in September 2019, with no prior scheduled repayment requirements.

During the period interest on the facility was calculated by reference to the London Inter Bank Offer Rate applicable to the period drawn, plus a margin of 170 to 275 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 2.27% (2016: 2.50%).

The facility is secured by a fixed and floating charge over all the UK and Ireland assets, and the overdraft and asset based finance facility are rated pari passu.

### Amendment and extension to facility

The Group completed an amendment and extension to its bank facility on 10 October 2017, extending the current agreement by a further three years, through to October 2022. The terms have been improved which will lower the cost of the Group's debt financing. The additional uncommitted accordion (£220m) remains in place through to October 2022, should further funding requirements be needed.

The interest margin now ranges from 150 to 250 basis points dependent on leverage and on the components of the borrowing base. Other terms in the amended agreement are no more onerous to the Group and the covenant test requirements remain unchanged.



## **12 Acquisition of subsidiary**

### **Prior year acquisitions**

The Group purchased the brand, business and assets of Lloyds British Testing Limited in the prior financial year. The fair values of the acquired assets disclosed as provisional in the 2017 Financial Statements in respect of this acquisition have been updated during the period. As a result, the opening balance sheet has been restated to account for a £0.1m reduction to the fair value of property, plant and equipment and £0.2m reduction in inventory. This has resulted in £0.3m additional goodwill being recognised.

The balance sheet at 30 September 2016 has also been restated to reflect the £0.5m fair value adjustment recognised in the 31 March 2017 Annual Report. The fair value adjustment reduced the value of property, plant and equipment, acquired as part of the OHP Limited acquisition in December 2015. This resulted in £0.5m additional goodwill being recognised.

### **13 Contingent liabilities**

The Group has given warranties (including taxation warranties and indemnities) in relation to the disposal of certain businesses in prior years. These warranties and indemnities expire at various dates up to and including 2018.

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 Commitments**

The Group had contracted capital commitments amounting to £5.1m (2016: £2.6m) at the end of the financial period for which no provision has been made.

### **15 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 2017 Annual Report.

### **16 Post-balance sheet events**

The Group completed an amendment and extension to its bank facility on 10 October 2017, extending the current agreement by a further three years, through to October 2022.

## **17 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 2018 financial year have not changed from those set out on pages 30 to 33 of the Group's 2017 Annual Report, which is available at [www.speedyservices.com](http://www.speedyservices.com). These risks and uncertainties include, but are not limited to the following:

- Safety, health and environment;
- Service;
- Revenue and trading performance;
- People;
- Partner and supplier service levels;
- Operating costs;
- Funding;
- Information technology and data integrity;
- Economic vulnerability;
- Corporate culture;
- Business continuity; and
- Asset holding and integrity.

## Directors' Responsibilities

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We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS34 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.

Thomas Christopher Morgan  
Director  
13 November 2017

# Independent Review Report to Speedy Hire Plc

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## 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 2017 which comprises the interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, the 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 2017 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.

**Chris Hearld**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*  
1 St Peter’s Square  
Manchester  
M2 3AE  
13 November 2017