Full year results to 31 March 2023

Strong foundations, launching our new growth strategy, Velocity

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Presentation team

Dan Evans
Chief Executive

Paul Rayner
Chief Financial Officer

Highlights

- Strong full year performance with continued revenue growth
- PBT[1] up 7% to £32.1m (FY22: £30.1m)
- EPS[1] up 24% to 5.25p (FY22: 4.24p)
- Strong free cash flow of £10.6m (FY22: outflow of £18.5m)
- Completion of £30m share buy back
- Net debt of £92.4m (FY22: £67.5m)
- Bank facilities of £180m extended by two years to July 2026
- Proposed final dividend of 1.80p per share
- Velocity strategy launched, focusing on revenue growth and margin improvement
- Target to be net zero business by 2040, 10 years before the government target
- Recent key contract wins and extensions, as well as strong pipeline, gives confidence in meeting our expectations for the coming year

1 Before amortisation and exceptional items

Financial update

Paul Rayner, Chief Financial Officer

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Strong financial performance

	FY23 £m	FY22 £m	% variance vs FY22
Revenue	**440.6**	386.8	13.9%
EBITDA[1]	**103.7**	99.3	4.4%
EBITDA[1] margin	**23.5%**	25.7%	-
PBT[1]	**32.1**	30.1	6.6%
Free cash flow	**10.6**	(18.5)	-
Net debt	**92.4**	67.5	-

- Mix of revenue impact on net margins
- Rate increases offset overhead growth
- EBITDA up 4.4% to £103.7m
- Strong performance from joint venture
- PBT up 6.6% to £32.1m
- Significant working capital improvement has driven increased free cash flow
- Share buyback completed £24m

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P&L summary

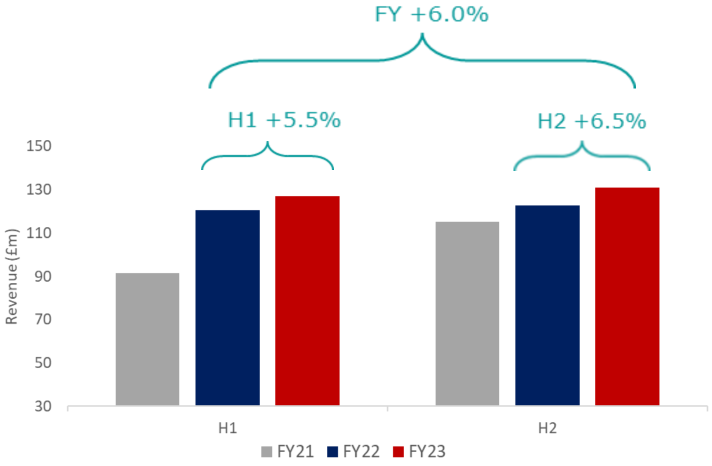
	FY23 £m	FY22 £m	% variance vs FY22
Revenue	**441**	387	13.9%
Hire	***258***	*243*	*6.0%*
Services	***176***	*138*	*27.4%*
Gross profit	**239**	221	8.3%
Gross margin	**54.3%**	57.2%	-
Overheads	**(205)**	(189)	8.9%
Operating profit[1]	**34**	33	4.6%
EBITDA[1]	**104**	99	4.4%
Joint venture	**7**	3	-
Interest	**(9)**	(6)	-
PBT[1]	**32**	30	6.6%

- Continued revenue growth across hire and services
- Rate increases to maintain total hire margin
- Mix of revenue reduced overall gross margin %
- Increased overheads of £17m
  - People costs £7m
  - Fuel and utilities £4m
  - Vehicles £2m
  - IT costs £2m
  - Marketing and ESG £2m
- Excellent joint venture performance
- Interest increase resulting from higher rates and buyback payments

1 Before amortisation and exceptional items

Customer and revenue analysis

Hire revenue analysis



- Regular pricing reviews and significant asset investment delivered revenue growth
- Strong drive towards ECO product offering
- Hire revenue consistently strong and continues to grow

Price and volume analysis

	National	Managed	Trade & Retail
Revenue	↑	↑	↑
Rate	↑	↑	↑
Volume	–	↓	↑

- Volume influenced by macro-economic factors, positive H2 positioning the business well for FY24
- National customers performing as expected
- Key focus on managed customers
- Trade and retail performing well and remains a group targeted for growth

Joint venture

	FY23 £m	FY22 £m
Share of after tax results	**6.6**	3.2
Cash flow	**5.6**	1.9
Investment on balance sheet	**9.2**	7.8

- Record performance following contract wins in FY22
- Cash backed profits
    - Dividends received of £5m and loan repayments of £0.6m
- Quarterly operating meetings

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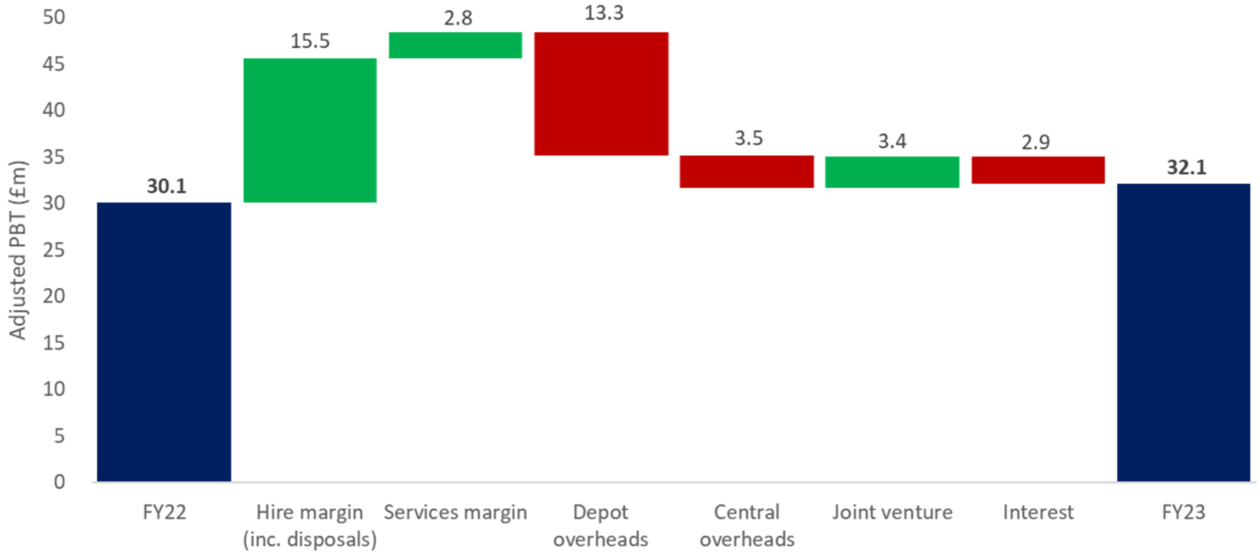
Adjusted profit bridge



- Hire revenue increase and margin improvement following rate increases
- Depot overheads increased £13m - primarily pay increases £6m, fuel & utilities £4m and vehicles £3m
- Central overheads increased £4m - primarily pay increases £1m, marketing £1m and ESG £1m

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Balance sheet summary

	FY23 £m	FY22 £m
Intangibles and JV	**34.2**	33.7
Hire fleet	**207.9**	226.9
Other assets	**23.3**	20.5
Working capital	**30.1**	20.2
Provisions	**(15.6)**	(14.9)
IFRS16 net liability	**(2.9)**	(2.5)
Net debt	**(92.4)**	(67.5)
Net assets	**184.6**	216.4
Debtor days	**61**	67
Creditor days	**37**	56

- Hire fleet
  - Itemised £172m
  - Non itemised £36m
- Strong working capital performance in H2 – improved cash collections with refined controls
- Reassessed dilapidations provision, prior year net assets adjustment of £10m
- Net debt of £92.4m
  - Higher than FY22, principally completion of share buyback of £24m
  - Leverage 1.3x of EBITDA
  - Significant headroom of £83.5m (FY22: £110.8m)
- Bank facilities of £180m extended by two years to July 2026

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Assets and controls

- Non-cash £20.4m write down of assets identified in February 2023
- Investigation into cause of loss launched and reported on 18 May 2023
- Key findings: Issue was control and accounting procedure based, not result of underlying systematic fraud
- Total number of non itemised assets c.1.9m, itemised assets c.0.3m
- New controls introduced
  - Asset working group established to review and report on ongoing process and control improvements
  - Perpetual counts in place
  - Mandated bi-annual full stock take across whole of asset categories, next full stock count 30 September 2023
  - Monthly fixed asset register reconciliation

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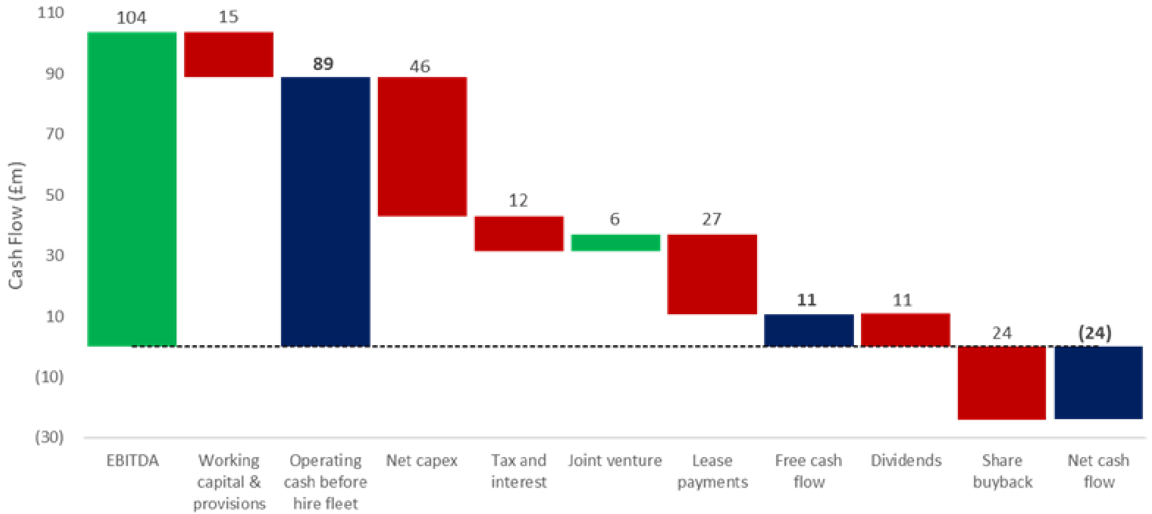
Cash flow bridge



- Strong operating cash of £89m, 86% conversion from EBITDA consistent with FY22
- Working capital - fuel c.£5m, net debtor/ creditor movement c.£2.5m, balance provisions
- Significant improvement in debtor days facilitated a reduction in creditors
- Net capex £46m – gross capex of £64m and disposals of £18m
- Free cash flow of £11m
- Total returns to shareholders £35m

Key metrics and shareholder returns

	FY23 £m	FY22 £m	% variance vs FY22
Utilisation (itemised)	**54.4%**	57.0%	(2.6pp)
ROCE	**14.5%**	13.6%	0.9pp
EPS[1]	**5.25p**	4.24p	24%
Dividend cover	**2.0x**	1.9x	-
DPS	**2.60p**	2.20p	18%
Share buyback	**£24m**	£6m	£18m
Leverage	**1.3x**	0.9x	0.4x

- Utilisation calculated on itemised assets only
- Improved controls will support greater detail on utilisation moving forward
- Strong EPS growth
- Progressive DPS
- Sensible leverage at 1.3x

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Business update

Dan Evans, Chief Executive

Business update

- Agreement reached with B&Q on exciting partnership evolution:
  - Extended offering onto trade-point.co.uk and diy.com in 2023, exclusive to Speedy
  - During FY24 extended coverage to digitally hire selected products in c.300 B&Q stores nationally
- Delighted with the record year in our newly rebranded Customer Solutions business
- Fuel and energy business continues to grow:
  - Supporting the diverse needs to our customers
  - Core to our focus on product innovation
- Strategic collaboration established with Peak for the next 5 years:
  - Focusing on artificial intelligence
  - Optimisation and efficiency for Speedy
  - Providing intelligence to support customer decision making

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Customers

- Key customer highlights:

- Significant pipeline of year 1-3 opportunities
- Business development resource aligned to key sectors
- Chief Executive visit to Kazakhstan joint venture during February 2023
- Over 120 customers made up of over 1,500 of their people visited the Speedy Innovation Centre in Milton Keynes

People and Health & Safety

People

- Investment in early and late careers
- Focus on internal promotions in the year, supporting our career line of sight
    - ESG Director and HSSEQ Director promoted to Executive Team
    - First female Managing Director
- Introduction of flexible working trials across the business
- Emerging Talent, Development Board established
- People First employee engagement survey, score of 77%

Health & Safety

- RIDDOR Accident Frequency Rate of 0.12 (FY22: 0.35)
- Lost time incidents down 41% on prior year
- ROSPA Gold achieved for 9^{th} consecutive year
- EcoOnline reporting system fully embedded for hazard, near miss and positive observation reporting

Industry leading ESG

SILVER 2022 ecovadis Sustainability Rating

CDP DISCLOSURE INSIGHT ACTION

Corporate ESG Performance Prime RATED BY ISS ESG

The Decade to Deliver - A Hire Revolution: Inspiring People to make Hire their First Choice

	Accelerating Innovation	Climate Solutions	Including Everyone	Part of the Community
What we have achieved so far;	Continued investment in eco technologies to meet customer demand for Net Zero	First SBTi Net Zero by 2040 roadmap aligned to 1.5 °C in UK Hire	Delivering on our People First strategy	Delivering social value for our people and communities
Next steps;	Making hire even more sustainable through investment in eco technologies and refurbishing and retrofitting assets to become more circular	Net Zero and Nature Positive. 50% carbon reduction in Scope 1 and 2 by 50% and Scope 3 by 42% by 2030 and Net Zero Carbon by 2040. Nature Positive by 2030	Top 100 employer – DEI, wellbeing, family friendly, talent, engagement, sustainable supply chains	Supporting Local - charities, community investment, volunteering, supporting local businesses (SME's) jobs – social value for people and communities

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Velocity, our new growth strategy

Dan Evans, Chief Executive

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Velocity - *Our five year strategy for growth*

- Velocity is a five year transformation and growth strategy
- There are two defined stages to drive sustainable long-term growth:

Enable growth
Deliver foundational improvements across technology and operational efficiency (years 1-3)

Deliver growth
Become the most efficient and sustainable UK hire business (years 1-5)

- Fully aligned to our vision 'To inspire and innovate the future of hire and accelerate sustainable growth'

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Transforming Speedy

We are building a digital and data led business to step change our efficiency and power our growth

We have mobilised a group-wide transformation programme to deliver the technical and operational changes required to establish our future platform

Digitally and data driven…

Our network

Our logistics

Our assets

… powered by our people and partners

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Our growth engines

Core hire products

Grow our market share with all customer segments across all geographies trading as a multi channel service offering

Specialist products and services

A focus on niche products and services with significant growth and margin opportunities

Trade and retail markets

Grow trade and retail customers, through conversion of sales into hire, e-commerce opportunities and market creation to a less focused area of hire

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Strategic pillars

Foundational elements *that will support everything we do to accelerate sustainable growth*

People First	ESG	Digital experience	Modern workplace
Aim to be a Top 100 employer by 2029	Our "Decade to deliver," encouraging people to make hire their first choice	Easy to do business with	Intuitive user systems with AI driven technology to automate process and enhance performance

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Summary and outlook

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Summary and outlook

- Strong revenue growth
- Adjusted profit before tax up 7%
- Strong free cash flow including completion of share buyback
- Dividend up 18%
- Recent key contract wins and extensions, as well as strong pipeline, gives confidence in meeting our expectations for the coming year
- We remain vigilant to the continuing challenges of the macro-economic climate
- Velocity strategy launched focusing on revenue growth and margin improvement
- Capital Markets Event to be held on 11 July 2023 at the Speedy Innovation Centre in Milton Keynes

Q&A

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Appendices

Capital allocation policy

Policy	Organic growth	Paying dividends	M&A activity	Efficient balance sheet
	Investments to better enable us to serve our customers	Regular dividend payments in the range between 33% and 50% of adjusted EPS	Funds available for acquisition with a focus on specialist hire and complementary services	Committed to maintaining net debt to EBITDA ratio in the region of 1.5x[1]

1 This metric excludes the impact of IFRS 16

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Exceptional items

	FY23 £m
Asset impairment	(20.4)
Other	(1.4)
Restructuring costs	(6.7)
Exceptional items	(28.5)

- Comprehensive count of all hire equipment identified a £20.4m deficiency in non-itemised assets
- £1.4m of professional fees to support the review of controls and accounting procedures
- Operational efficiency review resulted in restructuring costs and depot closure costs of £6.7m
- No exceptional items in FY22

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