

# NORTHGATE PLC

## Pre-close Trading Update

### *“Financial performance in line with management expectations”*

Northgate plc (“Northgate”, the “Company” or the “Group”), the leading specialist in light commercial vehicle hire in the UK, Spain and Ireland, today announces its pre-close trading update for the year ended 30 April 2019, ahead of its full year results announcement on 25 June 2019.

### Group

The Group is pleased to report fourth quarter growth in Vehicles on Hire<sup>1</sup> (VOH) of 8.0%, delivering 11.1% VOH<sup>1</sup> growth for the full year, in line with guidance. Full year rental margins are also expected to be in line with guidance. Profits from vehicle sales<sup>2</sup> during the year will reflect the implementation of the fleet optimisation policy and extension of holding periods. The Group expects to report financial performance for the year ended 30 April 2019 in line with guidance.

Average Vehicles on Hire (VOH)	FY'18 Q3	FY'18 Q4	FY'19 Q1	FY'19 Q2	FY'19 Q3	FY'19 Q4	FY'19
UK & Ireland ('000)	44.3	44.2	48.0	48.3	49.8	47.5	48.4
y-o-y % growth	(2.2%)	2.6%	12.0%	13.5%	12.5%	7.5%	11.3%
Spain ('000)	41.0	41.5	44.2	45.0	44.7	45.0	44.8
y-o-y % growth	14.2%	14.1%	14.3%	12.1%	9.1%	8.6%	10.9%
Group ('000)	85.3	85.7	92.2	93.3	94.5	92.6	93.2
y-o-y % growth	5.0%	7.8%	13.1%	12.8%	10.8%	8.0%	11.1%

### UK & Ireland

Full year VOH<sup>1</sup> growth of 11.3%, in line with the guidance for low double-digit growth given in December 2018, was primarily driven by increasing demand for our minimum-term proposition. VOH<sup>1</sup> growth moderated in the fourth quarter to 7.5%, as expected, reflecting both the strong growth in the prior year, as well as some softening in the conversion of our pipeline, which remains strong, from Brexit uncertainty in the market. Closing VOH at the end of the period was 47,100, 3.4% higher than the prior year.

The rental margin grew steadily throughout the year, reflecting the successful price increases to the flexible and minimum-term products earlier in the year, higher utilisation, workshop efficiency improvements, and ongoing customer selectivity. We expect the business to report a full year rental margin of 7.5% - 8.0%, in line with guidance. Disposal profits<sup>2</sup> continue to be supported by firm residual values and high sales prices achieved through our Van Monster retail channel.

<sup>1</sup> Vehicles on Hire is an average number unless otherwise stated

<sup>2</sup> Profits from vehicle sales/disposal profits is a non-GAAP measure used to describe the adjustment in the depreciation charge made in the year for vehicles sold at an amount different to their net book value at the date of sale, net of attributable selling costs

## Spain

Full year VOH<sup>1</sup> growth of 10.9% was driven by increased market penetration with our minimum-term product. VOH<sup>1</sup> growth in the fourth quarter of 8.6%, which has continued to slow sequentially during the year, reflects a strong prior year performance as well as our increasing customer selectivity in response to greater competition across both flexible and minimum-term products. Closing VOH at the end of the period was 46,000, 7.5% higher than at the same time last year.

We continue to expect the full year rental margin to be significantly higher versus the prior year, reflecting the depreciation rate change, as previously guided. Behind this we have seen a sequential weakening in the rental margin from the first to the second half of the year, primarily driven by increasing price competition. Disposal profits<sup>2</sup> are expected to be lower, in line with guidance, reflecting lower disposal volumes as we transition to longer vehicle holding periods. Management remain confident in the Group's strategic positioning in Spain and are continuing to evolve our proposition to protect our attractive returns in a growing and competitive market.

## Cash flow and financing

The Group's financial position remains strong, with solid operating cash flow generation before capex, and room for further growth provided by the headroom under its debt facilities.

## Next results

Northgate will announce its Preliminary Results for the full year ended 30 April 2019 on Tuesday 25 June 2019.

## Contact details

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## Notes to Editors:

Northgate plc is the leading light commercial vehicle 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](http://www.northgateplc.com)

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