

HSS Hire Group plc

FY23 RESULTS

MAY 2024

HSS Hire
You're better equipped.®

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FY23 AGENDA

01_ HIGHLIGHTS

02_ FINANCIAL REVIEW

03_ STRATEGY UPDATE

04_ SUMMARY

05_ Q&A

APPENDICES



FY23 Highlights

STEVE ASHMORE

CHIEF EXECUTIVE OFFICER



Resilient performance, continued strategic progress

FINANCIALS

Resilient trading performance

- Revenue growth outperforming the market, +5%¹ vs FY22. Services growth 12%
- Second highest Profit Before Tax in Group's listed history, after significant strategic investment
- Underlying² EBITDA and EBITA margins 20.1% and 8.4% respectively
- Operating model delivering consistently high returns, underlying² ROCE at 19.6%
- Strong balance sheet maintained; non-IFRS16 leverage at 1.2x

STRATEGY

Investing for growth, continued progress

- Momentum building with transformational marketplace growth strategy
- 1,000 customers self-served on our marketplace platform. 30% revenue growth achieved vs FY22
- 24% of Group's transactions originated through our self-service technology platforms
- Low-cost builders merchant network expanded to 89 locations, 21% same-stores growth
- Continued progress with ESG strategy: EcoVadis Gold award; SBTi approval; ISO27001 accredited

OUTLOOK

Challenging market, signs of recovery

- Q1 24 revenue growth of 3%, Services segment continues to deliver double-digit growth
- Challenging H2 23 with headwinds in several end markets. Positive sentiment beginning to emerge
- Marketplace model, supported by low-cost operations division provides resilience
- Management remains confident that full year EBITA will be in line with market expectations
- Final dividend of 0.38p proposed, total dividend for the year to 0.56p, increase of 4% vs 2022



FY23 Financial Review

PAUL QUESTED

CHIEF FINANCIAL OFFICER



Financial summary / FY 23

52 weeks ended 30 December / 31 December

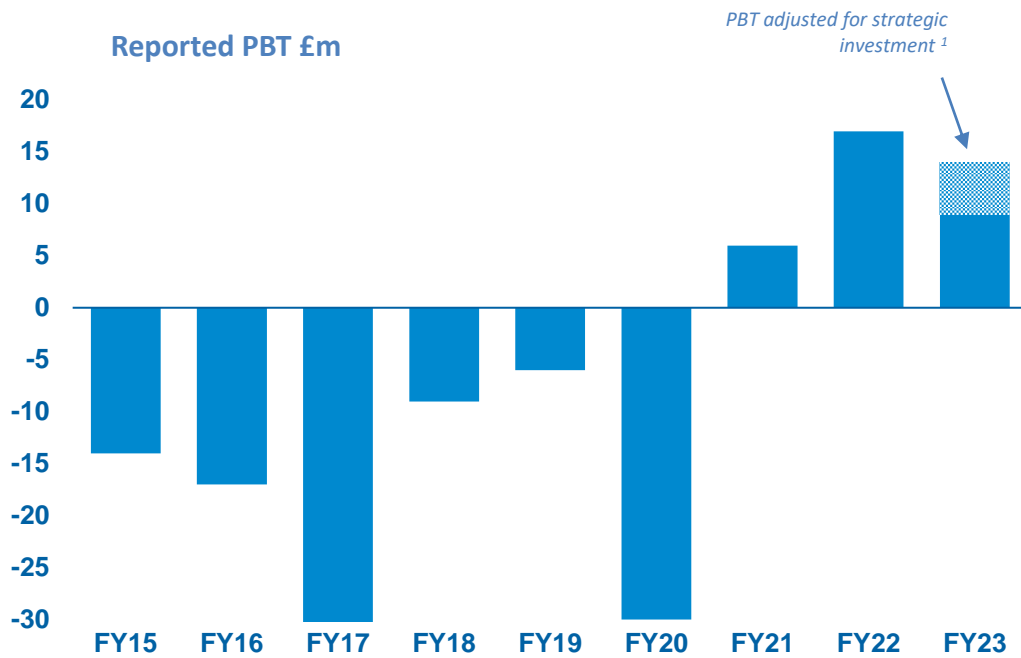
	FY 23	FY 22	Change Underlying ¹	
Revenue	349.1	332.8	5%	5%
Adjusted EBITDA ²	65.1	71.6	(9%)	(3%)
Adjusted EBITA ³	24.3	32.0	(24%)	(10%)
Adjusted Profit Before Tax ⁴	11.9	21.0	£(9.1m)	£(4.8m)
Adjusted basic EPS	1.29p	2.41p	(1.12p)	(0.46p)
Final Dividend Per Share	0.38p	0.37p	3%	
ROCE	16.2%	22.8%	(6.6pp)	(3.7pp)
Net Debt non-IFRS16 (£m)	57.5	41.5	£(16.0m)	£(9.6m)
Net Debt Leverage non-IFRS16 (x)	1.2x	0.8x	(0.4x)	(0.2x)
Net Debt Leverage IFRS16 (x)	1.7x	1.3x	(0.4x)	(0.2x)

- Solid revenue growth ahead of market⁵ with double digit increase in capital-light Services segment
- Strategic investment in FY23 to support future growth plans: £5.1m opex investment and £1.3m non-recurring technology capex
- Excluding strategic investment, EBITDA and EBITA margins 20.1% and 8.4% respectively
- Adjusted PBT also impacted by £3m increase in interest costs
- ROCE remains in line with Group target after adjusting for strategic investment
- Robust balance sheet, 3% increase in final dividend

1. Adjusted for Group's strategic investment for future growth and normalised tax rates
 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. European Rental Association +3.4%, ONS Construction Output +2.4%

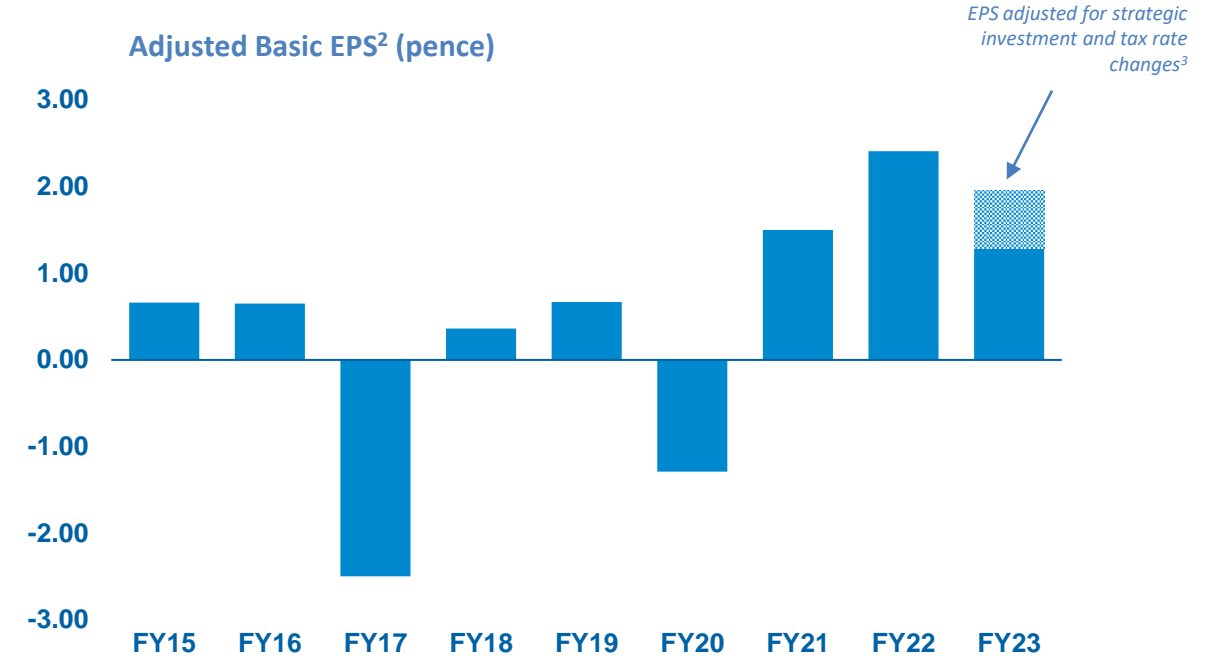
Second highest PBT in Group's listed history

Strong PBT delivered despite market headwinds



- Third successive year of positive reported PBT
- Adjusted PBT (excluding exceptional items):
 - **FY23: £11.9m**
 - FY22: £21.0m
 - FY21: £10.7m

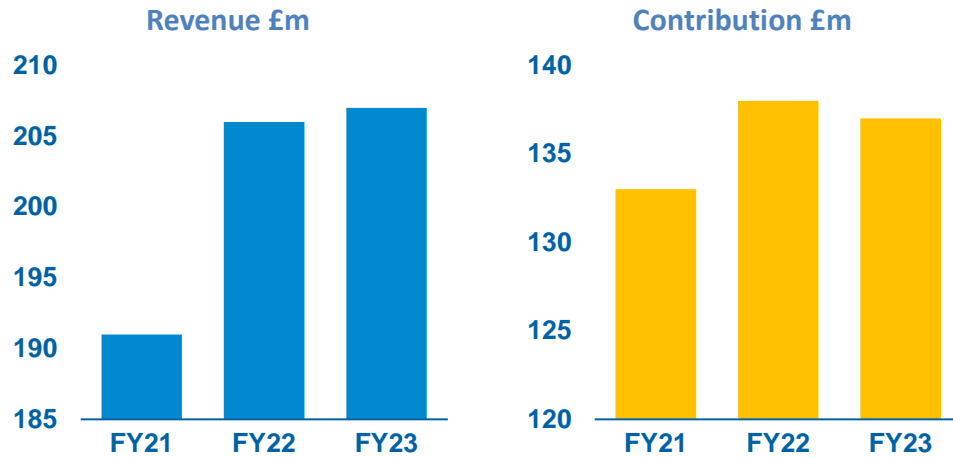
EPS levels maintained on a like-for-like basis



- Final dividend of 0.38p recommended bringing total dividend for year to 0.56p, an increase of 4%
- Dividend cover of 2.3x

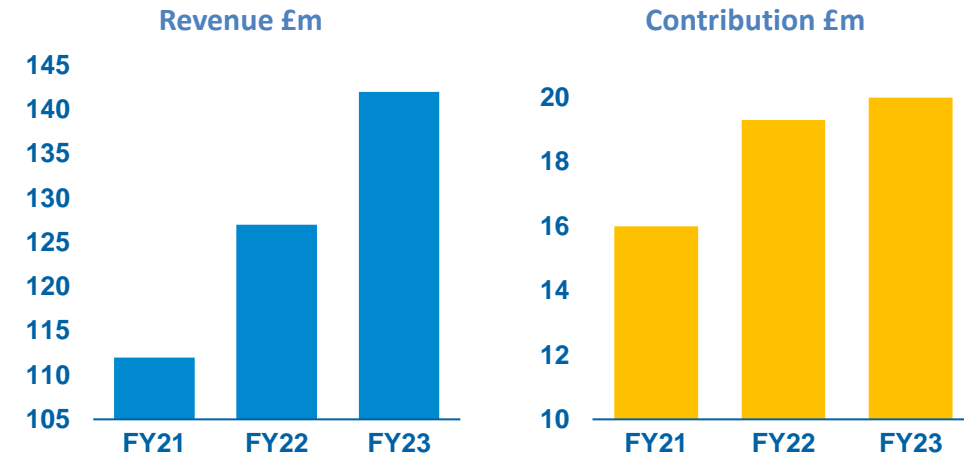
Historical segments / FY 23

Rental – steady growth, contribution impacted by mix



- Steady 1% growth in a challenging market
- Expanded low-cost builders merchant network to 89 (Dec 22: 63). Like-for-like¹ revenue up 21%.
- Utilisation 1ppt lower at 56% due to demand softness in certain customer segments. Targeted fleet investment of £31m to support growth opportunities.
- Rental contribution margins down 1.2ppts due to increased ancillary revenue. Hire only contribution margins maintained year-on-year.

Services – double digit growth, contribution maintained

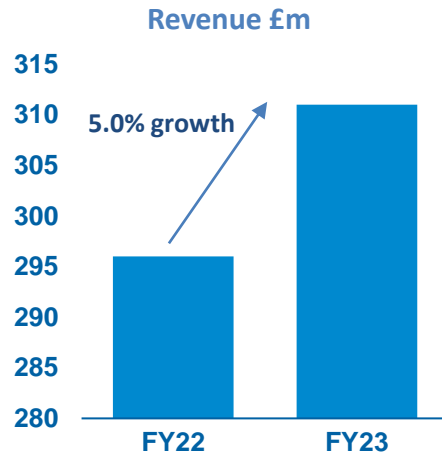


- Revenue growth of 12%, continued buyer demand for one-stop-shop
- Seller network increased by c30%
- Delivery of technology roadmap continuing to enhance buyer and seller experience
- Continued growth of Training vertical revenue 21% ahead of FY22, record contribution levels
- Services contribution margins impacted with mix skewed to larger customers

1. Same stores basis – locations open for comparable period in both FY23 and FY22

New segments / FY 23

ProService

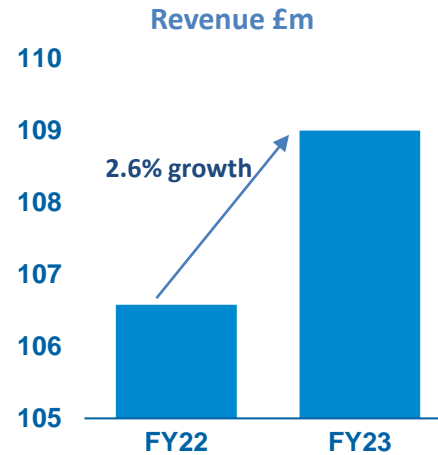


UK capital-light technology-led marketplace focussed on customer acquisition and conversion

Double-digit Services growth driving performance

Strategic investment to drive future marketplace growth

Operations (excl Power)

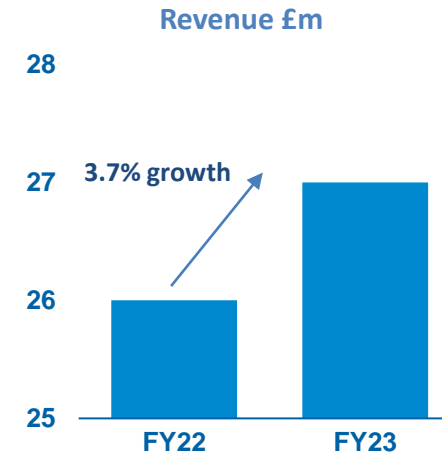


Asset owning UK businesses focussed on fulfilment, service and safety

Solid Rental growth, slowdown in H2 due to mild weather impacting seasonal performance and demand softness across certain buyer segments

Operational efficiencies offsetting inflationary pressures

Ireland



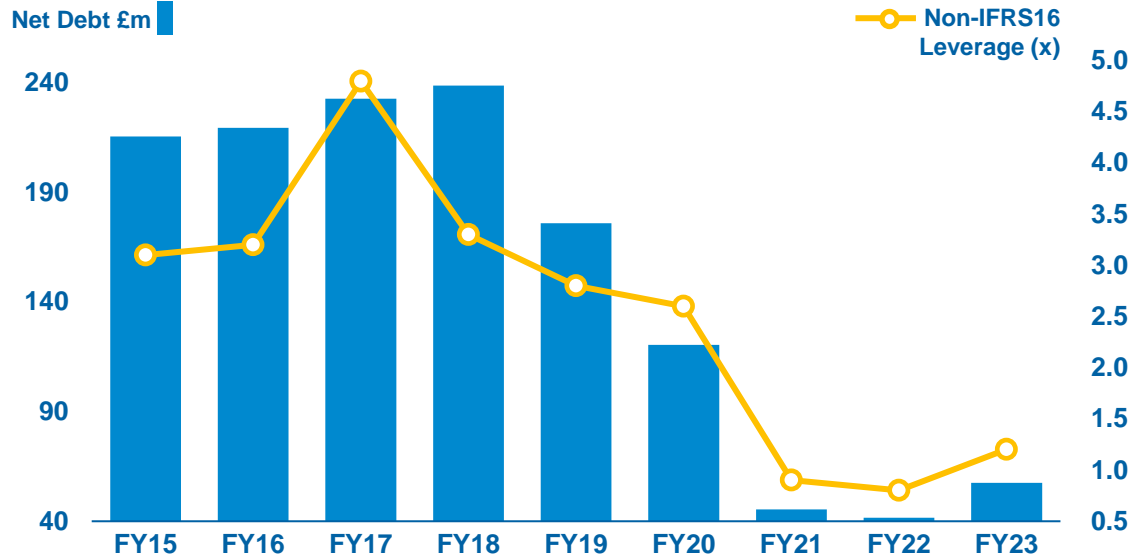
Sales and Operations in Republic of Ireland

Leading proposition enabling continued growth in growing buyer segments such as data centres and pharma

Targeted fleet investment to support larger projects and improve margins

Strong balance sheet, positive underlying cash generation

Strong Balance Sheet



Underlying positive cash conversion

£m

EBITDA excluding strategic investment

Cash conversion ¹

Operating cashflow pre-exceptional items / strategic investment

Cashflow pre-exceptional items / strategic investment

FY 23

FY 22

70.2

72.4

102%

106%

71.4

76.7

7.1

9.5

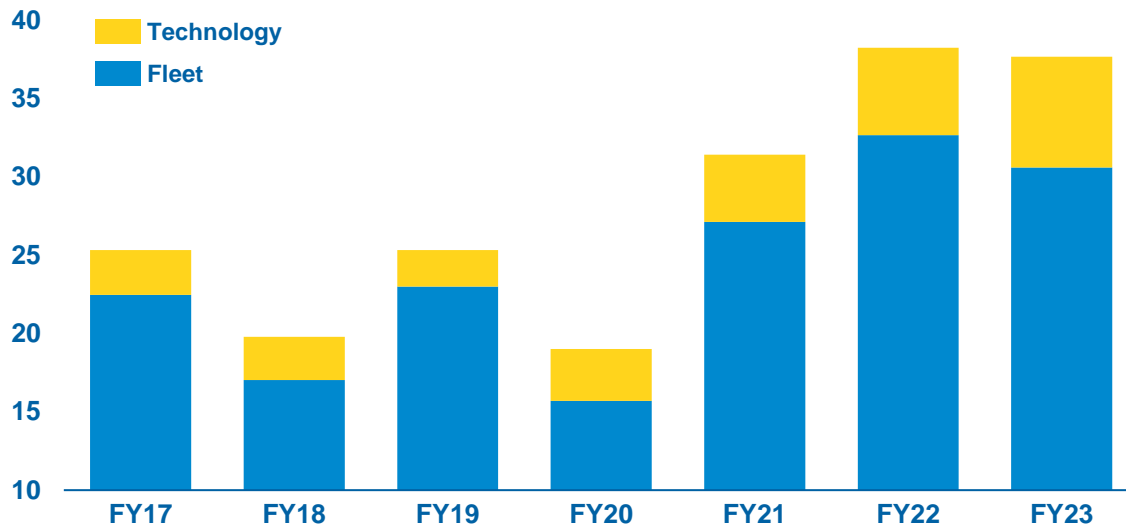
- Non-IFRS16 leverage at 1.2x, within medium term target range of 1.0x-1.5x. Balance sheet strength enabling strategic investment.
- Effective working capital management and targeted fleet investment delivering underlying cash conversion despite interest rate headwinds
- Material liquidity headroom of £57m, improved by a further £20m post sale of Power Generator businesses – firepower to support ongoing Marketplace strategy

1. Operating cash inflow pre-exceptional items and strategic investment as a percentage of Adjusted EBITDA excluding strategic investment

Industry leading returns, investing for future growth

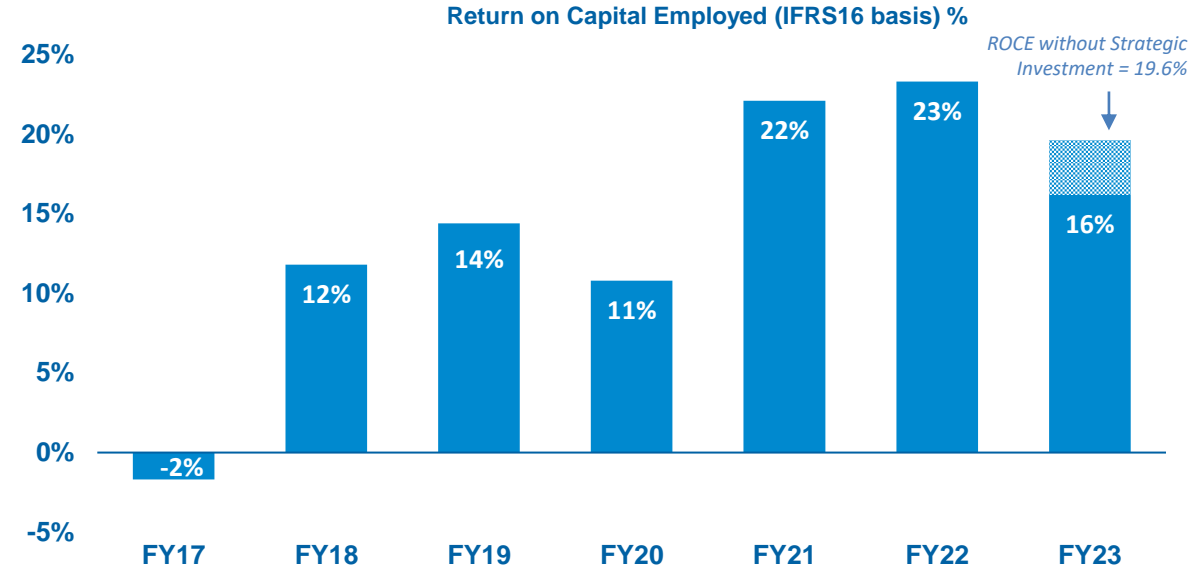
Targeted investment for future growth

Fleet and IT capex £m



- Continued technology investment including £4.3m in Brenda platform (ongoing run-rate c£3m) and £1.3m to acquire the full IP of the underpinning code
- Fleet investment focussed on growth opportunities, leveraging insight tools; FY23 includes around £3m relating to divested Power business
- FY24 capex guidance £26-£29m

Operating model delivering consistently high returns



- Continue to deliver strong returns ahead of cost of capital, supported by capital-light marketplace growth
- FY23 ROCE impacted by strategic investment
- Group's target remains to be greater than 20%



FY23 Strategy Update

STEVE ASHMORE

CHIEF EXECUTIVE OFFICER



Organisational simplification has created clear focus for our two divisions

HSS Hire Group plc 2018

HSS Hire



General tool and site equipment hire

HSS OneCall



Rehire business

HSS Training

Training business

UK Platforms
POWERED ACCESS



Specialist high-level powered access, sold 2019

LAOIS HIRE
PLANT & TOOL



Specialist plant business Ireland, sold 2021

All Seasons Hire
HEATING & COOLING SPECIALISTS



Specialist HVAC business, sold 2021

ABIRD/APEX
POWER SOLUTIONS



Specialist power generation business, sold March 2024

All four businesses sold with ongoing commercial agreements to supply HSS, becoming key partners to us and maintaining the ProService customer proposition

All since divested

HSS Hire Group plc May 2024

HSS ProService



Digital marketplace business focussed on customer and supplier acquisition. Technology driven, scalable and uniquely differentiated. Wide range of building services, including hire, resale, materials, training and more.

HSS Operations



Fulfilment business, focussed on service delivery, health & safety and quality, with comprehensive coverage across a wide range of tools, low-level powered access and site equipment

Clear strategy in place for each business

HSS ProService

Vision

To become the leading marketplace for building services

1

Drive self-service adoption

- Promote to all buyers
- Drive platform engagement
- Streamline all sales channels

2

Expand our buyer and seller networks

- Deepen and broaden seller base
- Enhanced supplier accreditation
- Buyer acquisition activity

3

Enhance our proposition

- New product verticals
- Technology enhancement
- ESG activation

Key KPIs



24% digital usage



Sellers c950



76% enquiry conversion

HSS Operations

Vision

To become the most efficient, high-quality rental operator in the UK&I

1

Focus on customer service

- On time, in full, delivery & collection
- Equipment standards
- Truly paperless

2

Lead with ESG

- Health & safety focus
- ESG leadership
- Net Zero 2040

3

Optimise our network

- Builders merchant expansion
- Distribution optimisation
- Utilisation improvement

Key KPIs



99% delivery performance



0.06 RIDDOR rate



56% utilisation

ProService: Largest building services marketplace in Europe



Key routes for buyers and sellers to interact



c900 colleagues
using HSS ProPOS

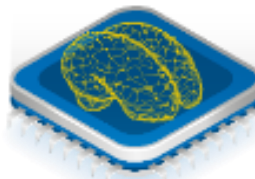


hss.com
website and App

Marketplace Platform



Seller Interface



Underpinned by
Brenda Technology

Differentiated marketplace platform

The screenshot displays the HSS ProService marketplace dashboard for a user named Dani. The interface includes a top navigation bar with the HSS ProService logo and user account information. The main content area features a grid of navigation tiles for 'New booking', 'All bookings', 'Invoices', 'Help centre', 'My lists', 'My favourites', 'Agreed rate', and 'Previous hired'. Below this is a section titled 'Our Marketplace' with a descriptive text and three product categories: 'Hire', 'Equipment sales', and 'Building materials'. At the bottom, there is a banner for 'Search our extensive heating product catalogue' featuring a yellow heating unit. On the right side, there is a 'Latest notifications' section with messages about help center visits and favorites, and a 'What's coming next' section with four featured cards: 'Total user management', 'Total fuel integration', 'Total commercial insight', and 'Total ESG visibility'.

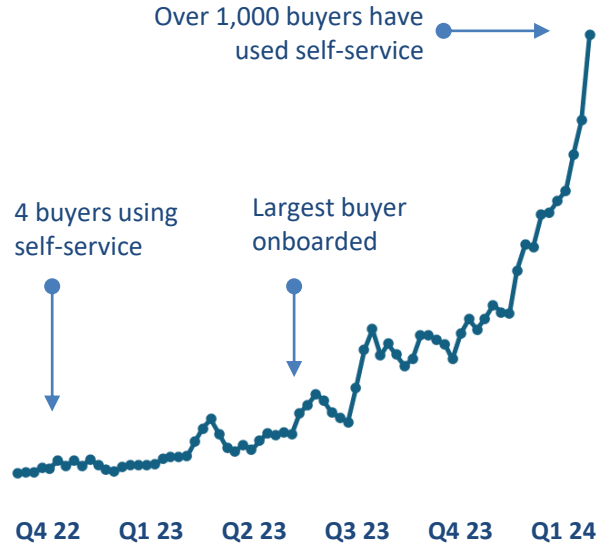
Strong buyer demand, evidenced by consistently outperforming Services revenue +12%

ProService: Building a market-leading proposition



1 Drive Self-Service Adoption

Self-Service Contracts Raised Per Week Continuing to Grow



Over 1,000 buyers have now registered with our marketplace and self-served



Buyers using self-service are growing at c30% y-o-y

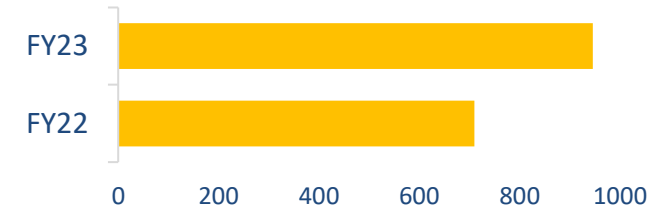


>24% of contracts raised on digital channels*

*Digital channels include Self-Service, hss.com and other digitally-originated contracts e.g. LiveChat

2 Expand our network

c950 Supply Chain Partners, Continuing to Build



- Rehire
- Training
- Equipment & consumables
- Building materials

3 Enhance our proposition

Launched Building Materials and Resale Products on our Marketplace



30,000 product SKUs



Regularly £150k sales per week



Launching on Marketplace in FY24: training, fuel, waste...

Operations: Striving to be the best rental operator in our industry



1 Focus On Customer Service

Bar-coding Our Fleet

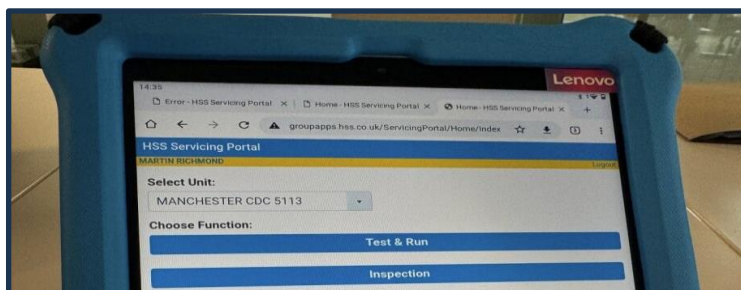


User Info
(ESG / H&S)

Paperless
Business

Stock
Accuracy

Rolling Out Digital Service Portal



Equipment
Quality

Delivery
Performance

Customer
Time-Windows

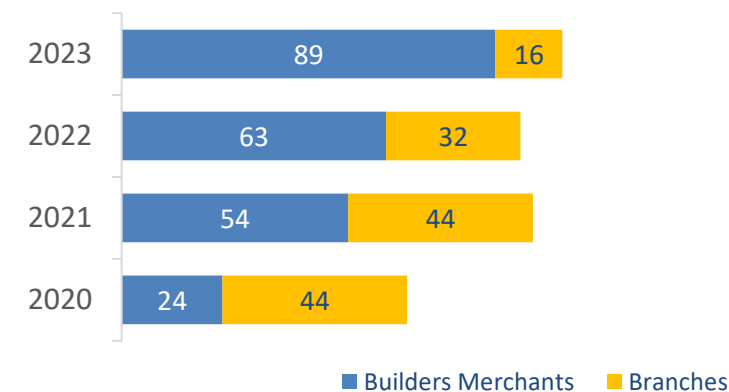
2 Lead With ESG



- Continue rolling out electric vehicles to increase low-carbon deliveries
- All electricity across our network of sites is now renewable
- Satalia route optimisation continues to deliver vehicle efficiency, reducing our carbon footprint

3 Optimise Our Network

UK Branch Network Evolution To Lower Cost, Variable Cost Merchant Locations



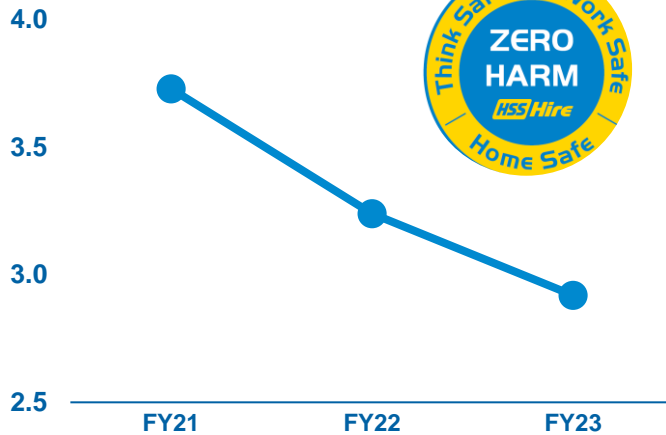
Like-for-like Same-store Growth



ESG is engrained in our business

Keeping colleagues safe, ongoing reduction in accidents

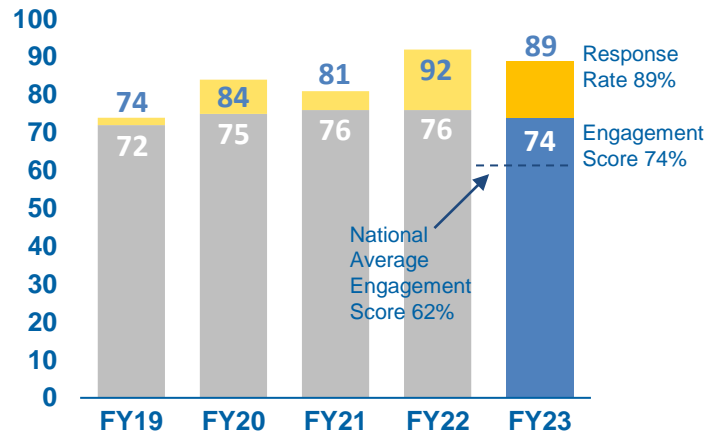
All Injury Frequency Rate¹



- Targeting zero harm
- Continue to focus on near-miss reporting and safety observations
- Earn As You Learn training programme
 - 26 new e-learning modules this year
 - 897 face-to-face training courses completed

Colleague engagement consistently high and above national average

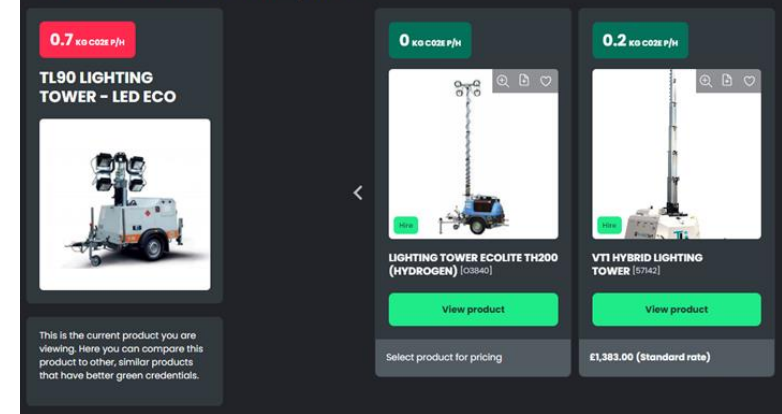
Engagement Survey²



- Launched new benefits scheme for colleagues: MyDiscounts
- Newly formed ED&I steering group has driven important diversity and inclusion activities
- Numerous mental health colleague initiatives
- This year we committed to the Government's Disability Confident scheme

Ongoing improvement in reporting and accreditation

Greener alternatives for this product



- Launched “Greener Alternatives” marketplace functionality
- Working with supply chain on ESG accreditation, together with customers on ESG reporting
- Recognised through accreditations, e.g.
 - Awarded the EcoVadis Gold medal (top 5% of companies in our sector)
 - Achieved ISO27001 Cyber Security accreditation
- Read more in our ESG Impact Report: www.hsshiregroup.com/sustainability/reports/





FY23 Summary

STEVE ASHMORE

CHIEF EXECUTIVE OFFICER

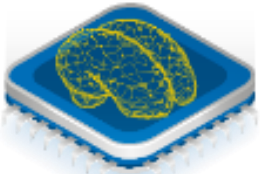


Summary



Resilient trading performance

- Revenue growth ahead of the market
- Second highest PBT, delivered despite market headwinds
- Strong balance sheet, positive underlying cash generation



Continued strategic progress

- Self-service uptake accelerating ahead of expectation
- Low-cost builders merchant network growing strongly
- ESG strategy progressing well, reflected by awards



Challenging market, signs of recovery

- H2 market slowdown, but positive sentiment now emerging
- Marketplace model offers resilience; double-digit Services growth
- Underpinned by low-cost operating model



Great shape to capitalise on market recovery

- Organisational simplification provides clear focus
- Delivering strategic initiatives, ESG engrained
- Well-positioned for market recovery



FY23 Results

Q&A

MAY 2024





FY23 Results

APPENDICES

MAY 2024



Balance sheet

As at 30 December / 31 December

£m	FY 23	FY 22
Intangible assets	153.0	147.9
PPE	93.2	87.8
Right of use assets	51.8	51.8
Deferred tax asset	2.0	7.5
Net current assets / (liabilities) ¹	7.8	(2.5)
Other net liabilities ²	(13.9)	(17.2)
Net debt (excl accrued interest) ³	(55.9)	(39.6)
IFRS16 liabilities	(54.1)	(52.7)
Accrued interest	(0.7)	(0.5)
Net assets	183.2	182.5

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. Other net liabilities includes non-current provisions and deferred tax liabilities
3. 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 and cashflow

Strong Balance Sheet

As at 30 December / 31 December

£m	FY 23	FY 22
Cash	31.9	47.7
Hire purchase arrangements	(18.7)	(18.7)
Senior Finance Facility ¹	(70.0)	(70.0)
Accrued interest	(0.7)	(0.5)
Net debt (excl IFRS16)	(57.5)	(41.5)
IFRS16 liabilities	(54.1)	(52.7)
Reported net debt	(111.6)	(94.3)

- Reflects third-party borrowings
- Senior Finance Facility at SONIA +2.75-3.50%
- Leverage:
 - Non-IFRS 16 basis 1.2x (FY22: 0.8x)
 - IFRS16 basis 1.7x (FY22: 1.3x)

Cashflow

£m	FY 23	FY 22
Operating cashflow pre-exceptional items / strategic investment	71.4	76.7
Capex	(31.1)	(36.4)
Interest paid	(9.6)	(6.8)
Tax paid	(1.2)	(2.2)
Lease and hire purchase payments	(22.4)	(21.8)
Cashflow pre-exceptional items / strategic investment	7.1	9.5
Exceptional / non-recurring items ¹	(12.6)	(3.3)
Strategic investment ²	(6.4)	(0.8)
Dividends	(3.9)	(1.2)
IFRS16 liability movement	(1.4)	6.4
Movement in net debt	(17.2)	10.6

1. Includes payments under onerous contract, FY22 exceptional costs paid in Q123 and payments under non-recurring ESA
2. Strategic operating expenditure £5.1m (FY22: £0.8m) and acquisition of residual balance of Brenda source code IP (£1.3m)

HSS Hire Group plc

MANY THANKS

MAY 2024

HSS Hire
You're better equipped.®