



# Speedy Hire Plc

("Speedy", "the Company" or "the Group")

Results for the six months to 30 September 2018

## Continued momentum, strong profit growth in line with expectations

Speedy, the UK's leading tools, equipment and plant hire services company, operating across the construction, infrastructure and industrial markets, announces results for the six months to 30 September 2018.

### Key points

	6 months ended 30 September 2018 (£m)	6 months ended 30 September 2017 (£m)	Change %	Year ended 31 March 2018 (£m)
Revenue (excluding disposals)*	192.8	181.0	6.5	367.2
Revenue*	194.6	183.6	6.0	373.0
EBITDA <sup>1</sup>	37.0	33.8	9.5	73.0
Adjusted profit before tax <sup>1</sup>	13.4	10.8	24.1	25.9
Profit before tax	13.2	6.0	120.0	18.0
Adjusted earnings per share <sup>2</sup>	2.06p	1.66p	24.1	4.04p
Basic earnings per share	2.02p	0.79p	155.7	2.71p
Net debt <sup>3</sup>	62.7	63.1	(0.6)	69.4
Return on Capital Employed <sup>4</sup>	12.3%	9.4%	30.9	11.5%
Dividend (pence per share)	0.60p	0.50p	20.0	1.65p

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

### Financial highlights

- Revenue (excluding disposals) increased by 6.5% to £192.8m (2017: £181.0m)
- Adjusted profit before tax<sup>1</sup> up 24.1% to £13.4m (2017: £10.8m)
- Profit before tax up 120.0% to £13.2m (2017: £6.0m)
- Adjusted earnings per share<sup>2</sup> of 2.06 pence (2017: 1.66 pence)
- Strong balance sheet; leverage<sup>5</sup> of 0.82x (31 March 2018: 0.95x)
- ROCE<sup>4</sup> increased to 12.3% (2017: 9.4%)

### Strategic and Operational highlights

- Strong growth in SME customer numbers and revenues
- Asset utilisation in the UK and Ireland improved to 56.2% (2017: 54.7%)
- Average age of hire fleet reduced to 3.6 years (2017: 4.2 years) following further investment
- Digital strategy gaining momentum
- Customer delivery promise strengthened in London; delivery now available within four hours on most popular products

Commenting on the results Russell Down, Chief Executive, said:

***“These results demonstrate the progress we have made in implementing a customer focused strategy and growing our SME customer base. We have further improved our customer service proposition and the use of technology to better manage the business and meet market challenges.***

***We remain confident of delivering a result for the full year in line with our expectations.”***

**Enquiries:**

**Speedy Hire Plc**

**Tel: 01942 720 000**

Russell Down, Chief Executive  
Chris Morgan, Group Finance Director

**MHP Communications**

**Tel: 0203 128 8778**

Oliver Hughes  
Andrew Jaques  
Ollie Hoare  
Luke Briggs

**Notes:**

**Explanatory notes:**

<sup>1</sup> See note 9

<sup>2</sup> See note 7

<sup>3</sup> See note 11

<sup>4</sup> Return on Capital Employed: Profit from operations before amortisation and exceptional items (rolling 12 month basis) divided by the average capital employed over the last 12 months (where capital employed equals shareholders' funds and Net Debt<sup>3</sup>)

<sup>5</sup> Leverage: Net Debt<sup>3</sup> covered by EBITDA<sup>1</sup> (rolling 12 month basis)

**Inside Information:** This announcement contains inside information.

**Forward looking statements:** The information in this release is based on management information. This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

**Notes to Editors:** Founded in 1977, Speedy is the UK's leading provider of tools, equipment and plant hire services to a wide range of customers in the construction, infrastructure and industrial markets, as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is certified nationally to ISO50001, ISO9001, ISO14001 and OHSAS18001. The Group operates from over 200 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations throughout the UK, Ireland and from an international office based in Abu Dhabi.

## Chief Executive's Statement

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### Overview

I am pleased to report another good set of results which are well ahead of the prior period. In line with our strategy, operating margins, before amortisation and exceptional items, have increased to 7.3% (2017: 6.7%) and ROCE<sup>4</sup> has improved to 12.3% (2017: 9.4%).

The results include the powered access acquisitions that were completed in November 2017.

### Results

Revenue (excluding disposals) for the period to 30 September 2018 increased by 6.5% to £192.8m (2017: £181.0m). Revenue increased 6.0% to £194.6m (2017: £183.6m). On a like for like basis UK and Ireland hire revenue increased 0.5% reflecting strong growth in SME revenues, offset by the effect of the Carillion liquidation. The hire fleet increased by 3.7% to £212.0m (31 March 2018: £204.5m) principally due to further organic investment in powered access equipment. UK and Ireland average asset utilisation rates for the period increased to 56.2% (2017: 54.7%). Services revenue grew by 8.7% as a result of growth in rehire in the Middle East, and increased consumable and fuel sales.

The Group has maintained tight control over its cost base in the period and consequently EBITDA<sup>1</sup> increased by 9.5% to £37.0m (2017: £33.8m). EBITA<sup>1</sup> increased by 15.4% to £14.2m (2017: £12.3m). Profit before tax, amortisation and exceptional items for the period increased to £13.4m (2017: £10.8m). Profit before tax was £13.2m (2017: £6.0m).

Adjusted earnings per share<sup>2</sup> were 2.06 pence (2017: 1.66 pence).

As at 30 September 2018, net debt<sup>3</sup> amounted to £62.7m (2017: £63.1m) and included £21.3m of acquisition spend. The Group's continued good working capital management and strong cash generation has resulted in low gearing levels which provide the ability to capitalise on market opportunities through value enhancing acquisitions.

### Dividend

The Board has declared an increase in the interim dividend of 20.0% to 0.60 pence per share (2018 interim dividend: 0.50 pence per share), to be paid on 25 January 2019 to shareholders on the register on 14 December 2018.

### Strategy and operational review

A key strategic objective of the Group's turnaround plan was to grow revenue from SME customers. I am pleased to report that we have seen strong growth in SME revenues during the period following introduction of our same day service promise. This was originally launched in London, but subsequently extended nationwide on 1 May 2018, and has now been strengthened to incorporate the option of a four hour delivery window in the London area. In addition we have invested in telemarketing activity and targeted sales activity through the use of artificial intelligence and machine learning. This activity has resulted in a notable increase in the number of customers trading with us during the period; the consequent increase in revenue has more than offset revenue lost following the liquidation of Carillion earlier this year.

We have continued to monitor our performance through the use of externally managed customer satisfaction surveys. The surveys measure our performance at account opening, order, delivery and collection and are undertaken by text and email. To date we have conducted over 300,000 surveys and in the period have instigated root cause analysis into the areas where we do not meet expectations. In August we achieved our highest ever satisfaction score with 92% of customers reporting that they were satisfied or highly satisfied with our performance. We will be expanding our surveys to monitor the performance of internal functions during the second half in order to further enhance the customer experience.

In the UK and Ireland we have prioritised operational efficiency and managed the Group's cost base tightly. Our mobile app has simplified our ability to transact with customers and has the functionality to on and off hire equipment, as well as reserving equipment for collection. We are seeing increasing demand for this service from customers. Following the restructuring that was undertaken in September 2017 we have

managed the hire business under one management structure and consequently realised overhead savings in the period.

The International business has continued to perform strongly with revenue up by 23.4%, 30.5% at constant exchange rates, to £17.4m (2017: £14.1m). EBITA<sup>1</sup> increased by 61.1% to £2.9m. The Kazakhstan JV also performed well in the period following increased shutdown activity; share of results increased to £0.9m (2017: £0.5m).

### **Board and people**

David Shearer took over from Jan Åstrand as Chairman of the Board on 1 October 2018, and Jan retired from the Board on 31 October 2018. I would like to thank Jan for his support over the past three and a half years and wish him well for the future.

The Group's headcount at 30 September 2018 was 3,855 (31 March 2018: 3,755). In the UK and Ireland headcount rose to 3,281 (31 March 2018: 3,238) primarily due to increased sales and marketing activities; headcount in the International business increased to 574 (31 March 2018: 517) as a result of revenue growth.

### **Outlook**

These results demonstrate the progress we have made in implementing a customer focused strategy and growing our SME customer base. We have further improved our customer service proposition and the use of technology to better manage the business and meet market challenges.

We remain confident of delivering a result for the full year in line with our expectations.

**Russell Down**  
**Chief Executive**

## Financial review

### Group financial performance

Revenue (excluding disposals) for the period to 30 September 2018 increased by 6.5% to £192.8m (2017: £181.0m). At constant exchange rates the increase was 7.1%. Revenue from disposals was £1.8m (2017: £2.6m); total revenue for the period increased by 6.0% to £194.6m (2017: £183.6m).

Gross profit was £106.1m (2017: £100.1m), an increase of 6.0%. The gross margin remained flat at 54.5% (2017: 54.5%) with increases from customer mix, asset utilisation and disposal activity offset by product mix and the impact of International growth at a lower margin than in UK and Ireland.

EBITA<sup>1</sup> increased by 15.4% to £14.2m (2017: £12.3m) and profit before taxation, amortisation and exceptional costs increased to £13.4m (2017: £10.8m). The Group incurred no exceptional items in the period (2017: £4.7m).

After taxation, amortisation and exceptional items, the Group made a profit of £10.5m, compared to a profit of £4.1m in 2017.

### Segmental analysis

The Group's segmental reporting is split into UK and Ireland, and International. The figures in the tables below are presented before corporate costs of £2.7m (2017: £2.6m).

#### UK and Ireland

	<b>6 months ended 30 September 2018 £m</b>	6 months ended 30 September 2017 £m	Movement %
Revenue (excluding disposals)*	<b>175.4</b>	166.9	5.1
EBITDA <sup>1</sup>	<b>35.3</b>	32.9	7.3
EBITA <sup>1</sup>	<b>14.0</b>	13.1	6.9

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

Excluding disposals, revenue increased by 5.1% to £175.4m (2017: £166.9m) with an increase across both Hire and Services. Hire like for like revenues increased 0.5%, with strong growth in the higher margin SME market which has offset lost revenue following the liquidation of Carillion. Revenue for the period benefited from the acquisition of Prolift Access Limited and Platform Sales & Hire Limited (together the “powered access acquisitions”). Services revenues grew by 4.0%. This growth has been achieved through the successful integration of the powered access acquisitions, the growth of our product and consumables business, and the prior year restructure of our operations which enhanced our ability to cross-sell the full portfolio of products and services to our customers.

Gross margins improved from 56.9% to 57.2% with increases from customer mix, asset utilisation and disposal activity offset by product mix. Overheads remain under tight control and, excluding the powered access acquisitions, are in line with the comparative period (before the impact of £4.7m exceptional items in the period ended 30 September 2017). Headcount has increased by 1.3% since the year end to 3,281 compared to 3,238 at 31 March 2018 following investment in the new Customer Relationship Centre, targeting the SME market.

Following the continued application of strict processes to manage capital expenditure, disposal decisions and ROCE<sup>4</sup>, asset utilisation improved to 56.2% (2017: 54.7%).

<b>International</b>	<b>6 months ended 30 September 2018 £m</b>	6 months ended 30 September 2017 £m	Movement %
Revenue*	17.4	14.1	23.4
EBITDA <sup>1</sup>	4.0	3.1	29.0
EBITA <sup>1</sup>	2.9	1.8	61.1

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

The International division has continued to perform strongly with revenue increasing by 23.4% due to growth in short term hires and consumable sales. On a constant currency basis the improvement was 30.5%. In addition to revenue growth, an increase in gross margin contributed to the improved EBITA<sup>1</sup>, which grew by 61.1%. Capital expenditure in the Middle East was minimal ahead of a major contract review in 2019.

Our share of profit from the joint venture in Kazakhstan increased to £0.9m (2017: £0.5m) having benefited from increased cyclical shutdown activity alongside steady growth of the customer base.

### Exceptional items

There were no exceptional items incurred during the period (2017: £4.7m).

### Interest

In October 2017 the Group completed an amendment and extension to its bank facility which now expires in October 2022. As a consequence of this refinancing the Group's net financial expense reduced to £1.7m (2017: £2.0m). The effective average margin in the period was 1.80% (2017: 2.27%).

The Group utilises interest rate hedges to manage fluctuations in LIBOR. The fair value of these hedges was not material at 30 September 2018 and they have varying maturity dates to April 2022.

### Taxation

The tax charge for the period was £2.7m (2017: £1.9m), with an effective tax rate of 20.5% (2017: 31.7%); the decrease in effective rate is a result of non-deductible exceptional items in 2017. The effective rate of tax on adjusted profit was 20.1% (2017: 20.4%). This has been calculated by reference to the projected charge for the full financial year ending 31 March 2019.

The Group seeks to protect its reputation as a responsible taxpayer, and adopts an appropriate attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance.

### Shares, earnings per share and dividends

Adjusted earnings per share<sup>2</sup> were 2.06 pence (2017: 1.66 pence), an increase of 24.1%. After amortisation and exceptional items, basic earnings per share were 2.02 pence (2017: 0.79 pence).

The Board has declared an interim dividend of 0.60 pence per share (2017: 0.50 pence), which represents a cash cost of approximately £3.1m (2017: £2.6m). The dividend will be paid on 25 January 2019 to shareholders on the register at 14 December 2018.

## Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE<sup>4</sup>. This investment is expected to include capital expenditure within existing operations, as well as value enhancing acquisitions that fit with the Group's strategy and are returns accretive.

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy in support of this:

- Organic growth: The Board will invest in capital equipment to support demand in our chosen markets. This investment will be in hire fleet and IT systems to better enable us to serve our customers;
- Regular returns to shareholders: The Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle, and a payment in the range of between 33% and 50% adjusted earnings per share<sup>2</sup>;
- Acquisitions: The Board will continue to explore value enhancing acquisition opportunities in markets adjacent to, and consistent with its existing operations;
- Gearing and treatment of excess capital: The Board is committed to maintaining an efficient balance sheet. The Board has adopted a target gearing in the region of 1.5x net debt<sup>3</sup> to EBITDA<sup>1</sup> through the business cycle, although it is prepared to move outside this if circumstances warrant. The Board will continue to review the Group's balance sheet in light of the policy, and medium term investment requirements, and will return excess capital to shareholders if and when appropriate.

## Capital expenditure and disposals

Total capital expenditure during the period amounted to £34.4m (2017: £28.1m), of which £31.5m (2017: £26.0m) related to equipment for hire, and £2.9m other property, plant and equipment (2017: £2.1m). The increase in the period reflects the purchase of powered access assets, in addition to further investment in tools, access, generators and fencing.

Increased capital expenditure resulted in the average age of the fleet reducing to 3.6 years from 3.8 years as at 31 March 2018. Total disposal proceeds of £6.3m (2017: £9.1m) reduced following the initial impact of the fleet optimisation programme in 2017.

The hire fleet is continually reviewed to optimise asset holdings for the target markets, making informed decisions using management information on returns and asset utilisation, along with tight governance via the investment committee. This has enabled us to improve the efficiency of our asset base, from procurement through to network operations, which will be further enhanced through the use of technology.

## Cash flow and net debt<sup>3</sup>

Net cash flow from operating activities for the period was £16.3m (2017: £13.4m). Free cash flow (before dividends and financing activities) increased to £13.8m (2017: £11.7m).

Net debt<sup>3</sup> decreased by £6.7m from £69.4m at the beginning of the period to £62.7m at 30 September 2018. Net debt<sup>3</sup> to EBITDA<sup>1</sup> (rolling 12 months basis) decreased to 0.82x (31 March 2018: 0.95x).

## Balance sheet

The Group continues to have a strong balance sheet, which reflects the proactive management of the hire fleet and working capital.

Net assets at 30 September 2018 were £202.5m (31 March 2018: £197.8m), equivalent to 38.7 pence per share. Net property, plant and equipment was £245.4m at 30 September 2018 (31 March 2018: £239.5m), of which equipment for hire represents 86.4% (31 March 2018: 85.4%). Of the equipment for hire, £6.3m related to the International business (31 March 2018: £6.2m).

Gross trade receivables totalled £99.1m at 30 September 2018 (2017: £94.3m). Bad debt and credit note provisions were £5.5m at 30 September 2018 (2017: £5.4m), equivalent to 5.5% of gross trade receivables (2017: 5.7%). Debtor days were 67.8 days (2017: 68.2 days), demonstrating an improved ageing profile.

Trade payables were £57.5m (2017: £46.8m). Creditor days were 103.2 days (2017: 102.7 days).

## **Capital structure and treasury**

Speedy's long term funding is provided through a combination of shareholders' funds and bank debt.

The Group signed an amendment and extension to its £180m bank facility on 10 October 2017, extending the previous agreement by a further three years, through to October 2022. The terms were improved which has lowered the cost of the Group's debt financing. The additional uncommitted accordion of £220m remains in place through to October 2022, should further funding requirements be needed.

At 30 September 2018 the headroom under the facility was £84.2m (2017: £87.6m). The average gross borrowings under the facility during the period ended 30 September 2018 were £87.0m (2017: £84.7m). The facility includes quarterly leverage<sup>5</sup> and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. The Group had significant headroom against these tests throughout the period.

## **Return on capital**

ROCE<sup>4</sup> is a key performance measure for the Group. ROCE<sup>4</sup> increased to 12.3% (2017: 9.4%), which exceeds the Group's weighted average cost of capital of 11.3%, and reflects the improved profitability and balance sheet discipline.

**Chris Morgan**  
Group Finance Director



## Interim condensed consolidated income statement

	Six months ended 30 September 2018			Six months ended 30 September 2017 <i>Restated*</i>			
	Note	Before Exceptional items £m	Exceptional items £m	Total £m	Before Exceptional items £m	Exceptional items £m	Total £m
Total revenue*		197.0	-	197.0	185.5	-	185.5
Less: share of joint venture's revenue		(2.4)	-	(2.4)	(1.9)	-	(1.9)
<b>Revenue*</b>	4	194.6	-	194.6	183.6	-	183.6
Cost of sales*		(88.5)	-	(88.5)	(83.5)	-	(83.5)
<b>Gross profit</b>		106.1	-	106.1	100.1	-	100.1
Distribution costs		(19.0)	-	(19.0)	(17.6)	-	(17.6)
Administrative costs		(73.1)	-	(73.1)	(70.3)	(4.7)	(75.0)
<b>Analysis of operating profit</b>							
Operating profit before amortisation and exceptional items		14.2	-	14.2	12.3	-	12.3
Amortisation		(0.2)	-	(0.2)	(0.1)	-	(0.1)
Exceptional items	3	-	-	-	-	(4.7)	(4.7)
<b>Operating profit</b>		14.0	-	14.0	12.2	(4.7)	7.5
Share of results of joint venture		0.9	-	0.9	0.5	-	0.5
<b>Profit from operations</b>		14.9	-	14.9	12.7	(4.7)	8.0
Financial expense	5	(1.7)	-	(1.7)	(2.0)	-	(2.0)
<b>Profit before taxation</b>		13.2	-	13.2	10.7	(4.7)	6.0
Taxation	6	(2.7)	-	(2.7)	(2.2)	0.3	(1.9)
<b>Profit for the financial period</b>		10.5	-	10.5	8.5	(4.4)	4.1
<b>Earnings per share</b>							
- Basic (pence)	7			2.02			0.79
- Diluted (pence)	7			2.00			0.79
<b>Non-GAAP performance measures</b>							
EBITDA before exceptional items	9	37.0			33.8		
Profit before tax, amortisation and exceptional items	9	13.4			10.8		
Adjusted earnings per share (pence)	7	2.06			1.66		

\*Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

## Interim condensed consolidated income statement (continued)

		Year ended 31 March 2018 <i>Restated*</i>		
	Note	Before Exceptional items £m	Exceptional items £m	Total £m
Total revenue*		376.3	-	376.3
Less: share joint venture's revenue		(3.3)	-	(3.3)
<b>Revenue*</b>	4	<b>373.0</b>	<b>-</b>	<b>373.0</b>
Cost of sales*		(168.3)	-	(168.3)
<b>Gross profit</b>		<b>204.7</b>	<b>-</b>	<b>204.7</b>
Distribution costs		(35.5)	-	(35.5)
Administrative costs		(140.2)	(7.2)	(147.4)
<b>Analysis of operating profit</b>				
Operating profit before amortisation and exceptional items		29.2	-	29.2
Amortisation		(0.2)	-	(0.2)
Exceptional items	3	-	(7.2)	(7.2)
<b>Operating profit</b>		<b>29.0</b>	<b>(7.2)</b>	<b>21.8</b>
Share of results of joint venture		0.8	-	0.8
<b>Profit from operations</b>		<b>29.8</b>	<b>(7.2)</b>	<b>22.6</b>
Financial expense	5	(4.1)	(0.5)	(4.6)
<b>Profit before taxation</b>		<b>25.7</b>	<b>(7.7)</b>	<b>18.0</b>
Taxation	6	(4.9)	1.0	(3.9)
<b>Profit for the financial period</b>		<b>20.8</b>	<b>(6.7)</b>	<b>14.1</b>
<b>Earnings per share</b>				
- Basic (pence)	7			2.71
- Diluted (pence)	7			2.70
<b>Non-GAAP performance measures</b>				
EBITDA before exceptional items	9	73.0		
Profit before tax, amortisation and exceptional items	9	25.9		
Adjusted earnings per share (pence)	7	4.04		

\*Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

## Interim condensed consolidated statement of comprehensive income

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	Six months ended 30 September 2018 £m	Six months ended 30 September 2017 £m	Year ended 31 March 2018 £m
<b>Profit for the financial period</b>	<b>10.5</b>	4.1	14.1
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges	<b>(0.2)</b>	0.1	0.5
- Exchange difference on retranslation of foreign operations	<b>0.6</b>	(1.3)	(1.5)
Other comprehensive income/(loss), net of tax	<b>0.4</b>	(1.2)	(1.0)
<b>Total comprehensive income for the financial period</b>	<b>10.9</b>	2.9	13.1

## Interim condensed consolidated balance sheet

		30 September 2018 £m	30 September 2017 £m	31 March 2018 £m
	<i>Note</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		10.1	3.7	10.0
Investment in joint venture		6.2	5.5	5.1
Property, plant and equipment				
- Hire equipment	10	212.0	195.6	204.5
- Non-hire equipment	10	33.4	36.4	35.0
Deferred tax assets		1.4	0.9	1.4
		<u>263.1</u>	<u>242.1</u>	<u>256.0</u>
<b>Current assets</b>				
Inventories		8.2	7.3	7.9
Trade and other receivables		101.9	96.6	99.7
Cash	11	10.4	6.4	9.8
		<u>120.5</u>	<u>110.3</u>	<u>117.4</u>
<b>Total assets</b>		<u>383.6</u>	<u>352.4</u>	<u>373.4</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	11	(1.0)	(2.6)	(5.7)
Other financial liabilities		-	(0.2)	-
Trade and other payables		(94.7)	(80.3)	(83.7)
Current tax liabilities		(4.2)	(2.9)	(1.4)
Provisions		(1.8)	(1.7)	(1.6)
		<u>(101.7)</u>	<u>(87.7)</u>	<u>(92.4)</u>
<b>Non-current liabilities</b>				
Borrowings	11	(72.1)	(66.9)	(73.5)
Provisions		(0.8)	(2.2)	(1.5)
Deferred tax liabilities		(6.5)	(5.9)	(8.2)
		<u>(79.4)</u>	<u>(75.0)</u>	<u>(83.2)</u>
<b>Total liabilities</b>		<u>(181.1)</u>	<u>(162.7)</u>	<u>(175.6)</u>
<b>Net assets</b>		<u>202.5</u>	<u>189.7</u>	<u>197.8</u>
<b>EQUITY</b>				
Share capital		26.2	26.2	26.2
Share premium		0.1	-	-
Merger reserve		1.0	1.0	1.0
Hedging reserve		(0.3)	(0.5)	(0.1)
Translation reserve		(0.3)	(0.7)	(0.9)
Retained earnings		175.8	163.7	171.6
		<u>202.5</u>	<u>189.7</u>	<u>197.8</u>

## Interim condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2017	26.2	191.4	1.0	(0.6)	0.6	(29.0)	189.6
Total comprehensive income/ (loss)	-	-	-	0.1	(1.3)	4.1	2.9
Dividends	-	-	-	-	-	(3.5)	(3.5)
Equity settled share-based payments	-	-	-	-	-	0.6	0.6
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	0.1
Capital reduction transfer*	-	(191.5)	-	-	-	191.5	-
At 30 September 2017	26.2	-	1.0	(0.5)	(0.7)	163.7	189.7
Total comprehensive income/ (loss)	-	-	-	0.4	(0.2)	10.0	10.2
Dividends	-	-	-	-	-	(2.6)	(2.6)
Tax on items taken directly to equity	-	-	-	-	-	(0.1)	(0.1)
Equity settled share-based payments	-	-	-	-	-	0.6	0.6
At 31 March 2018	26.2	-	1.0	(0.1)	(0.9)	171.6	197.8
Total comprehensive income/ (loss)	-	-	-	(0.2)	0.6	10.5	10.9
Dividends	-	-	-	-	-	(6.0)	(6.0)
Tax on items taken directly to equity	-	-	-	-	-	0.1	0.1
Equity settled share-based payments	-	-	-	-	-	0.7	0.7
Purchase of own shares to satisfy share schemes	-	-	-	-	-	(1.1)	(1.1)
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	0.1
<b>At 30 September 2018</b>	<b>26.2</b>	<b>0.1</b>	<b>1.0</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>175.8</b>	<b>202.5</b>

\*On 23 August 2017, the High Court of Justice confirmed the cancellation of the amount within the share premium account of the Company. The court order approving the cancellation was registered by the Registrar of Companies on 30 August 2017 and the cancellation became effective on that date. This follows the approval of the cancellation by the Company's shareholders at its annual general meeting held on 12 July 2017.

## Interim condensed consolidated statement of cash flows

	Six months ended 30 September 2018 £m	Six months ended 30 September 2017 £m	Year ended 31 March 2018 £m
<b>Cash generated from operating activities</b>			
Profit before tax	13.2	6.0	18.0
Financial expense	1.7	2.0	4.1
Exceptional financial expense	-	-	0.5
Amortisation	0.2	0.1	0.2
Depreciation	22.8	21.5	43.8
Share of profit from joint venture	(0.9)	(0.5)	(0.8)
Profit on disposal of hire equipment	(0.3)	(0.7)	(0.7)
Loss on disposal of other property, plant and equipment	-	1.4	-
Increase in inventories	(0.3)	(0.7)	(1.0)
Increase in trade and other receivables	(2.2)	(5.6)	(4.5)
Increase in trade and other payables	8.9	3.7	2.5
Movement in provisions	(0.5)	2.4	1.1
Equity settled share-based payments	0.8	0.6	1.2
	<u>43.4</u>	<u>30.2</u>	<u>64.4</u>
<b>Cash generated from operations before changes in hire fleet</b>			
Purchase of hire equipment	(30.3)	(25.4)	(44.8)
Proceeds from sale of hire equipment	6.3	9.0	17.6
	<u>19.4</u>	<u>13.8</u>	<u>37.2</u>
<b>Cash generated from operations</b>			
Interest paid	(1.5)	(1.8)	(4.7)
Tax (paid)/ received	(1.6)	1.4	(1.6)
	<u>16.3</u>	<u>13.4</u>	<u>30.9</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flow from investing activities</b>			
Purchase of other property, plant and equipment	(2.9)	(2.5)	(5.0)
Proceeds from sale of other property, plant and equipment	-	0.1	1.6
Acquisitions, net of cash acquired	(0.3)	-	(10.7)
Payment of deferred consideration	(0.2)	-	-
Movement in investment in joint venture	0.9	0.7	0.6
	<u>(2.5)</u>	<u>(1.7)</u>	<u>(13.5)</u>
<b>Net cash flow from investing activities</b>			
<b>Net cash flow before financing activities</b>	<u>13.8</u>	<u>11.7</u>	<u>17.4</u>
<b>Cash flow from financing activities</b>			
Finance lease payments	(0.1)	(0.2)	(8.5)
Drawdown of loans	213.4	205.6	401.9
Payment of loans	(214.9)	(211.2)	(401.9)
Purchase of own shares to satisfy share schemes	(1.1)	-	-
Proceeds from the issue of Sharesave Scheme shares	0.1	0.1	0.1
Dividends paid	(6.0)	(3.5)	(6.1)
	<u>(8.6)</u>	<u>(9.2)</u>	<u>(14.5)</u>
<b>Net cash flow from financing activities</b>			
<b>Increase in cash and cash equivalents</b>	<u>5.2</u>	<u>2.5</u>	<u>2.9</u>
Cash and cash equivalents at the start of the period	4.4	1.5	1.5
	<u>9.6</u>	<u>4.0</u>	<u>4.4</u>
<b>Cash and cash equivalents at the end of the period</b>			
<b>Analysis of cash and cash equivalents</b>			
Cash	11	10.4	9.8
Bank overdraft	11	(0.8)	(5.4)
	<u>9.6</u>	<u>4.0</u>	<u>4.4</u>

## Interim reconciliation of net debt

	<i>Note</i>	<b>Six months ended 30 September 2018 £m</b>	Six months ended 30 September 2017 £m	Year ended 31 March 2018 £m
Net increase in cash and cash equivalents		<b>5.2</b>	2.5	2.9
Decrease/ (increase) in borrowings	<i>11</i>	<b>1.6</b>	5.9	(0.9)
Reduction in finance lease liabilities	<i>11</i>	<b>0.1</b>	0.2	0.3
Movement in capitalised loan costs	<i>11</i>	<b>(0.2)</b>	(0.3)	(0.3)
<b>Change in net debt during the period</b>		<b>6.7</b>	8.3	2.0
Net debt at start of the period		<b>(69.4)</b>	(71.4)	(71.4)
<b>Net debt at the end of the period</b>		<b>(62.7)</b>	(63.1)	(69.4)

## **1 Basis of preparation**

Speedy Hire Plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The interim condensed consolidated financial statements of the Company as at and for the six months ended 30 September 2018 comprise the Company and its subsidiaries (together referred to as 'the Group').

The financial statements of the Group for the year ended 31 March 2018 are available from the Company's registered office, or from the website: [www.speedyservices.com](http://www.speedyservices.com).

The Group meets its day to day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared cash flow projections which show that the Group is capable of continuing to operate within its existing loan facilities and can meet the covenant tests set out within the facilities. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenue and an assessment of the net capital investment required to support the expected level of revenue.

The Group has a £180m asset based finance facility ('the facility') which matures in October 2022 and has no prior scheduled repayment requirements.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

### **Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and the Disclosure and Transparency Rules (DTR) of the UK FCA. As required by the latter, the interim condensed consolidated financial statements have been prepared applying the accounting policies and presentation that were applied in the Company's published consolidated financial statements for the year ended 31 March 2018 except as described below. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 March 2018.

The comparative figures for the financial year ended 31 March 2018 are not the Company's statutory accounts for that financial year. Those accounts which were prepared under IFRS as adopted by the EU (adopted IFRS) have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim report was approved by the Board of Directors on 13 November 2018.

### **Significant accounting policies**

IFRS 9 'Financial Instruments' has been adopted in these interim condensed consolidated financial statements. The revised standard replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidance for classification and measurement, impairment of financial instruments, and hedge accounting. The cumulative impact on adoption of this standard has not been material.

IFRS 15 'Revenue from Contracts with Customers' has been adopted in these interim condensed consolidated financial statements. The standard replaces IAS 18 Revenue. The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

A restatement has been made to reduce gross revenue and costs of sale relating to certain incidental revenues impacted by IFRS 15 of £4.4m for the year ended 31 March 2018 and £2.2m for the comparative six month period ending 30 September 2017, with no net impact on gross profit, net profit after tax, earnings per share or diluted earnings per share. There has been no material impact on the balance sheet.

IFRS 16 'Leases' will be applicable to the Group for the year ending 31 March 2020. The main principal of the standard is to eliminate the dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and to provide a single model for lessee accounting. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for leases. Accounting requirements for lessors will be substantially unchanged from IAS 17.



## **1 Basis of preparation (*continued*)**

The standard represents a significant change in the accounting and reporting of leases for lessees and it will impact the income statement and balance sheet as well as statutory and alternative performance measures used by the Group. The impact on the financial statements on transition to IFRS 16, where the Group is the lessee, will depend on the approach taken by the Group. The new standard allows for two different transition approaches, fully retrospective and modified retrospective. Both approaches will impact the income statement, balance sheet and disclosure when adopted, including the opening balance sheet at 1 April 2018, although the amounts will differ dependent on the approach taken.

Given the complexities of IFRS 16 and the material sensitivity to key assumptions, such as discount rates, it is not yet practicable to fully quantify the effect of IFRS 16 on the financial statements of the Group.

The accounting policies applied by the Group in these interim condensed consolidated financial statements are otherwise the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2018.

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee ('IFRIC') have not issued or endorsed any new standards or interpretations since the date of the 31 March 2018 year end financial statements.

### **Seasonality**

In addition to economic factors, revenue is subject to a small element of seasonal fluctuation largely driven by certain UK public holidays and their impact on the billing cycle, resulting in marginally fewer trading days in the second half of the year.

Whilst construction activity tends to increase in the summer months, the equipment range helps to mitigate the impact, specifically with heating, lighting and power generation products being more in demand during the winter months. Overall, the Directors do not feel that these factors have a material effect on the performance of the Group when comparing first half results to those achieved in the second half.

## **2 Changes in estimates**

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty for the consolidated financial statements for the year ended 31 March 2018 continued to apply.

## **3 Exceptional items**

During the period, no exceptional administrative items were incurred.

In the period to 30 September 2017 net exceptional items of £4.7m were incurred. Property related costs of £4.5m were incurred as part of a cost management programme. In addition £1.2m of people costs were incurred due to redundancies. Offsetting these charges was a £1.0m credit due to the revision of the International receivables provision, following the receipt of further cash.

## 4 Segmental analysis

The segmental disclosure presented in the interim condensed consolidated financial statements reflects the format of reports reviewed by the Chief Operating Decision Maker (CODM). UK and Ireland delivers asset management, with tailored services and a continued commitment to relationship management. International delivers major overseas projects and facilities management contracts by providing a managed site support service.

### For the six months ended 30 September 2018

	UK and Ireland	International	Corporate items	Total
	£m	£m	£m	£m
<b>Revenue</b>	<b>177.2</b>	<b>17.4</b>	<b>-</b>	<b>194.6</b>
<b>Segment result:</b>				
EBITDA before exceptional items	35.3	4.0	(2.3)	37.0
Depreciation	(21.3)	(1.1)	(0.4)	(22.8)
<b>Operating profit/ (costs) before amortisation and exceptional items</b>	<b>14.0</b>	<b>2.9</b>	<b>(2.7)</b>	<b>14.2</b>
Amortisation	(0.2)	-	-	(0.2)
Exceptional items	-	-	-	-
<b>Operating profit/ (costs)</b>	<b>13.8</b>	<b>2.9</b>	<b>(2.7)</b>	<b>14.0</b>
Share of results of joint venture	-	0.9	-	0.9
<b>Trading profit/ (costs)</b>	<b>13.8</b>	<b>3.8</b>	<b>(2.7)</b>	<b>14.9</b>
Financial expense				(1.7)
<b>Profit before tax</b>				<b>13.2</b>
Taxation				(2.7)
<b>Profit for the financial period</b>				<b>10.5</b>
Intangible assets	10.1	-	-	10.1
Investment in joint venture	-	6.2	-	6.2
Hire equipment	205.7	6.3	-	212.0
Non-hire equipment	30.8	2.6	-	33.4
Taxation assets	-	-	1.4	1.4
Current assets	97.4	11.0	1.7	110.1
Cash	-	-	10.4	10.4
<b>Total assets</b>	<b>344.0</b>	<b>26.1</b>	<b>13.5</b>	<b>383.6</b>
Liabilities	(79.9)	(12.3)	(5.1)	(97.3)
Borrowings	-	-	(73.1)	(73.1)
Taxation liabilities	-	-	(10.7)	(10.7)
<b>Total liabilities</b>	<b>(79.9)</b>	<b>(12.3)</b>	<b>(88.9)</b>	<b>(181.1)</b>

#### 4 Segmental analysis (*continued*)

For the six months ended 30 September 2017

	UK and Ireland	International	Corporate items	Total
	<i>Restated*</i> £m	<i>Restated*</i> £m	£m	<i>Restated*</i> £m
<b>Revenue*</b>	169.5	14.1	-	183.6
<b>Segment result:</b>				
EBITDA before exceptional items	32.9	3.1	(2.2)	33.8
Depreciation	(19.8)	(1.3)	(0.4)	(21.5)
<b>Operating profit/ (costs) before amortisation and exceptional items</b>	13.1	1.8	(2.6)	12.3
Amortisation	(0.1)	-	-	(0.1)
Exceptional (costs)/ income	(5.7)	1.0	-	(4.7)
<b>Operating profit/ (costs)</b>	7.3	2.8	(2.6)	7.5
Share of results of jointly controlled entity	-	0.5	-	0.5
<b>Trading profit/ (costs)</b>	7.3	3.3	(2.6)	8.0
Financial expense				(2.0)
<b>Profit before tax</b>				6.0
Taxation				(1.9)
<b>Profit for the financial period</b>				4.1
Intangible assets	3.7	-	-	3.7
Investment in joint venture	-	5.5	-	5.5
Hire equipment	188.4	7.2	-	195.6
Non-hire equipment	33.5	2.9	-	36.4
Taxation assets	-	-	0.9	0.9
Current assets	92.9	10.0	1.0	103.9
Cash	-	-	6.4	6.4
<b>Total assets</b>	318.5	25.6	8.3	352.4
Liabilities	(72.7)	(8.1)	(3.6)	(84.4)
Borrowings	-	-	(69.5)	(69.5)
Taxation liabilities	-	-	(8.8)	(8.8)
<b>Total liabilities</b>	(72.7)	(8.1)	(81.9)	(162.7)

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

#### 4 Segmental analysis (continued)

For the year ended 31 March 2018

	UK and Ireland	International	Corporate items	Total
	Restated* £m	Restated* £m	£m	Restated* £m
<b>Revenue*</b>	344.4	28.6	-	373.0
<b>Segment result:</b>				
EBITDA before exceptional items	70.8	6.4	(4.2)	73.0
Depreciation	(40.6)	(2.4)	(0.8)	(43.8)
<b>Operating profit/ (costs) before amortisation and exceptional items</b>	30.2	4.0	(5.0)	29.2
Amortisation	(0.2)	-	-	(0.2)
Exceptional (costs)/ income	(8.2)	1.0	-	(7.2)
<b>Operating profit/ (costs)</b>	21.8	5.0	(5.0)	21.8
Share of results of jointly controlled entity	-	0.8	-	0.8
<b>Trading profit/ (costs)</b>	21.8	5.8	(5.0)	22.6
Financial expense				(4.1)
Exceptional finance expense				(0.5)
<b>Profit before tax</b>				18.0
Taxation				(3.9)
<b>Profit for the financial period</b>				14.1
Intangible assets	10.0	-	-	10.0
Investment in joint venture	-	5.1	-	5.1
Hire equipment	198.3	6.2	-	204.5
Non-hire equipment	32.4	2.6	-	35.0
Taxation assets	-	-	1.4	1.4
Current assets	97.0	9.7	0.9	107.6
Cash	-	-	9.8	9.8
<b>Total assets</b>	337.7	23.6	12.1	373.4
Liabilities	(70.9)	(10.6)	(5.3)	(86.8)
Borrowings	-	-	(79.2)	(79.2)
Taxation liabilities	-	-	(9.6)	(9.6)
<b>Total liabilities</b>	(70.9)	(10.6)	(94.1)	(175.6)

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

#### 4 Segmental analysis (*continued*)

Corporate items comprise certain central activities and costs, which are not directly related to the activities of the operating segments.

The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function and are not directly attributable to the activities of the operating segments, together with net corporate borrowings and taxation.

##### **Geographical information**

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	<b>Six months ended 30 September 2018</b>		Six months ended 30 September 2017		Year ended 31 March 2018	
	<b>Revenue</b>	<b>Total assets</b>	Revenue	Total	Revenue	Total
	<b>£m</b>	<b>£m</b>	<i>Restated*</i>	assets	<i>Restated*</i>	assets
			£m	£m	£m	£m
UK	<b>172.0</b>	<b>343.9</b>	165.1	313.9	335.3	337.7
Ireland	<b>5.2</b>	<b>13.6</b>	4.4	12.9	9.1	12.1
United Arab Emirates	<b>17.4</b>	<b>26.1</b>	14.1	25.6	28.6	23.6
	<b>194.6</b>	<b>383.6</b>	183.6	352.4	373.0	373.4

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

##### **Revenue by type**

Revenue is attributed to the following activities:

	<b>Six months ended September 2018</b>	Six months ended 30 September 2017	Year ended 31 March 2018
	<b>£m</b>	<i>Restated*</i>	<i>Restated*</i>
		£m	£m
Hire and related activities	<b>119.4</b>	113.5	228.5
Services	<b>73.4</b>	67.5	138.7
Disposals	<b>1.8</b>	2.6	5.8
	<b>194.6</b>	183.6	373.0

\* Restated as a result of the adoption of IFRS 15 – see Note 1 (Basis of preparation)

##### **Major customer**

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

## 5 Financial expense

	<b>Six months ended 30 September 2018 £m</b>	Six months ended 30 September 2017 £m	Year ended 31 March 2018 £m
Interest on bank loans and overdrafts	<b>1.3</b>	1.4	3.0
Amortisation of issue costs	<b>0.2</b>	0.3	0.6
	<hr/>	<hr/>	<hr/>
Total interest on borrowings	<b>1.5</b>	1.7	3.6
Hedge interest payable	<b>0.1</b>	0.2	0.4
Other finance costs	<b>0.1</b>	0.1	0.1
Exceptional financial expense	-	-	0.5
	<hr/>	<hr/>	<hr/>
	<b>1.7</b>	2.0	4.6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 6 Taxation

The corporation tax charge for the six months ended 30 September 2018 is based on an effective rate of taxation of 20.1% before exceptional items and amortisation (2017: 20.4%); and 20.5% (2017: 31.7%) after exceptional items and amortisation. This has been calculated by reference to the projected charge for the full year ending 31 March 2019, applying the applicable UK corporation tax rate of 19% (2017: 19%). Deferred tax is provided using the tax rates that are expected to apply to the period in which the liability is settled, based on the tax rates that have been enacted at the balance sheet date.

## 7 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to equity holders of the Company of £10.5m (2017: £4.1m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	<b>Six months ended 30 September 2018</b>	Six months ended 30 September 2017	Year ended 31 March 2018
<b>Profit (£m)</b>			
Profit for the period after tax – basic earnings	<b>10.5</b>	4.1	14.1
Intangible amortisation charge (after tax)	<b>0.2</b>	0.1	0.2
Exceptional items (after tax)	-	4.4	6.7
Adjusted earnings (after tax)	<b>10.7</b>	8.6	21.0
<b>Weighted average number of shares in issue (m)</b>			
Number of shares at the beginning of the period	<b>519.6</b>	519.4	519.4
Exercise of share options	-	0.1	0.1
Movement in shares owned by the Employee Benefit Trust	<b>(0.5)</b>	-	-
Weighted average for the period – basic number of shares	<b>519.1</b>	519.5	519.5
Share options	<b>3.8</b>	2.0	2.2
Employee share schemes	<b>0.9</b>	0.7	1.2
Weighted average for the period – diluted number of shares	<b>523.8</b>	522.2	522.9
<b>Earnings per share (pence)</b>			
Basic earnings per share	<b>2.02</b>	0.79	2.71
Amortisation	<b>0.04</b>	0.02	0.04
Exceptional items	-	0.85	1.29
Adjusted earnings per share	<b>2.06</b>	1.66	4.04
Basic earnings per share	<b>2.02</b>	0.79	2.71
Share options	<b>(0.02)</b>	-	(0.01)
Diluted earnings per share	<b>2.00</b>	0.79	2.70
Adjusted earnings per share	<b>2.06</b>	1.66	4.04
Share options	<b>(0.02)</b>	(0.01)	(0.02)
Adjusted diluted earnings per share	<b>2.04</b>	1.65	4.02

The total number of shares outstanding at 30 September 2018 amounted to 523,801,666, including 5,813,533 shares held in the Employee Benefit Trust, which are excluded in calculating the earnings per share.

## 8 Dividends

The aggregate amount of dividend comprises:

	<b>Six months ended 30 September 2018 £m</b>	Six months ended 30 September 2017 £m	Year ended 31 March 2018 £m
2017 final dividend (0.67 pence on 523.6m ordinary shares)	-	3.5	3.5
2018 interim dividend (0.50 pence on 523.7m ordinary shares)	-	-	2.6
2018 final dividend (1.15 pence on 523.7m ordinary shares)	<b>6.0</b>	-	-
	<u>6.0</u>	<u>3.5</u>	<u>6.1</u>

Subsequent to the end of the period, and not included in the results for the period, the Directors have declared an interim dividend of 0.60 pence (2018 interim dividend: 0.50 pence) per share, to be paid on 25 January 2019 to shareholders on the register on 14 December 2018.

## 9 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the financial statements in assessing the Group's performance. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group.

	<b>Six months ended 30 September 2018 £m</b>	Six months ended 30 September 2017 £m	Year ended 31 March 2018 £m
Operating profit	<b>14.0</b>	7.5	21.8
Add back: amortisation	<b>0.2</b>	0.1	0.2
Add back: exceptional items	-	4.7	7.2
<b>Operating profit before amortisation and exceptional items (EBITA)</b>	<u><b>14.2</b></u>	<u>12.3</u>	<u>29.2</u>
Add back: depreciation	<b>22.8</b>	21.5	43.8
<b>EBITDA before exceptional items</b>	<u><b>37.0</b></u>	<u>33.8</u>	<u>73.0</u>
Profit before tax	<b>13.2</b>	6.0	18.0
Add back: amortisation	<b>0.2</b>	0.1	0.2
Add back: exceptional items	-	4.7	7.7
<b>Profit before tax, amortisation and exceptional items</b>	<u><b>13.4</b></u>	<u>10.8</u>	<u>25.9</u>



## 10 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
<b>Cost</b>				
At 1 April 2017	55.7	350.7	84.0	490.4
Foreign exchange	0.1	0.6	-	0.7
Additions	0.3	26.0	1.8	28.1
Disposals	(5.1)	(19.3)	(16.8)	(41.2)
Transfers to inventory	-	(7.0)	-	(7.0)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017	51.0	351.0	69.0	471.0
Foreign exchange	(0.5)	(0.4)	-	(0.9)
Acquisition through business combinations	0.1	15.8	1.1	17.0
Additions	0.1	19.4	2.8	22.3
Disposals	(0.2)	(11.9)	(0.2)	(12.3)
Transfers to inventory	-	(9.1)	-	(9.1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	50.5	364.8	72.7	488.0
Foreign exchange	0.3	0.2	-	0.5
Additions	0.6	31.5	2.3	34.4
Disposals	-	(12.0)	-	(12.0)
Transfers to inventory	-	(6.1)	-	(6.1)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2018</b>	<b>51.4</b>	<b>378.4</b>	<b>75.0</b>	<b>504.8</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>				
At 1 April 2017	30.6	155.9	69.3	255.8
Foreign exchange	-	0.3	-	0.3
Charged in period	1.6	17.2	2.7	21.5
Disposals	(3.8)	(13.1)	(16.8)	(33.7)
Transfers to inventory	-	(4.9)	-	(4.9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017	28.4	155.4	55.2	239.0
Foreign exchange	(0.1)	(0.2)	-	(0.3)
Charged in period	1.6	17.5	3.2	22.3
Disposals	-	(6.4)	(0.1)	(6.5)
Transfers to inventory	-	(6.0)	-	(6.0)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	29.9	160.3	58.3	248.5
Foreign exchange	0.1	0.1	-	0.2
Charged in period	1.5	18.1	3.2	22.8
Disposals	-	(7.8)	-	(7.8)
Transfers to inventory	-	(4.3)	-	(4.3)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2018</b>	<b>31.5</b>	<b>166.4</b>	<b>61.5</b>	<b>259.4</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>				
<b>At 30 September 2018</b>	<b>19.9</b>	<b>212.0</b>	<b>13.5</b>	<b>245.4</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2018	20.6	204.5	14.4	239.5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2017	22.6	195.6	13.8	232.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 11 Borrowings

	<b>30 September 2018 £m</b>	30 September 2017 £m	31 March 2018 £m
<b><i>Current borrowings</i></b>			
Bank overdraft	<b>0.8</b>	2.4	5.4
Finance lease liabilities	<b>0.2</b>	0.2	0.3
	<u><b>1.0</b></u>	<u>2.6</u>	<u>5.7</u>
<b><i>Non-current borrowings</i></b>			
Maturing between two and five years			
- ABL facility	<b>71.9</b>	66.5	73.3
- Finance lease liabilities	<b>0.2</b>	0.4	0.2
Total non-current borrowings	<u><b>72.1</b></u>	<u>66.9</u>	<u>73.5</u>
Total borrowings	<b>73.1</b>	69.5	79.2
Less: cash	<b>(10.4)</b>	(6.4)	(9.8)
<b>Net debt</b>	<u><b>62.7</b></u>	<u>63.1</u>	<u>69.4</u>

The Group has a £180m asset based finance facility which is sub divided into:

- (a) A secured overdraft facility, provided by Barclays Bank Plc which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (b) An asset based finance facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The undrawn availability of this facility as at 30 September 2018 was £84.2m (2017: £87.6m) based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, but is reduced to the extent that any ancillary facilities are provided, and is repayable in October 2022, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m remains in place through to October 2022.

Interest on the facility is calculated by reference to the London Inter Bank Offered Rate applicable to the period drawn, plus a margin of 150 to 250 basis points (previously 170 to 275 basis points), depending on leverage and on the components of the borrowing base. During the period, the effective margin was 1.80% (2017: 2.27%).

The facility is secured by fixed and floating charges over the UK and Ireland assets.

## **12 Contingent liabilities**

In the normal course of business, the Company and certain subsidiaries have given performance bonds issued on behalf of Group companies, and parental guarantees have been given in support of the contractual obligations of Group companies on both a joint and a several basis.

The Directors do not consider any provision is necessary in respect of guarantees and bonds.

## **13 Commitments**

The Group had contracted capital commitments amounting to £5.4m (2017: £5.1m) at the end of the financial period for which no provision has been made.

## **14 Related party disclosures**

There has been no significant change to the nature and size of related party transactions, including the remuneration provided to the key management, from that disclosed in the 2018 Annual Report.

## **15 Principal risks and uncertainties**

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the 2019 financial year have not changed from those set out on pages 32 to 35 of the Group's 2018 Annual Report, which is available at [www.speedyservices.com](http://www.speedyservices.com). These risks and uncertainties include, but are not limited to the following:

- Safety, health and environment;
- Service;
- Revenue and trading performance;
- Project and change management;
- People;
- Partner and supplier service levels;
- Operating costs;
- Information technology and data integrity;
- Funding;
- Economic vulnerability;
- Corporate culture;
- Business continuity; and
- Asset holding and integrity.

## Directors' Responsibilities

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We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

Thomas Christopher Morgan  
Director  
13 November 2018

# Independent Review Report to Speedy Hire Plc

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## Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 which comprises the interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated cash flow statement, interim condensed consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

**Chris Hearld**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*  
1 St Peter’s Square  
Manchester  
M2 3AE  
13 November 2018