



6 April 2016

Hero Acquisitions Limited

Audited Results for the 52 week period ended 26 December 2015

Hero Acquisitions Limited ("Hero Acquisitions" or the "Group"), a wholly owned subsidiary of HSS Hire Group plc, today announces results for the 52 week period ended 26 December 2015.

Financial Highlights for Hero Acquisitions

- FY15 results in line with revised expectations
- Revenue up 10% to £312.3m (2014: £284.6m), with organic growth of 8%
- Adjusted EBITA⁽¹⁾ of £20.2m (2014: £31.2m), reflecting incremental depreciation from significant fleet expansion through 2014 and 2015
- Reported operating profit of £12.0m (2014: £28.4m), reflecting incremental depreciation and exceptional costs

Trading and Operational Highlights for Hero Acquisitions

- Revenue growth of 10%, ahead of overall UK equipment rental market growth of 1.5% with further increase in market share
- Commenced setup of National Distribution and Engineering Centre ("NDEC") and opened 50 new local branches across the UK and Ireland
- Strong second half of year for existing and new Key Account customer wins leading to full year growth of 10.3% (4.7% at half year)
- All Seasons Hire, leading specialist HVAC rental business, acquired and integrated during the year. Continued investment in previous acquisitions helping drive ongoing growth in Specialist businesses
- Continued increase in last twelve month hire fleet utilisation in both Core and Specialist businesses; 48% and 76% respectively
- Gross cost savings of £2.4m achieved in Q4 15. Targeting annualised cost savings of £10m in 2016

Current Trading and Outlook

- Q1 16 revenue is ahead of Q1 15, with the more stable conditions experienced in Q4 15 continuing into early 2016
- New National Distribution and Engineering Centre opened within Q1 16, with phased roll out continuing over next six months, creating a step change in our distribution network and driving further improvement in customer availability
- We have put in place the foundations for further growth in 2016 and continue to refine our cost base and distribution network to optimise operating leverage
- While we remain watchful of broader economic headwinds, we will continue to invest carefully in the business, taking advantage of the short and medium-term growth opportunities, balancing investment decisions with borrowing requirements, returns and prevailing market conditions.

Explanatory Notes:

1) Adjusted EBITA defined as Operating profit with amortisation and exceptional costs added back

Commenting on the FY15 results and trading outlook, John Gill, Chief Executive Officer of HSS Hire Group plc, the parent company of Hero Acquisitions commented:

“In 2015, we invested in the growth and development of our local branch network and our specialist businesses. Whilst our customers’ end markets were more variable than expected, we delivered revenue growth of 10%.

“Profitability was lower than planned at the outset of the year. Following a slower than expected first half the Board and I reviewed our strategic objectives and concluded that, with some modifications, they continue to be the right ones to generate shareholder return through market share growth and operational and capital efficiency. As previously announced we have taken actions to rebase our costs and to build more flexibility into our operating model and strategy to enable us to respond more rapidly to changeable market conditions.

“We expect to see the full year benefit of the cost reduction programme implemented in H2 2015 delivered through 2016. We also expect to reduce our capital expenditure, following two strong years of fleet investment and the opening of our new National Distribution and Engineering Centre in H1 2016. Together with the cost reduction programme, we expect these actions to improve our cash generation and financial performance.”

Update call for holders of 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 3003 2666
Participant password: HSS Hire

A presentation to accompany the call and the FY15 Annual Report for Hero Acquisitions 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:

HSS Hire Group plc
(parent company of Hero Acquisitions Limited)
John Gill, Chief Executive Officer
Steve Trowbridge, Chief Financial Officer

Tel: 020 7638 9571 (on 6 April 2016)

Thereafter: 020 8260 3343

Citigate Dewe Rogerson
Kevin Smith
Nick Hayns

Tel: 020 7638 9571

Note 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. For more information please see www.hsshiregroup.com.