Northgate agrees merger with accident management group Redde

Northgate PLC (LON:NTG), the vehicle hire group, has agreed a merger with accident management specialist Redde PLC (LON:REDD), as half-year results show its business continues to struggle.

The share-for-share deal will see Northgate's shareholders own 54% of the enlarged group and Redde's 46%, though Northgate's chief executive Kevin Bradshaw is stepping down with immediate effect.

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Redde boss Martin Ward will be in charge of a combined group that is planned will be called Redde Northgate PLC, while Northgate chairman Avril Palmer-Baunack will keep hold same role and Northgate's Philip Vincent will be chief financial officer.

Seeing cost 'synergies' of £10mln and saying the merger would create "a leading integrated mobility solutions platform", the boards of the two companies recommended the deal to shareholders.

"The combination will create a champion automotive services business with scale, reach and resources to provide mobility solutions to a broad customer base," said Palmer-Baunack, who joined in August and had been in the midst of a strategic review of options for the business.

"The merger has compelling strategic logic - delivering an enlarged platform providing enhanced mobility solutions for vehicles and their users throughout the automotive services value chain."

Redde chair John Davies, who will become a non-executive director on the new board, added: "Combining Redde's talent with Northgate's scale and market-leading presence creates a platform business that has much potential and I am particularly looking forward to working with a highly skilled management team, which has proven skill and vision to drive shareholder value."

Northgate has been under pressure from activist investor Crystal Amber, which pushed for the removal of its previous chairman, Andrew Page, earlier this year.

Half-year results from Northgate, released in a separate announcement on Friday, showed pre-tax profits falling 14% to £24.8mln on revenue down 4% to £357.8mln as vehicle hire sales rose 2.5% but sales fell 20%.
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