

Half year results to 30 September 2023

Resilient performance and strong
strategic progress



Presentation team



Dan Evans
Chief Executive



Paul Rayner
Chief Financial Officer

Customer Entrance



Key themes

General business

- Resilient UK hire business performing satisfactorily, despite economic backdrop
- Pricing discipline retained
- Velocity strategy progressing well.
 - Investment in the first half
 - Second half continued investment with expected benefits
- Recent national key contract wins and extensions, as well as strengthening pipeline
- Acquisition of Green Power Hire Limited and joint venture with AFC Energy (after period end)

Financial

- Revenue down 2.9% to £208.5m (H1 FY23 £214.8m)
- EBITDA¹ down 2.5% at £46.2m (H1 FY23 £47.4m)
 - EBITDA margin maintained at 22%
- Adjusted profit before interest and joint venture £9.7m (H1 FY23: £13.1m)
- Operating cash £42.4m, 92% converted from EBITDA (H1 FY23: £40.2m, 85% conversion)
- Net debt of £89.6m (H1 FY23: £86.7m)
- Proposed interim dividend of 0.80 pence per share





Financial update

Paul Rayner, Chief Financial Officer

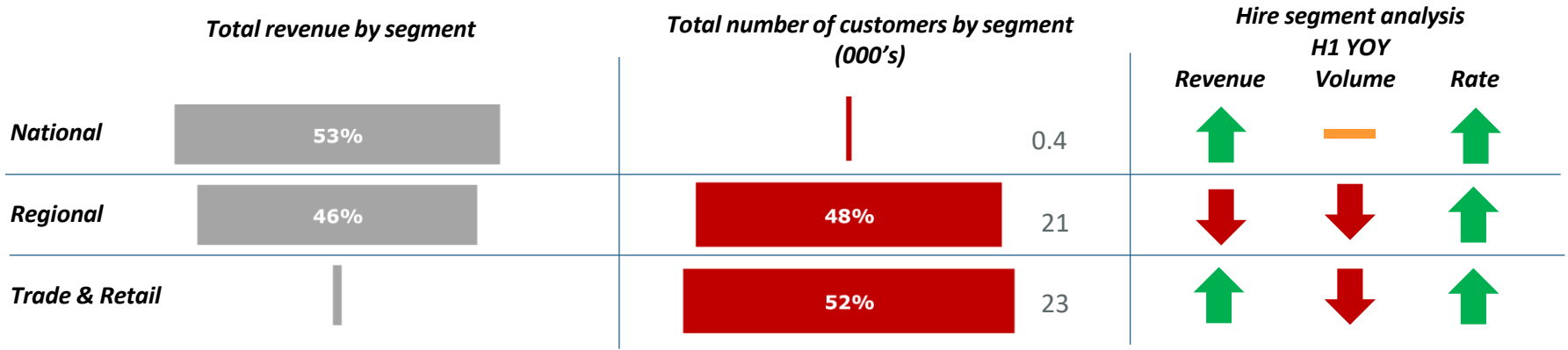
P&L summary

	HY24 £m	HY23 £m	% Variance vs HY23	FY23 £m
Revenue	208.5	214.8	(2.9)%	440.6
<i>Hire</i>	125.6	127.1	(1.2)%	258.0
<i>Services (excl. Fuel)</i>	62.5	60.0	4.2 %	124.4
<i>Fuel</i>	18.4	25.3	(27.3)%	51.9
Gross profit	112.7	116.9	(3.6)%	239.4
Gross margin	54.1%	54.4%	-	54.3%
Overheads ¹	(101.3)	(103.1)	1.7 %	(205.3)
Transformation	(1.0)	-	-	-
EBITDA ²	46.2	47.4	(2.5)%	102.0
EBITDA margin %	22.2%	22.1%	-	23.2%
Joint venture	1.9	3.9	(51.3)%	6.6
Interest	(5.7)	(3.6)	(58.3)%	(8.6)
PBT ³	5.9	13.4	(56.0)%	30.7

- Hire revenue down 1.2% on H1 FY23 with national customers up 5% and regional customers down 6%
- Services revenue excluding fuel up 4% on H1 FY23
 - Fuel down 27% due to decline in wholesale prices, margin unaffected
- Gross margin maintained despite:
 - Additional non itemised depreciation £1.1m
 - Increased asset provisions £1.0m
- Lower overheads despite continued investment in people, representing strong cost control
- Transformation costs of £1m with further efficiencies and investments anticipated in H2
- Joint venture performance behind following a record year in FY23
- Interest increase due to higher rates and buyback in prior periods

1 Before amortisation
 2 Before amortisation, exceptional items and profit or loss on disposals
 3 Before amortisation of acquired intangible assets and exceptional items

Customer and revenue analysis



Customer segment

- National:
 - Growth in the first half, driven by rate improvement, whilst maintaining volume
 - Further growth in the second half expected with new customer wins and key contract renewals
- Regional:
 - Challenging performance in the first half with volume decline more than offsetting achieved rate increases
 - Increased insolvencies and concerning trend observed across this highly competitive customer segment
- Trade & Retail:
 - Volume impacted by closure of non-profitable concessions
 - Growth expected from launch of online home delivery tool hire proposition
 - Further price optimisation supported by PEAK AI model

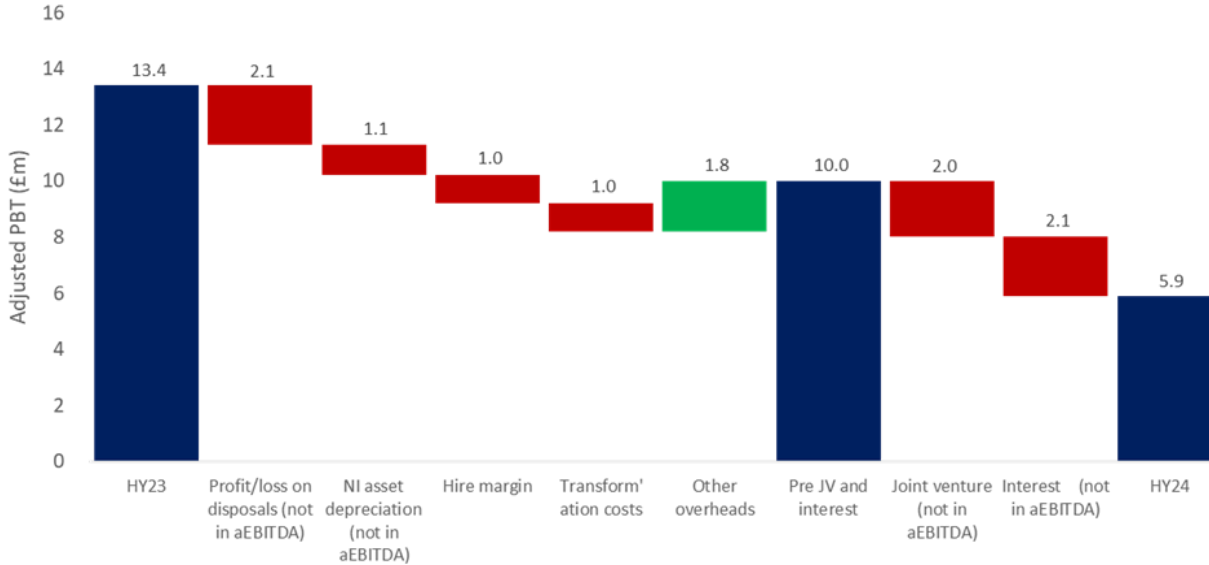
Joint ventures

	HY24 £m	HY23 £m	FY23 £m	FY22 £m
Share of results	1.9	3.9	6.6	3.2
Cash flow	2.7	2.3	5.6	1.9
Investment	8.4	10.2	9.2	7.8

- Kazakhstan joint venture performing behind the record performance in FY23, also impacted by dollar exchange rate movements
 - Cash backed profits with dividends received of £2.7m
 - Anticipated improvement in second half performance
- On 15 November 2023, we announced the formation of a 50:50 joint venture with AFC Energy, Speedy Hydrogen Solutions Limited
 - Meets growing demand for zero emission power from customers
 - Up to £2.5m investment, subject to JV performance
 - No material impact on FY24 results



Adjusted profit bridge



- Significant movement in profit/loss on disposal versus H1 FY2023, inclusive of additional £1m of asset provision
- £1.1m of additional non itemised depreciation recognised in the first half, policy now 7yrs as opposed to 15yrs
- £1.0m investment in Velocity strategy transformation expecting to yield second half benefits
- Lower overheads despite continued investment in people, representing strong cost control
 - Continued control of discretionary overhead spend
- Increased bad debt provision in second half, in response to potential further market insolvencies
- Reduced joint venture profits and increased interest

Balance sheet summary

	30 Sep 23 £m	30 Sep 22 £m	31 Mar 23 £m
Intangibles and JV	32.5	35.6	34.2
Hire fleet	200.1	234.4	207.9
Other assets	24.7	23.2	23.3
Working capital	31.9	21.4	30.1
Provisions	(14.5)	(13.9)	(15.6)
IFRS16 net liability	(3.2)	(2.2)	(2.9)
Net debt	(89.6)	(86.7)	(92.4)
Net assets	181.9	211.8	184.6
Debtor days	67	68	61
Creditor days	47	56	37

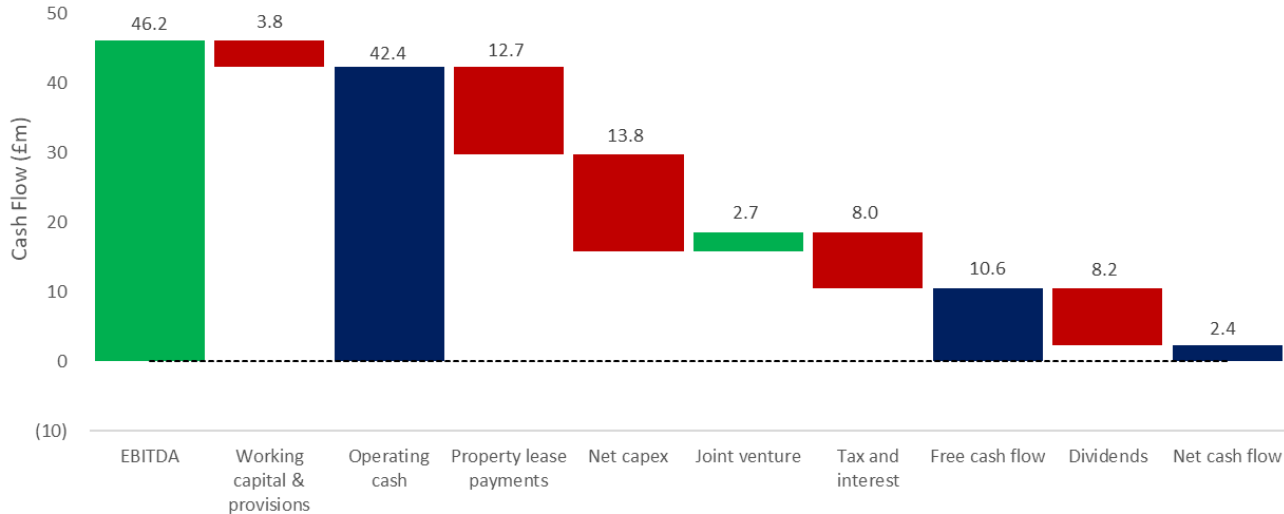
- Hire fleet
 - Itemised £170m (Mar-23: £172m)
 - Non itemised £30m (Mar-23: £36m)
- Asset count performed at the end of September with no further provision required
- Continued focus on working capital improvements with strong cash collections and a focus on debt
- Net debt of reduction to £89.6m (March 23: £92.4m) after paying £8.2m final dividend
 - Leverage 1.3x of EBITDA
 - Significant headroom of £70.5m (FY23: £83.5m)
- Bank facilities of £180m were extended by two years in May 2023 on the same terms, now expiring in July 2026
- Post period end Green Power Hire Limited acquired
 - Enterprise value of £20.2m
 - Proforma leverage of c.1.5x

Assets and controls

- Full asset count performed at the end of September 2023 with no increase to provisions required
 - Blended count accuracy across the entire fleet was 99.3%
 - An asset counting app has been developed and was successfully trialled at a small number of sites
 - Total number of non-itemised assets c.1.9m, itemised assets c.0.3m
- New controls and processes in place as part of continual improvement plan
 - Asset working group continues to implement, review and report on ongoing process and control improvements
 - Continued development of technology solutions to assist with the transacting, monitoring and count of assets
 - Increased use of asset counting app scheduled for March 2024 count
 - Perpetual counts are being performed on both itemised and non-itemised assets on a weekly basis
 - Monthly fixed asset register reconciliation
 - Next full asset count to take place in March 2024; with at least the same level of accuracy targeted

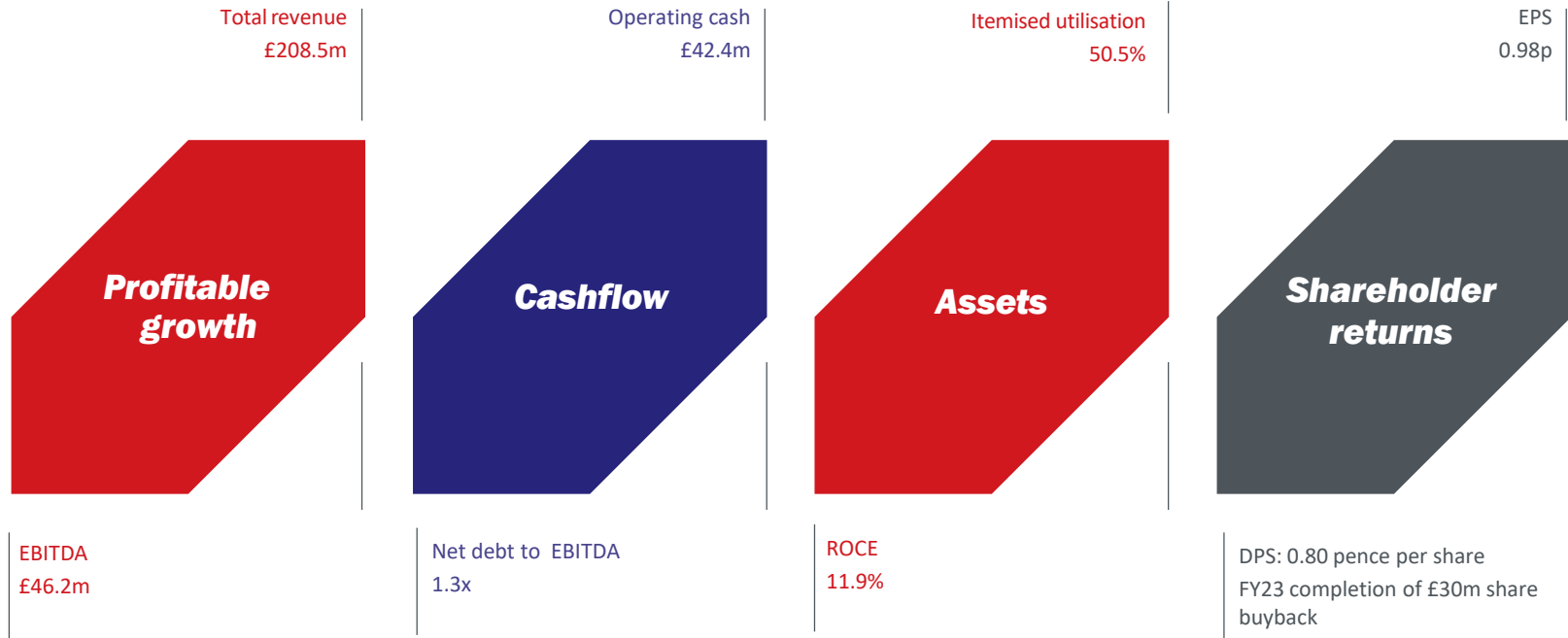


Cash flow bridge



- Strong operating cash of £42.4m (H1 FY23 £40.2m), 92% conversion from EBITDA (H1 FY23: 85%), against target of 90%
- Total net capex spend £14m – gross capex of £21m and disposals of £7m
- Full year hire capex guidance of c.£35m, with continued focus on eco product range
- Free cash flow of £11m (H1 FY23: £1m)
- Dividend funded from cashflow
- Total returns to shareholders £8m (H1 FY23: £20m, inclusive of share buyback)

Financial metrics



- Current itemised utilisation 58%
- Proforma leverage post acquisition of Green Power Hire c.1.5x



Business and strategy update

Dan Evans, Chief Executive

Speedy Capital Markets Day

The launch of Velocity, our five-year transformation and growth strategy

- Capital Markets Day held at the Speedy Innovation Centre, Milton Keynes in July 2023. Five-year key financial metrics summary presented:
 - £650m revenue
 - 28% EBITDA margin
 - Up to 1.5x leverage
- Tour of our industry leading EPC A+ rated facility and how we use it to impact our future
- Introduction of our leading position in the market with Artificial Intelligence, supported by our partner, PEAK
- Live demonstrations from key suppliers of leading innovation coming to market led by Speedy
- Overview of future fleet and energy transitions for commercial vehicles



Our growth engines update



Core hire products

- Competitive end markets
- Challenging regional customer segment
- Positive national customer pipeline
- Prudence around capex spend
- Investment in transition to battery powered equipment



Specialist products and services

- World first hydrogen powered access machine launch with Nifty
- Joint venture with AFC Energy on hydrogen power generation
- Acquisition of Green Power Hire Limited



Trade and retail markets

- Launch of online, home delivery tool hire proposition on diy.com and trade-point.co.uk
- Extend into over 310 B&Q stores nationally for digital hire in-store
- Low cost-to-serve digital in-store and online hire proposition



niftylift



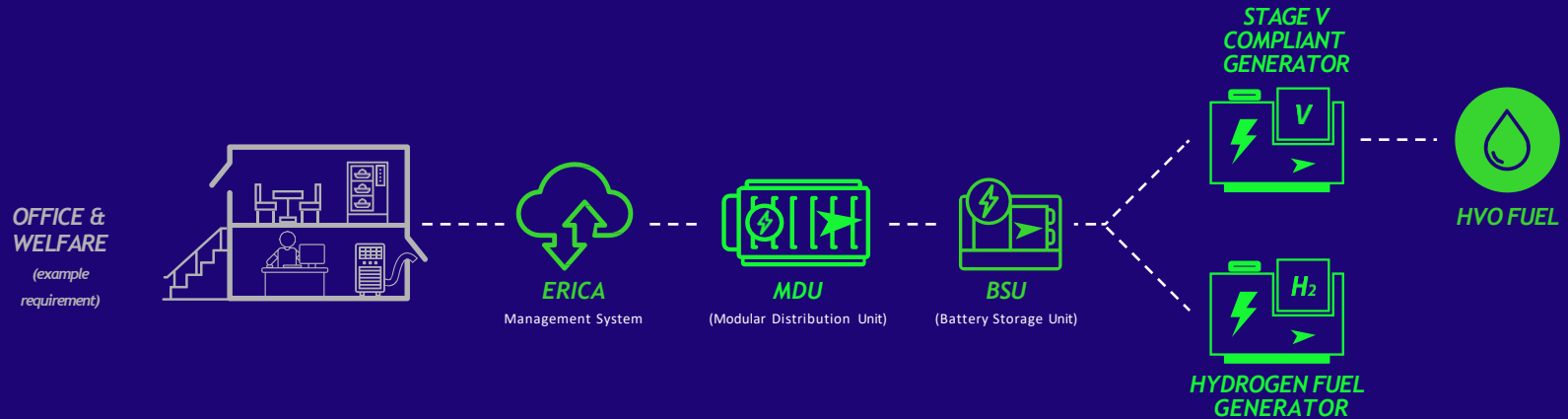
Velocity strategy in action

- Continued investment in enable phase of Velocity strategy despite challenging market
- Investment in worlds first hydrogen electric powered access machines in partnership with Nifty, diversifying our product offering
- Joint venture with AFC Energy to launch dedicated Hydrogen powered generator plant hire business announced in July 2023
 - Speedy Hydrogen Solutions Limited formed 15 November 2023
 - Listed partner AFC Energy
 - Very positive levels of early customer and project engagement
- Acquisition of Green Power Hire Limited completed on 9 October 2023 for an enterprise value of £20.2m
 - Clean energy transition solution for our customers, complemented by our wider energy solutions product offering
 - Positive demand to support our customers decarbonisation commitments whilst delivering commercial sustainability



Cleaner solutions – end to end clean energy provider

Combining the latest technologies we can provide a greener power solution, reducing fuel usage on site, reducing emissions and improving air quality



General business update

- Continued development and conversion of national customer pipeline and opportunities
- Commercial discipline maintained in competitive market
- Digital evolution of our partnership with B&Q:
 - Launch of online, home delivery tool hire proposition on DIY.com and Trade-point.co.uk
 - Extend into over 310 B&Q stores nationally for digital hire in-store commencing before Christmas
 - Low cost-to-serve digital in-store and online hire proposition
- Customer Solutions business continues to perform well
- Fuel and energy margins controlled well despite wholesale price impacting revenue
 - Continued demand for HVO
 - Hydrogen solution as part of joint venture with AFC Energy
- Strategic supply chain efficiency programme underway

Hire tools for all
your projects

Convenient delivery and collection included
Hire tools for a week, or just the weekend
Fully tested range of tools and equipment available
Dedicated customer support
Categories included
No deposit required

Order in store
or online.

Delivery takes place when
and where you need it.

Speedy Hire



Speedy Hire

all hires



Speedy

trust us to deliver

Business update – Major projects



Strategic pillars

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

People First

Aim to be a Top 100 employer by 2029

ESG

Our “Decade to deliver,” encouraging people to make hire their first choice

Digital experience

Easy to do business with

Modern workplace

Intuitive user systems with AI driven technology to automate process and enhance performance

People First and sustainability

People First

- Average increase in base pay to colleagues of c.7% in April 2023
- Voluntary attrition has reduced by 5.5pp to 18.9% in October 2023
- Investment in key service centres using our Innovation Centre blueprint
- 5% club silver member
- Continued flexible working trials



Sustainability

- Decade to deliver sustainability strategy launched
- First in UK hire to receive SBTi validation our near and long-term science-based emissions reduction targets and Net-Zero science-based target by 2040
- Continued investment in Hire fleet technologies (battery, hydrogen) to deliver a Net Zero Roadmap that is commercially sustainable to support customer requirements



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Our commitment to safety

People & communities

- Collective Responsibility safety programme, delivering effective risk management and leading the way in raising safety standards across the industry

Reporting

- RIDDOR Accident Frequency Rate of 0.22 (H1 FY23: 0.12)
- Lost Time Frequency Rate 0.48 (H1 FY23: 0.64)
- 25% reduction in lost time incidents
- Industry leading accreditations

Innovation

- EcoOnline, record number of leading indicators
- Over 200 leaders took part in safety culture training and visible leadership days
- Low Carbon Fleet winner at the Motor Transport Awards



Summary and outlook

Speedy



Terms & Conditions Apply

Speedy



Summary and outlook

- Resilient UK hire revenue performance, down 1.2% versus H1 FY2023
- Challenging but manageable market backdrop
- Executing well and continuing to invest in our Velocity transformation strategy
- Investing in specialist business growth engine
- Digital evolution of our partnership with B&Q
- As in prior years, the Group expects a second half weighting to its revenues and profits
- Operational efficiency and supply chain optimisation benefits to come in the second half
- We remain confident of delivering results, albeit towards the lower end of the Board's expectations despite the uncertain macroeconomic outlook



Q&A



Appendices

Why invest in Speedy Hire

Ambitious

Ambitious, purpose-led Velocity strategy to accelerate profitable growth and become the UK's most efficient and sustainable Hire business

Optimised

A digital and data driven business, optimising our network, logistics and assets and powered by our people

Measured

Focused key metrics in place to measure strategic progress and priorities

ESG leading

Industry leading ESG programme designed to reach net zero by 2040

End markets

Supportive long-term end market fundamentals

Cash generative

Strong balance sheet and cash generation

Capital allocation

Clear capital allocation investment and dividend policy

Strong and resilient

Strong and resilient business with ability to develop revenue, grow EBITDA, expand margins and increase shareholder returns over the next five years

VELOCITY

Velocity measures the **difference** between a **start** and **eventual** position

It's about **Speed** and **Direction** of travel

Both are important

We need **Velocity!**



Our vision

To *inspire*
and *innovate* the future
of hire and accelerate
sustainable growth



**GO GREENER
FASTER**

Our mission

Another sustainable electric

**To be the most efficient and sustainable
UK hire business: digital and data
driven, optimised through operational
excellence, and powered by our people**

Our values

PEOPLE FIRST



Ambitious

We lead with
bravery to make
anything possible.



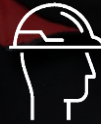
Innovative

We nurture a
culture where
ideas grow.



Inclusive

We are all unique,
and we all belong.



Safe

We share a
collective
responsibility to
keep everyone
safe.



Together

We are family;
proud to work as
one to make great
things happen.



Trusted

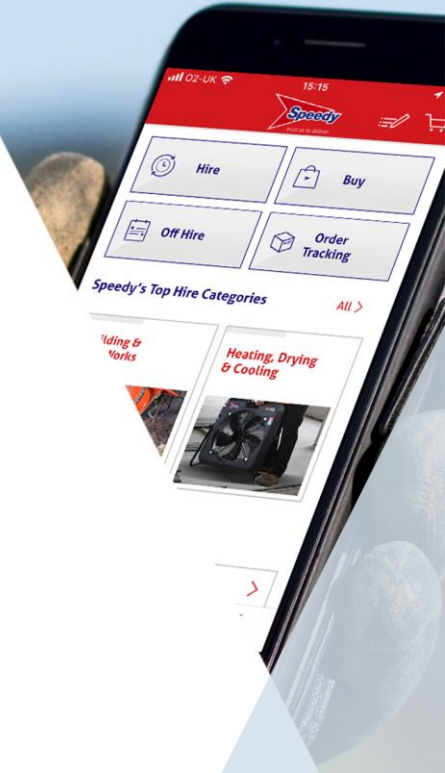
We are responsible
and do the right
thing, always.

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:



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



Our strategy - driving sustainable long-term growth

Stage 1. Enable growth: Deliver foundational improvements across technology and operational efficiency

Brand and customer

Clear brand strategy implementation and customer experience development

Technology and data

Technology and data led hire business committed to sustainability

Group-wide transformation programme

Innovative customer focused transformational programme powered by our people first strategy

Strategic Partner:



Cloud based secure platform

Modern and secure digital operating platform to enable growth and support enhancing our customer experience

Strategic Collaboration:



Our strategy - driving sustainable long-term growth

Stage 2. Deliver growth: *To be the most efficient and sustainable UK hire business*



Grow customer base;
national, regional, trade
and retail



Expand market share in
key target sectors*



Invest in cleaner energy
and efficient technology



Create best in class channel
and service delivery



Grow tailored Customer
Solutions business and
services model



Enhancing asset utilisation
and improving carbon
reduction

*Infrastructure, Residential Construction, Non-Residential, Construction Residential RMI, Support Services and Other RMI, Industrial Services.

Hydrogen Powered Access

Speedy Hire and NiftyLift launch world-first hydrogen-electric powered access platform

Ground-breaking collaboration between two British companies brings a unique and sustainable solution to UK Construction

World's first hydrogen-electric powered, zero carbon access platform – with significant user advantages with less maintenance

Exclusively available through Speedy Hire from July 2023

£9m investment in sustainable powered access products, and the exclusive partnership aligns with Speedy Hire's Velocity strategy dedicated to sustainable growth and innovation

136 units being delivered over the next 12 months

Key features:

Zero-emission
operation

Significantly
reduced lifetime
costs

AGM maintenance -
free batteries

Up to 3 weeks
work on a single
cylinder

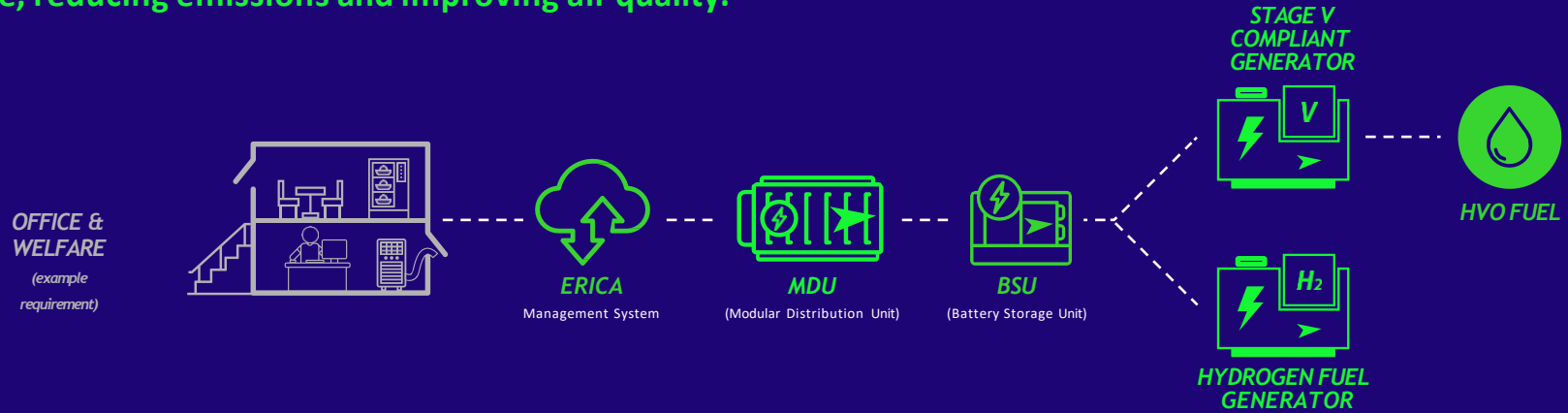
Onboard
charging

Renewable energy
source



Cleaner solutions – end to end clean energy provider

Combining the latest technologies we can provide a greener power solution, reducing fuel usage on site, reducing emissions and improving air quality.



ERICA ENERGY MANAGEMENT SYSTEM

All of the information from this set up is then fed into Erica, a power monitoring solution that has been developed to support onsite power management by recording usage across multiple connections.

Recording power used, and storing this in the Cloud, an analysis can be carried out to identify:

- Where power may be wasted
- How to configure the site for lower usage
- Encourage good onsite discipline

BATTERY STORAGE UNIT HOME

A battery storage system works alongside your generator to create a hybrid power solution, storing any excess power produced.

The battery system automatically controls the generator, minimising run time whilst delivering a constant power supply to any application.

STAGE V GENERATOR

Speedy Hire can provide Stage V emission compliant power generation solutions that fully comply with NRMM legislation and are approved by the Energy Savings Trust.

Our retrofit solutions ensure your site and operations are fully compliant within the most stringent NRMM ultra-low emission zone boundaries.

HYDROGEN FUEL CELL

Additionally, by using the battery storage unit in conjunction with a hydrogen fuel cell as an additional source of power, you can drastically reduce or even potentially eliminate the use of the generator on your site.

The electro-chemical reaction combining hydrogen with oxygen, is near-silent in use and only emission is water vapor, avoiding all the polluting emissions associated with petrol and diesel.

HVO FUEL

Fuelling your Stage V generator with HVO Fuel can provide a further reduction in emissions.

Speedy Hire's Green D + HVO Improves air quality, by reducing CO₂e levels up to 90%, particulate matter levels by 88% and NOX by up to 30%.

Speedy Hydrogen Solutions

Speedy Hire and AFC Energy have launched a dedicated Hydrogen-powered generator plant hire business

This collaboration will provide the market with AFC Energy's sustainable, zero emission, temporary power solutions designed specifically for the off-grid power market.

The joint venture will provide a full-service hire model coordinating the generator equipment, maintenance, technical support, site preparation and fuelling.

Speedy Hydrogen Solutions will initially purchase 30kw H-Power generators from AFC Energy, with each party investing up to £2.5m, subject to performance.

The first of these systems is due to be available later this year, and is proposed to be available for hire in the UK and Ireland exclusively through Speedy for an initial 3-year period.

"The pressure to deliver zero emission power on construction sites here in the UK and overseas has seen strong growth in demand for AFC Energy's H-Power Generators. Our collaboration with Speedy builds on the successful H-Power Tower launch last year and subsequent field-based deployments, many of whom are customers of Speedy, making our proposed collaboration all the more relevant."

Adam Bond, Chief Executive, AFC Energy



Capital allocation

Policy

Organic growth

- Investments to better enable us to serve our customers

Paying dividends

- Regular dividend payments in the range between 33% and 50% of adjusted EPS

M&A activity

- Funds available for acquisition with a focus on specialist hire and complementary services

Efficient balance sheet

- Committed to maintaining net debt to EBITDA ratio in the region of 1.5x¹

Action

- Expected full year hire fleet capex of c.£35m

- Proposed interim dividend of 0.80 pence per share

- £180m debt facility with sufficient headroom

- Leverage inclusive of Green Power Hire Limited acquisition c.1.5x

¹ This metric excludes the impact of IFRS 16

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