



# Preliminary Results

23 September 2008



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# 1. Update and Performance Summary

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- Despite a difficult financial year adjusted PBT was £46.8m (+3.9%)
- Final dividend of 5.8p – full year 12.3p (+11.8%)
- Strategic refocus from growth to cash - increased management focus on claims settlement
  - interest charged on claims post 90 days
  - systematic litigation policy introduced for historical and current claims
  - operational reorganisation
- Refocus has reduced the age of claims outstanding - much more to do to achieve target cash generation
- Successful fundraising of £42.7m net of expenses



# 1. Update and Performance Summary

- Hire cases up 29% (from 41% growth in H1)
- Standard hires (+92%) reflect growth of vehicle replacement policies
- Turnover £404.9m (+39.5%)
- Higher fleet costs
- Action effective on oldest debt – average age decreased
- Debtor days have risen
- EBITDA of £97.6 million consumed largely by adverse working capital movement

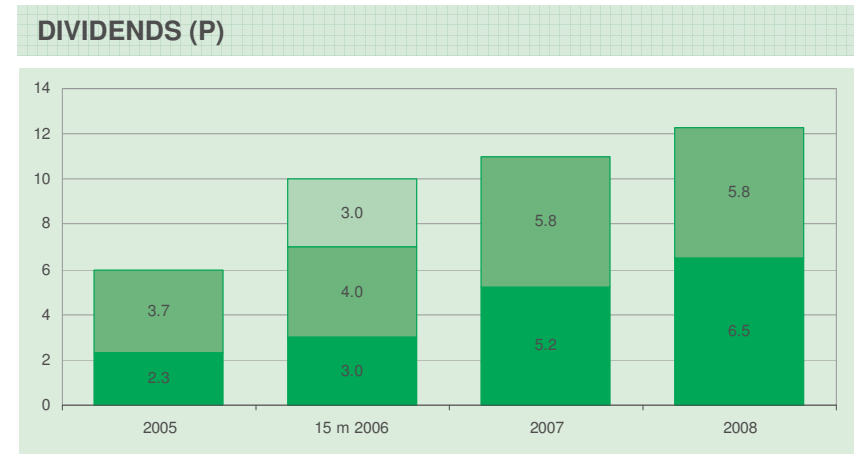
KEY PERFORMANCE INDICATORS	2008	2007	+/-
<b>OPERATIONAL</b>			
Hire cases (000)	191.8	148.3	29%
- credit hire	175.6	139.9	26%
- standard hire	16.1	8.4	92%
Repair cases (000)	74.0	55.1	34%
% of credit hire cases	39%	37%	
PI cases (000)	34.8	30.2	15%
% of credit hire cases	18%	20%	
Hire days (m)	4.7	3.4	37%
<b>P&amp;L</b>			
Revenue (£m)	404.9	290.3	39.5%
Gross margin	34.9%	39.7%	
Adjusted profit before tax (£m)	46.8	45.0	3.9%
Profit before tax (£m)	43.0	40.3	6.9%
Adjusted diluted earnings per share (p)	24.2	23.7	2.3%
Direct fleet holding costs/hire revenue	27.4%	25.5%	7.5%
<b>BALANCE SHEET</b>			
Weighted average age of claim (days)	256	296	(14%)
Debtor days (countback basis)	235	205	14%
<b>CASH FLOW</b>			
EBITDA (£m)	97.6	69.4	41%
Working capital (£m)	(75.4)	(48.5)	55%



## 2. Dividends

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- Final dividend 5.8p
- 12.3p for the year (+11.8%)
- Dividend 2.0x covered (2007: 2.2x)
- Intention to maintain or increase dividends
- Objective is to improve cashflow to maintain progressive dividends



### 3. Performance Improvement Plans

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#### MEASURES IMPLEMENTED

- Integrated management responsibilities and incentives in Business Units
- More systematic approach to litigation
- Doubled headcount in legal department in 12 months
- Increased use of panel solicitors
- Interest charged after 90 days to encourage prompt settlement
- 'Payable Bills' project
- 'Expedite' implementation in progress

#### ACTION PLAN

- Accelerated production of payment requests
- Improved quality of claim payment packs
- Further increases in litigation capacity
- Strict adherence to litigation protocol
  - aim to issue proceedings on all cases outstanding after 120 days by 31 March 2009
- Complete implementation of 'Payable Bills' review



## 4. Profit

- Revenue £404.9m (2007: £290.3m) +39.5%
  - 10 new referrer contracts
  - increased volumes from leading partners
- Gross profit margin 34.9% (2007: 39.7%)
  - increased commissions, fleet costs
  - volumes below expectations
  - action to reduce oldest claims
- Operating profit £51.7m (2007: £45.2m) +14.2%
  - margin reduced by 2.8 points (to 12.7%) vs GM reduction of 4.8 points
- Adjusted profit before tax £46.8m (2007: £45.0m) +3.9%
  - finance costs increased by 73.5%
  - rates and borrowings ahead of expectations

YEARS ENDED 30 JUNE	2008 £m	2007 £m	+/-
<b>Revenue</b>	<b>404.9</b>	<b>290.3</b>	<b>+39.5%</b>
Cost of sales	(263.7)	(175.1)	+50.6%
<b>Gross profit</b>	<b>141.2</b>	<b>115.2</b>	<b>+22.6%</b>
<i>margin</i>	34.9%	39.7%	
Administrative expenses	(95.8)	(73.9)	+29.7%
Other operating income	6.2	3.9	+60.5%
<b>Total operating profit</b>	<b>51.7</b>	<b>45.2</b>	<b>+14.2%</b>
<i>margin</i>	12.8%	15.6%	
Finance costs	(8.6)	(5.0)	+73.5%
<b>Profit before tax</b>	<b>43.0</b>	<b>40.3</b>	<b>+6.9%</b>
<i>margin</i>	10.6%	13.9%	
Tax	(12.6)	(10.7)	+17.6%
<i>rate</i>	29.3%	26.6%	
<b>Profit after tax</b>	<b>30.4</b>	<b>29.5</b>	<b>+3.0%</b>
<b>Adjusted profit before tax</b>	<b>46.8</b>	<b>45.0</b>	<b>+3.9%</b>
Adjusted* profit after tax	34.1	33.2	+2.4%
Adjusted* earnings per share			
Basic	24.6p	24.2p	+1.3%
Diluted	<b>24.2p</b>	<b>23.7p</b>	<b>+2.3%</b>

\*adjusted for share-based payments and amortisation



## 5. Balance Sheet Overview

- Goodwill increased by CS2 and Cab Aid transactions
- Fixed assets increased as fleet expanded to meet anticipated demand
- Post year end balance sheet strengthened by placing and open offer

AS AT 30 JUNE	2008 £m	2007 £m
<b>Non-current assets</b>		
Goodwill	74.4	67.1
Intangible assets	10.5	7.5
Property, plant and equipment (including vehicles)	214.5	144.1
Investments	0.3	0.3
Deferred tax asset	1.2	2.1
Other receivables	-	2.0
	<b>300.9</b>	<b>223.0</b>
<b>Current assets</b>		
Trade and other receivables	297.5	191.5
Tax receivable	-	0.4
Other financial assets	0.1	-
Cash and cash equivalents	7.9	4.9
	<b>305.5</b>	<b>196.8</b>
<b>Total assets</b>	<b>606.4</b>	<b>419.9</b>
<b>Current liabilities</b>		
Trade and other payables	(75.7)	(52.9)
Tax liabilities	(8.6)	-
Obligations under finance leases	(156.2)	(126.2)
Short-term borrowings and overdrafts	(110.6)	(47.2)
	<b>(351)</b>	<b>(226)</b>
<b>Net current assets</b>	<b>(45.7)</b>	<b>(29.5)</b>
<b>Non-current liabilities</b>		
Long-term borrowings and overdrafts	(60.8)	(33.5)
Obligations under finance leases	(42.6)	(20.6)
Deferred tax liability	(11.1)	(7.4)
	<b>(114)</b>	<b>(61)</b>
<b>Total liabilities</b>	<b>(465.7)</b>	<b>(287.8)</b>
<b>Net assets</b>	<b>140.7</b>	<b>132.0</b>



## 6. Financing

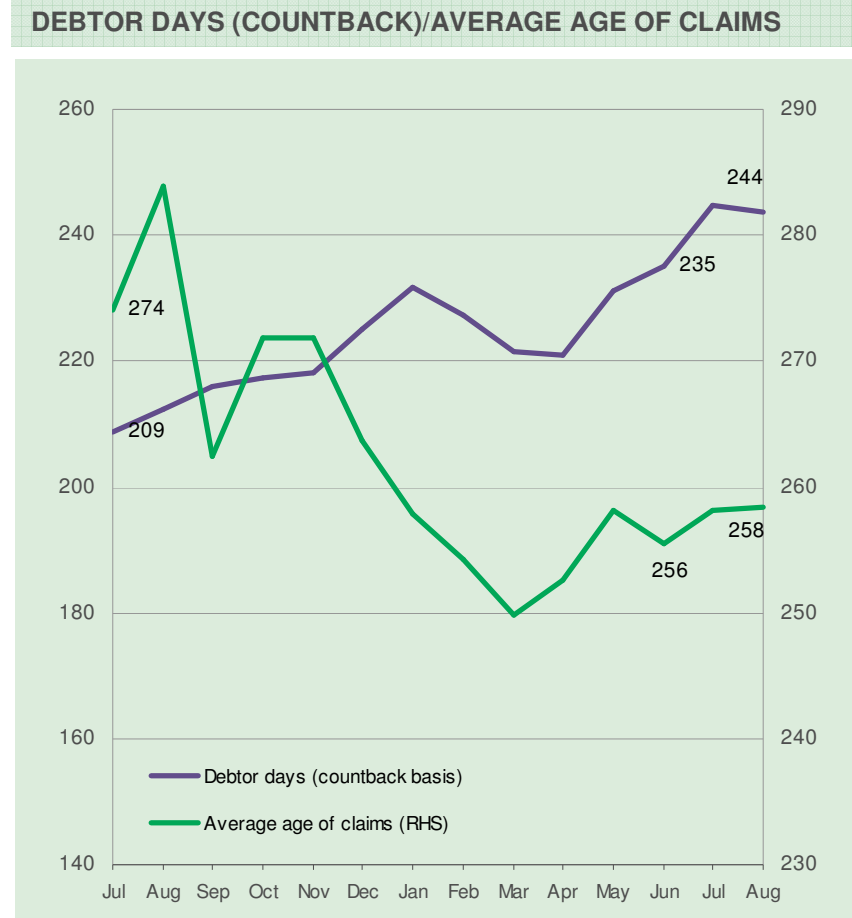
- Fleet financed from finance leases and bank fleet facility
- Finance leases renewed or rolled over as vehicles are acquired or holding periods extended
- Bank facilities renewed in August
- Banking market is challenging for corporate and fleet facilities
- Margins increased - within acceptable range
- Placing and Open Offer proceeds provide headroom to focus on working capital management

	Revised facility £m	Head- room £m	30 June 2008 £m	30 June 2007 £m
<b>Fleet</b>				
<i>Net Book Value</i>			189.8	126.4
Finance leases			160.0	126.2
Fleet bank facility	30.0	2.4	27.6	-
			<b>187.6</b>	<b>126.2</b>
<b>Corporate</b>				
Revolver/overdraft	85.0	9.9	75.1	42.4
Term loans	60.0	9.0	51.0	32.1
Share purchase loan	7.5	-	7.5	-
Mortgages	10.2	-	10.2	6.2
<b>Total</b>	<b>162.7</b>	<b>18.9</b>	<b>143.8</b>	<b>80.7</b>
Finance leases			38.8	20.6
<b>Total debt</b>			<b>370.2</b>	<b>227.5</b>
Cash			7.9	5.0
<b>Net debt</b>			<b>362.3</b>	<b>222.6</b>
Placing proceeds			42.7	
			<b>319.6</b>	



## 7. Debtors and Cash – Aged Receivables

- Turnover growth has outpaced claims settlement
- Claims handling function being enhanced
- Management responsibilities realigned: incentives for cash collection in Business Units
- Teams now settled - progress expected
- Action to settle oldest cases has brought down average age of claim, improving quality of the book



## 7. Debtors and Cash – Aged Receivables

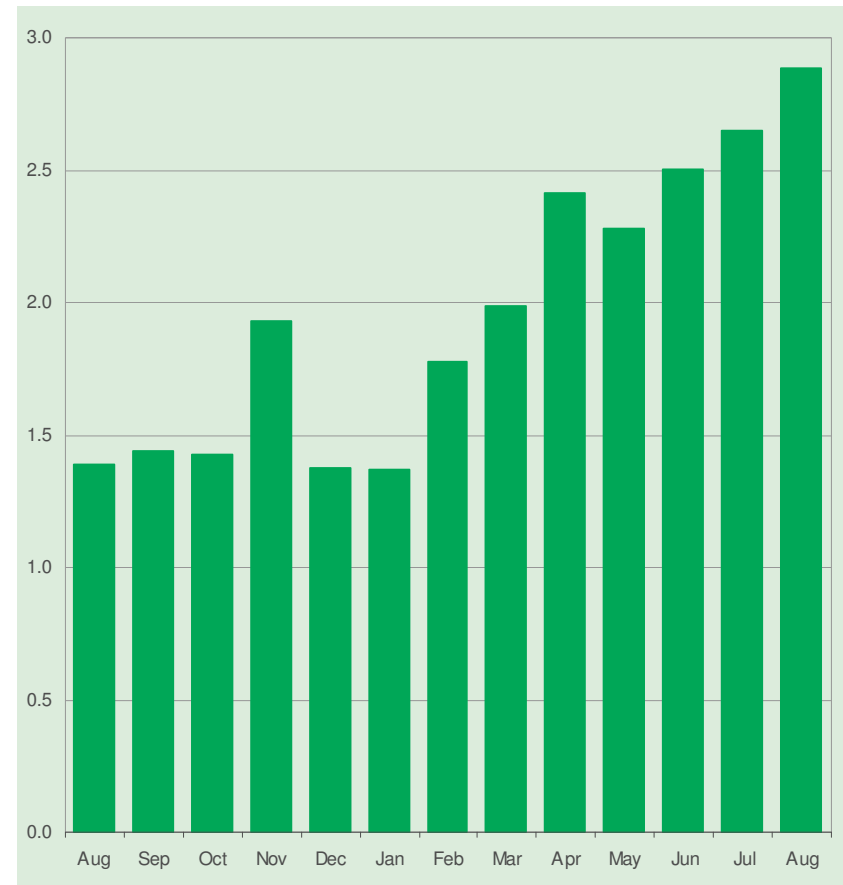
- Aside from oldest cases profile remains broadly unchanged
- Improved efficiency needed at all stages
- Increasing working capital not acceptable - further concerted action needed
- Scope for cash generation is considerable
- Litigation outcomes testify to collectability of debt



## 7. Debtors and Cash - Litigation

- Temple Street Solicitors (TSS) deals with majority of Group's credit litigation
- Litigator headcount doubled in past year - plans to double again
- Meanwhile cases being referred to panel solicitors
- Recovery rate well above ABI 30 day rate despite failure to settle pre-litigation
- Collection premium exceeds cost of litigation
- Recoveries demonstrate economics of litigation

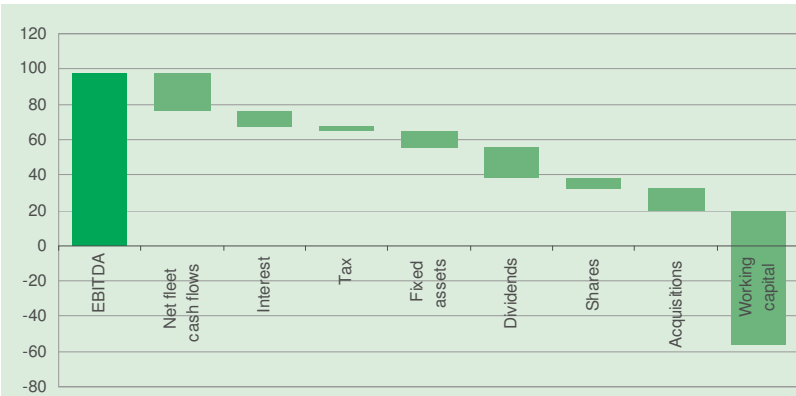
TEMPLE STREET SOLICITORS MONTHLY COLLECTIONS (£M)



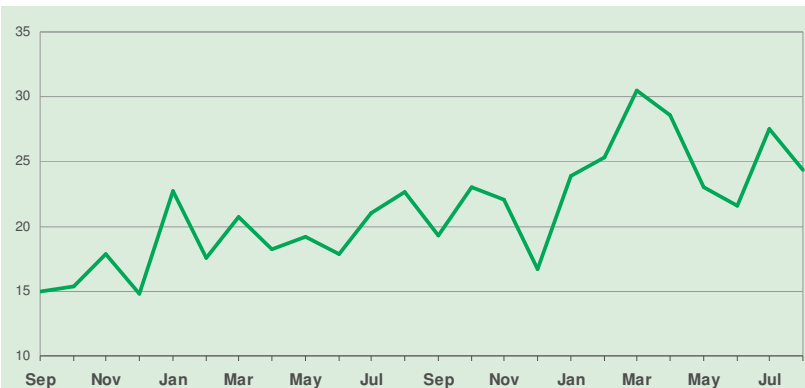
## 7. Debtors and Cash – Cash Flow and Collections

- Cash flow heavily impacted by working capital movement
- In the absence of growth-related outflows Helphire would be cash positive after dividends
- Principal challenge - contain working capital
- Cash collections at record levels but short of required rate
  - rapid acceleration in litigation collections from low level
  - collections distorted by bulk settlement in Q3

ANALYSIS OF CASH FLOW 2007/08 (£M)

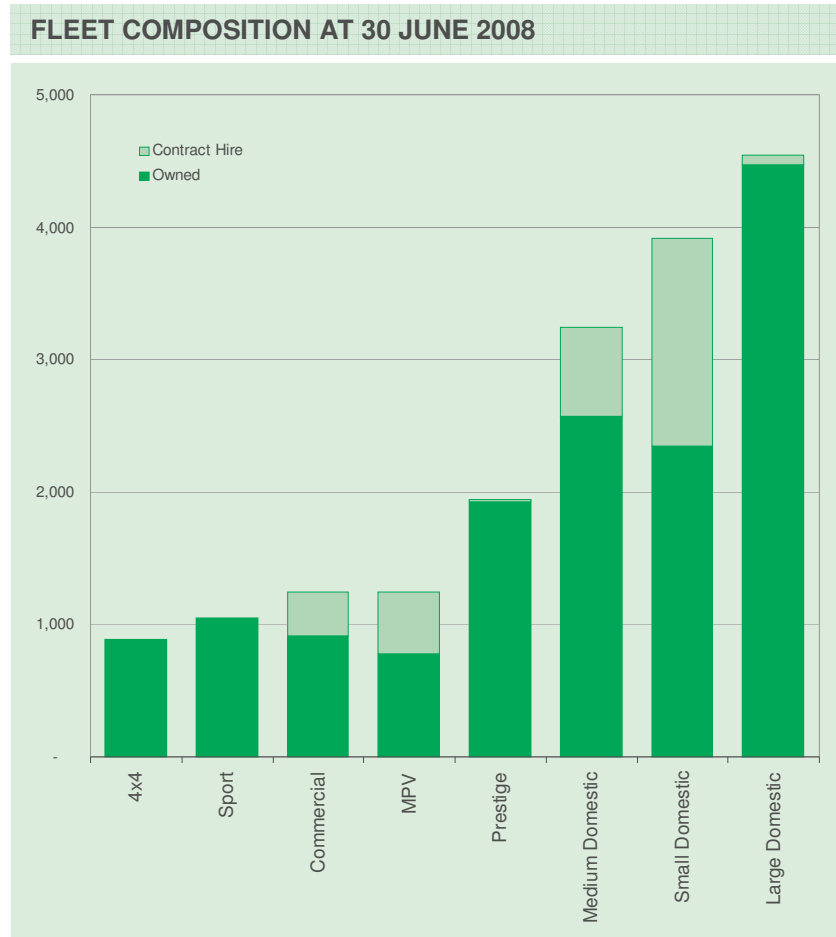


MONTHLY CASH COLLECTIONS 2007/08 (£M)



## 8. Fleet Overview

- At 30 June fleet stood at 18,500 vehicles - 83% owned, 17% contract hired
- 98% of hires fulfilled from own fleet
- Profit on sale of vehicles for the year to 30 June 2008 as a whole
- Residual values have fallen driving fleet management decisions and increasing holding costs
- Market conditions very challenging but not reliant on vehicle sales



## 8. Fleet Performance

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- Fleet MD tasked with servicing Business Units at optimum cost
- Financial performance measurement is complex – profitability depends on
  - accurate LFL matching to maximise revenue
  - minimising holding cost including maximising utilisation
- Depreciation and sale proceeds both linked to market values
  - direct fleet holding costs increased in 2008 to 27.4% of net hire revenue (2007: 25.5%)
  - depreciation is straight line based on CAP residual value at projected disposal date
  - no requirement to mark asset to market as value in use is unchanged
  - impact of falling values mitigated by extending holding periods - not forced to sell
- Increasingly attractive deals on new vehicles but fewer vehicles purchased



## 9. Strategy

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- UK Accident Management
  - maintain high levels of customer service
  - respond to the changing needs of our partners
  - adapt our model as required to maintain market leadership regardless of the precise basis on which replacements are supplied.
- Legal services
  - continue to develop legal service practice
  - return on capital test will be applied
  - close links with legal practices will enable practice to be built rapidly
- International
  - expand in territories where the model has been proven
  - commit limited capital to test the model and invest if returns exceed target



## 9. Strategy - Management

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- Focus is solely on shareholder value
- Management change underway reflecting changing needs of business
- Senior management refocus in spring 2008 created Divisional/Business Unit responsibility for cash and profit
  - effectiveness will be monitored closely
  - further change will be implemented if progress does not accelerate



## 10. Outlook

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- Despite a difficult financial year - adjusted PBT of £46.8m (+3.9%)
- Cash performance must improve but litigation experience demonstrates debt is ultimately collectible
- Confidence of investors and the market must be rebuilt – key challenge is to turn profit into cash
- Change has begun but much more is required
- Difficult trading conditions of H2 2007/08 have continued into the current year
- Focus on cash collection may put pressure on gross margins but action to improve cash and maintain net margins will continue

