

Meeting revised expectations

16 April 2025

Having last updated the market on 3 February, Speedy's FY25 outturn has been consistent with commentary at that time. As a result, EBITDA looks to be in line with the prior year with a slightly larger H2 weighting despite a quieter Q4. In our view, Speedy's share price discounts long-term profitability below current levels and the c.40% NAV discount looks anomalous.

Subdued Q4 as previously guided

After a marginal y-o-y decline of 0.1% in H1, Hire revenues were marginally up for FY25 as a whole. Hence, the second half was implicitly ahead overall; as Q3 was ahead by 3-4%, this suggests that the rate of progress was pared back in Q4. Previously flagged contributors to this (ie the Trade/Retail and Rail segments) were again cited. Within Services businesses, Lloyds British (test, inspection and certification) grew both revenue and profitability in FY25, though no additional commentary was made on other Service revenue lines (e.g. re-hire, fuel provision). To provide context, the Hire gross margin is broadly three times its Services equivalent, so commentary weighted to the former segment is understandable. Overall, FY25 ended in-line with management expectations.

Attention given to costs, investment and funding capacity

Speedy's cost base has been closely managed throughout the year. Increased NI costs from FY26 will be partly offset by additional efficiency steps taken in depot and support roles. That said, Speedy has continued to invest in fleet and workstreams in support of future growth as part of its Velocity strategy. Year-end net debt of £113m was in line with the prior year and our model, representing estimated leverage of c.1.7x EBITDA. Post period end, Speedy has replaced existing banking arrangements with increased funding capacity (a £150m RCF, initially for 3 years and a £75m 7-year term loan). We expect year-end net debt to remain around current levels in FY26E and FY27E.

Valuation: Ongoing NAV discount

The impact of a subdued end to FY25 was reflected in our [February update note](#) and we have made no further estimate changes at this point. Speedy's share price has traded around the 19p level since this time, so our valuation observations at that time remain valid. The NAV discount of c.40% is particularly eye-catching. With pressure on UK GDP expectations, cyclical exposure is seemingly out of fashion as reflected in Speedy's earnings multiples. The same sentiment is driving an unconventionally high dividend yield of 13.3%; we acknowledge some outlook risk here though consider this to be almost certainly overdone.

Company Data

EPIC	SDY
Price (last close)	19.2p
52 weeks Hi/Lo	41.4p/17.6p
Market cap	£88m
ED Fair Value per share	51.1p
End FY25 net debt	£(113)m
Pre IFRS16 basis	
Avg. daily volume	343k

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 network of 144 depots. Its activities comprise:

Hire (60% FY24 revenue); generated from a broad range of plant, equipment and tool assets as well as transportation & repair income), **Services (39%)**; includes third party asset re-hire, training, testing and the sale of fuel & other consumables, and **Other (c.1%)**; asset disposals.

During FY24, Speedy transitioned its trade/retail presence with B&Q to a digital fulfilment model (included within Hire revenues). SDY also has two JV operations: Speedy Zholdas (in Kazakhstan, since 2013) and Speedy Hydrogen Services (UK, launched in H224).

Toby Thorrington (Analyst)

0207 065 2690
toby@equitydevelopment.co.uk

Hannah Crowe

0207 065 2692
hannah@equitydevelopment.co.uk

Summary financials

Year to March (£m)	2023	2024	2025E	2026E	2027E
Revenue £m	440.6	421.5	434.6	457.2	481.1
EBITDA £m	103.9	96.8	97.0	103.7	114.2
EBIT £m	32.7	24.5	25.6	31.0	40.2
PTP adjusted £m	30.7	14.7	12.0	17.7	27.4
EPS adjusted p	4.92	2.24	2.01	2.92	4.52
DPS p	2.60	2.60	2.60	2.60	2.60
P/E (x)	4.0	8.7	9.8	6.8	4.4
EV/EBITDA (x)	1.8	2.0	2.1	2.0	1.8
Dividend yield (%)	13.3%	13.3%	13.3%	13.3%	13.3%

Source: Company Annual Reports, Equity Development

Financial Summary

Speedy Hire: Income Statement										
Year End: March	£m	2019*	2020**	2021**	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue		394.7	371.5	332.3	386.8	440.6	421.5	434.6	457.2	481.1
Gross Profit		214.4	214.3	184.9	221.1	239.4	230.0	238.4	253.6	269.7
EBITDA - SDY norm		103.6	103.4	90.6	100.1	103.9	96.8	97.0	103.7	114.2
EBIT - SDY norm		36.7	33.4	21.7	32.1	32.7	24.5	25.6	31.0	40.3
Net Bank Interest		(2.9)	(3.0)	(2.6)	(2.6)	(4.4)	(7.4)	(9.0)	(8.5)	(8.2)
IFRS16 Interest		(3.5)	(2.8)	(2.4)	(2.5)	(3.5)	(5.0)	(5.0)	(5.0)	(5.0)
Other financial		(0.8)	(0.4)	(0.4)	(0.6)	(0.7)	(0.3)	(0.6)	(0.6)	(0.6)
Associates/JVs		1.9	2.8	1.2	3.2	6.6	2.9	1.0	0.7	1.0
Profit Before Tax (SDY norm)		31.4	30.0	17.5	29.6	30.7	14.7	12.0	17.7	27.4
Intangible Amortisation		(0.7)	(1.3)	(0.8)	(0.5)	(0.4)	(0.6)	(0.6)	(0.6)	(0.6)
Other Non-Underlying Items		(2.0)	(12.6)	(8.4)	0.0	(28.5)	(9.0)	(5.0)	(5.0)	0.0
Profit Before Tax (reported)		28.7	16.1	8.3	29.1	1.8	5.1	6.4	12.1	26.8
Tax		(5.5)	(3.9)	(2.2)	(7.7)	(0.6)	(2.4)	(1.5)	(3.0)	(6.6)
Other		0.0	4.6	3.4	0.2	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	4.9	9.1	20.2
EPS FD - SDY norm (p)		4.9	4.5	2.6	4.1	4.9	2.2	2.0	2.9	4.5
EPS FD - reported (p)		4.4	2.3	1.2	4.0	0.2	0.6	1.1	2.0	4.3
Dividend per share (p)		2.0	0.7	1.4	2.2	2.6	2.6	2.6	2.6	2.6
Shares - Basic Weighted Avge (m)		518.5	520.0	522.4	523.3	488.0	460.4	460.4	460.4	460.4
Shares - Period End (m)		525.3	526.8	528.2	518.2	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	54.9	55.5	56.1
EBITDA - SDY norm		26.2	27.8	27.3	25.9	23.6	23.0	22.3	22.7	23.7
EBIT SDY norm		9.3	9.0	6.5	8.3	7.4	5.8	5.9	6.8	8.4

Source: Company, Equity Development. *includes International, ** continuing operations only

Speedy Hire: Cash Flow Statement

Year End: March	£m	2019*	2020*	2021*	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA - SDY norm		103.6	103.4	90.6	100.1	103.9	96.8	97.0	103.7	114.2
Change in working capital		(4.6)	9.8	12.3	(13.6)	(6.2)	5.8	(6.6)	(3.0)	(7.1)
Purchase of hire equipment (net)		(36.5)	(41.9)	(24.2)	(57.9)	(36.8)	(25.2)	(35.0)	(35.0)	(40.0)
Other		(1.3)	(6.8)	(5.8)	0.0	(9.0)	(8.4)	(4.5)	(4.5)	0.6
Operating Cash Flow		61.2	64.5	72.9	28.6	51.9	69.0	50.9	61.2	67.6
Interest paid		(6.7)	(6.5)	(6.0)	(6.0)	(8.4)	(12.7)	(14.0)	(13.5)	(13.2)
Tax paid		(4.7)	(9.3)	(0.8)	(3.0)	(3.1)	(3.7)	(1.5)	(3.0)	(6.6)
Investing Activities		(36.2)	(3.5)	3.6	(14.1)	(3.4)	(24.2)	(8.2)	(9.5)	(9.8)
Associates & JV income		0.0	0.0	1.0	1.9	5.6	3.9	2.9	1.0	0.7
Tangible Fixed Assets purchased		(6.5)	(9.0)	(7.7)	(13.8)	(8.7)	(9.0)	(8.5)	(8.5)	(8.5)
Tangible Fixed Assets disposed		0.0	4.2	0.8	0.0	0.6	3.0	0.0	0.0	0.0
Intangibles		0.0	0.0	(3.5)	(2.2)	(0.9)	(1.9)	(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
Disposal proceeds		0.0	0.0	13.0	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
Financing Activities		(7.6)	(32.8)	(81.3)	(15.9)	(38.0)	(25.4)	(29.4)	(37.9)	(37.9)
Change in loan capital		25.8	2.1	(58.2)	25.4	23.3	12.4	8.5	0.0	0.0
IFRS16 lease payments		(23.7)	(24.5)	(23.6)	(24.6)	(26.5)	(26.0)	(26.0)	(26.0)	(26.0)
Equity		(0.6)	0.5	0.5	(5.4)	(23.9)	0.0	0.0	0.0	0.0
Dividends paid		(9.1)	(10.9)	0.0	(11.3)	(10.9)	(11.8)	(11.9)	(11.9)	(11.9)
Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow		6.0	12.4	(11.6)	(10.4)	(1.0)	3.0	(2.2)	(2.6)	0.1
Opening net cash/(debt) - pre IFRS16		(69.1)	(89.1)	(79.3)	(33.2)	(67.5)	(92.4)	(101.3)	(112.1)	(114.7)
Change in net cash		6.0	12.4	(11.6)	(10.4)	(1.0)	3.0	(2.2)	(2.6)	0.1
Change in loan capital		(25.8)	(2.1)	58.2	(25.4)	(23.3)	(12.4)	(8.5)	0.0	0.0
Other		(0.2)	(0.5)	(0.5)	1.5	(0.6)	0.5	(8.6)	0.0	0.0
Closing net cash/(debt) - pre IFRS16		(89.1)	(79.3)	(33.2)	(67.5)	(92.4)	(101.3)	(112.1)	(114.7)	(114.6)
IFRS16 lease liabilities		(82.4)	(72.9)	(63.2)	(76.7)	(86.1)	(97.6)	(94.4)	(94.4)	(94.4)
Company Free Cash Flow:										
Net Cash Flow			12.4	(11.6)	(10.4)	(1.0)	3.0	(2.2)	(2.6)	0.1
Dividends paid			10.9	0.0	11.3	10.9	11.8	11.9	11.9	11.9
Equity			(0.5)	(0.5)	5.4	23.9	0.0	0.0	0.0	0.0
Change in loan capital			(2.1)	58.2	(25.4)	(23.3)	(12.4)	(8.5)	0.0	0.0
Acquisition consideration			0.0	0.0	0.0	0.0	20.2	0.0	0.0	0.0
Other			0.5	0.5	0.6	0.1	0.9	0.0	0.0	0.0
Free Cash Flow			21.2	46.6	(18.5)	10.6	23.5	1.2	9.3	12.0

Source: Company, Equity Development. *includes International

Speedy Hire: Balance Sheet

Year End: March	£m	2019*	2020*	2021	2022	2023	2024	2025E	2026E	2027E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets		371.2	355.5	325.2	366.4	355.1	378.9	382.0	381.4	385.0
Intangible Assets - Goodwill		31.2	17.5	17.5	17.5	17.5	27.4	27.4	27.4	27.4
Intangible Assets - Other		9.9	5.6	7.2	8.4	7.5	12.3	10.5	8.6	6.8
Tangible Assets - Owned		253.3	257.6	233.1	257.7	237.7	233.1	243.5	245.0	250.2
Tangible Assets - RoU		66.4	64.7	59.1	73.3	83.2	97.3	93.8	93.8	93.8
JV/Associate Interests		7.6	7.3	6.2	7.8	9.2	8.8	6.9	6.6	6.9
Other Fixed Assets		2.8	2.8	2.1	1.7	(0.0)	0.0	0.0	0.0	0.0
Current Assets		118.8	135.3	114.3	119.3	121.3	121.3	126.4	131.1	140.1
Inventory		8.8	8.7	8.2	8.1	12.7	11.8	13.1	14.6	16.1
Trade Receivables		98.1	95.5	88.5	100.1	97.9	93.9	100.3	103.5	110.9
Other Debtors		6.6	8.3	5.9	8.6	9.6	11.6	11.9	11.9	11.9
Cash		5.3	22.8	11.7	2.5	1.1	4.0	1.1	1.1	1.1
Current Liabilities		(117.2)	(117.5)	(116.1)	(122.7)	(121.9)	(128.6)	(137.8)	(144.7)	(149.0)
Trade Payables		(54.2)	(52.3)	(49.8)	(45.3)	(39.1)	(44.9)	(46.0)	(47.7)	(49.6)
Other Creditors		(42.9)	(45.0)	(49.1)	(55.1)	(59.4)	(60.4)	(70.5)	(73.1)	(75.7)
IFRS16 Lease Liabilities		(20.1)	(20.2)	(16.7)	(20.6)	(22.1)	(22.1)	(20.8)	(20.8)	(20.8)
Short-term Borrowings		0.0	0.0	(0.5)	(1.7)	(1.3)	(1.2)	(0.5)	(3.1)	(3.0)
Non-Current Liabilities		(163.1)	(163.4)	(102.6)	(136.6)	(169.9)	(195.9)	(203.2)	(203.2)	(203.2)
Long-term Borrowings		(90.4)	(102.1)	(44.4)	(68.3)	(92.2)	(104.1)	(112.7)	(112.7)	(112.7)
IFRS16 Lease Liabilities		(55.0)	(52.7)	(46.5)	(56.1)	(64.0)	(75.5)	(73.6)	(73.6)	(73.6)
Other Long-term Liabilities		(17.7)	(8.6)	(11.7)	(12.2)	(13.7)	(16.3)	(16.9)	(16.9)	(16.9)
Net Assets		209.7	209.9	220.8	226.4	184.6	175.7	167.4	164.6	172.9

Source: Company, Equity Development. *includes International



Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom ('FSMA'). Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its Directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website www.equitydevelopment.co.uk

Equity Development, 16-18 Finsbury Circus, London EC2M 7EB

Contact: info@equitydevelopment.co.uk | 020 7065 2690