



14 February 2018

HSS Hire Group plc

### HSS reaffirms guidance and updates on strategy progress

HSS Hire Group plc (“HSS” or the “Group”) issues the following update ahead of the publication of its full year results for the 52 weeks ending 30 December 2017 on 5 April 2018.

#### Trading

Since HSS last updated the market on 29<sup>th</sup> November 2017, trading has been positive with the Group maintaining solid momentum. The Board is pleased to reaffirm that full year performance is in line with guidance given in August, of H2 adjusted EBITA of between £8m and £11m.

#### Revolving Credit Facility

HSS also announces that it has successfully agreed with its lenders to extend the £80m revolving credit facility (RCF), which will now mature in July 2019. Management continues to make good progress towards refinancing the Group and expects to complete this during 2018.

#### Strategic Review Progress Update – Network changes

In the Strategic Review announced in December last year, management outlined initiatives to reduce costs by £10m-£14m annually, of which £7m-£10m related to changes in the supply chain model. We are pleased to announce that agreement has been reached with Unipart, who operate the Group’s National Distribution and Engineering Centre, to make changes to our supply chain enabling the realisation of cost benefits at the higher end of this range.

In the first half of 2018, the testing and repair of all fast-moving products will be completed closer to HSS’s customers, using the Group’s skilled colleagues across our network of distribution centres and branches. This change will mean far better levels of utilisation and efficiency for the Group, with improved availability for customers as more products will be available for hire in branches. As part of these changes, the Group will recognise a provision for exceptional costs of approximately £40m, including an impairment of related assets of £7m. This is expected to give rise to a net cash outflow of £2-3m in 2018, followed by net cash inflows of £7-£8m annually over the following seven years.

#### **Steve Ashmore, Chief Executive Officer of HSS Hire Group plc said:**

“We continue to make good progress in implementing our strategy and today’s announcement is a significant milestone in delivering further cost savings in our supply chain. With clear implementation plans and highly engaged teams, who have responded positively to the proposed changes, we are confident in achieving savings towards the top end of our targeted range. This operational progress, combined with the extension of our bank facilities and positive Q4 performance, creates a strong platform to build upon in 2018 and beyond.”

**-Ends-**

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**Disclaimer:**

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