Results for the year ended 31 March 2023

The Equipment Rental Specialist

ECO-FRIENDLY PRODUCT

ZERO EMISSIONS CO_2 AT POINT OF USE

Stephen Wells – Derby Groundforce depot

Introduction

Jay Topping
Torrent Trackside Lichfield depot

Headline Numbers

Revenues
£371.5m
6% growth on prior year

PBTAE
£40.5m
4% increase in profits at improved margins

Return on Average Capital Employed
14.4%
Quality Returns

Net Debt
£134.4m
Increased by £3.8m

Highlights

Earnings quality

Profit growth at maintained return on capital employed and margin

Revenue

Growth from mix of hire rate increase and volume

Markets

Infrastructure and civils positive
Housebuild stable until Q4.
General construction flat

Geography

International revenue growth at improved margins

Capacity

Static fleet investment but focus on cleaner products

ESG

Further good progress through multiple initiatives

Net Debt

Minor increase

Dividend

4% increase in full year dividend to 37.5 pence per share

Board changes

CFO and 2 non-executives

Financial Review

Kyle Allison & Josh Kelly
TPA Worksop depot

Financial highlights

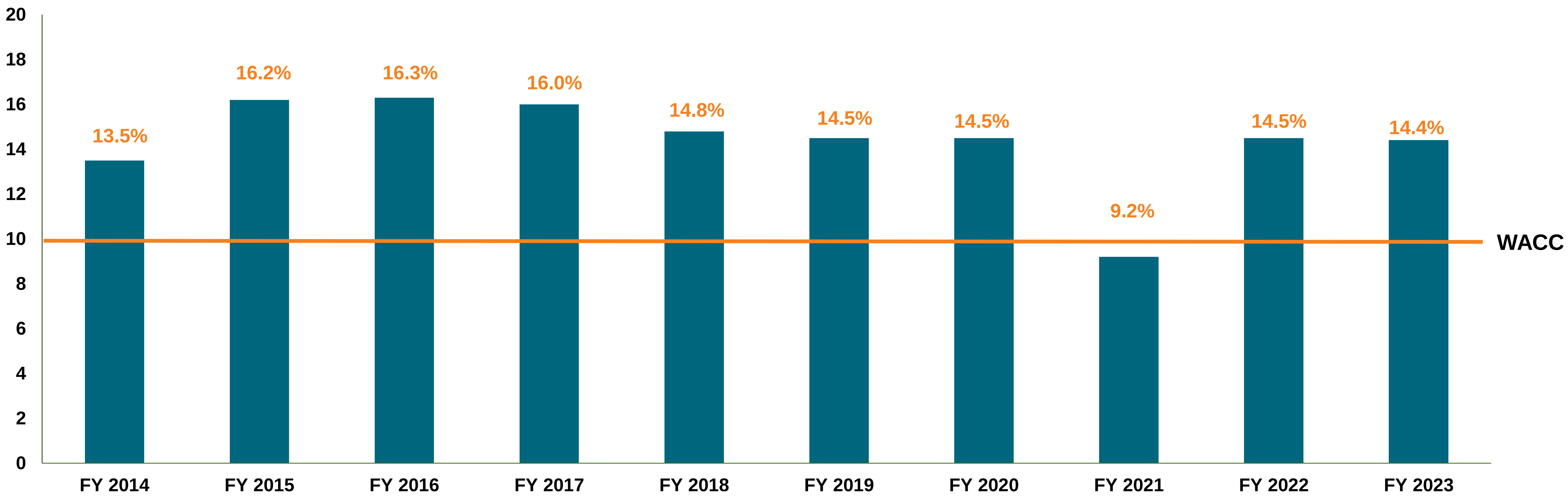
	FY 2023 (£m)	FY 2022 (£m)
Revenue	371.5	350.9
EBITDA	92.9	88.9
Depreciation	(46.9)	(45.5)
Interest	(5.5)	(4.4)
PBTAE	40.5	38.9
Net margin	10.9%	11.1%
Exceptional items	5.0	-

Pre IFRS16

- Revenue increase of 6% represents good progress
- Growth in PBTAE of 4%, despite inflationary headwinds and a higher interest cost
- Net margin broadly consistent with prior year
- Exceptional costs associated with formal sale process (£1.7m) alongside some minor restructuring (£3.3m)

ROACE

Long term quality of earnings



ROACE definition PBIT / average (net assets + net debt)

Growth in dividends and EPS

	FY 2023	FY 2022
Dividend per share (pence)	**37.5**	36.0
Dividend cover (times)	**2.1x**	2.0x
EPS adjusted* (pence)	**79.0**	71.2

** Before amortisation, impairment, exceptionals and IFRS16*

- Proposed final dividend 26.5p, making 37.5p full year
- Reflects 2.1x cover
- Represents sustainable profitability over the long term

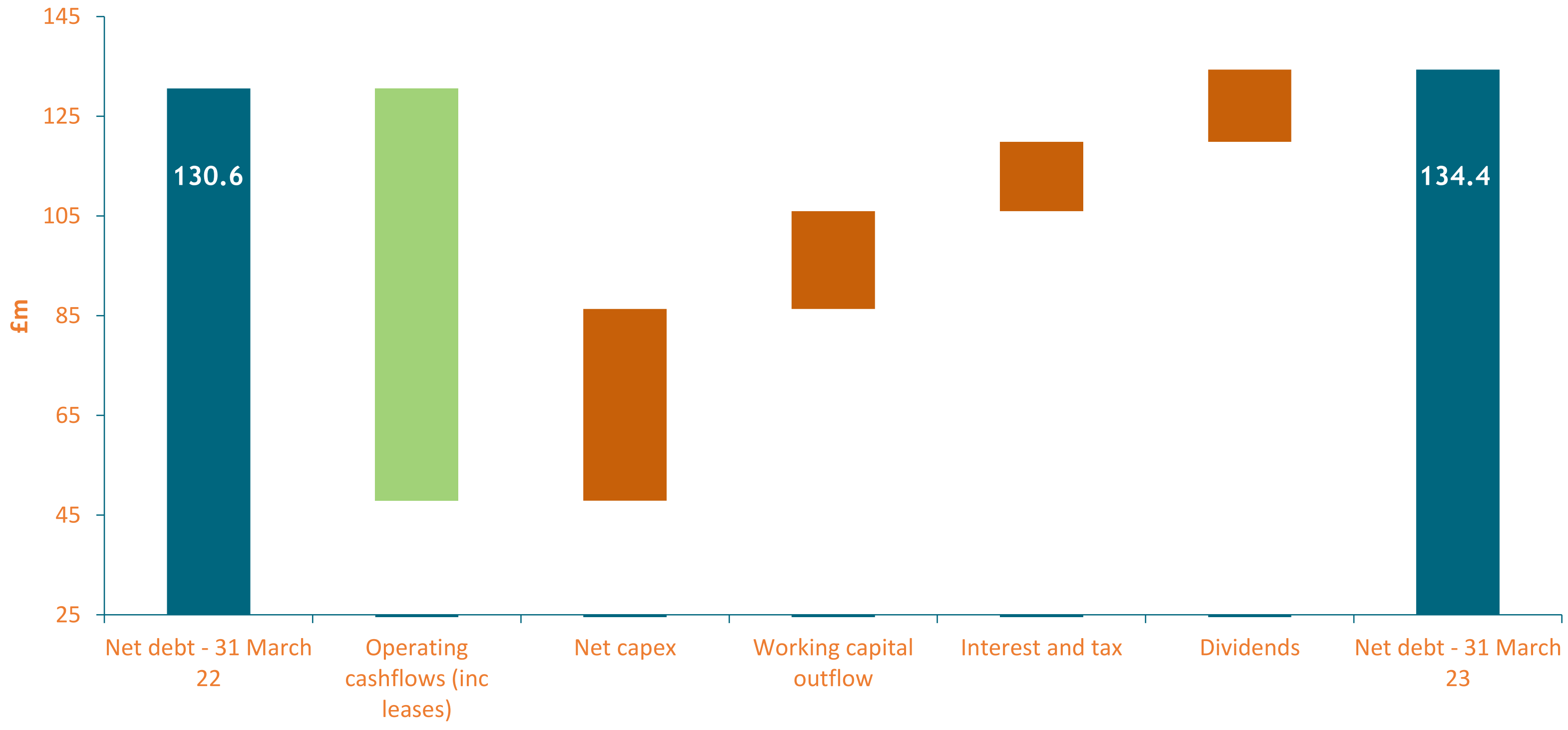
Strong balance sheet

	FY 2023 (£m)	FY 2022 (£m)
Hire Fleet	220.6	216.6
Other fixed assets	31.8	30.9
Intangible assets/ goodwill	57.7	62.4
IFRS16 net assets/ liabilities	(3.9)	(3.5)
Working capital	17.4	1.8
Pension asset	2.3	2.7
Deferred tax liability	(16.6)	(13.8)
Net debt	(134.4)	(130.6)
Net assets	**174.9**	**166.5**
DSO	59	55
Bad debt write off % revenue	0.9%	0.6%

- Strong balance sheet positions us well for future opportunity
- Young well maintained fleet with £60m invested during the year
- Movement in working capital impacted by an increase in DSO

Net debt bridge

Strong cash generation



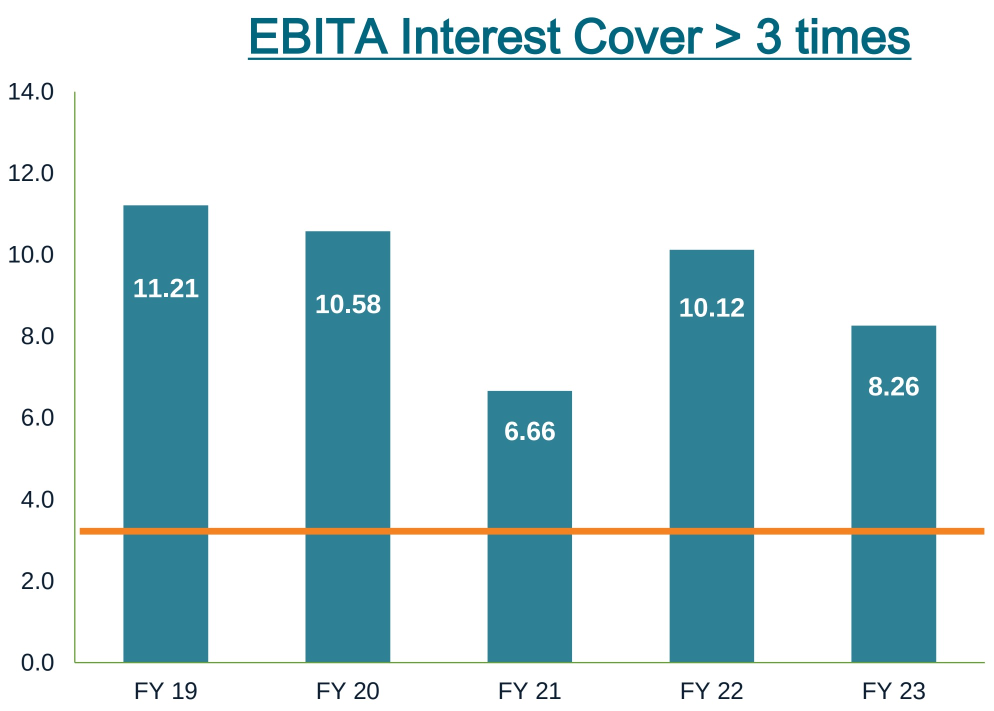
- Net debt of £134.4m, a slight increase on last year
- Strong operating cashfows
- Continue to refresh our asset base, gross capex of £63m offset by proceeds of £25m
- Working capital outflow in the first half. Stable in H2

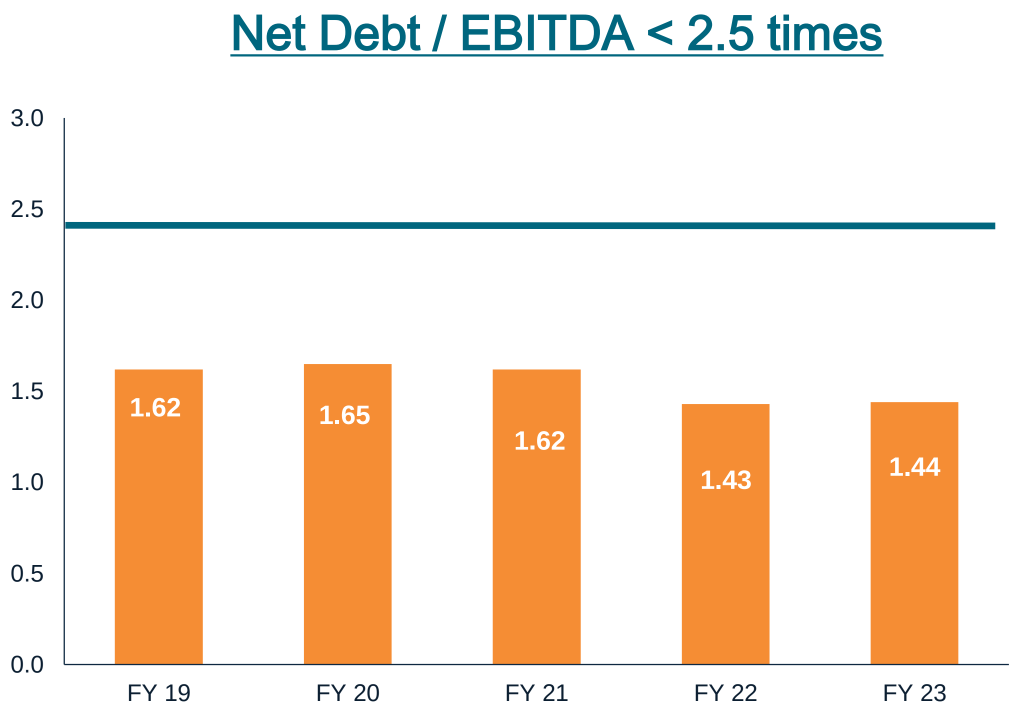
Net debt and facilities

	FY 2023 (£m)	FY 2022 (£m)
Private placement - Jan 2027	65.0	65.0
Pricoa shelf - April 2028	28.0	28.0
RCF matures - June 2024	90.0	90.0
Total committed facilities	**183.0**	**183.0**
Overdraft	7.5	7.5
Total facilities	**190.5**	**190.5**
Net debt	**134.4**	**130.6**
Headroom against facilities	56.1	59.9

- Two private placements provide £93m of fixed low cost debt
- 69% of year end net debt is fixed rate
- RCF expires in June 2024, refinancing, as normal, in advance of 2023 Interims

Significant covenant headroom





Well within covenants

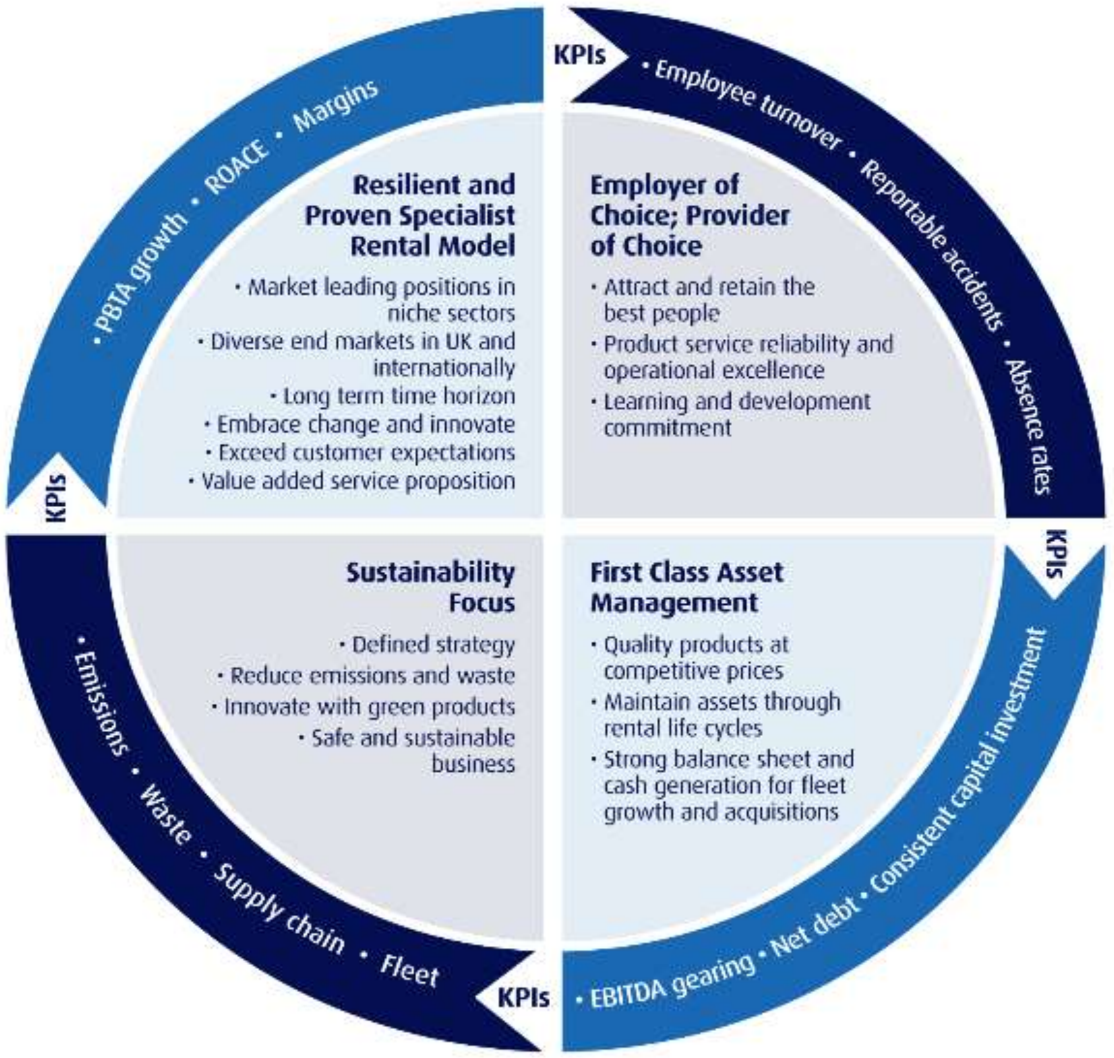
Interest impacted by higher SONIA

Leverage consistent with 2022

Market and Trading Review

Dean Ellor and Jessica Fox
UKForks Derby depot

Business Model & Strategy



- Specialist rental
- Supporting infrastructure, construction, housebuild and energy markets
- UK & International
- Deliver high quality returns
- Long term view
- Embracing ESG responsibilities

Markets – Growth in core sectors

Key market segments	Market exposure	Revenue		
		FY 2023 (£m)	FY 2022 (£m)	Growth on prior year
Infrastructure*	38%	**141.1**	129.3	**9%**
Construction	41%	**153.7**	144.0	**7%**
Housebuilding	8%	**29.1**	25.4	**15%**
Energy	6%	**22.7**	30.0	**(25)%**
Other	7%	**24.9**	22.2	**12%**
Total	100%	**371.5**	350.9	**6%**

* *Utilities, Rail, Water, Transmission and Facilities management*

Infrastructure
AMP7
Rail improved – industrial action disruption
HS2 - Phase 2 slow

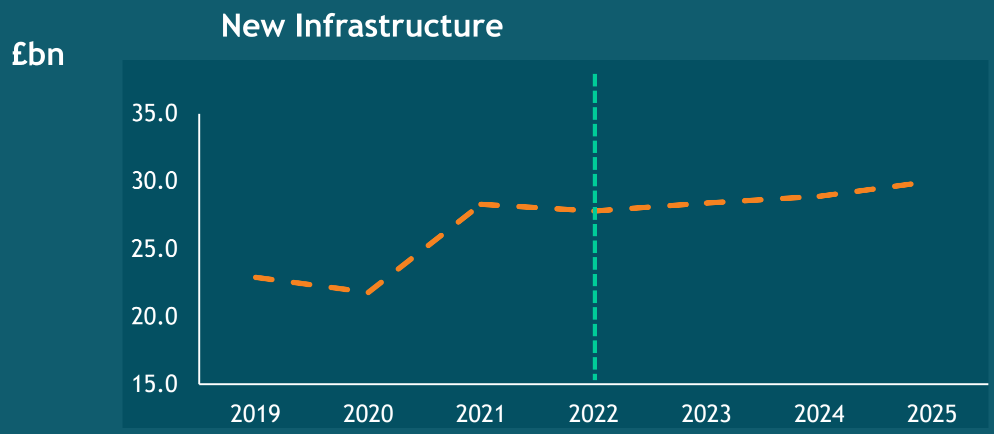
Construction
Civils & fit out positive
Private Commercial flat

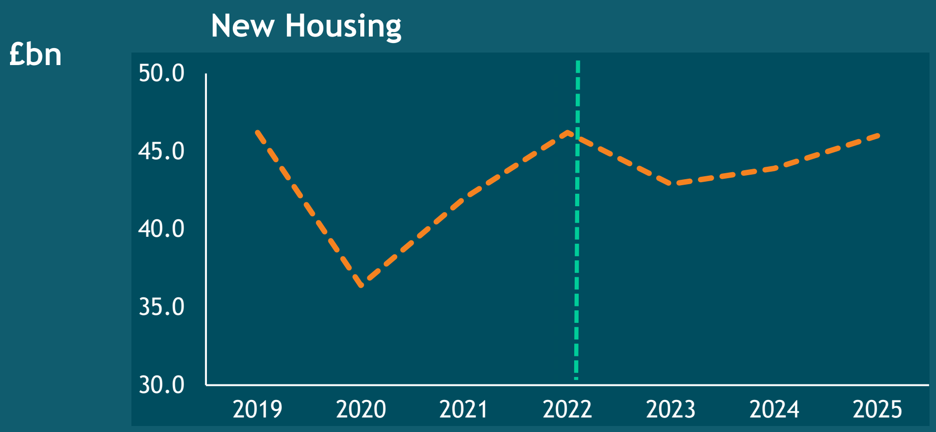
Housebuild
Sustained demand
Slowed in Q4

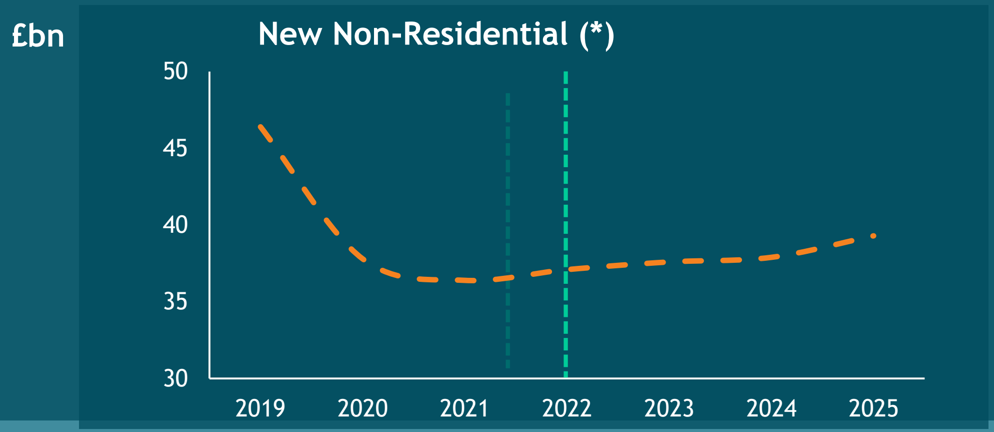
Energy
Offshore growth
No major shutdown

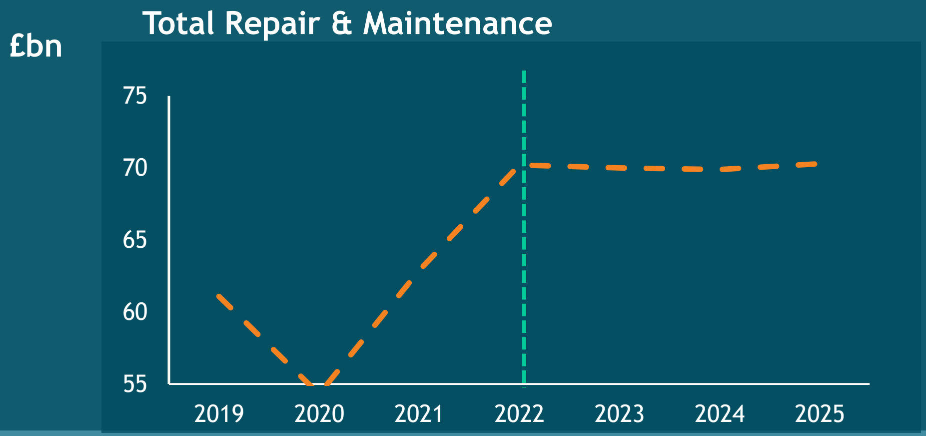
UK Construction Output

Vp Core Sectors – Flattening of the curve









*** Includes**: Public Non-residential, Private Industrial & Private Commercial

Source: Experian UK Construction Forecast Spring 2023

Business performance
Group

	FY 2023 (£m)	FY 2022 (£m)	
Revenue	**371.5**	350.9	**+6%**
PBITA	**46.0**	43.3	**+6%**
Operating margin	**12.4%**	12.3%	

Revenue and profit growth

Operating margin resilience against inflationary backdrop

Market conditions remain mixed

Business performance
UK

	FY 2023 (£m)	FY 2022 (£m)	
Revenue	333.5	320.2	+4%
PBITA	42.9	41.8	+3%
Operating margin	12.9%	13.1%	

Rail, Transmission, AMP7 supportive

No change in non residential construction which remained flat

Positive Housebuilding until Q4 Re-based at lower level in 2023

Margins stable

Business performance
International

	FY 2023 (£m)	FY 2022 (£m)	
Revenue	**38.1**	30.7	**+24%**
PBITA	**3.1**	1.5	**+105%**
Operating margin	**8.1%**	4.9%	

Strong revenue growth from recovering energy, mining and defence

Improved earnings quality

Airpac Rentals Energy Industry Solutions

TR Group

Rental fleet investment

	FY 2023 (£m)	FY 2022 (£m)
UK	**53.7**	55.2
International	**6.2**	4.6
Total fleet investment	**59.9**	59.8
Disposal proceeds	**(24.9)**	(17.8)
Net expenditure on fleet	**35.0**	42.0

Gross capex at same level as prior year

Maintaining up to date fleet

Emphasis on investing in cleaner, greener rental fleet

Fleet disposals increased

Net fleet capex reduced

ESG Initiatives

- Medium term roadmap to net zero published
- Science Based Targets (SBTi) submitted for validation
- ISO 50001-Energy Management System standard achieved across all UK sites
- Sustainable procurement policy developed
- New supplier management software to capture emission data and monitor ESG credentials

- £15m of fleet capex on green, substitutional, products
- Large proportion (>50%) of fleet is zero emission at point of use
- Consolidation of waste, water, plastic and paper supply chain
- Ongoing commitment to three new nature conservation projects
- We aim to enable carbon and sustainability literacy for all employees

Outlook

- Markets remain stable into new financial year
- Infrastructure positive in Rail, Water and Transmission
- Non-residential construction markets remain flat
- Residential construction reduced but stable with good medium term opportunity
- Rental pricing improvements will contribute

- Focus maintained on cost management
- Sustainable solutions continue to drive investment decisions on fleet
- Develop our infrastructure by investing in our people, rental fleet and property portfolio
- As opportunities arise we will target organic and acquisitive growth both in the UK and Internationally

Stephen Walker
Brandon Hire Station Leicester branch

Dean Wellington MEP Rainham branch

Q & A

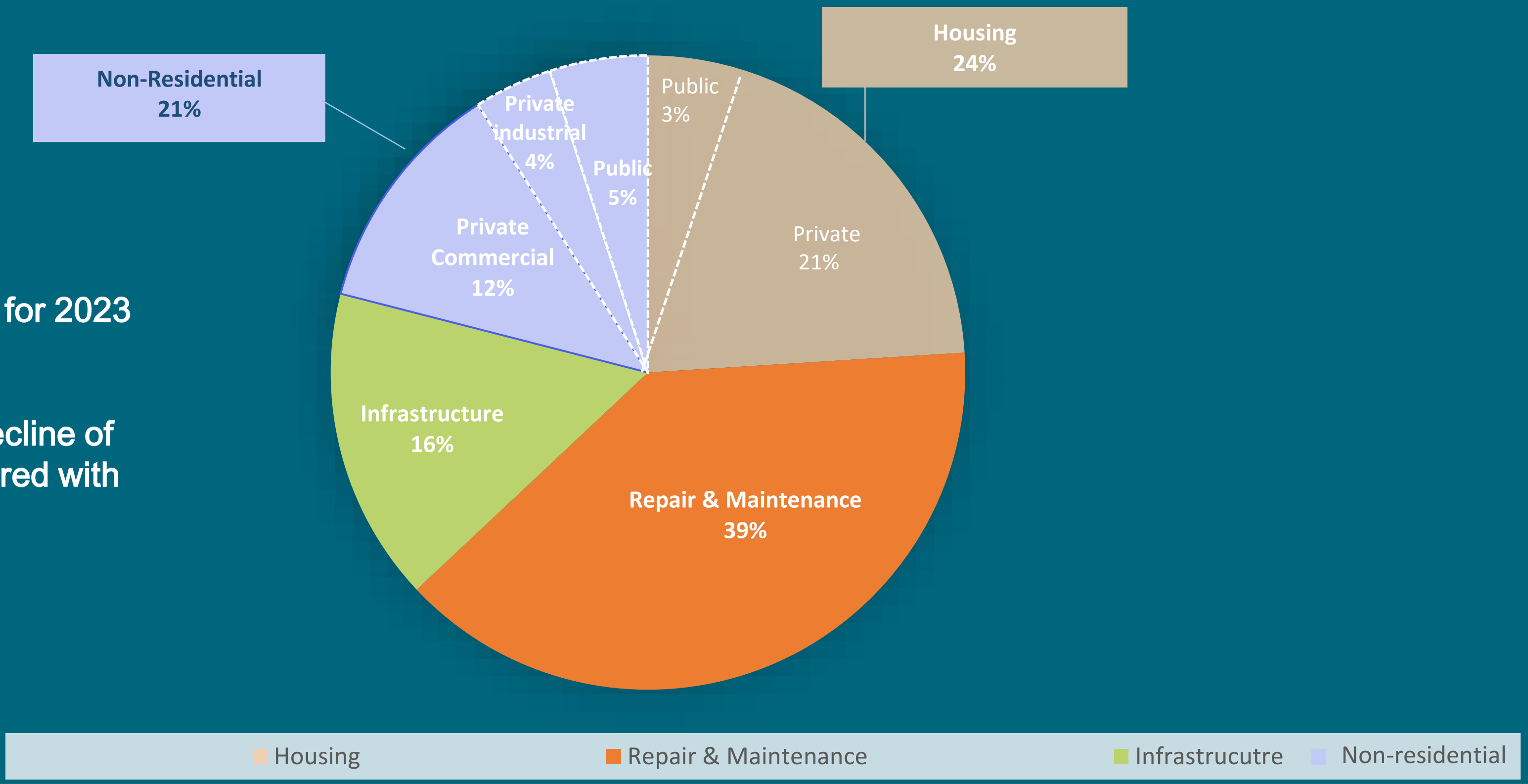
Thank you

UK Construction Market – Forecast 2023

Source: Experian UK Construction Forecast Spring 2023

Total Forecast UK Construction output for 2023 is £178.8bn

This is a forecast decline of 1.3% overall compared with 2022



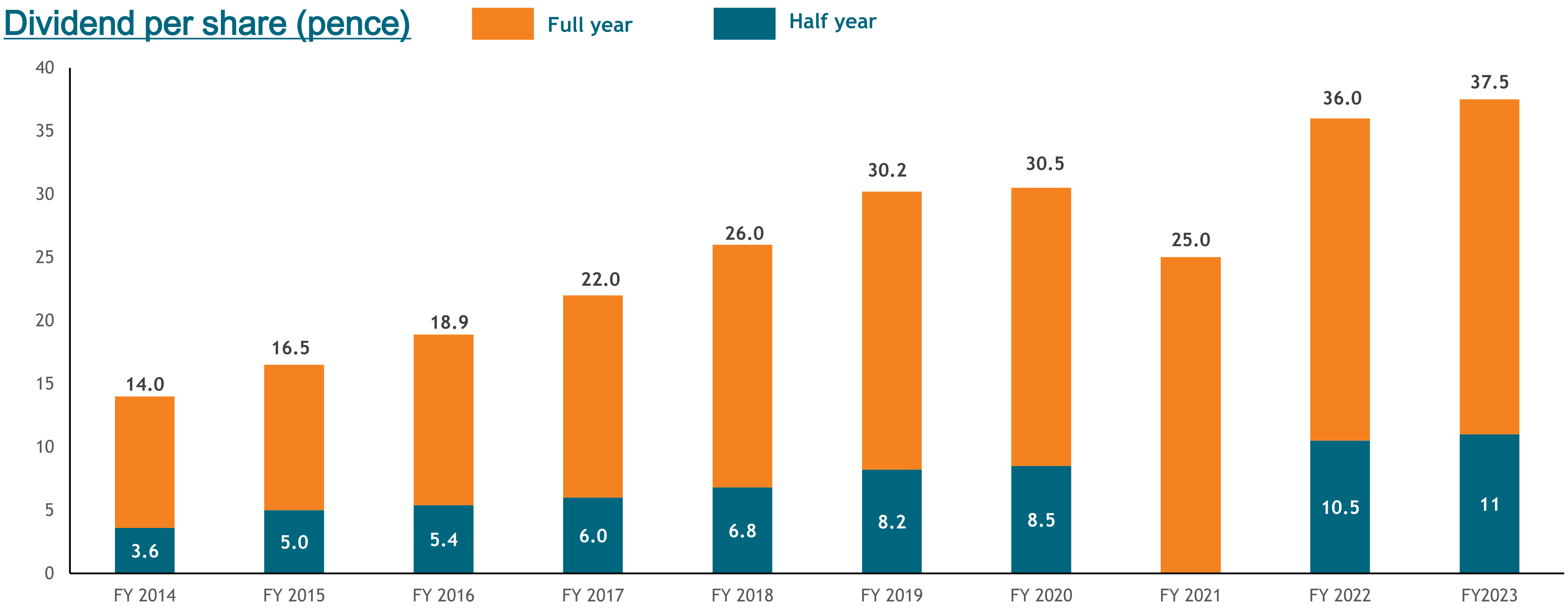
Net Working Capital

	FY 2023 (£m)	FY 2022 (£m)	Movement	Capital creditors	FY 2023 Cashflow movement (£m)
Inventories	**8.9**	7.9	(1.0)		**(1.0)**
Trade and other receivables	**81.6**	76.1	(5.5)		**(5.5)**
Income tax receivable	**0.7**	-	(0.7)		**(0.7)**
Trade and other payables	**(72.2)**	(80.7)	(8.5)	(3.5)	**(12.0)**
Provisions	**(1.6)**	(1.5)	0.1		**0.1**
Net working capital	**17.4**	**1.8**	**(15.6)**	(3.5)	**(19.1)**

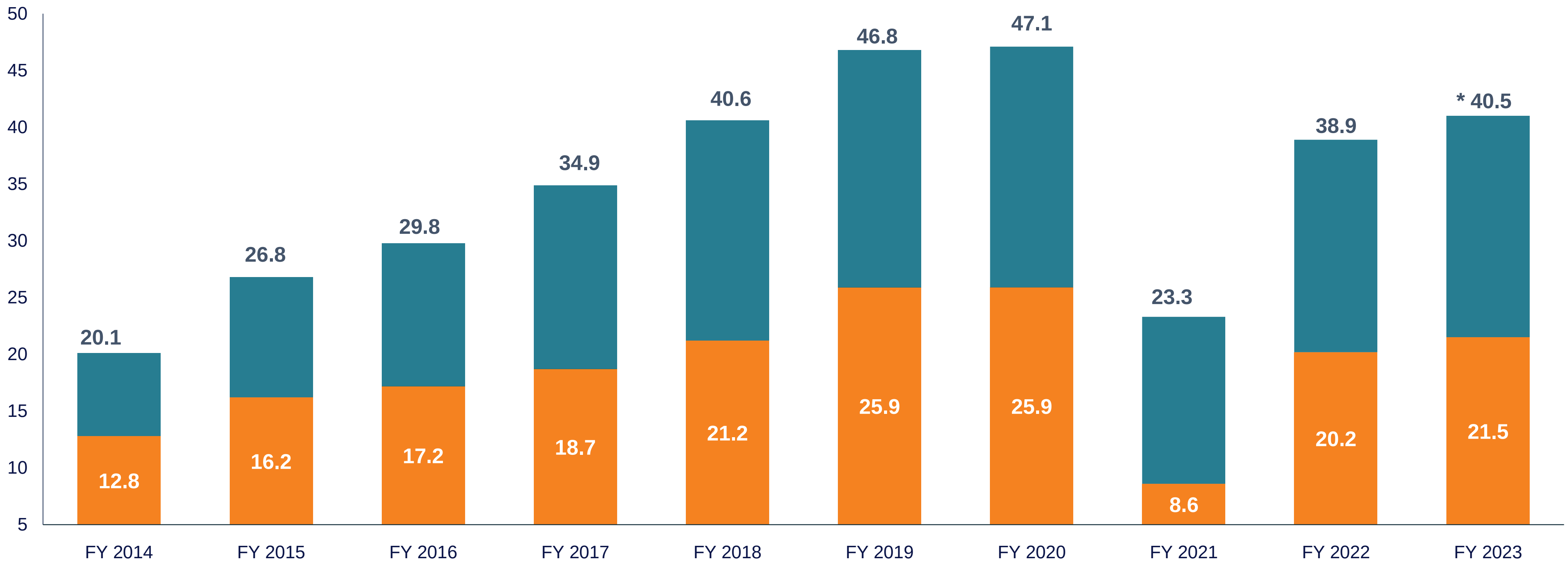
IFRS16 impact on profit

	FY 2023 excluding IFRS	**FY 2023 IFRS impact**	FY 2023 Reported	FY 2022 Reported
EBITDA £m	92.9	**19.8**	112.7	108.4
PBITA (and exceptionals) £m	46.0	**2.8**	48.8	46.3
Financial expense £m	(5.5)	**(3.1)**	(8.6)	(7.4)
PBTA (and exceptionals) £m	40.5	**(0.3)**	40.2	38.9
EPS (adjusted) pence	58.6	**(0.5)**	58.1	64.5

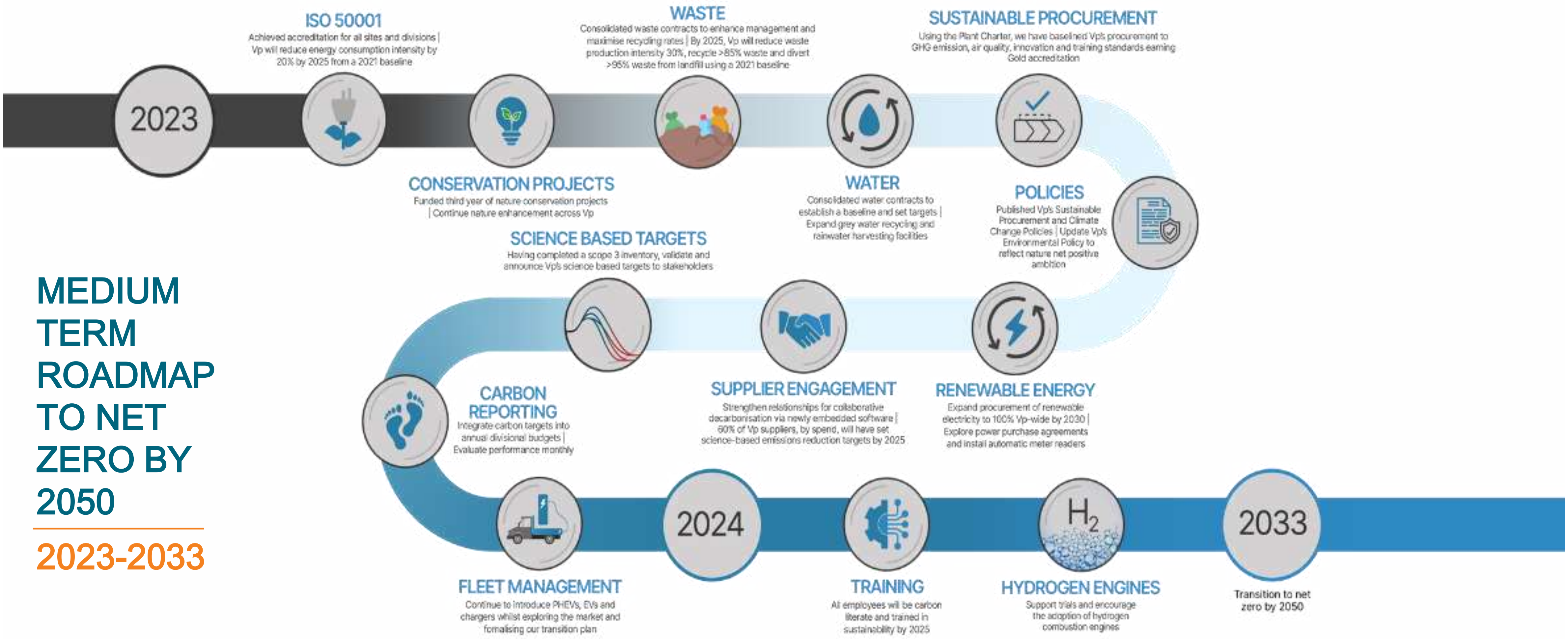
Dividends
Long Term View



Long Term Profit Trend



Medium Term Environmental Roadmap



MEDIUM TERM ROADMAP TO NET ZERO BY 2050

2023-2033

Group businesses

Groundforce
Specialist Construction Solutions

TPA
Temporary Access Solutions

Brandon Hire Station
The UK's Tool and Equipment Hire Specialist

UK Forks
Materials Handling Specialists

ESS
Safety, Survey, Test & Measurement

MEP Hire
Mechanical, Electrical & Low Level Access Specialists

Group businesses

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