

# Interim results for the period ended 30 September 2024

26 November 2024

Anna Bielby, Chief Executive  
Keith Winstanley, Chief Financial Officer

Leader in equipment rental

# Vp Group – a leader in equipment rental

Expert provider of equipment, people, services and support for specialist projects

Focussed on niche sectors, principally in Infrastructure, Construction, Housebuilding and Energy

Resilient operating model and diverse revenue streams

Strong track record of consistently high ROACE (15%) and uninterrupted dividend record (30+ years)

**70 YEARS**  
of heritage

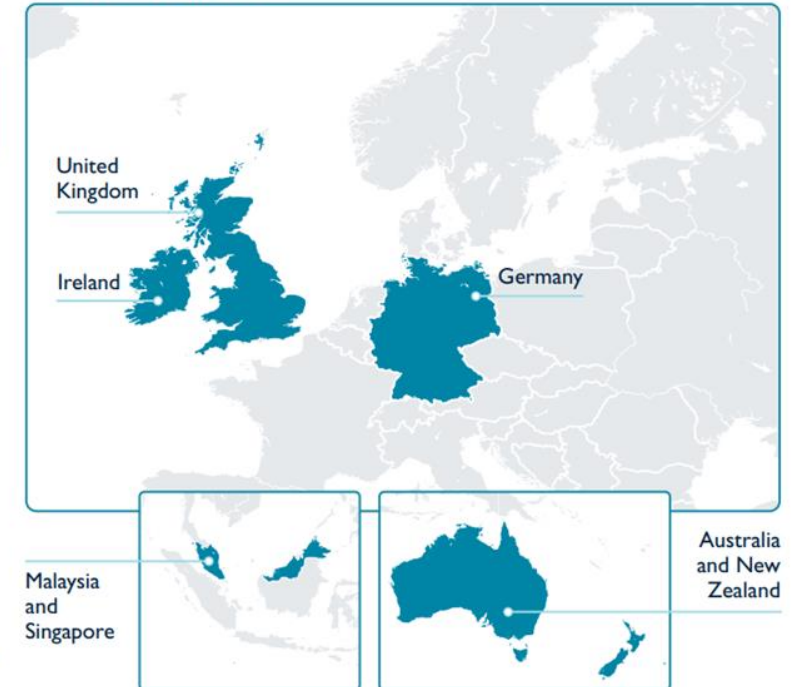
**83,000+**  
Global customers

**£267.2m**  
Net book value of property, plant and equipment

**£38.5m**  
Investment in rental assets in H1 2025

**2,750+** **200+**  
Employees Branches

## Where we operate



# Robust H1 performance

## Robust financial performance

- Revenue of £192.5m and Adjusted Profit of £21m
- Strong ROACE at 14.7%\*, demonstrating earnings quality
- Full year result expected to be in line with market expectations

## Differing conditions across end markets

- Strong Infrastructure demand from Water and Transmission, offsetting a slower start to CP7 in Rail
- Good performance in Energy
- Challenges remain in Construction and Housebuilding

## Strong financial position

- Increased investment of £38.5m in rental fleet focussed on growth areas and greener solutions
- Robust balance sheet with well controlled net debt
- Interim dividend maintained at 11.5 pence per share

## Good strategic progress

- Divisional collaboration and end-sector focus
- Refreshing operating model
- Early October acquisition of CPH

\*14.1% when excluding the impact of prior year intangible asset impairment

# Compelling investment case

## Key differentiators

### Specialist rental model

- Specialist assets, markets and delivery
- Market leading positions in niche sectors
- Young, well-maintained fleet
- Disciplined asset management

### Diverse & resilient revenue streams

- Growth and risk mitigation from exposure to different markets and geographies

### Exciting growth prospects

- Aligned to markets with significant investment and growth potential
- Opportunities around collaboration and scale
- Refreshed corporate development plan

## Financial profile

### Continued strong returns

- Target ROACE of 15%
- Strong margins

### Balance sheet strength

- Disciplined capital allocation
- Cash generative

### Progressive dividend

- 30-year+ uninterrupted dividend track record
- Long-term view

## Underpinned by our strategy

Delivering Growth

Operational Excellence

People

Digital

ESG

# Strategy update

# Good strategic progress in H1

Making Vp more straightforward and greater than the sum of its parts



Delivering growth



Driving operational excellence



People



Digital roadmap



ESG focus

## H1 Progress:

### Divisional collaboration

- Enhanced cross-divisional working
- Listening to our customers
- Easier to do business with

### End market focus

- Maximising opportunities
- Dedicated Director of Vp Rail leading offering across the Group

### Growth through M&A

- Acquisition of CPH

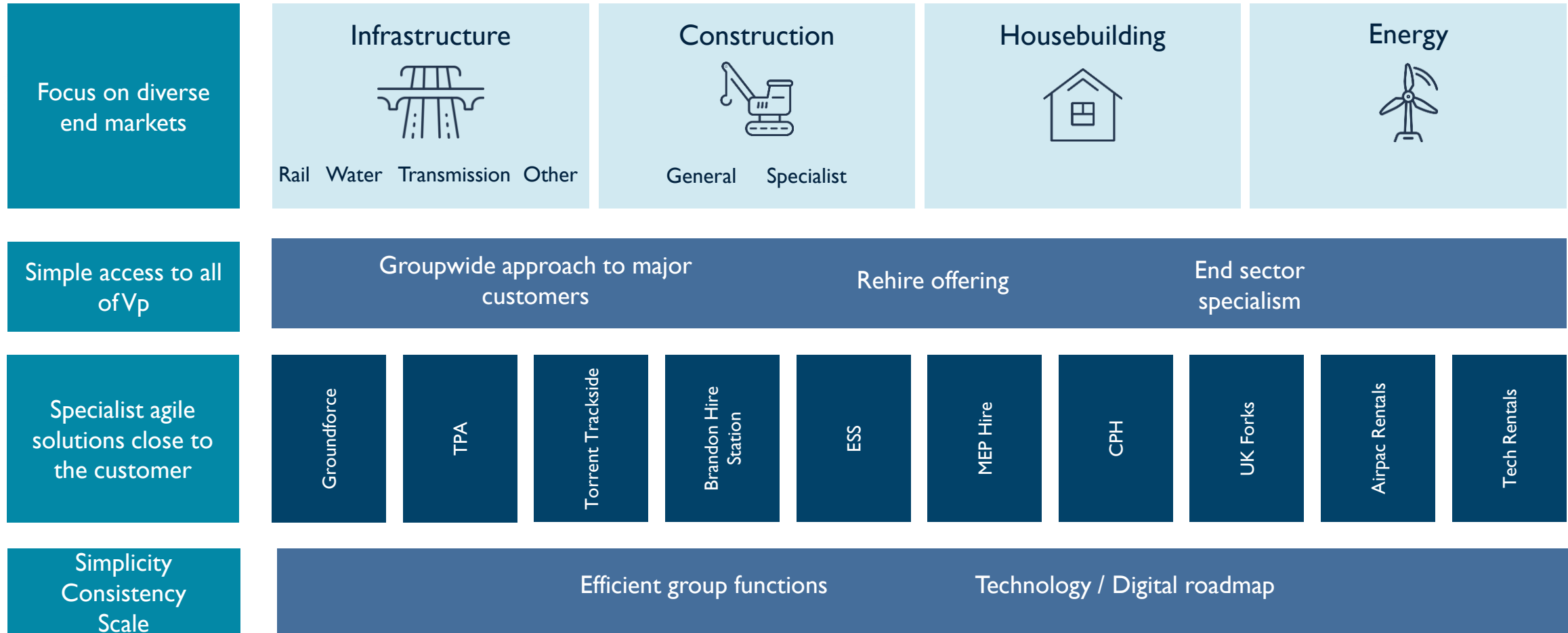
### Refreshed op model

- Transition towards centralisation of certain functions (Rehire, Strategic Customers, Property and Procurement)

### The right team

- New leadership of Technology, H&S and Sustainability, and Procurement

# Evolving our operating model to maximise opportunities



# Financial review

Keith Winstanley



# Robust financial performance

	HI 25 (£m)	HI 24 (£m)	FY24 (£m)
Revenue	<b>192.5</b>	<b>190.9</b>	368.7
Adjusted EBITDA	<b>47.0</b>	<b>47.7</b>	91.2
Depreciation (incl. software amortisation)	<b>(22.9)</b>	<b>(22.9)</b>	(45.0)
Interest*	<b>(3.1)</b>	<b>(3.3)</b>	(6.3)
Adjusted profit	<b>21.0</b>	<b>21.5</b>	39.9
Net margin	<b>10.9%</b>	<b>11.2%</b>	10.8%
Exceptional items	-	-	5.8
Impairment of intangible assets	-	-	28.1
Return on average capital employed**	<b>14.7%</b>	<b>14.7%</b>	14.5%

\*Excludes interest on leases under IFRS 16 \*\*14.1% when excluding the impact of prior year intangible asset impairment

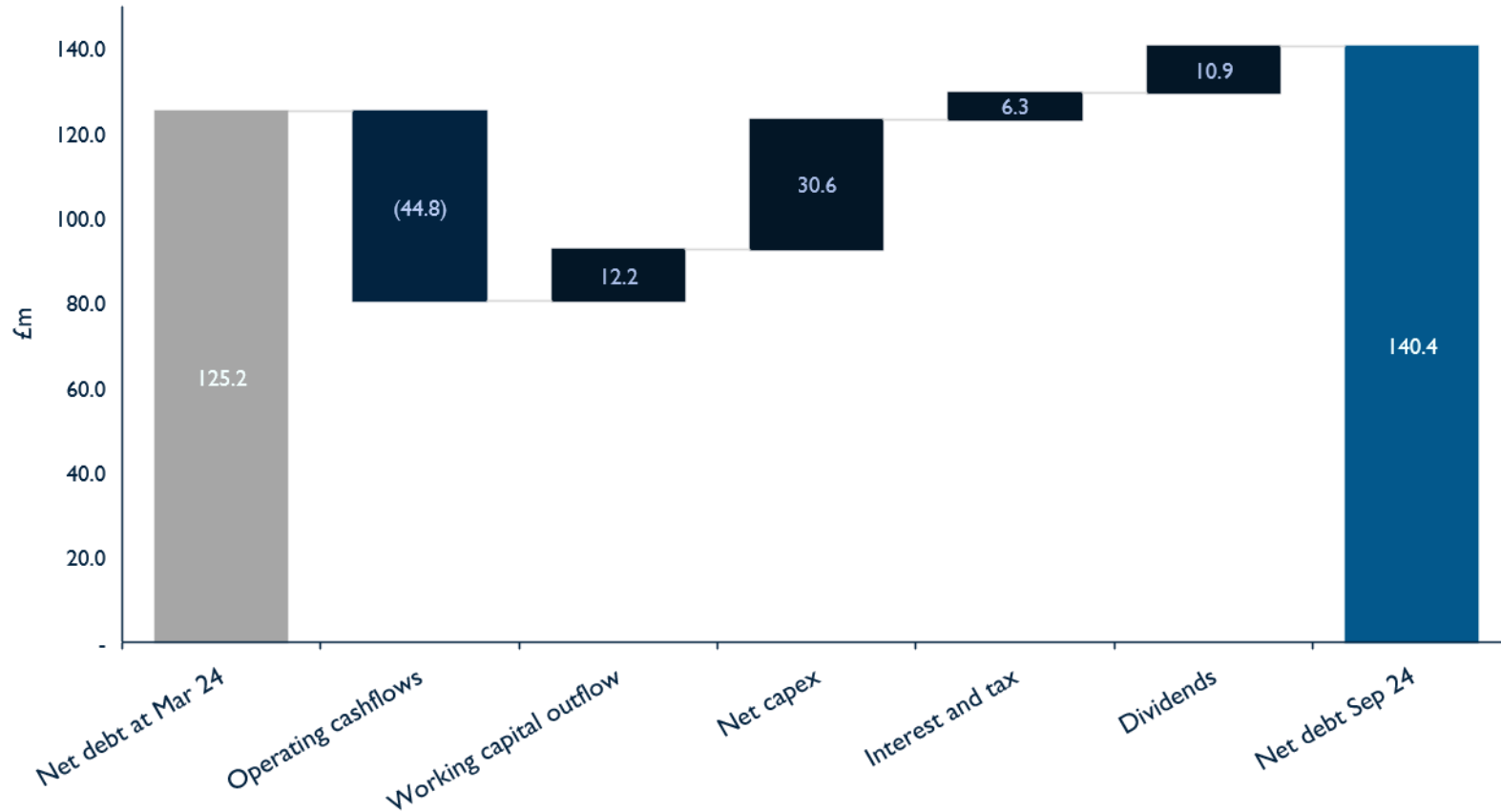
- Robust performance despite end market headwinds but strong support from Infrastructure markets
- Margin % includes impact of investment in people and technology
- ROACE consistent but includes impact of y/e impairment
- No exceptional items in H1. Exceptional acquisition and transformation costs expected in H2

# Balance sheet positions us well

	HI 25 (£m)	FY24 (£m)	HI 24 (£m)
Hire fleet	236.4	226.0	219.7
Other fixed assets	30.8	30.9	31.2
Intangible assets	26.9	28.6	57.0
IFRS 16 net liabilities	(3.0)	(3.3)	(3.7)
Working capital	19.8	10.7	21.7
Pension asset	1.8	1.9	2.2
Deferred tax liability	(16.7)	(16.6)	(16.9)
Net debt excluding lease liabilities	(140.4)	(125.2)	(133.4)
<b>Net assets</b>	<b>155.6</b>	<b>153.0</b>	<b>177.8</b>
DSO	57	58	61
Bad debt write off % revenue	0.3%	1.0%	1.0%

- Strong balance sheet positions the Group well for the future
- Increased investment in fleet - £38.5m during HI
- Improvements to DSO and debt write off levels

# Strong operating cash flows and disciplined capital allocation



Excludes lease liabilities

- H1 net debt of £140.4m
- Strong operating cash flows
- Continued investment in asset base
- Working capital outflow expected to partially unwind in H2
- Debt continues to be well managed with disciplined capital allocation policy

# Comfortably operating within stated leverage target

	HI 25 (£m)	HI 24 (£m)	FY24 (£m)
Private placement - Jan 2027	65.0	65.0	65.0
Private placement - Apr 2028	28.0	28.0	28.0
RCF - matures Nov 2027*	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>140.4</b>	<b>133.4</b>	<b>125.2</b>
Headroom against facilities	50.1	57.1	65.3
Net debt/EBITDA gearing	1.54x	1.43x	1.38x

\* Facility also includes accordion of £30m

- c2/3 of net debt relates to low cost, fixed rate private placements
- Facilities and headroom provide opportunity for growth
- Operating well within financial covenants
- Leverage expected to be c.1.5x at end of year
- £90m RCF extended for further year

# Investment in hire fleet focussed on market opportunity

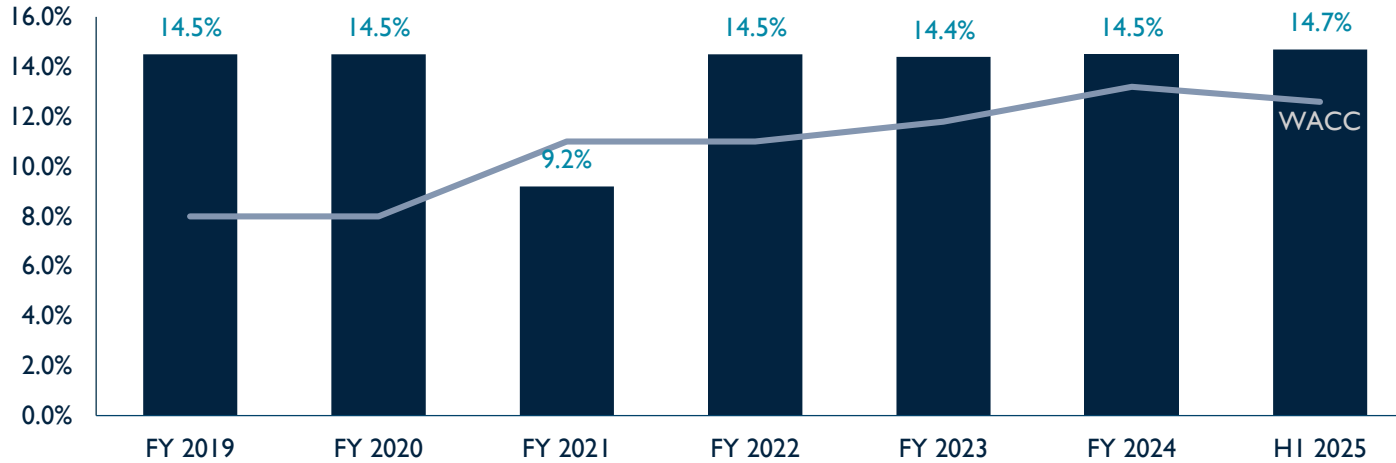
	HI 25 (£m)	HI 24 (£m)	FY24 (£m)
Total fleet investment	38.5	27.7	62.8
Disposal proceeds	(11.6)	(12.8)	(25.3)
<b>Net expenditure on fleet</b>	<b>26.9</b>	<b>14.9</b>	<b>37.5</b>

- Young, well maintained fleet with increased investment
- Organic growth is a key part of strategy, focused on market opportunity and strong returns
- Increased expenditure predominately to maximise German Transmission opportunity
- Over 50% of HI investment zero emissions at point of use

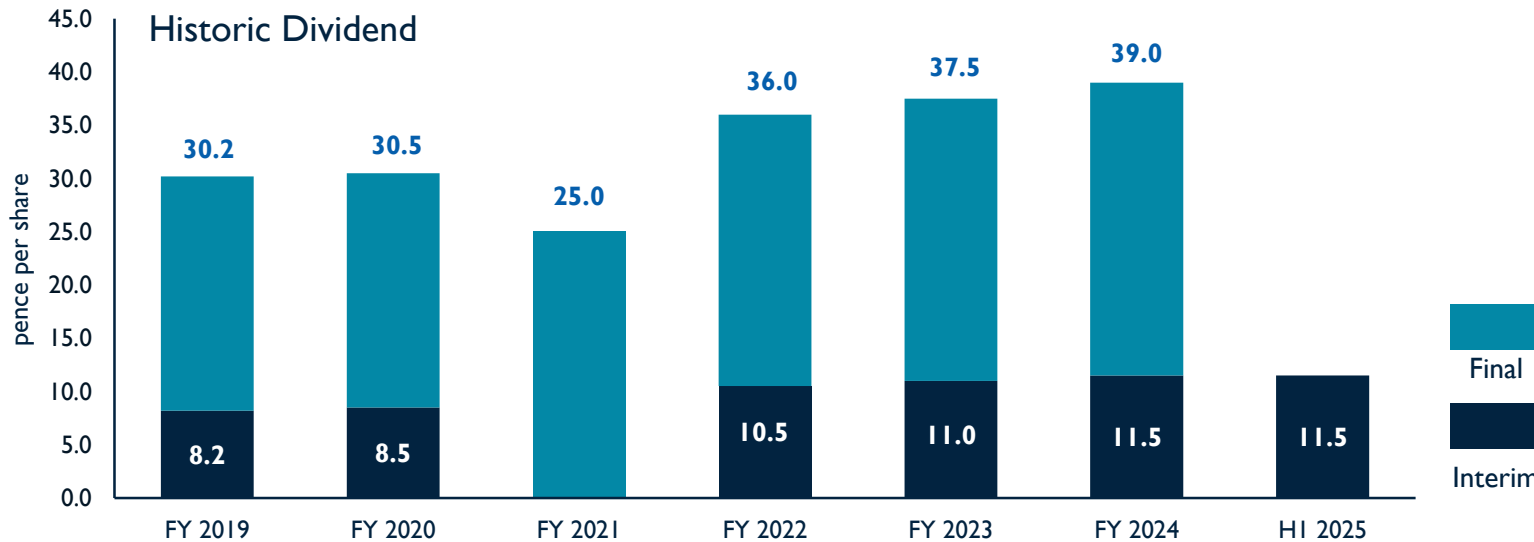


# Consistent return on capital and uninterrupted dividends

Historic ROACE



Historic Dividend



- Consistent strong returns and progressive dividend contribute to compelling investment case
- ROACE just below 15% target and well above WACC
- 30-year+ uninterrupted dividend track record
- Interim dividend held at 11.5p

# M&A – Driving growth and rebalancing the Group

## Targeted acquisitions

- Specialist with growth potential
- Provides access or extension to geography, assets or sector
- Meets strict financial hurdles, value accretive
- Within risk appetite

## Selective divestment

- Inadequate returns
- Limited growth potential
- Non-alignment to Group strategy

## October 2024: Acquisition of CPH

- Specialist Irish powered-access business
- Servicing growth sectors: pharma, technology, and food ingredient
- Majority of equipment zero emissions at point of use, Blue-chip customer base
- Initial consideration of €12.1m and additional growth-based earn out
- Immediately earnings accretive
- Strong growth opportunity in buoyant Republic of Ireland market
  - Immediate opportunities with existing customers
  - Complements the Group's existing access offering



# Operational review



## Infrastructure



Revenue £74m

## Rail

## Water

## Transmission

## Other

## Market opportunity

### Rail

- CP7 (2024-2029) commitment of £45bn\*
- Major projects including HS2, TransPennine Route Upgrade, London Underground extensions

### Water

- AMP8 (2025-2030) commitment of £88bn\*

### Transmission

- Over £30bn National Grid UK investment in the next five years\*
- Investment and opportunity in Germany (€500bn 2024-2045)

## What we do

### Rail

- Major projects
- Track renewals and maintenance
- Rapid rail access
- Rail specific plant and tools
- Operated plant
- 24/7 offering

### Water

- Support construction of new pipelines
- Support reservoir enhancements
- Support sewer rehabilitation projects
- Support facility enhancements
- Support treatment plant upgrades
- Specialist pipeline solutions
- Site access/ portable roadways

### Transmission

- Site access/ portable roadways
- Survey, test and measurement
- Groundworks

## HI performance

Our Infrastructure revenue increased 3% compared with HI 2024:

- Slower HI in Rail due to the change from CP6 to CP7. We remain confident in the Rail opportunity
- Significant growth in Water and Transmission
- Other infrastructure, which includes civil engineering, telecoms and facilities management also grew

# Infrastructure case study – Rail track enhancement

Groupwide Vp Rail solution, leveraging divisional specialisms

Multi-million pound track enhancement project

All plant requirements for the track renewal phase of project

- Rail plant and tools
- Site lighting
- Survey and environmental monitoring
- Compound set ups
- Full communication package
- Operational team
- Onsite mobile workshops at site critical locations
- Central hire desk and centralised management

Product innovation and promotion of battery technology to reduce carbon footprint



# Infrastructure case study – Water treatment works upgrade

£8 million Scottish Water upgrade by joint venture contractor ESD with Groundforce

Upgrade to provide resilience and function of the plant and ensuring continuous supply of fresh drinking water for the city of Aberdeen

## Temporary works design

- Provided a design that transferred loads from the sides of the excavation to the existing chamber

## Modular propping solution

- Two levels of hydraulically adjustable Mega Brace beams ranged along all sides
- Supported by a combination of MP50, MP60 & MP150 props to brace sides
- KD6 overlapping steel sheets and interlocking GFI sheet piles



## Construction



Revenue £69m 

General

Specialist

## Market opportunity

- Total UK Construction output to contract by 1% in 2024\*
- Refurbishments and retrofits will remain a significant trend in the near term
- Construction output in the Irish market is expected to grow 8% per annum through to 2027\*

## What we do

### General Construction

- Small plant, tools and equipment
- Broad customer base and offering

### Specialist Construction

- Focused offering
- Support for site redevelopments and repurposing
- Clean equipment into data centres and pharmaceutical facilities

## HI performance

- General Construction affected by challenging market conditions (decline compared with HI 2024)
  - Action plan for BRHS continues
  - Operating model changes will result in certain activities (such as rehire and our approach to major customers) transitioning to Group functions allowing BRHS to further focus and refine its offering
- Specialist Construction more resilient with modest increase compared with HI 2024, with growth in redevelopment projects in particular

\*Experian Construction report Autumn 2024, EY-Parthenon research and analysis



# Specialist Construction case study – Overbury Canary Wharf



One of Europe's largest re-fit projects

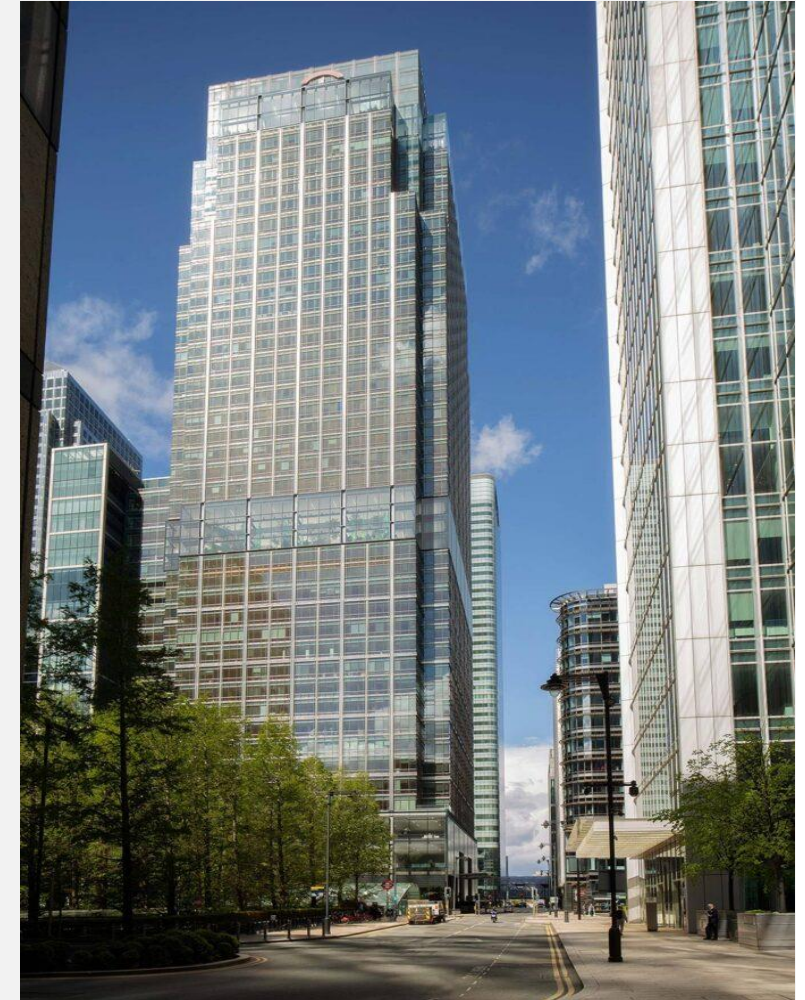
- c.1,000 contracting staff on site
- Access challenges – one loading bay, restricted transport access

Project commenced December 2022 and ongoing

- Quick and convenient access to the safest, most innovative equipment
- On site provision of equipment – 500 access and tool hire solutions
- On site expertise
- Real time provision

Latest technology and the highest standards of environmental design

MEP providing access to its complete hire fleet from an on-site hire centre



# Housebuilding and Energy

## Housebuilding



Revenue £13m ↓

### Market opportunity

- Overall housing construction output expected to contract 6% in 2024\*
- Government target to build 1.5m new homes over 5 year period

### What we do

- Materials handling solutions
- Telehandlers, small plant and equipment

### HI performance

- Continued headwinds in the period (decline compared with HI 2024)

## Energy



Revenue £19m ↑

### Market opportunity

- Oil price remains supportive
- The International Energy Agency (IEA) does not expect the world's shift to cleaner fuels to begin reducing the demand for oil until after 2030\*

### What we do

- Support upstream projects
- Specialist pipeline services
  - Infrastructure maintenance
  - Well testing
- Support downstream projects
- Industrial shutdowns
  - Confined space monitoring solutions

### HI performance

- Revenue increase compared with HI 2024
- Positive momentum, particularly in the UK
- Good level of industrial shut down projects

# Energy case study – Industrial shutdown

Major independent petroleum client

Group approach: ESS, Brandon Hire Station, Airpac Rentals, UK Forks and MEP

On-site facility providing day-to-day operation and maintenance activities, with a one stop shop to keep projects productive and compliant

- Safety equipment, tooling, driven plant
- Confined space monitoring system

24/7 operation

- Additional satellite safety shops
- Ramp up of volume to meet demands of additional contractors and workload

Model used on other UK major industrial sites



# Summary and outlook

- Robust first half performance, despite challenges in some of our end markets
- Good strategic progress:
  - Improving divisional collaboration and end sector focus
  - Refreshing operating model
  - Progressing M&A strategy
- Strong track record of navigating difficult markets
- Confidence in the future outlook
- Full year result expected to be in line with market expectations



# Q&A

# Appendices

# Digital roadmap

We've built strong foundations to create and maintain momentum in delivering our pragmatic digital roadmap

1) Drive simplicity and consistency by harmonising our processes and ERP system

- Established organisation-wide change portfolio co-ordinating shared direction
- Mobilised team and implemented process toolkit; prioritising customer-facing processes (e.g. quoting) enabling early benefit in response to customer feedback
- Design of uplifts to collaborative selling practices also underway

2) New CPQ tool

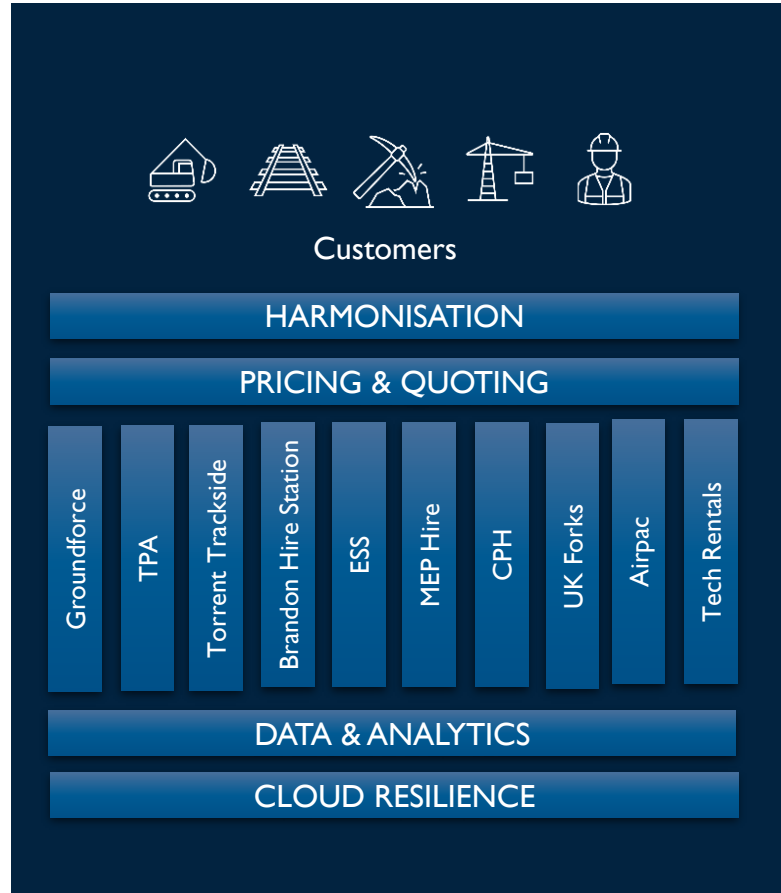
- Supplier and partner selection in advanced phase ahead of prototyping
- Design of technical and operational integration of CPQ tool into our ecosystem in progress

3) Improving data and analytics

- Long-term partnership with Tableau established, broadening our capability
- Revised data architecture enabling advanced data analytics being designed
- Iterative implementation of data quality measures started, allowing targeted investment in data quality remediation

4) Cloud resilience

- Migration of core tools to cloud equivalents underway
- Detailed design of wider cloud strategy and selection of cloud partner in progress to identify pragmatic approach to building resilience and capability



## Refreshed ESG leadership to drive competitive advantage

### Working with customers and suppliers

- Focus on customer- and end-market needs for competitive advantage
- Providing robust data to help customers achieve their targets
- Supply chain engagement

### Minimising our impact on the environment

- Consolidation of water and waste contracts, improving efficiency
- Energy efficiency improvements have led to 20% usage reduction
- ISO 50001 re-accreditation expected in December 2024

### Ensuring the resilience of our business model

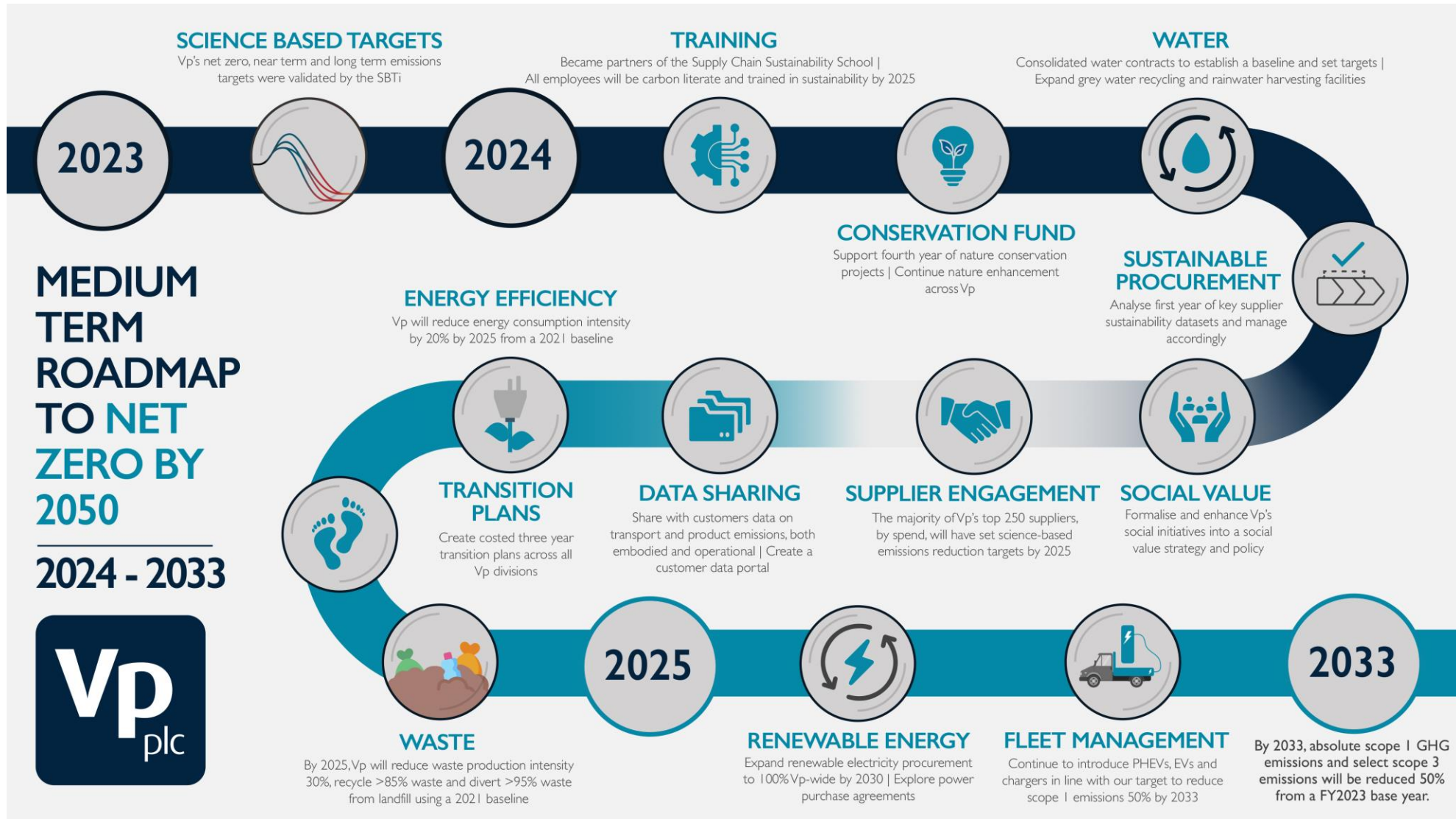
- Financials for clean fleet must work
- Measured approach to carbon reduction
- Transition plans - 2050 date unchanged at present
- ESG data improvement - to track our path to net zero

### Responsible business approach

- Social value strategy development
- Continued involvement with BITC (Trustee position)
- Carbon literacy training and ED&I training for all staff
- Wellbeing and ESG awards in Vp's 70<sup>th</sup> birthday celebrations



# Medium term environmental roadmap



# Corporate development – focused and disciplined M&A

## Clear criteria

- Specialist in nature
- Operating in growing, resilient sectors
- No.1 or no.2 player
- Solid base with clear opportunity to scale

## Disciplined approach

- Low risk – scale, financial profile, geography
- Financially aligned to core
- Underpinned by well invested asset base

## Efficient process

- Well defined, risk and growth focused M&A and integration process

### Example focus areas:

#### Specialist asset types

Electric / hybrid	Test & Measurement	Communications
Power generation	Decontamination	Mobile welfare
Compressed air	Environmental	Specialist access

#### Specialist sectors

Renewables	Environmental	Utilities
Telecoms	Healthcare	Aerospace

# Capital allocation strategy

## Net debt / EBITDA less than 2x

### Organic growth

- Capital investment in rental fleet
- Short term investment in strategic transformation projects

### Ordinary dividends

- Progressive dividend with 2x target cover
- Full-year dividend split c. 1/3 interim, 2/3 final

### Bolt-on acquisitions

- Investment to support divisional growth strategy
- Extension of geography, products, or customers

### Strategic acquisitions

- Investment to scale access to new assets, end sectors, or geographies

### Capital returns

- Shareholder returns considered after other planned investments
- Discretionary and non-recurring via share buy backs or special dividends

# Our divisions



## **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, 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.

## **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.

## **Brandon Hire Station**

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

## **ESS**

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

## **CPH**

Charleville Hire and Platform is one of Ireland's leading specialist powered access companies servicing the growing pharma, renewables, technology and food ingredient sectors.

## **UK Forks**

One of the UK's leading specialist hirers of telescopic handlers, the products and services are used to improve safety and productivity on construction and housebuilding sites across the UK

## **Airpac Rentals**

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

## **Tech Rentals**

Australasia's leading technical equipment rental group providing test and measurement, communications, calibration and audiovisual solutions in Australia, New Zealand and Southeast Asia.



# Segmental analysis – UK and International

	HI 25 (£m)	HI 24 (£m)	FY24 (£m)
<b>Revenue</b>			
UK	<b>162.7</b>	<b>165.6</b>	318.7
International	<b>29.8</b>	<b>25.3</b>	50.0
<b>Total</b>	<b>192.5</b>	<b>190.9</b>	368.7
<b>Adjusted operating profit</b>			
UK	<b>21.4</b>	<b>22.1</b>	40.9
International	<b>4.5</b>	<b>4.3</b>	8.6
<b>Total</b>	<b>25.9</b>	<b>26.4</b>	49.5

- Segments realigned this year following reorganisation of management of divisions
- Figure for HI 24 and FY 24 restated

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