

Case Study

A swift sale and leaseback for Speedy Hire...

Speedy Hire Plc provides the construction, manufacturing, rail and related industries with equipment and support services.



Since its foundation in 1977, it has grown to a circa £450m organisation with around 100,000 customers, 4,000 employees and a national network of 400 depots. Founded on simple principles of understanding its customers and taking a positive, 'can-do' approach, Speedy Hire has become the leading firm in its sector.

In 2007, Speedy Hire undertook its largest ever acquisition, of major competitor Hewden Tools, bringing 1,400 new staff and 800 vehicles to Speedy Hire's fleet.

Two pressing issues were immediately apparent. Firstly, the yellow paintwork and strong corporate identity of the former Hewden vehicles contrasted sharply with the red of the Speedy Hire fleet. Also, many of the former Hewden commercial vehicles needed replacing in order to match the standard of the rest of the Speedy Hire fleet. With just four months to make these changes, Speedy Hire called on its established fleet provider, Lex Autolease, to help.

Sale and leaseback

The close, 12-year partnership between Lex Autolease and Speedy Hire made it the natural partner to address this urgent fleet issue. Lex Autolease's sale and leaseback solution offered the fast, flexible transaction that Speedy Hire needed.

The process for the sale and leaseback was simple:

- Speedy Hire provided Lex Autolease with details such as model type, mileage and registration data of its fleet of 800 vehicles.
- Lex Autolease valued the fleet and structured a sale and leaseback deal.
- The deal allowed for a fast replacement of much of the former Hewden fleet including inferior vehicles. This helped keep the re-branding costs to a minimum.
- Lex Autolease then bought the entire ex-Hewden fleet – and leased it back to Speedy Hire on staggered leases of 6, 9 and 12 months.

Type of company:
Equipment hire.

Service offering:
Sale and leaseback.

Size of fleet:
2000 vehicles.
60% commercial vehicles.
40% cars.

Key benefits:

- Sale and leaseback.
- Release of capital.
- Predictable budgeting.
- Reduced risk.
- Cost savings.

“Lex Autolease did the deal in a week. That they valued 800 vehicles, structured the sale and leaseback arrangement and paid us within five or six days was incredible.”

Ian Leonard, Group Fleet Director,
Speedy Hire.

Predictable budgeting

The sale and leaseback deal not only removed re-branding and replacement issues for Speedy Hire, it also removed the problems associated with running a fleet of vehicles that are purchased outright.

The deal freed up capital which could then be invested in core business activities. It also allowed accurate budgeting as the hire and maintenance costs are fixed for the contract term. Further the deal gave protection from falling used car prices and changing economic conditions.

Tax efficient

Leasing is more tax-efficient. Lex Autolease reclaimed the VAT on the vehicle purchase and passed the saving on to Speedy Hire in the form of lower monthly rentals.

Speedy Hire was also able to take advantage of Lex Autolease's buying power as all the vehicles were purchased at competitive prices. Their 2,500 suppliers provided unrivalled levels of service during the process of acquisition, maintenance and disposal.

Speedy service

Speed of service was the winning factor in this transaction. Everything was done quickly, so that Speedy Hire was able to meet its challenging deadlines.

Paul Kinney, Account Manager at Lex Autolease, highlighted the importance of partnership and his client's skill in achieving the desired results for this deal.

“We have had a really close relationship with Speedy Hire for over 10 years. Ian is at the top of his game and as with other fleet projects we have worked on at Speedy Hire, this has been an exceptionally well organised initiative.”

Paul Kinney, Account Manager, Lex Autolease.

Outcome:

The Lex Autolease deal had an immediate financial impact. On the day that Speedy Hire bought Hewden Tools, 11th August 2007, it transferred 800 assets to Lex Autolease and received a payment of £4.2m within 24 hours. This was instant, helpful capital for a firm that had just committed £115m to a buyout.

Within three months, 100 former Hewden vehicles had been replaced, removing the need for re-branding and starting the essential renewal of the older yellow fleet. And within 12 months, 75% of the Hewden fleet had been replaced. Today, only 15 of the older vehicles remain. As Speedy Hire's Group Fleet Director Ian Leonard explains:

“We needed to remarket these vehicles fast because of the colour clash. Lex Autolease did the deal in a week. That they valued 800 vehicles, structured the sale and leaseback arrangement and paid us within five or six days was incredible. It allowed us to get on with our replacement programme as quickly as possible.”

To find out more,
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