



# **Half Year Results for 2026 Investor Meet Company webcast**

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## **Fireside Chat Transcript**

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### **Disclaimer**

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**Ross:** good morning, Jake, thank you very much for that and good morning to everybody online. This we do as a fireside chat format, so I'm very pleased to be here with Martin Ward, our CEO, and Rachel, our new, or 'newish' CFO. This is for our half year results which we published on Wednesday morning.

I would expect a number of people have actually seen those results, but I think just to kick off: Martin, you described earlier this week as a great start to the year. Do you want to just talk through some of the highlights that you see from the results?

**Martin:** OK, thank you, Good morning everyone. I think the four key takeaways for me in the performance, that we're talking about for the half year:

First one is the standout performance that we've seen in Spain. I mean that's been a phenomenal result, increasing VOH, average VOH over 6000 vehicles in the period. So you know the economy is doing well in Spain, the market is still growing in terms of rental, and I think the team have done a fantastic job being able to grow our position and there's still a lot of opportunity for there. So performance from Spain, first point.

Second one I would say is the PBT upgrade. So clearly I said in the announcement this exceeded our expectations. You know the business is performing really well and we were able to land these results with saying that our full year is expected to be 'at least at the top end' of the then formal consensus. So in plain speak that was at £155 million PBT - analysts have since obviously changed the numbers. I think that was a great way of showing that momentum.

The third thing is the change to the UK&I operating model. This is an evolution - we've been on a journey since our merger in 2020, providing mobility services in the platform. And last year, in March 24, we brought the management team together and we talked about that - having a single management team across the UK.

So that evolution - in terms of how we're now going to operate going forward - and collapse our brands into two very distinct divisions in the UK: Northgate Mobility and FMG and provide our services from those brands: that's another stand out, that will deliver some benefits. Rachel will talk to those benefits in more detail, but clearly that's given us some further momentum.

And I think the last point I would make - there's many more! - but the last point I would make, is the inflexion in the steady state cash flow. Investors and shareholders have been saying to us, you know, 'great, like the momentum that we're seeing, we want to see the cash flowing but we generate a lot of cash in the business'. So in the period, you know, we've grown that steady state cash, we added another £20 million on top of what we had, so it's [43] £48 million.

Bearing in mind, you know, after steady state cash we've still invested £73 million into growth capex. But we're on a trajectory of building steady state cash simply because the net replacement capex, the fleet, is in a place that we're comfortable with, there's a little bit further to go. Clearly there will be less net replacement capex going forward, so that steady state cash generation I think has proven itself out very nicely.

**Ross:** Fantastic, thank you. just for people who haven't been with us before on this, we very definitely welcome questions online. The reason why my laptop is here is I get to see the questions, and I try and ask as many of those which are posted as possible, but group those into themes - just to make it a more coherent conversation. So please do ask questions into the chat.

While people are starting to think about that, maybe if I turn to Rachel: this is your first set of results here, it's your first Investor Meet. I think you gave some thoughts on Wednesday about the first few months and what you found. Do you want to just elaborate on those a bit?

**Rachel:** Will do, thanks Ross, and I'm really pleased to be here. I shared that since I joined in August I've had the opportunity to go and visit lots of different parts of the business and meet the different stakeholders. I've been really impressed by what I've seen both in terms of the level of expertise and the commitment and the commerciality of the team that we've got.

But also the assets that Zigup holds and how we leverage those assets, I can see the opportunity for growth essentially, much more opportunity for us to grow and to grow efficiently and I think we are doing that with the right level of pace and energy. The operating model change and the pace at which we're moving forward with that, I think that's evidence of that.

**Ross:** Yes, absolutely, and I'm sure we'll come onto each of those, in due course. Is it worth just going through some of the financial headlines just as a starter?

**Rachel:** So - strong set of results, we are growing: 4.5% revenue growth and the EBIT excluding our disposal profits grew by 11.5% in H1. Spain, as I said, standout performance, over 16% revenue growth, maintaining really impressive margins of 19%. And then in the UK and our rental business, I think that's a great example of how we're leveraging the assets that we have, driving over 6% revenue growth - using pricing mix and a growth in our value added services.

For our Claims & Services business. volumes were down and so revenue was flat - still a good performance based on volumes, but we see a great path for H2, in terms of the opportunity in that business across H2, and also in raising our margin in that part of the business.

**Ross:** Clearly a strong start to the year. and that's as you said about great progress across the business.

And thank you I can start to see some questions coming through. and we will touch on each of these - inflexion; cash; the operating model, etc. but I think it would be remiss not to actually talk about the first half.

**Martin,** in terms of some of the operational side, people still think about it in those three different geographic and disciplines. Where would you like to start, shall we do the UK&I first or shall we just talk about Spain because that has been the standout before?

**Martin:** I think we'll talk about them all, Ross! I'll start with Spain because I think that's a fairly straight story really - in the sense of we've talked about the rental market size in Spain. So Spain has got a commanding position in terms of what it does. It's a differentiated proposition in terms of rental over leasing, where we see that sort of competitiveness and the rental market is growing. And that's the key thing here - that it's only 5% penetrated, in terms of rental over all of mobility in the Spanish market. And in the UK that's more like 12-13%, so there's a long way to go, and that sort of structural change - we've talked about it before - about companies no longer wanting ownership, they want usership.

We're seeing evidence of that in terms of where that growth is coming from (put over 6000 vehicles on) and that's where we've directed our capital because it's coming back with good discipline with strong margins. To see that level of growth, it's really pleasing and the economy's doing well and you know. We know economies can change and all the rest of it but let's take the wins when the wins are there, and I've said before to investors as well, you've got to think about this business in a slightly different way.

When we're growing we consume capital, because we're sweating capital: we're putting it to work, we're buying assets, we're going out on rent - we're growing our asset side of things and we're growing our services side of the business.

But even in a potential downturn, if we're not buying fleet, if we're not investing capital, we just throw off a lot of cash. That's the converse of when you're growing in and investing capital - if you're not doing that, you throw off cash. So it's got some good qualities about this business in a growth cycle, whether you're growing fast - ,but in any sort of future downturn you know the characteristics of throwing off a lot of cash in the business as well.

Spain's a great story, we expect that to continue from what we can see from the short to medium term, and plenty of opportunity to go for.

**Ross:** So let's just stay on Spain a little bit longer, because obviously managing growth is a challenge if you've got this very strong growth and demand. They've been doing some great things in terms of operations and thinking about how to cope with that scale of growth - to actually allow that to continue, that's right, isn't it?

**Martin:** Indeed, yes, there's a few things - we've been opening up some service points in Spain - customers polarise around our branch network, so it's important when when we take on a new account and we have taken on some good sized accounts.

You know we've just picked up the large, Spanish rail operator. We'll be commencing roll out of vehicles for them in February 2026, so not even in the numbers yet. But it is important that we have that locality to be able to service the customers, that's the way the model works, so we've been opening up service points.

We had the new delivery hub in Madrid in Getafe, which enables us to take in delivery of vehicles very quickly, which means we get them out to customers very quickly. We've seen that sort of operational performance improvements, come through in terms of how quickly we can get vehicles on rent earning, you know, earning the profits.

We're going to repeat that in Barcelona as well, we've got a big network in Barcelona, so we're going to consolidate into a delivery hub there as well.

And Spain needs that capacity to be able to support what it has. At some point we will get some operational leverage out of that capacity in terms of what we're investing. And then besides physical footprint, you know, we've been using technology as well to, to support progress in Spain we have showcased.

Myself and Rachel went over and we saw firsthand the e-auction platform for selling our vehicles in Spain, you know that's a new rollout of technology. And actually what it can do with analytics, profiling and how we market our product just means we're maximising the value of the sales that we can get from our disposals. Another good evidence point of just how we keep refining and improving our model there.

**Ross:** Yes and there's more to go in Spain - I think it is one of the messages. There's a question here - 'are there other markets to expand such as Portugal, etc'. Clearly something which makes logical sense - how much opportunity there is in the Spanish market?

**Martin:** Yes, and look, we talk about it all the time; the Spanish team will tell you that there's so much opportunity on their doorstep. So we can sort of drill the land that we're standing on to find more gold. There's plenty of opportunity, the prospect pipeline is strong.

There isn't a shortage of opportunities for us to explore and it makes sense for us when we're looking at capital allocation, and discipline around that we have, at competing projects and what the returns are. Whilst we can continue to grow very strongly organically I think that's where the capital goes. We're always open minded to what opportunities can bring on a longer term strategic basis, but I think the focus for Spain is to be able to maximise their organic opportunities.

**Ross:** And just for people - on our website, we did a capital markets event in Spain in September last year and there's some very good information and slides there.

I think one of the things which they really drew out is the concept of the service proposition is actually quite unique for the Spanish market. It's one where absolutely people are coming to us for that. Just before we move off Spain, I think you'd you'd reiterate that wouldn't you?

**Martin:** Absolutely as I say it is a differentiator - we own our own workshops and body shops, so we can do all the servicing and provide all the services, from inside the business as an integrated model. That isn't replicated in wider competitive market, so it is a differentiator. And it is important you know if you're running a fleet and you require your vehicles to be out on the road every day - to be able to turn those vehicles around very quickly on service maintenance, repair, tyres, all of that stuff. It is important, and Spain does that really, really well.

**Ross:** Right, and I've kind of carried-on on Spain because when I look at the questions coming through, obviously there's a lot of news flow in terms of the UK and what we're planning to do; but I think a lot of people have said Spain is the unsung hero at the moment - or it's no longer unsung, because just the strength in terms of their margins, the strength in terms of the growth, etc..

**Martin** Yes, you were at the meeting yesterday with an investor and I was slightly stopped in my tracks when one of them pointed out was 'I never realised Spain was now as big as the UK rental', and it has - it's sort of crept up over the five years. And if you look at the sort of trajectory in Spain in terms of EBIT now, it's on course for a €100 million EBIT - that's not the forecast, that's just the run rate from the trends.

And if you look at the size of the fleet, it's a record size in terms of what we're operating with - and utilisation is very strong. So I think the credit to the team in Spain as well, I mean they've done a fantastic job, that focus and that ability to support, and do what they they need to do, it's a great position.



I don't know if you had questions...I'm going to preempt and say this now Ross, but you know people say: 'Well, why don't you sell Spain then?' And just get the surprisingly not yet. Well, I'm gonna answer it anyway, so to preempt it - people do ask that question by the way, so look, let's lean into that one.

You know, 5 years ago when these businesses merged, we had an activist shareholder on the Northgate register. Let's say activist, a nice activist - Crystal Amber - Richard. And you know Richard wanted us to sell Spain, I wasn't on the board then by the way, but if we had done that, (and if Richard is listening) it would have been half the value it would have been 2 years ago, 3 years ago. The business has got a lot further to go, a lot of value still to build for us. We do run the business, it is separate, it's not integrated with the UK but it's got a lot further to go in terms of what we can do, so I'm preempting that question now.

**Ross:** OK, and I think we will come back to it a little bit in terms of capital allocation and where one places growth capex, etc. but let's move to the UK and let's stay on rental. I think clearly a lot of large fleet orders coming through - really good demand.

**Martin:** There is good demand. Rachel covered it - what we've seen in the UK now is we've brought the size of the fleet down modestly, but what we've done is we've increased the revenues by over 6%, we've increased the EBIT/ profit by over 14%.

So we've done more with less and that's the discipline around saying 'how do we put our fleet to work, how do we get the right sustainable returns'; and moving away from some of the older [business] model where you know we would put almost end of life vehicles out on this last bit of rent at a lower margin, rather than dispose of them, taking the capital and reinvesting in it.

So there is a discipline in the UK&I around getting good sustainable returns. But you're right, we've got some good orders and you know I profiled some of them at the analyst presentation. We've had some good wins that will be coming through as well and we can support that with capital as well.

And that's coming from mainly large customers in the infrastructure side - we've seen a rail support company taking a large order, a water company taking in excess of 100 vans. We have a short term access contract with the Royal Mail on circa 300 vans, so there's there's lots of things coming through.

But we're doing this on the right margins and with a package of services as well; it's not just about renting a van, it's all the other things that we do for our customers as well.

**Ross:** I think that's absolutely what has come through, and I remember when we had this conversation six months ago with comments about infrastructure - lots of those large orders are really from places which we see - we think about the right place to place vans and what the opportunity is for sustainable rental.

**Martin:** Indeed, we profile as you know, in the appendix of the presentation, the pie charts and the sort of split of the industries - and it's fairly consistent. It hasn't changed very much over the last couple of years, and we do focus on quality. And that's the piece I think I mentioned last time, from the government spending reviews, a lot of money has been allocated to highway bills, infrastructure projects, and we support a lot of customers that are in that space. So yes, it is about quality, it is about sustainability.

I've talked previously about some of the areas that we do less in, and that's where we're focused, as I say, in just making sure that we're putting the fleet to work in the right places.

**Ross:** So very broad, very diverse, but an ability to make decisions which I know you both do on the capex, etc. to make sure they go in the right place.

Let's just finish off in terms of the Claims & Services side before I will start asking some questions about Capex and inflexion in cash etc - that's clearly what a number of people are asking about.

Claims & Services - some renewals, some wins, Howden Insurance is in there, which is a big global broker - lots of positives there.

**Martin:** A lot of positives. Rachel said revenues were flat and you know the margin did improve from 4% to 4.2% - but I think that for me it's been a fairly quiet summer in terms of what's coming in. I mean I'll never ask the team to do something if the work isn't coming through - and if there aren't accidents, you know, obviously you can't skin as much claims that you need to work with.

But what I would say is that the business has seen some good renewals on some big contracts: we talked about the Tesco renewal being multiple years. Howden, the insurance broker, international player, good presence in the UK. We only onboarded them in October by the way, so their numbers haven't come out. But we've given an indication that we expect margins to track more towards 5%. It's a strong business and you know we're still only penetrating the market around 22-23%.

So there's further to go and when you win contracts in that space, new contracts, they're typically 3 to 5 years. So again it just plays to that quality of earnings, and we're working with big names. When you look at the UK motor market and you think of the big insurance names, these are the names we're working with, so we sit behind them providing services to the policyholders.

We provide a lot of capacity on our repair front, so we've got our own network of body shops, so there's lots of things that we provide into the insurance market and we are agnostic how you call mobility - whether it's credit hire, direct hire replacement, courtesy cars or whatever, we provide mobility; and under the new model going forward that will be under our Northgate mobility banner.

**Ross:** And just before we jump onto that side, we're also investing in the UK in terms of body shops and greater capabilities with more productivity, so there's still lots of growth there and we're doing better within ourselves.

**Martin:** Indeed, yes, I mean, look, when people think of body shops they think of 'Bob under the arches'. The world has moved on demonstrably from them, this is about providing good quality modern body shop space; we've been transforming out of some of our older premises that we bought with the old nationwide business into good high quality 20,000 to 25,000 square foot sort of premises. And with that brings investment in technology, in terms of the latest things that we can do, the car parc and the modern fleet is moving forward.

There are different techniques for repairing now and we provide that capacity out to the insurance market and beyond - so skilled technicians. We won apprenticeship of the year for our body shop and apprenticeship scheme. Over 90%, well closer to 95% of our apprenticeships stay with us after they've been through the training. I talked previously about bringing the average age of our technicians down by 14 years, with people coming into the industry, so we've got a good position in that space.

The market needs to secure capacity to do these repairs, we have that capacity, not only our own body shops but we run a network as well, so we're able to sort of flex that capacity with what we're doing. We've been building our mobile technician repair capability as well, and that offers great flexibility for customers where there's a sort of a quick fix that's needed. It supports the body shops in terms of being able to increase capacity at times of need and it's a brilliant offering to our partners who are delighted with that sort of flexibility that we can provide.

**Ross:** Yes, I was actually talking to one of our team managing that, and they were saying the ability to go to a fleet customer and say we can set up in a tent a very clean zone within their site and plan and manage a lot of smaller repairs.

It's great for that customer because the vans are just quickly in and out. It's great for us because we can carry on servicing and providing that sort of support. So a real good opportunity there as well.

I just wanted to touch on residual values - we have written 'markets normalising' quite a few times over the past year or so and I think you've called that absolutely right. So before turning to Rachel just in terms of the view on the outlook....'Normalising markets..... normalised markets.....disposal profits coming into range.....' and you called it right?!

**Martin:** Thank you, yes, indeed, the royal 'you', its the team, but you're right, I mean, residual values in the UK have stabilised, and they have been stable for some time. So we said it was on that sort of trajectory where it would normalise, and it has. I would say in Spain they've been elevated still slightly. Now we're forecasting that they will fall in time, but they have been elevated.

The one thing I would leave listeners with here, is just to think about it in this way: You know, in 2022 and 2023, there was a shortage of supply of vehicles into the UK&I market. So people remember you couldn't get supply post COVID and so forth. Those vehicles that you would have had in those years would be the vehicles that would now be coming to market on a used basis, so there will be a national shortage in terms of those vehicles coming to market in the next year and the year after. That could give rise to a view that prices actually could increase in residuals on used vehicles.

We're not calling that now, we're just saying that would be a surprise to the upside. We're saying it's stable, but I know there will be that shortage coming into that space and therefore there will be demand for used vehicles. Now we won't have as many vehicles to dispose of in those periods because we've pretty much got to the point of inflexion in our fleet.

So by the end of this financial year we'd expect our fleet is exactly where it is - the age of the fleet has come down quite significantly. We'd expect the fleet to be now normalised in terms of replacement. So there's some things to watch out for there which as I say are positive, but I'm just saying that now so it's on record that we might see a benefit from that.

**Ross:** OK, great. I will turn to Rachel and I want to round this section off just in terms of the building blocks, before we talk about the reorganisation. David, you've been very patiently waiting for this to answer your question, but in terms of laying out what we see for the second half and the confidence for the outlook, to touch on that £155m, and give us that little bit of context before we move on.

**Rachel:** Sure, so obviously based on what we see for the first half performance, as I said, we're really pleased with the strong set of results and what we can see in front of us. That's why we've guided to at least the top end of what consensus was around the underlying profit before tax. And we've been clear about the margin ranges within that, and also specifically where we would expect the Claims & Service margin to be in terms of the second half, so a high level of confidence in that.

**Ross:** So Martin, shall we just jump into the UK&I simplification, announced on Wednesday. I think you called this a natural evolution and continuation of the strategy embarked upon at merger and there's some good building blocks. Do you just want to give that background, and then Rachel, I'll talk to you a little bit about the programme.

**Martin:** Well it's very much around how do we provide our services into our markets. I'll give you a good example, you know, when we bought the Blakedale business which was a very well run family business. The view at the time when we purchased it, and we wanted to protect, was that it had very good relationships in the markets. Blakedale's our traffic highway specialist vehicle business. Very good relationships in the market with the name Blakedale etc. and it was important to preserve that.

I understood that, and then replicated that again with FridgeExpress, our temperature controlled business that we bought as well. And we did preserve that - it was important to understand and gain the knowledge and the IP and all the things that you need to do when you acquire businesses. But guess what, people buy people, you know, not the name above the door, they buy relationships with the people that go through the door.

We've had that time now to evolve. We've seen Blakedale customers purchasing services from Northgate, and Northgate customers purchasing services from Blakedale and FridgeXpress and so on.... you get the picture. So we're in a position now where we can simplify this. We get feedback sometimes: 'it's very noisy, you do lots of things, lots of brands', we just want to simplify that, so that's what we're doing. From an account management perspective and a business development perspective you can have one conversation with us and we can just bring the services and products to one touch-point and that's important. All of our team have built up that experience now, it's been building and building and building.

I said the single management team that we put in place in March 24 - we are now ready to do that, and this is the rollout - we've been planning this for months. We will report on for the full year on the same basis just to give investors, shareholders, a chance to catch up. But they will have a new reporting structure beyond the end of this financial year when we get to that. So this will make it very simple for our customers, for our partners to work with us. It will make it very simple for our own team to maximise the resources and the scale that we have to deliver the products and services.

**Ross:** And when I go into my local branch, there is the Northgate rental there and there's the Auxillis - they're all doing vehicle rental / vehicle replacement, so on the ground a lot of this is absolutely there already, isn't it?

**Martin:** Indeed, if you think about it, the Auxillis business, for example, provides replacement vehicles into 'not at fault' customers in the insurance world. More than 70% of those hires are done under a protocol agreement now, so it's a process about getting mobility out there, booking and repairs and so forth. And you're absolutely right, Northgate Mobility: all of our contact centres that are providing that service, it is about process to deliver that. So we can combine that - we can get the scale and get the efficiencies, and we can get the benefits that derive from having that single entity.

**Ross:** Fantastic. Rachel, part of a slide you had - in terms of the talk about the programme, its costs, it's plan - do you want to just lay that out again, and some of your experience into certain sides of that, would be great.

**Rachel:** Sure, so, I'm really excited about what we announced this week on that - it is an 18 month programme, but as Martin said, we've been planning that for a few months. In terms of what we're expecting around savings, what we've said is based on what we see before us on our execution plans: that we should expect £20 million worth of savings in FY 2028.

And then we'll give some clearer guidance at year-end, but what I've said is that what I would work with now is around £6m to £8m for next financial year, in terms of net savings.

**Ross:** now the biggest part of that - and we shared - is that a large part is linked to our supply chain. And through the work that we're doing on the operating model, that allows us to unlock some of those conversations. This is not around our main fleet, this is around the supply chain that sits around that - how we deal with our other third party suppliers?

**Rachel:** That's right, exactly - and we have at the moment a very high number of transactional suppliers; what we want to move to is a much smaller number of strategic suppliers.



So that means they get a bigger share of wallets and closer alignment with us. Obviously it means we get better terms, better pricing - and that ability to work much more closely with the suppliers as they think about their roadmaps, in terms of products and services that will clearly address our needs.

We'll keep that process competitive, through competitive RFPs, but we've had some really good, early benefits. I've run something similar in the past, our head of procurement has run something similar - same scale and size, and so we're absolutely on the ground running that programme now.

**Ross:** I think what you've indicated is that this is tried and tested. I mean we've experienced supplier consolidation, we've been a beneficiary of that in the outsourcing from insurance companies - it's something which everybody understands and it's something which we can be quite confident about.

**Rachel:** Yes, I mean, we have got the work to do, but we've mobilised quickly, we've got some early results, and we've tried and tested. And based on our experience, and reaching out to get some external input, to make sure that the direction of travel is the right one - we're confident about what we're going to have.

**Ross:** Just going back in terms of talking about the financial implications, you've given some numbers around that. Because quite a lot of it is supply chain, this takes time to come through, so therefore it will build, and therefore it is annualised £20 million from our FY2028 - in that year, and things will build through up to that; which is why you I think the analysts are modelling that kind of mid single-digit benefit at £7 million for next year.

**Rachel:** Yes, and I think that that's true of most transformation and change programmes - that you need to get the work in, but actually the benefits will come and so the activity now is a very high level of activity and mobilisation. But the benefits will come through as the spend comes through.

**Ross:** I think clearly we've seen the share price as one element of that, in terms of investors and analysts, very pleased at the implications of that. But Martin, obviously we've had conversations with some of the major customers - talking them through this - they've been positive and can see that the simplicity of this, so the implications on the operational side are also very positive??

**Martin:** Yes, absolutely, I think for the customers they can see that this provides more scale, more resources, more depth, more ability to have those single conversations as well. We've talked before about customers that have taken multi-products or multi-servicing products from our platform. Now that we're joining it up and you can have a single conversation, that makes it much more simpler, and all the documentation that goes with that as well to simplify it. So they're very pleased, we've had positive conversations, in terms of feedback.

So the time was right to do it now - simply because you have to have that experience to understand. I always say what we do is simple, how we do it isn't. And it's important that you have that experience and the depth in your management team, your leadership structure to be able to deliver this, but now that we're in that position to do it.

We can see the sort of benefits that Rachel's talked about, that are going to be released, and that's creating velocity in the business as well, about how we change and how we make progress.

**Ross:** Fantastic. So I'm going to change gears - Brian and others have been asking questions, and David: inflexion and cash flow, the capex etc. so let, let's move into that.

Martin, again, we've talked about this before - about the business model - this is a very tried and tested business model through a number of cycles. Leverage is an essential, natural part of our business model isn't it? I just want to start this off by reiterating that.

**Martin:** Ross, of course, look, we've said we'll work within a 1 to 2 times leverage and we're working at the top end of that leverage at 1.9 times. But we've got those opportunities, so why wouldn't we put capital to work, why wouldn't we sweat it as I said earlier and get those sort of good returns that we're seeing?

We're going to continue to work inside our 1 to 2 times range, so let's be very clear about that. The steady state cash that we're generating through this inflexion point - as that builds out, we can put that to work. As I said it opens up options in terms of what we can do, and our well established capital allocation model says we'll put that to work to grow the business where we where we can.

But it is a feature and I've said before on these calls as well, if you look at our peer group - we've had some work done - the average leverage you get on leverage is 3.5 times leverage - that's a mixture of private companies and public companies. We're comfortable with where we're at, we're a PLC, we understand the parameters, we're comfortable where we're at.

And we can fund the opportunities, we've got plenty of capital headroom in terms of facilities available to us, we've done all our refinancing out to 2030s and we're in a good place. The cost of our finance (and I'm encroaching on Rachel), the cost of our finances - 3.2%, we've said before, we've got a really good sort of position on that. So look, absolutely put capital to work, very comfortable working in the ranges that we've talked to, and we are going to generate the cash that's going to give us options going forward.

**Ross:** Rachel, I'm going to turn to you: You come in....CapEx meetings happen weekly....you're signing off some big numbers: there's strong discipline around this, isn't there?

**Rachel:** There is strong discipline and we're making significant investments in our fleet and so that's appropriate. But it's not just in terms of the capex meeting, it's about how all of the teams who are involved in that process and across the business are really thinking about the return on the investments that we've put £70 million into growth capex in the first half.

I think that's evidence of that process working, because the majority of that has gone into Spain - and we can see the evidence of the benefits coming through - we'll continue to make those decisions and look at those different factors, as we decide where best to put capital going forward.

**Ross:** OK, just to address one question, Jack was just asking about the ranges of finance which we have. We've got a very strong support group, different kinds of financing in there as well, and longer maturities: I'm kind of sort of saying....we've got good financing, haven't we!!?

**Rachel:** We have, and as part of my on boarding, I've met with all of our banking group: a very supportive group. And as Martin said, we had a very successful refinancing exercise - most of our financing right now is on private placement. I've got no concerns at all about where we are in terms of our financing.

**Ross:** And this is actually at the corporate level - there's very minimal asset-finance-related and none really related to actual vehicles, but just a small pool of vehicles as well.

**Rachel:** That's right.

**Ross:** On that, I'm asking that because Jack was asking 'are we starting to do asset financing'. We did some, just to grow and identify different pools, but it's a very small part which we don't draw down too much of. So actually all of it still remains within our core lending group, very committed to us.

Right, inflexion in steady state cash: we're reaching an inflexion point, to just tease out the 'reaching' an inflexion point, how you were thinking about that. It's something which we talked about in the full year, but you are seeing in the numbers this being absolutely evident?

**Rachel:** We are - and I'm pleased that we've been able to share that message as part of the results. We have been clear about 'reaching', and I want to come back at the full year and give an update on that. But obviously if you look at our doubling of steady state cash in a half year to £48 million, I think the trajectory is clear.

As **Martin** said, we're seeing stabilisation in residual values, also in terms of the cost of new vehicles. Our EBITDA is growing as we expected, so 7.6% growth in EBITDA. And we're moving through the replacement cycle as we had expected. I've done some work looking through the detailed models as we think about going forward, as those factors start to play out, I can see the path to the £200 million that was shared previously in terms of FY2028.

**Ross:** OK...Martin, does it feel too early to talk about what we might do with that level of cash flow? I mean, in terms of 'it opens up more opportunities'..is probably the right way to think about it??

**Martin:** Yes, look - we've got a long standing allocation policy, I've said that, and you know, we want to support growth. Our purpose for being here is to grow the business, to grow our earnings. Quality, sustainable earnings, not just growth on the top line. And I think we've demonstrated through a track record that we've improved the margins on the business quite significantly over time. So, it does open up options Ross, you're right, but as I said, we do want to support growth in the business - to grow the quality, and that's really what our mantra is.

**Ross:** OK. I was going to ask you about the market opportunities a bit earlier, but I think one of the things that you're saying is there's a lot to go for in our own markets. We can see that visibly before us...we will use the capex for those purposes being core.

**Martin:** For sure. Look, if you read the presentation, people will see that there's a lot of momentum in the business, and that momentum is growing - we are very busy in the business. We just came off - before this call - nearly 200 of our leadership: we've given feedback from these results and picking up all the points and the feedback that we get from investors and stakeholders.

And the team are very, very focused, but we are very very busy and you know that's 'good busy'. So this is what's given us confidence, we've been saying this for some time, about the quality of this business. I think these are good landing points to keep demonstrating what the quality is here. And for me that's important because it is about sustainable growth - in terms of what we can achieve - and we're very well positioned in our markets to benefit from that.

**Ross:** Absolutely. I'm just looking at the questions. Brendan, I will write back in terms of self-driving vehicles, if they're a threat and opportunity. I think the short answer is we don't view them as being a threat to our business. If any others come through then I will try to respond to those, but I think really we're just about at the end.

So, Martin, often I hand over to you to say any closing remarks you would just like to say before we wrap up?

**Martin:** Yeah, look, I think, for these results, clearly, we're pleased at least that that they've resonated with the market as well. So let's take that win first of all, because I think I've sat here quite a few times on these calls and maybe been a little bit frustrated that maybe the message isn't landing, or people aren't seeing the opportunity in the same way as we do.

There's only one version of the truth I say; and I think this business is a quality business, you know, if you keep pointing to those multiple year contracts we have with big blue chip companies; some of the big wins with large companies in the infrastructure side, the support and the characteristics of this business, if there's a market downturn.

Because we've lived with this overhang of the UK economy - people have been pessimistic about the UK economy for the last couple of years - and we've just ploughed through all of this. So I just say: look at the quality of this business, look at the multitude of services that we're offering, look at the markets that we're addressing, and the partners that we're working with, look at the cash build profile. I mean Rachel mentioned the route to £200m...my eyes even went 5 years beyond that on that spreadsheet on the business plan, and I use the expression 'my eyes watering'!.....

**Ross:** (interjecting) Which is not an investor relations term unfortunately.....the market doesn't understand that in terms of guidance!!

**Martin:** ....'eyes watering' in terms of where this business can go, but that's the opportunity: there's a solid business, solid assets, great prospects, well positioned. And as I said, a good set of results to top that off.

**Ross:** Just before I hand back - I hope that was interesting and helpful to people and I'll respond back to any questions left.

We are just coming to the end of our first week - we've done two days of roadshow, we've got quite a busy week next week. We're going to the US for the first time in January, so if anybody on the call is actually listening from there, we very much hope to see you in January while we'll be going around there.

And I think with that I'm going to say thank you, Rachel; thank you, Martin; and thank you everybody, and I will hand back now.