

## Resilient results plus further strategic progress

11 June 2025

Vp's full year results confirm a resilient performance, driven by robust demand from key Infrastructure markets (Water and Transmission) alongside notable strategic progress. The acquisition of CPH has added depth to the Group's international offering and the business is performing well. Whilst the General Construction market remains challenging, the diversity of Vp's offering should underpin growth prospects for FY26 and we make no changes to our forecasts. In our view, current valuation ratings are inappropriate (P/E of 8.7x) with a dividend yield approaching 7%. We reiterate our 1000p Fair Value estimate (<14x FY27 P/E), highlighting significant earnings growth potential (organic and acquisitive) over the medium term.

### Resilient results, guidance reiterated

Vp's results again demonstrate the strength of the business model, which continues to deliver attractive returns by focusing on specialist activities across a diverse spectrum of end markets. Infrastructure has been the standout performer in the year, offsetting weakness in General Construction and Housebuilding. A positive outlook statement highlights management's confidence in Vp's growth potential and reiterates current year market expectations.

### Strategic initiatives to drive growth and margins

The acquisition of CPH has increased Vp's presence in the Republic of Ireland and is performing well. Other strategic highlights include the launch of Vp Rail and closer collaboration supported by the digital roadmap. The Brandon Hire Station recovery plan is another key focus for management, given the challenging construction backdrop. Further decisive actions are expected in FY26.

### Attractive valuation with dividend yield approaching 7%

Vp's valuation remains well below historic levels. A current year P/E rating of 8.7x compares to the Group's historic average of c.12x, which in our view, more appropriately reflects the Group's quality, track record and long-term growth opportunity. We consider the dividend a significant attraction, noting Vp's unbroken 30+ year dividend history and a dividend yield of 6.7%.

#### Company data

EPIC	VP.L
Price (last close)	596p
52 weeks Hi/Lo	745p/460p
Market cap	£233m
ED Fair Value / share	1000p
Net cash / (debt) 2025A	(£138m)
Avg. daily volume (3m)	31k

#### 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

AGM/ Trading Update August 2025

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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	391.0	401.0
EBITDA	111.9	111.0	109.5	111.5	114.0
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	-135.8	-133.7
Net Cash/(Debt)**	-192.9	-187.2	-204.0	-201.2	-199.2
Net Debt**/EBITDA	1.7x	1.7x	1.9x	1.8x	1.7x
P/E	7.6x	8.2x	8.9x	8.7x	8.1x
EV/EBITDA	3.8x	3.8x	4.0x	3.9x	3.8x
Price/ TNAV	2.0x	1.9x	2.0x	1.9x	1.7x
Dividend yield	6.3%	6.5%	6.6%	6.7%	6.9%
FCF yield	4.9%	10.7%	5.3%	8.6%	8.5%

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

## Resilient FY25 results, guidance reiterated

**Vp's full year results confirm another resilient performance, in line with our expectations.** The results again demonstrate the strength of Vp's business model, which delivers consistently strong returns by focusing on specialist activities across a diverse spectrum of end markets.

The overall market backdrop remains mixed but there are clear pockets of strength across Infrastructure, Vp's most important single end market, and Energy, which are offsetting continued weakness in General Construction and subdued but stable conditions in Housebuilding.

**FY25 was an important year strategically, as Vp made its first acquisition under the current management team**

FY25 was an important year strategically, as Vp made its first acquisition under the current management team, increasing the Group's presence in the Republic of Ireland. Other strategic highlights included the launch of Vp Rail, which will enhance collaboration across the Group's activities and provide customers with an integrated solution. This is the highest profile example of a broader desire to encourage cross divisional working and improve the customer experience.

Progress continues to be made with the digital roadmap (e.g. harmonising systems) and ESG initiatives, which are being directed towards customer demand.

**The Brandon Hire Station recovery plan is another key focus for management,** given the weighting within that business towards the challenging General Construction market. Despite actions taken to date, the business has underperformed, and further decisive actions are expected to be taken in FY26.

## Financial highlights

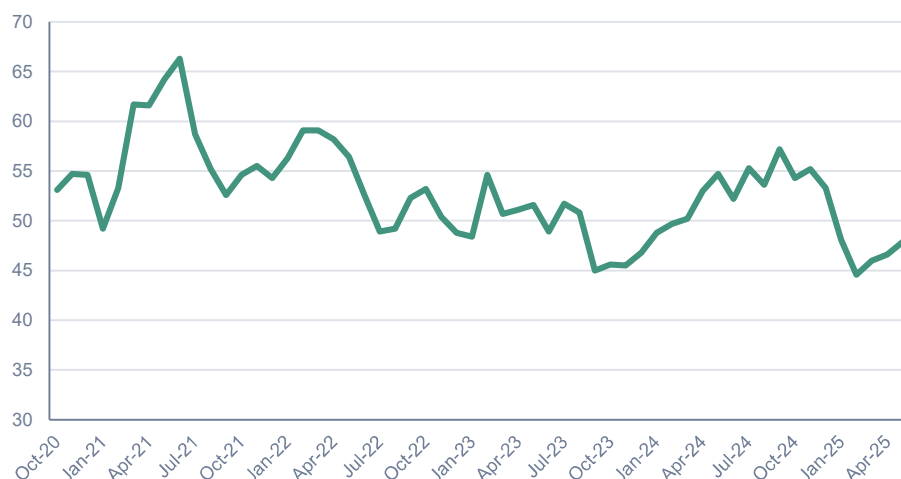
- Revenue increased by 3% to £380.0m (FY24A: £368.7m)
- Adjusted PBT declined by 8% to £36.7m (FY24A: £39.9m)
- The CPH acquisition has performed in line with expectations. Vp acquired 90% of the shares in CPH for an initial cash consideration of €12.1m in October 2024. There is a potential earn-out of up to €21.7m based on stretching EBITDA targets, across the second and third anniversaries of the deal.
- Based on the financials disclosed at the time of the acquisition, we estimate that CPH will have contributed c.£5m revenue and c.£1m PBT to these results (annualised £10m and £2m).
- Return on Average Capital Employed was 14.2% (FY24A: 14.5%), a sector-leading performance and only slightly below management's through-cycle target of 15%
- Adjusted basic EPS declined by 10% to 67.3p (FY24A: 74.8p)
- Adjusting items of £10.9m include £5.4m of impairment charges relating to Brandon Hire Station (PPE and right of use assets) and £3.8m of restructuring costs
- The full year dividend has increased by 1% to 39.5p, continuing the Group's highly impressive 30+ year unbroken dividend record
- Fleet capex of £65m was targeted towards growth areas including Infrastructure and opportunities in Germany (e.g. temporary roadways for the Transmission sector) and Ireland (following the successful CPH acquisition)
- The balance sheet is strong, with gearing at 1.5x Net Debt/ EBITDA, comfortably within management's stated target of <2x

## End market diversity underpinning returns

The diversity of Vp's businesses has been a long-term driver of revenue growth and margin resilience. It is particularly valuable at times of economic uncertainty, as proven again in the year under review.

Whilst overall Construction activity in the UK continues to contract (as indicated by PMI readings below 50 every month of this year so far), demand from Infrastructure projects remains supportive.

### UK Construction PMI

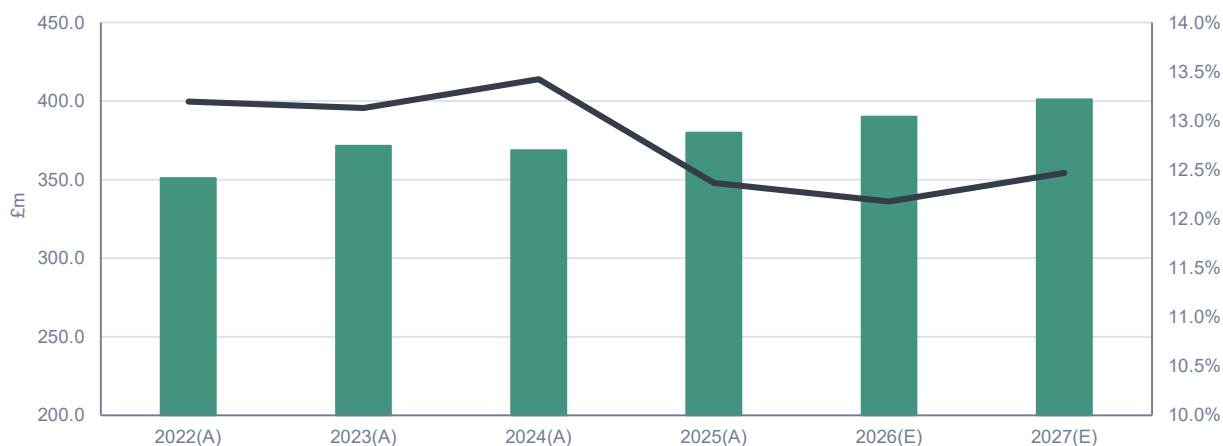


Source: S&P/ CIPS Construction PMI

Within Infrastructure, demand from the Water and Transmission industries has been strong, offsetting a slower start to Network Rail's Control Period 7, as previously flagged by Vp and peers. CP7 spending is committed, which will ultimately benefit Vp Rail, but the timing of the upturn is uncertain. Nevertheless, the Group is working on a number of major projects, including HS2 and the TransPennine route upgrade.

Prospects for Water look attractive under the new AMP8 cycle, which will see a significant increase in spending over AMP7, although again timing of the related step-up in activity is somewhat difficult to predict and there has historically been a pause between AMP cycles.

### Revenue and margin trend highlights resilience



Source: Equity Development analysis

### The Outlook statement confirms management's optimism about future growth opportunities

## Compelling valuation, introducing new FY27 forecasts

The Outlook statement confirms management's optimism about future growth opportunities. After a solid start to the year, the Group's performance in FY26 is expected to be in line with current market expectations. We therefore make no meaningful changes to our forecasts within this note. We introduce FY27 forecasts today, with all changes summarised in the table below.

Note that, whilst we are assuming modest profit growth in FY26, this is against a backdrop of dual headwinds from increases in employers' National Insurance Contributions and the Minimum Wage. This somewhat masks the underlying progress we expect to see, with profit growth in FY27 giving a fairer reflection of underlying progress.

Minor forecast changes							
Year to 31 March (£m)	2025A	2025E	Change	2026E	2026E	Change	2027E
	Actual	Forecast		Revised	Old		New
Revenue £m	380.0	374.0	1.6%	391.0	385.0	1.6%	401.0
EBITDA £m	109.5	110.2	-0.7%	111.5	111.3	0.2%	114.0
PBT (underlying) £m	36.7	37.0	-0.8%	37.5	37.5	0.0%	40.0
EPS fully diluted p	66.6	67.8	-1.7%	68.8	68.8	0.0%	73.2
Dividend	39.5	39.0	1.3%	40.0	40.0	0.0%	41.0
Net cash/ (debt) ex. leases £m	-138.5	-143.0	-3.1%	-135.8	-140.8	-3.5%	-133.7
Net cash/ (debt) inc. leases £m	-204.0	-203.0	0.5%	-201.2	-200.7	0.2%	-199.2

Source: Company actuals, Equity Development forecasts

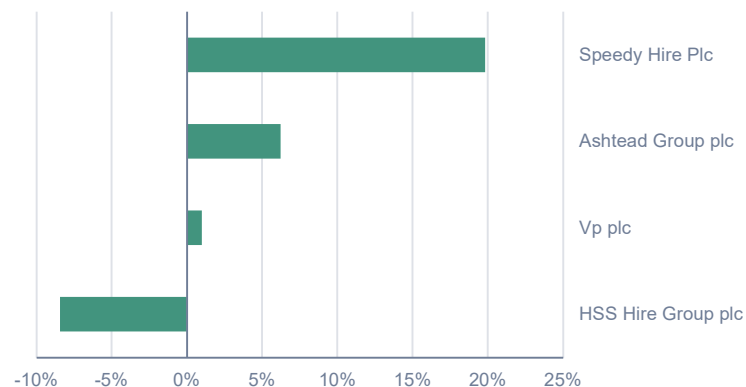
Vp's share price has picked up over recent weeks, as the wider market has rebounded from the initial panic over Trump's tariffs. The shares, though, are still >10% below this time last year and have lagged peers in the recent recovery (see charts on following page).

Vp's valuation remains well below its historic levels. A current year P/E rating of 8.7x compares to the Group's historic average of c.12x, which in our view, more appropriately reflects the Group's quality, track record and long-term growth opportunity.

We consider the dividend a significant attraction, noting Vp's unbroken 30+ year dividend history and a dividend yield of 6.7%.

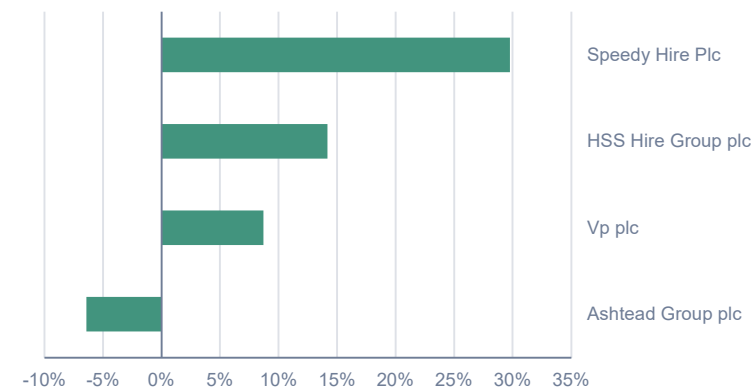
**We reiterate our 1000p Fair Value / share estimate (<14x FY27 P/E), highlighting significant earnings growth potential (both organic and acquisitive) over the medium term.**

### One month share price performance



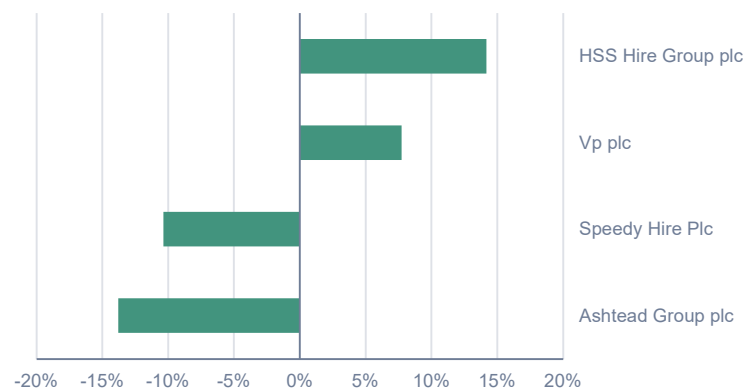
Source: Koyfin

### Three months share price performance



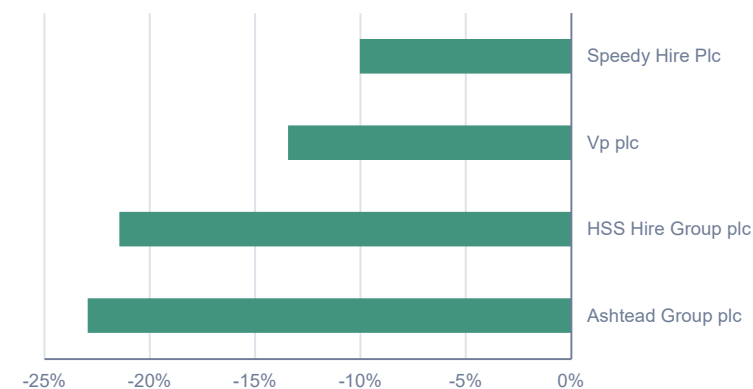
Source: Koyfin

### Year to date share price performance



Source: Koyfin

### Twelve months share price performance



Source: Koyfin

## Summary financials

Income statement						
Year to 31 March (£m)	2022A	2023A	2024A	2025A	2026E	2027E
<b>Revenue</b>						
UK	320.2	333.5	309.3	317.6	325.0	332.0
International	30.7	38.1	59.4	62.3	66.0	69.0
<b>Group</b>	<b>350.9</b>	<b>371.5</b>	<b>368.7</b>	<b>380.0</b>	<b>391.0</b>	<b>401.0</b>
<b>Revenue growth</b>						
UK	14%	4%	-7%	3%	2%	2%
International	15%	24%	56%	5%	6%	5%
<b>Group</b>	<b>14%</b>	<b>6%</b>	<b>-1%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>Adjusted operating profit</b>						
UK	44.7	45.6	39.4	37.4	37.0	39.0
International	1.6	3.2	10.1	9.6	10.5	11.0
<b>Group</b>	<b>46.3</b>	<b>48.8</b>	<b>49.5</b>	<b>47.0</b>	<b>47.5</b>	<b>50.0</b>
Net Interest	-7.4	-8.6	-9.6	-10.3	-10.0	-10.0
<b>Adjusted PBT</b>	<b>38.9</b>	<b>40.2</b>	<b>39.9</b>	<b>36.7</b>	<b>37.5</b>	<b>40.0</b>
Exceptional	0.0	-5.0	-5.8	-10.9	-10.0	-5.0
Amortisation of acquired intangibles	-3.3	-4.5	-31.2	-4.1	-5.0	-2.5
<b>Reported PBT</b>	<b>35.6</b>	<b>30.7</b>	<b>2.8</b>	<b>21.7</b>	<b>22.5</b>	<b>32.5</b>
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	45.0	46.5	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	-5.0	-5.0
Working Capital	-12.5	-18.4	9.8	-5.0	-1.5	-1.5
Other	1.6	0.9	0.4	1.5	0.5	0.5
<b>Operating cashflow</b>	<b>73.8</b>	<b>63.9</b>	<b>91.4</b>	<b>77.4</b>	<b>81.5</b>	<b>84.0</b>
Interest	-7.4	-8.4	-9.8	-10.4	-10.0	-10.0
Tax	-6.3	-5.5	-9.2	-4.6	-6.2	-8.9
<b>Cashflow from operations</b>	<b>60.1</b>	<b>50.0</b>	<b>72.4</b>	<b>62.4</b>	<b>65.3</b>	<b>65.1</b>
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
<b>Free cashflow</b>	<b>9.3</b>	<b>11.5</b>	<b>25.3</b>	<b>12.5</b>	<b>20.3</b>	<b>20.1</b>
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
<b>Underlying cashflow</b>	<b>-8.0</b>	<b>-4.0</b>	<b>9.6</b>	<b>-13.3</b>	<b>2.7</b>	<b>2.1</b>
Other/FX	-0.8	0.2	-0.4	0.0	0.0	0.0
<b>Overall cashflow</b>	<b>-8.8</b>	<b>-3.8</b>	<b>9.2</b>	<b>-13.3</b>	<b>2.7</b>	<b>2.1</b>
Net Cash/(Debt) pre IFRS16	-130.6	-134.4	-125.2	-138.5	-135.8	-133.7
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	-201.2	-199.2

Source: Company actuals, Equity Development forecasts

Balance sheet						
Year to 31 March (£m)	2022A	2023A	2024A	2025A	2026E	2027E
<b>Non-current assets</b>						
PPE	247.5	252.4	256.9	271.1	276.1	281.1
Goodwill	44.9	44.6	16.6	17.9	17.9	17.9
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
<b>Total non-current assets</b>	<b>366.8</b>	<b>367.1</b>	<b>346.0</b>	<b>359.1</b>	<b>359.3</b>	<b>361.8</b>
<b>Current Assets</b>						
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	31.4	32.5
Income tax receivable	0.0	0.7	3.6	2.0	2.0	2.0
<b>Total Current Assets</b>	<b>97.6</b>	<b>102.3</b>	<b>112.4</b>	<b>113.3</b>	<b>117.7</b>	<b>122.3</b>
<b>Current Liabilities</b>						
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
<b>Total Current Liabilities</b>	<b>-95.0</b>	<b>-86.8</b>	<b>-108.0</b>	<b>-100.7</b>	<b>-100.9</b>	<b>-101.9</b>
<b>Non-Current Liabilities</b>						
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	-9.2	-7.8
Deferred tax liabilities	-13.7	-16.6	-16.6	-16.8	-16.8	-16.8
<b>Total non-current liabilities</b>	<b>-202.9</b>	<b>-207.6</b>	<b>-197.4</b>	<b>-221.3</b>	<b>-225.0</b>	<b>-223.5</b>
<b>Net Assets</b>	<b>166.6</b>	<b>174.9</b>	<b>153.0</b>	<b>150.4</b>	<b>151.1</b>	<b>158.6</b>
Minority	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>166.6</b>	<b>174.9</b>	<b>153.0</b>	<b>150.4</b>	<b>151.1</b>	<b>158.6</b>

Source: Company actuals, Equity Development forecasts



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