

24 May 2017



Hero Acquisitions Limited
Q1 17 Trading Update

Q1 in line with management expectations; encouraging early signs from sales initiatives in Q2

Hero Acquisitions Limited ("HSS" or the "Group"), a wholly owned subsidiary of HSS Hire Group plc, announces an update on its performance for the 13 week period ended 1 April 2017.

Financial Headlines (Unaudited)	Q1 17 ¹ (13 weeks)	Q1 16 (14 weeks)	Change
Revenue	£80.2m	£84.3m	(4.9%)
Adjusted EBITA ²	(£4.4m)	£5.0m	(£9.4m)
Adjusted EBITA margin	(5.5%)	6.0%	(11.4pp)
Net third party debt	£226.7m	£234.0m	£7.3m

1) Reflects one less trading week in Q1 17 and the closure of 55 branches through Q4 16 and Q1 17

2) Adjusted EBITA defined as Operating profit with amortisation and exceptional costs added back

Headlines

- **Q1 performance in line with Management's expectations**
- **Underlying revenue flat year on year; Continued growth in Services**
 - Revenue flat on comparable 13 week basis after impact of branch closures
 - Double digit growth in both Services and Key Accounts
- **Adjusted EBITA impacted by revenue mix and temporary parallel running costs**
 - Margins reflect higher growth from lower contribution Services business in Q1 17
 - Parallel running costs incurred through Q1 17 will reduce now operating model changes complete
- **Net debt reduced year on year and in line with expectations**
 - Net third party debt reduced to £226.7m from £234.0m (Q1 16)
 - Continued improvement in working capital management
 - Cash and facility headroom of more than £30m at end of Q1
- **Continued progress with evolution of operating model**
 - Increasing fulfilment rates are leading to enhanced fleet availability being achieved across the Group
 - NPS increased to 47, top third TNS NPS Benchmark
 - LTM utilisation maintained at 50% (Core) and in mid 70%'s (Specialist)

Current Trading and Outlook

- Sales initiatives, commenced in March, delivering positive year on year rental and related revenue growth, with underlying revenue in the first 7 weeks of Q2 marginally ahead of the prior year
- Actively reinvigorating relationships with SMEs; contract count growth driven to double digits post initiative launch, compared to low single digit growth in comparable prior periods
- Industrialising sales initiatives and approach for further large markets across UK
- New operating model delivering higher fulfilment rates resulting in improved fleet availability as expected
- Cost initiatives to deliver annualised cost savings of £11 - 13m, compared to Q1 run rate, now being implemented

Alan Peterson, Chairman of HSS Hire said:

“Our Q1 performance is in line with management expectations as set out at the FY16 results in early April, with revenue flat year-on-year on a comparable 13 week basis and EBITA impacted by growth in our Services business and temporary parallel running costs.

“We are now firmly focused on re-establishing revenue growth by leveraging our new operating model to deliver market-leading availability to our customers in our branch and Customer Distribution Centre network. During March we implemented new sales initiatives, focused on core markets, to reinvigorate revenue growth in our core Rental business, particularly among our smaller and medium-sized customers. Whilst we are still in the initial phases, we have seen some encouraging signs in the markets in the early weeks of the second quarter.

“We remain focused on driving efficiency across our network and increasing cash generation through the business. This is reflected in the cost initiatives announced today.”

“We are also pleased to have announced the appointment of Steve Ashmore as the Group’s Chief Executive Officer, with Steve joining us on 1 June 2017. Steve brings considerable leadership experience in a range of industries complementary to HSS including building products supply, logistics and distribution, which will be invaluable as we target the continued profitable growth of the Group.”

Hero Acquisitions Limited will announce its interim results for the 26 week period ended 1 July 2017 on 30 August 2017.

Update call 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.

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/.

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 280 locations. Focusing primarily on the maintain and operate segments of the market, over 90% of its revenues come from business customers. HSS is listed on the Main Market of the London Stock Exchange. For more information please see www.hsshiregroup.com.