

## Meeting revised expectations

16 April 2025

Having last updated the market on 3 February, Speedy's FY25 outturn has been consistent with commentary at that time. As a result, EBITDA looks to be in line with the prior year with a slightly larger H2 weighting despite a quieter Q4. In our view, Speedy's share price discounts long-term profitability below current levels and the c.40% NAV discount looks anomalous.

### Subdued Q4 as previously guided

After a marginal y-o-y decline of 0.1% in H1, Hire revenues were marginally up for FY25 as a whole. Hence, the second half was implicitly ahead overall; as Q3 was ahead by 3-4%, this suggests that the rate of progress was pared back in Q4. Previously flagged contributors to this (ie the Trade/Retail and Rail segments) were again cited. Within Services businesses, Lloyds British (test, inspection and certification) grew both revenue and profitability in FY25, though no additional commentary was made on other Service revenue lines (e.g. re-hire, fuel provision). To provide context, the Hire gross margin is broadly three times its Services equivalent, so commentary weighted to the former segment is understandable. Overall, FY25 ended in-line with management expectations.

### Attention given to costs, investment and funding capacity

Speedy's cost base has been closely managed throughout the year. Increased NI costs from FY26 will be partly offset by additional efficiency steps taken in depot and support roles. That said, Speedy has continued to invest in fleet and workstreams in support of future growth as part of its Velocity strategy. Year-end net debt of £113m was in line with the prior year and our model, representing estimated leverage of c.1.7x EBITDA. Post period end, Speedy has replaced existing banking arrangements with increased funding capacity (a £150m RCF, initially for 3 years and a £75m 7-year term loan). We expect year-end net debt to remain around current levels in FY26E and FY27E.

### Valuation: Ongoing NAV discount

The impact of a subdued end to FY25 was reflected in our [February update note](#) and we have made no further estimate changes at this point. Speedy's share price has traded around the 19p level since this time, so our valuation observations at that time remain valid. The NAV discount of c.40% is particularly eye-catching. With pressure on UK GDP expectations, cyclical exposure is seemingly out of fashion as reflected in Speedy's earnings multiples. The same sentiment is driving an unconventionally high dividend yield of 13.3%; we acknowledge some outlook risk here though consider this to be almost certainly overdone.

#### Company Data

EPIC	SDY
Price (last close)	19.2p
52 weeks Hi/Lo	41.4p/17.6p
Market cap	£88m
ED Fair Value per share	51.1p
End FY25 net debt	£(113)m
Pre IFRS16 basis	
Avg. daily volume	343k

#### Share Price, p



Source: Investing.com

#### Description

**Speedy Hire (Speedy) is the UK and Ireland's leading provider of tools, specialist equipment and services operating from a nationwide network of 144 depots. Its activities comprise: Hire (60% FY24 revenue); generated from a broad range of plant, equipment and tool assets as well as transportation & repair income), Services (39%); includes third party asset re-hire, training, testing and the sale of fuel & other consumables, and Other (c.1%); asset disposals.**

During FY24, Speedy transitioned its trade/retail presence with B&Q to a digital fulfilment model (included within Hire revenues). SDY also has two JV operations: Speedy Zholdas (in Kazakhstan, since 2013) and Speedy Hydrogen Services (UK, launched in H224).

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#### Summary financials

Year to March (£m)	2023	2024	2025E	2026E	2027E
Revenue £m	440.6	421.5	434.6	457.2	481.1
EBITDA £m	103.9	96.8	97.0	103.7	114.2
EBIT £m	32.7	24.5	25.6	31.0	40.2
<b>PTP adjusted £m</b>	<b>30.7</b>	<b>14.7</b>	<b>12.0</b>	<b>17.7</b>	<b>27.4</b>
<b>EPS adjusted p</b>	<b>4.92</b>	<b>2.24</b>	<b>2.01</b>	<b>2.92</b>	<b>4.52</b>
<b>DPS p</b>	<b>2.60</b>	<b>2.60</b>	<b>2.60</b>	<b>2.60</b>	<b>2.60</b>
P/E (x)	4.0	8.7	9.8	6.8	4.4
EV/EBITDA (x)	1.8	2.0	2.1	2.0	1.8
Dividend yield (%)	13.3%	13.3%	13.3%	13.3%	13.3%

Source: Company Annual Reports, Equity Development

## Financial Summary

Speedy Hire: Income Statement										
Year End: March	£m	2019*	2020**	2021**	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
<b>Revenue</b>		<b>394.7</b>	<b>371.5</b>	<b>332.3</b>	<b>386.8</b>	<b>440.6</b>	<b>421.5</b>	<b>434.6</b>	<b>457.2</b>	<b>481.1</b>
Gross Profit		214.4	214.3	184.9	221.1	239.4	230.0	238.4	253.6	269.7
EBITDA - SDY norm		103.6	103.4	90.6	100.1	103.9	96.8	97.0	103.7	114.2
<b>EBIT - SDY norm</b>		<b>36.7</b>	<b>33.4</b>	<b>21.7</b>	<b>32.1</b>	<b>32.7</b>	<b>24.5</b>	<b>25.6</b>	<b>31.0</b>	<b>40.3</b>
Net Bank Interest		(2.9)	(3.0)	(2.6)	(2.6)	(4.4)	(7.4)	(9.0)	(8.5)	(8.2)
IFRS16 Interest		(3.5)	(2.8)	(2.4)	(2.5)	(3.5)	(5.0)	(5.0)	(5.0)	(5.0)
Other financial		(0.8)	(0.4)	(0.4)	(0.6)	(0.7)	(0.3)	(0.6)	(0.6)	(0.6)
Associates/JVs		1.9	2.8	1.2	3.2	6.6	2.9	1.0	0.7	1.0
<b>Profit Before Tax (SDY norm)</b>		<b>31.4</b>	<b>30.0</b>	<b>17.5</b>	<b>29.6</b>	<b>30.7</b>	<b>14.7</b>	<b>12.0</b>	<b>17.7</b>	<b>27.4</b>
Intangible Amortisation		(0.7)	(1.3)	(0.8)	(0.5)	(0.4)	(0.6)	(0.6)	(0.6)	(0.6)
Other Non-Underlying Items		(2.0)	(12.6)	(8.4)	0.0	(28.5)	(9.0)	(5.0)	(5.0)	0.0
<b>Profit Before Tax (reported)</b>		<b>28.7</b>	<b>16.1</b>	<b>8.3</b>	<b>29.1</b>	<b>1.8</b>	<b>5.1</b>	<b>6.4</b>	<b>12.1</b>	<b>26.8</b>
Tax		(5.5)	(3.9)	(2.2)	(7.7)	(0.6)	(2.4)	(1.5)	(3.0)	(6.6)
Other		0.0	4.6	3.4	0.2	0.0	0.0	0.0	0.0	0.0
<b>Profit After Tax (reported)</b>		<b>23.2</b>	<b>16.8</b>	<b>9.5</b>	<b>21.6</b>	<b>1.2</b>	<b>2.7</b>	<b>4.9</b>	<b>9.1</b>	<b>20.2</b>
<b>EPS FD - SDY norm (p)</b>		<b>4.9</b>	<b>4.5</b>	<b>2.6</b>	<b>4.1</b>	<b>4.9</b>	<b>2.2</b>	<b>2.0</b>	<b>2.9</b>	<b>4.5</b>
<b>EPS FD - reported (p)</b>		<b>4.4</b>	<b>2.3</b>	<b>1.2</b>	<b>4.0</b>	<b>0.2</b>	<b>0.6</b>	<b>1.1</b>	<b>2.0</b>	<b>4.3</b>
<b>Dividend per share (p)</b>		<b>2.0</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
Shares - Basic Weighted Avge (m)		518.5	520.0	522.4	523.3	488.0	460.4	460.4	460.4	460.4
Shares - Period End (m)		525.3	526.8	528.2	518.2	517.0	517.0	517.0	517.0	517.0
<b>Margins (%)</b>										
<b>Gross Profit</b>		<b>54.3</b>	<b>57.7</b>	<b>55.6</b>	<b>57.2</b>	<b>54.3</b>	<b>54.6</b>	<b>54.9</b>	<b>55.5</b>	<b>56.1</b>
<b>EBITDA - SDY norm</b>		<b>26.2</b>	<b>27.8</b>	<b>27.3</b>	<b>25.9</b>	<b>23.6</b>	<b>23.0</b>	<b>22.3</b>	<b>22.7</b>	<b>23.7</b>
<b>EBIT SDY norm</b>		<b>9.3</b>	<b>9.0</b>	<b>6.5</b>	<b>8.3</b>	<b>7.4</b>	<b>5.8</b>	<b>5.9</b>	<b>6.8</b>	<b>8.4</b>

Source: Company, Equity Development. \*includes International, \*\* continuing operations only

<b>Speedy Hire: Cash Flow Statement</b>										
<b>Year End: March</b>	<b>£m</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA - SDY norm		103.6	103.4	90.6	100.1	103.9	96.8	97.0	103.7	114.2
Change in working capital		(4.6)	9.8	12.3	(13.6)	(6.2)	5.8	(6.6)	(3.0)	(7.1)
Purchase of hire equipment (net)		(36.5)	(41.9)	(24.2)	(57.9)	(36.8)	(25.2)	(35.0)	(35.0)	(40.0)
Other		(1.3)	(6.8)	(5.8)	0.0	(9.0)	(8.4)	(4.5)	(4.5)	0.6
<b>Operating Cash Flow</b>		<b>61.2</b>	<b>64.5</b>	<b>72.9</b>	<b>28.6</b>	<b>51.9</b>	<b>69.0</b>	<b>50.9</b>	<b>61.2</b>	<b>67.6</b>
<b>Interest paid</b>		<b>(6.7)</b>	<b>(6.5)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(8.4)</b>	<b>(12.7)</b>	<b>(14.0)</b>	<b>(13.5)</b>	<b>(13.2)</b>
<b>Tax paid</b>		<b>(4.7)</b>	<b>(9.3)</b>	<b>(0.8)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(3.7)</b>	<b>(1.5)</b>	<b>(3.0)</b>	<b>(6.6)</b>
<b>Investing Activities</b>		<b>(36.2)</b>	<b>(3.5)</b>	<b>3.6</b>	<b>(14.1)</b>	<b>(3.4)</b>	<b>(24.2)</b>	<b>(8.2)</b>	<b>(9.5)</b>	<b>(9.8)</b>
Associates & JV income		0.0	0.0	1.0	1.9	5.6	3.9	2.9	1.0	0.7
Tangible Fixed Assets purchased		(6.5)	(9.0)	(7.7)	(13.8)	(8.7)	(9.0)	(8.5)	(8.5)	(8.5)
Tangible Fixed Assets disposed		0.0	4.2	0.8	0.0	0.6	3.0	0.0	0.0	0.0
Intangibles		0.0	0.0	(3.5)	(2.2)	(0.9)	(1.9)	(2.0)	(2.0)	(2.0)
Acquisition consideration		(30.9)	0.0	0.0	0.0	0.0	(20.2)	0.0	0.0	0.0
Disposal proceeds		0.0	0.0	13.0	0.0	0.0	0.0	0.0	0.0	0.0
Other business investments		1.2	1.3	0.0	0.0	0.0	0.0	(0.6)	0.0	0.0
<b>Financing Activities</b>		<b>(7.6)</b>	<b>(32.8)</b>	<b>(81.3)</b>	<b>(15.9)</b>	<b>(38.0)</b>	<b>(25.4)</b>	<b>(29.4)</b>	<b>(37.9)</b>	<b>(37.9)</b>
Change in loan capital		25.8	2.1	(58.2)	25.4	23.3	12.4	8.5	0.0	0.0
IFRS16 lease payments		(23.7)	(24.5)	(23.6)	(24.6)	(26.5)	(26.0)	(26.0)	(26.0)	(26.0)
Equity		(0.6)	0.5	0.5	(5.4)	(23.9)	0.0	0.0	0.0	0.0
Dividends paid		(9.1)	(10.9)	0.0	(11.3)	(10.9)	(11.8)	(11.9)	(11.9)	(11.9)
Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Cash Flow</b>		<b>6.0</b>	<b>12.4</b>	<b>(11.6)</b>	<b>(10.4)</b>	<b>(1.0)</b>	<b>3.0</b>	<b>(2.2)</b>	<b>(2.6)</b>	<b>0.1</b>
<b>Opening net cash/(debt) - pre IFRS16</b>		<b>(69.1)</b>	<b>(89.1)</b>	<b>(79.3)</b>	<b>(33.2)</b>	<b>(67.5)</b>	<b>(92.4)</b>	<b>(101.3)</b>	<b>(112.1)</b>	<b>(114.7)</b>
Change in net cash		6.0	12.4	(11.6)	(10.4)	(1.0)	3.0	(2.2)	(2.6)	0.1
Change in loan capital		(25.8)	(2.1)	58.2	(25.4)	(23.3)	(12.4)	(8.5)	0.0	0.0
Other		(0.2)	(0.5)	(0.5)	1.5	(0.6)	0.5	(8.6)	0.0	0.0
<b>Closing net cash/(debt) - pre IFRS16</b>		<b>(89.1)</b>	<b>(79.3)</b>	<b>(33.2)</b>	<b>(67.5)</b>	<b>(92.4)</b>	<b>(101.3)</b>	<b>(112.1)</b>	<b>(114.7)</b>	<b>(114.6)</b>
<b>IFRS16 lease liabilities</b>		<b>(82.4)</b>	<b>(72.9)</b>	<b>(63.2)</b>	<b>(76.7)</b>	<b>(86.1)</b>	<b>(97.6)</b>	<b>(94.4)</b>	<b>(94.4)</b>	<b>(94.4)</b>
<b>Company Free Cash Flow:</b>										
<b>Net Cash Flow</b>			<b>12.4</b>	<b>(11.6)</b>	<b>(10.4)</b>	<b>(1.0)</b>	<b>3.0</b>	<b>(2.2)</b>	<b>(2.6)</b>	<b>0.1</b>
Dividends paid			10.9	0.0	11.3	10.9	11.8	11.9	11.9	11.9
Equity			(0.5)	(0.5)	5.4	23.9	0.0	0.0	0.0	0.0
Change in loan capital			(2.1)	58.2	(25.4)	(23.3)	(12.4)	(8.5)	0.0	0.0
Acquisition consideration			0.0	0.0	0.0	0.0	20.2	0.0	0.0	0.0
Other			0.5	0.5	0.6	0.1	0.9	0.0	0.0	0.0
<b>Free Cash Flow</b>			<b>21.2</b>	<b>46.6</b>	<b>(18.5)</b>	<b>10.6</b>	<b>23.5</b>	<b>1.2</b>	<b>9.3</b>	<b>12.0</b>

Source: Company, Equity Development. \*includes International

Speedy Hire: Balance Sheet										
Year End: March	£m	2019*	2020*	2021	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
<b>Non-Current Assets</b>		<b>371.2</b>	<b>355.5</b>	<b>325.2</b>	<b>366.4</b>	<b>355.1</b>	<b>378.9</b>	<b>382.0</b>	<b>381.4</b>	<b>385.0</b>
Intangible Assets - Goodwill		31.2	17.5	17.5	17.5	17.5	27.4	27.4	27.4	27.4
Intangible Assets - Other		9.9	5.6	7.2	8.4	7.5	12.3	10.5	8.6	6.8
Tangible Assets - Owned		253.3	257.6	233.1	257.7	237.7	233.1	243.5	245.0	250.2
Tangible Assets - RoU		66.4	64.7	59.1	73.3	83.2	97.3	93.8	93.8	93.8
JV/Associate Interests		7.6	7.3	6.2	7.8	9.2	8.8	6.9	6.6	6.9
Other Fixed Assets		2.8	2.8	2.1	1.7	(0.0)	0.0	0.0	0.0	0.0
<b>Current Assets</b>		<b>118.8</b>	<b>135.3</b>	<b>114.3</b>	<b>119.3</b>	<b>121.3</b>	<b>121.3</b>	<b>126.4</b>	<b>131.1</b>	<b>140.1</b>
Inventory		8.8	8.7	8.2	8.1	12.7	11.8	13.1	14.6	16.1
Trade Receivables		98.1	95.5	88.5	100.1	97.9	93.9	100.3	103.5	110.9
Other Debtors		6.6	8.3	5.9	8.6	9.6	11.6	11.9	11.9	11.9
Cash		5.3	22.8	11.7	2.5	1.1	4.0	1.1	1.1	1.1
<b>Current Liabilities</b>		<b>(117.2)</b>	<b>(117.5)</b>	<b>(116.1)</b>	<b>(122.7)</b>	<b>(121.9)</b>	<b>(128.6)</b>	<b>(137.8)</b>	<b>(144.7)</b>	<b>(149.0)</b>
Trade Payables		(54.2)	(52.3)	(49.8)	(45.3)	(39.1)	(44.9)	(46.0)	(47.7)	(49.6)
Other Creditors		(42.9)	(45.0)	(49.1)	(55.1)	(59.4)	(60.4)	(70.5)	(73.1)	(75.7)
IFRS16 Lease Liabilities		(20.1)	(20.2)	(16.7)	(20.6)	(22.1)	(22.1)	(20.8)	(20.8)	(20.8)
Short-term Borrowings		0.0	0.0	(0.5)	(1.7)	(1.3)	(1.2)	(0.5)	(3.1)	(3.0)
<b>Non-Current Liabilities</b>		<b>(163.1)</b>	<b>(163.4)</b>	<b>(102.6)</b>	<b>(136.6)</b>	<b>(169.9)</b>	<b>(195.9)</b>	<b>(203.2)</b>	<b>(203.2)</b>	<b>(203.2)</b>
Long-term Borrowings		(90.4)	(102.1)	(44.4)	(68.3)	(92.2)	(104.1)	(112.7)	(112.7)	(112.7)
IFRS16 Lease Liabilities		(55.0)	(52.7)	(46.5)	(56.1)	(64.0)	(75.5)	(73.6)	(73.6)	(73.6)
Other Long-term Liabilities		(17.7)	(8.6)	(11.7)	(12.2)	(13.7)	(16.3)	(16.9)	(16.9)	(16.9)
<b>Net Assets</b>		<b>209.7</b>	<b>209.9</b>	<b>220.8</b>	<b>226.4</b>	<b>184.6</b>	<b>175.7</b>	<b>167.4</b>	<b>164.6</b>	<b>172.9</b>

Source: Company, Equity Development. \*includes International

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