

25 May 2016



## HSS Hire Group plc

### Q1 16 Trading Update for HSS Hire Group plc

*HSS Hire Group plc (“HSS” or the “Group”) announces an update on the performance of the Group for the 14 week period ended 2 April 2016.*

*In line with its reporting obligations to holders of its Senior Secured Notes, the Group’s wholly-owned subsidiary Hero Acquisitions Limited has today provided an update to noteholders on its performance for the same period. Details for the results call for Hero Acquisitions Limited can be found at the end of this announcement.*

#### **Unaudited Financial Highlights for HSS Hire Group plc**

- Q1 trading in line with expectations
- Revenue up 16.3% to £84.3m (Q1 15: £72.5m), or up c. 8% on a comparable 13 week basis
- Adjusted EBITDA<sup>(1)</sup> up 14.3% to £17.6m (Q1 15: £15.4m)
- Adjusted EBITA<sup>(2)</sup> up 28.9% to £4.9m (Q1 15: £3.8m)
- Net debt of £234.0m (FY15: £218.1m)

#### **Trading and Operational Highlights for HSS Hire Group plc**

Trading in Q1 was in line with expectations with continued growth in both the Core and Specialist businesses. Q1 16 revenue benefited from an extra week’s trading, which accounted for c. 8% of the revenue growth<sup>(3)</sup>.

Revenue in the Core business grew by 15.8% to £71.9m (Q1 15: £62.1m), reflecting strong growth in our OneCall and Training businesses as we support new customer wins. Specialist revenue was up 18.1% to £12.4m (Q1 15: £10.5m), 6.1% of which was due to the inclusion of revenues from All Seasons Hire, which we acquired in May 2015. Utilisation improvements were achieved across the Group with Core utilisation up 2% to 49% (LTM Q1 15: 47%) and Specialist utilisation up 4% to 76% (LTM Q1 15: 72%).

Group EBITA margins increased to 5.8% (Q1 15: 5.2%) driven by revenue growth and the impact of the cost reduction actions implemented in 2015, which are delivering to plan. Additional cost actions will continue through 2016 to ensure we deliver our objective of driving sustainable margin improvement.

Movement in net debt from FY15 year-end reflects FY15 capex settlement, two quarterly rental payments (as a consequence of the extra week in the quarter) and set-up costs relating to the National Distribution and Engineering Centre (“NDEC”).

We began operations at our new NDEC in March. In addition to driving productivity, this facility will support our extensive branch network and web capability to deliver unrivalled customer convenience and availability into the future. We remain on track to complete this programme within FY16.

### **Current Trading and Outlook for HSS Hire Group plc**

Market conditions remain very competitive with some signs of softness in the broader UK economy; however trading in Q2 16 has started ahead of Q2 15. Our fleet investment will remain demand-led in line with our aim to drive capital efficiency through the business.

#### Explanatory Notes:

- 1) Adjusted EBITDA defined as Operating profit with depreciation, amortisation and exceptional costs added back
- 2) Adjusted EBITA defined as Operating profit with amortisation and exceptional costs added back
- 3) Our IPO Prospectus identified that FY16 would be a 53 week accounting period

### **John Gill, Chief Executive Officer of HSS, said:**

*“HSS continued to grow ahead of the tool & equipment hire market during the period. This growth reflects a number of factors, including the positive revenue contribution of new customer wins and the benefit of investment in our hire fleet through 2015. We remain focused on growing operating margins and driving capital efficiency through careful management of our operational cost base and demand-led fleet investment.”*

*“Selective openings of new local branches, a further four in the first quarter, and the phased introduction of the new NDEC from March 2016 will continue to enhance our national footprint and improve product availability for customers. The market remains very competitive with some signs of softness in the broader UK economy; however trading in Q2 16 has started ahead of Q2 last year and we will continue to take action on costs to protect our margins.”*

HSS Hire Group plc will announce its interim results for the 27 week period ended 2 July 2016 on 31 August 2016.

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

As required by the reporting obligations for the Senior Secured Notes, a 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. Details for this call and the accompanying presentation will be made available at [www.hsshiregroup.com/investor-relations/senior-secured-notes/](http://www.hsshiregroup.com/investor-relations/senior-secured-notes/)

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**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 320 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](http://www.hsshiregroup.com).