

Earnings reset reflects market headwinds

11 February 2026

Vp's trading update this morning prompts a reset of earnings expectations to reflect current market headwinds. Q4 trading has been impacted by a muted January 'return to work' with activity in construction and water highlighted as being particularly challenging. Good progress is being made with the transformation of Brandon Hire Station and we expect an increase in water revenue during FY27, given significant spending committed under AMP8. We reduce our earnings forecasts to reflect today's guidance with a corresponding change to our Fair Value estimate (to 750p from 1000p). Post downgrades, the shares are trading on <10x P/E, which we consider attractive for a high-quality business with significant recovery and long term growth potential.

Forecasts updated to reflect market headwinds

The macro-economic backdrop, particularly in construction and water have resulted in a slower than expected ramp-up in activity at the start of the important Q4 trading period. As a result, Vp expects to report Adj. PBT in a range of £26m-£29m. We prudently set our new forecast at £27m, a c.£10m reduction on our previous forecast. We expect an improvement in FY27, reflecting the benefits of the Brandon Hire Station restructuring (branch footprint reduced from 100 to 41, headcount reduced by c.400) and an expected improvement in water industry demand under AMP8.

New CEO in position

Alice Woodwork joined Vp as CEO on 1st February and brings significant experience to the Group from previous leadership roles including at Mitie and Compass. She is a current NED at Vistry Group.

A high-quality business strong long term attractions

We remain of the view that Vp is a high-quality business with an impressive track record and sector leading returns, which will be improved by the ongoing repositioning of Brandon Hire Station. We reduce our Fair Value estimate to 750p (from 1000p), in line with our earnings downgrade (-24% in FY27) and consider the current valuation of <10x P/E undemanding for a business with Vp's track record and medium-term earnings recovery potential.

Company data

EPIC	VP.L
Price (intra-day)	487p
52 weeks Hi/Lo	650p/480p
Market cap	£192m
ED Fair Value / share	750p
Net cash / (debt) 2025A	£138m
Avg. daily volume (3m)	24k

Share price, p



Source: investing.com

Description

Vp plc is a specialist equipment rental business providing equipment, people, services and support for specialist projects. It focuses on niche sectors principally in the Infrastructure (38% of Group revenue), Construction (36%), Housebuilding (7%) and Energy (10%) markets in the UK and Overseas. It has an excellent track record of growth and high returns over many years as well as a 30+ year unbroken dividend record.

Next event

Year end trading update - April 2026

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Key financials & valuation metrics

Year to 31 March (£m)	2023A	2024A	2025A	2026E	2027E
Sales	371.5	368.7	380.0	360.0	355.0
EBITDA	111.9	111.0	109.5	101.0	104.5
Adjusted PBT	40.2	39.9	36.7	27.0	30.5
FD EPS (p)	78.4	73.1	66.6	49.5	55.8
DPS (p)	37.5	39.0	39.5	39.5	39.5
Net Cash/(Debt)*	-134.4	-125.2	-138.5	-150.1	-158.6
Net Cash/(Debt)**	-192.9	-187.2	-204.0	-215.6	-224.0
Net Debt**/EBITDA	1.7x	1.7x	1.9x	2.1x	2.1x
P/E	6.2x	6.7x	7.3x	9.8x	8.7x
EV/EBITDA	3.4x	3.4x	3.6x	4.0x	4.0x
Dividend yield	7.7%	8.0%	8.1%	8.1%	8.1%
FCF yield	6.0%	13.1%	6.5%	3.1%	4.8%

Source: ED analysis, IFRS 16 basis unless stated *excluding leases (pre IFRS 16) ** including leases (IFRS 16)

Market overview and summary forecast changes

Looking across the key end markets, Vp continues to see growth and strong demand in energy transmission; rail activity remains steady but subdued; water revenues are now expected to see a meaningful increase in FY27, rather than FY26, whilst general construction remains subdued, as does housebuilding.

We summarise our forecast changes in the table below to reflect the slower than expected ramp up in activity at the start of Q4.

A 5% reduction in our FY26 sales forecast prompts a 28% reduction in Adj. PBT versus previous expectations, reflecting the operational gearing within the business. Our £27m forecast is prudently towards the bottom of management's guidance (£26m-£29m).

We assume a slightly softer impact on FY27 (sales reduced by 4%, Adj. PBT by 24%) given expectations of a recovery in water demand under AMP8 in particular.

Forecasts rebased to reflect market conditions

Year to 31 March (£m)	2026(E)	2026(E)	Change	2027(E)	2027(E)	Change
	Revised	Old		Revised	Old	
Revenue £m	360.0	380.0	-5.3%	355.0	370.0	-4.1%
EBITDA £m	101.0	111.5	-9.4%	104.5	114.0	-8.3%
EBITDA £m (pre IFRS16)	81.3	91.8	-11.4%	84.8	94.3	-10.1%
PBT (underlying) £m	27.0	37.5	-28.0%	30.5	40.0	-23.8%
EPS fully diluted p	49.5	68.8	-28.0%	55.8	73.2	-23.8%
Dividend	39.5	40.0	-1.3%	39.5	41.0	-3.7%
Net cash/ (debt) ex. leases £m	-150.1	-139.6	7.5%	-158.6	-141.6	12.0%
Net cash/ (debt) inc. leases £m	-215.6	-205.1	5.1%	-224.0	-207.0	8.2%

Source: Equity Development estimates

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