

NORTHGATE plc

Preliminary Results
June 2012



Agenda

- Group summary Bob Mackenzie
- Operational review
 - UK Bob Contreras
 - Spain Fernando Cogollo
- Financial performance Chris Muir
- Outlook Bob Contreras

Bob Mackenzie

Chairman



Group summary

- Financial performance
- UK operations
- Spain operations
- Dividend policy



Bob Contreras
Chief Executive



UK Operational Highlights

- Restructuring of UK business
- Underlying hire rate increase of over 4%
- On hire reduction of 14%
- Utilisation at 89% average
- Used vehicle residual market remains strong
- Fleet management wins
- Improved ROCE from 15.3% to 16.5%

UK Priorities

Business focused on growth in the medium term following restructuring

Commercial

- Investments in sales people and commercial initiatives
- Training / marketing etc.

Network Footprint

- Geographic gaps mostly in south of England

Fleet Management

- Recent wins
- Secures rental and binds customer to Northgate
- Leverage our value chain

Retail Sales

- Largest retailer of UK used LCVs
- <1% of 650,000 LCV transactions
- Expansion of our retail offering

Fernando Cogollos

Managing Director – Northgate Spain



Spain Operational Highlights

- Utilisation at 90% average
- Stable hire rates
- Used vehicle residuals improved
- Improved debtor management
- On hire reduction of 14%
- Improved ROCE from 9.0% to 9.9%

Spain Priorities

Commercial

- Resource increase by 20%
- SME market

Operations

- Damage cost reduction and recovery
- Workshop improvements

Retail Sales

- Van Monster penetration from 4% to 11%

Cash flow generation

- Asset optimisation
- Debtor management

Chris Muir

Group Finance Director



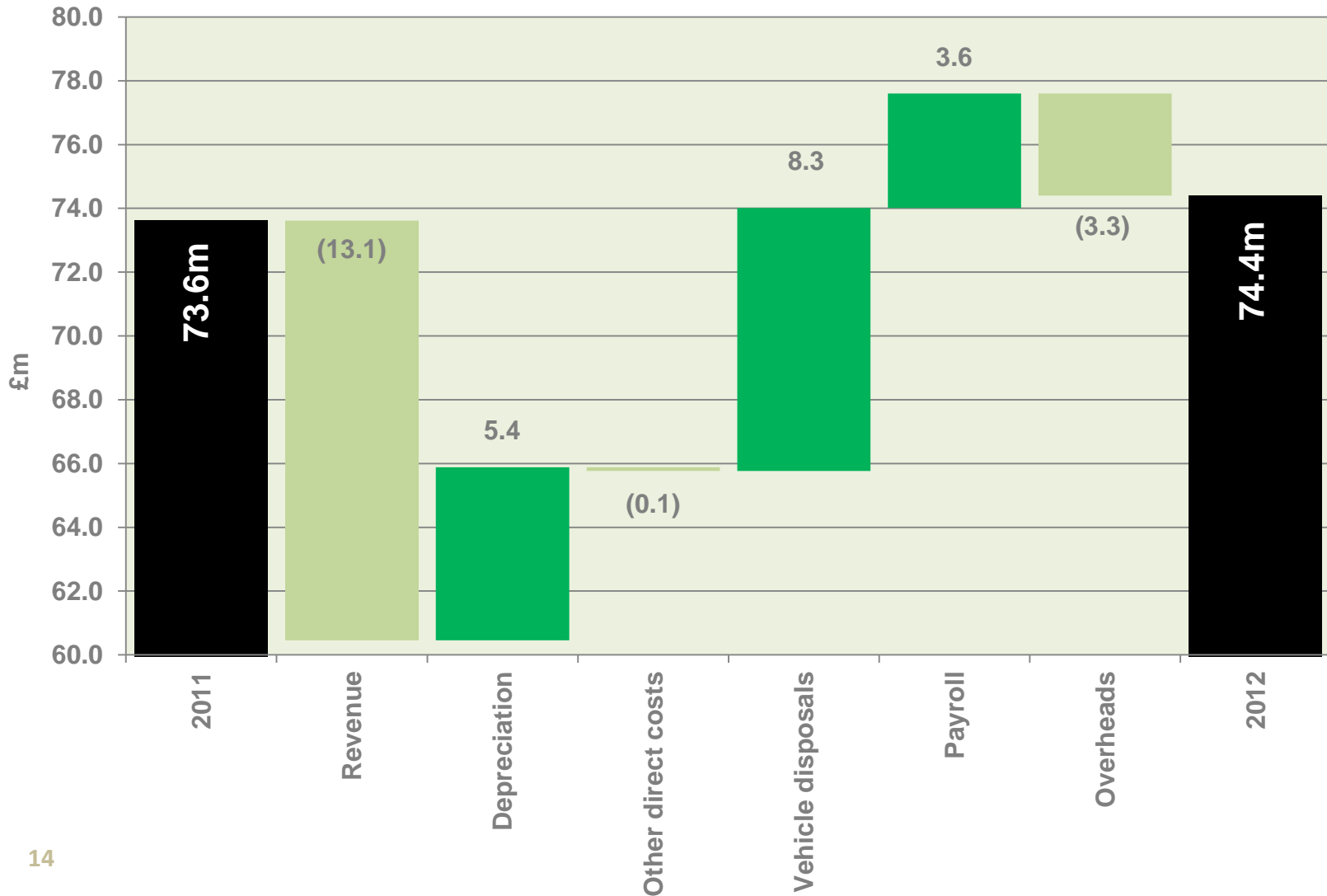
Group Financial Summary

	2012	2011	2010
PBT	£59.7m	£53.8m	£36.5m
EPS	31.5p	29.0p	26.8p
Net tangible assets per share	£2.65	£2.44	£2.11
Net Debt	£371m	£530m	£598m
Gearing	105%	163%	213%
ROCE	13.1%	11.9%	8.4%
Dividend (cover)	3.0p (10x)	-	-

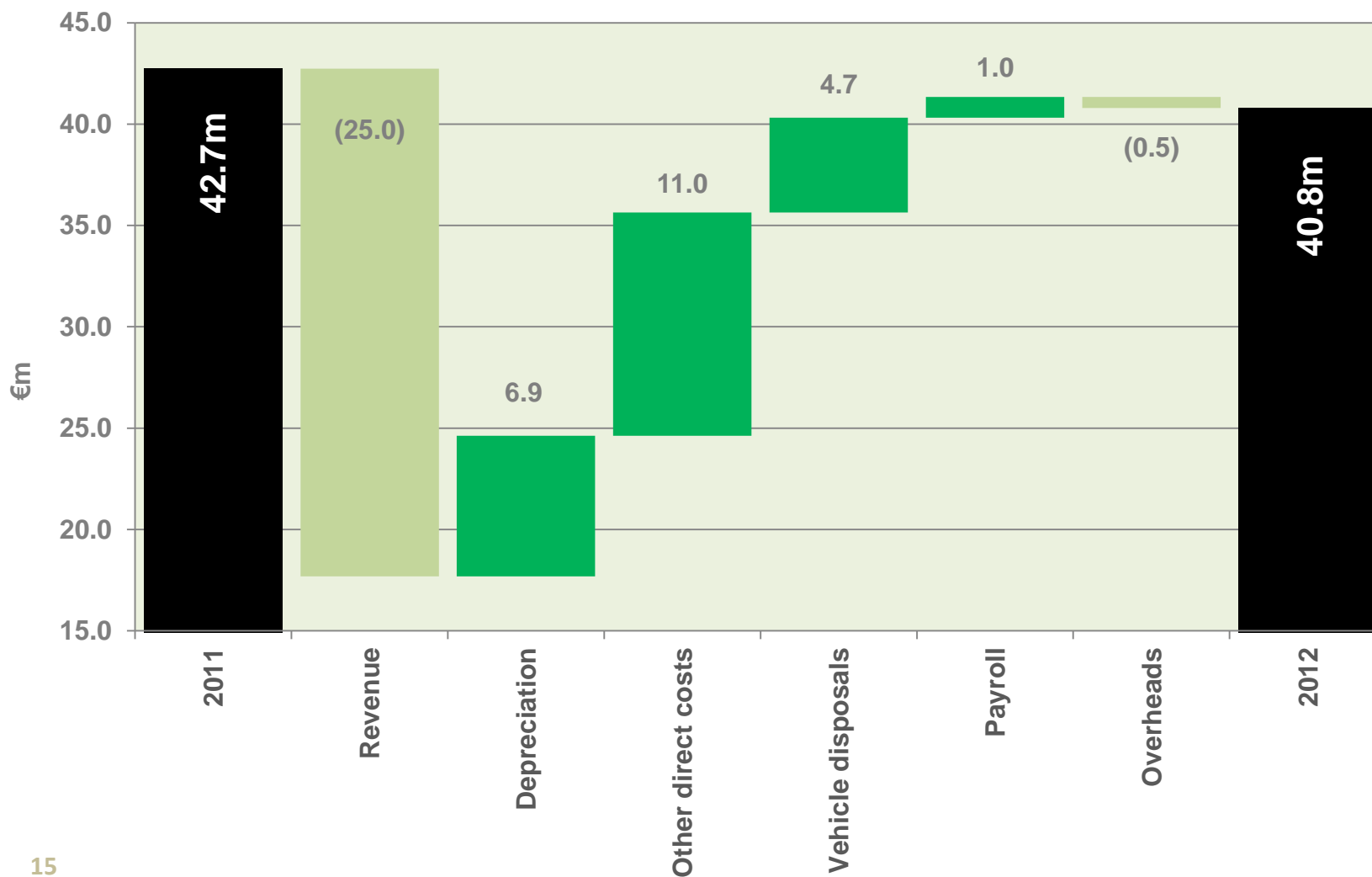
Operating profit reconciliation

£m	UK	Spain	Head Office	Total
2011 Operating profit	73.6	36.6	(4.6)	105.6
2012 Operating profit	74.4	35.0	(4.2)	105.2
Variance	0.8	(1.6)	0.4	(0.4)
<i>Variances:</i>				
- Disposal values	8.3	4.0	-	12.3
- Other	(7.5)	(5.6)	0.4	(12.7)

UK operating profit



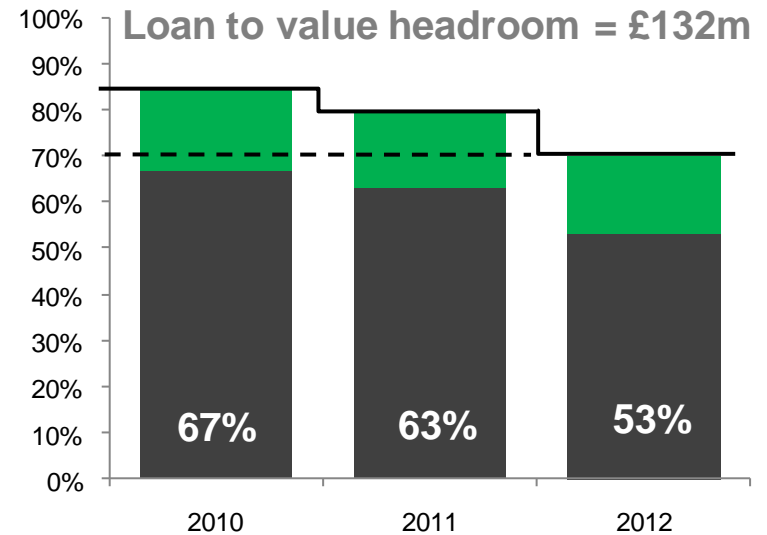
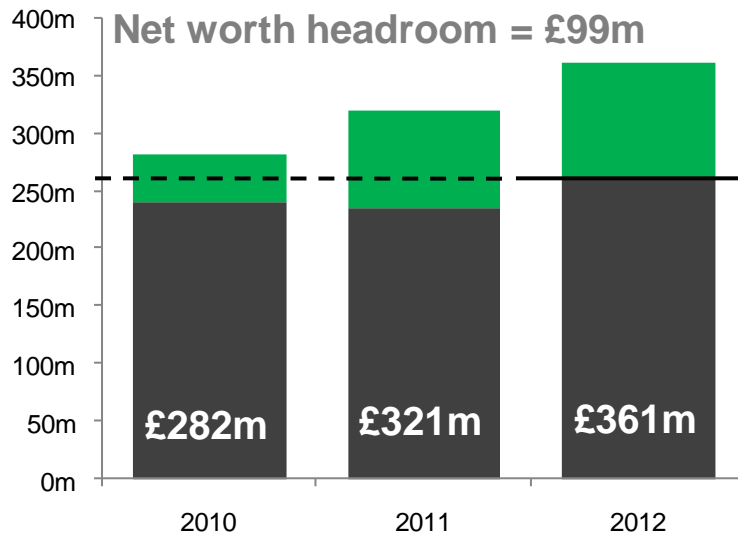
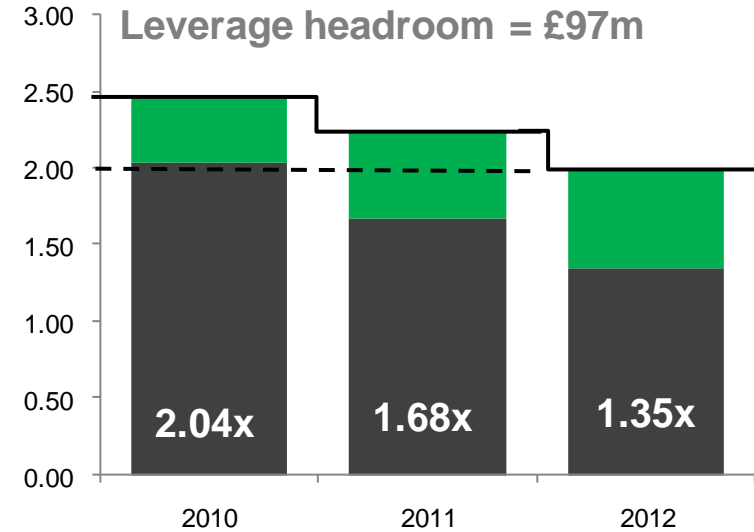
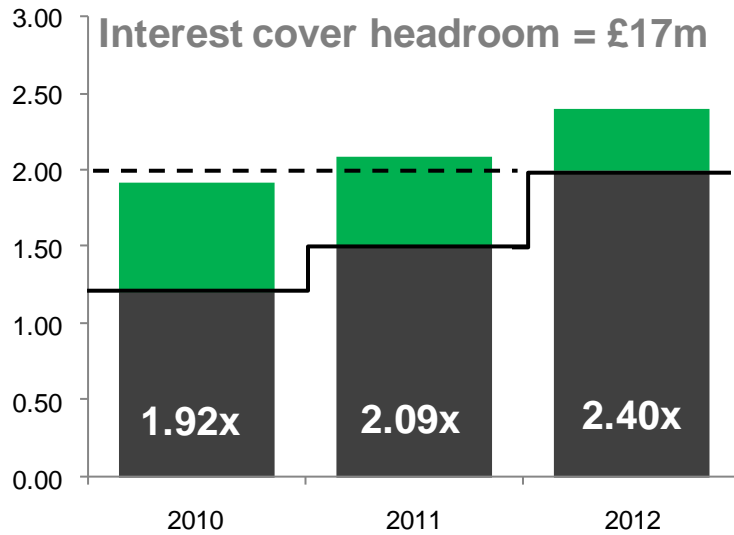
Spain operating profit



Cash flow and net debt

	£m	
		Net debt
Opening net debt 1 May 2011	529.9	2012: £371m
Cash flow	(135.5)	2011: £530m
Non-cash movements	6.8	2010: £598m
Exchange movements	(29.9)	
	371.3	Gearing
Closing net debt 30 April 2012		2012: 105%
Facilities headroom	275.7	2011: 163%
		2010: 213%

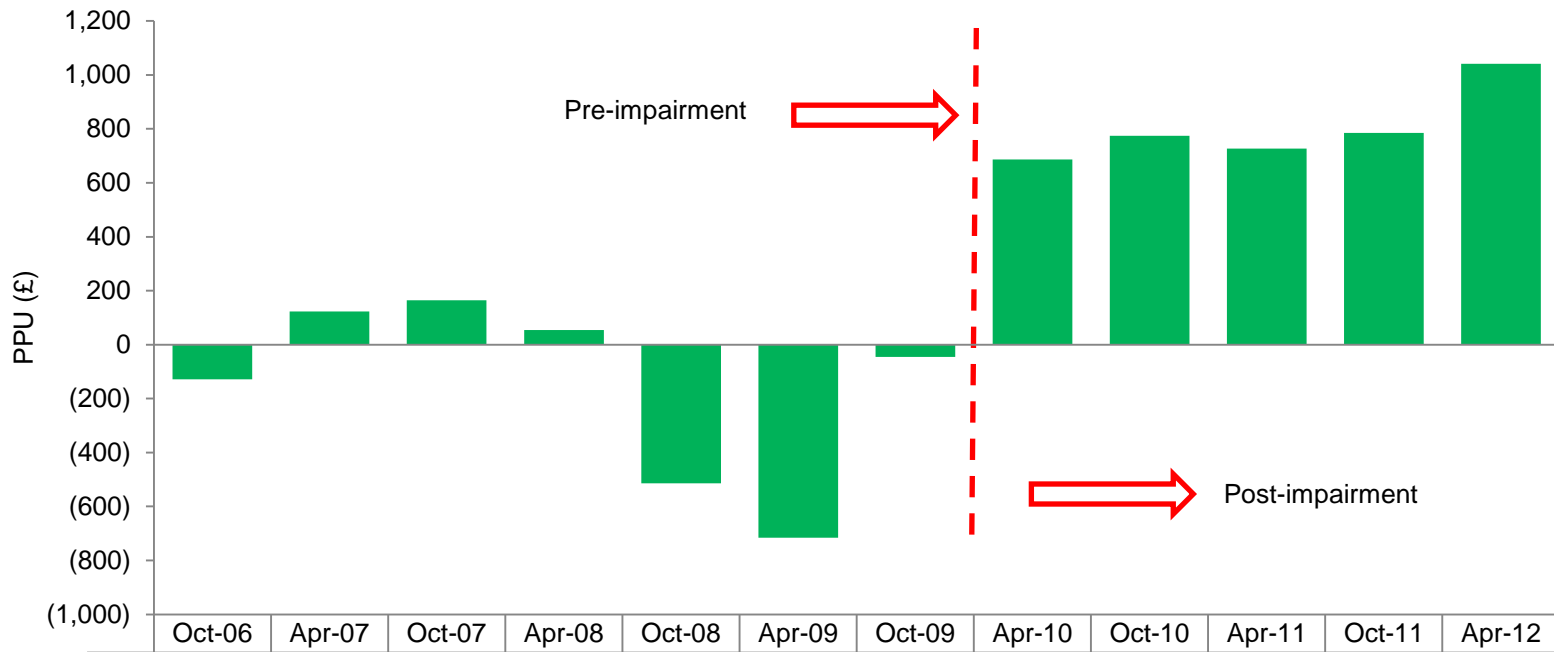
Financial covenants



Capital employed (April 12)

£m	UK	Spain	Group
Vehicles (hire and used)	395	246	641
Property	30	35	65
Other fixed assets	17	6	23
Trade and other debtors	59	43	102
Trade and other creditors	(80)	(14)	(94)
Capital employed	421	316	737
Net debt	(231)	(140)	(371)
Net assets	190	176	366
ROCE (FY12)	16.5%	9.9%	13.1%

UK Depreciation rates



- 2012 PPU at £893
- Expect market conditions to support residual prices in medium term
- Rate reduction of 1% prospectively from 1 May 2012

UK Depreciation rates - impact

Apr-12

Closing fleet	52,900
Closing cost	£588m
2012 average rate	20.3%
Revised rates	19.3%
Holding period	42mths

£m	FY13	FY14	FY15	FY16
Depreciation	5.9	5.9	5.9	5.9
Profit on disposal	(0.8)	(2.5)	(4.2)	(5.9)
Operating profit	5.1	3.4	1.7	-
Year-on-year	5.1	(1.7)	(1.7)	(1.7)

Outlook



Financial summary

£m	2012			2011
	UK	Spain	Total	Total
Revenue	320.8	182.9	503.7	537.3
Operating profit (excluding vehicle disposals)	51.9	30.8	82.7	95.8
Vehicle disposals	22.5	4.2	26.7	14.4
Total operating profit	74.4	35.0	109.4	110.2
Corporate	-	-	(4.2)	(4.6)
Group operating profit	-	-	105.2	105.6
Operating margin %	23.2%	19.1%	20.9%	19.7%
Cash interest			(38.9)	(42.4)
Non cash interest			(6.6)	(9.4)
Profit before tax			59.7	53.8

Exceptional items

£m	April 2012	April 2011
Restructuring costs - UK	5.4	3.0
Restructuring costs - Spain	1.5	2.6
Other	(0.2)	-
Impairment of Spanish properties	-	6.9
Exceptional administrative expenses	6.7	12.5
Impairment of intangible assets	-	5.9
Exceptional interest expense	3.0	4.2
Total exceptional items	9.7	22.6

Facilities headroom

£m

**April
2012**

Syndicated bank facilities

386.5

US loan notes

163.1

M&G loan

92.1

Other facilities

26.6

668.3

Closing net debt

371.3

Unamortised arrangement fees

21.3

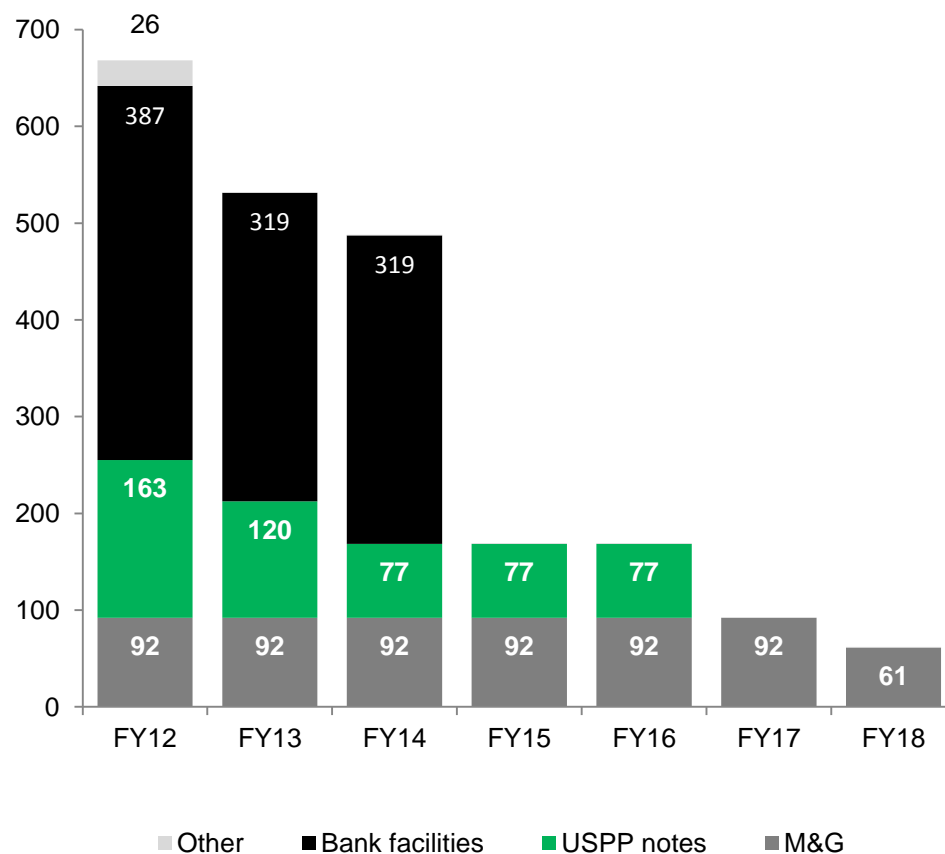
392.6

Headroom

275.7

Facilities

Committed facilities (£m)



- Early repayment of €59m bank facilities in February 2012
- Scheduled repayments of £113m in November 2012
- Total £668m Group facilities
- Headroom £276m headroom at April-12

Cost of borrowing

£m	April 2012	Rate
Fixed rate borrowings		
US loan notes	163	8.8%
M&G loan	92	8.2%
Bank borrowings	124	5.1%
	379	7.3%
Floating rate bank borrowings	13	2.5%
Arrangement fees	(21)	-
Net debt	371	7.1%

Operating cash flows

£m	2012	2011
Operating profit (statutory)	94.5	82.6
Depreciation, amortisation and impairment	197.1	233.4
Working capital and other movements	21.3	15.4
Cash generated from operations	312.9	331.4
Net interest paid	(38.3)	(42.6)
Corporation tax paid	(2.6)	(3.3)
Cash flow after interest and tax	272.0	285.5
Vehicle purchases	(306.3)	(343.6)
Vehicle disposals	180.3	161.2
Other net capex	(7.8)	(3.7)
Cash flow after financing and capex	138.2	99.4
Equity and financing costs and other items	(2.7)	(12.5)
Net cash flow	135.5	86.9

Group fleet capital expenditure

£m		2012	2011
Purchases	UK	187.2	200.7
	Spain	118.2	134.2
Disposals	UK	(136.3)	(103.0)
	Spain	(66.7)	(75.3)
Net fleet capex		102.4	156.6
Vehicles			
Purchases	UK	16,500	18,900
	Spain	11,900	13,400
		28,400	32,300
Disposals	UK	(25,200)	(18,900)
	Spain	(16,800)	(19,000)
		(13,600)	(5,600)

UK KPIs

	April 2012	April 2011
Fleet size (closing)	52,900	61,200
Utilisation (average)	89%	90%
Closing vehicles on hire	46,400	53,800
Revenue per vehicle p.a.	£6,026	£5,858
Operating margin	23.2%	22.0%
Headcount (closing)	1,869	2,073
PPU	£893	£755
ROCE	16.5%	15.3%

Spain KPIs

	April 2012	April 2011
Fleet size (closing)	38,400	43,500
Utilisation (average)	90%	91%
Closing vehicles on hire	34,000	39,400
Revenue per vehicle p.a.	€5,685	€5,742
Operating margin	19.1%	18.0%
Headcount (closing)	915	936
PPU	€293	€13
ROCE	9.9%	9.0%