

Deal driving revenue uplift and margin enhancement

7 October 2025

As Speedy's H1 26 closes, management confirms that there has been no significant change in financial performance (or guidance). Material transactions with HSS/Proservice have also been announced, consistent with Velocity ambitions to grow revenue and margins. The transactions are inter-conditional and subject to both HSS shareholder approval and competition authority review.

No change to FY26 guidance: While no further details were provided with the short trading update comment, investors will be reassured by unchanged guidance for existing operations. We believe that our estimates are slightly below consensus for this year and next, prior to the HSS transactions below.

HSS transactions drive revenue growth and margin uplift: Speedy is to acquire HSS/ProService's hire assets in its own core Hire categories which are currently on hire. Under a back-to-back commercial agreement in which HSS/ProService is to extend the 'right of first refusal' to Speedy to hire in assets in these categories, Speedy expects to generate c.£50m-55m of annual revenue. An associated transfer of certain staff and property leases to Speedy is anticipated as is the transfer of Speedy's small training business to HSS/Proservice. At completion, Speedy is to direct its future asset rehire business to the Proservice marketplace platform with certain staff transferring accordingly.

The cost of acquired assets, together with a 9.99% stake in the enlarged HSS/ Proservice equity, is expected to be £35m, leaving end FY26 leverage of 2.1x, temporarily above the 1.0-2.0x target range. We are not changing our estimates at this stage pending confirmation of formal approvals, but completion by the end of calendar 2025 is a stated objective. Simplistically, adding £50m pa of core hire revenue and raising group EBIT margin by c.170bp (range midpoint) in a full year adds c.£10m to EBIT or c.£6-7m to PBT; in other words, uplifts in excess of 20% of our existing FY27 estimates.

Valuation: Well-received but no re-rating yet (if transactions complete)

Speedy's share price responded positively to the prospective HSS transactions, closing up c.19% yesterday. As this is similar to our indicative FY27 estimate impact, we conclude that the transaction is presumed to complete and, on this basis, no re-rating has occurred as a result at present. On our existing estimates, our 48p per share fair value is unchanged and earnings multiples remain compressed. A proposed temporary dividend reduction (to 1.0p for FY26, growing by 5% pa to FY28) depending on the HSS/ Proservice completion, would re-set the yield metric in the short term.

Company Data

EPIC	SDY
Price (last close)	28.7p
52 weeks Hi/Lo	41.4p/17.6p
Market cap	£131m
ED Fair Value per share	48p
End FY25 net debt	£(113)m
Pre IFRS16 basis	
Avg. daily volume	861k

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 depot network. Its activities comprise:

Hire (61% FY25 revenue); generated from a broad range of plant, equipment and tool assets as well as transportation & repair income), **Services (38%);** includes third party asset re-hire, training, testing and the sale of fuel & other consumables, and **Other (c.1%);** asset disposals.

SDY also has two JV operations: Speedy Zholdas (Kazakhstan, est 2013) & Speedy Hydrogen Services (UK, from H224).

Next event:

H1 26 results – 26 November

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Financial summary

Year to March (£m)	2024	2025	2026E	2027E	2028E
Revenue £m	421.5	416.7	439.4	461.9	485.7
EBITDA £m	96.8	97.1	103.1	113.6	124.2
EBIT £m	24.5	23.6	31.1	40.3	49.6
PTP adjusted £m	14.7	8.7	15.9	25.7	35.2
EPS adjusted p	2.24	1.47	2.62	4.20	5.75
DPS p	2.60	2.60	2.60	2.60	2.80
P/E (x)	12.8	19.5	11.0	6.8	5.0
EV/EBITDA (x)	2.4	2.5	2.4	2.2	1.9
Dividend yield (%)	9.1%	9.1%	9.1%	9.1%	9.8%

Source: Company, Equity Development

Financials

Speedy Hire: Income Statement

Year End: March	£m	2019*	2020**	2021**	2022	2023	2024	2025	2026E	2027E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue		394.7	371.5	332.3	386.8	440.6	421.5	416.7	439.4	461.9	485.7
Gross Profit		214.4	214.3	184.9	221.1	239.4	230.0	236.1	253.5	269.3	286.1
EBITDA - SDY norm		103.6	103.4	90.6	100.1	103.9	96.8	97.1	103.1	113.6	124.2
EBIT - SDY norm		36.7	33.4	21.7	32.1	32.7	24.5	23.6	31.1	40.3	49.6
Net Bank Interest		(2.9)	(3.0)	(2.6)	(2.6)	(4.4)	(7.4)	(9.1)	(8.5)	(8.2)	(8.0)
IFRS16 Interest		(3.5)	(2.8)	(2.4)	(2.5)	(3.5)	(5.0)	(6.4)	(6.4)	(6.4)	(6.4)
Other financial		(0.8)	(0.4)	(0.4)	(0.6)	(0.7)	(0.3)	(0.4)	(1.0)	(1.0)	(1.0)
Associates/JVs		1.9	2.8	1.2	3.2	6.6	2.9	1.0	0.7	1.0	1.0
Profit Before Tax (SDY norm)		31.4	30.0	17.5	29.6	30.7	14.7	8.7	15.9	25.7	35.2
Intangible Amortisation		(0.7)	(1.3)	(0.8)	(0.5)	(0.4)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Other Non-Underlying Items		(2.0)	(12.6)	(8.4)	0.0	(28.5)	(9.0)	(9.6)	(5.0)	0.0	0.0
Profit Before Tax (reported)		28.7	16.1	8.3	29.1	1.8	5.1	(1.5)	10.3	25.1	34.6
Tax		(5.5)	(3.9)	(2.2)	(7.7)	(0.6)	(2.4)	0.4	(2.6)	(6.3)	(8.7)
Other		0.0	4.6	3.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Profit After Tax (reported)		23.2	16.8	9.5	21.6	1.2	2.7	(1.1)	7.7	18.8	25.9
EPS FD - SDY norm (p)		4.9	4.5	2.6	4.1	4.9	2.2	1.4	2.6	4.2	5.7
EPS FD - reported (p)		4.4	2.3	1.2	4.0	0.2	0.6	(0.2)	1.7	4.1	5.6
Dividend per share (p)		2.0	0.7	1.4	2.2	2.6	2.6	2.6	2.6	2.6	2.8
Shares - Basic W. Avge (m)		518.5	520.0	522.4	523.3	488.0	460.4	460.3	460.3	460.3	460.3
Shares - Period End (m)		525.3	526.8	528.2	518.2	517.0	517.0	517.0	517.0	517.0	517.0
Margins (%)											
Gross Profit		54.3	57.7	55.6	57.2	54.3	54.6	56.7	57.7	58.3	58.9
EBITDA - SDY norm		26.2	27.8	27.3	25.9	23.6	23.0	23.3	23.5	24.6	25.6
EBIT SDY norm		9.3	9.0	6.5	8.3	7.4	5.8	5.7	7.1	8.7	10.2

Source: Company Equity Development

Speedy Hire: Cash Flow Statement

Year End: March	£m	2019*	2020*	2021*	2022	2023	2024	2025	2026E	2027E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA - SDY norm		103.6	103.4	90.6	100.1	103.9	96.8	97.1	103.1	113.6	124.2
Change in working capital		(4.6)	9.8	12.3	(13.6)	(6.2)	5.8	(5.3)	(0.3)	(6.8)	(7.2)
Purchase of hire equipment (net)		(36.5)	(41.9)	(24.2)	(57.9)	(36.8)	(25.2)	(36.8)	(35.0)	(40.0)	(40.0)
Other		(1.3)	(6.8)	(5.8)	0.0	(9.0)	(8.4)	(6.4)	(4.3)	0.7	0.8
Operating Cash Flow		61.2	64.5	72.9	28.6	51.9	69.0	48.6	63.5	67.5	77.8
Interest paid		(6.7)	(6.5)	(6.0)	(6.0)	(8.4)	(12.7)	(15.8)	(14.9)	(14.6)	(14.4)
Tax paid		(4.7)	(9.3)	(0.8)	(3.0)	(3.1)	(3.7)	0.6	(2.6)	(6.3)	(8.7)
Investing Activities		(36.2)	(3.5)	3.6	(14.1)	(3.4)	(24.2)	(4.6)	(7.0)	(7.3)	(7.0)
Associates & JV income		0.0	0.0	1.0	1.9	5.6	3.9	4.2	1.0	0.7	1.0
Tangible Fixed Assets purchased		(6.5)	(9.0)	(7.7)	(13.8)	(8.7)	(9.0)	(5.7)	(6.0)	(6.0)	(6.0)
Tangible Fixed Assets disposed		0.0	4.2	0.8	0.0	0.6	3.0	0.0	0.0	0.0	0.0
Intangibles		0.0	0.0	(3.5)	(2.2)	(0.9)	(1.9)	(2.5)	(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	0.0
Disposal proceeds		0.0	0.0	13.0	0.0	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	0.0
Financing Activities		(7.6)	(32.8)	(81.3)	(15.9)	(38.0)	(25.4)	(29.5)	(40.5)	(40.5)	(40.7)
Change in loan capital		25.8	2.1	(58.2)	25.4	23.3	12.4	8.6	0.0	0.0	0.0
IFRS16 lease payments		(23.7)	(24.5)	(23.6)	(24.6)	(26.5)	(26.0)	(28.6)	(28.6)	(28.6)	(28.6)
Equity		(0.6)	0.5	0.5	(5.4)	(23.9)	0.0	0.0	0.0	0.0	0.0
Dividends paid		(9.1)	(10.9)	0.0	(11.3)	(10.9)	(11.8)	(11.8)	(11.9)	(11.9)	(12.1)
Other		0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0	0.0
Net Cash Flow		6.0	12.4	(11.6)	(10.4)	(1.0)	3.0	(0.7)	(1.5)	(1.2)	6.9
Opening net cash/(debt) - pre IFRS16		(69.1)	(89.1)	(79.3)	(33.2)	(67.5)	(92.4)	(101.3)	(113.1)	(114.6)	(115.7)
Change in net cash		6.0	12.4	(11.6)	(10.4)	(1.0)	3.0	(0.7)	(1.5)	(1.2)	6.9
Change in loan capital		(25.8)	(2.1)	58.2	(25.4)	(23.3)	(12.4)	(8.6)	0.0	0.0	0.0
Other		(0.2)	(0.5)	(0.5)	1.5	(0.6)	0.5	(11.1)	0.0	0.0	0.0
Closing net cash/(debt) - pre IFRS16		(89.1)	(79.3)	(33.2)	(67.5)	(92.4)	(101.3)	(113.1)	(114.6)	(115.7)	(108.8)
IFRS16 lease liabilities		(82.4)	(72.9)	(63.2)	(76.7)	(86.1)	(97.6)	(105.9)	(105.9)	(105.9)	(105.9)
Company Free Cash Flow:											
Net Cash Flow			12.4	(11.6)	(10.4)	(1.0)	3.0	(0.7)	(1.5)	(1.2)	6.9
Dividends paid			10.9	0.0	11.3	10.9	11.8	11.8	11.9	11.9	12.1
Equity			(0.5)	(0.5)	5.4	23.9	0.0	0.0	0.0	0.0	0.0
Change in loan capital			(2.1)	58.2	(25.4)	(23.3)	(12.4)	(8.6)	0.0	0.0	0.0
Acquisition consideration			0.0	0.0	0.0	0.0	20.2	0.0	0.0	0.0	0.0
Other			0.5	0.5	0.6	0.1	0.9	0.0	0.0	0.0	0.0
Free Cash Flow			21.2	46.6	(18.5)	10.6	23.5	2.5	10.4	10.7	19.0

Source: Company, Equity Development

Speedy Hire: Balance Sheet

Year End: March	£m	2019*	2020*	2021	2022	2023	2024	2025	2026E	2027E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets		371.2	355.5	325.2	366.4	355.1	378.9	391.6	391.6	396.0	398.8
Intangible Assets - Goodwill		31.2	17.5	17.5	17.5	17.5	27.4	27.4	27.4	27.4	27.4
Intangible Assets - Other		9.9	5.6	7.2	8.4	7.5	12.3	11.0	9.2	7.4	5.6
Tangible Assets - Owned		253.3	257.6	233.1	257.7	237.7	233.1	243.3	245.5	251.4	256.0
Tangible Assets - RoU		66.4	64.7	59.1	73.3	83.2	97.3	104.2	104.2	104.2	104.2
JV/Associate Interests		7.6	7.3	6.2	7.8	9.2	8.8	5.7	5.4	5.6	5.6
Other Fixed Assets		2.8	2.8	2.1	1.7	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)
Current Assets		118.8	135.3	114.3	119.3	121.3	121.3	121.4	126.0	134.6	143.6
Inventory		8.8	8.7	8.2	8.1	12.7	11.8	11.2	12.5	14.0	15.5
Trade Receivables		98.1	95.5	88.5	100.1	97.9	93.9	96.3	99.6	106.7	114.2
Other Debtors		6.6	8.3	5.9	8.6	9.6	11.6	11.8	11.8	11.8	11.8
Cash		5.3	22.8	11.7	2.5	1.1	4.0	2.1	2.1	2.1	2.1
Current Liabilities		(117.2)	(117.5)	(116.1)	(122.7)	(121.9)	(128.6)	(140.4)	(149.2)	(155.2)	(153.3)
Trade Payables		(54.2)	(52.3)	(49.8)	(45.3)	(39.1)	(44.9)	(43.1)	(47.4)	(49.1)	(50.9)
Other Creditors		(42.9)	(45.0)	(49.1)	(55.1)	(59.4)	(60.4)	(70.0)	(73.1)	(76.2)	(79.4)
IFRS16 Lease Liabilities		(20.1)	(20.2)	(16.7)	(20.6)	(22.1)	(22.1)	(25.0)	(25.0)	(25.0)	(25.0)
Short-term Borrowings		0.0	0.0	(0.5)	(1.7)	(1.3)	(1.2)	(2.3)	(3.8)	(4.9)	2.0
Non-Current Liabilities		(163.1)	(163.4)	(102.6)	(136.6)	(169.9)	(195.9)	(210.4)	(210.4)	(210.4)	(210.4)
Long-term Borrowings		(90.4)	(102.1)	(44.4)	(68.3)	(92.2)	(104.1)	(112.9)	(112.9)	(112.9)	(112.9)
IFRS16 Lease Liabilities		(55.0)	(52.7)	(46.5)	(56.1)	(64.0)	(75.5)	(80.9)	(80.9)	(80.9)	(80.9)
Other Long-term Liabilities		(17.7)	(8.6)	(11.7)	(12.2)	(13.7)	(16.3)	(16.6)	(16.6)	(16.6)	(16.6)
Net Assets		209.7	209.9	220.8	226.4	184.6	175.7	162.2	158.0	164.9	178.7

Source: Company, Equity Development

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