

DELIVERING GROWTH 2013

HSS Hire Group
Annual Review





Casey, Sales Consultant

WELCOME TO HSS HIRE GROUP

Annual Review 2013

HSS Hire
You're better equipped

HSS Training
You're better equipped

HSS OneCall
You're better equipped

**UK Platforms
POWERED ACCESS**
PART OF **HSS Hire**

reintec
cleaning equipment services
PART OF **HSS Hire**

**LAOIS HIRE
PLANT, TOOLS & EQUIPMENT**
PART OF **HSS Hire**

**ABIRD
POWER SOLUTIONS**
PART OF **HSS Hire**

TecServ
EQUIPMENT MAINTENANCE
PART OF **HSS Hire**

**A1 Hire+
Sales**
PART OF **HSS Hire**

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AT A GLANCE



UK + IRELAND

 **250+**
locations


c. **2600**
colleagues



 **27%** 
ROA

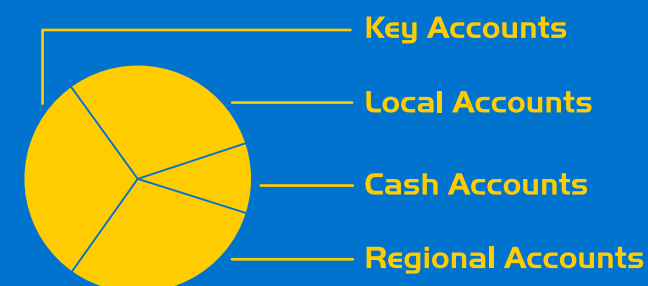

€226m
REVENUE
+24% YOY

EBITDA*
€55m
+36% YOY

**23 PRODUCT
CATEGORIES**

90%
B2B


30,000+
live customer accounts



*Adjusted to remove certain exceptional costs

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OUR CUSTOMER PROMISE
SAFETY / VALUE / AVAILABILITY / SUPPORT

WELCOME TO HSS GROUP

HSS Hire Group 2013

Q1:

- Integration of ABird Power Solutions
- Rolled out local branch format

Q2:

- Opened HSS Academy
- Acquired UK Platforms (UKP)

Q3:

- Acquired MTS Ireland

Q4:

- Acquired TecServ
- Commenced roll out of RFM Smart Equipment to ABird

2014

- Opened 4 new format local branches
- Launched Activ' Shield Bar for UK Platforms
- Refinanced Group via £200m senior secured notes offer
- Acquired Apex Generators

2013 was a strong year for the HSS Hire Group. We grew our revenue, EBITDA and return on assets both organically and through the acquisition of specialist businesses which added to the breadth of service we provide for our customers.

Our Group provides tools, equipment and related services in the UK and Ireland. We have a diverse customer base including large key accounts in the fit-out, maintain and operate segments; regional contractors; local trades; and consumers. The mix of our customers and the resilience of their end-user markets - such as facilities management, airports and retail and our lack of exposure to “ground-up” construction - underpinned our performance in the year.

We strive to be number one or two in our key markets and deliver industry-leading return on assets through optimising our branch network, operational efficiency, investing in people and systems and delivering added-value services. During the year we acquired three businesses: specialist powered access provider, UK Platforms; visual signboard company, MTS in Ireland and cleaning equipment technical services provider, TecServ. We also completed the integration of ABird Power Solutions, acquired at the end of 2012.

In 2013, we achieved a return on assets of 27% (2012: 20%). Revenue was £226m (2012: £182m). Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) was £55m (2012: £40m). This performance was achieved in challenging market conditions; expected improvements in the economies in the UK and Ireland give us confidence in continuing to deliver growth.

Safety

In 2013, our commitment to Health and Safety management delivered a 12% reduction in accidents whilst accommodating an 8% increase in the number of colleagues. We continue to drive our programme to ensure that every colleague “owns” the achievement of the highest safety standards through a culture that “safe is just the way we do things round here”. The safety focus extends to our customers – every piece of equipment is systematically tested prior to hire and our internal safety audit team monitors this process on a daily basis. During the year the Board commissioned an external expert view of safety management processes which concluded that our systems were robust.

Value

Pricing in our markets remained challenging. We continued to focus on “the true cost of hire” - managing duration, volume and additional charges in a transparent way for our customers. This focus – along with sales force training and incentivisation – has enabled us to manage pricing whilst helping customers control their costs effectively. We continued to develop our customer-facing account management system, Livehire, and rolled it out to customers of the acquired businesses during the year.

We launched online training records and booking management for HSS

Training, enabling customers to have increased control of their training costs. We extended the products and services of HSS OneCall which provides a single point of ordering for all customers’ rental requirements in the UK, Ireland and worldwide.

Availability

During the year, we added a further 20 branches. In our power solutions business, ABird, we opened 6. The acquisition of our specialist powered access business, UK Platforms, added a further 10. In HSS, we opened 4 new local format branches in entirely new locations, providing a launch platform for a more aggressive rollout in 2014. The local format branches are typically situated on trade parks, and provide a consistent range of kit for local trades as well as next day delivery of the total range from within our distribution network. The continued development of the distribution network within HSS enabled increased availability of product whilst at the same time achieving record levels of utilisation.

Support

HSS Academy was opened in Q2 2013, providing residential customer service training to new and existing colleagues and growing the skills which provide support to our customers.

We developed and commenced the rollout of fleet management technology – under the RFM Smart Equipment brand – across all ABird generators,

enabling customers to monitor their generators from a smart phone, tablet or desktop.

We also commenced the programme to fit UKP powered access booms with anti-entrapment technology, developed by our technical team working with the powered access manufacturer, Haulotte.

Our fleet capital investment programme in the year was £31m and ensured that we retain an up-to-date and fit-for-purpose range. Our purchasing methodology is at all times to be demand-led, constantly monitoring utilisation, availability and future customer requirement.

As we ended 2013, we prepared for the issue of our inaugural high yield bond - £200m of senior secured notes due in 2019 - along with a revolving credit facility of £60m, which was successfully completed in early February 2014. This ensures we have the right capital structure as we prepare to deliver further growth.

This year of considerable achievement would not have been possible without our dedicated colleague base. This Annual Review features photographs and comments from many of them. They are outstanding and we would like to thank each and every team member for his or her contribution.



Chris Davies,
Chief Executive Officer



Alan Peterson,
Chairman



FINANCIAL HIGHLIGHTS

I am pleased to confirm that 2013 was an encouraging year with revenue and profit growth driven by a combination of the organic performance of the business and the acquisitions made.

The business delivered strong organic growth across all of our customer groups, product ranges, geographies and services despite a continuing difficult economic backdrop. The underlying organic growth of the business was supplemented by our 2013 acquisitions: powered access business, UK Platforms; the visual signboard business, MTS in Ireland; the cleaning equipment technical support company, Premiere FCM Ltd, trading as TecServ and by the development of power generation business ABird, acquired in late 2012.

"We've dealt with HSS for over 14 years - quality service and quality equipment but most importantly, efficient, pleasant and very helpful people."

Graham Baker, Purchasing Manager, Romec Limited

Revenue grew by 24% from £182m to £226m, EBITDA by 36% from £40m to £55m and ROA (based on EBITA before exceptional items) from 20% to 27%.

We continued to invest in the size and quality of our rental fleet, our network, our infrastructure and systems with a total investment of £38m compared to £26m in 2012. This investment was made across all our businesses and included additional capital to grow our rental fleets as well as develop our brand, our operating network and IT infrastructure.

Net cash inflow from operating activities increased by £3m to £42m and the Group took advantage of its liquidity to remove potential property liabilities of £2m from its non-trading properties.

At the end of the year, we commenced work on our inaugural bond issue - £200m of senior secured notes due in 2019 - and this was successfully completed in February 2014. This enabled the Group to improve its capital structure, paying down existing facilities and some of its shareholder loans.

Alongside the bond issue, the Group secured a £60m Revolving Credit Facility providing ample liquidity to meet the future investment and development needs of the Group going forward.

We continue to ensure that we have stringent governance and control of all areas of our business. Strategically, we continue to follow the five consistent platforms of our business plan and ensure that all of our activities are driven by customer demand.

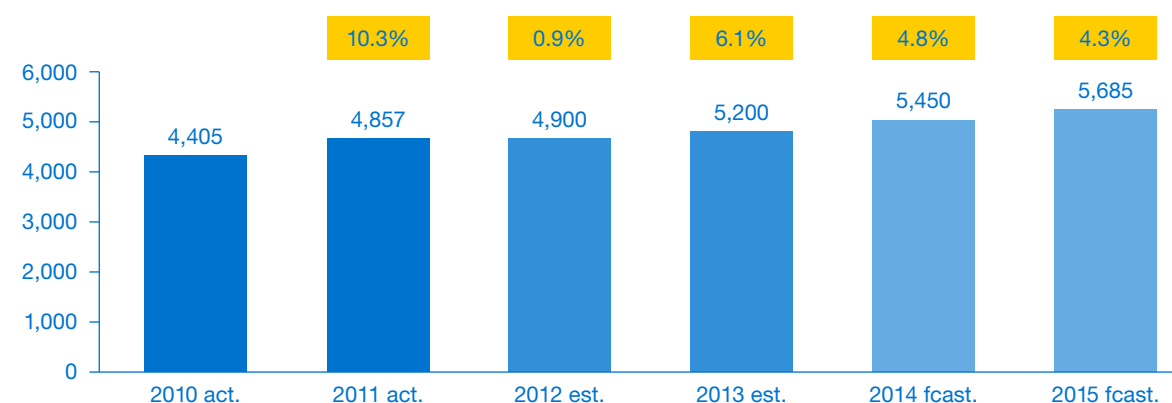
In October last year, the European Rental Association, working with IHS Global Insight, estimated a growth rate of 6.1% for the UK market in 2013. The Group's results demonstrated significant outperformance of the market.

In conclusion, therefore, the HSS Hire Group performed well in 2013 and is solidly positioned to continue to grow.



John Gill,
Chief Financial Officer

UK equipment rental market turnover (£m)



Source: European Rental Association 2013

■ Total turnover ■ Turnover growth rate %

THE FIVE PLATFORMS OF OUR PLAN



OPTIMISE THE NETWORK



BUILD SUSTAINABLE REVENUE



DRIVE OPERATIONAL EFFICIENCY



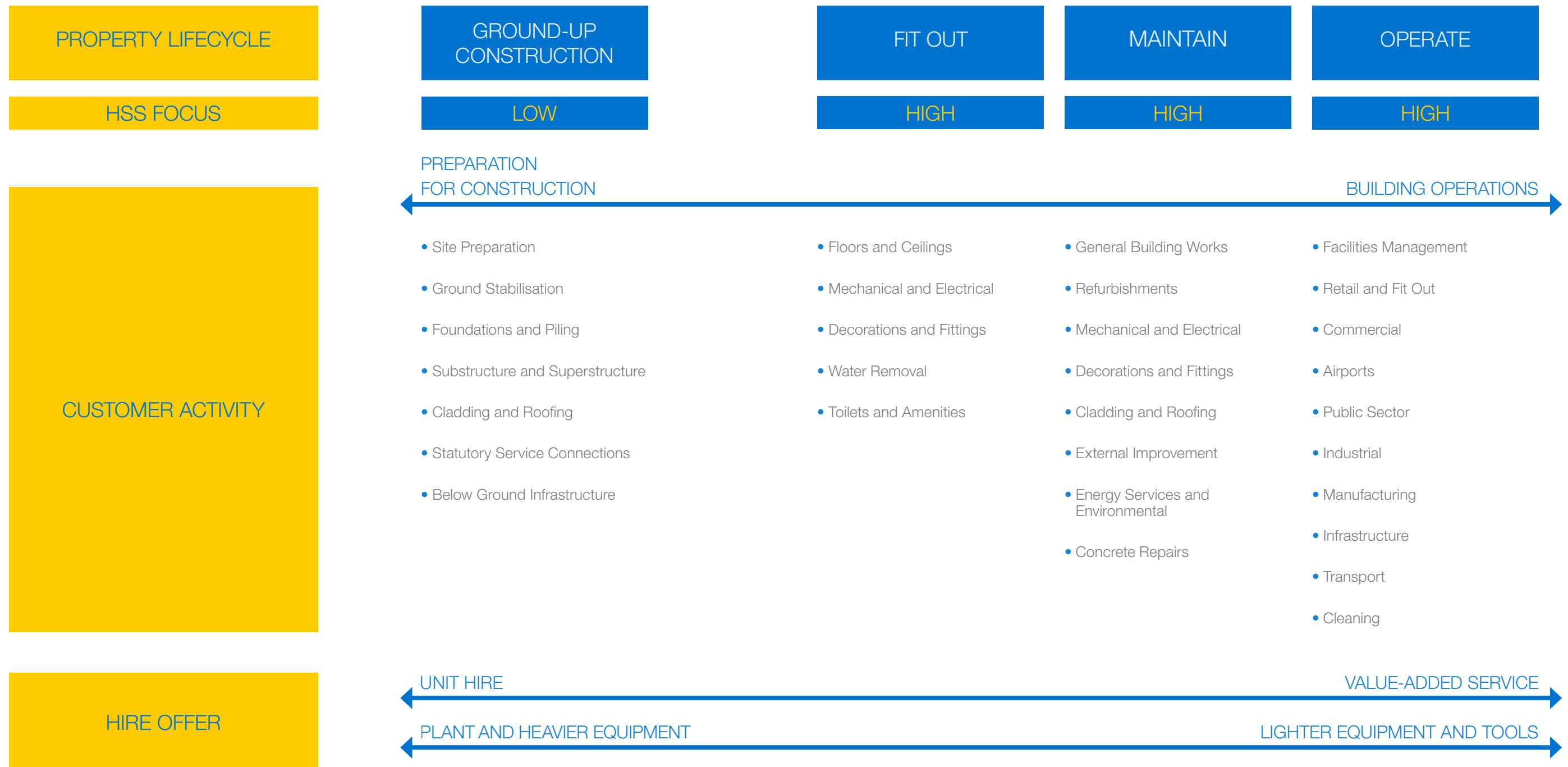
INVEST IN PEOPLE AND TECHNOLOGY



DEVELOP SERVICES

OUR MARKETS

WHERE YOU WILL FIND HSS



BUSINESS UNIT REVIEW: HSS HIRE

HSS Hire provides tools and equipment in the UK and Ireland and accounted for approximately 91% of Group revenue in 2013, with growth of 13%. HSS Hire provides 1600 product lines within 23 product categories, including access, low level powered access, lifting and handling, heating, cooling and drying, lighting and power, breaking and drilling and siteworks.

During 2013, the business had more than 30,000 live trading accounts at any one time and is predominantly a trade supplier with less than 10% of revenue derived from consumers. In addition to equipment hire, revenue is also generated through the sale of consumables and accessories such as safety equipment.

HSS connects with its customers through its branch network, a field sales force, a Customer Contact Centre and online through hss.com and account management system, Livehire.

"I love the fact that I can build proper relationships with local customers and be their one point of contact - for everything from equipment sales to training and OneCall."

Alan Bulcock, Branch Manager, Reading, HSS Hire

Network and operation

We continued to invest in our distribution network, organised since 2011, into 10 Regional Distribution Centres, 25 Local Distribution Centres and over 200 local format branches. This hub and spoke network operates 24 hours a day through a National Distribution Centre, managed by Unipart Logistics. Through the network, branches are restocked daily with equipment for customer pick-up. All orders for delivery to customers are routed automatically from point of entry to the most convenient distribution centre.

Maintenance of equipment is carried out in the network of distribution centres and, where required, equipment needing maintenance is returned from the local format branches to the nearest workshop.

During the year we continued to drive efficiency, improving key operational metrics including on-time transport performance, equipment availability and equipment utilisation.

In Q2 2013, we commenced a programme in partnership with Unipart to provide all spare parts from one central source on a next day basis. This is enabling increased productivity within workshops and a reduction in offline cycle times.

We increased the capacity of our refurbishment centre which extends

the life of larger equipment – such as generators and powered access – through refurbishment to manufacturers' standards, contributing to the growth of return on assets and our customer availability promise. The programme – in addition to financial benefits – delivers on our commitment to the environment. The centre refurbished over 600 machines during 2013 and in Q4 2014 we will move to a purpose-built site with significantly increased capacity.

Local format branches

During the year, we continued the rollout of our local format branches following prototype development during 2012 and H1 2013. These format branches are typically located on trade parks in major urban centres, allowing local trade customers access to a consistent range of kit designed to be picked up and dropped off. Customers can also order at these branches for delivery direct to their site from the distribution network. The design of the branch enables fast, low cost, format rollout which will be accelerated in 2014.

"We chose HSS after a rigorous procurement process and have no regrets. The effort, service and commitment of our HSS team cannot be faulted and makes our relationship a great success."

Steve Prentice, Consultant, Amey



Stuart, Stock Integrity Manager
and Greg, Regional Operations Manager

BUSINESS UNIT REVIEW: HSS HIRE

Scotland

Despite challenging economic conditions, our Scottish business grew strongly through the year. This was a result of ensuring our continuing focus on customers with strong order books seeking high service levels and kit availability. We expect this growth to continue as we add the capability of our specialist businesses to Scotland and benefit from investment in our sales teams.

Ireland

Ireland - where we also provide plant through our Laois brand in response to market demand - has performed particularly well in an uncertain economic environment. In 2013, we added specialist visual signboard business, MTS Ireland, to the Irish operation and commenced a programme of investment. Through this broad customer offering and a commitment to high levels of service we have significantly outperformed general market conditions.

"All my team can see the company going somewhere and we hear all about it. I think it's definitely a good thing for people to know they work for a company that's growing."

Rachel Dewsnap, Hire Direct Manager, HSS Hire

Customer service

HSS Hire customers transact via branches, online through our customer-facing systems, through our Customer Contact Centre in Manchester, or, in the case of many larger customers, through dedicated service desks either in their own premises or in our centres. We also provide temporary onsite facilities to major projects under the HSS Onsite brand.

Our Customer Contact Centre in Manchester supports both consumers and accounts through our Hire Direct service, via the phone and the internet and provides dedicated desks for many of our larger accounts, responding to their specific needs and processes.

We continued to develop our Customer Delight programme which measures our customer service at many levels through the Net Promoter Score (NPS) methodology and provides information for improvements. Our NPS score at the end of December 2013 was 33 compared to the TNS recommendation benchmark for product and service industries of 17.

"Service levels are excellent, which as a business we value over cost. We often don't get a lot of notice so being able to use HSS and get stuff to site next day is exactly the service we need."

Matthew Boast, Supply Chain Co-ordinator, Blackbox Network Services

HSS OneCall

HSS OneCall consolidates customers' sourcing of plant and specialist equipment which is not in the core range of the group. OneCall selects safe and reliable suppliers across the UK, Ireland and internationally, allowing customers to benefit from a single point of service. OneCall expanded by 30% during 2013, driven by the continuing customer trend to outsource.

Key to the success of the business was our investment in Learning and Development for colleagues and especially the opening of HSS Academy in Reading.

"We needed a supply partner to satisfy our equipment needs in a way that would also promote operational excellence. HSS has offered us an innovative solution that ensures our own supply chain is as effective and efficient as possible."

Dennis Darwent, Senior Category Specialist, BAA

Luke, Key Account Hire Controller

BUSINESS UNIT REVIEW: UK PLATFORMS

UK Platforms became part of the HSS Hire Group in June 2013 when we acquired the specialist powered access provider from the leading European manufacturer, Haulotte.

We continue to have a close association with Haulotte, investing in the consistency of the UK Platforms fleet which ranges from scissor lifts and vertical masts to telescopic and articulated booms, providing working at height solutions up to 43 metres. When combined with the HSS Hire Group fleet we believe we are now the second largest provider of powered access by fleet size in the UK and, at the end of 2013, the Group had over 7,000 pieces of powered access equipment.

The UK Platforms brand was updated to include being part of the HSS Hire Group but as part of our commitment to retaining specialism on behalf

of our customers, it remains a specialist business unit with its own management, sales force and depot network. Following the acquisition, we invested in the fleet and UKP's network of 10 depots which are strategically located across England. In Q1 2014, we opened a depot in Scotland and plan to extend depots into Ireland and Wales later in the year.

UKP customers now benefit from our online systems including Livehire, which allows them full visibility and control of their equipment from their desktops; from access to the working at height training courses provided by HSS Training; and tools and equipment from the HSS Hire range.

We also started the implementation of Haulotte's anti-entrapment system on the UKP fleet. The new Activ' Shield Bar technology helps to protect operators from risk of crush injuries from overhead

hazards and aids escape from entrapment. Initially this has been implemented on diesel booms and will be rolled out to other parts of the fleet during 2014 as part of our commitment to provide "safety as standard".

All back office functions for UKP were integrated into the HSS Hire Group in line with our integration plan. Trading in the first six months of our ownership was ahead of that planned at the time of acquisition.

"For me, it's all about quality, service and price – a combination that UK Platforms does really well. They sort out what I need when I need it and I like working with them."

Max Willcox, Supply Chain Manager,
Alumet Systems Ltd



**Smart
Equipment**



John, Fitter



John, Service Engineer

BUSINESS UNIT REVIEW: ABIRD POWER SOLUTIONS

Specialist power solutions provider ABird became part of the HSS Hire Group in October 2012 and following the completion of the integration process, we commenced a programme of investment in fleet, sales force, operational colleagues and the network which drove strong growth throughout the year of 19%.

ABird offers a large fleet of diesel generators from 20kVA to 1250kVA for short or long term hire from a network of centres across the UK and Ireland. We supply, fit, service and manage power for sectors including construction, manufacturing, banking, renewables, utilities and datacentres. During 2013, we also grew the number of major events – from festivals to sports tournaments – we support. We also provide fuel management and ancillary products.

As well as investing in new fleet during 2013, we commenced the programme to fit our ABird generators with Smart RFM-enabled technology. The system uses advanced telematics and app-based technology to provide real-time status and control of all generators on

hire – including fuel management – from customers' desktops, mobile phones or tablets. RFM Smart Equipment is also fully integrated with Livehire, our online account management system.

ABird also provides site monitoring and expertise for complex site set-up and standby equipment. Frequently, the emphasis is on saving fuel and reducing noise, managing costs for customers and reducing emissions.

Having opened 6 new depots and with the addition of RFM Smart Equipment, ABird is well positioned for further growth both within its existing customer base and in new geographies.

"The kit is new and reliable and the people are always willing to help. I know and trust them – and that's important."

Karl Sullivan, Operations Director,
Optimum Power Services



**Smart
Equipment**



Harold, Trainer

BUSINESS UNIT REVIEW: HSS TRAINING

During 2013, HSS Training – the Health and Safety training business within the Group – expanded its range of courses and invested in its online capabilities. During the year revenues grew by 27%.

The business unit provides over 200 courses from working at height certification such as IPAF and PASMA, to workplace safety and NEBOSH and IOSH Health and Safety training. It operates from over 25 centres in the UK and Ireland with both classroom and practical facilities, frequently adjacent to an HSS Hire distribution centre.

HSS Training also provides tailor-made courses for organisations and delivers

these either at customer sites or in our training centres. It complements these with e-learning modules on a range of Health and Safety related issues.

We invested in the development of HSS Training online systems during the year, adding realtime course availability, booking and training records management, responding to customer demand and driving up trainer efficiency. In addition we included new courses available from third party providers within the course offering. As a consequence, HSS Training is well positioned to deliver further growth.

“I need to have complete confidence that what I need will be delivered and I know I can trust HSS Training to make things happen. You always do what you say you’re going to and it feels like we really matter to you. You make things really easy for us and it all just works.”

Guy Fairweather,
Head of Academy, ISG



Neil, Driver Tech

BUSINESS UNIT REVIEW: REINTEC & TECSERV

Reintec developed its cleaning equipment services during the year, acquired the Premiere FCM business which trades as TecServ, and invested in specialist customer service capability and a branded delivery fleet.

Reintec is a wholly-owned business start-up, which provides long term rental of a range of cleaning equipment from vacuum cleaners to large scrubber dryers under a flexible equipment plan. We also manage and maintain that equipment on behalf of cleaning contractors and end-users, ending equipment downtime and guaranteeing compliance. Reintec also has a realtime online management system which helps customers – cleaning contractors, FM companies and retailers – to manage their equipment. One of the key drivers

for take-up of the service is a move from a fixed cost base to variable costs; this assists contract churn and allows for quick mobilisation in a sector where assets have been traditionally owned.

TecServ was a strategic acquisition complementing the Reintec proposition by providing customers with engineering services to maintain owned assets as they moved to the Reintec model. It also has development potential of its own and an established base of cleaning manufacturers, FM customers and retailers who benefit from the services of a national fleet of mobile engineers who pride themselves on their “first fix” rate. In addition, TecServ brings expertise in the management of mobile engineering alongside systems which will benefit our wider business.

The investment in dedicated Reintec units and logistics during the year, alongside focused sales effort, resulted in the expansion of its assets on hire as well as the number of customers signed to the service. We expect this growth to continue.

“We operate in a demanding environment and have come to rely on Reintec’s flexibility and support to help us deliver for our own customers. The kit performs really well and the cost model offers great value for money.”

Jason Buckley, Environmental
Services Manager, Bilfinger
Facility Management



Charlotte, Customer Care Advisor

SERVICES

In addition to our network of HSS Hire branches and specialist business branches, the Group provides additional ways for customers to transact and extensions to the range of equipment available to hire outside of the standard catalogues. These value-added services underpin the “support” element of our customer promise.

Ways to transact

Online

Livehire is a secure extranet enabling customers to manage their equipment needs within our systems. During 2013, the number of registered customer accounts on Livehire grew to more than 16,000. We also extended the system to our recently acquired specialist businesses and invested in a series of developments to the system, designed to enhance user experience. The system provides a real-time view of all equipment on hire, including the ability to offhire at a click and advanced management information to compare the volume of kit required for a particular job – thus giving customers control over the “true cost of hire”. In addition, Livehire allows customers to view and download copies of all documentation relating to a contract, including delivery notes and invoices, as well as viewing their “hire diary” and an advanced range of management information. Livehire is one of the tools by which we commit to our customer promise of “value”.

“No two days are the same for me and that’s what I love. I’ve worked on some major sites like the Olympics and Wembley - I could never see myself turning up to sit in an office 9-to-5. I enjoy being on the front line and fixing kit for customers who rely on me.”

Jason Hiley, Mobile Fitter, HSS Hire

We also have a broad range of branded websites which we continue to develop in response to specific customer needs, for example, hssskips.com.

Our anchor public site hss.com achieved 60% market share in the online equipment rental sector. We launched a popular app for tablets and mobiles at the beginning of 2013 and upgraded it during the year, responding to increased customer demand for ordering or viewing equipment on the move. We also invested in hsstraining.com - enhancing online booking with live course availability and training records management - and launched new mobile-enabled websites for ABird, Reintec and UK Platforms.

Onsite

Our onsite service offers a dedicated HSS Hire branch on a major project site enabling easy access to our full range as well as specific training and toolbox talks to enhance safety on site. During the year we provided onsite facilities at many major projects in London. An onsite has permanent colleagues present, who take orders from the site and work with the site management - to comply with logistics restrictions and other specialist needs such as consolidating deliveries and ensuring compliance with security requirements.

Customer Contact Centre

Located in Manchester, the centre operates 24/7 and provides a range of services to support the Group.

Hire Direct receives telephone orders to a direct 0845 number and also provides back-up for overspill calls to branches. It provides telephone support to customers using our online systems and during the year, we successfully launched LiveChat to help customers more effectively select the right equipment for their requirements.

Key Accounts Support provides dedicated desks to customers who prefer a central order point.

Extensions to range

OneCall

OneCall is a sourcing solution with partnerships with over 300 suppliers who are pre-selected for safety, service and equipment availability. During 2013, we added a number of new services for customers including vehicle hire, crane hire and CCTV. OneCall operates internationally for customers working overseas and has partnerships in the USA, Europe and Australasia.

“The HSS Onsite facility has been brilliant – our contractors get what they need to deliver the project demands and I couldn’t be happier with the professional service and support from the team. I’d recommend an HSS Onsite on all of our major projects.”

Damien Gannon, Canary Wharf Contractors Limited



Lee, Branch Manager and Steve, Academy Trainer

PEOPLE: OUR TRAINING ACADEMY

During 2013, we opened HSS Academy – a purpose-built training facility providing residential courses in all aspects of customer service, selling and product knowledge to all new colleagues joining HSS and supplementary skills or refresher training to many of our existing colleague base.

This investment – unique in our industry – is the next step in our ongoing commitment to colleague Learning and Development. Colleagues attend a five week course, complemented by on-the-job experience in the branches in which they will work. Colleagues preparing for promotion will also attend appropriate courses.

“I came back from the Academy with much greater confidence in my ability to talk to customers and with a hugely improved knowledge of our products - I’m using what I learned every day.”

Michael Fosu, Branch Sales Manager, Hammersmith, HSS Hire

The facility has several classrooms, a practical area for teaching the “test and run” processes which ensure all our kit is safe for every individual hire, library facilities, a systems training room where colleagues gain an indepth understanding of our operating and customer systems and teambuilding facilities. There is also a concept local format branch which enables colleagues to become oriented to major product lines and practise service skills in a live environment.

The Academy enables us to target and recruit from a wider pool of talent, helping to broaden the range of skills we bring into our business, as well as attracting more female applicants. It is, therefore, a key part of our Corporate Responsibility commitment.

“At first it was strange being back in a learning situation but it turned out to be one of the most helpful, reassuring and fun experiences. The facilities are exceptional and the team is fantastic! I have a new energy and more confidence in dealing with customers. It is an experience I would recommend to anyone.”

Richard Eason, Branch Manager, Warrington, HSS Hire



Delvin, Sales Consultant

PEOPLE:

LEARNING AND DEVELOPMENT

We are passionate about helping colleagues reach their full potential, believing that well-trained people benefit our customers, their communities and any future employers. The HSS Hire Group invests in colleagues throughout their careers, from apprenticeship level onwards.

Apprenticeships

In 2013, we launched a new multi-discipline NVQ apprenticeship programme, with more than 90 places in the first intake. The new programme accommodates a broad set of different skills – flexing to identify and develop individuals' strengths to achieve the qualification and provide a springboard into the world of work.

HSS Hire also operates a three-year Plant Maintenance City & Guilds apprenticeship programme, to provide technical training for fitters before they take up permanent roles. At the end of 2013 we had 20 apprentices on this programme.

“The service and support from HSS is second to none – the whole package is excellent but the helpfulness and knowledge of the team really stands out. We have a great relationship and I enjoy working with them.”

Mark Tyler, Plant Hire Manager,
Galliford Try Infrastructure

We have a commitment to internal promotion to management positions and many of our talented colleagues attended both internal and external courses – including sponsored MBAs – to help ensure we reach our goal. Senior management training is conducted in partnership with Cranfield School of Management.

“I love it. I'm really enjoying the job and the people are great. I'm earning my own money, I'm working towards a qualification and I've got lots of support to help me progress my career”.

Molly Carroll, HSS apprentice, now working in the Customer Care team

CORPORATE RESPONSIBILITY

HSS takes our role in - and our impact on - the world in which we operate very seriously. Alongside this Annual Review we have published our progress and our future commitments in our Corporate Responsibility Review but are pleased to provide a summary below.

Safety

Our safety culture is our highest priority. We are, therefore, pleased to report that although our total head count rose 8% during 2013, we saw a 12% reduction overall in accidents. This is as a consequence of continual development of our programmes around Health and Safety where we drive an "ownership" approach to a safe environment across our workplaces as part of "safety is just what we do round here". We report every accident or "near miss" and senior management review this on a weekly basis to drive improvement. In 2013, we extended our reporting to accurately measure which body part was injured and through this revised our PPE provision for each colleague. As a result of the introduction of bump caps a 24% reduction in head injuries has been achieved. Health and Safety is the first item on every management team agenda across HSS, and as part of its governance, our Board receives monthly reports on H&S with twice-yearly in-depth reviews of progress supported by outside audits. We also encourage "whistleblowing" through a well-communicated policy which seeks to protect any colleagues who report unsafe or unfair practices in the workplace.

Environment

Hire is intrinsically more sustainable than equipment ownership. However, we remain committed to further reducing our environmental impact throughout the product lifecycle as well as through effective sourcing and procurement. In addition, our maintenance and supply process is organised to reduce unnecessary vehicle movements. We have made good progress in reducing both the number of vehicles in our fleet, achieving an 8% reduction in miles driven and CO2 emissions over the last two years with a 10% reduction in the number of vehicles operated, whilst growing revenue.

Community

For our communities, we encourage our colleagues to choose where they direct charitable efforts, through a structured programme aimed at good local effect.

Our Heroes of Hire programme encourages all colleagues to take at least one paid working day per year to assist in local charity projects. In 2013 colleagues at all levels donated time and skills to tackle a range of local social issues. Highlights include refurbishing the parents' room at William Harvey Hospital in Ashford, decorating communal recreation space for local London homelessness charity, The Marylebone Project, and working on a community garden and allotments for Clywd Alyn Housing Association in Wales.

Objectives we sign up to:

Sustainable equipment

We will increase the amount of equipment we refurbish and develop product life-cycle plans for the most responsible disposal possible.

Energy efficiency

We will fit smart energy efficient technology in all new branches and join the Carbon Disclosure Project.

Logistics

We will further reduce fuel consumption throughout our commercial vehicle fleet, reducing CO2 emissions for a greener logistics operation.

Health and Safety

We will target a further reduction in accidents through the continued rollout of our behavioural safety programme.

Colleagues

We will broaden the scope of our training, introduce a formal measure of colleague engagement and continue to support career development through internal promotion.

Community involvement

We will work with London Benchmarking Group to formalise measurement of our Heroes of Hire volunteering activities.

HIRING IS THE SUSTAINABLE CHOICE

RESOURCES
ARE SCARCE
AND ENERGY
COSTS ARE RISING

SO IT MAKES SENSE TO
MAKE MORE USE OF WHAT
WE HAVE RATHER THAN
BUILD ANEW

CUTTING
DOWN ON
WASTE AND
MINIMISING EMISSIONS
IMPROVES EFFICIENCY

EXTENDING THE LIFE OF A
PIECE OF EQUIPMENT AND
MINIMISING EMISSIONS FROM
THE MANUFACTURING AND
TRANSPORTATION
OF GOODS IS COMMERCIALY
AND ENVIRONMENTALLY
SOUND

FINANCIAL
CRISES
AND MARKET
FLUCTUATIONS
DEMAND GREATER
COMMERCIAL FLEXIBILITY

SO THE OPTION TO BORROW
A PIECE OF EQUIPMENT AND
THEN RETURN IT IS MORE
SUSTAINABLE COMPARED
TO PURCHASING

HIRING
IS
COST
AND ECO-
EFFICIENT

OUR COLLEAGUES AND THEIR WELLBEING

Dignity at work

The HSS Group depends on its people and so we want our colleagues to enjoy their work, recognise we have policies to ensure “Dignity at Work” and have the skills and support they need to flourish. We put their safety first and we provide for their wellbeing.

Aside from our safety practices and commitment to our colleagues’ learning and development described on the previous pages, we have a culture and underlying processes to ensure Dignity at Work. HSS Group will not tolerate bullying or harassment in any form in our workplaces and is committed to a code of conduct where respect for individuals is regarded as integral to the behaviour of all. We have well developed and transparent processes for ensuring that any behaviour which does not ensure Dignity at Work is swiftly dealt with and any underlying cultural issues identified and eradicated. This is in addition to our well-publicised Whistleblowing Policy which is designed to encourage the reporting of any issues in our workplaces and to protect individuals.

Employment and wellbeing

Our terms and conditions of employment are transparent and we ensure that our remuneration is regularly benchmarked and aligned against the market with the assistance of employment experts, Towers Watson. We insist on a fair and equal approach to recruitment to ensure that the best candidate gets the job and this commitment to equality and diversity runs throughout our business.

During 2013, we identified that women and some ethnic groups were underrepresented at HSS so we reviewed and revised our

recruitment processes to help address this. As a result, we increased the number of women working in operational roles by 20% and saw an 18% increase in workers from the underrepresented ethnic groups. We are committed to continuing with proactive recruitment policies designed to help ensure our colleagues reflect the communities in which they serve.

We also offer a range of benefits including life assurance for all colleagues, a contributory pension and childcare vouchers. Our Healthshield scheme provides reimbursement for a range of everyday healthcare needs including costs from opticians, dentists and prescriptions to physiotherapy, massages and alternative therapies. In addition, we provide a confidential helpline staffed by nurses and counsellors.

A culture of engagement

To give our colleagues a feeling of belonging at HSS, we celebrate long service and – through our Heroes of Hire programme – recognise and reward exceptional efforts in line with our company values. Our annual “Big Sunday” event provides an opportunity for colleagues and their families to spend time together outside work and various internal communications channels provide important sources of information in a transparent, friendly way that encourages feedback. Our general management approach and open culture mean we are very much a listening company, although in 2014 we are committed to more formally measuring employee engagement.

GOVERNANCE AND RISK MANAGEMENT

HSS is owned by its investors, Exponent, and its management team. Together, investors and management contribute a breadth of capability, experience and commercial insight from across a range of market sectors; we also share a commitment to transparent operations that are conducted with integrity and the highest levels of environmental and social governance.

We manage risk through extensive internal controls, supported by expert guidance, auditing and monitoring. We have – and are audited to ensure compliance with – a number of external accreditations that demonstrate a commitment to our environmental and health and safety responsibilities including ISO9000 (since 1994), ISO14001 (since 2009) and OHSAS18001 (since 2011). We are also Safe-Hire accredited and hold Investors in People status.

The Board has an established agenda designed to challenge and review all executive activities. As well as commissioning Health & Safety audits and reviewing H&S statistics and progress against plan monthly, the Board receives reports from all Business Units and all areas of functional responsibility including finance, logistics, marketing and human resources, alongside comprehensive performance information. It also conducts a regular programme of review against plan from presentations to the Board from Business Unit and functional leadership.

The business plans and budgets of the business are regularly audited by outside organisations to ensure prudent financial planning and control. In addition, HSS Group has a Project Management Office (PMO) set up in association with Deloitte, which provides monthly

updates to the Board on the progress against plan of key projects. Capital investment programmes are reviewed by the PMO, providing a secondary check against rigorous demand-led processes within the business.

The Executive maintains a live risk register which is reviewed on demand by the Board. This register details the mitigation activities to manage the risks of the business and again, is subject to outside audit.

In the day to day operation of the business, the Internal Audit team regularly reviews all business units and functional teams, reporting back to the Executive monthly on findings and issues arising.

We believe that our business operates to rigorous standards of governance and challenge ourselves to ensure that we consistently improve them.



Atlas, Fitter

THE BOARD



Alan Peterson,
Chairman

- Joined HSS as Chairman in 2012, having previously served as Chairman in the period 2004 - 2007
- Brings more than 25 years' senior management industry experience
- Has held the role of CEO or Chairman in several manufacturing, industrial and retail companies, including Enterprise Group Plc and Meyer International Plc
- Became 3i's first Industrialist in Residence in 2001 serving until 2005



Chris Davies,
Chief Executive Officer

- Joined HSS as Chief Executive in 2006
- Chief Executive, Hunter Boot Company, 2005 - 2006 – rebuilt the company out of administration
- Managing Director, Disney Stores Europe, 2003 - 2005
- Vice President of Merchandising Europe, Staples Inc, 2001 – 2003
- Managing Director (UK), Staples Inc, 1998 – 2003
- Marketing Director, Operational Director, Group Finance Director, Harcros



Tom Sweet-Escott,*
Non-Executive Director

- Founding partner of Exponent in 2004
- Board member of HSS Hire and Trainline
- Previously served on the boards of V.Group and Lowell Group
- Involved in Trainline, V.Group, Lowell Group and HSS Hire Group transactions
- Previously worked for 3i, Arab Banking Corporation and Orion Bank



Oliver Bower,*
Non-Executive Director

- Joined Exponent in March 2010
- Board member of HSS Hire, Radley and Immediate Media
- Involved in Immediate Media, Loch Lomond Group and HSS Hire Group transactions
- Previously worked for Apax Partners, BC Partners and COBA



Tom Lightowler,*
Non-Executive Director

- Joined Exponent in March 2009
- Board member of HSS Hire.
- Involved in Ambassador Theatre Group, Quorn Foods and HSS Hire Group transactions
- Previously worked for 3i and Capital One



John Gill,
Chief Financial Officer

- Joined HSS as Chief Financial Officer in 2009
- Finance Director, Screwfix Direct Ltd, a subsidiary of Kingfisher plc, 2006 – 2009
- Senior Corporate Development Manager, Head of Corporate Development, Head of Corporate Strategy, Kingfisher Plc, 2001 – 2006
- Finance Manager, Mergers & Acquisitions, GE Capital (European Equipment Finance), 1999 - 2000



Fiona Perrin,
Group Sales & Marketing Director

- Joined HSS as Sales & Marketing Director in 2007
- Rentokil Initial – established Initial Integrated Services and launched the Initial brand online, 2002 - 2007
- European Marketing Director, DigiPlex, 2001 - 2002
- Established Enigma Publishing; launched the online marketing intelligence portal, Information Facilities Management 1994 - 2001

*Director of Havana TopCo: ultimate holding company of HSS Group

MANAGEMENT INFORMATION

HSS Hire Group has a highly skilled management team with a breadth of capability and experience. The business also benefits from the extensive market expertise, business relationships and ongoing support of its principle shareholder, Exponent.

MEMBERS OF THE MANAGEMENT TEAM



John Hardman,
Group HR & HSEQ Director

- Joined HSS as Human Resources Director in 2008 – assumed additional role of Operations Support Director and joined HSS Executive Team in 2010. Assumed responsibility for Health and Safety in 2011
- Head of Human Resources, Phones 4U Group (Direct business) 2007 - 2008
- Human resources and marketing leadership teams, Pfizer 2006 - 2007



Steve Trowbridge,
Finance Director

- Joined HSS as Group Financial Controller in 2008 – promoted to Finance Director in 2011
- Senior Head of Finance, Thomson Reuters, 2006 - 2008
- Investor Relations Manager, Thomson Reuters, 2004 – 2006
- Equity Analyst, SG Securities, 2000 - 2004
- Equity Analyst, Teather & Greenwood, 1999 – 2000



Jon Overman,
Managing Director,
England & Wales

- Joined HSS in 1999 as a weekend assistant at our branch in Slough
- Appointed Managing Director, England & Wales, 2012
- Roles have included: Group Sales Director, 2011; Managing Director, London & South East England, 2007; Key Account Director, 2006; Regional Manager, 2003



Michael Killeen,
Managing Director,
Scotland & Ireland

- Joined HSS as Managing Director, HSS Ireland, in 2007
- Established Laois Hire in 1992, growing the business to become one of Ireland's leading nationwide plant and tool hire equipment suppliers
- Over 30 years' experience in the hire industry



Adam, Sales Consultant

EXTRACTED FINANCIAL INFORMATION

The following tables present extracts of our financial information and other data for the 52 week periods ended and as at the dates indicated below. Readers are referred to our full financial accounts and comparable historic financial information published at our website: www.hsshiregroup.com/financial-results

EXTRACTED FINANCIAL INFORMATION

(in millions of £, except for percentages and ratios or unless otherwise noted)

KEY FINANCIAL METRICS:	28 December 2013	29 December 2012 ⁽¹⁾
Turnover	225.8	181.8
Adj. EBITDA ⁽²⁾	54.8	40.4
Capital Expenditure ⁽³⁾	38.0	26.3
Return on assets ⁽⁴⁾	27%	20%
Number of trading branches ⁽⁵⁾	245	233
Average turnover per trading branch (in '000 of £) ⁽⁶⁾	945	814
Net third-party debt ⁽⁷⁾	170.6	138.4

For corresponding references see Notes on page 37

PROFIT AND LOSS ACCOUNT

(in millions of £)

CONSOLIDATED PROFIT AND LOSS DATA:	28 December 2013	29 December 2012 ⁽¹⁾
Turnover	225.8	181.8
Cost of sales	(73.4)	(60.2)
Gross profit	152.4	121.6
Administrative expenses	(109.9)	(97.2)
Distribution expenses	(28.7)	(23.6)
Other operating income	1.0	1.2
Total operating profit	14.8	2.0
Profit/(Loss) on sale of fixed assets	(0.3)	(0.7)
Profit on ordinary activities before interest and taxation	14.6	1.3
Interest receivable and similar income	0.0	0.0
Interest payable and similar charges ⁽⁹⁾	(14.3)	(18.4)
Profit/(Loss) on ordinary activities before taxation	0.3	(17.0)
Tax on loss on ordinary activities	(1.4)	0.5
Loss for the period	(1.1)	(16.6)

For corresponding references see Notes on page 37

BALANCE SHEET

(in millions of £)

CONSOLIDATED BALANCE SHEET DATA:	As at 28 December 2013	As at 29 December 2012 ⁽¹⁾
Intangible fixed assets	110.5	112.9
Tangible fixed assets	101.0	65.7
of which: materials and equipment held for hire	77.3	43.7
Current assets	76.5	56.5
of which: trade debtors	53.2	40.0
cash	2.9	1.5
Total assets ⁽¹⁰⁾	288.0	235.1
Creditors: amounts falling due within one year ⁽¹¹⁾	(62.3)	(43.5)
of which: trade creditors	(29.5)	(20.3)
Creditors: amounts falling due after more than one year ⁽¹¹⁾	(249.7)	(215.6)
Provisions for liabilities and charges	(8.4)	(7.4)
Equity shareholders' deficit	(32.4)	(31.3)

CASHFLOW

(in millions of £)

CONSOLIDATED CASH FLOW DATA:	28 December 2013 Company (unaudited)	29 December 2012 ⁽⁸⁾ Company (unaudited)
Net cash inflow from operating activities	41.7	38.7
Net cash outflow from returns on investments and servicing of finance	(9.6)	(19.7)
Taxation (paid)/received	(1.5)	—
Net cash outflow from capital expenditure and financial investment	(28.7)	(25.3)
Net cash outflow from acquisitions and disposals	(26.4)	(7.3)
Net cash inflow/(outflow) before use of liquid resources and financing	(24.5)	(13.6)
Net cash inflow/(outflow) from financing	29.8	7.0
Increase/(decrease) in cash	5.4	(6.6)

For corresponding references see Notes on page 37

NOTES:

- (1) The historical consolidated financial information for the 52 week period ended 29 December 2012 has been extracted or derived from the audited revised consolidated financial statements of the Company as at and for the 52 week period ended 29 December 2012. For a description of the revisions to the audited consolidated financial statements of the Company as at and for the 52 week period ended 29 December 2012, see footnote 11 below.
- (2) We define Adjusted EBITDA as EBITDA adjusted to remove the effects of certain exceptional costs, which we believe are not indicative of our underlying operating performance. Adjusted EBITDA is not a measure of performance under UK GAAP and you should not consider Adjusted EBITDA as an alternative to (a) operating profit or net profit for the period as a measure of our operating performance, (b) net cash flows from operating activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under UK GAAP.
- (3) Capital expenditure represents additions to our tangible fixed assets during the applicable periods as set forth in the notes entitled "Tangible Fixed Assets" to our financial statements included in our full accounts available at www.hsshiregroup.com/financial-results
- (4) Return on assets is defined as Adjusted EBITA divided by the aggregate of average total assets (excluding goodwill and intercompany debtors) for the period less average current liabilities (excluding intercompany creditors) for the period. Average total assets and average current liabilities have been calculated based on the arithmetical average of the opening and closing balance sheet positions of assets and liabilities, respectively, for the applicable period.
- (5) Number of trading branches is given at the end date of the period, and does not include our "dark" stores. As at 28 December 2013 we held leases to 95 "dark" stores, which are our closed branches awaiting disposal, of which approximately 52% are either fully or partially sublet.
- (6) Average turnover per trading branch represents the turnover for the relevant period divided by the average number of trading branches in operation during that period.
- (7) We define net third-party debt as third-party debt less cash.
- (8) Prior to September 2013, the Company did not prepare audited cash flow statements, benefiting from an exemption available under the FRS 1. The historical consolidated cash flow data for the 52 week period ended December 29 2012 has been extracted or derived from financial information prepared by the Company from its accounting records, which has not been subject to audit or review by an independent auditor. See "Presentation of financial and other information" in the notes to our financial statements included in our full accounts available at www.hsshiregroup.com/financial-results
- (9) Includes interest expense related to our Subordinated Shareholder Loans, as well as interest payable under our prior senior facilities agreements. This item also includes amortisation of issue costs (£1.1 million in 2013; £2.2 million in 2012 and £0.5 million in 2011).
- (10) Represents the aggregate of our intangible fixed assets, tangible fixed assets, investments and current assets.
- (11) Prior to our acquisition by Exponent in 2012, all shareholder loans were classified as short term debt. Following our acquisition by Exponent, our Subordinated Shareholder Loans were reclassified as long term debt to be accounted for under the line item "Creditors: amounts falling due after more than one year" rather than under the line item "Creditors: amounts falling due within one year". Our balance sheet as at 28 December 2013 reflects this reclassification and presents our Subordinated Shareholder Loans under "Creditors: amounts falling due after more than one year". Our balance sheet as at 29 December 2012 was recently restated to reflect this classification. For a description of our Subordinated Shareholder Loans, see "Description of other indebtedness—Subordinated Shareholder Loans" in our full financial accounts available at www.hsshiregroup.com/financial-results

The financial information set out across previous pages does not constitute the company's statutory accounts for 2013 or 2012. Statutory accounts for the financial year 31 December 2013 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2013 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the financial year 31 December 2012 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2012 was unqualified, but included a statement drawing attention to the revision of the financial statements in respect of the categorisation between due in less than one year and due in greater than one year of amounts due to group companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2012 did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2012 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2013 will be delivered to the Registrar in due course.

HSS Hire Group

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