Vp plc

Trading in-line, confidence in FY27 reiterated

17 April 2026

Vp has released an in-line trading update this morning, reiterating previous guidance for FY26. Whilst only a few weeks have passed since February's trading update (when forecasts were rebased), it has been an eventful period with the onset of the Middle East conflict, oil price spike and a resulting deterioration in business confidence. In this context, an in-line update is reassuring and the outlook for FY27 and beyond is positive, supported by strategic initiatives and an underpinning of demand from committed Infrastructure spending.

Vp's shares are trading on just over 9x P/E for FY26 (which we expect to be a trough earnings year), falling to c.8x in FY27. In our view, this is far too low for a high-quality business with significant recovery and long-term growth potential. We maintain our 750p Fair Value estimate.

Operational and financial discipline underpinning profitability

Against a challenging macroeconomic backdrop, Vp expects to report adjusted PBT for the year to 31st March '26 of £26m-£29m. This is in line with previously rebased guidance (February note here: Earnings reset reflects market headwinds) and our forecast (£27m). The immediate impact of the Middle East conflict has been limited to an increase in fuel costs, which has largely been mitigated.

Mixed end markets, confident outlook for FY27

End market commentary mirrors much of the messaging from February. Whilst the trading environment remains challenging, there are some bright spots (notably strong demand for Electricity Transmission in the UK and Europe). There are also positive lead indicators in Water at the start of Year 2 of AMP8, which we expect to support an improvement in profitability in FY27.

Strategic and operational progress under new CEO

Recent months have seen significant strategic progress with the transformation programme at Brandon Hire Station, which is materially complete, as well as the appointment of Alice Woodwark as CEO. The early priorities of her tenure have included enhancing cross-divisional efficiency, a sharper focus on specialist infrastructure markets, and advancing Vp's digital roadmap. We expect these strategic initiatives to underpin the Groups' long-term success and to drive future profit growth.

Key financials & valuation metrics

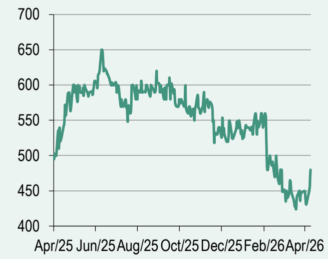
Year to 31 March (£m)	2023A	2024A	2025A	2026E	2027E
Sales	371.5	368.7	380.0	360.0	355.0
EBITDA	111.9	111.0	109.5	101.0	104.5
Adjusted PBT	40.2	39.9	36.7	27.0	30.5
FD EPS (p)	78.4	73.1	66.6	49.5	55.8
DPS (p)	37.5	39.0	39.5	39.5	39.5
Net Cash/(Debt)*	-134.4	-125.2	-138.5	-150.1	-158.6
Net Cash/(Debt)**	-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	6.1x	6.6x	7.2x	9.7x	8.6x
EV/EBITDA	3.4x	3.4x	3.6x	4.0x	4.0x
Dividend yield	7.8%	8.1%	8.2%	8.2%	8.2%
FCF yield	6.0%	13.3%	6.6%	3.2%	4.8%

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

Company data

EPIC	VP.L
Price (last close)	480p
52 weeks Hi/Lo	650p/424p
Market cap	£179m
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

Full year results - June 2026

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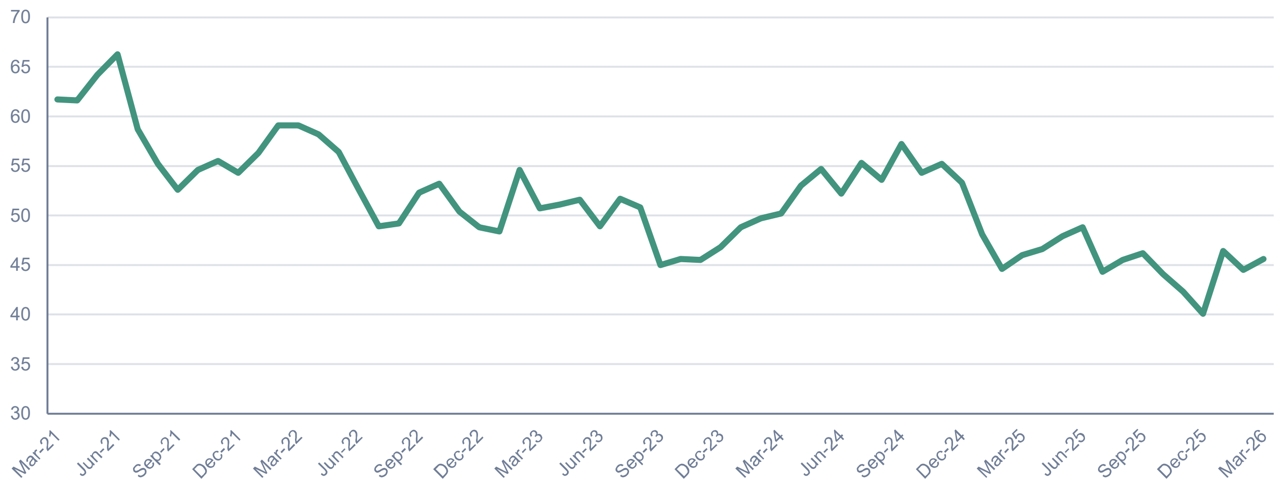
A robust performance in challenging markets

The General Construction market is experiencing a sustained period of contraction. Whilst Vp has not been immune to this, the specialist focus of the Group's activities, a weighting towards committed Infrastructure spending and the diversity of Vp's product offering continue to underpin a relatively resilient performance.

The UK Construction PMI has been in negative territory for over a year (a reading below 50 signifying a contraction in activity).

Whilst there may have been some signs of cautious optimism at the beginning of 2026, this was erased by the conflict in the Middle East, which has materially impacted business confidence, reflecting concerns over heightened inflation, supply chain pressures and an increase in borrowing costs.

UK Construction PMI – recent months have extended a period of decline



Source: S&P/CIPS UK Construction PMI

End market overview highlights bright spots

Electricity Transmission is delivering growth, with strong demand in the UK and Europe. Rail activity remains steady but subdued, with good visibility on future project pipelines. In Water, positive lead indicators point to an improvement in revenues in FY27. Whilst the General Construction sector backdrop remains challenging, the Specialist Construction market remains supportive, particularly in London and the Republic of Ireland. Housebuilding demand remains subdued but with improving prospects from Homes England's Social and Affordable Homes Programme.

Outlook supports expectations for profit growth in FY27

The Board remains confident in the Group's positioning and future performance. We therefore make no changes to our forecasts for FY26 or FY27. We expect the improvement in profitability in FY27 to be driven in particular by the recent repositioning of the Brandon Hire Station business, as well as increasing demand for the Water sector under AMP8.

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