

## **REDDE NORTHGATE PLC**

("Redde Northgate" or the "Group" or the "Company")

### **Board Changes & Covid-19 Business Update**

#### **Board Changes**

Redde Northgate (LSE: REDD) today announces that, following the completion of the merger of Redde Plc and Northgate Plc on 21 February 2020, it is now consolidating the number of Board members as outlined in the Circular dated 12 December 2019. Consequently, Bill Spencer, Claire Miles and Fernando Cogollos will be leaving the Board as Non-Executive Directors with immediate effect.

Mark Butcher will become the Audit Committee Chairman and John Davies will take over the role of Remuneration Committee Chairman with immediate effect. John Pattullo will continue as Senior Independent Director, and Mark McCafferty and Stephen Oakley will continue as Non-Executive Directors.

Avril Palmer-Baunack, Non-Executive Chairman of Redde Northgate commented:

"I would like to thank Bill, Claire and Fernando for their contribution to Northgate during their time on the Board, and particularly for their support during the merger with Redde plc. We wish them well for the future."

#### **Covid-19 Business Update**

Until the end of February, trading for the Group was in line with market expectations for the year and good progress has been made on the early stages of the integration. However, given the rapidly evolving Government response in the UK and Europe, and the impact this may have on our customers, it is too early to have any certainty on how this may affect our financial performance for the year ended 30 April 2020 and following financial year. Consequently, the Group is suspending all forward guidance until circumstances surrounding COVID-19 become clearer. Alongside our focus on the health, safety and well-being of our staff, we are taking steps to conserve cash to enable the Group to withstand a prolonged downturn should global issues persist.

As at the end of February 2020 the Group had £200m of headroom on its bank facilities, including those acquired from Redde. The Group's banking covenants have sufficient headroom, the most restrictive is the 3.0x interest cover ratio providing £40m of EBIT headroom as at the end of February 2020. Cash recovery from both Northgate customers and Redde insurers has continued without significant disruption.

Whilst the balance sheet is strong, the Group has put in place a number of measures to further conserve cash. The Group's most significant area of spend is on new vehicles and we have put procedures in place limiting this spend to essential purchases only to meet immediate customer demand, and in the event of a sustained period of crisis we have the ability to age the fleet further.

Following the merger, integration plans have started well with a new Group Management team being appointed for the UK & Ireland businesses and continuity of the Northgate Spain leadership team. A number of integration plans are already underway including cost control procedures to address areas of discretionary spend, fleet and branch integration, removal of contractors and the assessment of other synergy benefits. More detail on this will be provided in due course.

Martin Ward, CEO Redde Northgate said:

“Our people are the cornerstone of everything we do, and firstly I thank them for their efforts during these unsettling times. Business performance to the end of February has been in line with our expectations but we are now faced with uncertain challenges. We are working with our rental customers to provide as much flexibility as is possible and to ensure that we continue to support them in these times.

We have maintained and extended operational capability and are ready to continue servicing our customers to keep them mobile. The matters that we can control on cost and cash are being managed carefully. The headroom the Group has is significant and we will continue to manage our resources carefully through the Coronavirus crisis. We are taking all possible measures to ensure we can deliver the best possible outcomes for all our stakeholders.”

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**Notes to Editors:**

Redde Northgate plc is a leading integrated mobility solutions platform formed in February 2020 following the all-share merger of light commercial hire business Northgate plc and Redde plc, the provider of incident and accident management, legal and other mobility-related services.

The Group provides mobility solutions and automotive services to a wide range of businesses and customers spanning the vehicle life cycle across vehicle supply, service, maintenance, repair, recovery, accident and incident management and disposal through sale or salvage.

With an extensive network and diversified fleet of over 110,000 owned vehicles and over 400,000 managed vehicles in more than 100 branches across the UK, Ireland and Spain, the Group aims to utilise its scale, reach and comprehensive suite of integrated services to offer a market-leading customer proposition and drive enhanced returns for shareholders.

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

[www.reddenorthgate.co.uk](http://www.reddenorthgate.co.uk)