Full Year Results
FY 2023

5 July 2023

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Agenda

1. **Overview** — Martin Ward
2. **Financial Review** — Philip Vincent
3. **Business Update** — Martin Ward
4. **Q&A**

Martin Ward
Chief Executive Officer

Philip Vincent
Chief Financial Officer

Overview

Martin Ward

FY 2023 Overview: Financial performance

Underlying Trading

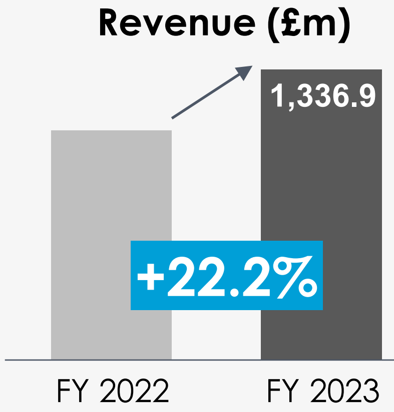
Revenues: + 22.2% to **£1,336.9m**

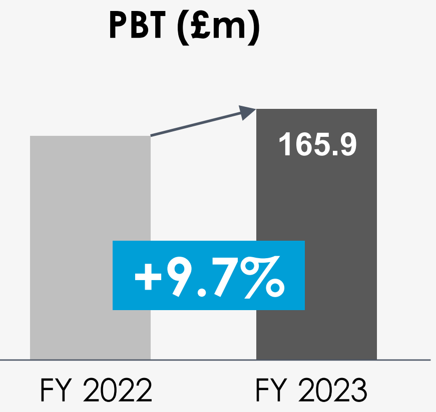
EBIT: + 12.7% to **£189.2m**

PBT: + 9.7% to **£165.9m**

ROCE: 0.2 ppt increase to **14.1%**

Leverage: **1.5x** (April 2022 1.4x)





Reflecting Board confidence, final dividend increased to 16.5p (FY 2022: 15.0p)

Full year dividend **24.0p**

Free cash flow: **£4.5m** (FY 2022: £19.8m)

Debt headroom: **£290m**

FY 2023 Overview: Achievements

Strong operational performance

Revenue growth drivers

- **Fleet size:** up over **4,000** to over **130,000**, growth in Spain & Redde
- **New contracts:** Strong FY contribution from major Redde contracts; new leasing company contract reflects healthy pipeline

Maintaining margin

- **Pricing:** Careful **pricing actions** to manage cost inflation; 60% insurers in protocol
- **Additional services:** Northgate accident mgmt. up 50%, >6,700 EV charging points installed

FY2023 strategic progress

Delivering on strategic goals

- **Acquisitions:** of vehicle specialists Blakedale & FridgeXpress
- **Sustainability:** new Group committee, Scope 1&2 targets set

Broadening customer solutions

- **Workshop:** Spanish corporate/insurer contracts
- **EV products:** vehicle/charger/energy bundles in UK & Spain, EV consulting

Financial Review

Philip Vincent

FY 2023 Overview: Underlying Group Performance

Revenue	EBIT	Profit before tax	EPS
+22.2%	+12.7%	+9.7%	+9.5%
FY 2023: £1,336.9m	**FY 2023: £189.2m**	**FY 2023: £165.9m**	**FY2023: 55.6p**
FY 2022: £1,093.6m	FY 2022: £167.9m	FY 2022: £151.3m	FY 2022: 50.8p

Steady state cash gen.	Net debt & leverage	ROCE	DPS
-£24.9m	+0.1x	+0.2 ppt	14.3%
FY 2023: £191.5m	**FY 2023: £694.4m | 1.5x**	**FY 2023: 14.1%**	**FY2023: 24.0p**
FY 2022: £216.4m	FY 2022: £582.5m | 1.4x	FY 2022: 13.9%	FY 2022: 21.0p

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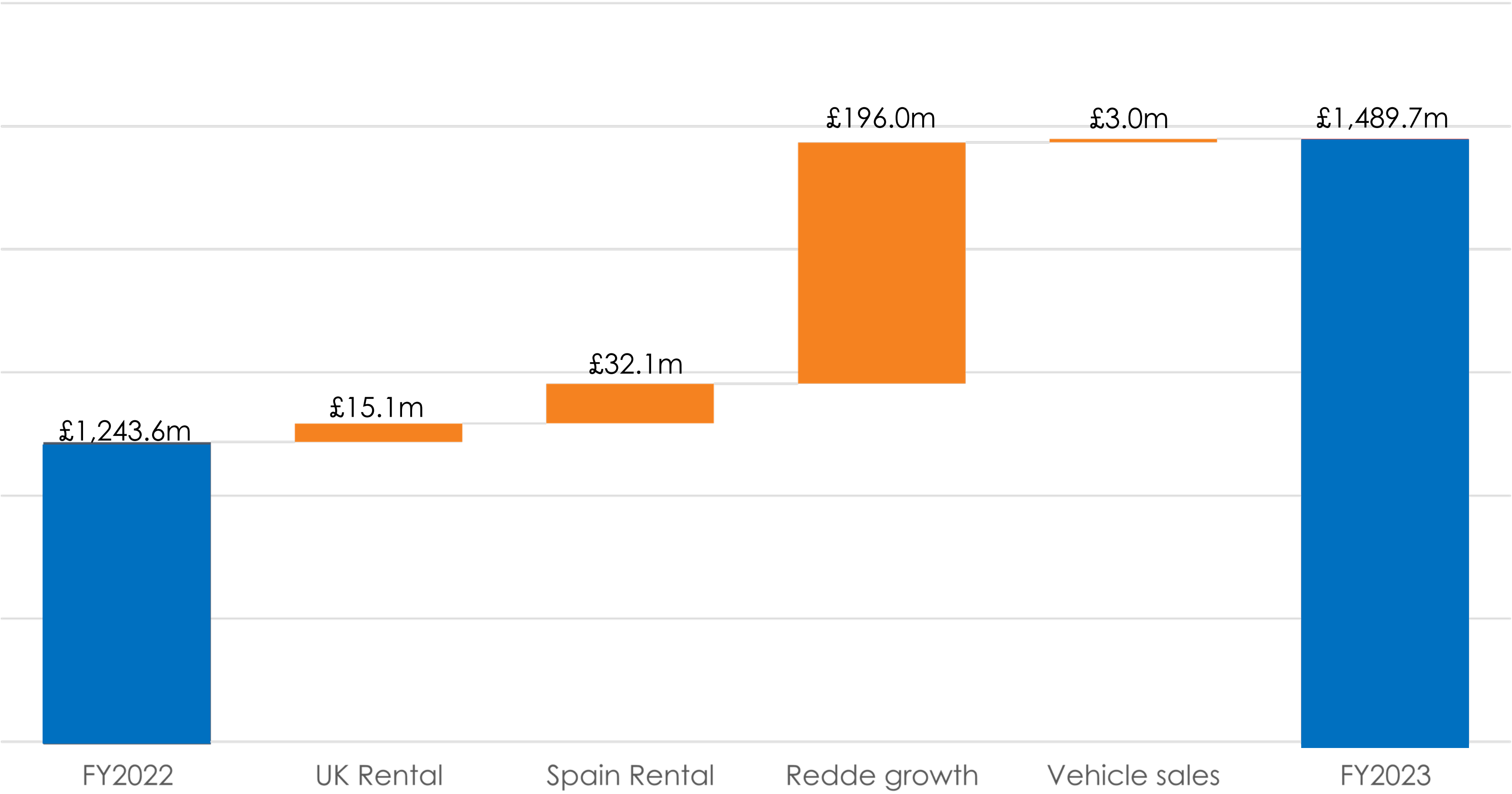
Group revenue waterfall FY 2022-23

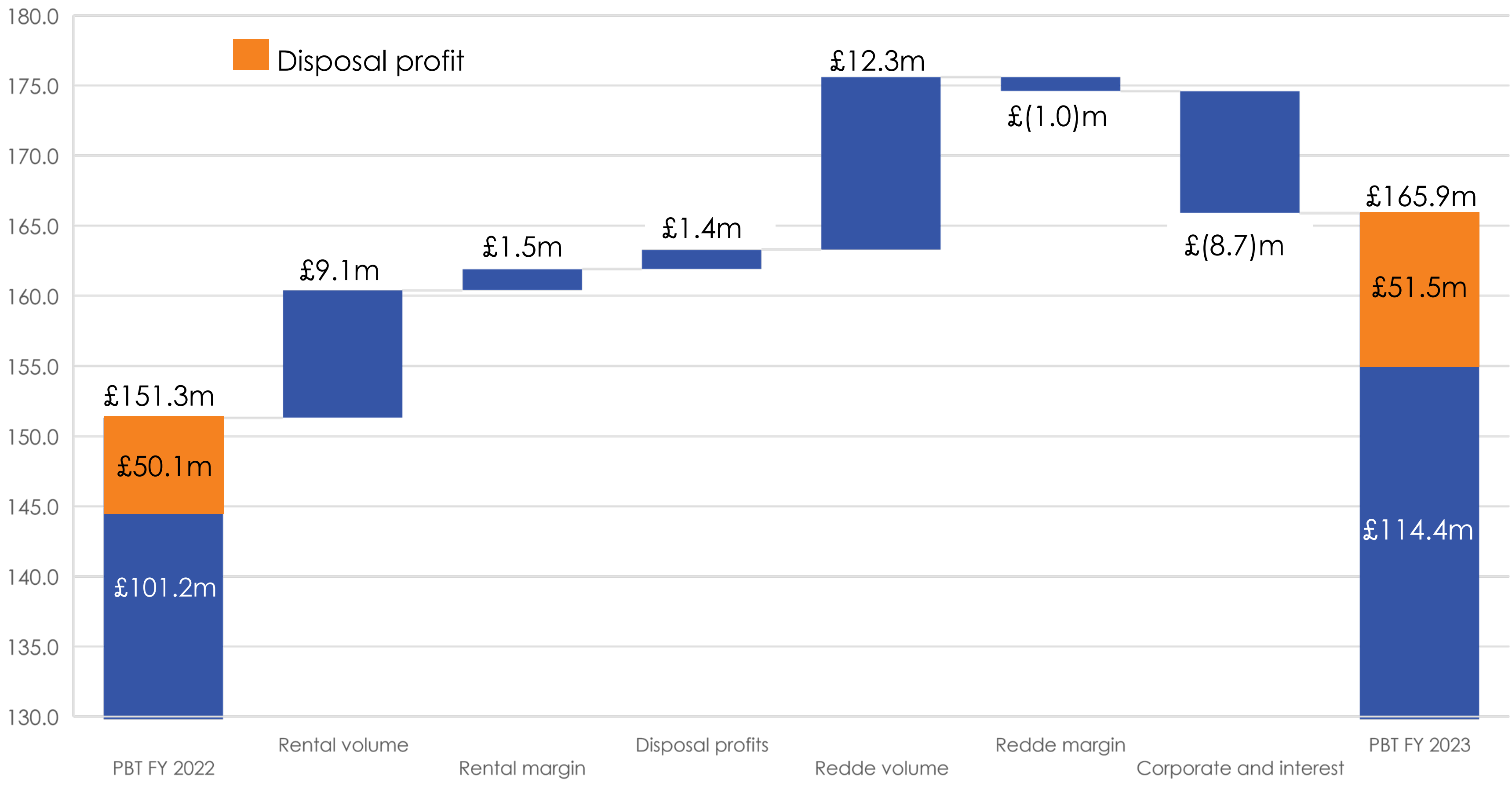


Excludes inter-segment revenues

Comments

- UK&I rental revenue +6.1%, ave. VOH -2.6%
- Spain rental revenue +14.6%, ave. VOH +6.2%
- Redde revenue +37% including new contracts
- UK&I vehicle sales revenue -6%
- Spain vehicle sales revenue +24%

Group underlying profit waterfall FY 2022-23



Comments

- UK&I rental margin 15.1%
- Spain rental margin 18.5%
- Disposal profits reduced in UK&I, increased in Spain
- Redde contracts onboarded
- Average interest rate 3.1%, 62% fixed
- Underlying profit excluding disposals +13%

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Cashflow and capex

	FY 2023 £m	FY 2022 £m	Change £m
Underlying EBIT	**189.2**	167.9	21.3
Depreciation and amortisation[8]	**223.0**	198.8	24.2
Underlying EBITDA	**412.2**	**366.7**	**45.5**
Net replacement capex[1]	**(155.6)**	(106.7)	(48.9)
Lease principal payments	**(65.1)**	(43.7)	(21.4)
Steady state cashflow generation	**191.5**	**216.4**	**(24.9)**
Exception costs (excluding non-cash items)	**-**	(0.7)	0.7
Working capital and non cash items	**(0.3)**	(33.5)	33.2
Growth capex[1]	**(122.6)**	(108.6)	(14.0)
Taxation	**(36.6)**	(27.4)	(9.2)
Net operating cash	**32.0**	**46.2**	**(14.2)**
Distributions from associates	**3.1**	4.1	(1.0)
Interest and other financing	**(20.6)**	(30.0)	9.4
Acquisition of business	**(10.0)**	(0.5)	(9.5)
Free cash flow	**4.5**	19.8	(15.3)

Underlying growth

Replacing fleet

Growth in Redde and Spain fleets to meet demand

FY 2022 included £5m of refinancing costs and £9m purchase of shares for employee trusts

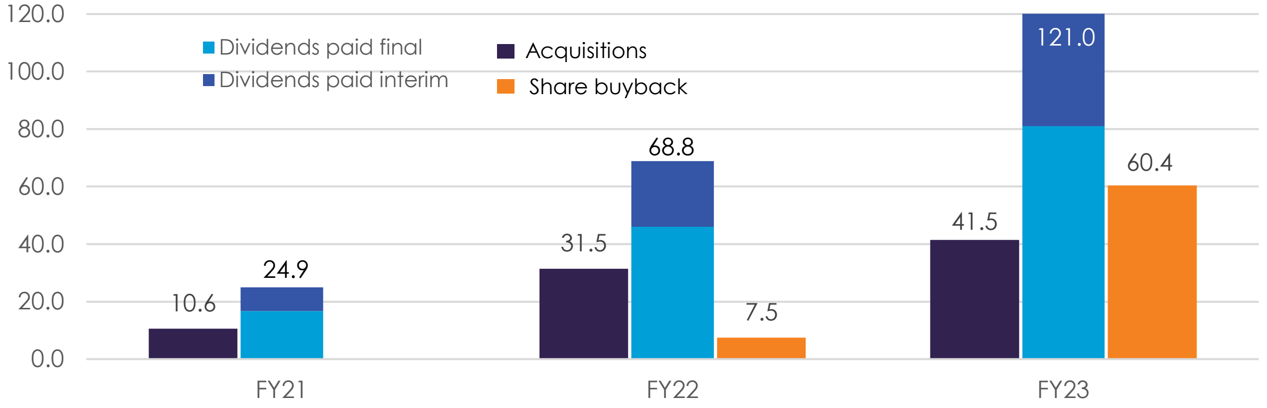
[1] Net replacement capex is total net capex less growth capex. Growth capex represents the cash consumed in order to grow the owned fleet or the cash generated if the fleet size is reduced in periods of contraction.

Well-financed to drive sustainable shareholder value

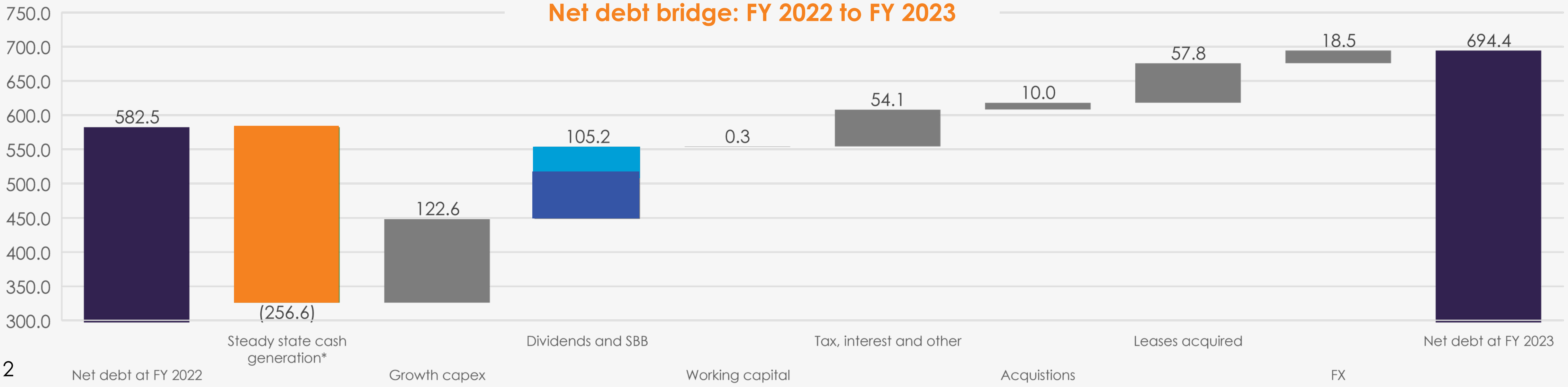
A strong financial platform …

	FY 2023 £m	FY 2022 £m
Net debt	**£694.4m**	£582.5m
Net debt / EBITDA	**1.5x**	1.4x
Target leverage range of	**1-2x**	
Debt headroom	**£290m**	£382m
Borrowing cost	**3.1%**	1.9%
Fixed debt	**62%**	76%

Acquisitions and cumulative returns to shareholder (£m)



Net debt bridge: FY 2022 to FY 2023



* Steady state cash generation excludes £65.1m of lease payments

Business Update

Martin Ward

Current environment

Market

- Demand strong in all geographies
- Traffic activity stabilising at 'new normal'
- Growing interest in value-added services
- Repair capacity remains scarce

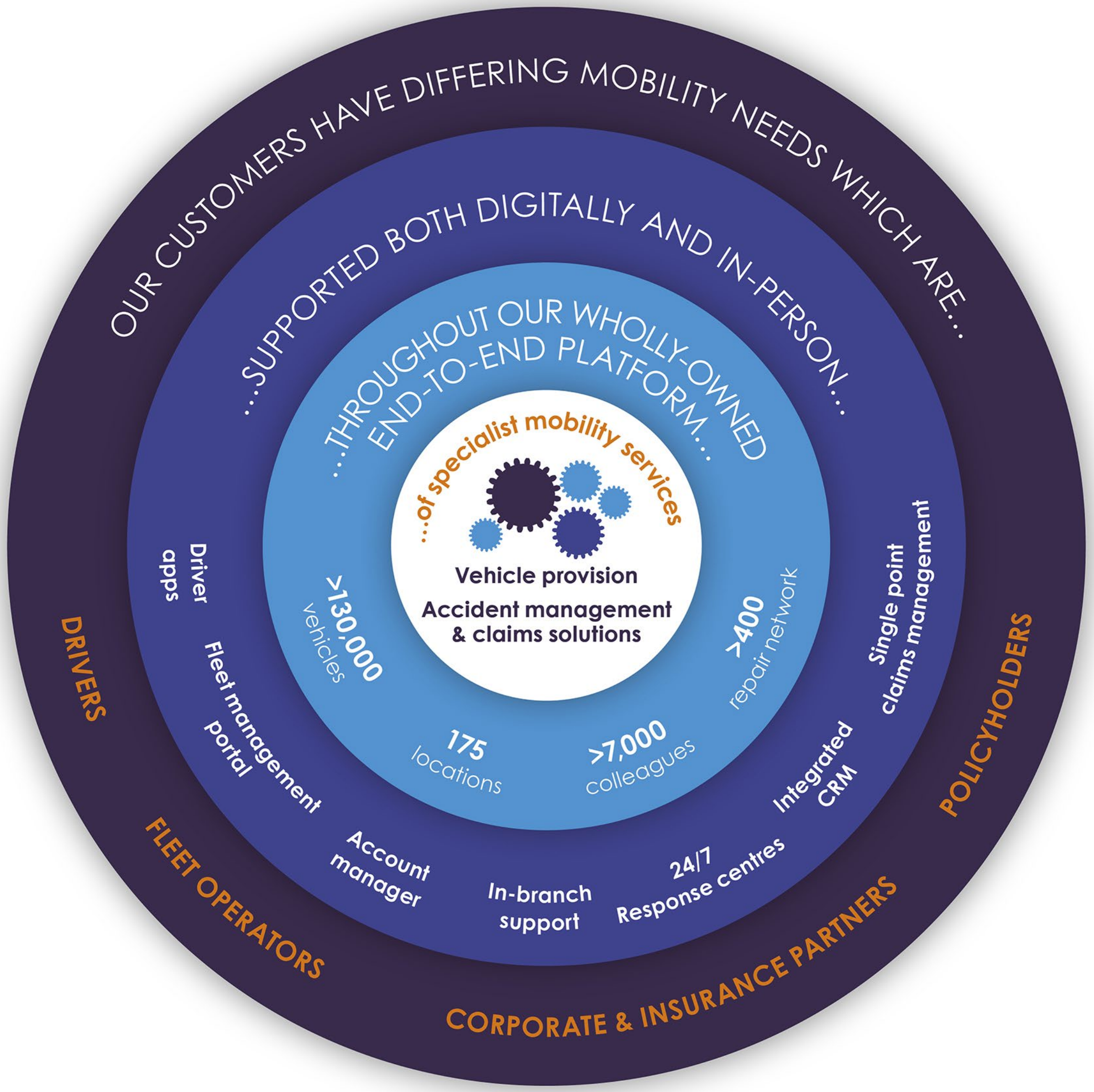
Fleet supply

- **UK:** Better visibility, but timing uncertainty
- Pockets of supply are available
- **Spain:** Improved availability
- Undersupply supporting residual values (RVs)

Customers

- Diverse customer profile
- No change in major sector exposures

Strategic progress: Delivering for customers



- Differentiated customer offering
- Simple access, multiple touchpoints 24/7
- Greater flexibility and responsiveness
- Functioning seamlessly as a combination
- Increasing cross-platform customer efficiencies as scale grows

Strategic progress: supporting the customer proposition

Customers

- Organic platform growth
- EV consulting
- Digital enablement
- Sourcing new technologies
- M&A

People

- Building a future talent pipeline
- Reinforcing shared culture
- Advancing technology capabilities
- Connecting, listening & learning
- Helping our people in challenging times

Strategic progress: Redde contracts

Major insurer contracts

- Significant onboarding exercise
- All live by early FY 2023
- Performing at or above expected run-rate
- Delivering efficiencies at scale

New large multi-year contract

(June 2023)

- Top 5 leasing company
- Multi-year full-service contract
- Historic relationship with Northgate
- Combination of outsourcing and supplier consolidation
- Significant increase in vehicles covered
- Adds new bodyshop relationships
- Go-live in autumn

Strategic progress: expanding the platform

BLAKEDALE
A VISIBLE ADVANTAGE

Traffic management vehicle hire company

- **30%** growth in fleet to over **425** vehicles
- **28%** growth in customer base
- Strong cross-platform pipeline

FRIDGEXPRESS

Fleet of over 600 temperature controlled vehicles & trailers

- Nationwide network of food & pharma customers
- Includes EV vans on fleet
- Pipeline of blue-chip customers

Strategic progress: broadening into adjacencies

EV Transition

- >4,500 EV/Hybrids on fleets
- 12 UK/16 Spanish EV models
- Open days for fleet customers
- 550 driver EV experiences

- Consulting
- Iberdrola partnership
- Solar charging
- Alternative vehicle solutions

Other Services

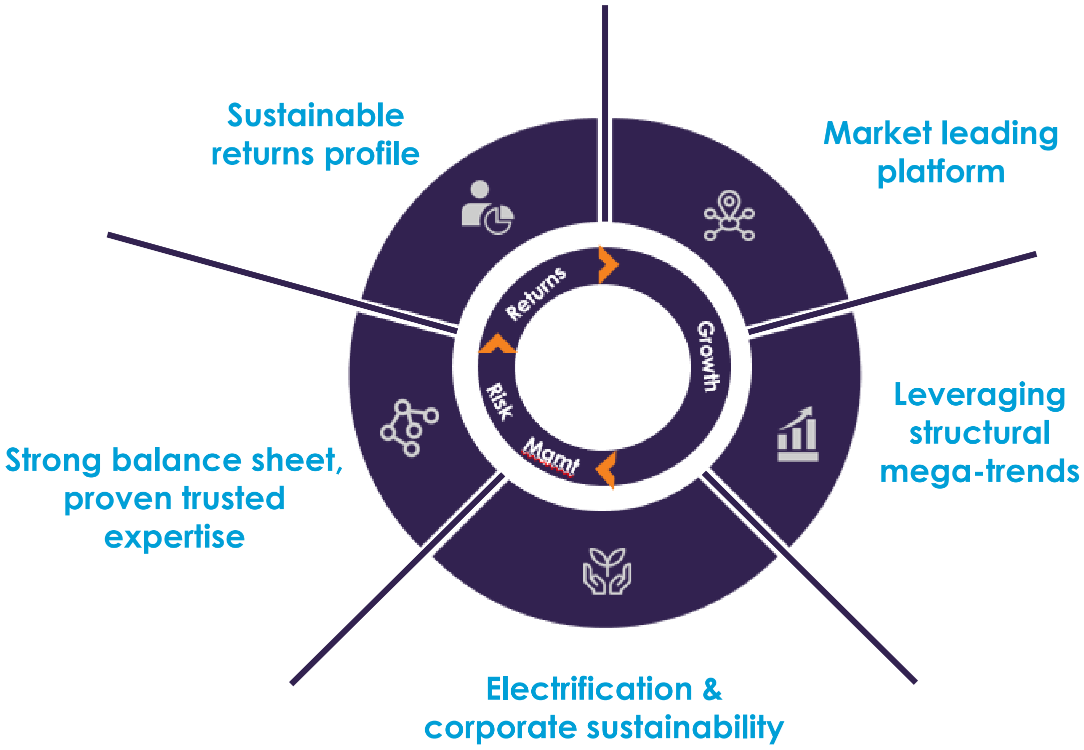
- Spanish workshops
- Telematics

Looking forward

Outlook

- Continue to enjoy robust demand at start FY 2024
- Further Redde contract reflects healthy new business pipeline
- Expect to continue to make strategic progress
- Good momentum in the business
- Confident and well-placed to continue to create long-term value for shareholders

Investment proposition



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Q&A

Martin Ward &
Philip Vincent

Appendices

Divisional financials

Fleet reconciliation

Customer sector profile

ESG target setting

Depreciation rate analysis

Website

Northgate UK&I

	FY 2023 £m	FY 2022 £m	% change
Revenue – Vehicle hire	**367.7**	346.6	6.1%
Rental profit	**55.6**	53.1	4.7%
Rental margin	*15.1%*	*15.3%*	(0.2ppt)
Disposal profit	**37.8**	44.8	(15.8%)
EBIT	**93.4**	98.0	(4.7%)
EBIT margin	*25.4%*	*28.3%*	*(2.9ppt)*
Vehicles sold '000	**10,200**	10,400	*(2.6%)*
PPU	*£3,700*	*£4,300*	*(13.6%)*

Key Highlights

- Rental margin of **15.1%**, at sustainable level
- Restricted vehicle supply held back VOH **(-2.6%)** and disposal volume **(-2.0%)**
- Lower VOH offset by higher revenue per vehicle

Note: All results are underlying unless otherwise stated. Results include intercompany revenues. For margin calculation methodology, see RNS

Northgate Spain

	FY 2023 £m	FY 2022 £m	% change
Revenue – Vehicle hire	**252.7**	220.6	14.6%
Rental profit	**46.7**	38.6	20.9%
Rental margin	*18.5%*	*17.5%*	1.0ppt
Disposal profit	**13.7**	5.3	160.7%
EBIT	**60.4**	43.9	37.7%
EBIT margin	*23.9%*	*19.9%*	*4.0ppt*
Vehicles sold '000	*7,900*	*6,100*	*30.4%*
PPU	*£1,700*	*£900*	*99.9%*

Key Highlights

- Rental margin **18.5%** vs. medium term guidance of c.15%
- Improved vehicle supply increased VOH (**+6.2%**) and disposal volume (**+30.4%**)
- Strong residual values

Note: All results are underlying unless otherwise stated. Results include intercompany revenues.
For margin calculation methodology, see RNS

Redde

	FY 2023 £m	FY 2022 £m	% change
Revenue – Claims and services	**738.9**	**543.7**	35.9%
Gross profit	**151.5**	**127.7**	18.7%
Gross margin	*20.5%*	*23.5%*	*(3ppt)*
Operating profit	**44.5**	**31.8**	40.1%
Income from associates	**2.5**	3.9	(34.8%)
EBIT	**47.0**	**35.6**	32.0%
EBIT margin	*6.4%*	*6.6%*	*(0.2ppt)*

Note: All results are underlying unless otherwise stated. Results include intercompany revenues.
For margin calculation methodology, see RNS

Key Highlights

- Significant volume growth from normalised traffic and new contracts
- EBIT increasing with volumes
- Focused on growing workshop technician capacity

Appendix – fleet reconciliation

Vehicles #	UK&I	Spain	Redde	Group
Opening owned fleet (Apr-22)*	56,300	58,100	14,500	128,900
Purchases	4,800	13,200	5,100	23,100
Disposals	(9,200)	(7,900)	(700)	(17,800)
Transfers	1,100		(1,100)	
Movements on direct vehicles	400	0	0	400
Movement on leased vehicles	400	0	700	1,100
Closing fleet (Apr-23)*	**53,800**	**63,400**	**18,500**	**135,700**
Closing owned fleet	48,200	61,400	8,200	117,800
Closing leased fleet	2,600	0	10,300	12,900
Closing total fleet (ex-sales stock)				
Closing sales stock	3,000	2,000	0	5,000
Purchases for growth	0	5,300	4,400	9,700
Sales in contraction	(4,400)	0	0	(4,400)
Growth in owned fleet for growth capex	**(4,400)**	**5,300**	**4,400**	**5,300**
Purchases for replacement	4,800	7,900	700	13,400
Replacement sales	(4,800)	(7,900)	(700)	(13,400)
Net replacements	**0**	**0**	**0**	**0**

5,300 growth in owned Fleet**

* including sales stock

** growth in owned fleet includes movement on sales stock & excludes vehicles held under leasing

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Our rental customers

UK Customer profile

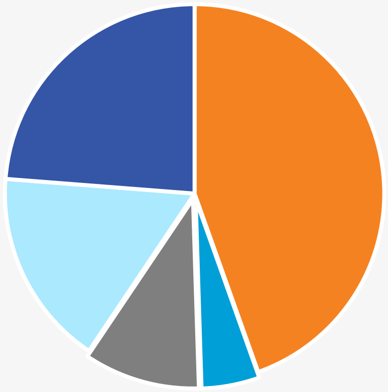
% Fleet VoH	Sectors	
10-15% ea	Facilities Mgmt/Civil Engineering Specialist construction	
7-10% ea	Logistics Infrastructure Utilities	Vehicle supply Retail/Wholesale Admin & support serv.
2.5-7% ea	Social housing Manufacturing Local Government	Utilities support Other SME

Spanish Customer profile

% Fleet VoH	Sectors	Sub sectors
20-30% ea	Construction Support services	Construction, infrastructure Rental services, safety, maintenance, health
10-15%ea	Retailers B2B Supplies & services	Technical services, engineering, advertising, consulting
2-10%	Various – manufacturing, logistics etc.	

Business type

- Blue Chip/large fleets
- Governmental
- Medium (16-40 fleet)
- Small (5-15 fleet)
- Below 5 vehicles



ESG target setting

FY 2022 to FY 2027 targets for scope 1&2

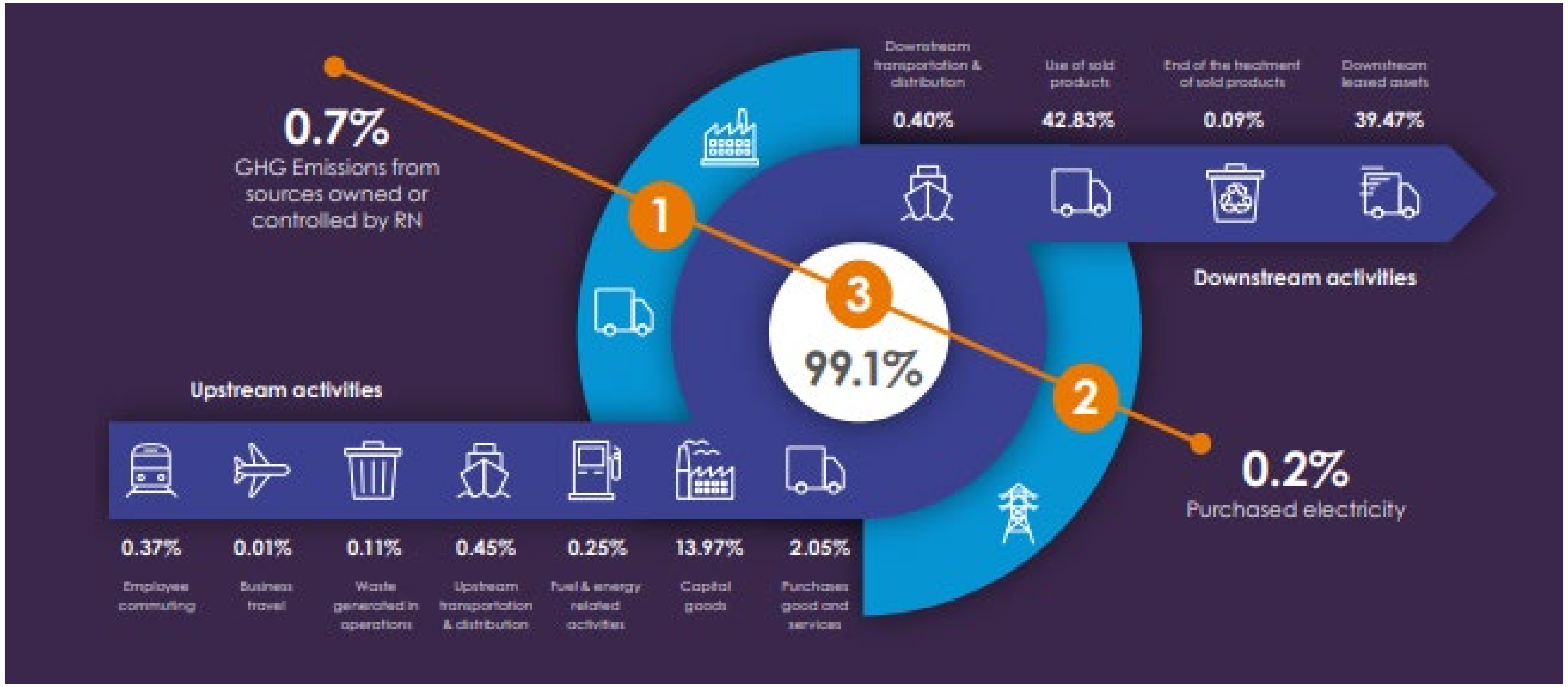
100%

Renewable electricity target

10%

Absolute reduction in emissions

- New Sustainability committee; significant workstreams to evaluate emissions profile
- Scope 1&2 direct/purchased emissions less than 1% of total
- Three major categories for Scope 3:
  - Purchased vehicles, fleet emissions, fleet usage after disposal
- CDP: B score in FY23



Appendix – Impact of depreciation rate

£m	FY23	FY24	FY25	FY26	FY27	Total
Reduced depreciation	55.1	46.7	22.3	5.4	0.1	129,6
Reduced disposal profits	(8.6)	(34.0)	(50.6)	(31.8)	(4,6)	(129.6)
Impact on Statutory EBIT	**46.5**	**12.7**	**(28.3)**	**(26.4)**	**(4.5)**	**-**
Previously expected impact	46.8	(9.4)	(29.8)	(6.7)	(0.9)	-
UK&I:						
Reduced depreciation	45.4	28.2	12.6	2.9	0.1	89.2
Reduced disposal profits	(6.8)	(25.9)	(36.1)	(19.3)	(1.1)	(89.2)
Impact on UK&I EBIT	**38.6**	**2.3**	**(23.5)**	**(16.4)**	**(1,0)**	**-**
Spain:						
Reduced depreciation	9.7	18.5	9.7	2.5	-	40.4
Reduced disposal profits	(1.8)	(8.1)	(14.5)	(12.5)	(3.5)	(40.4)
Impact on Spain EBIT	**7.9**	**10.4**	**(4.8)**	**(10.0)**	**(3.5)**	**-**

Key points

- Statutory adjustment re-phased on same vehicle cohort to reflect further fleet ageing
- Statutory PBT has increased by £45.9m in FY 2023 as depreciation is reduced on certain fleet purchased in previous periods
- This adjustment will reverse over the remaining holding period of the cohort as vehicles are sold with a higher NBV and therefore a lower PPU
- Newer vehicles will not be impacted by the change

Corporate website upgrade, new email alert registration

Corporate website

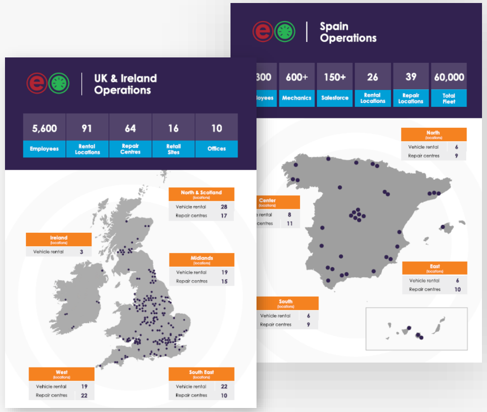
- **New** corporate website launched
- More information on **RN businesses & strategy**
- Includes **factsheets** on operations, plus Sustainability actions etc.

Email notification alerts

- New provider & **so need to register for email alerts on new system**

[Email alerts - Redde Northgate plc]()

Our geographical footprint



Our customer solutions