

HSS Hire Group plc

Proposed Disposal of UK Platforms Limited

July 2018



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Transaction highlights



- Proposed sale of UK Platforms Limited to Nationwide Platforms Limited (“Nationwide”), a wholly-owned subsidiary of Loxam Group ("Loxam"), for:
 - Total Enterprise Value of £60.5million
 - Net cash proceeds from the Disposal will be approximately £47.5 million
- HSS will use 80% of the net cash proceeds to repay amounts borrowed under the Group's new term loan facility with the balance supporting capital investment in the core Tool Hire business
- Disposal is consistent with HSS’s strategic agenda:
 - Delevering the Group through reduction in overall debt
 - Enabling greater focus on the core Tool Hire business
- Consideration represents an attractive valuation which created immediate value for Shareholders
- New long term strategic commercial agreement with Nationwide to provide powered access equipment to complement HSS’s existing fleet
- Completion of the Disposal is expected to occur in Q4 2018

Strategic rationale

1

Delever
the Group

2

Repair
the Tool Hire
business












3

Strengthen
commercial
proposition

Significant focus required to turnaround Tool Hire business

Disposal enables progress on Group's strategic priorities:

- Delever the Group through reduction in overall debt
- Enable greater focus on the core Tool Hire business and realise shareholder value

		Revenue	Profit
Rental business	Tool Hire		
	UKP		
	ABIRD/APEX		
	ASH		
Services business	OneCall		
	Training		
		Specialist businesses performing	
		Services businesses performing	

Use of proceeds



- Net cash proceeds of approximately £47.5 million representing:
 - Total cash consideration on completion of £45.0million
 - Repayment of intercompany debt of approximately £4.5million
 - Transaction costs and expenses of approximately £2.0million
- 80% of the net cash proceeds will be used to repay part of the new term loan facility, reducing the interest expense going forward
- Balance of the net proceeds will be applied towards capital expenditure to:
 - Invest in the core Tool Hire business
 - Strengthen the commercial proposition
 - Return the Group to above historic performance levels

Timetable and completion conditions



Expected timetable of principal events

Event	Date
Announcement of the transaction	19 July 2018
Expected publication and posting of Circular	On or around 20 July 2018
General Meeting	August 2018
Expected completion of transaction	Q4 2018
Long stop date	Q1 2019

Key Terms and Conditions

- Approval of shareholders at the General Meeting
- Confirmation by Competition and Markets Authority that it does not intend to refer the proposed transaction
- HSS will provide certain shared services under the terms of the Transition Services Agreement for a limited period
- Customary representations and warranties will apply

Current trading and prospects



Q1 2018 Financial highlights

- Adjusted EBITDA growth of 64.3%
 - Rental revenue growth and cost initiatives improved margins by 5.9pp to 16.4%
 - LTM Adjusted EBITDA of £54.3m
- Revenue growth of 5.2%
 - Underlying revenue growth greater than 8%
 - Underlying core rental revenue growth greater than 4%
 - Continued strength in Services with revenue +14.5% and contribution +55.0%
- Network has been reconfigured
 - Smooth implementation of new supply chain model delivering annualised savings of c.£11m

Outlook

- Current trading remains in line with the Board's expectations
- The Board looks forward with confidence to the future as a stand-alone business with greater focus on its core operations

Returning the Group to above historic levels of performance



- Solid H1 18 performance
 - Underlying revenue growth greater than 7%
- Good progress made on the Strategic Review, network changes on track to deliver c.£11m cost savings
- Refinancing successfully completed

2020	
Revenue growth	Grow in line with market
Rental revenue growth	Ahead of market
EBITDA margin	>20%
EBITA margin	>9%
Leverage	<3x
Return on assets	>20%

