London, 26 August 2015

Hero Acquisitions Limited

Half year results for the 26 week period ended 27 June 2015

Hero Acquisitions Limited ("Hero Acquisitions" or the "Group"), a wholly owned subsidiary of HSS Hire Group plc, today announces results for the 26 week period ended 27 June 2015.

Financial Highlights for Hero Acquisitions

- Group revenue up 12.1% to £146.4m (H1 14: £130.6m), with organic growth of 10.6%
- Adjusted EBITDA (1) flat at £29.0m (H1 14: £28.9m), due to new branch start-up costs
- Loss before tax of £15.7m (H1 14: £8.9m loss); increase in subordinated intercompany debt has increased financing costs

Trading and Operational Highlights for Hero Acquisitions

- Continued to grow market share against ongoing variable market backdrop
- Local branch rollout continues: 27 new branches opened in H1 15 (H1 14: 8 branches)
- Growth in Key Accounts in line with estimated overall market growth rates of low to mid-single digits
- Strong growth in Specialist businesses, supplemented by acquisition of All Seasons Hire
- Hire fleet utilisation further increased as targeted fleet investment continues – Last Twelve Months to end H1 15: 48% and 73% for the Core and Specialist businesses respectively (LTM to end H1 14: 46% and 69% respectively)

Current Trading and Outlook

- Expect to continue growing market share through H2, despite variable market conditions – while July was in line with management expectations, trading has been softer in August
- 2015 revenue growth (full year) is now expected to be in the range 8 – 11% and earnings for the full year now expected to be below current market expectations
- Strategic progress continues, driving market share gains:
    - 39 new local branches opened year-to-date, on track to reach 50 in FY15, 14 already in progress for FY16
    - Healthy pipeline of Key Account opportunities
    - Specialist businesses continue to grow strongly
- Plans to open a new National Distribution Centre in H1 2016 providing local branch fulfilment are well developed. This will step change our distribution network and drive further improvements in customer availability also allowing us to leverage our e-commerce platform more effectively
- Existing hub and spoke distribution network will focus exclusively on customer delivery and collection, further enhancing our service proposition
- Rebase of cost structure to reduce operational gearing, targeting cost savings of between £8m and £12m in FY16 and £1.5m and £3m in Q4 15
- Capex investment will be below FY14, matched to expected customer demand
- Assessing further cost saving opportunities through refinancing in 2016

Explanatory Notes:

1) Adjusted EBITDA defined as Operating profit with depreciation, amortisation and exceptional costs added back (exceptional costs include: restructuring, IPO and acquisition costs)

Commenting on the half year results and trading outlook, Chris Davies, Chief Executive Officer of HSS Hire Group plc, the parent company of Hero Acquisitions commented:

"Our results for the first half of 2015 are in line with our update at the end of June, with revenue growth of 12% and further gains in market share. However, as others have reported, trading continues to be unpredictable, and after a reasonable July, we have seen softer market conditions in August. This is obviously disappointing. As a result we are cautious on the outlook for the balance of the year and now expect full year earnings to be below current market expectations.

"Notwithstanding this, we are confident that our strategy is continuing to underpin our market share progress. We are seeing strong growth in the specialist businesses as a result of our investment. We are building our Key Accounts pipeline and our roll-out of local branches is progressing to plan with 50 openings this year.

"We are making good progress in our plans to open a new National Distribution Centre in H1 2016, which will further increase availability for customers. This will also enable us to fully exploit our market-leading online proposition. Furthermore, this development will allow our existing hub and spoke network to concentrate exclusively on customer deliveries and collections, enhancing service levels. It will also contribute to the rebasing of costs in the range of £8m and £12m in 2016 with between £1.5m and £3m being delivered in Q4 2015. Despite the softer August we remain confident in the medium and long term growth prospects for the business."

Progress against strategy

The group delivered revenue growth through H1 15 despite softer market conditions and has continued to make good progress against the three strategic priorities detailed in its 2014 Report of the Year:

New local branches	• 27 new local branches opened during H1 2015 • 12 opened since 27 June 2015, taking the total YTD to 39 • 11 more branches are approved and in progress in FY15 • On track to deliver targeted 50 openings during balance of FY15 • 14 local branches approved for FY16
Growing share of Key Account customer wallet	• 4.7% growth in Key Accounts • £1.0m growth in existing Key Accounts in H1 2015 • £1.0m of revenue from new Key Accounts in H1 2015
Bolt-on acquisitions	• Acquisition and integration of All Seasons Hire well progressed • UK Platforms and ABird /Apex Generators demonstrating strong organic growth (14.4% and 28.1% respectively)[1]

<u>*Notes*</u>

1) *Organic growth only. Revenue from Apex Generators in Q1 2015 is excluded as Apex Generators was not owned by the business during Q1 2014.*

Outlook

Recovery and activity levels in the repair, maintenance and improvement ("RMI") and housing markets have continued to be slower and more erratic than predicted by most commentators and this has continued into Q3 15, with customer demand more variable than we would traditionally expect at this time of year.

While the Directors have seen more reasonable revenue growth in July, there is some softening during August across a variety of sectors and customers. This variability period on period and week on week is making it more challenging to predict the out-turn for the year. Against this backdrop, we now expect revenue and earnings for the full year will be below current market expectations.

As a result, the Directors have examined current strategy and progress against plan. Whilst revenue growth has been lower than planned during H1 15, there are encouraging signs that the Group's strategy is resonating well with its customers and underpinning further market share gains. In particular, the Directors have considered the Group's performance against the following operational metrics which are provided today to help illustrate the progress being made:

Local branches: Average contracts raised / day	• Local branches opened in 2013 and 2014 are trending toward the level of contracts per day (10-12) typically raised by a 'mature' store – in line with expectations • Local branches opened in 2015 have also shown strong growth from opening, with the performance of the group as a whole only diluted by the costs of the ongoing branch opening programme
Customer feedback: NPS score	• Latest score of 33[1] is in line with the TNS UK Benchmark Top Third[2] • Continue to achieve scores ahead of competitors[3] and TNS UK Benchmark[4] • Surveys undertaken by TNS

Notes

1) *Based on 858 interviews conducted in May – June 2015*
2) *Represents the average NPS score of the top third of businesses surveyed by TNS calculated in the period between 2009 and 2012*
3) *HSS defined group of competitors in the UK tool and equipment rental market. Weighted average score calculated in the Oct/Nov 2014 analysis performed by TNS*
4) *Represents the average NPS score amongst B2B service companies in the UK calculated by TNS (based on 25,000 business customer interviews in the UK across Industry Products and Services between 2009 and 2012*

The performance evident in these metrics together with the growth of the Specialist businesses and Key Accounts give the Directors confidence in the Group's strategy for the medium and long term growth of the business.

The Directors continue to make good progress with plans to evolve the Group's distribution network which will also contribute to the rebasing of the Group's cost base. The Directors are targeting gross cost savings of between £1.5m and £3.0m in Q4 FY15 and between £8.0m and £12.0m in 2016. The planned evolution of the distribution network will deliver further improvements in availability for same day and next day pick up ranges in the local branches, further enhancing service levels for customers and enable the existing hub and spoke distribution network to focus exclusively on customer delivery and collection.

The Group intends to report on its progress against these initiatives in November, when it gives its next quarterly results update.

Update call for holders of the Senior Secured Notes

As required by the reporting obligations for the Senior Secured Notes, a conference call discussing the results of Hero Acquisitions Limited (a wholly owned subsidiary of HSS Hire Group plc) will be held for noteholders at 2.00 p.m. BST today.

This call will be hosted by the senior management team of HSS Hire Group plc, the parent company of Hero Acquisitions. Please dial in 5-10 minutes before the scheduled start time to register your attendance. Dial-in numbers for the call are as follows:

Participant dial in: +44 (0) 20 3427 0503
Participant password: HSS Hire

A presentation to accompany the call and the H1 report will be made available at
www.hsshiregroup.com/investor-relations/senior-secured-notes/

Further information

For further information please visit: www.hsshiregroup.com/investor-relations/senior-secured-notes/

Further enquiries:

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Notes to editors

Hero Acquisitions Limited, a wholly owned subsidiary of HSS Hire Group plc, provides tool and equipment hire and related services in the UK and Ireland through a nationwide network of over 300 locations. Focusing primarily on the maintain and operate segments of the market, over 90% of its revenues come from business customers. HSS Hire Group plc is listed on the Main Market of the London Stock Exchange, following its IPO in February 2015. For more information please see www.hsshiregroup.com.

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