RNS Number : 9319J
Speedy Hire PLC
10 April 2024

Speedy Hire Plc

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

10 April 2024

Year End Trading Update

Speedy Hire, the UK's leading tools and equipment hire services company, operating across the construction, infrastructure and industrial markets, today provides an update on the Group's trading performance for the year ended 31 March 2024 ("FY2024").

Trading performance

The Group has performed resiliently in the year against a challenging market backdrop and wider macroeconomic uncertainty. Total Group Revenue[1] of c.£420m for the year was down c.5% versus FY2023, impacted by underperformance from our Regional base, the reduction in wholesale fuel prices and the performance of our seasonal products, which were affected by the warmer winter period.

The cost inflation and softer demand faced across much of the Construction sector mean that revenues from our Regional customers closed 6% down year-on-year, although these stabilised in the last quarter of the year and in FY2025 trading to date. Revenues from our National customers whilst declining in the last quarter had continued to trade positively year-on-year.

Despite the challenging trading environment through FY2024, the Group has secured additional annual turnover in excess of £40m across multi-year contracts with new and existing customers which, whilst slow to mobilise and only providing marginal benefit in FY2024, give confidence for growth in FY2025 and beyond. This new business has been secured with continued pricing discipline and demonstrates the attractiveness of Speedy's customer offering.

Our Kazakhstan joint venture, following a record year last year, returned to a more normalised performance in FY2024 due to the timing of various projects.

The momentum from securing major opportunities and progressing operational efficiencies, positions the Group well to benefit from the anticipated recovery of the wider macroeconomic environment during the second half of FY2025.

As a result, while the Group expects to report results for the year towards the lower end of the Board's expectations, it is encouraged by the commercial progress in the business and the outlook for FY2025 given the recent contract wins.

The Group has remained highly focused on working capital management and expects to deliver free cash flow[2] in excess of £20m, with net debt[3] reducing by year-end to c.£102m, within our target leverage range.

Velocity Strategy

We continue to progress our five-year strategy and transformation programme, led by systems and data, to ensure that we will have an efficient operating structure to power our growth and deliver long term benefits. The investment in implementing our strategy and executing our transformation programme represents a significant cost to the business and will be reported separately at the year end. Our Velocity strategy represents a significant opportunity to the Group in the future and we are committed to its development and execution.

Our partnership with B&Q has evolved to a more digitally focused model during the final quarter of FY2024 and we have now fully exited the remaining 22 concessions. The Group incurred trading losses and closure costs in the region of c.£2m in FY2024 which will not recur under the new, low cost-to-serve model. Our products and services are now available for digital hire in-store within every B&Q and Tradepoint as well as on the respective websites, demonstrating strong strategic progress in our Trade and Retail offering.

Green Power Hire Limited is performing in line with its acquisition business plan and we continue to invest in the business to satisfy growing customer demand. In March, we were also pleased to showcase the first H-Power Generator for Speedy Hydrogen Solutions, our joint venture partnership with AFC Energy Plc. We look forward to growing the fleet during FY2025 and supporting our customers with sustainable power generation.

The implementation of Velocity has also facilitated supply chain savings alongside further management restructuring and depot optimisation projects. These enabling improvements will continue to deliver benefits into future years.

Notice of results

The Group expects to announce its final results for the financial year ended 31 March 2024 in mid-June 2024.

Enquiries:

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Notes:

[1] Unaudited

[2] Free cash flow: Net cash flow before movement in loan balances, M&A activity and returns to shareholders

[3] Pre IFRS 16 basis

Inside Information: This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

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 Hire is the UK's leading provider of tools and equipment 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 Hire is certified nationally to ISO50001, ISO9001, ISO14001, ISO17020, ISO27001 and ISO45001. The Group operates from c.150 fixed sites across the UK and Ireland together with a number of on-site facilities at client locations and through a joint venture in Kazakhstan.

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