ZIGUP plc

Full Year Results 2026

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IMC Fireside Chat Transcript

Martin Ward: CEO
Rachel Coulson: CFO
Ross Hawley: Head of Investor Relations

Ross Hawley – Head of Investor Relations

Thank you very much and good afternoon everybody, and welcome to another one of ZIGUP's post-results fireside chats. Today we are in the Investor Meet studio in London, which is where we also recorded our full year results video published last week.

I do hope that everybody has had a chance to watch the video, which we put on our website. It's got a number of new features - with some B-roll and some films in there about our facilities and also an interview with one of our larger rental customers in the UK.

As I said, this is a structured as an informal fireside chat, where I look to raise a number of the topics which investors have had when we've been going around on the roadshow last week, and we've got a full week this week as well.

As usual I'll try and blend in any questions which people are asking, so if you see me peering around the place, that's usual, but it's me looking at the Q&A, so do please put any in there, and we'll endeavour to answer those at appropriate points in the discussion.

I think with that, let's start off – Martin, maybe you'd like to give an overview of our performance for the year, using just a couple of the slides at the start of the full year deck.

Martin Ward – CEO, ZIGUP plc

Thank you for tuning in. Just first of all, standing back looking at this year's delivery, it's a strong set of results. We've delivered on an operational basis and a financial basis. On an underlying basis, we've seen revenue up over 5% and we've grown our fleet now to nearly 140,000 vehicles, phenomenal growth. Underlying results in terms of EBIT up nearly 10%, so again, when you strip back the disposal revenue / disposal profits, that underlying growth is very strong, something we called out the last time we spoke.

This year Spain has been a standout performer for us, with strong markets there. We've got a very commanding position in terms of what we do. Looking at the metrics there, with over 16% revenue growth, it's a clear standout performer. We've also had good momentum in the UK&I businesses as well. We'll come on to talk about our simplification programme because that's delivering benefits on a number of fronts, but we're seeing that momentum now in the business as well, so we're seeing growth coming through the UK&I. Also, importantly investors have talked to us about cash which Rachel will give some more detail shortly, but our steady state cash now is up to £97 million which is better the market had expected.

We're on track to deliver all the things that we talked about at the half year, the full year and we're on track to deliver that and more.

It's a very good set of results, and we are very pleased with what's been delivered and the clarity around what has been delivered. Before we move on to the next slide, it's a case of doing what we said on the tin. It may not be the most exciting, but there's some great results there, it is what people have been looking for and it's what we've said we would do.

We've made strong progress and there's nothing wrong with delivering...saying... delivering...saying...delivering; I think that's key for investors that have followed the story and us for a while, they'll see from the management team that's what we're about. We try and tell it as clear as it is, so people understand the investment proposition.

Ross Hawley

'Understand what the business is doing and then deliver on that'. In IR terms I'm going to call that 'exciting and reassuring' - I'll take that, and if we come on to the next slide just about what's been achieved in 2026, it's a really good platform, isn't it? There's been some great progress across the business. Do you want to just pick out a few points?

Martin Ward

I won't cover all the slide as people can see the material. I've called out fleet growth at nearly 140,000 vehicles now. We're investing in the fleet and replacing the fleet, bringing the fleet to where we want it to be age-wise, so it's a modern fleet. Our replacement cycle in the fleet has now moved on. Size is important because that scale gives us benefits in the market in terms of how we're operating.

We've also built our capacity broadened our footprint in terms of what we can do. Spain was a good example, I talked about that - having opened up delivery hubs which has freed capacity from our branch network to be able to do more of what we do. We are 'thinking smart' about how do we create that additional capacity without increasing operational leverage too much.

We're getting some wins in terms of the customers from the markets that we're facing into, and we're able to support by growing our footprint, both in Spain and the UK& I. We also talk about our customer service, it's important there's no lip service here; these results from Trustpilot and our NPS and our customer stats feedback, are really very strong.

I suggest any investor goes onto Northgate Mobility on Trustpilot and they'll see a 4.9 rating of thousands of reviews, which is excellent. This is because we put the customer at the heart of what we do, we don't force it, it's just natural to our business. Getting it right for the customer and that customer service feedback - it's very, very important for us. Across all the things that we're doing, we're making very strong progress on delivering all the points that we've touched on previously.

Ross Hawley

Our customer service really matters - I'm quite close to my local branch and when I go in there, they have a board there with all of their Trustpilot scores, and it really does come down to naming the people on the front desk, or the guys who've helped them out, and how much that really matters for our customers.

Martin Ward

We're not a faceless organisation, we're entrusted by a lot of our partners to be that face of their organisation when there's touch points at the branches, when we're handing over vehicles and dealing with lots of people. It's important that we get it right and our people want to get it right. That's the key thing, they want to get it right. Yes, they are motivated to do that and as you say, that feedback is continuous.

If something goes wrong, and inevitably it will, you've got to put it right very quickly. But as I say, if you get it right for the customer, you'll get it right for the rest of the organisation.

Ross Hawley

Absolutely. Just before I come to Rachel - on fleet investment, I think it's one of the things which we talked about on this slide, just like capacity growth.

Over the past few years there's been the issue about the replacement cycle. and now we're starting to clearly see Spain growth over the past couple of years... the UK&I also coming back into that growth side - that must be very exciting - and also really underpinning the business.

Martin Ward

Absolutely, post the pandemic, there was a supply shortage which we've talked about that a lot, but as we've gone through the period now, supply is completely normalised, so we can get hold of vehicles in Spain and in the UK and Ireland, no problem at all. And as I said, we've got to that point of inflexion where we've replaced the fleet now to a point that we're comfortable with, and with growth on top of that.

We had £130 million of growth capital that we invested in the period that we're reporting, nearly £90 million of that went into Spain because that market is growing quicker. Across the board we have seen growth. Last year in the UK&I, we did consolidate that, we said it wasn't all about headline numbers of the VOH, it was about profitability, strong margins, strong returns. We've done the work that we wanted to do to shape that. We're investing in the markets and the sectors that we want to be invested in and we're working with customers who are in growth mode.

What we're seeing and what we'll see coming through is that reflected now in the go-forward position, so yes, the eagle-eyed people who saw the closing VOH will see for the UK&I that that's gone up as well as in Spain, and has positioned us very well for further progress.

Ross Hawley

Fantastic, so doing what we said we would do on the tin, and a great platform.

Rachel, do you want to put this year FY 26 in the financial context? We've got a couple of slides to use, please give us some thoughts.

Rahcel Coulson – CFO ZIGUP plc

The slides demonstrate what Martin's shared, both in terms that we've got revenue growth; we've got profit excluding disposals that have been growing 9.7%. And then you can see what's happening in terms of the net book value of our fleet and that investment, not just in terms of growing the fleet, but the replacing of our fleet assets. You can actually see that's gone up by a significant amount year on year, whilst we're keeping within our leverage guidance of 1-2x.

The one thing I would call out also on this slide is what we disclosed around dividend so continuing our sustainable progressive dividends, we've increased the dividend by 2.3% or 27 pence. As Martin said, that continuously doing what we said and continuing to progress is reflected in the financials.

Ross Hawley

Fantastic. You've come into something where there's this business model which is working well - with that debt and that leverage dynamic - we understand how to use that and it makes a business work. Do you want to just give a little bit of colour around some of that?

Rachel Coulson

As I said, we've guided 1-2x, and we're keen to stay within that guidance range. We do have headroom within that guidance range, and we certainly have a very supportive banking group, and we've got facilities that are beyond that level.

Our average rate is 3.3% - we don't have any urgent need for refinancing, so our first tranche of refinancing is not until the next full financial year, that's a smaller piece. Actually our average maturities are out to 2030s.

We've got a really good set of financing arrangements at a good rate to support the investments that we're wanting to make in the fleet to drive growth going forward.

Ross Hawley

Perfect. I'll come back to things like steady state cash a little later, but just maybe bouncing back again. Shall we run through some of the markets and some of the growth prospects? Let's go back to Spain: clearly strong delivery this year and there's more to come?

Martin Ward

Yes, there's more to come Ross. This year, we pulled out a couple of examples, like ADIF, the national Spanish rail operator, where we've delivered more than 800 vehicles into that contract. They started only in February this year, so it's yet to mature through the book. But that's an important customer and a municipal win - which demonstrates our capability, it demonstrates our scale and our national presence, so being able to support a customer like ADIF was a standout for us in Spain.

And I talked about the hub network - just to be clear in terms of what I'm talking about here. Across all of our branches (we're 26 branches across Spain) new vehicles are delivered to those branches, customers come and collect them, there's a lot of activity, and equally we're doing all our daily stuff as well. So what we've done is we've pulled that aspect of new vehicle delivery out into centralised hubs.

In Madrid, for example, we've got a huge footprint where we have our new vehicles delivered. This last year alone, I think it was 19,000 vehicles in Spain that we did a delivery and collection format on, so that frees up capacity to continue to grow. We're making the space to grow, we're seeing the market being ripe to continue to grow in terms of flexible rental, so all the elements are strong for us.

The two drivers: one being the market itself the second one being the economy. The economy is a smaller part of the driver because the economy is not the key element of why we are growing, it is because the market itself, for flexible rental is growing and we're well positioned to service that.

Ross Hawley

Yes, when I hear those statistics like 19,000 vehicles, that is 1,500 vehicles per month, and the scale of turning through…is us replacing older vehicles and putting new ones onto the fleet, that's now a very slick operation there. They always think about that operational efficiency, don't they, within the business?

Martin Ward

Yeah, absolutely, I mean the management team have done a great job in Spain, as you say, they're looking at that operational leverage all the time, they're looking for ways of creating that capacity. We know we're going grow. As I said, we've put our investments into that growth, and you know, we expect that to continue.

Ross Hawley

It's really fruits of strong efficiency there - top market position, secular growth, etc, and as you say, the economy's still doing well, but that's really just a supporting factor to it.

In the UK&I, we were talking about 8 large customers, significant orders in the UK, and that was reflecting how the UK was actually starting to really focus on the core elements and growth there. That's come through really, hasn't it?

Martin Ward

Our proposition is about being integrated, having a platform of mobility or services that are integrated. Our strength is in owning what we do and being able to deliver on that. What see to great effect that come to life is when a customer, an existing customer, takes more product off that platform and we join up the services, so effectively they're not having to engage with multiple companies providing services in a silo.

The more that we can do where it's joined up because the way that we view life is, is that if you're providing a service that is interlinked, why not have the same provider that provides that service, it takes away frictional costs. It adds efficiency to what you're doing, commercially it's better and just a better outcome for the customer, the end user, so those things are coming to fruition and we are gaining some market share as well.

Another standout for me was the National Highways contract. It felt like a new contract win but they've been a customer of ours for a long time. It's 10 year-plus on a government procured scheme which was well competed for, so our ability to retain and extend that now for another 10 years is an excellent outcome for us.

It demonstrates our capability from our secure contact centre up in the North, through deploying all the roadside recovery and the network of operators that we work with that provide that fantastic service for us and for National Highways. That also leads into other things that we can do where that scale and that capability attracts other customers and partners to our platform.

Ross Hawley

As you say, the National Highways - which can tap into all the gantries and do the core recovery, statutory recovery, police forces on the back of that - it's actually about having the infrastructure on which we can then grow a range of services from that.

Martin Ward

Indeed.

Ross Hawley

We can always talk a lot about all the great things. We also have to make difficult decisions as well and about businesses which may not have actually delivered or, in truth, the market has changed a little bit?

Martin Ward

Yes, I think you're referring to New Law and ChargedEV. The Board took a very disciplined decision around what we should do with the businesses. We called out New Law last year and said it wasn't core to what we do. It’s a great set of people that operate in that business, but it's dealing with personal injury claims and we've moved away from that as part of our core purpose. The view was that we're going to run that off over a series of years, but in truth, being able to achieve that and give great service to the clients at the end of that, we decided we needed to accelerate our position and put that into a good place by working with a third party to achieve that. We have drawn a line under our activities in that space and took it out of our system, so to speak.

Charged EV: some investors have said that's an interesting one - where we're installing charging points for customers. We work with some big customers on a third-party basis as well as supporting our own internal requirements. We acquired that business for a small amount of money, which I don't think we published at the time, but it was under a million pounds. We made that a national operation because we needed national scale, we needed fitters, installers, and to be able to do that a national basis.

With all the changes in terms of attitudes towards taking EV, not taking EV dates and times, everything changed or moved around. We couldn't get to an optimum level of service there - it was dragging on results in terms of margins, in terms of absolute profitability. On the day of the results, Rachel called out, when we stand back from those two businesses now there's an add back of £7 million of value from FY 28 onwards.

It’s bringing that discipline to say what have we got to stop doing that’s not adding value to the equation.

Ross Hawley

I think that's a perfect way to lead into the simplification, that decision making and what the business has done and how to take the UK &I businesses on a bit. We announced it at the interims and said 'watch this space', and I think in the space has actually really achieved a lot.

Do you want to just talk maybe in the first instance about the simplifying of the brands and the customer journey and then Rachel, I'll come to you to think about the financial side of that.

Martin Ward

How we face off to the market's important to us since the merger in 2020 we did six acquisitions. We brought 6 different brands, additional brands into the equation. That's all well and good, but when you're talking to the market about the products and services that you have, we want to be joined up. Whilst we've absorbed the experience and the knowledge of all the brands that we operate with, we've now simply put that into two divisions. In the UK&I, we now operate under two brands, Northgate, Mobility, and FMG.

We've simplified how we face off into the market and make it easier for customers to interact back. We have one account manager that can go in and have a conversation about the products and services that we offer, as opposed to having lots of account managers go in and do that. That simplification has added clarity about what we can do and how we can do it.

Feedback from customers - early stages, but the feedback is very positive, and we can see where customers do take multiple products across the different brands, it's all joined up and it's also good for our colleagues.

This makes it simple for them to be able to say 'I can sell these products and services, I can see how it all works, and I can sell the vision and this is a simplified process'. It comes with benefits, but wasn't the primary driver for doing the simplification; it comes with financial benefits - that's over and above what the primary driver for the simplification is.

Ross Hawley

Great. And I'm going to do a quick shout out for the videos which are coming out with our Annual Report, but we're starting to use them within our social media channels as well. So we've done one on the National Highways; but also one on Blakedale – as was, but has moved through to Northgate Highways, and how that simplification has really helped them drive their business. So I hope people enjoy looking at those when they come out, and highlights that.

We have a question from Matt H:

"you continue to win major contracts such as highways, Tesco Insurance, etc. What do you think differentiates ZIGUP from competitors when bidding for these long-term contracts?"

Martin Ward

It's a good question - It's the integrated proposition of being able to join up those services and just make it easy for a customer to go through that journey. That adds value to the equation, when you're not working with multiple brands, multiple handoffs, multiple services, you can deliver best in class and join that up, you're creating value because you're removing some of the frictional costs, you're removing some of the delay.

By bringing it all together - that's a standout position in terms of being able to offer that into the market and fairly unique. Other businesses can put these pieces of the jigsaw together and use third parties to supply it all, but when you're doing that and you're controlling that delivery of that service as well, it gets back to us with the feedback that we get in terms of customer satisfaction; but as I said, it also brings commerciality to the table, so that gives us some leverage as well when we win.

Ross Hawley

Brilliant. I'm going to let you take a break.

Turning to Rachel and some of the key themes which investors have asked us to cover. Let's stick with the simplification, the slide which people have got up, has some interesting cost saving figures, we've talked a bit about what we thought we would be able to achieve. Do you want to just say where we are and the confidence going forward?

Rahcel Coulson

We shared at the interim's a view around where we thought the cost savings would be in terms of £10 million savings for this financial year coming and then into 20 million for FY 28.

And that would be annualised going forward and that's very much the focus around what Martin shared around how we're thinking about these savings so that they are sustainable savings.

We are doing things to ensure that we achieve those sustained savings going forward. We've done a lot of work, we've got much more confidence now in those numbers and so we've been able to reconfirm those. It's an ambitious plan, but we are well on the way to achieving that, and I think one of the things that Martin said last week, was about where we are in the supply chain savings and that over a third of those savings are now in the bag. Of course, we want to do better, we'll always look to over-deliver where we can, but we're focused right now on delivering that £20 million number.

Ross Hawley

When we've talked about this together, you emphasised to me it's conversations at a slightly higher level. We've done the simplification and now there is that strategic partner relationship - which we do with our own customers. Clearly we're doing that ourselves as well, and those benefits will come through.

Rachel Coulson

Yes of course, having that conversation in the way that Martin talked about how we're trying to talk to our customers – once - we're wanting to talk to our suppliers once, as one entity, and making sure that then we get the benefits of our scale in those conversations and that they get the benefits of having a bigger share of the pie. But we can also make sure that we're influencing their roadmaps and their processes that best suit us. And we've got a pipeline of conversations that are ongoing, but we're really pleased with how that's progressing.

Ross Hawley

Yeah, it's fantastic, and then a natural consequence has been re-segmentation.

The analysts were pleased that it was a relatively simple thing…we're still working through with them….but that re-segmentation simplifies things down. It requires a little bit of change to medium term guidance, but I think that's all bedding in. Do you want to talk about that?

Rachel Coulson

It's never easy changing reporting segments, but we've tried to aid that transition as much as we can. There's some information on our investor website that - Ross, thank you very much for helping to deliver - that to show how people should be thinking about old to new, and as we've given our go forward guidance, we've given that in the new segment.

Obviously UK&I as a whole doesn't change, it's how we are talking about the two pieces, and we've done our best to try and help to teach in in terms of how people should think about old to new.

Ross Hawley

Within that guidance there's a bit of an incremental lift to Spain where we're seeing it's still doing well, and then some real positives in the UK as well, isn't there?

Rachel Coulson

Looking at our medium term there's lot's to be positive about. We've said people should expect revenue growth, so mid-single digit; they should expect EBIT margin growth.

Both in Northgate Mobility and FMG, the margin ranges that we've set out for medium term are above where they are today. With Spain we improved the margin guidance there as we're seeing margin coming through on the basis of operational efficiencies that the teams are running and some of the things that we've talked - how they're thinking about delivering on their service to customers, so we've delivered a higher margin range there than we have previously, and we're saying that we are confident around the £200 million in FY 28 on steady-state cash.

Ross Hawley

Let's talk about cash! I said I've got a whole load of themes here on, on the financial side. This is one which actually investors really do care about. We 'indicated' a couple of years ago…you've come in, you said 'let's just see how it goes', at the interims, but now actually I think we're sounding 'very positive' on this.

Rachel Coulson

Yeah, I think we've seen a really clear inflexion point in the year that's a very clear signal about how steady state cash has evolved.

That's partly due to net replacement CapEx and that cycle that we had talked about, but also the EBITDA growth coming through - and that's given us the confidence now around £200 million for FY 28. Again, those two factors will play a part as we move through to that £ - probably more on EBITDA as we move forward than on net replacement CapEx, but absolutely we see now a clear path and clear line of sight to the £200 million.

Ross Hawley

Steady state cash as a concept matters to help people understand something quite simple. It's not trying to show free cash flow, it's not trying to show other things, we're not trying to do anything other than going in simple terms?

Rahcel Coulson

In simple terms it's the cash that the business generates after replacing the fleet at the same level. It's not trying to do anything more difficult than that, holding the fleet flat and the cash that then it generates that enables us to invest further in fleet growth; and the £130 million that Martin talked about to drive growth in the fleet after that point in time.

Ross Hawley

And with fleet growth? - just because people do ask about ROCE - when you're in a growth state, ROCE is impacted because of the nature of it.

Rachel Coulson

That's right, we're buying assets at a point in time, but we're getting returns for those assets over a period of years, and particularly in growth and accelerated growth, which is where we were in FY 26.

If you think about where we are with the fleet that Martin talked about, and particularly with Spain, then we will see that will have a short-term impact on ROCE, but we're looking at the returns of those assets over the period that we actually own those assets; so we're very focused on return on investment at the point that we're buying those assets.

Ross Hawley

Very clear and it makes a lot of sense. Martin, still slightly financial, but about the quality of earnings: Underlying growth - in terms of what we've thought about for next year - we've indicated on that, and the quality of earnings...it's 'disposal profits are coming down', and you've said many times, actually that's a good thing, because it's taking away some of the noise, but this year the offset is growth within the underlying business.

Martin Ward

Indeed, investors picked the mix of profits over the two years, as disposable profits have had a sort of a bigger impact, in terms of the overall results. Nothing we can do about that. We had assets that were of higher value and when we came to dispose of them we appreciated the value of return from that. But you're right, that's why we point to the underlying performance of the business, the underlying EBIT performance, because that's a true measure of the operating parts of the business in terms of what they're driving in terms of that progress, and double digit growth is very strong.

Disposal profits will be what they are, it's our job to get depreciation right so that when we come to sell the asset. It's supposed to be zero-loss, zero-profit, but as you know, there's always some change, it's the way it works. That element of our financials is moderating and we expect it to go in the direction of being a non-conversation.

But you're right, the quality of the underlying earnings is what is important and then talking about those earnings, you know, a lot of those earnings are on long-term contracts.

It's repeatable, when we sign up - whether it's a new insurer or a new partner - it's a 3 and 5 year contract. National Highways, as I said, was 10 years; they're long term sustainable quality earnings. It's not just a flexible rent, daily rental or something like that.

This is a point that we like to make, to ensure that our investors understand this element. When we do our budgets, when we do our forecasts, a lot of what we can put in is very sustainable because of the length of contracts and because of the things that we do over a long time.

Ross Hawley

I'm going pause for just one moment and do 'the usual', which is 'do please ask questions'. Matt has asked another one which I will come to in a moment.

I was going to spend the last 10 minutes talking about the theme about "why we win", but please do send some questions through.

In our results and in the Annual Report this year, the theme is about 'why we win', and is something when we've looked at what investors want to know more about, comes through. And, actually when we've all talked about 'customer service'....lots of companies talk about that, but it was so interesting having investors and analysts come around on a site visit and the feedback which we got from that .... I'm going to just ask you what was their takeaway.

Martin Ward

I think that they could have written your script, Ross! Genuinely, seeing the feedback from analysts, shareholders and other investors, they said when they came out on site and they actually interacted with our people and they saw the scale of what we do and then got into the detail around everything that that involves. Then multiply that by all the things that we do on a national and international basis, they suddenly realised the quality and the scale of this business.

And as you say, that 'right to win', when you're doing all the services that I've talked about that we've discussed. When you're doing that in the real world, it's meaningful, you know, and that's important, because I think the old world, it was very fragmented, very disjointed, lots of opportunity for things to fall over when multiple companies are involved, and I think that's the bit that we see as being very important to our delivery.

We get that feedback from customers, but yes, to bring it to life, to go out on site, to see these things in action, to see all the things that we do and how we do it, I think people realise actually - I think you call it the economic moat, but people realise actually there's a high barrier to entry to be able to replicate what we do.

Ross Hawley

Yes, and so when we think about ADIF, they were taking it from 24/25 of our Spanish branches, they couldn't have done it with anybody else with that kind of a service.

If we just go to the customer slide, on the video we had one of our larger UK rental companies have a video talking there about why actually coming to us, so that customer service, it does matter and it's part of the DNA isnt it, so the right to win comes from actually delivering.

Martin Ward

Absolutely; strangely enough, I was with the owner of that business, that we case studied, on Friday. And you know this business has grown exponentially, through acquisition. The fleet size is over 2,000 vehicles. And you know Peter was able to talk to me firsthand about why it's important to get that fleet right, and what we're doing and how that's supporting their position in the market.

You know this presentation of their vehicles, the consistency of that approach; they're winning national contracts on a landscape basis to do all the housing developments and so on, so it's important to them that they present as a joined up unified business even though they've done a number of acquisitions.

And the flexibility that we can offer them by being able to bring fleet on rapidly and support that scaled up growth, but equally, you know, if there's times when it's quieter, that you have that flexibility on the rental programme to bring fleet on and off. But that's a great story of how a business has put its capital to work, to develop its business and leavening the opex with companies like ourselves, to provide the mobility to keep them working 24/7.

Ross Hawley

Matt, thank you for your other question, which is "how much opportunity do you see the Northgate Mobility brand create for cross selling?"

Martin Ward

Well, actually that company is a good example because of our specialist vehicles and other stuff there, just that cross sell side.

Look, there's different parts of the model that cross sell well, you know, but if you strip it down in terms of activities, vehicles need to be recovered from the roadside following an accident. Vehicles need to be serviced, maintenance and repaired. You need replacement vehicles, you need to have contact centre capability to deal with things, you need fleet management and accident management assistance, so across the platform, we're providing these services and we are consolidating our own footprint, so we get scale of economies from our contact centre, from our branches and from our specialist capabilities.

Probably a better example is to talk about, you know, is the business that was known as Blakedale, now that's Northgate Highways. Blakedale was a family-owned business based up in Lancashire in Chorley, a single site operation trying to service as many of their customers as they could from that site. We've now scaled that across more of the Northgate Mobility branches, so therefore they can touch customers in the South, East, West, Midlands and provide that service a little bit more effortlessly. That will create opportunities, cross-sell opportunities not only for Northgate itself in its own, it's own brand - but also for, for the Northgate Highways.

So those are examples where you're using that scale, that consolidated scale to provide services as I say in a joined up way.

Ross Hawley

Yes, and the interesting thing with exactly with this was how, when you talk to the guys in the, in the business, they say, do you know that the strength of relationship which Blakedale had and which they've carried on actually is. That a number of big names which you would have thought would be natural customers of the other parts of Northgate, but for whatever reasons haven't really. Suddenly it's going, these are guys we trust, we know these, and that single account manager, that relationship can then actually travel across. So it's really, it's both ways, isn't it?

Martin Ward

Yeah, absolutely. And to Matt's question about Northgate Mobility, you know, we talk about our insurance replacement vehicles. You know, they are sighted with the Northgate Mobility fleet, so it's all one fleet that we present in the UK&I, so our ability to deliver to customers, we think about it as a lot of doorstep delivery that we do. So therefore you've got maybe 2 cars out, 2 drivers out doing lots of things, but the proximity of our branch network to support that means we can do it much more efficiently.

You know, pre-merger that was sort of a little bit more fragmented, and in its worst case I talk about having two drivers take 2 cars, 2 hours to deliver a car. Now we're sort of touching customers if you take away the Outer Hebrides, etc. we're touching customers a lot more frequently in in quicker time and that sort of adds efficiencies back into what we can deliver and we can share that with our partners.

Ross Hawley

So it's a broader question which I'm going to ask you, it's about capital allocation. on, on that, and I know both of you have answered this, so I'm going to kind of throw it into the middle it's, the thinking about that capital allocation over the medium term, how that works and what the potential for as that, as we go through that £200 million.

Rachel Coulson

So one of the things that we talked about last week is, as we start to see that £200 million coming through in line with our medium term guidance, is that that alongside we should see leverage reduce; however, it gives us optionality now to apply our capital allocation priorities and to think about where are the opportunities to deliver additional value for our shareholders over and above what we've set out for medium term guidance.

Our priorities are the same as they've been in terms of thinking about the organic investment, the dividend, M&A, and then returning sort of share buybacks to our investors. But now we'll be in a space where we can make some of those decisions at that point in time. But what I've tried to guide people towards, is that if you think about the guidance that we've set out, the leverage should reduce, and then we'll decide what we can do in terms of optionality, to see at that point in time.

Martin Ward

I mean our priority is to invest in our business. If you look at our cost of our debt, average cost of debt is 3.3%. You know, that's a great place to be and we're getting returns obviously well above that, so we should be investing capital to support that growth. But of course as the cash evolves and builds, that does give us that optionality; and the board is always mindful - we've got the policy, very clear on that, and Rachel set that out - but it does give us optionality in terms of what we do.

Ross Hawley

I've got one more theme to talk about; I'm also conscious of time as well, so, thank you both Matt and Eric, hopefully we've answered the questions which you put through - I think we did.

Technology transformation, no company should go through results without mentioning AI!!..., but we have a real reason for talking about that at the moment, don't we?

Rachel, do you want to just talk a bit about the Microsoft collaboration and where the potential is?

Rachel Coulson

Yeah, sure, so a couple of things I would call out is that we have been deploying a new platform into our contact centres that has AI within that - and functionality that has been making a difference to our customers and to our employees - in terms of how they, how they can be productive, but also how it can help to smooth the journey for our customers. And so we're continuing that journey of deploying different parts of technology into that space.

We also announced the collaboration and being a frontier firm with Microsoft around Co-pilot, so deploying over 3000 licences across the group. That is not us just saying we're deploying licences and 'everybody see what you can do with it'. We have a really clear programme, looking at specific use cases about how we drive again process efficiency. But also value for our customers in terms of how we think about using those licences.

And that is being done in conjunction with Microsoft and a joint partner so that we can make sure that as we move through the next few months we're really now into the deployment and execution space, we can drive value from that.

Ross Hawley

Martin, I've heard you be at pains to kind of go, certainly within the insurance claim journey, that there's times where technology shouldn't play a part - or rather voice and having somebody talking to you - really absolutely matters and we'll never move away from that.

Martin Ward

You're right, it's important. I mean we see that that's a core capability of great value; you know, I talk about the instances where you might be at the side of the road, you've had an accident - hopefully nobody's injured - but you're in a state of distress and yes you might have contacted your insurance company but you need to speak to somebody.

You need to be able - you don't want to speak to a chatbot that's going to take you around in a bit of a circle - to speak to somebody with that empathy that's required, reassure them things are going to be put back right and practical things - so I think that voice connection absolutely helps deliver the service - and that's why we get such good feedback as well from customers.

Not everything's at the side of the road, there are things that come into the contact centre that are post the first notification, if you like, and then a bit more administrative.

That's where technology absolutely can benefit you because you can self-administer elements of that, but the front end of needing to speak to somebody when something's happened - that's not part of your daily occurrence that you weren't expecting, didn't want it to happen. But now, you need that support and as I say, we've got that capability as one of our core strengths.

Ross Hawley

I think it's a fascinating business whereby in some parts, whether it's in the body shop or workshop, technology matters - but actually so does experience and the apprenticeship programme to teach people real human skills and technical skills. It will take a long time before those ever get supplanted - even with slightly more complex vehicles.

Martin Ward

Yes, and I might be misquoting somebody. I don't know if it was Larry Fink, I think of Blackrock - but anyway I heard a podcast where he talked about ‘don't send your son or daughters to the university to get sort of legal degrees and everything else. Think about electricians, think about plumbing’. It is very much that.

I mean, we won the King's Award for people innovation in terms of promoting opportunity. We have over 520 apprentices in the group - these are people that are paired off with, trained mentors to give them a formal programme of apprenticeship, and that's worked wonders because a lot of those skills that have come through our body shops and the industry more generally over many decades, was starting to get lost.

So by bringing in the apprenticeships and running the programme that we do, it's been fantastic. Seeing people on site - getting trained, formal qualifications and then getting a job at the end of it, that's the key thing and I was going to say ‘when I spoke to the King’, but I won't! That was the key thing about ‘how do you retain those people afterwards when you train them’, and over 90% of our apprenticeships stay within the group, so they're actually applying their skills and getting paid a decent wage for doing that.

We took around some people - shareholders and analysts and we gave them a go at plastic welding and some of the other things on a site visit. It's not easy to do - and actually there's a real skill to that - and to do that consistently at the kind of productivity levels as well. I mean it's not talking technology for technology's sake, but it demonstrates actually that when you're running a scaled body shop facility, you need to deploy the latest techniques.

But you need to have the latest techniques, it plays to how efficiently you are repairing vehicles, how it affects your ESG credentials in terms of being able to repair rather than replace, and also getting good outcomes commercially, as well in terms of doing the right thing.

So quality is at the essence of what we do, and using the latest techniques from the accredited organisations that we link into, to make sure that we are up to date with that, and putting all the modern technology into our body shops and our workshops to support our technicians do that job. And that's very credible when you come on site and you see that in action - I think that's the feedback we were getting when we did that.

Ross Hawley

Totally; I will just say again - economic moat - clearly and the productivity and productive growth comes from that. But I sort of feel we're there, we've done all the questions and I found it a really interesting conversation, so thank you very much Martin; thank you Rachel.

I hope everybody found that interesting. you are always welcome to fire in some questions offline, etc. but I think with that, I'm going to hand back to the Investor Meet team to close the call.

Thank you.