

Case study: AGD Equipment Limited, UK

Building for the future

Challenge

Investing in new equipment for a rental fleet – in preparation for the high-profile HS2 railway and other major infrastructure projects, and against the backdrop of Covid-19.

Solution

Mitsubishi HC Capital UK (formerly Hitachi Capital (UK) PLC) provided a competitive rate for a hire purchase agreement, and quick and easy access to CBILS, in which all interest costs from the first year of the agreement are paid for by the British Government.

Result

AGD Equipment Limited was able to invest in two new RTG piling rigs, taking advantage of an end-of-year offer from the manufacturer. It is now in a stronger position to handle an increasing flow of contract work and is expecting higher rates of utilisation in the next 12 to 18 months.



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Understanding the needs of the business



“We like to work with people we know and trust.”

Robert Law, Managing Director,
AGD Equipment Limited

Background

AGD Equipment Limited (AGD) is a family-run business that serves the construction, civil and ground engineering sectors. It offers rental and sales of new and used specialist equipment, including crawler cranes and piling equipment.

From its headquarters in Warwickshire, the company’s rental fleet operates throughout the UK and Ireland. Its equipment is used for a variety of construction work including cofferdam installation, road construction, flood alleviation, emergency sheet piling for railway embankments and warehouse foundations.

AGD is also the UK and Ireland dealer for eight equipment manufacturers, including RTG. It has 75 employees, 45 of whom are equipment operators. The business has changed significantly over the last 40 years, from a used equipment sales business to an equipment distributor with a large focus on the rental market. This is in response to the trend of customers hiring specialist equipment rather than purchasing it themselves, and the increasing number of specialist contractors carrying out different types of civil works.

Business challenges

Investing in new equipment and enhancing its fleet in preparation for the HS2 project have been recent challenges for AGD. “We needed to think ahead to ensure that we had enough kit to cover the expected demand for machines as well as operators,”

says Managing Director Robert Law. In line with this plan and its five-year replacement strategy, the company decided to invest in the two new RTG piling rigs. The manufacturer was offering a discount to buy stock items before the end of the financial year.

AGD has used finance options when purchasing new equipment since 2018. This helps to ease cash flow when buying machines for its rental fleet. In addition, there is typically three to six months’ lead time for such orders.

“In recent years, we have mostly funded all of our equipment purchases from cash flow, but with the extra-large investment required for these major projects, we needed to look at different options. Mitsubishi HC Capital UK were able to give us a good rate and from our experience with them as a vendor finance partner, we knew they were a company that’s easy to do business with.”

The solution

AGD applied for the Coronavirus Business Interruption Loan Scheme (CBILS) to acquire the new piling rigs on hire purchase. CBILS is managed by the British Business Bank and directed at SME businesses with a turnover of less than £45m and that have been directly impacted by Covid-19.

“We had some jobs cancelled, and some of our customers either stopped paying or were difficult to contact,” says Robert.

“Utilising CBILS has been a great help to our business in the current economic climate and Mitsubishi HC Capital UK offered us a competitive CBILS rate.”

The result

AGD has now added two new extremely versatile piling rigs to its rental fleet. “We currently have a good flow of contract work coming through, and are expecting more to come for HS2 in the following 12 to 18 months,” adds Robert.

The company has established a strong working relationship with Mitsubishi HC Capital UK since 2018. “They are always keen to help out, quick to do deals and good for approvals. Sometimes it comes down to the numbers, but we like to do reciprocal business and will always give them priority over new funders that approach us. Relationships are so important to us – and we like to work with people we know and trust.”

