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BSS Group PLC  
12 February 2009

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### **The BSS Group plc Interim Management Statement**

The BSS Group plc ('the Group' or 'BSS'), a market leading distributor to specialist trade issuing its interim management statement for the first 18 weeks of the second half of the year relating to the period 1 October 2008 to 31 January 2009.

Despite challenging trading conditions, revenue in the period has held up well and remains Total revenue for the 18 weeks of £437.2m was 4.4% up on last year on an equivalent working day basis. Like for like revenue, excluding the impact of new branches and acquisitions was last year (against 3.3% like for like growth in the six months to 30 September 2008).

The Industrial Division continues to deliver a solid trading performance with like for like growth revenue in the period of 2.8%. The rate of growth, in part, being impacted by deflation on oil and steel prices.

At this stage the outlook remains positive for the Industrial Division. New contracts have been secured, the competitive position has been enhanced through investment in stock and infrastructure and many of our customers continue to have full order books. We expect a slow down in private sector non residential new build business later in 2009 but public sector core repairs and maintenance ('R & M') activity is anticipated to remain resilient. The Division continues to diversify and new growth opportunities are being pursued.

The Domestic Division has shown a resilient performance in the period, despite the economic slowdown and a tightening in the R & M market. Total revenue including new branches on last year on an equivalent working day basis with like for like revenue 1.1% down on

The Domestic Division has grown its share of the R & M market through tactical trading steady contract performance, a focus on customer service and the ability to win more business from existing customers plus the positive impact of new branch openings (14 opened in the period, 25 opened year to date). New branches continue to deliver in line with our expectations and continue to provide good returns.

The core business remains robust in an extremely competitive market. Parts sales have

double digit growth as consumers have sought to repair as opposed to replace existing heating systems.

F & P Wholesale has maintained momentum in the second half. The service offer remains to independent merchants in an environment of reduced credit availability.

Revenue in the Specialist Division was 8.6% up on last year on an equivalent trading day. Excluding Birchwood Products, acquired on 1 March 2008, like for like revenue was 1.7% last year.

The Buck & Hickman ('B & H') proposition supports large end users with their general maintenance repair and overhaul procurement requirements and is geared to meet their needs in a 'cut down' environment. In the current economic environment, B & H has an attractive proposition. Sales have remained stable despite a number of customers cutting back production activities.

The trading and operating systems of B & H were successfully replaced in November 2008. The third stage of the plan to develop and grow the customer base of B & H has commenced.

With effect from 1 April 2009, Birchwood Products and Price Tools are to be merged to form one entity: Birchwood Price Tools. This business will provide a national sales coverage wholesale product offer that will include power tools, hand tools, personal protective equipment, own brand work wear, security, temporary lighting and heating products. The combined business will provide a stronger proposition to customers and greater geographic coverage at less cost.

The outlook for the Group will be more challenging in 2009 but BSS is positioned to trade in a recessionary market. The core business is primarily focused on the R & M market and a significant proportion of revenue is generated from long term contracts. Management will take action to reduce the cost base with year end headcount expected to be 5% below previous year excluding new branches.

The Group's financial position remains strong, net debt to EBITDA at 30 September 2008 3.5 times, and there have been no material events or transactions affecting the Group in the period.

The Board presently expects the financial position of the Group to strengthen in the current year with profits to be in line with last year.

For further enquiries please contact:

The BSS Group plc  
Ltd  
Gavin Slark, Group Chief Executive  
Roddy Murray, Group Finance Director  
T: 0116 - 256 7038

Hogarth  
Andrew J  
Rachel H  
T: 0207