May 20, 2015

# HII Technologies, Inc. Reports First Quarter 2015 Financial Results

HOUSTON, TX -- (Marketwired) -- 05/20/15 -- HII Technologies, Inc. (OTCQB: 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 first quarter ended March 31, 2015.

***First Quarter 2015 Highlights;***

- Revenues totaled approximately $8.5 million in Q1 2015, an increase of approximately 13.3% from $7.5 million in Q1 2014,
- Operations during the quarter were challenged by inclement weather in February 2015 affecting total revenues and margins,
- Gross Margins averaged 5.0% for Q1 2015
- By offering new technologies, such as AES HydroFLOW™ non chemical bacteria kill, the Company acquired eight new customer wins adding new master service agreements in the quarter, and,
- The Permian Basin continues to be the Company's most active area for commercialization of its new frac water technologies.

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 offering compelling new technologies and bundling these services effectively reduces operator cost, minimizes transportation 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 this 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.

***First Quarter 2015 Results*** *(ending March 31st)*

| | **Q1 2015** | **Q1 2014** | **CHANGE** |
|---|---|---|---|
| Revenues | $8.5 million | $7.5 million | +13.3% |
| Gross Profit | $0.5 million | $2.0 million | -77.7% |
| Gross Margin | 5.0% | 27.2% | -80.3% |
| Income (loss) from Operations | $(2.25) million | $0.13 million | -1,769% |
| Adjusted EBITDA[1] | $(1.11) million | $0.53 million | -164% |
| Net Income (Loss) | $(3.13) million | $(0.02) million | -12,497% |

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

***First Quarter 2015***

Revenues for the three months ended March 31, 2015 were $8.5 million, up 13.3% from $7.5 million in the comparable 2014 period. This increase in Q1 2015 over Q1 2014, was primarily attributable to the acquisition of Hamilton in mid-August 2014 and the growth in certain areas of our frac water management services division including our flow back services. Sequentially, revenues were down $2.6 million, or 23.6%, from the fourth quarter 2014 as all three divisions of Water, Safety and Power were impacted by the downturn pressures of our industry and oil prices with reduced activity levels with our service businesses.

The Company's gross profit and gross margin were $0.5 million and 5.0%, respectively, in the three months ended March 31, 2015 compared to $2.0 million and 27.2%, respectively, in the three months ended March 31, 2014.

Operating expenses were approximately $2.7 million, or approximately 31.8% of revenues, for the three months ended March 31, 2015 as compared to $1.9 million, or 25.3% of revenues in the comparable 2014 period. The Company generated an operating loss of $2.25 million in the three months ended March 31, 2015, compared to operating income of $0.13 million in the comparable 2014 period.

For the three months ended March 31, 2015, the Company had non-GAAP adjusted EBITDA of approximately $(1.11) 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.

HII Technologies had approximately 57.3 million shares outstanding at March 31, 2015.

***Balance Sheet and Liquidity***

Cash and cash equivalents were $1.1 million (not including an additional $1.9 million in restricted cash) and total current assets were $13.3 million at March 31, 2015 compared to $14.0 million at December 31, 2014. Total assets decreased from $38.6 million at December 31, 2014 to $37.0 million at March 31, 2015. Total liabilities were $32.5 million and stockholders' equity was $4.5 million at March 31, 2015.

Net cash provided by operations increased to $0.56 million for the three months ended March 31, 2015 as compared to net cash used in operating activities of $0.68 million for the comparable 2014 period.

***Updates from First Quarter 2015***

As with most oilfield services providers, industry activity levels are highly correlated to the capital spending by oil and gas operators. The Q1 2015 well-publicized drop in oil prices created reductions in both activity levels and pricing for the industry. Although the impact has been severe on a national basis as indicated by oil and gas companies spending and rig counts, we believe we have benefited from the critical service profile of our business mix, the ability to bundle our services, applying new technologies that reduce operator costs as well as our focused geographic footprint in the southwest United States. These factors allowed for less of an impact on our operations than many other service companies.

As previously reported, 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.

The Company swiftly reacted to the changing macro environment and instituted cost reductions in concert with reallocating our assets and crews to better align with our customers' changing objectives. Although each of the Company's Water, Safety and Power divisions experienced decreased revenues during the Q1 2015, the Company was able to mitigate some margin decline associated with the downturn pressures, as discussed below.

The Company's Water division experienced a decrease in revenue in Q1 2015 due to oilfield customers relocating drilling rigs and activity from certain areas of Oklahoma into other more economically attractive areas such as the Permian Basin and Delaware Basin. While we believe the Company acquired some of this work as it moved to West Texas, it resulted in lower interim utilization early in the quarter due to the operational transition. Additionally, the inclement weather in Texas and Oklahoma caused an estimated 14 days of work stoppage during February. These challenges were partially offset by significant growth in our flow back division in the first quarter particularly in West Texas with important new customers who currently maintain robust activity levels.

The Company's Safety division continued operating safety engineering service sites which include safety inspection, safety classroom training and certification programs in Ohio, West Virginia, and Texas. Although Q1 2015 revenues were slightly down sequentially compared to the Q4 2014, margins were mitigated by the pass-through of pricing pressures to the Company's employee and contractors' labor rates. The Safety division continues to view spill remediation services as a growth area of its business.

During Q1 2015, the Company's Power division revenues increased 42% compared to Q1 2014. Rebranded as Sage Power, the Company's power division executed a successful selling initiative to increase utilization with well-capitalized customers who could execute on a large, multi-site asset rental offering in exchange for appropriate pricing adjustments. The power division furthered its plan to provide turn-key power services company by 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.

"Offering new frac water related technologies that save customers money and drive efficiencies, cutting operational costs and bundling of our suite of services is the strategic approach the Company has taken to manage through this industry cycle", stated Matthew Flemming, CEO HII Technologies, Inc. He continued, "Our goal is to exit this cycle as a market share leader in the southwest United States using our cost-saving technologies to have a competitive advantage."

***Operational Update***

*Managing the Industry down cycle*

As previously reported, the Company has cut operating costs during the first quarter 2015, including, but not limited to, reductions in employee headcount in certain areas of Oklahoma and South Texas, reduced 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. These and other timely actions should be further realized in our operational performance into the Q2 2015.

*Market pricing*

As previously reported, the Company experienced pressure from customers to reduce prices mostly in the 10% to 20% range. In many cases, the Company has been able to pass through discounts to its equipment rental vendors and other direct costs. Our pricing benefits to some extent from the economically attractive basins and reservoirs that our Company serves in the Southwest US relative to higher operational cost areas. Additionally, the Company believes frac water management is not one of the larger costs in a typical completion or frac and has not been the primary focus of oilfield cost cutting targets in the Company's view.

*Activity levels*

Activity 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 to a larger extent in the more economically attractive areas of Permian Basin, Delaware Basin of Texas. The Company has redeployed assets and crews accordingly. Currently, some of our customers in Oklahoma have moved their activity to parts of Texas. We believe we will continue to see reduced work levels in Oklahoma with select independents and domestic operators with less national acreage.

Although oil prices have appeared to recently recover from the commodity pricing lows in early Q1 2015, the outlook for oilfield services still remains somewhat cautious. The Company is observing that the customary rapid production decline rates associated with typical tight oil and unconventional shale reservoirs, combined with reduced drilling and rig counts, may lower total production and supply levels in the United States which in turn may support higher oil prices.

*Acquiring market share*

The Company continues to believe the demise of smaller owner/operator "mom and pop" companies and the apparent lack of meaningful technology with larger competitors will allow HII Technologies to pick up valuable market share in the frac water management market. Many smaller firms do not appear to be able to procure new equipment needed to adapt to customer requirements. Additionally, we continue to believe our customers are migrating to bundled service providers offering a full spectrum of services that can drive efficiencies and cost savings for oilfield operators and reduce vendor management costs.

*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 provides customers with the potential of reducing the expense and hassle of transporting the waste water. When needed, recycling onsite allows operators to re-use frac flow back water cheaper than the current alternative of hauling off water via trucking and disposal wells. Our AES HydroFLOW™ units, with a non-chemical technology for destroying bacteria in water to be used in fracing, have demonstrated the ability to generate savings for customers over current methods.

Customers who have observed the HydroFLOW™ demonstrations and 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 which can take more than a week for results. Based on Rapid-B's immediate results, the customer can make the necessary adjustments to the frac water. These technologies offer cost savings to 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. In addition, we were not in compliance with the fixed charge coverage ratio, tangible net worth covenants, first lien leverage ratio and ratio of EBITDA to interest expense financial covenants at March 31, 2015. Effective May 20, 2015, we entered into a Third Modification and Waiver Agreement with Heartland Bank for each of the Credit Agreement and the Account Purchase Agreement dated August 12, 2014 (the "Third Amendments"), pursuant to which the Lenders waived certain existing defaults under the Credit Agreement, including a waiver of covenant compliance with respect to Fixed Charge Ratio, Tangible Net Worth Covenant and the First Lien Leverage for the periods ended December 31, 2014 and March 31, 2015 and with respect to the Ratio of EBITDA to Interest Expense for the period ended March 31, 2015. The Lenders under the Heartland facility waived default rate interest through March 31, 2015; and reset certain financial covenants under such facility for the remainder of 2015.

The Company plans to schedule an earnings and stockholder update call within the next few weeks which will be noticed by a press release.

### *Annual Meeting*

HII Technologies' annual stockholders meeting is set for Monday, June 22, 2015 in Houston, Texas at 10 am CST. The Company has completed mailing a notice of meeting and proxy statement along with a copy of our annual report to all stockholders of record as of the record date April 28, 2015. A copy of the notice of meeting and proxy statement has been filed with the Securities and Exchange Commission. The Company will issue another press release at a later date with more details of this meeting.

### *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. 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 2015. 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.*

***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 ended March 31, 2015

| | |
|---|---|
| Net income (loss) | $(3,130,602) |
| Add back: Interest expense | 765,832 |
| Taxes | 103,321 |
| Depreciation | 780,589 |
| Non-cash stock expense | 270,108 |
| Deferred finance costs amortization | 12,712 |
| Water recycling development / testing costs | 16,124 |

| | |
|---|---|
| One-time non-op items | 68,673 |
| ***EBITDA*** | ***$ (1,113,243)*** |

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