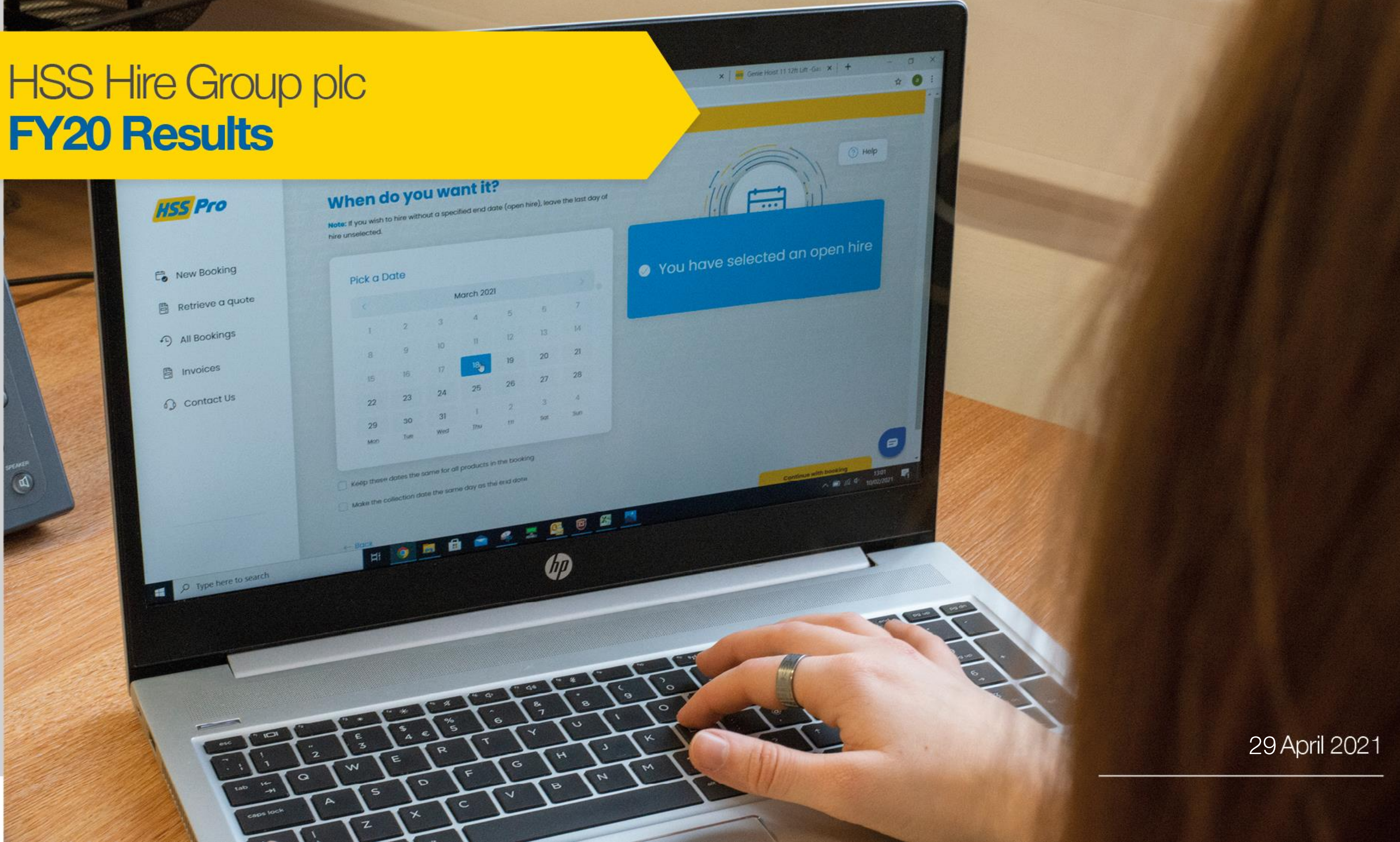
HSS Hire Group plc
FY20 Results



29 April 2021

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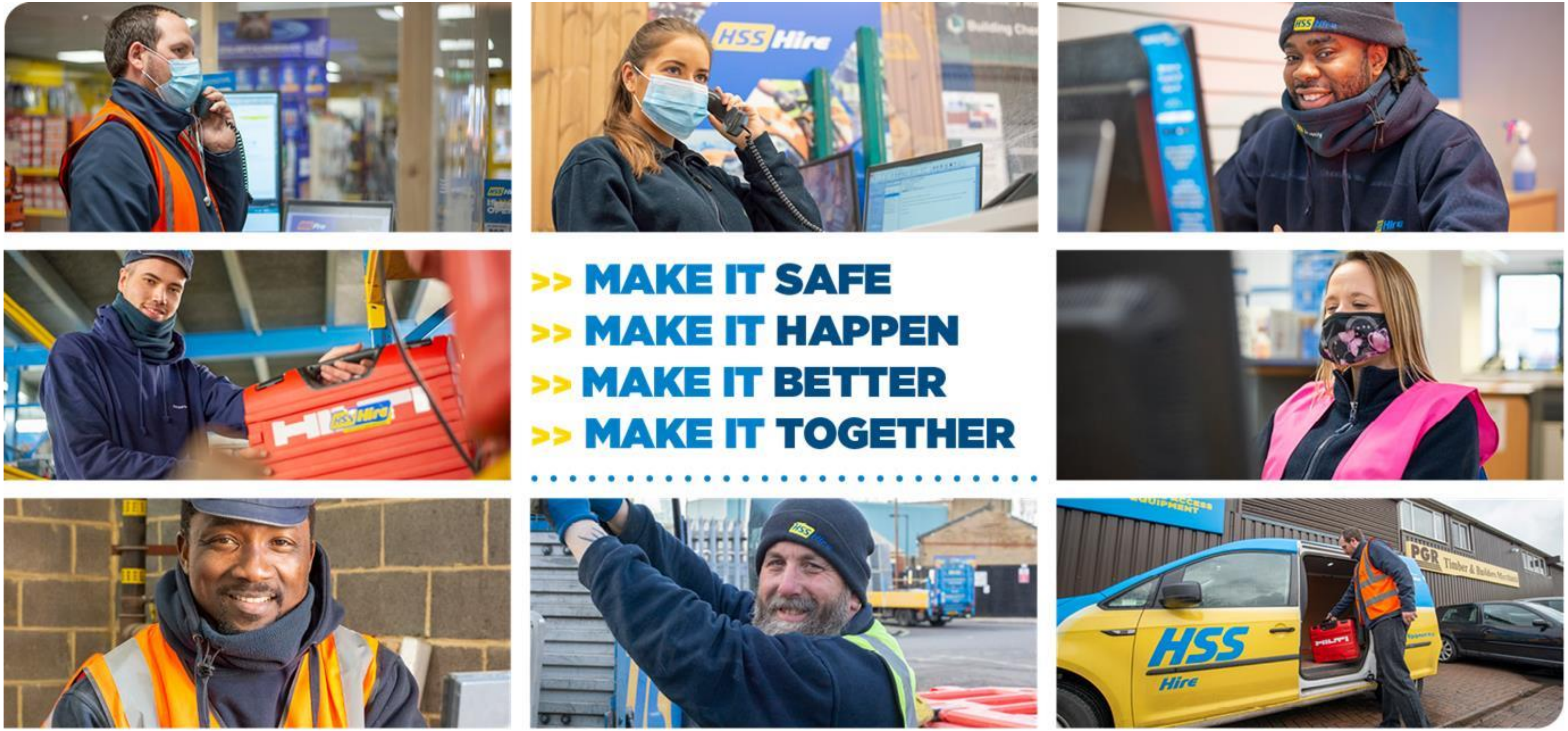
FY20 Agenda

• BUILDERS MERCHANTS SINCE 1985 •
HSS Hire
Entrance
Social Distancing in Operation
MINIMUM Distance
HILTI
HYSTER

FY20 Highlights

Steve Ashmore / Chief Executive Officer

Outstanding colleagues, spectacular delivery



Supporting our colleagues: Enhanced communications → Safe working practices → Well-being resources → New equipment & PPE

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FY20, a year of significant achievements

1 DELEVER
the
Group

- £53m capital raise was investors' endorsement of our exciting plan
- Leverage down to 2.56x (FY19 2.81x), heading for below 2.0x
- Net debt reduced by £59m to £120m, liquidity headroom increased to £104m
- Overdue debt reduction of 20%

2 TRANSFORM
the
Tool Hire business

- Implemented our new digitally-led operating model, removing £15m fixed costs, with further efficiencies expected as digital journey continues
- Strengthened builders merchant network
- Maintained strong returns; ROCE 15.2%, EBITDA margin 17.4%, EBITA margin 6.2%
- Exceptional safety record, reportable accidents down 80%

3 STRENGTHEN
Commercial proposition

- Continued investment in technology
- Re-platformed our business to HSS Pro POS
- HSS.com personalisation enhancements
- Launched Click-and-Collect with check-in offering

1. All financial KPIs are provided on a pre-IFRS16 basis

HSS Hire

New digitally-led operating model working well, strong Q4 performance

Q4 UNDERLYING REVENUE

£77m

94% v 2019 (£82m)

Q4 EBITDA

£18.3m

110% v 2019 (£16.7m)

Q4 EBITA

£11.9m

164% v 2019 (£7.3m)

CUSTOMER SERVICE

44 NPS

UK industry top third NPS = 21

COLLEAGUE ENGAGEMENT

75% +3ppts

UK National Average 61%

DIGITAL CHANNEL MIX-

22% in Q4

up from 8% in Q4 2019

1. All financial KPIs are provided on a pre-IFRS16 basis

FY20 Financial Review

Paul Quested / Chief Financial Officer

HSS Hire

Financial summary / FY20

52 weeks ended 26 December / 28 December

Continuing Operations[1]	FY 20 Reported	FY 20 Pre-IFRS16	FY 19[4]	Variance Pre-IFRS16
Revenue	269.9	**269.9**	328.0	(17.7)%
Adjusted EBITDA[2]	69.4	**47.0**	63.9	(26.4)%
Adjusted EBITDA margin	25.7%	**17.4%**	19.5%	(2.1)pp
Adjusted EBITA[3]	19.8	**16.7**	26.5	£(9.8)m
Adjusted EBITA margin	7.3%	**6.2%**	8.1%	(1.9)pp
Exceptional (cost)/credit	(13.4)	**(15.1)**	8.8	
Net Debt Leverage (x)	2.8x	**2.6x**	2.8x	0.2x
Net Debt (£m)	194.6	**120.4**	179.5	59.1
ROCE (%)	10.7%	**15.2%**	20.8%	(5.6)pp

- Underlying revenue declined 17.0%, positive recovery in H2
- Decisive cost action and continued price control protecting margins and ROCE
- Exceptional items principally relate to operating model restructure
- Capital raise and strong working capital management enabled £59m reduction in net debt since FY19 year end
- Net debt leverage reduced by 0.2x

1. Excluding UK Platforms for all measures except Net Debt Leverage and Net Debt
2. Earnings stated before interest, tax, depreciation and amortisation (“EBITDA”) and before exceptional items relating to restructuring and acquisitions
3. Adjusted EBITDA less depreciation
4. In adopting IFRS16 the Group has applied the cumulative catch up (“modified”) transition method. As such, FY19 has not been restated.

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Segmental analysis / FY20

52 weeks ended 26 December / 28 December

£m	FY 20 Reported	FY 20 Pre-IFRS16	FY 19	Variance Pre-IFRS16
Rental (and related revenue)				
Revenue	180.8	**180.8**	229.0	(21.0)%
Contribution	122.9	**122.0**	155.5	
Contribution margin	68.0%	**67.5%**	*67.9%*	
Services				
Revenue	89.1	**89.1**	99.0	(10.0)%
Contribution	12.6	**12.6**	15.5	
Contribution margin	14.2%	**14.2%**	*15.7%*	
Branch and selling costs	(44.4)	**(65.9)**	(84.0)	
Central costs	(21.8)	**(21.7)**	(23.1)	
Adjusted EBITDA	69.4	**47.0**	63.9	

Rental

- Improvement in revenue since April, driven by combination of strategy implementation and relaxation of government restrictions
- Effective price control and cost management has maintained margins

Services

- Underlying[1] revenue down 3.3%; resilient OneCall performance, Training recovered well post Q2 lockdown
- OneCall margins maintained, overall Services segment impacted by mix due to lower Training revenue

Costs

- Effective cost management in response to pandemic
- Includes £9.8m benefit from Job Retention Scheme

1. Underlying revenue adjusted for loss of Services volume related to managed service contract

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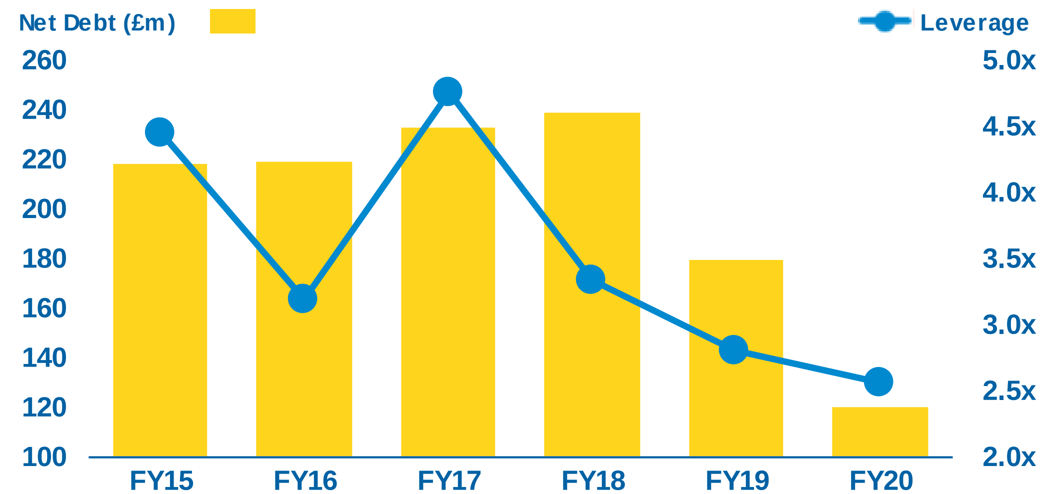
Transformational reduction in net debt

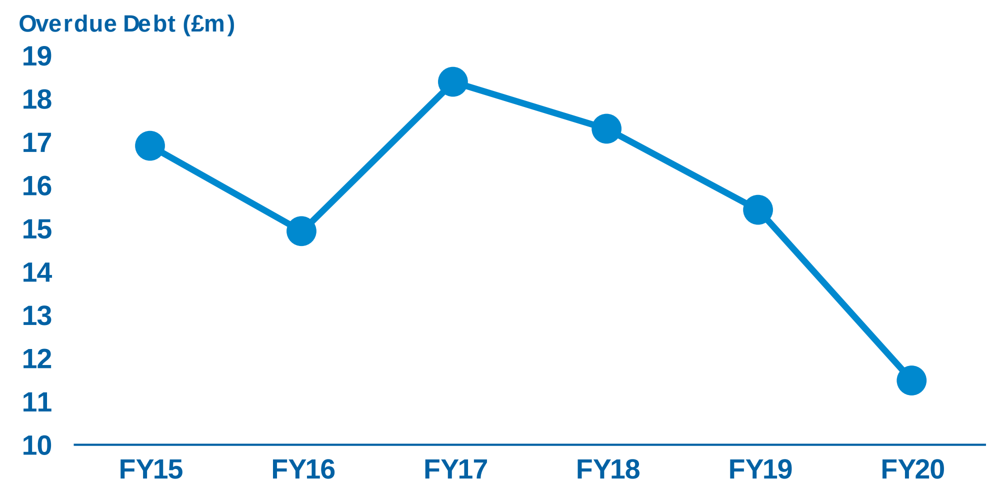
- Significantly improved position driven by:
  - Capital raise gross proceeds of £52.6m
  - Strong working capital management, material reduction in overdue debt
  - Tax deferrals during FY20 all settled before year end
- 36% headroom against Q4 financial covenant test
- Reached agreements to surrender 95% of closed branches; remaining liability of £1m over 4 years
- Improved liquidity strengthens position for reducing refinancing rate (current maturity 2023) and improving free cash flow

Targeting FY21 exit rate leverage[1] below 2x

Net debt and leverage materially reduced[1]



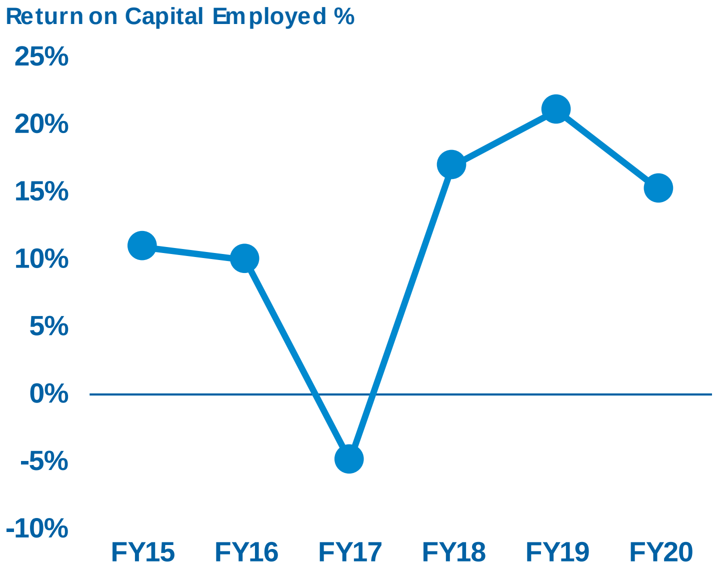
Overdue debt materially reduced



1. Pre-IFRS16 basis

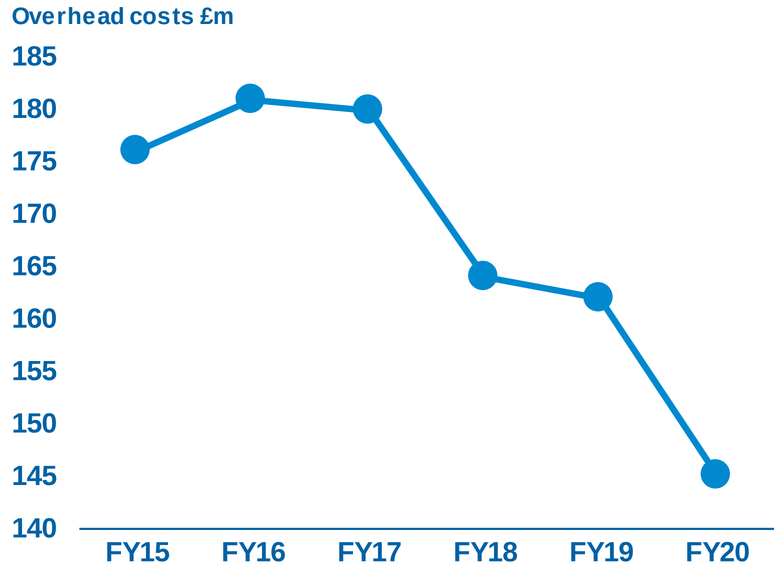
Returns maintained in challenging year

ROCE[1] remains strong



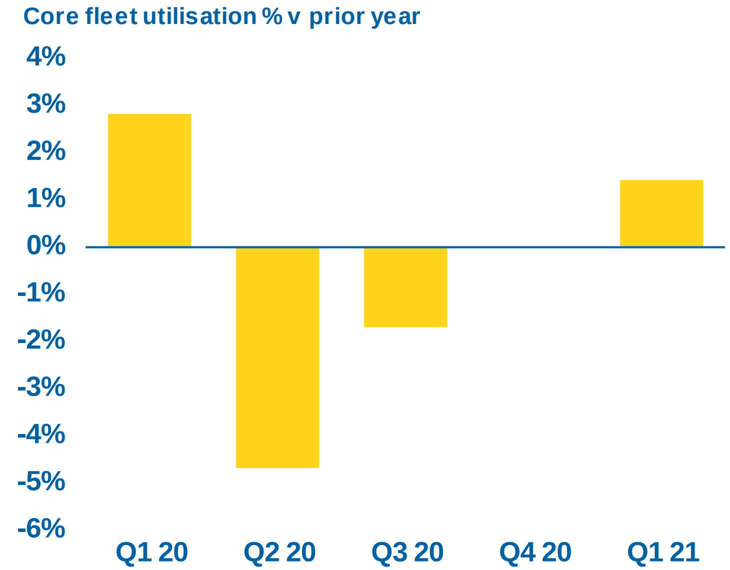
- Resilient performance in capital-light Services business and effective price control across Group

Overheads[1] reduced by £31m since FY15



- Cost discipline embedded across entire organisation

Utilisation[2] now up on last year



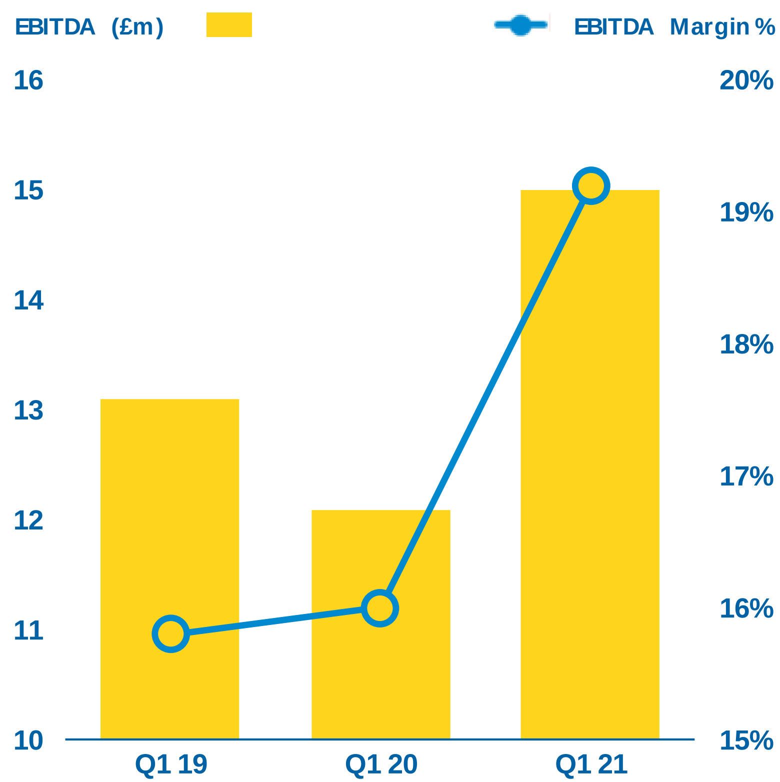
- Fleet investment £19m (FY19 £27m), deployed in high returning product utilising insight tools
- March 2021 utilisation 56%

1. Pre-IFRS16 basis
2. Utilisation for core fleet on value basis

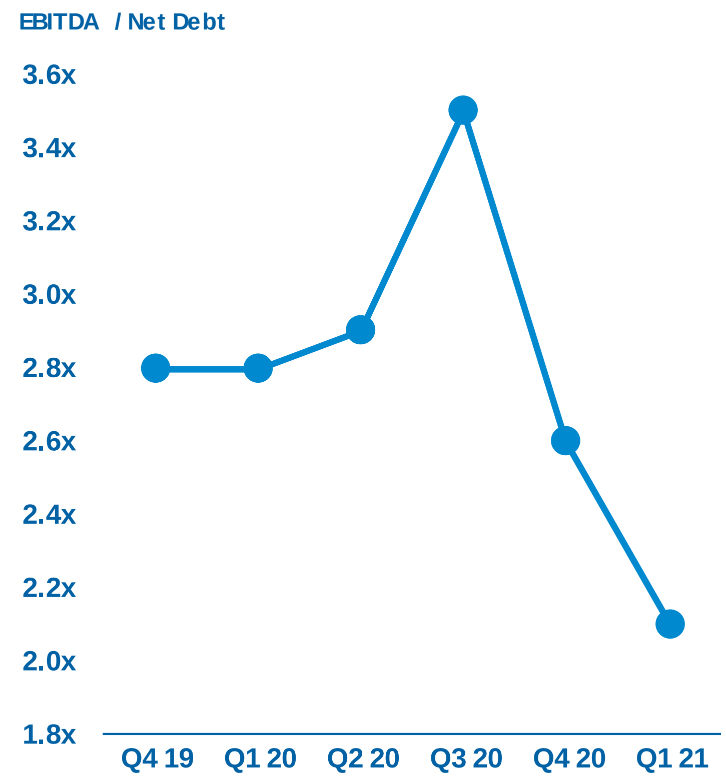
Latest trading is strong. Improved profitability

Revenue on upward trend

Profitability[1] significantly improved



Leverage[1] further reduced



New digitally-led operating model is delivering a strong performance

1. Pre-IFRS16 basis
2. England, Wales and Scotland performance

FY20 Strategy Review

Steve Ashmore / Chief Executive Officer

Customer requirements addressed

Customer requirements	How it works at HSS
Easily accessible	• Online, LiveChat, LiveVideo, App, Phone, Email, In Person • Builders merchants; building materials and equipment in one visit
Equipment availability	• Nationwide delivery capability to your site • Click-and-Collect with check-in option; pick-up at popular locations
Quick response	• Instant quotes powered by new platform, sales colleagues 100% focussed • Fully transactional website and m-site, reduced clicks to basket
One-stop-shop	• Full range accessible by full salesforce • Leading supply chain network (500+)
Value for money	• Click, call, email for instant off-hire, instantly stop charging • Lowering the cost-to-serve
Accurate invoicing	• Single end-to-end platform • Right-first-time

8 Customer Segments
Different preferences, common themes

FY20 improvements: New digitally-led operating model → New sales platform → Launched Click-and-Collect → Rolled out builders merchant network

New digitally-led operating model working well

National fulfilment model[1], better suited to customers

- 40 CDCs offering nationwide delivery service
- Walk in at:
  - 45 high-footfall HSS-only locations
  - Growing network of Builders Merchants, 31 very-high footfall locations
- Click-and-Collect throughout
- 500+ strong national network of rehire partners

Differentiation in the hire sector

- Lower cost network, with a shift from fixed to variable costs
- Strategically placed at locations that are convenient for B2B customers
- Responding to customers' migration to delivered-to-site and Click-and-Collect fulfilment channels
- Emphasis on conversion, irrespective of stock holding
- Creating an agile business model that is both scalable and adaptable to evolving customer requirements

Key metrics: **99% delivery performance** | **21% of orders Click-and-Collect Q1 21** | **Digital channel mix 22% Q1 21** | **£15m pa net cost savings**

1. Position at 31st March 2021, excluding dedicated specialist locations (Abird, Apex, ASH, Laois)

HSS Hire

Powered by technology

Tech for intelligence

Well established demand forecasting system, PRISM

Gives customers:
- ✓ Enhanced fulfilment

Gives HSS:
- ✓ Optimised stock holding and returns

Call-optimisation technology, Vodafone Storm

Gives customers:
- ✓ Rapid response times

Gives HSS:
- ✓ Analytics to drive performance

Tech for customers

Industry-leading customer website, hss.com

Gives customers:
- ✓ Live availability
- ✓ Fully transactional
- ✓ LiveChat, LiveVideo

Industry-leading customer App

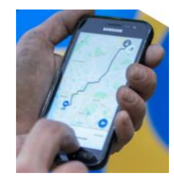
Gives customers:
- ✓ Live availability
- ✓ Hire/Off Hire instantly
- ✓ Live Order Tracking

Tech for colleagues

New point-of-sale tech platform, HSS Pro POS

Gives colleagues:
- ✓ Access to all services
- ✓ Ability to quote there and then
- ✓ Easy to use, mobile enabled

App for drivers



Gives colleagues:
- ✓ Dynamic routing
- ✓ Safety checks
- ✓ Paperless operating system

Tech for suppliers

Marketplace for suppliers, Brenda

Gives suppliers:
- ✓ Access to customers
- ✓ End-to-end order visibility
- ✓ Accuracy

Pricing and analytics

Gives suppliers:
- ✓ Conversion statistics
- ✓ Ability to promote through pricing
- ✓ Utilisation management

Multiple instances of the same application

Development pipeline: ProService | Rehire on hss.com | Route optimisation | Customer scheduling

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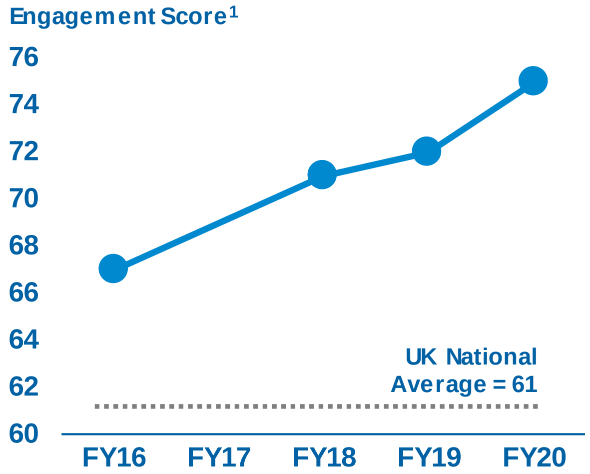
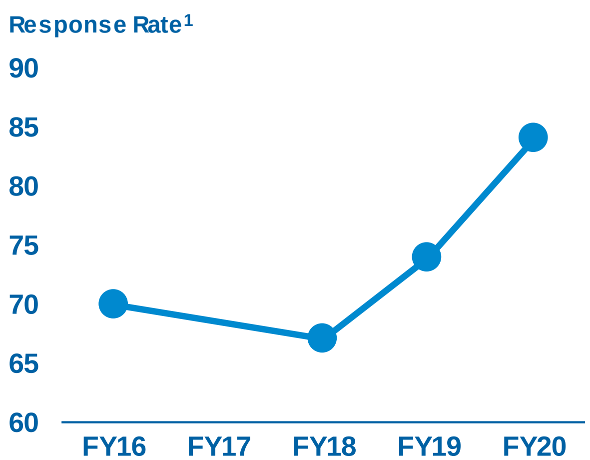
Delivered by colleagues

Colleague engagement continuously improving

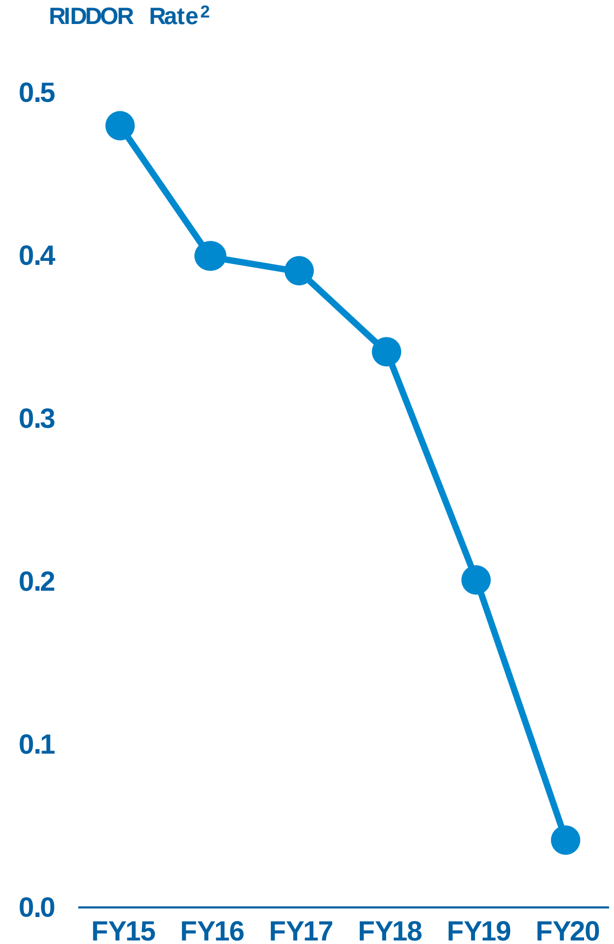




High Scoring Responses

- "I care about HSS"
- "I am given the appropriate training to do my job safely"
- "I am proud to work for the HSS Group"
- "Health & Safety is at the forefront of our business"
- "I have the right equipment to do my job"
- "I feel the company supported me through COVID-19"

Impressive safety record. RIDDOR rate down 80%



- Enhanced near-miss reporting
- Significantly increased safety observations
- Additional safety equipment and PPE
- CEO-led safety forum
- COVID-19 policies and procedures
- Mental health and wellbeing resources

1. Source: Anthem Engagement
2. Reportable accidents per 100.000 hours worked

HSS Hire

Great progress, opportunities ahead

	1 DELEVER the Group	2 TRANSFORM the Tool Hire business	3 STRENGTHEN Commercial proposition
Progress	✓ Balance sheet strengthened ✓ Leverage reduced to 2.56x (FY19 2.8x)[1] ✓ Net debt reduced to £120m (FY 19 £179m)[1] ✓ Disposal of Laois Hire, Irish plant business, for €11.2m	✓ New digitally-led operating model working well ✓ Q1 revenue around pre-COVID-19 levels and margins improved ✓ Colleagues adapting and engagement high	✓ New technology platform addresses customer requirements ✓ Digital channel mix over 20% ✓ Customers scored us highly in Q4 NPS survey
Next Steps	❑ Targeting FY21 exit rate leverage[1] below 2.0x ❑ Well positioned to refinance at lower rate and maximise free cashflow	❑ Extend low-cost builders merchant network ❑ Drive sales acquisition	❑ Leverage new colleague technologies ❑ Continue to evolve digital channels

New digitally-led operating model has delivered a strong Q1

1. Pre-IFRS16 basis

FY20 Summary

Steve Ashmore / Chief Executive Officer

HSS Hire

Summary

"The business is in great shape to now benefit from the acceleration of our digital strategy"

- Resilient performance through COVID-19, outstanding colleagues
- Transformed operating model, delivering above expectations
- Differentiated digital strategy driving enhanced customer proposition
- Strengthened balance sheet, well positioned for refinancing
- Strategy delivering, well-positioned to capitalise on market opportunities

FY20 Q&A


HSS Training
Mobile F-GAS
Refrigerant
Training unit
HSS Hire

FY20 Appendices

HSS Hire

Exceptional items

52 weeks ended 26 December / 28 December

£m	FY 20	FY 19
Onerous property related items	7.4	3.3
Network restructure (non-property)	4.6	-
AIM listing	0.9	-
Onerous contract	0.6	-
Accelerated amortisation of debt issue costs	-	1.9
Cost reduction programme	-	0.8
Gross exceptional items	**13.4**	**6.0**
Profit on disposal UKP	-	**(14.8)**
Exceptional cost / (credit)	**13.4**	**(8.8)**

- Onerous property related items and network restructure costs relate to the permanent closure of branches in October 2020 including: recognition of property related costs until lease break/end, fixtures and fittings impairment, and redundancy costs

- Onerous contract relates to movement in the discount rate applied to existing provision

- Prior year includes:
  - disposal of UK Platforms (“UKP”)
  - accelerated amortisation of debt issue costs following early £38m prepayment with UKP sales proceeds
  - cost reduction programme including removal of cross dock

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Balance sheet

As at 26 December / 28 December

£m	2020 Reported	2019
Intangible assets	158.5	160.4
Tangible assets	62.0	101.9
Right of use assets	89.8	-
Net current assets [1]	13.3	21.5
Other net liabilities	(26.5)	(32.8)
Net debt (ex accrued interest)[2]	(111.8)	(168.4)
IFRS16 liabilities	(74.3)	-
Accrued interest	(3.4)	(3.6)
Net assets	**107.6**	**79.0**

- IFRS16 includes creation of right-of-use assets (of which £26.9m transfers from tangible assets) and a lease liability

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

Net debt

As at 26 December / 28 December

£m	2020 Reported	2019
Cash	97.6	22.7
RCF	(17.2)	-
Finance lease obligations	(15.3)	(16.6)
Senior Finance Facility[1]	(182.0)	(182.0)
Net debt (excl. accrued interest)	**(116.9)**	**(175.9)**
Accrued interest	(3.4)	(3.6)
Net debt (excl. IFRS16)	**(120.4)**	**(179.5)**
IFRS16 liabilities	(74.3)	-
Reported Net debt	**(194.6)**	**(179.5)**

- Reflects third-party borrowings
- Leverage 2.56x (FY19: 2.81x)

1. Shown gross of issue costs

HSS Hire Group plc
Many Thanks

April 2021