

Improving momentum underpins confident outlook

12 October 2026

Vp's H1 update reaffirms full year expectations, underpinned by an improving trend in water (AMP8) activity. Meanwhile, Vp continues to progress its strategic priorities under new CEO Alice Woodward with a focus on operational excellence and customer service, supported by ongoing investment in digital transformation and the strengthening of the leadership team. In our view, Vp is a high quality, well managed business with an impressive track record, trading at an attractive valuation. We reiterate our 750p/share Fair Value estimate.

Encouraging momentum in water supports full year expectations

Vp's H1 trading update confirms the Group is on track to meet full year market expectations and to deliver a year of profit recovery, supported by last year's Brandon Hire Station restructuring. Whilst end market commentary is, for the most part, consistent with previous updates (electricity transmission and International performing well, stability in rail, ongoing challenges in general construction), there has been a notable recent improvement in the important water sector with encouraging momentum in AMP8 activity in the second quarter. This supports expectations of an improved H2'27 outturn (versus H2'26) and we therefore make no changes to our forecasts.

Director share purchases highlight confidence in Group prospects

The last two weeks have seen meaningful share purchases by a number of Directors, including the purchase of 40k shares by CEO Alice Woodward. This follows a recent Board refresh (appointment of new NEDs, [Corinne Ripoché](#) and [Ross Paterson](#)) and represents a significant sign of confidence in the Group's prospects.

Attractive valuation and long-term earnings recovery potential

Whilst Vp's shares have seen a modest upturn in recent weeks, they continue to trade on undemanding earnings multiples (8.6x P/E and 4.0x EV/EBITDA for FY27) with an attractive and very reliable 7.7% dividend yield. In our view, this does not reflect the quality of the Group, its long track record of success or the ambition of the management team. Our 750p/share Fair Value estimate equates to an FY28 P/E rating of 12x, in line with the Group's historic average rating, without assuming a meaningful end market recovery, which would represent a further catalyst for earnings growth.

Company data

EPIC	VP.
Price (last close)	512p
52 weeks Hi/Lo	600p/424p
Market cap	£202m
ED Fair Value / share	750p
Net cash / (debt) 2026A	(£149m)
Avg. daily volume (3m)	18k

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 (37% of Group revenue), Construction (40%), Housebuilding (7%) and Energy (8%) 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

Interim results - 25 Nov 2026

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Key financials & valuation metrics

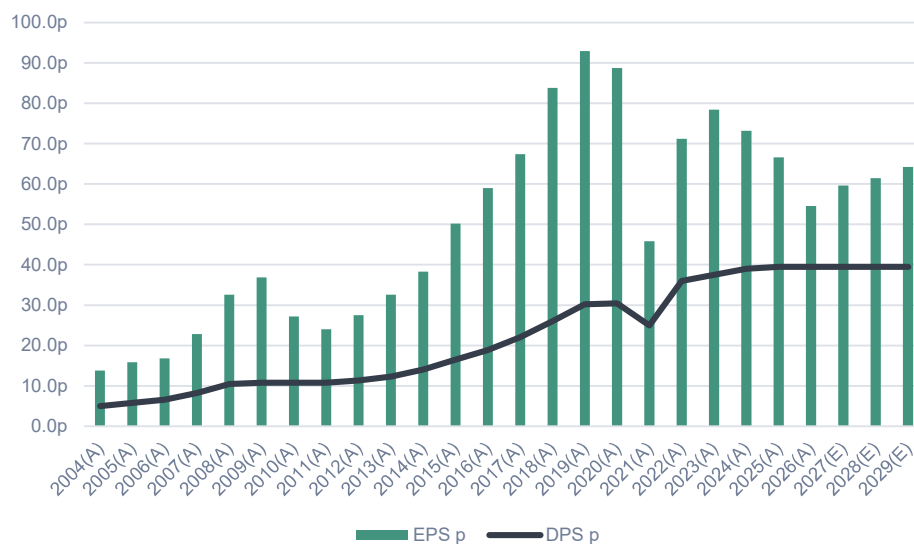
Year to 31 March (£m)	2025A	2026A	2027E	2028E	2029E
Sales	380.0	358.3	359.0	373.0	387.0
EBITDA	109.5	98.1	104.5	106.2	108.0
EBITDA (pre IFRS 16)	90.6	78.5	84.8	86.5	88.3
Adjusted PBT	36.7	27.0	32.5	33.5	35.0
FD EPS (p)	66.6	54.5	59.6	61.5	64.2
DPS (p)	39.5	39.5	39.5	39.5	39.5
Net Cash/(Debt)*	-138.5	-148.9	-155.9	-153.2	-149.3
Net Cash/(Debt)**	-204.0	-212.6	-219.5	-216.8	-213.0
P/E	7.7x	9.4x	8.6x	8.3x	8.0x
EV/EBITDA	3.7x	4.2x	4.0x	3.9x	3.8x
Dividend yield	7.7%	7.7%	7.7%	7.7%	7.7%
FCF yield	6.1%	3.8%	4.3%	9.1%	9.6%

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

Dividend consistency and earnings recovery potential

Vp has an excellent long term track record of earnings growth, albeit this has been tempered somewhat in recent years by a sustained period of end market weakness, particularly in general construction in the UK. The diversity of the Group's activities, including an increasing international presence and exposure to supportive infrastructure end markets, has underpinned a relatively resilient performance and enabled the Group to maintain an attractive dividend through even the most challenging market cycles.

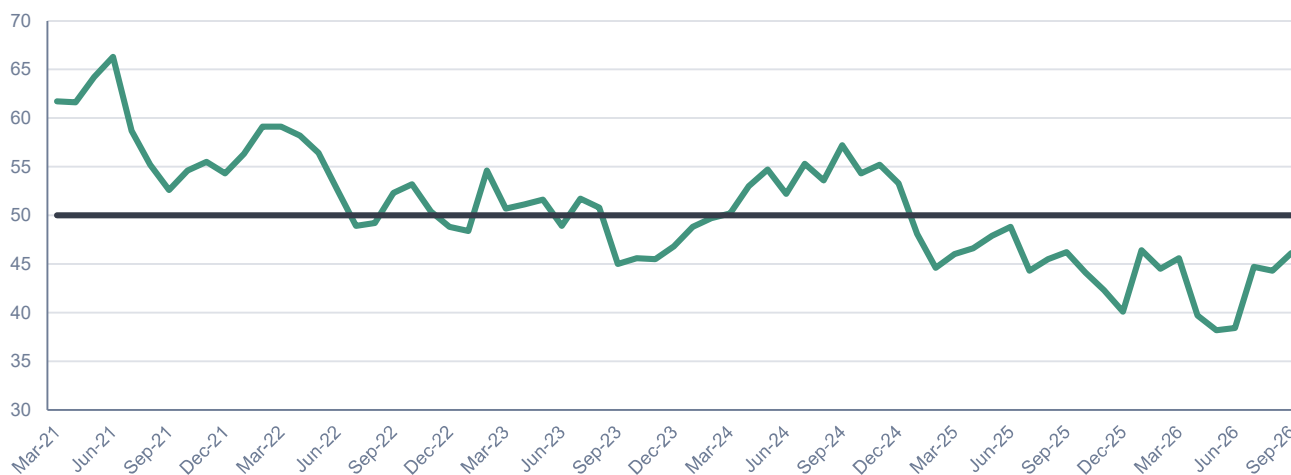
Long term earnings and dividend track record



Source: Company historic data, Equity Development forecasts

Having taken action to restructure the Brandon Hire Station business last year, Vp is now well positioned to deliver a period of earnings growth without relying on a meaningful recovery in general construction activity. We note that the UK construction PMI recently highlighted a twenty-first month of contraction (indicated by a measure below 50), but September's reading was the least marked downturn since Jan '26. It is perhaps still too early to look for light at the end of the tunnel, but an eventual recovery would represent a potential earnings catalyst for the Group's construction focused businesses.

UK Construction PMI remains in contraction; eventual recovery represents potential positive catalyst



Source: S&P/CIPS UK Construction PMI

Summary financials

Income statement						
Year to 31 March (£m)	2024A	2025A	2026A	2027E	2028E	2029E
Revenue						
UK	309.3	317.6	287.1	285.0	295.0	305.0
International	59.4	62.3	71.2	74.0	78.0	82.0
Group	368.7	380.0	358.3	359.0	373.0	387.0
Revenue growth						
UK	-7%	3%	-10%	-1%	4%	3%
International	56%	5%	14%	4%	5%	5%
Group	-1%	3%	-6%	0%	4%	4%
Adjusted operating profit						
UK	39.4	37.4	24.6	29.5	30.5	31.5
International	10.1	9.6	12.6	13.0	13.7	14.5
Group	49.5	47.0	37.2	42.5	44.2	46.0
Net Interest	-9.6	-10.3	-10.2	-10.0	-10.7	-11.0
Adjusted PBT	39.9	36.7	27.0	32.5	33.5	35.0
Exceptional	-5.8	-10.9	-30.6	-5.0	-5.0	-5.0
Amortisation of acquired intangibles	-31.2	-4.1	-3.4	-2.5	-2.5	-2.5
Reported PBT	2.8	21.7	-7.0	25.0	26.0	27.5
EPS (adjusted)	73.5p	66.8p	54.5p	59.6p	61.5p	64.2p
EPS (adjusted fully diluted)	73.1p	66.6p	54.5p	59.6p	61.5p	64.2p

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

Cash flow statement						
Year to 31 March (£m)	2024A	2025A	2026A	2027E	2028E	2029E
Operating profit	49.5	47.0	37.2	42.5	44.2	46.0
Depreciation	45.9	47.3	45.0	46.0	46.0	46.0
Profit on Disposals	-7.5	-8.0	-10.0	-8.0	-8.0	-8.0
Exceptionals	-5.8	-4.6	-25.5	-9.0	-5.0	-5.0
Working Capital	9.8	-5.0	6.2	-1.5	-1.5	-1.5
Other	-0.4	0.6	-0.2	0.5	0.5	0.5
Operating cashflow	91.4	77.4	52.7	70.5	76.2	78.0
Interest	-9.8	-10.4	-6.1	-10.0	-10.7	-11.0
Tax	-9.2	-4.6	-4.3	-6.9	-7.2	-7.6
Cashflow from operations	72.4	62.4	42.3	53.6	58.4	59.4
Capital Expenditure	-72.3	-73.7	-59.9	-65.0	-60.0	-60.0
Sale of Fixed Assets	25.3	23.7	25.2	20.0	20.0	20.0
Free cashflow	25.3	12.5	7.6	8.6	18.4	19.4
Acquisitions	0.0	-9.9	-1.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Shares	-0.7	0.0	0.0	0.0	0.0	0.0
Dividends	-15.0	-15.4	-15.6	-15.6	-15.6	-15.6
Other	0.0	-0.4	-0.3	0.0	0.0	0.0
Underlying cashflow	9.6	-13.3	-9.3	-7.0	2.7	3.8
Other/FX	-0.4	0.0	-1.1	0.0	0.0	0.0
Overall cashflow	9.2	-13.3	-10.4	-7.0	2.7	3.8
Net Cash/(Debt) pre IFRS 16	-125.2	-138.5	-148.9	-155.9	-153.2	-149.3
Lease adjustment	-62.0	-65.4	-63.6	-63.6	-63.6	-63.6
Net Cash/ (Debt) post IFRS 16	-187.2	-204.0	-212.6	-219.5	-216.8	-213.0

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

Balance sheet						
Year to 31 March (£m)	2024A	2025A	2026A	2027E	2028E	2029E
Non-current assets						
Property, Plant and Equipment	256.9	271.1	263.8	270.8	272.8	274.8
Goodwill	16.6	17.9	18.9	18.9	18.9	18.9
Intangible assets	12.0	11.5	8.1	5.6	3.1	0.6
Right of use assets	58.6	57.8	54.8	54.8	54.8	54.8
Employee benefits	1.9	0.9	0.8	1.0	1.0	1.0
Total non-current assets	346.0	359.1	346.5	351.2	350.7	350.2
Current Assets						
Inventories	9.5	9.9	7.0	7.0	7.0	7.0
Trade and other receivables	74.8	71.5	68.3	69.8	71.3	72.8
Cash and cash equivalents	24.5	29.9	21.3	9.1	11.8	15.7
Income tax receivable	3.6	2.0	4.5	4.5	4.5	4.5
Assets held for resale	0.0	0.0	5.8	5.8	5.8	5.8
Total Current Assets	112.4	113.3	106.8	96.1	100.4	105.7
Current Liabilities						
Interest bearing loans and borrowings	-18.5	-17.2	-78.7	-15.0	-15.0	-15.0
Income tax payable	-1.5	-2.3	-2.8	-2.8	-2.8	-2.8
Lease liabilities	-16.3	-17.6	-18.2	-18.2	-18.2	-18.2
Trade and other payables	-71.7	-63.6	-57.3	-57.3	-57.3	-57.3
Provisions	0.0	0.0	-7.6	-7.6	-7.6	-7.6
Total Current Liabilities	-108.0	-100.7	-164.6	-100.9	-100.9	-100.9
Non-Current Liabilities						
Interest bearing loans and borrowings	-131.3	-151.2	-91.5	-150.0	-150.0	-150.0
Lease liabilities	-45.6	-47.8	-45.4	-45.4	-45.4	-45.4
Provisions	-3.8	-5.5	-7.4	-4.1	-4.6	-5.1
Deferred tax liabilities	-16.6	-16.8	-13.2	-13.2	-13.2	-13.2
Total non-current liabilities	-197.4	-221.3	-157.5	-212.7	-213.2	-213.7
Net Assets	153.0	150.4	131.1	133.6	136.9	141.2
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	153.0	150.4	131.1	133.6	136.9	141.2

Source: Company actuals, Equity Development forecasts

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