Results for the year ended 30 June 2011

29 September 2011

Presenting Team

Martin Ward
Group Managing Director

Martin joined Helphire Group plc in August 2005 as Managing Director of its subsidiary business, Albany Assistance Limited. In April 2009, Martin became Group Managing Director and was appointed to the Board. Martin has extensive insurance industry experience, having jointly founded the Rarrigini & Rosso Group in 1994, a leading independent wholesaler of commercial insurance and risk management solutions distributed through a network of 500 leading insurance brokers. The business was later acquired in 2003 by an AIM plc. Martin has an MBA from Durham University.

Simon Poulton
Interim Chief Financial Officer

Simon joined the Group as Interim Chief Financial Officer on 27 June 2011. Simon is a fellow of the Institute of Chartered Accountants having qualified in 1980 with Price Waterhouse, London and is a member of the Institute For Turnaround. He has acted as Chief Financial Officer and Chief Restructuring Officer for a number of quoted companies.

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Martin Ward – Introduction

FINANCIAL HEADLINES

- Adjusted* operating profit of £3.4m (2010: £5.4m)
- Adjusted* loss before tax of £5.3m (2010: £2.1m loss)
- Statutory loss before tax of £34.1m (2010: £15.6m loss) inclusive of exceptional items
- Net cash inflow from operating activities of £20.5m (2010: £43.4m)
- Net debt further reduced by £28.3m (to £133.7m) since 30 June 2010 and by £214.0m since December 2008
- Operating working capital, including fleet of £125.9m has reduced by £35.4m
- Right sizing of fleet and annual revenue generating utilisation of 80.7%
- Statutory diluted EPS loss 10.72p (2010: 3.73p loss)
- ABI receivables investigation resulted in £29.2m of write down
- Settlement provision increased by £12.8m

OPERATIONAL HEADLINES

- Two new Partner referrals contract wins, commenced trading October 2010 and January 2011
- Successful renewal of several major partnerships across insurer, motor retail and motor manufacturing groups
- Open case count reduced by a further 20,700 cases to approximately 61,000 cases (2010: 81,700 cases)
- Further consolidation of operational centres, management teams and IT platforms substantially complete
- Annualised overhead reduction of £61.9m for the three months to 30 June 2011 versus the December 2008 baseline
- Introduction of buy-back vehicle agreements with manufacturers, mitigating market depreciation exposure

*Adjusted measures exclude the impact of the items described as exceptional.

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Group KPIs

	Year ended 30 June 2011	Year ended 30 June 2010 adj.	% increase (decrease)
Credit hire cases	103,936	124,063	(16.2%)
Std/Direct hire cases	25,242	25,467	(0.9%)
Total Hire Cases	**129,178**	**149,530**	**(13.6%)**
Repair cases	49,933	58,254	(14.3%)
PI cases	29,322	34,043	(13.9%)
Total days	**2,425,574**	**3,214,304**	**(24.5%)**
Average hire length (days)	18.7	21.5	(13.0%)
Closing fleet size	7,228	10,626	(32.0%)
Revenue generating utilisation	80.70%	87.10%	(6.4) ppts
Total open cases	61,000	81,700	(25.3%)
Total gross ABI claims (£'000)	127,049	166,536	(23.7%)
ABI cash collected (£'000)	236,177	268,796	(12.1%)
Debtor days	185	184	0.5%

Restructuring Progress to Date – On Course and In ‘Drive’

- Closure /sale of non-core businesses (Legal Services, Spain and “Chesterfield” Group)
- 50% reduction in open case count at Jun 11 since peak of 122k open cases
- Migration from four to two contact centres
- Migration from five to one core operating system for Credit Hire
- Right-sizing of fleet from 20k units at Dec 08 to 6.4k at Jun 11
- 55% reduction in FTE at Jun 11 vs. Dec 08 baseline
- One management team; one core Credit Hire business; one company
- Restructuring mostly complete with further efficiencies implemented Sep 11
- Continued protocol arrangements with seven insurers with average collection time of 46 days
- £214m / 62% reduction in net debt (£348m to £134m) at Jun 11 vs. Dec 08
- DSO’s remain broadly similar

Simon Poulton – Financial Overview

Income Statement

- Revenues down £53.4m vs. prior year
  - 14% less hires (Acromas/weaker H1)
  - 2.8 days shorter hire length
- Gross margin down 3.0 ppts vs. prior year
  - Increased mix of lower margin Credit Repair & PI
  - 2.8 days shorter hire length
  - Increased fleet holding cost
  - Overheads down £18.2m vs. prior year, run-rate now levelled out (with further reduction implemented Sep 11)
- ABI receivables investigation resulted in £16.0m reduction in 2010 reported revenues, including additional settlement provision

		Year ended 30 June 2011 adj.	Year ended 30 June 2010 adj.	Year ended 30 June 2010 reported
Adj Accident Management Revenues	£m	234.8	288.2	304.2
Adj Gross Profit	£m	50.7	70.9	86.8
% Gross Margin		21.6%	24.6%	28.5%
Overheads	£m	47.3	65.5	65.5
Adj Operating Profit	£m	3.4	5.4	21.4
% Operating Margin		1.4%	1.9%	7.0%
KPI's				
Hire Cases	'000s	129.2	149.5	149.5
Hire Days	'000s	2,426	3,214	3,214
Hire Length	Days	18.7	21.5	21.5
% Fleet holding cost to Hire Revenue		24.3%	21.6%	20.7%
% Revenue Utilisation		80.7%	87.1%	87.1%

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Balance Sheet

- Further £35.4m reduction in Operating Working Capital
  - Fleet NBV will rise due to new purchases
  - Future Receivable reduction driven by Legacy/Legal resolution

- DSO remain broadly static
  - 43% of ABI cases in Legal (vs. 51%/Dec 10, vs. 40%/June 10 and 26%/Dec 09)

- Net Debt down £28.3m

- Adjusted 2010 figures relate to ABI receivables reduction of £37.7m

	Year ended 30 June 2011	Year ended 30 June 2010 adj.	Year ended 30 June 2010 reported
	£m	£m	£m
Goodwill / intangibles	19.0	44.6	44.6
Fixed assets exc. fleet	11.8	14.0	14.0
Other / deferred tax	1.7	3.3	3.3
Total non-current exc. fleet	**32.5**	**61.9**	**61.9**
Fleet	**56.1**	**75.0**	**75.0**
Receivables (inc. assets held for sale)	**124.3**	**155.1**	**192.7**
DSO's	***185***	***184***	***219***
% of ABI cases in legal	***43%***	***40%***	***40%***
Trade payables/accruals	**(54.5)**	**(68.9)**	**(68.9)**
Operating working capital	**125.9**	**161.2**	**198.9**
Other assets / liabilities	(8.3)	(10.5)	(14.0)
Total assets / liabilities	150.0	212.6	246.7
Net debt	**133.7**	**162.0**	**162.0**
Net assets	**16.3**	**50.7**	**84.8**

Exceptional Items

- £28.8m pre-tax exceptionals in 2011
  - £25.6m goodwill impairment
  - £3.0m credit on recovery of previously impaired Legal Services receivables
  - £6.2m expense for Operational restructuring

- Operational restructuring now largely complete, with further Group services savings implemented Sep 11

- £9.6m of exceptional provisions at Jun 11 to unwind against multi-year impaired property lease obligations

Cash Flow – Cash Conversion

- Fall in EBITDA in line with revenue
- Cash from receivables maintained at consistent level
- Payables / provisions decrease due to lower level of accruals held at year end flexing with business size
- Disposal proceeds in line with management expectation as a result of fleet reduction and rotation policy

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
EBITDA	16.0	20.3
Decrease in receivables	28.6	28.4
Decrease in payables / provisions	(15.3)	(2.3)
Cash generated from operating activities	**29.3**	**46.3**
Finance cost	(8.8)	(7.5)
Tax received	0.0	4.6
Net cash from operating activities	**20.5**	**43.4**
Net proceeds from disposals	54.0	49.5
Share proceeds	0.0	1.3
Finance lease principal repayments	(64.4)	(72.2)
Net cash after sale of assets & principal repayments	**10.1**	**22.1**
Loan repayments	(19.2)	(24.3)
Decrease in cash and cash equivalents	**(9.1)**	**(2.3)**

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Net Debt

- Net Debt down £28.3m since Jun 10
- Fleet average age reduced with 24 month maturity resulting in >1Yr lease finance held
- Committed bank facilities now extended to Dec 12 maturity
- Vehicles purchased through lease facilities amount to £46.2m

	Year ended 30 June 2011 £m	**Year ended 30 June 2010 £m**
Cash & cash equivalents	2.1	9.2
Corporate debt due <1 Yr	(80.8)	(8.0)
Asset finance debt due < 1 Yr	(17.3)	(53.3)
Net current debt	**(98.1)**	**(61.3)**
Mix	*73.4%*	*37.8%*
Corporate debt > 1 Yr	0.0	(90.0)
Asset finance debt due > 1 Yr	(37.7)	(19.9)
Net non-current debt	**(37.7)**	**(109.9)**
Mix	*28.2%*	*67.8%*
Total net debt	**(133.7)**	**(162.0)**
Fleet asset related	*63.3*	*81.1*
Non-fleet related	*70.4*	*80.9*

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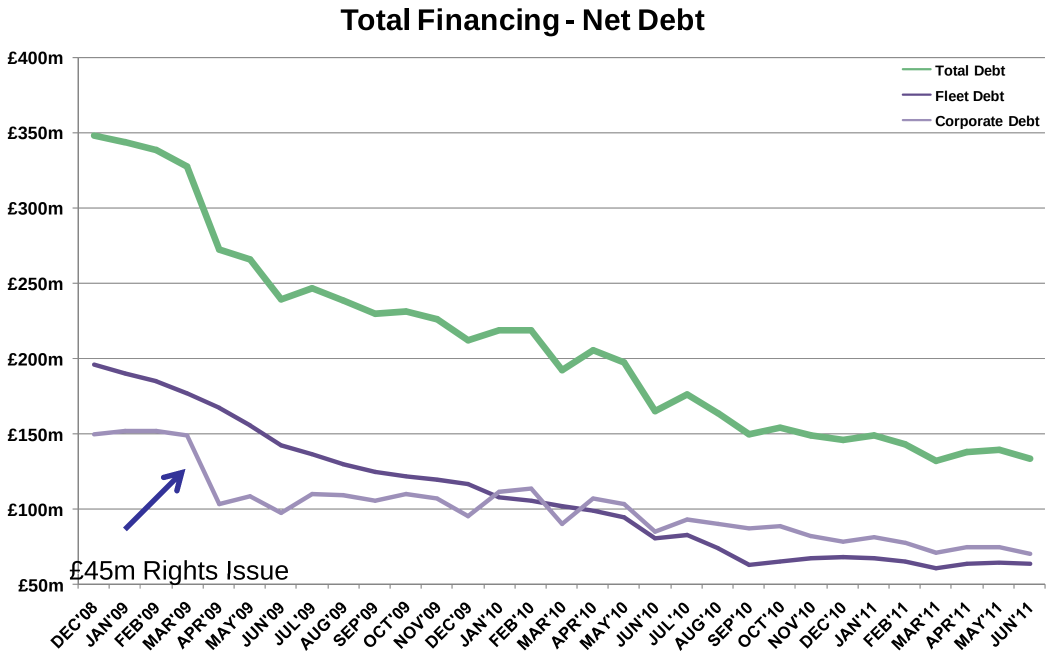
Fleet and Corporate Debt

- Net Debt down £214m since Dec 08
- £133m reduction in fleet debt since Dec 08 due to right-sizing of fleet
- Following Apr 09 rights issue corporate debt further reduced by £32.6m



Financial Summary

- Business activity/volumes levelled out post discontinued Referral Partners; underlying growth from new accounts
- Gross margins lower than historically reported due to hire length, revenue mix, discontinued high margin/high overhead businesses
- Restructuring mostly completed
  - Further restructuring implemented Sep 11
- Working capital/receivable DSO improvements to come; legal/legacy ABI debts dragging performance
- Business is cash flow positive at the operating level

Martin Ward – Operational Review

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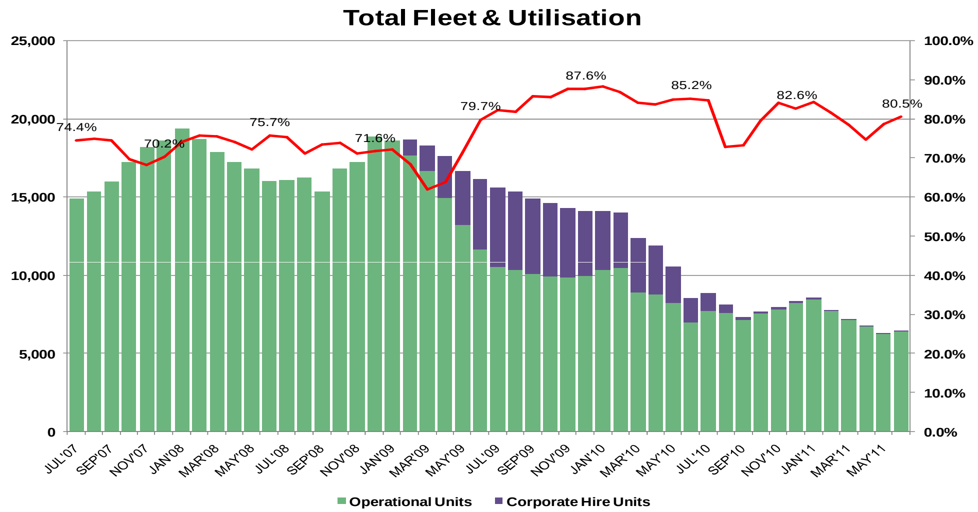
Operational Review

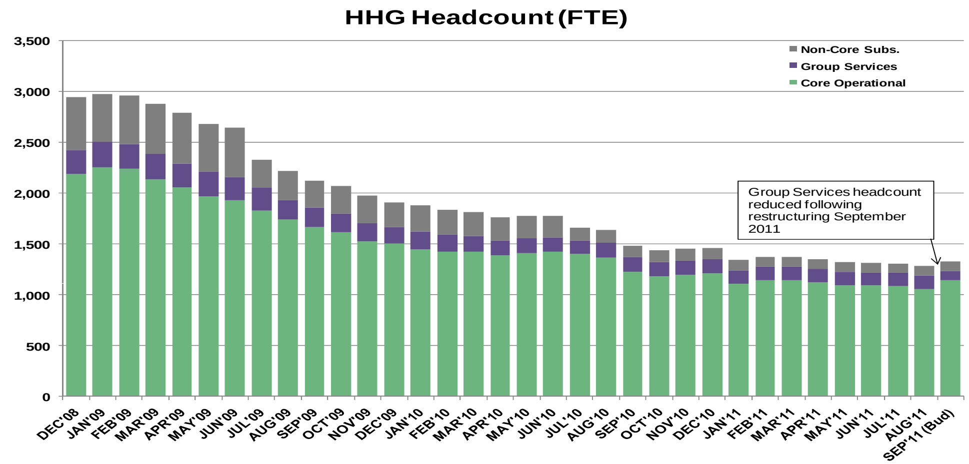
- Fleet right sized and utilisation in line with management expectation

- Operating sites consolidated
  - New lower cost base following transition

- Incident rates at expected levels but hire length reduced

- Further reduction in cost base implemented, headcount reduced by 55% since Dec 08 with operational headcount growth reflecting recent volumes





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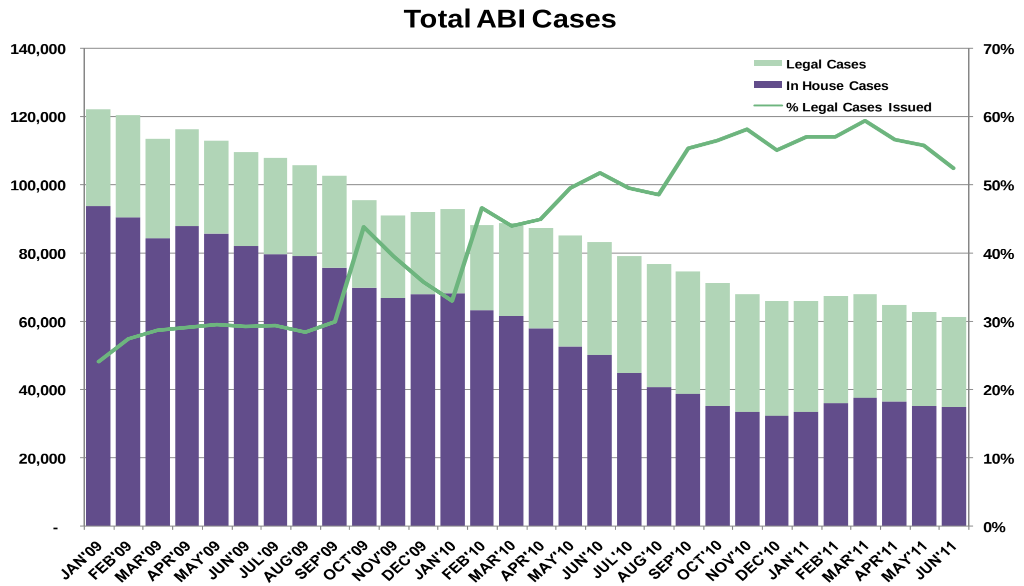
Operational Review – FY to June 2011

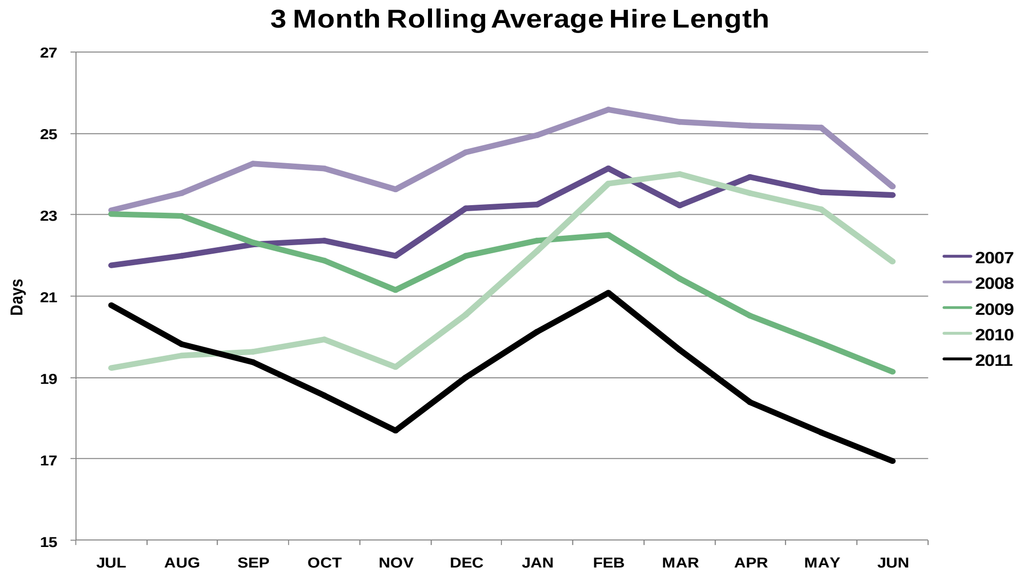
- Open claims cases:
  - Overall open cases continue to be worked and managed down
  - Cases in legal peaked – but still some way to go
  - Legal cases generating £5m-£6m cash per month
  - Faster settlement of newer claims and various protocol agreements with seven insurers

- Operational process improvements:
  - Delivering better productivity per FTE
  - Improving quality of cases
  - Improving case presentation to insurers



Operational Review – FY to June 2011

- 3 month average hire length dropped by 5 days to 16.9 days June 11 vs 21.9 days June 10 influenced by partner account mix
- Hire lengths through 2011 lower than in any year previously experienced and other than seasonality variances no uplift factored
- Repair capacity and demand out of equilibrium which drives shorter overall turnaround of vehicles



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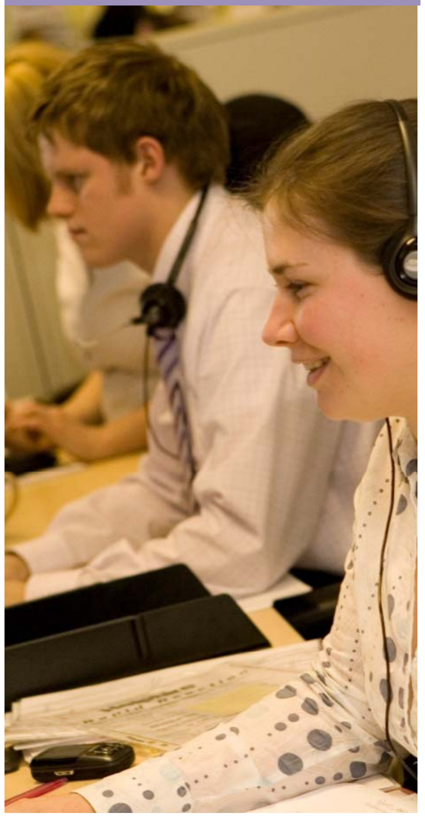
Summary and Outlook

- Hire length is the key margin driver
- Volumes picked up recently but at a lower margin (hire length)
- PI referral ban – low margin product but possible wider implications for industry
- Non fault services are in demand but sector is generally weak
- Remain cautious in outlook – accident frequencies still under pressure and general market outlook remains challenging



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