

reddenORTHGATE

Redde Overview

January 2024



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The presenting team



Martin Ward
Group CEO



Richard Clay
UK&I Group FD



Harvey Stead
Managing Director
Redde businesses

Worked in FMG 2001-2008

Rejoined FMG in 2013 and as
Managing Director from 2018

Appointed Managing Director
of Redde in 2020



Claire Owens
Managing Director
FMG & FMG Repair Services

Joined FMG in 2017 as
Finance Director

Appointed Managing Director in
2020, adding FMG Repair
Services in 2022



1. Group overview

Martin Ward

2. Business profile

Harvey Stead

3. Market characteristics

4. Spotlight on FMG Repair Services

Claire Owens

5. Contract management

Harvey Stead

6. Building a significant capability

7. Financial considerations

Richard Clay

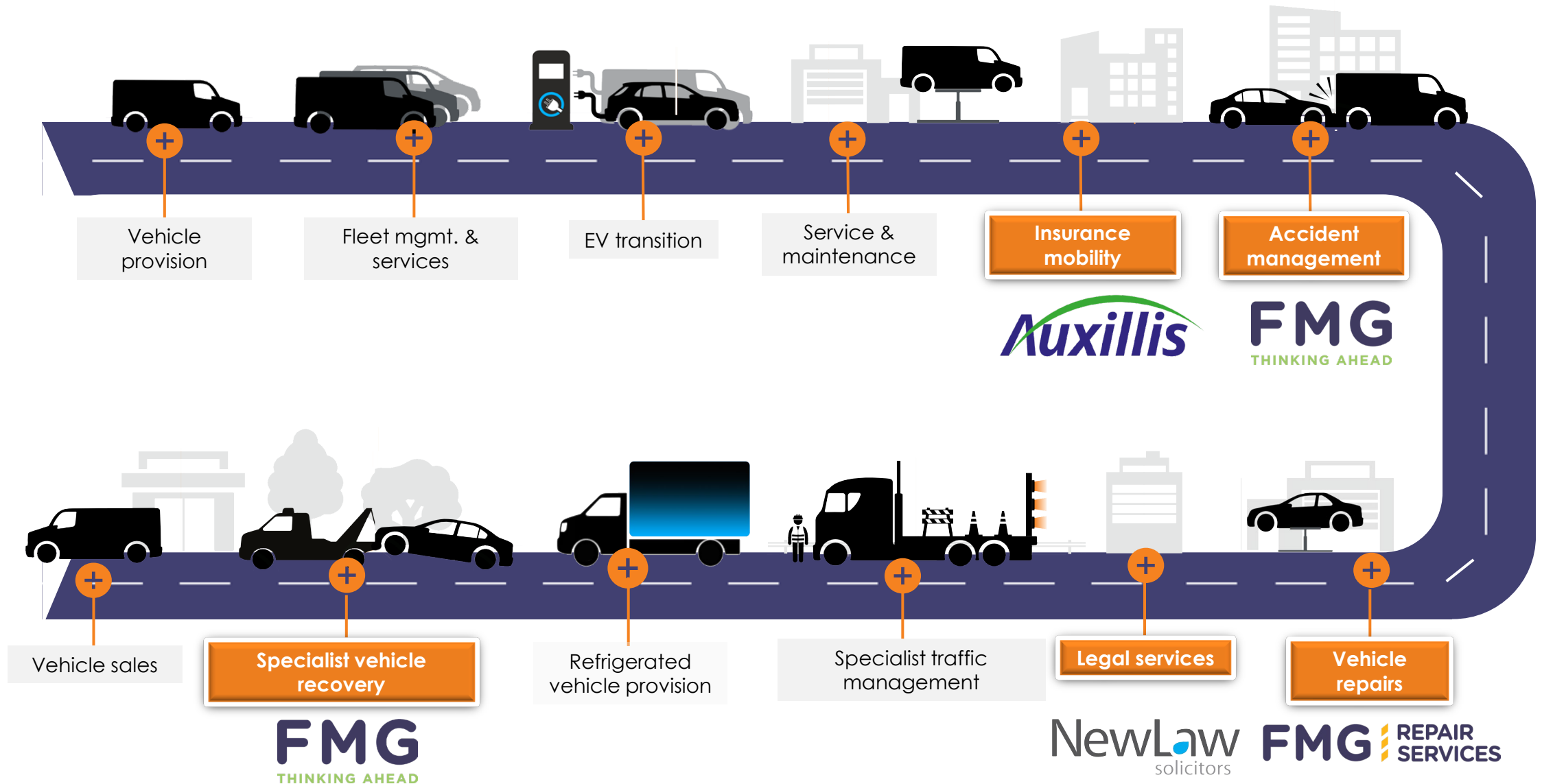
8. Conclusions

Martin Ward



Delivering services across the **vehicle lifecycle**

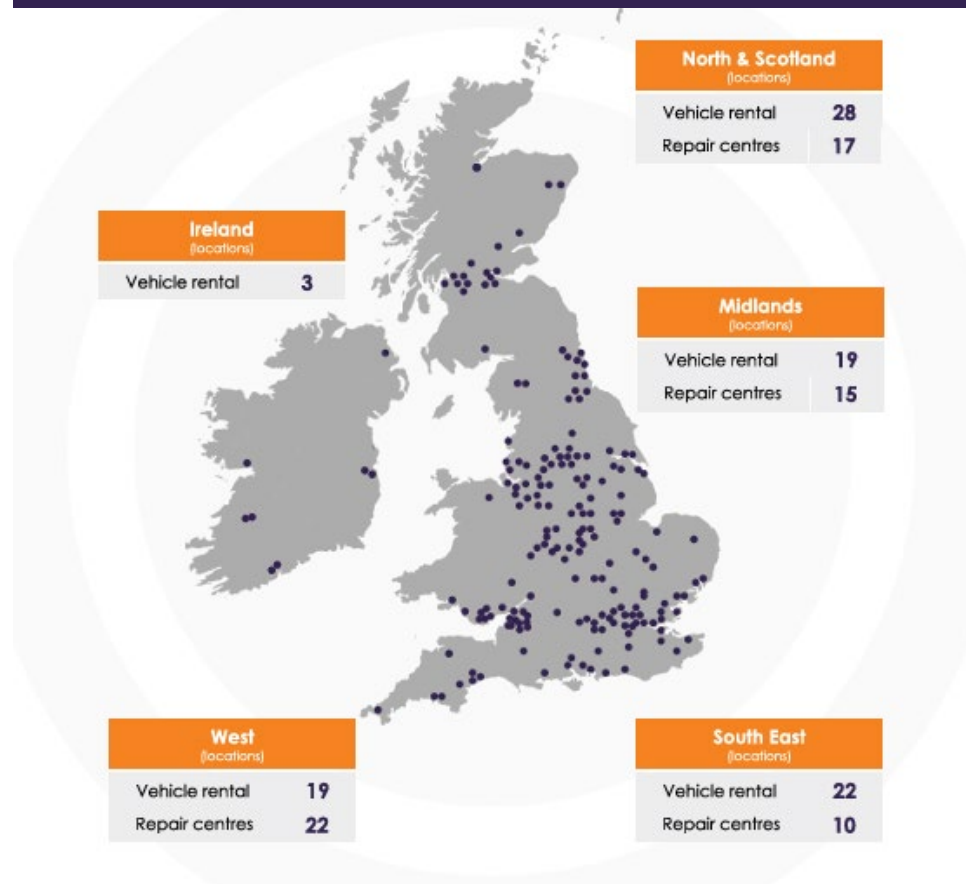
Redde businesses
highlighted





Differentiated mobility provider: with scale & national footprint

Group Operational Scale – UK&I locations



Group Financial Strength

- Liquid asset pool - vehicles
- Low cost of borrowing
- Prudent leverage
- Significant facilities
- Strong credit rating
- Light covenants



The Group is well placed: to benefit from key mobility trends

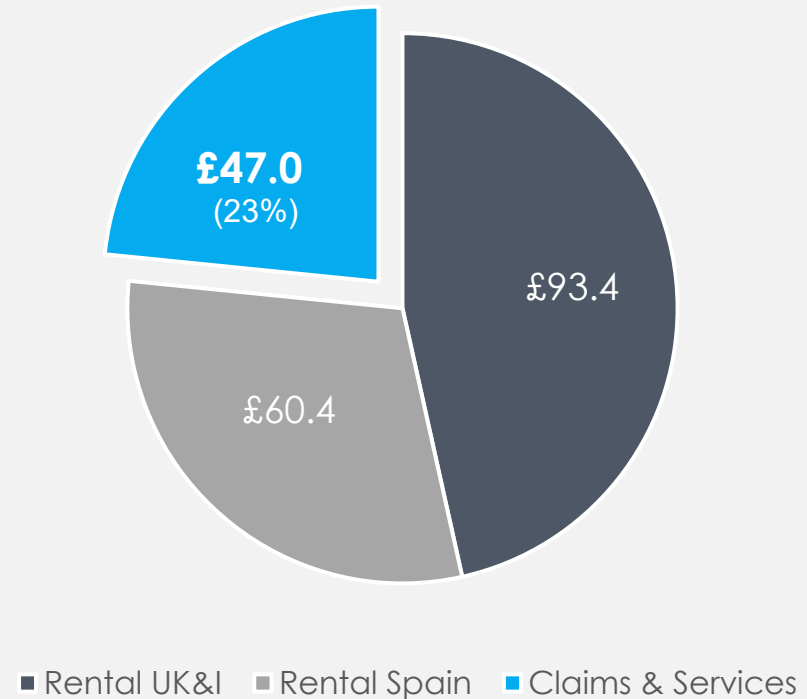
Increasing industry understanding of 'mobility'

Trends:
Outsourcing
Supplier consolidation

Differentiated **tech-enabled integrated** platform

Growing **complexity** of vehicles

FY23 EBIT £m



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Market dynamic: large but fragmented marketplaces

UK insurance market profile

| | |
|------------------------------|--------|
| UK licensed vehicles | >40m |
| Road Traffic Accidents (RTA) | 4.2m |
| RTA claims | 2.2m |
| Non-fault claims | c.800k |
| Non-fault hires | c.600k |
| Credit hires | c.450k |

Source: Management estimates

UK Segment Participants*



Replacement vehicle

Auxillis, Enterprise, Accident Exchange, Winns, Europcar, Thrifty



Incident management

FMG, The AA, National Accident Repair Group, Activate Group Limited, The Innovation Group



Vehicle repair

FMG Repair Services, Steer Automotive, Gemini, Alton Cars, Fix Auto UK, Vizion

* Illustrative examples taken from ABP Yearbook longlist 2023

UK Bodyshop market



Industry worth
£6.5bn
(2023)



c.3,500
UK bodyshops

Mix of bodyshop groups, networks & independent sites, plus some dealer & insurer-owned



Leading brands: recognised in their specialist service areas



Services

Credit hire
Credit repair
Direct and 3rd party hire
Insured products i.e LEI

8000+ reviews



4.4 ave review



>1,250

Colleagues



Services

Claims & incident mgmt.
Repair management
Vehicle recovery
Loss recovery
3rd party intervention & defence

1000+ reviews



4.3 ave review



>825

Colleagues



Services

Repair services:
Full body shop capability
Mobile bodyshop
Cosmetic/windscreen



Excellence award



>1,500

Colleagues



Services

Personal injury support
Loss recovery at
litigation stage
Wills and probate



>375

Colleagues



Redde: Growing a powerful mobility platform and services offering

Since merger: 2019 - 2023

+7

Increase in
major Partners...

+14

...taking individual
service lines

+40%

Replacement
fleet vehicles

70%/30%

Customer split:
Insurer/Non-Insurer

+6

Branches

+35%

Vehicles
on Hire

FMG RS Acquisition (Sep 2020)

Internal/external
activity split

- FMG RS **45%**
- Network **55%**

FMG RS
Repair volumes
>85k

Other trends

Growth in roadside
support services

Industry **move away**
from whiplash claims



Partners & Customers: a diverse and growing client base

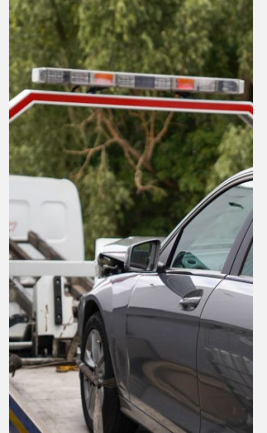
Insurance and leasing

- ✓ Working with many of the UK's leading insurers and insurance brokers
- ✓ Supporting fleets of many of the largest contract hire and leasing companies in the UK
- ✓ Extensive product range from incident management to claims and repair handling
- ✓ Providing complete management of an accident and claim across both credit and direct hire and repair



Public Sector

- ✓ We are an accredited Public Sector provider through a number of Framework Agreements
- ✓ Specialist 'blue light' recovery services to >10 emergency services in UK
- ✓ Support to National Highways on major incident management



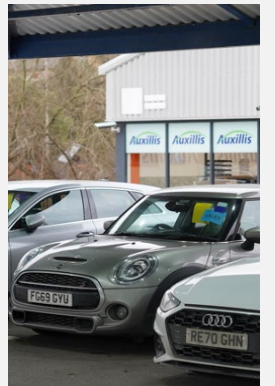
Corporates

- ✓ Incident management to corporate and dealership fleets
- ✓ Providing complete management of an accident & claim across both credit and direct hire & repair
- ✓ Some contracts require brand-specific support



Consumers

- ✓ Although principally a B2B provider, we have a number of services and engagement with individual drivers and through retail as well as business channels:
- ✓ Supporting accident claims handling for individual referrals from our insurance and corporate partners





- Relationship since 2016
- 2016: credit hire
- 2021: mobility & repair
- 2023: product extensions



% Revenue from relationships with durations:

5-10 years
33%

+10 years
44%

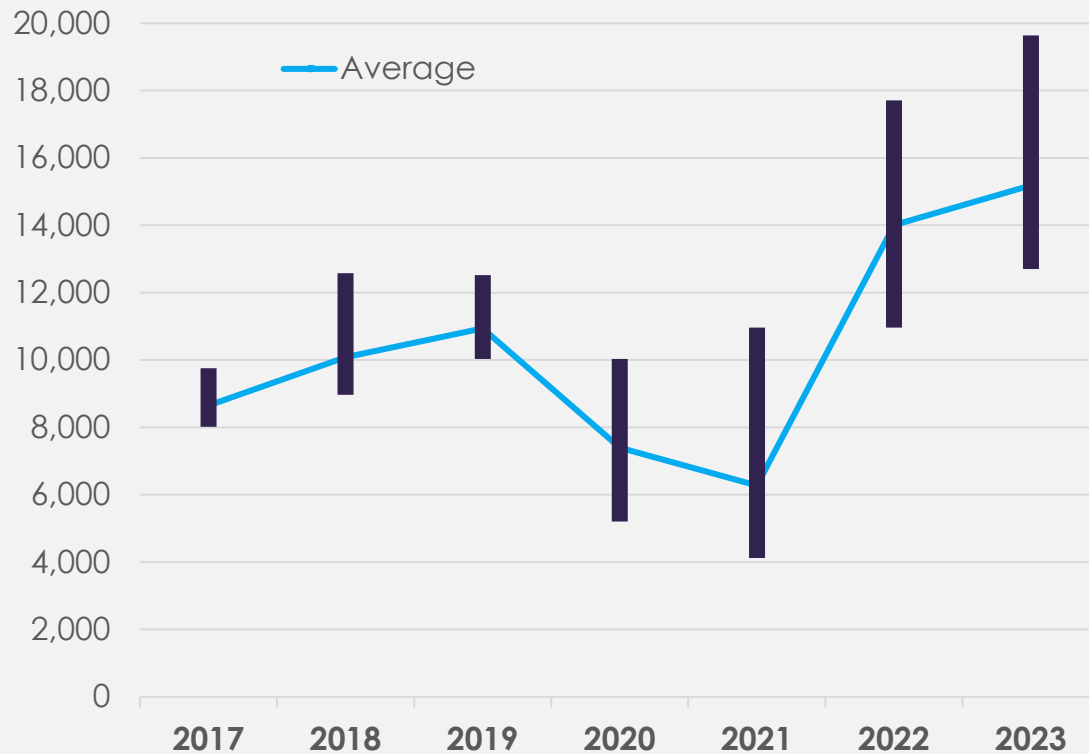


- Relationship since 2009
- Strategic road network support
- Traffic officer support & major incidents
- Multiple renewals (latest 2021)

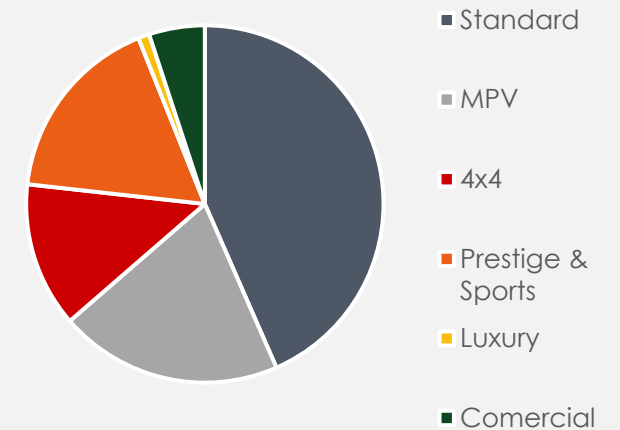


Auxillis replacement fleet: supported by dynamic fleet management

Replacement fleet size 2017-2023 (Av, High-Low)



- Historic trend reflects Covid trough & then new contracts
- Seasonal variation 25-30%
- Cross-hire supports peak demand
- Typically 50-50% contract hire
- Significant growth in EVs in the fleet



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Non-fault vs Fault claims: understanding the differences

Non-Fault

- Referral from own insurer who is not involved in claim
- Cost of claim legally recoverable from liable 3rd party
- Entitlement to like-for-like vehicle

Credit Hire / Repair

- Like-for-like replacement vehicle provided in event of a non-fault road-traffic accident
- Credit hire / repair agreement arranged with the customer directly, providing services on a credit basis
- Credit hire/ repair charges recovered from the at fault party's insurer directly, in accordance with all regulatory requirements

Fault

- Own insurer refers policy holder to its repair partner
- Cost of claim paid by own insurer
- Hire vehicle availability dependent on policy terms

Direct Hire/ Repair

- Hire vehicles provided for duration of vehicle repair where customer subscribes to an upgraded courtesy car policy
- Vehicle repair at customer's own insurer's cost, on agreed contract-level cost structure
- Excess assistance available through an excess protection policy in the event of a fault incident



Driver/policyholder engagement: helping navigate the claims journey

Direct Engagement

- Multiple routes for initial engagement with driver/policyholder
- Undertaken on behalf/ recommendation of insurer or leasing/corporate customer
- First engagement when policyholder / driver referred by insurance partner or captured in our FNOL service outsourced from certain partners/dealerships etc
- **Credit:** Direct relationship / contract with driver to support mobility & repair and pursue client's losses from 3rd party
- **Direct:** Service entitlement based on agreed contractual terms with insurer/corporate partner

FNOL: First notification of loss



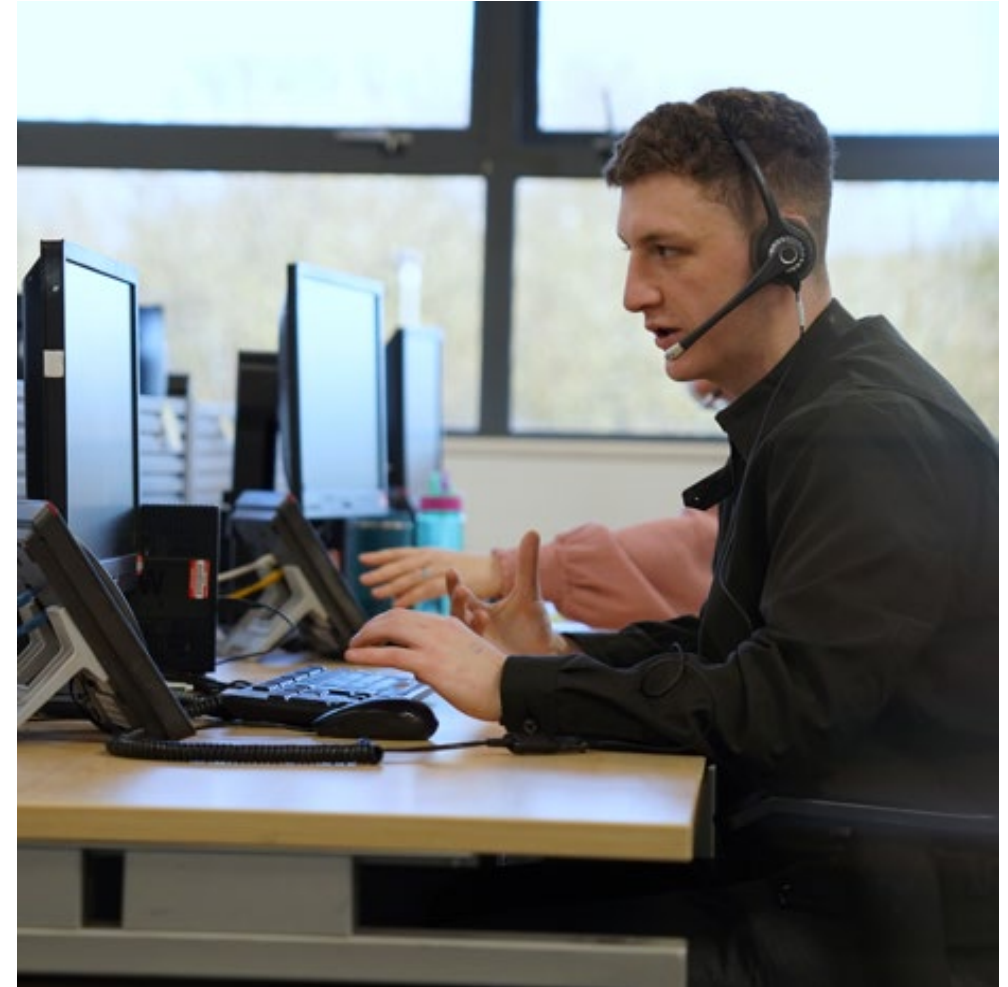


Incident & claims process: ensuring full claims recovery

Claims Management – simplifying the complexity for clients

- Laser focus on identifying viable claims
- Highly structured & regulated process
- Strong focus on cost transparency
- Full documentation trail for claims recovery

FNOL – First Notification Of Loss initial claims report defines claims journey & liability for costs.





Claim management: understanding the differing models

Credit Hire/Repair



Revenue

Costs & charges incurred by customer under credit agreement, recovered from at-fault party's insurance policy



Cost

Hire mobility & repair costs
Partner referral commission

Direct Hire/Repair



Revenue

Hire and repair fees at contractual rates with Insurance or corporate partner



Cost

Hire mobility costs
Repair costs: either from FMG RS or incurred in external repair network

Incident Management



Revenue

Partner/ corporate incident fee, incl FNOL & claims management



Cost

Staff & overheads for 24/7/365 support provision

Other



Revenue

Vehicle recovery fee
Legal settlement fee



Cost

3rd party recovery agent costs
Legal costs



Current industry trends: present significant opportunity for Redde

Market dynamics

- ✓ Challenges of parts availability, residual values & repair capacity
- ✓ Insurance market not back to pre-covid levels of claims-handling efficiencies
- ✓ Increasing focus on efficiency within claims handling process
- ✓ Greater focus on larger-scale experienced partnering

Customer response

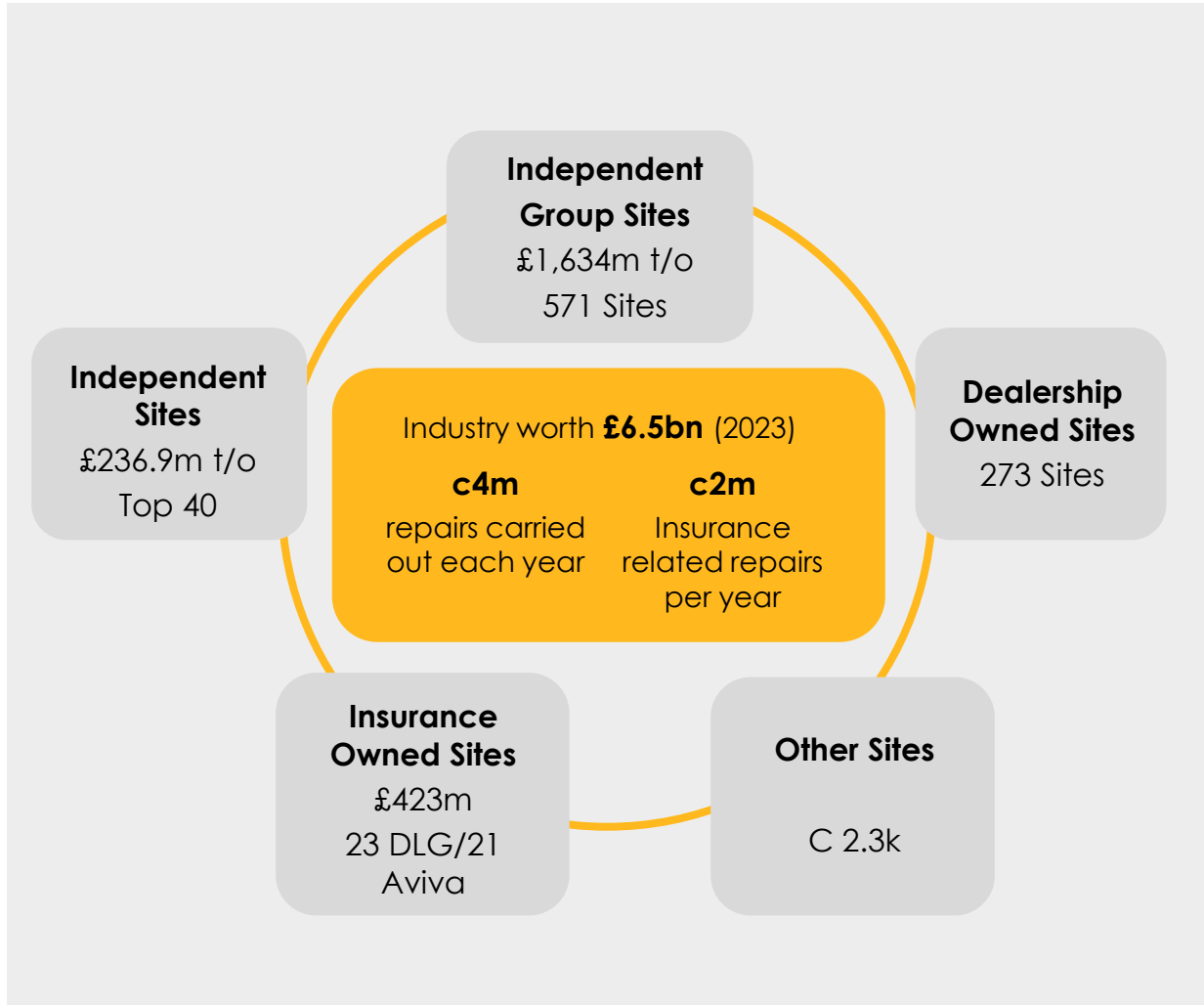
- ✓ **Insurers:** focused on contracting restricted repair capacity from multiple vendors
- ✓ **Insurance brokers:** also seeking certainty of capacity
- ✓ **Leasing sector:** increasingly preferring outsourcing of claims/repair management
- ✓ Focus on partners with adequate supply of appropriate fleet

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Overview: A capacity-constrained and fragmented bodyshop market



Decline in bodyshops over 2010-2020

| # bodyshops | Total | Independent | Dealer | Secondary |
|-------------------------|-------|-------------|--------|-----------|
| 2020 | 3,450 | 2,330 | 420 | 700 |
| 2015 | 3,860 | 2,490 | 510 | 860 |
| 2010 | 4,630 | 2,960 | 690 | 980 |
| % change in past decade | (25%) | (21%) | (39%) | (29%) |

Source: ABP annual repair report (2024)

Repair networks serve to place work into the bodyshops

- >500 Auxillis / FMG Network
- Fix Auto 120 franchised repairers completing +150k repairs per year
- NARG 300 UK BSI-approved repair centres
- Selsia 200 repair members
- Vizion Network supports +1,000 ARCs in UK



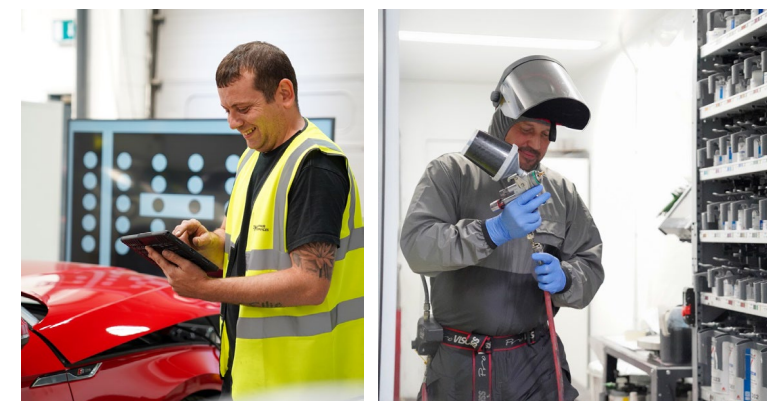
FMG Repair Services: driving capacity & efficiency

On **acquisition**, Sep 2020

- Originally took on **77** of the **102** nationwide bodyshops
- **2,300** colleagues
- Consideration price was **c.£11m**
- Evident post-acquisition the estate lacked investment, thus a number of sites were subsequently closed
- **Investment** in sites required to ensure H&S compliant state (fire doors, shutters, security etc)

Current

- **64** body-shops throughout England, Scotland and Wales
- **c.1,600** colleagues operating across our business today
- **Rapid repair** service
- **c40** mobile repair vans, largest UK fleet; plus motor glass
- **Largest UK employer** of Mechanical Technicians, employing **c.650** valued colleagues





FMG Repair Services: differentiated core capabilities



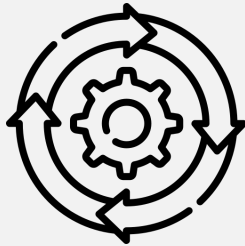
Size and Scale



Fully Trained Technicians



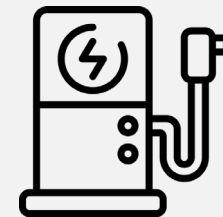
Quality & Value



Group Integration



BSI 10125 Accreditation



Sustainable Solutions



Core capability: It's **our people** who make the difference

Why work with us: **Rewards**



Competitive salaries



Achievable bonus



31 days paid holiday
(inc bank holidays)



Life Assurance



Pension Scheme



Free Shares



Sharesave Scheme



Salary Sacrifice Car Scheme



Cycle 2 Work Scheme



Employee Assistance Programme



My Gym Discounts



Retail Discounts



Days Out Discounts



Being part of a bigger group means more opportunities to progress my career as well as a more regular flow of work into the business.

FMG REPAIR SERVICES

Andrew Lines – Scunthorpe



| Training: for an increasingly high-tech skills requirement

Significant training & apprenticeship programmes

| | |
|--------------------|--------------------------------------|
| Apprentices | 117 on structured 2-year programme |
| Apprentice mentors | 157 mentors trained |
| EV training | All workshops equipped & IMI trained |

“

Throughout my apprenticeship I had support from my mentor to learn many different skills and broaden my knowledge.”





Lower carbon initiatives: increasingly key for our partners

New Paint Scheme

- Introduced new paint scheme across FMG Repair Services
- 50% reduction in drying time, to 20 mins
- Reduction in baking temperature from 70C to 40C
- Predicted saving of c.40% in emissions



Reuse rather than replace

- Supporting ambitious environment targets across supply chain
- Focus on reducing plastic waste, especially plastic bumpers
- Commenced plastic welding trial
- Rolling out new plastic welding equipment



Waste Management

- Working with national waste providers
- Significant increase in recycling rates
- Removed general waste skips at many sites
- Headlight recycling service
- 100% waste oil recycling





New larger facilities: delivering productivity and efficiency gains

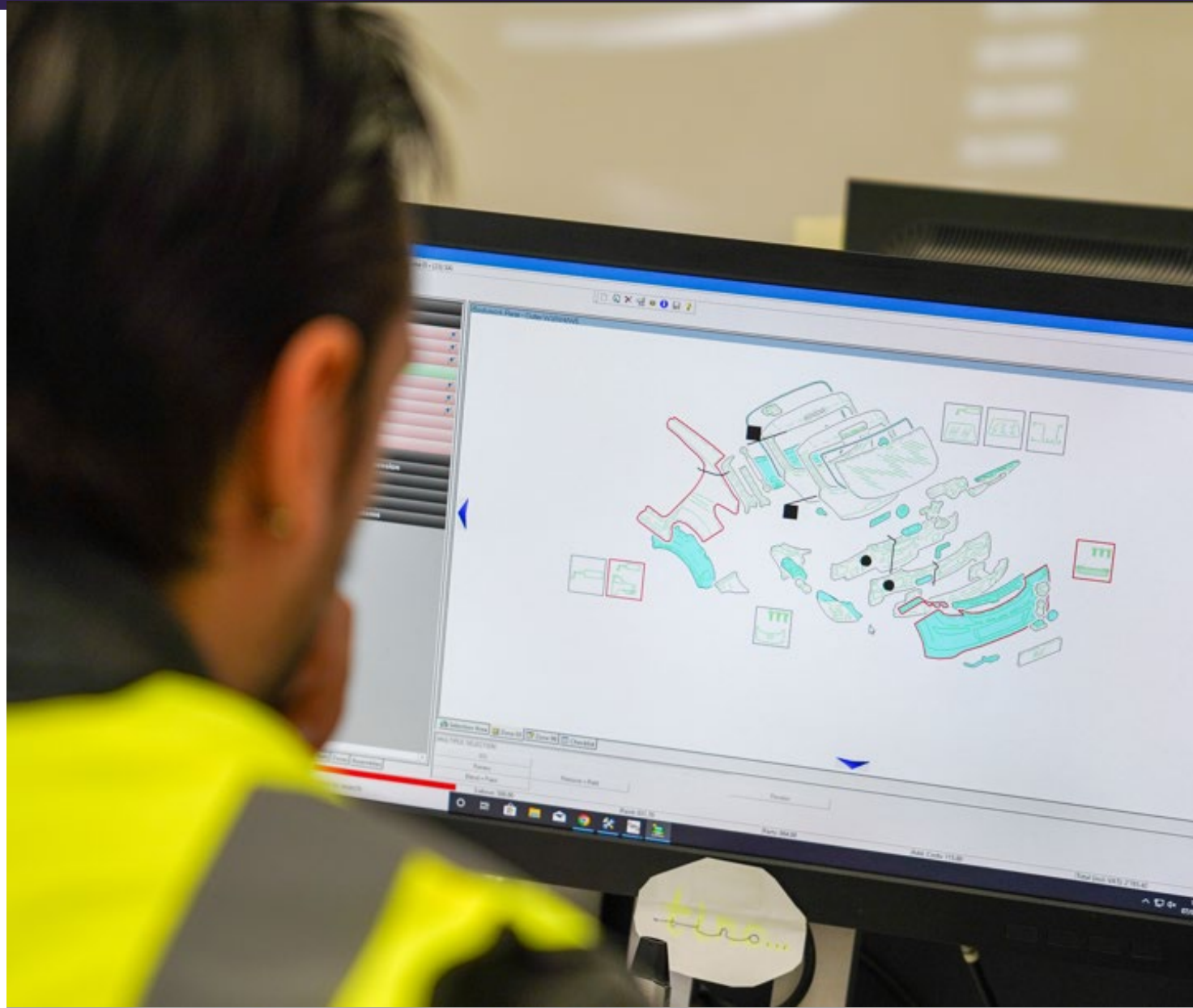
FMG Repair Services Sites



Optimising processes

- Larger 25,000 sq. ft sites
- Improved layout increases productivity
- Updated technology, supporting connected diagnostics
- Better colleague facilities

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Broad product offering: delivers best alignment with Partner's needs

Benefits of Integrated vs Best-in-silos

- ✓ Simplification of complex supply chains reduces operational friction
- ✓ Delivers greater visibility of customer journey through integrated data capture
- ✓ Opex overheads realigned for both client & platform provider through removal of multiple touchpoints
- ✓ Allows for easier digital integrations across what would often be disparate systems
- ✓ Operational scale & greater proportion of claim wallet offers improved commercial value for all parties

What is in an RFI

- ✓ Detailed criteria to ensure alignment to partner's service requirements
- ✓ Operational track record & ability to serve
- ✓ Data analysis vs policyholder profile & locations
- ✓ Governance & compliance, regulatory permissions
- ✓ Financial standing & ownership
- ✓ IT due-diligence: system architecture/ integration

Increasing sustainability focus

- ✓ Net zero commitment
- ✓ Emissions targets & reporting
- ✓ Waste & recycling
- ✓ Reuse and repair



Illustrative timeline: of major contract wins & onboarding

Phase 1 (9-12 months): Tender process & contract award



Phase 2 (6-9 months): Technical preparation





High contract renewal rate comes from ensuring service excellence

3-5yrs

Typical contract
duration



Contract management
teams



In-contract
extensions/renewals



Product extensions

Case Study: Growing services in-contract



- Historic 10-year+ relationship through JV partner for legal services provision
- In 2022, expansion of service provision as integrated solution:
 - Claims management
 - Full repair management
 - Credit hire
 - Direct hire



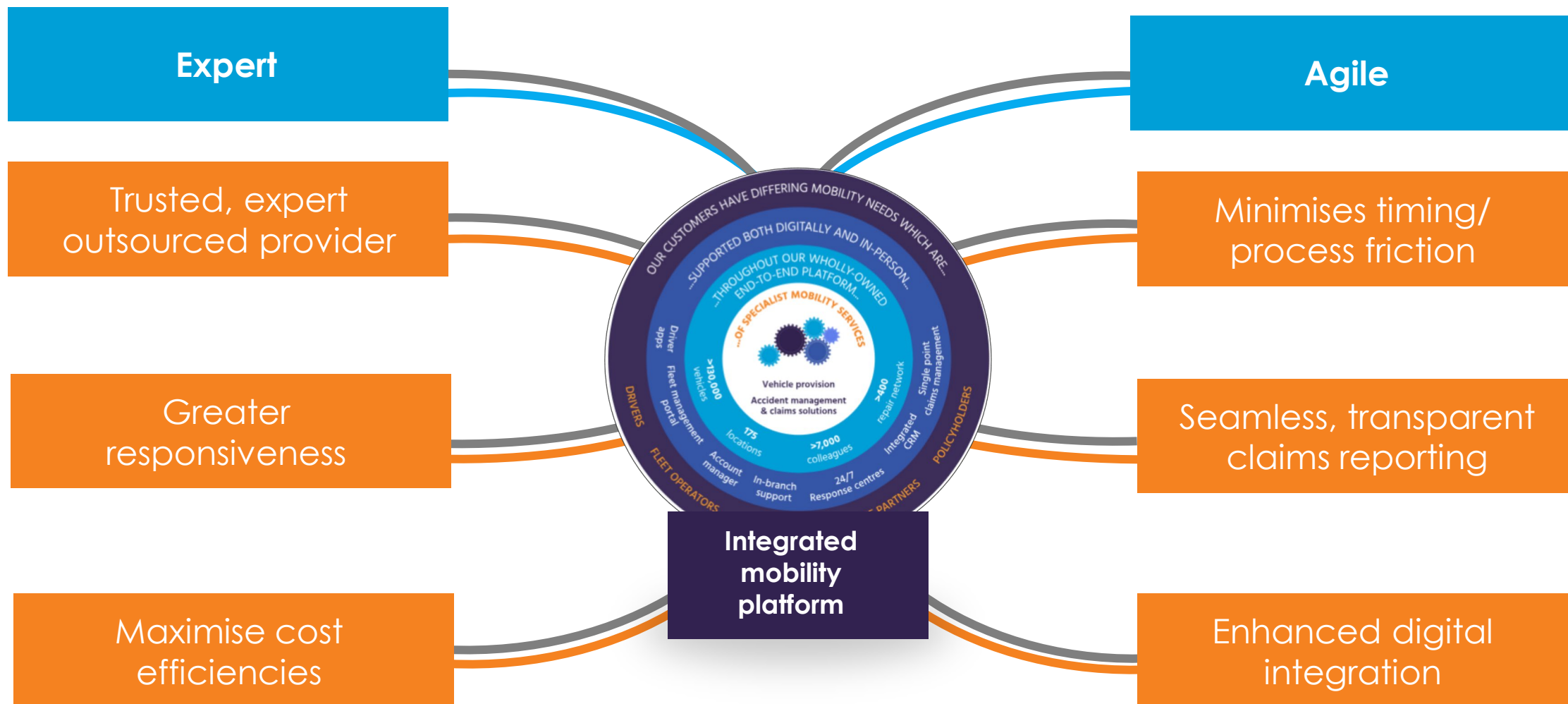
- Over 20-year relationship for credit hire & repair
- Since 2020, expansion of service provision:
 - 3rd Party Repairs
 - Recovery Support
 - Fleet Claims
 - Accident damage repairs

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Delivering benefits: through a differentiated integrated offering





| A tech-enabled platform: delivering significant competitive advantage

- ✓ Potential for enhanced digitisation
- ✓ Enhancing power of platform
- ✓ Delivering competitive advantage
- ✓ Offers market growth opportunity

Digitisation

- Simplified claims journey, single point of contact
- Efficiency benefits of single-supplier platform
- Full process transparency & reporting
- Enhanced consumer-responsiveness
- Scalable & customisable





Digitisation: Award-winning customer portals

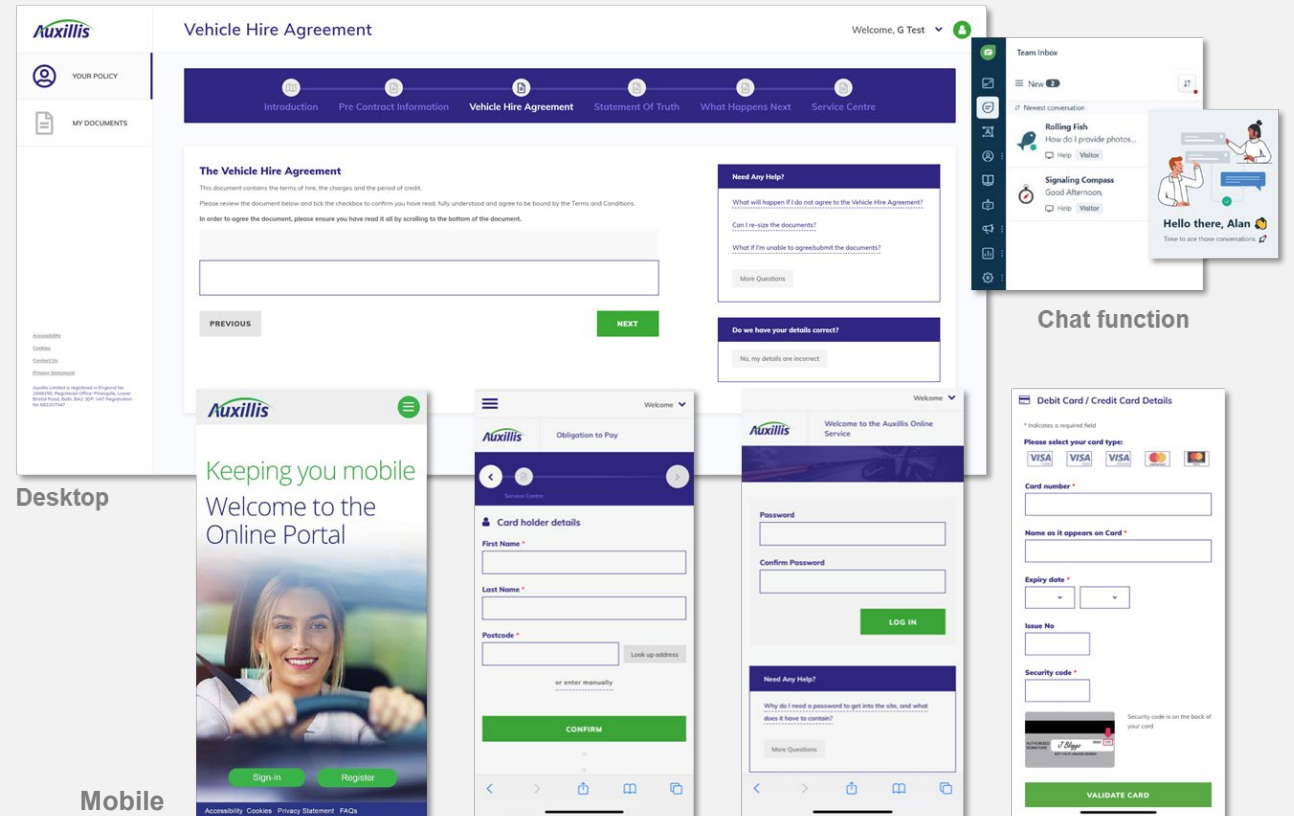
FMG
THINKING AHEAD

FMGCONNECT

Driver communication portal providing greater transparency of the claims journey and offers greater flexibility for the driver engage with their claim and communicate to FMG.



Auxillis

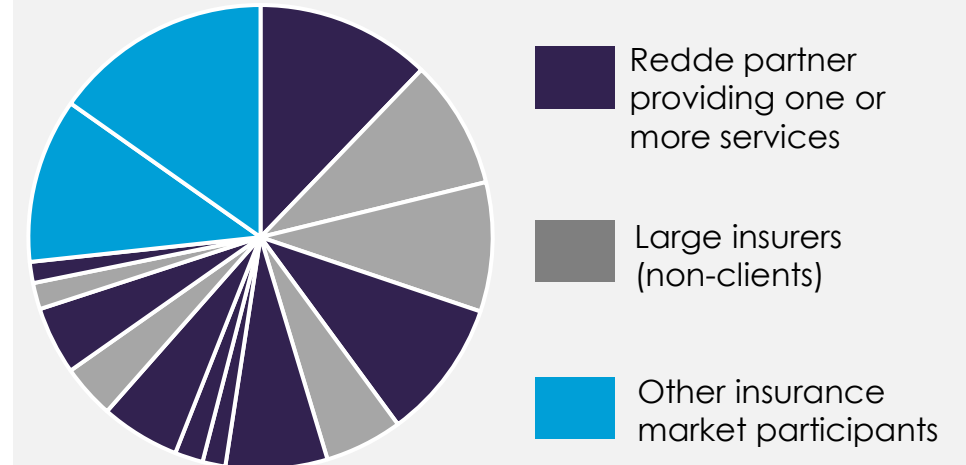




Market potential: still significant opportunities for Redde

| Selected current partners | Credit Hire | Credit Repair | Direct Hire | Direct Repair | Legal Services |
|---------------------------|-------------|---------------|-------------|---------------|----------------|
| Major insurer | Sole | Sole | Partial | Partial | |
| Major insurer | Sole | | Sole | Partial | |
| Retail broker | Sole | Sole | Sole | | Sole |
| Major insurer | Sole | | Sole | Sole | Sole |
| Large broker | Partial | | | | |
| Major insurer | | | | Partial | |
| Retail insurer | | | | | Sole |
| Specialist insurer | | | | Partial | |
| Specialist insurer | | | | Sole | |
| Medium insurer | Sole | | | Sole | Sole |
| Major insurer | Sole | Sole | | Partial | Sole |
| Specialist broker | Sole | Sole | | | Sole |
| Leasing Co | Sole | | | Sole | Sole |
| Near term opportunities | | | | | |
| Insurer | ✓ | | ✓ | ✓ | |
| Dealership | ✓ | ✓ | | ✓ | ✓ |
| Insurer | ✓ | | ✓ | | |
| Insurer | | | | ✓ | |
| Insurer | ✓ | | ✓ | | |

UK Insurance market





Pipeline opportunities: available across our markets

Existing Customer

Capacity extension

Adding capacity (typically repair) for an existing customer

Product addition

Expanding product suite or specialist customer segment for existing partner

New Customer

Individual products

Winning a new customer who takes a single service, often at the time of a contract renewal

Integrated offering

Provision of a fully integrated offering, as part of an outsourcing/consolidation strategy or for a new entrant

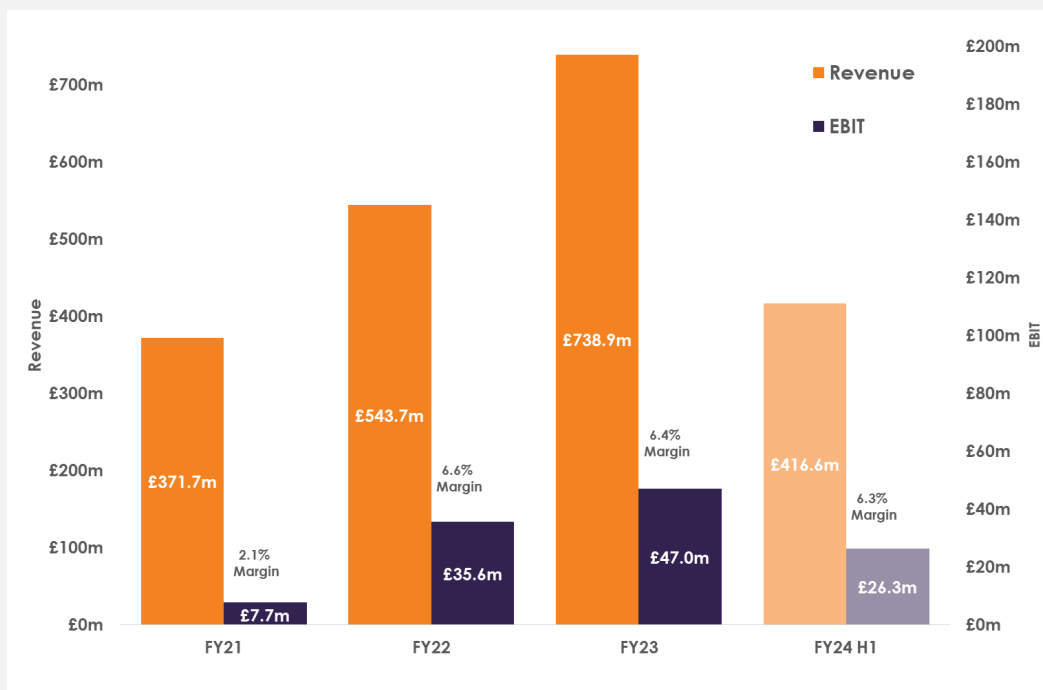
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Financial profile: Historic dynamics

Revenues & EBIT



Activity

2021

Reduced traffic volumes leading to fewer RTAs as a result of Covid-19 lockdowns

2022

Traffic volume reached pre pandemic levels although incidents reported were 10% lower due to changes in travel patterns

2023







2 new contracts commenced to provide insurer incident management, notably increasing revenue YoY and changing mix of services

2024 H1

Run rate revenue and EBIT ahead of FY23 with new contracts reaching full rate



Redde Services: differing financial characteristics

| Service | Brand | Margin | ROCE | Upfront Investment | Working Capital Investment |
|-------------------|---|--------|------|--------------------|----------------------------|
| Credit Hire |  | ↑ | ↑ | Fleet | Claims |
| Credit Repair |  | ↑ | ↑ | n/a | Claims |
| Direct Hire |  | ↓ | ↓ | Fleet | |
| Direct Repair |   | ↓ | ↑ | n/a | |
| Roadside Recovery |  | ↑ | ↑ | n/a | |



Redde Services: investment requirements & characteristics

Replacement Vehicle Fleet

What we have

- **>14k** vehicles on fleet
- Broad mix of manufactures and models
- Funding mix is contract hire and owned
- Representative of UK car parc

What we do

- **24 month** target holding period, providing new / quality replacement vehicles
- **82% target utilisation** with short rental periods
- Delivery from **33 UK depots**

New mobility contract example

- **10k hires** per annum @ **20** day hire length
 - Target utilisation of **82%**
 - **50/50** funding mix (owned Vs lease)
- = **200k** rental days requiring **668** new units

10k hires x 20 days / 82% utilisation / 365 days

Working Capital

Credit Hire & Repair Receivables

- **Protocol (70%)** – Mechanism to settle on agreed terms/timeframe removing cost burden for both Auxillis and insurer
- **Non Protocol (30%)** – Longer settlement period and if agreement can not be reached court process followed
- **Bulk Settlement** – Usually in advance of protocol agreement, large number of non protocol claims settled at agreed value

Direct Hire & Repair Receivables

- Settlement within standard commercial terms

External Repair & Parts Payables

- Standard payable terms

IT/ People

IT

- In-house systems development integrating with partner's platform

People

- Staff recruitment and training for customer call centres and claim recovery specialists





Fleet Investment

- ✓ Acquisition of fleet vehicles either from cash or through contract hire
- ✓ Funding route dependent on commercial terms offered by manufacturers and leasing companies
- ✓ Flexible holding periods to take advantage of opportunities and to mitigate risk
- ✓ Cross hire may be used to manage peak demand



Credit Hire & Repair

- ✓ Credit hire and repair is a legal claim not a traditional invoice
- ✓ Protocol agreements with insurers represent c70% of volume with payment terms typically less than 30 days
- ✓ Non protocol claims collected on average ~ of c.200 days
 - Non protocol followed up with in house litigation
 - Bulk settlements may be agreed to clear outstanding claims

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