



HSS Hire Group plc

Q3 17 Trading Update

Q3 results for the 13 week period ended 30 September 2017

HSS Hire Group plc ("HSS" or the "Group"), today announces an update on the performance of the Group for the 13 week period ended 30 September 2017.

In line with its reporting obligations to holders of its Senior Secure Notes, the Group's wholly owned subsidiary Hero Acquisitions Limited has today provided an update to noteholders on its performance for the 39 week period ended 30 September 2017. Details for the results call for Hero Acquisitions can be found at the end of this announcement.

Decisive actions return Group to profitability

Trading and Operational Highlights

- **Q3 17 Profits ahead of H1, in line with management expectations**
 - Underlying rental revenue improved; flat in Q3 17 on comparable 13 week basis (H1 was -3%)
 - Continued strength in Services business with revenue +12% and contribution +23% vs Q3 16
 - Cost saving initiatives fully implemented, on track to deliver annualised cost savings of £13m
- **Operations delivering planned improvements**
 - Consistently high fulfilment levels and improving availability
 - Asset utilisation in Q3 of 55% in Core and 76% in Specialist business
 - Improved capital efficiency resulting in capex reduction of £4m - £6m year on year
- **Net debt £8m lower than prior year, headroom in excess of £33m**
 - Net external debt reduced to £232.0m at end of Q3 17 (Q3 16: £240.4m)
 - Facility and cash headroom in excess of £33m (Q3 16 below £15m)
 - Completed disposal of non-core cleaning equipment rental and maintenance business in Q4 17

Financial Highlights – Q3	Q3 17 (13 weeks)	Q3 16 (13 weeks) <i>Restated</i> ³	Change
Revenue	£89.6m	£89.8m	(0.2%)
Adjusted EBITDA ¹	£17.9m	£20.3m	(£2.4m)
Adjusted EBITA ²	£6.6m	£8.2m	(£1.6m)
Adjusted EBITA margin	7.4%	9.1%	(1.7pp)

Current Trading and Outlook

- October was the fifth successive month of EBITA profit, albeit marginally behind management expectations
- Net debt reduction remains key focus and continues to reduce since end of Q3, with facility and cash headroom now in excess of £35m (October 16 £15m)
- We remain focused on improving Group profitability noting caution should October's adverse seasonal effects continue for the remainder of the year
- Strategic review progressing with update to be provided on the 7 December 2017

Steve Ashmore, Chief Executive Officer of HSS Hire Group plc, parent company of Hero Acquisitions Limited, said:

"I am pleased to report that the Group has returned to operating profitability during Q3 17, representing an improvement on our performance during H1 17. We are delivering to plan through the execution of decisive sales and cost reduction initiatives that we have taken over the past few months.

The organisation is now clearly focused on the delivery of profitable growth, this having been evidenced through our underlying rental revenues trend improving through the third quarter.

By continuing to focus on driving down costs, delivering rental revenue growth and collecting cash more effectively, we will continue to improve our balance sheet and liquidity position.

Good progress continues to be made with our strategic review and I look forward to updating the market on 7 December 2017"

Notes:

- 1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, and exceptional items. For this purpose depreciation includes the net book value of hire stock losses and write offs, and the net book value of other fixed asset disposals less the proceeds on those disposals.
- 2) Adjusted EBITA defined as Adjusted EBITDA less depreciation
- 3) Depreciation restated for effect of change in residual values of rental equipment determined during Q4 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 2pm GMT today.

To obtain dial-in details for the call, holders should contact Teneo Blue Rubicon on 020 3757 9248. The accompanying presentation will be available at www.hsshiregroup.com/investor-relations/senior-secured-notes/

Ends

Disclaimer:

This announcement contains forward-looking statements relating to the business, financial performance and results of HSS Hire Group plc and the industry in which HSS Hire Group plc operates. These statements may be identified by words such as "expect", "believe", "estimate", "plan", "target", or "forecast" and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements and neither HSS Hire Group plc nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. No obligation is assumed to update any forward-looking statements.

For further information, please contact:

HSS Hire Group plc

(parent company of Hero Acquisitions Limited)

Steve Ashmore, Chief Executive Officer

Paul Quested, Chief Financial Officer

Jonathan Edwards, Investor Relations Manager

Tel: (On 29 November 2017) 020 3757 9248

Thereafter please email: Investors@hss.com

Teneo Blue Rubicon

Robert Morgan

Shona Buchanan

Tel: 020 3757 9248

Notes 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 250 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.