

# Speedy Hire Plc



Interim results for the six months ended 30 September 2012



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# Results presentation



## Agenda

- Financial performance – Lynn Krige
- Consistent strategy delivering growth – Steve Corcoran
- Questions and answer session – Ishbel Macpherson



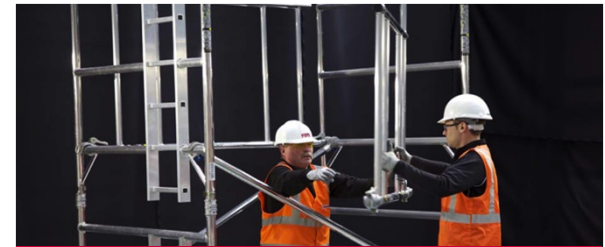


Financial performance

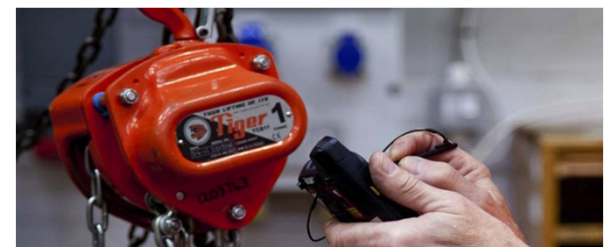
Lynn Krige  
Group Finance Director



Rental



Training



TRIM



Partnered Services

# Financial highlights



Six months to 30 September	2012 £m	2011 * £m	Change
Revenue	<b>169.1</b>	158.9	up 6.4%
EBITDA	<b>33.6</b>	29.2	up 15.0%
<i>EBITDA %</i>	<i><b>20%</b></i>	<i>18%</i>	
EBITA	<b>10.4</b>	8.5	up 22.3%
<i>EBITA %</i>	<i><b>6.2%</b></i>	<i>5.4%</i>	
Adjusted PBT	<b>6.6</b>	4.8	up 37.5%
Adjusted earnings per share	<b>1.10p</b>	0.89p	up 23.6%
Interim dividend per share	<b>0.22p</b>	0.20p	up 10.0%

\* continuing data excludes the disposed accommodation operations and is before exceptional items

*Making steady progress*

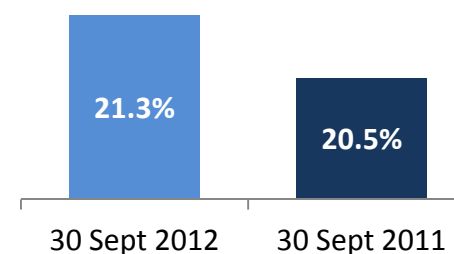
# UK & Ireland



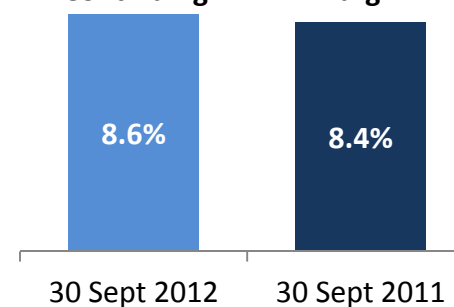
Six months to 30 September	2012 £m	2011 * £m	Change
Revenue	160.6	154.1	4.2%
EBITDA	34.2 21.3%	31.6 20.5%	8.2%
EBITA	13.8 8.6%	13.0 8.4%	6.1%
NBV of property, plant & equipment	220.7	209.3	5.4%
Net capital expenditure	24.8	21.2	17.0%
Depreciation	20.4	18.6	9.7%
Average age of hire fleet (years)	4.1	4.3	

\* continuing data excludes the disposed accommodation operations and is before exceptional items

Continuing EBITDA\* margin



Continuing EBITA\* margin

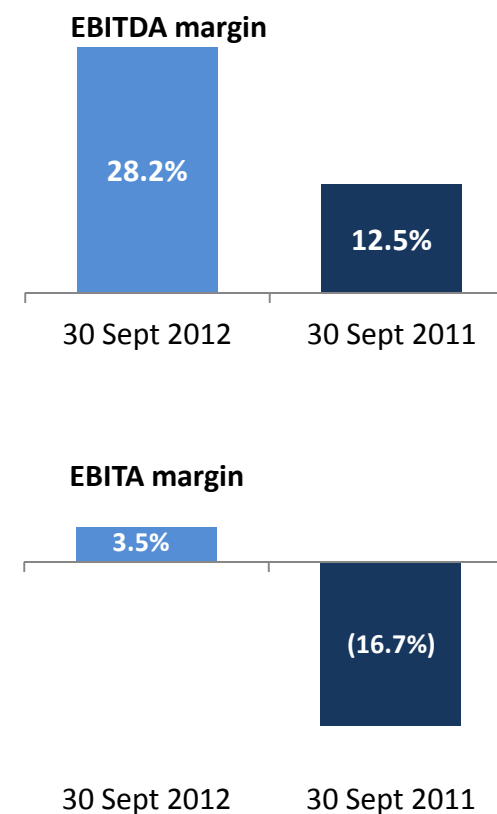


*Efficiency programme combined with growth*

# International

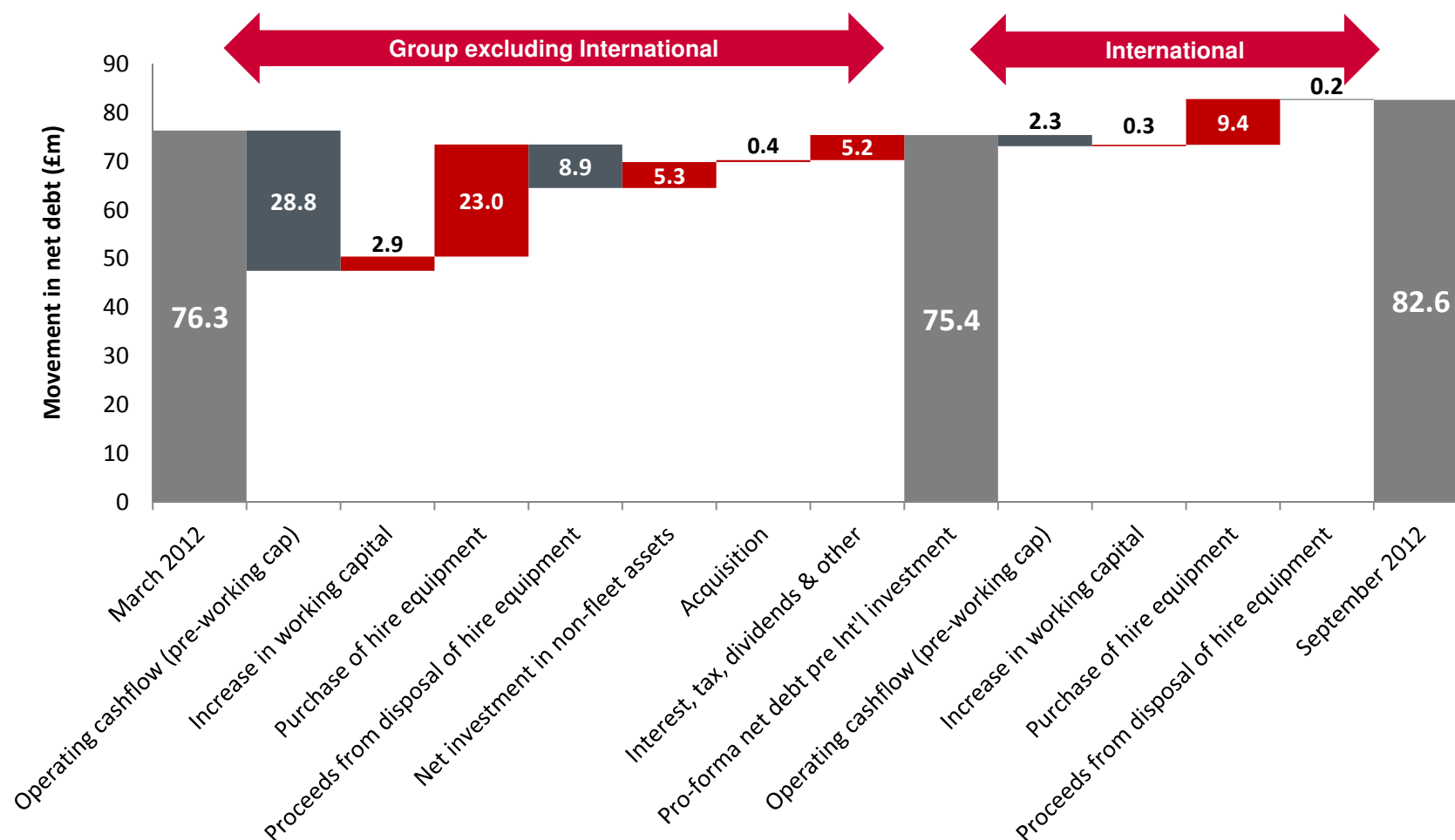


Six months to September	2012 £m	2011 £m	Change
Revenue	8.5	4.8	77.1%
EBITDA	2.4 28.2%	0.6 12.5%	300.0%
EBITA	0.3 3.5%	(0.8) (16.7%)	n/a
NBV of property, plant & equipment	30.1	14.5	107.6%
Net capital expenditure	7.4	2.4	208.3%
Depreciation	2.1	1.4	50.0%



*Contract wins underpin further growth*

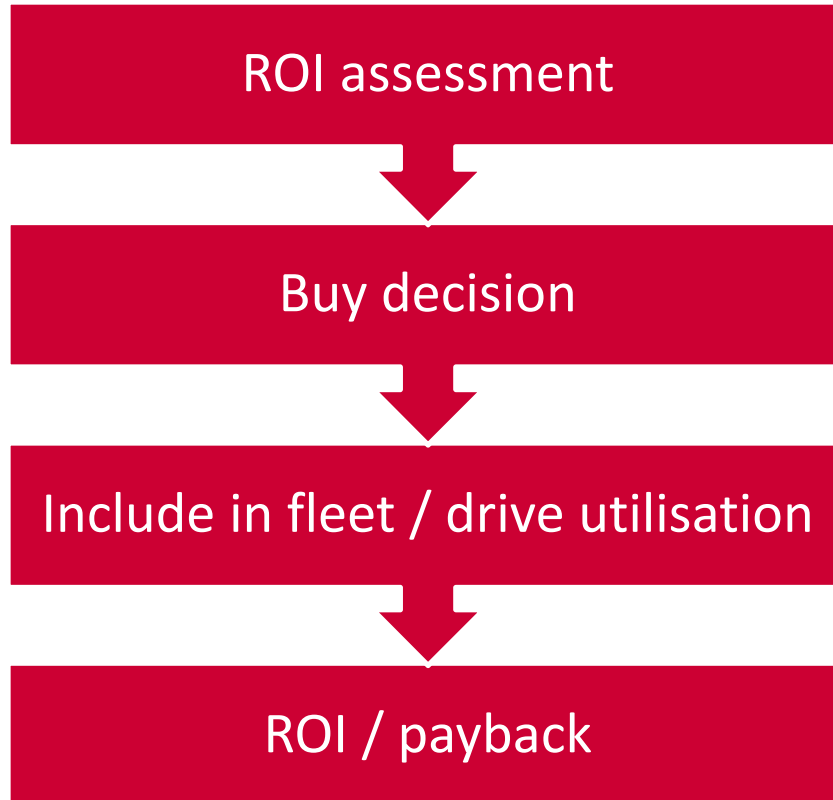
# Self-funded investment



*Strong cashflow funding capex*



# The Capex decision



*Strong stewardship of capital; return focus*

# Financial position

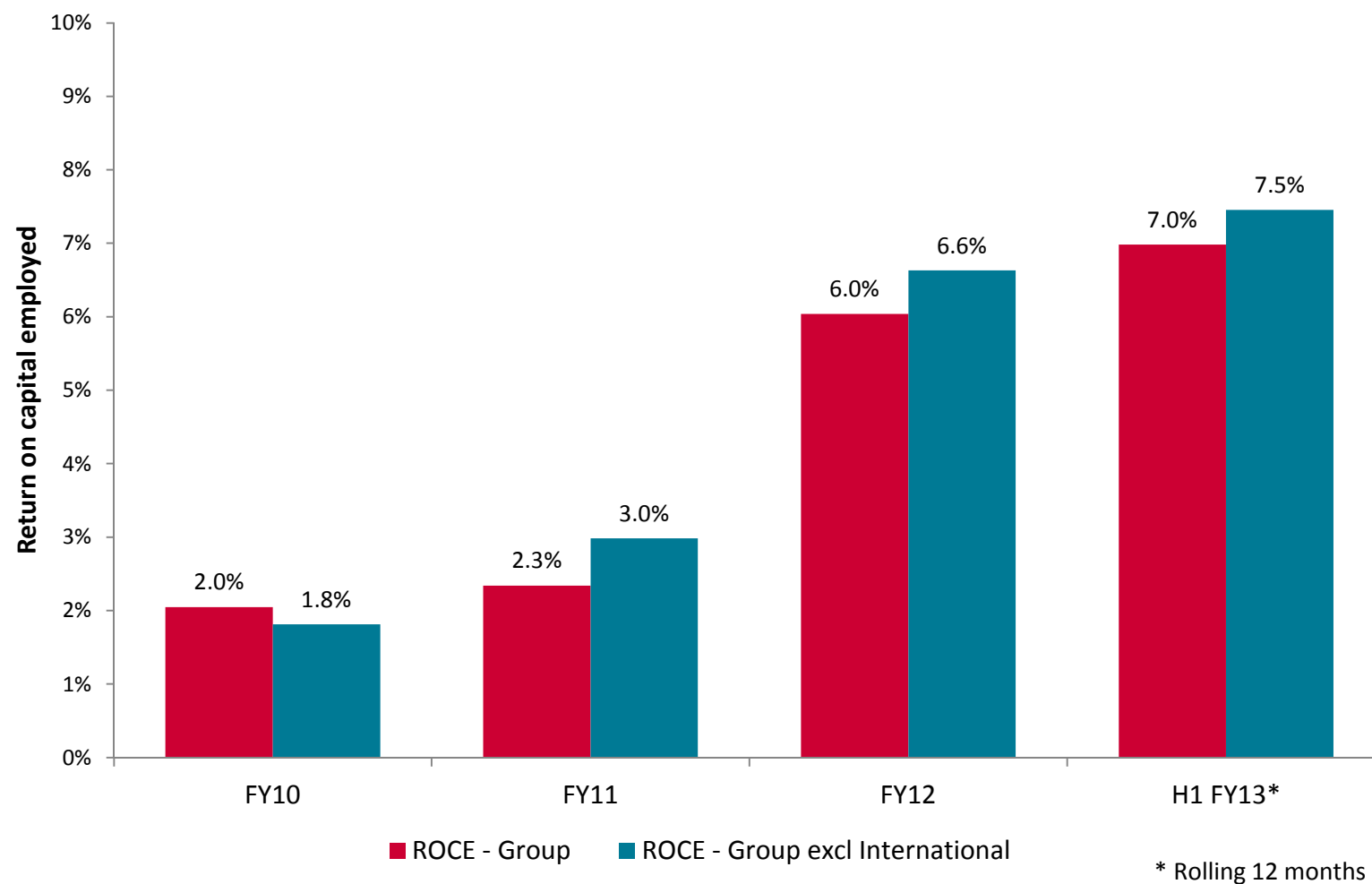


	<b>September 2012 £m</b>	<b>March 2012 £m</b>
Property, plant & equipment	<b>250.8</b>	241.0
Net debt	<b>82.6</b>	76.3
Net debt : EBITDA*	<b>1.2x</b>	1.2x
Shareholder funds	<b>233.2</b>	229.5
Net asset value per share	<b>45p</b>	44p
Gearing	<b>35.4%</b>	33.2%

\*pre exceptional costs

*Strong Balance Sheet – low gearing*

# Return on capital employed



*Group target of 10% by Dec 2014*

## 2012 in conclusion



- Good first half performance
- Efficiency initiatives continue to underpin margin progression and future performance
- Judicious investment driving growth across Group
- Confident in achieving the Board's expectations for the full year

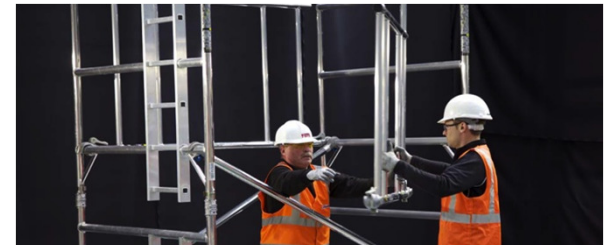
*Good steady progress*

Consistent strategy delivering growth

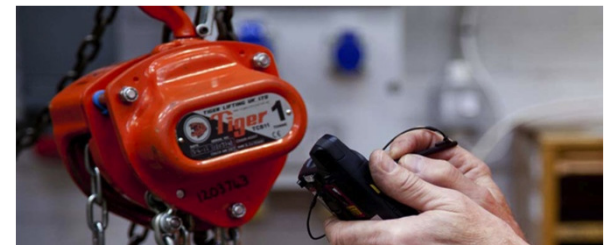
Steve Corcoran  
Chief Executive



Rental



Training



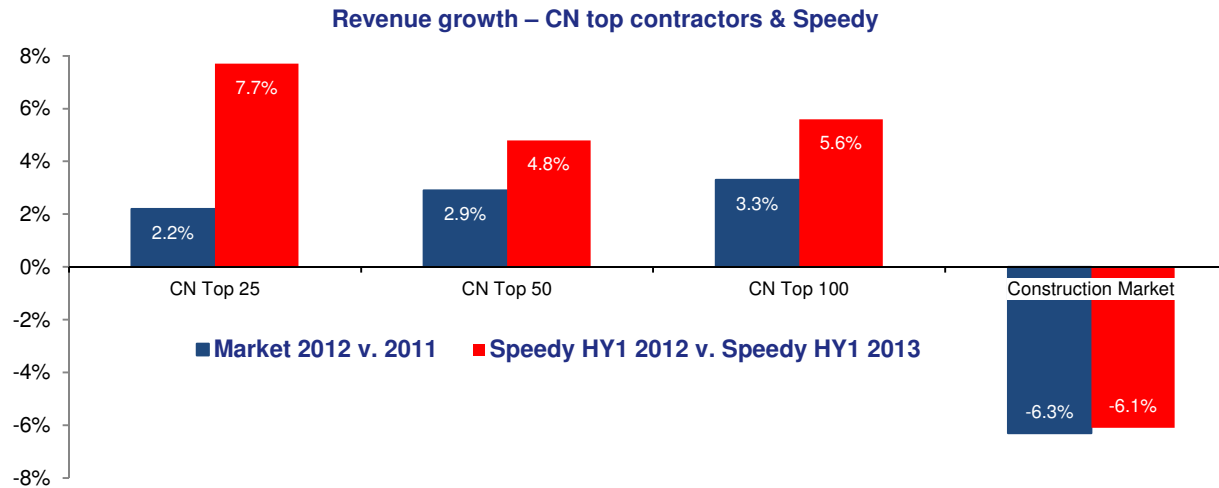
TRIM



Partnered Services



# Right clients, right markets



Key infrastructure markets – predicted growth & Speedy performance

	Water	Waste	Energy	Transport
Speedy growth (HY1 2013 v. HY1 2012)	+ 26.2%	+ 6.6%	+ 13.8%	+ 18.3%
Market growth to 2016	+ 2.7%	+ 21.5%	+ 61.1%	+ 22.1%



Sources: ONS Output, CPA forecast data (2005 constant prices), AMA Research, Construction News Top 100 & Speedy management

*Well positioned with the right clients in the FUTURE growth markets*

# More for less



## Efficiency

- Revenue per depot: up **13.8%** year on year
- Revenue per employee: up **6.8%** year on year
- Revenue per vehicle: up **9.9%** year on year

## Effectiveness

- Depot service score: **91.1%** in Sept 2012 (Sept 2011: 89.5%)
- Customer recommendation score: **95.3%** in Sept 2012 (Sept 2011: 94.1%)
- Targeted growth: revenues in water, waste, energy and transport up **16.2%** year on year

## Further improvements underway

- Property network: moving towards MSCs, superstores and expresses
- Telematics: efficiency in vehicle fleet utilisation and cost
- Increased workshop throughput: better quality and availability of kit



*Committed to drive efficiency and return on capital employed*

# Developing services: helping clients manage risk



## Client risk

Capital cost

Operator error

Compliance

Range

Cost control

## Speedy response



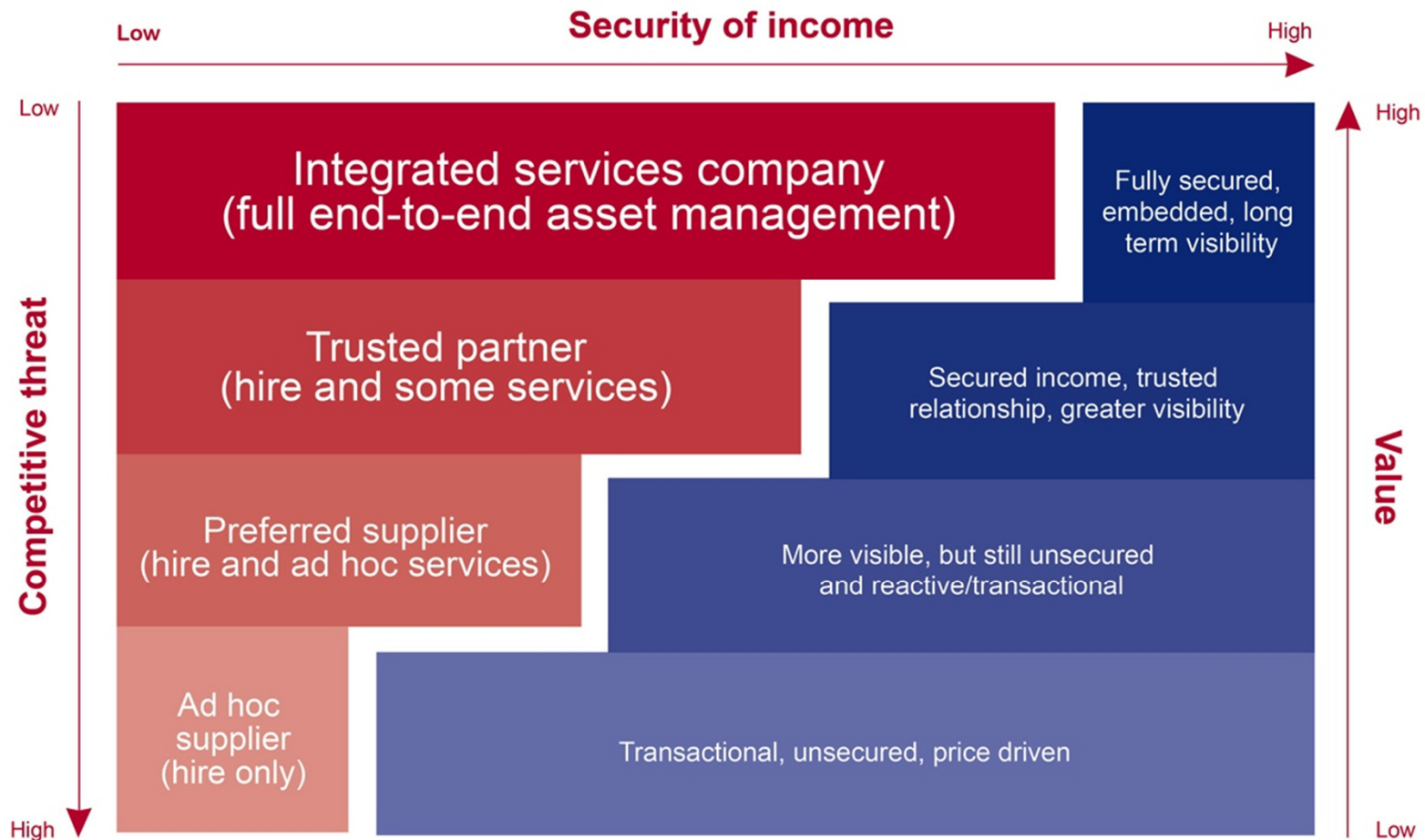
## Integrated services company

### Delivering value added services

- Embeds us deeper with key clients
- Cash generative not cash consumptive
- Provides capital for investment
- Delivers a higher ROCE
- Secures long-term, transparent revenues from valued clients

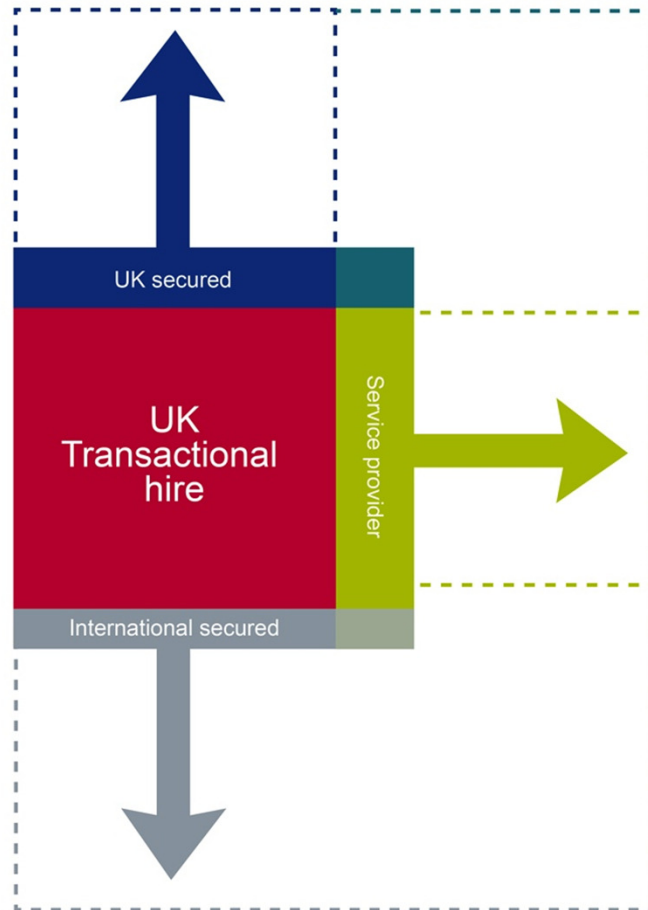
*Speedy is more than a just a hire company*

# What are the steps to doing it?



*Higher value, security of income, lower competitive threat*

# How are we going to do it



## Growth from:

- Expanded international presence
- Increased services activities
- More long-term secured contracts



*More secured contracts, international growth, higher service elements*



# Case study: ZADCO UZ 750 project



Island size  
1km<sup>2</sup>

## ZADCO contract

- Direct relationship with end client
- Integrated asset management to support end-to-end drilling operations
- Over 60% of revenues are services denominated
- Projected ROCE is 30%+
- Minimum \$50m over five years

*Long-term earnings visibility; high ROCE; value added position*

# Summary



## Objective

- To be a services company not just a hire company

## Strategic intent

- Own the customer relationship not the asset

## Operating model

- Intelligence led, systems driven, logistics based

## Interim milestones

- Maintain growth momentum – meet expectations; be boringly reliable
- Operating margin of 10% by Dec 2014
- ROCE of 10% by Dec 2014
- 75:25 revenue ratio: rental v. services by Dec 2014

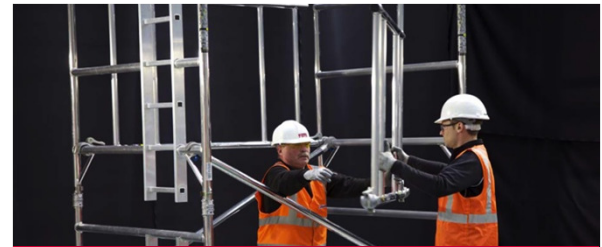
*Confident in meeting expectations. Building for the future*

Questions

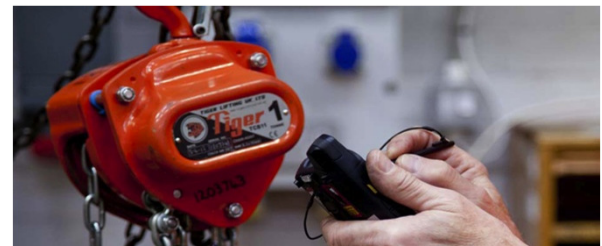
Ishbel Macpherson  
Chairman



Rental



Training



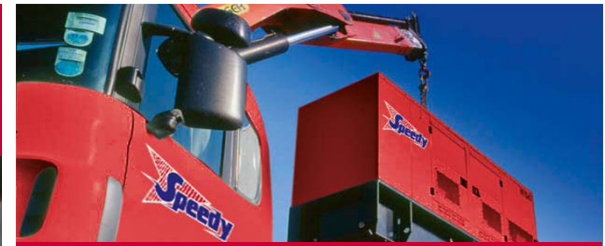
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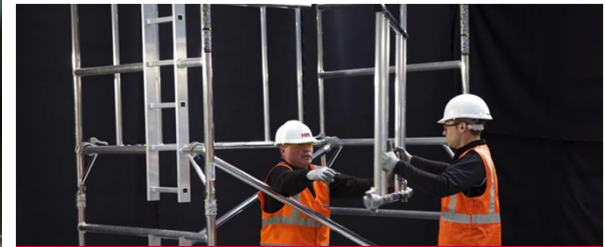
Partnered Services



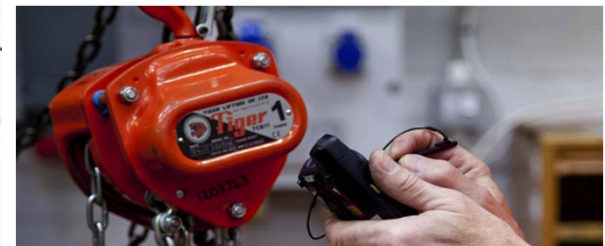
# Appendices



Rental



Training

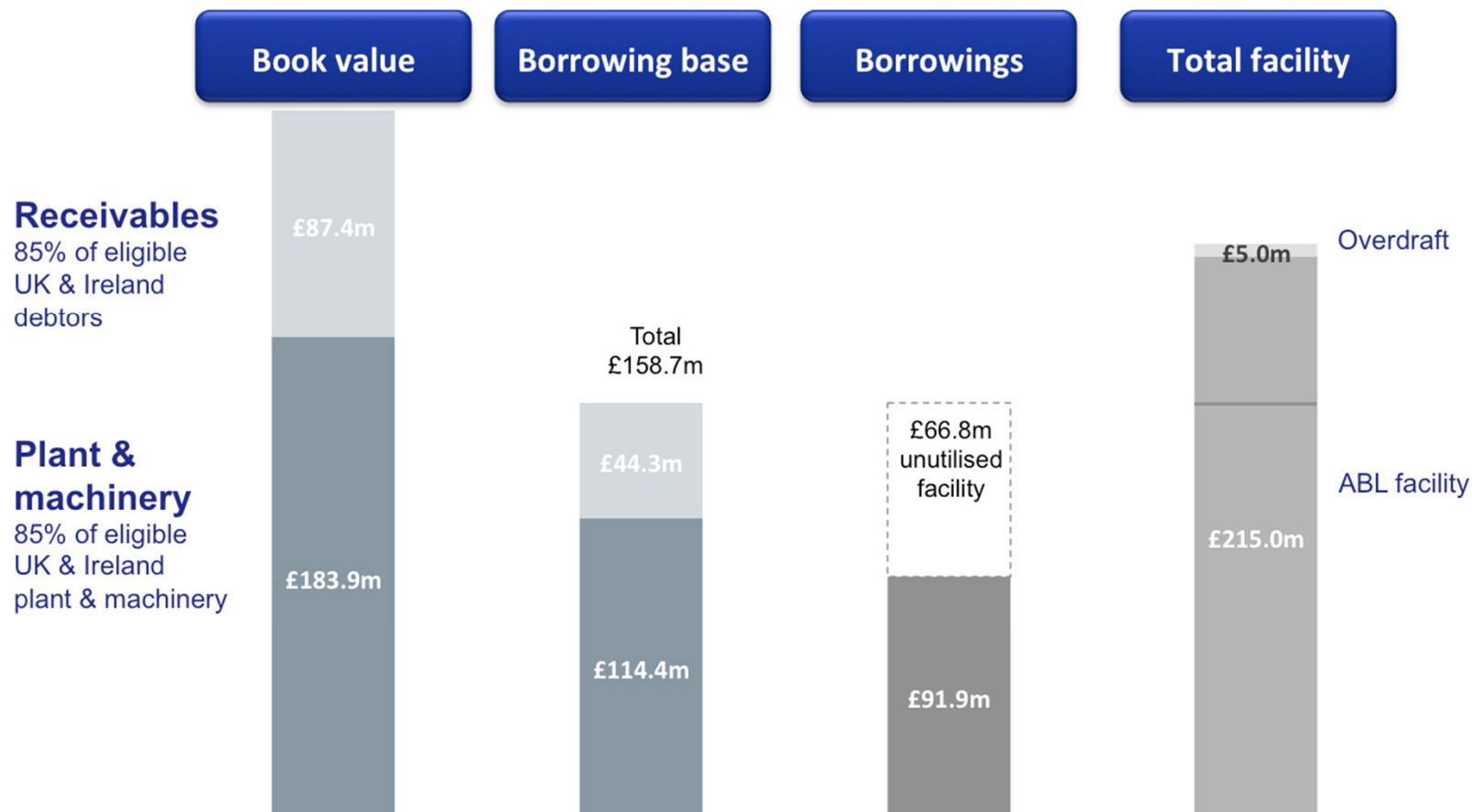


TRIM



Partnered Services

# Debt structure & headroom





# Covenants

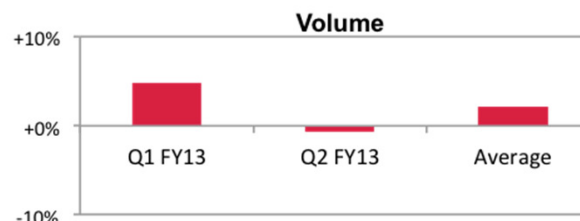
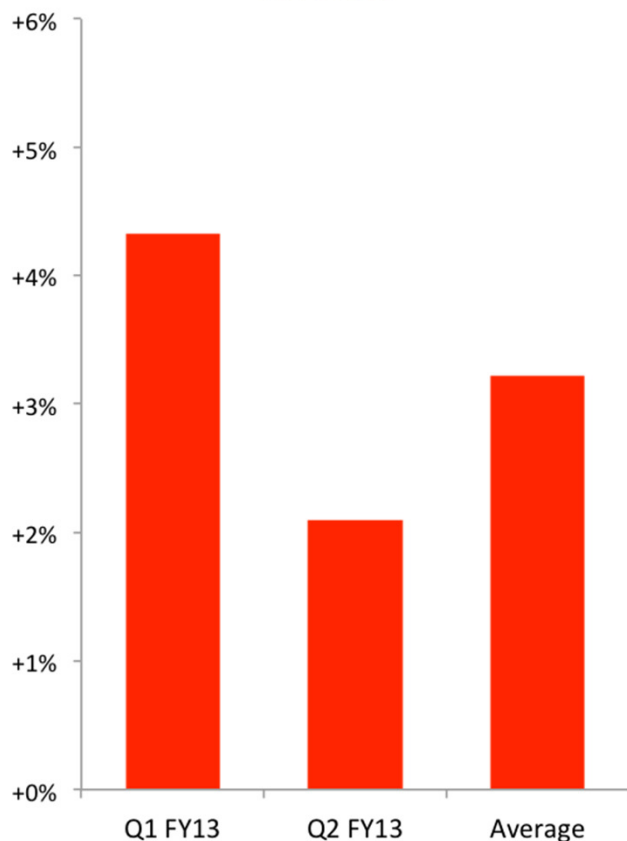


	Covenant threshold	Position at 31 Sept 2012	Methodology
<b>Leverage</b>	Not greater than 2.25x	1.2x	Total Net Debt to EBITDA
<b>Fixed Charge Cover</b>	Not less than 2.1x	3.1x	<p>EBITDAR to Rent Adjusted Finance Charges ("RAFR")</p> <p>Where:</p> <p>EBITDAR is EBITDA before operating lease charges</p> <p>RAFR is net finance charges plus operating lease charges</p>
<b>Debt Service Cover</b>	<p>If Availability is less than £22m, not less than 1.0x</p>	Not relevant	<p>Capex Adjusted EBITDA to Debt Service</p> <p>Where:</p> <p>Capex Adjusted EBITDA is EBITDA less net capital expenditure less dividends</p> <p>Debt Service is net finance charges plus scheduled debt repayments</p>

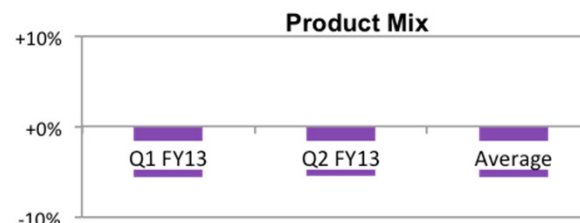
# Yield management (YoY change UK)



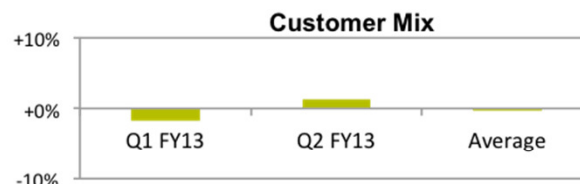
Year on year change in hire revenue



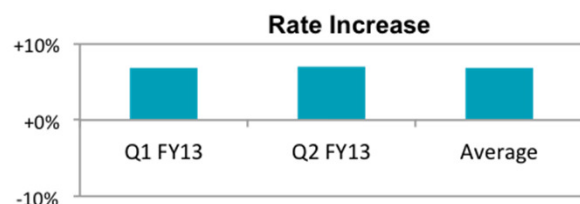
Volumes in the period up



Increased demand for smaller tools products



Minimal change over the period



Rate increases continue to hold

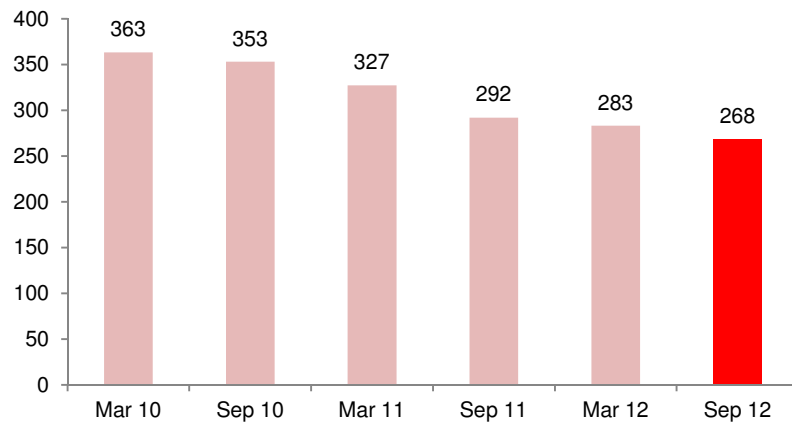
Note:

- UK Asset Services – hire & managed services revenue
- Based on underlying contract data before credits and remissions

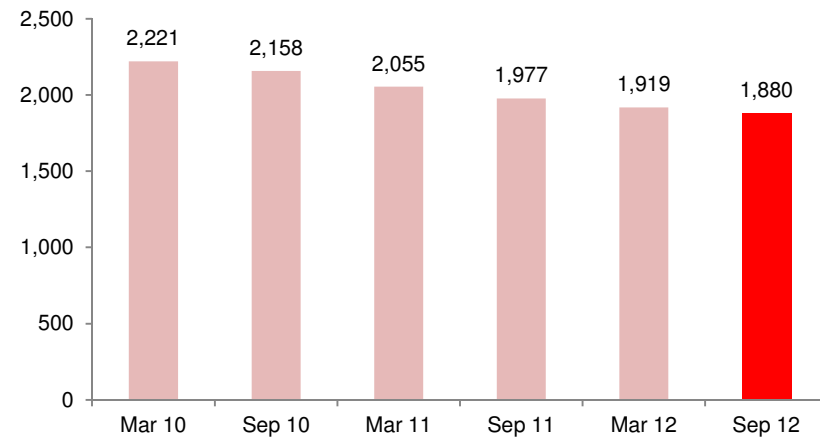
# Cost efficiencies



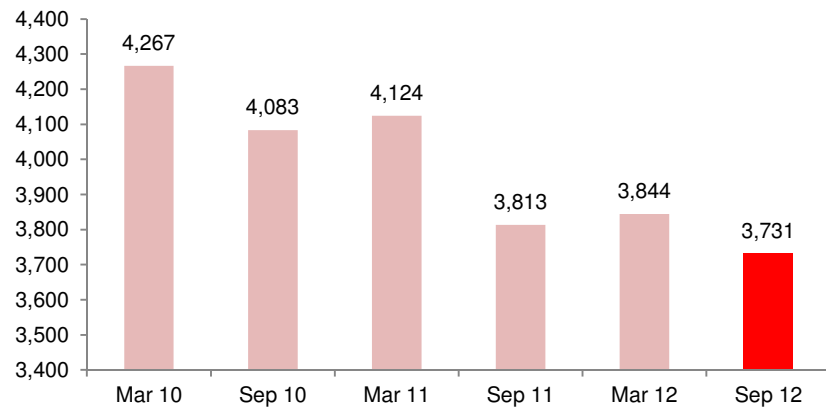
## Number of depots



## Number of vehicles



## Headcount



## Cost efficiencies

Business element	Sept 12 v. Sept 11	Sept 12 v. Mar 10
No. of depots	down 8%	down 26%
No. of vehicles	down 5%	down 15%
Headcount	down 2%	down 13%

# Innovation



## VT-Hybrid LED

- Doubling the hire rate
- 92% reduction in fuels costs
- 20% savings to the customer



Running Costs	Traditional Light Tower (VT1)	VT1-Eco	VB-9	VT-Hybrid
<i>Example rate per month</i>	£320	£400	£600	£640
<i>Running cost per month (30 Days)</i>	£534	£358	£134	£45
<i>Total Costs (excluding labour) per month</i>	£854	£758	£734	£685
<b><i>Customer savings per month</i></b>		<b>£96</b>	<b>£120</b>	<b>£169</b>
<i>Refuel Period</i>	10x per month	7x per month	Every 2 months	Every 5 months