

25 November 2015



Hero Acquisitions Limited
9M Trading Update for Hero Acquisitions Limited

Hero Acquisitions Limited (“Hero Acquisitions Limited” or the “Group”), a wholly owned subsidiary of HSS Hire Group plc, announces an update on its performance for the 39 week period ended 26 September 2015. Registration details for the noteholders’ call for Hero Acquisitions Limited can be found at the end of this announcement.

9 months Unaudited Financial Highlights for Hero Acquisitions Limited

- Revenue growth in line with guidance issued at interim results
- Revenue up 10.7% to £230.8m (9M 14: £208.5m), with organic growth of 9.3%; Q3 15: £84.4m
- Adjusted EBITDA ⁽²⁾ of £51.4m (9M 14: £51.7m) reflecting investment in new local branches, revenue mix and the first year of plc costs; Q3 15: £22.4m
- Adjusted EBITA ⁽³⁾ of £14.1m (9M 14: £23.7m), principally due to incremental depreciation from fleet investment through 9M 15; Q3 15: £9.6m
- Net debt of £210.4m at the end of 9M 15, reflecting ongoing settlement of hire fleet capex

Trading and Operational Highlights for Hero Acquisitions Limited

Trading for the 39 week period ended 26 September 2015 (“9M 15”) was in line with management expectations, with continued revenue growth in both the Core and Specialist businesses.

Group revenue was £230.8m, up 10.7% compared to 9M 14. Revenue in the Core businesses grew 8.2% to £196.6m (9M 14: £181.7m) reflecting strong growth in HSS OneCall and HSS Training together with a growing revenue contribution from the newly opened local branches. Revenue in the Specialist businesses increased 27.6% to £34.2m (9M 14: £26.8m) reflecting growth in the power and powered access businesses together with incremental revenue from the acquired business, All Seasons Hire. Utilisation was up one percentage point to 48% in the Core business (9M 14: 47%) and up five percentage points to 75% in the Specialist business (9M 14: 70%) as a result of volume led revenue growth.

New Key Account wins through H1 and into Q3 are helping to build our pipeline for the remainder of FY15 and into FY16. In addition, this morning the Group opened its 50th new local branch in 2015 in Loughborough.

Group Adjusted EBITDA was £51.4m, marginally lower than in 9M 14 (£51.7m), reflecting a number of factors including the investment in the rollout of local branches, revenue mix and the first year of plc costs. Group Adjusted EBITA was lower than in 9M 14 due to higher depreciation charges

following the investment in hire fleet to support revenue growth. In 2015 this investment has had a much greater bias to the first part of the year than is usual.

Current Trading for Hero Acquisitions Limited

After the variability seen in July and August, trading conditions were more stable in September and expectations for revenue growth for the 2015 financial year remain in line with the previous guidance of 8-11% ahead of 2014.

The market environment remains competitive, with evidence of more tender activity amongst larger corporates putting increasing pressure on pricing across the sector. Against this market backdrop, we are selectively tendering for work with a customer proposition focused on service and equipment availability. Our plans to open a new National Distribution Centre in H1 2016 to further enhance availability across our branch network support this proposition and will enable us to reduce our capital expenditure in 2016 in line with softer customer demand.

As planned, we have taken action to reduce our cost base through refining our branch organisational structure, honing our sales teams and reorganising our customer support call centre thereby driving efficiency through the business. As a result of actions to date it is expected that cost savings in Q4 15 will be in line with previous guidance.

We are trading comfortably within our debt facilities, benefiting from an increase in our committed revolving credit facility to £80m and an increase in our finance lease facilities, which together give an additional c. £31m of facility headroom.

Looking forward, and based on current market conditions, revenue growth in 2016 will be driven by the roll out of new local branches, a full year impact of All Seasons Hire, and our investment in the Specialist hire fleets together with modest underlying growth in the Core business. Whilst we will continue to open new local branches, we expect this to be at a slower rate than in FY15.

Explanatory Notes:

- 1) Adjusted EBITDA defined as Operating profit with depreciation, amortisation and exceptional costs added back.
- 2) Adjusted EBITA defined as Operating profit with amortisation and exceptional costs added back.

John Gill, Chief Executive Officer of Hero Acquisitions Limited's parent company HSS Hire Group plc, said:

“Our revenue growth for the 39 week period ended 26 September 2015 is in line with our expectations, but the trading environment remains very competitive. We have made significant progress in reducing our cost structure and in developing and growing our specialist businesses.

“As we approach the end of this year we are starting to see the benefits of this cost restructuring, with the full year effect to be realised through the 2016 financial year. The pipeline for the branch roll out next year is in place and we are also in the final stages of planning for the opening of our new National Distribution Centre in the first half of 2016, which will drive further efficiency into our

network and customer proposition. These focus areas are important building blocks for growth in the medium and long term and the Group will update on each of these with the full year results in April 2016.”

Hero Acquisitions Limited will announce its preliminary results for the 52 week period ended 26 December 2015 on 6 April 2016.

Update call for Hero Acquisitions Limited 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. To obtain dial-in details for the call, holders should contact Citigate Dewe Rogerson at HSS@citigatedr.co.uk. The accompanying presentation for the call will be made available at www.hsshiregroup.com/investor-relations/senior-secured-notes/

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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, following its IPO in February 2015. For more information please see www.hsshiregroup.com.