FY16 Results
HSS Hire Group plc
April 2017

Agenda

Highlights	John Gill, CEO
FY16 results	Paul Quested, CFO
Strategic progress	John Gill, CEO Tom Shorten, CCO

Our strategy

Customer needs

- Availability
- Safety
- Support
- Value

Our strategy

Optimise the distribution and branch network

Win new, and deepen existing, customer relationships

Continued development and growth of our specialist businesses

Scalable benefits

- Enhanced customer service proposition
- Operational and capital efficiencies
- Shareholder value

Highlights

Market share gains in UK and Ireland

- Group revenue up 9.6% to £342m with Services up over 60%
- Adjusted EBITA up 1.0%

Significant changes in operating model implemented

- England, Wales and Scotland now rolled into central distribution and engineering model
- Right sizing UK network; consolidation of legacy network, underperforming branches closed

Net debt in line with prior year, headroom > £40m

- Capex actively reduced to £42.4m, core utilisation improved to 50%
- Operating model implementation costs offset by equity placing

Foundations laid for sustainable profit growth

Financial summary

53 weeks ended 31 Dec / 52 weeks ended 26 Dec

£m	2016	2015	Growth (%)
Revenue	**342.4**	**312.3**	***9.6%***
Adj. EBITDA[1]	68.6	71.0	*(3.4)%*
Adj. EBITDA margin	*20.0%*	*22.7%*	
Adj. EBITA[2]	**20.5**	**20.3**	*1.0%*
Adj. EBITA margin	*6.0%*	*6.5%*	
Non-finance exceptionals	17.0	8.5	
Adj. earnings per share (p)[3]	**2.94**	**3.20**	
Final dividend (p)	**-**	**0.57**	

- Strong revenue growth performance in Services and Key Accounts
- EBITDA margin movement reflects change in revenue mix and impact of new operating model costs from Q4
- Exceptional costs to implement new operating model including:
  - NDEC set up and parallel running
  - Onerous leases
  - Divisional re-structure

[1] Earnings stated before interest, tax, depreciation and amortisation ("EBITDA") and before exceptional costs relating to restructuring and acquisitions
[2] Adjusted EBITDA less depreciation
[3] Calculated as PBT before amortisation and exceptional costs less tax at the average prevailing rate across period, divided by the diluted weighted average number of shares

Segmental analysis

53 weeks ended 31 Dec / 52 weeks ended 26 Dec			
£m	**2016**	**2015**	**Growth**
Rental (and related revenue)[1]			
Revenue	262.8	262.9	(0.0%)
Contribution[2]	179.4	182.1	(1.5%)
Contribution margin	*68.3%*	69.3%	
Services[3]			
Revenue	79.6	49.5	60.8%
Contribution[2]	10.3	6.1	68.9%
Contribution margin	*12.9%*	12.3%	
Branch and selling costs	(89.3)	(86.0)	
Central costs	(31.8)	(31.2)	
Adj. EBITDA	**68.6**	**71.0**	***(3.4%)***

Rental

- Strong performance in Key Accounts, Irish business taking market share and continued growth in specialist businesses
- Small and medium sized customer impacted by operating model change

Services

- Strong growth in supply chain management contracts through OneCall

Costs

- Investment in new operating model and sales network offset by delivery of planned cost actions

Movement in net debt, £21m improvement from Q3

53 weeks ended 31 Dec / 52 weeks ended 26 Dec		
£m	**2016**	**2015**
Adj. EBITA	**20.5**	**20.3**
Depreciation	48.2	50.7
Exceptionals	(17.0)	(14.7)
Working capital	(3.2)	(7.4)
Capex[1] / Acquisitions	(47.5)	(118.5)
Tax	(0.4)	1.1
Net interest payable	(13.0)	(14.1)
Dividends paid	(1.8)	(0.9)
Movement relating to equity placing / IPO	12.8	182.3
Net (increase) / decrease in net debt	**(1.3)**	**98.9**
Closing net debt	**219.4**	**218.1**

[1] *Gross of finance lease funding*

>£40m headroom in cash and existing facilities

Small increase in net debt:

- Investment in central distribution and operating model
- Significant decrease in cash capex
- Improved working capital management
- Equity placing to strengthen balance sheet to deliver FY17 plans

Current trading / Outlook

- Strong growth in Key Accounts and Services revenue
- Continued focus on EBITA margin to improve returns: 37 underperforming branches closed
- Q1 trading, excluding impact of 53rd week and reflecting the impact of branch closures, broadly flat year on year; improving trend
- Reducing net debt remains a core priority, therefore the Board has made the decision not to pay a final dividend in respect of FY16
- Cash and facility headroom at c. £30m after fleet investment and bond interest payment in quarter
- FY17 capex to be below FY16 levels
- 2017 EBITA growth weighted towards H2 as operating model leveraged and sales initiatives gain momentum

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Optimising our distribution and branch network

- Central distribution and engineering capability implemented across England & Wales
  - Testing and maintenance of fast moving core hire fleet
  - Deliveries to and collections from CDCs and LBs
- Activity commenced to right-size UK network:
  - Net 7 distribution centres closed
  - 18 underperforming branches closed in Q4 16
  - 11 new local branches opened

Scalable platform for future operational efficiency

Optimising our distribution and branch network

- Central distribution extended to support Scotland during Q1 17
- Re-profiling of stock completed across the network to drive maximum fleet availability
- Continuous process of optimisation
    - 37 underperforming branches closed in Q1
    - Ongoing CDC consolidation
    - Offsetting the operating costs of the new distribution network

Driving improved customer availability

Win new, and deepen existing, customer relationships

- Strong key account growth
  - One stop shop improving customer relationship
  - Services revenues building
  - Amey contract mobilised and maturing
  - Strong pipeline built and managed
- Stable customer base: > 37,000 live accounts
- Focus on re-connecting with small and medium sized customers impacted by change in operating model

£m revenue	2016	Growth (£m)	Growth (%)
Existing key accounts	119.2	16.3	*15.8%*
New key accounts[1]	28.9	28.9	
Total key accounts	**148.1**	**45.2**	***43.9%***

[1] Customers who were not classified as Key Account customers in the prior period

Continued strong growth amongst Key Accounts

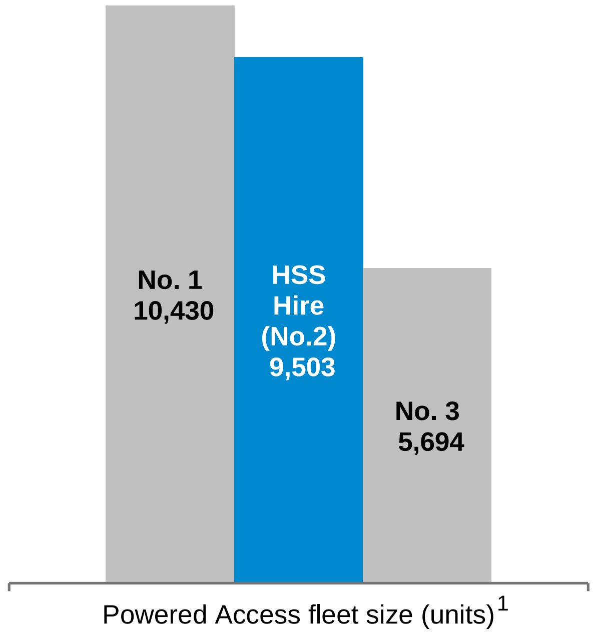
Win new, and deepen existing, customer relationships

- Differentiating our customer proposition, superior fleet availability 'anytime, anywhere'
- Looking to go deeper into markets to leverage our operational capability
- Initial focus on large core markets (e.g. Manchester, London)
  - Pre 8 am deliveries inside M25
  - Additional customer facing FTE on the ground
  - Centralised appointment booking and tracking
- Increasing on-site activity and focus
- Implementing customer 'win-back' /re-engagement programme

Re-engaging with small and medium sized customers to drive rental growth

Continued development and growth of our specialist businesses

- Scale in Power and Powered Access: 2nd largest powered access fleet in UK
- Two new co-located depots opened in East and West London to drive efficiency and service
- All Seasons Hire extended into Manchester and Scotland
- Cross selling to HSS customers as part of 'one stop shop' proposition
- Leveraging fleet investment from FY14 / 15
- Through new refurbishment centre opened in December 2015 we refurbished 526 units with a replacement value of >£5m

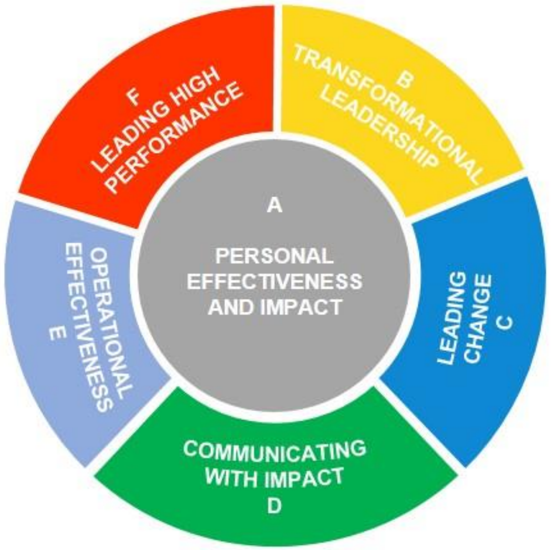


[1] *Source: Cranes and Access Magazine, Top 30 Powered Access Companies 2016*

Specialist businesses enable greater share of customer wallets

Strengthening team at all levels

- New leadership team with breadth of commercial insight and experience
- Building sales capability
  - Introduction of new capability model in branches
  - Optimised field sales structures to be closer to customer
- New management talent programmes launched



Building leadership capability to inspire high performance

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Scalable benefits

Targeting:

- Rental revenue ↑
- EBITA margin ↑
- Net debt ↓
- ROCE ↑

Progress in executing strategy

- 2016 was a year of significant complex operational change and investment
- Optimisation continues - right-sizing network and re-profiling ranges
- New operating model enables superior fleet availability, started to leverage in core markets
- Focus on re-establishing growth in our core Rental business through FY17 and beyond
  - Management team strengthened
  - Sales initiatives active, positive early signs at end of Q1
- Q1 17 revenue, excluding 53rd week, expected to be broadly flat
- 2017 EBITA growth weighted towards H2 as operating model leveraged and sales initiatives gain momentum

Foundations laid for sustainable profit growth

Q&A

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Appendices

Appendix A
Group structure

- This appendix provides the reader with an overview of the group structure between:
    - HSS Hire Group plc, the new holding company admitted to the London Stock Exchange (LSE) on 9 February 2015, whose FY16 numbers we report today;
    - Hampshire Topco Limited, the previous top company in the group; and
    - Hero Acquisitions Limited, the consolidated level at which we have also reported today to meet the reporting obligations attached to our Senior Secured Notes

HSS Hire Group plc
(listed on the LSE)

↓ 100%

Hampshire Topco Limited

↓ 100%

Hampshire Midco Limited

↓ 100%

Hampshire Bidco Limited

↓ 100%

Hero Acquisitions Limited

Appendix B
HSS Hire Group plc vs Hero Acquisitions Ltd

- Under the reporting obligations of our Senior Secured Notes issued in February 2014 we report Hero Acquisitions Limited group consolidated accounts on a quarterly basis
- The main differences between the two reporting levels are:
    - IPO and other advisory fees charged above the Hero Acquisitions group;
    - Higher intangibles and higher amortisation costs in the HSS Hire Group plc group, principally related to intangibles relating to the acquisition of the Hero Acquisitions group in 2012;
    - Lower net debt in HSS Hire Group plc group due to the netting down of intercompany debts; and
    - Differences in tax and interest resulting from the above differences

Appendix C
Adjusted earnings calculations

53 weeks ended 31 Dec / 52 weeks ended 26 Dec

£m	2016	2015
Operating profit	**(2.7)**	**6.8**
Add: Depreciation and amortisation	*54.4*	*55.7*
Add: Exceptionals costs (non-finance)	*17.0*	*8.5*
Adjusted EBITDA	**68.6**	**71.0**
Less: Depreciation	*(48.2)*	*(50.7)*
Adjusted EBITA	**20.5**	**20.3**
Less: Net finance cost[1]	*(14.7)*	*(14.5)*
Adjusted PBT	**5.8**	**5.8**
Less: Tax (at prevailing rate)	*(1.2)*	*(1.2)*
Adjusted PAT	**4.6**	**4.6**

[1] Pre exceptional finance costs which principally relate to the partial redemption of the SSNs in 2015 and the restructure of the group's debt during FY14

Appendix D
Balance sheet

As at 31 December / 26 December

£m	2016	2015
Intangible assets	178.8	180.2
Tangible assets	178.5	183.2
Deferred tax asset	0.8	1.9
Net current assets / (liabilities)[1]	30.9	27.9
Other net liabilities	(16.1)	(16.9)
Net debt (ex. accrued interest)[2]	(215.5)	(214.4)
Accrued interest	(3.9)	(3.8)
Net assets	**153.4**	**158.3**

[1] Current assets less current liabilities. Current assets / liabilities captured within net debt e.g. the current portion of finance leases are not reflected in working capital
[2] Comprises cash and all debt principal balances, including those which would ordinarily be shown within current assets, current liabilities (excluding accrued interest) or non current liabilities. See appendix F

Appendix E
Net debt calculations

As at 31 December / 26 December

£m	2016	2015
Cash	(15.2)	(1.8)
Bank overdraft	0.0	1.5
RCF	66.0	46.0
Finance lease obligations	28.7	32.6
Investor Loan Notes	-	-
Senior Secured Notes[1]	136.0	136.0
Net debt (ex accrued interest)	**215.5**	**214.4**
Accrued interest	3.9	3.8
Net debt	**219.4**	**218.1**

- Reflects borrowings from all third parties and includes the net amounts due to group undertakings
- Leverage of 3.2x (2015: 3.1x)

[1] *Shown gross of issue costs*