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# Interim Results for the period ended 30 September 2019

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**The Equipment Rental Specialist**

# Agenda

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- 1. Strategic Aim and Highlights**
- 2. Market and Trading Review**
- 3. Financial Review**



# Strategic Aim and Highlights

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Brandon Hire Station  
The UK's National Equipment Hire Specialist

OPEN TO THE  
PUBLIC & TRADE

Customer Entrance



# Our aim is to create sustainable value

**Resilient and proven model**

**First class asset management**

**UK & International Specialist Rental**

**Building on core attributes**

# Market Leading Performance

**Revenue**

**£186.6m**

**Operating  
Margin**

**15.2%**

**PBTA**

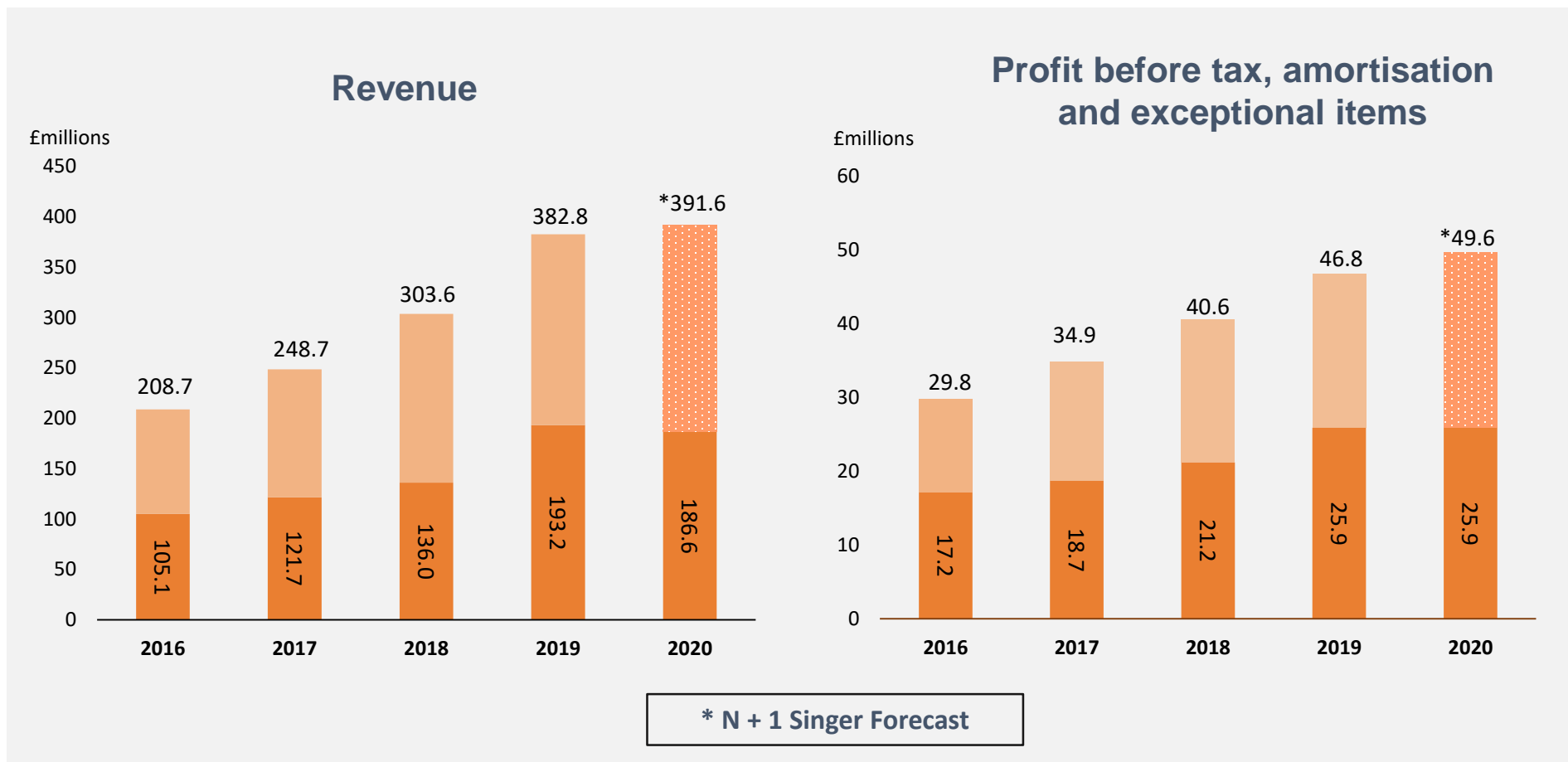
**£25.9m**

**ROACE**

**14.5%**

- Improved margins
- Sectors generally supportive
- Softer UK construction
- Market leading results

# Consistently strong returns and margins over the long term



# Results of this quality are only achievable because:

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- Our fleet investment criteria is robust and consistent
- Key asset and operational performance measures have been embedded for years
- We utilise current technologies
- Customers value our expertise
- Change is embraced as a positive
- We have an exceptional team of people

**Market fluctuations are absorbed by maintaining a diverse and multi-dimensional business model**



# Market and Trading Review





# Key markets

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Infrastructure



Construction



Housebuilding




Oil & Gas

# Market dynamics

Market segment	Revenue		Growth on prior year
	H1 2020 (£m)	H1 2019 (£m)	
Infrastructure*	72.1	70.1	+ 3%
Construction	74.3	80.4	- 8%
Housebuilding	16.8	17.5	- 4%
Oil & Gas	12.5	14.9	- 16%
Other	10.9	10.3	+ 6%
<b>Total</b>	<b>186.6</b>	<b>193.2</b>	<b>- 3%</b>

\* Utilities, Rail, Water, Transmission and Facilities Management



**Infrastructure**  
- water/rail transition



**Construction**  
- weaker South East



**Housebuild**  
- stable



**Oil & Gas**  
- onshore contracts

# Business performance – *Group*

	H1 2020 (£m)	H1 2019 (£m)	
Revenue	186.6	193.2	- 3%
PBITA	28.3	28.2	0%
Operating margin	15.2%	14.6%	

**UK Markets Mixed**

**Margin Growth**

**Another Strong Profit Performance**

# Business performance – UK

	H1 2020 (£m)	H1 2019 (£m)	
Revenue	170.0	175.3	-3%
PBITA	27.2	26.9	+1%
Operating margin	16.0%	15.3%	

Water & Rail  
positive

Brandon Hire  
Station integration  
completed

Stable  
housebuilding  
- UK Forks

Regional  
construction  
activity  
reduction

Europe progress  
- Groundforce /  
TPA



# Business performance – *International*

	H1 2020 (£m)	H1 2019 (£m)	
Revenue	16.6	17.9	- 7%
PBITA	1.1	1.3	-15%
Operating margin	6.6%	7.3%	

**Airpac Bukom improving into H2**

**Solid H1 for TR  
Progress in Malaysia & New Zealand  
Australia more subdued**



# Rental fleet investment

	H1 2020 (£m)	H1 2019 (£m)
UK	21.8	33.8
International	4.8	2.9
Total fleet investment	26.6	36.7
Disposal proceeds	(10.8)	(9.7)
Net expenditure on fleet	15.8	27.0

**UK capex reduced as planned**

**Brandon Hire Station fleet refreshment maintained**

**New fleet investment into Airpac Bukom**

# Outlook

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- UK markets expected to remain relatively stable
- UK infrastructure - new programmes
- Housebuilding steady
- Construction activity levels tied to UK political climate and economic confidence
- International markets broadly supportive
- Oil & gas – improving outlook

**Vp's overall business and financial strength provides confidence for further progress**



# Financial Review





# Financial highlights – solid results

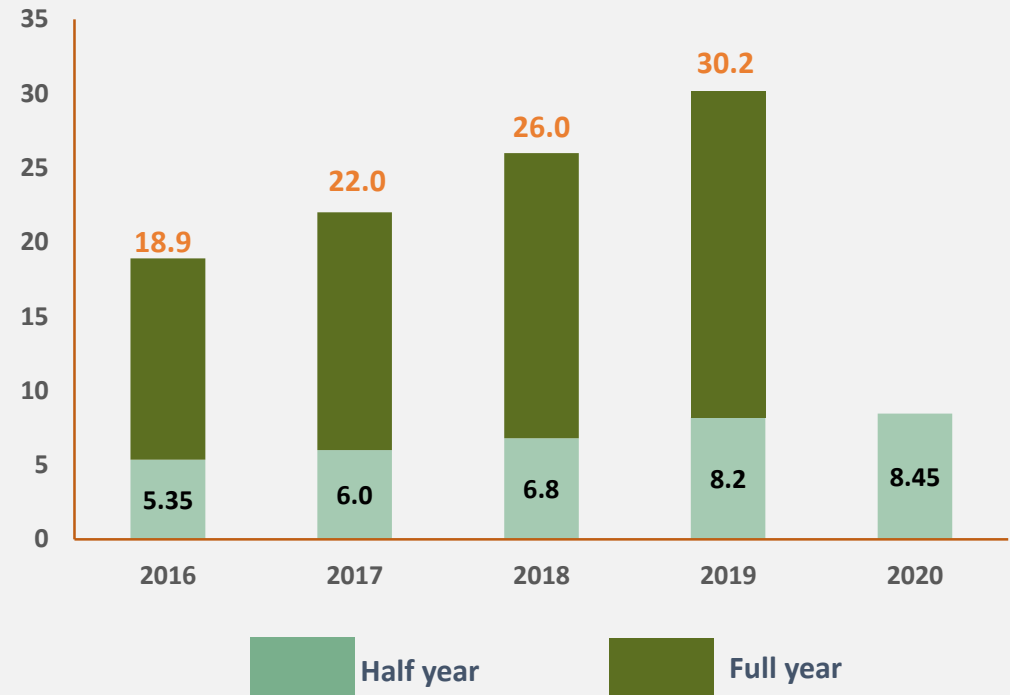
	H1 2020 (£m)	H1 2019 (£m)		FY 2019
Revenue	<b>186.6</b>	193.2	- 3%	382.8
EBITDA	<b>51.8</b>	51.6	0%	101.4
Depreciation	<b>(23.5)</b>	(23.4)	0%	(49.8)
EBITA	<b>28.3</b>	28.2	0%	51.6
Interest	<b>(2.4)</b>	(2.3)		(4.8)
PBTA (and exceptionals)	<b>25.9</b>	25.9	0%	46.8
Net margin	<b>13.9%</b>	13.4%		12.2%

# Earnings per share

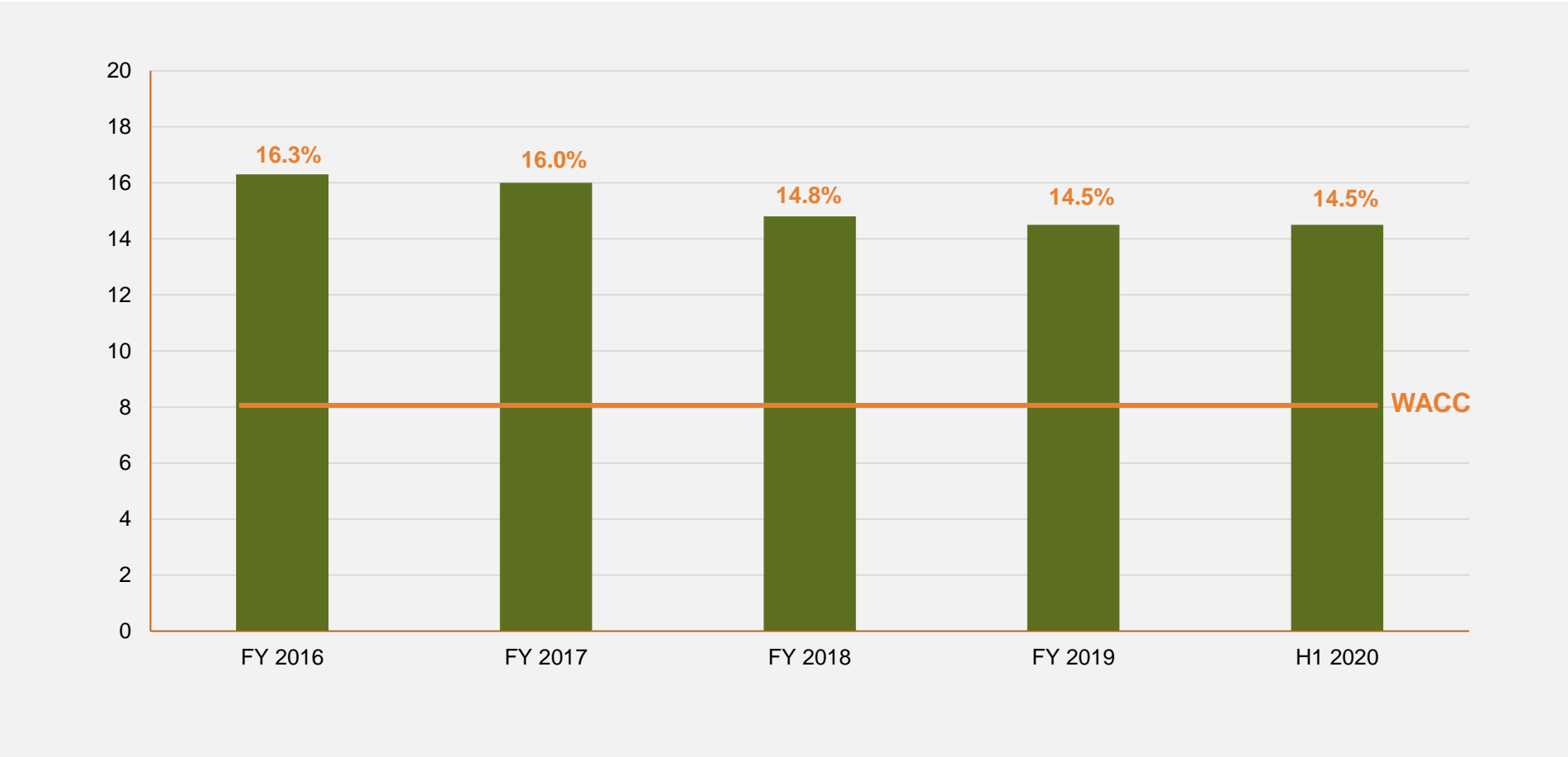
	H1 2020	H1 2019
Dividend per share	<b>8.45p</b>	8.2p
Dividend cover	<b>6.2</b>	6.4
EPS adjusted *	<b>52.5p</b>	52.3p

\* Pre amortisation and exceptionals

Dividend per share (pence)



# ROACE – quality of earnings



# Balance sheet - strength

	H1 2020 (£m)	FY 2019 (£m)	H1 2019 (£m)
Property, plant and equipment	252.3	248.7	249.7
Intangible assets/goodwill	89.3	89.7	92.5
Net working capital	26.1	6.5	22.5
Other	(6.0)	(7.9)	(9.7)
Net debt	(183.7)	(168.1)	(188.2)
IFRS16 net	(2.3)	-	-
<b>Net assets</b>	<b>175.7</b>	<b>168.9</b>	<b>166.8</b>
Debtor days	66	58	58
Bad debt write off	0.47%	0.51%	0.50%

# Robust cash generation

	H1 2020 (£m)	H1 2019 (£m)	FY 2019
EBITDA	51.8	51.6	101.4
Cash from operations	26.5	35.5	92.7
Net capital expenditure	(18.5)	(29.3)	(54.6)
Interest and tax	(9.6)	(5.8)	(12.8)
Acquisitions	(3.3)	-	-
Dividends	(8.7)	(7.6)	(10.9)
Other	(2.0)	(1.8)	(3.3)
Debt acquired	-	-	-
Change in net debt	(15.6)	(9.0)	11.1

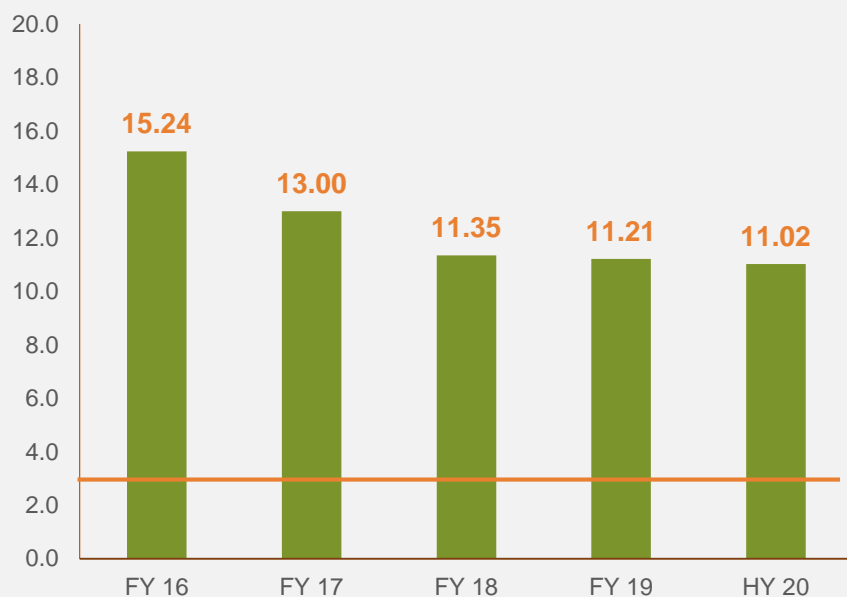
# Net debt and facilities – headroom

	Facilities	
	H1 2020 (£m)	FY 2019 (£m)
RCF matures May 2020	65.0	65.0
RCF matures December 2021	135.0	135.0
<b>Total RCF</b>	<b>200.0</b>	200.0
Overdraft	7.5	7.5
Actual borrowing net debt	183.7	168.1
Headroom	23.8	39.4

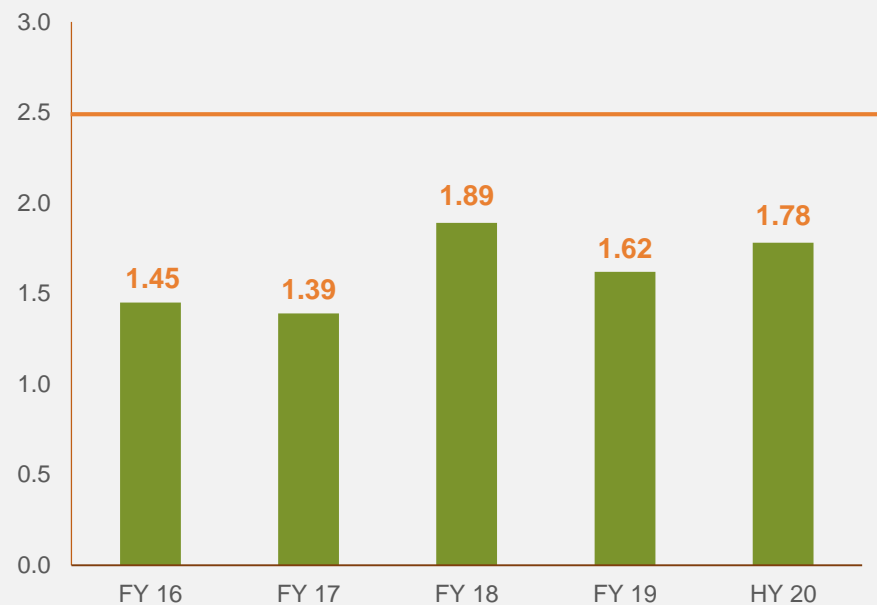
- Refinance process well advanced
- Intention for new facility to be in place early in the New Year

# Significant headroom against covenants

## EBITA Interest Cover > 3 times



## Net Debt / EBITDA < 2.5 times





# Supplementary Schedules





# Effective rate of tax reconciliation

	H1 2020 (%)	H1 2019 (%)
Standard rate	19.0	19.0
Permanent disallowables	0.5	0.4
Chattels	(0.4)	(0.6)
Prior year adjustments	-	(0.2)
Non-qualifying depreciation and amoritsation	0.9	0.7
Overseas tax rate	0.1	0.4
CT / DT Rate Difference	0.1	0.2
Effective rate	20.2	19.9

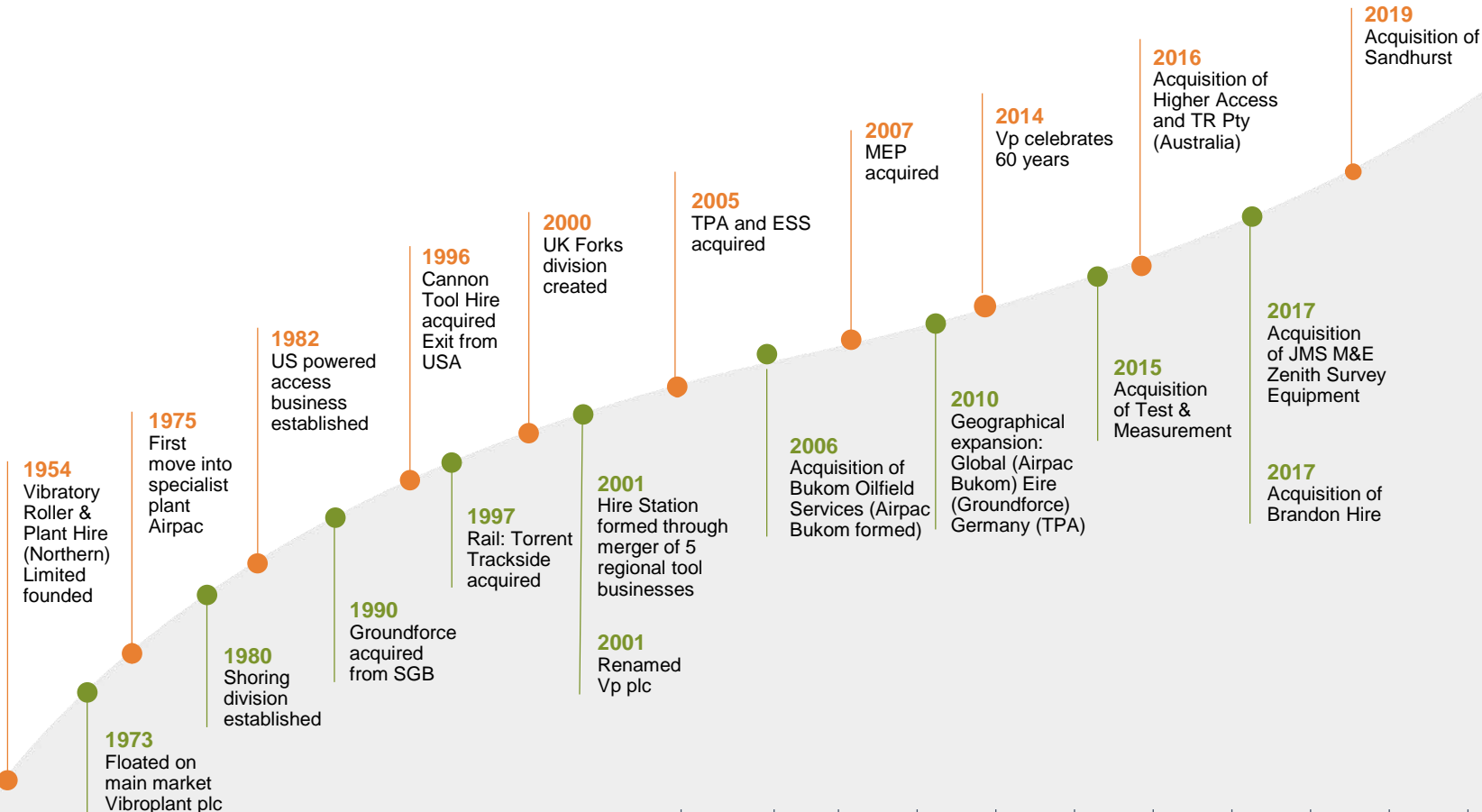
# Net Working Capital

	H1 2020 £m	FY 2019 £m	Acquisitions	Cashflow movement H1 2020
Inventories	7.8	7.8	-	-
Trade debtors, prepayments, others	88.0	80.4	0.5	(7.1)
Trade creditors, accruals, other	(69.7)	(81.7)	(0.2)	(12.2)
Net working capital	26.1	6.5	0.3	(19.3)
Capital creditors movement				(1.1)
Other cashflow				(0.2)
Working capital cashflow				(20.6)

# IFRS16 impact on profit

	H1 2020 excluding IFRS	H1 2020 IFRS impact	H1 2020 Reported	H1 2019 Reported
EBITDA £m	51.8	13.0	64.8	51.6
PBITA (and exceptionals) £m	28.3	1.9	30.2	28.2
Financial expense £m	(2.4)	(2.1)	(4.5)	(2.3)
PBTA (and exceptionals) £m	25.9	(0.2)	25.7	25.9
EPS (adjusted) pence	52.51	(0.41)	52.10	52.32

# Group history – 1954 to date



Revenue: History	1970: £2m	1980: £14m	1990: £70m	2000: £55m	2010: £129m	2014: £183m	2015: £206m	2016: £209m	2017: £249m	2018: £304m	2019: £383m
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# Divisions

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## UK



Rough terrain material handling equipment and tracked access platforms



Excavation support systems and specialist products



Portable roadway and temporary access solutions



Tool and equipment hire



Specialist safety, survey, communications and test measurement



Mechanical, electrical and low level access



Infrastructure equipment and services to the railway renewals and maintenance sector

## International



Equipment and service providers to the international oil and gas exploration and development markets



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