

25 May 2016



## Hero Acquisitions Limited

### Q1 16 Trading Update for Hero Acquisitions Limited

*Hero Acquisitions Limited ("HSS" or the "Group"), a wholly owned subsidiary of HSS Hire Group plc, announces an update on its performance for the 14 week period ended 2 April 2016.*

#### Unaudited Financial Highlights for Hero Acquisitions Limited

- Q1 trading in line with expectations
- Revenue up 16.3% to £84.3m (Q1 15: £72.5m), or up c. 8% on a comparable 13 week basis
- Adjusted EBITDA<sup>(1)</sup> up 15.6% to £17.8m (Q1 15: £15.4m)
- Adjusted EBITA<sup>(2)</sup> up 31.6% to £5.0m (Q1 15: £3.8m)
- Net third party debt of £234.0m (FY15: £218.1m)

#### Trading and Operational Highlights for Hero Acquisitions Limited

Trading in Q1 was in line with expectations with continued growth in both the Core and Specialist businesses. Q1 16 revenue benefited from an extra week's trading, which accounted for c. 8% of the revenue growth<sup>(3)</sup>.

Revenue in the Core business grew by 15.8% to £71.9m (Q1 15: £62.1m), reflecting strong growth in our OneCall and Training businesses as we support new customer wins. Specialist revenue was up 18.1% to £12.4m (Q1 15: £10.5m), 6.1% of which was due to the inclusion of revenues from All Seasons Hire, which we acquired in May 2015. Utilisation improvements were achieved across the Group with Core utilisation up 2% to 49% (LTM Q1 15: 47%) and Specialist utilisation up 4% to 76% (LTM Q1 15: 72%).

Group EBITA margins increased to 6.0% (Q1 15: 5.2%) driven by revenue growth and the impact of the cost reduction actions implemented in 2015, which are delivering to plan. Additional cost actions will continue through 2016 to ensure we deliver our objective of driving sustainable margin improvement.

Movement in net debt from FY15 year-end reflects FY15 capex settlement, two quarterly rental payments (as a consequence of the extra week in the quarter) and set-up costs relating to the National Distribution and Engineering Centre ("NDEC").

We began operations at our new NDEC in March. In addition to driving productivity, this facility will support our extensive branch network and web capability to deliver unrivalled customer convenience and availability into the future. We remain on track to complete this programme within FY16.

### **Current Trading and Outlook for Hero Acquisitions Limited**

Market conditions remain very competitive with some signs of softness in the broader UK economy; however trading in Q2 16 has started ahead of Q2 15. Our fleet investment will remain demand-led in line with our aim to drive capital efficiency through the business.

#### 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
- 3) The IPO Prospectus for parent company HSS Hire Group plc identified that FY16 would be a 53 week accounting period

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

*"HSS continued to grow ahead of the tool & equipment hire market during the period. This growth reflects a number of factors, including the positive revenue contribution of new customer wins and the benefit of investment in our hire fleet through 2015. We remain focused on growing operating margins and driving capital efficiency through careful management of our operational cost base and demand-led fleet investment."*

*"Selective openings of new local branches, a further four in the first quarter, and the phased introduction of the new NDEC from March 2016 will continue to enhance our national footprint and improve product availability for customers. The market remains very competitive with some signs of softness in the broader UK economy; however trading in Q2 16 has started ahead of Q2 last year and we will continue to take action on costs to protect our margins."*

Hero Acquisitions Limited will announce its interim results for the 27 week period ended 2 July 2016 on 31 August 2016.

### **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 3003 2666

Participant password: HSS Hire

A presentation to accompany the call and the Q1 Report for Hero Acquisitions will be made available at [www.hsshiregroup.com/investor-relations/senior-secured-notes/](http://www.hsshiregroup.com/investor-relations/senior-secured-notes/).

**For further information, please contact:**

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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 320 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](http://www.hsshiregroup.com).