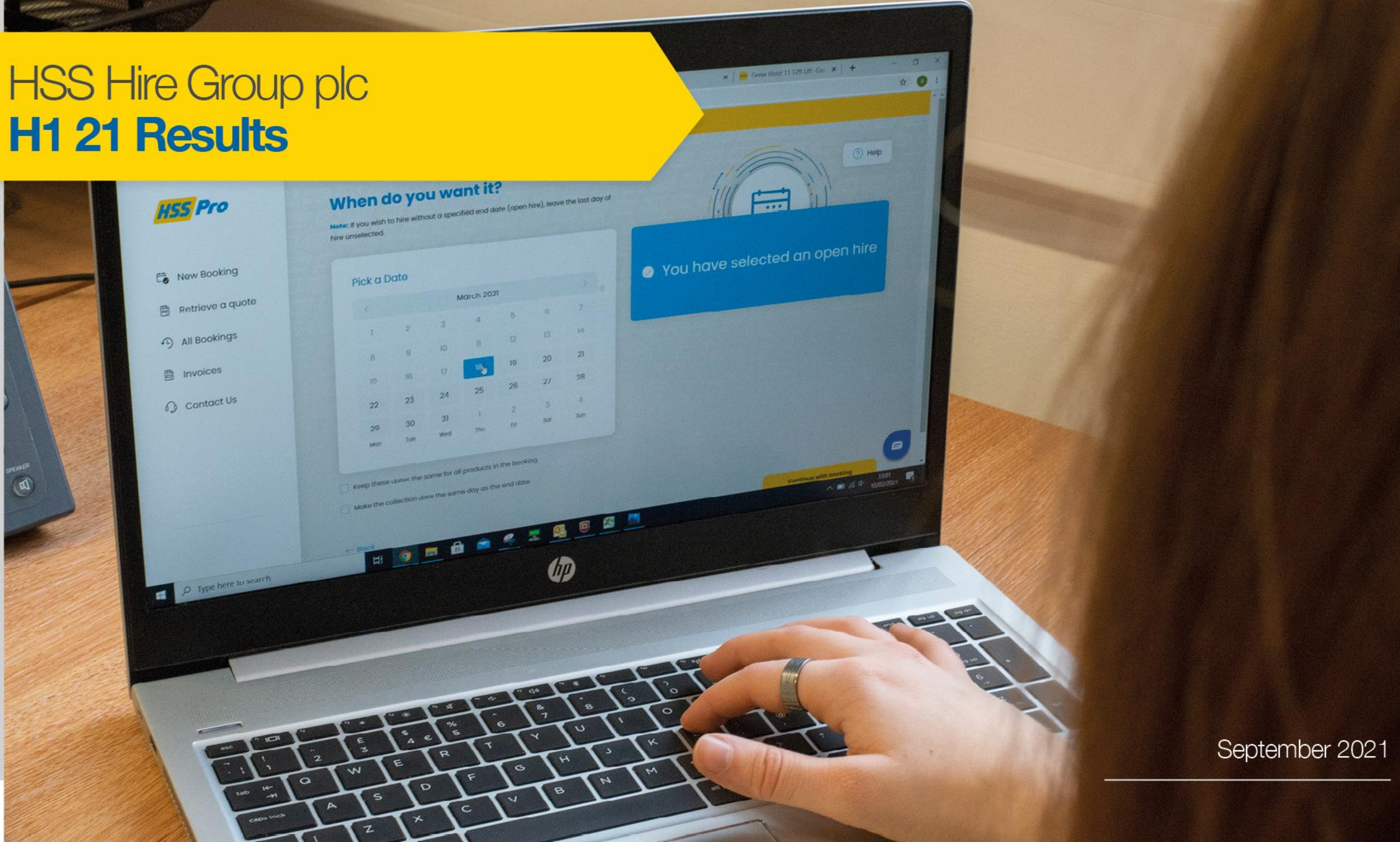
HSS Hire Group plc
H1 21 Results



September 2021

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H1 21 Agenda

• BUILDERS MERCHANTS SINCE 1985 •
HSS Hire
Entrance
MINIMUM Distance
HILTI

H1 21 Highlights

Steve Ashmore / Chief Executive Officer

HSS Hire

2017 strategic plan complete; well positioned for next phase of growth

FINANCIALS[1]
Improved profitability, returns and leverage

- Revenue recovered and on improving trajectory. Q2 102% of 2019 levels
- Strategy delivering margins well ahead of 2019, EBITDA +3ppts, EBITA +6ppts
- ROCE at 24.0%, increasing 13.3pp since December 2020
- Strong balance sheet. Leverage reduced to 1.7x, record low for Group
- Further reduction to pro-forma 1.0x[2] following disposal of ASH

NETWORK
Transformed and set for a digital future

- Unique, low-cost, lower-carbon, national network. Working very well
- 50 builders merchant locations (June 2020: 10) offering convenience for customers
- Click & collect at 135 locations nationwide
- Online revenue growth 75%, representing 24% of transactions in H1 21

ORGANISATION
New differentiated structure

- New technology platform, HSS Pro POS rolled out in H1 2021, improving the one-stop-shop customer experience
- Sales Acquisition division focused on customer conversion, leveraging tech
- Make It Happen division focused on fulfilment and service

OUTLOOK
Ahead of market expectations

- Revenue, EBITDA and EBITA all above management expectations Q3 21 to date
- Full year EBITDA (continuing operations) expected to be ahead of market expectations with EBITA materially ahead
- Refinancing process underway, well placed for material interest cost reduction

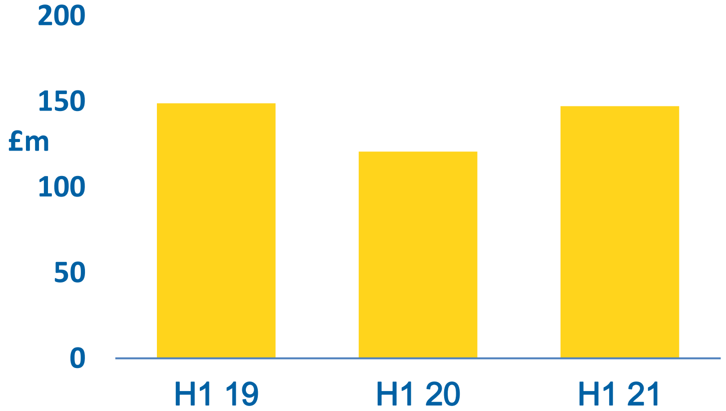
1. All financial KPIs except Leverage and ROCE are provided on an IFRS16 basis
2. LTM pro-forma continuing operations

HSS Hire

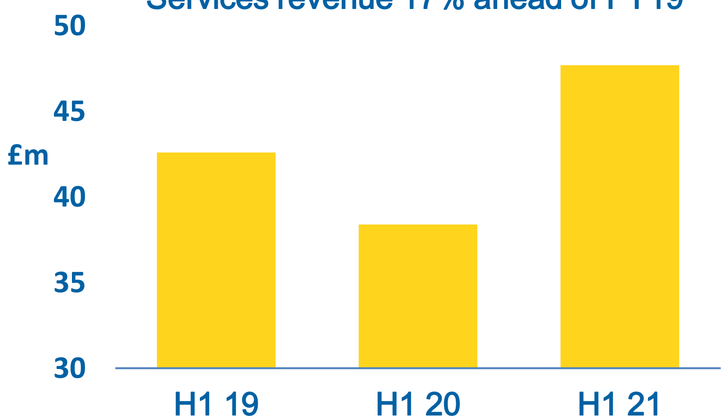
Financial highlights / H1 21

Strong revenue recovery

Revenue recovering to FY19 levels

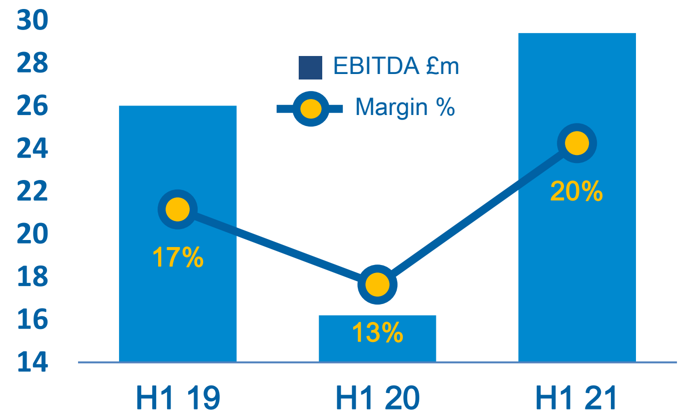


Services revenue 17% ahead of FY19

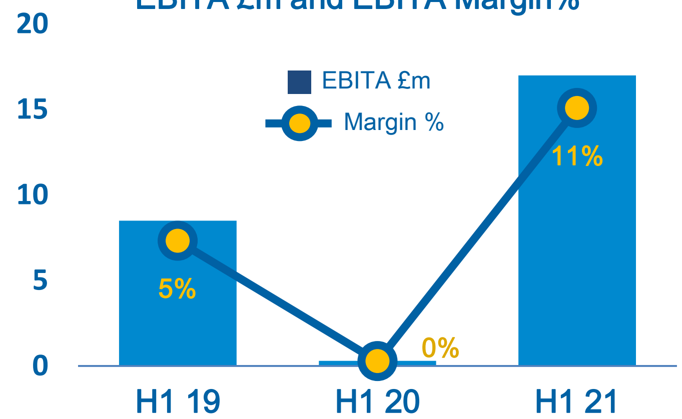


Profitability materially ahead of FY19

EBITDA £m and EBITDA Margin%

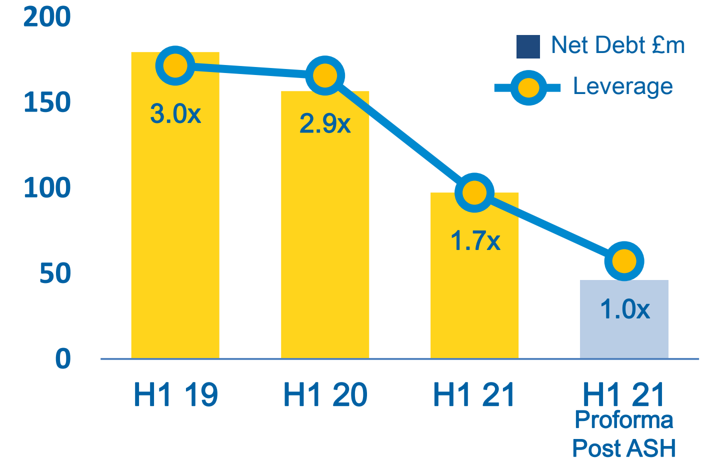


EBITA £m and EBITA Margin%

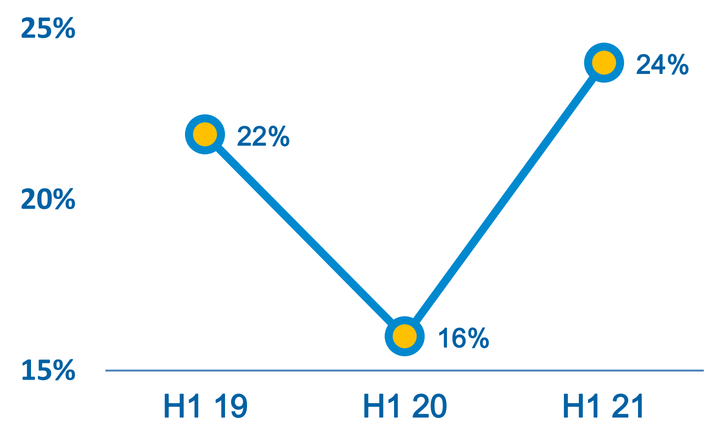


Transformed leverage, enhanced returns

Net Debt & Leverage



ROCE



Notes:
1. All figures based on continuing operations which excludes Laois
2. Excludes benefit of additional trading week in H1 21 and the impact of loss of Services volume under managed services contract in FY19
3. All on a pre-IFRS16 basis.

H1 21 Financial Review

Paul Quested / Chief Financial Officer

HSS Hire

Financial summary / H1 21

27 weeks ended 3 July / 26 weeks ended 27 June

Continuing Operations[1]	H1 21	H1 20	Variance
Revenue	**150.5**	120.7	25%
Adjusted EBITDA[2]	**38.3**	27.9	37%
Adjusted EBITDA margin	**25.4%**	23.1%	2.3pp
Adjusted EBITA[3]	**17.7**	1.1	£16.6m
Adjusted EBITA margin	**11.8%**	0.9%	10.9pp
Net Debt Leverage pre-IFRS16 (x)	**1.7x**	2.9x	1.2x
Net Debt pre-IFRS16 (£m)	**97.6**	156.7	59.1
Basic EPS	**1.61p**	(7.55)p	9.16p

- Like-for-like[4] revenue increased 22% through effective strategy implementation in an improving market. Revenue now recovered to 2019 levels
- Improved margins and ROCE following transformation in operating model in Q4 2020, reducing fixed costs by £15m
- Net debt leverage reduced to 1.7x (IFRS16 basis: 2.0x) due to improved trading, continued strong working capital management, disposal of Laois and benefit of December 2020 capital raise
- Post-3 July the disposal of ASH completed for gross proceeds of £55m, further reducing leverage on an LTM pro-forma basis to 1.0x
- Significant increase in EPS

1. Excluding Laois, disposed April 21
2. Operating profit stated before interest, tax, depreciation and amortisation ("EBITDA") and before exceptional items
3. Adjusted EBITDA less depreciation
4. Excluding benefit of additional week's trading in H1 21

HSS Hire

Segmental analysis / H1 21

27 weeks ended 3 July / 26 weeks ended 27 June

£m	H1 21	H1 20	Variance
Rental (and related revenue)			
Revenue	**101.7**	82.3	24%
Contribution	**72.0**	56.6	
Contribution margin	**70.8%**	68.8%	
Services			
Revenue	**48.7**	38.4	27%
Contribution	**7.2**	4.9	
Contribution margin	**14.9%**	12.8%	
Branch and selling costs	**(26.1)**	(22.2)	
Central costs	**(14.8)**	(11.4)	
Adjusted EBITDA	**38.3**	27.9	37%

Rental

- Strong recovery to 94%[1] of FY19 levels, online revenue growth 75%
- Expansion of low-cost builders merchant network, now representing 13% of total orders (H1 20: 8%)
- New operating model and continued price control improving underlying contribution margins by 3.8pp[3]

Services

- Like-for-like[2] revenue up 17% against FY19, customers valuing one-stop-shop, now made even easier following launch of HSS Pro POS
- Training at record performance levels
- Leveraging technology to improve underlying contribution margins by 3.7pp[3]

Costs

- Benefits from operating model change being realised as expected
- Investment in technology to deliver digital strategy
- H1 20 includes £10m benefit relating to decisive actions taken in response to COVID-19

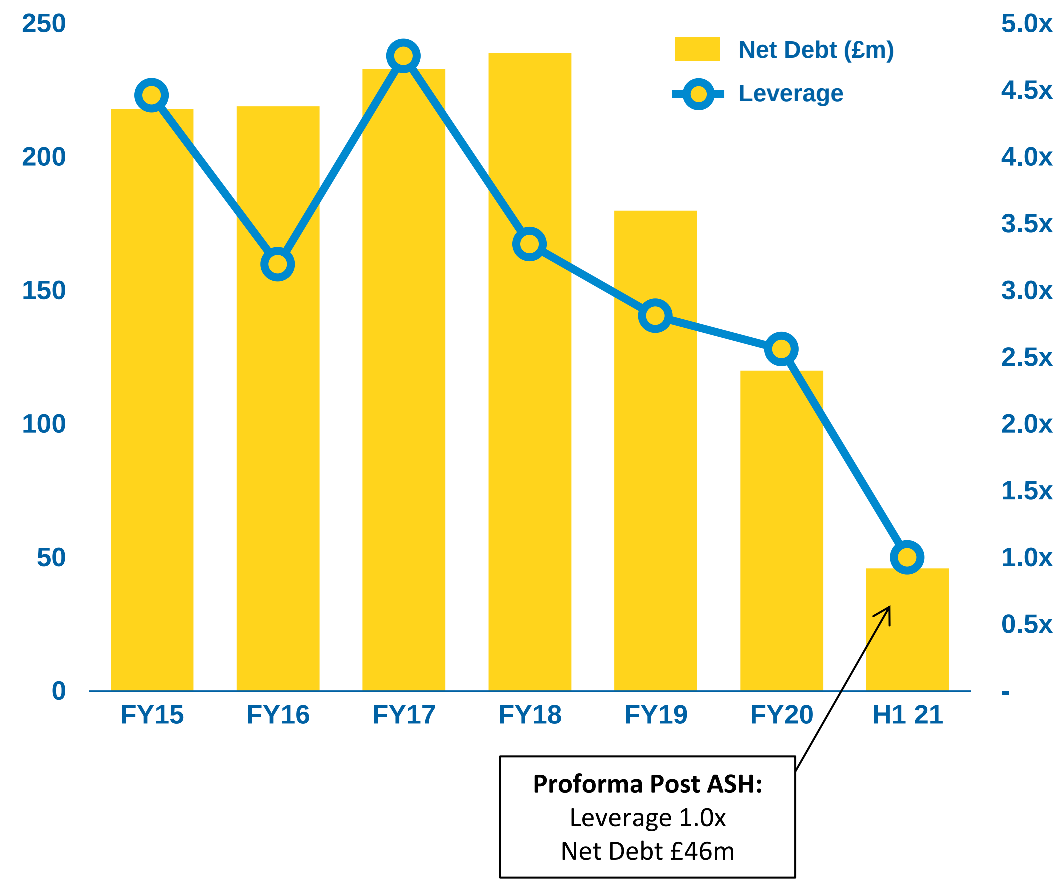
1. Excluding benefit of additional week's trading in H1 21
2. Excluding benefit of additional week's trading in H1 21 and loss of Services volume related to managed service contract in FY19
3. Prior year contribution includes Government Job Retention Scheme support – Rental £1.6m, Services £0.6m. Movement in contribution excludes these credits

HSS Hire

Transformational reduction in net debt leverage

- Net debt leverage[1] reduced to 1.7x, significantly ahead of previous guidance
- £22.8m reduction in net debt since year end driven by:
  - Improved EBITDA
  - Strong working capital management
  - Disposal of Laois (April 2021)
- Disposal of All Seasons Hire reduces leverage on a pro-forma[2] basis to c1.0x
- The Group's revised target[1] is between 1.0x and 1.5x
- Refinancing process underway, well-placed for material reduction in interest cost resulting in improved free cash flow

Net debt and leverage materially reduced[1]



1. Pre-IFRS16 basis
2. Pro-forma at H1 21

HSS Hire

Sale of All Seasons Hire

- Strategic rationale for transaction:
  - Material transformation in Group's net debt and leverage
  - Enables greater focus on growing digital capabilities and differentiated customer proposition
  - Ongoing cross-hire agreement maintains customer HVAC[1] offer without capital investment; follows successful model adopted post disposal of UKP
- Cash consideration of £55m representing attractive valuation
  - At least £42.5m will be used to repay debt
  - Estimated total transaction fees c£3m
- Long term commercial agreement in place with Cross Rental Services
  - Strategic partnership continues to provide HVAC equipment through HSS technology platforms
  - Additional revenue opportunity for our Services business

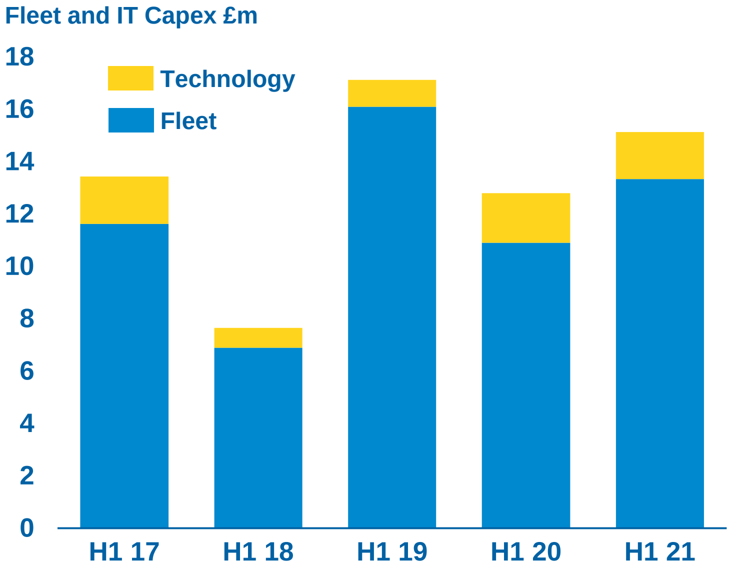
Group Pro-forma	H1 FY21	FY FY20
EBITDA	**33.0**	61.7
EBITA	**13.1**	13.7
Leverage[2]	**1.0x**	1.5x

IFRS 16 basis unless otherwise stated

1. Heating, Ventilation and Air-Conditioning
2. Pre-IFRS16 basis, LTM pro-forma basis

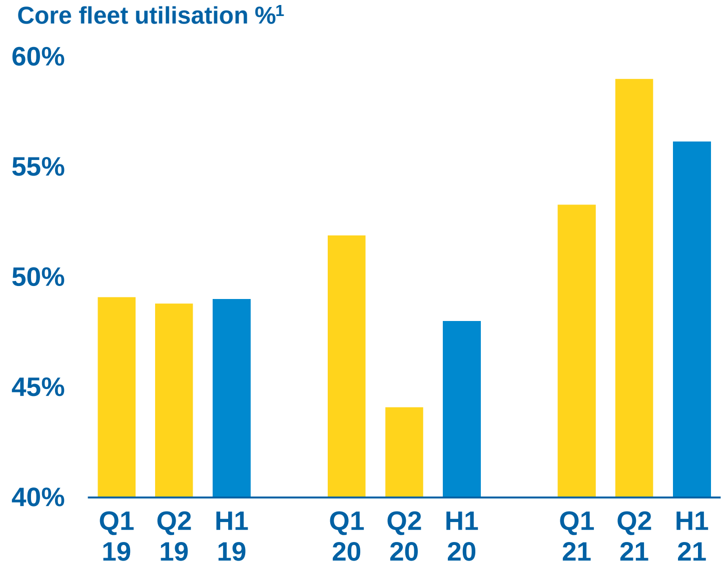
New operating model driving superior returns, ROCE at record levels

Continued investment in fleet and tech



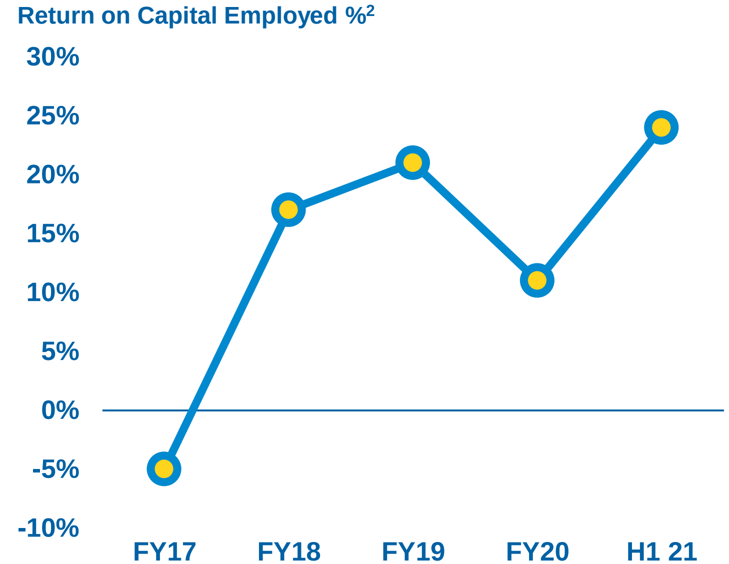
- Forecast total capex investment FY21 £30-35m
- Investment informed through insight tools, identifying demand and maximising returns

Utilisation stepped forward



- New operating model improving utilisation
- Utilisation at 56.5% in H1, 7.5ppts ahead of FY19

ROCE at record levels



- Strong performance in capital-light Services business and growth through digitally-led lower cost operating model

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

H1 21 Strategy Review

Steve Ashmore / Chief Executive Officer

HSS Hire

Our Journey

Turnaround complete, three strategic priorities fulfilled

New Phase

2017

- Strategic review
- Strategy reset

2018

- Network reconfiguration £11m saving
- Central efficiencies £4m saving
- Customer segmentation study
- Data insight investment
- Introduced new vision

2019

- Divestment of UKP
- Launch of App
- Launch of Brenda
- Started builders merchant trial
- Cross dock removed

2020

- Covid-19
- Network restructure £15m saving
- Builders merchant rollout
- Launch of HSS Pro POS and Vodafone Storm
- Capital raise £53m

2021

- Rollout of HSS Pro POS
- Organisational restructure; Sales Acquisition and Make It Happen
- Move to AIM
- Ongoing technology investment
- Divestment of Laois, ASH

2022

2021 Status

1 DELEVER the Group	2 TRANSFORM the Tool Hire business	3 STRENGTHEN commercial proposition
✓ *Leverage reduced: 1.0x[1]*	✓ *Fixed and performing well*	✓ *Technology platform established*

1. Pre-IFRS16 basis. Pro-forma at H1 21

HSS Hire

Business reorganisation complete

HSS Group Organisational Structure | Legacy

England, Wales, Scotland & Ireland

Sales ⇄ Operations

OneCall

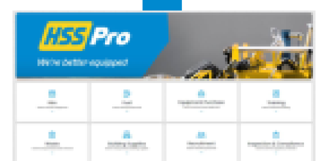
Power

ASH

3rd Parties

Newly Focused Organisational Structure | H1 2021

Sales Acquisition



Make It Happen

HSS Ops Team

Power

3rd Parties

Performance Management:
- Enquiries
- Conversion rates
- Revenue growth
- Gross margins
- Digital penetration

Performance Management:
- Fulfilment rates
- Customer service
- Utilisation
- Cost to serve
- Profit margins
- ROCE

Complex, highly manual model
Slower, protracted and prone to error

Operating model centred on technology
Quicker, better conversion, higher accuracy ⇨ superior customer service

Sales Acquisition division powered by technology

Strong focused team

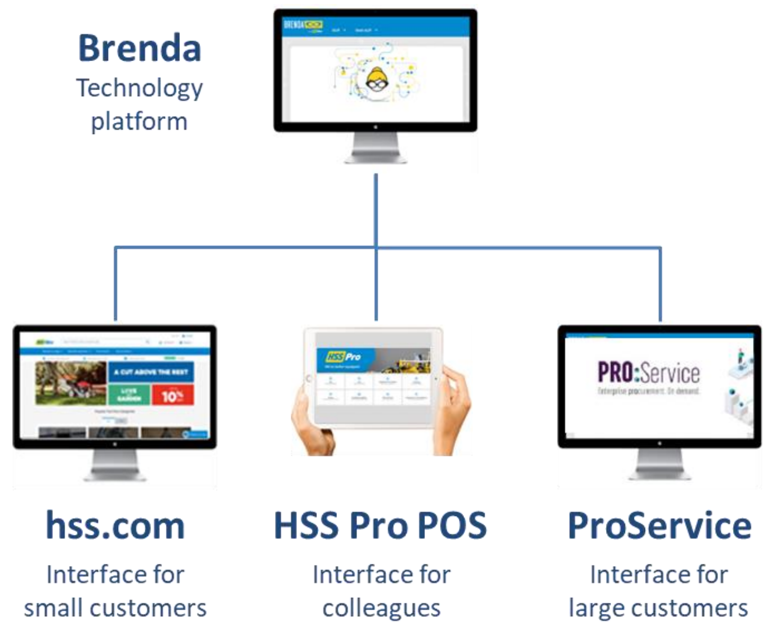
Diversified sales team with multiple customer touchpoints:

- c100 HSS field-based sales colleagues building relationships
- 45 HSS local sales branch teams
- 50 HSS counter-based teams located in builders merchants
- c250 remote-based sales colleagues driving enquiries and conversion
- 14 builders merchant salesforces promoting our offering

Leveraging data to understand customer behaviour

Built on convenience for customers

Powered by technology



Delivering results

Enhanced cross-selling and quicker responses are driving:

- 18% increase in rehire enquiries
- Conversion rates improved by 17ppts
- Services revenue up 17% vs 2019
- Online growth 75%, digital penetration c24%
- Contribution increased 3.4pp[1]
- 60% growth in builders merchant volumes during H1

H2 focus: full rehire offering available on hss.com

1. Year-on-year movement adjusting for prior year benefit of Government Job Retention scheme support

HSS Hire

Make It Happen division offering unrivalled national footprint

Strong diverse team

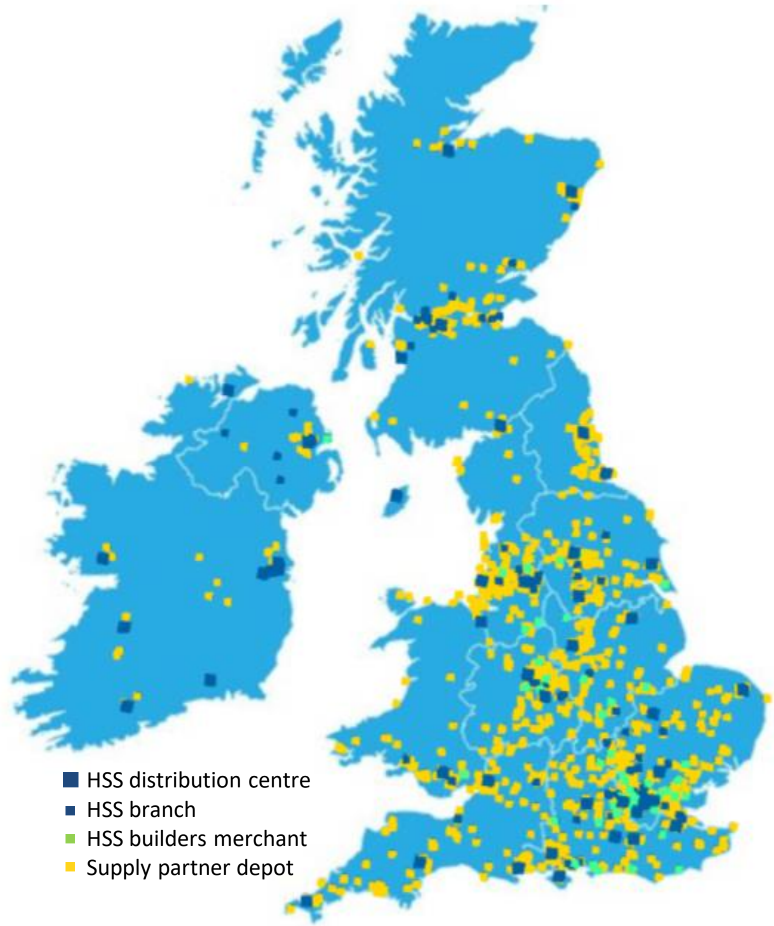
Leading depth and breadth of offering:

- 40 directly operated distribution centres providing nationwide delivery service
- 135 click-and-collect locations
- 500+ supply partners with over 2,000 locations
- Across all hire products

Built to maximise availability and response rates for customers

Enhanced by technology

Unrivalled national network



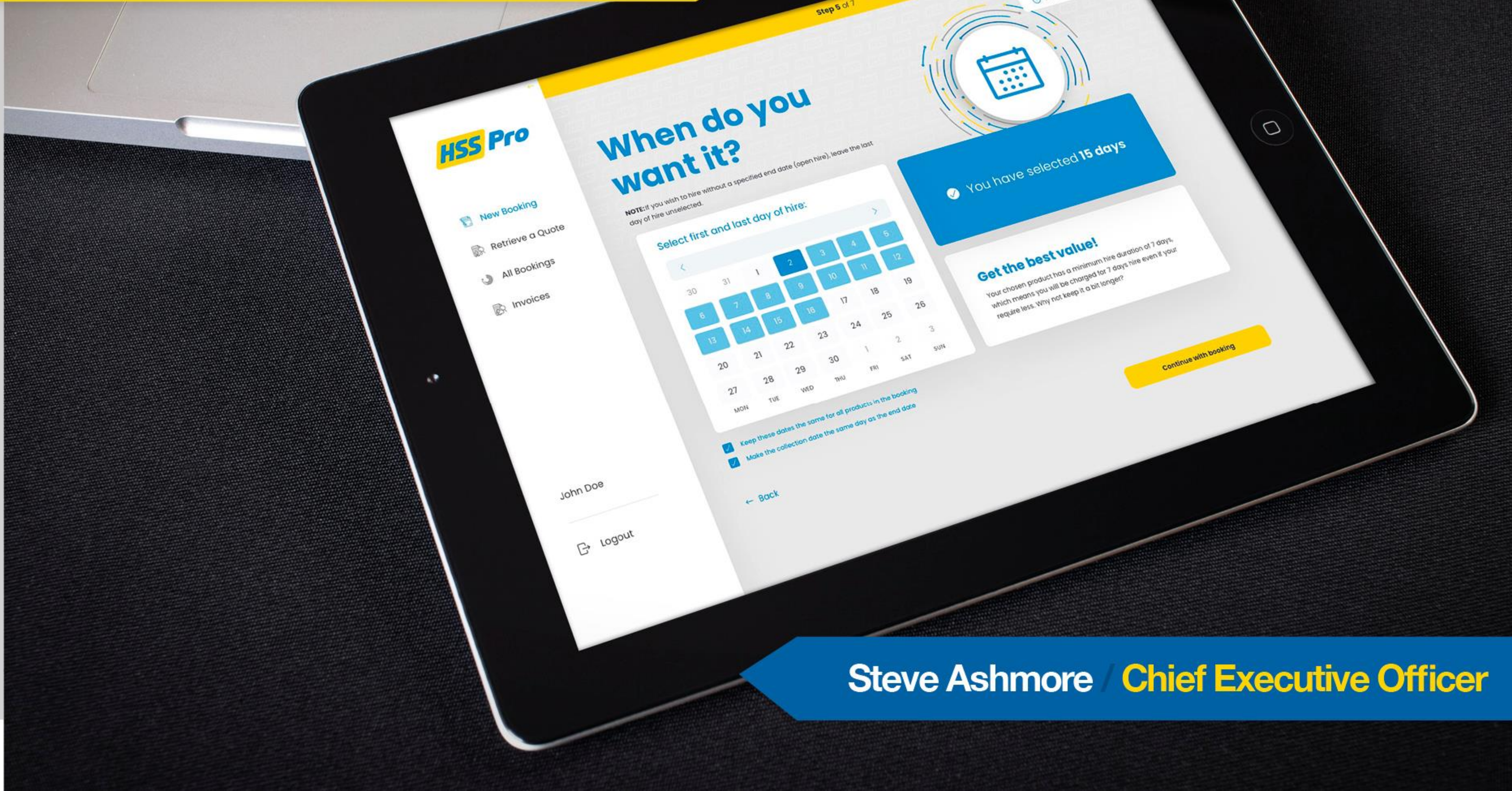
Delivering superior service

Maximises choice and availability for customers:

- Delivery performance 99%
- Strong click & collect adoption 21%
- Trust pilot score of 4.3 stars
- Optimises commercial decisions and reduces duplicated carbon footprint
- Utilisation H1 56.5%, up 7.5pp vs H1 19
- EBITDA margin increased 2.3pp
- ROCE up to record high of 24.0%, (+13.3pp since FY20)

H2 focus: rollout of new routing and scheduling software to our CDCs

H1 21 Summary



Steve Ashmore / Chief Executive Officer

Summary

Great business, now delivering improved profitability and returns, strong balance sheet

Uniquely positioned with unrivalled technology platform and a scalable organisation

Ambitions now established to deliver our next exciting phase of business growth

"This digital business is now entering a new exciting phase of growth"

H1 21 Q&A


HSS Training
Mobile F-GAS
Refrigerant
Training unit
0845 766 7799
HSS Hire
CARROLL & MEYNELL
811
.com

H1 21 Appendices

Exceptional credit

27 weeks ended 3 July / 26 weeks ended 27 June

£m	H1 21	H1 20
Onerous property related items	7.4	0.8
Profit on disposal Laois	3.2	-
Exceptional credit	**10.6**	**0.8**

- Onerous lease credit relates to the release of lease liabilities, onerous property costs and dilapidation provisions on surrender of properties following the branch closures as part of the Group's digital strategy acceleration announced in October 2020

- Disposal of Laois (Irish plant hire business):
  - Divesture completed April 2021
  - Gross proceeds of €11.2m
  - Long term commercial agreement in place

HSS Hire

Balance sheet

As at 3 July / 26 December

£m	2021	2020
Intangible assets	155.9	158.5
Tangible assets	60.2	62.0
Right of use assets	80.2	89.8
Net current assets [1]	(0.5)	13.3
Other net liabilities	(20.6)	(26.5)
Net debt (ex accrued interest)[2]	(90.9)	(111.8)
IFRS16 liabilities	(60.2)	(74.3)
Accrued interest	(2.8)	(3.4)
Net assets	**121.3**	**107.6**

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

HSS Hire

Net debt

As at 3 July / 26 December

£m	2021	2020
Cash	81.3	97.6
RCF	-	(17.2)
Finance lease obligations	(15.3)	(15.3)
Senior Finance Facility[1]	(160.8)	(182.0)
Net debt (excl. accrued interest)	**(94.8)**	**(116.9)**
Accrued interest	(2.8)	(3.4)
Net debt (excl. IFRS16)	**(97.6)**	**(120.4)**
IFRS16 liabilities	(60.2)	(74.3)
Reported Net debt	**(157.8)**	**(194.6)**

- Reflects third-party borrowings
- Senior Finance Facility at LIBOR +7.5-8%
- Pre-IFRS16 leverage 1.7x (H1 20: 2.9x)
- IFRS16 leverage 2.0x

1. Shown gross of issue costs

HSS Hire Group plc
Many Thanks

September 2021