

5 March 2019

NORTHGATE PLC

Third Quarter Trading Update

“Strong revenue growth continues”

5 March 2019: Northgate plc (“Northgate”, the “Company” or the “Group”), the leading specialist in light commercial vehicle hire in the UK, Spain and Ireland, provides a trading update and Vehicles on Hire¹ data for the three months ended 31 January 2019.

Group

Group performance during the third quarter was in line with management’s expectations. Growth in Vehicles on Hire¹ (VOH) and rental margins in both the UK & Ireland and Spain remain on track to meet full year guidance.

Average Vehicles on Hire (VOH)	FY'18 Q2	FY'18 Q3	FY'18 Q4	FY'19 Q1	FY'19 Q2	FY'19 Q3
UK & Ireland ('000)	42.5	44.3	44.2	48.0	48.3	49.8
<i>y-o-y % growth</i>	<i>(5.8%)</i>	<i>(2.2%)</i>	<i>2.6%</i>	<i>12.0%</i>	<i>13.5%</i>	12.5%
Spain ('000)	40.2	41.0	41.5	44.2	45.0	44.7
<i>y-o-y % growth</i>	<i>11.5%</i>	<i>14.2%</i>	<i>14.1%</i>	<i>14.3%</i>	<i>12.1%</i>	9.1%
Group ('000)	82.7	85.3	85.7	92.2	93.3	94.5
<i>y-o-y % growth</i>	<i>1.9%</i>	<i>5.0%</i>	<i>7.8%</i>	<i>13.1%</i>	<i>12.8%</i>	10.8%

UK & Ireland

Strong VOH¹ growth during the quarter continues to be driven by the minimum-term product, and reflects the seasonal peak trading period over Christmas and New Year. VOH¹ in Ireland remained flat versus the prior year. Closing VOH at the end of the third quarter was 48,000.

VOH¹ growth is expected to moderate in the fourth quarter given the strong comparative period last year. Expectations for full year VOH¹ growth remain low double-digit %, as previously guided.

Rental margins continued to strengthen during the period, reflecting the flexible rental price increases at the start of the year and higher utilisation. The UK & Ireland business remains on track to deliver a full year rental margin of 7.5% - 8.0%.

Spain

VOH¹ growth slowed in the quarter as expected, reflecting the strong growth in the prior year and a focus away from some less attractive segments, and towards more attractive SME customers. Closing VOH at the end of the third quarter was 44,200.

The business continues to lead the market with flexible rental solutions, combined with increasing success of minimum-term contracts. We continue to expect a significant expansion in the full year rental margin in Spain, primarily as a result of the depreciation rate change.

¹ Vehicles on Hire is an average number unless otherwise stated

Kevin Bradshaw, Chief Executive Officer of Northgate plc commented:

“We have continued to make good progress in the third quarter. The Company continues to leverage its nationwide network of depots and differentiated customer propositions to benefit from the structural shift away from ownership, as well as apply greater focus to the more attractive growth segments in our markets. We remain on track to produce full year results in line with the guidance communicated in December 2018. Looking forward, with our leading positions in structurally growing markets, we are confident of delivering our medium-term objectives of profitable revenue growth, expanding margins, growth in ROCE and attractive shareholder returns.”

Next results

Northgate will provide a Trading Update for the three months ended 30 April 2019 on Tuesday 14 May 2019.

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Notes to Editors:

Northgate plc is the leading light commercial hire business in the UK, Spain and Ireland by fleet size and has been operating in the sector since 1981.

Northgate’s core business is the hire of light commercial vehicles to businesses on a flexible or minimum-term basis, giving customers the ability to manage their fleet requirements in a way which can adapt best to changing business needs.

Further information regarding Northgate plc can be found on the Company’s website:

www.northgateplc.com

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