

Brandon Hire Station Repositioned for Profitability

27 November 2025

Vp's interims confirm a solid performance, highlighting the strength of the Groups' diversified business model. Strong demand in International (specialist activities in Ireland, Transmission in Germany) continues to offset persistent weakness in General Construction in the UK. Decisive action has been taken to reposition Brandon Hire Station for sustainable profitability, supporting the Group's strategic and B2B customers. This results in a contraction in the branch network and a reduction in revenue but will enhance returns and quality of earnings. We consider this a sensible strategic outcome and reiterate our 1000p Fair Value estimate.

Repositioning of Brandon Hire Station

The repositioning of Brandon Hire Station should transform that business' profitability and drive an improvement in Group ROACE of 2ppts. The branch network will reduce from c.100 to c.40 but the business will retain a national footprint supporting Vp's strategic and B2B customers.

CEO recruitment process ongoing

The CEO recruitment process is now well underway, and we expect a smooth transition, with Anna Bielby committed to the business until March 2026.

Reiterating full year expectations

The outlook statement points to recent improvements in both Water and Rail activity, both strong segments for Vp, linked to multi-year regulated spending programmes. This bodes well for the second half and for FY27. The Brandon Hire Station repositioning should also enhance profitability but, for now, we assume a neutral impact and will revisit our forecasts following the year end, by which time the restructuring exercise will be substantially complete.

A high-quality business at an attractive valuation

Vp is a high-quality business with an impressive track record and sector leading returns. In our view, the repositioning of Brandon Hire Station enhances the quality of the Group, addressing an area of cyclical and improving returns. We reiterate our 1000p Fair Value estimate (<14x FY27 P/E).

Company data

EPIC	VP.L
Price (last close)	570p
52 weeks Hi/Lo	658p/460p
Market cap	£226m
ED Fair Value / share	1000p
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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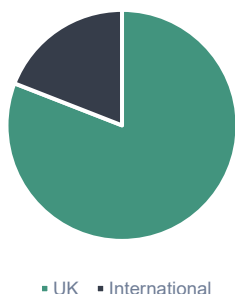
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Key financials & valuation metrics

Year to 31 March (£m)	2023A	2024A	2025A	2026E	2027E
Sales	371.5	368.7	380.0	380.0	370.0
EBITDA	111.9	111.0	109.5	111.5	114.0
EBITDA (pre IFRS16)	95.6	92.0	90.6	91.8	94.3
Adjusted PBT	40.2	39.9	36.7	37.5	40.0
FD EPS (p)	78.4	73.1	66.6	68.8	73.2
DPS (p)	37.5	39.0	39.5	40.0	41.0
Net Cash/(Debt)*	(134.4)	(125.2)	(138.5)	(139.6)	(141.6)
Net Cash/(Debt)**	(192.9)	(187.2)	(204.0)	(205.1)	(207.0)
Net Debt**/EBITDA	1.7x	1.7x	1.9x	1.8x	1.8x
P/E	7.3x	7.8x	8.6x	8.3x	7.8x
EV/EBITDA	3.7x	3.7x	3.9x	3.9x	3.8x
Dividend yield	6.6%	6.8%	6.9%	7.0%	7.2%
FCF yield	5.1%	11.2%	5.5%	7.3%	7.1%

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

**Segmental revenue
H126A:**


■ UK ■ International

Solid H1 and repositioning of Brandon Hire Station

Vp's interims highlight another solid performance against a challenging market backdrop. The Group continues to benefit from the diversity of end markets served and, in particular, ongoing investment in Infrastructure, particularly the Transmission segment. Last year's acquisition of CPH is performing ahead of expectations and is a highlight of these results, reflecting positive market dynamics in Ireland.

Market conditions are particularly challenging within the General Construction sector, as illustrated by recent industry surveys (this month's Construction PMI survey was the most pessimistic since the pandemic) and this has continued to weigh on the performance of Brandon Hire Station in particular. In this context, Vp has concluded its review of this business and announced decisive action to re-size and reposition Brandon Hire Station, which is expected to result in a meaningful increase in Group profitability and to drive an improvement in Group ROACE of 2ppts. The reorganisation is expected to be substantially complete by the end of the current financial year.

Full year expectations are reiterated despite the challenges in the UK market, and the CEO recruitment process is underway with a focus on smooth leadership transition; Anna Bielby will remain in post until March 2026.

Financial highlights

- Vp has reported a solid H1 performance in the context of ongoing market challenges and the uncertain macro-economic backdrop.
- Revenue declined by 2% to £188.4m, reflecting lower activity in the UK, particularly Brandon Hire Station, which was partially offset by a strong performance in the International segment, which saw good growth in Ireland and Germany.
- Operating margin dipped to 11.8% from 13.4%, reflecting the challenging trading conditions and the impact of higher employment costs this year following changes in last year's budget around employers' NICs and the National Living Wage.
- Adjusted PBT reduced by 18% to £17.3m and decisive action has been announced to address the underperformance of the Brandon Hire Station business, following a thorough review of strategic options.
- Exceptional items of £4.7m were incurred, including £2.4m relating to branch closures within Brandon Hire Station. Exceptional items are expected to total c.£22m for the full year, of which £16m will be cash costs. The changes are discussed in more detail later in this note and they will be materially complete by the year end.
- Return on Average Capital employed of 12.8% remains sector leading but was below management's longstanding 15% target. The actions taken to right-size the Brandon Hire Station business will see this increase in FY27 (estimated full year benefit of 200bps).
- Capital investment in the rental fleet increased by 3% to £39.6m, with a focus on growth opportunities within Infrastructure, as well as activities within Ireland and Germany, reflecting the strength of demand in those countries.
- Net debt (ex. leases) increased by 11% to £155.9m, reflecting the ongoing investment in the rental fleet. Leverage is expected to be c.1.6x at the year-end, which is comfortably within management's <2.0x leverage target.
- The interim dividend was again unchanged at 11.5p, maintaining the impressive 30-year track record of uninterrupted dividends.

H1 performance driven by strong International growth

Revenue declined by 2% to £188.4m overall as a decline in the UK (from £162.6m to £152.4m) was largely offset by strong growth in International, which saw good growth in Ireland (following the acquisition of CPH in October '24) and Germany. We expect to see continued progress in International in H2, alongside some recovery in UK performance (increasing activity in Rail and Water, initial margin benefits from Brandon Hire Station repositioning). We discuss the performance of the individual end market segments below.

Divisional analysis							
Year to 31 March (£m)	H125(A)	H225(A)	2025(A)	H126(A)	H226(E)	2026(E)	2027(E)
Revenue							
UK	162.6	155.0	317.6	152.4	155.1	307.5	294.0
International	29.8	32.5	62.3	35.9	36.6	72.5	76.0
Group	192.5	187.5	380.0	188.4	191.6	380.0	370.0
Growth Rate	0.8%	5.5%	3.1%	-2.1%	2.2%	0.0%	-2.6%
Adjusted Operating Profit							
UK	21.4	16.0	37.4	15.5	18.0	33.5	35.0
International	4.5	5.1	9.6	6.7	7.3	14.0	15.0
Group	25.9	21.1	47.0	22.3	25.2	47.5	50.0
Operating Margin							
UK	13.1%	10.3%	11.8%	10.2%	11.6%	10.9%	11.9%
International	15.1%	15.6%	15.4%	18.8%	19.9%	19.3%	19.7%
Group	13.4%	11.3%	12.4%	11.8%	13.2%	12.5%	13.5%
Interest	-4.8	-5.5	-10.3	-4.9	-5.1	-10.0	-10.0
Adjusted PBT (IFRS 16)	21.0	15.6	36.7	17.3	20.2	37.5	40.0
Growth Rate	-2.0%	-15.1%	-8.0%	-17.6%	29.1%	2.3%	6.7%

Source: Company actuals, Equity Development estimates

Infrastructure – stable performance with improving sentiment for H2

Revenue within Infrastructure was consistent with H1'25 with a mixed picture across the individual market segments. Overall, this again represents a resilient performance and highlights the strength of the Group's diversified business model. The Group remains confident in the opportunities within Infrastructure, which are underpinned by large, non-discretionary multi-year spend programmes.

Transmission was again the stand-out performer, particularly in Germany, where strong demand is being driven by the construction of new high voltage transmission lines as part of the German Grid Development Plan. Transmission markets have also been positive in the UK and represent a good opportunity for the coming years as National Grid infrastructure is upgraded.

Activity in the Water sector was lower than in H1'25 as a result of the normal transition phase from AMP7 to AMP8 but prospects are very positive, with encouraging signs for H2'26 as AMP8 design and planning work progresses, ahead of a stronger performance in FY27 and beyond.

Market conditions in Rail remain subdued as a result of a slow start to Network Rail's CP7 but recent months have seen a gradual improvement in activity. Vp is very well positioned to capitalise on an end market recovery (within CP7 and beyond), with a well invested fleet and a customer-focused Vp Rail offering.

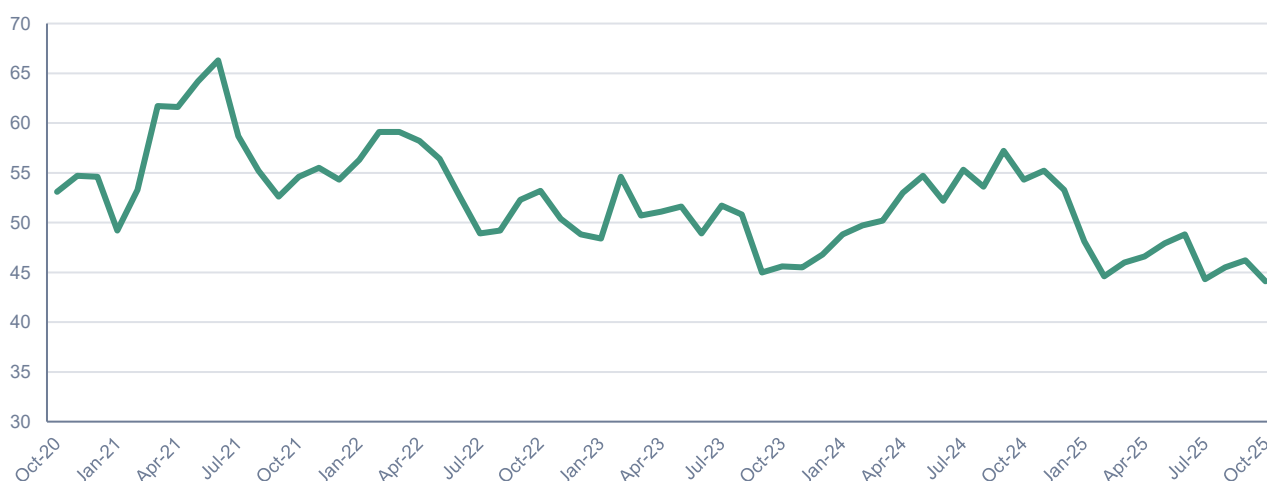
Construction – specialist activities offsetting General Construction challenges

Vp's Construction revenue increased year on year, supported by the prior year acquisition of CPH in Ireland, which is performing ahead of expectations. Specialist activities continue to perform well. In the UK, the business continues to benefit from a strong levels of fit out and refurbishment work, whilst market conditions in Ireland are benefiting from overseas investment and positive sector sentiment, particularly around pharmaceuticals, data centres and renewables.

The General Construction market remains very challenging, impacting revenue and profit in the period. The persistent weakness in General Construction market conditions was a central consideration of the Brandon Hire Station review, which we discuss in more detail later in this note.

The UK Construction PMI survey highlights persistent weakness and, if anything, a further deterioration in sentiment in recent months. October's reading of 44.1 (below 50 represents contraction) was the tenth month of contraction for the UK construction industry and represented the sharpest contraction in an individual month since the depths of the COVID pandemic in May 2020. Market challenges appear to be fairly broadly spread with particular weakness in civil engineering, as well as further declines in residential construction and commercial building activity. Of particular note was the lack of new projects to replace projects completing with reports that elevated political and economic uncertainty had discouraged client spending.

UK Construction PMI



Source: S&P/ CIPS Construction PMI:

Energy & Housebuilding – satisfactory performance

The performance of Vp's smaller market segments has been satisfactory despite relatively subdued market conditions. The Energy sector was mixed in the period and revenue declined as a result of project delays alongside a lower level of planned industrial shutdown projects. In Housebuilding, although activity remains subdued, Vp's performance has benefited from operating model changes in the prior year.

Brandon Hire Station will now only support Vp's strategic and business customers and will no longer support the consumer (retail/ DIY) market

We expect the re-focusing of the business to reduce revenue by c.£30m annually but to enhance Group margins

Repositioning of Brandon Hire Station

Vp has concluded its review of Brandon Hire Station and has now taken decisive action to underpin a sustainable improvement in the performance of the business, which has been impacted in recent years by the weakness in the General Construction market. As noted earlier, market conditions have continued to deteriorate over recent months and this has clearly informed the decisions that have been taken.

Brandon Hire Station will now only support Vp's strategic and business customers and will no longer support the consumer (retail/ DIY) market. The division will retain a national footprint but will be re-sized to a branch network of c.40 branches (from c.100) with a headcount reduction of c.400.

The new customer focus will allow Vp to reduce Brandon Hire Station's asset range and concentrate on higher return, more specialised assets to support the new customer profile and underpin returns.

These actions are expected to result in a meaningful improvement in profitability and drive a 200bps increase in Group ROACE.

The restructuring will result in an exceptional charge of c.£22m in the current financial year with a cash cost of c.£16m (of which c.£9m will be incurred in the current financial year). The payback is said to be four years, which implies an annualised saving of c.£4m.

The changes are expected to be materially complete by the end of the financial year.

Whilst Vp does not disclose the profitability of its individual business segments, Brandon Hire Station's performance last year was said to be broadly break even, and was therefore making no contribution towards the Group's overall 15% ROACE target.

We expect the re-focusing of the business and the reduction of the branch network to reduce revenue by c.£30m annually but to enhance Group margins. All else being equal, we would expect profit forecasts to increase as a result of the changes.

At this stage, however, we note the overall quantum of the potential savings, but leave our PBT forecasts unchanged, reflecting both the ongoing market challenges and the need to execute on this significant reorganisation over the next few months.

Our net debt forecasts increase to reflect the cash exceptionals set out above.

Our forecast changes are summarised in the table below.

Profitability maintained following resizing of Brandon Hire Station						
Year to 31 March (£m)	2026(E)	2026(E)	Change	2027(E)	2027(E)	Change
	Revised	Old		Revised	Old	
Revenue £m	380.0	391.0	-2.8%	370.0	401.0	-7.7%
EBITDA £m	111.5	111.5	0.0%	114.0	114.0	0.0%
EBITDA £m (pre IFRS16)	91.8	91.8	0.0%	94.3	94.3	0.0%
PBT (underlying) £m	37.5	37.5	0.0%	40.0	40.0	0.0%
EPS fully diluted p	68.8	68.8	0.0%	73.2	73.2	0.0%
Dividend	40.0	40.0	0.0%	41.0	41.0	0.0%
Net cash/ (debt) ex. leases £m	-139.6	-135.8	2.8%	-141.6	-133.7	5.9%
Net cash/ (debt) inc. leases £m	-205.1	-201.2	1.9%	-207.0	-199.2	3.9%

Source: Equity Development estimates

Summary financials

Income statement						
Year to 31 March (£m)	2022A	2023A	2024A	2025A	2026E	2027E
Revenue						
UK	320.2	333.5	309.3	317.6	307.5	294.0
International	30.7	38.1	59.4	62.3	72.5	76.0
Group	350.9	371.5	368.7	380.0	380.0	370.0
Revenue growth						
UK	14%	4%	-7%	3%	-3%	-4%
International	15%	24%	56%	5%	16%	5%
Group	14%	6%	-1%	3%	0%	-3%
Adjusted operating profit						
UK	44.7	45.6	39.4	37.4	33.5	35.0
International	1.6	3.2	10.1	9.6	14.0	15.0
Group	46.3	48.8	49.5	47.0	47.5	50.0
Net Interest	-7.4	-8.6	-9.6	-10.3	-10.0	-10.0
Adjusted PBT	38.9	40.2	39.9	36.7	37.5	40.0
Exceptional	0.0	-5.0	-5.8	-10.9	-25.0	-5.0
Amortisation of acquired intangibles	-3.3	-4.5	-31.2	-4.1	-5.0	-2.5
Reported PBT	35.6	30.7	2.8	21.7	7.5	32.5
EPS (adjusted)	71.9p	78.8p	73.5p	66.8p	69.0p	73.5p
EPS (adjusted fully diluted)	71.2p	78.4p	73.1p	66.6p	68.8p	73.2p

Source: Company actuals, Equity Development forecasts, IFRS 16 basis

Cash flow statement						
Year to 31 March (£m)	2022A	2023A	2024A	2025A	2026E	2027E
Operating profit	46.3	48.8	49.5	47.0	47.5	50.0
Depreciation	45.5	46.9	45.9	47.3	48.0	48.0
Profit on Disposals	-7.0	-9.2	-7.5	-8.0	-8.0	-8.0
Exceptionals	0.0	-5.0	-5.8	-4.6	-10.0	-9.0
Working Capital	-12.5	-18.4	9.8	-5.0	-1.5	-1.5
Other	1.6	0.9	-0.4	0.6	0.5	0.5
Operating cashflow	73.8	63.9	91.4	77.4	76.5	80.0
Interest	-7.4	-8.4	-9.8	-10.4	-10.0	-10.0
Tax	-6.3	-5.5	-9.2	-4.6	-5.0	-8.9
Cashflow from operations	60.1	50.0	72.4	62.4	61.5	61.1
Capital Expenditure	-68.7	-63.3	-72.3	-73.7	-65.0	-65.0
Sale of Fixed Assets	17.8	24.9	25.3	23.7	20.0	20.0
Free cashflow	9.3	11.5	25.3	12.5	16.5	16.1
Acquisitions	-2.7	0.0	0.0	-9.9	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Shares	-0.5	-1.1	-0.7	0.0	-2.0	-2.0
Dividends	-14.1	-14.5	-15.0	-15.4	-15.6	-16.0
Other	0.0	0.0	0.0	-0.4	0.0	0.0
Underlying cashflow	-8.0	-4.0	9.6	-13.3	-1.1	-1.9
Other/FX	-0.8	0.2	-0.4	0.0	0.0	0.0
Overall cashflow	-8.8	-3.8	9.2	-13.3	-1.1	-1.9
Net Cash/(Debt) pre IFRS16	-130.6	-134.4	-125.2	-138.5	-139.6	-141.6
Lease adjustment	-57.6	-58.5	-62.0	-65.4	-65.4	-65.4
Net Cash/ (Debt) post IFRS 16	-188.3	-192.9	-187.2	-204.0	-205.1	-207.0

Source: Company actuals, Equity Development forecasts

Balance sheet						
Year to 31 March (£m)	2022A	2023A	2024A	2025A	2026E	2027E
Non-current assets						
PPE	247.5	252.4	256.9	271.1	276.1	281.1
Goodwill	44.9	44.6	16.6	17.9	12.9	12.9
Intangible assets	17.5	13.1	12.0	11.5	6.5	4.0
Right of use assets	54.2	54.6	58.6	57.8	57.8	57.8
Employee benefits	2.7	2.3	1.9	0.9	1.0	1.0
Total non-current assets	366.8	367.1	346.0	359.1	354.3	356.8
Current Assets						
Inventories	8.0	8.9	9.5	9.9	10.0	10.0
Trade and other receivables	76.1	81.5	74.8	71.5	74.3	77.8
Cash and cash equivalents	13.6	11.1	24.5	29.9	27.6	24.6
Income tax receivable	0.0	0.7	3.6	2.0	2.0	2.0
Total Current Assets	97.6	102.3	112.4	113.3	113.9	114.4
Current Liabilities						
Interest bearing loans and borrowings	0.0	0.0	-18.5	-17.2	-16.0	-15.0
Income tax payable	-0.2	0.0	-1.5	-2.3	-2.3	-2.3
Lease liabilities	-14.1	-14.6	-16.3	-17.6	-17.6	-17.6
Trade and other payables	-80.7	-72.2	-71.7	-63.6	-65.0	-67.0
Total Current Liabilities	-95.0	-86.8	-108.0	-100.7	-100.9	-101.9
Non-Current Liabilities						
Interest bearing loans and borrowings	-144.2	-145.5	-131.3	-151.2	-151.2	-151.2
Lease liabilities	-43.5	-43.9	-45.6	-47.8	-47.8	-47.8
Provisions	-1.5	-1.6	-3.8	-5.5	-11.3	-5.8
Deferred tax liabilities	-13.7	-16.6	-16.6	-16.8	-16.8	-16.8
Total non-current liabilities	-202.9	-207.6	-197.4	-221.3	-227.1	-221.6
Net Assets	166.6	174.9	153.0	150.4	140.2	147.7
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	166.6	174.9	153.0	150.4	140.2	147.7

Source: Company actuals, Equity Development forecasts

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