



Interim Results HY 2024

6 December 2023



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| Agenda

- 1 Overview Martin Ward
- 2 Financial Review Philip Vincent
- 3 Business Update Martin Ward
- 4 Q&A



Martin Ward
Chief Executive Officer



Philip Vincent
Chief Financial Officer

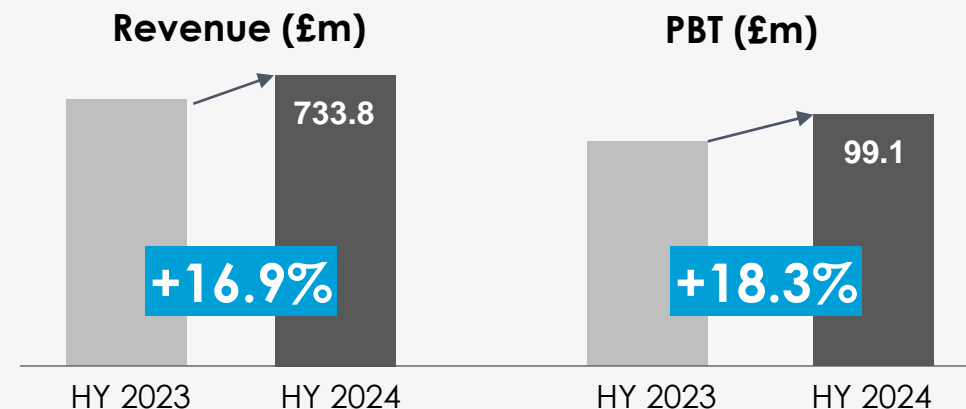
Overview

Martin Ward



Underlying Trading

| | |
|------------------|-----------------------------------|
| Revenues: | + 16.9% to £733.8m |
| EBIT: | + 23.1% to £115.0m |
| PBT: | + 18.3% to £99.1m |
| EBITDA | +10.7% to £220.0m |
| ROCE: | +1.3 ppt increase to 14.8% |



Interim dividend policy: 50% of prior year final:

8.3p (HY 2023: 7.5p)



Leverage:

1.6x
(HY 2023: 1.6x)

Fleet NBV:

£1.23bn
(HY 2023: £1.09bn)



FY 2024 H1 Overview: continued growth in underlying businesses

Strong operational performance



Revenue growth drivers

- + **Claims & repair:** Benefitting from increased volumes and newer contracts going live/reaching run rate
- + **Spanish rental:** strong demand/supply conditions

Profit contributors

- + **Rental margins:** maintained through careful cost controls and pricing actions
- + **Redde profit growth:** capturing greater share of customer wallet through multi-service offerings
- + **Disposal profits:** from higher levels of fleet refreshment

Strategic progress



Delivering on strategic goals

- + **Integration:** Specialist vehicle acquisitions integrated & delivering platform growth
- + **Platform momentum:** Product extensions/ multi-service contracts going live in period

Focus on customer delivery

- + **Footprint:** Expanding footprint with 7+ new locations opening through FY 2024
- + **Capacity & engagement:** Recruitment drive & focus on training, trialling 2-shifts in main Spanish workshop

Financial Review

Philip Vincent



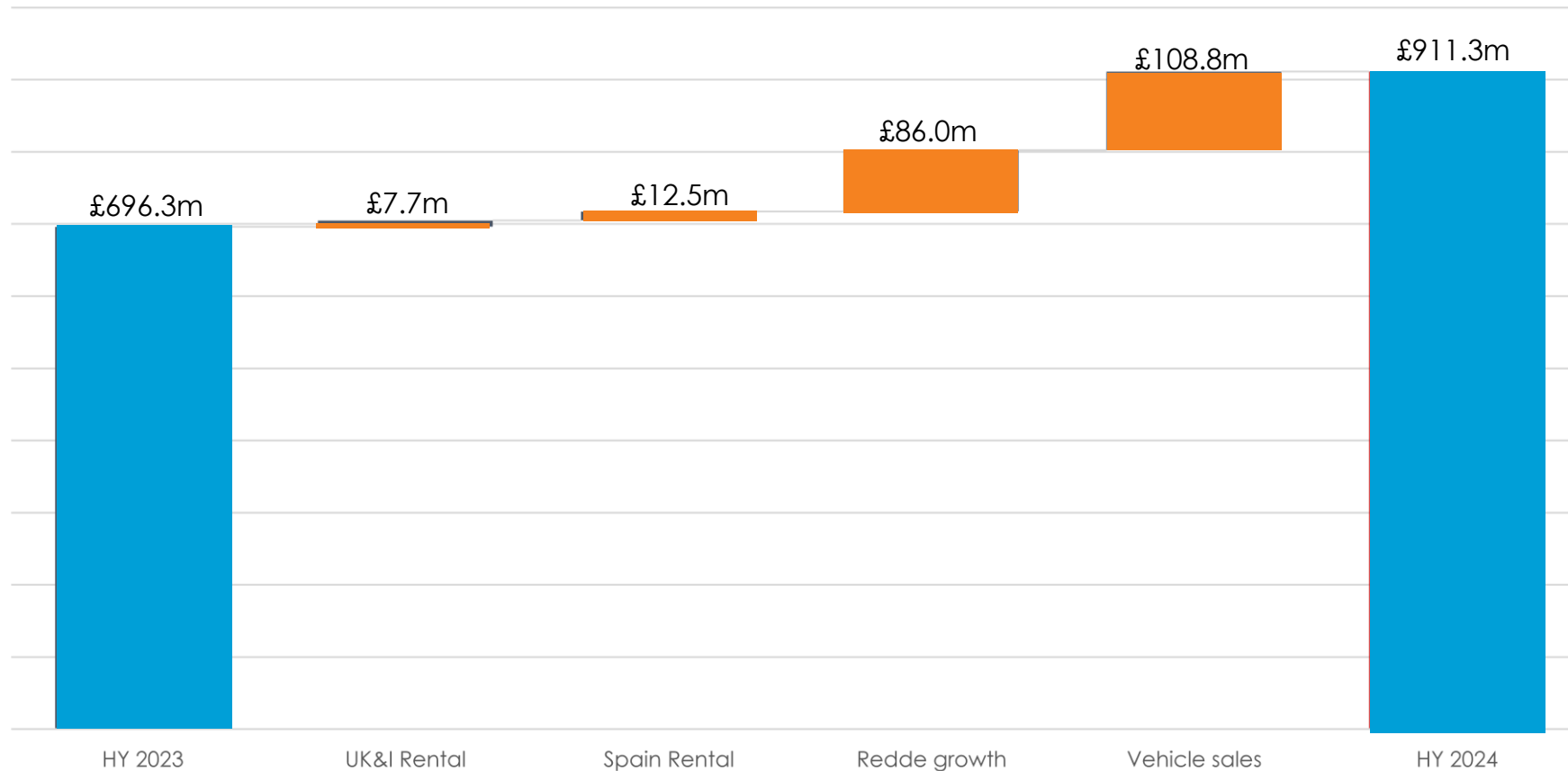


FY 2024 H1 Overview: **underlying group performance**

| | | | |
|---|--|---|---|
| Revenue ↑ +16.9% HY 2024: £733.8m HY 2023: £627.6m | EBIT ↑ +23.1% HY 2024: £115.0m HY 2023: £93.4m | Profit before tax ↑ +18.3% HY 2024: £99.1m HY 2023: £83.7m | EPS ↑ +18.9% HY 2024: 33.4p HY 2023: 28.1p |
| EBITDA ↑ +10.7% HY 2024: £220.0m HY 2023: £198.8m | Net debt & leverage ↑ +14.2% HY 2024: £755.0m 1.6x HY 2023: £661.3m 1.6x | ROCE ↑ +1.3 ppt HY 2024: 14.8% HY 2023: 13.5% | DPS ↑ +10.7% HY 2024: 8.3p HY 2023: 7.5p |



Group revenue waterfall HY 2023-24



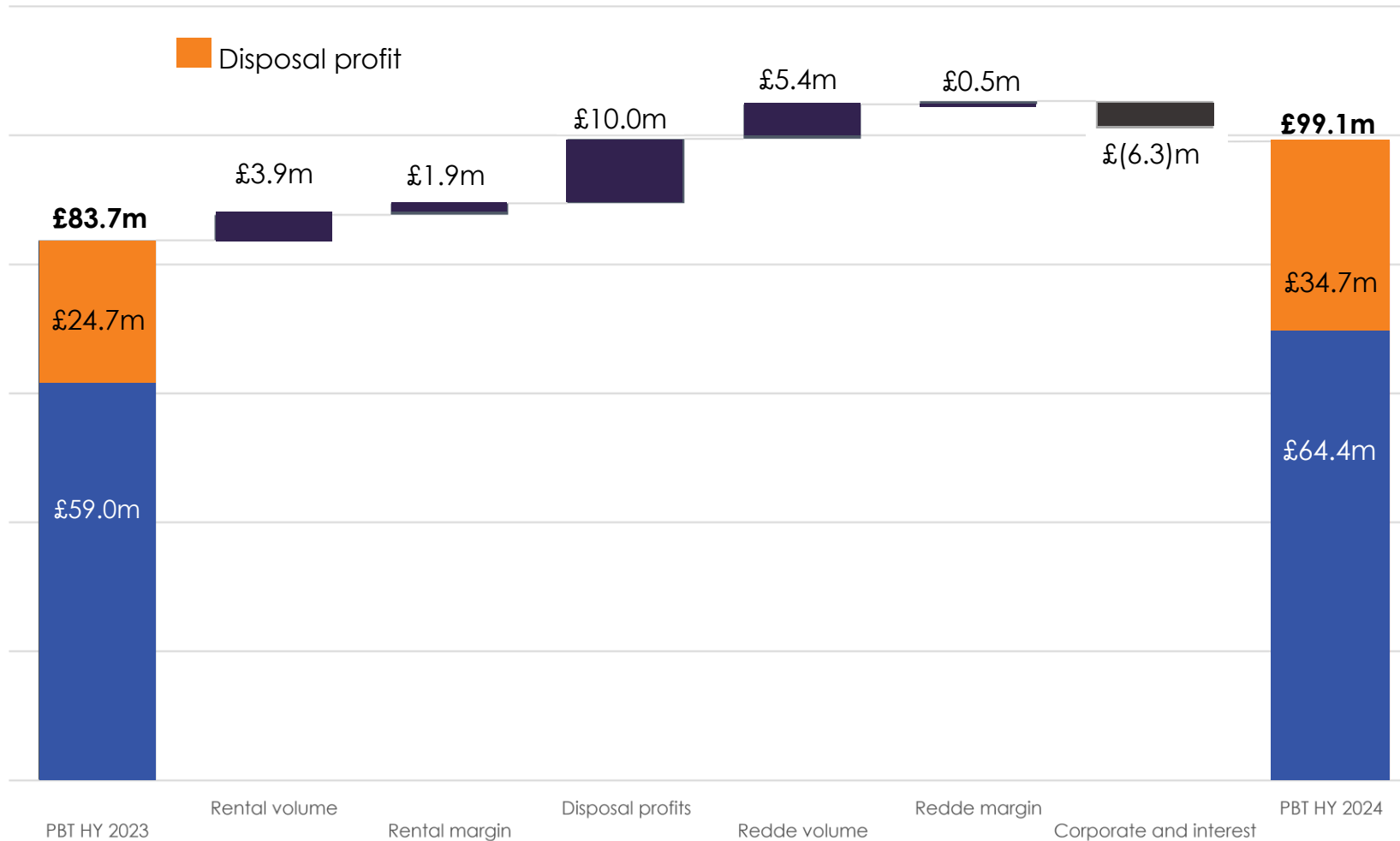
Excludes inter-segment revenues

HY Comments

- UK&I rental revenue +4.4%, ave. VOH -6.8%
- Spain rental revenue +10.2%, ave. VOH +4.3%
- Redde revenue (exc vehicle sales) +25.7% including new contracts
- UK&I vehicle sales revenue +163%
- Spain vehicle sales revenue +145%



Group underlying profit waterfall HY 2022-23



HY Comments

- Underlying PBT excluding disposals +9%
- UK&I rental margin 16.3%, + 0.7ppt
- Spain rental margin 20.8%, + 0.4ppt
- Disposal profits reduced in UK&I, increased in Spain
- Redde contract expansion
- Average interest rate 3.5%, 56% fixed



Capital allocation – cash flow priorities

Leverage approach

- + Strong cash generation
- + Follow capital allocation priorities
- + Manage debt within 1x – 2x leverage
- + In H1:
 - + Fleet investment increased over 90%
 - + Invested in growth capex, M&A, SBB
 - + Leverage maintained at 1.6x Year on year

Capital allocation priorities

- 1 Funding organic growth
- 2 Sustainable & growing dividend
- 3 Mergers & Acquisitions
- 4 Return excess cash to shareholders

Cash flow reordered to reflect priorities

| | H1 2024 £m | H1 2023 £m | Change £m |
|--|---------------|---------------|---------------|
| Underlying EBITDA | 220.0 | 198.8 | 21.2 |
| Net replacement capex ¹ | (103.5) | (53.1) | (50.4) |
| Lease principal payments | (35.1) | (24.6) | (10.5) |
| Steady state cash flow generation | 81.4 | 121.2 | (39.8) |
| Working capital and non-cash items | (48.8) | (19.6) | (29.2) |
| Associates | 1.2 | 1.9 | (0.7) |
| Taxation | (21.2) | (14.7) | (6.5) |
| Interest & other financing | (14.5) | (8.1) | (6.4) |
| Cash before dividends | (1.9) | 80.7 | (82.6) |
| Dividends | (37.3) | (35.0) | (2.3) |
| Cash flow before investments | (39.2) | 45.7 | (84.9) |
| Growth capex | (1.3) | (68.7) | 67.4 |
| Acquisition of business | (4.1) | (9.9) | 5.8 |
| Share buyback | (8.2) | (40.5) | 32.3 |
| Net cash movement² | (52.8) | (73.4) | 20.6 |

¹ Net replacement capex is total net capex less growth capex. Growth capex represents the cash consumed in order to grow the owned fleet or the cash generated if the fleet size is reduced in periods of contraction.

² Net cash movement is defined as Net cash consumed of £17.7m (H1 2023: £48.8m) before the add back of £35.1m (H1 2023: £24.6m) for principal lease payments.

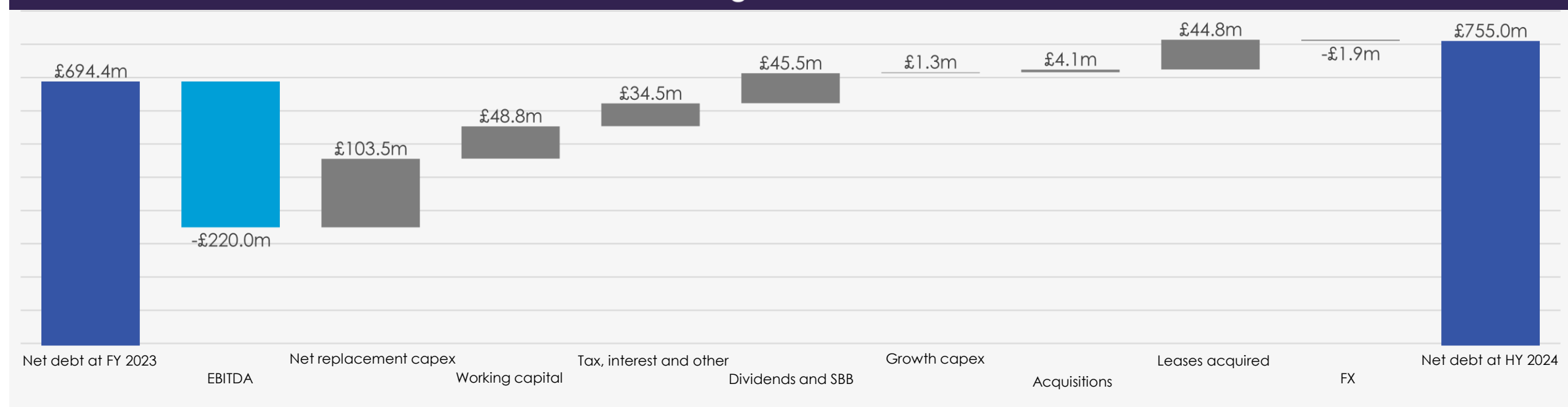


Well-financed to drive sustainable **shareholder value**

| | HY 2023 | HY 2022 |
|--------------------------|----------------|---------|
| Net debt | £755.0m | £661.3m |
| Fleet assets | £1.2bn | £1.1bn |
| Net debt / EBITDA | 1.6x | 1.6x |
| Target leverage range of | 1-2x | |
| Debt headroom | £236m | £308m |
| Borrowing cost | 3.5% | 2.7% |
| Fixed debt at period end | 56% | 66% |

- Strong balance sheet, £1.23bn of vehicle assets
- Flat leverage
- Average borrowing cost 3.5%

Net debt bridge: **FY 2023 to H1 2024**



Business Update

Martin Ward





Current environment

Market

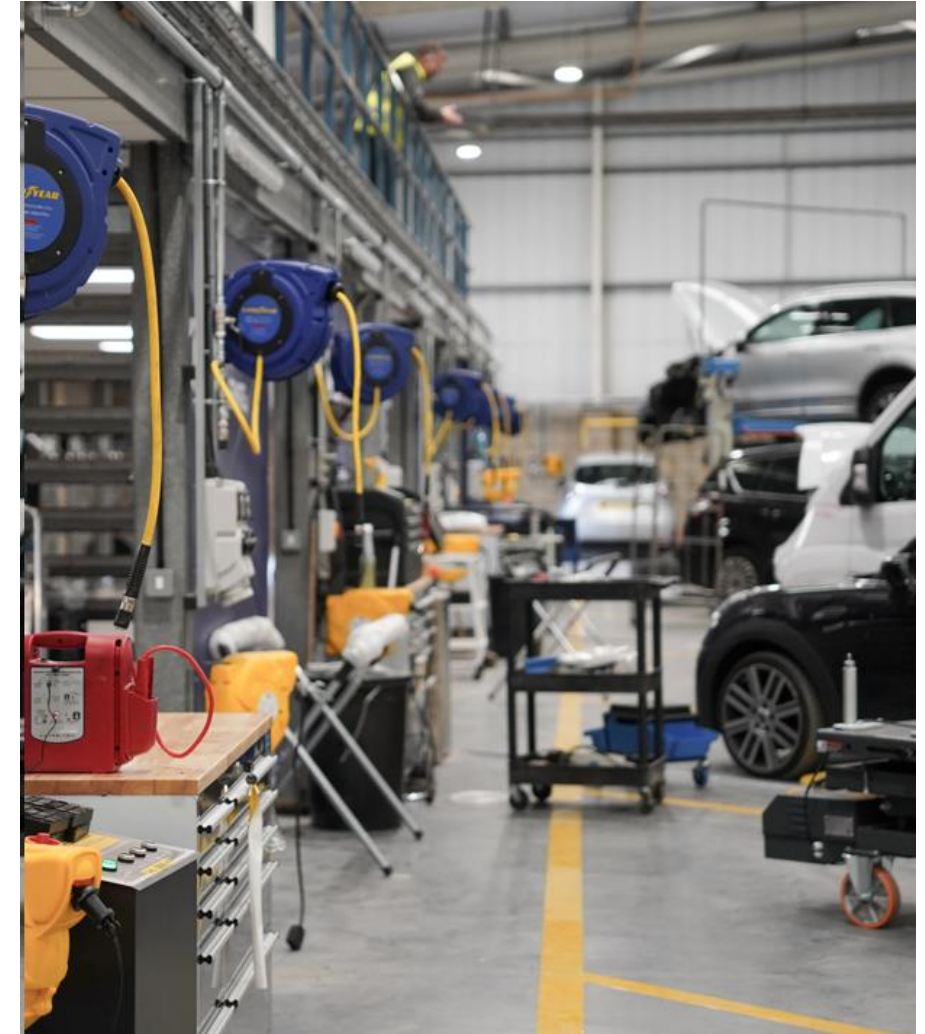
- ✓ Rental demand strong in both geographies
- ✓ Supply chain consolidation still a key insurer focus
- ✓ Sustained interest in value-added services
- ✓ Repair capacity easing but still a market challenge

Fleet supply

- ✓ Greater OEM dialogue suggests visibility improvement in 2024, but still limited in core categories
- ✓ Supply dynamics driving residual values: LCVs – strong / cars softening

Customers

- ✓ Continued diversity of customer profile
- ✓ Focus on smarter mobility, EVs & reducing operational friction





Vehicle supply

Spain

LCV Registration Data

| LT ave | 2020 | 2021 | 2022 | 2023e |
|--------|------|------|------|-------|
| 190k | 158k | 151k | 119k | 141k |

Source: DGT – Dirección General de Tráfico. 2023e annualised from 10 months actuals

- + LH-drive market **greater supply liquidity**
- + Supply still **below long-term average**
(total vehicle registrations 400k below 1.5m ave.)
- + **Broadening** OEM range in response
- + **Growing share** of rental registrations
- + Enabling average age-reduction in most vehicle categories



SKODA



UK

LCV Registration Data

| LT ave | 2020 | 2021 | 2022 | 2023e |
|--------|------|------|------|-------|
| 370k | 292k | 355k | 282k | 328k |

Source: SMMT

- + **Best visibility** of potential rental channel supply for 4 years
- + More **certainty** of OEM production capabilities
- + Gradual **improvement** expected through 2024
- + Registrations remain 50k below LT average of 370k
- + ZEV sales mandate likely to impact on OEM strategies





Strategic progress: growing long-term contracts

- + Growth reflects greater activity within contracts together with product extensions and new contracts
- + Strategy of maximising our share of total claim through multi product/digital solutions
- + Operational efficiencies attractive to insurers and corporate partners
 - Growing number in claims protocol arrangements
- + Multi-service contracts have blend of revenue/margin/ROCE profiles
- + Large multi-service contracts: all 12mths+ in current duration

H1 Redde progress

- Higher levels of fleet accident mgmt. claims
- Growth in run rate of large contracts announced in FY 2023
- Lex Autolease & Abacai volumes since H1 launches
- FMG RS extensions with major partner
- New contract win for specialist customer segment

Proportion of underlying revenues generated from contracts of 12 months+

redd^e 80%

N^{ORTHGATE}
UK&I 40%

N^{ORTHGATE}
Spain 30%

redd^e N^{ORTHGATE} plc



Strategic progress: expanding footprint & capacity

UK&I Sites

H1: FMGRS bodyshops x2, Inverness rental branch

H2: London rental/service branch enhancement, further FMGRS sites

Spanish Sites

H1: New service centre & branch opened – geographic spread

H2: 2 new key urban branches planned – capacity expansion

FMG REPAIR SERVICES



Hoddesdon



Bristol



Hoddesdon



Bristol

NORTHGATE
UK&I



Inverness



Borehamwood

NORTHGATE
Spain



Service centre
Huelva Province, SW Spain

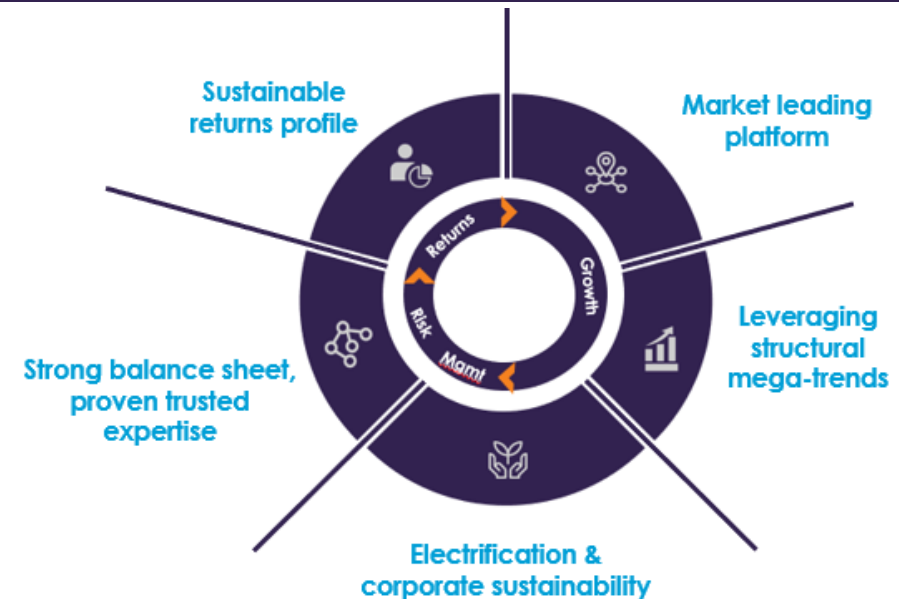


León branch
León Province, NW Spain

H2 Outlook

- + Continue to deliver on strategic goals
- + Enjoying strong demand
- + Platform and business momentum with healthy pipeline
- + Board confidence in Group's prospects
- + Full year earnings to be modestly ahead of market consensus

Investment proposition



Strategy is delivering



Business momentum



Strong financial metrics



Creating long term value

Q&A

Martin Ward &
Philip Vincent



Appendices

Divisional financials

Cashflow reconciliation

Fleet reconciliation

Platform expansion

Customer sector profile

Depreciation rate analysis

Website



| | HY 2024 £m | HY 2023 £m | % change |
|-------------------------------|---------------|---------------|----------|
| Revenue – Vehicle hire | 192.3 | 184.1 | 4.4% |
| Rental profit | 31.4 | 28.8 | 9.2% |
| <i>Rental margin</i> | <i>16.3%</i> | 15.6% | 0.7ppt |
| Disposal profit | 18.2 | 18.8 | (3.1%) |
| EBIT | 49.6 | 47.5 | 4.3% |
| <i>EBIT margin</i> | <i>25.8%</i> | 25.8% | -ppt |
| <i>Vehicles sold '000</i> | 11,600 | 4,900 | 137% |
| <i>LCV PPU</i> | £3,500 | £3,800 | (7.9%) |

Key Highlights

- Rental margin of **16.3%**, at sustainable level
- Restricted vehicle supply held back VOH **(-6.8%)**
- Lower VOH offset by higher revenue per vehicle
- Vehicles sold include 4,600 cars through Van Monster



Note: All results are underlying unless otherwise stated. Results include intercompany revenues.
For margin calculation methodology, see RNS



| | HY 2024 £m | HY 2023 £m | % change |
|-------------------------------|---------------|---------------|----------|
| Revenue – Vehicle hire | 135.2 | 122.7 | 10.2% |
| Rental profit | 28.1 | 25.1 | 12.3% |
| <i>Rental margin</i> | <i>20.8%</i> | 20.4% | 0.4ppt |
| Disposal profit | 16.5 | 5.9 | 178.4% |
| EBIT | 44.7 | 31.0 | 44.1% |
| <i>EBIT margin</i> | <i>33.0%</i> | 25.3% | 7.7ppt |
| <i>Vehicles sold '000</i> | <i>7,200</i> | 2,800 | 154% |
| <i>PPU</i> | <i>£2,300</i> | £2,100 | 9.7% |

Key Highlights

- Rental margin **20.8%** remains strong and in line with prior period
- Improved vehicle supply increased VOH **(+4.3%)** and disposal volume **(+154%)**
- Strong residual values



Note: All results are underlying unless otherwise stated. Results include intercompany revenues.
For margin calculation methodology, see RNS

| | HY 2024 £m | HY 2023 £m | % change |
|--------------------------------------|---------------|---------------|----------|
| Revenue – Claims and services | 416.6 | 331.4 | 25.7% |
| Gross profit | 82.0 | 70.4 | 16.4% |
| <i>Gross margin</i> | <i>19.7%</i> | 21.2% | (1.5ppt) |
| Operating profit | 25.5 | 18.9 | 35.1% |
| Income from associates | 0.8 | 1.6 | (48.7%) |
| EBIT | 26.3 | 20.4 | 28.7% |
| <i>EBIT margin</i> | <i>6.3%</i> | 6.2% | 0.1ppt |

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Key Highlights

- Increased volumes from existing customers & new contracts launched
- EBIT up **28.7%**, on higher activity supported by 12% increase in ABP labour rates
- Growing capacity through recruitment and new locations





Cash flow reconciliation

HY 2024 Cash flow statement

| | HY 2024 £m | HY 2023 £m | Change £m |
|--|---------------|---------------|---------------|
| Underlying EBIT | 115.0 | 93.4 | 21.6 |
| Depreciation and amortisation | 105.0 | 105.4 | (0.4) |
| Underlying EBITDA | 220.0 | 198.8 | 21.2 |
| Net replacement capex ¹ | (103.5) | (53.1) | (50.4) |
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| Growth capex ¹ | (1.3) | (68.7) | 67.4 |
| Taxation | (21.2) | (14.7) | (6.5) |
| Net operating cash | 10.1 | 18.2 | (8.1) |
| Distributions from associates | 1.2 | 1.9 | (0.7) |
| Interest and other financing | (14.5) | (8.1) | (6.4) |
| Acquisition of business | (4.1) | (9.9) | 5.8 |
| Free cash flow | (7.3) | 2.1 | (9.4) |
| Dividends | (37.3) | (35.0) | (2.3) |
| Share buyback | (8.2) | (40.5) | 32.3 |
| Net cash movement² | (52.8) | (73.4) | 20.6 |

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Fleet reconciliation

| Vehicles # | UK&I | Spain | Redde | Group |
|---|----------------|---------------|----------------|----------------|
| Opening owned fleet (Apr-23)* | 53,800 | 63,400 | 18,500 | 135,700 |
| Acquisitions | 100 | - | - | 100 |
| Purchases | 4,700 | 9,500 | 1,100 | 15,300 |
| Disposals | (6,600) | (7,200) | (2,300) | (16,100) |
| Transfers | 1,600 | - | (1,600) | - |
| Movements on direct vehicles | (2,300) | - | - | (2,300) |
| Movement on leased vehicles | 600 | - | 1,200 | 1,800 |
| Closing fleet (Oct-23)* | 51,900 | 65,700 | 16,900 | 134,500 |
| Closing owned fleet | 45,900 | 63,300 | 6,300 | 115,500 |
| Closing leased fleet | 3,200 | - | 10,600 | 13,800 |
| Closing total fleet (ex-sales stock) | 49,100 | 63,300 | 16,900 | 129,300 |
| Closing sales stock | 2,800 | 2,400 | - | 5,200 |
| Purchases for growth | - | 2,300 | - | 2,300 |
| Sales in contraction | (1,900) | - | (1,200) | (3,100) |
| Growth in owned fleet for growth capex** | (1,900) | 2,300 | (1,200) | (800) |
| Purchases for replacement | 4,700 | 7,200 | 1,100 | 13,000 |
| Replacement sales | (4,700) | (7,200) | (1,100) | (13,000) |
| Net replacements | - | - | - | - |

* including sales stock. Disposals of 16,100 ex-owned fleet, total group vehicle sales of 18,800 includes ex-leased and directly acquired vehicles

** growth in owned fleet includes movement on sales stock & excludes vehicles held under leasing. Growth is calculated separately for each operating segment.



| Platform expansion: delivering growth opportunities



- + Growing market presence in specialist segment
- + Broadening product offering & value-added services
- + Leveraging broader sales & platform infrastructure
- + Developing market for EV vehicles within traffic mgmt.
- + Targeting over 600 vehicles on fleet by end-FY 2024 (+85% since July '22 acquisition)



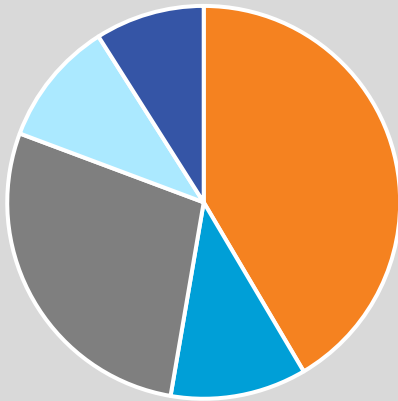
- + Integration delivering platform opportunities
- + Near-term opportunities with both NVH and FMG customer base
- + Vehicles now also located at 5 NVH branches for greater customer proximity
- + Targeting c.700 vehicles on fleet by end- FY 2024 (+15% since May '23 acquisition)



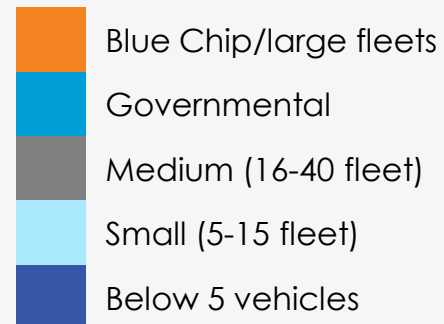
Our rental customers

UK Customer profile

| % Fleet VoH | Sectors | |
|-------------|--|---|
| 10-15% ea | Facilities Mgmt/Civil Engineering | |
| 7-10% ea | Specialist construction Admin & support serv Infrastructure Utilities | Logistics Vehicle supply Retail/Wholesale |
| 2.5-7% ea | Social housing/health Manufacturing Local Government | Utilities support Other SME |

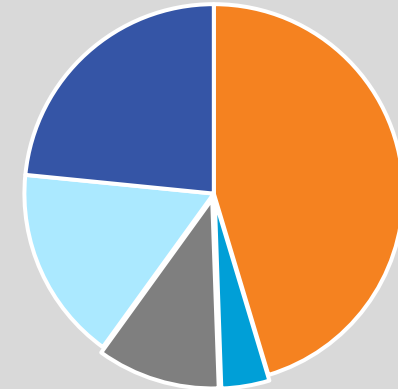


Business type



Spanish Customer profile

| % Fleet VoH | Sectors | Sub-sectors |
|-------------|---|---|
| 20-30% ea | Construction Support services | Construction, infrastructure Rental services, safety, maintenance, health |
| 10-15%ea | Retailers B2B Supplies & services | Technical services, engineering, advertising, consulting |
| 2-10% | Various – manufacturing, logistics etc. | |





Impact of depreciation rate

| £m | FY23 | FY24 | FY25 | FY26 | FY27 | Total |
|---------------------------------|-------------|-------------|---------------|---------------|--------------|---------|
| Reduced depreciation | 55.1 | 46.7 | 22.3 | 5.4 | 0.1 | 129,6 |
| Reduced disposal profits | (8.6) | (34.0) | (50.6) | (31.8) | (4,6) | (129,6) |
| Impact on Statutory EBIT | 46.5 | 12.7 | (28.3) | (26.4) | (4.5) | - |
| Previously expected impact | 46.8 | (9.4) | (29.8) | (6.7) | (0.9) | - |

UK&I:

| | | | | | | |
|--------------------------------|-------------|------------|---------------|---------------|--------------|--------|
| Reduced depreciation | 45.4 | 28.2 | 12.6 | 2.9 | 0.1 | 89.2 |
| Reduced disposal profits | (6.8) | (25.9) | (36.1) | (19.3) | (1.1) | (89.2) |
| Impact on UK&I EBIT | 38.6 | 2.3 | (23.5) | (16.4) | (1,0) | - |

Spain:

| | | | | | | |
|-----------------------------|------------|-------------|--------------|---------------|--------------|--------|
| Reduced depreciation | 9.7 | 18.5 | 9.7 | 2.5 | - | 40.4 |
| Reduced disposal profits | (1.8) | (8.1) | (14.5) | (12.5) | (3.5) | (40.4) |
| Impact on Spain EBIT | 7.9 | 10.4 | (4.8) | (10.0) | (3.5) | - |

Key points

- Statutory adjustment re-phased on same vehicle cohort to reflect further fleet ageing
- Statutory PBT has increased by £45.9m in FY 2023 as depreciation is reduced on certain fleet purchased in previous periods
- This adjustment will reverse over the remaining holding period of the cohort as vehicles are sold with a higher NBV and therefore a lower PPU
- Newer vehicles will not be impacted by the change

Corporate website

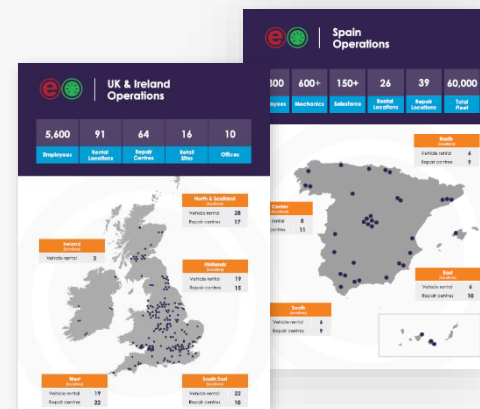
- ✓ Enhanced corporate website
- ✓ More information on **RN businesses & strategy**
- ✓ Includes **video & social media content on operations.**



Email notification alerts

- ✦ **Email alerts - Redde Northgate plc**

Our geographical footprint



Our customer solutions

