5 April 2017

HSS Hire Group plc

Audited Results for HSS Hire Group plc for the year ended 31 December 2016

Year of significant operational change and investment - foundations laid for sustainable profit growth

HSS Hire Group plc ("HSS" or the "Group") today announces results for the year ended 31 December 2016.

Financial Highlights	**FY16 (53 weeks)**	**FY15 (52 weeks)**	**Change**
Revenue	**£342.4m**	£312.3m	+9.6%
Adjusted EBITA[1]	**£20.5m**	£20.3m	+1.0%
Adjusted EBITA margin	**6.0%**	6.5%	(0.5pp)
Adjusted profit before tax[2]	**£5.8m**	£5.8m	-
Adjusted earnings per share[3]	**2.94p**	3.20p	(0.26p)
Final dividend	**-**	0.57p	(0.57p)
Statutory extracts			
Operating (loss) / profit	**(£2.7m)**	£6.8m	(£9.6m)
Reported loss before tax	**(£17.4m)**	(£13.8m)	(£3.6m)
Reported loss per share	**(11.18p)**	(9.86p)	(1.32p)

Highlights

- **Market share gains in UK and Ireland**
  - 9.6% revenue growth with Services +60.8% and strong performance from key account customers
  - Portfolio of specialist businesses shows continuing revenue growth
  - Irish business continues to take market-share reflecting leadership position in expanding Republic of Ireland economy
- **Adjusted EBITA stable year on year**
  - Adjusted EBITA stable at £20.5m (FY15: £20.3m) with margin of 6.0%
  - Rental revenue and profitability impacted by operating model changes through Q4 FY16
- **Continued focus on driving capital efficiency**
  - FY16 capex (fixed asset additions) actively reduced to £42.4m, from FY15 level of £84.0m
  - Core fleet utilisation improved to 50% (2015: 48%) and specialist utilisation maintained in mid 70%'s
- **Significant changes in operating model implemented and ongoing**
  - Reported loss before tax of £17.4m reflects a year of investment in new distribution network structure, including non-finance exceptional costs of £17.0m
  - New model will enable superior fleet availability 'anytime, anywhere', significantly strengthening our customer proposition and future sales opportunity
  - New central distribution and engineering capability implemented across England & Wales, optimisation ongoing
  - Network 'right-sizing' plan initiated with 18 under-performing branches closed in Q4 16
  - Consolidation of distribution centre network with net 7 distribution centres closed in FY16
- **Net debt in line with prior year, £21m improvement since Q3 16**
  - Net debt of £219.4m (2015: £218.1m) reflects implementation of operating model changes offset by c.

£13m equity placing completed in December 2016

- Facility and cash headroom in excess of £42m as at 31 December 2016
- The Board is focused on reducing net debt and as such, has made the decision not to pay a final dividend in respect of FY16

Current Trading and Outlook

- Operating model optimisation will continue through H1 17:
  - Central distribution capability extended to Scotland as planned
  - 'Right-sizing' programme to offset the operating costs of the new distribution network continued with a further 37 under-performing branches closed
  - Ranges held at branches and CDCs re-profiled to enhance product availability further for customers
- Rolling programme of new sales initiatives commenced at the end of the quarter, focused on key markets offering market-leading availability online and in-branch
- Management team strengthened with appointment of Chief Commercial Officer and Group HR Director
- On a comparable 13 week basis and taking into account the impact of branch closures, revenue in Q1 17 is expected to be broadly flat compared to Q1 16 but with an improving trend
- As we leverage our new operating model and drive sales initiatives we expect Rental revenue momentum to build through the rest of the year which combined with a continued focus on cost reduction will lead to EBITA growth weighted toward H2 17

Explanatory Notes:

1) Adjusted EBITA defined as Operating profit with amortisation and exceptional costs added back

2) Adjusted profit before tax defined as loss before tax with amortisation and exceptional costs added back

3) Adjusted earnings per share defined as profit before tax with amortisation and exceptional costs added back less tax at the prevailing rate of corporation tax divided by the diluted weighted average number of ordinary shares

John Gill, Chief Executive Officer of HSS Hire, said:

"2016 was a year of significant operational change and investment for the Group. The result is an enhanced operating platform that will enable us to deliver superior fleet availability to customers right across our network, creating the foundation for future sustainable profit growth.

"While we made good progress in key accounts, specialist rental and our fast-growing Services business during the year, this was not matched by revenue growth in our core Rental business and re-establishing momentum in this area is our primary focus in 2017 and beyond.

"With our new platform in place that we can now optimise and then leverage, we are firmly focused on pressing home our competitive advantage to drive growth in Rental revenues, particularly in our smaller and medium sized accounts. In particular, we appointed a Chief Commercial Officer in early 2017, with the objective of strengthening our customer proposition throughout our network. While we remain at the start of this journey, there are some encouraging initial signs that this strategy is beginning to gain traction in key markets such as London. In tandem, we will continue to grow our capital-light Services businesses, One-Call and HSS Training, where we are seeing strong demand from both existing and new customers. We expect to see the benefits of these activities deliver margin improvement in H2 17

"Our markets remain competitive on price, but the initiatives implemented over the last 12 months - and the ongoing programme of network optimisation - have strengthened our capabilities and leave the Group well positioned to continue to serve our existing and future customers."

Results presentation

Management will be hosting a presentation for analysts at 0900 BST today at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, EC2M 5SY. Analysts/investors unable to attend in person may join the meeting by conference call by dialling in on +44 (0) 20 3003 2666. Password: HSS Hire. A copy of the presentation will be available at www.hsshiregroup.com/investor-relations/financial-results/ from 0900 BST today.

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

As required by the reporting obligations for the Senior Secured Notes, a separate conference call discussing the results of Hero Acquisitions Limited (a wholly owned subsidiary of HSS Hire Group plc) will be held for noteholders at 1400 BST today.

To obtain dial-in details for the call, holders should contact Citigate Dewe Rogerson at ellen.wilton@citigatedr.co.uk. The accompanying presentation for the call will be made available at www.hsshiregroup.com/investor-relations/senior-secured-notes

For further information, please contact:

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John Gill, Chief Executive Officer Thereafter: 020 8260 3343
Paul Quested, Chief Financial Officer

Citigate Dewe Rogerson Tel: 020 7638 9571
Kevin Smith
Nick Hayns

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 280 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.

CHAIRMAN'S STATEMENT

The year was a transformational one for HSS, in which we invested in our operating model to incorporate an industrialised engineering function alongside our retail-like logistics capability. This will drive a real competitive advantage for our branch network, providing a paradigm shift in kit availability within our markets where we expect to see growth in the medium term. In addition, we grew our Services revenue significantly in 2016, delivering an attractive return with minimal capital investment. However, we were disappointed with our earnings out-turn, which was below our initial expectations for the year, as a consequence of our complex programme of change.

We took the decision to extend implementation of our network transformation programme into Q1 17 in order to minimise execution risk. We will now leverage our investment, concentrating on reinvigorating Rental revenues through reconnecting with customers who were impacted through the change. We expect the benefits of the transformation and sales plans to accrue in H2 17.

The Board remains confident that the changes undertaken in the year will position the business to drive improved shareholder returns over the medium term. Our focus in 2017 is firmly on cost control, operational and capital efficiency and deriving clear competitive advantage from our enhanced customer experience.

Our customer proposition
Our customer proposition is concentrated on ensuring instant, same-day and next-day hire availability of our extensive range of tools and equipment, through a multichannel offer, combining the UK's largest branch network, strategically-located customer distribution centres and our ecommerce platform, which enjoys 60% market share of online hire. We complement our core tools and equipment rental proposition with a wide range of specialist equipment from diesel booms to large power generation. We have also strengthened our operational management team in early 2017 as we leverage our investment to drive sales growth in our core rental business, where the marginal profit on every additional sale is highly attractive.

In 2016, we grew our Services revenue significantly. This largely comprises our successful rehire operation, which provides an attractive return on assets, through the provision of equipment such as large plant, without the need for capital investment. It contributes to our ability to provide a one-stop-shop for customers from large organisations where we manage complex supply chains on their behalf, to smaller trades, seeking equipment across the spectrum.

Market environment
HSS has seen little or no impact amongst its larger customers following the decision to leave the EU, reflected in the strong performance of our key account portfolio. Revenue from our mid-sized and smaller customers however, has been softer than originally expected, possibly in part due to weakness in the broader RMI market, which has been widely reported by other businesses in the sector. In broader market coverage, the European Rental Association downgraded its forecast for UK tool and equipment market growth to 2.8% from 3.7% for 2016 and to 1.9% from 2.6% for 2017 seemingly as a consequence of market uncertainty following the Brexit vote.

Internal factors have played more of a role in our performance through 2016, principally the impact caused by the significant operational change programme we have implemented across the business. We extended this programme into Q1 17 to minimise the disruption on the business through the end of 2016, and I am pleased to confirm that the implementation of our National Distribution and Engineering Centre (NDEC) across England, Wales and Scotland is now complete, enabling us to move from the implementation phase to continuous improvement as we learn from, and refine our operating model.

Our strategy and plan
HSS is committed to delivering operational innovation to hire. Our investment in an NDEC is at the heart of our commitment to industrialising engineering within hire to deliver quality and productivity benefits in what is typically a de-centralised industry. Our network – which we continue to 'right-size' – is designed to provide scalable benefits important to our future: capital and operational efficiencies and an enhanced customer proposition that drives up equipment availability when our customers need it – their primary concern.

Our strategy starts with our customer needs – availability, safety, support and value and is centred on three strategic priorities: winning new, and deepening existing, customer relationships; optimising our distribution and branch network; and continued development and growth of our specialist brands.

Our achievements against these priorities and the five strategic enablers which support them are outlined in the Chief Executive Officer's review.

Our results
Group turnover increased 9.6% to £342.4m, principally due to strong growth with new and existing Key Account customers, and Services revenue, from which we generated Adjusted EBITA of £20.5m (FY15: £20.3m) and delivered a ROCE of 9.7% (FY15: 11.2%). Our results are discussed in more detail in the Financial Review.

Our Board and management team
In August 2016, we welcomed Paul Quested to the Group as Chief Financial Officer. Paul brings a broad range of financial, operational and strategic experience across global multi-site businesses and has quickly integrated himself within the business during a period of significant operational change.

Our CEO, John Gill is supported by a broader senior management team which has responded well to the challenges we saw in 2016. I would like to thank our non-executive directors, who have continued to provide wise counsel and effective governance throughout. In early 2017, we welcomed Tom Shorten and Max Morgan to our senior management team. Tom Shorten was appointed to the newly created role of Chief Commercial Officer where he will bring considerable experience to the task of driving volume growth through our branch network. Max Morgan joined us as Group HR Director bringing valuable experience in the development and delivery of people strategies that support business performance improvement to the Group.

Governance
We welcomed the introduction of the Modern Slavery Act 2015 and responded with appropriate training for relevant managers and additional governance, with our first Modern Slavery Act statement to be made available on our website in due course. We also reinforced, with updated training, the requirements of the Bribery Act.

We have strong governance structures through our committees, systems and policies; my belief is that provides a strong foundation for our day-to-day activities, the protection of our assets and the delivery of our business plan.

Capital structure
On 28 December 2016 we placed 15,445,238 new ordinary shares with our two largest shareholders at an undiscounted placing price of 83.875p per share. As a result the total issued share capital increased by 9.98% to 170,207,142 shares. The placing raised c. £13m before expenses and was undertaken to strengthen the Group's balance sheet and provide additional flexibility to fund fleet investment.

Our people
I continue to be extremely impressed with the motivation, can-do attitude and achievements of HSS people across our Group, which is reflected in our consistently high customer satisfaction scores. During the year we have made improvements in the diversity of our workforce and established targets for further progress.

Corporate responsibility
Our primary responsibility is to ensure the safety of HSS colleagues and customers; our Board agenda starts with Health and Safety in an ethos of individual ownership, which is reflected across the Group. We also pay close attention to reducing the impact we have on the environment and in the role we play as a community business across the UK and Ireland. You

can read more about our corporate responsibility activities in the separate Corporate Responsibility Report published on our website www.hsshiregroup.com

Dividend
The Board are focused on reducing net debt and, after careful consideration of the significant cash investments made during 2016 and the continuing optimisation of the network underway, believe it is in the best interests of the shareholders for the Group to not pay a final dividend in respect of 2016. As a result of this decision the total dividend paid and payable by the Group in respect of FY16 totals 0.57p per ordinary share, reflecting the interim dividend of 0.57p per share paid in October 2016.

Looking ahead
We have entered 2017 with a firm agenda to capture the full benefits from the material operational changes and investment made across the Group through 2016 and beyond. We have strengthened our sales leadership to drive Rental growth through our branch network via a significantly enhanced customer proposition. The Board remains fully committed to optimising this investment to deliver profitable growth and create shareholder value.

Alan Peterson
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview
In 2016 we invested heavily in our network to drive future operational and capital efficiency through centralised, industrialised engineering and logistics processes for our high volume product lines. This new capability is supported by regional engineering expertise for larger specialist hire fleet and lower transactional volume products and a retail-like logistics network replenishing our equipment in our national network of local branches. Our objective is to ensure certainty of kit availability through a very clear customer proposition delivered via a cost-efficient network.

The change programme was ambitious; we took the decision to delay implementation of the final element (Scotland) into early 2017 and I am pleased to say that the process is now complete, but we will continue to refine and right-size our network going forward as part of our culture of continuous improvement. We should start to see the benefits over the medium term.

The investment and extended period of change impacted our profit performance. Whilst we delivered strong revenue growth in Services and via our larger customer accounts, both of which are earnings enhancing, performance in our local and regional customers was weaker than expected, leading to lower profits than anticipated at the start of the year. We are now well-positioned to leverage our investment through the implementation of sales plans that will win back customers impacted by the change. We are therefore, focused hard on ensuring profitable Rental revenue growth in our core customer base of smaller and regional accounts. We have invested in our senior management team, with the creation of a new post of Chief Commercial Officer, to drive this forward in 2017.

The HSS difference
HSS continues to strive to innovate in our markets. Our research shows that our customers' top priority is product availability: easy access to the tools and equipment they need for their task. We have therefore positioned and stocked our network of local branches and customer distribution centres (CDCs) to ensure that we have a clear competitive advantage through greater availability of equipment for customers to pick up, order to collect or for delivery to site.

Our customers also require support and our expertise and excellence in customer service is reflected in our customer satisfaction metrics, with our NPS scores continuing to be well above the industrial and services sector benchmark. We also responded during the year to their need for value, via strategic price reductions in our Trade Essentials range and a wider simplification of pricing, to the benefit of customers and colleagues. Safety, of course, is our primary concern and we continue to drive a culture that ensures we all own, and are accountable for, safety for colleagues and customers.

Our performance
We continued to grow our Group revenue well above the European Rental Association's forecast for the UK marketplace of 2.8% in 2016, suggesting further market share gains through the year. Rental revenue was flat YOY and Services revenue, which includes Training and our Rehire operation, HSS OneCall, grew significantly at 60.8%.

Our performance reflects the scale and complexity of the operational change programme implemented across the Group in the year, including the launch of the National Distribution and Engineering Centre (NDEC), which opened in March 2016, and impacted our core rental revenue performance. We also opened 11 branches during the year in specific markets where we are under-represented and closed 18 in locations which were underperforming or not cost-efficient to serve. This programme of active network optimisation continues.

Our markets

We operate throughout the UK and Ireland, where we believe we are the second largest tool and equipment hire provider. The European Rental Association ("ERA") estimates that the UK plant, tool and equipment rental market grew 2.8% in 2016 and generated total turnover of c. £5.7bn. The ERA notes that their research suggests that 'political uncertainty has put industry growth on hold' citing a downward revision in their forecast for 2017 to 1.9% 'due to the unknown effects of the Brexit vote'. HSS has yet to see any specific impacts of Brexit on our larger customers; but it may be that the softness in the RMI markets reported by others in the sector is a consequence of Brexit and is impacting our performance with smaller and mid-sized customers. We are however, aware that our change programme had an impact within these latter customer groups in the second half of the year.

HSS focuses on the fit-out, operation and maintenance of the built environment – airports, retailers and facilities managers for example – through both our core businesses and specialist brands. The ERA notes that the split of rental demand between construction and non-construction is estimated at 60%:40% with the 'share of non-construction demand in the UK being one of the most important in Europe.'

We benefit from strong customer propositions in the 'non-construction' segment, from our Reintec business, where we offer hire, sales and service of cleaning equipment, through to our Managed Service Provider (MSP) offer where we manage complex supply chains for some of our largest customers, often using HSS OneCall to supplement our hire fleet offering.

We also serve certain construction markets through HSS OneCall, our rehire operation – providing for example, diggers and dumpers and plant for ground-up construction – through a simple one-stop-shop model. Our powered access and power generation businesses also support a wide-range of construction environments and our 'Trade Essentials' range is aimed at local tradespeople who move between building and maintenance of local domestic and commercial premises.

Our resilience is underpinned by our diverse range of customers, from blue-chip organisations through to individual consumers and importantly, through the ability to supply more of their equipment needs, through both our own complementary brands and through the efficient, one-stop-shop rehire of other providers' assets. Frequently, we are a major channel to market for many of these members of our supply chain and our customers benefit from one point of contact and contract.

The ERA notes that the 'UK market is relatively concentrated' but this is only in contrast to the highly fragmented and less mature markets of continental Europe. It estimates that the larger rental players with between 50 and 250 employees are 50% of the UK market. In our view there is room for further market consolidation to create scale rental players able to deliver efficiency benefits for customers, and enhanced returns to shareholders.

HSS is at the forefront of many of the next-generation market initiatives identified by the ERA and other market reports including online investment – where we have continued to invest in our market-first, mobile-enabled, fully-transactional and award-winning web platform www.hss.com. The ERA also notes that rental companies in the UK are reacting to ongoing price pressure with projects to optimise fleet utilisation – again, HSS has continued to evolve our network over a number of years, centralising engineering for capital and operational efficiency. We continue to review and refine our operating model.

Our strategy

Our strategy continues to be centred on three priorities which are inherent to the creation of long term shareholder value through a strong focus on the scalable benefits of operational and capital efficiency and enhanced customer service.

1. Win new, and deepen existing, customer relationships

We made good progress in our key accounts over the year, benefiting specifically from a major contract win with infrastructure company, Amey, which we mobilised in the first quarter of 2016, as well as strong growth in our larger strategic accounts. Many of these organisations increasingly see HSS as a one-stop-shop for equipment hire both via our core offering and through our specialist brands such as UK Platforms and our power generation brands Apex in Scotland and ABird in England and Wales. We also manage complex supply chains on behalf of larger customers through our Managed Service Provider offering, where we deploy our systems and people to manage volume and duration of hire and decrease supply costs over time.

Services revenue growth was strong in the year, particularly in our rehire operation, HSS OneCall and in our leading Health and Safety training business, HSS Training, which now operates from 46 centres nationwide and delivers over 250 different courses which complement our equipment offering. We also saw strong growth in our Irish business across all customer groups. In addition, we continued to move our specialist businesses forward following the large fleet investment made over the last few years.

We were however, impacted in the year by a lack of growth in our medium-sized and smaller customers, due principally to the impact of the extended implementation of the network changes which inhibited availability in some markets for short periods. With the most extensive branch network in the UK, and having completed a major period of change, we are now focused on ensuring customers have the best possible access to the equipment they need.

2. Optimising our branch and distribution network
In 2016 we started the programme to centralise and industrialise our high volume engineering into a single National Distribution and Engineering Centre. This facility consolidates repetitive processes into a production facility with rigorous quality and safety KPIs and is supported by a retail-like logistics network for separate branch and customer distribution centre replenishment. We took a phased approach to the implementation and, as previously announced, actively delayed the original roll-out plan to incorporate our Scottish network in the first quarter of 2017. The longer implementation impacted our hire volumes in the second half of the year and the investment was a contributor to our profitability being lower than our original plans for the year. The rollout is now complete – although we will continue to refine it – and we move to a period where we can focus on starting to deliver the efficiency and customer service benefits.

The NDEC is just part of a considerable programme of change across our network. We closed 18 underperforming branches in the year and consolidated older distribution centres into new purpose-built customer distribution facilities at Aberdeen, Treforest in South Wales and Cork, Ireland. Our latest consolidation is Bellshill in the central belt of Scotland, which will be fully operational in Q2 of this year.

This significant change created challenges but leaves HSS well-positioned to benefit from the operational and capital efficiencies which are at the heart of the strategic rationale for the programme.

3. Continued development and growth of our specialist businesses
Our specialist businesses continued to benefit from investment during the year. Specifically, we opened two new strategically-placed co-located depots, at Thurrock in East London and Iver in West London, to efficiently supply powered access, power generation and mini-plant – via a new relationship with Kubota – into the fast-moving and fast-growing London markets. These depots concentrate engineering resource and create transport efficiencies, and we will continue to look for strategic sites for larger depots for our specialist businesses as we go forward, further consolidating our network.

We have invested in our most recent acquisition, All Seasons Hire, our specialist Heating Ventilation and Air Conditioning business, expanding its depot reach to Scotland and Manchester during 2016 and investing significantly in the fleet. The business continues to grow benefiting, as all our specialist brands do, from closer links to, and cross-selling opportunities from being part of, the HSS Group.

Our five strategic enablers
These three strategic priorities are driven by our values which are our customers' requirements for safety, value, availability and support. It is also important that we consider each element of our plan in line with our five strategic enablers, set out below, which support continued business growth and shareholder value creation.

1. Ensuring safe, sustainable working environments for colleagues and customers
Our RIDDOR frequency ratio – one measure of safety related to reportable accidents – was 0.40 in 2016. During the year an enhanced accident reporting system was implemented and our 2015 RIDDOR calculated using this system was 0.48, suggesting an improvement in safety year on year. We continue to put an emphasis on the ownership of safety from the Board through to every colleague. We also take seriously our commitment to sustainability and have made good progress throughout 2016 with our industry-leading refurbishment centre which extends the life of large assets – typically powered access – by up to five years, therefore contributing to a reduction in manufacturing emissions and contributing to the 'circular economy'.

2. Deliver value and quality to our customers
We continually strive to improve our customer experience and measure it daily through customer feedback. In late 2016, while we continued to enjoy very high satisfaction scores, we saw some impact in our availability measures from the transformational changes made to our distribution and engineering network. Post-implementation we have moved into a continuous improvement phase to reduce the likelihood of any such impacts going forward. We underpinned our commitment to value with simplified pricing and our successful, everyday low price Trade Essentials range.

3. Focus on profitability and growth
Despite operating in a fragmented and competitive marketplace, we have continued to grow our revenues and build market share by offering new and existing customers access to a broad range of well-maintained products and complementary value-adding services. During 2016, this did not translate into sufficient profit growth, due to the short

term impact that the operational changes had on our business. It is therefore appropriate that none of the Executive Directors are receiving a bonus in respect of 2016. Moving into 2017 we have completed the implementation phase and have moved into one of continuous improvement, with a real focus on supporting profitable revenue growth with enhanced cost control to drive improved Group profitability.

4. Drive availability and operational efficiency
The operational changes implemented during 2016 were designed and implemented to enable us to drive improvements to our customer availability proposition, supporting our 'delivering the kit you need, anytime, anywhere' offer, which we believe sets us apart from our competitors. In 2016 these changes impacted performance as we moved through their implementation. We are now leveraging the experience gained from 2016 to refine and enhance our operations to ensure that we deliver the availability improvements targeted through operational and capital efficiency. Executed effectively, our focus on profitability and growth, together with increased efficiency will enable us to improve our cash generation and de-leverage the business through 2017 and beyond.

5. Invest in our colleagues
During the year we launched our formal talent management 'stretch' programmes, which invite colleagues at multiple levels within the business to study for management qualifications (typically from the Institute of Leadership and Management) to help them develop both personally and professionally, to the benefit of the individual and the Group. The first cohorts from this initiative – colleagues from across all business areas and all geographies – have now graduated from the programmes inspiring others to apply.

Our Branches of Excellence programme is in operation throughout our core business, providing induction courses and ongoing training to colleagues across the network. In addition, we continually develop our colleagues' skills in customer service as well as the technical and safety requirements of the roles they undertake every day.

Our colleague engagement survey in June 2016 showed high levels of engagement but also highlighted a number of areas for improvement. In particular we are now taking feedback from our colleagues more frequently and improving our communication with them.

I would like to thank our colleagues for these great ideas and for the roles they individually play every day in building our business.

Outlook
Having completed a year of change, we are now concentrating on extracting the efficiencies that result from our investment and continuing the refinement of our operating model. This means maintaining a culture of continuous improvement to support our customer availability promise, but it also means a necessary and heavy focus on cost control, cash generation and delivering the operational and capital efficiencies which will determine future shareholder return. The trading environment remains competitive but we are well-positioned to outperform our markets and to facilitate scalable growth in the medium term. We expect the benefits of the transformation and our sales plans to accrue in H2 17.

John Gill
Chief Executive Officer

FINANCIAL REVIEW

Overview
2016 has been a year of significant change for the Group, setting up our new operating model with central distribution and engineering capability. The scale and complexity of this change has required considerable investment and impacted reported performance, which is reflected in our costs; implementation and set-up costs, parallel running of two networks, and the costs of branch closures. Our focus over 2017 is to right size the network, reducing costs as we drive greater operational efficiency.

Since joining the business in August, I have taken the opportunity to meet colleagues, customers and suppliers. This has reinforced my belief that the changes made in 2016 and the early part of 2017 will enhance and differentiate our customer service through greater availability.

Whilst performance in 2016 is not where it should be, I remain confident that leveraging this investment in the future will deliver improved sustainable returns in the medium term.

Financial highlights

	Revenue		Contribution [1]		Adjusted EBITDA [2]		Adjusted EBITA [2]		Operating profit [2]	
£m	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Rental	**£262.8m**	£262.9m	**£179.4m**	£182.1m						
Services	**£79.6m**	£49.5m	**£10.3m**	£6.1m						
Group	**£342.4m**	£312.3m	**£189.7m**	£188.2m	**£68.6m**	£71.0m	**£20.5m**	£20.3m	**(£2.7m)**	£6.8m

1) *Contribution is defined as revenue less cost of sales (excluding depreciation and exceptional items) distribution costs and directly attributable costs (for each segment)*
2) *These measures are not reported on a segmental basis because branch and selling costs central costs and exceptional items (non-finance) are allocated centrally rather than to each reportable segment*

Revenue

Group revenue grew 9.6% to £342.4m (2015: £312.3m) significantly ahead of the UK tool and equipment hire market growth rate of 2.8% for 2016 as estimated by the ERA. The main drivers of this result were:

- Continued strong growth in our Services revenues, up 60.8% year on year to £79.6m, mainly driven by performance in our rehire business, HSS OneCall, complemented with the continued development of our HSS Training business;
- Significant increases in revenues from Key Account customers, both new and existing, with headline revenues of £148.1m, 43.9% higher than in 2015. This includes revenue from a number of new customers including Amey; and
- Rental and related revenues remained broadly flat, with growth amongst our specialist brands, whilst small and mid-sized customers of our core rental offering in particular were impacted through the second half of the year by the operational changes implemented

Revenue and revenue growth is one of our KPIs as, combined with estimates of market size and growth rates, it provides us with a measure of our evolving market share. Pleasingly we continued to grow revenues at a faster rate than the UK tool and equipment hire market suggesting that we continued to increase our market share.

As detailed in the CEO review, one of our three strategic objectives is to *win new, and deepen existing, customer relationships*. The simplest way to measure this is to review our average spend (revenue) per account customer. In 2016 average spend per account customer increased to £8.7k (from £8.1k in 2015), largely driven by strong growth in our Key Account customers, particularly new customers, during the year.

Segmental performance

Rental (and related revenues)

Our rental revenues were flat year on year at £262.8m (FY15: £262.9m) and accounted for 76.8% of Group revenue (FY15: 84.2%). Performance in the second half of the year, particularly amongst our small and medium customers in England and Wales, was affected by the implementation of our new operating model.

Contribution, defined as revenue less cost of sales (excluding depreciation and exceptional items), distribution costs and directly attributable costs of £179.4m was 1.5% lower year on year (FY15: £182.1m) reflecting the change in revenue mix and growth in costs as we worked through the implementation of our new operating model.

LTM core utilisation improved to 50% (2015: 48%) and LTM specialist brand utilisation remained in the mid 70's at 75% (2015: 76%). Our utilisation rates remain at the top end of the industry range, with the performance of the core business being particularly pleasing given the seasonal nature of some kit and the availability issues in the second half.

In early Q1 17 we put in place sales plans to win back customers impacted by our operational changes and to reinvigorate and drive profitable growth amongst the smaller and regional accounts. This has included adding to our senior management team with the appointment of a Chief Commercial Officer to drive these initiatives.

Services

Services revenues increased 60.8% to £79.6m (FY15: £49.5m) and accounted for 23.2% (FY15: 15.8%) of Group revenues. This was principally due to strong growth in HSS OneCall, but also due to the continued development of HSS Training. Our

Services revenues benefited from existing and new key account contracts where our one-stop-shop offering has provided clear market differentiation.

Contribution from Services grew 68.2% to £10.3m (FY15: £6.1m), slightly ahead of the revenue growth rate, reflecting margin improvement achieved using the existing teams and infrastructure to support increased levels of activity.

Costs

Our cost analysis set out below is on a reported basis and therefore includes exceptional investment associated with our operating model change. Year on year variances driven by such costs are identified in the commentary.

Our cost of sales increased by £24.3m (20.1%) during the year to £145.2m, mainly reflecting the growth in our Services revenues (principally HSS OneCall and HSS Training) and the associated third party supply costs incurred to support this activity, together with £3.4m of exceptional costs relating to the implementation of the new operating model: £1.8m of NDEC parallel running and a £1.6m write down of resale stock. As part of the NDEC set up and branch and distribution centre closures, inventory held for sale has been centralised into fewer locations. Based on the excess quantity and age profile of the consolidated inventory and a decision to streamline certain stock ranges, estimated future sales value is deemed to be lower than cost. Accordingly an impairment of £0.9m has been recognised within cost of sales. In addition, stock losses arising from the centralisation of resale stock and associated branch and distribution centre closures amounted to £0.7m which is also included within cost of sales.

Our distribution costs increased by £3.8m (9.1%) from £41.3m to £45.1m. This is largely due to the increased transport wages and vehicle related costs driven by the phasing in of the NDEC alongside the existing distribution network through 2016. Distribution costs in FY16 include £1.3m of exceptional costs relating to the NDEC, £1.1m of which relates to parallel running costs prior to Q4, and £0.2m of which relates to redundancy costs. As reported in our trading update in November 2016 as we intentionally delayed the implementation of the new centralised operating model in Scotland to Q1 17.

Our administrative expenses grew £11.8m (8.2%) to £156.0m. Exceptional costs accounted for a £13.4m increase: £7.0m relate to the NDEC, with parallel running costs and project management, design and set-up costs accounting for the majority at £4.1m and £2.6m respectively; £4.5m relates to the recognition of onerous lease provisions in relation to branches closed during the current and previous years. These provisions represent the discounted value of future rent payments on properties we are not trading from until lease expiry; and £1.6m relates to the cost of implementing the cost reduction plan during the year, moving to a new divisional structure. Growth in administration costs was slightly reduced as a result of cost savings identified and implemented through the year.

Adjusted EBITDA and Adjusted EBITA

Our Adjusted EBITDA for 2016 was £68.6m, 3.4% lower than in FY15 (£71.0m) reflecting the mix of revenue and costs of the new network from Q4, before the right sizing of the old network takes place to mitigate this increase. As a result, combined with the growth in group revenue, the Group's Adjusted EBITDA margin for FY16 was 20.0% (FY15: 22.7%).

Our Adjusted EBITA grew 1.0% to £20.5m (FY15: £20.3m). The small increase year on year reflects the positive contribution of our Services revenue growth offset by the parallel running costs of the network in the final quarter of 2016 at the point that these were no longer classed as exceptional. The Group's resulting Adjusted EBITA margin was 6.0% (FY15: 6.5%).

Other operating income

Other operating income reflects the income received from the sub-letting of non-trading stores. This increased by £0.3m year on year as the portfolio of non-trading stores fully or partially sublet continued to evolve. We continually assess our portfolio to identify revenue opportunities or to pursue attractive lease surrender opportunities as and when they arise.

Operating profit / (loss)

Our operating profit decreased by £9.5m, from a £6.8m profit in FY15 to a £2.7m loss in FY16. The £8.5m growth in non-finance exceptional costs to £17.0m (FY15: £8.5m), accounts for the majority of this decline.

Finance costs

Net finance expense (finance expenses less finance income) reduced £6.0m year on year to £14.7m (FY15: £20.7m). This reduction principally reflects the impact of the IPO and partial repayment of the senior secured notes in February 2015 and the associated £4.3m early redemption premium paid on the senior secured notes in 2015. The IPO resulted in the conversion of investor loan notes into equity, reducing the interest cost by £0.9m year on year and the partial redemption of the senior secured notes resulted in a £1.9m decrease in debt issue costs and a £0.4m decrease in interest from 2015 to 2016. Drawings on our RCF and Finance leases increased during the year to finance the investment in the new operating model and this led to a small increase in the amount of interest payable on both.

Taxation

The Group generated a net tax credit of £0.1m in 2016 compared to a tax expense of £0.4m in 2015. The net tax credit in FY16 reflects a tax charge for the Irish part of the business and a release of deferred tax liability relating to intangible assets caused by announced future reductions to the main rate of UK corporation tax. The FY15 tax charge principally reflected an Irish tax charge and release of a deferred tax asset in respect of the utilisation of prior year tax losses.

Reported and adjusted earnings per share

Our basic and diluted reported loss per share increased to 11.18p (FY15: 9.86p). This was due to the larger loss generated in the year, partially offset by an increase in the weighted average number of shares from 144.5m to 155.1m shares. As a result of the placing completed in December 2016 the weighted average number of shares in issue will increase in FY17.

Our basic adjusted earnings per share, being profit before amortisation and exceptional costs less tax at the prevailing rate of corporation tax divided by the weighted average number of shares, decreased from 3.20p in FY15 to 2.98p in FY16. Our diluted adjusted earnings per share, calculated in the same manner as basic adjusted earnings per share, but with the weighted average number of shares increased to reflect LTIP and Sharesave options decreased from 3.20p in FY15 to 2.94p in FY16. These reflect Adjusted EBITA growth and the broadly flat net finance costs in each period (pre exceptional finance costs) which was partially offset by the increase in the weighted average number of shares year on year.

Capital expenditure

Fixed asset additions in the year (excluding any assets acquired on acquisition) were £42.4m, a £41.6m or 49.5% decline year on year. Within this £27.3m was spent on hire fleet (2015: £65.0m) reflecting the managed reduction of spend in these areas after two years of significant expenditure. The remaining £15.1m was spent on non-hire additions (land, buildings, plant and machinery) (2015: £19.0m). The changes to the Group's operating model implemented through 2016 and the actions and initiatives underway in Q1 2017 are designed to promote and support enhanced capital and operational efficiency across the Group. Executed effectively, this should require lower levels of growth capital expenditure to support further revenue growth, although this will vary depending on the evolution of the Group's revenue mix and the asset categories which are being purchased.

Return on Capital Employed ('ROCE')

Our ROCE for FY16 was 9.7% compared to 11.2% for FY15. ROCE is calculated as Adjusted EBITA divided by the total of average total assets (excluding intangible assets and cash) less average current liabilities (excluding current debt items). Whilst we grew Adjusted EBITA 1.0% year on year, the average capital employed by the Group increased 16.8% from the level calculated at the end of 2015, principally reflecting the full year impact of significant fixed asset additions in FY15.

Cash generated from / utilised in operations

Cash generated from operations was £26.6m for FY16, an increase of £34.0m over the prior year (FY15: £7.4m cash utilised in operations). This reflects the planned reduction in hire fleet asset capital expenditure and the lower associated cash settlement compared to FY15.

Leverage and net debt

Net debt (stated gross of issue costs) increased by £1.3m to £219.4m (FY15: £218.1m). This small increase reflects the significant investment in the new operating model during 2016 offset by the c. £13m equity placing completed in December 2016. As at 31 December 2016 the Group had access to £42.2 million of combined liquidity from available cash and undrawn committed borrowing facilities. Our leverage, calculated as net debt divided by Adjusted EBITDA, increased marginally from 3.1x in FY15 to 3.2x at the end of FY16. This was primarily due to the lower Adjusted EBITDA generated in FY16.

Use of alternative performance measures to assess and monitor performance

In addition to the statutory figures reported in accordance with IFRS, we use alternative performance measures or 'APMs' to assess the Group's ongoing performance. The main APMs we use are Adjusted EBITDA, Adjusted EBITA, Adjusted profit before tax, Adjusted earnings per share, Leverage (or Net Debt Ratio) and ROCE.

We believe that Adjusted EBITDA, a widely used and reported metric amongst listed and private companies, presents a 'cleaner' view of the Group's operating profitability in each year by excluding exceptional costs associated with non-recurring projects or events, finance costs, tax charges and non-cash accounting elements such as depreciation and amortisation.

Since our IPO we have listened to feedback from analysts and investors who tend to assess our operating profitability using the Adjusted EBITA metric, which treats depreciation charges as an operating cost to reflect the capital intensive nature of the sector in which we operate. This metric is used to calculate any annual bonuses payable to executive directors.

Analysts and the investors also assess our earnings per share using an Adjusted earnings per share measure, calculated by dividing an adjusted profit after tax by the weighted average number of shares in issue over the period. This approach aims to show the implied underlying earnings of the Group. The Adjusted profit before tax figure comprises the reported loss before tax of the business with amortisation and exceptional costs added back. This amount is then reduced by an illustrative tax charge at the prevailing rate of corporation tax (currently 20%) to give an adjusted profit after tax. Adjusted earnings per share is used as a performance metric for the vesting of LTIP awards.

The calculation of Adjusted EBITDA and Adjusted EBITA can vary between companies, and a reconciliation of Adjusted EBITDA and Adjusted EBITA to operating profit / (loss) and Adjusted profit before tax to loss before tax is provided on the face of the Group's income statement. A reconciliation of reported loss per share to Adjusted earnings per share is provided in note 6 of the accounts.

In accordance with broader market practice we comment on the amount of net debt in the business by reference to leverage (or Net Debt Ratio), which is the multiple of our Adjusted EBITDA that the Net Debt represents. This metric is also used in the calculation of any annual bonuses payable to executive directors.

We use ROCE to assess the return (the Adjusted EBITA) that we generate on the average tangible fixed assets and average working capital employed in each year. We exclude all elements of net debt from this calculation. This metric is also used as a performance metric for the vesting of LTIP awards.

Paul Quested
Chief Financial Officer

DIRECTORS' RESPONSIBILITY STATEMENT

The following statement has been prepared in connection with the full Annual Report and Accounts of the Group. Certain sections referred to herein are not included in this announcement.

We confirm that to the best of our knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the Parent Company; and
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description or the principal risks and uncertainties that they face.

This Responsibility Statement was approved by the Board of Directors on 5 April 2017 and is signed on its behalf by:

John Gill Director	Paul Quested Director

PRINCIPAL RISKS AND UNCERTAINTIES

Key risks	Strategic Enabler	Description and impact	Mitigation	Risk change
Macro economic conditions	Focus on profitability and growth Drive availability and operational efficiency	An economic downturn in the UK and Ireland may adversely affect the Group's revenue and operating results by decreasing the demand for its services and the prices it may charge. The Brexit referendum result has caused economic uncertainty with potential short-term and long-term effects on demand for services within the Group's industry and broad customer base.	The Group focuses on the 'fi t-out, maintain and operate' markets, which are less cyclical, less discretionary and have a larger proportion of recurring spend than the new-build construction sector. While the Group is not isolated from the construction sector, it focuses on the non-construction portion of the market, with specific exposure in the facilities management, retail, commercial fi t-out, property, utilities and waste, infrastructure and energy services markets.	Increased – due to market and industry uncertainty caused by Brexit
Competitor challenge	Focus on profitability and growth Drive availability and operational efficiency	The Group's industry is highly competitive, and competition may increase. The equipment rental industry is highly fragmented, with competitors ranging from national equipment rental companies to smaller multi-regional companies and small, independent businesses operating in a limited number of locations. Competition in the market has led to frequent excess capacity and resultant pricing pressure.	The Group is ranked number two in its main markets and the resulting economies of scale enable it to be highly competitive, whilst the fragmented nature of the market may offer consolidation opportunities enabling the continued growth of specialist businesses within the Group. The Group's highly developed distribution service model provides improved customer availability and increases the efficiency of its operations.	Unchanged
Operational disruption	Focus on profitability and growth Drive availability and operational efficiency	The provision of the Group's expected service levels depends on its ability to transport its hire fleet across its network in a timely and cost-effective manner and on the successful operation of its distribution and branch network.	The Group established a National Distribution and Engineering Centre ("NDEC") in 2016 which provides distribution of a number of key fast moving products to the Customer Distribution Centres ("CDCs") and branch network. There is flexibility built in below this where CDCs can service the Group's customers if failure occurs.	Increased in 2016 during the transition to, and implementation phase of, the new operating model. Risk expected to reduce in 2017 as operating model fully embedded.
IT infrastructure	Deliver value and quality to our customers Focus on profitability and growth	The Group requires an IT system that is appropriately resourced to support the business, managing the growing network and successful assimilation of any acquisitions. Any IT systems malfunction or disruption at the NDEC, any of the Group's CDCs or offices may impact on the	The current IT system has been fully reviewed to ensure that it is the best possible option to optimise the success of the Group's strategy. This review also included assurance that there is adequate knowledge resource available to support the system in future. Disaster recovery tests are carried out on a regular basis including with our third party partners who	Unchanged

		ability to manage its operations and distribute its hire fleet to service its customers, affecting revenue and reputation. A cyber security attack on the business systems could lead to a potential loss of confidential information and disrupt the business' transactions with customers and suppliers.	run the NDEC. Firewalls are in place to protect against malicious attempts to penetrate the IT environment. Penetration testing is carried out on a regular basis to detect weaknesses in our IT and cyber security. Ongoing investment takes place to ensure our mitigating actions are updated to respond to the changing sophistication of cyber-attacks.	
Customer credit / Supplier payment	Focus on profitability and growth Drive availability and operational efficiency	Some of the Group's customers may have liquidity issues and ultimately may not be able to fulfil the terms of their rental agreements with the Group. Bad debts and credit losses can also arise due to service issues or fraud. Unauthorised, incorrect or fraudulent payments could be made, leading to financial loss or delays in payment which could adversely affect the relationship with suppliers and lead to a disruption in supply.	The Group runs extensive credit checking for its account customers and maintains strict credit control over its diversified customer base. The Group's investigation team conducts proactive and reactive work in order to minimise the Group's exposure to fraud, and all new staff are provided with training in this area. Payments and amendments should only be made in line with a regularly reviewed authorisation matrix.	Unchanged.
Equipment supply, maintenance & availability	Deliver value and quality to our customers Focus on profitability and growth Drive availability and operational efficiency	The reliable supply of safe and good quality equipment is critical for delivering our customer promise; unavailable or unreliable equipment can reduce potential revenue and drive additional costs into the business. The Group is dependent on its relationships with key suppliers to obtain equipment and other services on acceptable terms. Any disruption in supply could affect its ability to provide its customers with expected service levels, increasing the risk of lost customers or reduced trading levels. The changes in the operating model impacted the availability of supply during implementation.	The Group makes every effort to evaluate its counterparties prior to entering into significant procurement contracts and seeks to maintain a range of suppliers. The changes to group's operating model during the year, principally the opening of the new NDEC, are designed to increase the efficiency and effectiveness of the Group's supply chain to ensure appropriate service standards are provided to its customers. The 2017 fleet plan is based on improving the availability of products, by efficiently investing against demonstrable demand patterns to drive profitability.	Increased in 2016 during the transition to, and implementation phase of, the new operating model. Risk expected to reduce in 2017 as operating model fully embedded.
Customer retention and brand reputation	Deliver value and quality to our customers Focus on profitability and growth	A decline in the Group's customer service levels could result in a loss of customers and market share. The Group's business depends on strong brands and any failure to maintain, protect and	The Group has developed extensive plans as part of its regular planning process to improve availability, flexibility in service and delivery to promise post the implementation of the new operating model and on an ongoing basis. Service levels are	Increased in 2016 during the transition to, and implementation phase of, the new operating

	Invest in our colleagues	enhance its brands could have an adverse effect on its ability to grow the business.	tracked via the Group's innovative Customer Delight programme. The Group invests substantially in areas such as marketing, community relations and colleague training, aimed at delivering the highest standards of customer service and colleague engagement. The Group actively engages in print and online advertisements, targeted promotional mailings and email communications, and engages on a regular basis in public relations and sponsorship activities to promote its brands and its business.	model. Risk expected to reduce in 2017 as operating model fully embedded.
Outsourcing of services	Ensure safe sustainable working environments for colleagues and customers Deliver value and quality to our customers Focus on profitability and growth Drive availability and operational efficiency	The Group outsources certain activities of its business to third parties, with the NDEC being the most significant. If any third parties become unable or refuse to fulfil their obligations, or violate laws or regulations, there could be a negative impact on the Group's operations or could lead to adverse publicity and a decline in demand. Inability to repair equipment will affect the ability to manage demand, affecting revenue and increasing costs of re-investment in equipment.	Outsourcing of services by the Group is subject to stringent procurement and service criteria and all contracts are subject to demanding service level agreements which are closely monitored and enforced. Performance and quality metrics and KPIs are tracked throughout the life of contracts.	Increased in 2016 during the transition to, and implementation phase of, the new operating model. Risk expected to reduce in 2017 as operating model fully embedded.
Inability to attract and retain personnel	Focus on profitability and growth Invest in our colleagues	Turnover of members of the Group's management and colleagues and its ability to attract and retain key personnel may affect its ability to efficiently manage its business and execute its strategy.	The Group has established and maintains competitive pay and benefit packages, as well as the right working environment for its colleagues. Training will be provided within branches of excellence whilst the Training Academy facility provides development training for management, a process that is mirrored at more senior management levels by various tailored development programmes. The Group supports personal development with the provision of appropriate training courses. A colleague survey was undertaken and reported in 2016; this covered a wide range of subjects considered important to colleague satisfaction.	Unchanged
Legal and regulatory	Ensure safe sustainable	Failure to comply with laws or regulation, such as the	Robust governance within the Group, including a strong financial	Unchanged

requirements	working environments for colleagues and customers Focus on profitability and growth Invest in our colleagues	Companies Act, accounting regulations, health and safety law, Bribery Act or Road Traffic Act, leading to material misstatement and potential legal, financial and reputational liabilities for non-compliance.	structure, with adequate assurance provision from internal and external audit. Additional assurance and support is provided by a fully skilled HSEQ team and an internal group investigation team.	

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	**Year ended 31 December 2016 £000s**	Year ended 26 December 2015 £000s
Revenue	2	**342,410**	312,333
Cost of sales		**(145,232)**	(120,884)
Gross profit		**197,178**	191,449
Distribution costs		**(45,091)**	(41,315)
Administrative expenses		**(155,969)**	(144,161)
Other operating income	3	**1,151**	869
Operating (loss) / profit		**(2,731)**	6,842
Adjusted EBITDA[1]	2	**68,638**	71,047
Less: Depreciation[1]		**(48,175)**	(50,702)
Adjusted EBITA[1]		**20,463**	20,345
Less: Exceptional items (non-finance)	4	**(16,957)**	(8,522)
Less: Amortisation[1]		**(6,237)**	(4,981)
Operating (loss)/profit		**(2,731)**	6,842
Finance income	5	**3**	24
Finance expense	5	**(14,689)**	(20,706)
Loss before tax		**(17,417)**	(13,840)
Adjusted profit before tax		**5,777**	5,808
Less: Exceptional items (non-finance)	4	**(16,957)**	(8,522)
Less: Exceptional items (finance)	4	**-**	(6,145)
Less: Amortisation	7	**(6,237)**	(4,981)
Loss before tax		**(17,417)**	(13,840)

Income tax (expense) / credit		**104**	(405)
Loss for the financial year		**(17,313)**	(14,245)
Loss attributable to:			
Owners of the company		**(17,313)**	(14,245)
(Loss)/profit per share			
Basic and diluted loss per share	6	**(11.18)**	(9.86)
Adjusted basic earnings per share[(2)]	6	**2.98**	3.20
Adjusted diluted earnings per share[(2)]	6	**2.94**	3.20

[(1)] Adjusted EBITDA is defined as operating profit before depreciation, amortisation and exceptional items. For this purpose depreciation and amortisation includes hire stock asset disposals, hire stock write offs and customer losses. Adjusted EBITA is defined as operating profit before amortisation and exceptional items.
[(2)] Adjusted earnings per share is defined as profit before tax with amortisation and exceptional costs added back less tax at the prevailing rate of corporation tax divided by the weighted average number of ordinary shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2016 £000s	Year ended 26 December 2015 £000s
Loss for the financial period	**(17,313)**	(14,245)
Items that may be reclassified to profit or loss:		
Foreign currency translation differences arising on consolidation of foreign operations	**1,533**	(475)
Other comprehensive loss for the period, net of tax	**1,533**	(475)
Total comprehensive loss for the period	**(15,780)**	(14,720)
Attributable to owners of the Company	**(15,780)**	(14,720)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2016 £000s**	26 December 2015, restated £000s
ASSETS			
Non-current assets			
Intangible assets	7	**178,755**	180,242
Property, plant and equipment	8	**178,473**	183,213
Deferred tax assets	13	**780**	1,900
		358,008	365,355

Current assets			
Inventories		**7,898**	9,095
Trade and other receivables	9	**103,744**	97,585
Cash		**15,211**	1,812
		126,853	108,492
Total assets		**484,861**	473,847
LIABILITIES			
Current liabilities			
Trade and other payables	10	**(89,150)**	(89,236)
Borrowings	11	**(66,000)**	(47,535)
Provisions	12	**(6,431)**	(3,822)
Current tax liabilities		**(501)**	(520)
		(162,082)	(141,113)
Non-current liabilities			
Trade and other payables	10	**(17,266)**	(21,583)
Borrowings	11	**(133,212)**	(132,189)
Provisions	12	**(10,712)**	(10,851)
Deferred tax liabilities	13	**(8,203)**	(9,842)
		(169,393)	(174,465)
Total liabilities		**(331,475)**	(315,578)
Net assets		**153,386**	158,269
EQUITY			
Share capital	14	**1,702**	1,548
Share premium		**-**	-
Merger reserve		**97,780**	85,376
Retained earnings/(deficit)		**53,904**	71,345
Total equity attributable to owners of the group		**153,386**	158,269

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000s	**Share premium £000s**	**Merger reserve £000s**	**Retained Earnings £000s**	**Total equity £000s**
At 26 December 2015	1,548	-	85,376	71,345	158,269
Total comprehensive loss for the period					
Loss for the period	-	-	-	(17,313)	(17,313)
Foreign currency translation differences arising on consolidation of foreign operations				1,533	1,533
Total comprehensive loss for the period				(15,780)	(15,780)
Transactions with owners recorded directly in equity					
New share issue for cash	154	-	12,800	-	12,954
Share issue costs	-	-	(396)	-	(396)
Share based payment charge	-	-	-	103	103
Dividends paid	-	-	-	(1,764)	(1,764)
At 31 December 2016	**1,702**	**-**	**97,780**	**53,904**	**153,386**

	Note	Share capital £000s	Share premium £000s	Merger reserve £000s	Accumulated deficit £000s	Total equity £000s
At 27 December 2014		645	-	(544)	(11,606)	(11,505)
Total comprehensive loss for the period						
Loss for the period		-	-	-	(14,245)	(14,245)
Foreign currency translation differences arising on consolidation of foreign operations		-	-	-	(475)	(475)
Total comprehensive loss for the period		-	-	-	(14,720)	(14,720)
Transactions with owners recorded directly in equity						
Preference shares issued		50	-	-	-	50
Preference shares redeemed		(50)	-	-	-	(50)
Acquisition of loan notes via share issue in subsidiary		411	-	85,920	-	86,331
New share issue for cash	14	492	102,629	-	-	103,121
Share issue costs	14	-	(4,076)	-	-	(4,076)
Capital reduction		-	(98,553)	-	98,553	-
Dividends paid		-	-	-	(882)	(882)
At 26 December 2015		**1,548**	**-**	**85,376**	**71,345**	**158,269**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**Year ended 31 December 2016**	Year ended 26 December 2015
Cash flows from operating activities		**£000s**	£000s
Loss before income tax		**(17,417)**	(13,840)
Adjustments for:			
– Amortisation		**6,237**	4,981
– Depreciation		**37,729**	39,379
– Accelerated depreciation relating to hire stock customer losses, hire stock write offs and other asset disposals		**9,762**	11,217
– Loss on disposal of property, plant and equipment		**684**	106
– Share based payment		**103**	-
– Finance income		**(3)**	(24)
– Finance expense		**14,689**	20,706
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):			
– Inventories		**1,197**	(2,180)
– Trade and other receivables		**(5,717)**	(13,334)
– Trade and other payables		**2,571**	5,831
– Provisions		**(1,187)**	(3,587)
Net cash flows from operating activities before changes in hire equipment		**48,648**	49,255

Purchase of hire equipment	**(22,085)**	(56,642)
Cash generated/(utilised) by operations	**26,563**	(7,387)
Net interest paid	**(12,974)**	(18,392)
Income tax (paid)/ received	**(373)**	1,143
Net cash generated/(utilised) from operating activities	**13,216**	(24,636)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**-**	(11,010)
Acquisition of subsidiaries, deferred consideration paid	**-**	(700)
Purchases of non-hire property, plant, equipment and software	**(16,804)**	(20,278)
Net cash used in investing activities	**(16,804)**	(31,988)
Cash flows from financing activities		
Proceeds from the issue of ordinary share capital	**12,954**	103,121
Share issue costs	**(170)**	(4,076)
Proceeds from borrowings (third parties)	**31,000**	57,000
Repayments of borrowings	**(11,000)**	(94,500)
Capital element of finance lease payments	**(12,498)**	(9,620)
Dividends paid	**(1,764)**	(882)
Net cash received from financing activities	**18,522**	51,043
Net increase/(decrease) in cash	**14,934**	(5,581)
Cash at the start of the period	**277**	5,858
Cash at the end of the period	**15,211**	277

1. Basis of preparation / Accounting policies

The Group's financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and on a basis consistent with those policies set out in our audited financial statements for the year ended 26 December 2015 (available at www.hsshiregroup.com/ investor-relations/financial-results).

The Group financial statements have been prepared, on a going concern basis, on a consistent basis, under the historical cost convention except for the treatment of certain financial assets and liabilities (including derivative instruments which are measured at fair value through the profit or loss). The financial statements were approved by the Board on 5 April 2017.

The financial information for the year ended 31 December 2016 and the year ended 26 December 2015 does not constitute the company's statutory accounts for those years. Statutory accounts for the year ended 26 December 2015 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 26 December 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' reports on the accounts for 31 December 2016 and 26 December 2015 were 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.

The Annual Report and Accounts for the year ended 31 December 2016 will be posted to shareholders on or about 26 April 2017.

2. Segment reporting

For management purposes, the Group's operations have historically been segmented into HSS Core and HSS Specialist, as follows:

- HSS Core – the provision of tool and equipment hire and related services.
- HSS Specialist – the provision of generator, climate control, powered access and cleaning equipment hire and the provision of cleaning maintenance services, under specialist brands.

These segments distinguished between the long-standing tool and equipment hire business of the Group and the specialist businesses, enabling visibility of their performance post acquisition. Now that the Specialist businesses are more integrated into the Group and with the increase in the Group's rehire business, changes have been made to the way segmental analysis is presented to enable improved understanding of contribution relative to revenue.

Accordingly for the year ended 31 December 2016, the Group's operations are segmented into the following new reportable segments:

- Rental and related revenue.
- Services.

Rental and related revenue comprises the rental income earned from owned tools and equipment, including powered access, power generation, cleaning and HVAC assets, together with directly related revenue such as resale (fuel and other consumables) transport and other ancillary revenues.

Services comprise the Group's rehire business (HSS OneCall), HSS Training and TecServ. HSS One Call provides customers with a single point of contact for the hire of products that are not typically held within HSS' fleet and are obtained from approved third party partners; HSS Training provides customers with specialist safety training across a wide range of products and sectors; and TecServ provides customers with maintenance services for a full range of cleaning machines.

The comparative segmental reporting has therefore been adjusted to reflect these new reportable segments.

Contribution is defined as segment operating profit before branch and selling costs, central costs, depreciation, amortisation and exceptional items.

All segment revenue, operating profit, assets and liabilities are attributable to the principal activity of the Group being the provision of tool and equipment hire and related services in, and to customers in, the United Kingdom and the Republic of Ireland. The Group has no single external customers that provide more than 10% of Group turnover.

				Year ended 31 December 2016
	Rental (and related revenue) £000s	**Services £000s**	**Central £000s**	**Total £000s**
Total revenue from external customers	**262,817**	**79,593**	**-**	**342,410**
Contribution	**179,429**	**10,317**	**-**	**189,746**
Branch and selling costs	**-**	**-**	**(89,294)**	**(89,294)**
Central cost	**-**	**-**	**(31,814)**	**(31,814)**
Adjusted EBITDA				**68,638**
Less: Exceptional items (non-finance)	**-**	**-**	**(16,957)**	**(16,957)**
Less: Depreciation and amortisation	**(40,572)**	**(267)**	**(13,573)**	**(54,412)**
Operating loss				**(2,731)**

Finance income	**3**
Adjusted finance expense	**(14,689)**
Exceptional finance expenses	**-**
Loss before tax	**(17,417)**

	Rental (and related revenue) £000s	**Services £000s**	**Central £000s**	**Total £000s**
Additions to non-current assets				
Property, plant and equipment	**27,337**	**115**	**14,945**	**42,397**
Intangibles	**-**	**149**	**4,590**	**4,739**
Acquired on acquisitions				
Intangibles	**-**	**-**	**-**	**-**
Non-current assets net book value				
Property, plant and equipment	**133,922**	**387**	**44,164**	**178,473**
Intangibles	**169,748**	**542**	**8,465**	**178,755**
Unallocated corporate assets				
Non-current deferred tax assets			**780**	**780**
Current assets			**126,853**	**126,853**
Current liabilities			**(162,082)**	**(162,082)**
Non-current liabilities			**(169,393)**	**(169,393)**
				153,386

Year ended 26 December 2015

	Rental (and related revenue) £000s	Services £000s	Central £000s	Total £000s
Total revenue from external customers	262,850	49,483	-	312,333
Contribution	182,101	6,134	-	188,235
Branch and selling costs	-	-	(86,012)	(86,012)
Central costs			(31,176)	(31,176)
Adjusted EBITDA				71,047
Less: Exceptional items (non-finance)			(8,522)	(8,522)
Less: Depreciation and amortisation	(45,701)	(170)	(9,812)	(55,683)
Operating profit				6,842
Finance income				24
Adjusted finance expense				(14,561)
Exceptional finance expense				(6,145)
Loss before tax				(13,840)

	Rental (and related revenue) £000s	Services £000s	Central £000s	Total £000s
Additions to non-current assets in the year				
Property, plant and equipment	65,020	240	18,779	84,039
Intangibles	-	577	4,505	5,082
Acquired on acquisitions				
Intangibles	9,762	-	-	9,762
Non-current assets net book value				
Property, plant and equipment	143,260	396	39,557	183,213
Intangibles	172,665	600	6,977	180,242
Unallocated corporate assets	-	-	1,900	1,900
Non-current deferred tax assets				
Current assets			108,492	108,492
Curent liabilities			(141,113)	(141,113)
Non-current liabilities			(174,465)	(174,465)
				158,269

3. Other operating income

	Year ended 31 December 2016	Year ended 26 December 2015
	£000s	**£000s**
Other Operating Income	**1,151**	869
	1,151	869

Other operating income includes £1.2 million (2015: £0.9 million) in respect of sub-let rental income received on vacant properties, which has been recognised within exceptional items (note 4).

4. Exceptional items

Items of income or expense have been shown as exceptional either because of their size or nature or because they are non-recurring. An analysis of the amount presented as exceptional items in the consolidated income statement is given below.

During the year ended 31 December 2016, the Group has recognised total exceptional costs of £17.0 million, analysed as follows:

	Included in cost of sales £000s	Included in distribution costs £000s	Included in administrative expenses £000s	Included in other operating income £000s	Year ended 31 December 2016 £000s
NDEC Exceptional Costs					

Project management, design, set-up	508	-	2,560	-	3,068
Parallel running	1,036	1,128	4,130	-	6,294
Non-recurring transitional engineering costs	125	-	226	-	351
Branch and CDC closure redundancies	162	163	116	-	441
Total NDEC exceptional costs	**1,831**	**1,291**	**7,032**	**-**	**10,154**
Branch and distribution centre closure onerous leases	-	-	4,492	-	4,492
Group restructuring	15	5	1,622	-	1,642
Resale Stock impairment	1,552	-	-	-	1,552
Pre-opening costs	-	8	172	-	180
Cost reduction programme	-	-	-	-	-
IPO fees	-	-	74	-	74
Acquisitions	-	-	-	-	-
Sub-let rental income on onerous leases	-	-	-	(1,137)	(1,137)
Exceptional Items (non-finance)	**3,398**	**1,304**	**13,392**	**(1,137)**	**16,957**
Refinancing Costs					
Included in finance expense	-	-	-	**-**	**-**
Exceptional items (finance)	-	-	-	**-**	**-**
Total Exceptional Items	**3,398**	**1,304**	**13,392**	**(1,137)**	**16,957**

During the year ended 26 December 2015, the Group recognised exceptional costs, analysed as follows:

	Included in cost of sales £000s	**Included in distribution costs £000s**	**Included in administrative expenses £000s**	**Included in other operating income £000s**	**Year ended 31 December 2015 £000s**
NDEC Exceptional Costs					
Project management, design, set-up	-	-	1,856	-	1,856
Parallel running	-	-	-	-	-
Non-recurring transitional engineering costs	-	-	-	-	-
Branch and CDC closure redundancies	-	-	-	-	-
Total NDEC exceptional costs	**-**	**-**	**1,856**	**-**	**1,856**
Branch and distribution centre closure onerous leases	-	-	2,627	-	2,627
Group restructuring	-	-	-	-	-
Resale Stock impairment	-	-	-	-	-
Pre-opening costs	-	-	215	-	215
Cost reduction programme	-	-	1,571	-	1,571
IPO fees	-	-	2,868	-	2,868
Acquisitions	-	-	254	-	254
Sub-let rental income on onerous leases	-	-	-	(869)	(869)
Exceptional Items (non-finance)	**-**	**-**	**9,391**	**(869)**	**8,522**
Refinancing Costs					
Included in finance expense	-	-	-	**-**	**6,145**
Exceptional items (finance)	-	-	-	**-**	**6,145**

Exceptional items (non-finance)

<u>Changes to the operating model</u>

During the year ended 31 December 2016, the Group incurred costs restructuring the business and its operating model, including the commencement of operations at the National Distribution and Engineering Centre ("NDEC"), closure of branches and distribution centres across England, Wales and Scotland, centralisation of activity into fewer locations and creating a new divisional structure.

NDEC

The NDEC is a centralised engineering and replenishment centre set-up to serve our branch and distribution network which will provide improved customer experience, operational and capital efficiency. This replaces the former hub and spoke model deployed by the Group.

After an initial implementation planning period, operations began at the NDEC in March 2016 with the phased national roll-in of operational activities from branches and distribution centres across England, Wales and Scotland. During the set-up and roll-in phase, the Group has incurred significant implementation costs, including a dedicated project team, warehouse design, running of the original branch and distribution network in parallel with the NDEC and non-recurring transitional and rectification costs associated with enabling the NDEC to become operationally efficient. The Group has recognised certain of these costs as an exceptional expense in order to better reflect the underlying results of the business, This allocation to exceptional costs involved considerable judgement by the Directors but it has no impact on operating profit nor on the net assets of the Group as the only impact is on Adjusted EBITDA and Adjusted EBITA. The Directors consider that their allocation results in a meaningful measure to help gauge the underlying trend of the business following a significant change in the business model as discussed in more detail below.

A dedicated project team comprising HSS and third party employees was set up at the outset of the project to oversee the implementation covering operational, system and people changes. Operational changes included warehouse design, stock re-profiling, logistic route planning and overseeing the roll-in of operations from each branch and distribution centre. This also required systems integration between HSS and our third party provider involving specialist IT resource being utilised throughout the project. Associated costs incurred amounted to £3.1 million, of which £0.5 million has been included within cost of sales, and £2.6 million within administrative expenses. Included in exceptional items within administrative expenses for the year ended 26 December 2015 was £1.9 million in relation to set-up costs of the NDEC.

As branches and distribution centres rolled into the NDEC, there was a period of increased costs due to the operation of both the new and old models in parallel. The Group has determined that a reasonable approximation of these parallel running inefficiencies to be the total costs incurred in operating the NDEC up to the point where 50% of operational volumes are processed through the NDEC rather than the original branch and distribution network. At this point in time the Group would be reasonably able to reduce the costs of the old operating model to offset the increased costs of the NDEC. By the end of July 2016, 50% of the branches had rolled in, but the point where 50% of operational volumes were processed through the NDEC was not reached until the beginning of October 2016. Accordingly all related NDEC costs have been included to this point in October 2016, which amounted to £6.2 million of which £1.0 million has been included within cost of sales, £1.1 million within distribution costs, and £4.1 million within administrative expenses.

Given the scale and complexity in the operational change, the decision was made in the 4th quarter 2016 to redesign certain aspects of the project. As a consequence of this decision further non-recurring costs were incurred principally related to the implementation of new engineering processes for the testing and maintaining of assets. This has resulted in a further £0.5m being included in project management, design and set up costs within cost of sales. This also resulted in additional costs being incurred in rectifying the issues and resultant operational backlogs. These non-recurring transitional engineering costs amounted to £0.3 million, of which £0.1 million has been included within cost of sales and £0.2 million within administrative expenses.

Branch and distribution centre closure

As part of the business restructuring a number of branches and distribution centres were closed. The restructuring costs associated with these non-trading locations comprised onerous leases and dilapidations costs of £4.5 million (2015: £2.6 million) which has been included within administrative expenses. Associated redundancy costs of £0.5 million have been allocated within total NDEC exceptional items above of which £0.2 million has been included within cost of sales, £0.2 million within distribution costs, and £0.1 million within administrative expenses.

Group restructuring
In parallel with the implementation of the NDEC, the Group changed its operating model moving to a new divisional structure. This resulted in a reduction in headcount leading to a redundancy cost of £1.6 million which has been included within administrative expenses.

Resale stock impairment
As part of the NDEC set up and branch and distribution centre closures, inventory held for sale has been centralised into fewer locations. Based on the excess quantity and age profile of the consolidated inventory and a decision to streamline certain stock ranges, estimated future sales value is deemed to be lower than cost. Accordingly an impairment of £0.9 million has been recognised which has been included within cost of sales. Additionally, experience of stock losses arising from the centralisation of resale stock and associated branch and distribution centre closures amounted to £0.7 million which has been included within cost of sales.

Pre-opening costs
Included in exceptional items (non-finance) is £0.2 million (2015: £0.2 million) relating to costs of new branch openings and relocations. These amounts have been included within administrative expenses.

Cost reduction programme
Included in exceptional items (non-finance) for the year ended 26 December 2015 is £1.6 million of exceptional expenses incurred by the Group executing its cost reduction plan, principally redundancies, which have been included within administrative expenses.

IPO fees
Included in exceptional items (non-finance) within administrative expenses for the year ended 31 December 2016 is £0.1 million incurred in relation to the IPO.

Included in exceptional items (non-finance) for the year ended 26 December 2015 is £2.9 million incurred in relation to the IPO and related to professional adviser and broker fees, which have been included within administrative expenses.

Acquisition fees
During 2015 the Group incurred £0.3 million relating to acquisitions. Principally, these costs related to legal and professional fees associated with the acquisitions. In accordance with IFRS, these were expensed as incurred.

Exceptional items (finance)

Refinancing costs
On 12 February 2015, the Group made an early redemption of £64.0 million of its 6.75% senior secured notes. This gave rise to a bond redemption premium of £4.3 million and the acceleration of the write off of debt issuance costs of £1.8 million.

5. Finance income and expense

	Year ended 31 December 2016 £000s	Year ended 26 December 2015 £000s
Interest received on cash deposits	**(3)**	(24)
Finance income	**(3)**	(24)

Bank loans and overdrafts	**2,039**	1,315
Investor loan notes	**-**	945
Senior secured notes	**9,331**	9,711
Finance leases	**1,792**	1,410
Interest unwind on discounted provisions	**484**	55
Debt issue costs	**1,043**	2,950
Bond redemption premium	**-**	4,320
Finance expense	**14,689**	20,706
Net finance expense	**14,686**	20,682

The bond redemption premium charged in to profit and loss in 2015 relates to the early partial redemption of the senior secured note using part of the funds raised from the IPO. Debt issue costs in 2015 include £1.8m of accelerated write off of previous debt issuance costs due to the partial redemption.

6. Earnings per share

	Year ended 31 December 2016		
	Loss after tax	Weighted average number of shares (1)	Loss Per Share
	£000s	£000s	Pence
Basic loss per share	**(17,313)**	**154,887**	**(11.18)**
Potentially dilutive securities	-	-	-
Diluted earnings per share	**(17,313)**	**154,887**	**(11.18)**

(1) The ordinary shares issued on 28 December 2016 (see note 14) had no material impact on the weighted average number of shares for the year ended 31 December 2016.

	Year ended 26 December 2015		
	Loss after tax	Weighted average number of shares	Loss per share
	£000s	£000s	Pence
Basic and diluted loss per share	**(14,245)**	**144,534**	**(9.86)**

Basic loss per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue for that period.

Diluted loss per share is calculated using the loss for the year divided by the weighted average number of shares outstanding assuming the conversion of its potentially dilutive equity derivatives outstanding, being nil cost share options (LTIP shares) and Sharesave Scheme share options. All of the Group's potentially dilutive equity derivative securities were anti-dilutive for the year ended 31 December 2016 for the purpose of diluted loss per share. There were no potentially dilutive equity derivative securities outstanding during the year ended 26 December 2015 for the purpose of diluted loss per share.

The following is a reconciliation between the basic loss per share and the Adjusted basic earnings per share:

	Year ended 31 December	Year ended 26 December

	2016	2015
Basic loss per share (pence)	**(11.18)**	(9.86)
Add back:		
Exceptional items per share [1]	**10.95**	10.15
Amortisation per share [2]	**4.03**	3.45
Tax charge per share	**(0.07)**	0.28
Charge:		
Tax at prevailing rate	**(0.75)**	(0.82)
Adjusted basic earnings per share (pence)	**2.98**	3.20

The following is a reconciliation between the basic and diluted loss per share and the adjusted diluted earnings/ (loss) per share:

	Year ended 31 December 2016	Year ended 26 December 2015
Basic loss per share (pence)	**(11.18)**	(9.86)
Add back:		
Adjustment to basic loss per share for the impact of dilutive securities[1]	**0.12**	-
Exceptional items per share [2]	**10.83**	10.15
Amortisation per share [3]	**3.98**	3.45
Tax charge per share	**(0.07)**	0.28
Charge:		
Tax at prevailing rate	**(0.74)**	(0.82)
Adjusted basic earnings per share (pence)	**2.94**	3.20

[1] The LTIP and Sharesave share options were dilutive for purposes of calculating adjusted diluted earnings per share.
[2] Exceptional items per share is calculated as total finance and non-finance exceptional items divided by the diluted weighted average number of shares in issue through the period.
[3] Amortisation per share is calculated as the amortisation charge divided by the diluted weighted average number of shares in issue through the period.

The weighted average number of shares for purposes of calculating the adjusted diluted earnings per share are as follows:

	Year ended 31 December 2016 Weighted Average number of shares	Year ended 26 December 2015 Weighted Average number of shares
Basic	**154,887**	144,534
LTIP share options	**1,256**	-
Sharesave scheme options	**378**	-
Diluted	**156,521**	144,534

7. Intangible assets

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 26 December 2015[1]	130,171	27,044	24,142	14,999	196,356
Foreign exchange differences	11	-	-	-	11
Additions	-	-	-	4,739	4,739
Transfers [2]	(438)	438	-	230	230
At 31 December 2016	129,744	27,482	24,142	19,968	201,336
Amortisation					
At 26 December 2015	-	8,014	234	7,866	16,114
Charge for the period	-	2,926	157	3,154	6,237
Disposals	-	-	-	230	230
At 31 December 2016	-	10,940	391	11,250	22,581
Net book value					
At 31 December 2016	**129,744**	**16,542**	**23,751**	**8,718**	**178,755**
At 26 December 2015	**130,171**	**19,030**	**23,908**	**7,133**	**180,242**

[1]Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).
[2]Reclassification in respect of minor acquisitions in prior year.

	Goodwill	Customer relationships	Brands	Software	Total
Cost	£000s	£000s	£000s	£000s	£000s
At 27 December 2014	122,385	25,700	23,510	10,032	181,627
Additions	-	-	-	5,082	5,082
Acquired on acquisition [1]	7,786	1,344	632	-	9,762
Disposals	-	-	-	(115)	(115)
At 26 December 2015[1]	130,171	27,044	24,142	14,999	196,356
Amortisation					
At 27 December 2014	-	5,409	112	5,727	11,248
Charge for the period	-	2,605	122	2,254	4,981
Disposals	-	-	-	(115)	(115)
At 26 December 2015	-	8,014	234	7,866	16,114
Net book value					
At 26 December 2015[1]	130,171	19,030	23,908	7,133	180,242
At 27 December 2014	122,385	20,291	23,398	4,305	170,379

(1)Restated for final fair value on acquisition of All Seasons Hire Limited (see note 1(i) and note 24).

On the acquisition of All Seasons Hire Limited on 8 May 2015 the Group acquired £1.3m of customer lists and £0.6m of brand intangibles.

All goodwill arising on business combinations has been allocated to the Cash Generating Units (CGUs) that are expected to benefit from those business combinations. The Group tests goodwill and indefinite life brands annually for impairment.

Analysis of goodwill and indefinite life brands by cash generating units

	Goodwill £000s	Indefinite life Brands £000s	Total £000s
Allocated to			
HSS Core	112,250	21,900	134,150
Powered access	4,114	-	4,114
Climate control	7,327	-	7,327
Power generation	6,053	-	6,053
At 31 December 2016	**129,744**	**21,900**	**151,644**

	Goodwill £000s	Indefinite life Brands £000s	Total £000s
Allocated to			
HSS Core	112,677	21,900	134,577
Powered access	4,114	-	4,114
Climate control	7,327	-	7,327
Power generation	6,053	-	6,053
At 26 December 2015(1)	**130,171**	**21,900**	**152,071**

(1)Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).

The remaining life of intangible assets other than goodwill and indefinite life brands is between three to eighteen years.

The Group tests goodwill and indefinite life brands for impairment annually or more frequently if there are indicators that impairment may have occurred. The recoverable amounts of the goodwill and indefinite life brands, which are allocated to cash generating units (CGUs), are estimated from value in use (VIU) calculations which model pre-tax cash flows for the next four years (2015: five years) together with a terminal value using a long term growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are those regarding the discount rate, forecast revenue, EBITDA, and capital expenditure.

The key variables applied to the value in use calculations were determined as follows:

- Cash flows were derived assuming future Group growth rates in the short to medium term (up to four years) of 6% for HSS Core and an average of 4% for the remaining CGUs (2015: between 5 and 12%). The directors believe that it is prudent to lower the growth rate assumptions from prior year because of the transitional effects on trading that have occurred as a result of the commencement and ramp-up of the new operating model, as more fully explained in note 4. HSS Core's growth rate at 6% is higher than the other CGUs because the change in operating model in 2016 negatively impacted HSS Core to a greater degree, which however, is reflected by a higher relative growth rate of HSS Core in 2017 – 2020 as HSS Core enjoys the benefit of leveraging the new operating model to drive growth off a lower base.
- Cash flows beyond 2020 (ie after four years) have been determined based on a long term growth rate of 2.5% (2015: 2.5%).
- A pre-tax discount rate of 9.1% (2015: 10.3%), calculated by reference to a market based weighted average cost of capital (WACC). The non-IFRS pre-tax WACC of the Company, referenced to its own capital structure was 7.6% and applying this discount rate would generate a VIU with an excess of £171 million above the threshold where the VIU and the segmental assets of HSS Core would be in balance.

The directors' cash flow projections are based on key assumptions about the performance of the Group, the UK tool hire market and the general UK macro-economic environment. An impairment may be identified if changes to any of these factors were significant, including underperformance of the Group against forecast, negative changes in the UK tool hire market, or a deterioration in the UK economy, which would cause the directors to reconsider their assumptions and revise their cash flow projections.

Based on this VIU modelling and impairment testing, the directors do not consider the goodwill and indefinite life brands assets carried in the balance sheet at 31 December 2016, for any of the CGUs, to be impaired.

For the CGU groupings listed in the table above in respect of goodwill and brands, excluding HSS Core, the directors' sensitivity analysis does not result in an impairment charge. Given the level of headroom in VIU they show, the directors do not envisage reasonably possible changes to the key assumptions that would be sufficient to cause an impairment at this time.

In respect of HSS Core, at 31 December 2016, the headroom between VIU and carrying value of the related assets was £65.2 million. The directors' sensitivity analysis with regard to HSS Core shows that an increase in the discount rate by 1.48%, to 10.6%, or a reduction in the long term growth rate to 0.46%, or a reduction in the short to medium term growth rate to 5.6% would eliminate the headroom shown. The short to medium term growth rate reduction equates to a reduction in EBITDA of between £3 million to £6 million annually over the medium term.

Other intangible assets

No impairment tests were considered to be required at 31 December 2016 and the carrying value of other intangible assets is considered to be appropriate.

8. Property, plant and equipment

	Land & Buildings £000s	**Plant & Machinery £000s**	**Materials & Equipment held for hire £000s**	**Total £000s**
Cost				
At 26 December 2015	63,313	55,914	256,208	375,435
Foreign exchange differences	29	199	2,377	2,605
Additions	10,360	4,700	27,337	42,397
Disposals	(4,515)	(2,140)	(38,627)	(45,282)
At 31 December 2016	69,187	58,673	247,295	375,155
Accumulated depreciation				
At 26 December 2015	35,258	44,016	112,948	192,222
Foreign exchange differences	-	158	1,409	1,567
Charge for the period	6,266	3,582	27,881	37,729
Disposals	(4,429)	(1,542)	(28,865)	(34,836)
At 31 December 2016	37,095	46,214	113,373	196,682
Net book value				
At 31 December 2016	**32,092**	**12,459**	**133,922**	**178,473**
At 26 December 2015	28,055	11,898	143,260	183,213

	Land & Buildings £000s	Plant & Machinery £000s	Materials & Equipment held for hire £000s	Total £000s
Cost				
At 27 December 2014	49,985	51,122	222,577	323,684
Foreign exchange differences	(4)	(68)	(708)	(780)

Additions	13,694	5,325	65,020	84,039
Acquired on acquisition	32	217	2,669	2,918
Disposals	(394)	(682)	(33,350)	(34,426)
At 26 December 2015	63,313	55,914	256,208	375,435
Accumulated depreciation				
At 27 December 2014	31,533	41,136	103,802	176,471
Foreign exchange differences	-	(48)	(477)	(525)
Charge for the period	4,119	3,505	31,755	39,379
Disposals	(394)	(577)	(22,132)	(23,103)
At 26 December 2015	35,258	44,016	112,948	192,222
Net book value				
At 26 December 2015	28,055	11,898	143,260	183,213
At 27 December 2014	18,452	9,986	118,775	147,213

(1)Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).

The net book value of materials and equipment held for hire includes an amount of £42.3 million (2015: £38.8 million) in respect of assets held under finance leases. The depreciation charge for assets held under finance leases in the year ended 31 December 2016 was £5.3 million (2015: £7.3 million).

9. Trade and other receivables

	31 December 2016	26 December 2015 restated (1)
	£000s	£'000s
Gross trade receivables	**83,072**	84,763
Less provision for impairment	**(3,740)**	(4,000)
Net trade receivables	**79,332**	80,763
Other debtors	**679**	387
Prepayments and accrued income	**23,733**	16,327
Corporation tax	**-**	108
Total trade and other receivables	**103,744**	97,585

(1) Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).

The provision for impairment of trade receivables is estimated based upon past default experience and the directors' assessment of the current economic environment, including provisions for credit notes raised and expected to be raised after year end for customer invoices issued before year end. The overall provision for bad debts and credit notes amounts to 4.5% of trade receivables at 31 December 2016 (2015: 4.7%, as restated). Should the level of provision required ultimately be at the same level as 2015 this would result in an additional provision of £180,000. The creation and release of bad debt receivables provision is charged/ (credited) to administrative expenses in the income statement, and the credit note provision is charged/ (credited) to revenue.

The following table details the movements in the provision for impairment of trade receivables.

	31 December 2016	26 December 2015 restated(1)

	£000s	£'000s
Balance at the beginning of the period	**(4,000)**	(3,514)
Movement in provision	**260**	(486)
Balance at the end of the period	**(3,740)**	(4,000)

(1) Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).

The provision for impairment of trade receivables is comprised, as follows:

	31 December 2016	26 December 2015 restated[1]
	£000s	£'000s
Bad debt provision	**(2,286)**	(2,077)
Credit note provision	**(1,454)**	(1,923)
	(3,740)	(4,000)

(1) Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).

The ageing profile of debtors that are overdue but not impaired is:

	31 December 2016	26 December 2015
Days overdue	**£000s**	£'000s
1 to 30 days	**4,919**	7,020
31 to 60 days	**2,885**	3,925
61 to 90 days	**1,625**	1,796
Over 90 days	**3,602**	4,203
	13,031	16,944

These amounts have not been impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

10. Trade and other payables

	31 December 2016	26 December 2015 restated[1]
	£000s	£'000s
Current		
Obligations under finance leases	**11,448**	11,050
Trade payables	**52,505**	48,554
Other taxes and social security costs	**5,688**	10,284
Other creditors	**467**	1,730
Accrued interest on borrowings	**3,859**	3,755
Accruals and deferred income	**15,183**	13,863
	89,150	89,236

	31 December 2016	26 December 2015
	£000s	£000s
Non-current		
Obligations under finance lease	**17,266**	21,583

	17,266	21,583

(1) Restated for final fair value on acquisition of All Seasons Hire Limited (see note 15).

Finance leases principally relate to hire fleet assets.
The maturity profile of the Group's finance leases is as follows:

	31 December 2016 £000s	26 December 2015 £'000s
Less than one year	**11,448**	11,050
Two to five years	**17,266**	14,303
Over five years	**-**	7,280
	28,714	32,633

The following table gives a reconciliation of the minimum lease payments to the fair value of the finance lease liabilities:

	31 December 2016 £000s	26 December 2015 £'000s
Less than one year	**12,639**	12,430
Two to five years	**18,133**	15,314
Over five years	**-**	7,533
	30,772	35,277
Less future interest payments	**(2,058)**	(2,644)
Fair value of lease liabilities	**28,714**	32,633

11. Borrowings

	31 December 2016 £000s	26 December 2015 £000s
Current		
Revolving credit facility	**66,000**	46,000
Bank overdraft	**-**	1,535
	66,000	47,535
Non-current		
Senior secured note	**133,212**	132,189
	133,212	132,189

The nominal value of the Group's loans at each reporting date is as follows:

	31 December 2016 £000s	26 December 2015 £000s
Secured senior note	**136,000**	136,000
	136,000	136,000

The secured senior note is a 6.75% fixed rate bond maturing in 2019, and is listed on the Luxembourg stock exchange.

The Group's Super Senior RCF is a revolving credit facility maturing in 2019.

The Group's Super Senior RCF and Senior Secured Notes are both secured on a shared basis by a first ranking lien over certain assets (comprising substantially all material assets of the Group). The Super Senior RCF shares its security with the Senior Secured Notes but shall get priority over any enforcement proceeds via a payment waterfall.

At 27 December 2014, the Group also had loan notes which were 10% fixed rate unsecured payment in kind (PIK) notes maturing in 2032. As part of the IPO, they were converted into ordinary shares at a price of £2.10 per ordinary share. Accrued interest at the date of conversion was settled through the issue of PIK notes that were also converted into ordinary shares at a price of £2.10 per ordinary share.

The interest rates on the Group's variable interest loans are as follows:

	31 December 2016 % above LIBOR	26 December 2015 % above LIBOR
Revolving credit facility	**2.25%**	2.00%

The interest rates on the Group's fixed interest loans are as follows:

	31 December 2016 Fixed rate	26 December 2015 Fixed rate
Secured senior note	**6.75%**	6.75%

The weighted average interest rate on the Group's borrowings are as follows:

	31 December 2016	26 December 2015
Weighted average interest rate on borrowings	**5.28%**	5.55%

The Group's borrowings have the following maturity profile:

	31 December 2016 £000s	26 December 2015 £000s
Less than one year	**9,180**	9,180
Two to five years	**154,360**	163,540
Over five years	**-**	-
	163,540	172,720
Less interest cash flows:		
Senior secured note	**(27,540)**	(36,720)
Total principal cash flows	**136,000**	136,000

The Group had undrawn committed borrowing facilities of £27.0 million at 31 December 2016 (2015: £35.0 million). Including net cash balances, the Group had access to £42.2 million of combined liquidity from available cash and undrawn committed borrowing facilities at 31 December 2016 (2015: £35.3 million).

12. Provisions

	Non-trading stores £000s	Dilapidations £000s	Other £000s	Total £000s
At 26 December 2015	4,537	10,136	-	14,673
Additions	3,349	3,173	-	6,522
Utilised during the period	(2,223)	(1,460)	-	(3,683)
Unwind of provision	332	152	-	484
Released	(597)	(256)	-	(853)
At 31 December 2016	**5,398**	**11,745**	**-**	**17,143**
Of which:				
Current	**2,876**	**3,555**	**-**	**6,431**
Non current	**2,522**	**8,190**	**-**	**10,712**
	5,398	**11,745**	**-**	**17,143**
At 27 December 2014	7,017	7,854	21	14,892
Additions	311	3,336	-	3,647
Utilised during the period	(2,101)	(669)	-	(2,770)
Unwind of provision	(80)	112	-	32
Released	(610)	(497)	(21)	(1,128)
At 26 December 2015	4,537	10,136	-	14,673
Of which:				
Current	1,228	2,594	-	3,822
Non-current	3,309	7,542	-	10,851
	4,537	10,136	-	14,673

Provisions for onerous leases relate to the current value of contractual liabilities for future rent and rates payments and other unavoidable costs on leasehold properties the Group on longer operationally uses. These liabilities, assessed on a lease by lease basis, are expected to arise over a period of up to 8 years with the weighted average being 2.8 years (2015: 3.5 years). They are stated net of existing and anticipated sublet income based on management's experience of the commercial retail property market in conjunction with specialist third party advice. The onerous lease provision has been discounted at a rate of 0.478% (2015:1.9%). A 1% increase in the discount rate at 31 December 2016 would reduce the onerous lease provision by £0.1 million.

The amount of anticipated sub-let income for vacant properties included in the onerous lease provision amounted to £2.3 million at 31 December 2016 (2015: £0.9 million). Variations in the actual timings or amounts of sub-let income will lead to a commensurate increase or decrease in the amount of provision required in the future. If the Group failed to dispose of or sub-let any of its onerous leases prior to their expiry the provision would increase by £2.3 million at 31 December 2016.

The dilapidations provision represents dilapidation costs in respect of the Group's leasehold properties and will therefore arise over the lease lives of the Group's properties, and comprises specific amounts based on surveyors' reports on a property by property basis, where available. The remaining properties are covered by a general provision based on gross internal area. The weighted average dilapidations provision at 31 December

2016 was £3.10 psf (2015: £3.12 psf). A £0.50 psf increase in the dilapidations provision would lead to an increase in the provision at 31 December 2016 of £1.7 million.
The dilapidations provision has been discounted at a rate of 1.45% (2015: 1.9%) at 31 December 2016 based on 10 year UK gilt yields. A 1% increase in the discount rate at 31 December 2016 would increase the dilapidations provision by £0.5 million and associated dilapidation fixed asset by £0.5 million, respectively.

13. Deferred tax

Deferred tax is provided in full on taxable temporary differences under the liability method using applicable tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Tax losses £000s	Property, plant and equipment and other items £000s	Acquired intangible assets £000s	Total £000s
At 26 December 2015	1,900	(1,265)	(8,577)	(7,942)
(Charge) / credit to the income statement	(1,120)	61	1,578	519
Arising on acquisition	-	-	-	-
At 31 December 2016	780	(1,204)	(6,999)	(7,423)
Deferred tax assets	**780**	**-**	**-**	**780**
Deferred tax liabilities	**-**	**(1,204)**	**(6,999)**	**(8,203)**
At 31 December 2016	**780**	**(1,204)**	**(6,999)**	**(7,423)**
At 27 December 2014	2,400	(625)	(8,685)	(6,910)
(Charge) / credit to the income statement	(500)	(409)	546	(363)
Arising on acquisition	-	(231)	(438)	(669)
At 26 December 2015	1,900	(1,265)	(8,577)	(7,942)
Deferred tax assets	1,900	-	-	1,900
Deferred tax liabilities	-	(1,265)	(8,577)	(9,842)
At 26 December 2015	1,900	(1,265)	(8,577)	(7,942)

At 31 December 2016 £7.6 million (2015: £9.2 million) of the deferred tax liability is expected to crystallise after more than one year.

At 31 December 2016 the Group had an unrecognised deferred tax asset relating to trading losses of £1.4 million (2015: £0.8 million).

The Group also has an unrecognised deferred tax asset relating to temporary differences on plant and equipment, intangible assets and provisions of £14.8 million (2015: £12.3 million).

These potential deferred tax assets have not been recognised on the basis that it is not sufficiently certain when taxable profits that can be utilised to absorb the reversal of the temporary difference will occur in the future.

14. Share capital

Number and nominal value of ordinary shares

	Share capital Ordinary Number	Preference Number	Ordinary £000s	Preference £000s	Share premium £000s
At 26 December 2015	154,761,904	-	1,548	-	-
Issue of 15,445,238 ordinary Shares of 1p each	15,445,238	-	154	-	-
At 31 December 2016	170,207,142	-	1,702	-	-

	Share capital Ordinary Number	Preference Number	Ordinary £000s	Preference £000s	Share premium £000s
At 27 December 2014	64,546,960	-	645	-	-
Issue of 50,000 redeemable preference shares of £1 each	-	50,000	-	50	-
Issue of 41,110,184 ordinary shares of 1p each in exchange for loan notes in subsidiary	41,110,184	-	411	-	-
Issue of 49,104,760 ordinary shares of 1p each	49,104,760	-	492	-	102,629
Share issue costs	-	-	-	-	(4,076)
Redemption of 50,000 redeemable preference shares of £1 each	-	(50,000)	-	(50)	-
Capital reduction	-	-	-	-	(98,553)
At 26 December 2015	**154,761,904**	**-**	**1,548**	**-**	**-**

December 2016 share placing

In December 2016, the company incorporated a Jersey registered "cash box" company. This was used to facilitate the Placing of 15,445,238 new shares of 1p each on 28 December 2016 at a placing price of 83.875p Share. The placing raised £13.0 million and the Company received cash proceeds of £12.78 million on 28 December 2016, net of expenses. The proceeds of the share issue were parcelled into the "cash box" company which was then acquired by the way of a share premium on the share issue. After additionally accounting for HSS directly attributable expenses, the net amount booked to share capital and reserves was £12.55 million; £0.15 million allocated to nominal share capital and the excess of £12.4 million was recorded in the merger reserve account in equity. All shares are fully paid up.

2015 Capital reconstruction and IPO

During 2015, the Group underwent a capital reconstruction in advance of its initial public offering ("IPO") on 9 February 2015. Prior to the IPO, HSS Hire Group Limited (subsequently renamed HSS Hire Group Plc) was incorporated, initially with share capital of £50,001 divided into 1 ordinary share of £1.00 each and 50,000 redeemable preference share of £1.00 each.

HSS Hire Group Plc replaced Hampshire Topco Limited as the holding company of the Group, through a share for share exchange. This took place immediately following determination of the IPO Offer Price on 3 February 2015 and resulted in the issue of the original 64,546,960 ordinary shares of 1 pence each shown above.

As part of the reconstruction that took place immediately prior to the share for share exchange, the external loan note holders in the Hampshire Topco Group transferred all of their interests in the notes to Hampshire Topco Limited in consideration for the issue of new ordinary shares in the Hampshire Topco Limited. An Aggregate loan note balance of approximately £86,000,000 including £795,500 of accrued interest was converted into 41,110,184 ordinary shares of 1 pence each. These shares were subsequently exchanged for shares in HSS Hire Group Plc on a 1 for 1 basis as part of the reconstruction.

In addition, the £50,000 of preference shares were redeemed in full on 4 February 2015.

The IPO involved the issue of 49,104,760,ordinary shares of 1 pence each at the issue of £2.10 each on 9 February 2015.

On 3 July the Company, by way of a Special resolution, cancelled its share premium account as confirmed by an Order of the High Court of Justice, Chancery division, on 15 July 2015.

15. Business combinations

On 8 May 2015, the Group acquired the entire share capital of All Seasons Hire Limited, one of the leading heating, ventilation and air-conditioning ("HVAC") hire companies in the UK.

In accordance with IFRS 3, measurement period adjustments have now been made to provisional values which result in a restatement of amounts previously recognised at 26 December 2015 and 27 June 2015. The result of these adjustments changes the provisional goodwill from £7.0 million, as reported at 26 December 2015, to £7.3 million.

The adjustments to the provisional amounts recognised during the measurement period, as reported at 26 December 2015, are as follows:

	As reported at 26 December 2015	**Adjustments to provisional values**	**Restated**
	£000s	**£000s**	**£000s**
Intangible assets	1,976	-	1,976
Materials & equipment held for hire	2,699	(30)	2,669
Property, plant and equipment	211	38	249
Trade and other receivables	1,219	(184)	1,035
Cash at bank and in hand	317	-	317
Creditors and provisions	(2,022)	(130)	(2,152)
Deferred tax liability	(623)	-	(623)
Net assets acquired	3,777	(306)	3,471
Goodwill	7,021	306	7,327
Total consideration	10,798	-	10,798

As a result of the acquisition accounting being finalised, the Group has restated comparative amounts in the balance sheet as follows:

	As reported at 26 December 2015	**Adjustments to provisional values**	**Restated**
	£000s	**£000s**	**£000s**
Intangible assets	179,936	306	180,242
Property, plant and equipment	183,205	8	183,213
Trade and other receivables	97,769	(184)	97,585
Trade and other payables	(89,106)	(130)	(89,236)

Acquisition related costs of £0.25 million were charged to administrative expenses in the income statement during the year ended 26 December 2015. In addition a further immaterial acquisition was made in the year ended 26 December 2015 for £0.5m and gave rise to goodwill of £0.4 million.

16. Related party transactions

Ultimate parent entity

By virtue of its majority shareholding the Group's immediate and ultimate parent entity is Exponent Private Equity LLP.

During the year entities managed by Exponent Private Equity LLP charged the Group fees of £40,000 (2015: £40,000) and £nil was outstanding at 31 December 2016 (2015: £nil).

Key management personnel

On 30 March 2015 a loan was made by Hampshire Topco Limited to Steve Trowbridge to enable him to pay the income tax and employee national insurance contributions arising on any difference between the unrestricted market value of the B shares in Hampshire Topco Limited acquired by him in 2014 and the subscription price actually paid. The loan was written off by Hampshire Topco Limited following the admission of HSS Hire Group Plc to the London Stock Exchange and the group has settled the tax and national insurance amounts arising. The benefit amounted to £78,645.

17. Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA is calculated as follows:

	Year ended 31 December 2016	Year ended 26 December 2015
	£000s	£000s
Operating (loss)/profit	**(2,731)**	6,842
Add: Depreciation of property, plant and equipment	**37,729**	39,379
Add: Accelerated depreciation relating to hire stock customer losses, hire stock write offs and other asset disposals	**10,446**	11,323
Add: Amortisation	**6,237**	4,981
EBITDA	**51,681**	62,525
Add: Exceptional items (non-finance)	**16,957**	8,522
Adjusted EBITDA	**68,638**	71,047

Adjusted EBITA is calculated as follows:

	Year ended 31 December 2016	Year ended 26 December 2015
	£000s	£000s
Operating (loss)/profit	**(2,731)**	6,842
Add: Amortisation	**6,237**	4,981
EBITA	**3,506**	11,823
Add: Exceptional items (non-finance)	**16,957**	8,522
Adjusted EBITA	**20,463**	20,345

18. Dividends

	31 December 2016	26 December 2015
	£000s	£000s
Interim dividend of 0.57p (2015: 0.57p) per ordinary share paid during the year	**882**	882
Final dividend of 0.57p (2015: nil) per ordinary share paid during the year	**882**	-
	1,764	882

The Board are focused on reducing net debt and, after careful consideration of the significant cash investments made during 2016 and the continuing optimisation of the network underway, believe it is the best interests of the shareholders for the Group to not pay a final dividend in respect of 2016. As a result of this decision the total dividend paid and payable by the Group in respect of FY16 totals 0.57p per ordinary share, reflecting the interim dividend of 0.57p per share paid in October 2016. This dividend has not been accrued in the consolidated statement of financial position as at 31 December 2016.

During the year ended 31 December 2016, the shareholders approved a final dividend of 0.57p per ordinary share, totalling £0.9 million in respect of the year ended 26 December 2015 which was subsequently paid on 4 July 2016.

During the year ended 31 December 2016, the Directors paid an interim dividend of £0.9 million in October 2016.

During the year ended 26 December 2015, the Directors paid an interim dividend of £0.9 million.

19. Post balance sheet events

In the period subsequent to 31 December 2016, the Group has closed 37 branches resulting in an additional onerous lease provision of £1.6 million. The directors made the decision to close the affected branches in 2017, and therefore, the store branch closures are a non-adjusting post balance sheet event which will be recognised in the period subsequent to 31 December 2016.