

HSS Hire Group plc:
**Bringing Operational
Innovation to Hire**

October 7th 2016



Health and safety

- There are no fire drills planned for today, if the fire alarm does sound it is a real evacuation and your host will escort you out of the building to your designated assembly point which is at the back of the visitors car park
- The fire exit today is at the back of the room
- The nearest toilet is in reception
- This is a no smoking site however there is a designated smoking area in between reception and the visitors car park

Our group strategy

Customer needs

- Availability
- Safety
- Support
- Value

Our strategy

Optimise the distribution and branch network

Win new, and deepen existing, customer relationships

Continued development and growth of our specialist businesses

Scalable benefits

- Enhanced customer service proposition
- Operational and capital efficiencies
- Shareholder value

The aim of today

- Provide you with an overview of the innovation we are bringing to the HSS business and the UK tool and equipment hire industry. This innovation will enable us to enhance our customer service proposition and to drive shareholder returns.

Two clear areas of innovation to drive these improvements:

1. The implementation of our National Distribution and Engineering Centre (“NDEC”) and the associated evolution of our operations and distribution network; and
2. Our new purpose built Refurbishment Centre in Manchester.

Today's schedule

- | | |
|---|----------------|
| 1. Overview and physical tour of NDEC | 1 hour 30 mins |
| 2. Our integrated customer proposition | 30 mins |
| 3. Overview of our Refurbishment Centre | 15 mins |

Overview of the NDEC

- 190,000 sq. ft. facility located here in Cowley, room for expansion within c. 1,000,000 sq. ft. warehouse
- Managed day to day by Unipart in partnership with HSS
- Commercial agreement with performance targets and SLAs
- Transport activity outsourced to XPO Logistics
- Designed to:
 - Centralise majority of engineering activity to drive operating and capital efficiencies
 - Separate branch fulfilment from customer delivery and collection
 - Enable local branch staff to focus on building customer relationships and driving profitable sales growth
 - Flex with the growth and development of the HSS business
- All of which will improve our customer service proposition

The evolution of our distribution network

2007 - 2010

De-centralised multi site hire depot model

- Engineering and logistics locally managed
- Large footprint depot network
- High 'fixed' costs per site
- Low utilisation of rental fleet
- Limited opportunity for national economies of scale



2011 - 2015

Semi-consolidated hub and spoke model

- Engineering and logistics consolidated to 30-35 DC locations
- >70 smaller, lower cost branches opened
- Better cost control
- Improved productivity and utilisation
- Opportunity to drive limited level of scale efficiencies



2016 +

Centralised, industrialised NDEC

- Core engineering and logistics industrialised
- Opportunity to optimise CDC and branch network
- Improved utilisation and capital efficiency
- Scalable infrastructure and integrated systems (HSS/Unipart)
- Continuous improvement philosophy driving operational efficiency

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ABIRD/APEX
POWER SOLUTIONS

All Seasons
HEATING AND COOLING

HSS OneCall

reintec
cleaning equipment services

TecServ
EQUIPMENT MAINTENANCE

HSS Training

UK Platforms
POWERED ACCESS

HSS Hire

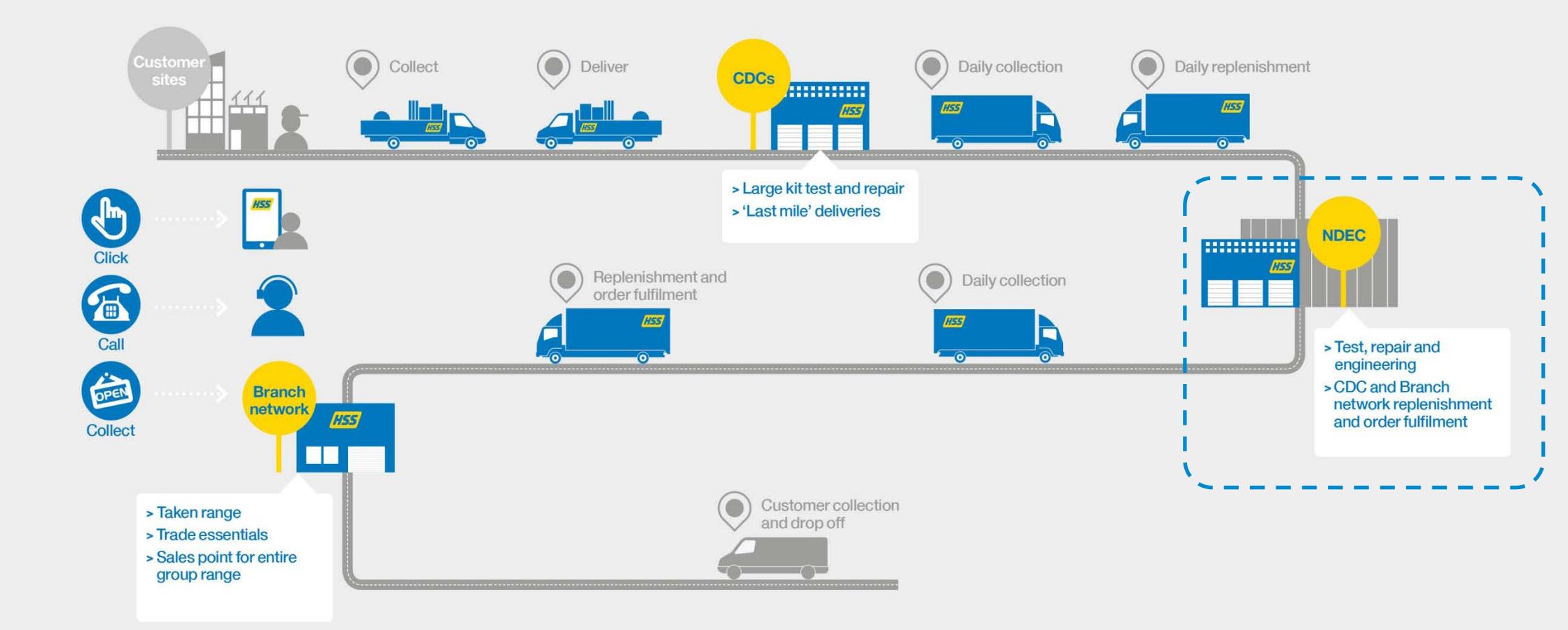
hsshiregroup.com

NDEC engineering principles and implementation

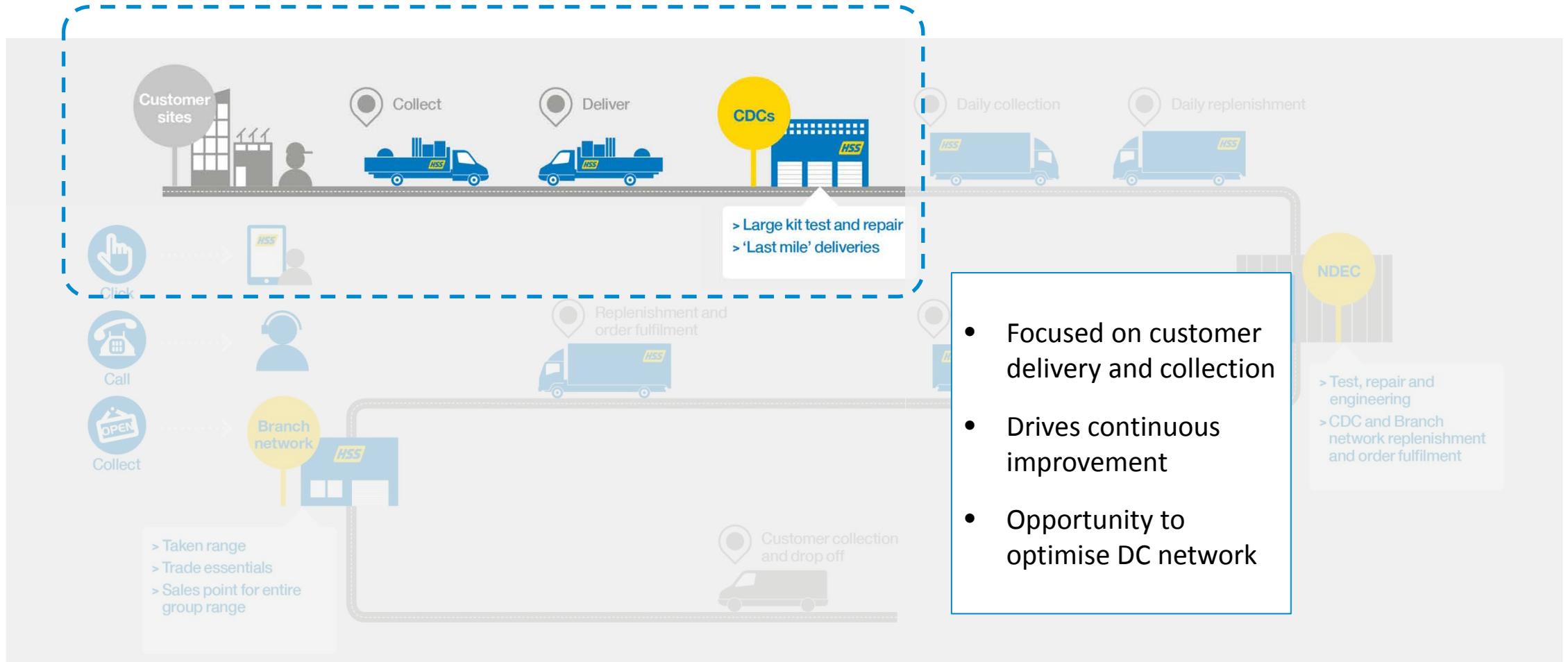
- Centralising engineering delivers advantages:
 - In-fleeting gives greater control over quality and resource efficiencies;
 - Batch fleeting high volume items to generate efficiencies;
 - Engineering quality improvements; and
 - Ability to more easily identify improvements to processes and products with suppliers
- Phased NDEC opening programme since March 2016
- c. 206 branches and distribution centres rolled in to date (c. $\frac{2}{3}$ of our target network)
- Currently managing inbound volumes of up to 3,000 pieces of kit / day

NDEC site visit

Our integrated customer proposition



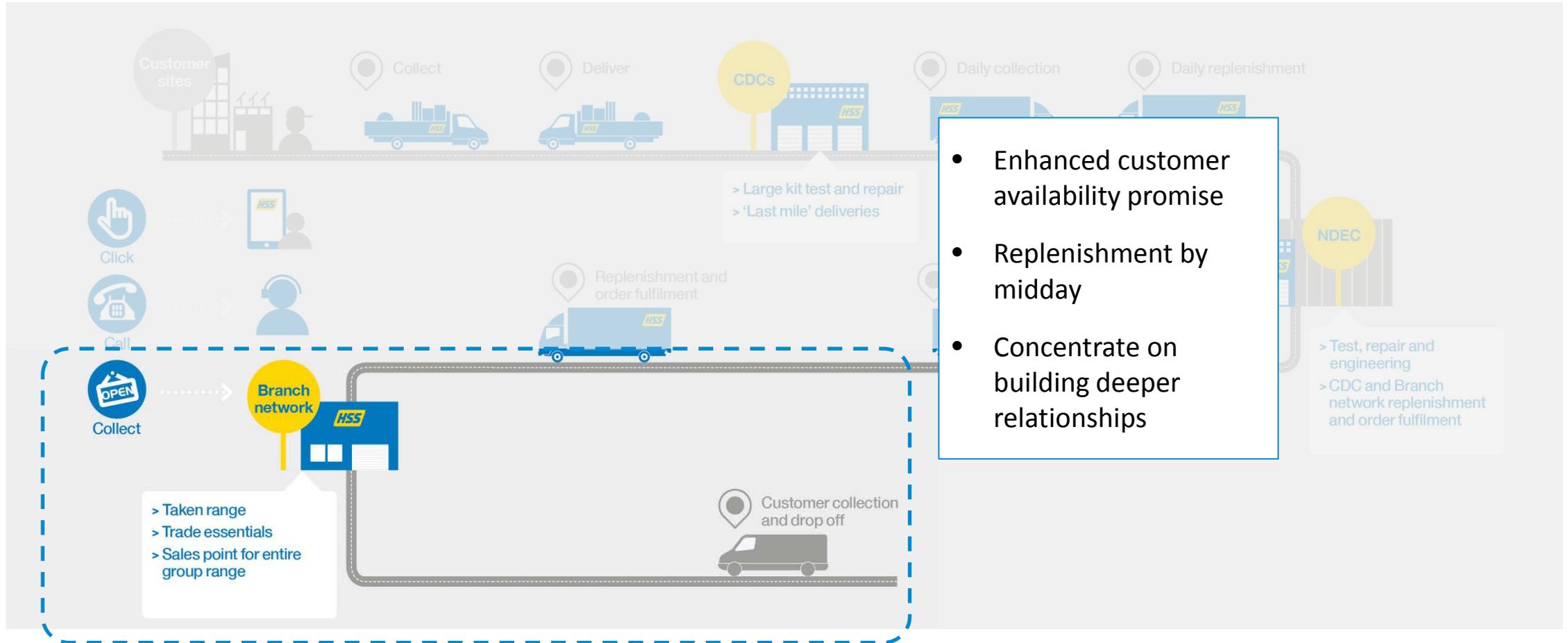
Our integrated customer proposition: CDCs



CDC Video

Please click [here](#) to view the CDC video

Our integrated customer proposition: Local Branches

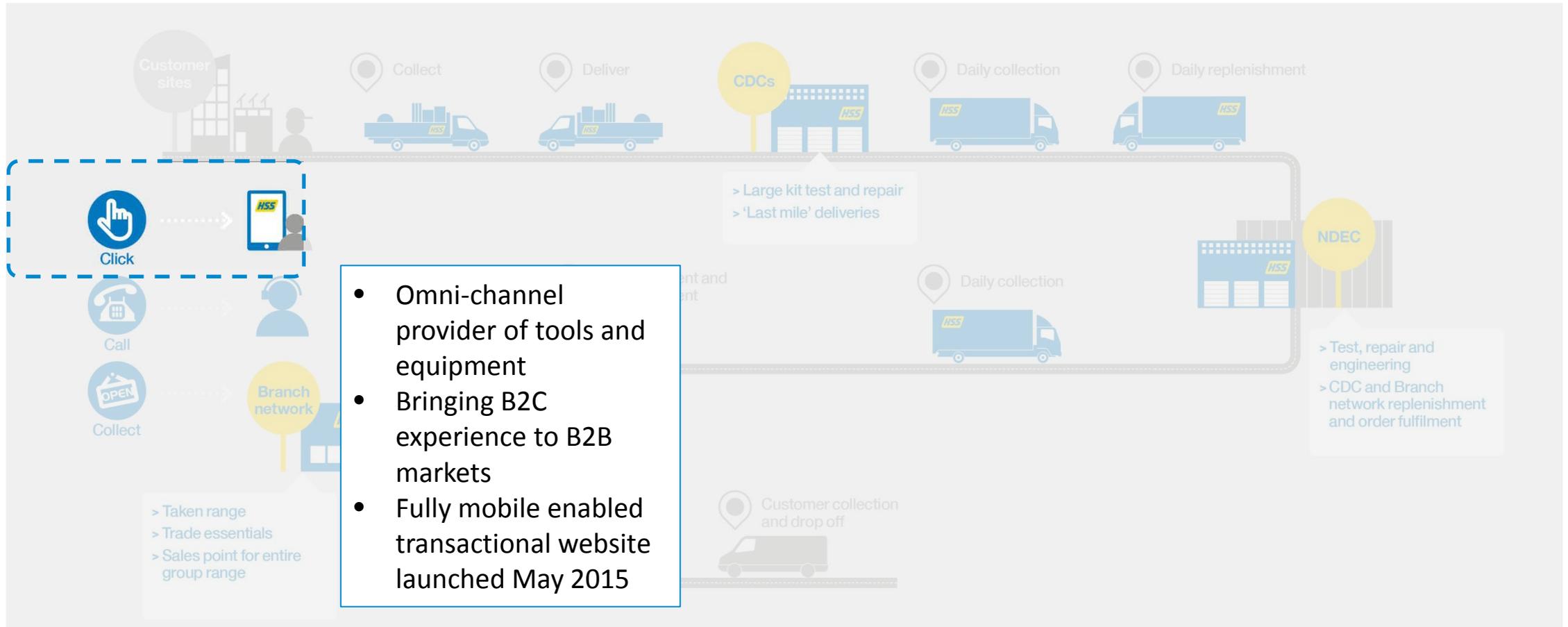


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Local Branches Video

Please click [here](#) to view the Local Branches video

Our integrated customer proposition: E-commerce



E-commerce Video

Please click [here](#) to view the E-commerce video

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The evolution of our refurbishment centre(s)

2010

Established first iteration of refurbishment centre

- Concept developed and managed by HSS
- 8,000 sq. ft. location in Westinghouse Rd, Manchester
- Initial focus on limited range: electric scissor lifts and lighting rigs
- 5 engineers
- Refurbished c. <£1.0m of fleet



2013

Expanded operation with adjacent warehouse space

- Managed in-house
- Operation expanded in same location to 30,000 sq. ft.
- Range broadened to include diesel booms and small generators
- 15 engineers
- Refurbished c. £5.5m of fleet for cost saving of c. 70%



2015 +

Opened purpose built refurbishment centre

- Process flow designed with Unipart to deliver up to 2x historic work volume capacity
- Moved to purpose built 36,000 sq. ft. location in Mosley Rd, Manchester
- Capability expanded to include hybrid booms
- 25 engineers
- Incorporates continuous improvement and engineering best practice

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Refurbishment Centre Video

Please click [here](#) to view the refurbishment centre video

Our new Refurbishment Centre

- Opened in December 2015
- Unique in the UK tool and equipment hire market
- Focused on assets which deliver best returns (cost and replacement value)
- Products ranging from 16m articulated boom lifts to small lifting equipment
- Achieve minimum 5 years life extension
- Provides buy / refurbish decision flexibility; delivers capital efficiency
- Reduces impact on environment

Summary

- NDEC = Evolution, not 'big bang'; scalable to support future growth
- Industrialisation provides platform for ongoing efficiency and productivity gains
- Implementation enhances our integrated customer service proposition
- New Refurbishment Centre promotes further sustainability and capital efficiency gains
- Operational innovation provides the platform for long term sustainable growth in the sector

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