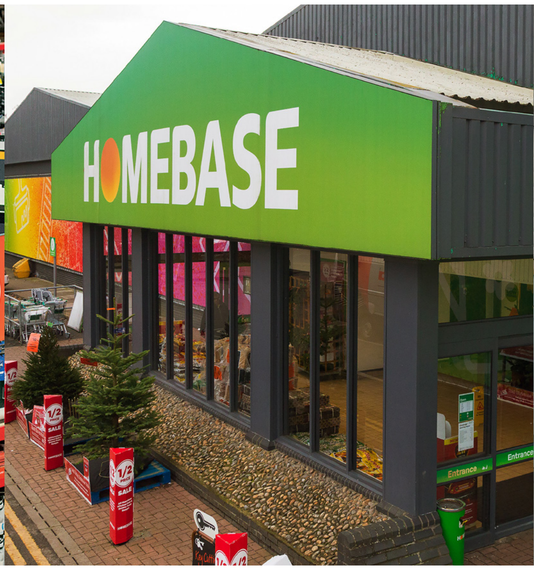
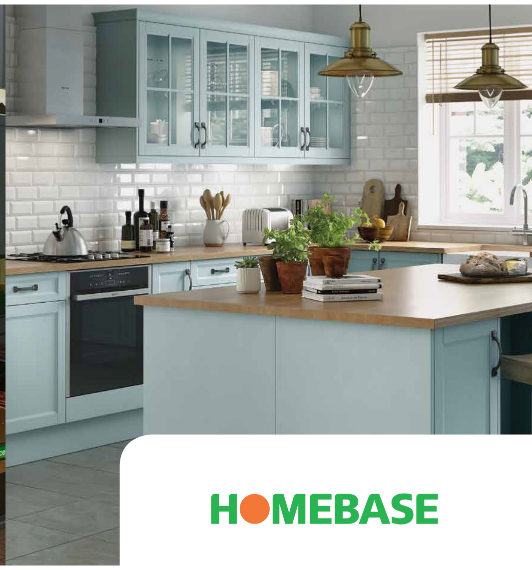
Hilco Capital
www.hilcocapital.com

A Hilco Global Company
Vested in Your Success

CASE STUDY





HOMEBASE

Background

Originating as a joint venture between Sainsbury's and GB Inno in 1979, Homebase is the UK's second largest home improvement and garden retailer. The business was acquired by Australian conglomerate, Wesfarmers, in 2016 with the intention of converting the stores to its Bunnings Warehouse format.

Homebase had seen declining sales since 2014 and losses widened significantly under Wesfarmers' ownership, with the business posting an operating loss of £128m in 2017 and a further 10.6% reduction in sales in 2018. By early 2018, Wesfarmers had resolved to exit the UK market and in May 2018 agreed to sell Homebase.

Hilco Capital's role

- Worked with the business to secure £115m of working capital facilities
- Senior team of Hilco staff and consultants put in place to assist with the restructuring of the business and to develop and implement initiatives to improve performance
- Drove the carve out of multiple IT systems within a six month TSA period
- Hilco Property appointed to manage landlord negotiations and the rightsizing of the store portfolio
- Managed store closures to maximise profitable sell through of obsolete stock while minimising disruption to the core business

Results

- EBITDA improved by £140m within the first six months of ownership
- Achieved a 3% increase in the gross margin run rate
- Rebuilding the customer offering, including adding new ranges and reinstating concession partners
- 24 Bunnings-branded stores reverted to Homebase
- Central overheads reduced by c. £34m p.a.
- Closed 52 loss making stores, a distribution centre and multiple remote storage sites
- Implemented improved systems and processes to reduce stock loss by more than 30% year-on-year
- Installed detailed cost management measures and put in place processes to increase stock quality

Key facts

2018 sold by Wesfarmers	7,700 employees	£1bn turnover	52 loss making stores exited	£140m EBITDA gain in 6 months