



HSS Hire Group plc

Q3 18 Trading Update

Q3 results for the 13 week period ended 29 September 2018

HSS Hire Group plc ("HSS" or the "Group"), today announces an update on the performance of the Group for the 13 week period ended 29 September 2018.

Good operational progress and trading drive continued profitable growth

Financial Highlights – Q3	Q3 18 (13 weeks)	Q3 17 (13 weeks)	Change
Revenue	£93.6m	£89.6m	4.5%
Adjusted EBITDA ¹	£22.2m	£17.9m	24.0%
Adjusted EBITDA margin	23.7%	20.0%	3.7pp
Adjusted EBITA ²	£10.3m	£6.6m	56.1%
Adjusted EBITA margin	11.0%	7.4%	3.6pp
Net debt leverage ³	3.6x	4.5x	0.9x

Q3 18 Trading and Operational Highlights

- **Adjusted EBITDA growth of 24%**
 - Rental revenue growth and benefit from cost initiatives improved margins by 3.7pp to 23.7%
- **Revenue growth of 4.5% driven by improved availability, sales initiatives and the strength of our seasonal product range**
 - Underlying ⁴ revenue growth of 6.5%
 - Rental revenue increased +1.5% and contribution +3.8%
 - Underlying ⁴ core rental revenue growth of 3.7%
 - Continued strength in Services business with revenue +12.1% and contribution +24.0%
- **Supply chain model changes providing greater efficiency and product availability across the Group**
 - Continued strong asset utilisation ⁵ in Q3 18, with Core at 54.6% and 75% in our Specialist businesses
 - Q3 18 benefiting from already implemented strategic cost initiatives, on track to realise c.£14m of annual savings
- **Significant reduction in net debt leverage**
 - Net debt leverage reduced to 3.6x (Q3 17: 4.5x) as a result of strategic actions taken to improve profitability and working capital management
 - Further leverage reduction expected upon completion of the disposal of UK Platforms
 - Facility and cash headroom in excess of £43m (Q3 17 in excess of £33m)

Current Trading and Outlook

- Trading momentum has continued into the first seven weeks of Q4 18
- Expect full year EBITDA to be marginally ahead of market expectations
- Outcome of CMA review for proposed UK Platforms transaction now expected in early Q1 19

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

"I am pleased to report another good quarter with continued positive trading. Strong delivery against our strategic priorities has enabled us to achieve profitable growth and a further reduction in leverage.

It's been a year of important change at HSS and we have made a significant number of operational and strategic decisions, which are beginning to show tangible results. We look ahead with confidence with the company now operating with a more sustainable cost base, enabling us to drive profitable growth as we strengthen our commercial proposition and realise benefits resulting from greater focus on our Tool Hire business."

Notes:

- 1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, and exceptional items. For this purpose depreciation includes the net book value of hire stock losses and write offs, and the net book value of other fixed asset disposals less the proceeds on those disposals.
- 2) Adjusted EBITA defined as Adjusted EBITDA less depreciation
- 3) Net debt leverage is calculated as net debt divided by adjusted EBITDA
- 4) Underlying revenue is total revenue adjusted for the impact of business divestments in 2017
- 5) Utilisation calculated as the average over the 3 months to end of September

Ends

Disclaimer:

This announcement contains forward-looking statements relating to the business, financial performance and results of HSS Hire Group plc and the industry in which HSS Hire Group plc operates. These statements may be identified by words such as "expect", "believe", "estimate", "plan", "target", or "forecast" and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements and neither HSS Hire Group plc nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. No obligation is assumed to update any forward-looking statements.

For further information, please contact:

HSS Hire Group plc

Steve Ashmore, Chief Executive Officer
Paul Qusted, Chief Financial Officer
Jonathan Edwards, Investor Relations, Treasury
and Special Projects Manager

Tel: (On 21st November 2018) 020 3757 9248

Thereafter please email: Investors@hss.com

Teneo

Robert Morgan
Shona Buchanan

Tel: 020 3757 9248

Notes to editors

HSS Hire Group plc provides tool and equipment hire and related services in the UK and Ireland through a nationwide network of over 250 locations. Focusing primarily on the maintain and operate segments of the market, over 90% of its revenues come from business customers. HSS is listed on the Main Market of the London Stock Exchange. For more information please see www.hsshiregroup.com.