



Speedy

HALF YEAR RESULTS 30 SEPTEMBER 2019

Russell Down, Chief Executive

Chris Morgan, Group Finance Director

Highlights



Achieving strategic goals

- Increasing resilience in competitive markets
- Machine learning and artificial intelligence supporting growth
- 27% growth in SME revenue
- 17% growth in UK and Ireland services revenue

Improving returns

- Utilisation increased to 56.5% (HY19: 56.2%)
- Profit before tax¹ up 19.7%
- ROCE¹ increased to 12.7% (HY19: 12.3%)
- Interim dividend up 16.7% to 0.70p (fourth consecutive year of growth; CAGR 35%)

Strong platform for future growth

- Strong balance sheet
- Well invested; fleet age reduced to 3.2 years (HY19: 3.6 years)
- Further development of technology solutions
- Diversified customer base

Headlines

Revenue (excluding disposals)

£204.2m ▲ 5.9%

HY19: £192.8m

EBITDA^{1,2}

£52.7m ▲ 5.4%

HY19: £50.0m

PBT^{1,2}

£16.4m ▲ 19.7%

HY19: £13.7m

Dividend

0.70p ▲ 16.7%

HY19: 0.60p

Hire fleet

£221.0m ▲ 1.9%

FY19: £216.9m

Asset utilisation (UK & Ireland)

56.5% ▲ 0.3pp

HY19: 56.2%

ROCE^{2,3}

12.7% ▲ 0.4pp

HY19: 12.3%

Net debt³

£85.3m ▼ 4.6%

FY19: £89.4m

- 1 Comparatives restated for IFRS 16
- 2 Before amortisation and exceptional items
- 3 Excluding impact of IFRS 16



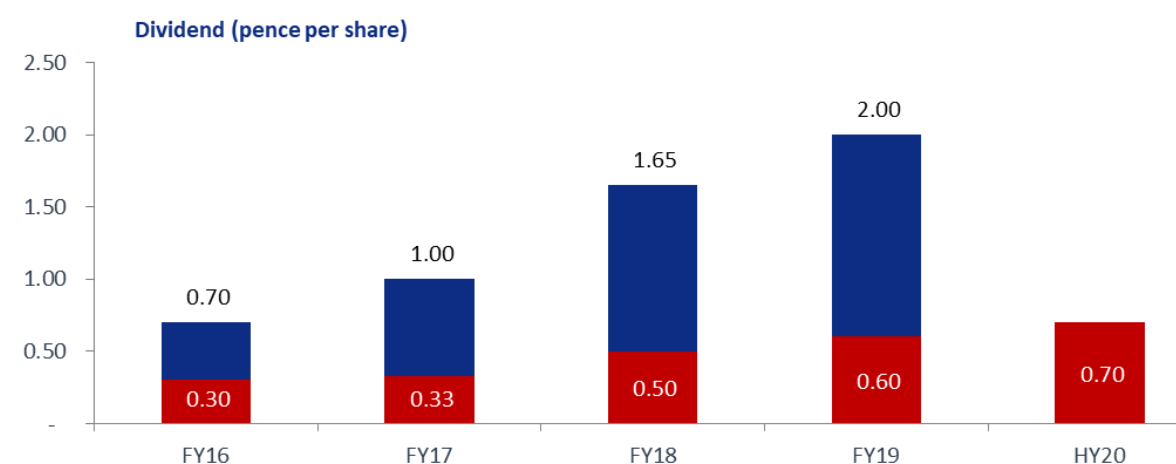
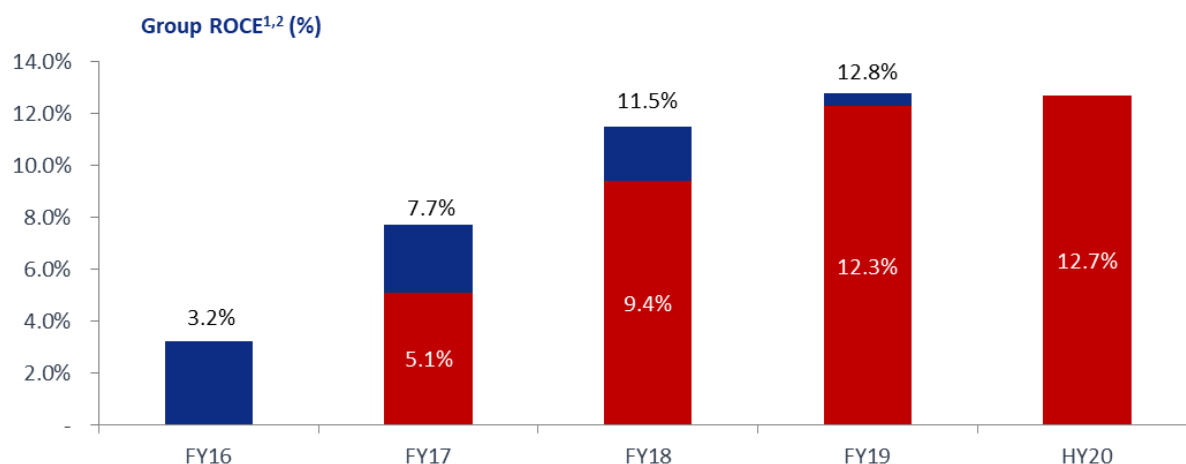
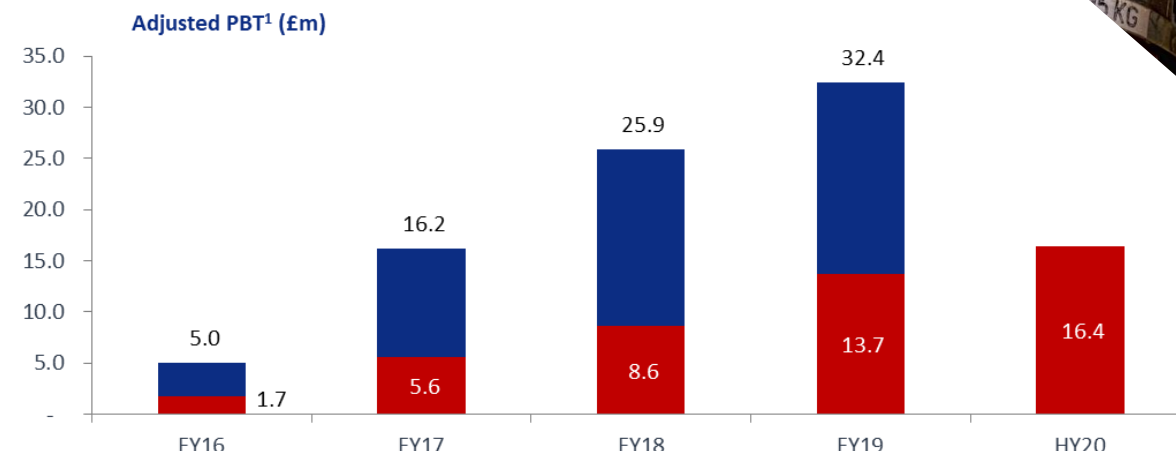
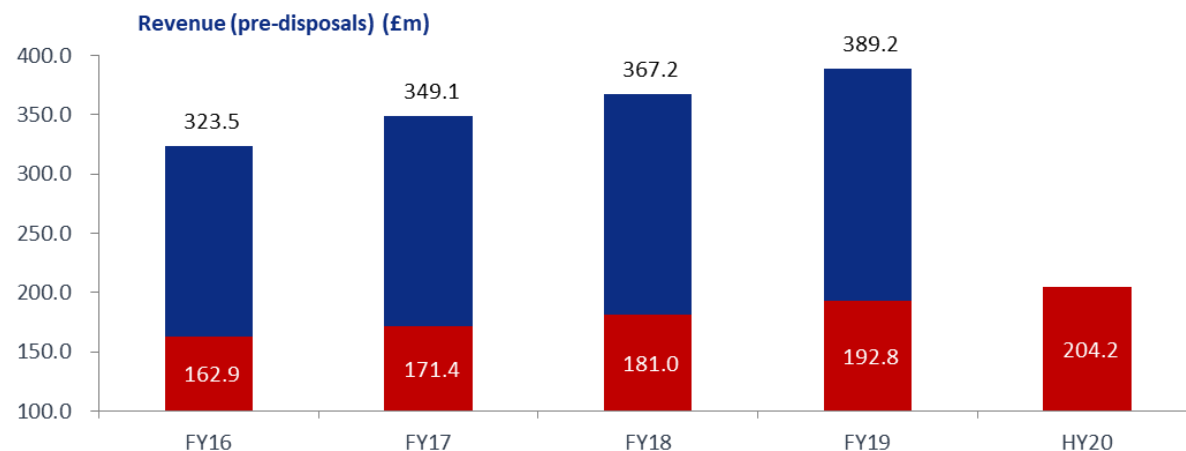
Speedy

The background image shows a large industrial workshop with a high ceiling and skylights. A red and white Speedy service van is parked in the center. A worker in an orange high-visibility jacket is standing next to the van, which has its rear cargo door open. To the right, a large red scissor lift is visible, also featuring the Speedy logo. The workshop floor is concrete, and various tools and equipment are visible in the background.

Financial update

Chris Morgan, Group Finance Director

Financial KPIs



■ FY ■ HY

N.B. FY16 – FY18 results are unadjusted for IFRS 16

1 Before amortisation and exceptional items
2 Excluding the impact of IFRS 16

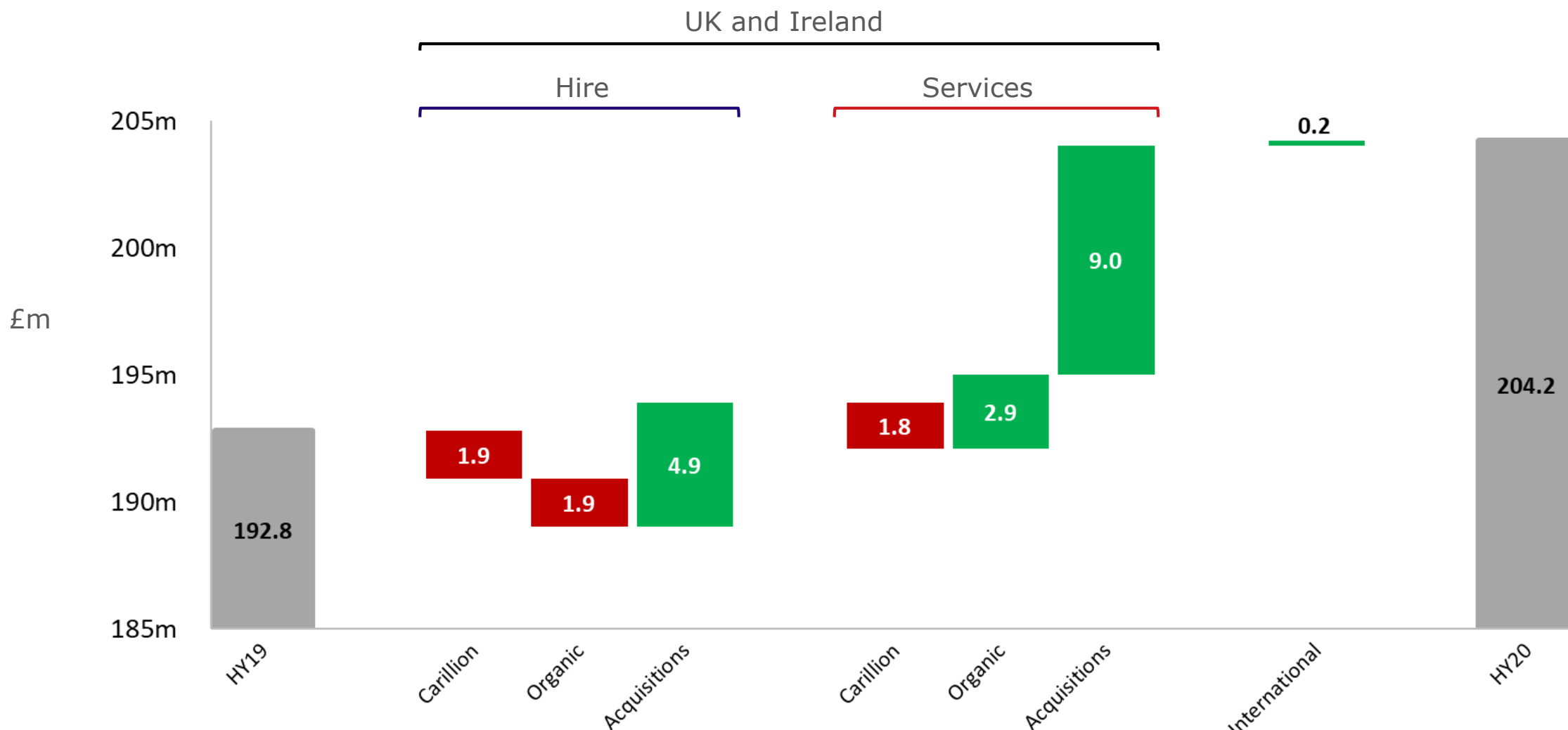
Group revenue and profit



	HY 2020 £m	HY 2019 £m	Change %
Revenue	205.7	194.6	5.7
Revenue (excluding disposals)			
Hire	120.4	119.4	0.8
Services	83.8	73.4	14.2
	204.2	192.8	5.9
Gross margin %	55.2%	54.5%	
EBITDA ^{1,2}	52.7	50.0	5.4
PBT ^{1,2}	16.4	13.7	19.7

- 5.9% revenue increase (excluding disposals), reflecting UK and Ireland performance (up 6.3%)
- Profit before tax^{1,2} up 19.7%. Improved gross margin and continued cost management
- No exceptional operating costs (HY19: £nil)
- Adjusted tax rate^{1,2} 18.3% (HY19: 20.4%)

Group revenue bridge (excluding disposals)



Segmental analysis – UK and Ireland



	HY 2020 £m	HY 2019 £m	Change %
Revenue			
Hire	116.5	115.5	0.9
Services	70.0	59.9	16.9
Disposals	1.5	1.8	(16.7)
	188.0	177.2	6.1
Gross margin			
Hire	77.0%	76.5%	
Services	27.2%	22.0%	
Disposals	(19.4)%	(8.3)%	
	57.7%	57.2%	
EBITDA ^{1,2}	50.8	48.1	5.6
EBITA ^{1,2}	18.4	16.1	14.3

- Revenue (excluding disposals) increased 6.3%
- SME revenue growth and Lifterz acquisition more than offset lost Carillion revenue
- Services benefitted from Geason Training, which also improved services margin
- Hire margin improved. SME growth more than offset market pressure
- Overheads remain tightly controlled. Excluding acquisitions, headcount reduced 2.8% from HY19 and overall underlying costs down 3.2%
- EBITA^{1,2} margin grew to 9.8% (HY19: 9.1%)

Segmental analysis – International



	HY 2020 £m	HY 2019 £m	Change %
Revenue			
Hire	3.9	3.9	-
Services	13.8	13.5	2.2
	17.7	17.4	1.7
Gross margin			
Hire	58.3%	62.9%	
Services	20.9%	17.1%	
	29.1%	27.5%	
EBITDA ^{1,2}	3.8	4.2	(9.5)
EBITA ^{1,2}	2.5	2.9	(13.8)

- Contract extension with principal customer confirmed through to May 2020
- Revenue increased by 1.7%
- Capital investment £2.2m (HY19: £0.9m) to diversify operations
- EBITA^{1,2} margin 14.1% (HY19: 16.7%) reflected renegotiated commercial terms; continued strong returns from asset base
- Further cyclical shutdown activity resulted in increased £1.5m JV contribution (HY19: £0.9m)

Group balance sheet



	30 Sep 2019 £m	30 Sep 2018 £m	31 Mar 2019 £m
Intangibles and joint ventures ¹	47.3	17.1	46.2
Property, plant and equipment ¹	253.3	243.9	249.1
Right of use assets ¹	66.4	68.1	72.2
Inventories	8.8	8.2	9.1
Trade and other receivables ¹	105.7	99.3	102.7
Trade and other payables ¹	(93.2)	(93.0)	(83.5)
Lease liabilities ¹	(75.1)	(80.0)	(82.4)
Contingent consideration	(10.2)	-	(10.9)
Other ¹	(8.0)	(8.6)	(11.1)
Net debt ²	(85.3)	(62.7)	(89.4)
Net assets	209.7	192.3	202.0

- Intangibles £39.7m (FY19: £40.4m). Increase from HY19 reflected Geason and Lifterz acquisitions
- Hire fleet increased by £4.1m since year end, reflecting investment in core equipment
- UK and Ireland utilisation improved to 56.5% (HY19: 56.2%). Average age of fleet reduced further to 3.2 years (HY19: 3.6 years)
- Right of use assets and lease liabilities reflect IFRS 16 gross up of balance sheet
- Debtor days 68.2 (HY19: 67.8) and creditor days 100.5 (HY19: 103.2)
- Contingent consideration payable on Geason acquisition based on expected future performance

1 Comparatives restated for IFRS 16 and FV adjustments
2 Excluding impact of IFRS 16

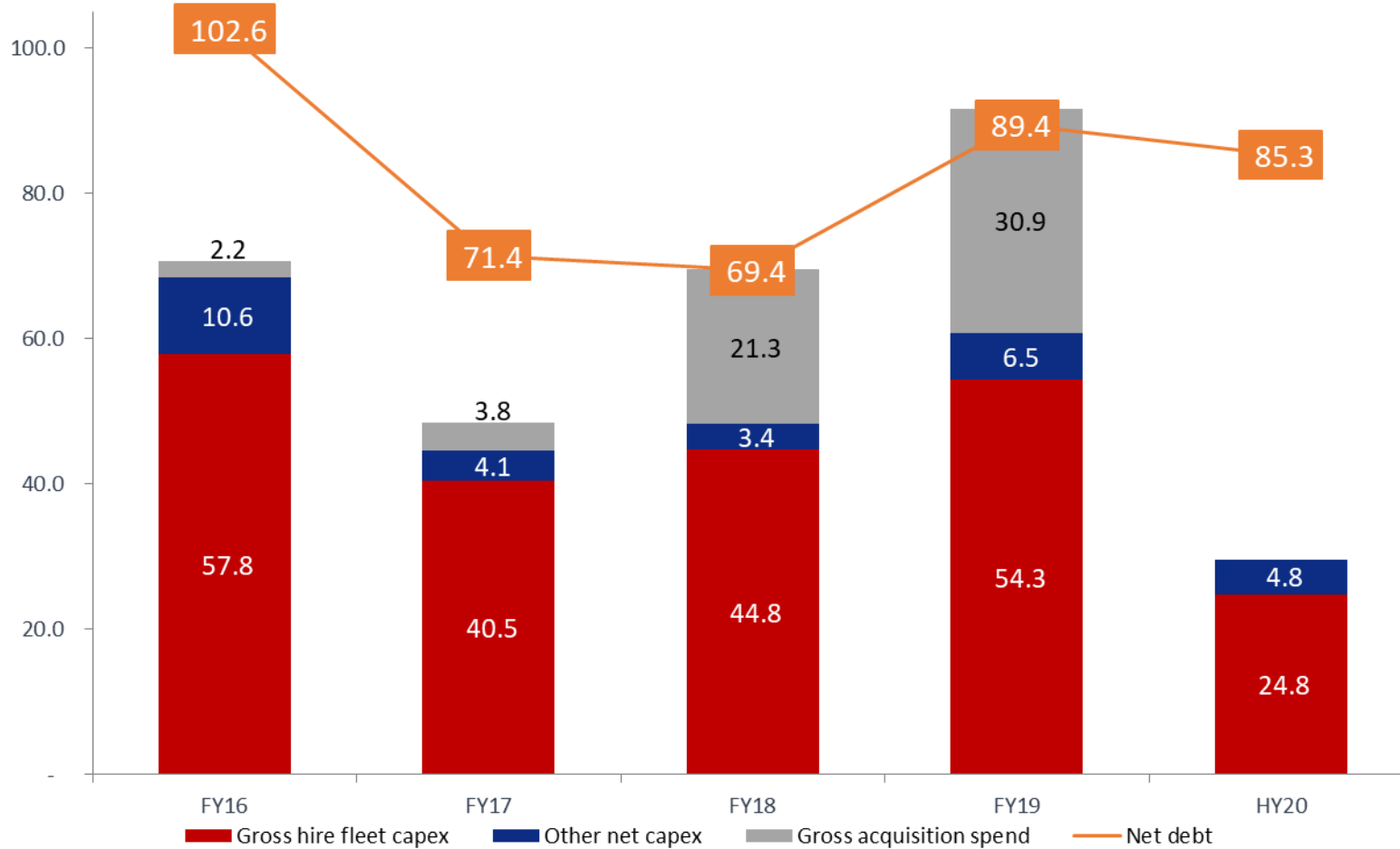
Group cash flow



	HY 2020 £m	HY 2019 £m
Adjusted operating profit	18.6	16.3
Depreciation ¹	34.1	33.7
EBITDA^{1,2}	52.7	50.0
Profit on disposal of assets and leases ¹	(0.3)	(0.3)
Working capital ¹	5.6	6.4
Movement in provisions ¹	(0.8)	(0.1)
Share-based payments	0.5	0.8
Purchase of hire fleet	(24.8)	(30.3)
Proceeds from disposal of hire fleet	5.8	6.3
Cash generated from operations	38.7	32.8

- Depreciation includes £11.7m (HY19: £10.9m) relating to IFRS 16 right of use assets
- Purchase of hire fleet in HY20 principally tools, lighting, heating, generators and fencing
- HY19 included £5.5m of powered access capex to support acquisitions
- Increase in cash generated from operations of 18.0%

Capex and acquisitions (£m)



- Net debt²: EBITDA^{1,2} has declined from 1.9x in FY16 to 1.1x at HY20
- Capex and acquisition spend in FY18 and FY19 at similar levels to closing debt in each year
- Significant headroom against £180m facility
- Opportunity to invest in growth or manage debt accordingly

Group net debt¹ reconciliation



	HY 2020 £m	HY 2019 £m
Net debt¹ at start of period	(89.4)	(69.4)
Cash from operations ²	38.7	32.8
Interest paid ²	(3.4)	(3.3)
Tax	(6.3)	(1.6)
Non-fleet capex (net)	(4.8)	(2.9)
Acquisitions	-	(0.5)
Dividends	(7.3)	(6.0)
Lease principal payments ²	(12.7)	(11.7)
Other ²	(0.1)	(0.1)
Net debt¹ at end of period	(85.3)	(62.7)

- Net debt¹ increased after acquisition spend of £30.9m in the prior year
- Excludes £4m surplus land sale proceeds received post period end
- Average interest margin 1.84% (HY19: 1.80%)
- HY20 tax paid included two additional instalments on account, due to revised HMRC timing requirements
- Non-fleet capex includes increased spend on IT development and depot upgrades
- Significant available facilities:
 - £180m
 - £220m accordion
- No defined benefit pension schemes

1 Excluding impact of IFRS 16
2 Comparatives restated for IFRS 16

Capital allocation



Priorities

- Organic growth; investment in hire fleet, digital programmes and depot network
- Regular returns to shareholders; regular dividend within full year payment range between 33% and 50% of adjusted EPS^{1,2}
- Acquisitions; value enhancing acquisitions in adjacent markets
- Gearing and treatment of excess capital; maintaining an efficient balance sheet with net debt²: EBITDA^{1,2} of c.1.5 times



HY20 progress

- £32.2m targeted investment in hire fleet, digital programmes and depot network. Number of product lines further reduced. Utilisation up from 56.2% to 56.5%
- Dividend up 16.7% to 0.70p; 29% of adjusted EPS^{1,2} (HY19: 29%, FY19: 41%). Four year CAGR 35%
- Training and powered access acquisitions in past 12 months. Now second largest powered access provider, with over 8,000 machines. Significant facility headroom for further acquisition activity
- Net debt²: EBITDA^{1,2} of 1.1 times (HY19: 1.1 times). Excludes £4m surplus land sale proceeds received post period end



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Strategy and business update

Russell Down, Chief Executive

Operational highlights



- ROCE increased to 12.7% (HY19: 12.3%)
- Increasing resilience; reducing reliance on construction sector
- Continued growth in SME customer numbers and revenues
- Asset utilisation in the UK and Ireland improved to 56.5% (HY19: 56.2%)
- Average age of hire fleet reduced to 3.2 years (HY19: 3.6 years) following further investment
- Machine learning supporting investment decisions and identifying revenue opportunities
- Board strengthened with appointment of Rhian Bartlett, bringing significant digital experience



Speedy Expo 2019



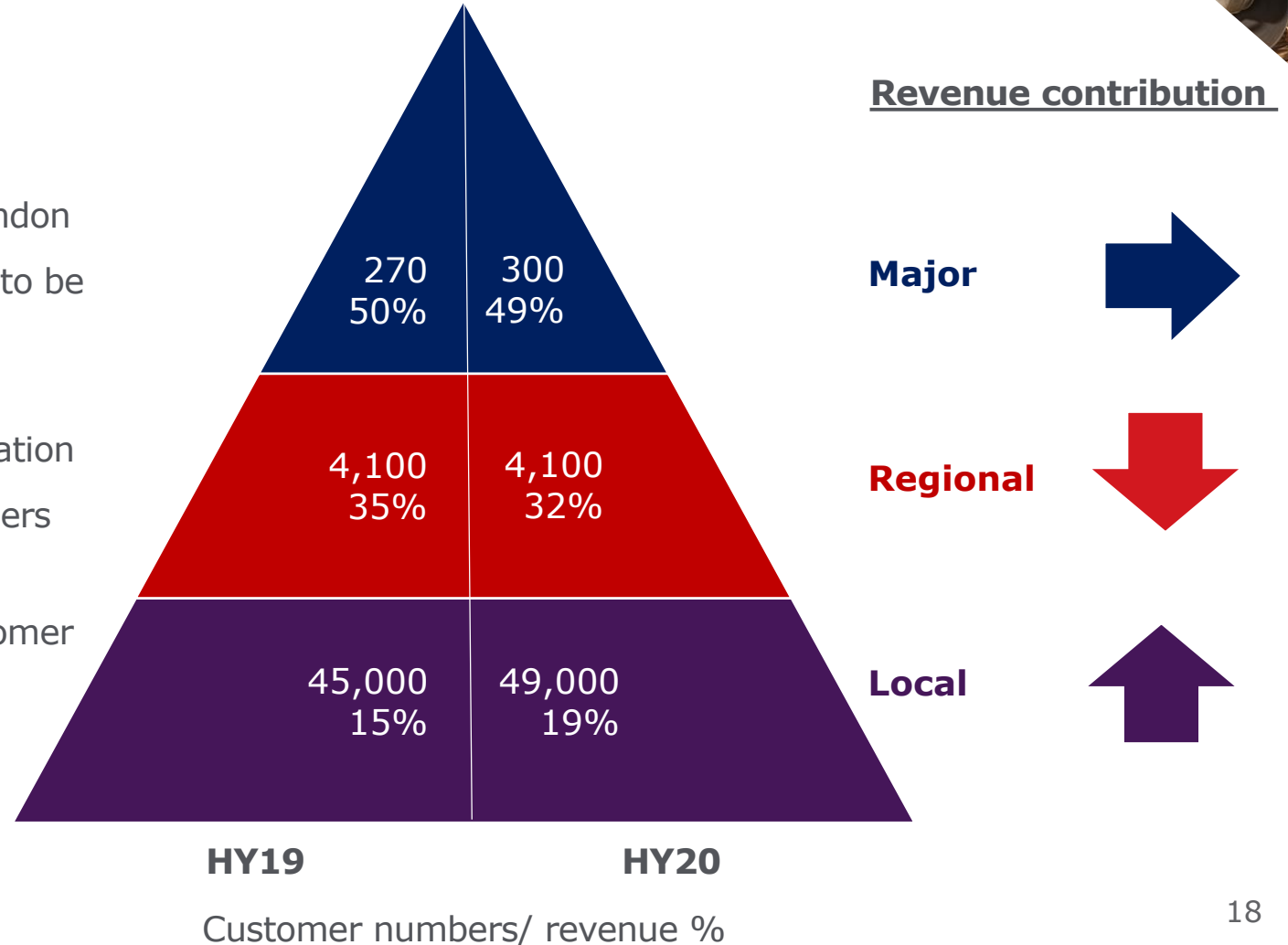
- Held in October 2019 at the Exhibition Centre, Liverpool
- Key themes; digital and sustainability
- Over 1,500 attendees:
 - Over 500 exhibitors
 - Over 350 customer visitors
 - Over 600 Speedy delegates
- 3 seminar discussions, with over 500 people attending:
 - Procurement trends
 - Digital autonomy
 - Enhancing sustainability



Customer service

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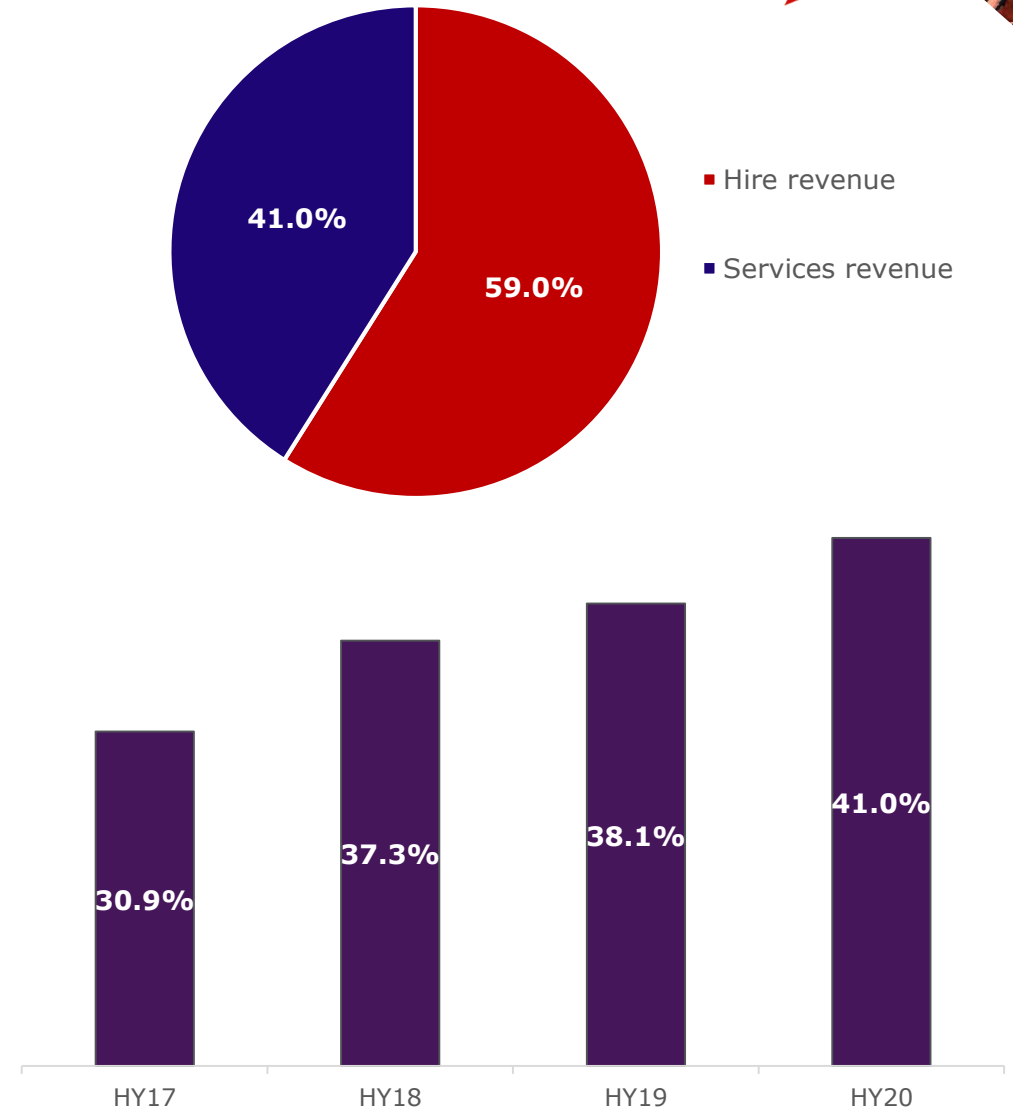
- Key customer wins and contract extensions
- Unique nationwide same day delivery promise if ordered before 3pm. 4 hour delivery promise in London
- Customer surveys now embedded in the business; to be upgraded from January 2020 to provide NPS
- Regional customer numbers maintained; revenue decline due to increased competition and price deflation
- Increasing proportion of revenue from local customers in line with strategy
- Customer Relationship Centre increasing local customer engagement



Revenue mix



- Services revenues increased from 31% of total revenue in HY17 to 41% in HY20
- Strategically growing services revenues:
 - Diversification; less construction dependent
 - Regulatory focused
 - Lower risk
 - ROCE enhancing
- Services revenues up 14%:
 - TIC (Lloyds British) up 20%
 - Training (Geason) up 400%



Geason training



- Acquisition completed in December 2018
- 1,700 learners on programme
- Speedy now offer a full end-to-end solution with the addition of professional training, NVQs and apprenticeships
- Geason provide expertise and management support to enable growth of Speedy training business
- Geason training centres now opened in:
 - East London
 - Liverpool
 - Derby
 - Sheffield



Digital transformation



- Significant investment in digital programmes
- Live dashboard reporting of all KPIs:
 - Stock levels
 - Revenue
 - Utilisation
 - Deliveries and collections
- AI based stock levels rolled out based on demand and utilisation
- Barcoding of all assets underway
- Project initiated to cleanse product data



Powered access

- Lifterz acquired March 2019
- National Operations Director appointed
- Integration plan underway
- Speedy now has the 2nd largest powered access fleet in the UK
- Fleet of 8,000+ machines
- National footprint from which to service major customers
- £50m+ invested in acquisitions and capex
- New depots in Erith and Teeside



International



- Middle East business continues to perform well
- ADNOC contract extended until May 2020 on revised terms
- Business development activities diversifying client base
- Capex increased to £2.1m (HY19: £0.8m) to support growth and develop specialist offering for the onshore market
- Kazakhstan JV performed strongly due to increased shutdown activity



People

- 4,070 employees (HY19: 3,855); 246 employees joined through acquisition
 - UK headcount fell to 3,447 (FY19: 3,458)
 - International business grew; 623 employees (FY19: 605)
- Employee pulse survey undertaken in October 2019
- Enhanced employee communication; employee forums in place, new app to be launched
- Mental health survey completed in July 2019 and MHFAs appointed throughout the business
- Wellbeing committee set up to consider all aspects of employee welfare
- Further investment in internal training and career development



The Hub
keeping you **Up To Speed**



Health, safety and sustainability



- Health and safety remains highest priority, and leading the industry in performance
- Increasing number of hybrid and solar products in the hire fleet
- Driven by customer demand; app selector to be introduced
- No longer a box ticking exercise
- Leading the industry with supplier collaboration and exclusivity
- Winner of the Best Sustainability and CSR Initiative at the HAE Awards in April 2019
- Winner of the Fleet Transport Safety Initiative at the Commercial Fleet Awards in October 2019



FTSE4Good



Summary and outlook



- **Increasing resilience:**

- Winning in a competitive market
- Industry leading customer service resulting in further customer wins
- 27% growth in SME revenues
- Services revenues up 14% from HY19 to 41% of revenue

- **Strong financial position:**

- Capex investment in H1: £32.2m
- Strong balance sheet and cash generation
- Investment in digital technology transforming the business
- Sustainability and innovation a key differentiator

- **Strong platform for future growth**



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Q&A

Appendix – IFRS 16 impact



Income statement

	6 months ended 30 September 2019			6 months ended 30 September 2018			Year ended 31 March 2019		
	Excluding IFRS 16	IFRS 16 impact	Reported	Excluding IFRS 16	IFRS 16 impact	Reported	Excluding IFRS 16	IFRS 16 impact	Reported
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Operating profit	15.0	2.9	17.9	14.0	2.1	16.1	29.8	5.0	34.8
EBITDA ¹	38.1	14.6	52.7	37.0	13.0	50.0	78.7	26.1	104.8
EBITA ¹	15.7	2.9	18.6	14.2	2.1	16.3	32.7	4.0	36.7
PBT ¹	15.2	1.2	16.4	13.4	0.3	13.7	30.9	0.5	31.4

Balance sheet

	30 September 2019			30 September 2018			31 March 2019		
Right of use assets	-	66.4	66.4	-	68.1	68.1	-	72.2	72.2
Non-hire equipment	32.8	(0.5)	32.3	33.4	(0.7)	32.7	32.8	(0.6)	32.2
Deferred tax assets	1.3	1.5	2.8	1.4	2.2	3.6	1.1	1.9	3.0
Lease liabilities	(0.2)	(74.9)	(75.1)	(0.4)	(79.6)	(80.0)	(0.3)	(82.1)	(82.4)
Other working cap.	27.1	(1.2)	25.9	25.8	(0.9)	24.9	41.3	(1.5)	39.8
Provisions	(12.8)	0.3	(12.5)	(2.6)	0.7	(1.9)	(14.2)	0.9	(13.3)

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