April 15, 2015

HII Technologies, Inc. Reports Fourth Quarter and Full Year 2014 Financial Results

HOUSTON, TX -- (Marketwired) -- 04/15/15 -- HII Technologies, Inc. (HIIT) ("HII Technologies" or the "Company"), an oilfield service company focused in frac water management with supporting divisions in oilfield power and safety services, today announced its financial results for the fiscal year and fourth quarter ended December 31, 2014.

Fourth Quarter and Full-Year 2014 Highlights;

- ***Pro-forma 2014 revenues and adjusted EBITDA[1] totaled $44.1 million and $6.0 million, respectively (giving effect of the acquisition of Hamilton as of January 1, 2014)***
- Fourth quarter 2014 revenues were approximately $11.1 million, an increase of approximately 131% from $4.8 million in the fourth quarter of 2013, and sequential revenue growth of 11.0% from $10.0 million in the third quarter of 2014
- Gross margins averaged 28.2% for the year and 28.0% for the fourth quarter ended December 31, 2014, and approximately 30% for the year pro forma
- Experienced significant traction in non-chemical bacteria kill AES HydroFLOW™ technology and Rapid-B™ on-site test systems with new customers
- Appointed a Chief Financial Officer in December 2014.

The Company's frac water management services division conducts business through its wholly-owned operating 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 water transfer to the frac site, non-chemical bacteria elimination and onsite testing, post-frac flow back and well test services, above-ground water storage tanks, and onsite frac water recycling and evaporation services. The Company believes bundling these services effectively reduces operator cost and minimizes third-party trucking and waste water disposal well costs. AES Safety Services, the Company's oilfield safety consultancy division, provides experienced, trained safety personnel and contract safety engineers for E&P customers during oilfield operations from drilling to completion. Additional services provided under our Safety Services division include training, inspection and environmental remediation. The Company's oilfield mobile power subsidiary does business as Sage Power Solutions 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.

Fourth Quarter 2014 Results *(ending December 31 st)*

	Q4 2014	**Q4 2013**	**CHANGE**
Revenues	$11.1 million	$4.8 million	+131%
Gross Profit	$3.1 million	$1.3 million	+138%
Gross Margin	28.0%	26.9%	+4.0%
Income (loss) from Operations	$(2.78) million	$(0.39) million	+638%
Adjusted EBITDA[1]	$0.44 million	$0.09 million	+389%
Net Income (Loss)	$(6.6) million	$(0.5) million	-1,220%

[1] A reconciliation table of the Adjusted EBITDA is provided below

Fourth Quarter 2014

Revenues for the three months ended December 31, 2014 were $11.1 million, up 131% from $4.8 million in the comparable 2013 period. This increase was primarily attributable to the acquisition of Hamilton in mid-August, 2014 and the continued growth in frac water management services within the Company's water division from AES Water Solutions and AquaTex (acquired in November 2013). Additionally, increased revenues came from organic growth in AES Safety Services, including its new spill remediation services. Organic growth was also realized in Sage Power Solutions' business of mobile oilfield power. All three divisions of Water, Safety and Power benefited from continued horizontal drilling and related hydraulic frac activity as essential services for oilfield.

The Company's gross profit and gross margin were $3.1 million and 28.0%, respectively, in the three months ended December 31, 2014 compared to $1.3 million and 26.9%, respectively, in the three months ended December 31, 2013.

Operating expenses were approximately $5.9 million, or approximately 53.2% of revenues, for the three months ended December 31, 2014 as compared to $1.7 million, or 34.9% of revenues in the comparable 2013 period. The Company generated an operating loss of $2.8 million in the three months ended December 31, 2014, which included a non-cash impairment charge for customer intangibles, a write-down of $2.3 million, compared to an operating loss of $0.39 million in the comparable 2013 period.

For the three months ended December 31, 2014, the Company had non-GAAP adjusted EBITDA of approximately $0.44 million (EBITDA defined as earnings before interest, depreciation, amortization, non-cash stock option expenses, and one-time non-operational expense items). A reconciliation table of the adjusted EBITDA is provided below.

Fiscal Year 2014 Results *(ending December 31st)*

	FY 2014	***FY 2013***	***CHANGE***
Revenues	$35.4 million	$14.6 million	+142%
Gross Profit	$10.0 million	$3.8 million	+163%
Gross Margin	28.2%	26.2%	+8.0%
Income (loss) from Operations	($2.9) million	$(0.6) million	-383%
Adjusted EBITDA[1]	$2.36 million	$0.5 million	+372%
Net Income (Loss)	($2.4) million	$(1.2) million	-100%

Pro forma 2014 revenues and adjusted EBITDA would have been approximately $44.1 million and $6.0 million, respectively if the Company's acquisition of Hamilton occurred on January 1, 2014.

Fiscal Year 2014

Revenues for fiscal 2014 were $35.4 million, up 142% from $14.5 million in the comparable 2013 period.

The Company's gross profit and gross margin improved for fiscal 2014 were $10.0 million and 28.2%, respectively, in compared to $3.8 million and 26.2%, respectively, in fiscal 2013. Operating expenses for fiscal 2014 were approximately $12.8 million, or 36.2% of revenues compared to $4.4 million, or 30.2% of revenues in fiscal 2013, the increase primarily attributable to newly added employee compensation expense, consulting fees, the cost of public reporting and holding company expenses, as well as the testing and development costs related to water recycling technologies. The Company recorded fiscal 2014 operating loss of $2.9 million in 2014 compared to an operating loss of $0.6 million in fiscal 2013, which included a non-cash impairment charge for customer intangibles, a write down of $2.34 million.

The Company had non-GAAP adjusted EBITDA of approximately $2.6 million in fiscal 2014 and $6.0 million pro forma adjusted EBITDA compared to $0.5 million adjusted EBITDA in 2013. A reconciliation table of the adjusted EBITDA is provided below. Net loss for fiscal 2014 was $2.4 million compared to a loss of $1.2 million in fiscal 2013.

HII Technologies had approximately 55.7 million shares outstanding at December 31, 2014.

Balance Sheet and Liquidity

Cash and cash equivalents were $1.3 million (not including an additional $1.7 million in restricted cash) and total current assets were $14.0 million at December 31, 2014 compared to $5.0 million at December 31, 2013. Total assets increased from $10.2 million at December 31, 2013 to $38.6 million at December 31, 2014. On August 12, 2014, the previous secured the line of credit was paid off using proceeds from the new senior credit facility discussed below. Total Liabilities were $31.2 million and Stockholders' Equity was $7.3 million at December 31, 2014.

Net cash used in operations increased to $2.5 million for the twelve months ended December 31, 2014 as compared to net cash used in operating activities of $0.89 million for the comparable 2013 period.

Updates from 2014

Each of the Company's Water, Safety and Power divisions experienced operational growth and increased revenues during 2014, as discussed below.

The Company's Water division experienced significant growth in 2014 due to an increased customer base, expansion into new territories with operational activities and growing its services offerings into cradle-to-grave frac water management. The August 2014 Hamilton acquisition also provided new customers and geographic expansion in Oklahoma. Total MSAs, or master service agreements, with customers by end of the year 2014 were 89, and grew by 51 during 2014.

The Company's Safety division continued operating safety engineering service sites that include safety inspection, safety classroom training and certification programs in Ohio, West Virginia, and Texas. AES Safety Services also developed its service offering of rapid spill response programs for site clean-up and remediation after environmental occurrences.

During 2014, the Company's power division geographically expanded into new parts of Texas. Rebranded as Sage Power Solutions in early 2015, the power division grew into a turn-key power services company expanding the scope of its services including diesel gap power applications, natural gas power, artificial lift, semi-permanent facilities power and grid installation and services.

"Fiscal 2014 demonstrated our capacity to grow organically with our critical services of Water, Safety and Power through our existing divisions and through accretive acquisitions evidenced by the Hamilton acquisition in August," stated Matthew Flemming, CEO of HII Technologies.

Operational Update

Managing the Industry down cycle

The Company has cut operating costs during the fourth quarter 2014 and the first quarter 2015, including , but not limited to, reductions in force employee headcount, benefits and payroll rates, redeployment of appropriate employees, operating crews and assets to better optimize activity aligned with our customers' spend, and negotiated price concessions with vendors to improve operating efficiencies.

Market pricing

The Company has experienced pressure from customers to reduce prices, in some isolated circumstances, in the 10% to 20% range. In most cases, the Company has been able to pass through discounts to its equipment rental vendors and direct costs to avoid margin declines. We do not believe we have seen the same level of compression as higher operational cost areas such as North Dakota. Additionally, the Company believes the larger frac costs of pressure pumping are more a target focus for operational savings than the less costly frac water management services we provide.

Activity levels

Activities levels have been reduced throughout the United States in management's view and according to outside data such as the rig count reported by Baker Hughes. Within our geographic focus of the Southwest US, levels of activity have been maintained better in the more economically attractive areas of Permian Basin, Delaware basin and other parts of Texas. Currently, some of our customers in Oklahoma have moved activity to parts of Texas and we believe we will continue to see moderate work levels in Oklahoma with select independents and other domestic operators. The essential service profile of our work has also helped us preserve activity compared to optional oilfield services.

During 2014, there were 51 new Master Services Agreements (MSA) added. As a result of these new MSAs, areas of activity expanded in Oklahoma and North Texas for our frac water management group. Some of these customers have also initiated new work in parts of New Mexico and Texas.

Acquiring market share

Due to the downturn in oil prices, many of the small "mom and pop" companies are not able to thrive and cannot afford to purchase the equipment customers require. In our Company's view, customers are migrating to bundled service providers offering a full spectrum of services who can drive efficiencies for oilfield operators and reduce vendor management costs. The Company's total water management system as a bundled package to a customer can lower the operating cost. Sage Power has expanded its services to include natural gas generation which can also be bundled as a package and demonstrated to lower operating costs for several oil companies in Texas. These efficiency drivers of our turn-key service offerings and the anticipated reduced competition from small, single service operators, and help develop our goal to be a market share leader in the Southwest United States as the industry recycle continues.

New technologies commercialized

At the current reduced oil price levels, our customers indicate they are looking for cost saving ideas. The onsite rapid evaporation technology allows customers to reduce the expense and hassle of hauling off waste water. When needed, recycling onsite allows operators to reuse frac flow back water cheaper than the current alternative of hauling off water via trucking and disposal wells. Our AES HydroFLOW™ units for destroying bacteria in water to be used in fracing have been demonstrated to generate savings for customers and has been well received. Customers who have observed demonstrations on the effectiveness of the technology have requested units for their operations. The Rapid-B technology has been introduced to complement the HydroFLOW units by analyzing the bacteria levels on site. The results can be realized within 15 minutes versus the customer shipping samples to third party laboratories. Based on the immediate results, the customer can make the necessary adjustments to the flow stream. These technologies offer cost savings to our customers.

February inclement weather

In February 2015, several parts of our operations in Oklahoma and Texas experienced weather related challenges where ice and other issues temporarily disrupted the operations of our customers.

Senior Credit Facility

We were not in compliance with certain financial covenants (fixed charge coverage ratio, tangible net worth and first lien leverage ratio) at December 31, 2014 and we have reason to believe that we may not be in compliance with certain covenants for the period ended March 31, 2015. As of the date hereof, we have not received any notice of acceleration from Heartland Bank. In addition, we are in active discussions with Heartland Bank for a waiver of such non-compliance for these periods and for certain technical defaults.

Conclusion

Mr. Flemming continued, "We have taken proactive cost containment steps to manage this industry cycle downturn and are very pleased in this environment our newer technology-oriented service offerings such as AES HydroFLOW™ have generated new opportunities for our Company with some of the larger oilfield customers in the US. We are working diligently to procure the appropriate waivers from our senior lender and look forward to concluding additional milestones to bring value to our stakeholders. Additionally, we intend to consider the appropriate acquisition opportunities that present themselves during this industry down turn with a goal to emerge as a leading and innovative oilfield services and solutions provider."

The Company anticipates releasing its first quarter 2015 revenue results with further corporate updates and 2015 revenue guidance by May 2015.

Investor Conference Call

The Company will host a webcast and conference call with investors at 10:00 am Eastern Time, 9:00am Central Time on Thursday, April 16, 2015. Chief Executive Officer, Matthew Flemming, Chief Financial Officer, Acie Palmer and President of AES Water Solutions, Brent Mulliniks will discuss the Company's milestones, growth strategy and financial position.

Date: Thursday, April 16, 2015
Time: ***10:00 am ET / 9:00 am CT***
Dial-in (US): 888-397-5352
Dial-in (Intl.): 719-457-2727
Conference ID: 8161572
Webcast: http://public.viavid.com/index.php?id=113841

A replay of the call will be available after 1 pm ET April 16th. To access the replay, use (877) 870-5176 for U.S. callers and (858) 384-5517 for international callers. The PIN number is 8161572.

About HII Technologies, Inc.

HII Technologies, Inc. is a Houston, Texas based Oilfield Services Company focused on Total Frac Water Management with operations in Southwest United States. It has two supporting divisions in oilfield safety services and power management. By focusing on the critical service areas of Water, Safety and Power, the Company's bundled services approach has allowed them to become a cutting edge technology provider and cost saving solution to oilfield operators who are looking for ways to improve effectiveness in the current price environment. The Company's frac water management division does business as AES Water Solutions, AquaTex and Hamilton , its onsite oilfield contract safety consultancy does business as AES Safety Services and its mobile oilfield power subsidiary does business as Sage Power Solutions, formerly South Texas Power (STP). HII Technologies' objective is to bring proven technologies to these operating divisions and to build a long-term competitive advantage for its stakeholders. Read more at www.HIITinc.com,
www.AESWaterSolutions.com, www.AquaTexUSA.com, www.HamiltonFracWater.com, www.AESSafetyServices.com and www.Oilfield-Generators.com.

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.

Fourth Quarter 2014 Income Statement

The table below sets forth the summary Company's Statement of Operations, for the fourth quarter ended December 31, 2013;

Revenue	$11,123,042
Cost of revenues	8,009,504
Gross margin	28.0%
Operating Expenses	5,845,846
Operating loss	(2,732,309)
Other expenses	(5,141,012)
Net loss	$(6,579,418)

2014 Pro Forma Combined Income Statement

	Pro Forma Consolidated
Revenues	$44,120,806
Cost of revenues	30,670,316
Gross profit	13,450,490

Operating expenses:	
Selling, general and administrative	13,735,852
Total operating expenses	13,735,852
Income (loss) from operations	(285,362)
Other income (expense)	
Loss on debt conversion	(11,063)
Interest expense, net	(5,021,035)
Loss before income taxes	(5,317,460)
Benefit for deferred income taxes	5,639,233
Net income	$321,774
Deemed dividend	(720,424)
Cumulative dividend	(101,342)
Net income attributable to common shareholders	$(499,993)

[1] *Adjusted EBITDA Reconciliation Table*

The following is a reconciliation of income from continuing operations attributable to the Company as presented in accordance with United States generally accepted accounting principles (GAAP) to adjusted EBITDA.

HII Technologies, Inc.
Adjusted EBITDA Reconciliation Table
For the quarter and year ended December 31, 2014

	Quarter	***Year***	***Pro Forma***
Net income (loss)	$ (6,579,418)	$ (2,395,053)	$ 321,774
Add back:			
Interest expense	898,002	2,070,531	2,104,624
Taxes	69,485	(5,414,370)	(5,413,356)
Depreciation*	3,402,325	4,309,827	5,161,170
Non-cash stock expense	69,685	368,907	368,907
Debt discount amortization	1,626,878	1,683,679	1,683,679
Deferred finance costs amortization	867,570	1,085,272	1,085,272
Water recycling development / testing costs	25,174	181,002	181,002
One-time non-op items	60,500	471,236	471,236

EBITDA	***$ 440,201***	***$ 2,361,031***	***$ 5,964,308***

*Includes one-time, non-cash intangible customer impairment charge.

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