



# Investor Relations Update.

Welcome to the second edition of our IR newsletter focused on recent events of relevance to investors and other external stakeholders.

It covers corporate & business news, industry awards IR activities and interviews as well as selected FAQs from recent IR events and roadshows.



*Ross Hawley, Head of IR*



## News.

Covering recent RNS, industry awards and activity across the operating businesses.



## IR Activities.

We have been busy with interims results & conferences, as well as winning FTSE250 website of the year award!



## IR Calendar.

**18 March** - Berenberg UK Conference

**April** - UK site visits

**9 July** - Full Year Results



## Spotlight interview.

Richard Clay, UK&I FD who is taking on the role of Interim CFO until Rachel Coulson joins in the summer.



## Sustainability focus.

Review of the apprentice technical skills competition. We talk to the organiser, Daryl Head.



## Investor FAQs.

Residual Values: how they are managed and their impact on capex, P&L and Balance Sheet.



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# News: Corporate

We highlight notable corporate news over the past couple of months, together with business awards recognising our focus on providing excellent customer service.

## Interim Results

We reported interim results on 4th December with underlying revenue up 5.6% and underlying PBT of £82.0m, and fleet increased to 132,500 as vehicle supply improved. While disposal profits continued to normalise as expected, we confirmed FY expectations for FY2025. [See here.](#)

## Appointment of new Group CFO

On 3<sup>rd</sup> February, we announced the appointment of Rachel Coulson as our new Group CFO. Rachel is currently Group Deputy CFO at Pearson plc where she has held a number of senior finance roles in the UK and US since 2014.

Rachel has significant experience of digital transformation, including the evolution of the customer experience through the development and implementation of innovative technology strategies. Rachel is expected to join by 18 August 2025; prior to her arrival our UK&I Finance Director, Richard Clay steps in as interim CFO. [See here.](#)

## Financing actions

We completed an additional £160m additional loan note financing in late November, with 7yr and 10yr durations fixed at 4.4%. This delivered a 70bp reduction in our drawn debt financing costs. As a result, average funding cost on our borrowing facilities was 3.2% and headroom on committed facilities was £347m at the half year.

## Recent industry Awards.

ZIGUP has won a number of notable awards over past few months. Highlights include:



**Rental Company of the Year:** The judges saying Northgate stood out from the rest for their excellent fleet management tools, transparent vehicle hire options, increased investment in EVs and their 'Drive to Zero' initiative which supports companies transitioning to electric.

**Purpose award:** Recognition by Madrid Excelente for our leadership "towards smart mobility" by providing our Spanish customers with comprehensive, flexible and sustainable mobility solutions.



All of our industry recognition is listed on the ZIGUP website, [see here.](#)

## Trustpilot scores.

Recognising our industry-leading customer service:

 PART OF + ZIGUP	 PART OF + ZIGUP	 THINKING AHEAD PART OF + ZIGUP	 PART OF + ZIGUP	 PART OF + ZIGUP	 PART OF + ZIGUP	 PART OF + ZIGUP
4.4	4.9	4.4	4.4	4.9	4.1	4.9

# News: Business

Across our strategic pillars of Enable, Deliver and Grow, our people have been busy supporting customers and developing new products and services. Here are examples of recent initiatives and actions.

## Spanish fleet reaches 70,000 vehicles

Northgate Renting Flexible reached 70,000 fleet vehicles as it celebrated 45 years in Spain, only two years after reaching 60,000 vehicles, supported by the largest network of branches in Spain. Northgate closed 2024 with a 25.5% increase in registrations, almost doubling the 13.6% growth in the renting sector in the same period.

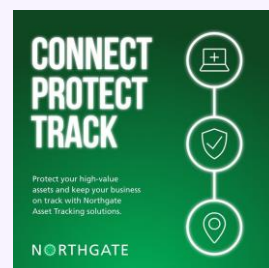


## ChargedEV partner wins & enhanced platform

Supported by investment in its nationwide installer team, ChargedEV has expanded its capacity, and since November has also added Hive to its partner referral group. It now has 7 large strategic partners including Scottish Power, Tusker and British Gas.

## Asset tracking product offering launched

Complementing our advanced telematics offering, Northgate launched a new Asset Tracking product, seamlessly fitting into our telematics online platform, dashboards & mapping and can track a broad range of valuable assets from plant machinery to trailers & shipping containers, including alerts if moving outside a defined geofenced location.



## Green Flag appointment

Northgate has signed up Green Flag, part of Direct Line Group, as its rescue partner for both commercial vehicles and personal hire cars across the UK.

The agreement, which officially launches on 31 March 2025, strengthens and extends the existing successful partnership between Direct Line Group and ZIGUP.

# Investor relations: Activities

Since our October edition, we have been busy with conferences, site visits and website improvements, together with our interim results and roadshow.

There will be more of the same before the year end – including attending the Berenberg Conference with Jorge Alarcon, our Spanish MD and site visits in both England and Scotland.



Please get in touch if you would like to join a site visit, or see us at Berenberg conference on **Tuesday 18 March**.

## Site Visits.

We have recently organised site visits to both Northgate and Auxillis branch operations, and a session at our FMG's offices in Huddersfield, looking at our capabilities in roadside response, our external service network and robotics programme.



We are planning site visits near London and Edinburgh before the year-end – please get in touch if you would like to join.

## Investor Conferences.

2025 started with the Panmure Liberum conference, and we will head to The Grove for Berenberg's UK conference next week, with over 25 investors being seen across the two events. There are no more conferences scheduled before our full year results due in early July.

## Website upgrades & awards.

ZIGUP continually looks to improve its investor engagement, both through the website and also through direct communications such as this newsletter. Your feedback has been very positive, especially around our FAQs. This edition focuses on residual values, a topic we are asked about regularly.

We have signed up to a new IR CRM system, which includes a direct feedback tool which we have been using since the interim roadshow, asking a few simple questions to help gauge how we can improve our meetings & investor materials.

In late November 2024, we were delighted to win the 'Best website' for mid-cap listed companies at the IR Society awards – following on from the win in 2023 in the same category. We were also recently shortlisted for Best Investor Communications at the 2024 plc awards.

There are a number of further website upgrades in the pipeline, focused on simplifying our messaging and bringing the qualities of our businesses to life.



# Spotlight: Interview

## Richard Clay, UK&I Finance Director

**Richard is stepping into the role of Interim CFO for the period until our new Group CFO arrives. Richard is known to many investors, having managed the IR function from post-merger to early 2022.**

We talked about his working life before joining Northgate in 2018, and some of the more recent projects he has worked on.

### **Q1. Can you describe your work background before joining Northgate in 2018?**

Having qualified as an accountant at Deloitte, I spent over a decade working within the Big 4, principally in strategic and financial modelling roles across a broad range of sectors before increasingly specialising in Financial Services.

This led to a move into Barclays plc, where over a 5 year period I took on FD and CFO roles in their Business and Corporate Banking divisions. I managed a broad range of strategic initiatives and M&A transactions, ultimately being CFO of the Corporate Banking division in 2017-18.

### **Q2. You have been pretty busy over the past 7 years: strategy, FP&A, UK finance and even IR!**

Absolutely! I joined Northgate plc in May 2018 as Head of Group Strategy and FP&A, and the role encompassed a very broad range of projects, including – of course – the merger in 2020 and the subsequent work on achieving the cost synergies and corporate restructuring.

I have also led finance & other aspects of the 6 acquisitions undertaken since the merger – and until you joined in early 2022, managed the IR function - and so am very familiar with our plc reporting cycle and investor engagement.

As UK&I Finance Director I am responsible for both UK rental and Claims & Services divisions, with an excellent team working across the broad scope of finance support for the business.

### **Q3. Any thoughts on the significant changes over your time here so far?**

I think this is a reflection both of the ambitions of the business and also the significant changes in market environment that we have encountered. Our mobility platform and focus on customer service have brought an increasingly strong market reputation which we will continue to develop.

The businesses have demonstrated their resilience through the challenges of COVID and I am pleased to see markets normalising. Our financial scale and strength is substantial and allow us to pursue our strategic agenda with confidence, with strong support from lending partners. The businesses are working really well together, leveraging our integrated mobility platform.

### **Q4. Outside work, what keeps you sane?**

My family first and foremost. I have a busy time with 4 children now 13-18 and we enjoy spending time together. I am also fairly regimented about getting exercise – and try to swim and play tennis at least once a week – it's so important for mental health.

Finally, I also have a passion for art and when time permits might be seen sketching a view in London where I live – I find the focus it requires very relaxing.





# Spotlight: Sustainability

## Apprenticeship Technical Competition

At the end of February, ZIGUP held its first internal competition for Northgate and FMG technical apprentices, based at our FMG Training Centre in Goole. Watching the first day's tasks and talking to the judges provided a fascinating insight into the skills required of our technical apprentices.

I also spoke to Daryl Head who managed the competition and in 2017 had gone the whole way to the World Skills Competition finals in Dubai, winning a silver medal.

### The Competition

The competition was held over four days, each with four different disciplines. The main purpose was to build on the technical skills & knowledge of our apprentices and introduce them to the world of skills competitions. We now sponsor The World Skills program as we see it has been a great support for the development of a large number of our technical teams over the years.

### Daryl Head, Talent Facilitator commented:

*'We know that the development and training that participating in the World Skills program brings can only benefit our technicians who prepare and then participate.*

*We are doing this pre-competition to help them understand the process and experience competition for the first time: but it isn't a high-pressure environment – we aren't trying to catch the apprentice on something they wouldn't do day-to-day at work.*

*We are however looking for perfection in daily work tasks – and to know that our technicians are working to a very high standard wherever they are in our business, with consistency and pride in their work.*

*We are really lucky to have the FMG Technical Training Centre and all this equipment, tools and knowledge in-house. It allows our apprentices to learn in a familiar surroundings and build long term relationships with the trainers; they then come back throughout their apprenticeship, adding more skills and plugging any gaps. The technical training team play such a massive part in the apprenticeship development, alongside our mentor programme.*

*Apprentices are really important to us as a business – the motor trade in general has an ageing workforce and so we have invested heavily in our apprentice programme across all of our disciplines to ensure that we have a secure workforce for the future'*



### Competition Day 1: Bodyshop tasks

There were different tasks on each day of competition – we got to watch FMGRS apprentices demonstrating their skills on core bodyshop repair tasks:



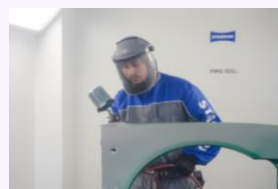
Masking a vehicle



Filling a plastic dent



Polishing out



Panel paint spraying

# Investor Relations: FAQs

This edition we focus on FAQs around **Residual Values**. We look at how we manage them, how they impact on our total holding cost and on both our NRC – net replacement cost and our Disposal Profits.

## Q1. What are residual values (RVs)?

For ZIGUP, residual values (RVs) are the realisable disposal value (ie sale price achieved) of a vehicle at the end of its rental life and these help to determine their overall holding cost and ROCE. RVs can vary significantly as a result of mileage, age or damage, and also model desirability. There are other micro-economic factors, principally around short-term supply and demand dynamics for particular vehicle types (eg SWB vs LWB) which can play an important role in the ultimate price achieved on disposal.

## Q2. How and when do you estimate RVs?

We are constantly monitoring RVs to inform our decision-making across the Group and drive the returns of the business. It influences our customer pricing decisions and depreciation rate assumptions.

At the start of each year, we assess the likely residual value of that year's LCV purchases at expected sale date. This is based on our longstanding expertise and market insight alongside data from the market information providers CAP (UK) and DAT Iberica (Spain) to help inform our valuation expectations. We then depreciate the vehicles (straight line) over their expected useful rental fleet lives, with the intention that on average over the fleet they will equate to the expected RVs on disposal within an acceptable valuation 'corridor'.

It is important to note the depreciation rate is set at the time of vehicle purchase and we seek to avoid in-life adjustments, other than for exceptional circumstances. While at the time of purchase the rate may be adjusted from previous vehicle purchases to reflect any changing market expectations and vehicle parc mix dynamics on future residual values, it is then maintained for that vehicle while it is on the fleet. As a result the balance sheet is not impacted by in-life adjustments and is also likely to provide a conservative view of fleet value as we look to have a prudent buffer within that valuation corridor.

An exception to this was the pause on depreciation from FY2023 for some specific older cohorts, as their book value was significantly below their market value due to the post-Covid spike and this pause was needed to comply with accounting standards. We ensured that this depreciation adjustment was recognised outside our underlying figures and only in our statutory numbers (a reduction in depreciation expense of £55m in the first year, then unwinding over the following four years as the vehicles are disposed of).

## Q3. How do you manage the disposal process?

One of ZIGUP's unique capabilities is the in-house management of the full lifecycle of the vehicle and in particular our expertise in optimising vehicle disposal through Van Monster (UK) & Ocasión (Spain) – both through our e-auction sites or retail branches for the best condition vehicles. We are the largest single seller of LCVs in the UK and Spain and have deep knowledge and data analysis on projected values and an ability to respond to market dynamics to maximise our realised RVs

We use our internal channels to dispose of the vast majority of our defleets. In the UK, some 10-15% of disposals are in suitable condition for a retail sale, with most going into our e-auctions which take place 3x a week. Our longstanding experience in vehicle disposals has allowed us to expect to achieve higher prices than CAP benchmark, and manage the optimal sales solution even in challenging markets.

# Investor Relations: FAQs

## **Q4. Where do residual values impact ZIGUP's financial statements?**

Residual values most directly impact our cash flows, as the disposal proceeds contribute directly to our capex, with net replacement capex being the difference between disposal proceeds and the purchase price for the replacement vehicle. Our FAQ in the October 2024 issue of this newsletter goes into greater detail on this dynamic and how to model our capex.

Within the P&L, RVs form a core element of the Disposal Profit calculation. Residual Values reflect the total amount realised from selling vehicles across our fleet in that financial period, both LCVs and cars, across all types, ages and conditions. From this aggregated disposal amount, and after taking into consideration costs to sell vehicles, the £ value to which this is in excess of the depreciated book value of those specific vehicles determines our Disposal Profits.

It is extremely hard to estimate Disposal Profits for a financial period, as this requires predicting multiple variables that are only realised on disposal for a specific set of vehicles. This is especially true recently where we have been disposing of older and lesser condition vehicles (though still mainly 'CAP Average') as we shorten the fleet age through significant but managed replacement capex.

We quote an average LCV disposal profit figure for each of Spain and the UK in the analyst slide deck. The smaller Auxillis car fleet is held for a shorter period making predictability easier, and with more regular in-life fleet assessments, it typically has a minimal profit or loss ascribed to it on disposal.

## **Q5. How have RVs moved over the past few years?**

Over the Covid period, LCV residual values increased over 50% (excluding depreciation), driven by lack of new supply and pent-up demand. From 2022 there was a gradual moderation of RVs, including a significant decline through mid-2024. There has been much greater stability since October 2024, seen in both CAP and Van Monster sales data.

There is currently relative stability in the used car market as well, as we highlighted in the interim slide deck. Auxillis typical vehicle holding life is 2yr/20k miles and RVs have increased recently. While car fleet RVs are always model specific there is growing confidence that car values have also settled after seeing a period of instability in 2023.

## **Q6. Where do you find market forecasts for RVs?**

We use our own estimates based on our experience in each market and how we take vehicles to market, these are also benchmarked against CAP for the UK and DAT Iberica for Spain. These data points are widely referenced within the used vehicle markets and support our belief that market values have stabilised.