Half year results 30 September 2017

November 2017

Russell Down, Chief Executive
Chris Morgan, Group Finance Director

Strong first half performance

Revenue (excluding disposals)

£183.2m ↑ 6.9%

HY17: £171.4m

EBITDA*

£33.8m ↑ 11.2%

HY17: £30.4m

PBT*

£10.8m ↑ 58.8%

HY17 : £6.8m

Dividend

0.50p ↑ 51.5%

HY17: 0.33p

Hire fleet

£195.6m ↓ 3.2%

HY17 restated: £202.0m

Asset utilisation (UK & Ireland)

54.7% ↑ 5.6%

HY17: 49.1%

ROCE*

9.4% ↑ 84.3%

HY17: 5.1%

Net debt

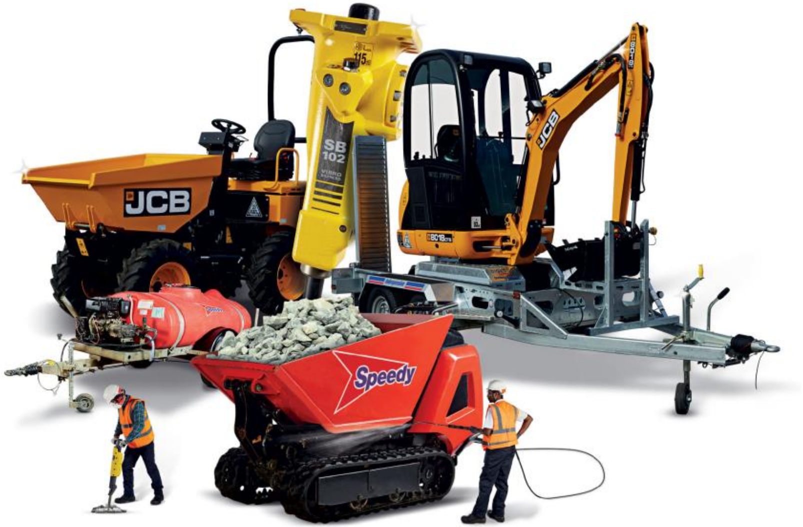
£63.1m ↓ 26.1%

HY17: £85.4m

*Before amortisation and exceptional items

Strategic and operational highlights

- UK and Ireland business restructured to better align with the customer proposition and provide improved opportunities for cross selling and operational efficiencies
- Differentiating through an improved customer experience
- Hire fleet optimisation programme improving asset utilisation
- Growing revenues from value added services
- Successful refinancing on improved terms provides greater flexibility to support our strategy for growth



Financial update

Chris Morgan, Group Finance Director

Summary financials

	HY 2018 £m	HY 2017 £m	Change %	FY 2017 £m
Revenue (excluding disposals)	183.2	171.4	*6.9%*	349.1
Gross margin %	*53.9%*	*51.0%*		*51.9%*
EBITDA*	33.8	30.4	*11.2%*	63.1
EBITDA* margin %	*18.2%*	*16.2%*		*17.1%*
EBITA*	12.3	8.4	*46.4%*	19.3
EBITA* margin %	*6.6%*	*4.5%*		*5.2%*
PBT*	10.8	6.8	*58.8%*	16.2
Adjusted earnings per share*	1.66p	1.04p	*59.6%*	2.45p
Exceptional items (pre-tax)	(4.7)	(0.5)		-
ROCE*	9.4%	5.1%	*84.3%*	7.7%
Dividend per share	0.50p	0.33p	*51.5%*	1.00p

- Revenue (excluding disposals) increased by 6.9%. Total revenue decreased by 0.7%, due to the heavy plant disposal last year
- Strong growth in services revenue; core hire revenue growing LFL
- Improvement in asset utilisation benefiting core hire margin
- Adjusted EPS* 1.66 pence (HY17: 1.04 pence)
- Restructure will generate at least £3m annualised savings
- ROCE* improved to 9.4% (FY17: 5.1%)
- Interim dividend increased by 51.5% to 0.50 pence per share

*Before amortisation and exceptional items

Segmental analysis – UK & Ireland

	HY 2018 £m	HY 2017 £m	Change %	FY 2017 £m
Revenue (excluding disposals)	169.1	159.1	*6.3%*	322.6
Gross margin %	*56.1%*	*53.0%*		*54.2%*
EBITDA*	32.9	30.4	*8.2%*	62.2
EBITDA margin %*	*19.2%*	*17.4%*		*18.1%*
EBITA*	13.1	10.1	*29.7%*	22.0
EBITA* margin %	*7.6%*	*5.8%*		*6.4%*
NBV of property, plant & equipment**	221.9	232.1	*(4.4%)*	223.3
Net capital expenditure	18.5	2.7		13.9
Depreciation	19.8	20.3	*(2.5%)*	40.2
Average age of hire fleet (years)	4.2	4.1	*2.4%*	4.2

- Revenue up 6.3% to £169.1m. Lloyds British acquisition performing ahead of expectations; synergies realised
- Core hire margin improved. Sales mix and prior year heavy plant disposal affected gross margin
- Overheads flat despite Lloyds British acquisition and pay inflation
- Headcount decreased by 3.0% to 3,155
- Reduction in property, plant and equipment
- Increase in capex of £5.2m in HY18; HY17 included heavy plant sale
- Average asset utilisation significantly improved year on year to 54.7% (5.6% higher than last year)

*Before amortisation and exceptional items
**Restated in HY17 and FY17 for FV adjustments

Segmental analysis - International

	HY 2018 £m	HY 2017 £m	Change %	FY 2017 £m
Revenue	14.1	12.3	*14.6%*	26.5
Gross margin %	*26.2%*	*21.9%*		*22.1%*
EBITDA*	3.1	2.3	*34.8%*	5.0
EBITDA margin %*	*22.0%*	*18.7%*		*18.9%*
EBITA*	1.8	0.9	*100.0%*	2.1
EBITA* margin %	*12.8%*	*7.3%*		*7.9%*
NBV of property, plant & equipment	10.1	12.3	*(17.9%)*	11.3
Net capital expenditure	0.3	1.0	*(70.0%)*	1.5
Depreciation	1.3	1.4	*(7.1%)*	2.9

- International represents 7.6% of Group revenue
- Trades with national oil and gas clients in UAE
- Significant portion of revenue through Partnered Services
- Revenue increased by 6.5% (on a constant currency basis) due to additional short term hires
- EBITA* margin improved to 12.8% (HY17: 7.3%)
- Average asset utilisation 88.5%

*Before amortisation and exceptional items

Balance sheet

	30 Sep 2017 £m	30 Sep 2016* £m	31 Mar 2017* £m
Intangibles & JV	9.2	7.6	9.5
Property, plant and equipment	232.0	244.4	234.6
- Hire fleet	195.6	202.0	194.8
- Other	36.4	42.4	39.8
Inventory	7.3	7.8	6.6
Trade and other receivables	96.6	101.0	91.0
Trade and other payables	(80.5)	(86.6)	(74.8)
Tax	(7.9)	(4.4)	(4.4)
Provisions	(3.9)	(2.1)	(1.5)
Net debt	(63.1)	(85.4)	(71.4)
	189.7	182.3	189.6

- Strong balance sheet
- Hire fleet broadly consistent with year end
- Targeted hire fleet additions and further disposals of under utilised assets
- Receivables decreased compared to HY17, reflecting reduced debtor days of 68 (HY17: 71)
- Increased tax creditor as HY17 included a corporation tax recoverable received in HY18
- Provisions increase reflects restructuring activity

*Restated for FV adjustments

Cash flow

	HY 2018 £m	HY 2017 £m	FY 2017 £m
Adjusted operating profit	12.3	8.4	19.3
Depreciation	21.5	22.0	43.8
EBITDA	33.8	30.4	63.1
Exceptional items	0.7	(0.5)	(0.8)
Working capital	(3.6)	(4.2)	(2.8)
Provisions	(0.5)	(1.3)	(1.9)
Share-based payments	0.6	0.3	0.8
Purchase of hire fleet	(25.4)	(21.5)	(40.5)
Proceeds from sale of hire fleet	9.0	19.7	29.2
(Gain)/ loss on disposal	(0.8)	0.9	1.8
Cash generated from operations	13.8	23.8	48.9

- Cash generated from operations £13.8m (HY17: £23.8m)
- Proceeds from sale of hire fleet decreased as HY17 included £12.1m from the heavy plant disposal
- Targeted hire fleet purchases based on management information to improve return and asset utilisation

Net debt reconciliation

	HY 2018 £m	HY 2017 £m	FY 2017 £m
Net debt at start of period	71.4	102.6	102.6
Cash from operations	(13.8)	(23.8)	(48.9)
Interest paid	1.8	2.4	4.3
Tax (received)/ paid	(1.4)	(0.1)	1.9
Non-fleet capex	2.4	1.9	4.1
Acquisitions (including net debt assumed)	-	-	3.8
Dividend	3.5	2.1	3.8
Other	(0.8)	0.3	(0.2)
Net debt at end of period	63.1	85.4	71.4

- Reduction in net debt reflects cash generated from operations
- Net debt to EBITDA 0.95x (FY17: 1.13x)
- Amendment and extension to ABL facility in October 2017:
  - Extended by three years to October 2022
  - Lower interest rates
  - No change to covenants
    - Leverage (quarterly)
    - Fixed charge cover (quarterly)
- ABL facility headroom £87.6m (FY17: £75.8m)

Strategy and business update

Russell Down, Chief Executive

Strategy

Speedy

Vision

To be the best company in our sector to do business with, and the best to work for

Mission

To provide safe, reliable hire equipment and services to enable successful delivery of customer projects

Values

- Safe
- As One
- Innovative
- Driven

Customer excellence

Innovation Differentiation

Client relationships

New operating structure

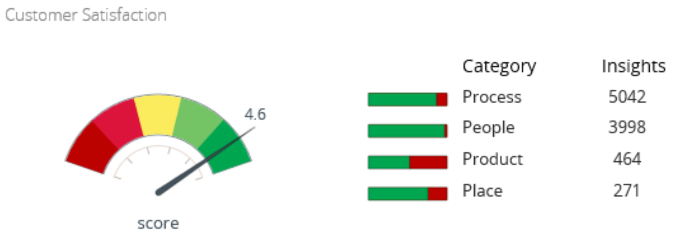
Hire	Hire	Partnered Services		75%
Services	Testing Inspection Certification	Training	Products and consumable sales (iPAC)	25%

- Hire business restructured to improve operational efficiency and enhance specialisms; power, lifting, survey and rail
- Hire fleet optimisation programme; utilisation up 5.6% on prior year
- Significant cross selling opportunities exist between divisions
- Services divisions created to support hire business and will be a focus for growth

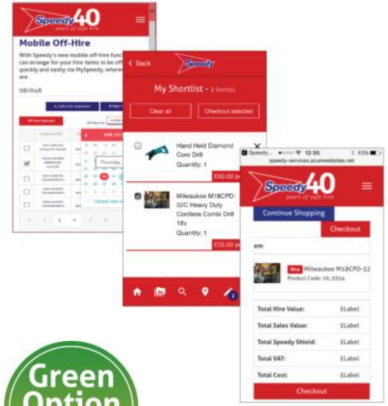
Customer excellence

Customer excellence

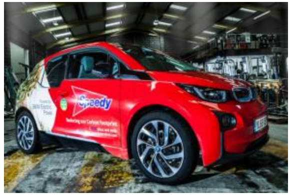
- Improved systems, processes and management information leading to a better customer experience
- Over 40% of staff have undertaken customer experience training
- 'Voice of the Customer' programme and customer surveys implemented in January 2017
- Over 125,000 requests for feedback issued to customers by text and email
- 90% of respondents provided a customer satisfaction score of 4 or 5 out of 5
- Sentiment scoring provides verbatim feedback on key service areas



Innovation



- Mobile smart devices and in-depot tablets:
    - Paperless system reducing our carbon footprint
    - Photographic evidence to support damage charges
    - Improving accuracy of information, reduced customer queries
- Implementing a strategy to become a fully digital business
- New sustainable and innovative fleet additions; ‘Green Options’
- Leading the industry in Building Information Management (BIM)
- Increasing use of electric vehicles for delivery and collections



Client relationships

Cultivating strong relationships

- Developing strong relationships with customers at all levels
- Retained all major customer framework agreements in the period
- Increased marketing activity with regional and local customers
- Easier account opening process; focus on dormant accounts
- Increased business development activity to target new customers
- Speedy Expo held on 1 and 2 November with 1,500 delegates attending

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LOCAL DEALS

People

- 3,666 employees (FY17: 3,745)
- UK and Ireland restructuring reduced the number of operating divisions, distribution centres and head office staff
- ‘People Matters’ employee survey
  - Improved engagement and management scores
  - Action plans under development by division
- All employees undertake performance and development reviews; six monthly
- All employees participate in the Group bonus scheme
- Improved career plans and development programmes

Delivering sustainable profitable growth

Operational

- Differentiated customer focus
- Innovation at the heart of the business
- Continued hire fleet optimisation
- Cross selling opportunities
- Become a fully digital business
- Significant improvements in utilisation

Financial

- Working capital management
- Cash generation
- Capital allocation
- ROCE
- Balance sheet strength
- Investment in targeted acquisitions

Summary and outlook

- Strong financial and operational performance reflecting our customer focussed strategy and a rigorous approach to capital allocation and cost control
- Successful refinancing on improved terms provides greater flexibility to support our strategy for growth
- Well positioned for further acquisitions to support continued sustainable profitable growth
- Interim dividend up 51.5% reflects confidence for the future

Speedy40
years of safe hire

Questions