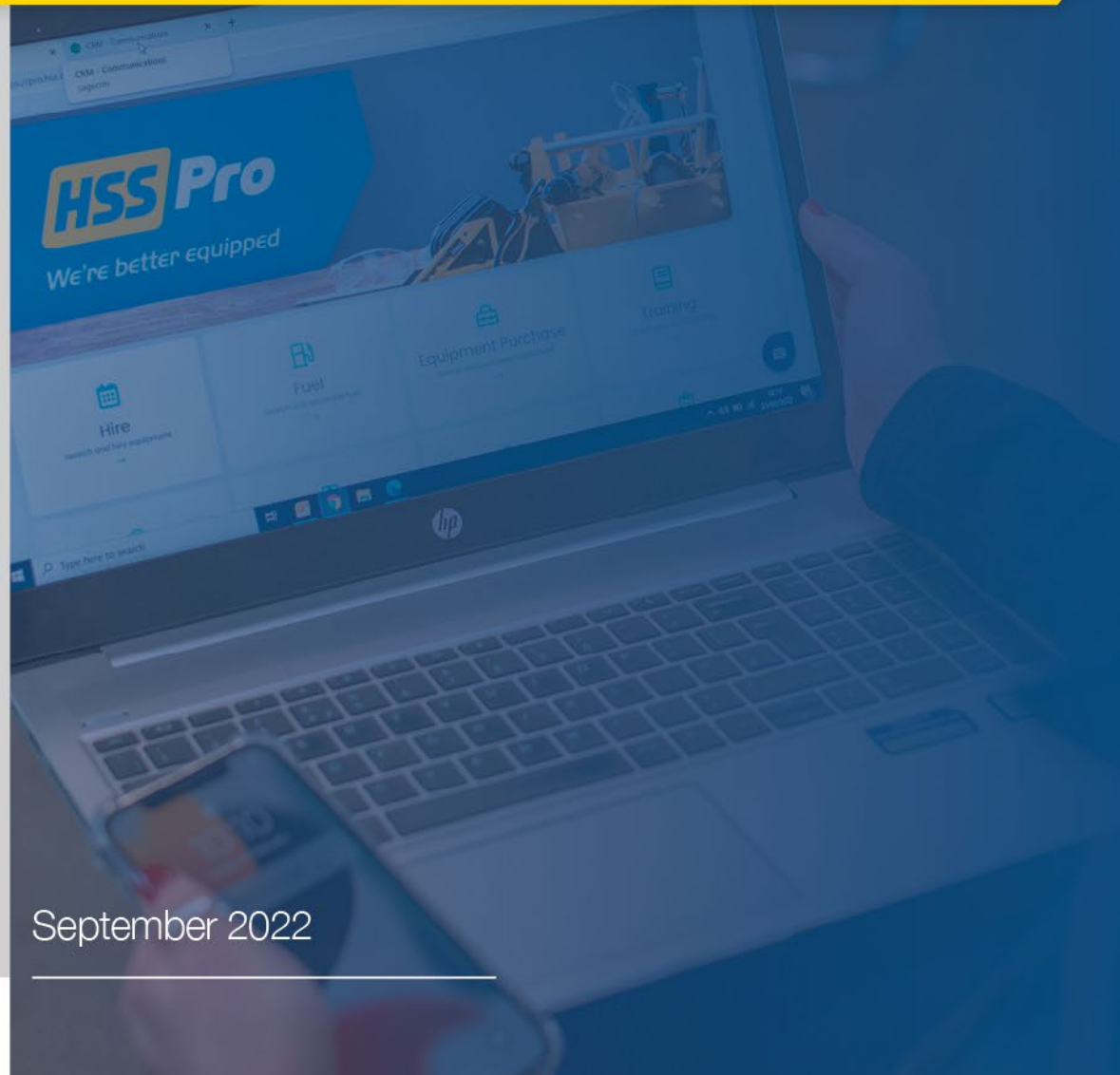


HSS Hire Group plc

H1 22 Results



September 2022



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H1 22 Agenda

01_ Highlights

02_ Financial Review

03_ Strategy

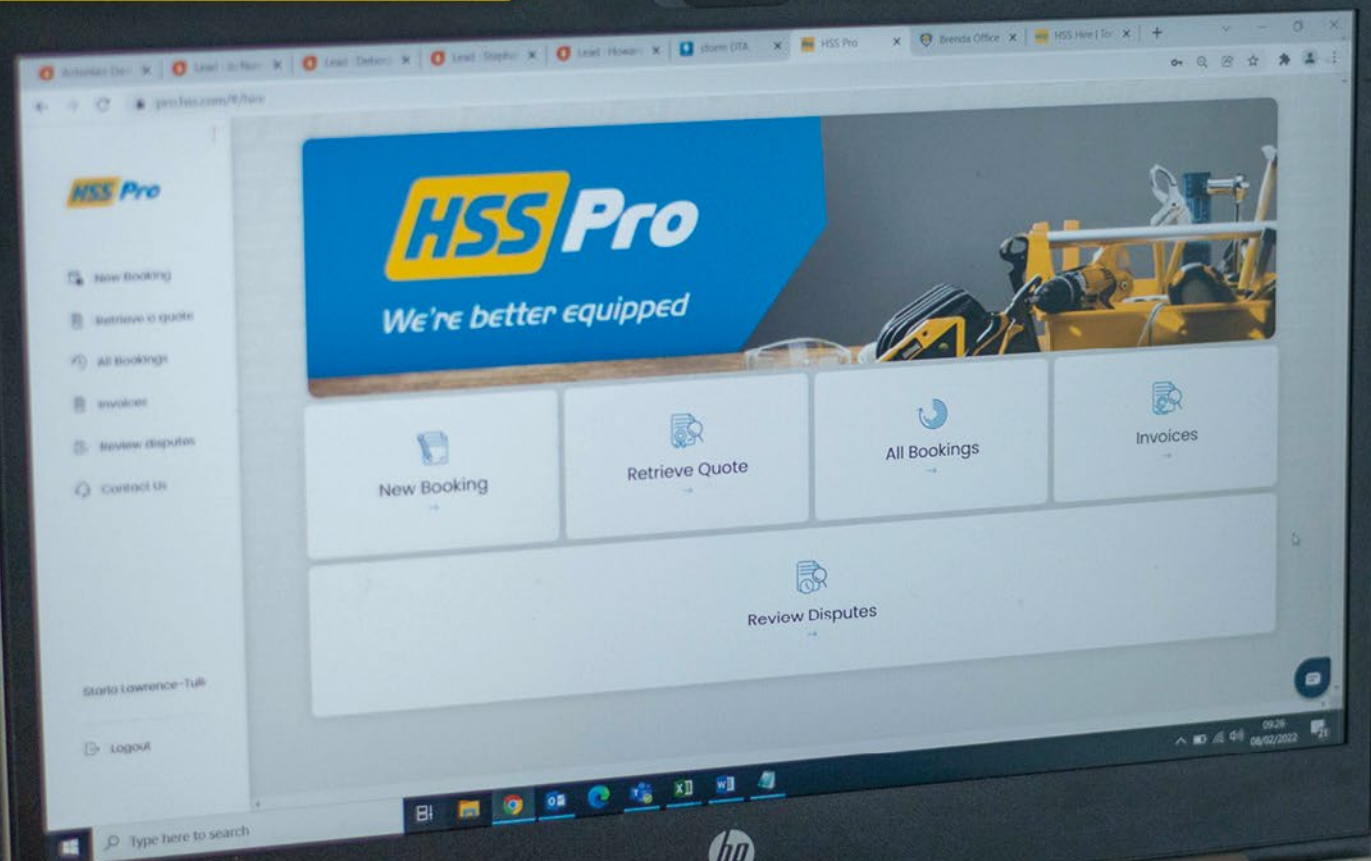
04_ Summary

05_ Q&A

Appendices



H1 22 Highlights



Steve Ashmore / Chief Executive Officer

Consistently delivering strong results

FINANCIALS

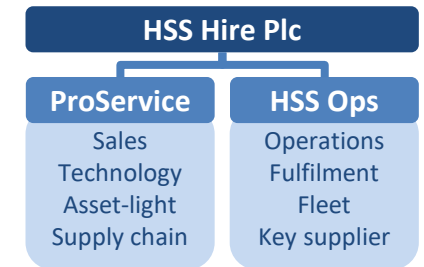
Further growth and improvement in returns

- Like-for-like¹ revenue growth 11% up on H1 21
- Adjusted EBITA margin to 8.5% (H1 21: 8.0%²), Adjusted PBT increased £7.6m
- Increased profitability and lower interest delivering step change in EPS to 0.96p (H1 21 0.09p)
- ROCE grew to 24% (H1 21: 19%), supported by strong performance in capital-light Services business and growth through digitally-led low cost operating model
- Strong balance sheet, net debt leverage non-IFRS16 basis 0.9x

ORGANISATION

Operating model continues to perform

- Legal separation completed 3rd July, both divisions performing well
- Services like-for-like¹ growth 16%, margins increasing
- 60 builders merchant locations (June 21: 43), same-store revenue growth 15%³
- Operations business delivery performance at 99%



TECHNOLOGY

Exciting progress

- Key milestones on technology roadmap delivered ahead of schedule
- Well-positioned to accelerate growth of our asset-light, technology-driven ProService business

OUTLOOK

Dividend reinstated

- Revenue growth 10% in Q3 22 with EBITDA and EBITA in line with expectations
- Continue to target Services growth at 10ppts above market and Rental growth in line
- Interim dividend of 0.17p per share declared

1. Excluding benefit of additional week's trading in H1 21

2. Like-for-like EBITA margin excluding following non-recurring items in H1 21: additional week's trading, and COVID related income associated with business interruption insurance claim and Republic of Ireland wage subsidy scheme ("TWSS")

3. Merchant locations open for comparable periods in both H1 22 and H1 21

H1 22 Financial Review



Paul Quested / Chief Financial Officer

Financial summary / H1 22

26 weeks ended 2 July / 27 weeks ended 3 July

Continuing Operations ¹	H1 22	H1 21	Change	Like-for-like change
Revenue	159.9	146.3	9.3%	11.3%
Adjusted EBITDA ²	32.9	32.8	0.4%	5.6%
Adjusted EBITA ³	13.6	13.1	3.6%	18.3%
Adjusted Profit Before Tax ⁴	8.4	0.8	£7.6m	£9.2m
Adjusted basic EPS	0.96p	0.09p	0.87p	1.10p
ROCE	23.8%	19.2%	4.6pp	
Net Debt non-IFRS16 (£m)	49.3	97.6	£48.3m	
Net Debt Leverage non-IFRS16 (x)	0.9x	1.7x	0.8x	
Net Debt Leverage IFRS16 (x)	1.5x	2.0x	0.5x	

- Like-for-like⁵ revenues 11% ahead of H1 21
- Improved performance driven by increasing conversion through effective technology deployment, consistent builders merchants growth, targeted fleet investment and disciplined price management
- Like-for-like⁶ EBITA margins up 0.5pp, strong price management navigating inflation headwinds
- Significant increase in Adjusted PBT, benefitting from substantial reduction in interest cost
- Increased profitability and lower interest cost delivering step change in EPS
- Services segment growth and targeted fleet investment leading to 24% increase in ROCE
- Robust balance sheet, reduced exposure to changes in the interest base rate following 2021 refinancing

1. Excluding Laois, disposed April 21, and All Seasons Hire, disposed September 21

2. Operating profit stated before interest, tax, depreciation and amortisation ("EBITDA") and before exceptional items

3. Adjusted EBITDA less depreciation

4. Profit before tax excluding amortisation of brand and customer lists and exceptional items

5. Excluding benefit of additional week's trading in H1 21

6. Excluding following non-recurring items in H1 21: additional week's trading and COVID related income associated with business interruption insurance claim and TWSS

Segmental analysis / H1 22

26 weeks ended 2 July / 27 weeks ended 3 July

£m	H1 22	H1 21	Change	Like-for-like change ¹
Rental (and related revenue)				
Revenue	99.3	92.9	7%	9%
Contribution	64.9	64.8		
<i>Contribution margin</i>	65.3%	69.7%		
Services				
Revenue	60.6	53.4	13%	16%
Contribution	9.1	7.7		
<i>Contribution margin</i>	15.1%	14.5%		
Branch and selling costs	(26.7)	(24.9)		
Central costs	(14.3)	(14.9)		
Adjusted EBITDA	32.9	32.8		

Rental

- Expanded low cost builders merchant network to 60 (June 21: 43). Like-for-like² revenue up 15% vs H1 21
- Targeted fleet investment enabling growth and improving returns
- Strong price control maintained, underlying margin stable with reported margin impacted by product mix (resale) and additional trading week in H1 21

Services

- Customer experience continues to be improved through ongoing technology enhancements and broadening rehire supplier network
- Training revenue 13% ahead of H1 21, delivering record profit levels
- Leveraging technology enabling continued margin expansion

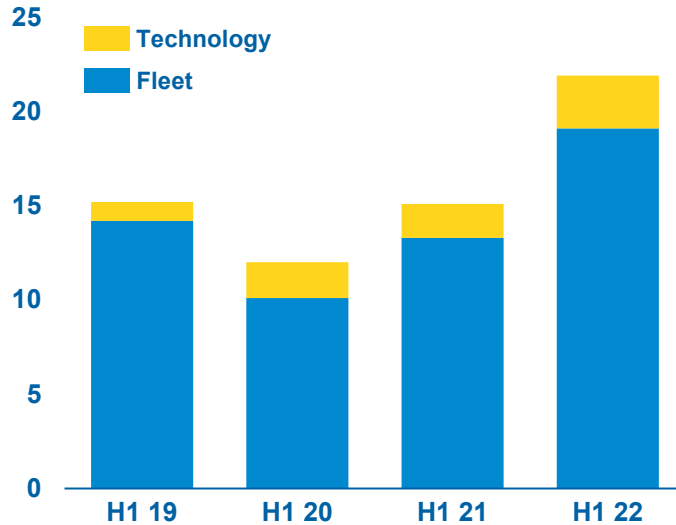
Costs

- Like-for-like³ overheads flat compared to H1 21; effective cost discipline navigating inflationary headwinds
- One-off payments made to colleagues to support cost of living challenge

ROCE at record levels

Insight-led targeted investment

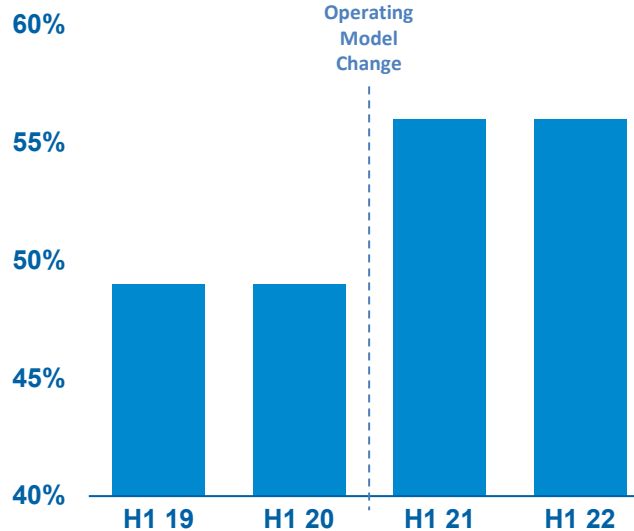
Fleet and IT capex £m (continuing operations)



- Fleet investment informed through insight tools, identifying demand and maximising returns
- FY 22 capex guidance unchanged at £35-£40m
- Continued investment in technology (£5-£10m in FY22)

Maintaining high utilisation

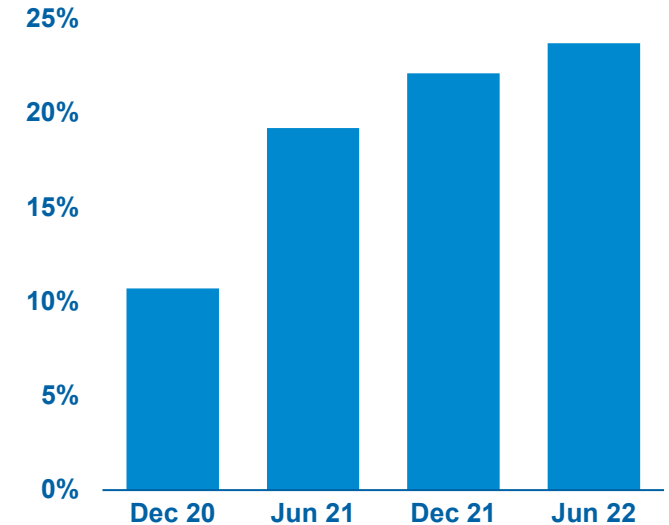
Fleet utilisation %¹



- Operating model continues to enable utilisation to be optimised
- H1 22 utilisation at 56%, consistent with H1 21 and c.7ppts ahead of FY19

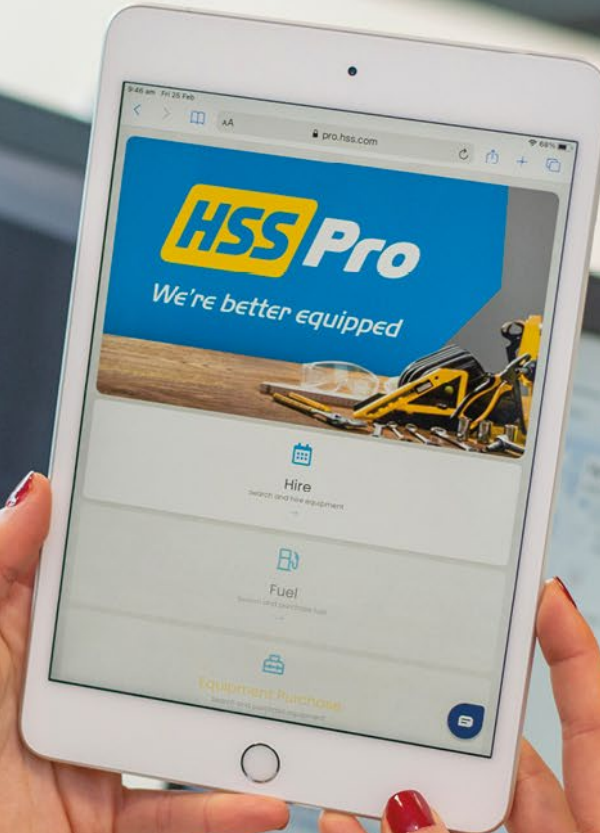
Enabling record ROCE levels

Return on Capital Employed %



- Supported by strong performance in capital-light Services business, growth through digitally-led low cost operating model and continued price management

H1 22 Strategy Review



Steve Ashmore / Chief Executive Officer

Operating model delivering results



1

HSS ProService

Newly incorporated business focused on customer acquisition, sales enquiry conversion and leveraging digital assets

Customers: 27,000 account customers and many more cash trade and DIY

hss.com

- 2.8m unique visits H1 22
- 70,000+ App downloads
- 21% of order volumes

HSS Pro

- Colleague portal
- c.22k of c.27k customers
- £123m+ revenue LTM

BRENDA TECHNOLOGY PLATFORM

Connecting customers, suppliers and colleagues



ProService Portal

- Platform for larger customers
- Order approval processes etc

Supplier Portal

- Price and utilisation management

Suppliers

- HSS Ops
- 700+ rehire suppliers
- 65 in-house trainers
- Over 150 Training plus suppliers

Sales Colleagues: 45 branches, 60 builders merchants, c.100 field sales, c.270 desk-based sales

2

HSS Operations

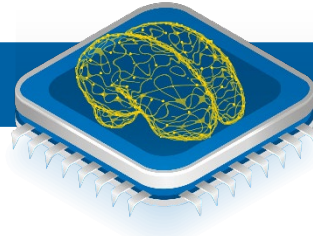
Fleet management and distribution business focusing on operational performance, utilisation and efficiency



ProService business exceptionally well positioned



Technology roadmap is ahead of plan



Four major milestones in FY22 Roadmap:

1. Cash transactions through HSS Pro

2. Extended rehire range available on hss.com

3. Enhance ProService Portal self-serve platform

4. Further developments to supplier portal

Progress:

- Technology development complete and currently in test
- Q4 rollout
- Development nearing completion
- Q4 rollout
- Rollout commenced to Top 20 UK construction company
- Agreement in place to transfer existing #1 strategic account on to platform in Q1 23
- Trialling reciprocal business through platform with existing suppliers
- Enhanced ability for suppliers to drive utilisation and returns

Building on a strong performance in H1

- Conversion rates improved to 73% (H1 21 70%)
- Services revenue up 16% like-for-like¹ vs H1 21
- 0.6ppt increase in Services contribution
- Digital penetration remains high at 21%
- HSS Pro: c.22k of 27k customers, £123m revenue LTM
- HSS.com: 21% of order volumes and conversion rates have increased by 35% y-o-y
- 60 builders merchant locations delivering same-store growth 15%². Now represents one-fifth of all E&W contracts raised

Poised for exciting second stage of growth

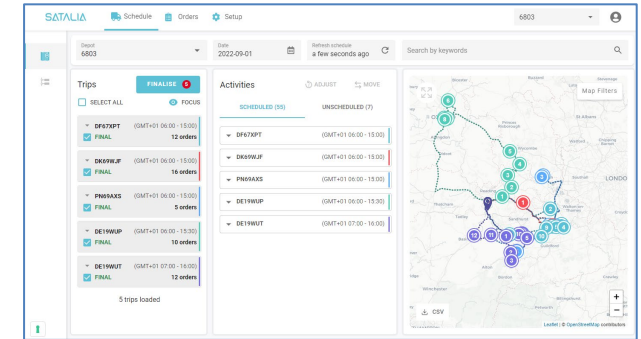
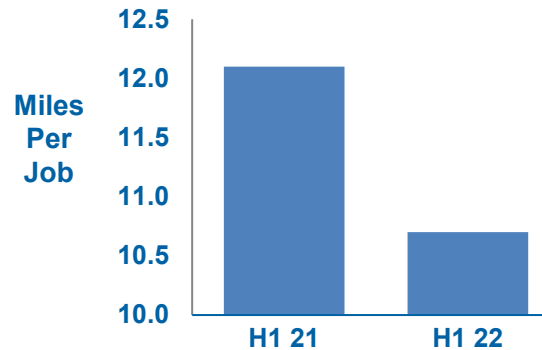
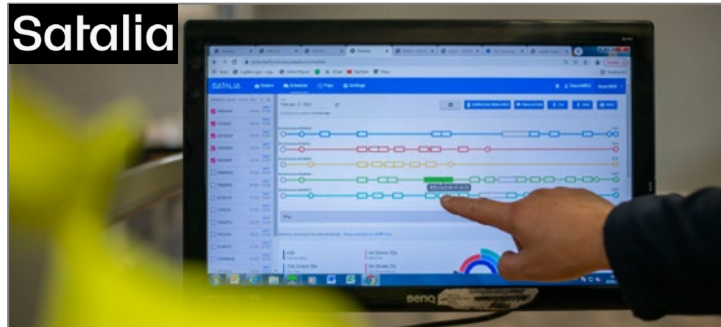
HSS Operations division performing well



Satalia routing technology rolled out

Improving efficiency

Enhancing customer service



- Route optimisation software and transport management visualisation tools
- Rolled out FY 21 and embedded in H1 22

- Miles per job decreased by 12%
- Supporting our ESG targets

- Satalia will enable timeslot management at point of order
- Delivery performance maintained 99%

Underlying metrics remain strong

- Utilisation¹ (56%) remains significantly above levels seen under old operating model, with continuing targeted investment in hire fleet
- ROCE increased from 19% to 24% over last 12 months
- Click-and-collect adoption remains strong 16%

Continued ESG progress

ESG Impact Report published Q2

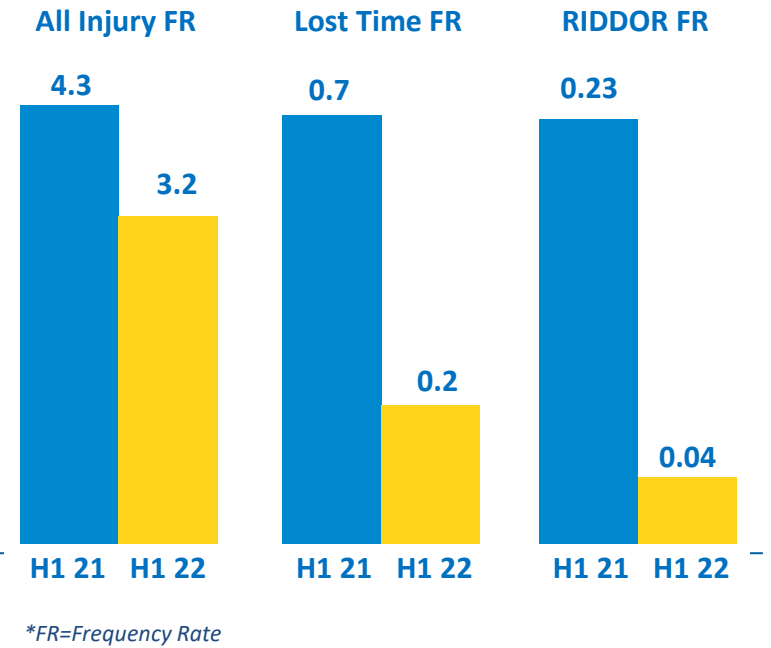


ESG Plan progressing well

- EcoVadis ‘Advanced’ award granted August 2022 at first time of asking, 91st percentile in our industry
- EcoVadis feedback and recommendations being incorporated in to our ESG plan
- New Equality, Diversity and Inclusion strategy published in H1



Further improved Health & Safety record



- All accident frequency rates in H1 have reduced compared to prior year

H1 22 Summary



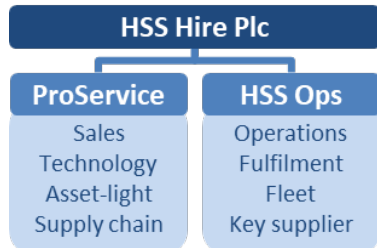
Steve Ashmore / Chief Executive Officer

Summary



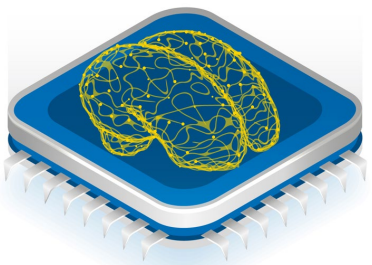
BUSINESS CONSISTENTLY DELIVERING WELL

- Significant financial progression
- Strong balance sheet
- Dividend policy reinstated



OPERATING MODEL HAS TRANSFORMED PERFORMANCE

- Two businesses, legal separation complete
- Both performing well
- Asset-light, tech-driven ProService business growing strongly



EXCITING TECHNOLOGY, WELL POISED FOR GROWTH

- Technology development ahead of plan with good results and exciting roadmap
- ProService self-serve portal rollout commenced
- Continue to target Services growth at 10ppts above market and Rental growth in line

H1 22 Q&A



H1 22 Appendices



Exceptional cost

26 weeks ended 2 July / 27 weeks ended 3 July

£m	H1 22	H1 21
Onerous property related items	(0.2)	(7.4)
Profit on disposal – Laois	-	(3.2)
Legal restructure	0.9	
Onerous contract	(0.2)	
Exceptional cost / (credit)	0.6	(10.6)

- Onerous property credit relates to sublease income on vacant stores
- Legal restructure of Group around Sales Acquisition and Fulfilment divisions, completed July 2022
- Onerous contract relates to movement in the discount rate applied to existing provision

Balance sheet

As at 2 July / 1 January

£m	H1 22	FY 21
Intangible assets	147.6	147.6
PPE	66.9	59.9
Right of use assets	70.4	76.0
Deferred tax asset	2.6	2.4
Net current assets ¹	(0.6)	(2.0)
Other net liabilities	(16.8)	(19.3)
Net debt (excl accrued interest) ²	(47.3)	(43.3)
IFRS16 liabilities	(53.9)	(59.2)
Accrued interest	(0.4)	(0.3)
Net assets	168.4	161.9

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 or non current liabilities.

Net debt

As at 2 July / 1 January

£m	H1 22	FY 21
Cash	38.7	42.3
Finance lease obligations	(17.6)	(17.4)
Senior Finance Facility ¹	(70.0)	(70.0)
Net debt (excl accrued interest)	(48.9)	(45.1)
Accrued interest	(0.4)	(0.3)
Net debt (excl IFRS16)	(49.3)	(45.4)
IFRS16 liabilities	(53.9)	(59.2)
Reported net debt	(103.2)	(104.6)

- Reflects third-party borrowings
- Senior Finance Facility at SONIA +2.75-3.50%
- Leverage:
 - Non-IFRS 16 basis 0.9x (H1 21: 1.7x)
 - IFRS16 basis 1.5x (H1 21: 2.0x)

HSS Hire Group plc

Many Thanks



September 2022