

November 17, 2014



## HII Technologies, Inc. Reports Third Quarter and Nine Months Financial Results

HOUSTON, TX -- (Marketwired) -- 11/17/14 -- [HII Technologies, Inc.](http://www.hiitechnologies.com) (OTCQB: HIIT) ("HII Technologies" or the "Company"), today announced financial results for the third quarter and nine months ended September 30, 2014.

### ***Third Quarter 2014 Highlights :***

- Revenue totaled \$10.0 million, a 155% increase over Q3, 2013 due to strong sales growth from all three divisions as well as the acquisition of Hamilton in mid-August,
- Gross Profit increased by \$1.8 million, a 157% increase to \$2.9 million compared to Q3, 2013,
- Adjusted EBITDA was \$1.3 million and \$1.8 million for the quarter and nine months ended September 30, 2014, respectively,
- Closed the immediately accretive Hamilton acquisition growing our Frac Water Management division,
- Further capitalized the Company with a new \$18 million senior credit facility in August and a \$4 million Series A preferred stock offering in June-July,
- Successfully commercialized frac water evaporation technology addressing customer's expensive trucking/disposal issues,
- Pro forma Revenues and Adjusted EBITDA for the nine months ended September 30, 2014 were \$32.5 million and \$5.4 million, respectively, giving effect to the Hamilton acquisition as if it had occurred on January 1, 2014.

The Company's frac water management services division conducts business through its wholly-owned subsidiaries known as AES Water Solutions, AquaTex and Hamilton Water Transfer. The water division provides total frac water management solutions associated with the millions of gallons of water typically used during hydraulic fracturing and completions of horizontally drilled oil and gas wells. Frac water management services include in-bound water transfer to the frac, post-frac flow back and well test services, above-ground tank storage, as well as onsite frac water recycling and evaporation services reducing trucking and waste water disposal well costs. AES Safety Services, the Company's oilfield safety consultancy division, provides experienced, trained safety personnel including contract safety engineers during oilfield operations from drilling to completion for E&P customers. Additional services provided under our Safety Services division include training, inspection and environmental remediation. The Company's oilfield

mobile power subsidiary does business as South Texas Power (STP) and operates a fleet of mobile natural gas and diesel powered generators, light towers and related equipment for in-field power rental where remote locations provide little or no existing power infrastructure.

**Third Quarter 2014 Results** (ending September 30<sup>th</sup>)

|                                | <b>Q3 2014</b> | <b>Q3 2013</b>   | <b>CHANGE</b> |
|--------------------------------|----------------|------------------|---------------|
| Revenues                       | \$10.0 million | \$3.9 million    | +155%         |
| Gross Profit                   | \$2.9 million  | \$1.1 million    | +157%         |
| Gross Margin                   | 29.1%          | 28.9%            | +0.7%         |
| Income (loss) from Operations  | \$0.33 million | (\$0.07 million) | +566%         |
| Adjusted EBITDA <sup>(1)</sup> | \$1.3 million  | \$0.07 million   | +1,512%       |
| Net Income (Loss)              | \$4.8 million  | (\$0.18 million) | +2,868%       |

*(1) A reconciliation table of the Adjusted EBITDA is provided below*

Revenues for the three months ended September 30, 2014 were \$10.0 million, up 155% from \$3.9 million in the comparable 2013 period. This increase was primarily attributable to the acquisition of Hamilton in mid-August, 2014, as well as the continued growth within the Company's water division from AES Water Solutions and AquaTex (acquired in November 2013) and frac water management services. Additionally, increased revenues came from organic growth of AES Safety Services, including its new spill remediation service line, and organic growth in STP's business in mobile oilfield power. All three divisions -- Water, Safety and Power -- benefited from continued horizontal drilling and related hydraulic fracturing activity in the U.S.

"As expected, the third quarter provided for significant organic growth across all divisions with exceptional performance in our frac water management segment," commented Brent Mulliniks, Director and President of AES Water Solutions. The addition of Hamilton has given us a much greater operational latitude and the opportunity to provide existing services to an expanded customer base and in new geographic areas. With third quarter revenues increasing by more than 155% from the same period in 2013, we are experiencing a ramp in our growth in the second half of 2014 including increased market share in the natural gas section of the Barnett Shale for re-completions and re-fracs that should mark a record year," Mulliniks concluded.

The cost of revenues increased by approximately 154% to \$7.1 million in the three months ended September 30, 2014, or 71% of revenues, compared to cost of revenues of \$2.8 million, or 71% of revenues for comparable 2013 period. The Company's gross profit and gross margin were \$2.9 million and 29.1%, respectively, in the three months ended September 30, 2014 compared to \$1.1 million and 28.9%, respectively, in the three months ended September 30, 2013.

Operating expenses were approximately \$2.6 million, or 25.9% of revenues, for the three months ended September 30, 2014 as compared to \$1.2 million, or 30.7% of revenues, in the comparable 2013 period. The decrease was primarily attributable to increased revenues covering a higher percentage of operating costs. The Company generated an

operating profit of \$0.33 million in the three months ended September 30, 2014 compared to an operating loss of \$0.07 million in the comparable 2013 period.

For the three months ended September 30, 2014, the Company had non-GAAP adjusted EBITDA of approximately \$1.3 million, (EBITDA defined as earnings before interest, taxes, depreciation, amortization, non-cash stock option expenses, and one-time non-operational expense items). A reconciliation table of the adjusted EBITDA is provided below. The net income for the three months ended September 30 2014 was \$4.8 million compared to a loss of \$0.18 million in the comparable 2013 period. The net income for the third quarter 2014 included a tax benefit related to the reduction of the valuation allowance on the deferred tax asset of \$5.6 million, the amortization of non-cash debt discount costs of \$0.06 million and the amortization of deferred financing costs of \$0.09 million. HII Technologies had approximately 53.1 million shares outstanding at September 30, 2014.

***Nine Months 2014 Results*** (ending September 30)

|                                | <b><i>9M 2014</i></b> | <b><i>9M 2013</i></b> | <b><i>CHANGE</i></b> |
|--------------------------------|-----------------------|-----------------------|----------------------|
| Revenues                       | \$24.3 million        | \$9.8 million         | +149%                |
| Gross Profit                   | \$6.9 million         | \$2.5 million         | +171%                |
| Gross Margin                   | 28.3%                 | 25.9%                 | +9%                  |
| Income (loss) from Operations  | \$0.06 million        | (\$0.19 million)      | +134%                |
| Adjusted EBITDA <sup>(1)</sup> | \$1.8 million         | \$0.3                 | +483%                |
| Net Income (Loss)              | \$4.2 million         | (\$.66 million)       | +731%                |

***Balance Sheet and Liquidity***

Total assets increased from \$10.2 million at December 31, 2013 to \$45.2 million at September 30, 2014. On August 12, 2014, the balance of \$4.8 million on the line of credit was paid off using proceeds from the new senior credit facility discussed below.

Cash and cash equivalents were \$1.98 million (not including restricted cash) and total current assets were \$15.9 million at September 30, 2014 compared to \$0.9 million and \$5.0 million at December 31, 2013, respectively. Net cash used in operations increased to \$3.0 million for the nine months ended September 30, 2014 as compared to net cash used in operating activities of \$0.5 million for the comparable 2013 period primarily due to the 5.6 million tax benefit for the reduction of a deferred tax asset allowance.

***Operational Updates***

Debt Financing

On August 12, 2014 the company announced that it had secured \$18 million of senior secured debt funding from a group of lenders, led by Heartland Bank, an Arkansas State Bank based in Little Rock, Arkansas. The credit facility included an accordion feature of \$10 million for future capital needs, which use is subject to lender approval.

Acquisitions

On August 12, 2014, the Company consummated the acquisition of Hamilton Investment

Group, Inc. ("Hamilton") pursuant to the terms of a Stock Purchase Agreement dated August 11, 2014. The \$11.3 million purchase price consisted of \$9 million in cash and \$2.3 million in shares of the Company's common stock valued based on a 20-day trailing average (\$0.65275), or 3,523,554 shares.

Founded in 1993 in Guthrie, Oklahoma, Hamilton provides frac water transfer services to oilfield operators located in Oklahoma and North Texas. Today, Hamilton has an inventory of approximately 50 miles of aluminum pipe and lay flat hose, as well as pumps and other related equipment, which they deploy in a services business model similar to AquaTex and AES Water Solutions, HII's frac water services subsidiaries. Oilfield operators contract with Hamilton to transport the necessary 5 to 10 million gallons of water needed for a single hydraulic fracturing completion or 'frac' of a well.

### Guidance

The Company is not changing or updating guidance at this time and anticipates issuing fiscal year 2015 guidance by the end of March 2015.

"The third quarter proved to be a transformational period for us," stated Matthew Flemming, CEO of HII Technologies. "Our increased access to capital and subsequent closing on Hamilton set the stage for double digit annual growth and gave HIIT the access to new customers and locations that would have been substantially more time consuming to enter organically. We believe our improved liquidity profile and this recent acquisition provides investors with further evidence of the type of accretive opportunities we continue to identify and have the experience to close. We plan to continue future growth through similar accretive transactions supported by marked organic growth across each of our business units."

For more information and management's discussion and analysis of the quarter results, please see the Company's Quarterly Report on Form 10-Q filed November 14, 2014 with the Securities and Exchange Commission.

### ***Investor Conference Call***

The Company will host a webcast and conference call with investors at 11:00 am Eastern Time on Monday, November 17, 2014. CEO Matthew Flemming and President Brent Mulliniks will discuss the company's milestones, growth strategy and financial position.

Date: Monday, November 17, 2014

Time: 11:00 am ET / 10:00 am CT

Dial-in (US): 888-461-2024

Dial-in (Intl.): 719-325-2454

Conference ID: 8973958

Webcast: <http://public.viavid.com/index.php?id=111850>

A replay of the call will be available after 2 pm ET November 17<sup>th</sup>. To access the replay, use 877-870-5176 for U.S. callers and 858-384-5517 for international callers. The PIN number is 8973958.

## **About HII Technologies, Inc.**

[HII Technologies, Inc.](http://www.HIITinc.com) is a Houston, Texas based oilfield services company with operations in Texas, Oklahoma, Ohio and West Virginia. By focusing on the critical service areas of Water, Safety and Power, the Company is positioned to take advantage of the significant anticipated growth in horizontal drilling and hydraulic fracturing within the United States' active shale and unconventional "tight oil" plays. The Company's frac water management division does business as AquaTex, Hamilton and AES Water Solutions, its onsite oilfield contract safety consultancy does business as AES Safety Services, and its mobile oilfield power subsidiary does business as South Texas Power (STP). The holding company, HII Technologies' objective is to bring proven technologies to these operating divisions to build a long-term competitive advantage for its stakeholders. Read more at [www.HIITinc.com](http://www.HIITinc.com), [www.AquaTexUSA.com](http://www.AquaTexUSA.com), [www.AESWaterSolutions.com](http://www.AESWaterSolutions.com), [www.AESSafetyServices.com](http://www.AESSafetyServices.com) and [www.Oilfield-Generators.com](http://www.Oilfield-Generators.com).

### **Non-GAAP Adjusted EBITDA Reconciliation Table**

Following is a reconciliation of income from continuing operations attributable to the Company for the three and nine months ended September 30, 2014 as presented in accordance with United States generally accepted accounting principles (GAAP) to EBITDA.

|                                      |                                |           |                  |
|--------------------------------------|--------------------------------|-----------|------------------|
| <b>Q3 2014:</b>                      | Net Income                     | \$        | 4,849,770        |
|                                      | Add back:                      |           |                  |
|                                      | Interest                       |           | 1,036,479        |
|                                      | Taxes                          |           | (5,561,237)      |
|                                      | Depreciation                   |           | 613,522          |
|                                      | Non-cash stock expense         |           | 55,981           |
|                                      | One-time non-operational items |           | 265,641          |
|                                      | <b>Adjusted EBITDA</b>         | <b>\$</b> | <b>1,260,156</b> |
| <b>9 Months 2014:</b>                | Net Income                     | \$        | 4,184,365        |
|                                      | Add back:                      |           |                  |
|                                      | Interest                       |           | 1,352,324        |
|                                      | Taxes                          |           | (5,483,854)      |
|                                      | Depreciation                   |           | 907,502          |
|                                      | Non-cash stock expense         |           | 299,402          |
|                                      | One-time non-operational items |           | 566,565          |
|                                      | <b>Adjusted EBITDA</b>         | <b>\$</b> | <b>1,826,304</b> |
| <b>Pro Forma:<br/>9 Months 2014:</b> | Net Income                     | \$        | 5,391,583        |
|                                      | Add back:                      |           |                  |
|                                      | Interest                       |           | 2,913,347        |
|                                      | Taxes                          |           | (5,482,840)      |
|                                      | Depreciation                   |           | 1,758,845        |
|                                      | Non-cash stock expense         |           | 299,402          |
|                                      | One-time non-operational items |           | 566,565          |
|                                      |                                |           |                  |

**Forward-Looking Statements**

*This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements as to matters that are not of historic fact are forward-looking statements. These forward-looking statements are based on HII's current expectations, estimates and projections about HII, its industry, its management's beliefs and certain assumptions made by management, and include statements regarding estimated capital expenditures, future operational and activity expectations, international growth, and anticipated financial performance in 2014. No assurance can be given that such expectations, estimates or projections will prove to have been correct. Whenever possible, these "forward-looking statements" are identified by words such as "expects," "believes," "anticipates" and similar phrases.*

*Readers are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict, including, but not limited to: risks that HII will be unable to achieve its financial, capital expenditure and operational projections, including quarterly and annual projections of revenue and/or operating income and risks that HII's expectations regarding future activity levels, customer demand, and pricing stability may not materialize (whether for HII as a whole or for geographic regions and/or business segments individually); risks that fundamentals in the U.S. oil and gas markets may not yield anticipated future growth in HII's businesses, or could further deteriorate or worsen from the recent market declines, and/or that HII could experience further unexpected declines in activity and demand for its hydraulic frac related water transfer business, its safety consultancy business or its generator and related equipment rental service businesses; risks relating to HII's ability to implement technological developments and enhancements; risks relating to compliance with environmental, health and safety laws and regulations, as well as actions by governmental and regulatory authorities; risks that HII may be unable to achieve the benefits expected from acquisition and disposition transactions, and risks associated with integration of the acquired operations into HII's operations; risks, in responding to changing or declining market conditions, that HII may not be able to reduce, and could even experience increases in, the costs of labor, fuel, equipment and supplies employed and used in HII's businesses; risks relating to changes in the demand for or the price of oil and natural gas; risks that HII may not be able to execute its capital expenditure program and/or that any such capital expenditure investments, if made, will not generate adequate returns; and other risks affecting HII's ability to maintain or improve operations, including its ability to maintain prices for services under market pricing pressures, weather risks, and the impact of potential increases in general and administrative expenses.*

*Because such statements involve risks and uncertainties, many of which are outside of HII's control, HII's actual results and performance may differ materially from the results expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Other important risk factors that may affect HII's business, results of operations and financial position are discussed in its most recently filed Annual Report on Form 10-K, recent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K*

*and in other Securities and Exchange Commission filings. Unless otherwise required by law, HII also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made here. However, readers should review carefully reports and documents that HII files periodically with the Securities and Exchange Commission.*

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Source: HII Technologies, Inc.