



# Interim results - 30 September 2023

The Equipment Rental Specialist

Jeremy Pilkington, Chairman  
Anna Bielby, CEO

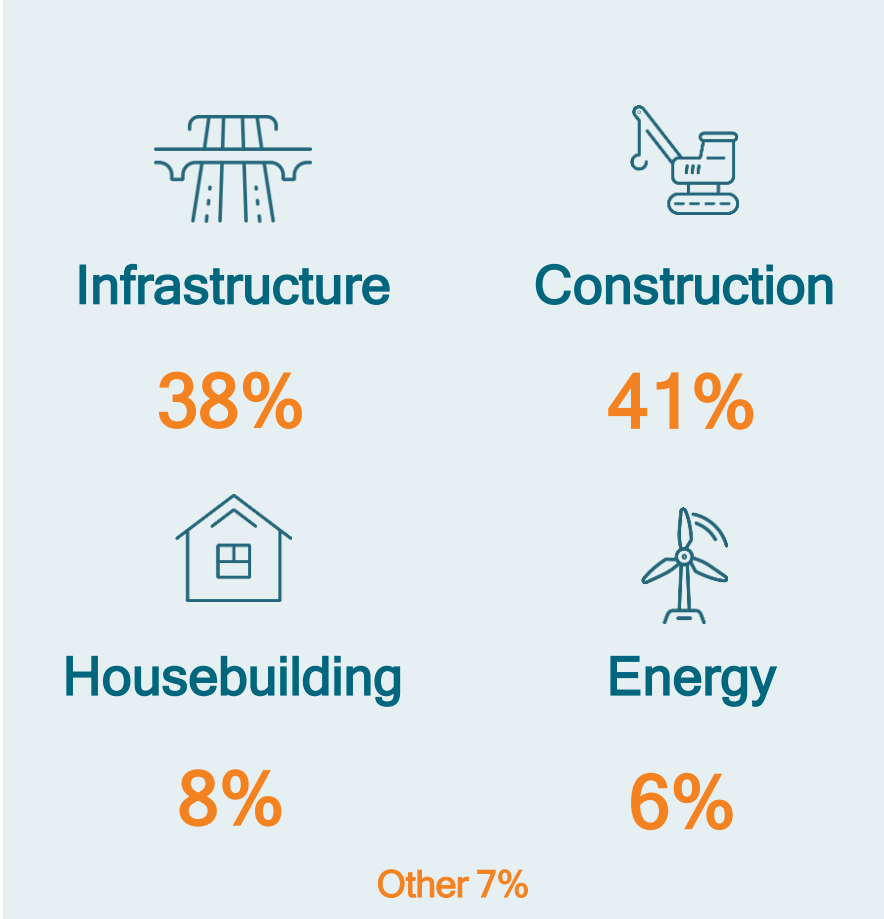
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# Our business - Specialist equipment rental

## Our markets



## Our divisions

 <p><b>Vp Groundforce</b> Specialist Construction Solutions</p>	 <p><b>Vp TPA</b> Temporary Access Solutions</p>	 <p><b>Vp UK Forks</b> Materials Handling Specialists</p>
 <p><b>Vp Brandon Hire Station</b> The UK's Tool and Equipment Hire Specialist</p>	 <p><b>Vp MEP Hire</b> Mechanical, Electrical &amp; Low Level Access Specialists</p>	 <p><b>Vp ESS</b> Safety, Survey, Test &amp; Measurement</p>
 <p><b>Vp Torrent Trackside</b> Railway Plant. Railway People.</p>	 <p><b>Vp Airpac Rentals</b> Energy Industry Solutions</p>	 <p><b>Vp TR Group</b></p>

# Investment case

## Key differentiators:

### Specialist rental model

Market leading positions in niche sectors. Young, well maintained fleet. Disciplined asset management

### Diverse and resilient revenue streams

Growth and risk mitigation from exposure to different markets and geographies

### Exciting growth prospects

Successful organic and M&A track record. Aligned to markets with growth potential

## Financial profile:

### Continued strong returns

Target ROACE of 15%, Strong margins

### Balance sheet strength

Disciplined capital allocation, appropriate gearing, cash generative

### Progressive dividend

30 year uninterrupted dividend track record and long term view.

## Growth and operational excellence:

### People

Refreshed Board and leadership team. Experienced management. Attract and retain the best people. Employer of choice

### Digital journey

Investing in improving customer experience and processes to drive growth and operating model efficiency

### ESG focus

Hire is inherently sustainable. Approximately two thirds our fleet is zero emissions at point of use

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# Highlights

Resilient performance across key metrics, ahead of prior period with an increase in ROACE

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Strong Infrastructure demand from rail, transmission and water sectors

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£28 million fleet Capex in the period

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Robust balance sheet - well within covenants

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Refinance of £90 million RCF secured

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Interim dividend increased by 4.5% to 11.5 pence per share

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Continued ESG progress - focussed investment in the hire fleet, science based targets validated by SBTi

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Greater emphasis on digital, with innovations to improve the customer experience

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Refreshed leadership, with new CEO in place and CFO joining in January 2024

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# Financial review

Kyle Allison  
TPA Worksop depot

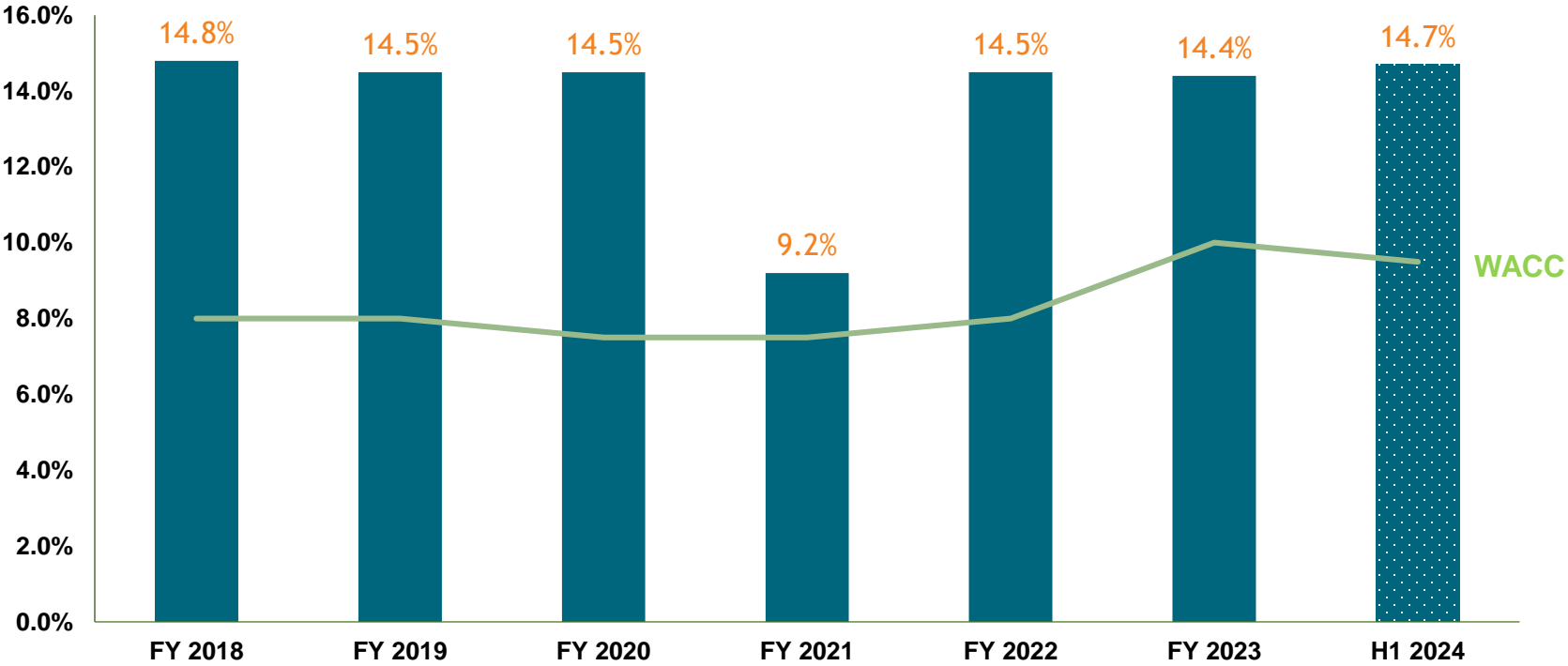
# Financial highlights

	H1 2024 (£m)	H1 2023 (£m)	FY 2023 (£m)
Revenue	190.9	186.5	371.5
Adjusted EBITDA*	47.8	47.8	92.9
Depreciation	(22.7)	(23.8)	(46.9)
Interest	(3.2)	(2.5)	(5.5)
Adjusted PBTAE*	21.9	21.5	40.5
Net margin*	11.5%	11.5%	10.9%
Exceptional items	-	1.9	5.0

\* Adjusted performance measures are explained and reconciled in note 14 of the interim announcement

- Revenue increase of 2% represents good progress against some market headwinds, particularly in Construction
- Growth in Adjusted PBTAE\* of 2%, despite higher interest cost
- Net margin\* remains strong and consistent with prior year
- H1 2024 has no exceptional costs however restructuring costs are expected in H2

# ROACE - Long term quality of earnings



- Return on average capital employed continues to be a key measure
- Strong ROACE maintained, well above WACC

ROACE definition  $PBIT / \text{average capital employed (net assets + net debt)}$

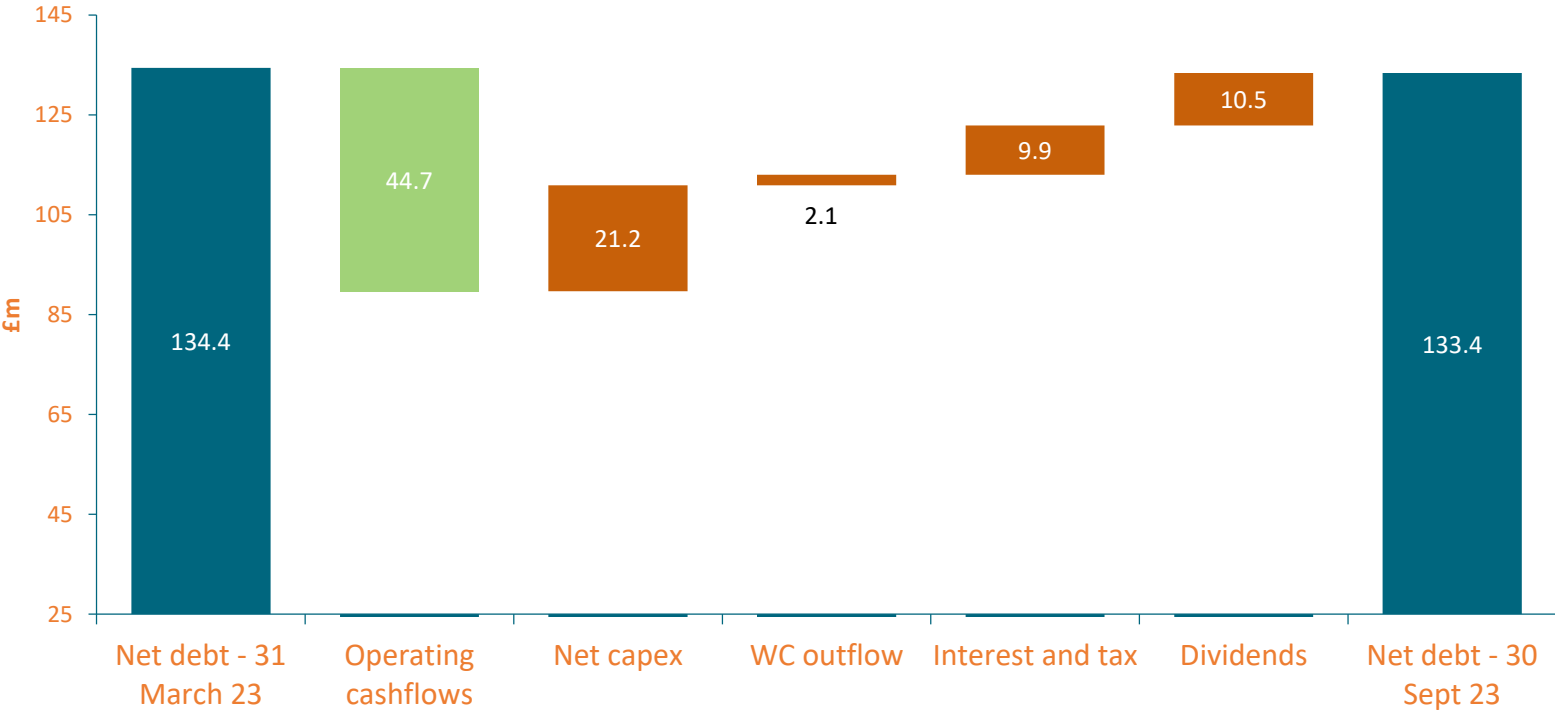


# Strong balance sheet

	Sept 2023 (£m)	Sept 2022 (£m)	Mar 2023 (£m)
Hire fleet	219.7	223.6	220.6
Other fixed assets	31.2	31.4	31.8
Intangible assets/goodwill	56.9	60.8	57.7
IFRS16 net liabilities	(3.7)	(3.4)	(3.9)
Working capital	21.8	19.4	17.4
Pension asset	2.2	2.7	2.3
Deferred tax liability	(16.9)	(13.9)	(16.6)
Net debt excluding lease liabilities	(133.4)	(148.9)	(134.4)
<b>Net assets</b>	<b>177.8</b>	<b>171.7</b>	<b>174.9</b>
DSO	61	61	59
Bad debt write off % revenue	1.0%	0.9%	0.9%

- Strong balance sheet positions the Group well for future opportunity
- Young, well-maintained fleet with £28m invested during the first half of the year
- Net debt decreased from September 2022 and March 2023
- DSO maintained in a challenging credit environment

# Net debt - Strong cash generation



- Net debt excluding lease liabilities of £133.4m, a slight decrease since year end
- Strong operating cashflows
- Continue to refresh our asset base, gross capex of £28m offset by proceeds of £13m
- Working capital movements back to normal after volatility in previous years

*Excludes lease liabilities*

# Net debt and facilities

	Sept 2023 (£m)	Sept 2022 (£m)	Mar 2023 (£m)
Private placement - Jan 2027	65.0	65.0	65.0
Private placement - Apr 2028	28.0	28.0	28.0
RCF - matures Nov 2026*	90.0	90.0	90.0
<b>Total committed facilities</b>	<b>183.0</b>	<b>183.0</b>	<b>183.0</b>
Overdraft	7.5	7.5	7.5
<b>Total facilities</b>	<b>190.5</b>	<b>190.5</b>	<b>190.5</b>
<b>Net debt excluding lease liabilities</b>	<b>133.4</b>	<b>148.9</b>	<b>134.4</b>
Headroom against facilities	57.1	41.6	56.1
<b>Net debt/EBITDA gearing</b>	<b>1.43x</b>	<b>1.60x</b>	<b>1.44x</b>

\* Facility also includes accordion of £30m

- £90m RCF refinancing recently completed with covenants unchanged
- Two private placements provide £93m of fixed low cost debt over the medium term
- 70% of period end net debt excluding lease liabilities is fixed rate
- Well within financial covenants with gearing of less than 1.5x at 30 September
- Facilities and headroom provide an opportunity for growth and further investment

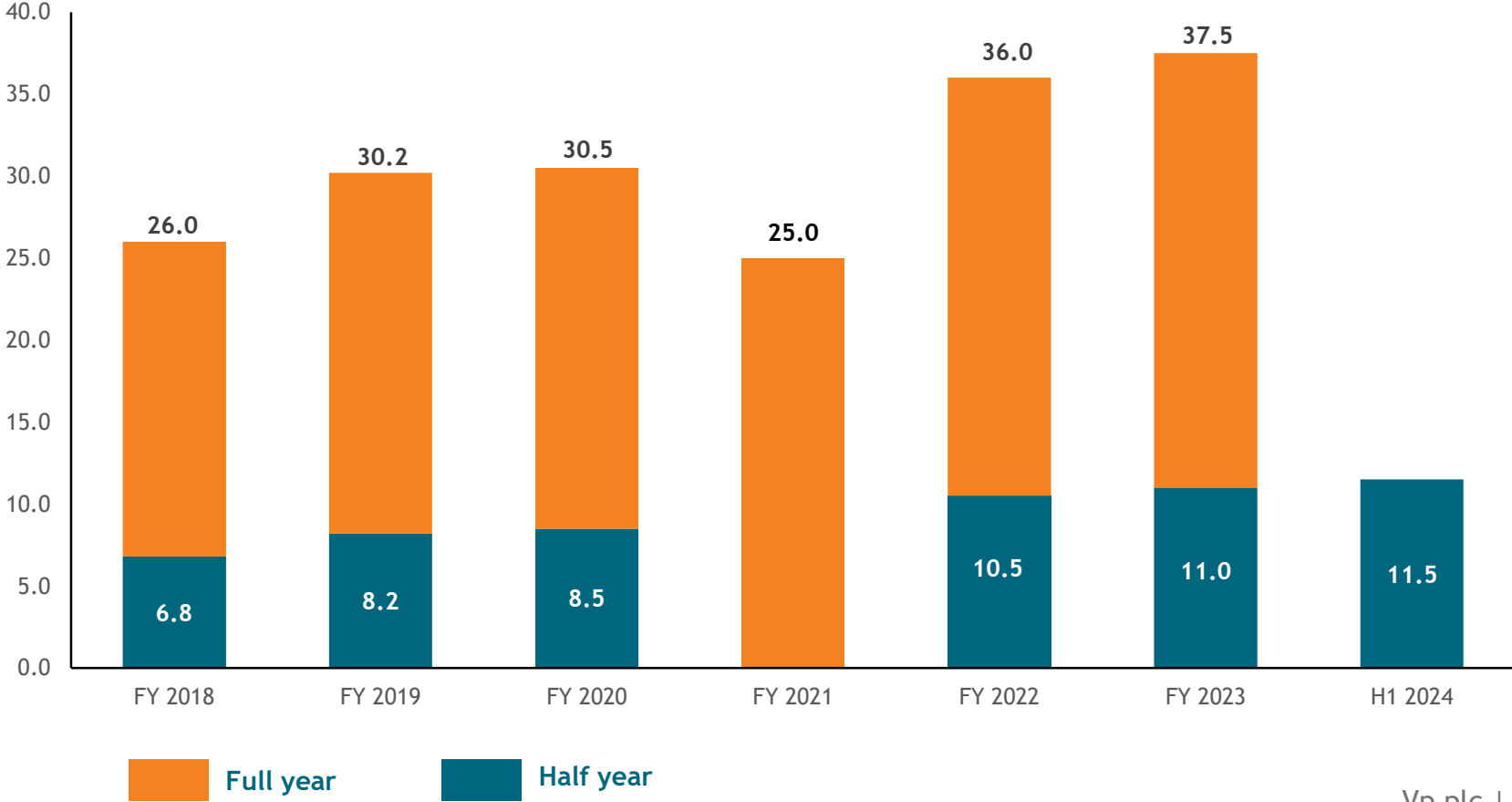
# Continued investment in hire fleet

	H1 2024 (£m)	H1 2023 (£m)	FY 2023 (£m)
Total fleet investment	27.8	33.8	59.9
Disposal proceeds	(12.8)	(12.2)	(24.9)
Net expenditure on fleet	15.0	21.6	35.0

- Continued investment in the hire fleet, focussed on market opportunity and performance
- Focus on cleaner, greener hire fleet (c25% of capex on lower emission technology)
- Gross capex slightly down on prior year, reflecting market conditions

# Uninterrupted dividend track record

Dividend per share (pence)



- 30 year uninterrupted dividend track record
- Interim dividend of 11.5p represents continued progression and sustainable profitability over the long term
- Dividend cover target of 2x over the cycle
- Adjusted EPS at 40.3p (2023: 42.5p) impacted by increase in tax rate from 19% to 25%



# Strategy

Dean Ellor and Jessica Fox  
UK Forks Derby depot

# Our strategy

## Delivering growth

- Strong track record of growth in specialist markets
- Continued organic growth through capex
- Disciplined M&A strategy

## Driving operational excellence

- Operational excellence is at the heart of Vp
- An efficient operating model delivering specialist solutions to our customers
- Digital will drive further efficiency

## People

- Refreshed Board and leadership
- Experienced people supporting specialist divisions
- Investment in people

## Digital journey

- Drive growth through focussing on customer experience and innovative solutions
- Drive efficiency through digitally optimised processes

## ESG focus

- Increasingly important area for stakeholders
- An environmentally conscious approach
- Key opportunities - capex and management of supply chain

# ESG focus



SBTi\* validation of our Science Based Targets

c25% of capex in H1 on greener, lower emission fleet

Continued investment in restoration and conservation projects around the UK  
Partner status with the Supply Chain Sustainability School

Implementation of our Vp Capture system  
Procurement of renewable electricity in all of our controlled sites

Working with our customers:

- Groundforce carbon calculator
- TPA carbon comparison model

## Next steps

- Focus on social value strategy
- Further progress of the TNFD\*\* framework
- More frequent reporting of carbon values
- Carbon literacy in our workforce by end of 2024





# Digital journey - driving growth and efficiency



Customer experience

- Frictionless customer journey
- Customer touch points
- Customer understanding

Example: Microlise



Operational process

- Digitally optimised processes
- Worker enabled
- Performance management

Example: Zendesk



Customer engagement

- Digitally enhanced selling
- Driving growth
- Selling of solutions

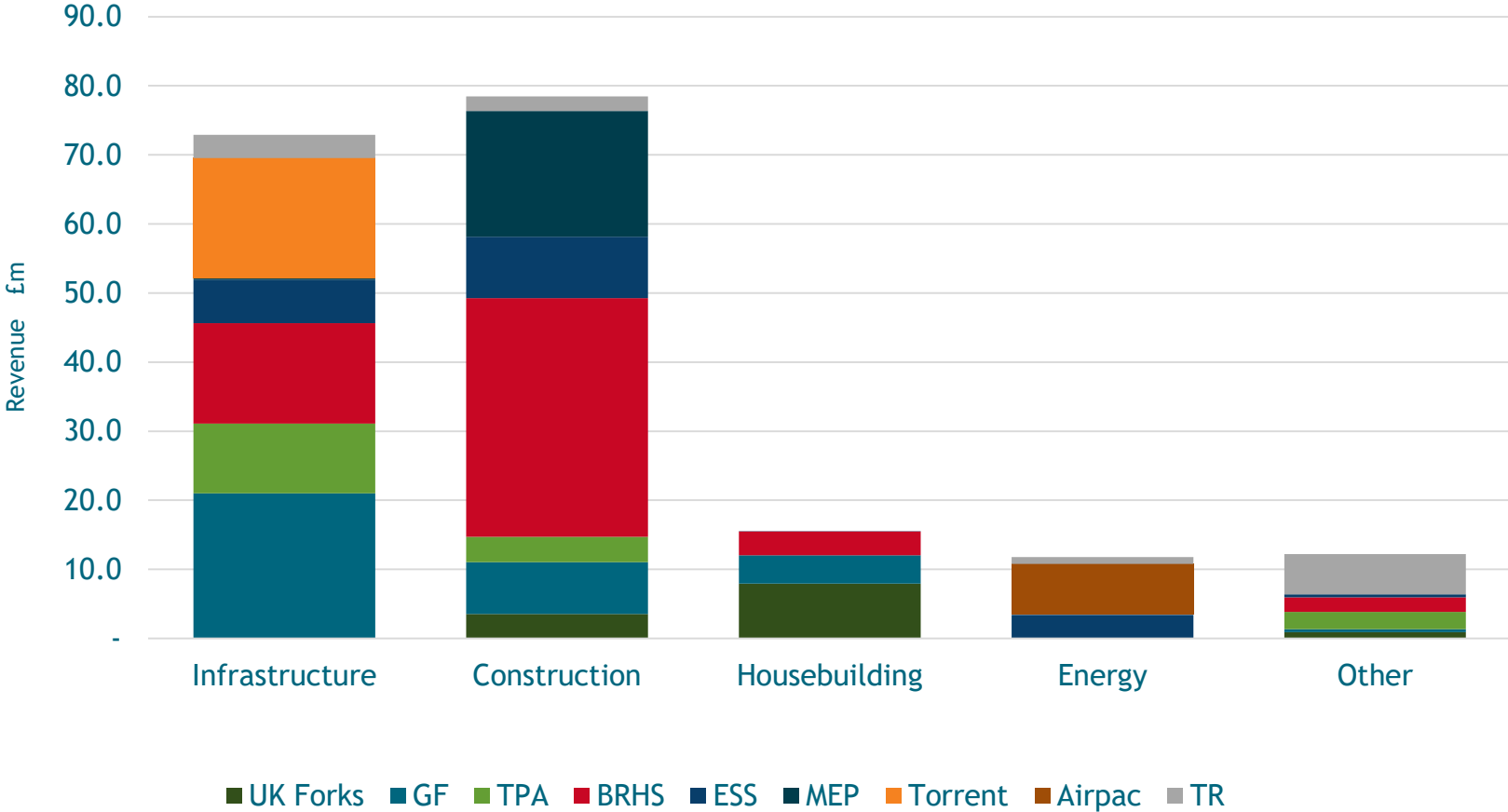
Example: Your Solution +

- We have digital capability in the specialist rental sector and our digital roadmap is an important part of our strategy
- We are embracing rapidly changing digital trends to improve the experience for all stakeholders
- Our focus areas are customer experience, operational process and customer engagement



# Operational review

# Markets by division



- Infrastructure and Construction make up the majority of our business alongside notable activities in Housebuilding and Energy
- “Other” mainly relates to events, defence and aviation
- Strong diversity of markets across the Group positions us well

# Our markets



## Infrastructure

Supportive markets in AMP7  
CP6 and Transmission

### Revenue

**£73.0m**

(2023: £70.1m)

**38%**



## Construction

Challenging markets

### Revenue

**£78.5m**

(2023: £78.0m)

**41%**



## Housebuilding

Subdued but stable

### Revenue

**£15.5m**

(2023: £15.8m)

**8%**



## Energy

Supportive markets

### Revenue

**£11.8m**

(2023: £10.2m)

**6%**

*Other is 7% and mainly relates to events, defence, aviation*

# Infrastructure

## Market conditions\*

- Held up well in 2023
- Viable pipeline and growth driven by transport and energy projects
- Output is forecast to grow c4% in 2023, modest growth of 0.3% in 2024
- Impact of recent HS2 announcements

## Our performance

- Groundforce enjoyed support from AMP7, Transmission and other pre-established infrastructure projects
- TPA benefitted from a supportive Transmission market
- Torrent Trackage enjoyed a solid first half, supported by CP6
- Enjoyed some residual HS2 revenue but future activity stems from alternative rail initiatives



# Construction

## Market conditions\*

- Decline in construction output of 1.4%, further contraction of 2% expected in 2024
- It will take until 2025 for a meaningful positive position to return
- Prospects for the non residential sector remain subdued

## Our performance

- A soft market and high operational gearing led to a challenging half for Brandon Hire Station. New management team now in place, and action plans in place
- MEP continues to grow but was impacted by some project delays and a more challenging credit environment
- Despite a subdued market, ESS continued to make progress, benefitting from its specialism and prior year restructuring



# Housebuilding

# Energy

## Market conditions\*

- Private and public housing sectors continue to face several headwinds due to increased interest rates, elevated materials costs and labour shortages

## Our performance

- UK Forks has successfully adjusted its fleet size. Solid residual values have generated profit on disposal



## Market conditions

- Market support from exploration, distribution and infrastructure maintenance alongside renewed activity in LNG projects

## Our performance

- Airpac has number of notable projects ongoing, supported by capital investment in the period



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# Summary and outlook

Strong H1 performance with progress in key metrics

Continue to leverage opportunities in our specialist markets, despite some challenges

Operational excellence remains a priority with increased focus on our digital roadmap

Strong balance sheet and recent refinance positions us well to grow via organic and M&A opportunities

ESG is a key part of both our strategy and our day-to-day operations

Excellent track record of navigating difficult markets through servicing diverse end markets

Confidence in the Group's ability to continue delivering sector-leading returns





**MEP Hire**  
Mechanical, Electrical  
& Low Level Access Specialists

# Q & A



# ESG/ digital initiatives



## Quarterly News

Once again, it's time to celebrate our successes, both big and small. Let's reflect on our accomplishments, draw inspiration from our achievements, and continue to push boundaries for the remainder of the year. But first, Paul has a short message for you...

"As we reflect on the first quarter, I am immensely proud of the dedication and resilience displayed by all. Despite the challenges we faced, we continued to deliver exceptional results. Our commitment to innovation and customer service has been unwavering, and it is with great enthusiasm that I look forward to the upcoming quarters, confident in our ability to achieve even greater heights". Paul Donovan (Managing Director)



### Highlights

#### Groundforce Shorco unveils a carbon calculator for temporary works



In March, Groundforce Shorco's carbon calculator was announced, offering customers calculations on all designs as standard. Engineering Director, Oliver J Smith said...

"This methodology is free to access for all and we would like to encourage others in the fleet rental and temporary works markets to consider this when establishing methods for CO2e calculations. We believe this is a positive step in leading to sustainable improvements within our industry and would welcome an open dialogue to develop this further"



## REDUCE CARBON EMISSIONS BY OVER 80%

Introducing an industry-first Carbon Calculator to quantify the impressive reduction in emissions achieved when substituting a traditional temporary stone access road or compound with TPA's Portable Roadway solutions.

Make the smart choice by using the TPA Carbon Calculator to see how much you can save on your scope 3 emissions.



Calculating your carbon saving is as easy as 1, 2, 3...

1. Visit: [vp-tpa.com/carbon-calculator](http://vp-tpa.com/carbon-calculator)
2. Submit the area of temporary access required
3. See your saving instantly & request a full report that is bespoke to your project



We know the importance of sustainability, that's why we have committed to science based targets to achieve NET ZERO by 2050.  
Call: 0370 240 2381 Web: [vp-tpa.com](http://vp-tpa.com)

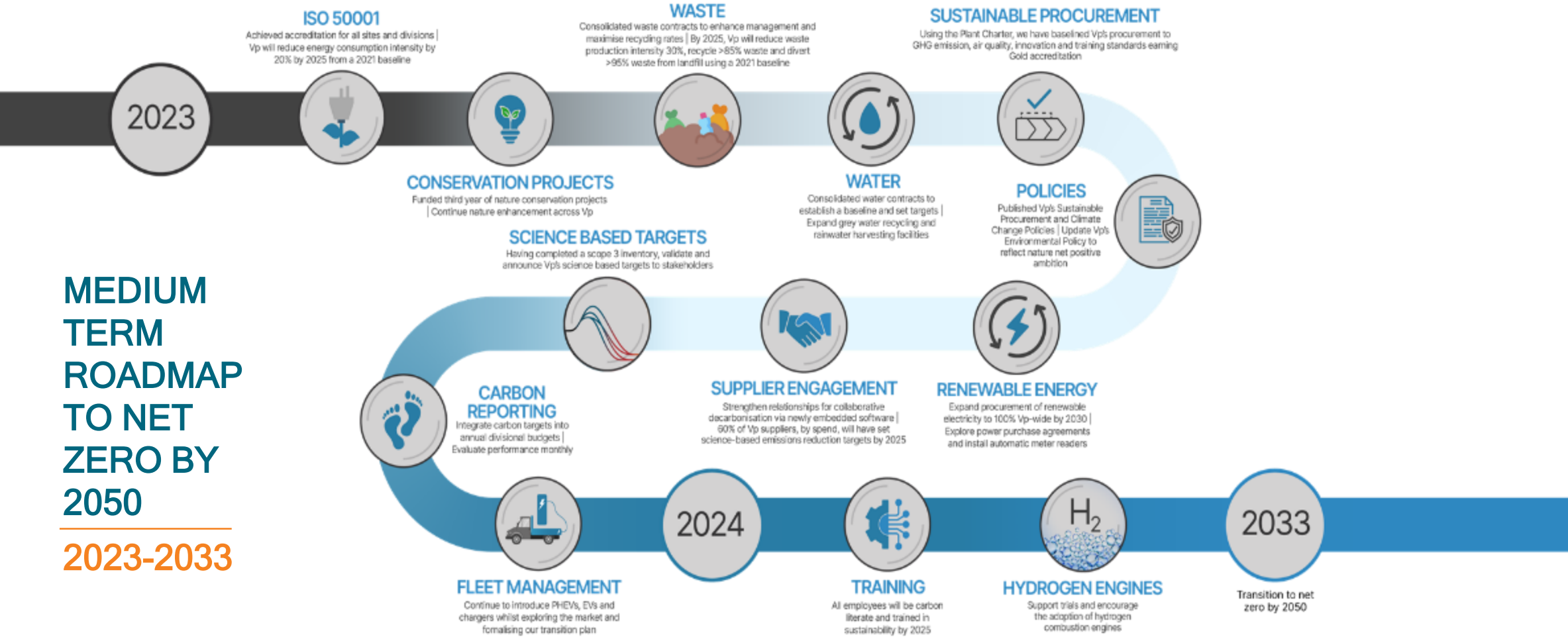
## Carbon Calculators built in our Customer Portal for self service 24/7

Recently launched the self serve calculators are proving to be a success with customers who need to share the information with their clients.

Feedback has been nothing but positive



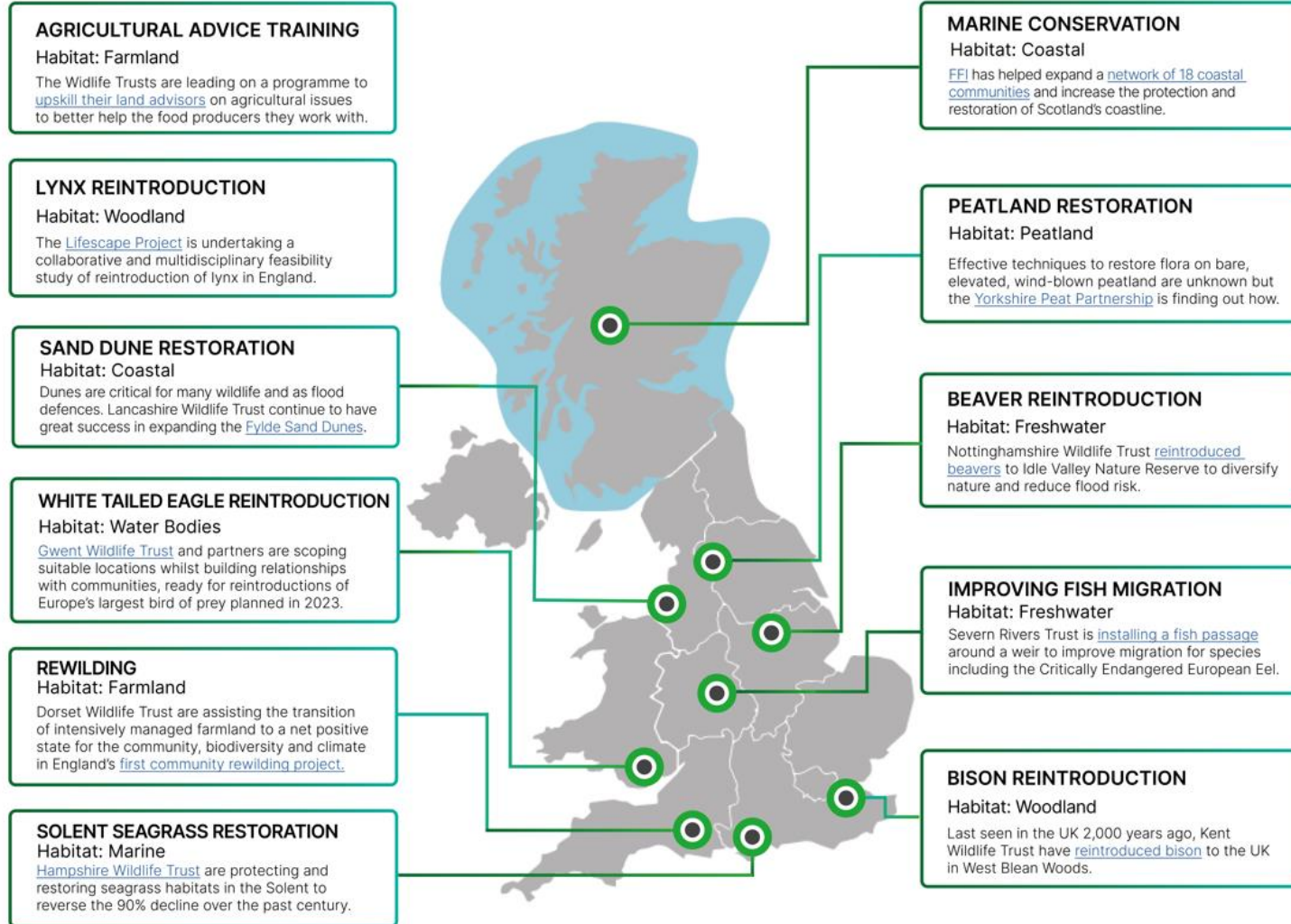
# Medium Term Environmental Roadmap



**MEDIUM TERM ROADMAP TO NET ZERO BY 2050**

**2023-2033**

# ESG - Conservation projects



# Our businesses

### Groundforce

A market leading rental and design provider of excavation support systems and specialist products to the water, civil engineering and construction industries with operations in the UK, the Republic of Ireland and mainland Europe.

### TPA

One of Europe's largest suppliers of temporary access solutions. Operating from bases in the UK and Germany, TPA provides portable roadways and temporary access solutions to customers in the transmission, construction, rail and outdoor events markets.

### UK Forks

One of the UK's leading specialist hirers of telescopic handlers. The products and services are utilised by its customers to improve safety and productivity on construction and housebuilding sites across the UK.

### Brandon Hire Station

The leading provider of tools and specialist rental products to industry, construction and home owners across the UK.

### MEP Hire

The UK's largest provider of mechanical and electrical press fittings and low level access platforms to the construction, fit out, mechanical and electrical markets.

### ESS

The leading specialist provider of safety, survey, communications and test & measurement equipment rental in the UK.

### Torrent Trackside

Specialist suppliers of rail infrastructure portable plant and related trackside services to Network Rail, London Underground and their appointed track renewal, maintenance and project contractors.

### Airpac Rentals

An international business supporting a wide range of oil and gas markets, servicing well test, pipeline testing, rig maintenance and LNG markets worldwide.

### TR Group

Australasia's leading technical equipment rental group providing test and measurement, communications, calibration and audio visual solutions in Australia, New Zealand and South East Asia.

## Our divisions



**Vp** **Groundforce**  
Specialist Construction Solutions



**Vp** **TPA**  
Temporary Access Solutions



**Vp** **UK Forks**  
Materials Handling Specialists



**Vp** **Brandon Hire Station**  
The UK's Tool and Equipment Hire Specialist



**Vp** **MEP Hire**  
Mechanical, Electrical & Low Level Access Specialists



**Vp** **ESS**  
Safety, Survey, Test & Measurement



**Vp** **Torrent Trackside**  
Railway Plant. Railway People.

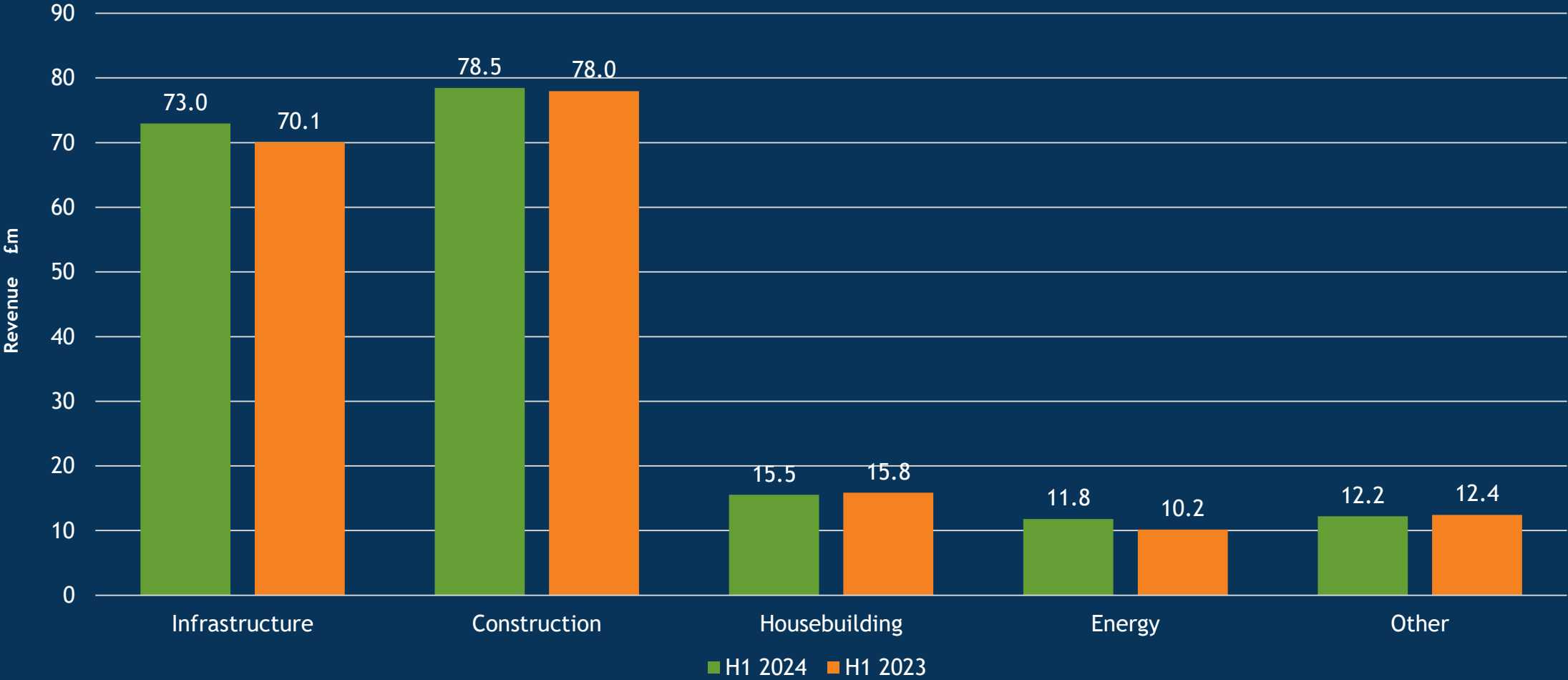


**Vp** **Airpac Rentals**  
Energy Industry Solutions



**Vp** **TR Group**

# Market revenue



# UK & International split

	Revenue			Operating Profit before Amortisation and Exceptional Items		
	H1 2024	H1 2023	FY 2023	H1 2024	H1 2023	FY 2023
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
UK	171.3	166.9	333.4	24.2	23.8	45.6
International	19.6	19.6	38.1	2.4	1.6	3.2
	190.9	186.5	371.5	26.6	25.4	48.8
Amortisation and impairment				(1.8)	(1.7)	(4.5)
Exceptional items				-	(1.9)	(5.0)
Operating profit				24.8	21.8	39.3





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Allan Smith & Michael Mathieson  
Airpac Rentals, Aberdeen

