

County Durham's Redde Northgate hails strong momentum as half-year revenues top £911m

North East vehicle rental and support services group Redde Northgate has hailed strong half-year performance following the launch of its integrated services platform.

The Darlington business – created three years through the merger of light commercial vehicle hire business Northgate with support specialist Redde – said new contract wins had helped revenues and profits rise. For the six months ended October 31 the listed group saw revenues increase by 30.9% to £911.3m, while earnings before interest and tax rose 1.6% to £113.3m. Pre-tax profits however fell 4.4% to £97.4m

The group said it saw strong growth in claims and services revenue, which rose 25.7% supported by increased volumes from recent contracts and higher fleet disposal activity. Meanwhile vehicle hire revenue rose 6.7%, with a breakdown showing Spain saw a 10% rise while the UK and Ireland chalked up 4.4% growth.

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The group, which has a fleet of 130,000 vehicles, has made two acquisitions in the last 18 months – specialist vehicles firm FridgeXpress in May this year and Blakedale in July 2022. It said the integration of FridgeXpress is progressing, while Blakedale is strongly growing “both customer base and revenues”.

Redde Northgate is also ramping up its capacity by investing in seven new facilities across the UK and Europe, which have either opened or are nearing completion, including two new Spanish branches and one workshop, new facilities in Bristol and North London, and two new Northgate branches in Inverness and North London.

Looking ahead, the group said it is continuing to deliver on its strategic goals and is enjoying strong demand as well as platform momentum and a healthy pipeline, giving the board confidence in the group's prospects. It now expect earnings for the full year to be "modestly" ahead of market consensus.

Martin Ward, CEO of Redde Northgate, said: "This has been a strong trading period for the business and continues the progress we have seen since the launch of our integrated services platform. Growth from new contract wins continues to support revenue and earnings momentum in the near term. With a strong prospect pipeline, and a large proportion of our revenues underpinned by multi-year service contracts, we see the quality of earnings being a standout feature of the business.



Martin Ward, CEO of Redde Northgate
(Image: Redde Northgate)

“Cash generation has been good, allowing us to invest in developing our fleet assets, and supporting our expansion plans, with 9 new site openings in progress. Our borrowings leverage remains in the middle of our target range and the business has a strong balance sheet to support value generating opportunities.

“With visibility of earnings underpinned, the board is confident on the outlook for H2 and now expects to be delivering earnings modestly ahead of market consensus on a full year basis.

The company recently declined to comment on reports of a potential merger with high street bike and car specialist Halfords. The two companies were understood to have been in talks for several months with Darlington-based Redde Northgate said to have approached Halfords – the UK’s biggest retailer of motoring and cycling products and services.

It was reported that the County Durham company proposed a nil-premium merger, but the talks are understood to have been abandoned after the board at Halfords believed the terms would have undervalued the company.