

DRIVING PROFITABLE GROWTH



Financial review

Chris Muir

Operational review

- UK
- Spain

Bob Contreras
Fernando Cogollos

Outlook

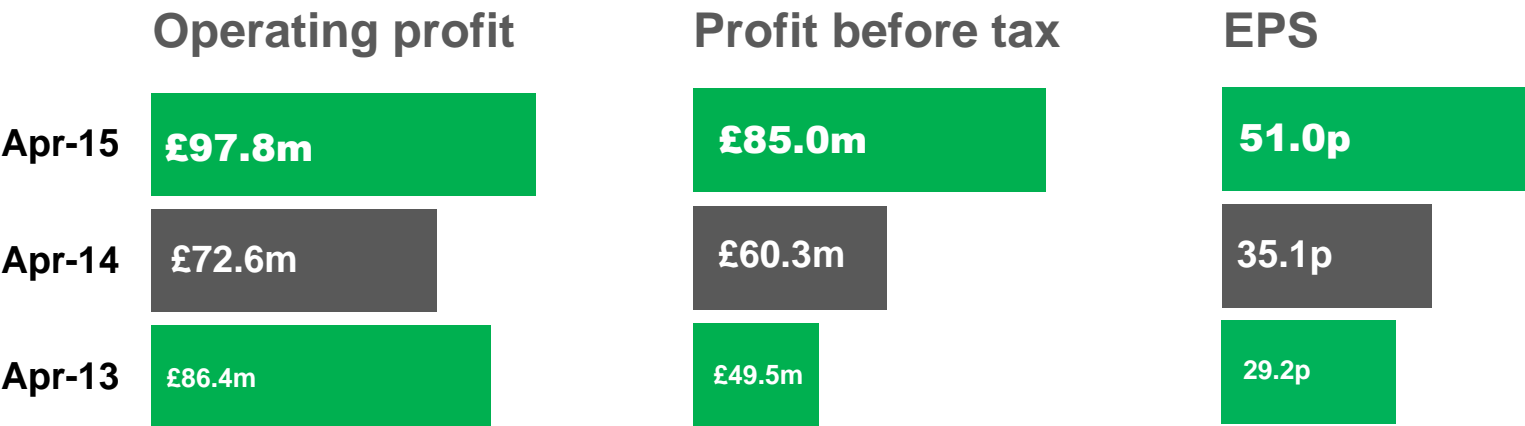
Bob Contreras



**Chris
Muir**



Group
financial
summary



Dividend (full year)

14.5p

▲ FY14 – 10.0p

Net debt

£338m

▼ Apr-14 – £346m

ROCE

13.0%

▲ Apr-14 – 9.9%



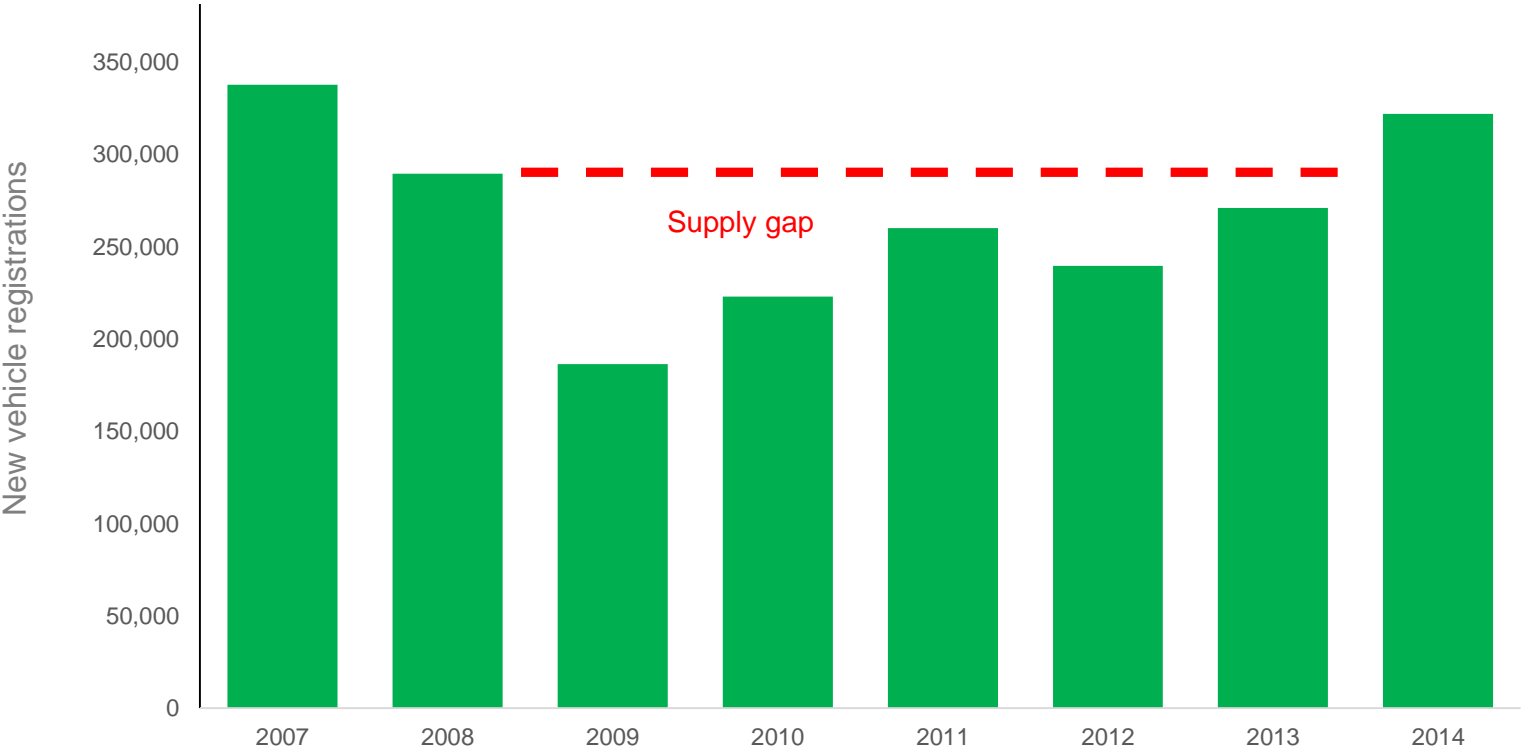
Rate
change
impact

The depreciation rate changes effective from 1 May 2012 and 1 May 2014 have resulted in an £11.4m benefit

£m	UK	Spain	Corporate	Group
Operating profit	69.0	33.3	(4.5)	97.8
Impact of depreciation change	(8.4)	(3.0)	–	(11.4)
Adjusted operating profit	60.6	30.3	(4.5)	86.4
FY14 operating profit	51.0	25.5	(3.9)	72.6
Adjusted increase	18.8%	18.8%	–	19.0%
FY15 operating margin	22.2%	22.9%	–	21.4%
Adjusted operating margin	19.5%	20.8%	–	18.9%
FY14 operating margin	17.4%	17.1%	–	16.4%

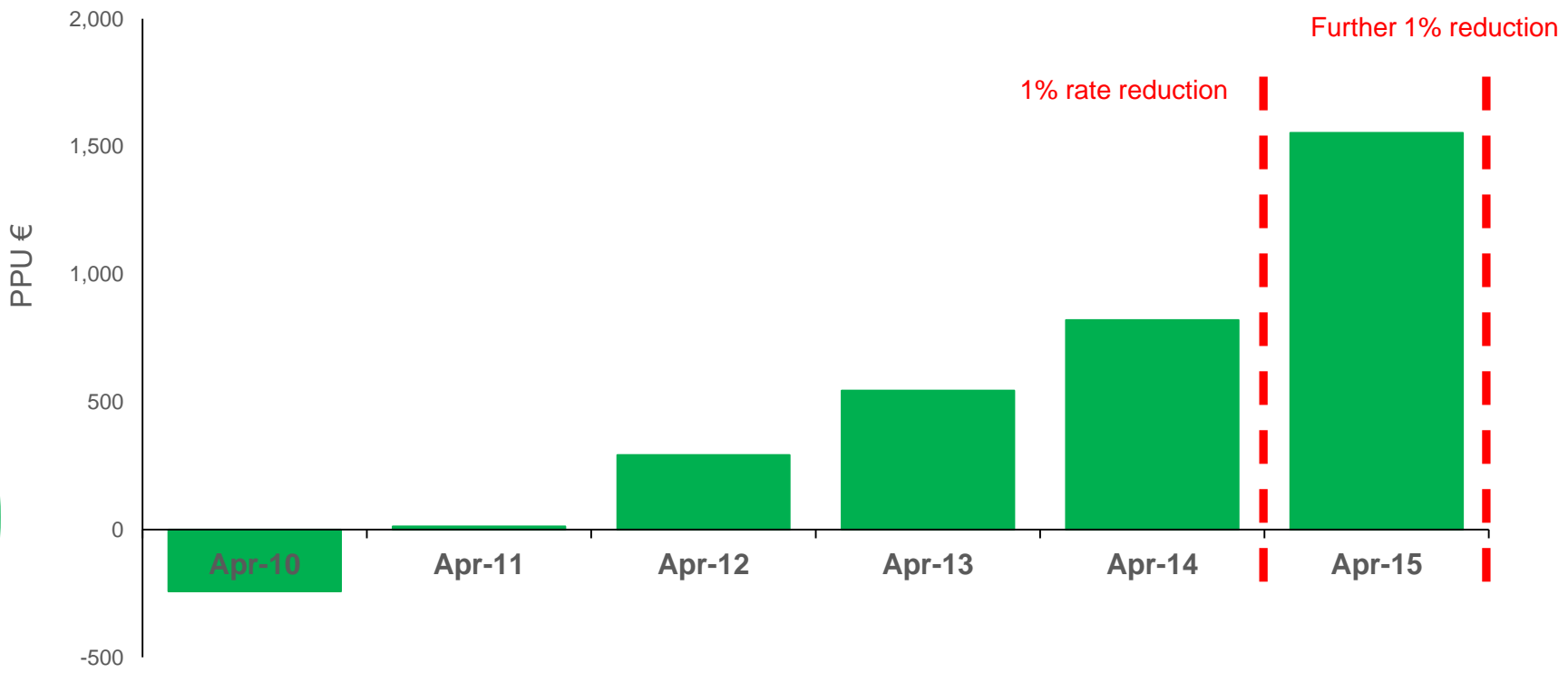


New vehicle registrations in 2014 returned to pre-recessionary levels, meaning that supply of vehicles into the used market will start to ease



Spain
depreciation
rates

Market conditions are expected to support residual prices in the medium term, therefore a further 1.0% reduction in depreciation rates has been applied prospectively from 1 May 2015



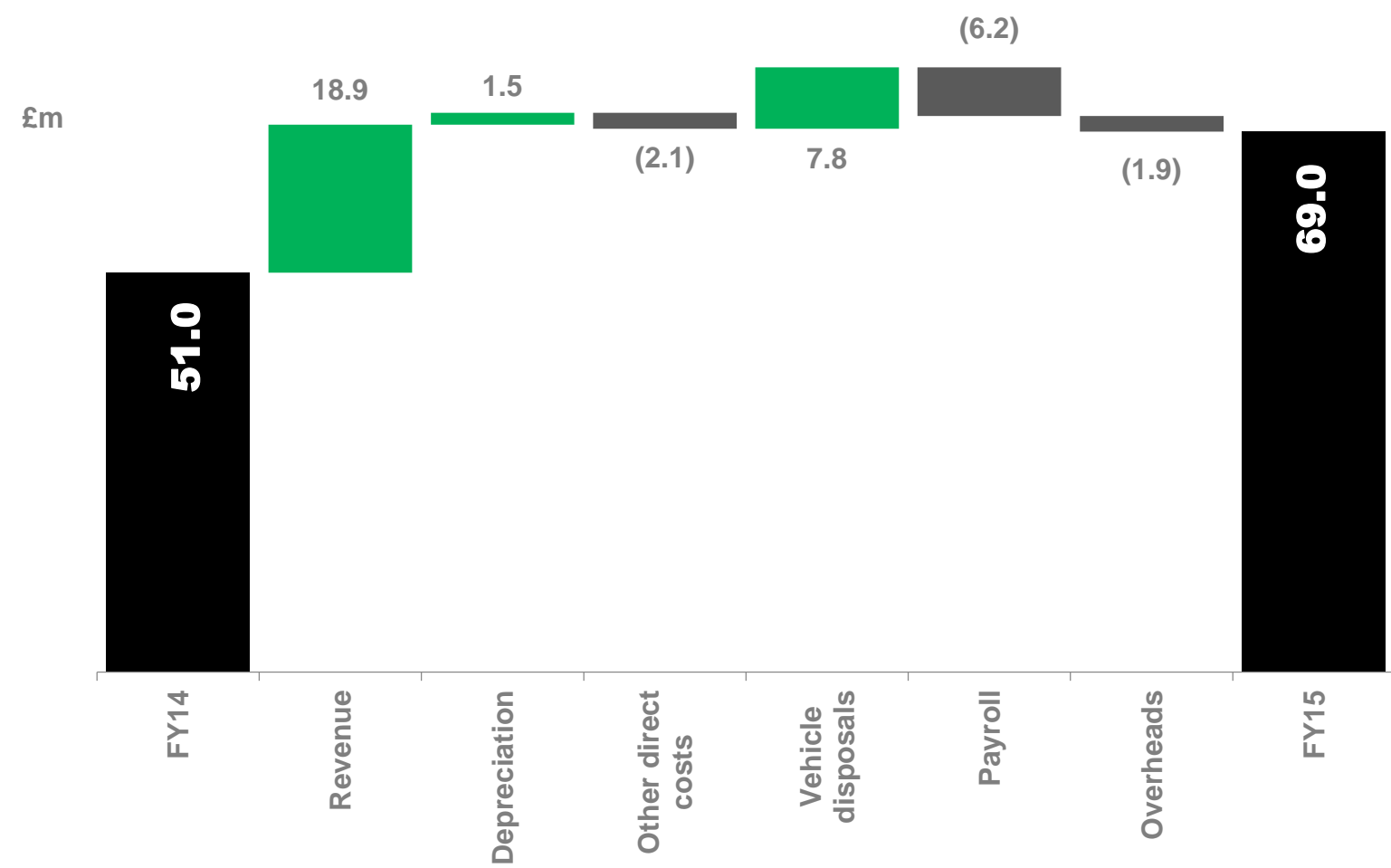
The benefit of depreciation rate changes made in the UK in FY13 and FY15 and in Spain in FY15 and FY16 will unwind through disposal profits over the life of the vehicles

£m	FY16	FY17	FY18	FY19
UK: Profit on disposal	(5.9)	(10.3)	(13.0)	(13.0)
Spain: Depreciation	3.5	3.5	3.5	3.5
Spain: Profit on disposal	(1.2)	(3.0)	(4.8)	(5.8)
Spain: Total	2.3	0.5	(1.3)	(2.3)
Group: Total	(3.6)	(9.8)	(14.3)	(15.3)

Spain translated at April 2015 rate of 1.38



Operating profit increased as a result of an increase in average vehicles on hire, the change in depreciation rate and disposing of more vehicles at an enhanced PPU



UK new sites

We estimate that each new site will, on average, operate a fleet of 600 vehicles by the end of year three and we expect ROCE to exceed 16% in year four as the site matures

	No. sites	Ave. age	Ave. on hire
0-6 months	4	2	110
7-12 months	4	10	240
13-18 months	2	15	200
19-24 months	3	21	380
25+ months	2	25	500



UK new
sites

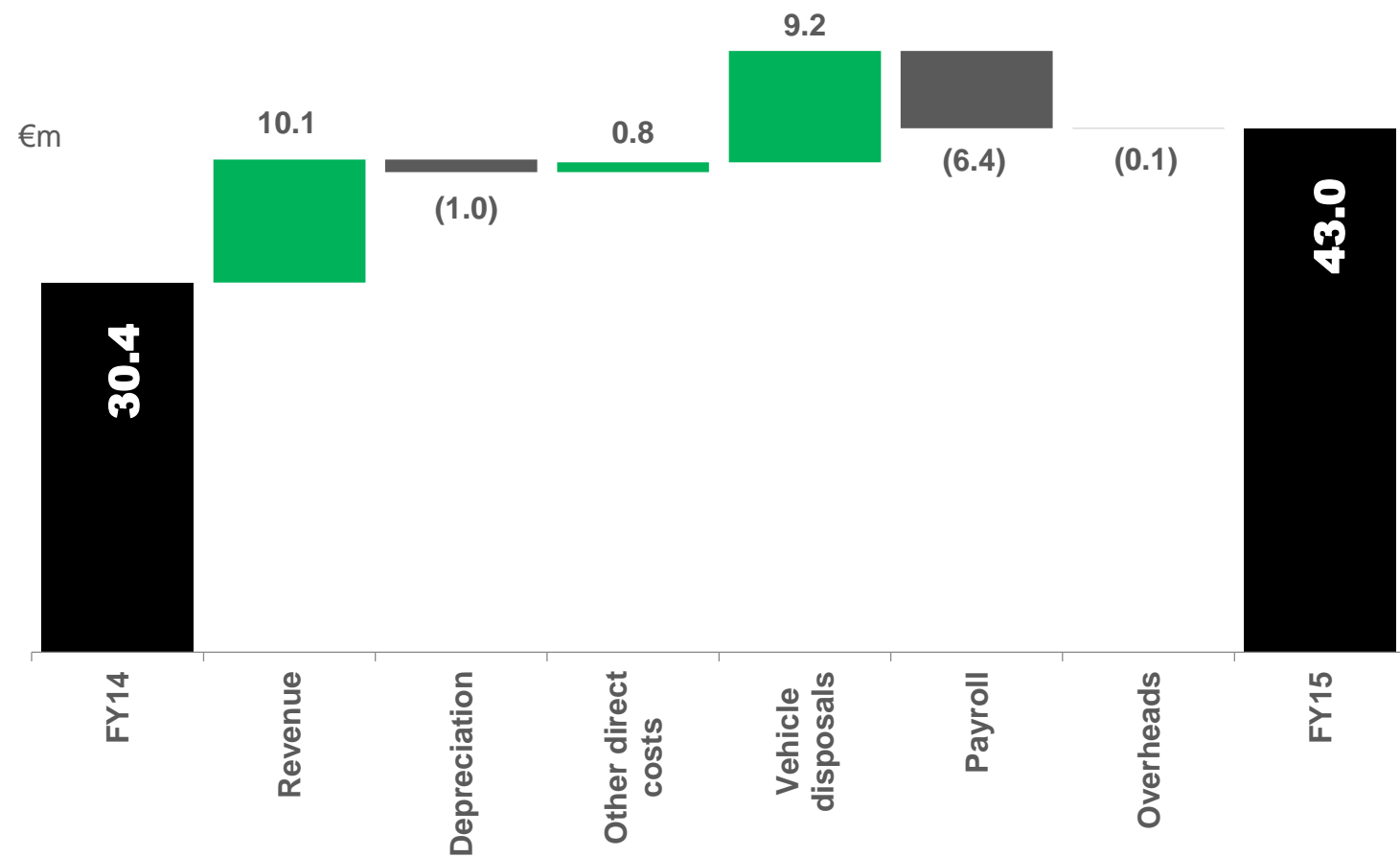
The 15 new sites opened since February 2013 contributed £0.2m to operating profit in the year. The impact on ROCE was a reduction of 1.0%

£m	April 2015	April 2014
Reported operating profit	69.0	51.0
New sites adjustment	(0.2)	2.3
Adjusted operating profit	68.8	53.3

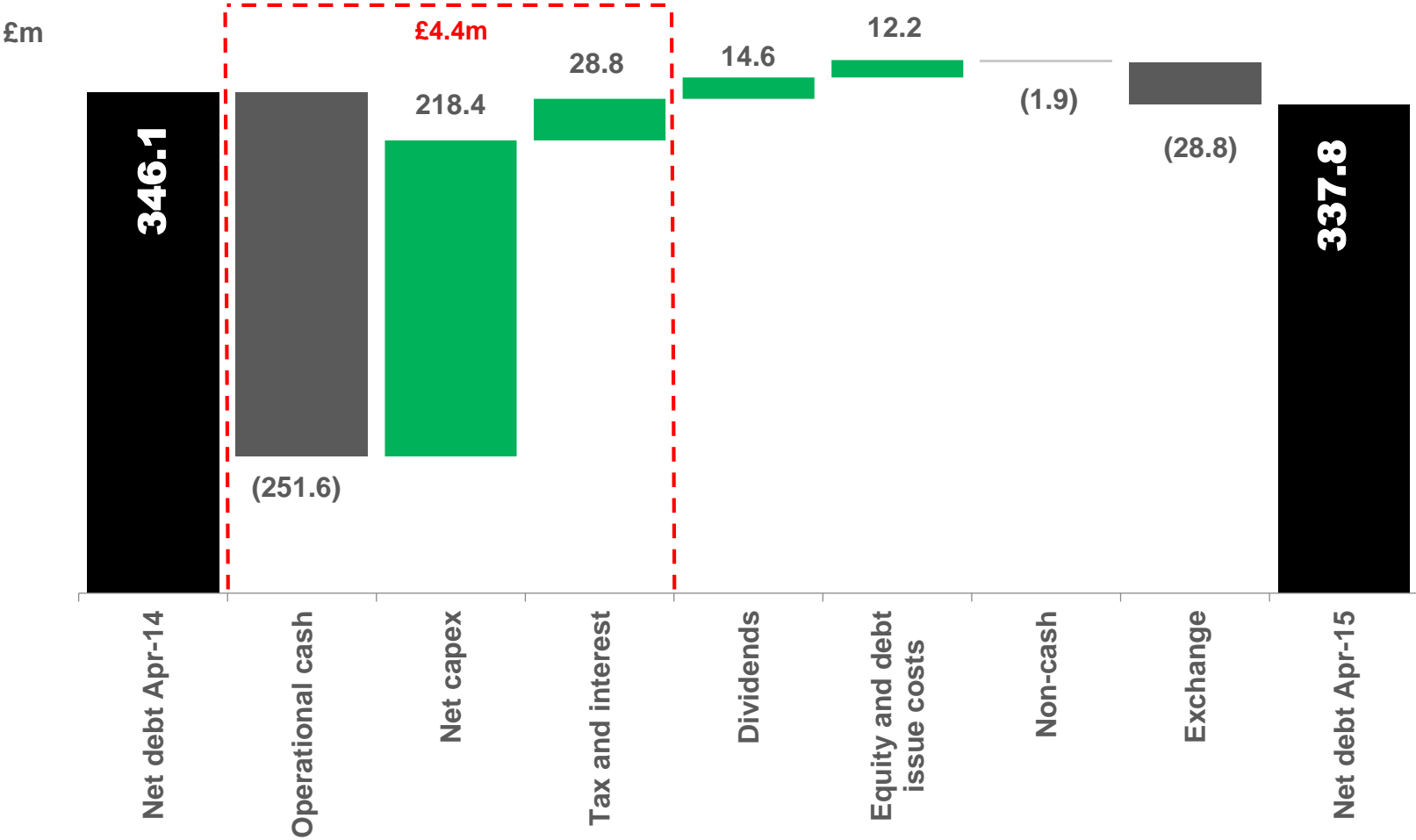
%	April 2015	April 2014
Reported ROCE	14.1	11.5
New sites adjustment	1.0	0.8
Adjusted ROCE	15.1	12.3



The growth in operating profit is predominantly as a result of higher average vehicles on hire, the change in depreciation rate and an increased volume of disposals at enhanced PPU



Net underlying cash generation was £4.4m. After taking into account a favourable exchange impact of £28.8m net debt closed at £337.8m with gearing of 81% compared to 91% at April 2014



**Bob
Contreras**



Operational
highlights

Our main focus continues to be on improving customer service and targeting growth with SME customers

Vehicles on hire

+1,000
since April 2014

Customers

+29%
in last two years

Utilisation

88%
(FY14 – 88%)

Vehicle sales

17,600
at improved values

Network

8 new sites
opened in the year

ROCE

14.1%
(Apr-14 – 11.2%)



Customer evolution

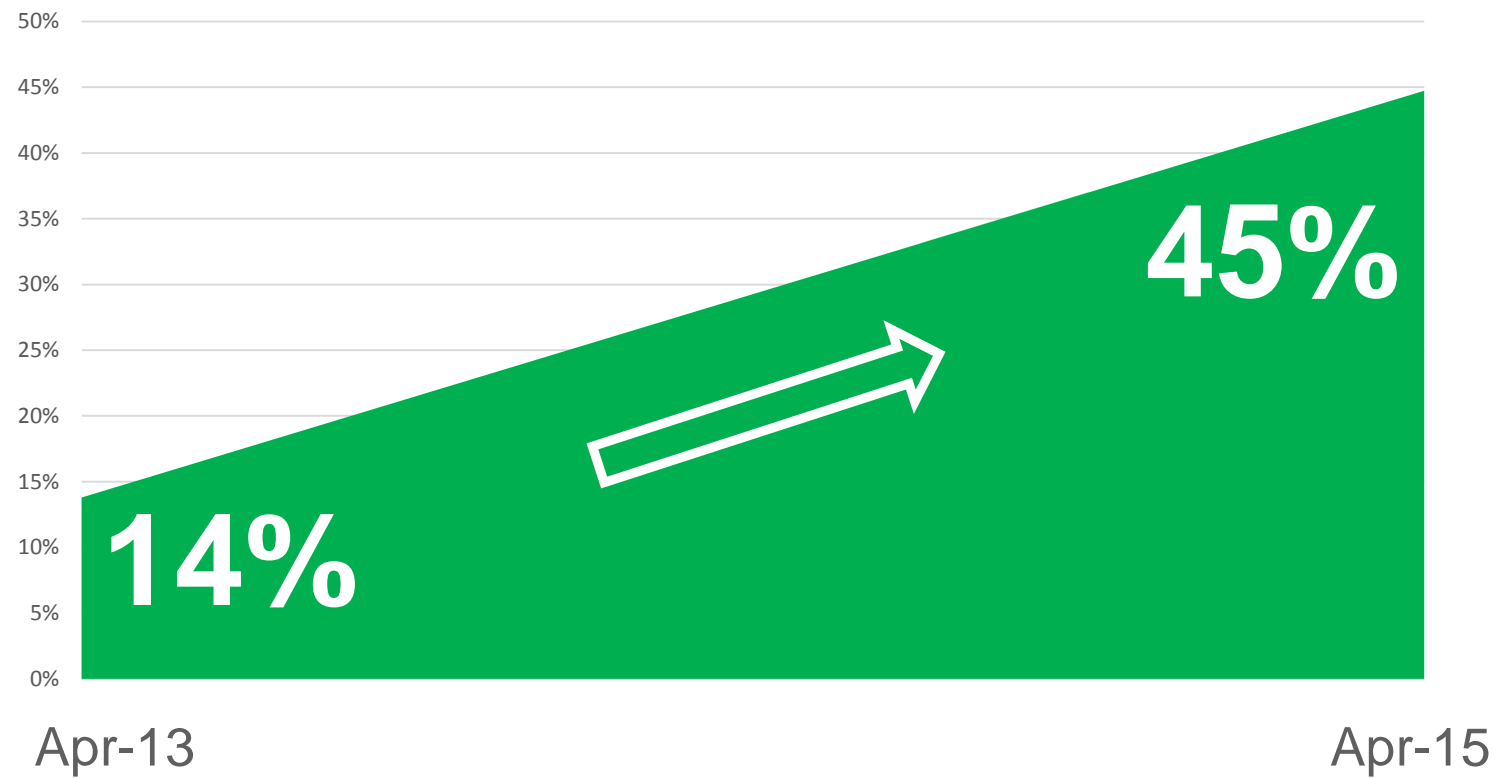
Our strategy of targeting growth through SMEs has seen an increase in customer numbers of 29% over the past two years

VOH	April 2015	%	April 2014	%	April 2013	%	April 2012	%
Over 100	16,100	33%	16,900	36%	16,100	37%	19,000	41%
51 to 100	5,200	11%	4,900	10%	5,000	12%	5,000	11%
50 or fewer	27,300	56%	25,800	54%	22,000	51%	22,400	48%
Total	48,600		47,600		43,100		46,400	



Customer satisfaction

Net promoter score measures customer satisfaction, is monitored on a site by site basis and is supported by the three key areas of our customer proposition



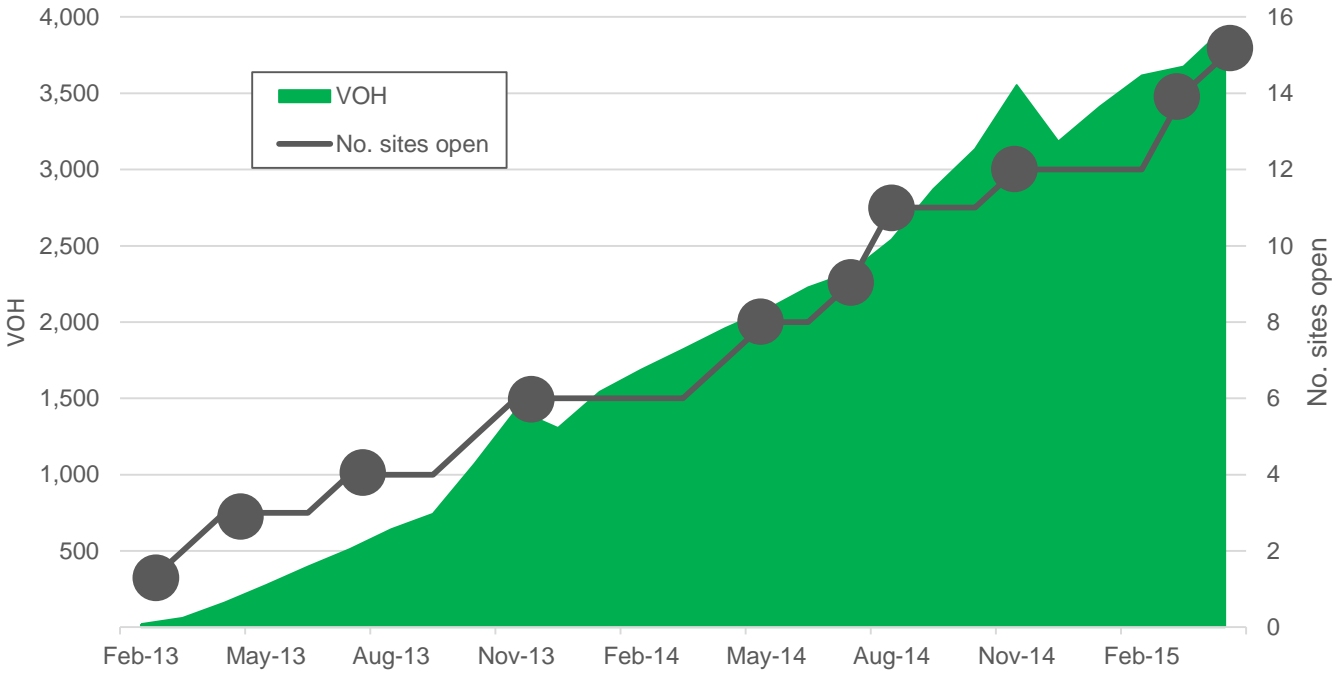
PPU for the year was £1,583. As the availability of used vehicles is expected to increase, our focus remains on increasing retail penetration in order to manage this market dynamic

	April 2015	April 2010	Difference
Retail %	31	19	12
Defleet centres	7	-	7
Van Monster sites	13	7	6

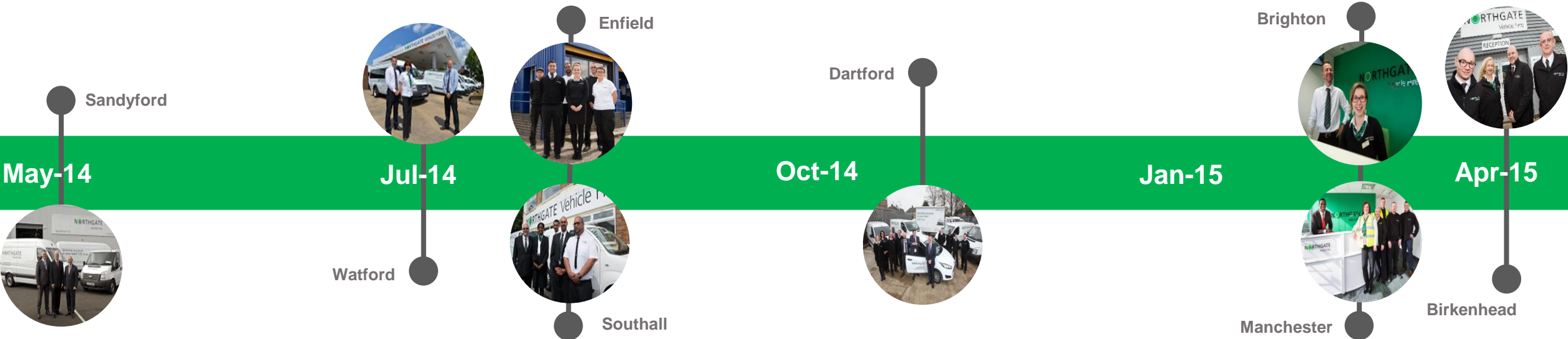


Northgate plc – preliminary results for the year ended 30 April 2015

Network expansion



- 15 sites opened since Feb-13
- Total 3,900 VOH at Apr-15
- Growth of 1,900 in the year





- Site openings in the London area now largely complete
- Sites opened in Dartford, Brighton, Manchester and Birkenhead in H2 of FY15
- Opportunities for c.14 further sites across the UK
- Potential sites will have to meet minimum 16% ROCE threshold target

**Fernando
Cogollos**



Operational
highlights

The Spanish economy continues to show signs of improvement and the focus is now on growing our customer base in the SME sector

Vehicles on hire

+900

since April 2014

Customers

+22%

since April 2014

Utilisation

91%

(FY14 – 92%)

Maintenance costs

+2%

despite average fleet size +8%

Vehicle sales

10,300

at improved values

ROCE

12.8%

(Apr-14 – 9.2%)



Customer evolution

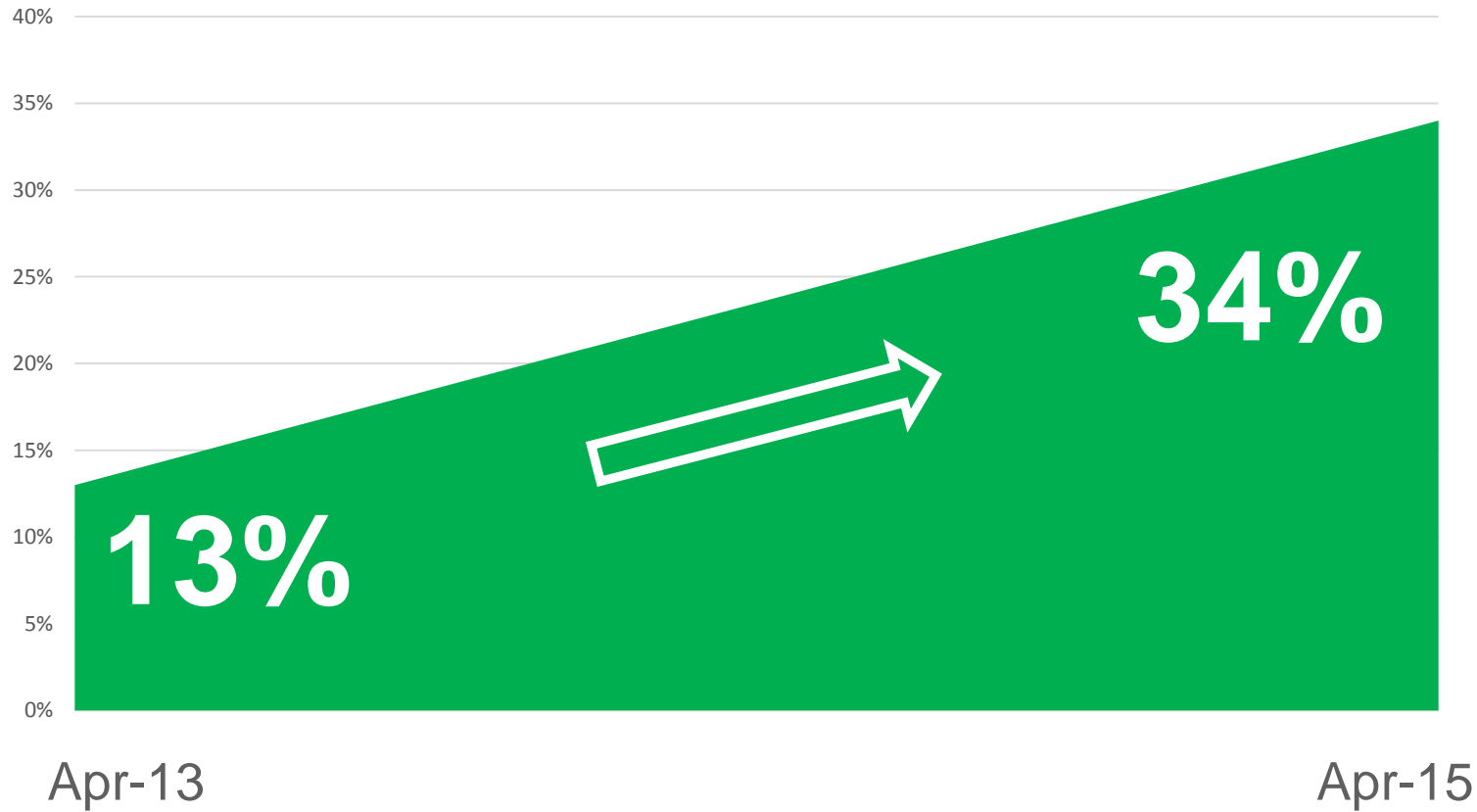
Growth of 22% in customer numbers in the year predominantly from SMEs demonstrates a wider recognition and acceptance of our proposition within this key market

VOH	April 2015	%	April 2014	%	April 2013	%	April 2012	%
Over 100	10,800	30%	12,400	36%	11,700	36%	11,500	34%
51 to 100	3,900	11%	3,200	9%	2,500	8%	3,500	10%
50 or fewer	20,900	59%	19,100	55%	17,900	56%	19,000	56%
Total	35,600		34,700		32,100		34,000	



Customer satisfaction

A significant improvement in customer satisfaction over the previous two years reflects the focus we have put into this key area of our business



Vehicle sales evolution

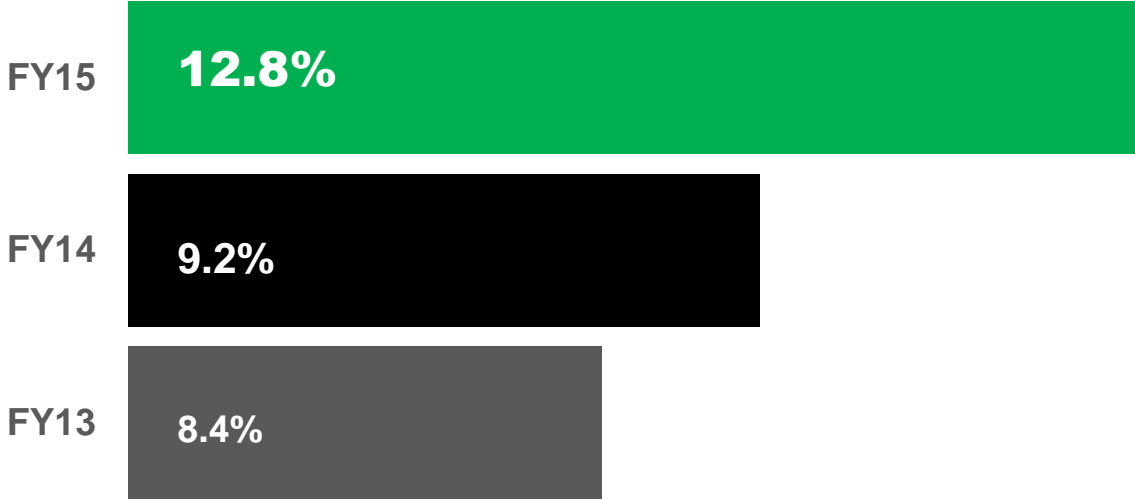
PPU has increased to €1,554 in the year. The medium term ambition is for the Spanish business to match the retail sales percentage achieved in the UK

	April 2015	April 2010	Difference
Retail %	16	2	14
Van Monster sites	8	1	7



ROCE risen from 8.4% in FY13 to 12.8% in FY15. This is in excess of Group WACC, which stands at 6.7% at 30 April 2015

ROCE



**Bob
Contreras**





In the UK we will continue to build on commercial improvement and network development



In Spain the focus has progressed to driving organic growth



We will continue to target progressive dividends within the dividend cover range 3.75x – 2.50x



Both business continue to target growth



N **ORTHGATE**



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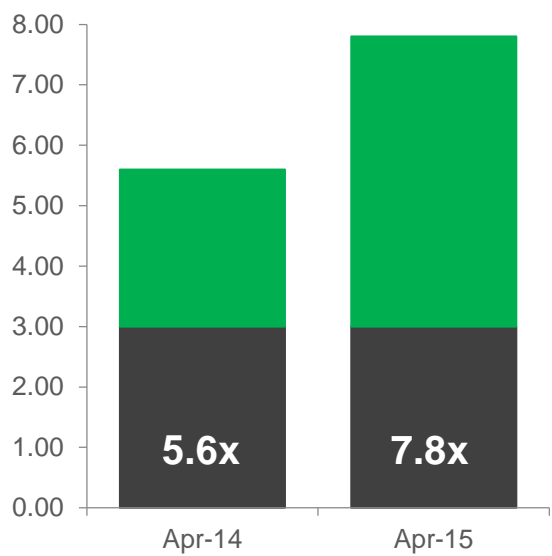
£m	April 2015			April 2014
	UK	Spain	Total	Total
Revenue: hire of vehicles	311.3	145.5	456.8	442.3
Operating profit (excluding vehicle disposals)	41.2	21.0	62.2	50.8
Vehicle disposals	27.8	12.3	40.1	25.7
Total operating profit	69.0	33.3	102.3	76.5
Corporate	-	-	(4.5)	(3.9)
Group operating profit	-	-	97.8	72.6
Operating margin %	22.2%	22.9%	21.4%	16.4%
Cash interest			(12.4)	(12.4)
Non cash interest			(0.4)	-
Profit before tax			85.0	60.3

£m	UK	Spain	Group
Vehicles (hire and used)	470	206	676
Property	28	28	56
Other fixed assets	15	3	18
Trade and other debtors	67	25	92
Trade and other creditors	(64)	(14)	(78)
Capital employed	516	248	764
Net debt	(223)	(115)	(338)
Net assets	293	133	426
ROCE	14.1%	12.8%	13.0%
Capital employed (April 2014)	464	273	737

£m	April 2015	Rate*
Syndicated bank facilities	506	
Other facilities	18	
	524	
Fixed rate borrowings	256	3.0%
Floating rate borrowings	83	2.2%
Net debt (excluding arrangement fees)	339	2.8%
Headroom	185	

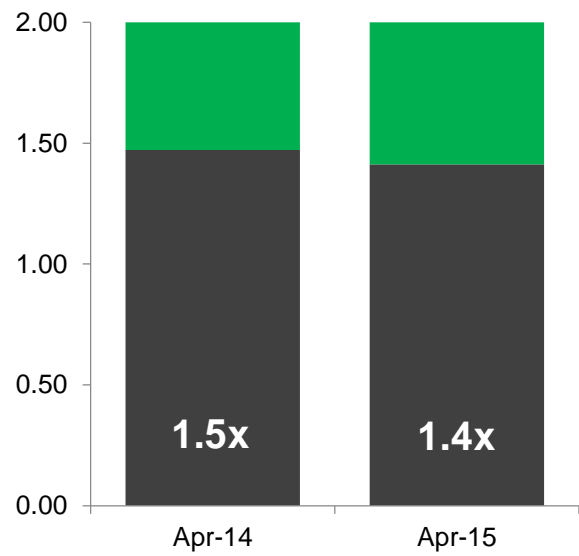
* Rate as at 30 April 2015

Interest cover



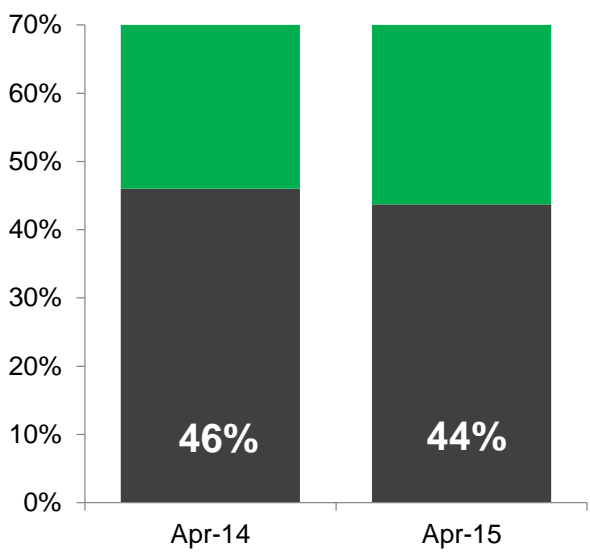
- EBIT headroom £59m
- Threshold 3.0x

Leverage



- EBITDA headroom £71m
- Threshold 2.0x

Loan to value



- Loan headroom £208m
- Threshold 70%

£m	April 2015	April 2014
Operating profit (statutory)	95.8	63.5
Depreciation and amortisation	146.5	168.2
Working capital and other movements	9.3	3.7
Cash generated from operations	251.6	235.4
Net interest paid	(12.3)	(11.3)
Corporation tax paid	(16.5)	(4.3)
Cash flow after interest and tax	222.8	219.8
Vehicle purchases	(350.1)	(301.4)
Vehicle disposals	135.9	112.3
Other net capex	(4.2)	(5.3)
Cash flow before equity and financing costs	4.4	25.4
Dividends, share purchases and debt issue costs	(26.8)	(15.0)
Net cash flow	(22.4)	10.4

£m		April 2015	April 2014
Purchases	UK	242.2	201.2
	Spain	108.5	99.8
Disposals	UK	(115.1)	(90.7)
	Spain	(42.4)	(38.5)
Net fleet capex		193.2	171.8
Vehicles:			
Purchases	UK	19,800	17,000
	Spain	12,400	10,700
		32,200	27,700
Disposals	UK	17,600	14,000
	Spain	10,300	8,300
		27,900	22,300

Presented on an accruals basis
Disposal revenue stated before the deduction of selling costs

	April 2015	April 2014
Fleet size (closing)	56,100	53,900
Utilisation (average)	88%	88%
Closing vehicles on hire	48,600	47,600
Revenue per vehicle	£6,157	£6,131
Operating margin	22.2%	17.4%
Headcount (closing)	2,057	1,968
PPU	£1,583	£1,427
ROCE	14.1%	11.2%

	April 2015	April 2014
Fleet size (closing)	39,400	37,800
Utilisation (average)	91%	92%
Closing vehicles on hire	35,600	34,700
Revenue per vehicle	€5,301	€5,399
Operating margin	22.9%	17.1%
Headcount (closing)	914	865
PPU	€1,554	€821
ROCE	12.8%	9.2%

Revenue	£
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Revenue pv on rent	6,163
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Costs	£
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Non fleet site CAPEX	125k
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Depreciation pv	2,011
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Maintenance / repair costs pv	674
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Other direct costs pv	398
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Costs	£'000 Yr. 0	£'000 Yr.1	£'000 Yr.2
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Staff costs	51	305	414
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Rent & rates	13	75	77
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Marketing	-	65	10
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Other overheads	33	90	92
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Total	97	535	593
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No.	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
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Average on rent	-	122	334	472	534	534
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Closing on rent	-	240	410	540	540	540
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Average fleet	-	145	375	530	600	600
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Closing fleet	-	290	460	600	600	600
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Disposals	-	-	-	-	145	230
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- On rent at maturity 540
- 84% utilisation year 1 then 89%
- 14 employees

	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
Revenue	-	751	2,077	2,966	3,391	3,425
Depreciation	-	(292)	(769)	(1,109)	(1,280)	(1,306)
Maintenance / repairs	-	(98)	(258)	(371)	(429)	(437)
Other direct costs	-	(58)	(152)	(219)	(253)	(258)
Staff costs	(51)	(305)	(414)	(422)	(431)	(439)
Overheads	(46)	(230)	(178)	(182)	(184)	(189)
Disposal profit	-	-	-	-	87	138
Operating profit	(97)	(232)	306	663	901	934
ROCE	-	(13%)	7%	12%	16%	17%