Hero Acquisitions Limited

(subsidiary of HSS Hire Group plc)

Q1 FY15 Results

May 2015

Agenda

- Chris Davies, CEO: Continued investment in growth
- Steve Trowbridge, CFO: Financial performance
- Chris Davies, CEO: Strategic progress
- Q&A

Continued investment in growth

- 15.3% revenue growth and 9.2% Adj. EBITDA[1] growth in Q1
- 13 new local branches opened in Q1, 7 to date in Q2
- £15.6m investment in hire fleet[2] (£10.0m core and £5.6m specialist)
- Core and specialist utilisation increased to 47% and 72% (from 46% and 69% LTM Q1 14)
- Successful acquisition of complementary specialist HVAC hire business, All Seasons Hire

[1] EBITDA stated before exceptional costs relating to restructuring and acquisition costs
[2] Fixed asset additions to materials and equipment held for hire

Income statement

13 weeks ended 28 March / 29 March

£m	2015	2014	Growth (%)	Organic (%)
Revenue	**72.5**	**62.9**	***15.3%***	***13.2%***
Adj. EBITDA[1]	**15.4**	**14.1**	***9.2%***	***5.4%***
Adj. EBITDA margin	*21.2%*	*22.4%*		
Exceptionals (non-finance)	(0.5)	(1.2)		
EBITDA	**14.9**	**12.9**	***15.5%***	***11.2%***
EBITDA margin	*20.6%*	*20.5%*		

- Continued revenue growth and EBITDA margin maintained alongside investment in local branch network

[1] Adjusted earnings stated before exceptional costs relating to restructuring and acquisition costs.

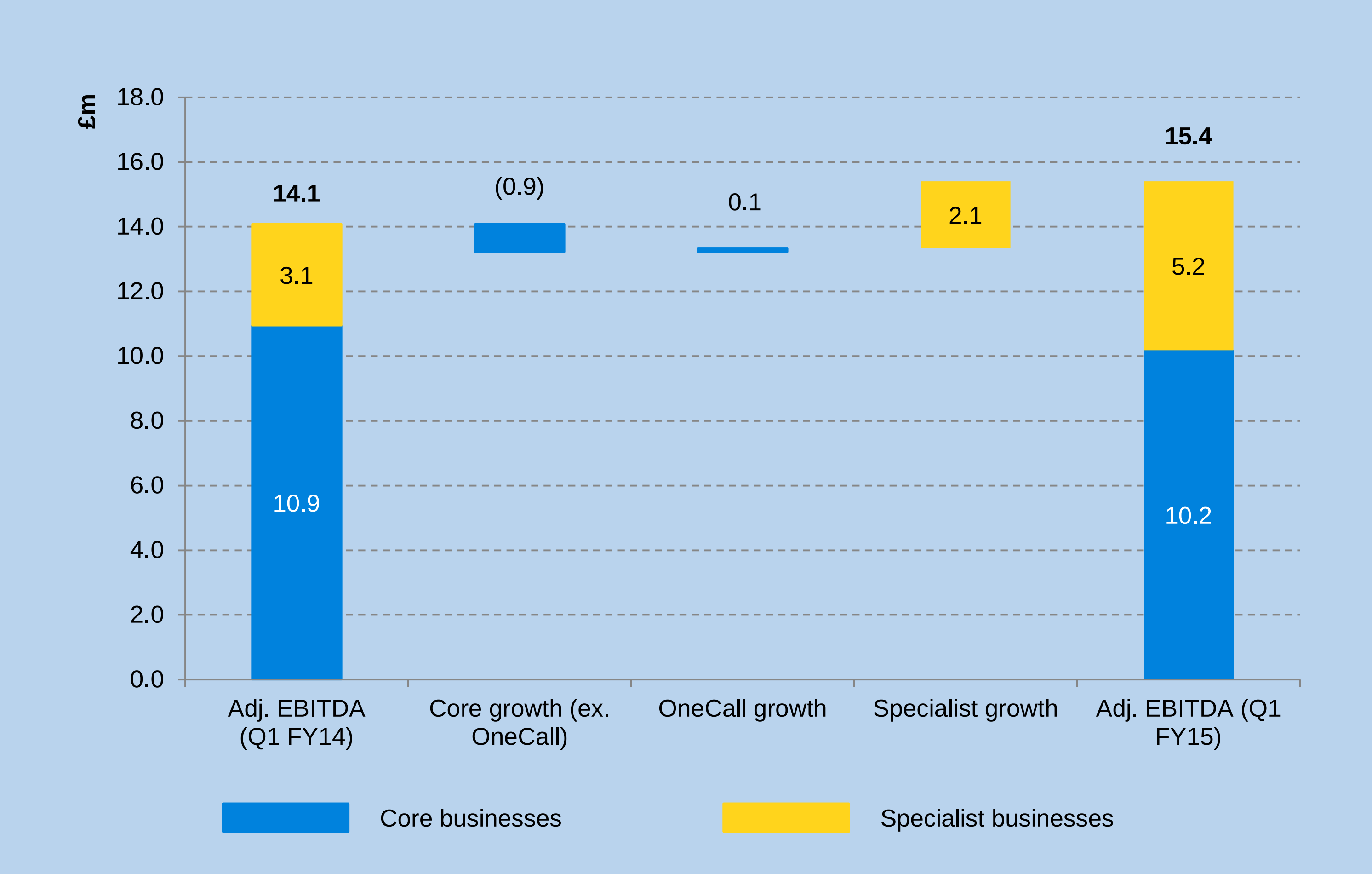
Segmental analysis

13 weeks ended 28 March / 29 March

£m	**2015**	**2014**	**Growth (%)**
Core businesses			
Revenue	62.7	55.8	*12.4%*
Adj. EBITDA	10.2	10.9	*(6.4)%*
Adj. EBITDA margin	*16.3%*	*19.5%*	
Specialist businesses			
Revenue	9.8	7.2	*36.1%*
Adj. EBITDA	5.2	3.1	*67.7%*
Adj. EBITDA margin	*53.1%*	*43.1%*	

- Core growth achieved in all geographies alongside cost investment in local branch rollout and process improvement initiative, the “HSS Way”
- Growth in OneCall and Training exceeded 20%
- Specialist growth achieved through targeted depot, fleet and sales team investment enabling us to service increased customer demand

Adj. EBITDA bridge



Adjusted PBT, reported PBT and reported PAT

13 weeks ended 28 March / 29 March

£m	2015	2014	Growth (%)
Adj. EBITDA	**15.4**	**14.1**	***9.2%***
Depreciation	(11.6)	(8.4)	*38.1%*
Amortisation	(0.3)	(0.3)	
Adj. Operating profit	**3.5**	**5.4**	***(35.2)%***
Net finance cost (pre exceptionals)[1]	(6.9)	(4.8)	
Adj. PBT	**(3.5)**	**0.6**	
Exceptionals (all)	(4.9)	(8.9)	
Reported PBT	**(8.3)**	**(8.3)**	
Tax	(0.8)	(0.7)	
Reported PAT	**(9.1)**	**(9.0)**	

- Depreciation increase reflects investment in hire fleet and acquisitions
- Net finance cost increase reflects changes in capital structure (SSN and post IPO funds flow) and increase in intercompany interest

[1] *Pre exceptional finance costs which principally relate to costs related to the restructure of the group's debt during the period*

Cash flow

13 weeks ended 28 March / 29 March

£m	2015	2014
Operating cashflow ("OCF")[1]	**(2.6)**	**4.7**
Less: Capex[2]	(15.7)	(11.3)
OCF less Capex	**(18.3)**	**(6.6)**
Less: Tax	-	(0.7)
Net cash flow before financing	**(18.3)**	**(7.3)**
Less: SSN redemption premium / Debt issue costs	(4.3)	(6.3)
Less: Net interest payable	(8.0)	(1.3)
Add: Net proceeds from borrowing	21.0	8.2
Net increase in cash	**(9.6)**	**(6.8)**

- Lower operating cashflow principally due to partial unwind of capex creditors in 2015
- Continued investment in hire and non hire fleet to support growth

Introduction
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Appendix

[1] Operating profit before depreciation and amortisation but after exceptionals and the net movement in working capital. See appendix C
[2] Capex includes purchase of hire equipment, non hire property, plant and equipment and software and acquisitions of subsidiaries

Balance sheet

As at 28 March / 29 March

£m	**2015**	**2014**
Intangible assets	142.1	135.3
Tangible assets	154.5	107.2
Deferred tax asset	2.5	-
Working capital[1]	20.3	22.2
Other net liabilities	(9.3)	(8.8)
Net debt[2]	(361.4)	(280.9)
Net liabilities	**(51.3)**	**(25.0)**

- Growth in intangible assets principally due to Apex acquisition (Q2 FY14)
- Working capital balance slightly lower reflecting partial offset of growth in capex related trade payables
- Increase in net debt reflects post IPO funds flow and increased amounts owed to group undertakings. Net third party debt reduced to £167.6m (2014: £214.2m)[2]

[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] Comprises cash and all debt principal and accrued interest balances, including those which would ordinarily be shown within current assets, current liabilities or non current liabilities. See appendix D

Strategic progress

Theme	Progress
Local branches rollout	▪ 13 local branches opened during Q1 ▪ 7 more opened YTD, remain on track for guidance of one per week
Growing share of customer wallet (Key accounts)	▪ Customer wins across UK ▪ Building pipeline for H2
Complementary / value accretive bolt on acquisitions	▪ Acquired specialist HVAC hire business All Seasons Hire in May 2015 ▪ Strengthens position as one of the major UK HVAC rental companies

Q&A

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Appendices

May 2015

Appendix A
Group structure

- This appendix provides the reader with an overview of the group structure between:
  - HSS Hire Group plc, the new holding company admitted to the London Stock Exchange (LSE) on 9 February 2015;
  - Hampshire Topco Limited, the previous top company in the group; and
  - Hero Acquisitions Limited, the consolidated level at which we present Q1 numbers in this document

HSS Hire Group plc
(listed on the LSE)

↓ 100%

Hampshire Topco Limited

↓ 100%

Hampshire Midco Limited

↓ 100%

Hampshire Bidco Limited

↓ 100%

Hero Acquisitions Limited

Appendix B
Hero Acquisitions Ltd vs HSS Hire Group plc

- Under the reporting obligations of our Senior Secured Notes issued in February 2014 we report Hero Acquisitions Limited group consolidated accounts on a quarterly basis
- The main differences between the two reporting levels are:
  - IPO and other advisory fees charged above the Hero Acquisitions group;
  - Higher intangibles and higher amortisation costs in the HSS Hire Group plc group, principally related to intangibles relating to the acquisition of the Hero Acquisitions group in 2012;
  - Lower net debt in HSS Hire Group plc group due to the netting down of intercompany debts; and
  - Differences in tax and interest resulting from the above differences

Appendix C
Operating cash flow

13 weeks ended 28 March / 29 March

£m	2015	2014
Operating profit	**2.9**	**4.2**
Depreciation & amortisation	11.9	8.7
Decrease in Inventories	0.2	0.1
Increase in Trade and other receivables	(1.2)	(2.7)
Decrease in Trade and other payables	(15.4)	(5.2)
Decrease in Provisions	(1.0)	(0.4)
Operating cash flow	**(2.6)**	**4.7**

Appendix D
Net debt calculations

As at 28 March / 29 March

£m	**2015**	**2014**
Cash	**2.3**	**2.2**
Bank overdraft	(6.1)	(6.1)
Senior Secured Notes[1]	(136.0)	(200.0)
RCF	(9.0)	-
Net amounts due to group undertakings	(193.8)	(66.8)
Finance leases	(17.4)	(8.3)
Accrued Interest	(1.4)	(1.9)
(Net debt) / Cash	**(361.4)**	**(280.9)**

- Reflects borrowings from all third parties and includes the amounts due to group undertakings

[1] *Shown gross of issue costs*

Appendix D (cont…)
Net third party debt calculations

As at 28 March / 29 March

£m	2015	2014
Cash	**2.3**	**2.2**
Bank overdraft	(6.1)	(6.1)
Senior Secured Notes[1]	(136.0)	(200.0)
RCF	(9.0)	-
Finance leases	(17.4)	(8.3)
Accrued Interest	(1.4)	(1.9)
(Net third party debt) / Cash	**(167.6)**	**(214.2)**

- Reflects net debt owed to un-related third parties
- Net third party debt therefore excludes the amounts due to group undertakings

[1] *Shown gross of issue costs*