

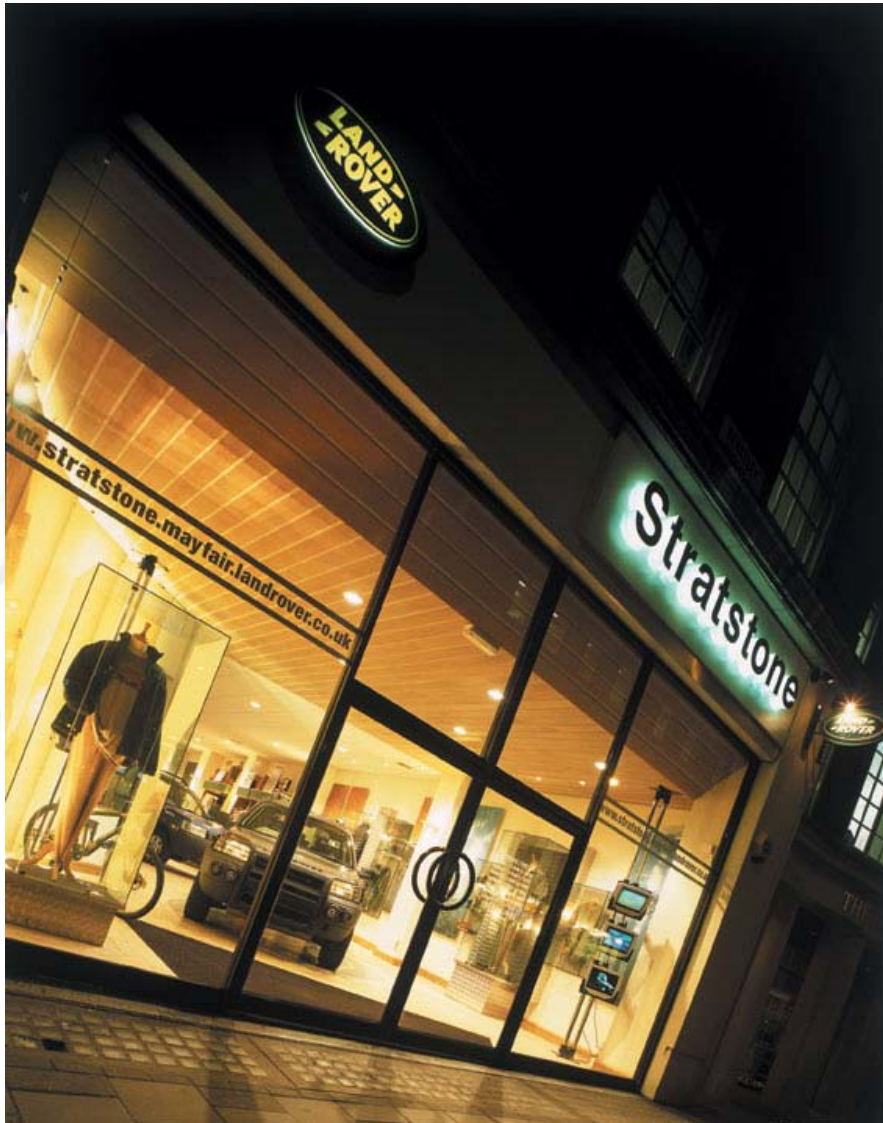


# **PENDRAGON PLC**

## **INTERIM 2010**

**10 August 2010**

Pendragon PLC



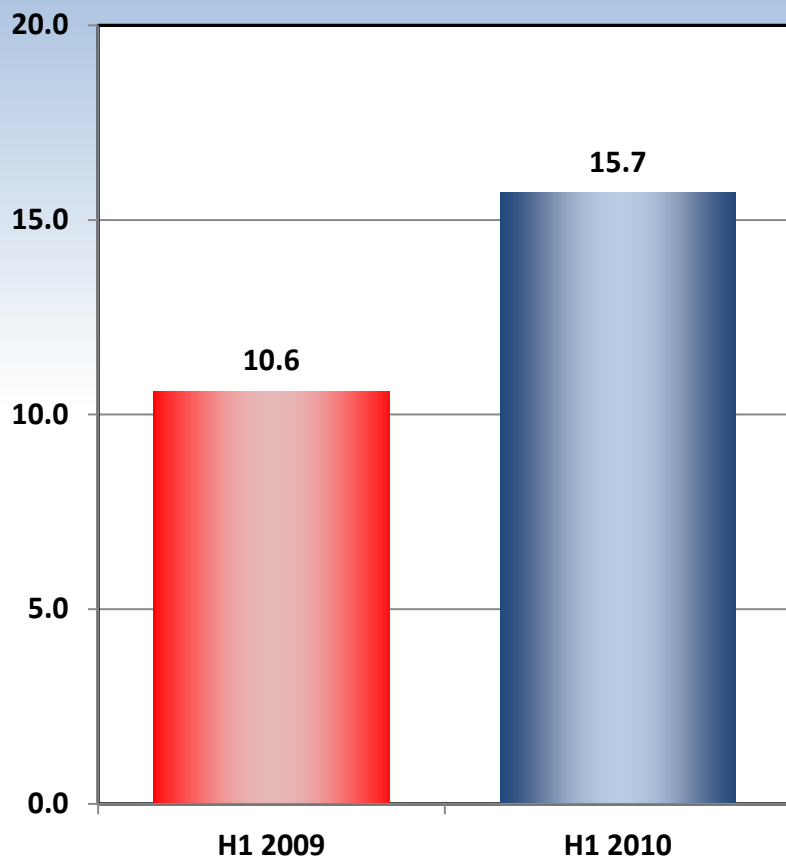
**Trevor Finn**  
**Chief Executive**

**Tim Holden**  
**Finance Director**

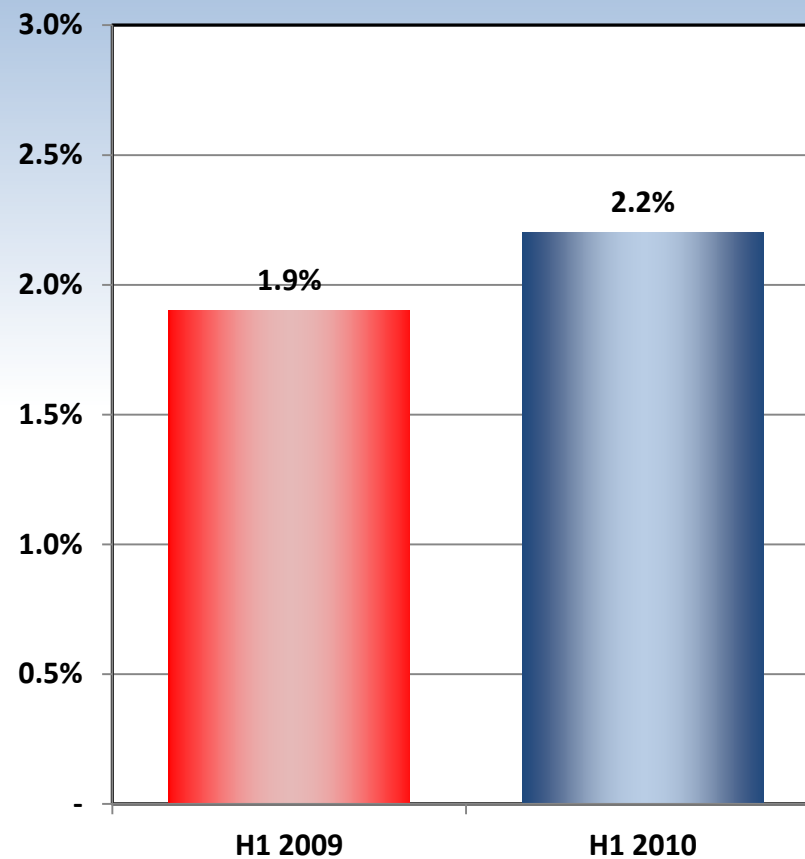
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# Highlights

£m Underlying Profit Before Tax (£m)

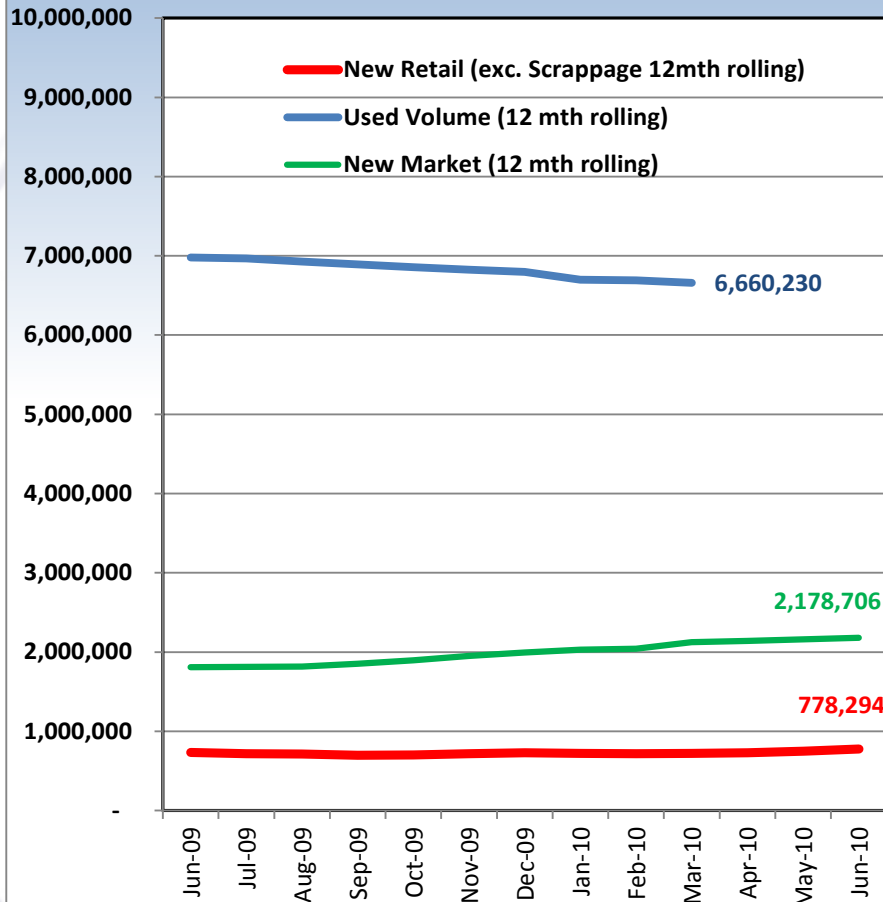


% Underlying Operating Margin (%)

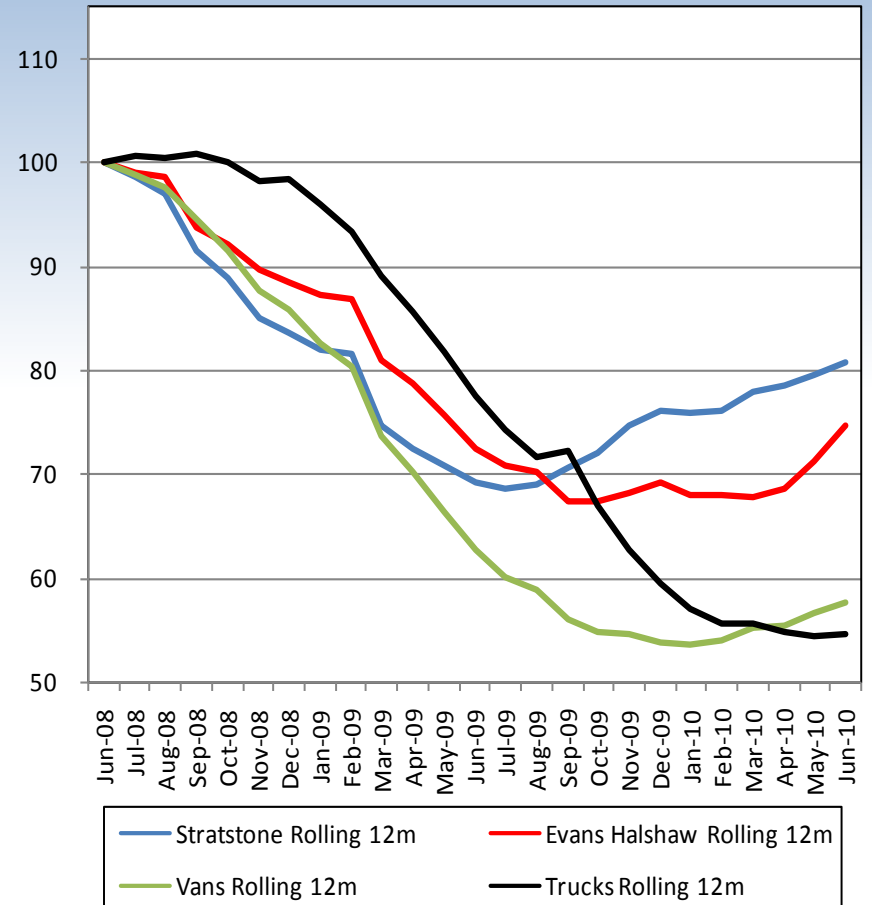


# Highlights

## New Market, New Retail Market (ex scrappage) and Used Market



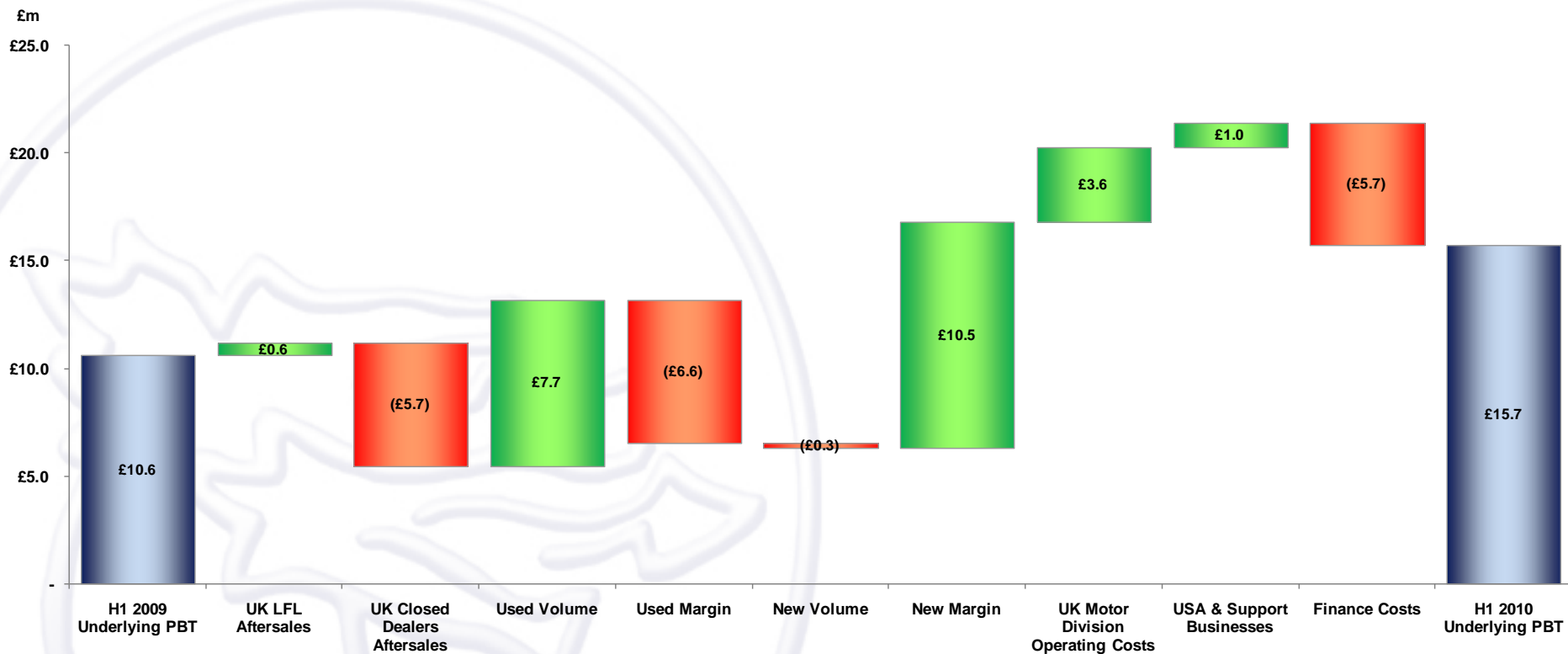
## 12 Month rolling SMMT Private Registrations excl. Scrappage (indexed from Jun-08)



# Financial Summary

	H1 2010	H1 2009
Revenue	£1.8bn	£1.6bn
Underlying PBT	£15.7m	£10.6m
Profit Before Tax	£13.3m	£4.8m
Underlying Operating Margin	2.2%	1.9%
Underlying EPS	1.6p	0.9p
Net Debt	£346.7m	£317.7m
Gearing	325%	319%
Free Cashflow	(£28.3m)	£39.7m

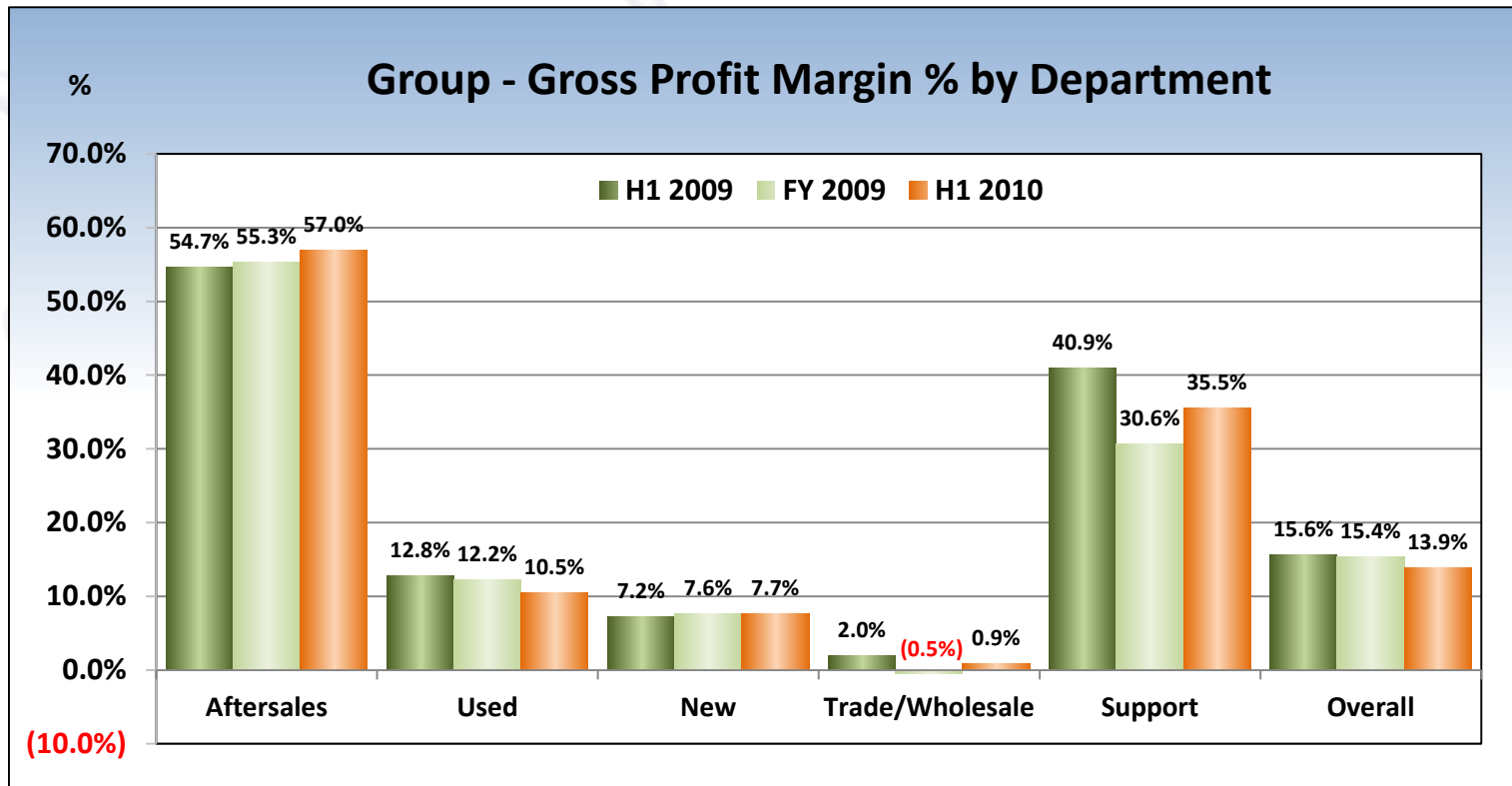
# Underlying Profit



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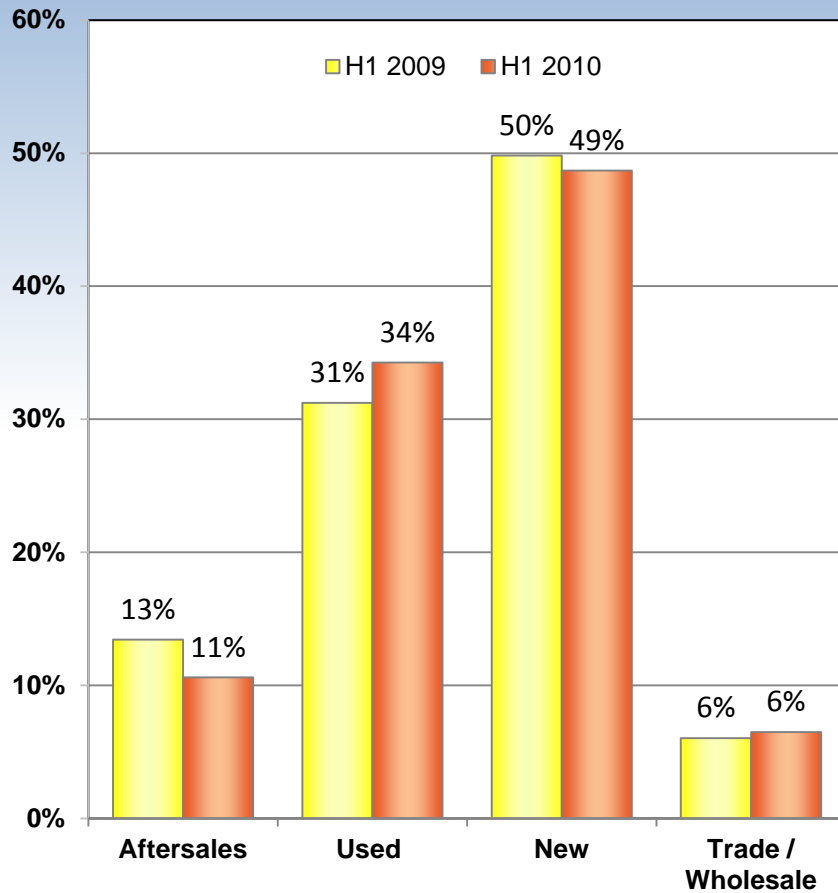
# Group Analysis

	H1 2009	FY 2009	H1 2010
Gross Margin (%)	15.6%	15.4%	13.9%
Operating Margin (%)	1.9%	1.7%	2.2%
New & Used Units ('000)	109.0	214.9	115.5
PPU (£)	1,086	1,096	1,139

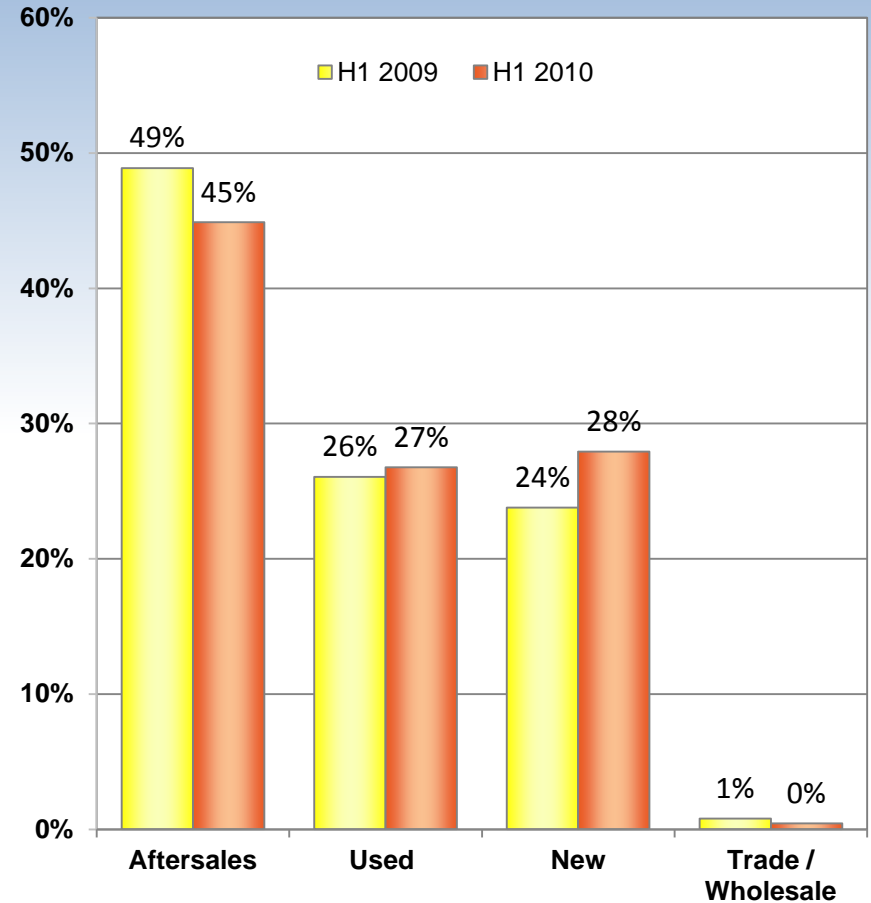


# Group Activity Analysis

## Share Of Revenue By Department



## Share Of Gross Profit By Department





# Divisional Summary

£m	H1 2010	%	H1 2009	%
Stratstone	17.1	43%	8.2	28%
Evans Halshaw	12.1	30%	11.2	38%
Chatfields	1.1	3%	1.1	4%
USA	2.1	5%	0.3	1%
Leasing	2.9	7%	3.4	11%
Quickco	0.6	1%	1.2	5%
Pinewood	4.2	11%	3.9	13%
<b>Underlying Operating Profit</b>	<b>40.1</b>	<b>100%</b>	<b>29.3</b>	<b>100%</b>
Interest	(24.4)	-	(18.7)	-
<b>Underlying Profit Before Tax</b>	<b>15.7</b>	<b>-</b>	<b>10.6</b>	<b>-</b>

# Borrowings

	£m	H1 2010	H1 2009
Operating Activities	Underlying Operating Profit	40.1	29.3
	Depreciation and amortisation	21.1	25.3
	Non-underlying cashflow	(1.1)	4.1
	Underlying working capital movement	(57.6)	14.8
	Others	0.4	0.2
	<b>Cash flow from operating activities</b>	<b>2.9</b>	<b>73.7</b>
Finance Activities	Interest	(20.9)	(25.7)
	Tax	(0.7)	(0.1)
	Replacement capital expenditure	(9.6)	(8.2)
	<b>Free Cash Flow</b>	<b>(28.3)</b>	<b>39.7</b>
Investing Activities	Acquisitions	(2.2)	(3.9)
	Disposals	1.8	2.7
	Other	(2.6)	1.1
	<b>(Increase) / decrease in net debt</b>	<b>(31.3)</b>	<b>39.6</b>
	<b>Closing Net Debt</b>	<b>346.7</b>	<b>317.7</b>

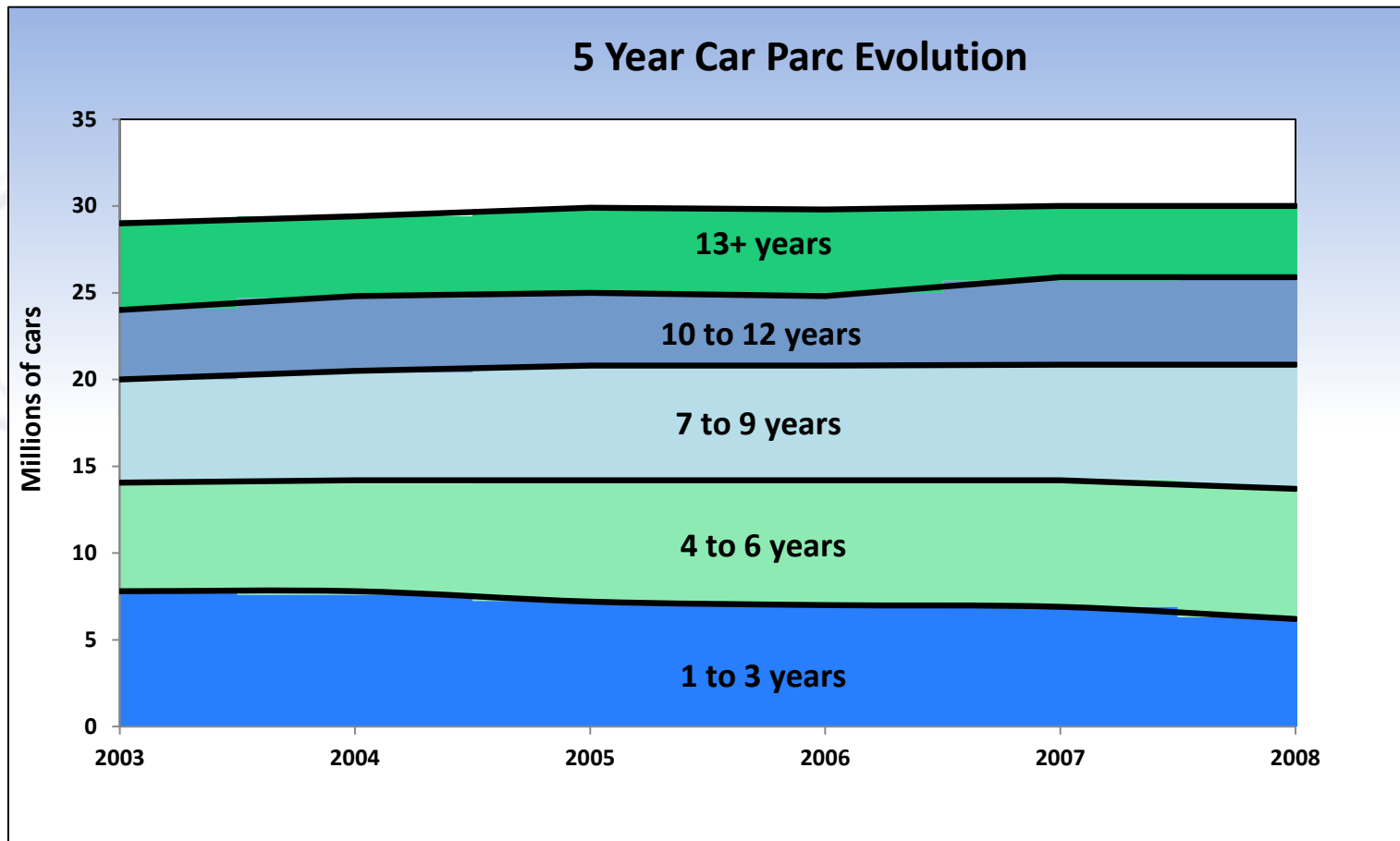
# Balance Sheet

£m	Jun 2010	Jun 2009	Dec 2009
Property	177.1	168.1	176.5
Plant and equipment	122.9	153.9	131.3
Goodwill & Intangibles	374.7	374.5	374.5
Stock	518.1	413.2	445.2
Debtors	131.9	134.8	107.4
Assets held for resale	25.1	38.9	26.6
Creditors	(896.5)	(866.2)	(840.2)
Net Borrowings	(346.7)	(317.7)	(315.4)
<b>Shareholders Funds</b>	<b>106.6</b>	<b>99.5</b>	<b>105.9</b>
<b>Gearing</b>	<b>325%</b>	<b>319%</b>	<b>298%</b>

# Non-underlying items

<b>£m</b>	<b>H1 2010</b>	<b>H1 2009</b>
<b>Closed business and redundancy costs</b>	<b>(1.4)</b>	<b>(6.1)</b>
<b>Goodwill impairment</b>	<b>-</b>	<b>(0.4)</b>
<b>Business &amp; property disposals</b>	<b>0.3</b>	<b>0.3</b>
<b>Refinancing related fees net of fair value gain</b>	<b>-</b>	<b>(9.3)</b>
<b>Pension net finance charge</b>	<b>(1.3)</b>	<b>(1.9)</b>
<b>VAT refund</b>	<b>-</b>	<b>11.6</b>
<b>Total</b>	<b>(2.4)</b>	<b>(5.8)</b>

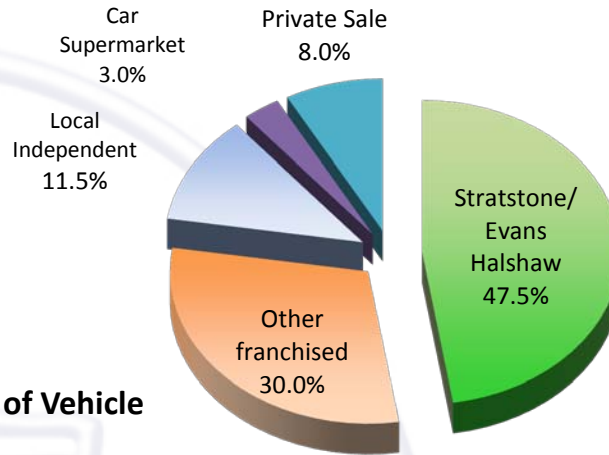
# Aftersales



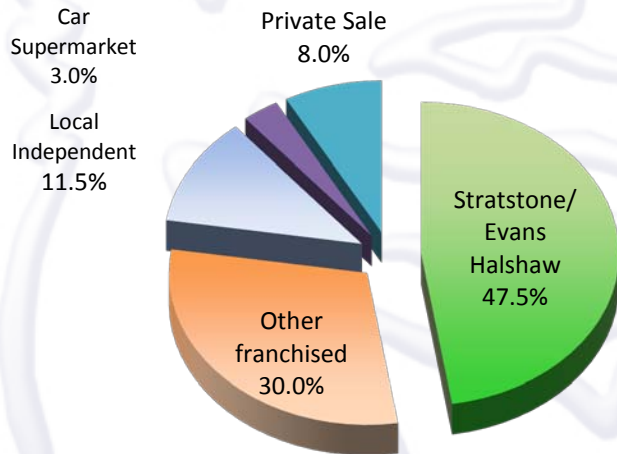
- Car parc decline in the 1 to 3 year old category from 2003 to 2008. Marginal increases in 4 to 6 year and 7 to 9 year categories.

# Aftersales

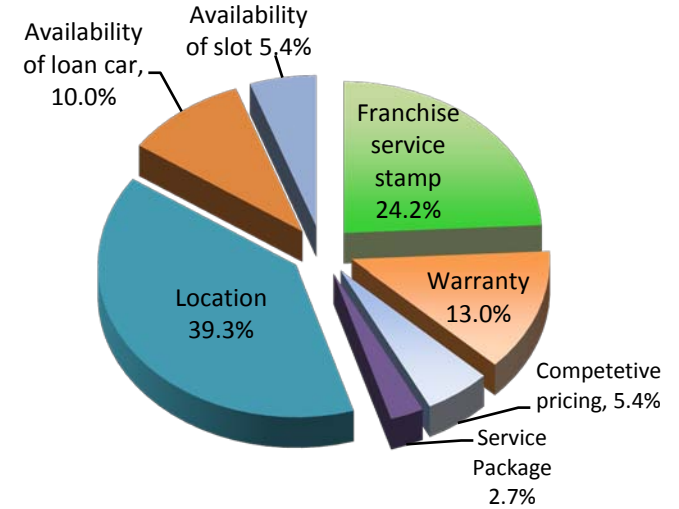
Aftersales Survey - Source of Vehicle



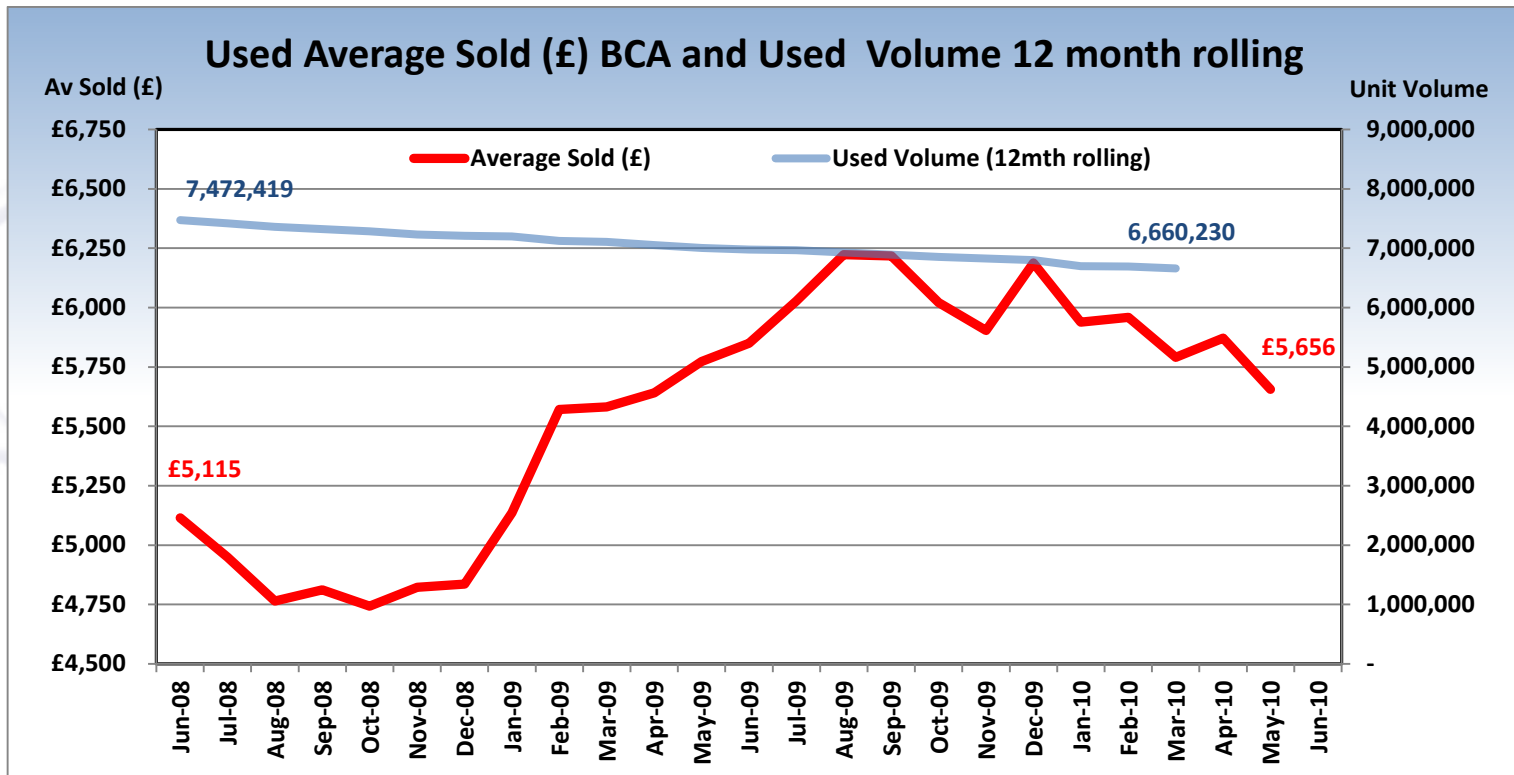
Aftersales Survey - Source of Vehicle



Aftersales Survey - Decision Trigger

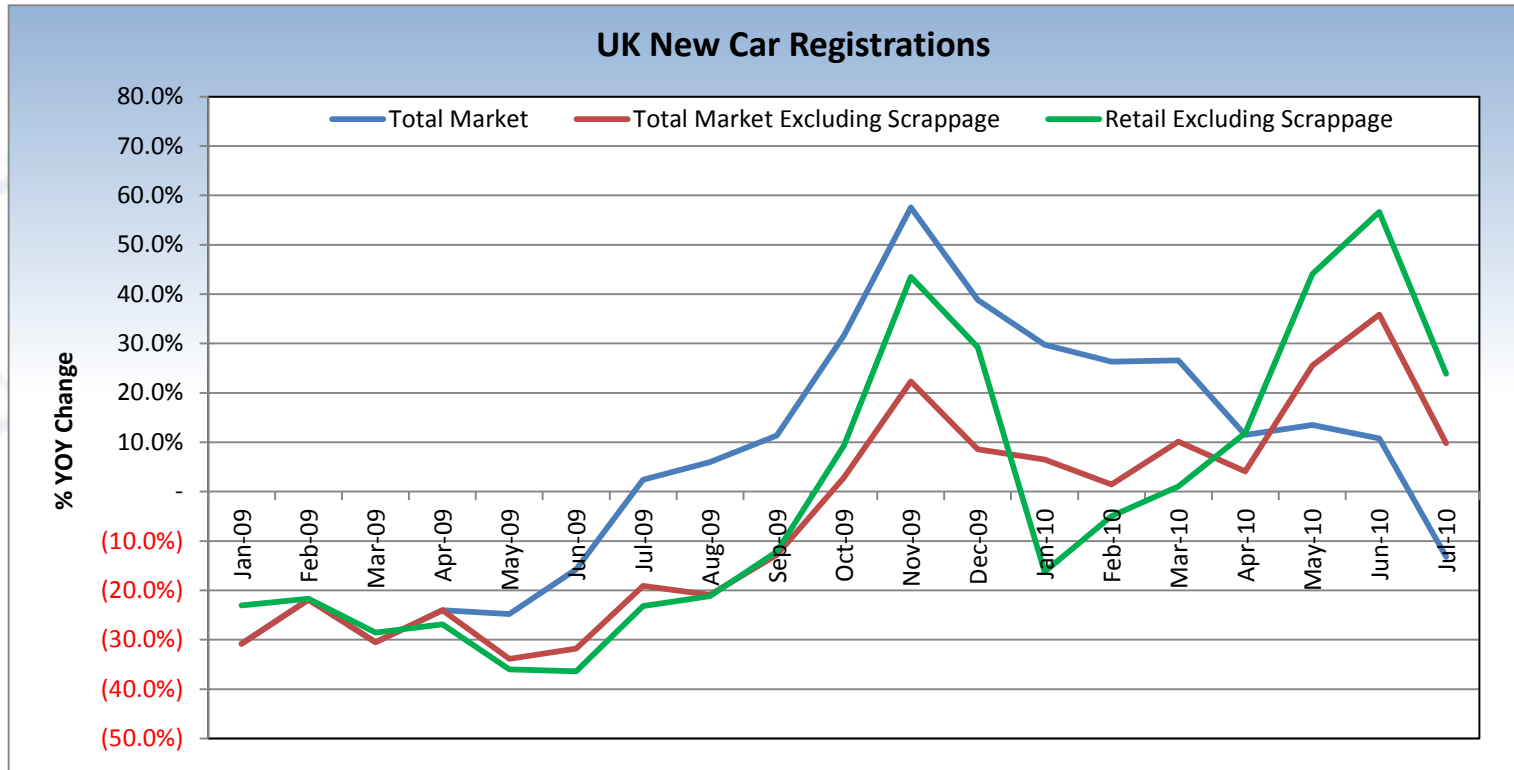


# UK Used Car Market



- **Used car margins in 2010 stabilised to pre-recession levels**
- **Industry used car volumes in Q1 2010 down 7.6%**
- **Pendragon used car volumes up 15.9% H1 2010**

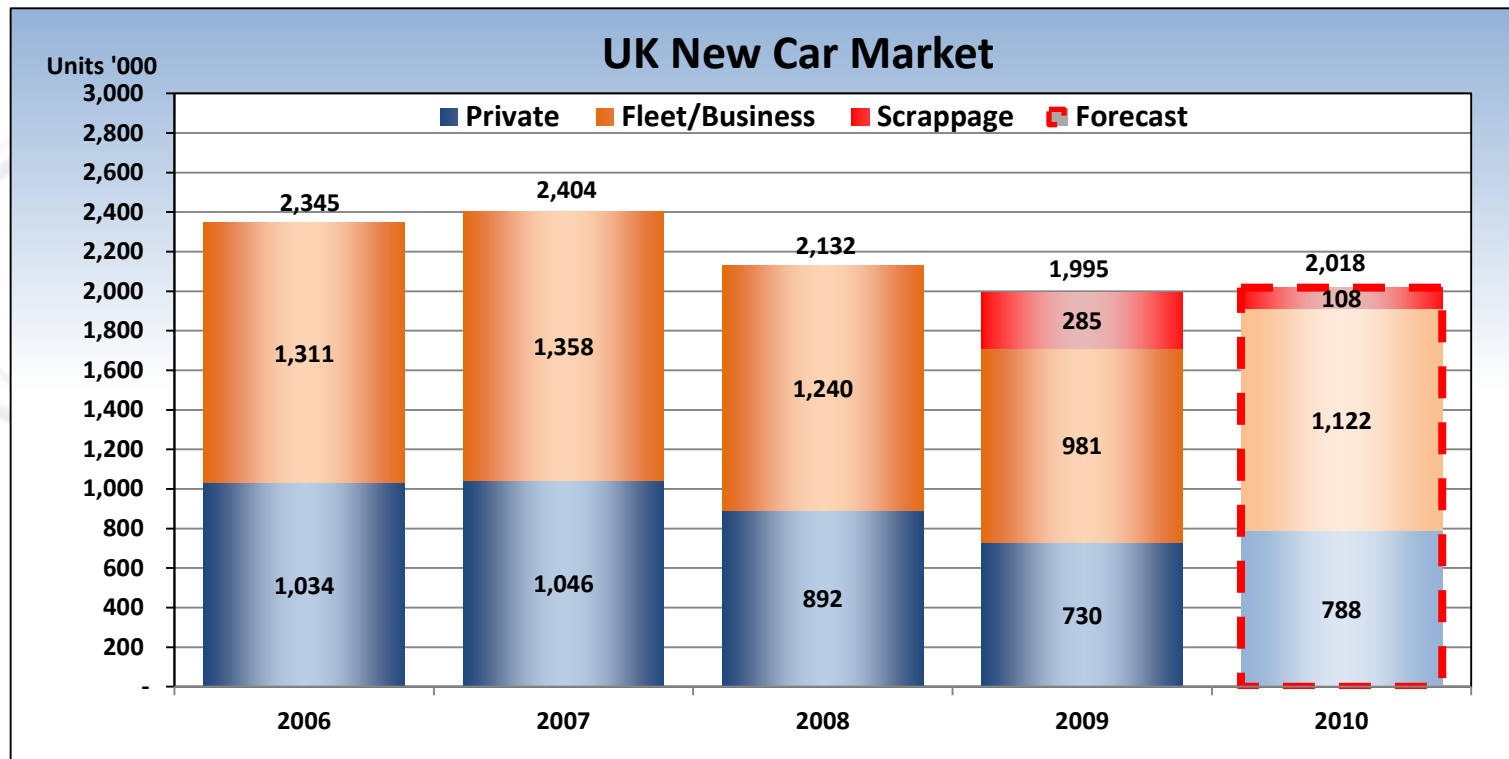
# Impact of Scrappage



- Year on year growth excluding scrappage since October 2009



# UK New Car Market

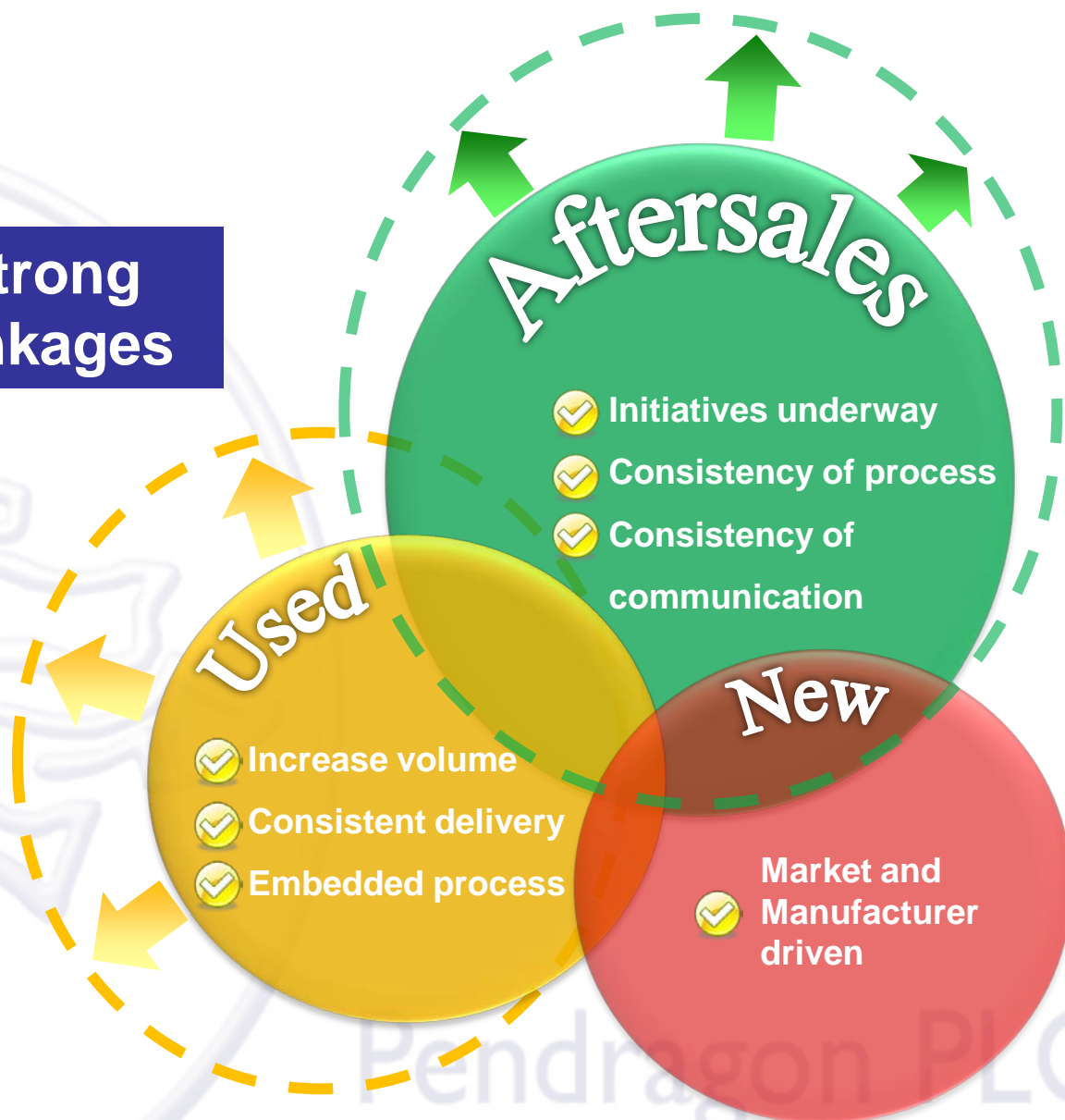


- End of scrappage scheme - modest overall increase for 2010

# Strategy



**Strong Linkages**



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# Summary and Outlook

Area	Assessment	Success Factors
Aftersales		<ul style="list-style-type: none"><li>• Initiatives underway</li><li>• Group scale and technology advantages</li><li>• Improvements over market</li></ul>
Used		<ul style="list-style-type: none"><li>• Stabilisation of margin</li><li>• Improvements over market</li></ul>
New		<ul style="list-style-type: none"><li>• “V” recovery in Stratstone</li><li>• “U” recovery in Evans Halshaw</li><li>• Improvements over market</li></ul>
Financials		<ul style="list-style-type: none"><li>• Delivering profit and balance sheet plan and meeting expectations</li></ul>