You're better equipped

Hero Acquisitions Limited
(subsidiary of HSS Hire Group plc)

April 2016

Agenda

- John Gill, CEO: Introduction
- Steve Trowbridge, CFO: FY15 Results
- John Gill, CEO: Strategy
- Q&A

Introduction

- Delivered results in line with reset market expectations
- More stable market conditions in Q4, after variability of Q2/Q3
- Gaining market share: 10% revenue growth against ERA estimate of 1.5% market growth[1]
- Reviewed strategy resulting in three strategic growth objectives:

1. **Optimise distribution and branch network**
2. **Win new, and deepen existing, customer relationships**
3. **Continued development and growth of our specialist businesses**

- Focus on improving operating margins and increasing operational and capital efficiency
- Market remains competitive amongst all customer groups; monitoring macroeconomic conditions

[1] *European Rental Association, Equipment rental Industry Report 2015*

Income statement (1)

52 weeks ended 26 December / 27 December

£m	2015	2014	Growth (%)	Organic (%)
Revenue	**312.3**	**284.6**	***9.7%***	***8.4%***
Adj. EBITDA[1]	70.9	71.1	*(0.3%)*	*(3.1%)*
Adj. EBITDA margin	*22.7%*	*25.0%*		
Depreciation	(50.7)	(39.9)		
Adj. EBITA[2]	**20.2**	**31.2**		
Adj. EBITA margin	*6.5%*	*11.0%*		

- Revenue growth of 9.7%, ahead of market growth rates
- Adjusted EBITDA flat year on year, lower margin reflects investment in strategic initiatives
- Higher depreciation due to demand led investment across 2014 and 2015, leading to lower Adjusted EBITA

[1] Adjusted earnings stated before exceptional costs relating to restructuring, IPO and acquisition costs. See appendix C
[2] Adjusted EBITDA less depreciation

Segmental analysis

52 weeks ended 26 December / 27 December

£m	**2015**	**2014**	**Growth (%)**
Core businesses			
Revenue	261.7	245.6	*6.6%*
Adj. EBITDA	45.5	51.2	*(11.1%)*
Adj. EBITDA margin	*17.4%*	*20.8%*	
Specialist businesses			
Revenue	50.6	39.0	*29.7%*
of which: UKP			*15.2%*
of which: ABird / Apex[1]			*21.6%*
Adj. EBITDA	25.4	19.9	*27.6%*
Adj. EBITDA margin	*50.2%*	*51.0%*	

[1] Organic growth excluding acquisition effects and any intercompany trading

- Volume-led revenue growth in Core business
- EBITDA decline due to revenue mix, first time inclusion of plc costs, and start-up losses in local branches
- Specialist businesses growth driven by significant fleet investment, geographic expansion, and acquisitions (Apex, All Seasons Hire)
- EBITDA growth driven by revenue performance, margins tempered by network expansion

Income statement (2)

52 weeks ended 26 December / 27 December

£m	2015	2014
Adj. EBITA	**20.2**	**31.2**
Amortisation	(2.5)	(1.4)
Net finance cost (pre exceptionals)[1]	(31.6)	(22.7)
Exceptionals (all)	(11.6)	(9.1)
Reported PBT	**(25.5)**	**(2.1)**
Tax	1.6	3.4
Reported PAT	**(23.9)**	**1.3**

- Amortisation increase driven by acquisitions and e-commerce investment
- Lower and cheaper net debt resulting in reduced finance costs
- Growth in exceptionals:
  - Finance (incl. £4.3m early redemption and £1.6m accelerated debt issue costs)
  - Non-finance (incl. £2.0m onerous leases, £1.8m expensed NDEC set-up costs and £1.5m restructuring)

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

Cash flow

52 weeks ended 26 December / 27 December

£m	2015	2014
Operating cashflow ("OCF")[1]	**55.6**	**55.6**
Less: Capex[2]	(88.6)	(60.6)
OCF less Capex	**(33.0)**	**(5.0)**
Less: Tax	1.1	(0.2)
Net cash flow before financing	**(31.8)**	**(5.3)**
Less: SSN redemption premium / Debt issue costs	(4.3)	(7.3)
Less: Net interest payable	(14.7)	(10.8)
Add: Net proceeds from borrowing / IPO	45.3	26.3
Net increase / (decrease) in cash	**(5.6)**	**3.0**

- Higher cash outflow reflects settlement of 2014 capex purchased on extended terms and much of the 2015 capex
- Tax receipt due in part to refund of previous payments on account
- Cash-flow funded through IPO proceeds together with RCF drawdown and new finance leases

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

Balance sheet

As at 26 December / 27 December

£m	2015	2014
Intangible assets	153.9	141.9
Tangible assets	183.2	147.2
Deferred tax asset	1.9	2.5
Net current assets / (liabilities)[1]	34.3	3.9
Other net liabilities	(9.2)	(6.1)
Net debt (ex. accrued interest)[2]	(426.4)	(298.9)
Accrued interest	(3.8)	(5.6)
Net liabilities	**(66.0)**	**(15.1)**

- Acquisition of All Seasons Hire increases intangible assets
- Growth in tangible assets reflects continued investment in hire fleet, property and other equipment
- Deferred tax asset (brought forward losses) partially utilised
- Movement in net current assets principally reflects continued growth in debtors
- Larger net debt balance reflects increase in subordinated amounts owed to group undertakings as a result of IPO funds flow

[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 balances, including those which would ordinarily be shown within current assets, current liabilities (excluding accrued interest) or non current liabilities. *See appendix E*

Taking our strategy forward

Taking our strategy forward

- Three strategic growth objectives:

  1. **Optimise our distribution and branch network**
  2. **Win new, and deepen existing, customer relationships**
  3. **Continued development and growth of our specialist businesses**

- Supported by three priority initiatives:

  A. **Rebasing our cost base to improve operating margins**

  B. **Improving operational efficiency and driving productivity**

  C. **Enhancing our capital efficiency**

Optimising our distribution and branch network (1)

- 50 new local branches opened across UK and Ireland
- Serving national, regional and local customers with a local, convenient presence
- Openings in a mixture of new and existing sub-divided larger markets
- FY13/14 cohorts performing ahead of maturity curve
- Despite weaker market conditions in 2015, new openings are performing close to expected levels

Optimising our distribution and branch network (2)

- Continue to refine local branch model
- Focus on opening fewer branches (up to 20), in most attractive locations and driving even more local business from portfolio
- Customer proposition (availability) supported by evolution in distribution network (NDEC)
- Opened first of new breed delivery and collection focused distribution centres in Reading

Improving operational efficiency and driving productivity

- New NDEC opened ahead of schedule at end of Q116 with phased national roll-out through year
- Spares centralisation, centre fit out, and systems build and testing completed in Q415 / Q116
- NDEC will deliver:
  - stronger customer proposition (same day / next day availability);
  - improved fleet utilisation; and
  - increased engineering productivity
- Managed by our experienced engineering and logistics partner, Unipart
- Scalable operating capacity to support future network expansion and volume growth

Win new, and deepen existing, customer relationships

52 week period ended 26 December / 27 December				*FY 15*	*H1 15*
£m revenue	**2015**	**2014**	**Growth (£m)**	**Growth (%)**	**Growth (%)**
Existing key accounts	91.9	85.1	6.8	*7.9%*	*2.4%*
New key accounts[1]	2.0	-	2.0	-	-
Total key accounts	**93.9**	**85.1**	**8.8**	***10.3%***	***4.7%***

- Reinvigorated key account team implemented in H2 15 delivered 10.3% growth in Key Accounts, comprising:
  - Increased growth in existing key accounts (compared to H1 15)
  - A further £1.0m of revenue from new key account wins

  and supported by a stronger pipeline of new account opportunities as we enter 2016
- Average spend per account customer (all) increased to £8.1k (FY14: £7.7k)

[1] *Customers who were not Key Account customers in the prior period*

Building key account revenues

- Successfully tendered for long term supply contract with Amey
- Extensive 6 month formal tender process
- Built upon our successful contract with Enterprise
- Won with proposition comprising:
  - Consolidation of supply chain requirements / Multi asset offering
  - Enhanced central administration services and MI
  - Commitment to deliver innovation via multi faceted supply chain

Continued development and growth of our specialist businesses

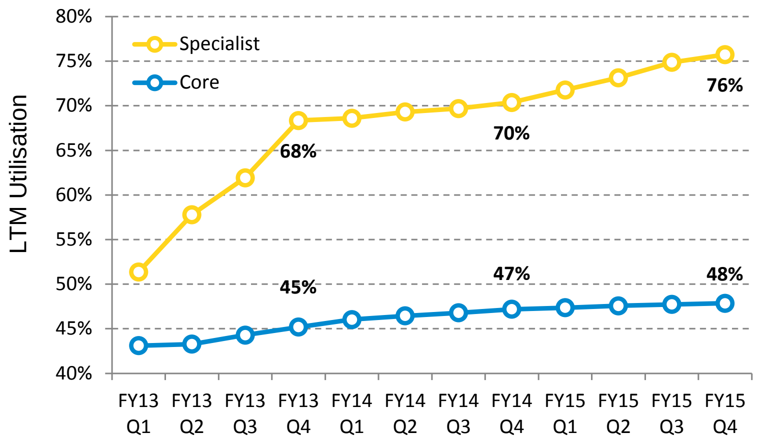
- Revenues and Adjusted EBITDA up 30% and 28% respectively
- Growth supported by substantial fleet investment through 2014 and 2015
  - **UK Platforms:** Fleet increased to over 3,200 specialist units, average age of 4.6 years
  - **Power companies:** Growth in national accounts, particularly utilities and housebuilders
  - **All Seasons Hire:** > £1m fleet investment, expansion into Scotland, other UK cities planned
- Supported by increased capacity of new refurbishment centre (c. 50% in value)
- Specialist businesses support Key Account customer proposition: complex multi fleet requirements

Rebasing our cost base to improve operating margins

- Q4 15 achieved c. £2.4m gross cost savings
- Broadly 60 / 40, via headcount reductions and non payroll:
  - Rationalisation of central and support function costs
  - Realignment of local branch management structures
  - Savings in distribution costs (headcount and vehicles)
  - Reduced property costs
  - Better third party services procurement
- Identified c. £10m of annualised savings for FY16

Enhancing our capital efficiency

- Phased national roll out of NDEC
  - Improved cycle time for engineering (lower offline)
  - Drives availability and utilisation improvement
  - Improved collection and delivery performance
  - Facilitates full fleet review at national and local branch level: Opportunities to refine fleet capex profiles
- Opened new purpose built refurbishment centre
  - Significant increase in annual capacity (c. 50% value)
  - More flexibility for buy / refurbish decision
- These initiatives will allow us to reduce FY16 capex to between £50m and £55m



Summary

- Delivered results in line with reset market expectations
- Refinements to strategy being implemented with focus on:
  - rebasing our cost base to improve operating margins;
  - improve operational efficiency and driving productivity; and
  - enhance our capital efficiency
- Market conditions remain competitive in all customer groups
- Continue to monitor macroeconomic conditions and reflect these in investment decisions
- Positioning the Group to continue delivering growth ahead of the market

Q&A

Important notice

By reading or reviewing this presentation, you agree to be bound by the following limitations:

This presentation has been prepared by the HSS Hire Group (the “Group”) solely for information purposes. For the purposes of this disclaimer, this presentation shall mean and include the slides in this deck, the oral presentation of the slides by the Group or any person on its behalf, any question-and-answer session that follows the oral presentation, hard copies of this document and any materials distributed in connection with the presentation. By attending the meeting at which the presentation is made, dialling into the teleconference during which the presentation is made or reading the presentation, you will be deemed to have agreed to all of the restrictions that apply with regard to the presentation and acknowledged that you understand the legal regulatory sanctions attached to the misuse, disclosure or improper circulation of the presentation.

The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and will not be updated to reflect material developments that may occur after the date of the presentation. The information and opinions in this presentation are provided as at the date of this presentation and are subject to change without notice. It is not the intention to provide, and you may not rely on this presentation as providing, a complete, fair, accurate or comprehensive analysis of the financial or trading position or prospects of the Group. No reliance may be placed on the information contained in this presentation for any purpose, and neither the Group nor any of its respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or their contents or otherwise arising in connection with the presentation, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information.

The information contained herein does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information. You are solely responsible for seeking independent professional advice in relation to the information.

This presentation contains financial information regarding the businesses and assets of the Group. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this document or any related presentation should not be regarded as a representation or warranty by the Group or any of its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information’s portrayal of the financial condition or results of operations by the Group and should not be relied upon when making an investment decision.

This presentation contains certain non IFRS and non-UK GAAP financial measures. These measures may not be comparable to those of other companies within our industry or otherwise. Reference to these non IFRS or non-UK GAAP financial measures should be considered in addition to IFRS or UK GAAP financial measures, but should not be considered a substitute for results that are presented in accordance with IFRS or UK GAAP.

The market data contained in this presentation, including all trend information, is based on estimates or expectations of the Group, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyse or compute market information and data would obtain or generate the same results. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. Further, our competitors may define our and their markets differently than we do. In addition, past performance of the Group is not indicative of future performance. The future performance of the Group will depend on numerous factors which are subject to uncertainty.

Certain statements in this presentation and the materials distributed in connection with it are forward-looking or represent beliefs and opinions. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing economic, business or other market conditions, changing political conditions and the prospects for growth anticipated by the Group management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future and forward-looking statements regarding future events or circumstances should not be taken as a representation that such events or circumstances will come to pass. The Group does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No statement in this presentation is intended to be a profit forecast. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire the Group or the Group’s or any of its companies’ securities, or an inducement to enter into investment activity in any jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever, nor does it constitute a recommendation regarding the securities of the Group or any of its companies. This presentation is not for publication, release or distribution in any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction nor should it be taken or transmitted into such jurisdiction.

Appendices

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, whose FY15 numbers we have separately reported today;
  - Hampshire Topco Limited, the previous top company in the group; and
  - Hero Acquisitions Limited, the consolidated level at which we report the FY15 numbers today to meet the reporting obligations attached to our Senior Secured Notes

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
HSS Hire Group plc vs Hero Acquisitions Ltd

- 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
Adjusted earnings calculations

52 weeks ended 26 December / 27 December

£m	2015	2014
Operating profit	**12.0**	**28.4**
Add: Depreciation and amortisation	*53.2*	*41.4*
Add: Exceptionals costs (non-finance)	*5.7*	*1.4*
Adjusted EBITDA	**70.9**	**71.1**
Less: Depreciation	*(50.7)*	*(39.9)*
Adjusted EBITA	**20.2**	**31.2**
Less: Amortisation	*(2.5)*	*(1.4)*
Less: Net finance cost[1]	*(31.6)*	*(22.7)*
Adjusted PBT/(LBT)	**13.9**	**7.1**

[1] Pre exceptional finance costs which principally relate to the partial redemption of the SSNs in 2015 and the restructure of the group's debt during FY14

Appendix D
Operating cash flow

52 weeks ended 26 December / 27 December

£m	2015	2014
Operating profit	**12.0**	**28.4**
Depreciation & amortisation	53.2	41.4
Increase in Inventories	(2.2)	(0.9)
Increase in Trade and other receivables	(12.4)	(16.4)
Increase in Trade and other payables	8.5	3.9
Decrease in Provisions	(3.6)	(0.8)
Operating cash flow	**55.6**	**55.6**

Appendix E
Net third party debt calculations

As at 26 December / 27 December

£m	2015	2014
Cash	(1.8)	(5.9)
Bank overdraft	1.5	-
RCF	46.0	19.5
Finance lease obligations	32.6	12.4
Senior Secured Notes[1]	136.0	200.0
Net third party debt (ex accrued interest)	**214.4**	**226.0**
Accrued interest	3.8	5.6
Net third party debt	**218.1**	**231.6**

- Reflects borrowings from all third parties
- Net third party leverage reduced to 3.1x (2014: 3.3x)

[1] *Shown gross of issue costs*

Appendix E (cont…)
Net debt calculations

As at 26 December / 27 December

£m	2015	2014
Cash	(1.8)	(5.9)
Bank overdraft	1.5	-
RCF	46.0	19.5
Finance lease obligations	32.6	12.4
Net amounts due to group undertakings	212.1	72.9
Senior Secured Notes[1]	136.0	200.0
Net debt (ex accrued interest)	**426.4**	**289.9**
Accrued interest	3.8	5.6
Net debt	**430.2**	**304.5**

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

[1] *Shown gross of issue costs*