

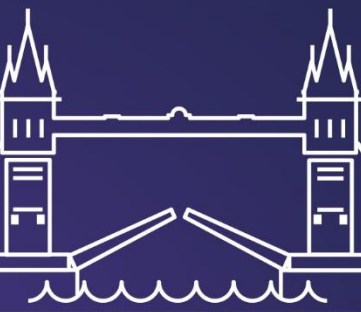


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**#CapitalCommitment**

**FULL YEAR RESULTS 31 MARCH 2021**

**Strong recovery; well positioned for sustainable growth**

# Highlights

- Progressive revenue recovery throughout the year; current trading c.2% ahead of 2019
- Decisive and swift action taken to manage costs and preserve cash in response to COVID-19
- Strategic disposal of Middle East assets
- Strong balance sheet and cash generation
- Continued strategic and operational progress
  - Digital
  - ESG
  - People
  - B2C
- Dividend payments resumed



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**Financial update**



# Strong recovery; well positioned for sustainable growth



	<b>FY 2021 £m</b>	<b>FY 2020 £m</b>	<b>Change %</b>
Revenue (pre-disposals)	<b>359.4</b>	402.5	(10.7)
EBITDA <sup>1</sup>	<b>90.5</b>	107.4	(15.7)
PBT <sup>1</sup>	<b>20.7</b>	34.9	(40.7)
Net debt	<b>33.2</b>	79.3	58.1
Leverage <sup>2</sup>	<b>0.5x</b>	1.0x	50.0
ROCE	<b>7.6%</b>	12.0%	(4.4)pp
Adjusted EPS	<b>3.22p</b>	5.54p	(41.9)

## Highlights

- Financial performance significantly impacted by COVID-19 in H1
- Decisive action taken to protect customers and colleagues
- Progressive revenue recovery throughout the year
- Disposal of Middle East assets
- Significant reduction in net debt and leverage
- Strong balance sheet provides resilience and strategic flexibility
- Return to dividend payments with proposed final dividend of 1.40p per share

1 Before amortisation and exceptional items  
2 Net debt / Pre-IFRS16 EBITDA

# Strong H2 recovery in UK&I performance

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	FY 2021 £m	FY 2020 £m	Change %
Revenue			
Hire	<b>206.3</b>	231.7	(11.0)
Services	<b>121.8</b>	135.6	(10.2)
Disposals	<b>4.2</b>	4.2	-
	<b>332.3</b>	371.5	(10.6)
Gross margin			
Hire	<b>76%</b>	77%	(1.3)pp
Services	<b>23%</b>	26%	(2.8)pp
Disposals	<b>13%</b>	19%	(6.1)pp
	<b>56%</b>	58%	(2.1)pp
Gross profit	<b>184.9</b>	214.3	(13.7)
Overheads <sup>1</sup>	<b>(158.6)</b>	(177.0)	10.4
EBITA <sup>1</sup>	<b>26.3</b>	37.3	(29.5)
Headcount <sup>2</sup>	<b>3,253</b>	3,464	(6.1)

## Revenue

- Hire revenue<sup>3</sup> on an improving trend, H1 revenue down 21% on prior year with H2 broadly flat
- Strong Services performance from the rehire business

## Margin

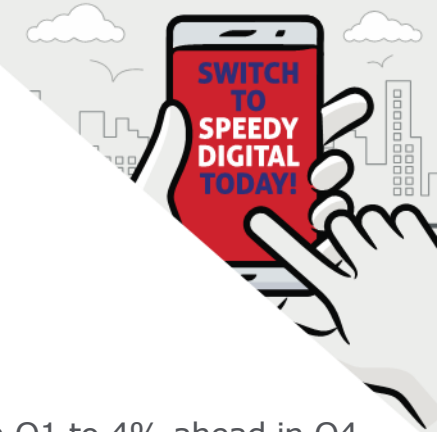
- Hire margin improved in H2 as activity levels increased
- Services margin impacted by sales mix

## Overheads

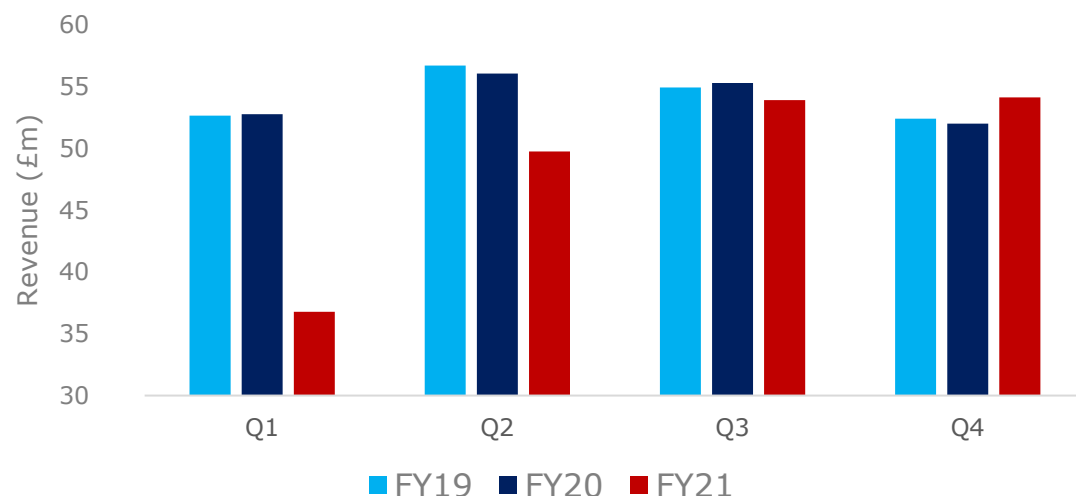
- Effective cost management in response to pandemic
- Utilised Government support in H1

1 Before amortisation and exceptional items  
2 Excludes B&Q (50 heads)  
3 Core hire

# Progressive recovery in UK&I hire revenue



## Hire Revenue<sup>1</sup> (LFL)



## Highlights

- Strong recovery in hire revenue<sup>1</sup> from 30% down in Q1 to 4% ahead in Q4
- Market share gains driving recovery
- Revenue in April and May c.2% ahead of the equivalent period in 2019

## Customer segments

### Major

- Successful contract wins and extensions, with revenue up c.1% in H2

### Regional

- Market remains price competitive; experiencing an improving trend in Q4

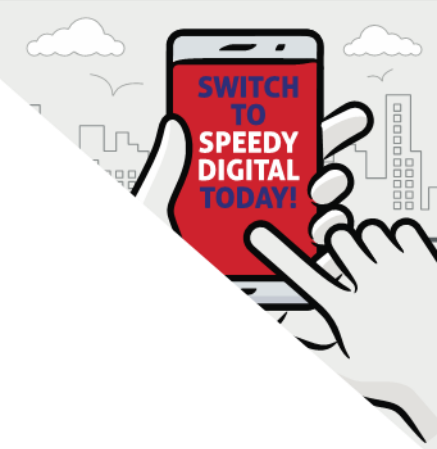
### Local

- Customer base continues to grow with H2 revenues c.10% ahead of prior year

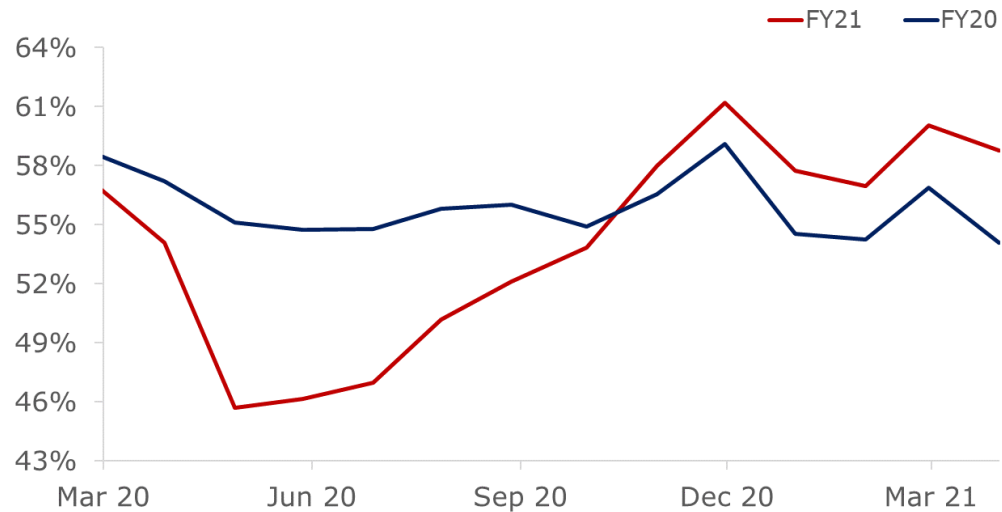
	Q1	Q2	Q3	Q4
FY21 v FY20	(30%)	(11%)	(2%)	4%
	(21%)		1%	
	(10%)			

1 Core hire

# Optimising UK&I asset utilisation



Utilisation %



## Highlights

- Strong recovery in asset utilisation from 49% in H1 (FY20: 55%) to 59% in H2 (FY20: 56%)
- Modest capex of £7.2m in H1, £28.8m in H2 in response to increased customer activity
- Continual enhancement of artificial intelligence
- Current lead times increasing due to supply chain pressures, no material impact

# International division – discontinued operations

	FY 2021 £m	FY 2020 £m	Change %
Revenue			
Hire	<b>6.9</b>	8.8	(21.6)
Services	<b>24.4</b>	26.4	(7.6)
Disposals	-	-	-
	<b>31.3</b>	35.2	(11.1)
Gross margin			
Hire	54.0%	59.0%	(5.0) <sub>pp</sub>
Services	16.1%	17.9%	(1.8) <sub>pp</sub>
	24.5%	28.2%	(3.7) <sub>pp</sub>
Gross profit	<b>7.7</b>	9.9	(22.2)
Overheads <sup>1</sup>	<b>(4.0)</b>	(4.2)	4.8
EBITA <sup>1</sup>	<b>3.7</b>	5.7	(35.1)

## Middle East

- Assets sold on 1 March to our principal customer for \$18.0m with net gain on disposal of £0.8m
- Trading in the 11 months to 28 February in line with expectations
- Transitional services agreement in place to 30 June 2021
- Working capital balances to be settled in H1

<sup>1</sup> Before amortisation and exceptional items

# Strong balance sheet provides resilience and strategic flexibility



	31 Mar 2021 £m	31 Mar 2020 £m
Intangibles and joint ventures	30.9	30.4
UK&I hire fleet	207.2	216.0
UAE hire fleet	-	11.1
Other fixed assets	25.9	30.5
Right of use assets	59.1	64.7
Net working capital	2.4	5.1
Trade and other receivables	93.3	102.3
Trade and other payables	(94.8)	(90.9)
Provisions	(6.0)	(7.1)
Lease liabilities	(65.8)	(72.9)
Net debt <sup>1</sup>	(33.2)	(79.3)
<b>Net assets</b>	<b>219.2</b>	<b>209.9</b>

## UK&I hire fleet

- UK&I hire fleet reduced by £8.8m; average fleet age 3.6 years (FY20: 3.4 years)
- Hire fleet additions of £7.2m in H1, £28.8m in H2, FY21 £36.0m (FY20: H1 £23.8m, H2 £25.8m, FY £49.6m)

## UAE hire fleet

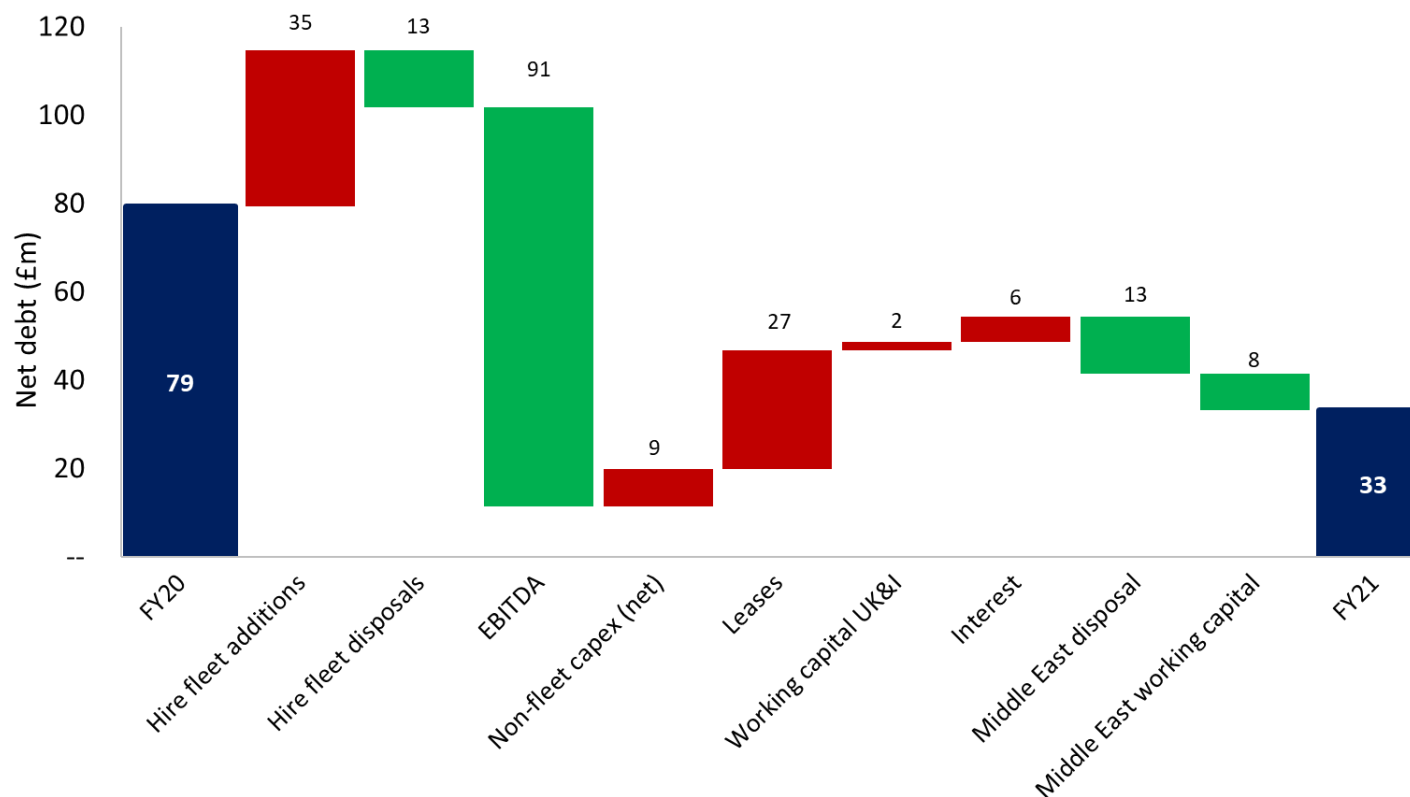
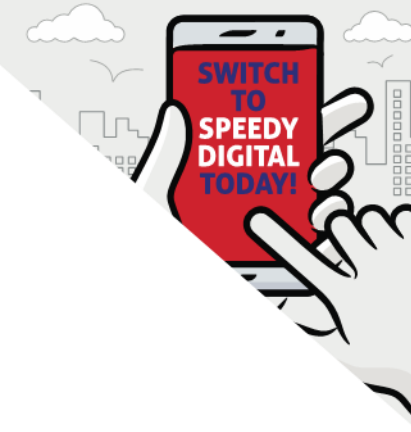
- Middle East assets disposed of on 1 March

## Other notable balances

- Debtor days for the UK&I reduced to 59 (FY20: 66)
  - Overdue debtor balances reduced by 26%
- Net debt reduced by £46.1m to £33.2m

<sup>1</sup> Excluding IFRS 16

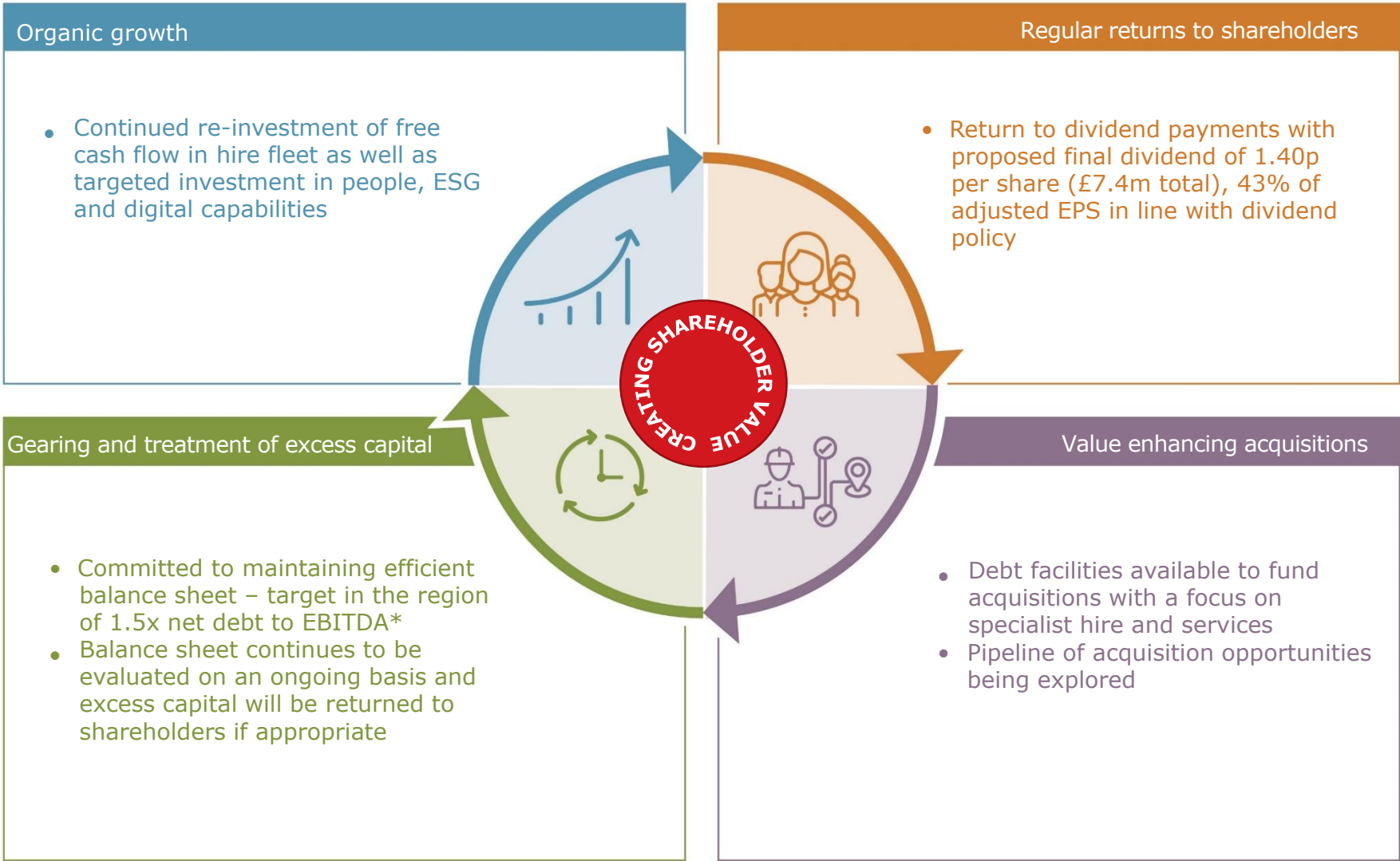
# Conservative net debt with significant facility headroom



## Highlights

- Significant reduction in net debt due to:
  - Strong customer collections
  - Disciplined capex management
  - Middle East asset disposal
- Significant facility and cash availability of £142.3m (FY20: £99.0m)
- Leverage reduced to 0.5x (FY20: 1.0x)
- Existing facilities expire in October 2022; refinancing at advanced stage
- All tax deferrals paid by 30 September 2020

# Capital allocation policy



\* Before amortisation and exceptional items



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**Strategy and  
business update**

# Market environment

- Excellent pipeline of infrastructure opportunities:
  - HS2
  - Rail – CP6
  - Water – AMP7
- Housing completions remain strong; commercial property market weaker
- Pricing pressures remain, although longer term contract renewals and market share gains provide resilience and visibility
- Supply chain delays evident more recently due to COVID-19
- Gaining market share in powered access following launch of Speedy Powered Access
- No significant impact from recent lockdowns as customers continued working



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# Continuing strategic progress

- Customer service promise expanded; 350 products now available with 4 hour delivery nationwide
- Major customer renewals and new wins secured
- Operational review resulted in depot closures and consolidations leading to increased efficiency
- Business model provided strong cash generation and improved liquidity
- Strategic exit from Middle East operations



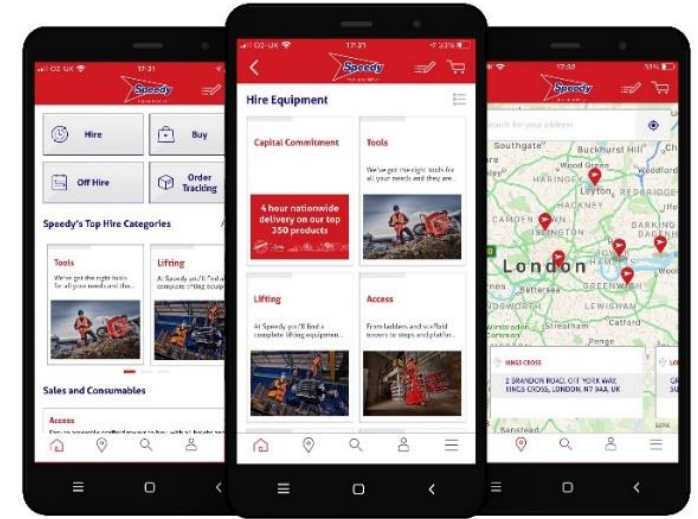
# Strategic initiatives



- Further investment in Artificial Intelligence, IT systems and applications to support digital ambitions
- Leading the industry on ESG; ESG Director appointed
- Investing in people
- Growing B2C presence through partnership with B&Q

# Digital transformation

- Digital on / off hires up 100% and 50% respectively in Q4
- Digital customer journey enhanced:
  - Fully digital onboarding for cash customers with integrated ID verification
  - Increased number of products with visible online pricing
  - Digital orders for collection from B&Q locations (including weekends)
  - Hand Arm Vibration product selector enhancements
  - Equipment test inspection and compliance checker
- Launched new mobile app with improved user interface and additional functionality including:
  - Mini 'MySpeedy' with customer dashboard
  - View/download invoices and pay or query via the app
  - Off-hiring made even simpler with the barcode scanning off-hire feature
- New digital KPIs launched for revenue / customer growth and conversion



# Leading the way in ESG

- Committed to reaching net zero emissions before 2050 and setting science-based targets during FY22
- New ESG Director and Innovation Director appointed April 2021
- Significant investment planned in new technologies eg cordless, hybrid, solar and hydrogen
- Sustainable products make up c.25%+ of revenue
- Commercial vehicle fleet is 95% Euro 6 compliant
- Company car list almost exclusively hybrid / electric vehicles; reviewing options for electric vans and trucks
- Trialing use of HVO (hydrotreated vegetable oil) as a direct replacement for red diesel with customers and own fleet. Carbon output reduced by 90%



# People – the key to our success

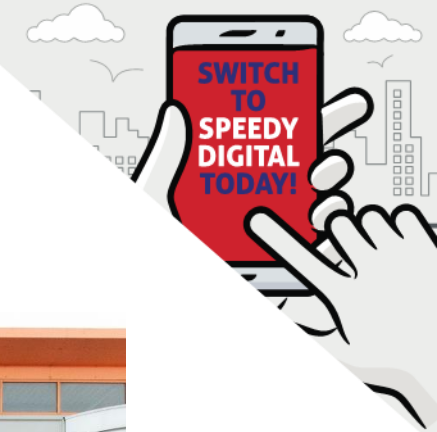
- UK and Ireland headcount 3,253\*
- Employee survey undertaken in April 2021
  - Strong response rate of 74% and engagement score of 77%
- Enhanced employee communications during COVID-19. Mental health first aiders appointed throughout the business
- Health and well-being activity relaunched to keep colleagues safe on site and at home. "Time to Talk" introduced throughout the business
- Significant investment in internal training, succession, diversity and career development
- Member of the 5% Club
- Strong and diverse Board



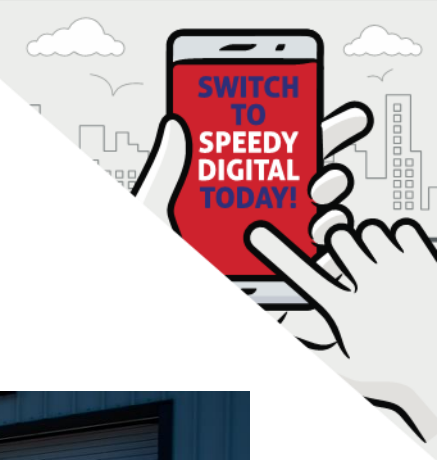
\* Excluding 50 B&Q heads

# B2C – a growth opportunity

- Partnership with B&Q accelerates move into B2C market
- Enhances customer proposition for both parties
- Trial period underway since July 2020
- Rent and commission based model
- 16 stores open to date; further store openings planned in 2021
- Step up in marketing activity as we emerge from COVID-19
- Opportunities for reciprocal trading



# Well positioned for sustainable growth



- Strong performance during COVID-19
- New customer wins and market share gains reflect customer service focus
- Good momentum; current trading c.2% ahead of 2019
- Strong balance sheet and cash generation, with significant facility headroom
- Leading the way in ESG and digital initiatives
- Well positioned and invested to take advantage of market opportunities

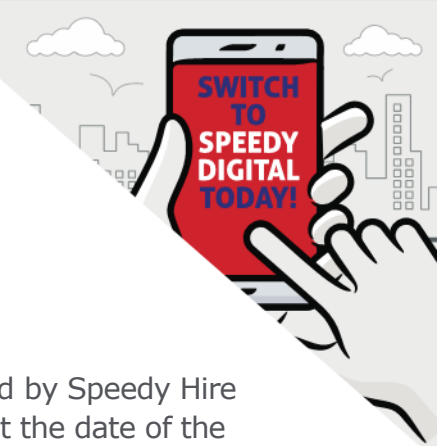




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**Q&A**

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