6 April 2016

HSS Hire Group plc

Audited Results for HSS Hire Group plc for the 52 week period ended 26 December 2015

HSS Hire Group plc ("HSS" or the "Group") today announces results for the 52 week period ended 26 December 2015. Comparative results for 2014 are those of Hampshire Topco Limited, the holding company of the Group prior to the listing of new parent company HSS Hire Group plc on the London Stock Exchange in February 2015.

Financial Highlights

- FY15 results in line with revised expectations
- Revenue up 10% to £312.3m (2014: £284.6m), with organic growth of 8%
- Adjusted EBITA (1) of £20.3m (2014: £31.2m), reflecting incremental depreciation from significant fleet expansion through 2014 and 2015
- Adjusted operating profit (2) of £15.4m (2014: £27.3m), reflecting incremental depreciation
- Reported operating profit of £6.8m (2014: £23.6m), reflecting incremental depreciation and exceptional costs
- Adjusted earnings per share (3) of 3.2p (2014: 8.4p)
- Reported loss per share of 9.9p (2014: 8.6p)
- Final dividend of 0.57p proposed, bringing full year dividend to 1.14p

Trading and Operational Highlights

- Revenue growth of 10%, ahead of overall UK equipment rental market growth of 1.5% with further increase in market share
- Commenced setup of National Distribution and Engineering Centre ("NDEC") and opened 50 new local branches across the UK and Ireland
- Strong second half of year for existing and new Key Account customer wins leading to full year growth of 10.3% (4.7% at half year)
- All Seasons Hire, leading specialist HVAC rental business, acquired and integrated during the year. Continued investment in previous acquisitions helping drive ongoing growth in Specialist businesses
- Continued increase in last twelve month hire fleet utilisation in both Core and Specialist businesses; 48% and 76% respectively
- Gross cost savings of £2.4m achieved in Q4 15. Targeting annualised cost savings of £10m in 2016

Current Trading and Outlook

- Q1 16 revenue is ahead of Q1 15, with the more stable conditions experienced in Q4 15 continuing into early 2016
- New National Distribution and Engineering Centre opened within Q1 16, with phased roll out continuing over next six months, creating a step change in our distribution network and driving further improvement in customer availability
- We have put in place the foundations for further growth in 2016 and continue to refine our

cost base and distribution network to optimise operating leverage

- While we remain watchful of broader economic headwinds, we will continue to invest carefully in the business, taking advantage of the short and medium-term growth opportunities, balancing investment decisions with borrowing requirements, returns and prevailing market conditions.

Explanatory Notes:

1) Adjusted EBITA defined as Operating profit with amortisation and exceptional costs added back

2) Adjusted operating profit defined as Operating profit with exceptional costs added back

3) Adjusted earnings per share defined as profit before tax with amortisation and exceptional costs added back less tax at the prevailing rate of corporation tax divided by the weighted average number of ordinary shares

John Gill, Chief Executive Officer of HSS, said:

"In 2015, we invested in the growth and development of our local branch network and our specialist businesses. Whilst our customers' end markets were more variable than expected, we delivered revenue growth of 10%.

"Profitability was lower than planned at the outset of the year. Following a slower than expected first half the Board and I reviewed our strategic objectives and concluded that, with some modifications, they continue to be the right ones to generate shareholder return through market share growth and operational and capital efficiency. As previously announced we have taken actions to rebase our costs and to build more flexibility into our operating model and strategy to enable us to respond more rapidly to changeable market conditions.

"We expect to see the full year benefit of the cost reduction programme implemented in H2 2015 delivered through 2016. We also expect to reduce our capital expenditure, following two strong years of fleet investment and the opening of our new National Distribution and Engineering Centre in H1 2016. Together with the cost reduction programme, we expect these actions to improve our cash generation and financial performance."

Results presentation

Management will be hosting a presentation for analysts at 9.00 a.m. BST today at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, EC2M 5SY. Analysts/investors unable to attend in person may join the meeting by conference call by dialling in on +44 (0) 20 3003 2666. Password: HSS Hire. A copy of the presentation will be available at www.hsshiregroup.com/investor-relations/financial-results/ from 9.00 a.m. BST today.

Update call for Hero Acquisitions Limited for holders of Senior Secured Notes

As required by the reporting obligations for the Senior Secured Notes, a separate conference call discussing the results of Hero Acquisitions Limited (a wholly owned subsidiary of HSS Hire Group plc) will be held for noteholders at 2.00 p.m. BST today.

To obtain dial-in details for the call, holders should contact Citigate Dewe Rogerson at ellen.wilton@citigatedr.co.uk. The accompanying presentation for the call will be made available at www.hsshiregroup.com/investor-relations/senior-secured-notes

For further information, please contact:

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John Gill, Chief Executive Officer Thereafter: 020 8260 3343
Steve Trowbridge, Chief Financial Officer

Citigate Dewe Rogerson Tel: 020 7638 9571

Kevin Smith
Nick Hayns

Note to editors
HSS Hire Group plc provides tool and equipment hire and related services in the UK and Ireland through a nationwide network of over 300 locations. Focusing primarily on the maintain and operate segments of the market, over 90% of its revenues come from business customers. HSS is listed on the Main Market of the London Stock Exchange. For more information please see www.hsshiregroup.com.

CHAIRMAN'S STATEMENT

I am pleased to present our results for 2015. We achieved revenue growth ahead of the UK equipment rental marketplace, whilst continuing to invest in the business and make progress against our strategic plan; however, it was a challenging year.

Market environment

The business experienced softer market conditions through the second quarter, which were also reported by others operating in the construction and building maintenance and facilities markets. There were a number of macroeconomic factors which contributed to this, including specific weaknesses in the RMI markets in which we operate. Our profitability was also adversely affected by weaker than expected demand amongst our larger customers, changes in revenue mix, the first year of plc costs, and incremental depreciation from fleet investment.

Our results

We achieved revenue growth of 10% in 2015 bringing our turnover for the year to £312.3m, delivered Adjusted EBITA of £20.3m (FY14: £31.2m) and achieved a ROA of 14.9% (FY14: 27.0%) . In light of lower than expected revenue growth and the associated impact on profitability, the Board undertook a review of strategy, concluding that with the essential rebasing of our cost structure and an increased focus on operational and capital efficiency, it remains the right one to grow the business and create shareholder value. We are confident that the cost-reduction plan is progressing well, giving us inherent flexibility as to the next stages of investment in the network.

We focus on three strategic priorities: optimising the branch and distribution network; winning new, and deepening existing, customer relationships; and the continued development and growth of our specialist businesses. These priorities are being achieved through a set of five strategic enablers (outlined in the Chief Executive Officer's statement below) which are driven by the needs that our customers consistently tell us are central to their success: safety, value, availability and support.

In 2015 we made solid progress against our three strategic priorities. We opened 50 new low cost, local branches and further evolved the distribution network including planning for the launch and opening of the National Distribution and Engineering Centre alongside the refocus of our Distribution Centres. Following lower than expected key account growth at the beginning of the year, we invested to build our pipeline and have seen a number of important customer wins in the second half. We also continued to invest in the specialist businesses which support our unique customer proposition – including acquiring specialist heating and cooling provider, All Seasons Hire.

Our Board and management team

I would like to thank former Chief Executive Chris Davies, who stepped down towards the end of the third quarter following nine years in which we saw the Adjusted EBITDA of the HSS Group double. During the year, Fiona Perrin, Group Sales and Marketing Director, stepped down from the Board for family reasons, transitioning some of her other duties to other executives who were well-prepared for succession.

John Gill, who has been involved with the development of our growth strategy, in particular the implementation and evolution of our distribution and logistics network, previously as CFO and then

COO, has taken over as CEO to drive forward our plans. He is supported by an effective senior management team which has responded well to the market conditions we saw in the year.

Governance

Prior to our February 2015 IPO, we already had strong governance structures in place and we have worked hard to develop and establish the various additional committees, systems and policies through the first year as a public company. I believe that strong governance is the bedrock of effective execution of our business plan together with the smooth running of day to day operations and the protection of assets.

Our people

HSS achieves excellent customer satisfaction scores and this is down to its people. We recruit motivated and driven individuals who believe in our unique company ethos and then we invest in their development. I never fail to be impressed by their professionalism, energy and commitment to going beyond the call of duty for our customers. They are at the heart of HSS's differentiated market position and unique customer service offering. During the year we have made improvements in the diversity of our workforce and established targets for further progress.

Looking ahead

We have moved into 2016 with a heavy focus on cost management and productivity, combined with continued growth. HSS is an entrepreneurial business with a solid business plan underpinned by operational and capital flexibility. We move forward determined to deliver that plan and to create shareholder value.

Dividend

The Directors have proposed a final dividend of 0.57p per ordinary share. If approved at the forthcoming Annual General Meeting the total dividend for the year would be 1.14p per share, reflecting the Board's stated intention to adopt a progressive dividend policy.

The final dividend is expected to be paid on 4th July 2016 to shareholders on the register at close of business on 3rd June 2016. The ex-dividend date is 2nd June 2016.

Alan Peterson
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

In 2015, we invested in the growth and development of our local branch network and our specialist businesses. Whilst our customers' end markets were more variable than expected, we delivered revenue growth of 10%, ahead of the overall equipment rental market.

In light of our performance in the first 8 months of the year, the Board and I reviewed the overall strategy in considerable detail and concluded that our strategic objectives continue to be the right ones to generate shareholder return, but with some modifications which allow us to respond more rapidly to market conditions. Specific areas of focus include the rebasing of our cost structure, increased focus on capital efficiency and an ongoing drive for operational efficiency. These are central to our objectives as we move forward.

Revenues in our Specialist businesses grew 30% year on year, materially ahead of the wider market. This partially reflects the acquisition of All Seasons Hire in May 2015 but is principally due to us starting to realise the benefits of our continued investment in the hire fleets, depot network and sales teams of ABird, Apex and UK Platforms through 2014 and 2015.

The HSS difference

HSS continues to be strongly differentiated within its markets. Our focus starts with the needs of our diverse customer base and they tell us that they prioritise Safety, Value, Availability and Support. During the year we worked hard to further improve our customer service in support of these values, and drive our operational efficiency, which in itself results in further customer satisfaction, as well as cost benefits. The growth in our externally assessed Net Promoter Score to 36 reflects this difference and continues to be well above the industrial and services sector benchmark.

Our performance

Despite less favourable market conditions, we continued to grow our revenues strongly. Revenues in our Core businesses continued to grow faster than our market at 7% and revenues in our Specialist businesses grew by 30% year on year. Our Adjusted EBITA performance in the year reflects the increase in depreciation charges resulting from our investment plans, including the opening of 50 new low cost local branches and further investments in our specialist businesses and hire fleet. These are investments to ensure we have the right network and rental fleet to support demand over the coming years.

Our markets

We operate in the UK tool and equipment hire market, which the European Rental Association (the "ERA") estimate had a total turnover of £5.7bn in 2015. It is worth noting the ERA's assessment that non-construction (operating environments and business) demand for rental is 40% of sales versus 60% from construction; with non-construction one of the highest shares in Europe.

Our market focus is in the operation of the built environment where our work for many major blue-chip companies – facilities management, airports and retail customers for example – benefits both our Core and Specialist divisions and is backed by strong customer propositions, from our Reintec cleaning equipment offer through to 'Total Equipment Management' where we manage entire fleets of equipment for some of our largest customers. Here customers recognise the benefits of rental in operational efficiency and maintaining a flexible cost base.

The ERA also notes that c.50% of the market is held by regional and/or independent tool hire operators. HSS is directly targeting this opportunity to win share in local markets through the expansion of our low cost, local branch footprint. This is backed by a retail-like distribution network which supports our customers' number one priority – availability – through both a range of products designed to be hired instantly and access to our entire range next-day.

HSS also services the construction segment of the equipment rental market through our Core tools and equipment offer, albeit more focused on later-cycle "build, maintain and operate" customers and through our rehire division which provides a single point of contact, order and invoice for third party plant and equipment, some of which is used in early-cycle construction. Our Specialist divisions too, benefit from ongoing construction growth supplying powered access and power generation to civil engineering and residential and commercial construction.

During 2015 we successfully launched the first transactional mobile-enabled e-commerce platform from a national tool and equipment hire company, which enables out of hours ordering, click and collect, local stock availability checks and instant access to bespoke pricing for local trades. This commitment to a multi-channel offer positions us well to meet the expectations of our customers, offering convenience and seamless service. It also helps drive up the utilisation of our equipment, making our use of capital more efficient.

Our strategy

Having examined our strategy in depth during the year, the Board is confident that, with modifications to rebase our costs and ensure a deeper focus on operational productivity and capital efficiency, it continues to be the right one to create shareholder return over the medium term. These modifications will allow us to respond to market conditions with more flexibility while optimising investment and margins.

Optimising our branch and distribution network

During 2015, we opened 50 new low cost local branches in new markets, extending our availability promise to our customers and winning share from both national and local competitors. These branches are part of our strategy to become “the local tool hire company with a national presence” and are backed by continual development of our distribution system. This is continuing to evolve in 2016, with the opening in the first quarter of our new National Distribution and Engineering Centre, operated on our behalf by our long term partners, Unipart, alongside our existing network of Customer Distribution Centres across the UK. This latest evolution is designed to deliver clear competitive advantage through enhanced availability of equipment to branches and customer sites in support of our multichannel offer. It also drives utilisation and capital efficiency in our core business.

The roll out plan for local branches has been successful and we will continue to open new local branches during 2016, but with flexibility in the speed of roll out in line with prevailing market conditions. Our current plans see us opening up to 20 new local branches in 2016. We will continue to refine the format, using the lessons learnt from the top performers in the portfolio to further improve the operating model for the entire estate. Our extensive network now comprises over 300 branches and operating locations ensuring that we provide convenience to our customer base.

Win new, and deepen existing, customer relationships

We have focused hard on being able to provide more of the equipment and services that our customers need to enable us to grow revenue with a greater share of their spend. Our Specialist businesses support our ability to be a “one-stop-shop” for customers across many segments. Our OneCall rehire division also supports our growth through the ease of ordering via HSS from a supply chain selected for quality and safety. Following lower than expected growth in key accounts in the first half of the year, we increased our focus on winning new customer accounts in the last quarter.

Continued development and growth of our specialist businesses

Our strategy has been to acquire and integrate specialist businesses, and then invest in fleet and depot expansion to drive growth. During 2015 this contributed to revenue growth for the Group while at the same time depreciation from these investments impacted profitability. We acquired specialist heating and cooling provider, All Seasons Hire, and can now offer our customers access to temporary bespoke chillers and boilers, typically used in managing heating and cooling during complex building moves and maintenance. As with our other specialist businesses we are now focused on expanding All Seasons Hire’s reach via depot and fleet expansion. Having completed two years of significant investment in our Specialist businesses, our focus in 2016 will be on organic growth and margin improvement.

In order to support our three strategic priorities, we focus on five strategic enablers which are:

a) Focus on profitability and growth;
b) Deliver value and quality to our customers;
c) Invest in our colleagues;
d) Drive availability and operational efficiency; and
e) Ensure safe, sustainable working environments for colleagues and customers

These are measured by our KPIs which will be set out in our forthcoming Annual Report.

Safety and the environment

We believe in a culture which states that “safety is the way we do things round here” and continue to put an emphasis on the ownership of safety from the Board through to every colleague.

We also deliver innovations in safety – a good example is our anti-entrapment system Activ’ Shield Bar which was fitted onto the 1000th UK Platforms’ diesel boom during the year. We understand well the role that hire plays in making more efficient use of resources through a reduction in materials used in manufacturing. The opening of our purpose-built refurbishment centre in Manchester has significantly increased our capacity to refurbish more machines. This extension of asset lives is a strong example of our commitment to our role in the “circular economy”, making effective use of the world’s resources and our own capital.

Our people

Our Training Academy at Reading delivered training to 526 delegates throughout the year. Building on that success we are extending the Academy’s reach into our branch network creating Branches of Excellence throughout our operation to deliver ongoing colleague training, while the Academy concentrates on the development of our managers. Training days per colleague is a KPI for our business as we continually develop our colleagues’ skills in customer service as well as the technical and safety requirements of the roles they undertake every day. I am continually impressed by the energy, enthusiasm and customer commitment of our colleagues and would like to thank them wholeheartedly for the roles they individually play every day in building our business.

Outlook

Following the challenges of 2015, we are taking a highly disciplined approach to managing our growth, with a focus on cost and operational efficiency, on improving productivity and on delivering higher standards of customer service. Our absolute priority is the creation of shareholder value and we have put in place the foundations for future profitable growth in 2016 and beyond.

John Gill
Chief Executive Officer

FINANCIAL REVIEW

Overview

Following a good start to 2015, with Q1 revenues ahead of budget, full year revenues did not develop as expected. We reported this to this market and took action through the second half of 2015 to address the lower than expected revenue growth in Q2 and Q3. At the revenue level this included investment in our key account teams to enable us to build a larger pipeline and to win and convert more attractive contract opportunities.

At the cost level we reduced our cost base through refining our branch organisational structure, honing our sales teams, and reorganising our customer support and central functions thereby driving efficiency through the business. As a result of actions to date cost savings in Q4 15 were £2.4m, in line with the guidance of £1.5m to £3.0m provided to the market in August 2015.

As indicated in my 2014 Financial Review, we completed our IPO in February 2015. The associated conversion of investor loan notes and accrued interest into equity and partial repayment of our Senior Secured Notes and drawn revolving credit facility balances enabled us to de-gear the business. Since the IPO we have increased the leverage in the business through continued investment in expanding our core and specialist hire fleets to meet customer demand. We also increased the headroom in our existing facilities in November 2015 to give us additional flexibility to execute our plans.

Group financial performance

Revenue

Group revenue grew 10% to £312.3m (2014: £284.6m) as we expanded our core business and invested in our specialist offerings. Particular drivers of this result were:

- the increasing maturity of our new local branches opened through 2014, and the initial revenue performance from the 50 local branches opened during 2015;
- continued revenue growth in our HSS Training and HSS OneCall businesses (28% and 16% growth year on year respectively);
- further double digit organic growth in ABird/Apex and UK Platforms (22% and 15% respectively); and
- the revenue contributed from All Seasons Hire, the heating and cooling specialist we acquired in May 2015.

Revenue growth for 2015 was lower than achieved in 2014 (25.5%), principally reflecting more challenging market/trading conditions widely cited by listed peers and a number of our listed customers, but also reflecting a lower level of acquisitions and the associated full year effect of such acquisitions. In 2014 acquisitions accounted for 6.8% of the revenue growth, compared to 1.3% in 2015.

Growth in revenues from our Key Account customers, whilst positive (+10.3%), was below the level we had expected given our achievements in growing these revenues through 2013 and 2014. We referenced this in our interim results published in August 2015 and took action to reorganise and invest in our business development capabilities to ensure we build and convert a larger pipeline of attractive client opportunities.

This renewed focus on winning and deepening customer relationships was applied to all of our customer groups. Across the group as a whole the average spend per account customer increased to £8.1k (from £7.7k in 2014) reflecting both an increase in revenue from trade accounts and an increase in live accounts through the year.

In respect of wider market growth, the annual ERA European Equipment Rental Industry report estimates that the UK market grew at 1.5% in 2015. This rate of growth was two thirds lower than they had forecast for 2015 at the outset of the year and mirrored the tougher trading conditions previously mentioned. On this basis, we continue to grow at a faster rate than the wider UK tool and equipment market and will continue to target outperformance through 2016.

£m	**Revenue**		**Adjusted EBITDA**		**Adjusted EBITA**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Core	£261.7m	£245.6m	£45.6m	£51.2m		
Specialist	£50.6m	£39.0m	£25.4m	£19.9m		
Group	**£312.3m**	**£284.6m**	**£71.0m**	**£71.1m**	**£20.3m**	**£31.2m**

Costs

Our cost of sales increased by £17.9m (17.4%) to £120.9 million. Approximately £1.7m of this growth was due to the annualisation of the March 2014 Apex Generators acquisition and the purchase of All Seasons Hire in May 2015.

The primary driver of the growth in cost of sales was higher depreciation charges (+£9.4m) relating to our larger hire fleet. This reflects two years of demand-led investment to support growth in the core business and to expand our specialist businesses. Strong growth in HSS OneCall (rehire) and HSS Training revenues and the corresponding increase in related third party supplier costs accounted for £2.1m and £1.0m respectively and stock maintenance costs also increased by £3.0m due to the increased size of the fleet.

Our distribution costs increased by £4.1m (11.0%) to £41.3m. This increase was primarily driven by the growth in volume of customer deliveries and collections, across both the core and specialist businesses. £0.5m relates to the annualisation of Apex Generators and All Seasons Hire acquisitions.

Our administrative expenses increased by £22.3m (18.3%) to £144.2m. The Apex and All Seasons acquisitions accounted for c. £1.2m of this growth. Staff costs also increased due to the branch openings, as well as growth in field-based sales staff. The growth in Key Accounts, HSS Training and HSS Onecall also required additional headcount to be recruited. 2015 was also the first year of life as a plc, with the additional Board and governance costs that are required. The remaining cost increase was driven largely by the annualisation of the 2014 new branch openings combined with the 50 opened in 2015 contributing to an increase in rent and rates costs of £3.4m.

In H2 15 we took the opportunity to review and refine our staffing model across the business, reorganising our operations to reduce cost. The opening of the NDEC in Q1 16 and the new purpose built refurbishment centre in late 2015 bring the opportunity to further improve productivity and operational and capital efficiency.

Our Adjusted EBITDA was broadly flat at £71.0m (FY14: £71.1m) reflecting the increases in our cost bases set out above. Our Adjusted EBITDA margin for FY15 was 22.7% (FY14: 25.0%).

Our Adjusted EBITA was £20.3m (FY14: £31.2m). This decrease year on year principally reflects the increase in depreciation during the year, from £39.9m in FY14 to £50.7m in FY15, which arose primarily as a function of our fleet investment through FY14 and FY15.

Core performance

During 2015 the Core businesses delivered revenue of £261.7m (FY14: £245.6m) and Adjusted EBITDA of £45.6m (FY14: £51.2m) and together accounted for 84% of Group revenue and 64% of the Group's Adjusted EBITDA.

Revenue growth, and as a result of our operational gearing, earnings in our core business were impacted by softer than expected market conditions, price competition and lower than expected growth amongst our customers.

Our cost base increased through the year reflecting increased revenues and associated distribution and stock maintenance costs, the opening and associated running cost of the 50 new immature local branches, ongoing wage inflation, investment in staff in anticipation of certain levels of revenue growth and investment in plc related headcount.

During the year we invested £41.3m in our core hire fleet (2014: £41.9m) and LTM utilisation improved to 48% (2014: 47%).

Specialist performance

During 2015 the Specialist businesses delivered revenue of £50.6m (FY14: £39.0m) and Adjusted EBITDA of £25.4m (FY14: £19.9m) and together accounted for 16% of Group revenue and 36% of the Group's Adjusted EBITDA.

During the year we invested £23.7m in our Specialist hire fleet (2014: £30.0m) and LTM utilisation improved to 76% (2014: 70%). The considerable investment in our Specialist businesses over the last few years has enabled us to build modern well-invested fleets, and to establish a UK wide Specialist depot network, a number of which are co-located with other Specialist businesses or existing HSS locations. This gives us more flexibility for the levels of hire fleet capital expenditure in our Specialist businesses through 2016.

Other income

Other income of £0.9m relates to income received from sub-let non-trading stores. This decreased by £0.2m compared to the prior period as concerted efforts were made to shrink the non-trading property estate through head lease expiries and targeted surrenders.

Operating profit

Operating profit was £6.8m in FY15 (FY14: £23.6m) principally reflecting the £11.9m increase in depreciation and amortisation charges together with the £4.8m year on year increase in non-finance related exceptional costs.

Finance costs

Our net finance expense decreased by £11.4m, or 35.5%, from £32.1m in 2014 to £20.7m. This decrease was primarily due to the reduction in net debt following the IPO at the start of 2015. This reduction led to a decrease in interest on investor loan notes of £7.3m and a £2.3m reduction in senior secured note interest.

Taxation

The Group has incurred an income tax expense of £0.4m in FY15, compared to a £3.0m income tax credit in FY14. The FY15 tax charge principally reflects the origination of unprovided temporary differences. The FY14 tax credit principally related to the recognition of a £2.4m deferred tax asset (on prior year losses) together with the release of deferred tax on intangible assets acquired.

Reported and adjusted earnings per share

Our basic and diluted loss per share increased to 9.9p (FY14: 8.6p). This was due to the larger loss for the year, largely driven by higher depreciation and amortisation charges and an increase in non-finance exceptional costs and partially offset by the increase in the weighted number of shares as a result of the IPO in February 2015.

Our adjusted earnings per share, being profit before amortisation and exceptional costs less tax at the prevailing rate of corporation tax decreased to 3.2p from 8.4p in FY14 reflecting the impact of the lower adjusted profit together with the increase in the weighted number of shares as a result of the IPO in February 2015.

Cash utilised in / generated from operations

Cash utilised in operations was £7.4m for FY15, a £23.8m decrease from the prior period (FY14: £16.4m). This movement principally reflects the £17.4m increase in cash settled purchases of hire equipment in FY15 (extended payment terms from 2014 and purchases made in 2015), together with the increase in exceptional costs in FY15.

Capital expenditure

Fixed asset additions during the period (excluding assets acquired on acquisition) were £84.0m, slightly higher than in 2014 (£83.6m). Of this total, £65.0m represented additions of materials and equipment held for hire (2014: £71.9m) and £16.0m represented additions to non-hire equipment (land, buildings, plant and machinery) (2014: £11.7m) with a further £3.0m related to the accounting for dilapidations on new properties. The increase in non-hire equipment additions principally reflects the opening and fit out of 50 new low cost local branches and relocated distribution centres such as in Reading and St Ives.

Fleet investment continued to exceed depreciation, consistent with 2014, and reflects the substantial investment made in growing both our Core and Specialist hire fleets over the last two years. This investment together with the opening of the new National Distribution and Engineering Centre, which is designed to further enhance availability across our branch network, enables us to reduce our capital expenditure in 2016 in line with softer customer demand.

Return on Assets (“ROA”) and Return on Capital Employed (“ROCE”)

Our ROA for FY15 is 14.9%, 12 percentage points lower than in FY14 (27.0%). This decrease is primarily due to the lower EBITA generated during FY15, the reasons for which are set out above, but also reflects the significant investment in our fleet through FY14 and FY15 which together materially increased the average net book value of hire fleet in use by £33.2m. ROA is calculated as Adjusted EBITA divided by the total of average total assets (excluding intangible assets) subtracted by average current liabilities.

Our ROCE for FY15 is 11.2%, a reduction of 12 percentage points for the same reasons outlined above. ROCE is calculated as Adjusted EBITA divided by the total of average total assets (excluding intangible assets and cash) less average current liabilities (excluding current debt items).

Leverage and net debt

Net debt (stated gross of issue costs) decreased by £98.9m to £218.1m. This decrease principally reflects the repayment of £64.0m of our Senior Secured Notes from the proceeds of the IPO in February 2015 and the conversion of investor loan notes into equity, offset by increases in our finance leases and RCF drawings through the year as we have settled capital expenditure creditors from 2014 and through 2015. Our leverage, calculated as net debt divided by Adjusted EBITDA decreased from 4.5x in FY14 to 3.1x at the end of FY15.

Steve Trowbridge
Chief Financial Officer

DIRECTORS' RESPONSIBILITY STATEMENT

The following statement has been prepared in connection with the full Annual Report and Accounts of the Group. Certain sections referred to herein are not included in this announcement.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This Responsibility Statement was approved by the Board of Directors on 6 April 2016 and is signed on its behalf by:

John Gill
Director

Steve Trowbridge
Director

PRINCIPAL RISKS AND UNCERTAINTIES

Key risks	**Strategic Enabler**	**Description and impact**	**Mitigation**	**Risk change**
Macro economic conditions	Focus on profitability and growth Drive availability and operational efficiency	An economic downturn in the UK and Ireland may adversely affect the Group's revenue and operating results by decreasing the demand for its services and the prices it may charge. The market strength of potential acquisitions may be reduced, affecting the viability of purchase and integration.	The Group focuses on the 'fit-out, maintain and operate' markets, which are less cyclical, less discretionary and have a larger proportion of recurring spend than the new build construction sector. While the Group is not isolated from the construction sector, it focuses on the non-construction portion of the market, with specific exposure in the facilities management, retail, commercial fit-out, property, utilities and waste, infrastructure and energy services markets.	Unchanged
Competitor challenge	Focus on profitability	The Group's industry is highly competitive, and competition	The Group is ranked number two in its main markets and the resulting	Increased – due

	and growth Drive availability and operational efficiency	may increase. The equipment rental industry is highly fragmented, with competitors ranging from national equipment rental companies to smaller multi-regional companies and small, independent businesses operating in a limited number of locations. Competition in the market has led to frequent excess capacity and resultant pricing pressure. The ability of competitors to replicate HSS' systems or unique services may reduce competitive advantage in regard to systems or knowledge.	economies of scale enable it to be highly competitive, whilst the fragmented nature of the market may offer consolidation opportunities enabling the continued growth of specialist business within the Group. The Group's highly developed distribution service model increases the efficiency of its operations.	to increased pricing pressure
Operational disruption	Focus on profitability and growth Drive availability and operational efficiency	The provision of the Group's expected service levels depends on its ability to transport its hire fleet across its network in a timely and cost-effective manner and on the successful functioning of its retail-like distribution network. Any information technology (IT) systems failure or disruption, accident, industrial dispute or other interruption or malfunction at any of the Group's distribution centres or offices may impact the Group's ability to manage its operations and distribute its hire fleet to service its customers, affecting revenue and reputation.	The Group has robust backup plans in place, in the event of IT systems failure or disruption. There is a flexible distribution model, whereby various distribution centres can service customers in the event of the failure of another distribution centre.	Increased – due to new distribution model for 2016
Local branch strategy is incorrectly implemented	Deliver value and quality to our customers Focus on profitability and growth	Part of the Group's strategy involves further developing the reach of its network by continuing its branch roll-out in new locations in the UK. If this strategy is incorrectly implemented, the planned associated business growth will not occur and the service we provide to our customers may be affected.	The Group's property department works closely with operational management to ensure that new branches are located appropriately and on favourable lease terms. Extensive market research ensures that the right customer base exists in a catchment area, and branch sales and profitability targets are closely monitored. Branches of excellence are being established which will provide training and highlight best practice.	Unchanged
Customer credit/ supplier payment	Focus on profitability and growth Drive availability and operational	Some of the Group's customers may have liquidity issues and ultimately may not be able to fulfil the terms of their rental agreements with the Group. Bad debts and credit losses can also arise due to service issues or fraud.	The Group's investigation team conducts proactive and reactive work in order to minimise the Group's exposure to fraud, and all new staff are provided with training in this area. Payments and amendments should	Unchanged

	efficiency	Unauthorised, incorrect or fraudulent payments could be made, leading to financial loss or delays in payment which could adversely affect the relationship with suppliers and lead to a disruption in supply. The Group runs extensive credit checking for its account customers and maintains strict credit control over its diversified customer base.	only be made in line with a regularly reviewed authorisation matrix.	
Equipment supply, maintenance & availability	Deliver value and quality to our customers Focus on profitability and growth Drive availability and operational efficiency	The Group is dependent on its relationships with key suppliers to obtain equipment and other services on acceptable terms. Any disruption in supply could affect its ability to service its customers to the expected service levels, with the risk of lost customers or reduced trading levels. As the average age of the Group's hire fleet increases, its operating costs may increase and it may be unable to pass on such costs to customers.	The Group makes every effort to evaluate its counterparties prior to entering into significant procurement contracts and seeks to maintain a range of suppliers. In order to maximise the economic life of its hire fleet, the Group undertakes a programme of regular maintenance and replacement. Strategic acquisitions are designed to expand the breadth and depth of the Group's hire fleet, reducing reliance on third-party hire suppliers. The Group is working with outside consultants to increase the efficiency of its workshops, logistics and supply chain to ensure appropriate service standards to customers.	Increased - changes recommended by external consultants will take time to be established
Customer retention and brand reputation	Deliver value and quality to our customers Focus on profitability and growth Invest in our colleagues	A decline in the Group's customer service levels could result in a loss of customers and market share. The Group's business depends on strong brands and any failure to maintain, protect and enhance its brands could have an adverse effect on its ability to grow the business.	The Group invests substantially in areas such as marketing, community relations and colleague training, aimed at delivering the highest standards of customer service and colleague engagement. The maintenance of high levels of service and strong customer support is considered vital, and all new employees undergo specific induction in this area at the Group's branches of excellence. Service levels are tracked via the Group's innovative Customer Delight programme. The Group actively engages in print and online advertisements, targeted promotional mailings and email communications, and engages on a regular basis in public relations and sponsorship activities to promote its brands and its business.	Unchanged
Outsourcing of services	Ensure safe sustainable working environments for colleagues and customers	The Group outsources certain functions of its business to third parties. If any third parties become unable or refuse to fulfil their obligations, or violate laws or regulations, there could be a	Outsourcing of services by the Group is subject to stringent procurement and service criteria and all contracts are subject to demanding service level agreements which are closely monitored and enforced.	Increased – due to increased work taken on by third party providers

	Deliver value and quality to our customers Focus on profitability and growth Drive availability and operational efficiency	negative impact on the Group's operations or could lead to adverse publicity and a decline in demand. Inability to repair equipment will affect the ability to manage demand, affecting revenue and increasing costs re investment in equipment.	Performance and quality metrics and KPIs are tracked throughout the life of contracts.	
Inability to attract and retain personnel	Focus on profitability and growth Invest in our colleagues	Turnover of members of the Group's management and colleagues and its ability to attract and retain key personnel may affect its ability to efficiently manage its business and execute its strategy. The Group's business depends on the quality of, and ability to retain, its senior management and colleagues. Competition in the Group's industry is significant and the loss of experienced colleagues could lead to loss of customers or inadequately exploiting revenue opportunities.	The Group has established and maintains competitive pay and benefit packages, as well as the right working environment for its colleagues. Training will be provided within the planned branches of excellence whilst the Training Academy facility provides development training for management, a process that is mirrored at more senior management levels by various tailored development programmes. The Group supports personal development with the provision of appropriate training courses.	Unchanged
Legal and regulatory requirements	Ensure safe sustainable working environments for colleagues and customers Focus on profitability and growth Invest in our colleagues	Failure to comply with laws or regulation, such as the Companies Act, accounting regulations, health and safety law, Bribery Act or Road Traffic Act, leading to material misstatement and potential legal, financial and reputational liabilities for noncompliance.	Robust governance within the group, including a strong financial structure, with adequate assurance provision from internal and external audit. Additional assurance and support is provided by a fully skilled health and safety team and an internal investigation and fraud prevention team.	Unchanged - Separately identified and managed

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	**Year ended 26 December 2015 £000s**	Year ended 27 December 2014 £000s
Revenue	2	**312,333**	284,559
Cost of sales		**(120,884)**	(103,029)
Gross profit		**191,449**	181,530

	Note		
Distribution costs		**(41,315)**	(37,155)
Administrative expenses		**(144,161)**	(121,898)
Other operating income	3	**869**	1,100
Operating profit		**6,842**	23,577
Adjusted EBITDA[1]	2	**71,047**	71,146
Less: Exceptional items (non-finance)	4	**(8,522)**	(3,739)
Less: Depreciation and amortisation[1]		**(55,683)**	(43,830)
Operating profit		**6,842**	23,577
Finance income	5	**24**	17
Finance expense	5	**(20,706)**	(30,973)
Movement in derivative financial instruments	4	**-**	(1,154)
Loss before tax		**(13,840)**	(8,533)
Adjusted profit before tax		**5,808**	6,881
Less: Exceptional items (non-finance)	4	**(8,522)**	(3,739)
Less: Exceptional items (finance)	4	**(6,145)**	(7,775)
Less: Amortisation	7	**(4,981)**	(3,900)
Loss before tax		**(13,840)**	(8,533)
Income tax (expense) / credit		**(405)**	3,014
Loss for the financial year		**(14,245)**	(5,519)
Loss attributable to:			
Owners of the company		**(14,245)**	(5,519)
(Loss)/profit per share			
Basic and diluted loss per share	6	**(9.86)**	(8.55)
Adjusted basic and diluted profit per share[2]	6	**3.20**	8.37

[1] Adjusted EBITDA is defined as operating profit before interest, tax, depreciation and amortisation and exceptional items. For this purpose depreciation and amortisation includes hire stock asset disposals, hire stock write offs and customer losses.

[2] Adjusted earnings per share is defined as profit before tax with amortisation and exceptional costs added back less tax at the prevailing rate of corporation tax divided by the weighted average number of ordinary shares.

CONSOLIDATED STATEMENT OF CONSOLIDATED INCOME

	Year ended 26 December 2015	Year ended 27 December 2014
	£000s	£000s
Loss for the financial period	**(14,245)**	(5,519)
Items that may be reclassified to profit or loss:		
Foreign currency translation differences arising on consolidation of foreign operations	**(475)**	(510)
Other comprehensive loss for the period, net of tax	**(475)**	(510)
Total comprehensive loss for the period	**(14,720)**	(6,029)

Attributable to owners of the Company	**(14,720)**	(6,029)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**26 December 2015 £000s**	27 December 2014 £000s
ASSETS			
Non-current assets			
Intangible assets	7	**179,936**	170,379
Property, plant and equipment	8	**183,205**	147,213
Deferred tax assets	13	**1,900**	2,462
		365,041	320,054
Current assets			
Inventories		**9,095**	6,823
Trade and other receivables	9	**97,769**	84,934
Cash		**1,812**	5,858
		108,676	97,615
Total assets		**473,717**	417,669
LIABILITIES			
Current liabilities			
Trade and other payables	10	**(89,106)**	(102,770)
Borrowings	11	**(47,535)**	(19,500)
Provisions	12	**(3,822)**	(3,879)
Current tax liabilities		**(520)**	(561)
		(140,983)	(126,710)
Non-current liabilities			
Trade and other payables	10	**(21,583)**	(7,033)
Borrowings	11	**(132,189)**	(275,046)
Provisions	12	**(10,851)**	(11,013)
Deferred tax liabilities	13	**(9,842)**	(9,372)
		(174,465)	(302,464)
Total liabilities		**(315,448)**	(429,174)
Net assets/(liabilities)		**158,269**	(11,505)
EQUITY			
Share capital	14	**1,548**	645
Share premium		**-**	-
Merger reserve		**85,376**	(544)
Retained earnings/(deficit)		**71,345**	(11,606)
Total equity/(deficit) attributable to owners of the group		**158,269**	(11,505)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	**Share premium**	**Merger reserve**	**Accumulated deficit**	**Total equity**

	Note	£000s	£000s	£000s	£000s	£000s
At 27 December 2014		645	-	(544)	(11,606)	(11,505)
Total comprehensive loss for the period						
Loss for the period		-	-	-	(14,245)	(14,245)
Foreign currency translation differences arising on consolidation of foreign operations		-	-	-	(475)	(475)
Total comprehensive loss for the period		-	-	-	(14,720)	(14,720)
Transactions with owners recorded directly in equity						
Preference shares issued		50	-	-	-	50
Preference shares redeemed		(50)	-	-	-	(50)
Acquisition of loan notes via share issue in subsidiary		411	-	85,920	-	86,331
New share issue for cash	14	492	102,629	-	-	103,121
Share issue costs	14	-	(4,076)	-	-	(4,076)
Capital reduction		-	(98,553)	-	98,553	-
Dividends paid		-	-	-	(882)	(882)
At 26 December 2015		**1,548**	**-**	**85,376**	**71,345**	**158,269**

	Share capital	Share premium	Merger reserve	Accumulated deficit	Total equity
	£000s	£000s	£000s	£000s	£000s
At 28 December 2013	645	-	(544)	(5,581)	(5,480)
Total comprehensive loss for the period					
Loss for the period	-	-	-	(5,519)	(5,519)
Foreign currency translation differences arising on consolidation of foreign operations	-	-	-	(510)	(510)
Total comprehensive loss for the period	-	-	-	(6,029)	(6,029)
Transactions with owners recorded directly in equity					
Share based payment	-	-	-	4	4
At 27 December 2014	645	-	(544)	(11,606)	(11,505)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**Year ended 26 December 2015**	Year ended 27 December 2014
Cash flows from operating activities		**£000s**	£000s
Loss before income tax		**(13,840)**	(8,533)
Adjustments for:			
– Amortisation		**4,981**	3,900
– Depreciation		**39,379**	31,768
– Loss on hire stock asset disposals, hire stock write offs and customer losses		**11,217**	7,992
– Loss on disposal of property, plant and equipment		**106**	170
– Loss on financial instruments at fair value through profit or loss		**-**	1,154
– Finance income		**(24)**	(17)
– Finance expense		**20,706**	30,973
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):			
– Inventories		**(2,180)**	(948)
– Trade and other receivables		**(13,334)**	(16,356)
– Trade and other payables		**5,831**	6,287

– Provisions		**(3,587)**	(802)
Net cash flows from operating activities before changes in hire equipment		**49,255**	55,588
Purchase of hire equipment		**(56,642)**	(39,226)
Cash generated by operations		**(7,387)**	16,362
Net interest paid		**(18,392)**	(18,059)
Income tax paid		**1,143**	(245)
Net cash generated from operating activities		**(24,636)**	(1,942)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	15	**(11,010)**	(6,796)
Acquisition of subsidiaries, deferred consideration paid		**(700)**	-
Purchases of non hire property, plant, equipment and software		**(20,278)**	(14,596)
Net cash used in investing activities		**(31,988)**	(21,392)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**103,121**	-
Share issue costs		**(4,076)**	-
Proceeds from borrowings (third parties)		**57,000**	216,500
Repayments of borrowings		**(94,500)**	(186,018)
Capital element of finance lease payments		**(9,620)**	(4,161)
Capital element of finance lease payments		**(882)**	-
Net cash received from financing activities		**51,043**	26,321
Net decrease in cash		**(5,581)**	2,987
Cash at the start of the period		**5,858**	2,871
Cash at the end of the period		**277**	5,858

1. Basis of preparation / Accounting policies

The Group's financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and on a basis consistent with that adopted and set out in our 2015 Interim Report (available at www.hsshiregroup.com/ investor-relations/financial-results).

The Group financial statements have been prepared, on a going concern basis, on a consistent basis, under the historical cost convention as modified by financial assets and liabilities (including derivative instruments) at fair value through the profit or loss. The financial statements were approved by the Board on 6 April 2016.

These are the first annual consolidated financial statements of HSS Hire Group plc, which is the new holding company of Hampshire Topco Limited, following the reconstruction of the Group to facilitate the initial public offering of and admission of ordinary shares in new parent company HSS Hire Group plc to the Official List of the London Stock Exchange on 9 February 2015.

The consolidated financial statements have been prepared under the merger method of accounting because the transaction under which HSS Hire Group plc became the holding company of Hampshire Topco Limited was effectively a group reconstruction with no changes in the ultimate ownership of the group and all the shareholdings in Hampshire Topco plc were exchanged via a share for share transfer. HSS Group plc did not actively trade at the time. The merger of the companies took place on 4 February 2015.

The financial statements have been presented as a continuation of the Hampshire Topco Limited business. The result of the application is to present the financial statements as if HSS

Hire Group plc has always owned the Group, and the comparatives have been prepared on this basis.

The financial information included in this preliminary statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The financial information has been extracted from the 2015 statutory accounts on which the auditors have reported; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2015 or 2014.

The Annual Report and Accounts for the year ended 26 December 2015 will be posted to shareholders on or about 22 April 2016, and delivered to the Registrar of Companies shortly thereafter

2. Segment reporting

The management team considers the reportable segments to be HSS Core and HSS Specialist. All segment revenue, operating profit, assets and liabilities are attributable to the principal activity of the Group being the provision of tool and equipment hire and related services in the United Kingdom and the Republic of Ireland. The Group has no single external customers that provide more than 10% of Group turnover.

	Year ended 26 December 2015		
	HSS Core £000s	**HSS Specialist £000s**	**Total £000s**
Total revenue from external customers	**261,716**	**50,617**	**312,333**
Adjusted EBITDA	**45,635**	**25,412**	**71,047**
Depreciation and amortisation	**(42,001)**	**(13,682)**	**(55,683)**
Exceptional items	**(8,245)**	**(277)**	**(8,522)**
Segment operating (loss)/profit	**(4,611)**	**11,453**	**6,842**
Finance income			**24**
Adjusted finance expense			**(14,561)**
Exceptional finance expense			**(6,145)**
Profit before tax			**(13,840)**
Income tax expense			**(405)**
Loss after tax			**(14,245)**
Total assets	**377,235**	**96,482**	**473,717**
Total liabilities	**(238,651)**	**(76,797)**	**(315,448)**
Additions to non-current assets in the year (excluding derivative financial instruments)			
Intangible assets	**5,466**	**9,072**	**14,538**
Property, plant and equipment			
- additions	**56,028**	**28,011**	**84,039**

- acquired on acquisitions	**-**	**2,910**	**2,910**
Total	**61,494**	**39,993**	**101,487**

	Year ended 27 December 2014		
	HSS Core £000s	HSS Specialist £000s	Total £000s
Total revenue from external customers	245,578	38,981	284,559
Adjusted EBITDA	51,245	19,901	71,146
Depreciation and amortisation	(32,463)	(11,367)	(43,830)
Exceptional items	(3,017)	(722)	(3,739)
Segment operating profit	15,765	7,812	23,577
Finance income			17
Finance expense			(30,973)
Movement in derivative financial instruments			(1,154)
Loss before tax			(8,533)
Income tax expense			3,014
Loss after tax			(5,519)
Total assets	332,682	84,987	417,669
Total liabilities	391,292	37,882	429,174
Additions to non-current assets in the year (excluding derivative financial instruments)			
Intangible assets	2,950	5,129	8,079
Property, plant and equipment			
- additions	52,418	31,174	83,592
- acquired on acquisitions	351	3,579	3,930
Total	55,719	39,882	95,601

3. Other operating income

	Year ended 26 December 2015	Year ended 27 December 2014
	£000s	£000s
Property rental income	**869**	1,100
	869	1,100

4. Exceptional items

Items of income or expense have been shown as exceptional either because of their size or nature or because they are non-recurring. An analysis of the amount presented as exceptional items in the consolidated income statement is given below.

	Year ended 26 December 2015 £000s	Year ended 27 December 2014 £000s
Restructuring, IPO and Acquisition costs		
Included in administrative expenses	**8,522**	3,739
	8,522	3,739
Exceptional items (non-finance)	**8,522**	3,739
Refinancing costs		
Included in finance expense	**6,145**	6,621
	6,145	6,621
Fair value movement on derivative financial instruments		
Included in finance expense	**-**	1,154
	-	1,154
Exceptional items (finance)	**6,145**	7,775
Total exceptional items	**14,667**	**11,514**

Restructuring, IPO costs and Acquisition costs
During the year the Group incurred costs of £5.3m (2014: £1.1m) in relation to the restructuring of the business and its operations. Of the £5.3m incurred in 2015, £2.0m related to onerous leases on non-trading stores, £1.8m related to set-up costs of the NDEC as we accelerated its development and £1.5m related to the cost reduction plan, principally redundancies. IPO costs incurred in the year and not available to offset against share premium account totalled £2.9m (2014: £2.4m).

During the year the group has incurred £0.3m (2014: £0.2m) relating to acquisitions. Principally these costs have related to legal and professional fees associated with the acquisitions. In accordance with IFRS these have been expensed as incurred.

The tax effect of these items in the year ended 26 December 2015 was to reduce the tax charge by £1.8m (2014: £0.7m).

Refinancing costs
On 12 February 2015 the Group, made an early redemption of £64.0m of its 6.75% senior secured note. This gave rise to a bond redemption premium of £4.3m and the acceleration of the write off of debt issue costs of £1.8m.

In the year ended 27 December 2014 the Group incurred costs associated with restructuring its debt. These costs include £6.6m in relation to the acceleration of the write off of previous debt issuance costs, net of a receipt of £0.5m for the early termination of a swap agreement.

The tax effect of these items was to reduce the tax charge by £1.2m (2014: £1.3m).

Fair value movement on derivative financial instruments
The Group took out an interest rate swap in 2012 to fix LIBOR interest at 0.959% in respect of £120 million of the senior debt which was due to expire on 26 November 2016. The movements in the fair value of the interest rate swap have been taken to profit and loss and presented as exceptional items.

The interest rate swap was cancelled in the year ended 27 December 2014 as part of the 2014 debt restructuring, hence there is no similar charge in the year ended 26 December 2015.

5. Finance income and expense

	Year ended 26 December 2015	Year ended 27 December 2014
	£000s	£000s
Interest received on cash deposits	**(24)**	(17)
Finance income	**(24)**	(17)
Bank loans and overdrafts	**1,315**	1,627
Investor loan notes	**945**	8,253
Senior secured notes	**9,711**	12,021
Finance leases	**1,410**	970
Interest unwind on discounted provisions	**55**	220
Debt issue costs	**2,950**	7,882
Bond redemption premium	**4,320**	-
Finance expense	**20,706**	30,973
Net finance expense	**20,682**	30,956

The bond redemption premium charged in to profit and loss in 2015 relates to the early partial redemption of the senior secured note using part of the funds raised from the IPO. Debt issue costs in 2015 include £1.8m of accelerated write off of previous debt issuance costs due to the partial redemption.

The debt issue costs charged to profit and loss in 2014 arose as a result of the bond issue and refinancing undertaken, and includes £6.6 million of accelerated write off of previous debt issuance costs and net of a receipt of £0.5m for the early termination of a swap agreement.

6. Earnings per share

	Year ended 26 December 2015	Year ended 27 December 2014
Loss attributable to owners (£000)	**(14,245)**	(5,519)
Basic and diluted profit / (loss) per share (pence)	**(9.86)**	(8.55)
Adjusted basic and diluted profit / (loss) per share (pence)	**3.20**	8.37
Basic and diluted weighted average number of ordinary shares	**144,534,441**	64,546,960

Basic and diluted earnings per share has been calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue for that period. Adjusted earnings per share has been calculated after adjusting the result attributable to the equity holders for exceptional items and the amortisation charge. The following is a reconciliation between the basic and diluted earnings per share and the adjusted basic and diluted earnings per share.

	Year ended 26 December 2015	Year ended 27 December 2014
Basic and diluted profit / (loss) per share (pence)	**(9.86)**	(8.55)
Add back:		
Tax charge per share	**0.28**	(4.67)
Exceptional items per share [(1)]	**10.15**	17.84
Amortisation per share [(2)]	**3.45**	6.04
Charge:		
Tax at prevailing rate	**(0.81)**	(2.29)
Adjusted basic and diluted profit / (loss) per share (pence)	**3.20**	8.37

[(1)] Exceptional items per share is calculated as total finance and non finance exceptional items divided by the weighted average number of shares in issue through the period.
[(2)] Amortisation per share is calculated as the amortisation charge divided by the weighted average number of shares in issue through the period.

7. Intangible assets

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 27 December 2014	122,385	25,700	23,510	10,032	181,627
Additions	-	-	-	5,082	5,082
Acquired on acquisition	7,480	1,344	632	-	9,456
Disposals	-	-	-	(115)	(115)
At 26 December 2015	129,865	27,044	24,142	14,999	196,050
Amortisation					
At 27 December 2014	-	5,409	112	5,727	11,248
Charge for the period	-	2,605	122	2,254	4,981
Disposals	-	-	-	(115)	(115)
At 26 December 2015	-	8,014	234	7,866	16,114
Net book value					
At 26 December 2015	**129,865**	**19,030**	**23,908**	**7,133**	**179,936**

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 28 December 2013	118,446	24,800	23,220	7,084	173,550
Additions	-	-	-	2,950	2,950
Acquired on acquisition	3,939	900	290	-	5,129

Disposals	-	-	-	(2)	(2)
At 27 December 2014	122,385	25,700	23,510	10,032	181,627
Amortisation					
At 28 December 2013	-	2,861	45	4,432	7,338
Charge for the period	-	2,548	67	1,285	3,900
Disposals	-	-	-	10	10
At 27 December 2014	-	5,409	112	5,727	11,248
Net book value					
At 27 December 2014	122,385	20,291	23,398	4,305	170,379

On the acquisition of All Seasons Hire Limited on 8 May 2015 the Group acquired £1.3m of customer lists and £0.6m of brand intangible.

All goodwill arising on business combinations has been allocated to the Cash Generating Units (CGUs) that are expected to benefit from those business combinations. The Group tests goodwill and indefinite life brands annually for impairment.

Analysis of goodwill and indefinite life brands by cash generating units

	Goodwill £000s	Indefinite life Brands £000s	Total £000s
Allocated to			
HSS Core	112,677	21,900	134,577
Powered access	4,114	-	4,114
Climate control	7,021	-	7,021
Power generation	6,053	-	6,053
At 26 December 2015	**129,865**	**21,900**	**151,765**

	Goodwill £000s	Indefinite life Brands £000s	Total £000s
Allocated to			
HSS Core	112,218	21,900	134,118
Powered access	4,114	-	4,114
Power generation	6,053	-	6,053
At 27 December 2014	**122,385**	**21,900**	**144,285**

The Group estimates the recoverable amount of a CGU using a value in use model by projecting pre-tax cash flows for the next five years together with a terminal value using a long term growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenue and EBITDA.

The five year plans used in the impairment models are based on management's past experience and future expectations of performance.

The key assumptions used for all material CGUs are a pre tax discount rate of 10.3% (2014: 11.4%) a short to medium term growth rate of between 5% and 12% (2014: between 5% and 17%), and a long term growth rate of 2.5% (2014: 3%).

The pre-tax discount rate used is derived from a weighted average cost of capital (WACC) calculation for the Group and benchmarked against similar organisations operating within the sector. The long term growth rate used does not exceed the average for the sector.

The total recoverable amount in respect of goodwill and brands, as assessed by management using the above assumptions, is greater that the carrying amount and therefore no impairment charge has been booked in the year for any CGU.

Management consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

Other intangible assets

No impairment tests were considered to be required at 26 December 2015 and the carrying value of other intangible assets is considered to be appropriate.

8. Property, plant and equipment

	Land & Buildings £000s	**Plant & Machinery £000s**	**Materials & Equipment held for hire £000s**	**Total £000s**
Cost				
At 27 December 2014	49,985	51,122	222,577	323,684
Foreign exchange differences	(4)	(68)	(708)	(780)
Additions	13,694	5,325	65,020	84,039
Acquired on acquisition	32	179	2,699	2,910
Disposals	(394)	(682)	(33,350)	(34,426)
At 26 December 2015	63,313	55,876	256,238	375,427
Accumulated depreciation				
At 27 December 2014	31,533	41,136	103,802	176,471
Foreign exchange differences	-	(48)	(477)	(525)
Charge for the period	4,119	3,505	31,755	39,379
Disposals	(394)	(577)	(22,132)	(23,103)
At 26 December 2015	35,258	44,016	112,948	192,222
Net book value				
At 26 December 2015	**28,055**	**11,860**	**143,290**	**183,205**

	Land & Buildings £000s	Plant & Machinery £000s	Materials & Equipment held for hire £000s	Total £000s
Cost				
At 28 December 2013	43,836	46,237	169,514	259,587
Foreign exchange differences	(5)	(68)	(724)	(797)
Additions	6,595	5,063	71,934	83,592
Acquired on acquisition	9	100	3,821	3,930
Disposals	(450)	(210)	(21,968)	(22,628)
At 27 December 2014	49,985	51,122	222,577	323,684

Accumulated depreciation				
At 28 December 2013	28,411	38,594	92,705	159,710
Foreign exchange differences	-	(49)	(492)	(541)
Charge for the period	3,497	2,706	25,565	31,768
Disposals	(375)	(115)	(13,976)	(14,466)
At 27 December 2014	31,533	41,136	103,802	176,471
Net book value				
At 27 December 2014	18,452	9,986	118,775	147,213
At 28 December 2013	15,425	7,643	76,809	99,877

The net book value of materials and equipment held for hire includes an amount of £38.8m (27 December 2014: £13.9m) in respect of assets held under finance leases. The depreciation charge for assets held under finance leases in the year ended 26 December 2015 was £7.3m (2014: £4.0m).

9. Trade and other receivables

	26 December 2015 £000s	27 December 2014 £'000s
Gross trade receivables	**84,763**	71,176
Less provision for impairment	**(3,816)**	(3,514)
Net trade receivables	**80,947**	67,662
Other debtors	**387**	27
Prepayments and accrued income	**16,327**	15,419
Corporation tax	**108**	1,826
Total trade and other receivables	**97,769**	84,934

The provision for impairment of trade receivables is estimated based upon past default experience and the directors' assessment of the current economic environment, and includes provisions for credit notes raised after year end for customer invoices issued before year end. The creation and release of bad debt receivables provision is charged/ (credited) to administrative expenses in the income statement, and the credit note provision is charged/ (credited) to revenue.

The following table details the movements in the provision for impairment of trade receivables.

	26 December 2015 £000s	27 December 2014 £'000s
Balance at the beginning of the year	**(3,514)**	(2,610)
Movement in provision	**(302)**	(904)
Balance at the end of the year	**(3,816)**	(3,514)

The ageing profile of debtors that are overdue but not impaired is:

Days overdue	26 December 2015 £000s	27 December 2014 £'000s
1 to 30 days	**7,020**	3,591
31 to 60 days	**3,925**	2,655
61 to 90 days	**1,796**	1,232
Over 90 days	**4,203**	1,602
	16,944	9,080

These amounts have not been impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

10. Trade and other payables

	26 December 2015 £000s	27 December 2014 £'000s
Current		
Obligations under finance leases	**11,050**	5,356
Trade payables	**48,554**	62,040
Other taxes and social security costs	**10,284**	6,630
Other creditors	**1,730**	2,068
Accrued interest on borrowings	**3,755**	9,602
Accruals and deferred income	**13,733**	17,074
	89,106	102,770

	26 December 2015 £000s	27 December 2014 £'000s
Non-current		
Obligations under finance lease	**21,583**	7,033
	21,583	7,033

The maturity profile of the Group's finance leases is as follows:

	26 December 2015 £000s	27 December 2014 £'000s
Less than one year	**11,050**	5,356
Two to five years	**14,303**	7,033
Over five years	**7,280**	-
	32,633	12,389

The following table gives a reconciliation of the minimum lease payments to the fair value of the finance lease liabilities:

	26 December 2015 £000s	27 December 2014 £'000s
Less than one year	**12,430**	6,237
Two to five years	**15,314**	7,783

Over five years	**7,533**	-
	35,277	14,020
Less future interest payments	**(2,644)**	(1,631)
Fair value of lease liabilities	**32,633**	12,389

11. Borrowings

	26 December 2015 £000s	27 December 2014 £'000s
Current		
Revolving credit facility	**46,000**	19,500
Bank overdraft	**1,535**	-
	47,535	19,500
Non-current		
Senior secured note	**132,189**	193,944
Loan notes	**-**	81,102
	132,189	275,046

The nominal value of the Group's loans at each reporting date is as follows:

	26 December 2015 £000s	27 December 2014 £'000s
Secured senior note	**136,000**	200,000
Loan notes	**-**	81,395
	136,000	281,395

The secured senior note is a 6.75% fixed rate bond maturing in 2019, and is listed on the Luxembourg stock exchange.

The Group's Super Senior RCF and Senior Secured Notes are both secured on a shared basis by a first ranking lien over certain assets (comprising substantially all material assets of the Group). The Super Senior RCF shares its security with the Senior Secured Notes but shall get priority over any enforcement proceeds via a payment waterfall.

The loan notes were 10% fixed rate unsecured payment in kind (PIK) notes maturing in 2032. As part of the IPO, they were converted into ordinary shares at a price of £2.10 per ordinary share. Accrued interest at the date of conversion was settled through the issue of PIK notes that were also converted into ordinary shares at a price of £2.10 per ordinary share.

The interest rates on the Group's variable interest loans are as follows:

	26 December 2015 % above LIBOR	27 December 2014 % above LIBOR
Revolving credit facility	**2.00%**	2.50%

The interest rates on the Group's fixed interest loans are as follows:

	26 December 2015 Fixed rate	27 December 2014 Fixed rate
Secured senior note	**6.75%**	6.75%
Loan notes	**-**	10.00%
Weighted average interest rate on borrowings	**5.55%**	7.19%

The Group's borrowings have the following maturity profile:

	26 December 2015 £000s	27 December 2014 £000s
Less than one year	**9,180**	13,500
Two to five years	**163,540**	254,000
Over five years	**-**	486,563
	172,720	754,063
Less interest cash flows:		
Senior secured note	**(36,720)**	(67,500)
Loan notes	**-**	(405,168)
Total principal cash flows	**136,000**	281,395

The Group has undrawn committed borrowing facilities of £35.0m at 26 December 2015 (27 December 2014: £37.7m).

12. Provisions

	Non-trading stores £000s	Dilapidations £000s	Other £000s	Total £000s
At 27 December 2014	7,017	7,854	21	14,892
Additions	311	3,336	-	3,647
Utilised during the period	(2,101)	(669)	-	(2,770)
Unwind of provision	(80)	112	-	32
Released	(610)	(497)	(21)	(1,128)
At 26 December 2015	**4,537**	**10,136**	**-**	**14,673**
Of which:				
Current	**1,228**	**2,594**	**-**	**3,822**
Non current	**3,309**	**7,542**	**-**	**10,851**
	4,537	**10,136**	**-**	**14,673**
At 28 December 2013	9,308	5,610	21	14,939
Additions	224	2,148	-	2,372

Utilised during the period	(2,639)	-	-	(2,639)
Unwind of provision	124	96	-	220
At 27 December 2014	7,017	7,854	21	14,892
Of which:				
Current	1,828	2,031	21	3,879
Non current	5,189	5,823	-	11,013
	7,017	7,854	21	14,892

Provisions for non-trading stores relate to property provisions for the current value of contractual liabilities the Group has in respect of leasehold premises. These liabilities are for future rent and rates payments on premises the Group no longer operationally uses, and are expected to arise over periods of up to 8 years. The comparative balance sheet has been amended to reflect the current element of the provisions, previously treated as non current liabilities.

The dilapidations provisions represent dilapidation costs in respect of the Group's leasehold properties, and will therefore arise over the lease lives of the Groups properties.

13. Deferred tax

Deferred tax is provided in full on taxable temporary differences under the liability method using applicable tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Tax losses £000s	Derivative financial instruments £000s	Property, plant and equipment and other items £000s	Acquired intangible assets £000s	Total £000s
At 27 December 2014	2,400	-	(625)	(8,685)	(6,910)
(Charge) / credit to the income statement	(500)	-	(409)	546	(363)
Arising on acquisition	-	-	(231)	(438)	(669)
At 26 December 2015	1,900	-	(1,265)	(8,577)	(7,942)
Deferred tax assets	**1,900**	**-**	**-**	**-**	**1,900**
Deferred tax liabilities	**-**	**-**	**(1,265)**	**(8,577)**	**(9,842)**
At 26 December 2015	**1,900**	**-**	**(1,265)**	**(8,577)**	**(7,942)**
At 28 December 2013	-	(248)	(150)	(9,023)	(9,421)
(Charge) / credit to the income statement	2,400	248	(475)	687	2,860
Arising on acquisition	-	-	-	(349)	(349)
At 27 December 2014	2,400	-	(625)	(8,685)	(6,910)
Deferred tax assets	2,400	-	62	-	2,462
Deferred tax liabilities	-	-	(687)	(8,685)	(9,372)
At 27 December 2014	2,400	-	(625)	(8,685)	(6,910)

At 26 December 2015 £9.2m (27 December 2014: £8.5m) of the deferred tax liability is expected to crystallise after more than one year.

As at 26 December 2015 the Group had an unrecognised deferred tax asset relating to trading losses of £0.8m (27 December 2014: £1.0m).

The Group also has an unrecognised deferred tax asset relating to temporary differences on plant and equipment, intangible assets and provisions of £12.3m (27 December 2014: £10.1m).

These potential deferred tax assets have not been recognised on the basis that it is not sufficiently certain when taxable profits that can be utilised to absorb the reversal of the temporary difference will occur in the future.

14. Share capital

Number and nominal value of ordinary shares

	Share capital Ordinary Number	**Preference** Number	**Ordinary** £000s	**Preference** £000s	**Share premium** £000s
At 28 December 2013 and 27 December 2014	64,546,960	-	645	-	-
Issue of 50,000 redeemable preference shares of £1 each	-	50,000	-	50	-
Issue of 41,110,184 ordinary shares of 1p each in exchange for loan notes in subsidiary	41,110,184	-	411	-	-
Issue of 49,104,760 ordinary shares of 1p each	49,104,760	-	492	-	102,629
Share issue costs	-	-	-	-	(4,076)
Redemption of 50,000 redeemable preference shares of £1 each	-	(50,000)	-	(50)	-
Capital reduction	-	-	-	-	(98,553)
At 26 December 2015	**154,761,904**	**-**	**1,548**	**-**	**-**

The above movements reflect the transactions that arose following incorporation of HSS Hire Group Limited (subsequently renamed HSS Hire Group plc) in advance of the IPO of 9 February 2015. Initially the share capital was £50,001 divided into 1 ordinary share of £1.00 each and 50,000 redeemable preference shares of £1.00 each.

HSS Hire Group plc replaced Hampshire Topco Limited as the holding company of the Group, through a share for share exchange. This took place immediately following determination of the IPO Offer Price on 3 February 2015 and resulted in the issue of the original 64,546,960 ordinary shares of 1 pence each shown above.

As part of the reconstruction that took place immediately prior to the share for share exchange, the external loan note holders in the Hampshire Topco Group transferred all of their interests in the notes to Hampshire Topco Limited in consideration for the issue of new ordinary shares in Hampshire Topco Limited. An aggregate loan note balance of approximately £86,000,000 including £795,500 of accrued interest was converted into 41,110,184 ordinary shares of 1 pence each. These shares were subsequently exchanged for shares in HSS Hire Group plc on a 1 for 1 basis as part of the reorganisation.

In addition, the £50,000 of preference shares were redeemed in full on 4 February 2015.

The IPO involved the issue of 49,104,760 ordinary shares of 1 pence each at the issue price of £2.10 each on 9 February 2015.

On 3 July 2015 the Company, by way of a Special resolution, cancelled its share premium account as confirmed by an Order of the High Court of Justice, Chancery division, on 15 July 2015.

15. Business combinations

Acquisitions in the year

On 8 May 2015, the Group acquired the entire share capital of All Seasons Hire Limited through its subsidiary HSS Hire Service Group Limited. All Season Hire Limited is one of the leading heating, ventilation and air-conditioning ("HVAC") hire companies in the UK. The primary reason for the acquisition was to acquire a specialist HVAC hire business. The main factor leading to the recognition of goodwill was the expected operational efficiencies through economies of scale.

The details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair value acquired £000s
Intangible assets	1,976
Inventory	2,699
Property, plant and equipment	211
Trade and other receivables	1,219
Cash at bank and in hand	317
Creditors and provisions	(2,645)
Net assets acquired	3,777
Goodwill	7,021
Total consideration	10,798
Satisfied by	
Cash	10,798

There were fair value adjustments to trade and other receivable of £0.2 million in respect of credit note and bad debt provisions and £0.1 million to creditors and provisions relating to other creditors. The fair value exercise is not yet complete.

Acquisition related costs of £0.25 million have been charged to administrative expenses in the income statement for the year ended 26 December 2015.

Since the acquisition date, All Seasons Hire Limited has contributed £3.6 million to Group revenues and £0.5million to Group profit. If the acquisition had occurred on 1 January 2015 the contribution to Group revenue would have been £5.6 million and the contribution to Group profit would have been £1.0 million.

In addition a further immaterial acquisition was made in the year ended 26 December 2015 for £0.5m and gave rise to goodwill of £0.4m.

Acquisitions in prior periods

Apex Generators Limited

On 31 March 2014 the Group acquired the entire share capital of Apex Generators Limited through its subsidiary ABird Superior Limited. Apex Generators Limited specialises in the hire of generators and associated equipment.

The fair value of the consideration paid for the share capital was £5.99 million and the fair value of the assets acquired was £2.79 million resulting in goodwill of £3.20 million.

The acquisition was settled in cash. The total consideration of £2.9 million included deferred instalments of £0.7 million each paid in 2015 and 2016.

16. Related party transactions

Ultimate parent entity

By virtue of its majority shareholding the Group's immediate and ultimate parent entity is Exponent Private Equity LLP.

During the year entities managed by Exponent Private Equity LLP charged the Group fees of £nil (2014: £150,000) and £nil was outstanding at 26 December 2015 (2014: £nil).

The Group held outstanding loan notes together with accrued interest of £nil owed to Exponent Private Equity LLP at 26 December 2015 (2014: £85,386,186).

Key management personnel

On 30 March 2015 a loan was made by Hampshire Topco Limited to Steve Trowbridge to enable him to pay the income tax and employee national insurance contributions arising on any difference between the unrestricted market value of the B shares in Hampshire Topco Limited acquired by him in 2014 and the subscription price actually paid. The loan was written off by Hampshire Topco Limited following the admission of HSS Hire Group Plc to the London Stock Exchange and the group has settled the tax and national insurance amounts arising. The benefit amounted to £78,645.

17. Capital restructuring

In February 2015 HSS Hire Group plc undertook an IPO resulting in £103 million of gross proceeds being raised. As part of the IPO process, the Company passed special resolutions giving effect to the capital reorganisation outlined in the consolidated statement of changes in equity.

On 9 February 2015 the Group, its ultimate parent company and its previous ultimate parent company executed a number of board approved loans which allowed the Group to discharge existing loans as well as to effect an early redemption of £64 million of its 6.75% senior secured notes.

18. Adjusted EBITA

	Year ended 26 December 2015	Year ended 27 December 2014
	£000s	£000s
Adjusted EBITDA	**71,047**	71,146
Less: Depreciation	**(50,702)**	(39,930)
Adjusted EBITA	**20,345**	31,216
Less: Amortisation	**(4,981)**	(3,900)
Less: Exceptional items (non-finance)	**(8,522)**	(3,739)
Operating profit	**6,842**	23,577

19. Dividends

	26 December 2015	27 December 2014
	£000s	£000s
Interim dividend of 0.57p (2014: nil) per ordinary share paid during the year	**882**	-
	882	-

The directors are proposing a final dividend of 0.57p per ordinary share, totalling £0.9m. This dividend has not been accrued in the consolidated statement of financial position.