



Final Results to 30 June 2009

2 October 2009





Presenting Team



Martin Ward
Group Managing Director




Ian Wardle
Chief Financial Officer






Contents



- **Summary Highlights**
 - Where have we come from
 - The issues
 - What we are doing
 - What we have achieved so far
 - Where are we now
 - **Financials**
 - Summary Profit & Loss
 - Current Status
 - Exceptionals – Legacy & Outlook
 - Balance Sheet / Operating Working Capital
 - Cash/Borrowings
 - **Outlook**
- 

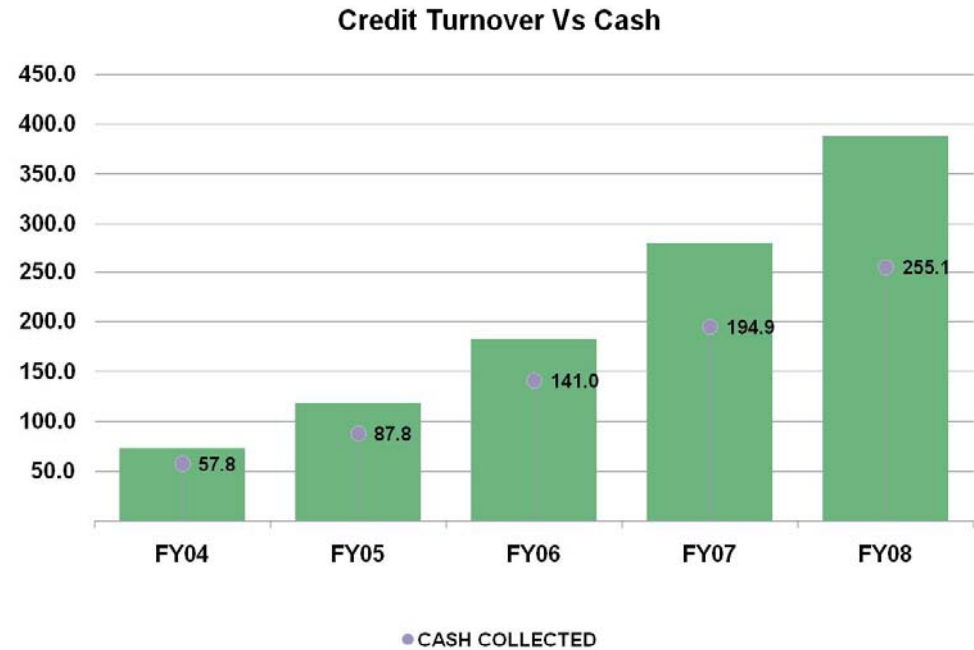


Summary Highlights

- Adjusted operating profit before tax of £4.7m (2008: £55.4m)
 - Pre-tax loss of £149.0m largely resulting from non-cash exceptional charges (2008: £43.0m)
 - Cash generation from operations of £57.2m (2008: £22.3m)
 - ABI Cash recovery increased by 39% to £354.7m (2008: £255.1m)
 - 13.2% reduction in debtor days to 223 days (2008: 257 days)
 - Net debt reduced by £122.8m to £239.5m (2008: £362.3m)
 - Restructuring programme to realign the business ahead of plan in both timescale and quantum
 - Successful share issues raised £89.1m (net of expenses)
- 

Where have we come from?

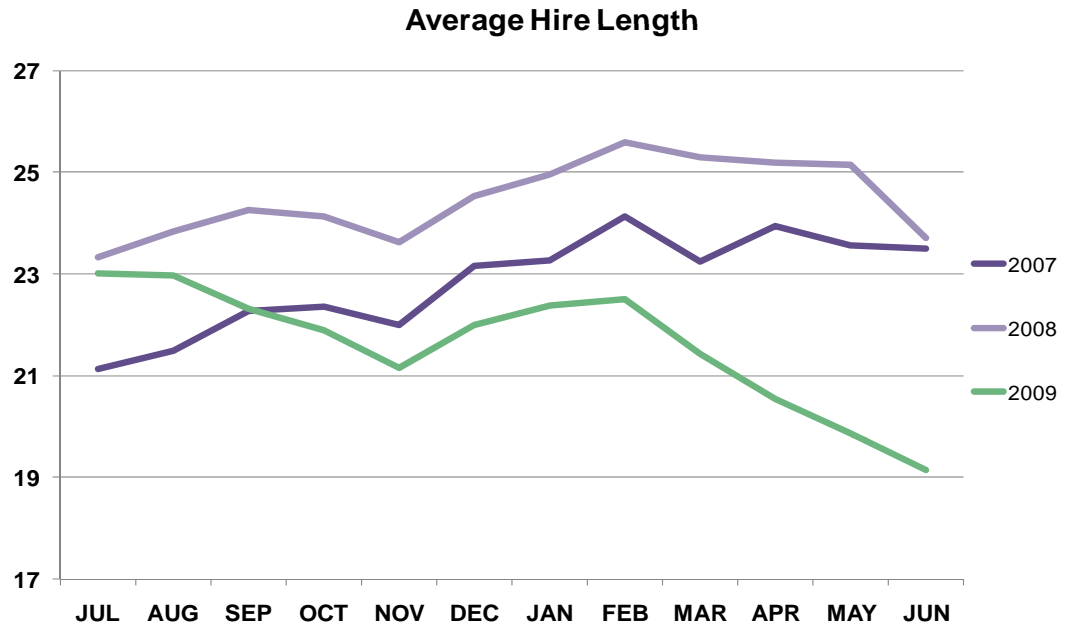
- Profit was deteriorating and not being converted into timely cash flow
- Business was running out of cash resources
- High gearing
- Debtor days rising
- Cost base too high





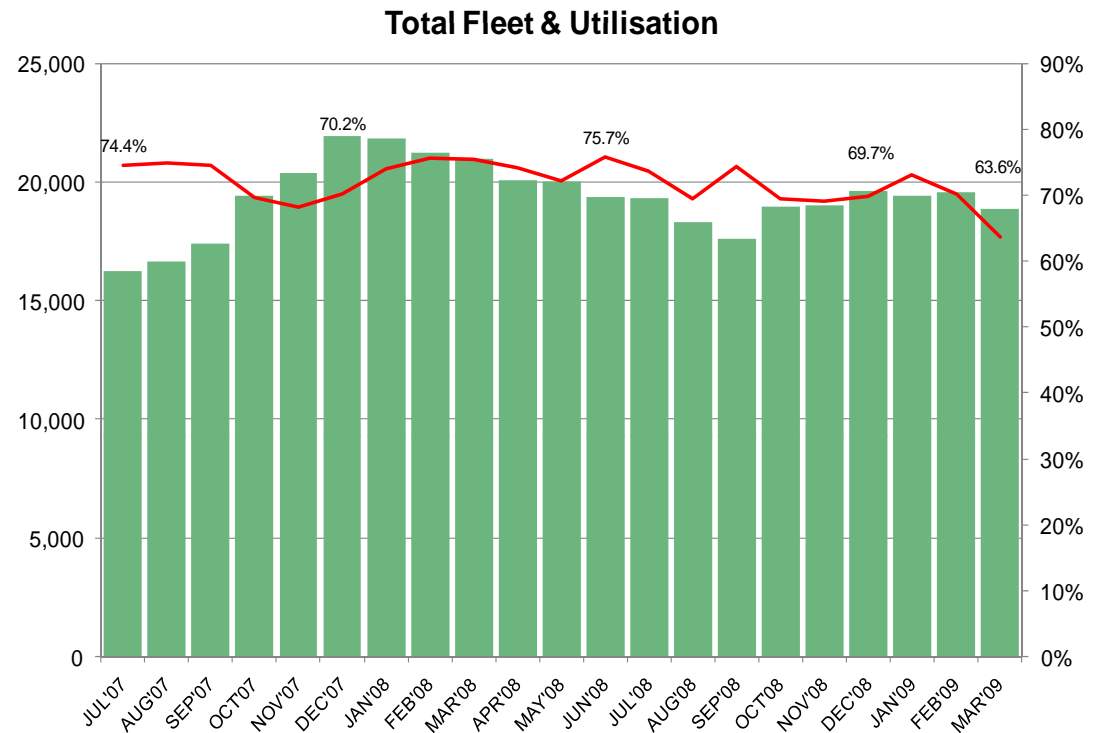
The Issues: External

- Hire duration reducing
- Fleet residual values falling
- Less road miles
- Insurer cash constraints
- Loss of confidence



The Issues: Internal

- Too many vehicles
- Legacy of claims outstanding
- Fragmented operating model
- Legal Services strategy
- Overseas expansion
- Litigation strategy
- Funding
- Marginal contribution contracts





What are we doing?



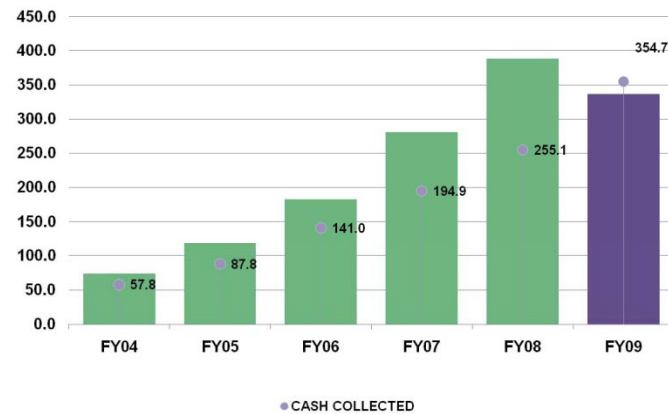
- Focus - Drive - Broaden
- Increased the emphasis on cash recovery
- Reduced Working Capital
- Consolidated our operational footprint
- Reduced debt
- Reduced debtor days
- Reduced operational costs



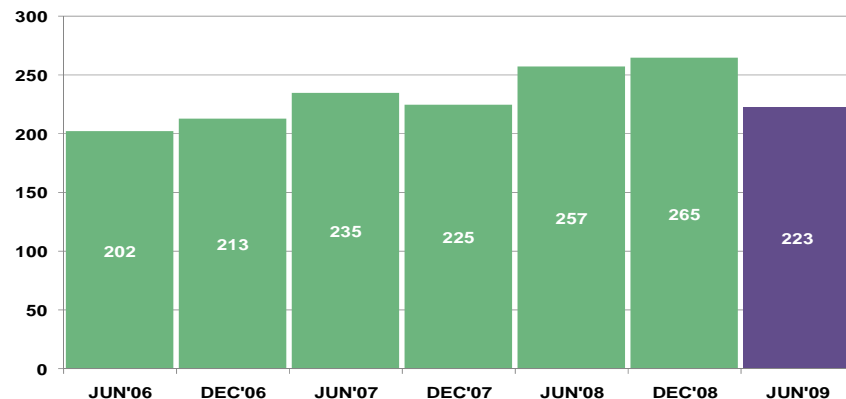
What we have achieved thus far

- Cash recovery increased by 39% to £354.7m (2008: £255.1m)
- Operating Working Capital reduction of £70.0m to August 2009
- Debtor day reduction 223 days (2008: 257 days)
- Total debt down £123.0m to £239.0m (2008: £362.0m)
- Raised £89.0m of funding
- Fleet reduced to 16,500 (2008: 19,000)
- Overhead cost savings in excess of £15.0m achieved

Credit Turnover Vs Cash



Debtor Days





Where are we now



- Cash flows in line with expectations
- Trading in line with management expectations
- Cost base better than expected
- Hire length levelled off
- IT deployment now simplified
- Operational structure consolidated under one management team
- Two new accounts signed
- Business more stable



Summary Profit & Loss

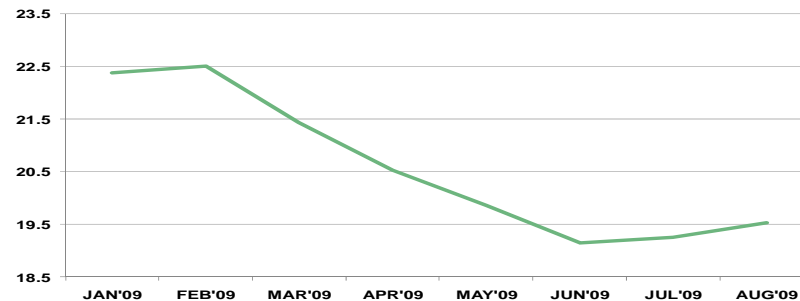
- Significant decline in revenue and gross profit/margin
 - reduced hire length
 - increased fleet holding costs due to weaker RV's
- Overheads growing through 1HFY09 before restructuring delivered significant reduction 2HFY09
- June FY09 annualised reduction £16m vs. October-December CY08 average

£m	<u>2009</u>	<u>2008</u>	<u>%</u>
Accident Management	259.5	293.8	-11.7%
Credit Repair	109.0	111.1	-1.9%
Adjusted Revenue	<u>368.5</u>	<u>404.9</u>	<u>-9.0%</u>
Adjusted Gross Profit / Margin	98.4	141.2	-30.3%
	26.7%	34.9%	-8.2pts
Overhead	99.3	92.0	7.9%
Other Income	5.6	6.2	-9.7%
Adjusted Operating Profit	<u>4.7</u>	<u>55.4</u>	-91.5%
Total Cases (k)	187.0	191.8	-2.5%
Hire Days (k)	3,986.9	4,689.7	-15.0%
Length	21.3	24.5	-12.8%
Fleet holding cost % hire revenue	28.3	26.2	2.1pts

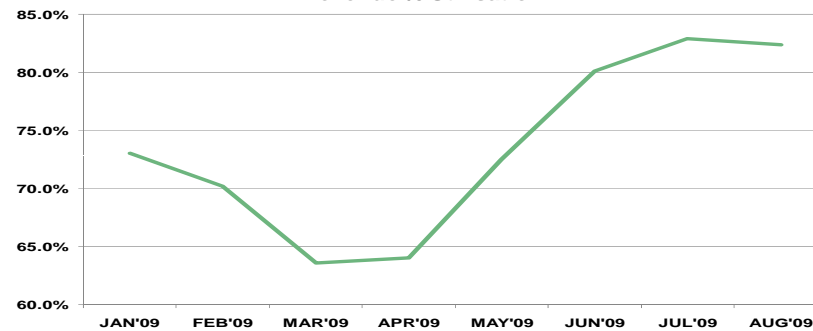
Current Status

- Revenue/case volume will reduce in FY10 due to existing referrer reduction net of account/share gains
- Gross profit/case £65 higher due to customer profit mix and improved direct costs
- Rental length decline has stabilised through August
- Fleet utilisation improved through August (81.8% last three months av.)
- Holding costs as % hire revenue July/August tracking 5pts better than FY09
- Overhead reduction continuing; July/August 09 tracking £15.0m annualised reduction vs. June 09

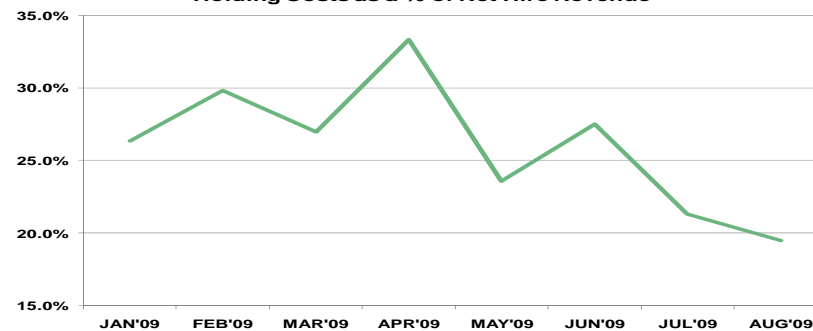
3 Month Rolling Average Hire Length



Revenue % Utilisation




Holding Costs as a % of Net Hire Revenue





Exceptionals – Addressing Legacy Issues

- ABI Receivables £62.4m
 - Adjusts valuation to “lower of net realisable value”
 - Specifically provides against problem claims/cases
 - balance productivity impact/economic recovery of collecting cases
 - CS2/Fishers – Legal Services £19.0m
 - Original strategy of a “Legal Services” division not achievable due to regulatory restrictions and cash consumption
 - Aggressively pursuing recovery of working capital and other trade debt
 - Expedite £11.6m
 - Four/five year project “too much/too late” delivering Rolls Royce when we can operate with a Mondeo
 - Will centralise around Proclaim delivering required functionality at a lower cost
- 



Exceptionals – Addressing Legacy Issues Continued

- Restructuring £11.8m

Over 750 headcount reduction since December 08 through August 09 (£4.5m redundancy)

Bristol office closed June 09 (£6.9m future lease related cash/costs)


Spanish office closure September 09 (£0.4m)

All actions deliver reduced operating expense and cash outflow

- Fleet £8.4m

4,000 vehicles excess to requirements and marked for sale at reduced RV's (£7.7m), substantially completed through 30 September

4,750 vehicles placed on long term corporate rental due back in CY10 for sale at higher RV's than originally estimated plus avoided cash outflow on settling finance balloons






Exceptionals: FY2010 Outlook

Operational Restructuring (i.e. excluding Goodwill Impairment)

<u>£m</u>	<u>Cash</u>	<u>Non-Cash</u>
Consolidation of operating centres together with migration of IT operating platform Q2-4 / FY10	2.0	6.0
Decommissioning of Expedite Q1-2 / FY10	0.8	
Closure of in-house Legal Services (TSS) Q1-2 / FY10	<u>0.8</u>	<u>1.2</u>
Total	3.6	7.2
Banking Agreement Provision	8.5	19.0



Balance Sheet / Working Capital – Project Century

- Goodwill / Intangible impact of £38.8m impairment (inc. Expedite)
- Reduction in *Operating Working Capital* year over year with substantial reduction since November/December 08 “peak”
- Fleet year over year reduction of 2.5k units plus full year depreciation effect due to extended lives; further 1k units substantially disposed of by 30 September
- ABI debt year over year reduced by 7k cases/£28.3m (exc. impairment);
December 08 through June 09 reduction is £48.3m/11.5k cases (exc. impairment)
- £122.6m reduced net cash/borrowings thru equity raising (£89.1m net) and operating cash flow generation

£m	2009	2008	Change
Goodwill / Intangibles	45.2	84.9	-39.7
Fixed Assets Exc. Fleet	19.5	24.7	
Other Non-Current	<u>2.1</u>	<u>1.5</u>	
Non-Current Exc. Fleet	66.8	111.1	
Fleet	132.2	189.8	-57.6
Receivables (net of £62.4m impairment)	202.8	297.5	-94.7
Trade / Other payables	-71.2	-75.7	
Operating Working Capital	<u>263.8</u>	<u>411.6</u>	-147.8
Other Assets / Liabilities	<u>-5.4</u>	<u>-19.7</u>	
Operational Assets / Liabilities	325.2	503.0	-177.5
Cash / Borrowings	-239.7	-362.3	-122.6
Net Assets	85.5	140.7	55.2

Cash/Borrowings

- Amended Bank Facility agreements signed April and September 2009 with maturity in April 2012
- Significantly improved maturity profile
 - 28% vs. 72% maturity < 1 year
- £48.0m working capital and fleet bank facility headroom at 30 September 2009

£m	2009	2008	Change
Cash / Cash Equivalents	11.5	7.9	
Borrowings Due < 1 Year	-7.5	-110.6	
Finance Leases Due < 1 Year	<u>-71.9</u>	<u>-156.2</u>	
Net Current	-67.9	-258.9	-191.0
Mix	28.3%	71.5%	43.1%
Borrowings Due > 1 Year	-115.1	-60.8	
Finance Lease Due > 1 Year	<u>-56.7</u>	<u>-42.6</u>	
Net Non-Current	-171.8	-103.4	68.4
Mix	71.7%	28.5%	-43.1%
Total Net Borrowings	-239.7	-362.3	-122.6



Outlook

Our services remain in demand and we continue to see new opportunities presented. We are being selective to ensure that reasonable economic returns are achieved for the capital employed.

- **Current performance is tracking in line with expectations**
 - **Overall cash flow remains a key focus area but is performing well**
 - **Restructuring plans aim to achieve low cost base with effective service delivery**
 - **Substantial net debt reduction expected to be achieved for the full year**
- 