Hero Acquisitions Ltd

(subsidiary of HSS Hire Group plc)

FY17 Results

APRIL 5th 2018

Important notice

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

This presentation has been prepared by Hero Acquisitions Ltd (subsidiary of HSS Hire Group plc) 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 Hero Acquisitions Ltd 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 Hero Acquisitions Ltd. No reliance may be placed on the information contained in this presentation for any purpose, and neither Hero Acquisitions Ltd 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 Hero Acquisitions Ltd. 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 Hero Acquisitions Ltd 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 Hero Acquisitions Ltd and should not be relied upon when making an investment decision.

This presentation contains certain non IFRS and financial measures. These measures may not be comparable to those of other companies within our industry or otherwise. Reference to these non IFRS or financial measures should be considered in addition to IFRS, but should not be considered a substitute for results that are presented in accordance with IFRS.
The market data contained in this presentation, including all trend information, is based on estimates or expectations of Hero Acquisitions Ltd, 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 Hero Acquisitions Ltd is not indicative of future performance. The future performance of Hero Acquisitions Ltd 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 Hero Acquisitions Ltd 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. Hero Acquisitions Ltd 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 Hero Acquisitions Ltd or Hero Acquisitions Ltd'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 Hero Acquisitions Ltd 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.

Agenda

Full Year Highlights	Steve Ashmore, CEO
2017 Final Results	Paul Quested, CFO
Strategy Update Progress	Steve Ashmore, CEO
Outlook	Steve Ashmore, CEO
Q&A	

Full Year Highlights

Steve Ashmore

Trading momentum and strategic progress give strong platform to build upon

HSS Hire
You're better equipped

Financial highlights

- Challenging H1 but decisive action returned Group to profit in the second half of the year
- Adjusted EBITA profit of £1.7m (FY16: £20.5m)
  - H1 Adjusted EBITA loss of £7.1m
  - H2 Adjusted EBITA profit of £8.8m, in line with guidance
- Improved underlying rental revenue trend in H2 17 +1.1% vs H2 16
- Significant reduction in overheads during the year, £13m of annualised savings delivered
- Q4 17 comparable EBITDA +£2.8m vs Q4 16; momentum continuing into 18
- Agreed with lenders to extend £80m revolving credit facility (RCF), now maturing in July 19

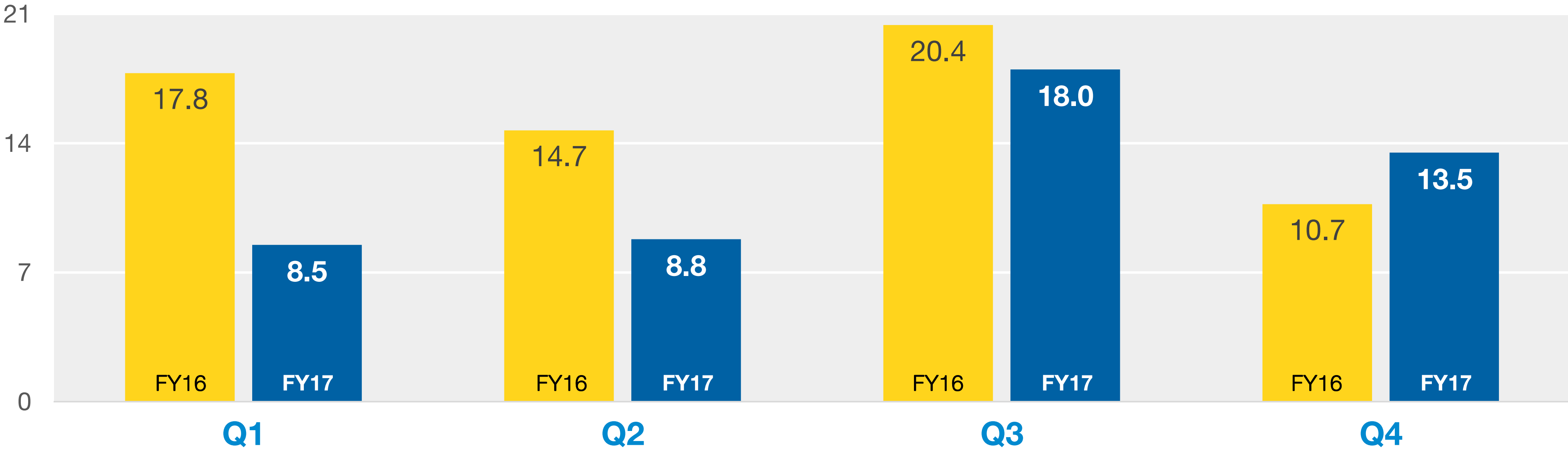
Strategic progress

- Outlined results of Strategic Review and unveiled new strategic priorities
- Supply chain model changes will deliver c.£11m annualised savings, net cash inflow c.£8m per annum from FY19
- Good progress on commercial initiatives to improve profitability

Material EBITDA recovery in H2 17

HSS Hire
You're better equipped

EBITDA by quarter (£m)

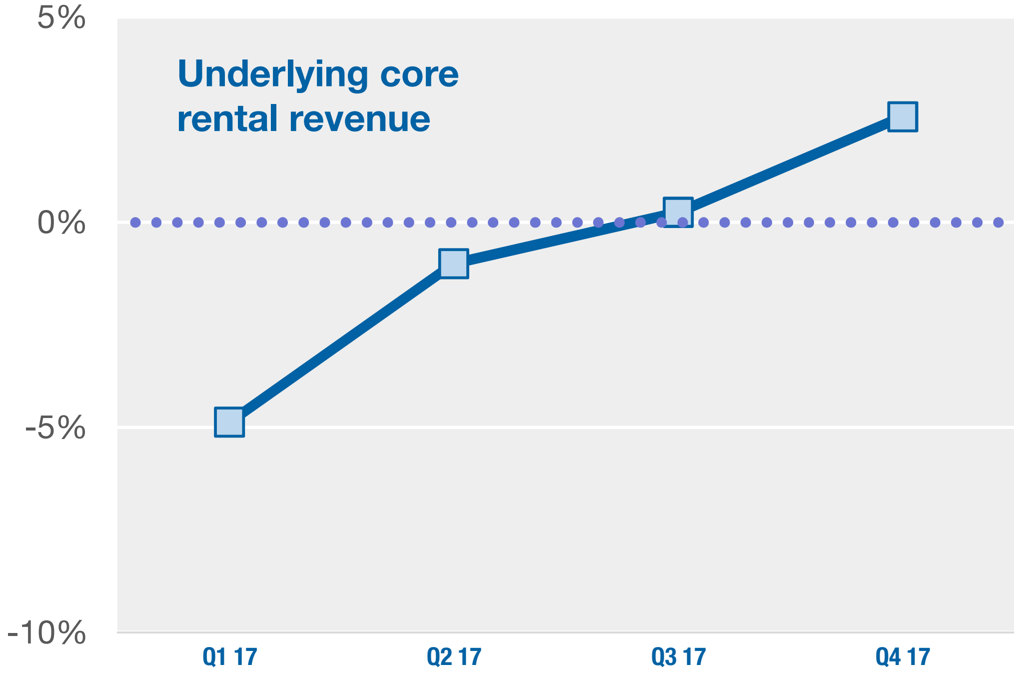


	Q1	Q2	Q3	Q4
2017 EBITDA Margins	11%	11%	20%	16%
2017 EBITA	(£4.4m)	(£2.7m)	£6.7m	£2.1m

Note: Financials relate to HSS Hire Group plc. Q4 16 figures are presented on an adjusted basis post stripping out one-off benefits of asset sales and one off supplier rebates

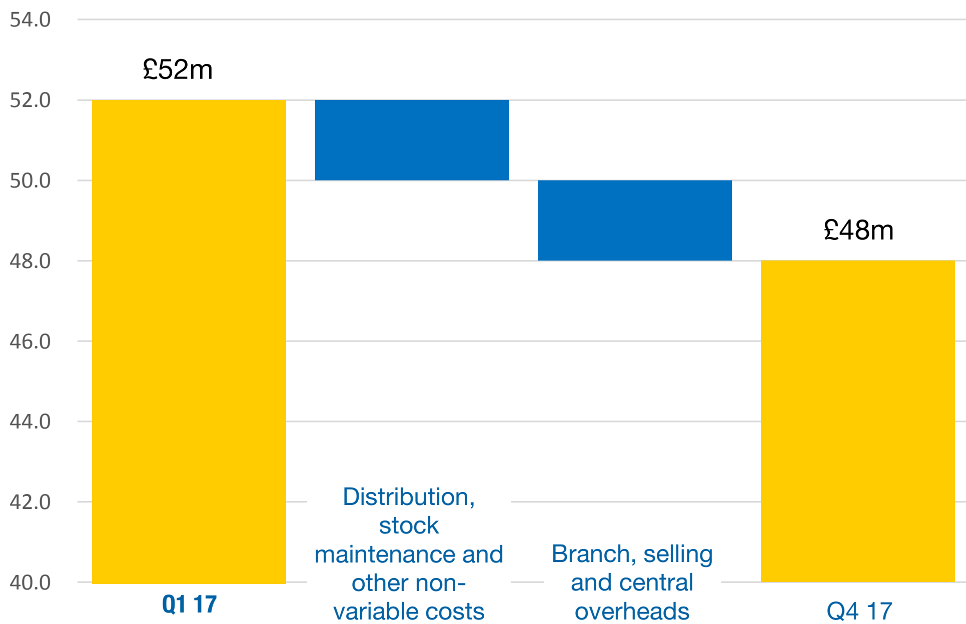
Underlying core rental revenue growth trend improved, cost actions delivered

Underlying core Rental revenue trend improved[1]



Costs reduced in line with plan

£4m reduction in costs from Q117 to Q417



[1] Underlying revenue is total rental revenue for 2017, excluding branch closures, seasonality, asset disposals and business divesture

2017 Final Results

Paul Quested

Financial summary

HSS Hire
You're better equipped

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017	2016	Variance
Revenue	**335.8**	**342.4**	**(1.9)%**
Adjusted EBITDA[1]	**48.9**	**68.5**	**(28.8)%**
Adjusted EBITDA margin	*14.6%*	*20.0%*	
Adjusted EBITA[2]	**1.7**	**20.3**	**(91.6)%**
Adjusted EBITA margin	*0.5%*	*5.9%*	
Exceptional items	*66.6*	16.9	
Adjusted loss/earnings per share (p)[3]	**(5.68)**	**2.94**	
Final dividend (p)	-	-	

- Revenue in growth on an underlying basis after impact of branch closures, asset and business divestures. Underlying revenue growth +2.7%
- Adjusted EBITDA impacted by revenue mix and higher operational costs in H1. H2 EBITDA margin 18.0% (H2 16: 20.4%)
- Exceptional items reflect change in supply chain model, business divesture, branch closures and cost reduction plan

1 Earnings stated before interest, tax, depreciation and amortisation ("EBITDA") and before exceptional items relating to restructuring and acquisitions
2 Adjusted EBITDA less depreciation
3 Calculated as PBT before amortisation and exceptional items less tax at the average prevailing rate across period, divided by the diluted weighted average number of shares

Group returned to profit in H2

HSS Hire
You're better equipped

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017			2016			Variance		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Revenue	**160.5**	**175.3**	**335.8**	**166.2**	**176.2**	**342.4**	**(3.4)%**	**(0.5)%**	**(1.9)%**
Underlying revenue growth							*0.9%*	*4.5%*	*2.7%*
Adjusted EBITDA[1]	**17.3**	**31.6**	**48.9**	**32.5**	**36.0**	**68.5**	**(15.0)**	**(4.6)**	**(19.6)**
Adjusted EBITDA margin	10.8%	18.0%	14.6%	*19.6%*	*20.4%*	*20.0%*			
Adjusted EBITA[2]	**(7.1)**	**8.8**	**1.7**	**9.8**	**10.5**	**20.3**	**(16.9)**	**(1.7)**	**(18.6)**
Adjusted EBITA margin	(4.4)%	5.0%	0.5%	*5.9%*	*6.0%*	*5.9%*			
Exceptional items	12.6	54.0	66.6	7.0	9.9	16.9			
Adjusted earnings per share (p)[3]	**(6.74)**	**1.06**	**(5.68)**	**1.13**	**1.85**	**2.98**			

1 Earnings stated before interest, tax, depreciation and amortisation ("EBITDA") and before exceptional costs relating to restructuring and acquisitions
2 Adjusted EBITDA less depreciation
3 Calculated as PBT before amortisation and exceptional costs less tax at the average prevailing rate across period, divided by the diluted weighted average number of shares

Segmental analysis

HSS Hire
You're better equipped

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017	2016	Variance
Rental (and related revenue)[1]			
Revenue	**247.8**	**262.8**	**(5.7)%**
Contribution[2]	158.1	179.4	(11.9)%
Contribution margin	63.8%	*68.3%*	
Services[3]			
Revenue	88.0	79.6	10.6%
Contribution[2]	11.9	10.3	15.5%
Contribution margin	13.5%	*12.9%*	
Branch and selling costs	(82.5)	(89.3)	
Central costs	(38.6)	(32.0)	
Adjusted EBITDA	**48.9**	**68.5**	**(28.8)%**

Rental

- Underlying rental revenue growth in H2 17
- Contribution margin down 4.5pp driven by one offs in 2016 including impact of 53rd week (1pp), operating model costs (1.7pp), and product and customer mix (1.8pp)
- Q4 contribution, excluding one off costs down 0.7pp, all mix related

Services

- Improving contribution through revenue growth and profit improvement plan

Costs

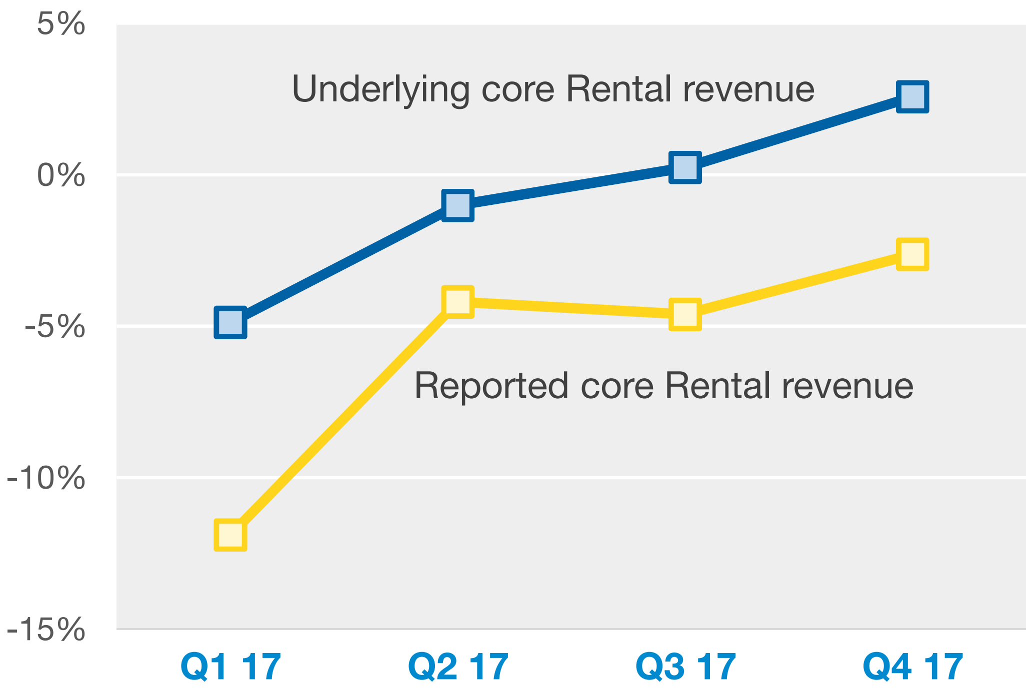
- Cost reduction initiatives delivered £13m savings against Q1 17 run rate, benefiting rental revenue contribution and branch, selling and central costs

Underlying Rental revenue growing

Driving Rental revenue

- Sales initiatives driving improved performance
- Focus on Rental revenue across the whole organisation through aligned incentives
- Improved availability and service fulfilment supporting growth
- H2 17 asset utilisation in Core of 53% (H2 16 50%) and 75% in Specialist (H2 16 75%)
- Targeted investment in high demand and highly utilised assets

Underlying Rental revenue growth trend improving



[1] Underlying revenue is total rental revenue for 2017, excluding branch closures, seasonality, asset disposals and business divesture

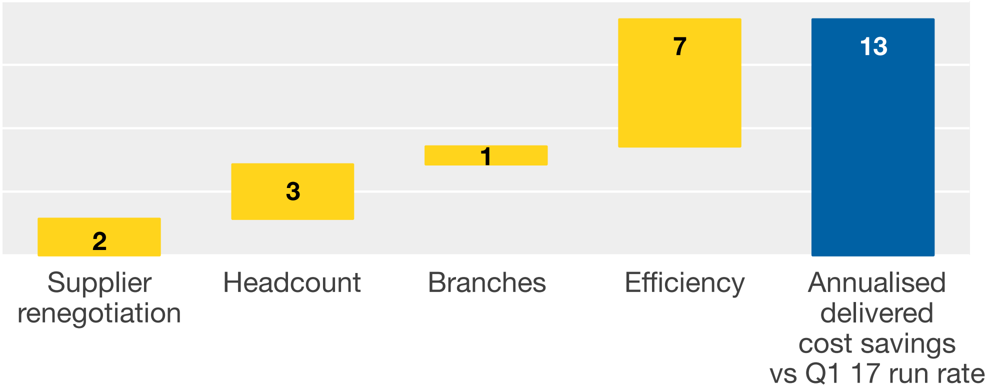
Cost savings delivered

HSS Hire
You're better equipped

Cost actions implemented

- Efficiency through network changes e.g distribution routing
- Closed 21 branches since Q1 17
- Reduced central headcount by c. 100
- Closed former head office site
- Renegotiated terms with suppliers
- Proforma benefit of £7.6m vs Q4 17 LTM

Breakdown of cost actions implemented (£m)



Costs reducing in line with plan

£m	Q1 17	Q2 17	Q3 17	Q4 17	Q4 v Q1
Distribution, stock maintenance and other non-variable costs included within Rental segment	(20)	(19)	(19)	(18)	+2
Non-variable costs included in Services segment	(1)	(1)	(1)	(1)	
Branch, selling and central overheads	(31)	(31)	(29)	(29)	+2
Total Overheads	**(52)**	**(51)**	**(49)**	**(48)**	**+4**

Exceptional Items

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017	2016
Branch Closures[1]	14.3	3.4
Network reconfiguration	40.7	10.2
Business divesture	4.9	-
Cost reduction programme	3.7	1.6
Other	3.0	1.7
Exceptional items	**66.6**	**16.9**

Of which c.£4m of cash incurred during 2017

[1] Net of sub let rental income on onerous leases

- Closed 55 branches during the year resulting in onerous lease provisions of £6.0m and impairments of related property, plant and equipment of £8.3m
- Network reconfiguration relates to costs associated with changes in our supply chain model enabling realisation of savings of c.£11m, giving rise to a net cash outflow of c.£3m in 2018, followed by net cash inflows of c.£8m annually thereafter
- Loss on disposal of businesses not considered core to the Strategy
- Cost reduction programme associated with realising £13m annualised benefits, including headcount and property
- Other includes the costs of third parties to support the Strategic Review and preparatory refinancing costs

Movement in external net debt

HSS Hire
You're better equipped

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017	2016
Adjusted EBITDA	**48.9**	**68.6**
Cash Exceptionals	(4.3)	(10.9)
Working capital	(11.6)	(11.0)
Capex	(34.8)	(47.4)
Tax	(0.1)	(0.4)
Net interest payable	(12.5)	(13.0)
Disposal of subsidiary	1.1	-
Dividends paid	-	-
Movement relating to equity placing	12.7	-
Net increase in net debt	**(0.6)**	**(14.1)**
Closing net debt	232.8	232.2
Intercompany debt	253.8	221.6
Total debt	**486.6**	**453.8**

- Lower EBITDA in 2017 compared to 2016
- Working capital movements impacted by unwind of dark store and dilapidations provisions and relocation of operations to Manchester
- Capital efficiency and lower investment in non-fleet capex
- Agreed with our lenders to extend the £80m revolving credit facility, which will now mature in July 2019
- Facility and cash headroom of £29.8m as at 30 December 2017

Strategy Update Progress

Steve Ashmore

HSS Hire
You're better equipped

Strategic priorities

HSS Hire
You're better equipped

1 **Delever** the Group

2 **Repair** the Tool Hire business

3 **Strengthen** commercial proposition

Strategic priorities

1 **Delever** the Group

2 **Repair** the Tool Hire business

3 **Strengthen** commercial proposition

Significant focus to turnaround Tool Hire business

- Specialist businesses are delivering for the Group
  - Highly profitable
  - Cash generative
  - Valuable
- A key element of our strategy is focused on the Tool Hire business

		Revenue	Profit	
Rental business	Tool Hire			
	UKP			Specialist businesses performing
	ABIRD/APEX			
	ASH			
Services business	OneCall			Services businesses performing
	Training			

HIGHLIGHTS
FY17 RESULTS
STRATEGY UPDATE
OUTLOOK
APPENDIX

Further annualised savings planned of £10m-£14m

Internal distribution

£4m - £5m

- Reduction in distribution movements
- Deploy stock more effectively and closer to customers in regions
- Improve stock utilisation through cross-dock
- Execute more product testing at source

Test

£1m - £2m

- Utilise excess capacity in network
- Improve asset utilisation by reducing turnaround time
- Reduce handling costs
- Improve utilisation of space
- Deploy central engineering best practice

Operational overheads

£2m - £3m

- Improved productivity
- Leverage existing management resources
- Improved utilisation of space
- Reduced handling costs

Efficiencies

£3m - £4m

- Focus on profit-generating activities
- Eliminating duplication / consolidation of activity
- Simplify processes
- Enhance automation

Implement in early 2018, benefits fully realised in 2019

HSS Hire — You're better equipped

Cost savings expected at higher end of range

Internal distribution

£4m - £5m

ACTIONS DELIVERED

- Unipart and XPO contracts renegotiated
- Distribution trunking routes reduced 42 to 8
- 12,000 items moved out of NDEC
- Cross-dock operational

Test

£1m - £2m

ACTIONS DELIVERED

- Testing capacity increased from 30 to 200 locations
- 194 HSS colleagues trained
- Engineering capacity in HSS network increased by 30%

Operational overheads

£2m - £3m

ACTIONS DELIVERED

- Reduction of 218k sq ft
- Removal of duplicated management costs
- Reduction in fees
- Removal of 100 FTE handling costs

Network reconfiguration implementation on track, savings at higher end of range

Efficiencies

£3m - £4m

ACTIONS DELIVERED

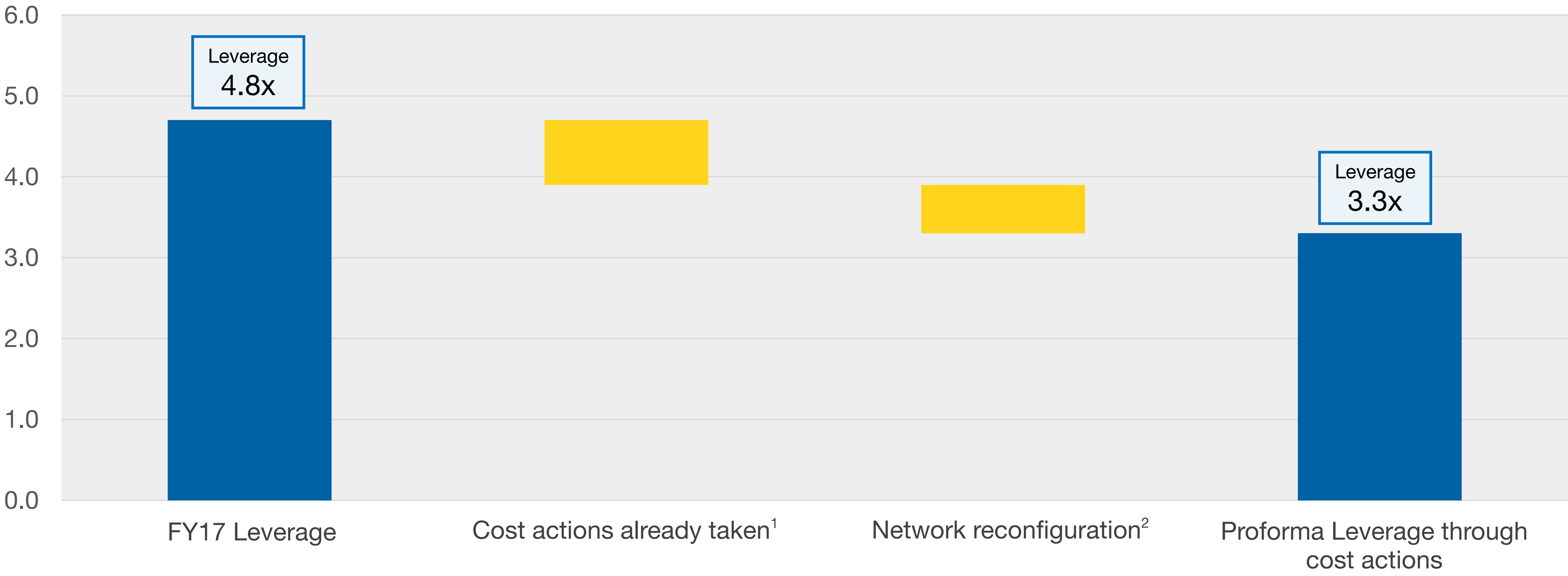
- 30 central roles removed
- Removal of non-profit generating indirect spend
- System changes underway to unlock further efficiencies

c.£2m already implemented, plan to deliver balance

Leverage after network reconfiguration

HSS Hire
You're better equipped

Improving leverage through cost action



1 Cost initiatives already implemented in FY17 / early 2018

2 Based on further annualised saving of £11m through network reconfiguration

Progress being made against two year programme

HSS Hire
You're better equipped

Customer

UPDATE

- Engaged with our 25 largest customer opportunities for targeted profitability improvement
- Agreed changes with 10 customers realigning price with cost-to-serve and improving profitability
- Reallocation of equipment to more profitable customer groups

Product

UPDATE

- Smart price increases implemented based on strategy profitability analysis
- Improved discount control across network
- Identified 11 products to rationalise and action taken to improve profitability on further 6 products

Branch

UPDATE

- Ongoing refinement of branch network
- Implementing 3 standalone branch formats
- P&Ls being rolled out across the network and profitability based incentives introduced regionally

Outlook

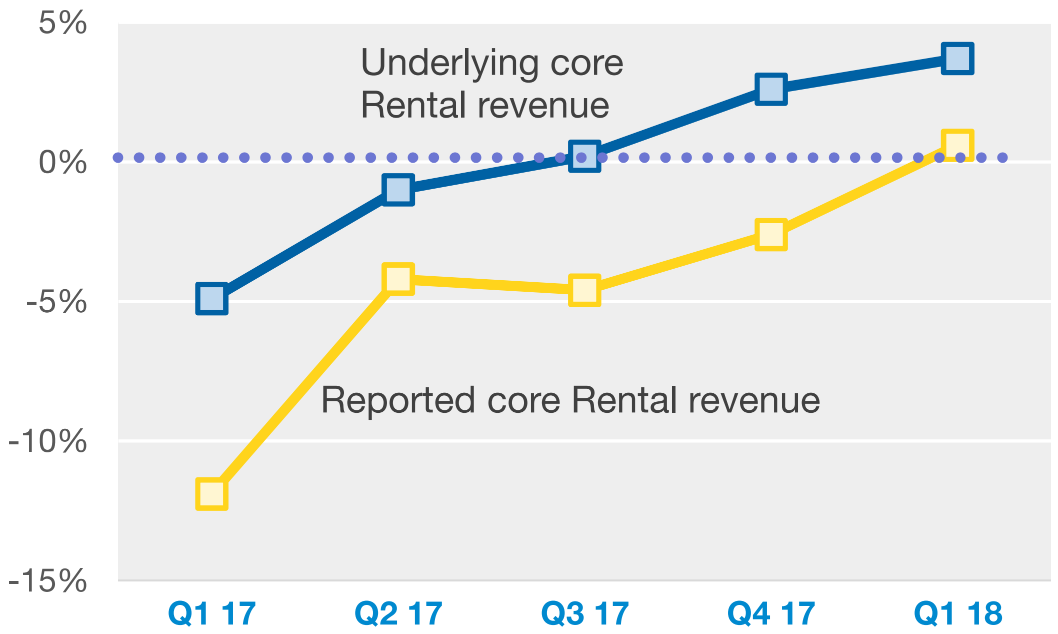
Steve Ashmore

HSS Hire

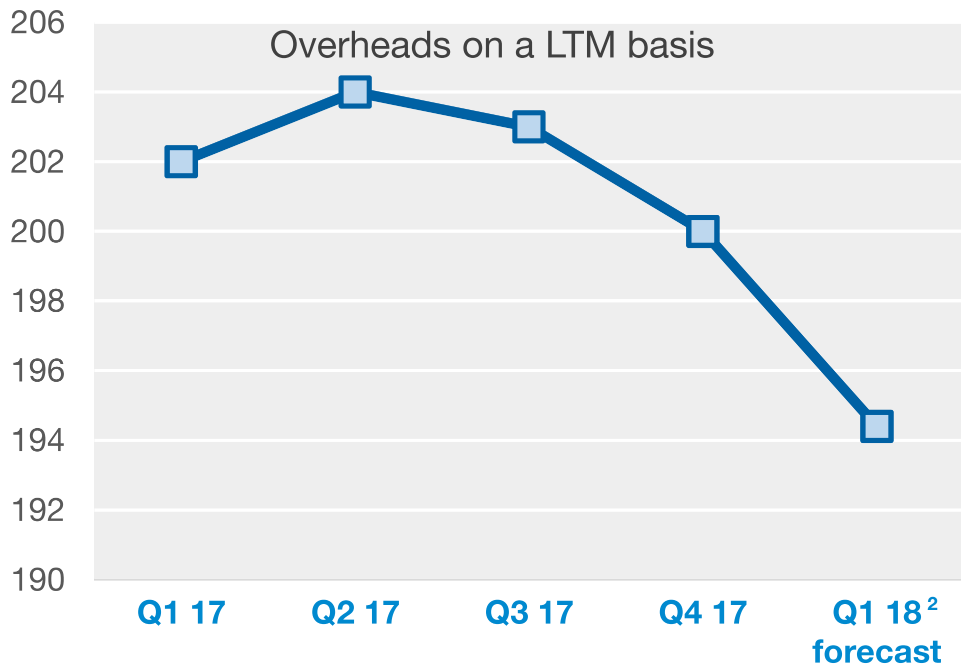
You're better equipped

Momentum continuing into Q1 18

Underlying Rental revenue growth trend improving[1,2]



Overheads reducing (£m)[1]



[1] 2017; Underlying revenue is total rental revenue, excluding branch closures, seasonality, asset disposals and business divesture

[2] 2018 ; Underlying revenue is total rental revenue excluding business divesture

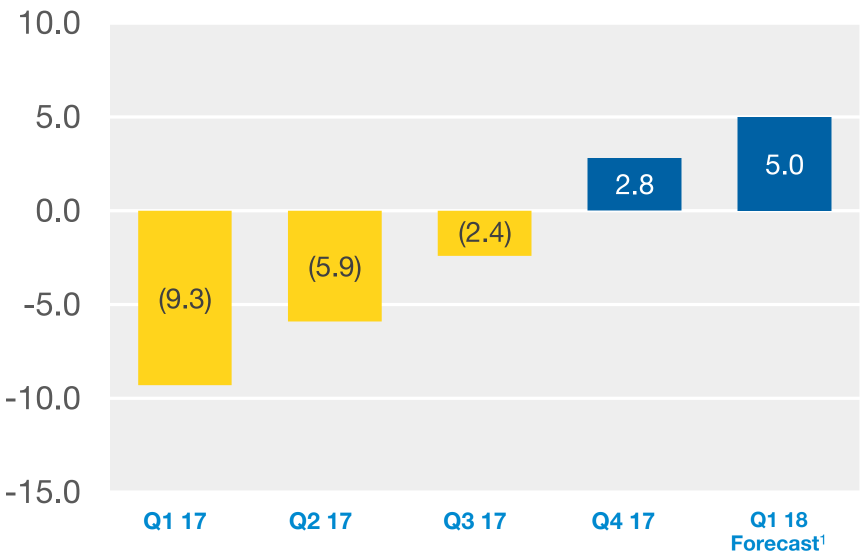
[1] Q1 FY16 adjusted from 14 weeks to 13 weeks

[2] Q1 18 forecast based on January and February actuals and forecast for March 2018

Initiatives undertaken improving EBITDA

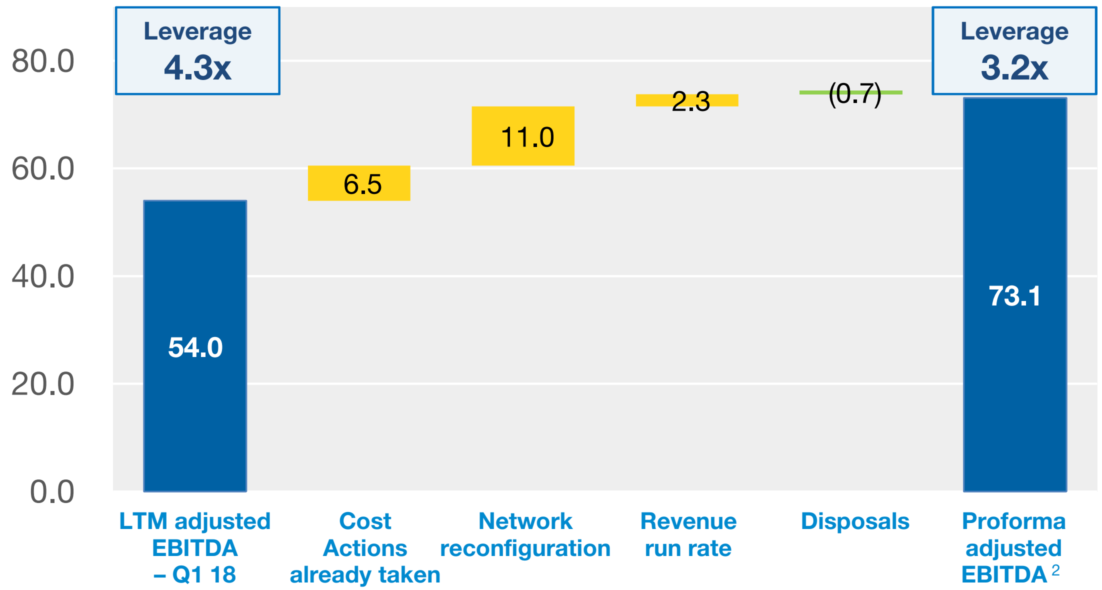
HSS Hire You're better equipped

Year on Year EBITDA variance (£m)



Q1 18 expected to be more than 50% higher than prior year

ProForma Adjusted March EBITDA (£m)



LTM EBITDA expected to be c.£54m at end of March

Note: Financials relate to HSS Hire Group plc. Q4 16 figures are presented on an adjusted basis post stripping out one-off benefits of asset sales and one-off supplier rebates

[1] Q1 18 forecast based on January and February actuals and forecast for March 2018

[2] Proforma based on current market condition s and ERA forward looking forecasts for 2018 and 2019

A strong platform to build upon

- Challenging start to the year, impacted by historic strategic decisions made
- Solid H2 17 performance, underlying rental revenue in growth and cost actions delivering expected benefits
- Q1 18 underlying revenue growth more than 6%, underlying Rental revenue more than 3%
- LTM EBITDA expected to be c.£54m at the end of March with Q1 18 more than than 50% higher than prior year
- Good progress made on the Strategic Review, network changes on track to deliver c.£11m cost savings
- Management continues to make good progress towards refinancing the Group and expects to complete this during 2018
- Leverage as at the end of Q1 18 reduced to 4.3x

	2020
Revenue growth	Grow in line with market
Rental revenue growth	Ahead of market
EBITDA margin	>20%
EBITA margin	>9%
Leverage	<3x
Return on assets	>20%

Q&A

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 FY16 numbers we report today;
- Hampshire Topco Limited, the previous top company in the group; and
- Hero Acquisitions Limited, the consolidated level at which we have also reported 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

You're better equipped

- 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
Balance sheet

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017	2016
Intangible assets	151.5	155.3
Tangible assets	150.9	178.5
Deferred tax asset	0.4	0.8
Net current assets / (liabilities)[1]	36.9	37.4
Other net liabilities	(56.1)	(19.0)
External Net debt (ex accrued interest)[2]	(227.1)	(225.5)
Amount due to group undertakings	(253.8)	(221.6)
Accrued interest	(3.9)	(3.9)
Net liabilities	**(201.2)**	**(98.0)**

[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 D
Net debt calculations

52 weeks ended 30 December/53 weeks ended 31 December

£m	2017	2016
Cash	(2.1)	(2.4)
RCF	69.0	66.0
Finance lease obligations	26.0	28.7
Senior Secured Notes[1]	136.0	136.0
Net debt (ex accrued interest)	**228.8**	**228.3**
Accrued interest	3.9	3.9
External Net debt	**232.7**	**232.2**
Amount due to group undertakings	253.8	221.6
Net Debt	**486.6**	**453.8**

- Reflects borrowings from all third parties and includes the net amounts due to group undertakings
- Leverage of 4.8x (2016: 3.2x)

[2] Shown gross of issue costs