

press release

13 September 2011

The Share Centre reviews its Northgate recommendation as economy remains difficult

- Northgate's ongoing restructuring is going to plan
- UK and Spanish economies remain difficult
- The Share Centre recommends investors watch from the side lines for now

As commercial vehicle hire company Northgate reports performance in line with expectations Graham Spooner, investment adviser at The Share Centre, explains what this means for investors.

"Northgate reported trading for the four months to 31 August was in line with expectations and the ongoing restructuring of the UK business is continuing to develop. The company has enhanced IT systems and reduced its fleet size by 4700 to 56500 in an effort to improve both operational efficiency and commercial sales organisation.

"Investors will be reassured to see the company's trading levels are stable. The underlying UK revenue per vehicle saw a small increase of 1% since the beginning of the financial year and over the last four months this remained unchanged in Spain.

"Vehicle utilisation figures were also promising. The UK averaged 90% for the four month period and Spain averaged 91% - a 1% improvement on the same period last year.

"Our original 'buy' recommendation came with a long term view on the prospect that there would be sustainable growth in Northgate's two main regions Spain and the UK. However these economies remain challenging and although the group appears to be reacting to the difficulties we are reviewing

the stock. We would recommend investors to ‘hold’ for now new investors and watch from the side lines until we see clearer growth prospects in the UK and Spanish economies.”

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About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment ‘wrappers’ including ISAs, CTFs and SIPP are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#). The Share Centre blog is also available at <http://blog.share.com>.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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