NORTHGATE

Capital Markets Day

4 October 2017

Agenda

» Introductions & Strategy Overview	9:30 – 10:00	Kevin Bradshaw
» UK Update	10:00 – 11:30	Frank Hayes
» *Coffee Break*	11:30 – 11:45	
» Spain Update	11:45 – 12:30	Fernando Cogollos
» Capital Management Framework	12:30 – 12:45	Kevin Bradshaw
» Target KPIs, Summary & Q&A	12:45 – 13:00	Kevin Bradshaw
» *Lunch*	13:00 – 13:30	

Objectives

» Introduce the Northgate team

» Provide further detail on our strategy for growth

» Update on our implementation progress so far

» Set out KPIs and medium term objectives for the group

» Provide a good forum for Q&A

Introductions

- *Kevin Bradshaw*
- CEO

- *David Tilston*
- Interim CFO

- *Frank Hayes*
- UK MD

- *Fernando Cogollos*
- Spain MD

- *Peter Millen*
- Ireland MD

- *Neil McCrossan*
- UK Sales Director

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Strategy Overview

Kevin Bradshaw

The Northgate Journey

Yesterday: Lack of Strategy, Poor Execution

- No compelling strategy
- Lack of urgency and commercial focus
- Increased competitive intensity from likes of Enterprise in UK and Leaseplan in Spain
- Outdated UK sales and marketing approaches
- Weak IT systems
- Uninspiring performance given weakness in core UK market

Today: Clear Direction, Mobilising for Success

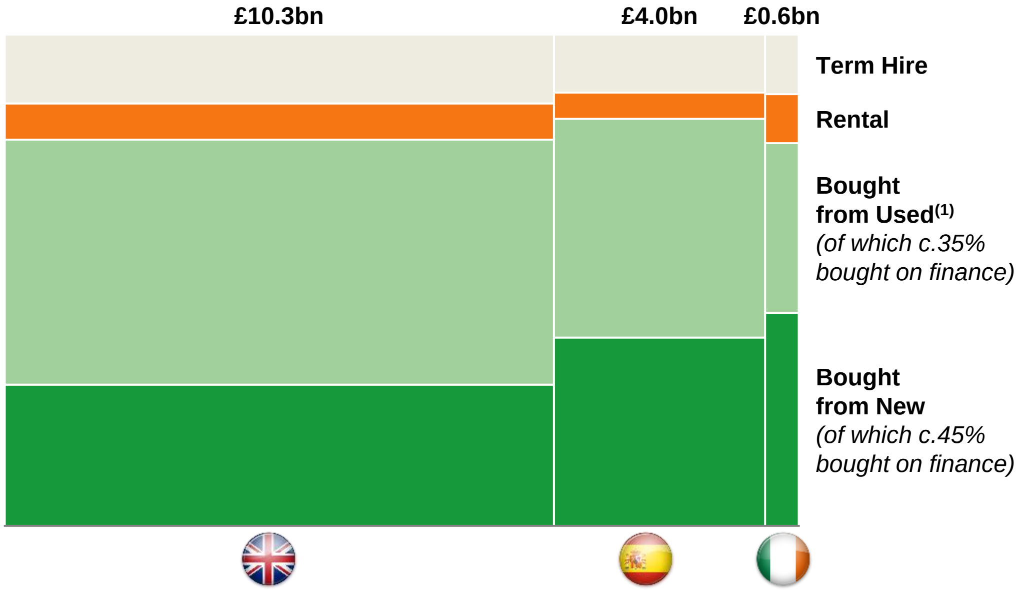
- Attractive market; 8m LCVs and £15bn associated revenues
- Structural tailwinds from ownership towards rental / leased models
- Much deeper understanding of customers and their needs
- Revamped proposition
- Clear plan of attack
- Work strategic advantages harder: Purchasing, SMR and VM Disposal Network

Future: Deliver on Outstanding Opportunity

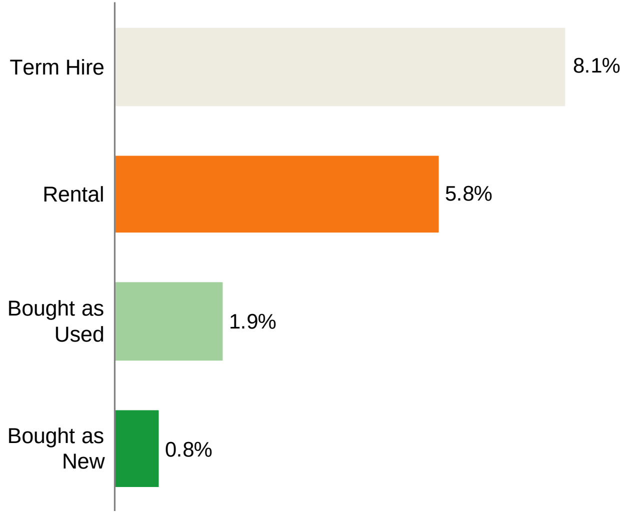
- The leading provider of B2B fleet solutions to corporates of all sizes
- Right to win based on core strategic advantages
- Early signs of success in the UK
- Strong momentum to build on in Spain
- Continued growth in Ireland

We operate in territories with 8 million LCVs and c.£15bn of annual revenues with structural growth in our core markets

Estimated Market Revenues[2], 2016
£bn



LCV – Volume Growth UK, ES, IE, 2013-16
% CAGR



Source: BVRLA, DFT, MSI, SIMI, OC&C analysis
Note (1) Primary transactions only
(2) 8m LCVs in addressable territories

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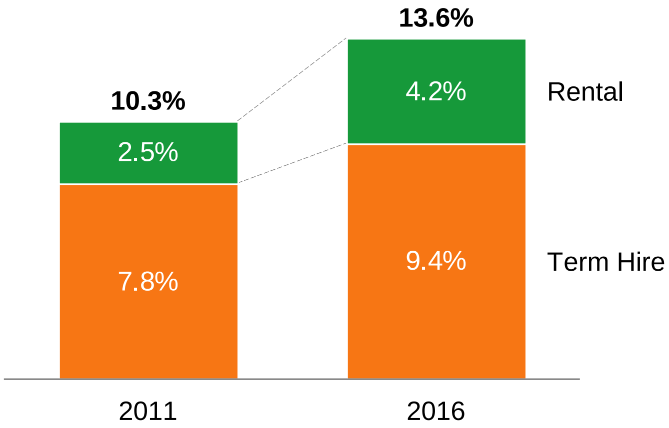
And see compelling reasons for continued structural growth in term hire and rental market segments

Structural Growth in UK Term Hire / Rental
Share of Business Use LCVs



Growth in Business Use LCVs c.3% p.a.

Drivers of Structural Growth

- Cash Flow Advantages
  - Limited ‘upfront’ cash requirement vs. ownership
  - No uncertain residual
- TCO Advantage
  - All but the largest fleets able to utilise rental / CH&L purchase power, SMR efficiency and residual performance
- Cultural Shift
  - Ownership no longer an imperative
  - Advanced livery and fit out available

Source: BVRLA, SMMT, DFT, Sewells, OC&C analysis

Within this market landscape, we have prioritised four key strategic opportunities

1 Flex – Defend & Grow Share

» **£1bn market revenue**
» **6% pa volume growth**
» **Northgate 31% share**

A key segment to defend:
» Historical core of Northgate
» Key assets (network, salesforce, repair network) configured to win in the segment
» Profitable and feeds the disposal network

2 Term Hire – Gain Share

» **£2bn market revenue**
» **8% pa volume growth**
» **Northgate <0.5% share**

A natural adjacency:
» Significant cross-sell opportunities within existing customer base
» Limited variations in operating model required to serve
» Needed to fend off competition from CH&L providers

3 Conversion of 'Owned' to Term Hire

» **£12bn market**
» **1.2m annual transactions**
» **Of which, 450K financed**

An untapped potential:
» Bulk of spend in the market in vehicle purchase today
» Ongoing shift away from owning to renting or leasing vehicles
» Significant value for Northgate to support this transition

4 Consolidate the Fragmented UK LCV Trading Market[1]

» **£5bn market**
» **4% market growth**
» **Van Monster 2.5% share by value**

A market ripe for consolidation:
» Very fragmented retail market today, with limited number of scale players
» Northgate sitting on an under-exploited asset (network, sourcing)
» Wide range of growth levers available

Source: BVRLA, DFT, MSI, SIMI, OC&C analysis
Note (1) 1st Change Transactions Only

In pursuit of these opportunities we are focusing on six key profit drivers

	Profit Driver	***Definition***	***Logic***	***Levers***
Rental	VOH	Increase in quarterly average VOH (less volatile than closing VOH)	Key driver of sales	Market growth, Northgate share
	Marginal ROCE on new + redeployed Capital	Contribution after variable costs/average carrying capital	Essential metric to ensure strong return on growth and redeployed capital	Purchasing terms, utilisation, pricing, variable cost efficiency
	Rental Margin %	Contribution to corporate overhead/sales[1]	Demonstrate efficiency of operations and head office fixed costs	Variable cost efficiency, scale and fixed cost efficiency
Disposal	Units Sold	Total vehicles sold	Key driver of sales	VOH growth, fast cycling of some derivatives, 3rd party stock
	Net Profit per Unit	Contribution to corporate overhead per unit	Key driver of net contribution	Disposal age, % retail, % 3rd party sourced, scale per site, performance vs. CAP, purchase terms, add-ons
Group	Corporate Overhead / Sales	Corporate overhead costs / group sales	Demonstrates efficiency of corporate head office	Scale and corporate overhead efficiency

Note (1) Rental Margin % represents underlying operating profit (excluding disposals) divided by hire income (excluding costs passed through to customers)

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UK Update

Frank Hayes

Frank Hayes, Managing Director, Northgate UK

- Background & experience
- Relevance of experience to Northgate opportunity
- Introduction to Neil McCrossan

Overview of our plan of attack in the UK

Background & Opportunity

- Losing market share last 3 years despite competitive advantages
- Poor performance self-inflicted
- Poor defence of flex business
- Half-hearted Term Hire launch
- Attractive c.£2.2bn market plus ownership conversion opportunity
- Solid, growing Van Monster operation
- Ability to build on 2.5% share in large, fragmented LCV retail market

Actions We Are Taking

Self-help

- Upgrading the Executive Team
- Driving cultural change
- Building capability across the board, esp. in Sales & Marketing
- Investing in future via IT upgrade

Flex

- Aggressive stance on VOH growth + defence

Term Hire

- Launched compelling 12 Months + Term Hire proposition

VM

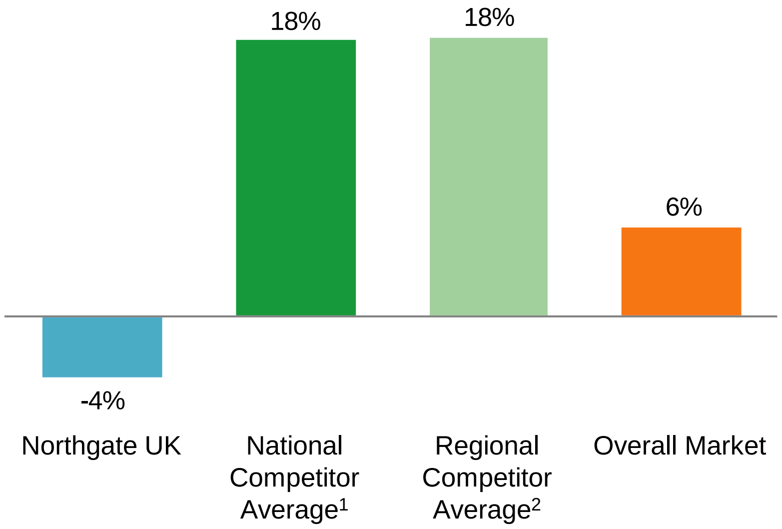
- Expanding the network
- Testing options on marketing, vehicle sourcing and profit maximisation

Early Results & Measures of Success

- Flattening VOH curve
- Term Hire momentum building
- Early wins endorse proposition strengths
- VM openings trading to expectations

The rental business' underperformance has been entirely driven by internal factors

UK – Key Rental Provider Fleet Growth(1), 2013-16
% CAGR



Drivers of Under-Performance

- Lack of focus on defending flex share
- Leadership lacking urgency and commercial focus
- Capability gaps in Marketing and Sales
- Old and inflexible IT systems with high costs

Source: Annual Reports, BVRLA, Northgate Internal Data, Sewells, OC&C analysis
1. *Includes Enterprise (adjusted for Burnt Tree acquisition) and Dawsons*
2. *Includes West Wallasey, TOM and SHB*

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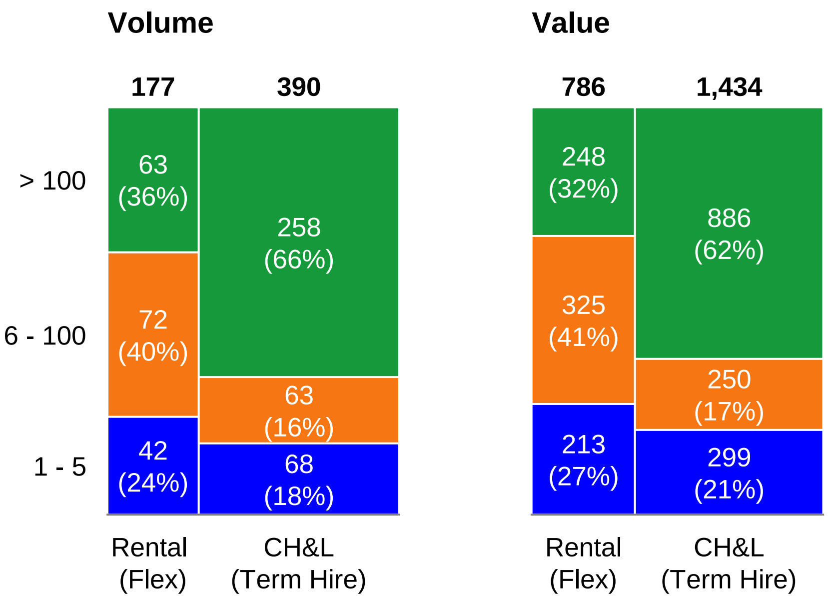
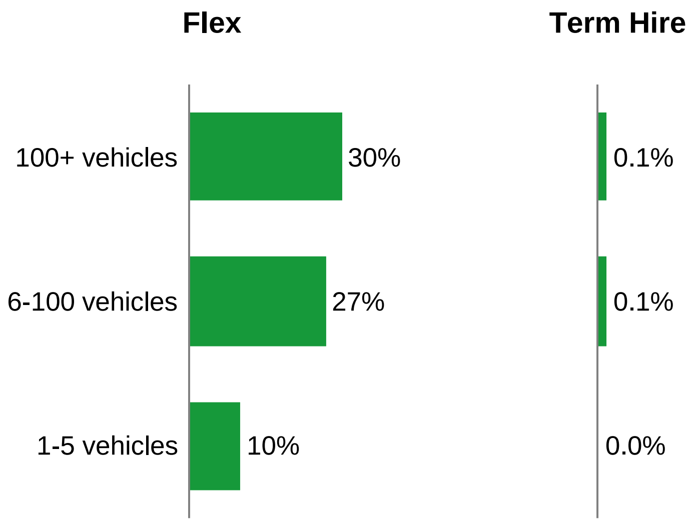
The UK Flex & Term Hire market is worth c.£2.2bn p.a. and is now fully accessible to Northgate

Rental & CH&L Volume & Value by Fleet Size, 2016
000s, £m, % Total

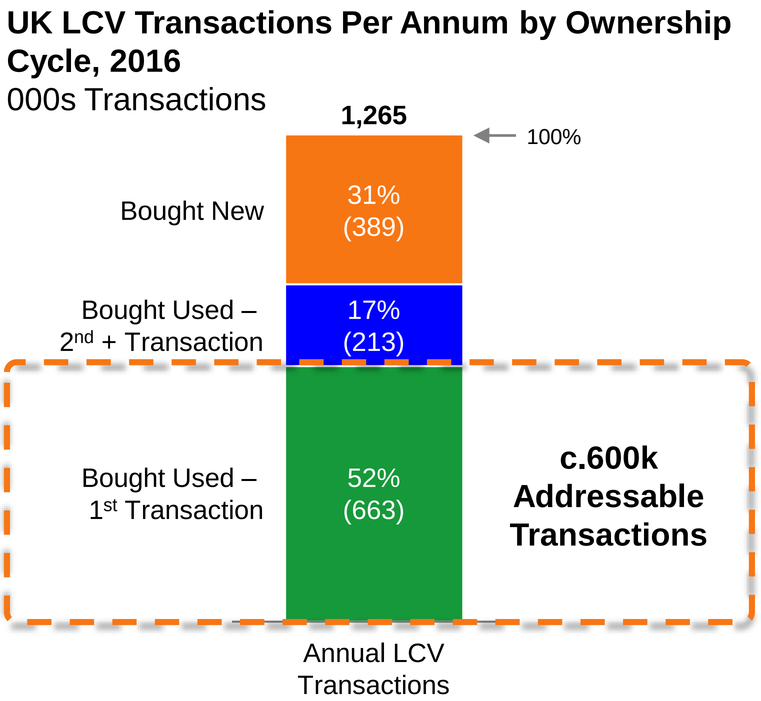


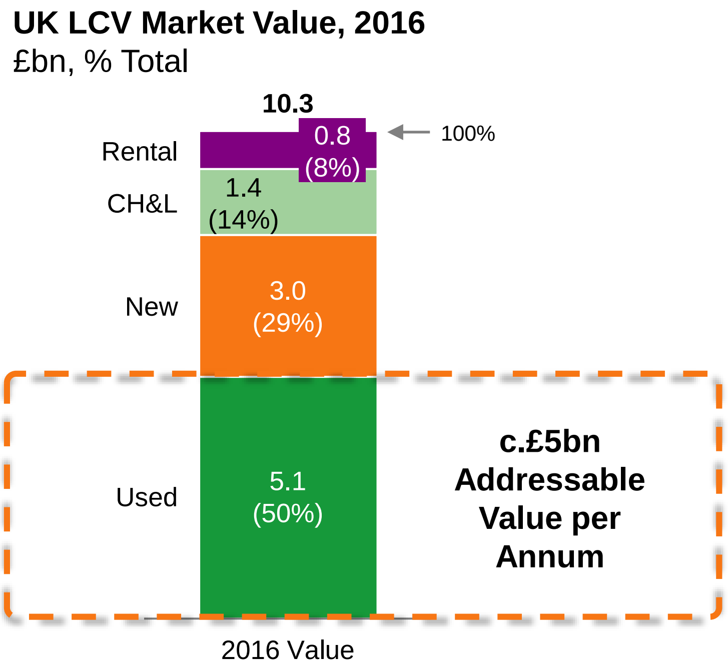
Estimated Northgate Market Share by Customer Segment, 2016
%



Source: BVRLA, DFT, GfK, MSI, Northgate Internal Data, Sewells, SIMI, OC&C analysis

Van Monster addresses a market of c.600k used van transactions and c.£5bn revenue per annum

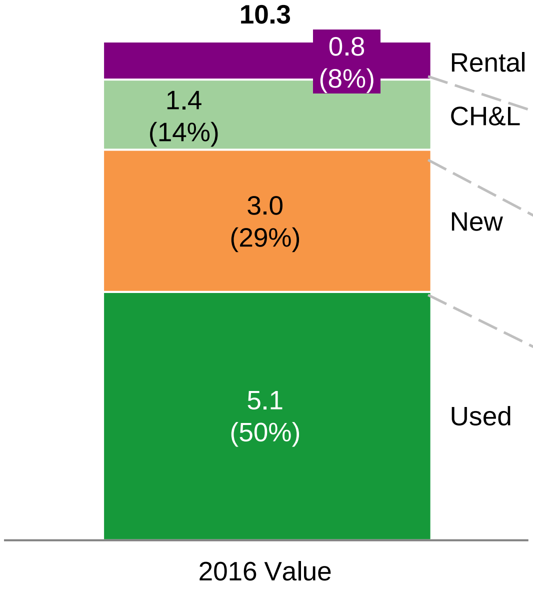




Source: DfT, SMMT, BVRLA, FN50, OC&C analysis

Northgate UK has access to opportunities that are many times the size of our core market today

LCV UK Market Value, 2016
£bn, % Total

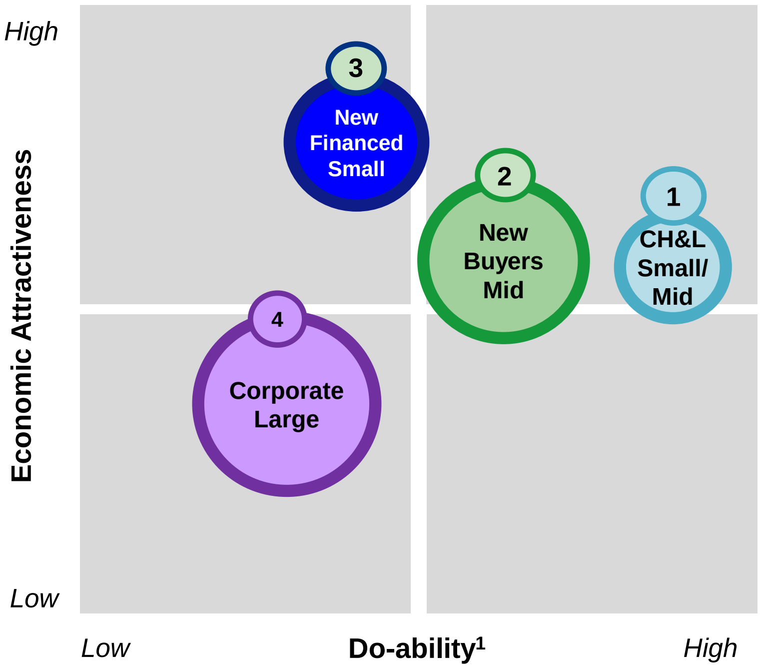


Opportunity	Size of Segment: Vehicles	Size of Segment: Revenue	Multiple of Rental Vehicles
Gain Share in Flex	0.2m	£0.8bn	1x
Gain Share of Leased Vehicles with 12M+	0.5m	£1.4bn	2x
Convert Owned Vehicles to 12M+ (inc. buy-backs)	2.2m	£3bn	11x
Gain Share in Fragmented Used Retail Market	1.4m	£5bn	7x

Source: MSI, BVRLA, DFT, SIMI, Management Interviews, Internal Data, SIMI, OC&C analysis

We have a clear list of customer segment priorities for our 12 Months + products

Term Hire Hire Prioritisation



Short Term

CH&L Small / Mid (<100 vans)
- » c.140k vans[2], 3-4 years cycle
- » Good overlap with NVH customers and channels

New Buyers Mid (20-100 vans)
- » c.430k vans, 3-5 years cycle
- » Good overlap with NVH channels
- » Open to finance solutions

Medium Term

New Financed Small (1-20 vans)
- » c.210k vans, 3-4 years cycle
- » Pay monthly + low price sensitivity
- » But requires marketing to access and education on non-ownership benefits

Medium/ Long Term

Corporate Large >100 Vans
- » c.570k vans, 3-4 years cycle
- » Good NVH relationships
- » Highly competitive and high fleet management support expectations

Note (1) Likelihood to convert, fit with existing capabilities, existing Northgate relationships, etc.
(2) Van parc out of total business owned vehicle parc

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Van Monster is well positioned to serve both van buyer customer segments and is delivering high levels of customer satisfaction

Customer Segments	Description
"Searchers" c.55%	» Initial research via aggregators » Seek the best value deal » Willing to travel long distance to purchase » Vehicle-led, knows exact model » Inspecting the vehicle is important (80%)
"Local" c.45%	» Research via dealer visits as well as aggregators » Dealer proximity and relationship more important than price » Knows what they want but less set on a specific vehicle » Inspecting vehicle is still important (67%)

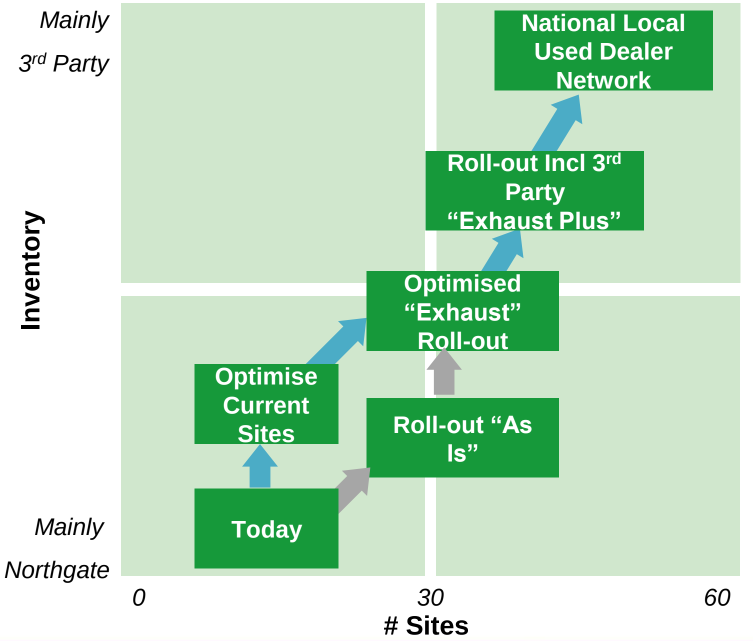
Northgate's Winning Proposition

- Model well positioned for local buyers + searchers
- 20 retail sites with significant coverage of the market
- Strong aggregator presence
- Highly efficient, cost effective supply chain
- Add-on products - finance + warranty

- High levels of customer satisfaction
- Net Promoter Score of 65%
- High consistency across sites
- Customer repeat & referrals rate of c. 20%

Van Monster can address ‘close to home’ growth by rolling out and optimising the current model whilst still keeping other end-games open

Possible Strategic Paths



Clear short term path to optimise Northgate fleet disposals

Long term scale potential dependent on third party purchases economics

Overview of our plan of attack in the UK

Background & Opportunity

- Losing market share last 3 years despite competitive advantages
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Actions We Are Taking

Self-help

- Upgrading the Executive Team
- Driving cultural change
- Building capability across the board, esp. in Sales & Marketing
- Investing in future via IT upgrade

Flex

- Aggressive stance on VOH growth + defence

Term Hire

- Launched compelling 12 Months + Term Hire proposition

VM

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Early Results & Measures of Success

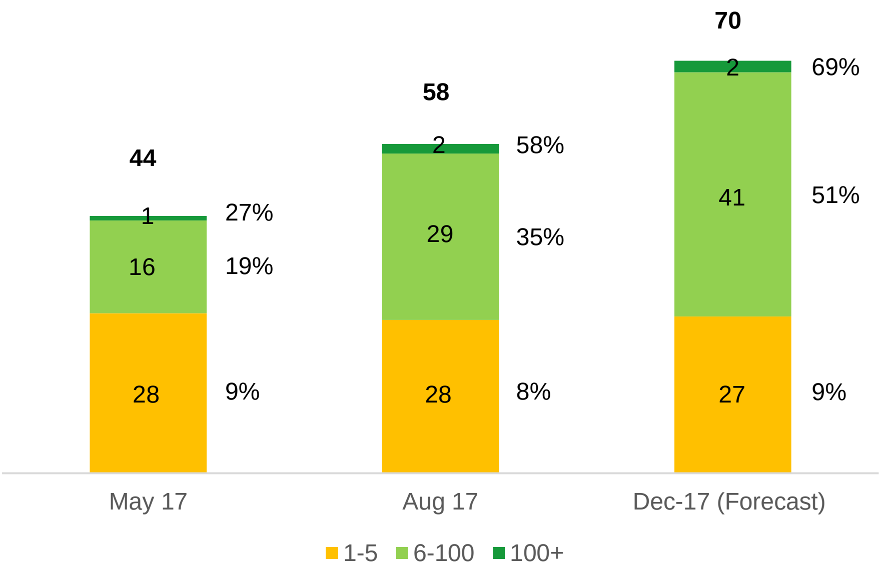
- Flattening VOH curve
- Term Hire momentum building
- Early wins endorse proposition strengths
- VM openings trading to expectations

We are undertaking a number of immediate 'self-help' actions

1	**Executive Team**	» Strong additions to Exec team in Sales, Marketing and Finance » Increased leadership visibility and internal comms
2	**Cultural Change**	» Recognition of turnaround reality and need to change behaviours » Eliminating bureaucracy and aligning behind VOH growth
3	**Marketing Support**	» Rebuilding and upgrading the Marketing team » Driving improvements across all Marketing areas
4	**Sales Capability**	» Streamlining and refocus of Sales team against key customer opportunities » Increased aggression, authority and agility in defending and growing share
5	**IT**	» Decision imminent on asset management system to replace Microsoft AX » Improved data integrity, KPI reporting, flexibility and efficiency

There has been good progress on marketing and lead generation

Evolution of Northgate CRM Leads Database, FY17 – Dec 17 (Forecast)
Thousands of Businesses, % of Businesses



Key Actions

- » Data cleanse well advanced on inherited database
- » Telemarketing lead generation trials (+21k contacts)
- » 74k unqualified leads acquired for sales team self generation
- » Pay per Click upweight + website improvements
- » Radio advertising trial planned to target micro customers

Source: Northgate Internal Data, OC&C analysis

And some quick fix improvements to the website

Enquiry form shortened
Contact us widget on every page

Additional SEO links to drive Google page 1 rankings

Increased prominence for new 12 months product

Better vehicle selection functionality

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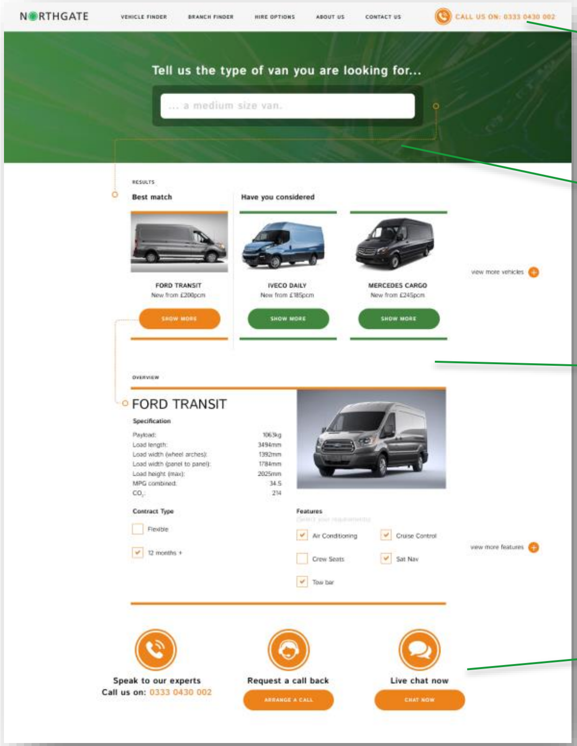
… as part of a much broader overhaul of the website customer experience



Simplified site navigation and single contact number

Improved site search functionality

Guided customer journey
Improved vehicle and product page experience

Focus on data capture and improved call to action

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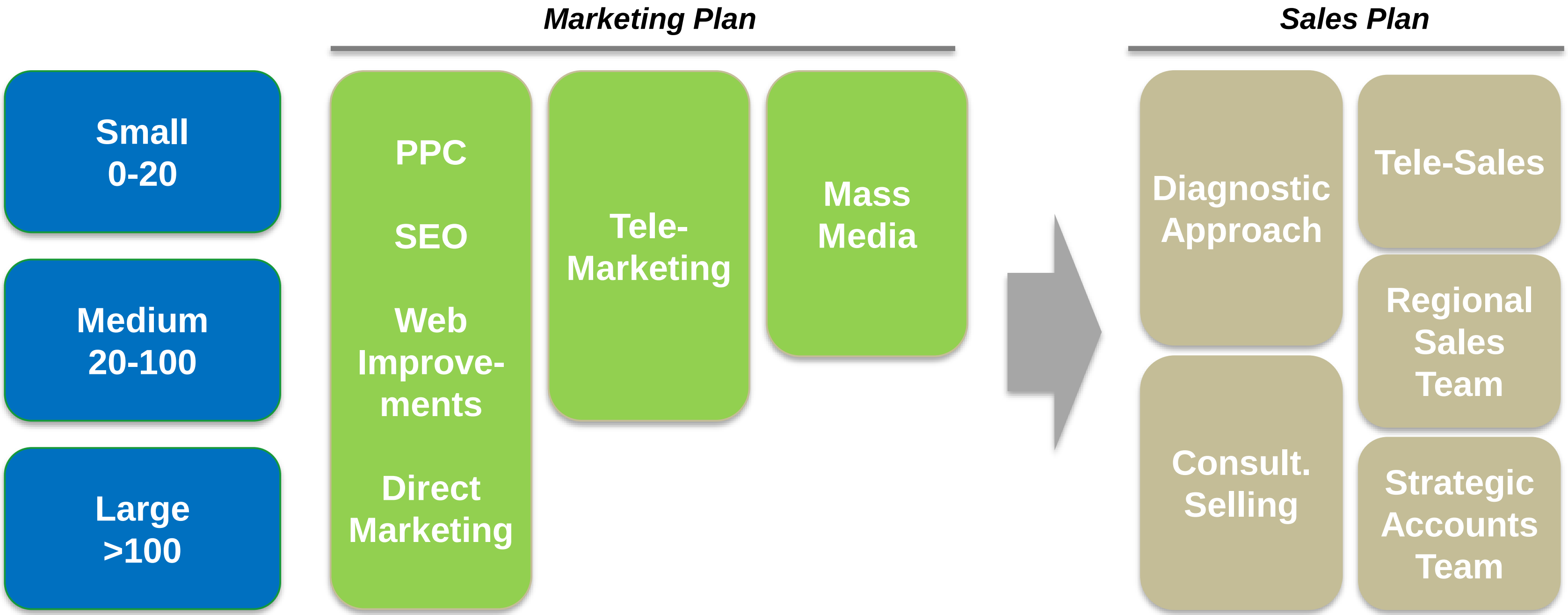
We are building sales capability and addressing self-imposed sales barriers

Removing Sales Barriers	Building Capability
» Simplified price book benchmarked against competition » Increased pricing authority » Reduced deal / quote bureaucracy » Simplified products, collateral and sales processes » Change to more customer friendly mindset	» Leadership upgrades and streamlining » Realignment of teams against markets & customers » Increased training, mentoring and support » Tighter pipeline management and improved reporting » More aggressive mindset in defending / growing share

With a clear sales and marketing plan for each customer segment



We are progressing well on evaluating alternative asset management systems

Background

- » Outdated version of Microsoft AX
- » Significant constraints / inefficiencies
- » Poor data capture and reporting

Status / Timings

- » Rigorous decision process
- » Decision by calendar year end
- » c.18-24 month programme

Expected Benefits

- » 360 customer view
- » Integrated IT landscape
- » Real time KPI reporting
- » **Significant positive net cash flow**

Workshop Current

- Different job card by billing type
- Manual entry parts & labour
- Handwritten cards keyed into AX
- High Technician inefficiency

Workshop Future

- One single job card
- Automatic parts + labour attachment
- Completed by Technician on system
- KPI reporting actual vs. standard

We have improved and differentiated the 12 Months + product, leveraging our key strengths …

		Why are we Differentiated?	Improvements to Date	Against whom?		
				Long Term Rental	CH&L	OEM (financed)
1 Compet. Pricing	Low deposit	▪ No upfront deposit vs. £1k+ for leasing products	▪ Reduction from 3 months			
	Competitive TCO	▪ Competitive rates at higher service levels	▪ Price list reduction on 36+48 month terms			
2 Leading Flexibility	Flexibility on term length	▪ Early returns charged at correct rate for actual rental term	▪ Reduced from 50% of remaining term			
	Fair charges on mileage	▪ Ability to adjust mileage rate + excess charges at low end of scale	▪ n/a			
	Free Change of Vehicle	▪ Flexibility to change vehicle once during term	▪ New feature			
3 Minimised Downtime		▪ Faster repair turnarounds + guaranteed replacement vehicle	▪ n/a			

Key

Differentiated

Competitive

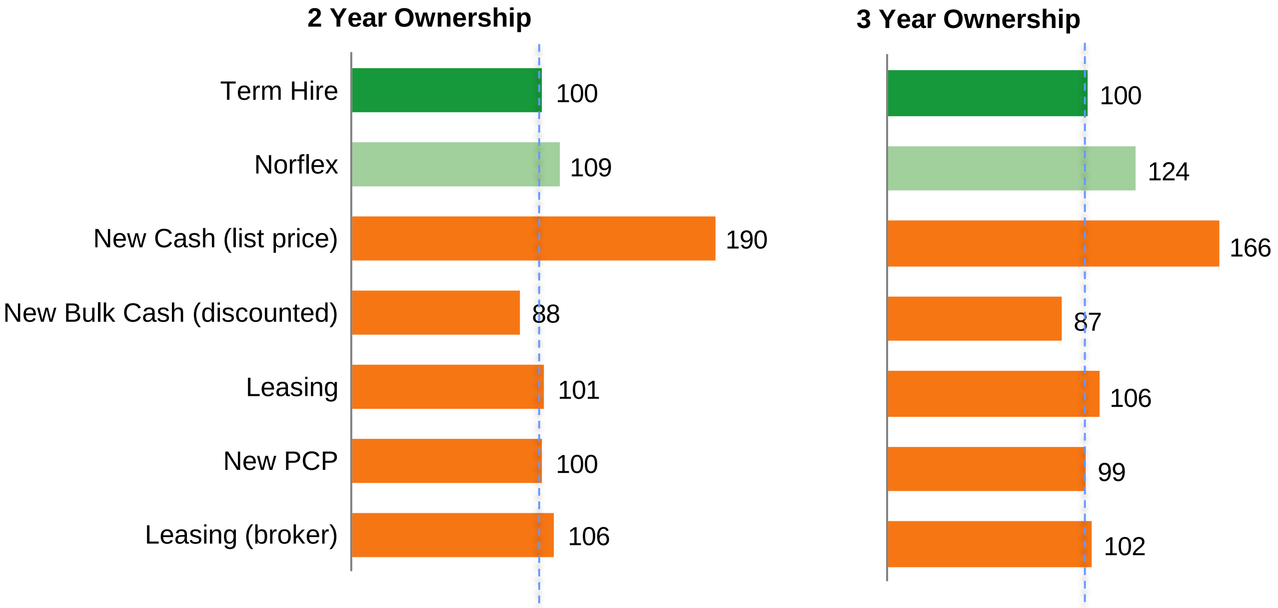
With a full relaunch in September to ensure effective execution and traction in stark contrast to prior launches

	September Launch	*Prior Launch*
Marketing Support	» Improved marketing collateral on full fleet solutions suite » Clear, high profile presence on Northgate website	
Sales Capability	» Sales team engagement throughout product development process » Mandatory sales training and compliance checks » Increased commission incentives for 12M+ business	
Implementation Processes	» Prior process workshops with all key functions » Full end to end process mapping ahead of launch » Simplified Account Applications, Booking Forms and T&Cs » Post go-live weekly calls and snagging sessions	

Key
High
Low

At revised rates where TCO is competitive with all ownership models except for bulk cash buyers who make up less than c.6% of the market

TCO Peugeot Partner by Ownership Type
Indexed (100) to Northgate Term Hire



Up Front Cost
£k

Ownership type	Up Front Cost (£k)
Term Hire	-
Norflex	-
New Cash (list price)	*£17.5*
New Bulk Cash (discounted)	*£10.4*
Leasing	*£0.9 - £1.3*
New PCP	*£1.1 - £1.3*
Leasing (broker)	*£1.2 - £1.3*

Source: Competitor Benchmarking, Gfk, OC&C analysis

And delivering attractive achievable ROCE for 12 Months + business

Example Vehicle Lifetime Economics – Typical UK Vehicle

Indexed, Purchase Price = 100

Fixed Term Illustrative Economics for £100 Van

	P&L	Cash
Purchase		-100
Net Disposal Proceeds		45
Profit / (Loss) on Trade In		2
Total Holding Cost		-52
Rental Revenue pa	36	
Depreciation pa	-18	
SMR / Other Costs pa	-4	
Profit pa	14	
Profit on Disposal	7	
Total Profit	**59**	
Avg Cash Flow pa		17
Average Capital Employed		67
ROCE		**25%**

Commitment to deploy capital substantially higher than WACC

Source: Northgate data, Internal modelling

We are working multiple levers to drive net disposal profits

		Profit Drivers		*Levers*
Net Disposal Profit	# Units Sold	# Sites		» Success criteria, new sites, pipeline
		Units / Site	Local Marketing	» Digital, radio advertising, site signage
			Range	» Range optimisation by site, site layouts
			Price	» Dynamism to drive absolute profit
			Supply	» Natural growth in defleet, fast cycling, third party sourcing
		Trade Units Sold		» Balance of non-retail
	Net Profit per Unit	Mix		» Retail vs. Trade, Northgate vs. 3rd Party,
		Profit / NG Unit		» Disposal age, performance vs. CAP
		Profit / 3rd Party Unit		» Purchase terms, performance vs. CAP
		Add on Penetration		» Financing & warranty penetration
		Overhead Cost / Unit		» Scale per site, site fixed costs

Network changes in process will improve rental service and margins and accelerate the Van Monster expansion

Key

- NVH
- Close NVH
- Upgrade to Full VM
- Convert to VM

Network Changes in Process

- » 7 rental sites to switch to Van Monster
- » 4 rental sites to close
- » All Category D sites with no workshop
- » Targeted against discontinued B2C

- » Significant benefits on overheads, staffing and utilisation
- » No VOH impact expected

Overview of our plan of attack in the UK

Background & Opportunity

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- Poor performance self-inflicted
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Actions We Are Taking

Self-help
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Flex
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Term Hire
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VM
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Early Results & Measures of Success

- Flattening VOH curve
- Term Hire momentum building
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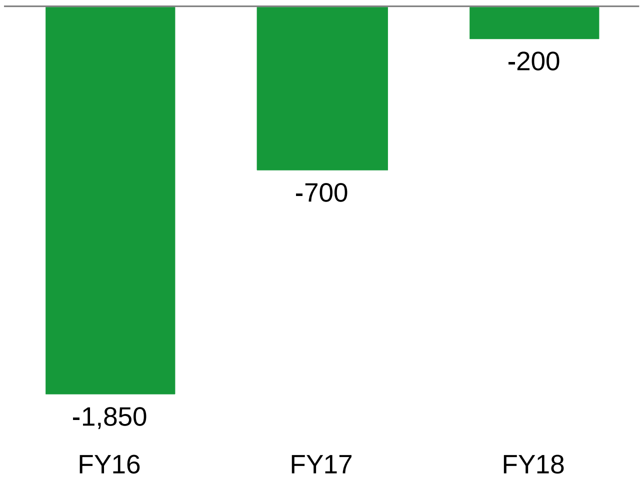
YTD Rental performance this financial year is substantially better than prior years

UK Net VOH, Aug YTD Movement
VOH



Key Drivers

- Increased salesforce focus & aggression in defending share
- Strengthening new business acquisition
- Building momentum in 12 Months +
- Telesales execution has stabilised VOH on micro accounts

Source: Northgate Internal Data

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There is clear evidence that these changes are delivering some early successes

Case Study 1: **Angel Spring (water coolers)**

Context

- Fleet of 165 on contract hire with NVH flex top-up
- CH provider pitched for flex business

Northgate Point of Difference

- Full, flexible product range
- Workshop coverage + quick responses
- Service wrap e.g. replacement vehicles

Outcome

- NVH awarded full fleet with blend of flex + 12M+

We have realised some significant early wins displacing existing contract hire providers

Case Study 2: **Wandle Housing Association**

Context

- Fleet of 47 vehicles on direct manufacturer contract hire deal
- No prior relationship with NVH

Northgate Point of Difference

- Greater product flexibility
- Ability to change vehicle within term
- In-house workshops service + speed

Outcome

- Full 47 vehicle fleet signed on 3yr deal
- + capture of any future fleet growth

We are seeing some early wins converting from ownership

Case Study 3: **Gordon Building Services**

Context

- Fleet of 23 owned vehicles
- Ageing, unsuitable fleet

Northgate Point of Difference

- Fleet needs analysis and solutions
- We Buy You Rent product to facilitate switch
- High level of service on switchover

Outcome

- Initial 11 vehicles switched to 3 year term deal
- Quickly followed by remaining 12 vehicles

We expect Q4 VOH to reach mid to high single digit % growth by 2020 and at higher rental margins. Disposal volumes are expected to increase significantly with net PPU remaining stable after the depreciation unwind this year

		FY17	FY18	FY19	FY20
Rental	***Average VOH Growth (Q4 vs. Q4 Prior Year)***	-7.5%	Broadly Flat	Mid to high single digit % growth per annum	
	Rental Margin %	13.5%	Minimum of 2.5% pts growth by FY20		
Disposal	***Units Sold***	20,400	Strong growth driven by VOH de-fleets, selective fast cycling and 3rd party stock		
	Net Profit per Unit (£)	703	Decline (Depreciation unwind)	Broadly flat as increased retail penetration offsets third party mix	

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Summary – UK Strategy:

- A clear strategy for each part of the business
- Significant increases in addressable market

- Clear plans to deliver this strategy
- Lots of actions already under way

- Some early signs of progress on results
- Clear line of sight on future EPS improvements

Coffee Break

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Spain Update

Fernando Cogollos

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Overview of our plan of attack in Spanish Market

Background & Opportunity

- Market leader in Flex; 48% market share
- Strong operational model, with very competitive direct costs
- Wide network, close to the customers
- Strong and skilled sales team
- Addition of term hire products opens up a £1bn combined rental market
- Ability to “bundle” flex and Term Hire proposals a winning proposition

Actions We Are Taking

- Flex
  - Drive innovation to increase leadership
  - Reduce <1month business to drive margin
- Term Hire
  - Take share from CH&L by bundling Term Hire + flex
  - Grow market by driving ownership conversion
- Developing a combined / comprehensive product offer
- Reinforce the network by opening 3 depots within the next two years

Early Results & Our Measures of Success

- Significant fleet growth vs. FY17
- Developed ability to attract fixed-term contracts
  - Share gain
  - Ownership conversion
- Customer retention
- Sales team retention

Northgate has achieved strong growth with its flex product since 2013, following a turnaround and refocusing post the 2008 financial crisis

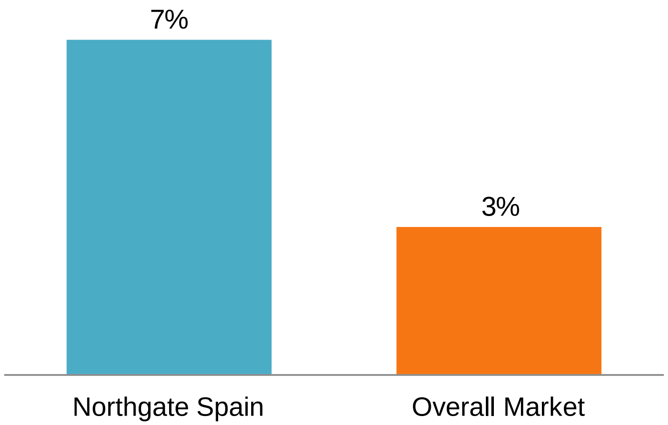
1970 | 2000 | 2004 | 2008 | 2012

- **1970s:** Flex product is born out of project demands within construction
- **1970s:** FUALSA and RECORD become specialists in providing this service
- **2000s:** Construction bubble drove exponential growth
- **2004-2006:** Northgate acquired two companies
- **2008:** Northgate reach a peak fleet size of 60k, with 65% of business within construction before deep financial crisis
- **2011:** FUALSA and RECORD merged
- **2011:** Northgate brand was re-launched in Spain

Build | ***Turnaround*** | ***Growth***

The Flex business has outgrown the market in recent years following a turnaround strategy after the financial crisis

Spain Rental Fleet Growth[1], Northgate vs. Market, 2013-16
% CAGR



Drivers of Northgate Growth

» B2C marketing approach based on TV advertising, redefined website and telemarketing

» Diversification of customer base, making the business more resilient to industry trends

» Flexible fleet has good traction, both economy and project driven

» Product range expansion with Term Hire product allows for increasing cross sell opportunities

» Gradient of growth reducing as uncertainty reduces and ability to take longer commitments increases

Note (1) Excludes Term Hire fleet growth

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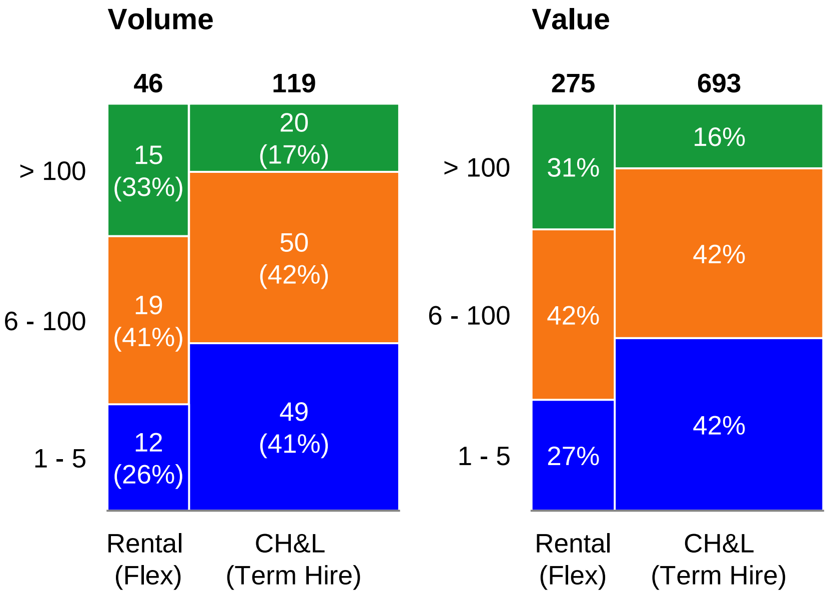
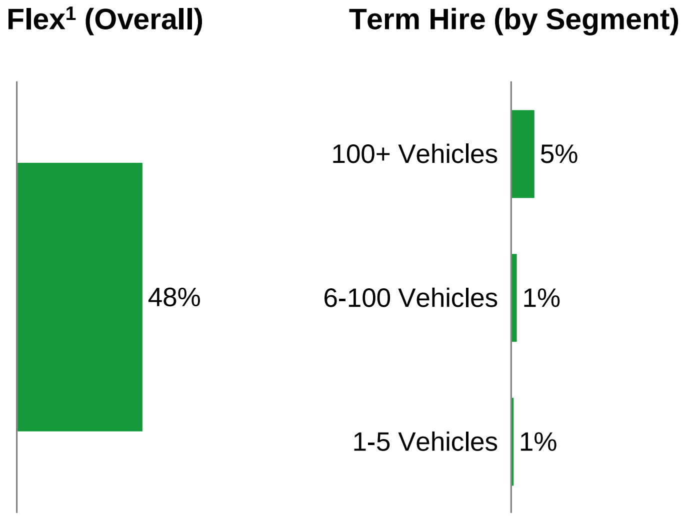
The Spanish Flex & Term Hire market is worth c.£1bn p.a. and is now fully accessible to Northgate

Rental & CH&L Volume & Value by Fleet Size, 2016
000s, £m, % Total



Estimated Northgate Market Share by Customer Segment, 2016
%



Source: BVRLA, DFT, GfK, MSI, Northgate Internal Data, Sewells, SIMI, OC&C analysis
Note (1) Market share represents share of rental fleets with the fixed rental LCVs split out for illustration into the CH&L market – if included the share of the Flex market is 55%

The business launched a Term Hire product c.12 months ago opening up significant additional value to the business

Access to Significant Pool of Vehicles

- Access to over 120k additional vehicles
- 95% of companies with >20 vehicles are Contract Hire users
- Particular success in conversion from ownership over first year

Move Away from Ownership to a Higher Margin Product for Northgate

- Significant uplift in value captured per vehicle versus used purchase – c.€2.1k per vehicle(1)
- c2/3 of Term Hire new wins have been conversion rather than share gain

Cross-sell Opportunities to Existing Clients

- Stronger proposition through wider scope of services
- Ability to bundle and cross-sell especially within larger customers
- Leverages same leading capabilities as Flex product

Maintains Reputation & Leadership Position in SMEs

- Defends against Flex new entrants (typically Leasing Cos)
- Retains customers who move from Flex to Term Hire as economy improves and uncertainty reduces
- Professional customers value immediate availability, cashflow certainty and flexibility

Note (1) c.€3.5k for 3 year Term Hire vs. c.€1.4k for used purchase

The new combined offer, as well as expanding the addressable market, also allows us to defend against our traditional leasing competitors

Northgate Product
<24 Month Duration

Northgate Flex

Northgate Term Hire
(New, Used, Plus)

Leaseplan expanded their offering in light of Northgate's profit pool

Provides Northgate with a one stop shop, flexible solution

Alternative to ownership

Leased Product
Typically 36+ Month Duration

LeasePlan
It's easier to leaseplan

ARVAL
BNP PARIBAS GROUP

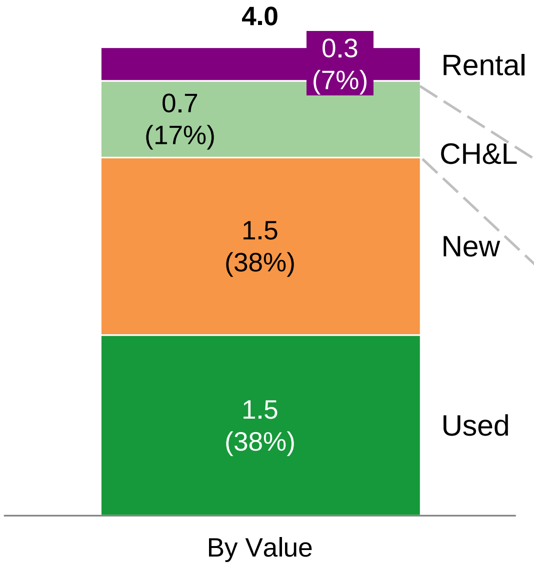
ALD
Automotive

Owned Product

Dealerships

Northgate Spain has access to opportunities that are many times the size of our core market today

Spanish LCV Vehicle Parc & Transaction Value, 2016
£bn, % Total



Opportunity	Size of Segment: Vehicles	Size of Segment: Revenue	Multiple of Rental Vehicles
Gain Share in Flex	48k	£0.3bn	1x
Gain Share of Leased Vehicles with 12M+	0.1m	£0.7bn	3x
Convert Owned Vehicles to 12M+ (inc. buy-backs)	1m	£1.5bn	16x

Converting Used vehicles is another opportunity

Source: MSI, BVRLA, DFT, SIMI, Management Interviews, Internal Data, SIMI, OC&C analysis

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Overview of our plan of attack in Spanish Market

Background & Opportunity

- Market leader in Flex; 48% market share
- Strong operational model, with very competitive direct costs
- Wide network, close to the customers
- Strong and skilled sales team
- Addition of term hire products opens up a £1bn combined rental market
- Ability to "bundle" flex and Term Hire proposals a winning proposition

Actions We Are Taking

- Flex
  - Drive innovation to increase leadership
  - Reduce <1month business to drive margin
- Term Hire
  - Take share from CH&L by bundling Term Hire + flex
  - Grow market by driving ownership conversion
- Developing a combined / comprehensive product offer
- Reinforce the network by opening 3 depots within the next two years

Early Results & Our Measures of Success

- Significant fleet growth vs. FY17
- Developed ability to attract fixed-term contracts
  - Share gain
  - Ownership conversion
- Customer retention
- Sales team retention

We have a clear action plan towards go-to-market to target share gain and ownership conversion

Target Customer

Large Accounts

- Target medium to large accounts with contract hire experience
- Strong overlap with Top 100 customer comprising 1/3 of current VOH

SMEs

- Target SMEs – ownership model the norm
- Network allows targeting c.90% of this audience

Sales Approach

- Selective approach to identified targets
- Cross-sell strategy by account including “bundled” propositions to tie up to Flex
- Leveraging traditional strengths in customer access and network
- Deliver on quality by not over-promising and providing end of contract flexibility
- Launch TV/Radio/Local Advertising
- Training Field sales force in new product
- Increase utilisation – optimise the profitability
- Discourage rentals of less than 3 months to reduce new customers with high churn
- New depot in Cordoba opens Oct 17 and 2 more in Cataluña within the next 24 months

The addition of various Term Hire products provide an attractive suite of options for our customers leveraging market leading SLAs and network advantages

Typical Hire Duration

0 – 12 Months	12 – 36 Months	36+ Months

1 Flexible

- From 1 month onwards
- Total on and off hire flexibility
- Across all vehicle categories
- Flexible T&Cs

2 Term Hire - Used

- Typically 12 – 24 months
- Standard used vehicles
- Some excess/penalties

3 Term Hire - New

- Minimum 24 month duration through to 60 months
- Standard and specialist new vehicles
- Lead in and replacement vehicles

4 Term Hire - Plus

- As Term Hire – New with 24–48 months
- Change of vehicle also allowed

Benefits of Bundling

- Increased revenue per unit
- Ability to offer multiple fleet options to increase demand and gain share of wallet i.e. not just “top-up”
- Increased stickiness and revenue visibility
- Increased range of options provides greater chance of sales opportunity conversion

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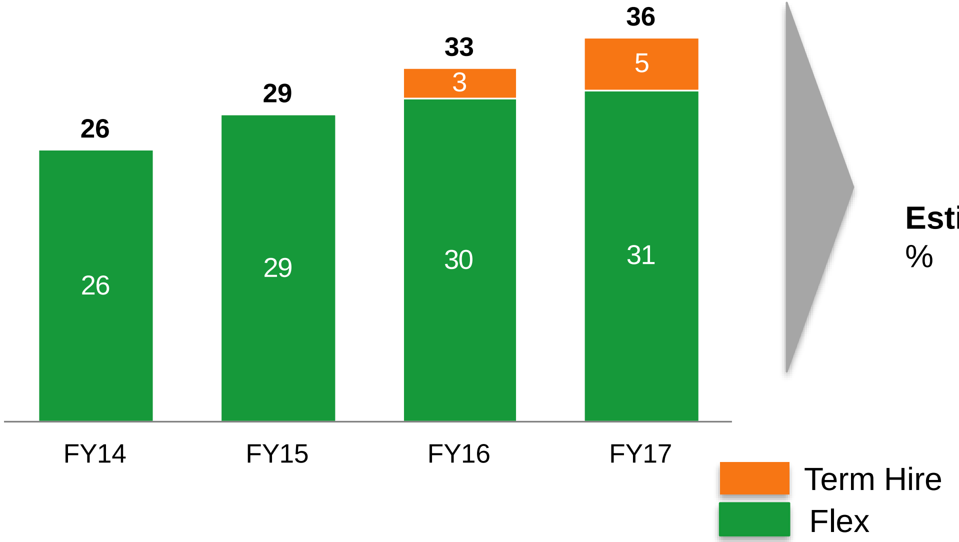
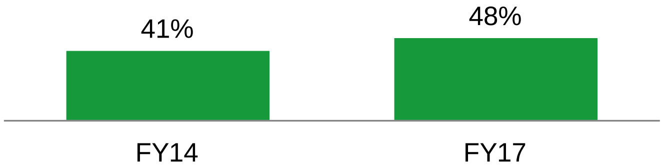
Performance has improved year on year for both the Flex and Term Hire product, which has resulted in increases in Northgate’s market share

Northgate Spain Flex & Term Hire Fleet, FY14-17[1]
k VOH, Closing



Estimated Northgate Flex Market Share[2], FY14-17
%



Estimated Northgate Term Hire Market Share, FY14-17
%

Source: Northgate data, Internal modelling
Note (1) Excludes special ops and heritage fixed contracts – discontinued after FY15 and reintroduced in May 2016 as per reported plan
Note (2) Market share represents share of rental fleets with the fixed rental LCVs split out for illustration into the CH&L market – if included the share of the Flex market is 55%

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And delivering attractive achievable ROCE for a combined flex and term hire product

Example Vehicle Lifetime Economics – Typical Spain Vehicle[1]

Indexed, Purchase Price = 100

Bundled Fixed and Flexi Illustrative Economics for €100 Van

	P&L	Cash
Purchase		-100
Net Disposal Proceeds		59
Total Holding Cost		-41
Rental Revenue pa	40	
Depreciation pa	-19	
SMR / Other Costs pa	-11	
Profit pa	10	
Profit on Disposal	25	
Total Profit	**61**	
Avg Cash Flow pa		17
Average Capital Employed		67
ROCE		**26%**

Commitment to deploy capital substantially higher than WACC

Source: Northgate data, Internal modelling

Note (1) ROCE for a "bundled" vehicle product – 24 months fixed term, 18 months flexi, and disposal at 42 months

Resulting in strong customer adoption of the Term Hire product

***Case Study 1:* Customer Won From Competition**

ENTREGAS a DOMICILIO

Context

- Delivery of food for supermarkets and e-commerce, based in Madrid

Northgate Point of Difference

- Proximity and commercial attention
- Customer Service
- Network of branches close to logistic centers

Outcome

- Customer of Lease Plan, but initially hired 5 refrigerated vehicles on Flexible
- Hired another 8 refrig. Vehicles as Term Hire for 48 months
- 27 refrigerated vehicles (12 Term Hire for 48 months + 15 flex Rental)

Resulting in strong customer adoption of the Term Hire product

***Case Study 2:* Customer Won From Ownership**

tanynature

Context

- Production and exportation of dry fruit, Cáceres
- 25 vans in property

Northgate Point of Difference

- Quality customer service
- Unwillingness to invest in new vehicles
- The need to renew the fleet and its management

Outcome

- Hired 18 vans in Term Hire contract for 60 months and the rest on upcoming dates

We expect Spain to deliver strong double digit growth over the next three years with modest improvements in margin. We expect disposal volumes to increase significantly and net profit per unit to be stable after the depreciation unwind this year

		FY17	FY18	FY19	FY20
Rental	***Average VOH Growth (Q4 vs. Q4 Prior Year)***	4.4%	>10%	Continued double digit % growth per annum	
	Rental Margin %	15.8%	Minimum 1.5% pts growth by FY20		
Disposal	***Units Sold***	12,700	Strong growth driven by VOH de-fleets and selective fast cycling		
	Net Profit per Unit (€)	1,589	Decline (Depreciation unwind)	Broadly flat	

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Summary – Spain Strategy

» Exploit Flex product capabilities derived from 48% share and economic environment

» Boost successful Fixed –Term product and *bundle* with Flex to tie existing customers against competition

» Share gain from CH&L supported by most complete service proposal. Target selectively from large accounts

» Convert from ownership mostly based on SME's potential for growth. Maximize B2C Marketing and Network

» Reinforce fleet profile and enlarge Branch Network to support above

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Capital Management Framework

Kevin Bradshaw

Capital Management Framework

Our objective is to build shareholder value by generating returns significantly above our cost of capital

Allocation Priority	Description
1 **Reinvest for growth**	• To support our organic growth ambitions • Marginal ROCE substantially higher than Group WACC for all new and redeployed capital
2 **Provide regular returns to shareholders**	• To grow dividends in line with or ahead of the growth in earnings • FY17 full year dividend of 17.3p (8% increase, 2.7x cover) • Target cover in the range of 2.50x~3.75x
3 **Acquisitions**	• Consider acquisitions of complementary businesses to supplement organic growth • Assess opportunities against a range of stringent investment criteria • Higher marginal ROCE hurdle than organic growth reflecting higher risk
4 **Return of surplus cash**	• Target balance sheet leverage of 1.25x~1.85x net debt to EBITDA, though prepared to move outside this range if circumstances warrant • This is consistent with our objective of maintaining an efficient and flexible balance sheet which safeguards the group through economic cycles • Leverage at the end of FY17 period was 1.31x • Headroom appropriate in context of strong growth strategy • Where opportunities exist to do so, the Board will consider returning excess capital to shareholders

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Target KPIs, Summary and Q&A

Kevin Bradshaw

We expect the group to deliver strong growth over the next three years. Rental profits will be driven by growth in average VOH at good marginal ROCE and growing rental margins. Disposal profits will be driven by volume growth.

		FY17	FY18	FY19	FY20
Rental	*Average VOH Growth (Q4 vs. Q4 Prior Year)*	-1.7%	Mid to high single digit % growth per annum		
	Marginal ROCE on New and Redeployed Capital		Substantially higher than Group WACC		
	Rental Margin %	14.2%	Minimum of 2% pts growth by FY20		
Disposal	*Units Sold*	33,800	High single digit % growth per annum		
	Net Profit per Unit (£)	976	Decline (Depreciation unwind)	Broadly flat	
Group	*Corporate Overhead / Sales*	1%	Remaining flat to reducing over the period		
	Group ROCE	10.5%	Substantially higher than Group WACC		

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Our remuneration policy demands EPS growth of c.13%pa and TSR growth of c.25%pa for awards to fully vest

Group Remuneration – Long Term Incentive Plan

- In Q1 2017, legacy, country based LTIP schemes were replaced with the group EPSP scheme
- Membership comprises the top 40 managers across the Group
- Annual Grants: CEO & CFO 150% of salary; Managers 50%-100% of salary
- 3 year vesting as a function of EPS + TSR growth

Weighting	Metric	Minimum Threshold	% Award Vesting	Maximum Threshold	% Award Vesting
60%	EPS Growth	CPI + 3% p.a.	25%	CPI + 11% p.a.	100%
40%	TSR Growth[1]	Median	25%	Upper Quartile[2]	100%

Note (1) Relative to FTSE 250 excluding investment trusts
Note (2) Estimated TSR CAGR of c.25% p.a.

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In summary, we believe Northgate is ideally positioned to take advantage of these market opportunities

	1 Flex – Defend & Growth Share	2 Term Hire – Gain Share	3 Conversion of ‘Owned’ to Term Hire	4 Consolidate the Fragmented UK LCV Trading Market
Recap of Opportunity	» **£1bn market revenue** » **6% pa volume growth** » **Northgate 31% share**	» **£2bn market revenue** » **8% pa volume growth** » **Northgate <0.5% share**	» **£12bn market** » **1.2m annual transactions** » **Of which, 450K financed**	» **£5bn market** » **4% market growth** » **Van Monster 2.5% share**
Reasons to Believe in Northgate Success	» Access to all customer segments – largest corporates to SMEs » Compelling strategic advantages that are hard to replicate » New customer first culture » Revitalised Executive Team	» Leverages flex capabilities… » … cross-selling to existing and new customers » Revitalised and highly competitive product proposition	» Ongoing shift away from owning to renting or leasing vehicles » Significant profit per unit uplift for Northgate in supporting this transition » Ability to target small to mid-sized fleets	» Already one of the best national LCV networks » Ability to share and / or repurpose rental sites » Short-term operational improvement levers, in Northgate Retail disposals and stock-turn » No scale competitor

Questions

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