HSS Hire
You're better equipped

Hero Acquisitions Limited
(subsidiary of HSS Hire Group plc)

Q1 FY17 Results

Agenda

Headlines	**Paul Quested, CFO**
Q1 17 results	**Paul Quested, CFO**
Summary and current trading	**Paul Quested, CFO / Tom Shorten, CCO**

Our strategy

Customer needs

- Availability
- Safety
- Support
- Value

Our strategy

Win new, and deepen existing, customer relationships

Optimise the distribution and branch network

Continued development and growth of our specialist businesses

Scalable benefits

- Enhanced customer service proposition
- Operational and capital efficiencies
- Shareholder value

Headlines

- Q1 performance in line with management expectations
- Underlying revenue flat; continued growth in Services
- Adjusted EBITA impacted by revenue mix and temporary parallel running costs
- Net third party debt reduced year on year, reflecting continued management focus
- Continued progress with evolution of operating model
- Rolling programme of new sales initiatives commenced in core markets

Foundations laid for sustainable profit growth

Financial summary

13 weeks ended 1 Apr / 14 weeks ended 2 Apr

£m	2017	2016	Growth (%)
Revenue	**80.2**	**84.3**	***(4.9%)***
Adj. EBITDA[1]	8.5	17.8	*(52.2%)*
Adj. EBITDA margin	*10.6%*	*21.1%*	
Adj. EBITA[2]	**(4.4)**	**5.0**	
Adj. EBITA margin	*(5.5%)*	*6.0%*	
Non-finance exceptional costs	3.2	2.0	

- Revenue flat on a comparable 13 week basis after impact of branch closures
- Adj. EBITDA impacted by revenue mix and temporary parallel running cost through Q1
- Exceptional costs, principally non-cash, reflecting impact of Q1 branch closures

[1] Earnings stated before interest, tax, depreciation and amortisation ("EBITDA") and before exceptional costs relating to restructuring and acquisitions
[2] Adjusted EBITDA less depreciation

Segmental analysis

13 weeks ended 1 Apr / 14 weeks ended 2 Apr

£m	2017	2016	Growth
Rental (and related revenue)			
Revenue	60.1	66.9	(10.2%)
Contribution	37.3	45.1	(17.3%)
Contribution margin	*62.1%*	*67.4%*	
Services			
Revenue	20.0	17.5	14.3%
Contribution	2.0	2.7	(25.9%)
Contribution margin	*10.0%*	*15.4%*	
Branch and selling costs	(20.5)	(22.8)	
Central costs	(10.3)	(7.3)	
Adj. EBITDA	**8.5**	**17.8**	***(52.2%)***

Rental

- Revenues down against strong comparator period in Q1 16
- Initiatives implemented in March 2017 to reinvigorate rental performance

Services

- Annualisation of large MSP contract in Q1 17 alongside broader growth in Training and OneCall

Costs

- Temporary parallel running as operating model changes completed in Q1
- Branch and selling costs reduced reflecting closure / efficiency programmes

Net third party debt lower year on year

13 weeks ended 1 Apr / 14 weeks ended 2 Apr

£m	2017	2016
Adj. EBITA	**(4.4)**	**5.0**
Depreciation	12.9	12.7
Exceptionals	(3.2)	(2.0)
Working capital	5.0	(13.4)
Funds flow from parent post Dec 2016 equity placing	12.5	-
Capex[1] / Acquisitions	(11.8)	(12.7)
Net interest payable	(5.5)	(5.5)
Net (increase) decrease in net third party debt	**5.4**	**(15.9)**
Closing net third party debt	**226.7**	**234.0**
Net amounts due to group undertakings	239.4	211.2
Closing net debt	**466.1**	**445.2**

Lower net third debt balance reflects:

- Lower adjusted EBITA
- Improved working capital management
- Funds flow from December 2016 equity placing by parent

[1] *Gross of finance lease funding*

>£30m headroom in cash and existing facilities

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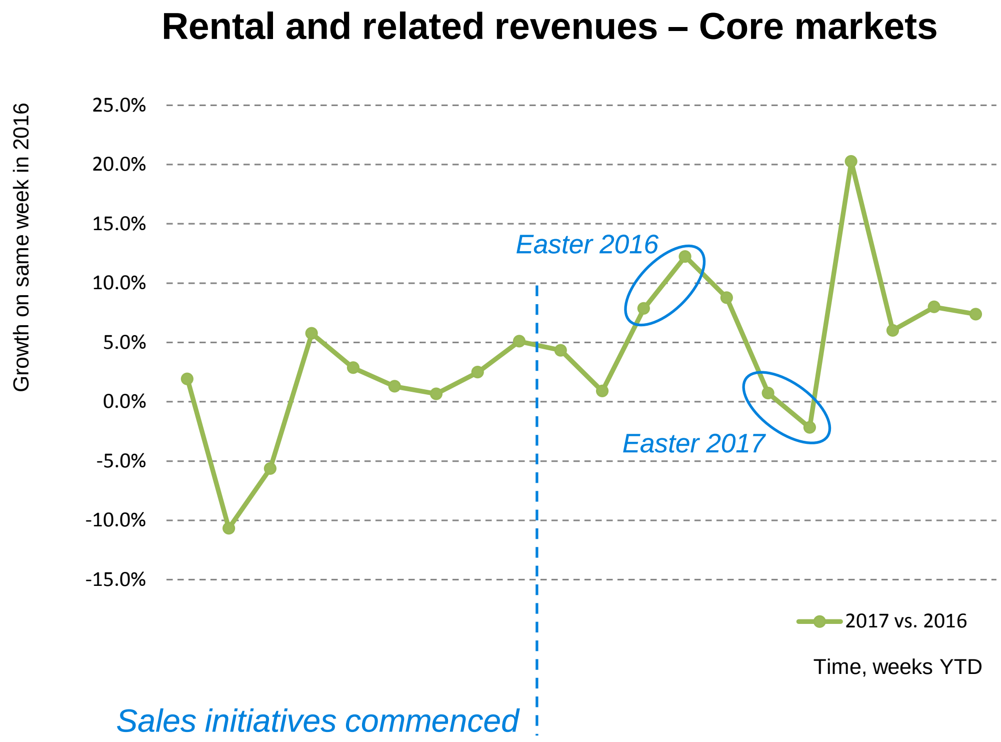
Reinvigorating relationships with SMEs

- New sales initiatives launched in large core markets in March 2017
- Re-engaged with over 1,500 SMEs driving over 600 incremental appointments
- Double digit contract growth post initiative launch, especially same day deliveries and collections
- Contributing to growth in rental and related revenue growth in large core markets

Activity driving rental and related revenue growth

Sales initiatives improving revenue trends in large core markets

- YTD rental and related revenue is positive year on year and growing with an improving trend
- Implementing new customer relationship approach to gain more share of wallet
- Plans underway to roll initiatives out to more core markets across the UK



Industrialising approach for other large markets

Transformational change completed in Q1 17

- **During Q1 17:**
  - Central distribution extended to support Scotland
  - 37 branches closed as consequence of network redesign
  - Re-profiling of stock completed across the network

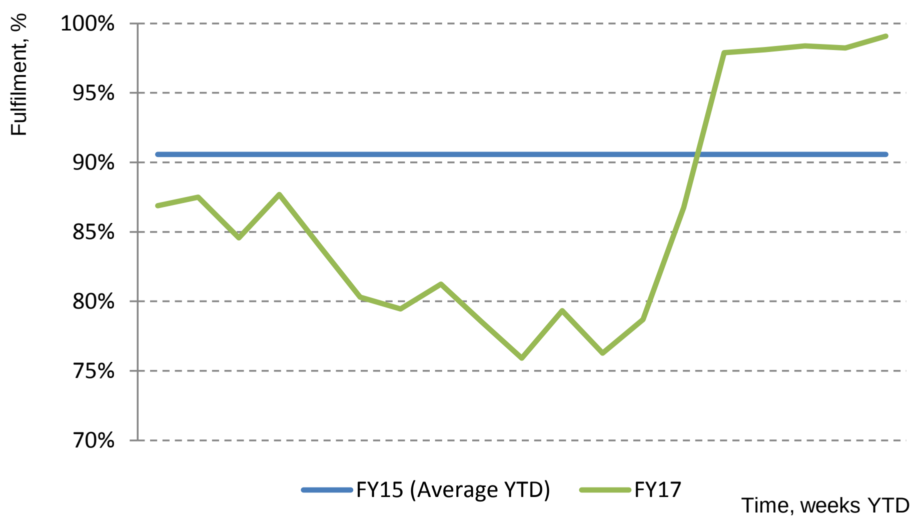
- **Continued focus on improving efficiency:**
  - Removing temporary parallel running costs from network
  - Optimising delivery and collection routes
  - Increasing engineering productivity

Operating model changes provide foundation for growth

Improved fulfilment increasing local availability

- Fulfilment above 2015 levels with greater consistency in service
- NPS increased further to 47, top third of TNS NPS Benchmark
- Increased availability and enhanced customer promise supporting continued growth in same day contracts

% of fast moving fleet items fulfilled



Headlines
Q1 17 results
Strategic progress
Q&A
Appendix

Higher service, improving availability

Current trading

- Actively reinvigorating relationships with SMEs; positive signs in contract count growth
- March sales initiatives delivering positive YTD rental revenue growth with an improving trend
- New operating model delivering higher fulfilment rates resulting in improved fleet availability
- Underlying revenue in the first 7 weeks of Q2 marginally ahead of the prior year
- New model delivers further cost reduction opportunities; implementing initiatives to deliver annualised savings of £11 - 13m (against Q1 run rate)
- Profitability will be weighted toward H2 17

Q&A

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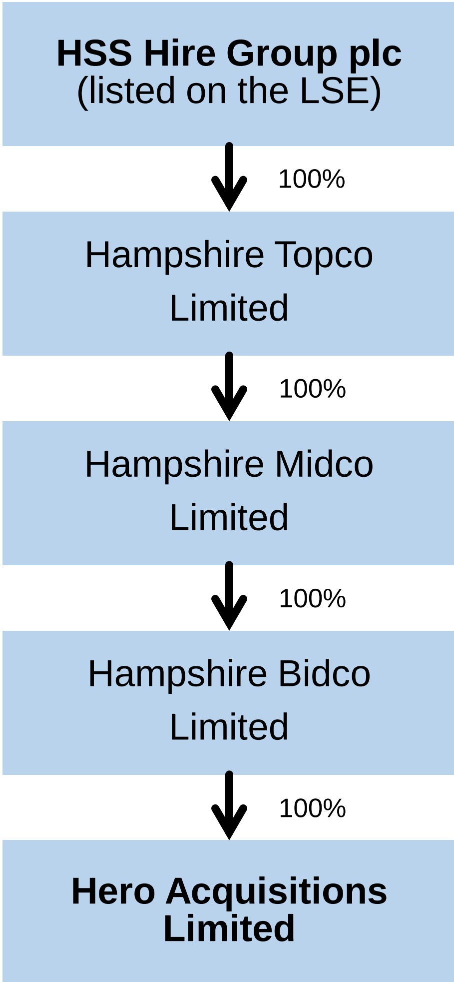
Appendices

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 **Q1 FY17** numbers we also report today;
  - Hampshire Topco Limited, the previous top company in the group; and
  - Hero Acquisitions Limited, the consolidated level at which we report today to meet the reporting obligations attached to our Senior Secured Notes



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
Result after tax

13 weeks ended 1 Apr / 14 weeks ended 2 Apr

£m	2017	2016
Adj. EBITA	**(4.4)**	**5.0**
Amortisation	(1.0)	(0.8)
Adjusted finance expense	(9.2)	(9.2)
Exceptionals	(3.2)	(2.0)
Reported LBT	**(17.9)**	**(7.0)**
Tax	(0.1)	(0.5)
Reported LAT	**(18.0)**	**(7.5)**

Appendix D
Balance sheet

As at 1 April / 2 April

£m	2017	2016
Intangible assets	155.2	154.3
Tangible assets	174.1	180.6
Deferred tax asset	0.7	1.9
Net current assets / (liabilities)[1]	31.7	45.2
Other net liabilities	(11.4)	(9.5)
Net debt (ex. accrued interest)[2]	(464.5)	(443.6)
Accrued interest	(1.6)	(1.6)
Net liabilities	**(115.9)**	**(72.7)**

[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 F

Appendix E
Net third party debt calculations

As at 1 April / 2 April

£m	2017	2016
Cash	(7.2)	(1.0)
Bank overdraft	-	5.8
RCF	68.5	59.0
Finance lease obligations	27.9	32.6
Senior Secured Notes[1]	136.0	136.0
Net third party debt (ex accrued interest)	**225.1**	**232.4**
Accrued interest	1.6	1.6
Net third party debt	**226.7**	**234.0**

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

[1] *Shown gross of issue costs*

Appendix F
Net debt calculations

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Net debt	**466.1**	**445.2**

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