

Interim Results HY2025.

04.12.2024

Agenda.

Overview

Financial Review

Business Update

Q&A

Martin Ward

Philip Vincent

Martin Ward



Martin Ward
CEO



Philip Vincent
CFO

Business overview.

Martin Ward



Good group performance, confidence in full year expectations.

- Operational momentum across all businesses
- Healthy demand combining with improving supply
- Disposal profits normalising as expected
- Investing for growth and returns
- Positive momentum into H2



Financial performance supporting dividend and capex.

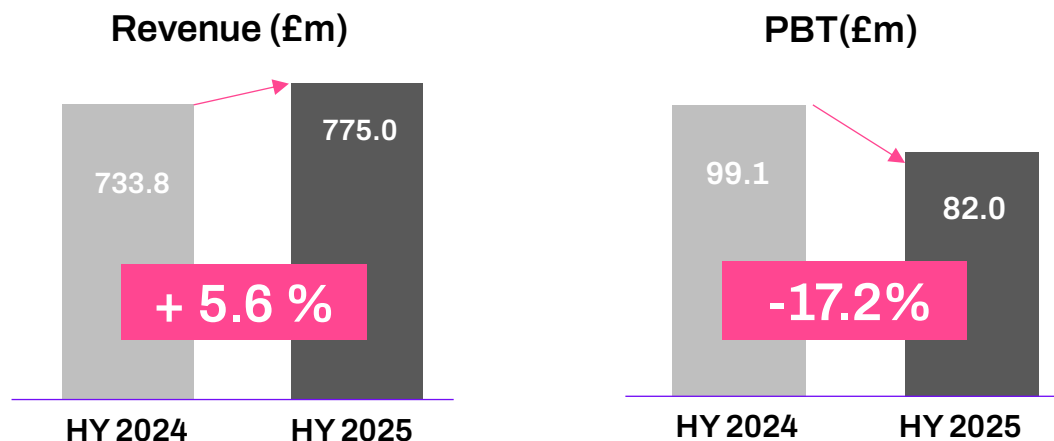
Underlying Trading

Revenues: + 5.6% to **£775.0m**

EBIT: -13.8% to **£99.1m**

PBT: -17.2% to **£82.0m**

ROCE: 2.0 ppt decrease to **12.8%**



HY dividend

8.8p
(HY 2024: 8.3p)



£ 228.6m

EBITDA (+£8.6m)



£ 1.43bn

Fleet NBV (+£0.2bn)



Leverage

1.6 x

(HY 2024: 1.6x)

Significant operational progress across the businesses.

Rental

- Fleet growth momentum
- New wins – reflecting strong demand
- Cross sell success: over 750 new hires
- New ChargedEV platform channels

Focus on customer delivery

- *One Road*: simplified customer engagement across brands
- *Customer First*: enhanced feedback & focus on customer experience
- Spanish CRM: broadening customer opportunities

Claims & Services

- Growing repair volumes as capacity easing
- RTA support product broadening appeal
- Digital self-service portals adding partners
- Further insurers joining protocol

Ongoing Investment

- Footprint: Dundee & Cadiz; further Spanish points of service planned
- Workshop: ongoing investment in connectivity; ADAS solutions
- Apprentices: expanding technician pool



May 2024: ZIGUP rebrand

- Helping to consolidate & amplify Group-wide alignment
- Strategic pillars providing focus & context for operational teams



Financial Review.

Philip Vincent



HY 2025 Overview: in line with expectations.

▲ Revenue:
+5.6%

HY 2025: £775.0m
HY 2024: £733.8m

▼ EBIT:
-13.8%

HY 2025: £99.1m
HY 2024: £115.0m

▼ Profit before tax:
-17.2%

HY 2025: £82.0m
HY 2024: £99.1m

▼ EPS:
-16.0%

HY 2025: 28.1p
HY 2024: 33.4p

▲ EBITDA:
+£8.6m

HY 2025: £228.6m
HY 2024: £220.0m

► Net debt & leverage:
+£27.5m n/a

HY 2025: £782.5m | 1.6x
HY 2024: £755.0m | 1.6x

▼ ROCE:
-2.0ppt

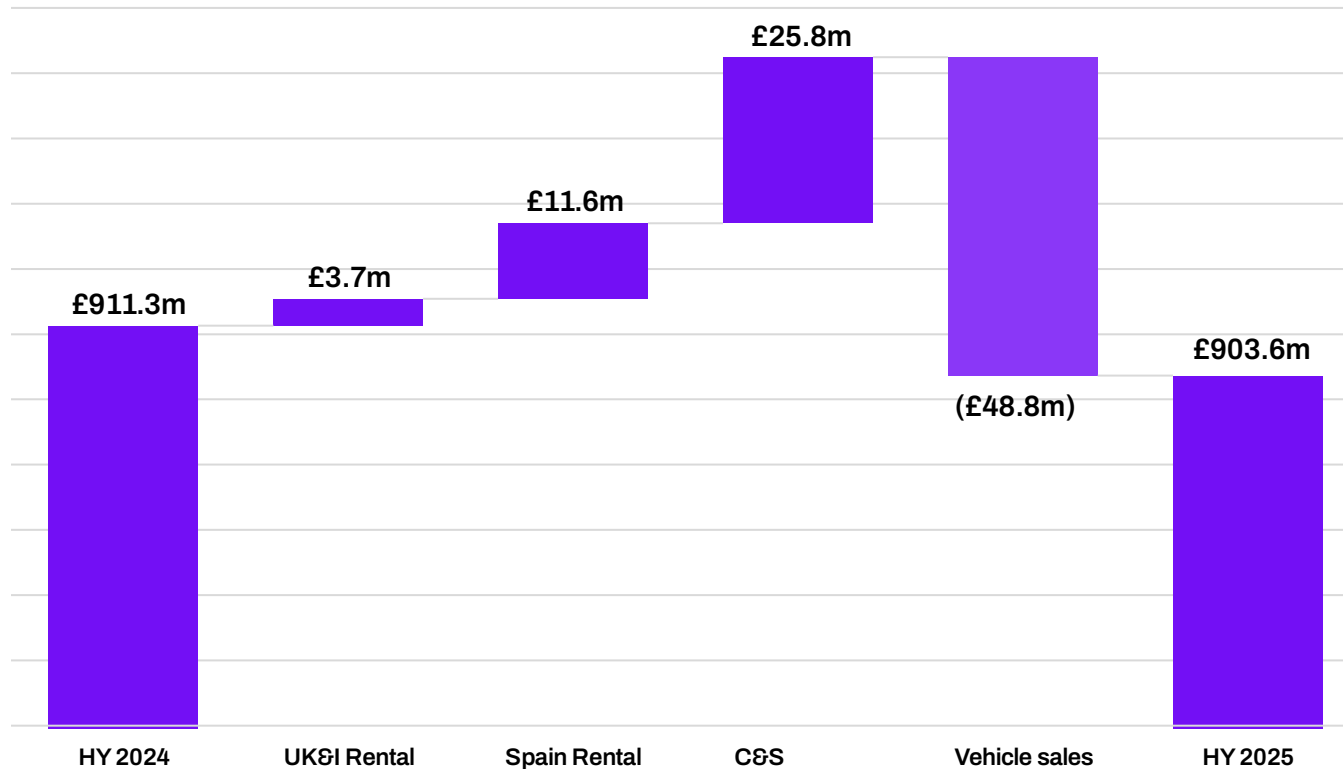
HY 2025: 12.8%
HY 2024: 14.8%

▲ DPS:
+6.0%

HY 2025: 8.8p
HY 2024: 8.3p

Underlying results

H1 Group revenue: normalising vehicle sales.

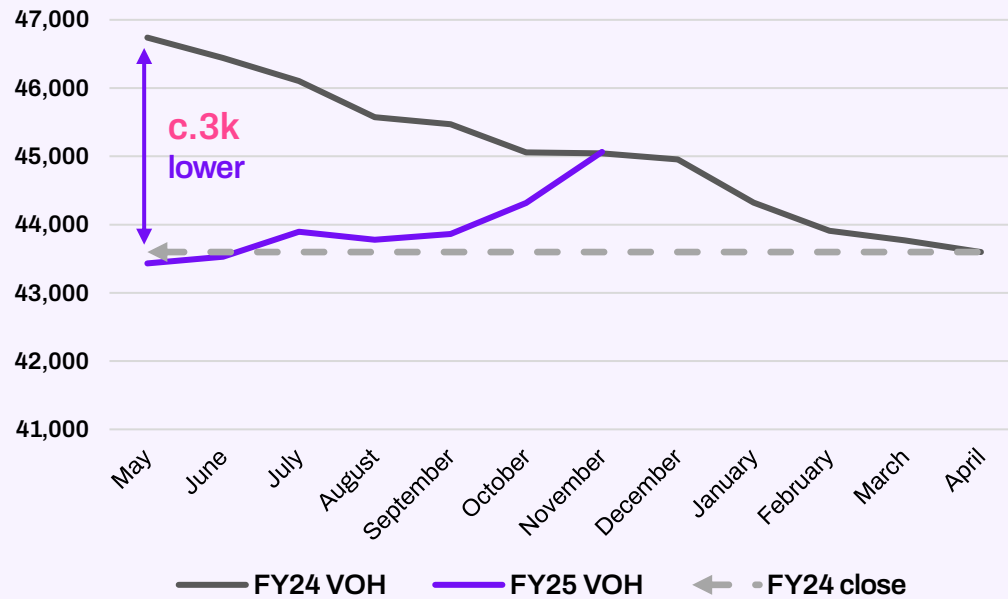


Key points: vs prior year H1

- UK&I rental revenue **+1.7%**, ave. VOH **- 4.6%**
- Spain rental revenue **+8.6%**, ave. VOH **+7.4%**
- Claims and services revenue **+6.1%**
- Normalising vehicle sales revenue **-27.5%**

VoH Evolution: UK&I and Spain.

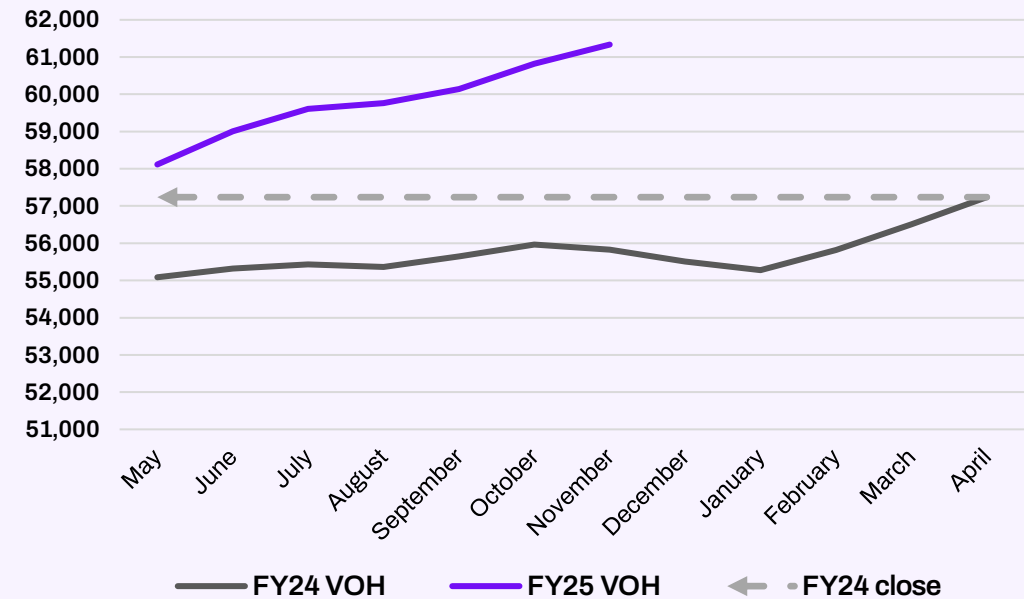
Average VOH UK&I.



Key points.

- UK&I: improved vehicle supply allowing growth

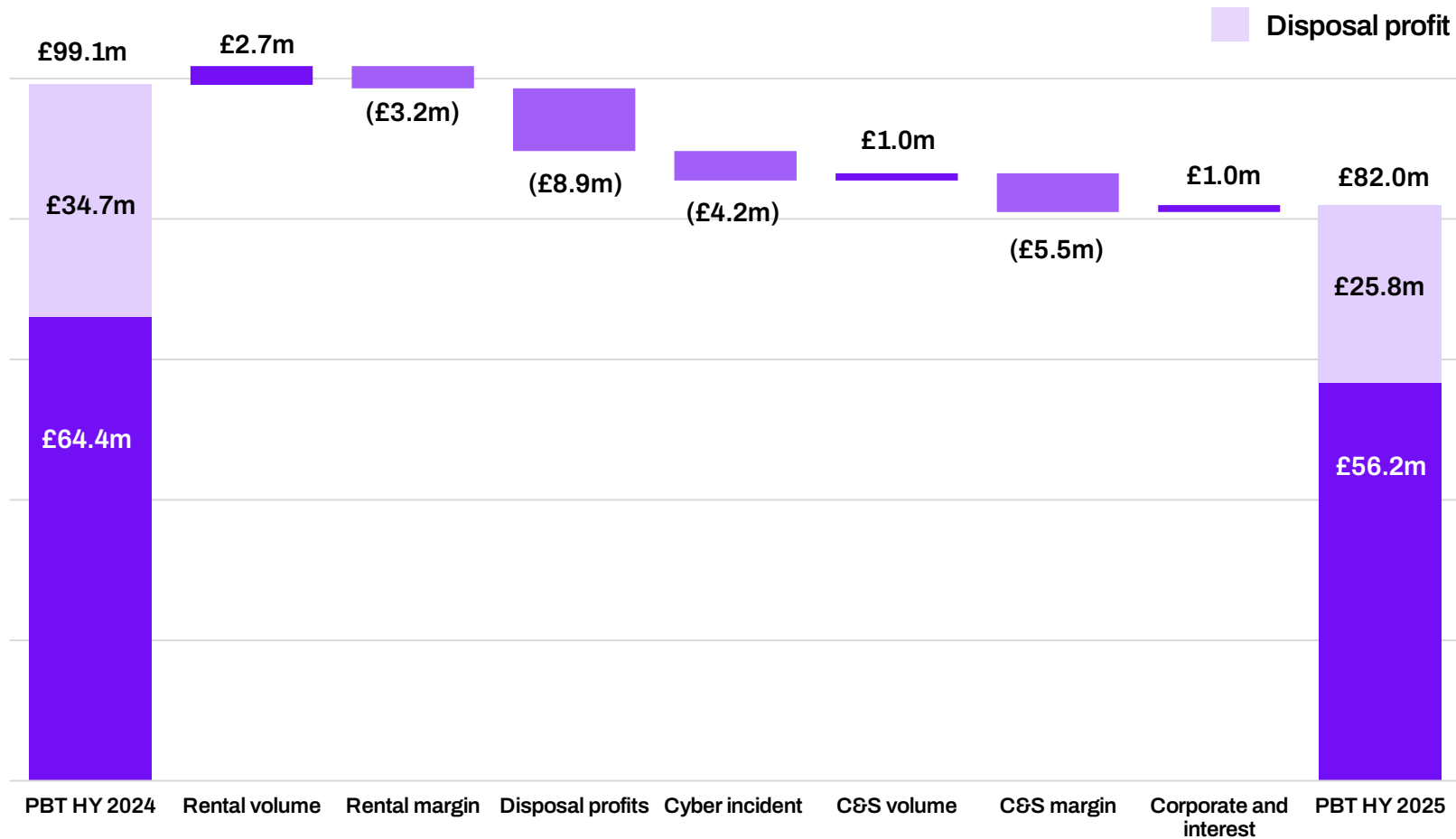
Average VOH Spain.



Key points.

- Spain: continued good vehicle supply allowing growth

Group underlying profit waterfall.



Key points.

- UK&I rental margin **15.7%**
- Spain rental margin **19.3%**
- Disposal profits normalising
- C&S EBIT margin of **4.0%** reflecting a quiet summer & IT interruption

H1 Cashflow & forward capex profile.

Cash flow reordered to reflect priorities

	HY 2025 £m	HY 2024 £m	Change £m
EBITDA	228.6	220.0	8.6
Net replacement capex (NRC) ¹	(178.9)	(103.5)	(75.4)
Lease principal payments	(29.4)	(35.1)	5.7
Steady state cash flow generation	20.3	81.4	(61.1)
Working capital and non-cash items	38.5	(48.8)	87.3
Exceptional items	(2.8)	-	(2.8)
Associates	-	1.2	(1.2)
Taxation	(7.1)	(21.2)	14.1
Interest & other financing	(15.9)	(14.5)	(1.4)
Cash generation (consumption) before dividends	33.0	(1.9)	34.9
Dividends	(39.3)	(37.3)	(2.0)
Cash consumption before investments	(6.3)	(39.3)	33.0
Growth capex ¹	(53.5)	(1.3)	(52.2)
Acquisitions	-	(4.1)	4.1
Share buyback	(5.3)	(8.2)	2.9
Net cash consumed ² (incl. lease payments)	(65.1)	(52.8)	(12.3)

Key points.

- H1 2025 UK&I ave fleet age **-4.5** to **31.6** months
- H1 2025 Spain ave fleet age **-2.1** to **28.8** months
- Share buyback complete

Working capital helped by claims entering protocol

Capex evolution as expected:

- Vehicle supply has improved
- Net capex for full year will increase more than one-third year on year before falling from FY 2026 onwards
- Would result in lower cash generation this year and then rising to £200m-plus from FY 2027*
- Leverage remaining within 1-2x range

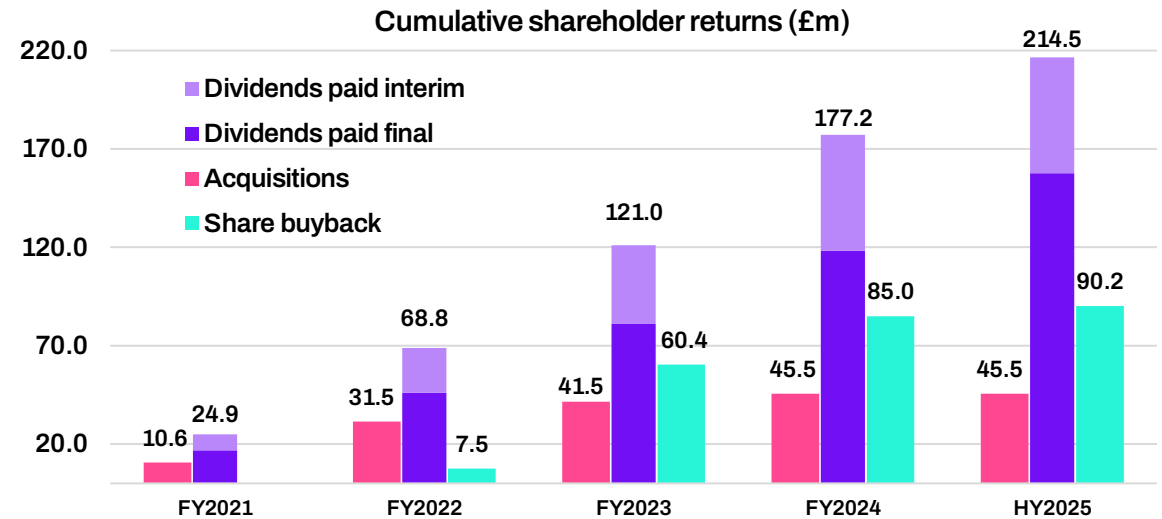
* Assuming no other changes & on basis discussed at FY 2024

¹ Net replacement capex (NRC) 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.

² Net cash consumed is defined as Net cash consumed of £65.1m (HY 2024: consumed £52.8m) before the add back of £29.4m (HY 2024: £35.1m) for principal lease payments.

Robust balance sheet & prudent leverage.

	HY 2025	HY 2024
Net debt	£782.5m	£755.0m
Fleet assets	£1.4bn	£1.2bn
Net debt / EBITDA	1.6x	1.6x
Target leverage range of	1-2x	
Debt headroom	£347m	£236m
Borrowing cost	3.2%	3.5%
Fixed debt at period end	83%	56%



Business Update.

Martin Ward



Well positioned to take advantage of market opportunities.

- ✓ Differentiated proposition to 2020
- ✓ Strength of complementary businesses with value-added products & services
- ✓ Favourable structural trends
- ✓ Normalising market conditions providing clear opportunities
- ✓ Investing from a position of strength & financial capacity



Rental overview: strong demand and customer focus.

Market.

UK

- Market environment:
 - Trend for outsourcing to rental **continuing**
 - **Positive expectations** from UK budget for core infrastructure sectors
- Demand strength:
 - New business wins at **highest level** since 2019
 - **Growing** multiple services & ancillary products take-up
 - **+580 e-LCVs** on rent in H1

Spain

- Market environment:
 - Rental **taking share** from ownership/leasing
 - Flexible **complementing** traditional Min-term
- Demand strength:
 - Mix of large corporates and younger higher growth companies
 - Growing appreciation of value of our **service at scale** – key competitive advantage

H1 Progress.

c.1,500

Corporate car products
across UK&I
and Spain



Large **new wins**:
combination of market
share gains & outsourcing



UK Ancillary
services:

+13%



Investment in
workshop capacity
& equipment



Greater adoption of Fleet
management & EV portals

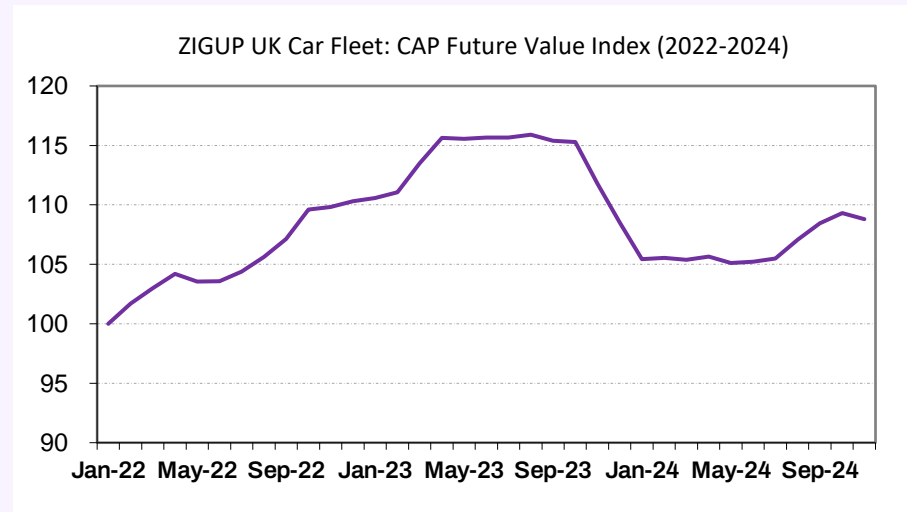
Normalising supply conditions: positive for 2025.

UK.

- 2025 order discussions well underway, **good visibility**
- Volume: - supply **available at scale**
- steady ramp up through 2025
- Pricing: growing **OEM support** for volume orders

Residual Values.

- Car RVs **stable** through 2024, after 2023 H2 decline
- LCVs appear to be following **similar pattern** 2024-25



Spain.

- **Good availability** across product range
- **Improving terms** available from diverse range of OEMs
- Impact of CAFE clean air programme uncertain
- RVs expected to **gently moderate** through H2 FY2025

ZEV mandate.

- Impacting on OEM UK supply strategy
- **Advantage for ZIGUP** - integrated EV proposition and EV engagement with OEMs
- Moderating expectations of **2024-25 supply growth**

ZEV Consultation.

Fast track consultation
announced 28 Nov
(decision Jan 25)

Reflects challenge
of limited demand
for EVs

Follows strong
lobbying from
BVRLA and OEMs

Claims & Services: positive momentum into H2.

Market.

Summer 2024

- Traffic volumes normal, but reported RTAs **down 10%**
- Repair cycle time durations **normalising**, along with replacement hire days
- Fluid insurance market dynamics – not structural change

Demand

- Fleet under management now over **1 million**
- Bodyshop capacity remains in **high demand**

May 24 Cyber-incident

- Auxillis: one-week pause on new business origination

H1 Progress.



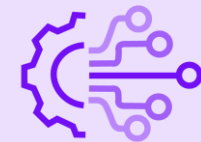
Contract extensions



New Dundee bodyshop



Bodyshop productivity investment



Operating efficiencies through RPA automation



Cash efficiencies through expanding protocol

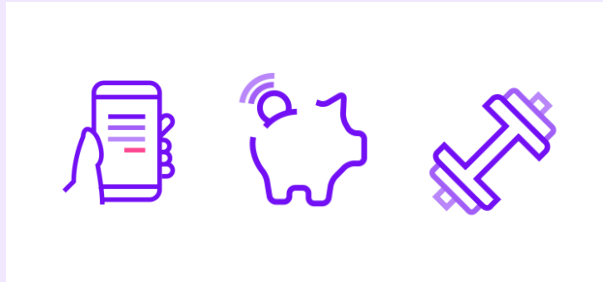
Our people: valued and recognised.



Apprenticeships & Early careers



Internal talent & development



Benefits & share scheme



Enhanced Engagement Forum

Key Awards Wins.



Best Rental Company
Northgate Spain
Ejecutivos Awards



Best Eco Initiative
Northgate UK&I
Business Car Awards



Apprentice Mentor
Adam Thurston - FMGRS
ABP Night of Knights



Best New Service
ChargedEV
EVIE's Awards

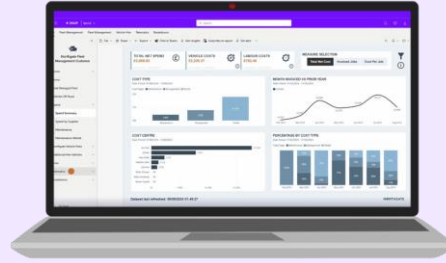


Leveraging technology: enhancing customer service.

UK&I Rental.



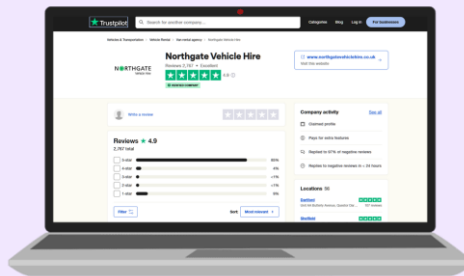
EV sustainability portal



Northgate fleet portal

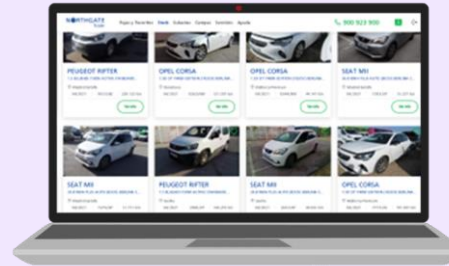


Customer First feedback



Trustpilot

Spain Rental.

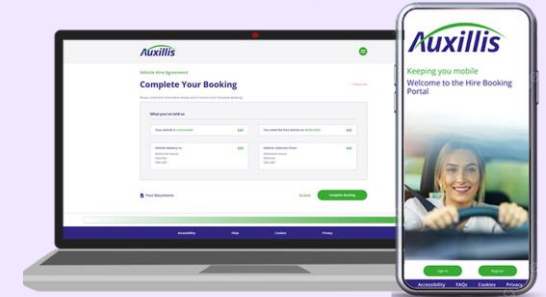


eAuction



CRM system

Claims & Services.



Direct hire self-serve



ADAS testing

Confidence in outlook and strategic progress.

Outlook.

- Recent vehicle supply contracts: good visibility for calendar 2025 fleet growth
- Expected infrastructure spending positive for UK rental customer base
- Spain continues to enjoy record demand
- Residual values normalisation: moderating disposal profits as expected
- Confidence in the business and for our outlook is unchanged, and remains in line with market expectations

Our strategic pillars.



Enable

Joined up, sustainable
smarter mobility solutions



Deliver

A differentiated & responsible
customer experience



Grow

Broadening customers & markets,
and an expanded product offering

Q&A.

Martin Ward &
Philip Vincent



Appendices.



Information available on the Corporate Website.

Video discussions.

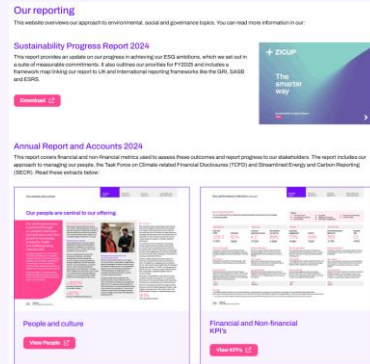
Strategy

Investment case

Our people

ESG principles

Sustainability library.



➤ Click here

AI search tool.



➤ Click here

IR Update.



➤ Click here

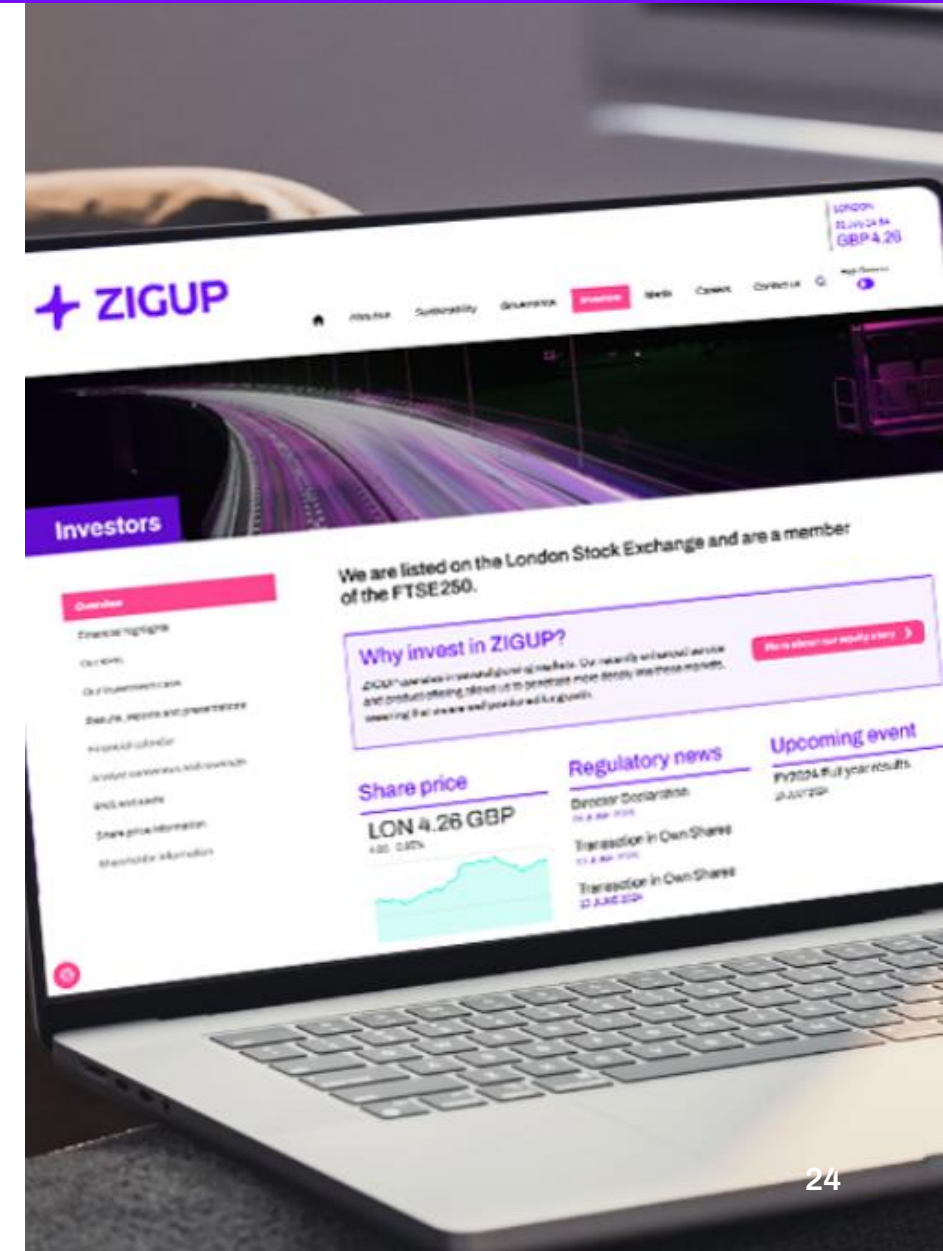
IR Booklet.



➤ Click here



IR Society
Best Mid-Cap
Website
2023 & 2024



ESG actions.

ESG Commitments



Work underway in FY 2025

- Our Drive to Zero program is helping more customers adopt electric vehicles (EVs) for their fleets, with EV rentals increasing by 75%. We have received notable awards, including 'Sustainability Mobility Solution' in Spain and 'Best Eco Initiative' from Business Cars at Northgate
- Following the telematics analysis of 139 vehicles, we are transitioning about 20% of our UK and Spanish service fleet to electric vehicles. 88% of our company cars are now EVs or Hybrids.
- The amount of renewable energy we procure has increased from 64% in FY24 to 99%.
- We have enhanced environmental impact evaluation in the UK, adding waste and water consumption data to our existing energy dashboard.
- A transition plan has been developed to meet the requirements of the Transition Plan Taskforce (TPT) Disclosure Framework. The plan will be released in 2025, along with updated guidance on the carbon reduction targets we set in FY 2023.

- We have enhanced employee rewards and benefits, including our third year of providing free shares to eligible employees. Additionally, 32% of employees are enrolled in Wagestream, a platform supporting financial well-being, and 54% of those enrolled have set up a savings pot.
- 70 more Mental Health First Aiders who are vital in supporting workplace mental well-being are being trained
- A succession framework to develop our future talent pipeline has been developed.
- We have now developed foundation-level Carbon Literacy training, which we will deploy across the Group in 2025
- 47 employees have been enrolled in our apprenticeship program, recruited 77 from outside the organization, and added 70 interns in Spain.
- We utilised £630,000 from the UK Government's apprenticeship levy in the first half of FY25 and expect to significantly exceed the FY24 total spend of £787,000 by year-end.

- We have commenced work on a double materiality assessment as part of our CSRD preparedness. This assessment will inform our ESG programme focus and reporting.
- Our continued efforts to improve our service by fostering a customer-centric culture have increased Northgate's Trust Pilot score to 4.8 out of 5.
- Our Spanish team won the Dirigentes Award for Excellence in Customer Experience.
- The corporate website underwent significant upgrades to enhance ESG reporting. These improvements and other vital enhancements culminated in the website winning the IR Society's Best Corporate Website award (Mid-cap).
- ZIGUP won the 'Bringing Success to Darlington' Stronger Communities Award for its continued investment in Darlington's people and communities.

	HY 2025 £m	HY 2024 £m	% change
Revenue – Vehicle hire	195.6	192.3	1.7%
Rental profit	30.8	31.4	(2.1%)
<i>Rental margin</i>	<i>15.7%</i>	<i>16.3%</i>	<i>(0.6ppt)</i>
Disposal profit	13.6	18.2	(25.0%)
EBIT	44.4	49.6	(10.5%)
<i>EBIT margin</i>	<i>22.7%</i>	<i>25.8%</i>	<i>(3.1ppt)</i>
Vehicles sold	10,800	11,600	7.4%
<i>LCV PPU</i>	<i>£1,600</i>	<i>£3,500</i>	<i>(54.0%)</i>

Key points.

- Rental margin of **15.7%**, close to sustainable level
- VOH **(-4.6%)**
- Lower VOH offset by higher revenue per vehicle
- Vehicles sold include **2,700** cars/other through Van Monster

Spain Rental.

	HY 2025 £m	HY 2024 £m	% change
Revenue – Vehicle hire	146.8	135.2	8.6%
Rental profit	28.3	28.1	0.7%
<i>Rental margin</i>	<i>19.3%</i>	<i>20.8%</i>	<i>(1.5ppt)</i>
Disposal profit	12.2	16.5	(26.2%)
EBIT	40.5	44.7	(9.2%)
<i>EBIT margin</i>	<i>27.6%</i>	<i>33.0%</i>	<i>(5.4ppt)</i>
Vehicles sold	6,400	7,200	(10.5%)
<i>LCV PPU</i>	<i>£1,900</i>	<i>£2,300</i>	<i>(17.5%)</i>

Key points.

- Strong growth in rental revenue **+8.6%**
- Strong demand coupled with Investment in fleet increasing VOH **+7.4%**
- Continued strong rental margin at **19.3%**

Claims & Services.

	HY 2025 £m	HY 2024 £m	% change
Revenue – Claims and Services	442.1	416.6	6.1%
Gross profit	79.7	82.0	(2.7%)
<i>Gross margin</i>	<i>18.0%</i>	<i>19.7%</i>	<i>(1.7ppt)</i>
Operating profit	17.4	25.5	(31.6%)
Income from associates	0.2	0.8	(79.2%)
EBIT	17.6	26.3	(33.1%)
<i>EBIT margin</i>	<i>4.0%</i>	<i>6.3%</i>	<i>(2.3ppt)</i>

Key points.

- Revenue **+6.1%** due to strong performance in FMG and FMGRS
- Decreases in margin due to lowered credit hire volumes and durations, as well as impact of IT incident

Cash flow reconciliation.

HY 2025 Cash consumption

	HY 2025 £m	HY 2024 £m	Change £m
EBIT	99.1	115.0	(15.9)
Depreciation and amortisation	129.5	105.0	24.5
Underlying EBITDA	228.6	220.0	8.6
Net replacement capex ¹	(178.9)	(103.5)	(75.4)
Lease principal payments	(29.4)	(35.1)	5.7
Steady state cash flow generation	20.3	81.4	(61.1)
Working capital and non-cash items	38.5	(48.8)	87.3
Exceptional cash items	(2.8)	-	(2.8)
Growth capex ¹	(53.5)	(1.3)	(52.2)
Taxation	(7.1)	(21.2)	14.1
Net operating cash	(4.6)	10.1	(14.7)
Distributions from associates	-	1.2	(1.2)
Interest and other financing	(15.9)	(14.5)	(1.4)
Acquisition of business	-	(4.1)	4.1
Free cash flow	(20.5)	(7.3)	(13.2)
Dividends	(39.3)	(37.3)	(2.0)
Share buyback	(5.3)	(8.2)	2.9
Net cash consumption ² (incl. lease payments)	(65.1)	(52.8)	(12.3)

Cash flow reordered to reflect priorities

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Associates	-	1.2	(1.2)
Taxation	(7.1)	(21.2)	14.1
Interest & other financing	(15.9)	(14.5)	(1.4)
Cash generation before dividends	33.0	(1.9)	34.9
Dividends	(39.3)	(37.3)	(2.0)
Cash (consumption) generation before investments	(6.3)	(39.3)	33.0
Growth capex	(53.5)	(1.3)	(52.2)
Acquisition of business	-	(4.1)	4.1
Share buyback	(5.3)	(8.2)	2.9
Net cash consumption ² (incl. lease payments)	(65.1)	(52.8)	(12.3)

H1 Fleet reconciliation

Vehicles #	UK&I	Spain	C&S	Group
Opening fleet (Apr-24)*	49,400	66,500	16,500	132,400
Purchases	8,100	10,700	700	19,500
Disposals	(8,000)	(6,400)	(1,800)	(16,200)
Transfers	200	-	(200)	-
Movements on direct vehicles	(600)	-	-	(600)
Movement on leased vehicles	300	-	(200)	100
Closing fleet (Oct-24)*	49,400	70,800	15,000	135,200
Closing owned fleet	44,500	69,600	5,100	119,200
Closing leased fleet	3,400	-	9,900	13,300
Closing total fleet (ex-sales stock)	47,900	69,600	15,000	132,500
Closing sales stock	1,500	1,200	-	2,700
Purchases for growth	100	4,300	-	4,400
Sales in contraction	-	-	(1,100)	(1,100)
Growth in owned fleet for growth capex**	100	4,300	(1,100)	3,300
Purchases for replacement	8,000	6,400	700	15,100
Replacement sales	(8,000)	(6,400)	(700)	(15,100)
Net replacements	-	-	-	-
Disposals	8,000	6,400	1,800	16,200
Exclude: intercompany sales	-	-	(1,800)	(1,800)
Sale of ex-leased stock and directly acquired fleet	2,800	-	-	2,800
Total external vehicle sales	10,800	6,400	-	17,200

* including sales stock

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

H1 Divisional capex.

Vehicles #	UK&I	Spain	Claims & Services	Group
Purchases	8,100	10,700	700	19,500
Disposals	(8,000)	(6,400)	(1,800)	(16,200)
Purchases for growth	100	4,300	-	4,400
Sales in contraction	-	-	(1,100)	(1,100)
Growth in owned fleet for growth capex	100	4,300	(1,100)	3,300
Volume of replacements	8,000	6,400	700	15,100
Extracts from cashflow: outflow (inflow) £m				
Growth capex	3.8	65.3	(15.6)	53.5
Net replacement capex	118.1	57.6	3.2	178.9
Net capex	121.9	122.9	(12.4)	232.4
Proceeds of disposal of vehicles for hire	(52.8)	(31.9)	(31.1)	(115.8)
Purchases of vehicles for hire	173.3	151.1	16.3	340.7
Other net capex	1.4	3.7	2.4	7.5
Net capex	121.9	122.9	(12.4)	232.4

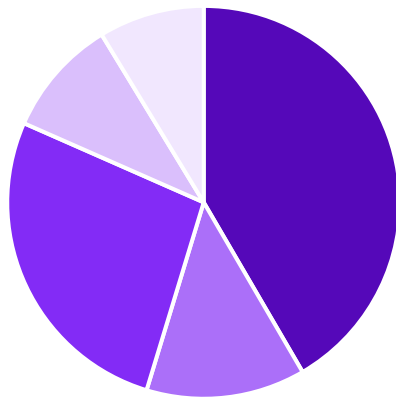
HY 2025: Our rental customers.

UK Customer profile

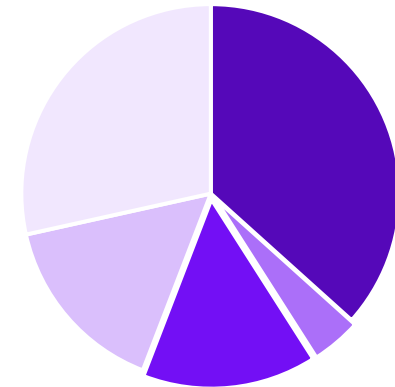
% Fleet VoH	Sectors	
10-15% ea	Facilities Mgmt/Civil Engineering	
7-10% ea	Specialist construction Admin & support serv Infrastructure Utilities	Logistics Vehicle supply Retail/Wholesale
2.5-7% ea	Social housing/health Manufacturing Local Government	Utilities support Other SME

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



Impact of depreciation rate.

£m	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Reduced depreciation	55.1	38.3	15.7	4.1	-	113.2
Reduced disposal profits	(8.5)	(38.3)	(40.5)	(22.3)	(3.6)	(113.2)
Impact on Statutory EBIT	46.6	-	(24.8)	(18.2)	(3.6)	-
Previously expected impact	46.5	12.7	(28.3)	(26.4)	(4.5)	-

UK&I:

Reduced depreciation	45.4	25.7	8.8	1.6	-	81.5
Reduced disposal profits	(6.7)	(30.5)	(29.8)	(14.5)	-	(81.5)
Impact on UK&I EBIT	38.7	(4.8)	(21.0)	(12.9)	-	-

Spain:

Reduced depreciation	9.7	12.6	6.9	2.5	-	31.7
Reduced disposal profits	(1.8)	(7.8)	(10.7)	(7.8)	(3.6)	(31.7)
Impact on Spain EBIT	7.8	4.8	(3.8)	(5.3)	(3.6)	-

Key points.

- Statutory adjustment re-phased on same vehicle cohort to reflect further fleet ageing
- Statutory PBT had nil impact from the depreciation rate change in FY 2024. Change reflects update from prior year estimate due to larger number of vehicles sold more quickly
- 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
- No impact on cash
- Newer vehicles will not be impacted by the change

This slide is as at 30 April FY 2024, and was first published in the FY 2024 full year results pack appendices. It is included here for information as the analysis is only run on an annual basis.