ZIGUP plc

Full Year Results 2026

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Analyst Presentation Transcript

Martin Ward: CEO
Rachel Coulson: CFO

Martin Ward: Good morning, ladies and gentlemen. Welcome to the Zigup plc Financial Results for 2026. We've got something different for you this morning. Normally you would be used to me and Rachel, on her first set of full results presenting to you live. We prepared something earlier and we're going to show you the presentation of the results so we can get all the messages across very clearly. This is to enable a wider audience to actually see management present the results for this year.

The presentation will be about 17- 18 minutes. After that, we'll then go into Q&A and we'll take questions from the floor. We're also on the webcast, so we'll be taking questions as well from any analysts that are online today.

I will leave you with the presentation. Thank you.

The following section is the video transcript which can be viewed on our website.

Martin Ward: Rachel and I are pleased to welcome you to our 2026 full year results presentation. This was a year of strong operational and financial progress. Revenue and closing fleet on rent. Both grew by over 5% and EBIT before disposal profits increased by just under 10%, reflecting both operational gearing and mix across the business.

The progress was broad based. Spain was again the standard performer with our differentiated, service led offer supported by a growing rental market and a strong economy. Rental revenue was up 16%, with further fleet growth to support customer demand in the UK and Ireland. Both divisions built good momentum with new and existing customers. Rental expanded its product range and specialist vehicle network, with growth in the second half of the year of over 600 vehicles.

Claims and services. One new clients, including Howden Insurance and expanded or extended relationships with partners including QBE, Admiral and Direct Line. Cash generation was better than expected, given us confidence to invest further in our growth opportunities and we expect steady, stay cash to continue to grow from here.

We also made significant progress on the UK and Ireland simplification announced at the interims. The program is on track and benefits are already coming through, with automotive supply markets. Normalizing 26 gives us a stronger baseline for sustainable financial and operational growth. This is the foundation of our performance.

Alongside the growth, we invested in our infrastructure in Spain to increase capacity and opened a new bodyshop in Cardiff to expand our repair output. Technology is also enhanced in how we serve customers, with upgraded contact center capability and deeper digital integration into customer systems.

Our simplification program is the next step in our operating model evolution. It gives customers a clearer route into our products and services, while allowing us to put our infrastructure to use more effectively across the businesses.

A major part of this is consolidating our supply chain and building strategic partnerships that deliver greater value and service. This is already creating economies of scale, cost savings, and a simpler way of working.

Our engagement has centered around using a range of levers, from simplifying processes and consolidating our supply chain to competitive tenders for some larger long term contracts. Together, these have already locked in a third of our targeted savings from our supply chain alone.

We are on track to deliver the £20 million run rate target we set for FY 28, with £10 million of savings expected this year. Simplification also means disciplined decisions, particularly where market outlooks change. And to this end, we exited two non-core markets where we do not see sustainable or profitable growth. And this reflects our capital allocation discipline. Only investing where we see strong margins and attractive returns.

I will now hand over to Rachel for the financial review.

Rachel Coulson: Thank you Martin. Hello everyone. As Martin said, this has been a year of good momentum across the business, and I'll share how that comes through in the numbers and why we see this as an important step forward in terms of delivery, starting with the headline numbers.

Overall, I would describe this as a strong set of results underpinned by good trading across the group. Revenue rose to £1.86 billion and underlying revenue, excluding vehicle sales, was up 5.2%. Underlying EBIT, excluding disposal profits, grew 9.7% to £164 million, reflecting strength in the core rental businesses and continued progress in claims and services.

One of the key points is steady state cash, which increased by £79 million to £96 million, reflecting both earnings growth and continuing normalisation of fleet replacement. We've proposed a full year dividend of 27 pence per share, representing growth of 2.3% year on year. This is consistent with the increased delivered in the prior year, and reflects our progressive approach to shareholder returns.

Turning to revenue performance, what I think is important to note here is the growth in the underlying business and across all three segments, UK and I, rental revenue increased by 5.2%, driven by pricing and mix and a disciplined focus on higher margin channels. Spain delivered outstanding growth of over 16%, supported by both the strength of the proposition and market conditions.

Claims and services grew modestly as expected, supported by new contract wins, renewals and organic growth. Vehicle sales declined as expected as the replacement cycle normalises. Growth is being driven by our core activity scaling and from this, laying the next foundation level for continued and consistent growth to come.

Having looked at revenue, let's take a moment to look at margin. Excluding disposals, we continue to see margin expansion reflecting strong operational discipline and cost control. Rental profit increased by £14 million, with UK&I margin improvement to 16%, while Spain remains strong at 19.3%.

Claims and services. Overall margin of 4.6% accelerated through H2 as expected. This reflects the hard work undertaken to drive efficiency in the cost base and focus earnings on the right quality of business. Furthermore, we've also made good operational progress on the UK and I simplification program and has previously guided. We expect to see the benefit of our actions in the financials from the start of the current year.

Underlying PBT. At £160 million was at the top of expectations, while lower than the prior year. This was due to the continuing normalisation of disposal profits, along with financing costs linked to fleet growth. Statutory profit before tax reflects £26 million of impairments related to our non-core businesses in NewLaw and Charged EV as we accelerate our exit. We also took £1 million of restructuring costs below the line. The benefit from these exits, I would estimate at circa £7 million per annum in profit improvement from FY 28, and that's already reflected in our guidance on UK and I margins.

I'm pleased that our full year figures firmly evidence that we have passed the inflection point in steady state cash, which is clearly now on an upward trajectory. It's worth emphasising that EBITDA rose to £503 million and, combined with lower net replacement Capex, delivered steady state cash of £96 million growth Capex increased to £132 million. Supporting expansion, particularly in Spain. We're leaning into a great market position and attractive conditions. The key takeaway as the business is now generating increasing cash while continuing to invest for growth, a strong combination.

Our balance sheet and financing arrangements remain well positioned, helping to deliver both performance and increasing scale. We continue to invest to drive sustainable growth by expanding and refreshing the fleet. Fleet assets increased to £1.76 billion, up over £250 million. These assets are income generating liquid and accessible if required. Net debt was just under £1 billion, with the increase also reflecting investment in the fleet.

We've maintained our disciplined approach to leverage and at 1.9 times kept within the range previously outlined. We also retain substantial headroom, and the high proportion of fixed rate debt means our borrowing costs are stable at 3.3%. The maturity profile of our facilities remains long dated, with an average maturity in the 2030s and with no principal facilities due in the next financial year.

Our return on capital employed this year reflects a combination of deliberate actions and known factors. Underlying performance drove an improvement by around half a percentage point. Demonstrating continued operational discipline and better returns from the core business. This was offset by the normalization of disposal profits and increased fleet investment.

But the fleet investments made are to support future growth and with the confidence of that growth, generating attractive returns.

Taken together, this positions the business well with a stronger underlying return profile as those investments mature. Importantly, we remain focused on ensuring returns are sustainably well above our cost of capital. With a disciplined approach to capital allocation and a rigorous assessment of returns on each investment.

Turning to guidance for FY 27 and beyond. This is provided reflecting the new reporting segments for the UK and I. In the medium term, you can expect underlying sales growth of mid-single digit focused margin improvement and increasing steady state cash.

Our view on Spanish rental margin of 18.5 to 20.5% has improved from previous guidance, reflecting current delivery and further opportunities for operating leverage whilst continuing to invest to support growth. We expect Northgate Mobility to grow its Ebit margin in the range of 11 to 13%, and we expect the FMG businesses to grow EBIT margin to more than 5%.

These ranges reflect the benefit of the £20 million savings from the simplification program and from the planned accelerated exits from new law and charge TV.

Given the performance on steady state cash, I remain confident in the delivery of the 200 million pounds in FY 28, and from this we would expect in the medium term to have greater optionality on how to deploy capital. Alongside current guidance, leverage should fall in the medium term. However, we'll continue to evaluate opportunities to allocate capital to deliver further attractive returns for FY27.

We expect disposal profits will continue to moderate, but should be more than offset by underlying trading and cost control. And as a result, we are positive on our outlook, which is consistent with market expectations for profit growth for the year.

ZIGUP has been a fabulous business to join and at an important moment in its strategic journey. I'm looking forward to my first full financial year here, continuing to support sustainable growth and the progress I know we will make as the simplification program continues at pace.

Martin Ward: Thank you Rachel. I want to turn now to why customers choose us, or simply put, why we win and how that strengthens our competitive position. Our strategy is to use our scale, network and integrated service platform to deliver a differentiated customer experience.

This year, that strategy became even clearer through our simplified operating model. Larger customers want partners who can support them seamlessly across their own footprint, with the scale and expertise to meet their ambitions in rental. That means nationwide coverage, facilities in the right locations, and dependable expert support that keeps customers moving. As well as doing more of what works well.

This includes our mobile service capability, which adds responsiveness, convenience and reduce downtime.

Another good example is the contract for over 800 vehicles with ADIF, the national rail maintenance operator in Spain. We delivered most of these vehicles this year, supported through our 25 Northgate depots nationwide in accident management.

Our national UK reach enables us to deliver an integrated service for insurers, brokers, lease and automotive companies to be delivered consistently and to the same high standards.

In March, we were delighted to secure an extension to our National Highways contract for up to a further ten years. We have supported their statutory recovery on the strategic road network since 2008, and managing the response to over 22,000 recoveries a year. This contract reflects the strength of our capability, and our secure roadside Control Center also provides the scale to support police forces, insurers and out-of-hours roadside recovery.

Scale is one reason we win. Market positioning is another. We operate in large markets with solid growth. Foundations focus on opportunities that are sustainable and profitable, and lean into structural trends such as greater outsourcing.

Flexible rental penetration is growing, particularly in Spain, as more companies move from ownership to user tip, which allows them to focus capital investing in their business, not in purchasing fleet.

We are also building insight-led services. As vehicles become more connected and fleet operations become more complex, and we continue to invest in our people, so we have the skills and expertise to support the future.

With an award winning apprenticeship program and over 520 apprentices across the group, we are building our future skills base and technical leadership, built on service and product breadth and skilled delivery.

We are well positioned for sustainable future growth and customers chooses because we deliver consistent quality and that scale. They value our expertise, our trusted advice and the relationships we build at every level, from account management to branch operations. And this year, our NPS increased by a further two points, maintaining an excellent rating.

Trustpilot gives us immediate feedback from customers across workshop delivery and service interactions, and our UK and Ireland rental. Trustpilot score is 4.9 out of five, with 96% of thousands of reviews rated at five star.

For us, customer service delivery means responsiveness when issues arise. Proactive advice to maximize fleet uptime and sensitive handling of insurance claims. All these attributes are central to why we win, retain, and grow customer relationships.

So let's hear from one of our larger fleet customers, who has doubled their rental fleet with us from 400 vehicles over two years to over 800 today.

Video insert: interview with Asim Iqbal, Head of Fleet & Assets, Nurture Group

Asim Iqbal We've been the customer with Northgate since 2018. We've really developed our relationship with the stakeholders within our business as well as Northgate. I mean, what we really enjoy is the confidence, the support that's available nationwide.

We're a national company. So you guys having the locations, the right locations where our drivers can get in and out of for servicing is critical as well as your mobile clinics now, which Northgate integration and obviously your capability as having the Northgate highways having that to cover like ARB (arborealist) vehicles and the new trucks from you.

And also that we've been Northgate being open to listen to us what we want and implement that.

So there's been a lot of work that has gone in the background to make things work, how they are today.

Martin Ward: Our annual report includes more examples of this customer focus in action.

We have also invested to increase capacity and productivity in Spain. Our new purpose designed central delivery hubs have eased branch logistics by managing the delivery of over 19,000 new vehicles to customers this year across the group. We also invested in the latest workshop and body shop equipment to further improve repair productivity and capture more of the repair value chain.

New technologies are helping us become more efficient and more responsive. Data volumes are growing rapidly as vehicles become more connected and claims processing becomes more automated. Used well and in combination with this data, AI can improve our contact center operations and support functions. That is one reason why we have launched a collaboration with Microsoft as one of their frontier firms, applying AI where we can make a meaningful difference.

In conclusion, we are confident in our strategy, our business model, and our market positioning. We are well placed in attractive markets and segments, and our diversified, integrated approach to delivery means we are more resilient to economic volatility.

There is strong momentum in our rental business and the simplification of the customer journey, which will open up more growth opportunities.

We can also see an excellent pipeline across repair and recovery, as well as growing organically with insurance partners who have been with us for many years. This is because our right to win is earned by delivering consistently for customers, and that delivery is central to our customer proposition and our growth plans.

All this gives us confidence, both to be able to achieve good levels of revenue growth this year, and to deliver profit and steady state cash expectations.

Thank you.

Q&A live in the room

Martin Ward: I think you've got the clear message here about strong financial and operational growth in the business and a solid platform for continued delivery. I think the cash was a standout point for us in terms of steady state cash. We're investing in the growth for the business and generating steady state cash, which is fantastic. Spain is another standout performance, I said it at the half year. That business is growing demonstrably and we see that continuing as market for usership continues to expand.

So overall, there's a very strong set of results that we should be pleased with, and we are pleased with them. On that note, I'm going to open the floor to questions from people in the room to begin with, and any questions that come through the webcast as well.

I saw David's hand go up first.

David Brockton: Thank you. Two question areas please. The first one on Spain, it is clearly very encouraging that you've moved the guidance on. I am just keen to understand what's changed there because previously we expected some moderation from the later levels and what could take the business towards the upper end of that guidance range? Also, what you need to see happening in that market to look at.

Then the second one, just in terms of the closures of Charged EV and NewLaw, firstly, I'd just be keen to understand a bit more context around Charged EV because that's been a more recent area for the business. So, why your position on that has changed? Secondly, in terms of NewLaw, does this de-risk residual collections from that business and residual caseload or could there be some sort of deferred from that? Thank you.

Martin Ward: I'll pick up the question on NewLaw and ChargedEV and Rachel will pick up the margins in Spain. I'll start with NewLaw. We indicated that NewLaw wasn't core to our go forward and this is an accelerated closure of the business rather than a longer-term runoff. It does de-risk the collections element of the residual.

Clearly when you're running off a business, there's a lot of factors to take into account in terms of retention, best client interest and getting all of that right with the regulators as well. The accelerated runoff just de-risks that for us. It brings a closure to what we're doing, and we can draw a line under it.

Charged EV is slightly different. The legislation or the regulation around charging vehicles and electric vehicles and mandates has been changing. It's been flipped up in the market. We geared up that business to be a national installer of charging points and that volume hasn't really come through in the way that we'd like to see.

It's been up and down. We can't make sustainable, profitable returns in the medium term from this business and I think we're very disciplined on capital allocation and we took the view that we don't need to own that business to get what we want, we can partner and get that sort of charging infrastructure.

It doesn't change our core offering, we'll still be helping our customers transition into electric vehicles where that's appropriate and we can partner and we will partner with somebody to do that, but we don't need to own that asset and carry the capital losses that go with that. We took a discipline decision there to close that.

Rachel Coulson: Thanks David. On Spain, you're right. The margins have improved since previous guidance, we're really pleased with how that business has performed. That is primarily around the fantastic effort from the Spanish team in terms of balancing the investments that we've been making there with operational efficiency and ensuring that we continue to service our customers in the right way but obviously have the right focus on the cost base.

As we look forward, there is an opportunity for us in terms of thinking about operating leverage as the business grows. But again, bearing in mind the right balance and thinking about the investments that we need to make to ensure that we are supporting our customers in the way that they would expect. We do foresee that if the business continues to grow, there is an opportunity there around getting some operating leverage.

Andrew Nussey: Two questions from me please. First of all, just following up on David's point on ChargedEV. The adjusting items seem large, did you look to sell the business to avoid those costs? And if I caught your presentation correctly, Rachel, if we take NewLaw and Charged EV, there's effectively a £7 million profit benefit in FY28 versus FY26.

The third question, on return on capital, can you give us a feel under the new reporting structure of what capital is going to sit in FMG? Clearly, it's a lower margin business with the aspiration to move to above 5%, but what level of return on capital should we be thinking there and is there an overall target for Group return on capital?

Martin Ward: I'll pick up question one and the other two are directed for Rachel. We looked at all options for ChargedEV in terms of how we could maximise the asset, the returns to us, the continuity of our colleagues, etc. If you stand back and look at the whole market for charging, there's quite a few businesses that actually went into administration in that space, it's been a very mixed environment. The ecosystem out there has not been supporting charging infrastructure at scale. So yes, we looked at the options and we've come up with the best option that suits our returns.

Rachel Coulson: Yes, you're right. What I said in my comments on the video, is that from FY28 and included in the guidance that we've given, is a £7 million profit benefit as a result of the exits from NewLaw and ChargedEV. In terms of the return on capital employed questions, FMG in terms of its new reporting segment is a very capital light segment. It's a services segment primarily and it does have a better return on capital employed than the rest of the Group. But as you said, our focus primarily for that segment is on margin and profit improvement in line with the guidance that we've given today.

We do have internal thresholds in terms of the returns that we would expect from the investments that we make and we're very diligent in terms of how we apply those, but I'm not going to share an overall target on that today.

Andy Smith: Just a wider question, from the LCV market share you have. The market share of LCVs in Spain, I think it's about 12% of the market vehicles on the road and UK is about 5%. What would you say is your market share and how can it grow and how fast can that grow? You're taking advantage of this shift from ownership to rental but what is the size of the overall market place?

Martin Ward: I think we give some detail in the presentations around size of the market and total market opportunity but in terms of what our guidance is on that, we talk about single digit growth in revenue. Spain is growing at a much faster pace than the UK&I, but we are focused on profitable growth.

We've said before, when you look back just at what was the Northgate business where you talk about LCVs, VOH is not a pure indicator of value because you can grow, but it might not be profitable. We're combining the return on investment, good levels of growth in sustainable markets that we see as being something that we want to be involved in. We've given some indications there in terms of what our outlook is for the medium term and we are leaning into that growth as I say on a very profitable basis.

I think the answer is wrapped up in terms of where our guidance is and we see that continuing, we see that continuing because of that move to usership from ownership. That's the structural trend that is supported and you saw one reference in the video there from the Nurture Group. A company that is acquiring, it's doing M&A in the market, but as a company that's moved from an ownership model into a usership model. You saw the testimony there about why that was important, about having that availability to use our branches and workshops to keep their fleet mobile.

Fleets do understand that there's a difference with a rental proposition to an ownership proposition and the benefits that are coming through for those customers is pretty evident.

Anddy Smith: Okay, and then the dividend went up by about 2%. Seems a bit mean, could that have been a bit more?

Martin Ward: Can't win on this one, can you!!? If we pay more, we're over distributing. If we don't pay enough, it's not enough. It's about a sustainable progressive dividend. We are looking through where cash generation is, how the business is performing. It's an increase, it's progressive. It's a strong dividend. It's a good yield in terms of where we're at. The board is very comfortable with it.

We've got a mix of shareholders on the register, some income funds, some growth funds, some hybrid funds. So, I think the dividend is in the right place. I think we've been very clear on our dividend position and I think that what we declare today is a good step up.

James Rose: In the video you talked to deeper digital integration into customer systems. Could you expand on that a little bit more? The second part is what does technology rollout look like within the rental business? What's your plan there? Then thirdly, your call centre or fleet management operations, what stage are you at with regards to AI piloting or AI deployment?

Martin Ward: When we talk about deeper digital integration, I mean where we're hooking in with our customer systems, where we're providing either portals or interactions with our customers. We're sharing data, we're sharing the same sort of input platforms. Therefore, there’s a seamless transaction that enables us to work, particularly with insurers and our brokers, for example. We cut out a lot of manual input and re-sharing data. It's all on one platform. You can see live where the customer status is, for example, on a repair and the more we get to share that data with our partners and they share with us, then it makes it easier for us to use AI…

For example, if 60% of the calls come into a contact centre they could be asking about an existing claim in a process that's in a repair where somebody's got a replacement to hire vehicle and all they want to know is when do we expect the vehicle to complete on the repair? Now, when you've got all that data in your system and you are digitised, that can be automated, you don't need to wait, once you have validated yourself through the contact centre and that's part of your second question. We're using context and the technology to be able to do self-validation as well.

So, you're not having to wait to speak to an operator to go through all of that. Then you've got your own ability to self-serve and get some of those answers. That takes away something where you just want a very quick answer without having to wait to speak to somebody if there indeed is a wait. That's where we see ourselves developing further with that data piece and that integration, and we can see that rolling out across a wider customer base.

Rachel Coulson: On the technology rollout in rental, we've got a programme of activities that we're underway in rental, both in terms of supporting the operations in terms of how our customers interact with us, but also some of our staff who are more mobile and how they can then interact with the branch and with central operations. That programme is underway in a number of phases.

As Martin said, on the call centre piece, we've rolled out a new telephony platform that's been fully rolled out in insurance services and it's being rolled out to the rest of the Group and we're seeing benefits from that both in terms of the productivity of our call centre agents, but also what it means for our customers, and of course we are looking at other things that we can do there, particularly as we think about Copilot and our work with Microsoft and some of the use cases and how that can bring additional benefits into that environment. We'd certainly love to share a bit more about how some of that's going at the Interims.

Richard Hill: I've got a couple of questions. The first one, just looking at the steady state cashflow for the year, obviously a good year on year improvement, but if you look first half to second half, it's actually just a touch underneath. Just in terms of the profile of that going forward, was there anything in there, seasonality or anything that you're expecting it to come back in the first half a bit stronger or just that profile to get to that 200 million target?

Rachel Coulson: There's nothing that I would call out materially in terms of the profile about how we would expect to roll through to the £200 million.

Richard Hill: Okay, it's more of a linear then increase?

Rachel Coulson: Yes. The second question, you've really touched on in terms of that £7million profit improvement in the savings, but looking at it from a cash cost or exceptionals basis, are you expecting a similar level to last year or how do you see that over the next year or two to achieve those savings?

Rachel Coulson: I'm not expecting anything for the current year and on a go forward basis, I'm not expecting anything significant. We've taken a very critical eye in terms of those businesses in terms of how we've evaluated that for FY26 and I wouldn't expect anything significant going forward.

Richard Hill: Thanks and the final one, just looking at UK&I in particular, and you already touched on that maybe VOH isn't the best kind of metric for capturing everything, but your average for the year was down slightly one and a half percent, but then closing was up 3 and a half percent. I know you talked a little bit about things like local brokers, but could you go a little bit more detail about how that has worked through the year and what you are expect going forward.

Martin Ward: We've had a stronger second half, as you said, the closing was up against the average. What we said at the interims and before that is that we have focused on profitable vehicle hire. Making sure that we're leaning into the right segments where there's higher margin, sustainable growth. We're very well organised with facing into the market in terms of where we want to penetrate, we've had success in that, we have seen that sort of growth coming through and that gives us the confidence that we've set about underpinning the next financial year.

In Spain, it's been a continuation story in terms of that growth of the fleet. So overall the trajectory is up. You're right, and I keep pointing out VOH in itself should not be the indicator. It should be the underlying profitability and the returns on those investments but we are in a strong position and we're seeing the market being particularly strong to support that.

Andy Smith The £20 million saving under the simplification, have you been able to allocate that or give guidance? Has that allocated between the divisions going forward? Or is that still just a number at the moment?

Rachel Coulson: In the margin guidance that we've given, Andy, that saving has been allocated between FMG and Mobility. Obviously, we're still partway through the programme so where things finally land might change but based on the plans that we have in place and how we've executed those, then the margin currency includes those in both the places where we'd expect the savings to land.

Martin Ward: I'm told that we've covered all the sort of questions that are out there. Unless there's anything more from the floor, we will close.

Thank you for your time this morning and looking at the presentation and going through this.

I reiterate the solid performance. We're very confident about the business, I think it's been a strong delivery. So more of the same!