



**PENDRAGON
PLC**

Trading update and investor day

In conjunction with an investor visit to Pendragon sites being hosted today, Pendragon makes the following trading update in respect of the half year to 30 June 2010 and the outlook for the full year.

- Aftersales profitability in the first half of the year has continued to improve year on year. The company is pursuing a strategy to grow aftersales profitability. A number of aftersales initiatives designed to secure this growth are being presented at the investor day.
- As forecast, used car sales volumes have continued to grow year on year and used car margins have stabilised. Used car margins are expected to remain stable and used car volume expected to grow during the year.
- Excluding scrappage, Group new retail car sales are outperforming the market. Premium new car sales continue to demonstrate the “V” shaped recovery profile. Volume new car sales have stabilised following the end of scrappage.
- Our net debt levels at 30 June will be higher than expected, almost all due to new vehicle stock related to new product launches. We anticipate this will have reversed by the year end. Reduction of debt remains a top priority and is under strict control.
- Despite the economic and fiscal conditions we remain cautiously optimistic about the prospects for the remainder of 2010 and expect profitability for the year to be in line with expectations.
- We expect profitability for the six months to 30 June 2010 to be in line with expectations

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