

NORTHGATE plc

Preliminary Results

Year ended 30 April 2011



30 June 2011



Agenda

- Group Summary
- Operational review
 - UK
 - Spain

- Financial performance
- Outlook

Bob Mackenzie

Bob Contreras

Fernando Cogollos

Chris Muir

Bob Contreras

Bob Mackenzie
Chairman



Group summary

- Financial performance
- Refinancing
- UK restructuring
- Spain merger
- Board changes



Bob Contreras
Chief Executive



UK operational highlights

- Restructuring of UK business on track
- Utilisation at 90% average
- Underlying hire rate increase of 4%
- Used vehicle residual market remains strong
- Improved ROCE

UK priorities

- Complete restructuring of customer service and operating efficiencies



Further consolidation from 12 to 7 regions completed in May 2011

Improved workshop planning completed in June 2011

Improved logistics management by September 2011

Centralised administration and support functions by April 2012

- Pricing increases
- Improved performance measurement
- Fleet management opportunities

Fernando Cogollos

Managing Director – Northgate Spain

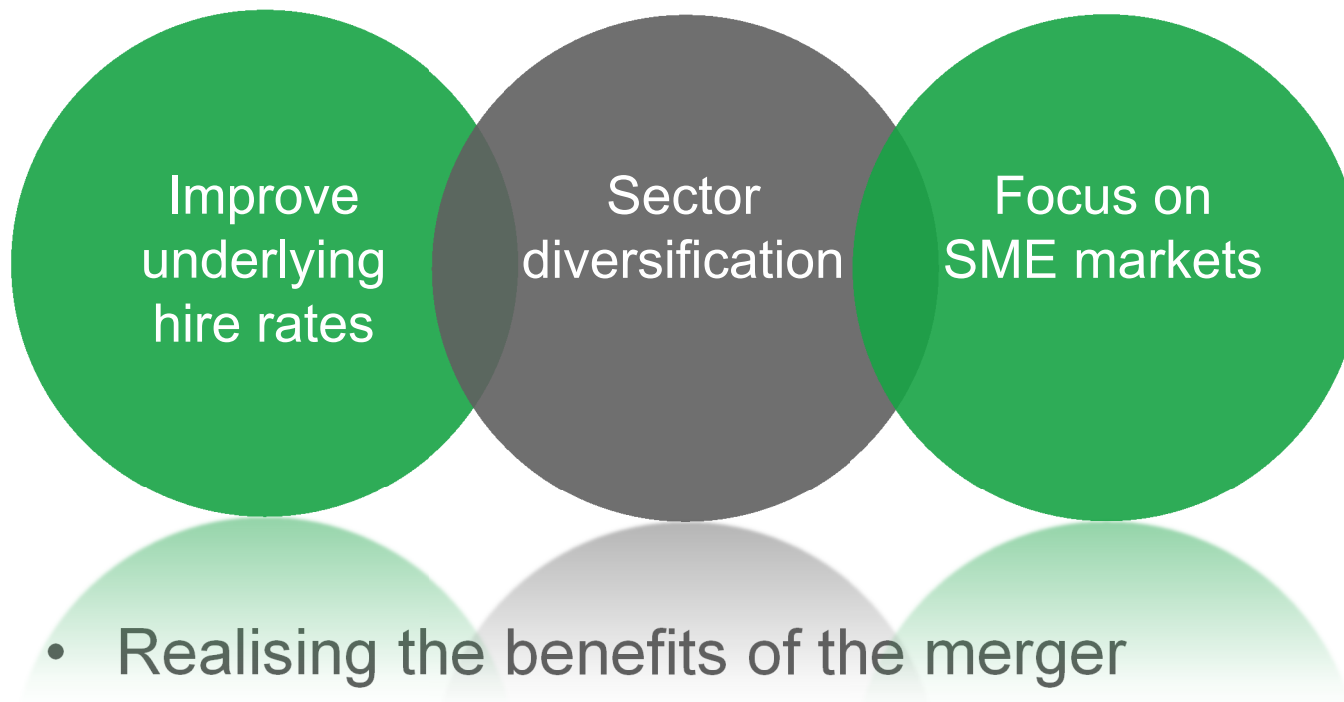


Spain operational highlights

- Utilisation at 91% average
- Underlying improvement in average rental rates of 2%
- Used vehicle residuals improved
- Restructure complete creating Northgate España
- Sector diversification

Spain priorities

- Maintain utilisation above 90%
- Commercial strategy



- Realising the benefits of the merger
- Debtor management

Chris Muir

Group Finance Director



Financial performance

	April 2011	April 2010	
Operating profit	£105.6m	£82.8m	Operating margin
Operating margin	19.7%	14.7%	2011: 19.7%
Profit before tax	£53.8m	£36.5m	2010: 14.7%
Net debt	£530m	£598m	2009: 11.9%
Gearing	163%	213%	ROCE
ROCE	11.9%	8.4%	2011: 11.9%
			2010: 8.4%
			2009: 5.8%

Exceptional items

£m

Restructuring costs - UK

Restructuring costs - Spain

Impairment of Spanish properties

Net property losses

Exceptional administrative expenses

Impairment of intangible assets

Finance costs relating to 2011 refinancing

Finance costs relating to 2009 refinancing

Exceptional interest expense

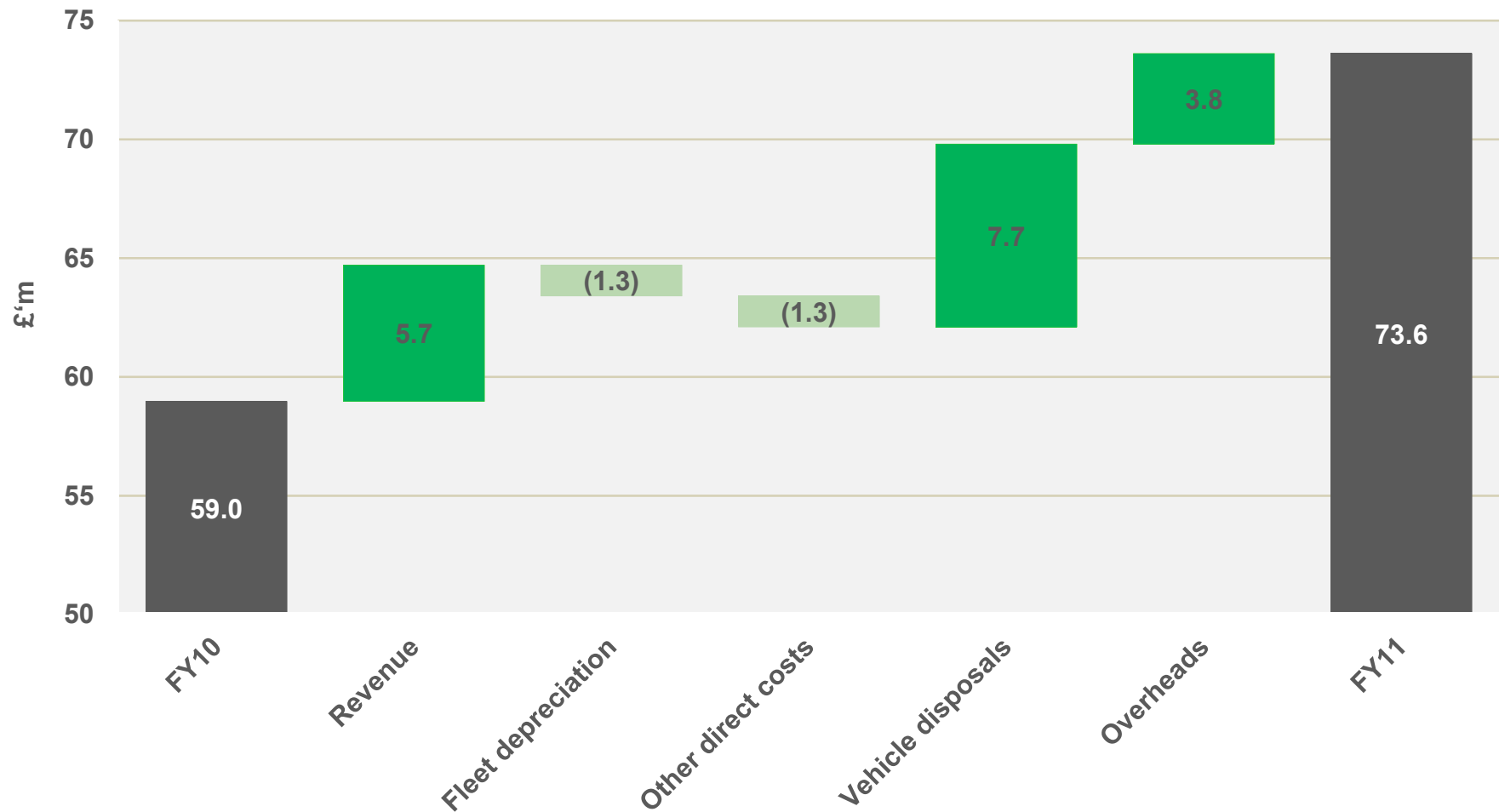
Total exceptional items

April 2011	April 2010
3.0	6.1
2.6	0.2
6.9	-
-	0.4
12.5	6.7
5.9	-
4.2	-
-	15.2
4.2	15.2
22.6	21.9

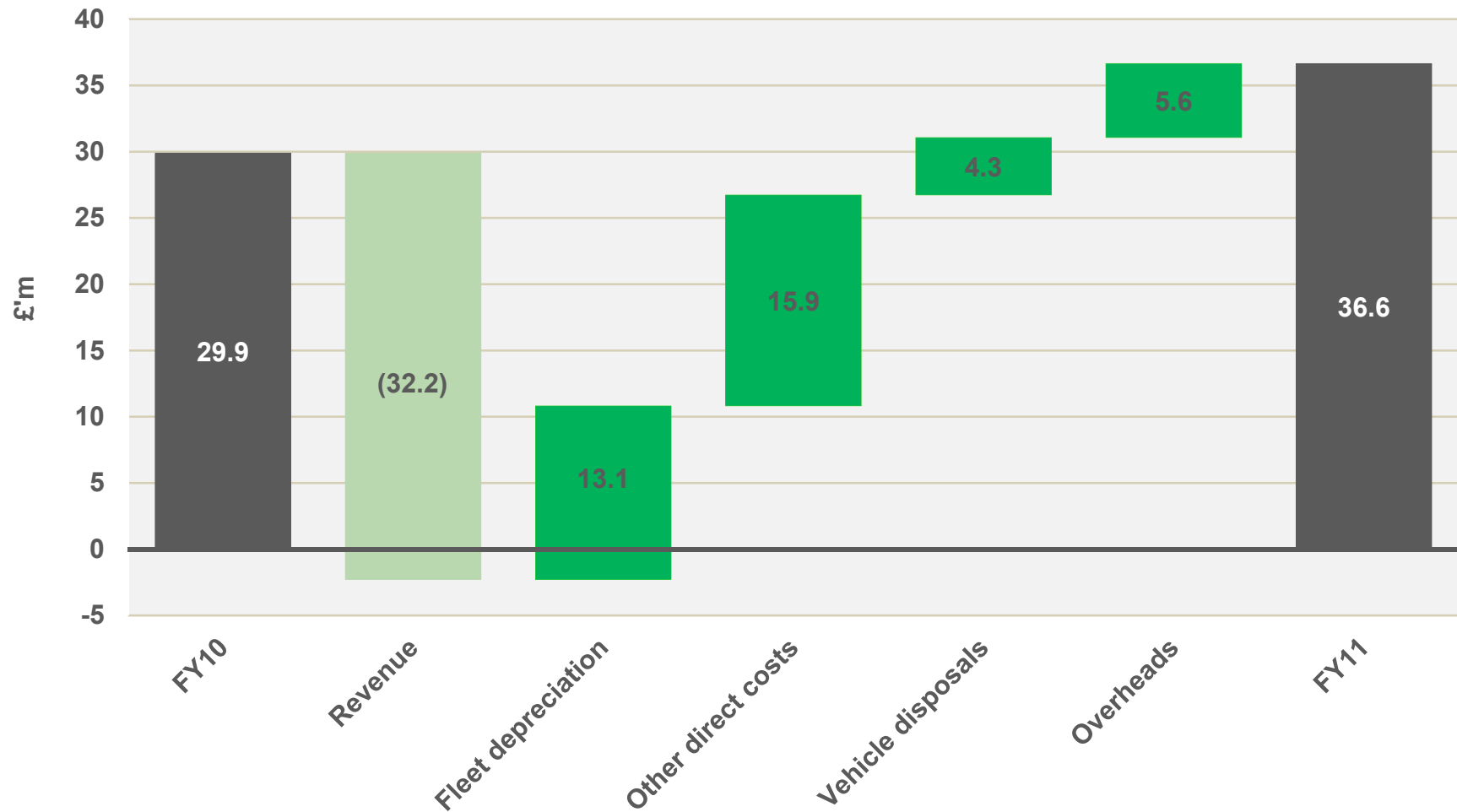
Operating profit reconciliation

£m	UK	Spain	Head Office	Total
2010 Operating profit	59.0	29.9	(6.1)	82.8
2011 Operating profit	73.6	36.6	(4.6)	105.6
Variance	14.6	6.7	1.5	22.8
<i>Variances:</i>				
- Disposal values	7.7	4.3	-	12.0
- Other	6.9	2.4	1.5	10.8

UK operating profit

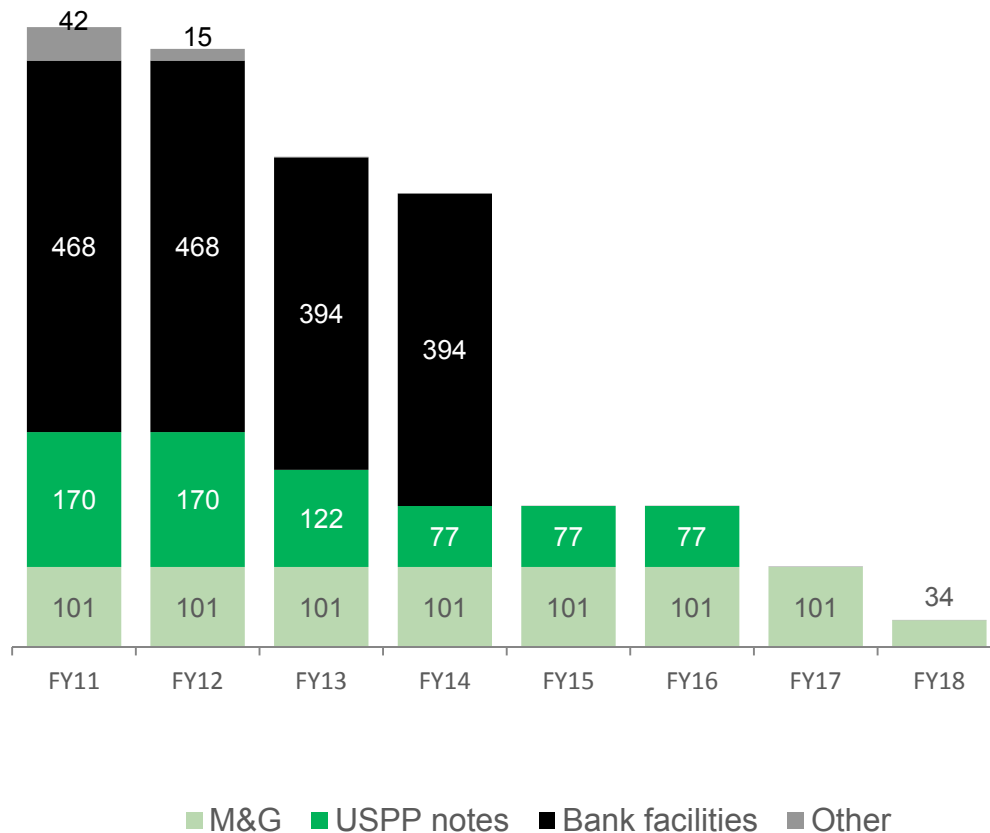


Spain operating profit



Refinancing

Committed facilities (£m)



- New 8 year £100m term loan from M&G
- Bank facilities extended to September 2014
- US loan notes remain invested to original maturities
- Total £781m Group facilities with £225m headroom at April-11

Cash flow and net debt

	£m	
		Net debt
Opening net debt 1 May 2010	598.3	2011: £530m
Cash flow	(86.9)	2010: £598m
Non-cash movements	9.8	2009: £886m
Exchange movements	8.7	
		Gearing
Closing net debt 30 April 2011	529.9	2011: 163%
Facilities headroom (see Appendix 2)	225	2010: 213%
		2009: 571%

Outlook



Financial summary

£m

	April 2011			April 2010
	UK	Spain	Total	Total
Revenue	333.9	203.4	537.3	563.7
Operating profit (excluding vehicle disposals)	59.4	36.4	95.8	86.7
Vehicle disposals	14.2	0.2	14.4	2.2
Total operating profit	73.6	36.6	110.2	88.9
Head office	-	-	(4.6)	(6.1)
Group operating profit	-	-	105.6	82.8
Operating margin %	22.0%	18.0%	19.7%	14.7%
Cash interest			(42.4)	(40.4)
Non cash interest			(9.4)	(5.9)
Profit before tax			53.8	36.5

Facilities headroom

£m

**April
2011**

Syndicated bank facilities

468

US loan notes

170

M&G loan

101

Other facilities

42

781

Closing net debt

530

Unamortised arrangement fees

26

556

Headroom

225

Cost of borrowing

£m

**April
2011**
Rate

Fixed rate borrowings

US loan notes

170

8.7%

M&G loan

101

8.3%

Bank borrowings

190

5.1%

461
7.1%

Floating rate bank borrowings

95

4.1%

Arrangement fees

(26)

-

Net debt
530
6.6%

Financial covenants

		April 2011	April 2010
1) EBIT : Interest			
	Actual	2.09 x	1.92 x
	Covenant	1.50 x	1.21 x
2) Net debt/EBITDA			
	Actual	1.68 x	2.04 x
	Covenant	2.25 x	2.46 x
3) Net tangible worth			
	Actual	£320.5m	£291.6m
	Covenant	£235.0m	£240.0m
4) Loan to value			
	Actual	63%	67%
	Covenant	80%	85%

Operating cash flows

£m

Operating profit (statutory)

Depreciation, amortisation and impairment

Working capital and other movements

Cash generated from operations

Net interest paid

Corporation tax paid

Cash flow after interest and tax

Vehicle purchases

Vehicle disposals

Other net capex

Cash flow after financing and capex

Equity and financing costs

Net cash flow

**April
2011**

**April
2010**

82.6

71.1

233.4

246.6

15.4

40.4

331.4

358.1

(42.6)

(47.5)

(3.3)

0.8

285.5

311.4

(343.6)

(299.1)

161.2

177.0

(3.7)

(4.6)

99.4

184.7

(12.5)

76.1

86.9

260.8

Group fleet capital expenditure

		2011 £m	2010 £m
Purchases	UK	200.7	210.6
	Spain	134.2	99.0
Disposals	UK	(103.0)	(114.3)
	Spain	(75.3)	(71.6)
Net fleet capex		156.6	123.7
Vehicles			
Purchases	UK	18,900	18,800
	Spain	13,400	9,100
		32,300	27,900
Disposals	UK	(18,900)	(22,700)
	Spain	(19,000)	(19,800)
		(5,600)	(14,600)

UK KPIs

	April 2011	April 2010
Fleet size (closing)	61,200	60,900
Utilisation (average)	90%	90%
Closing vehicles on hire	53,800	54,800
Revenue per vehicle p.a.	£5,529	£5,411
Operating margin	22.0%	18.0%
Headcount (closing)	2,073	2,122

Spain KPIs

	April 2011	April 2010
Fleet size (closing)	43,500	48,900
Utilisation (average)	91%	88%
Closing vehicles on hire	39,400	44,000
Revenue per vehicle p.a.	€5,181	€4,914
Operating margin	18.0%	12.7%
Headcount (closing)	936	978