



**Speedy Hire Plc**

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**IMPORTANT FACTS  
for shareholders**

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**VOTE AGAINST BOTH RESOLUTIONS**

Save as otherwise defined herein, capitalised terms and expressions have the same meanings given to them in the circular posted to Shareholders on 12 August 2016 (the “Circular”).

The shareholding information relating to the Company, HSS and Findel plc expressed in this document has been sourced, in respect of the Company, from the Company's own share register analysis and, in respect of HSS and Findel plc, from public announcements of shareholdings. The shareholding percentages expressed represent the latest information available for the date of that event, rather than the shareholding as of each particular date (shareholders are not obliged to announce all changes in their shareholdings). All shareholding percentages expressed in this document have been rounded to one decimal place.



## Speedy Hire Plc

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 927680)*

Registered Office:  
Chase House  
16 The Parks  
Newton-le-Willows  
Merseyside  
WA12 0JQ

### Independent Board Directors:

Robert Contreras (Senior Independent Director)  
Robert Barclay (Non-Executive Director)  
Russell Down (Chief Executive)  
Chris Morgan (Group Finance Director)

1 September 2016

Dear Shareholder,

### **VOTE AGAINST BOTH RESOLUTIONS**

As you will be aware Toscafund has procured the requisition of a General Meeting to consider two resolutions: the first to remove Jan Åstrand as Chairman, and the second to appoint David Shearer as a Director of the Company.

Since 22 July 2016 Toscafund has published a number of statements. The purpose of this letter is to respond to those statements and provide all Shareholders with the important facts. This we do on the following pages.

For the reasons set out in both the Circular and in this letter, your Independent Board continues to believe that the Resolutions are, in each case, **NOT** in the best interests of all Shareholders, and continues to unanimously and strongly recommend that you **VOTE AGAINST BOTH RESOLUTIONS**.

Yours faithfully,

**Robert Contreras**  
Senior Independent Director

**Robert Barclay**  
Non-Executive Director

**Russell Down**  
Chief Executive

**Chris Morgan**  
Group Finance Director

## IMPORTANT FACTS

### 1. David Shearer's candidacy – his experience is no longer relevant

- Following the announcement of the departure of Chris Masters and James Morley as Non-Executive Directors on 18 November 2015 and 20 November 2015 respectively, the only Directors of the Company were Jan Åstrand and Russell Down.
- During November 2015, several replacement non-executive candidates were considered by the Chairman, including those suggested by advisers and shareholders.
- At this time, David Shearer was introduced by Toscafund as a potential non-executive director candidate with financial experience. He is currently a non-executive director of five companies including being the Chairman of Aberdeen New Dawn Investment Trust plc and the Senior Independent Director of STV Group plc. He was previously a non-executive director of HBOS plc during the three years to April 2007.
- Jan Åstrand met with David Shearer who stated he was not able to commit immediately to Speedy as he was assessing several other opportunities. As a result, David Shearer's candidacy was not pursued.
- In conjunction with Lygon Partners, the search agency, an assessment of the merits of the other candidates was undertaken.
- Robert Contreras was considered the preferred candidate given his extensive asset rental, sector and turnaround experience and his appointment was announced on 10 December 2015. See point 3 on page 3 for further information on the Robert Contreras appointment process.
- The Board was further strengthened by the appointment on 3 December 2015 of Chris Morgan as Group Finance Director, first on an interim basis and confirmed as a permanent appointment on 31 March 2016. Chris Morgan was previously Group Financial Officer at Go Outdoors and Focus DIY, and before that held a number of senior finance positions at Tesco, including Group Controller.
- Having made progress on Speedy's turnaround, and following the appointment of Robert Contreras and Chris Morgan, the Board's focus turned to operational improvement with a particular emphasis on sales and marketing to SME customers.
- Consequently, the Nomination Committee conducted an external search in order to appoint a Non-Executive Director with experience in the construction sector; sales and marketing; and in driving revenue growth from a multi-site network. Lygon Partners were appointed to advise on this search and provide a list of suitable candidates. David Shearer's experience did not match the criteria required. He was therefore not considered a suitable candidate by the Board. A shortlist of two individuals was identified with Robert Barclay selected as the preferred candidate given his relevant experience as Managing Director UK, Ireland and Middle East of SIG plc, a FTSE 250 company specialising in the distribution of building products.
- The Independent Board believes that it now has an excellent balance of financial, commercial and operating capabilities and is very well-equipped to meet the opportunities and challenges that lie ahead.
- Given these facts, the Independent Board believes that David Shearer does not have the relevant experience nor skills to enhance the Board at this time.

## **2. David Shearer's independence from Toscafund – not proven**

- In the light of Toscafund procuring a resolution for the appointment of David Shearer to the Board as a Non-Executive Director, the Independent Board has naturally raised concerns as to David Shearer's independence from Toscafund. To date, Toscafund has not allayed those concerns.
- Toscafund originally proposed David Shearer for a place on the Board in November 2015, and has on numerous occasions promoted his appointment to the Board in the months since.
- In a meeting with Robert Contreras on 6 July 2016, David Shearer made it clear that he would only consider joining the Board if Jan Åstrand resigned and he, David Shearer, was appointed Chairman. David Shearer offered no explanation for this stance, which is in full alignment with the objectives of the Resolutions procured by Toscafund.
- Toscafund has now stated that "David Shearer has never previously been appointed to the board of any Company at the request of Toscafund". However, the Independent Board has noted media articles suggesting that David Shearer has recently been a candidate to be appointed Chairman at Findel plc, a company at which Toscafund is a 9.9% shareholder.

## **3. Robert Contreras' independence as a Non-Executive Director – confirmed**

- Following the announcement of the departure of Chris Masters and James Morley as Non-Executive Directors of the Board on 18 November 2015 and 20 November 2015 respectively, the only Directors of the Company were Jan Åstrand and Russell Down. As a consequence the Board moved swiftly to appoint a new Non-Executive Director.
- During November 2015, several candidates were considered by the Chairman including those suggested by advisers and shareholders. Having noted the unavailability at that time of David Shearer as a potential candidate, an assessment of the merits of the available candidates was undertaken in conjunction with Lygon Partners. Robert Contreras was considered the preferred candidate given his extensive asset rental, sector and turnaround experience. He was then presented to the Board and references obtained. Following receipt of satisfactory references, the decision was made to offer Robert Contreras, currently Chief Executive of Northgate plc, the role of Non-Executive Director and Chairman of the Audit Committee.
- The Board, having regard to the UK Corporate Governance Code, considered and continues to consider Robert Contreras to be independent. His appointment has also been approved by Shareholders at the Company's Annual General Meeting in July 2016.
- The Board does not consider that Jan Åstrand's previous position as a director of Northgate plc compromises Robert Contreras' independence. Crucially, it was his time on the board of directors of Northgate plc that afforded Jan Åstrand the opportunity to recognise that Robert Contreras had considerable experience in the asset rental industry. Your Independent Board believes that the Company is benefitting from this experience as it continues to progress in its recovery.

## **4. Jan Åstrand's role as Executive Chairman – temporary and appropriate**

- Following a profit warning which led to the departure of Mark Rogerson and the appointment of Russell Down as Chief Executive, who also retained his role as Group Finance Director pending the appointment of a successor, Jan Åstrand was appointed Executive Chairman on a temporary basis on 1 July 2015.
- During his tenure as Executive Chairman, Jan Åstrand has worked closely with Russell Down to stabilise the business, undertake an essential restructuring of the Company and implement the remedial action programmes which have resulted in recent performance improvements.

- Jan Åstrand has played a key role both in the delivery of the recovery of the Company and in the Board's decision in June 2016 not to pursue at that time merger discussions with HSS which it believed would have put that recovery in jeopardy.
- Further to the 17 May 2016 announcement that Jan Åstrand would return to Non-Executive Chairman in the near future, he has, as previously announced, agreed with the Board that he will revert to that role with effect from 30 September 2016.

## 5. Jan Åstrand and Russell Down – strong and stable leadership

- The Independent Board believes that the stabilisation of, and operational and financial recovery underway at, Speedy is the direct result of the close working relationship between Jan Åstrand and Russell Down.
- The Board is pleased to reconfirm its previously stated support of Russell Down and his strategy for the recovery and development of the Company.
- Jan Åstrand and Russell Down confirm they have always had an excellent working relationship and look forward to providing stable and effective leadership through the next phase of Speedy's recovery.

## 6. HSS merger – analysed in detail and rejected

- On 25 July 2016 Toscafund stated that it had “presented a number of papers and recommendations to Jan Åstrand” which concluded that “the only sure way to achieve adequate returns would be by way of industry consolidation”.
- However, on 15 August 2016, Toscafund then stated that it “does not believe sector consolidation is vital”. These two statements are inconsistent.
- Toscafund first asked the Board to consider a combination with HSS in January 2015. Following the Board's decision not to pursue a combination with HSS at that time, Toscafund again actively promoted merger talks between Speedy and HSS in July 2015 and actively supported engagement between the two companies. Following Speedy's decision not to pursue a combination with HSS in December 2015, HSS made contact with Speedy in March 2016 to once again discuss a possible combination.
- Discussions with HSS were terminated in June 2016 after the Board had concluded, following a detailed analysis of the information available and a considered review of its strategic options, that to pursue a combination would not be in the best interest of Shareholders as a whole.
- During the period between January 2016 and June 2016, funds managed by Toscafund increased their shareholdings in HSS from approximately 5.4% to 18.1% and in Speedy from approximately 18.1% to 19.4%.
- On the day that the Board confirmed to Toscafund its intention not to pursue merger talks, Toscafund instructed its nominee to procure a requisition of a general meeting to consider the removal of Jan Åstrand from, and the appointment of David Shearer to, the Board.
- The decision by the Board to terminate discussions with HSS in June 2016 was taken to protect the financial recovery of the Company. The discussions with HSS had been highly preliminary and there was no proposal made by either party, let alone discussions regarding a potential post-merger board structure. The Independent Board believes that these facts disprove Toscafund's assertion that Jan Åstrand terminated the discussions because he was “aware that there was unlikely to be a role” for him in a combined business.

## **7. Speedy's recovery – well underway**

- The recovery plan, which has been developed and implemented by Jan Åstrand and Russell Down, has stabilised the business, which is now showing signs of revenue growth.
- This has been achieved through the strengthening of senior management, improving customer service and relationships, significant improvements in management information systems, setting out clear financial KPIs and driving these through the business. Encouragingly, the business has retained a number of major framework contracts since 31 March 2016. In addition, overheads have been reduced significantly over the last twelve months.
- As a further illustration of progress, the Group confirmed on 26 August 2016 the disposal of its large mechanical plant fleet for a total consideration of £14.4 million in cash. The sale will further strengthen the Group's financial position with the proceeds being used to pay down debt.

**VOTE AGAINST BOTH RESOLUTIONS**

## **ACTION TO BE TAKEN**

You will find, set out at the end of the Circular, a Notice convening the General Meeting, to be held at 11.00 a.m. on 9 September 2016 at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ, at which the Resolutions will be considered. The full text of the Resolutions is set out in the Notice. Voting at the General Meeting will be by poll and not on a show of hands and each Shareholder entitled to attend and who is present in person or by proxy will be entitled to one vote for each Share held.

You should have found enclosed with the Circular a Form of Proxy for use at the General Meeting or any adjournment thereof. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible, and in any event, no later than 11.00 a.m. on 7 September 2016 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

Guidance on completing your Form of Proxy is set out on page 9 of the Circular.

If you hold Shares in CREST and you wish to appoint a proxy or proxies for the General Meeting or any adjournment(s) thereof by using the CREST electronic proxy appointment service, you may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Proxies submitted via CREST (under CREST ID RA19) must be sent as soon as possible and, in any event, so as to be received by the Company's registrars, Equiniti Limited, by no later than 11.00 a.m. on 7 September 2016 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

Shareholders wishing to complete their paper Form of Proxy in line with the Independent Board's recommendations should place an "X" in the boxes under the heading "Against".

If you did not receive a Form of Proxy and wish to request one, or if you have any questions about the contents of the Circular or this letter, the General Meeting and/or the completion and return of the Form of Proxy, please telephone Equiniti Limited on 0371 384 2769. If you are outside the United Kingdom, please call +44 (0)121 415 7047. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note that Equiniti Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you wish to do so and are so entitled.