

RNS Number : 7894T
CIP Merchant Capital Ltd
29 March 2021

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CIP MERCHANT CAPITAL LIMITED

("CIP" or the "Company")

Investment in HSS Hire Group plc

CIP is pleased to announce its investment in HSS Hire Group plc (AIM:HSS) ("HSS"), a market leader in equipment hire in the UK and Ireland, quoted on AIM. The Company has acquired, in aggregate, 25,000,000 ordinary shares in HSS, representing approximately 3.6 per cent. of HSS's existing issued share capital, for a total consideration of approximately £3.9 million.

For its financial year ended 28 December 2019, HSS achieved revenue of £328.0 million, a gross profit of £178.3 million, an operating profit of £16.8 million and a net profit of £8.7 million. For its half year ended 27 June 2020, HSS reported revenue of £125.8 million (IFRS 16 basis), a gross profit of £62.2 million, an operating loss of £0.7 million and a loss before tax of £12.9 million, with such results having been adversely impacted by the COVID-19 pandemic and the government's subsequent lockdown measures which largely halted business operations during March and April 2020. As at 27 June 2020, HSS had net assets of £67.1 million.

The CIP Board notes the strong track record of the leadership team at HSS, which it believes took appropriate and decisive action in response to the COVID-19 outbreak thereby enabling HSS to navigate the complexities of the first half of 2020. The CIP Board further believes that the financial resources of HSS augmented by the significant capital raise completed at the end of 2020 and the implementation of a new operating model puts HSS in a position of strength vis-à-vis a very fragmented market with strong consumer demand, which is expected to increase further in the UK economy's recovery phase. For these reasons, whilst it is noted that HSS operates outside of the core target investment sectors stated within the Company's investing policy, HSS nevertheless meets a number of the Company's other key investment criteria in line with its investing policy and in the CIP Board's view represents a strong opportunity to create shareholder value in line with its strategic objectives.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European (Withdrawal) Act 2018.

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