



# **PENDRAGON PLC**

## **2011 INTERIM PRESENTATION**

**23 August 2011**

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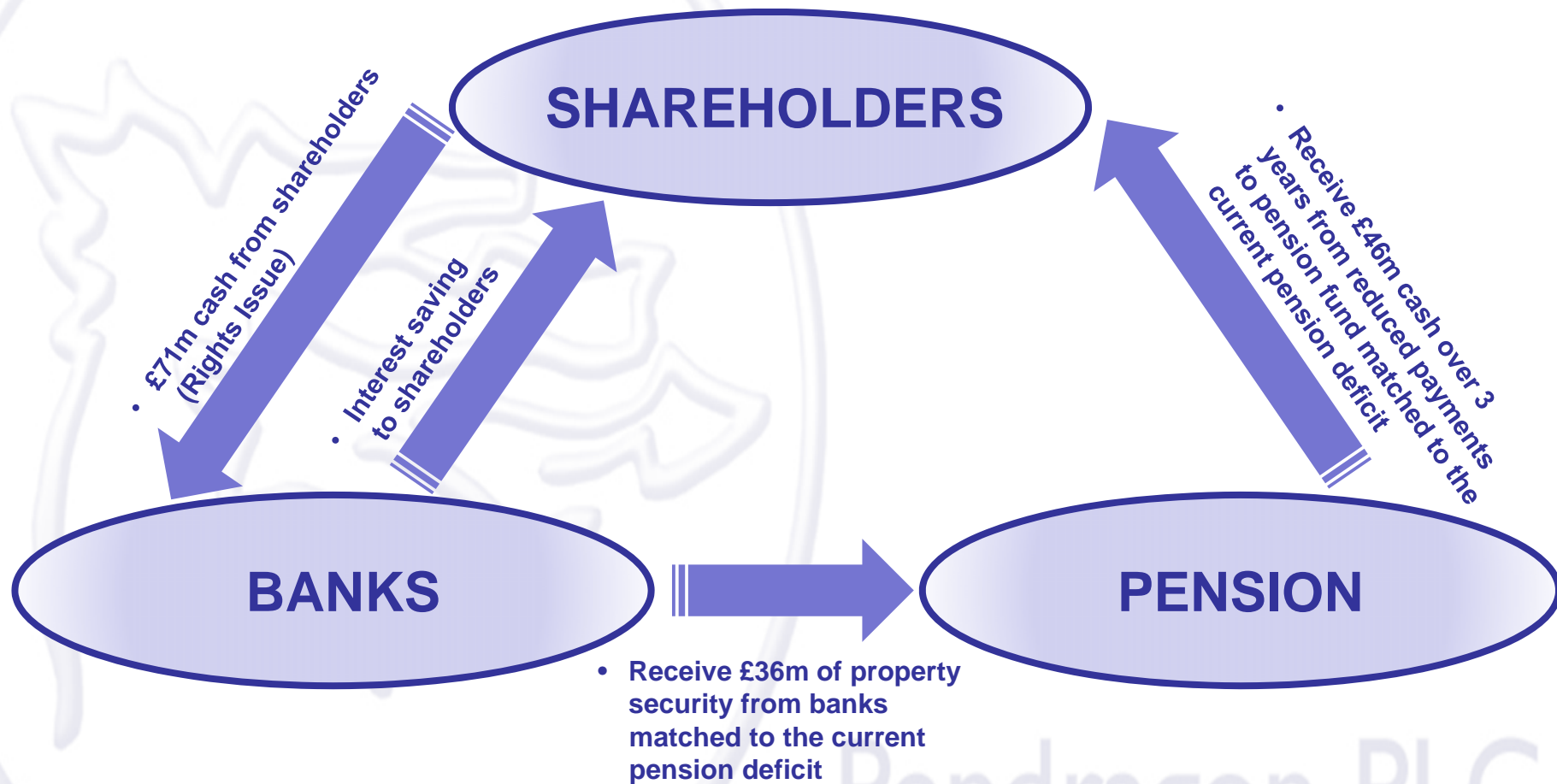
**Trevor Finn**  
**Chief Executive**



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



# Refinancing Overview



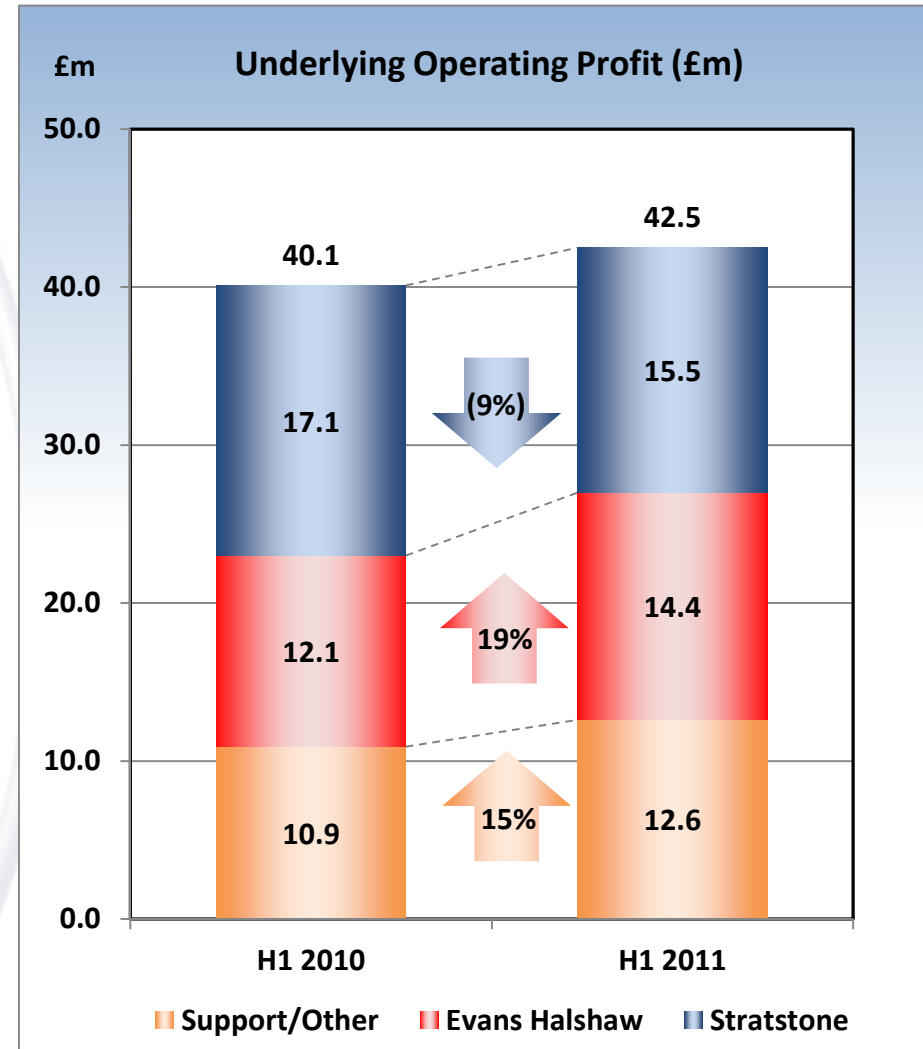
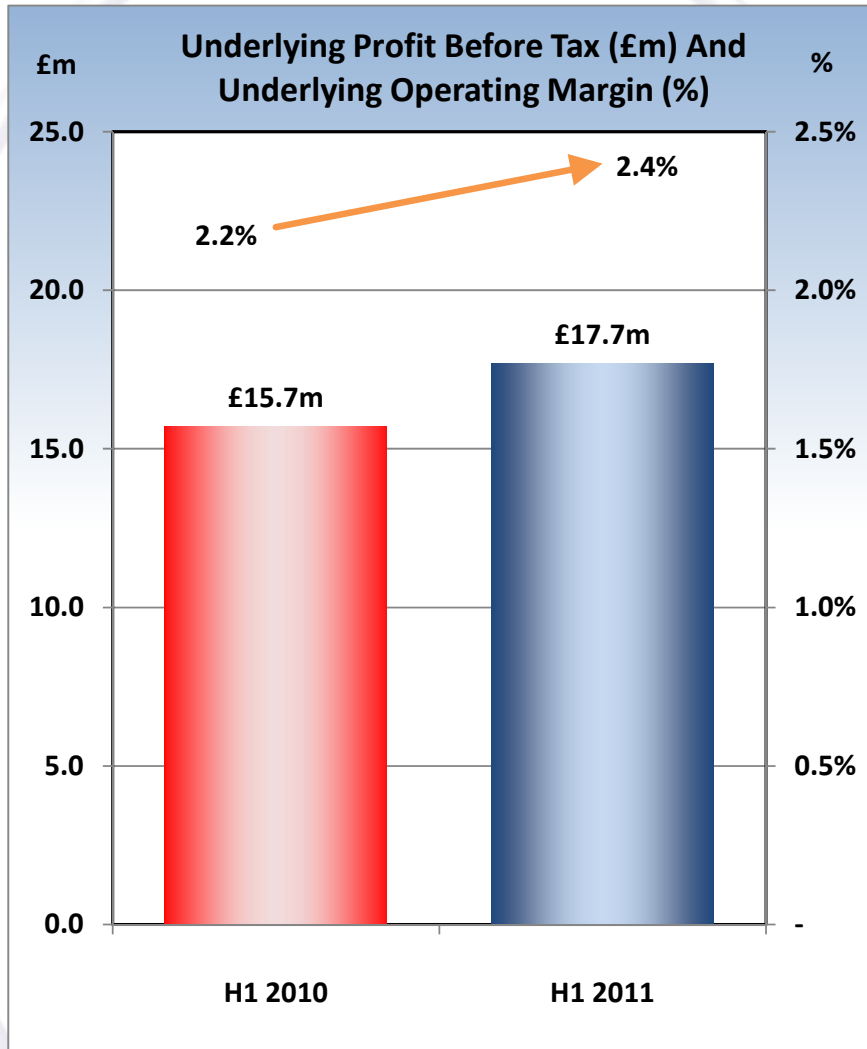
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# Summary of revised facility

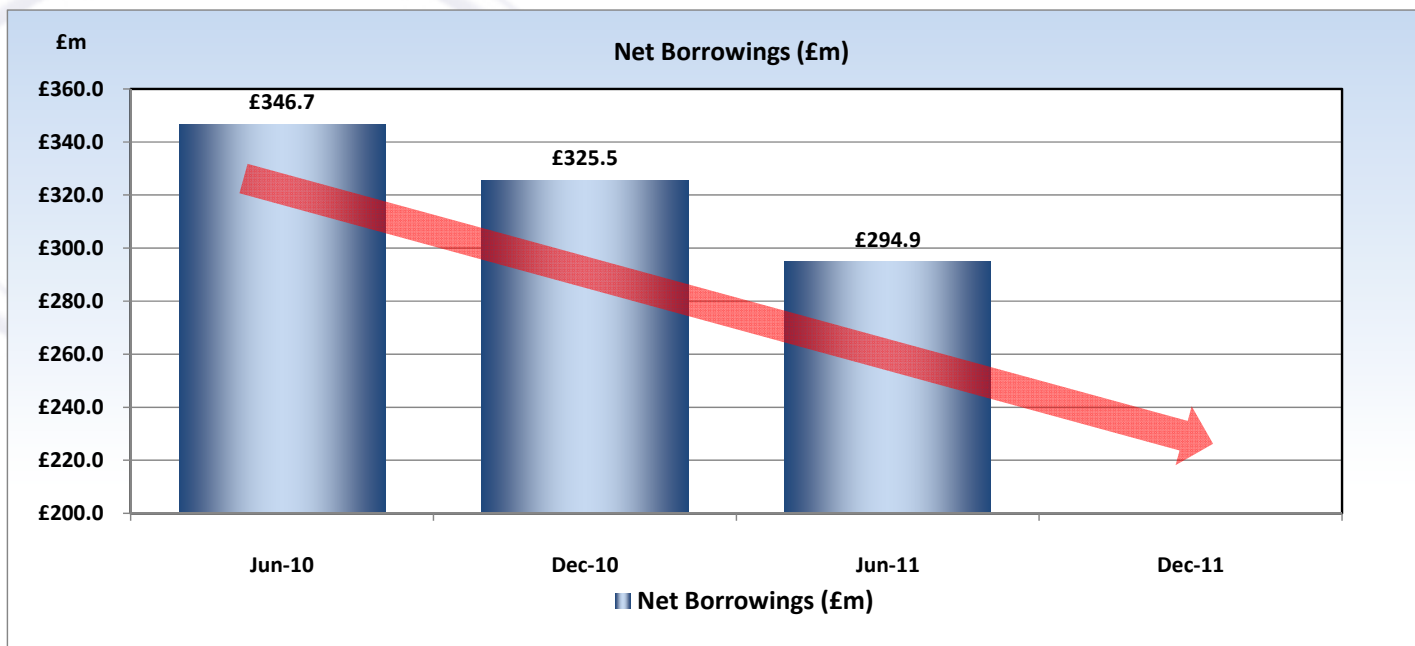
	New	Old
<b>3 Year Facility</b>	<b>£360m</b>	<b>£430m</b>
<b>Margin</b>	<b>LIBOR + 3.25%</b>	<b>LIBOR + 3.25%</b>
<b>Annual Fee</b>	<b>-</b>	<b>1.0%</b>
<b>Success Fee</b>	<b>-</b>	<b>2.5%</b>
<b>Share Warrants</b>	<b>-</b>	<b>7.5% of Equity</b>
<b>Arrangement / Professional Fees</b>	<b>£10m</b>	<b>£28m</b>

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# Financial Highlights



# Net Borrowings and Debt:EBITDA Target



Ratio	Original Target Debt : EBITDA	Revised Target Debt : EBITDA
31 December 2010	2.8	2.8
31 December 2011	↓	2.0
31 December 2012	↓	↓
31 December 2013	<2.0	<1.5

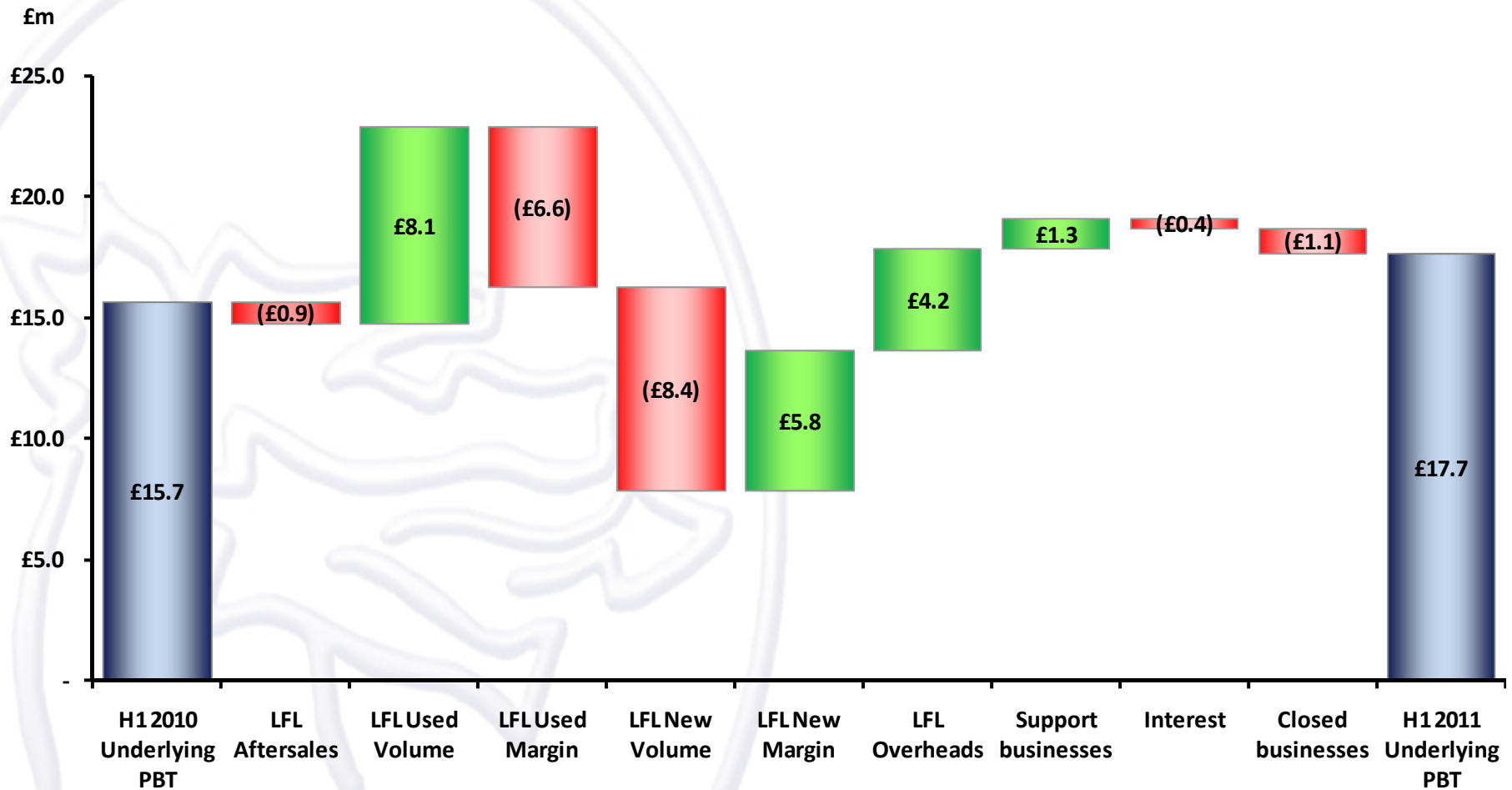
The Board's current intention is to resume dividend payments in relation to the 2012 financial year onwards

# Borrowings (pre-equity)

	£m	H1 2011	H1 2010
Operating Activities	Underlying Operating Profit	42.5	40.1
	Depreciation and amortisation	18.2	21.1
	Non-underlying cashflow	-	(1.1)
	Underlying working capital movement	12.4	(55.3)
	Others	0.4	0.4
	<b>Cash Flow From Operating Activities</b>	<b>73.5</b>	<b>5.2</b>
Finance Activities	Interest	(22.5)	(20.9)
	Tax	(1.2)	(0.7)
	Replacement capital expenditure	(14.5)	(11.9)
	<b>Free Cash Flow</b>	<b>35.3</b>	<b>(28.3)</b>
Investing Activities	Acquisitions	(3.5)	(2.2)
	Disposals	1.9	1.8
	Other	(3.1)	(2.6)
	<b>Decrease / (Increase) In Net Debt</b>	<b>30.6</b>	<b>(31.3)</b>
	<b>Closing Net Debt</b>	<b>294.9</b>	<b>346.7</b>

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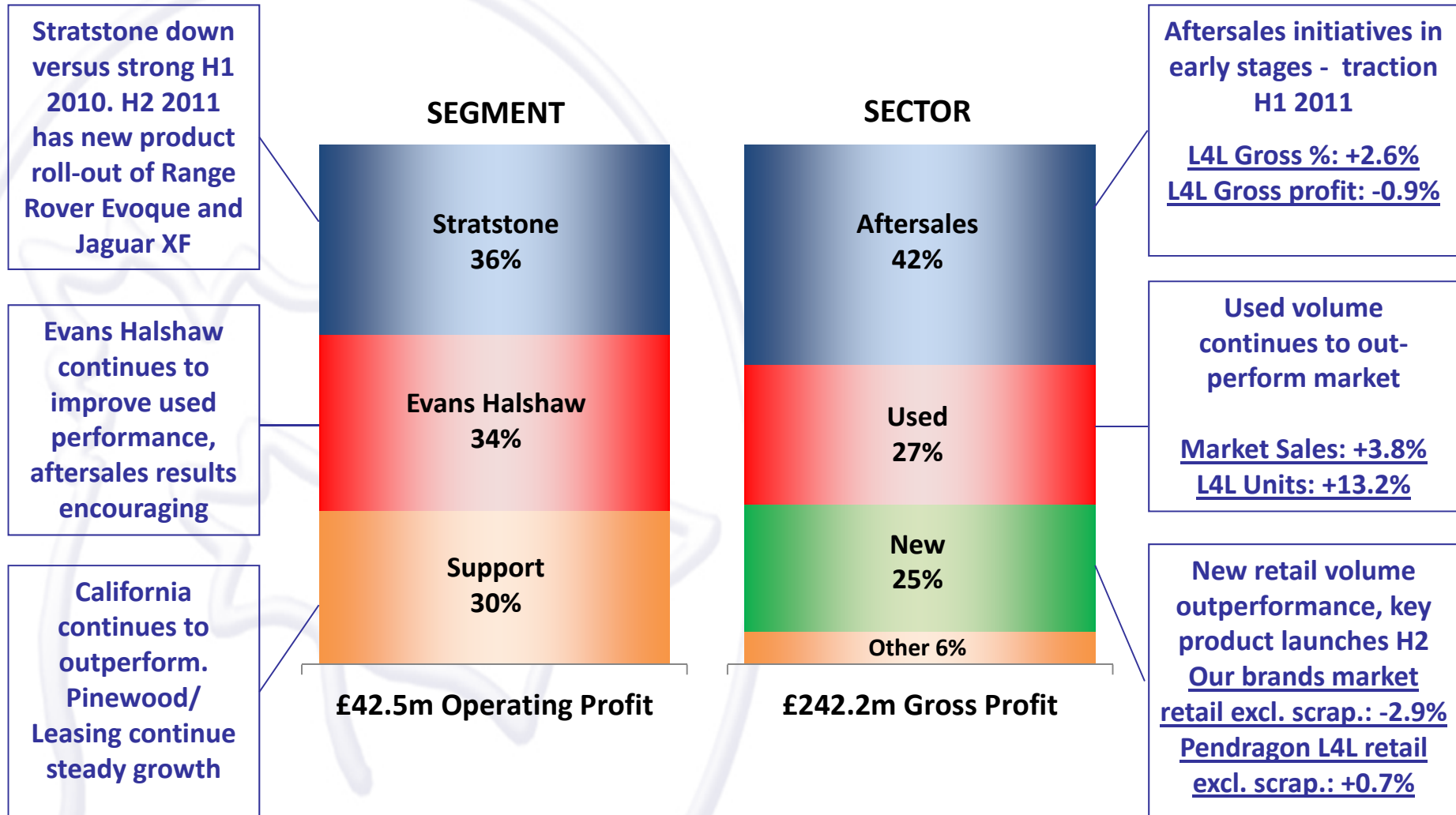
# Underlying Profit Before Tax Bridge



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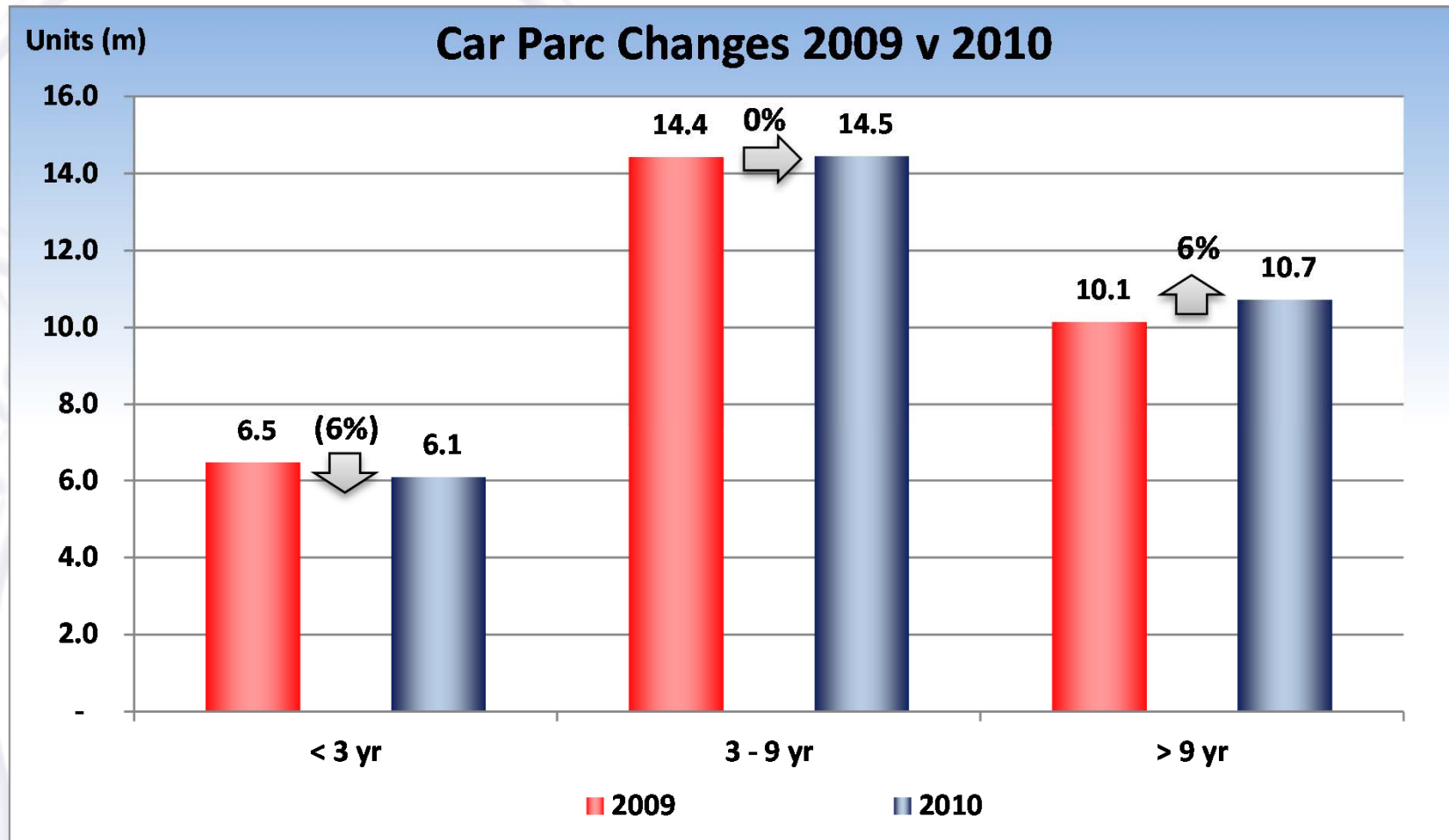


# Interim 2011 Summary



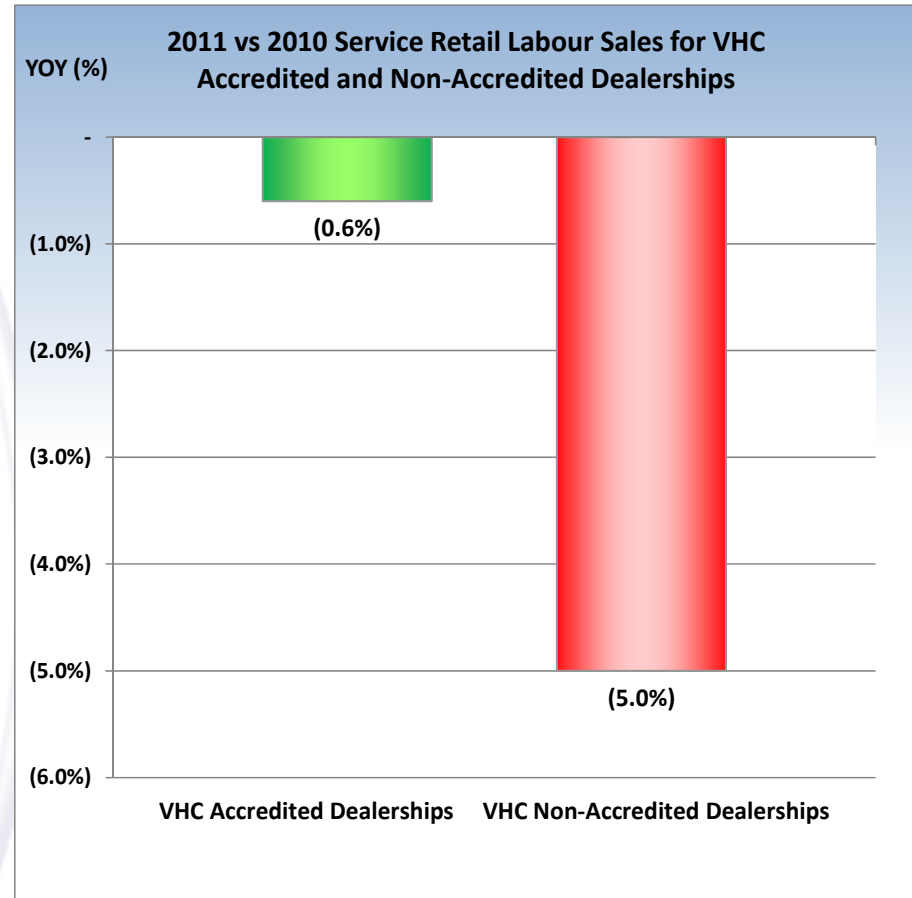
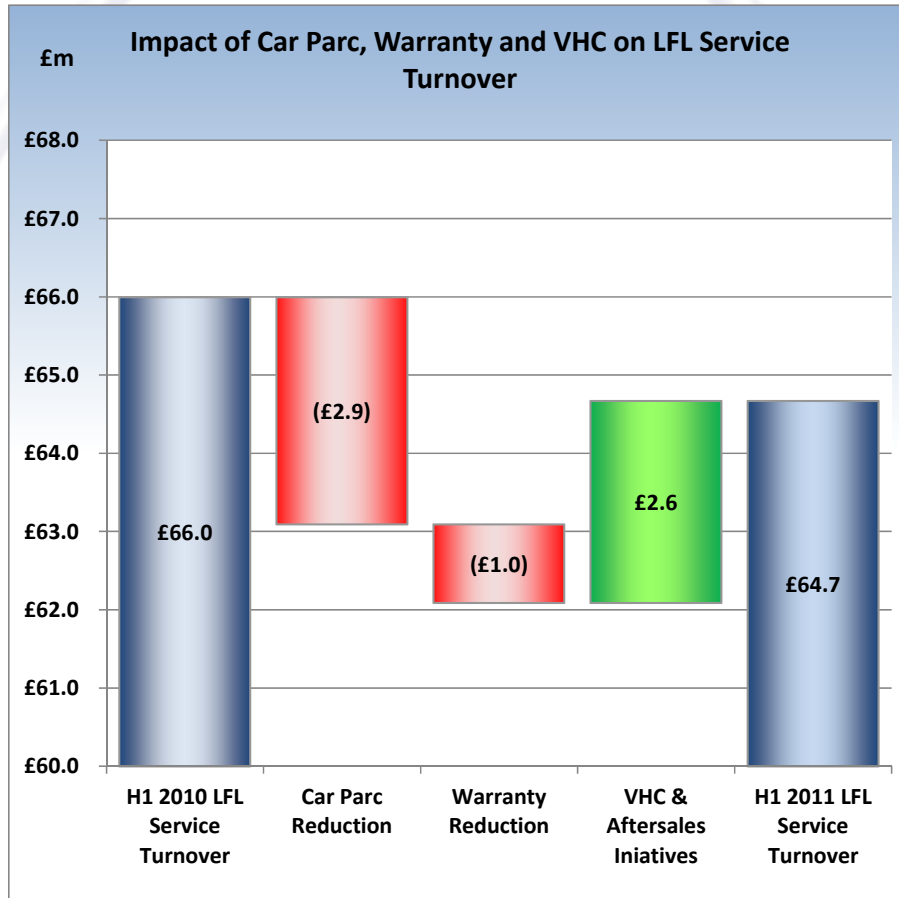
**Group well placed for second half of 2011**

# Aftersales - Car Parc Shrinkage



Pendragon estimate the decline in the aftersales segment we represent is 4.4%

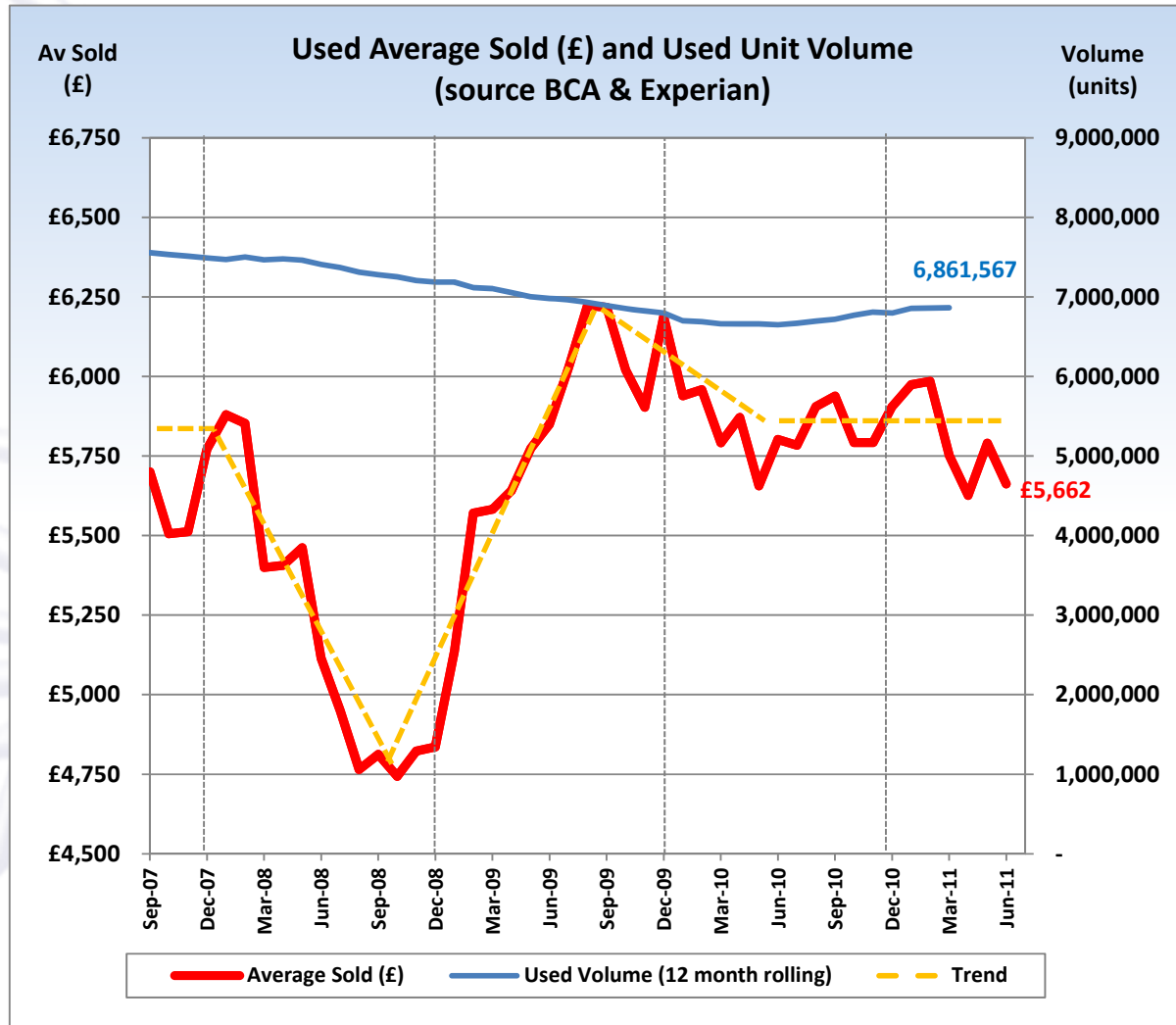
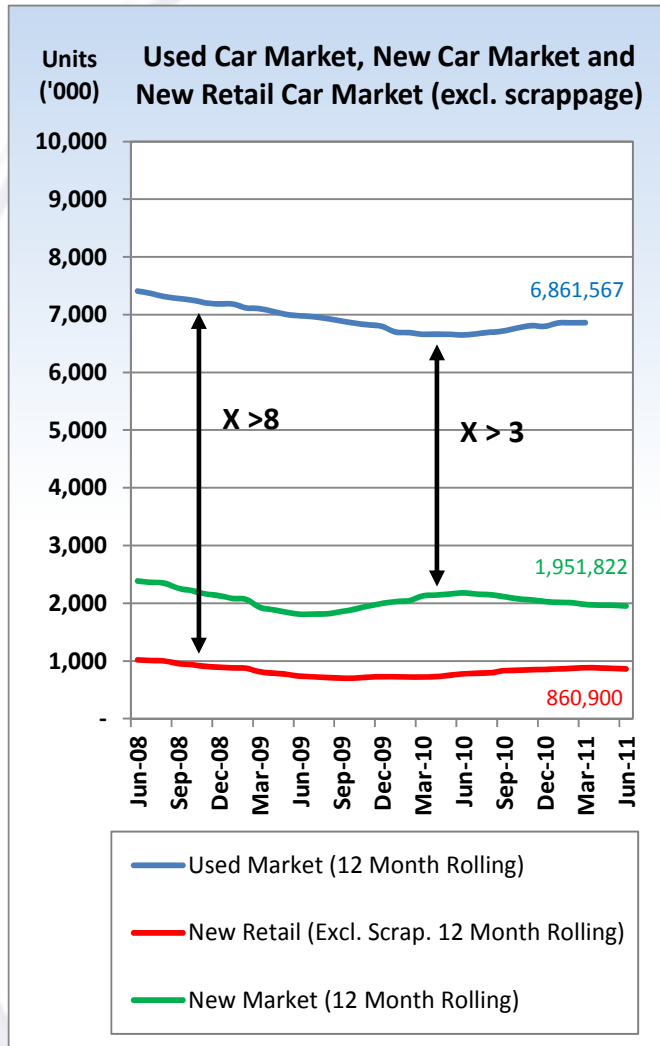
# Aftersales Revenue



Aftersales like for like gross margin increased by 260 bps

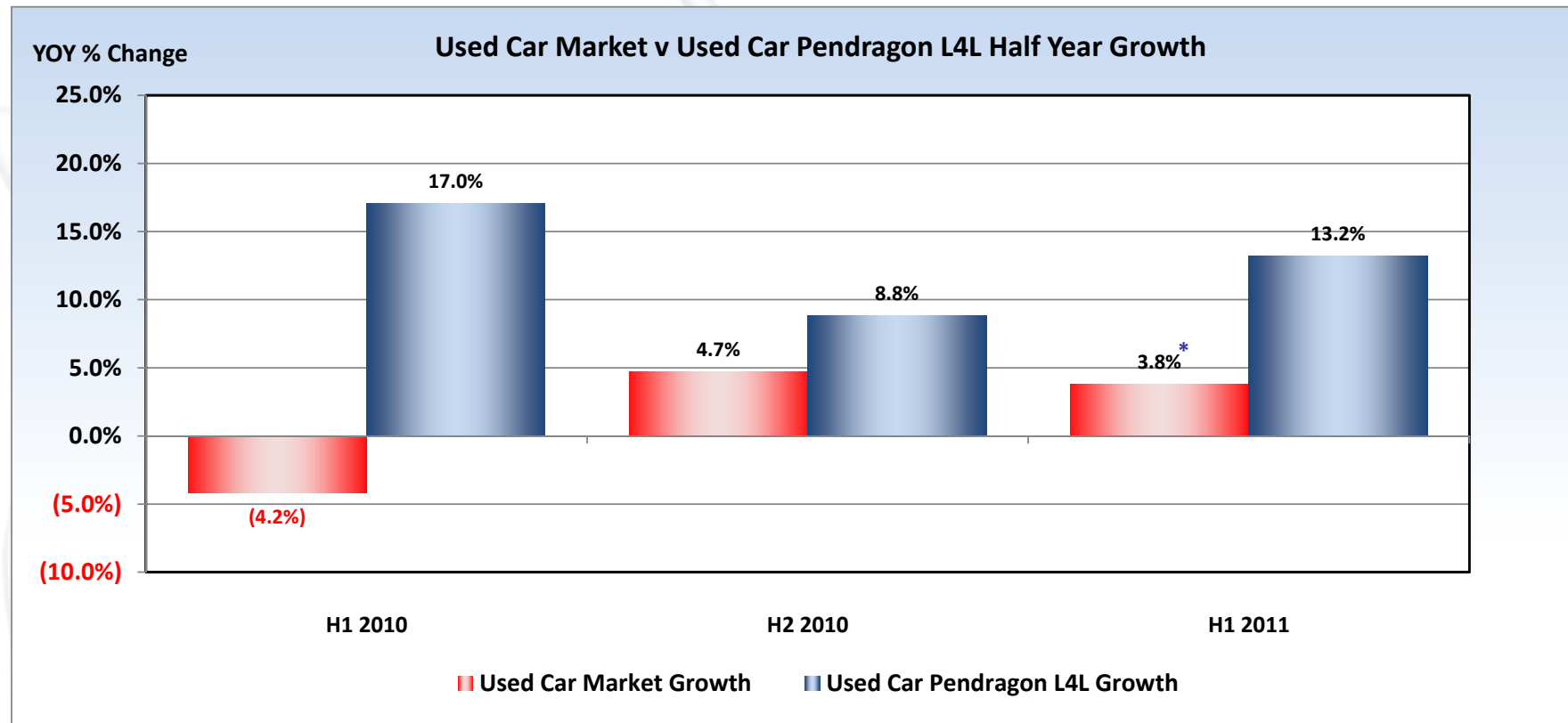
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# UK Used Car Market



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# Used continued market outperformance



\* Q1 2011 latest available data from Experian plc

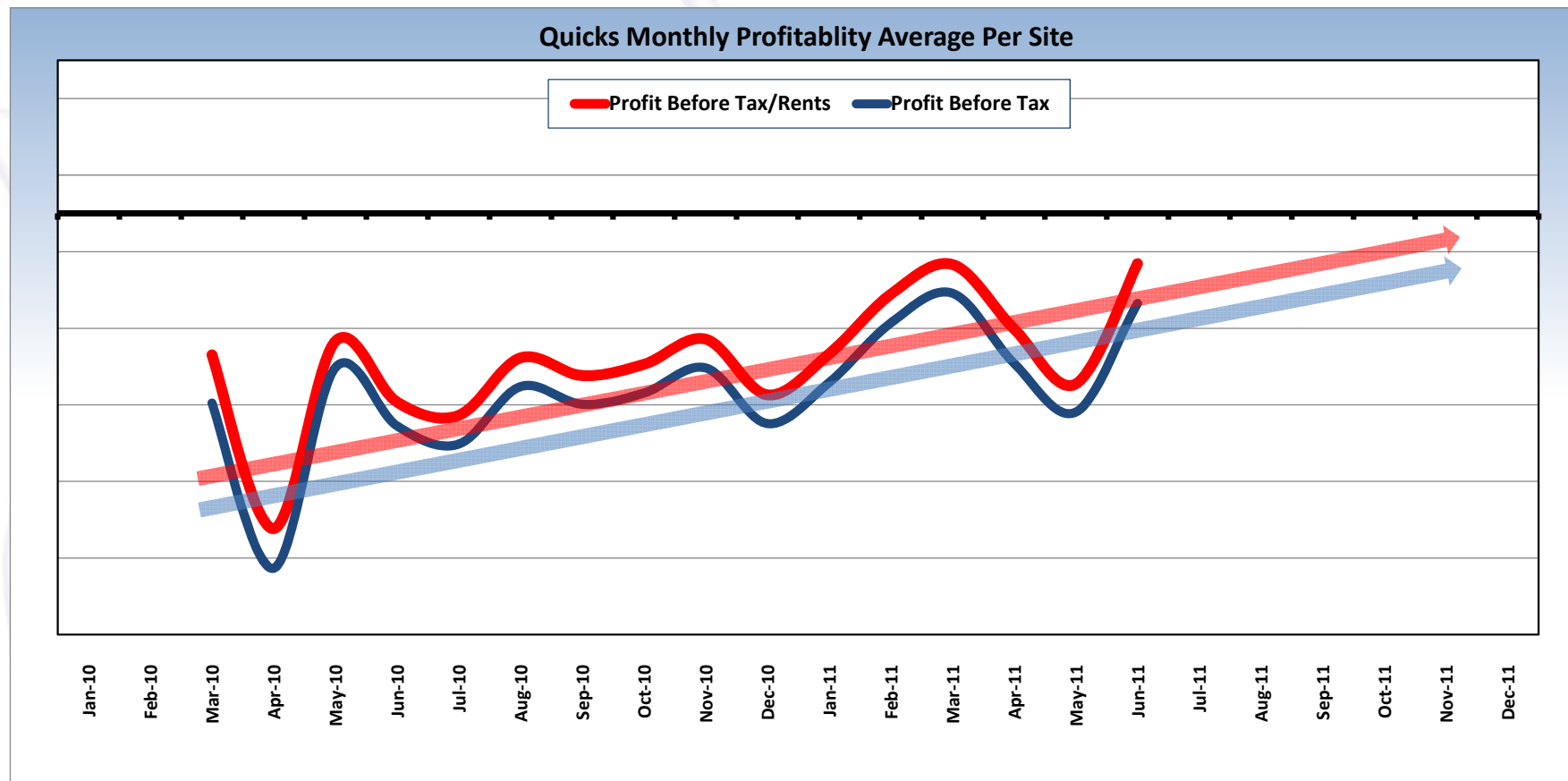
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# Quicks

- **4 start up independent used car sites rolled out in 2010 with 3 additions in the period**
- **Aftersales being established in the sites opened in 2010**
- **Differentiation through customer centric approach:**
  - **Low prices, product choice, customer service, quality and transparency**
  - **High street retail cost model**
- **Progress and outlook**
  - **H1 loss £1.6m (included in Evans Halshaw segment)**
  - **H1 loss L4L is flat year on year**
  - **Short-term objective to break-even**

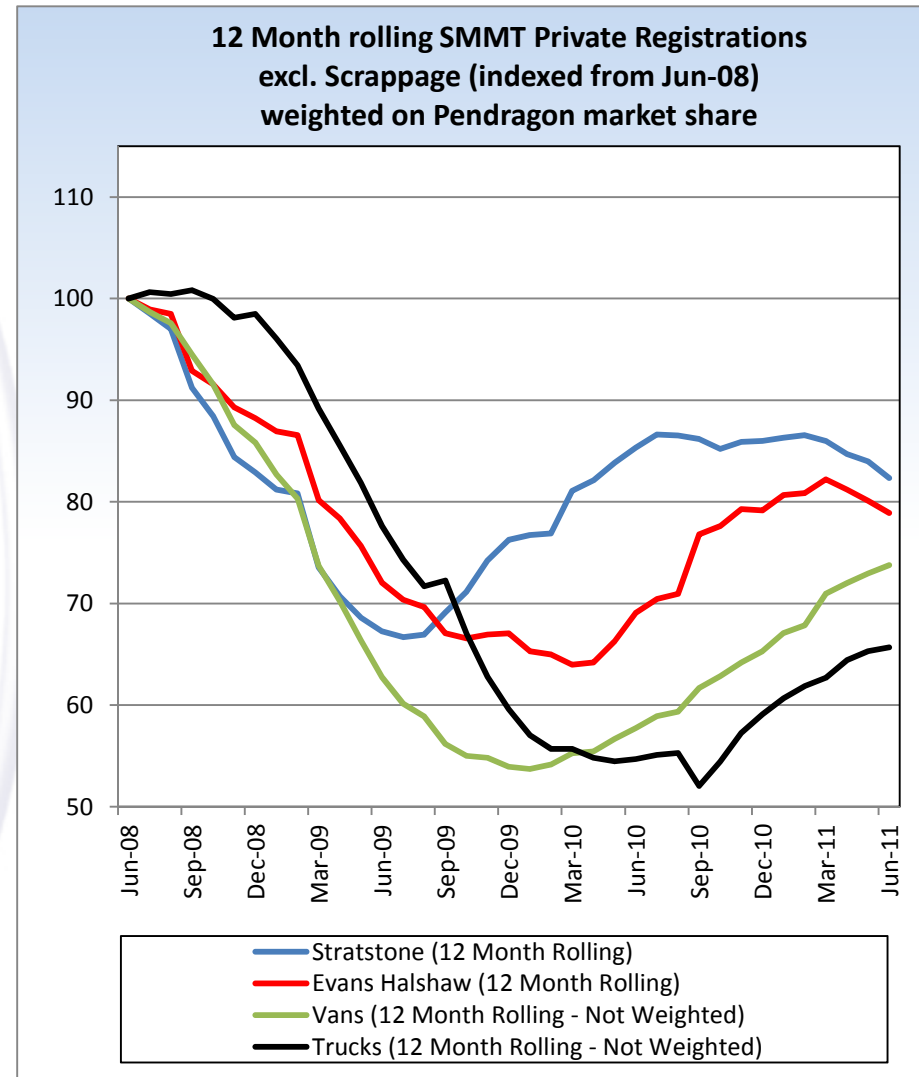
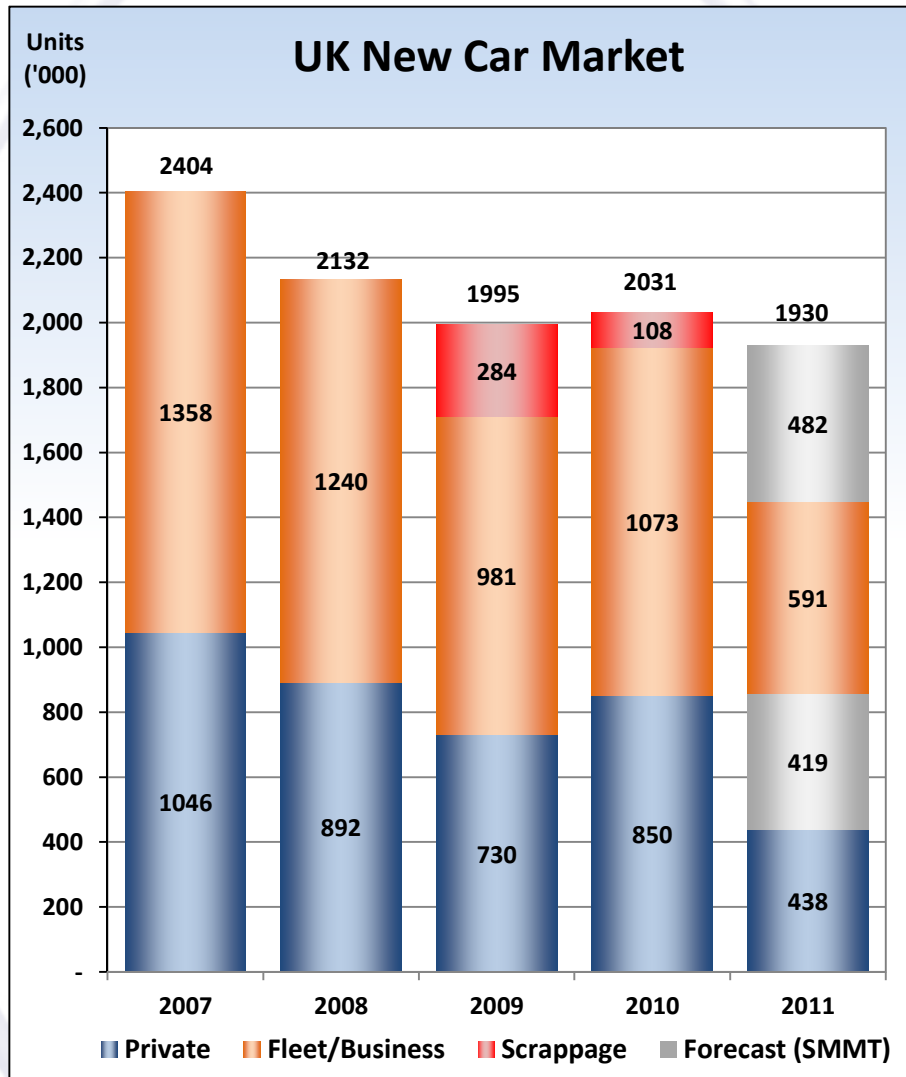
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# Quicks moving towards break-even



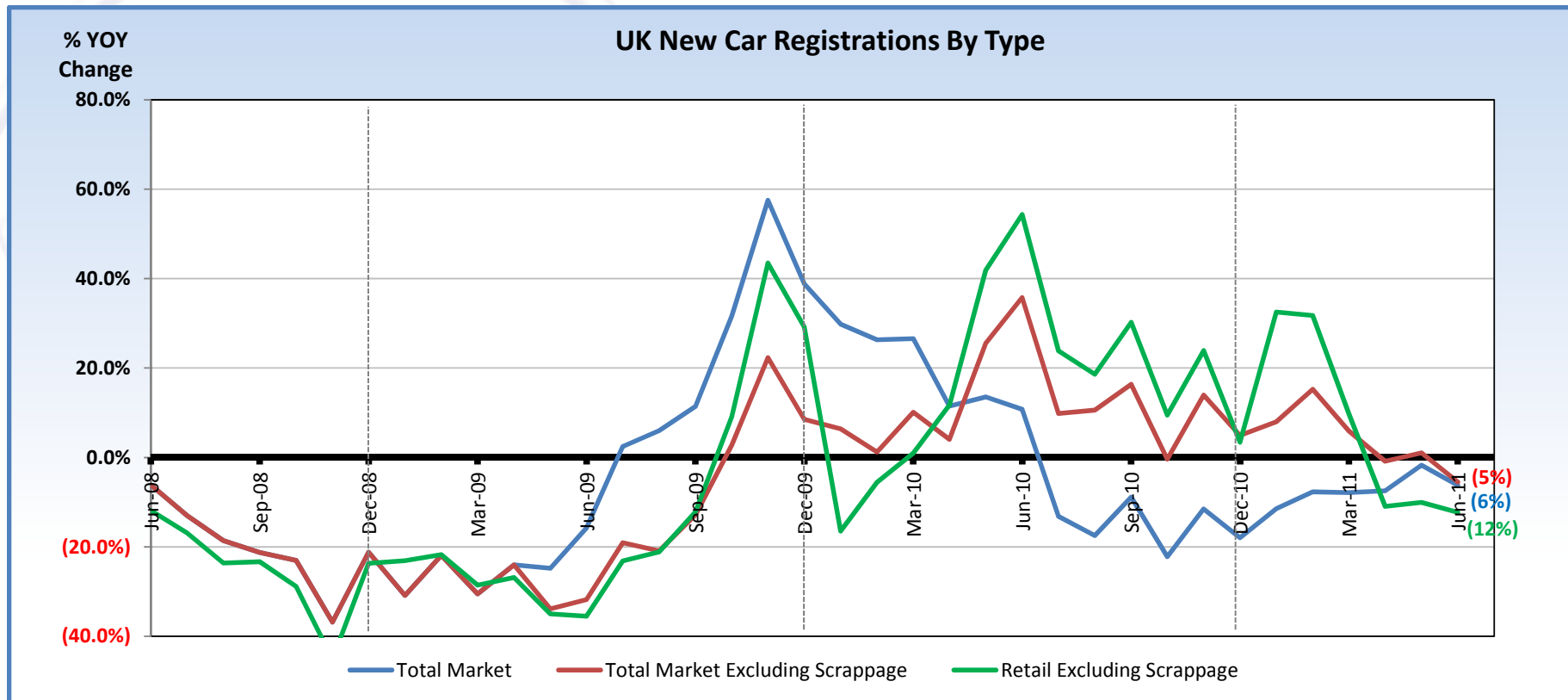
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# UK New Car Market





# Impact of Scrappage

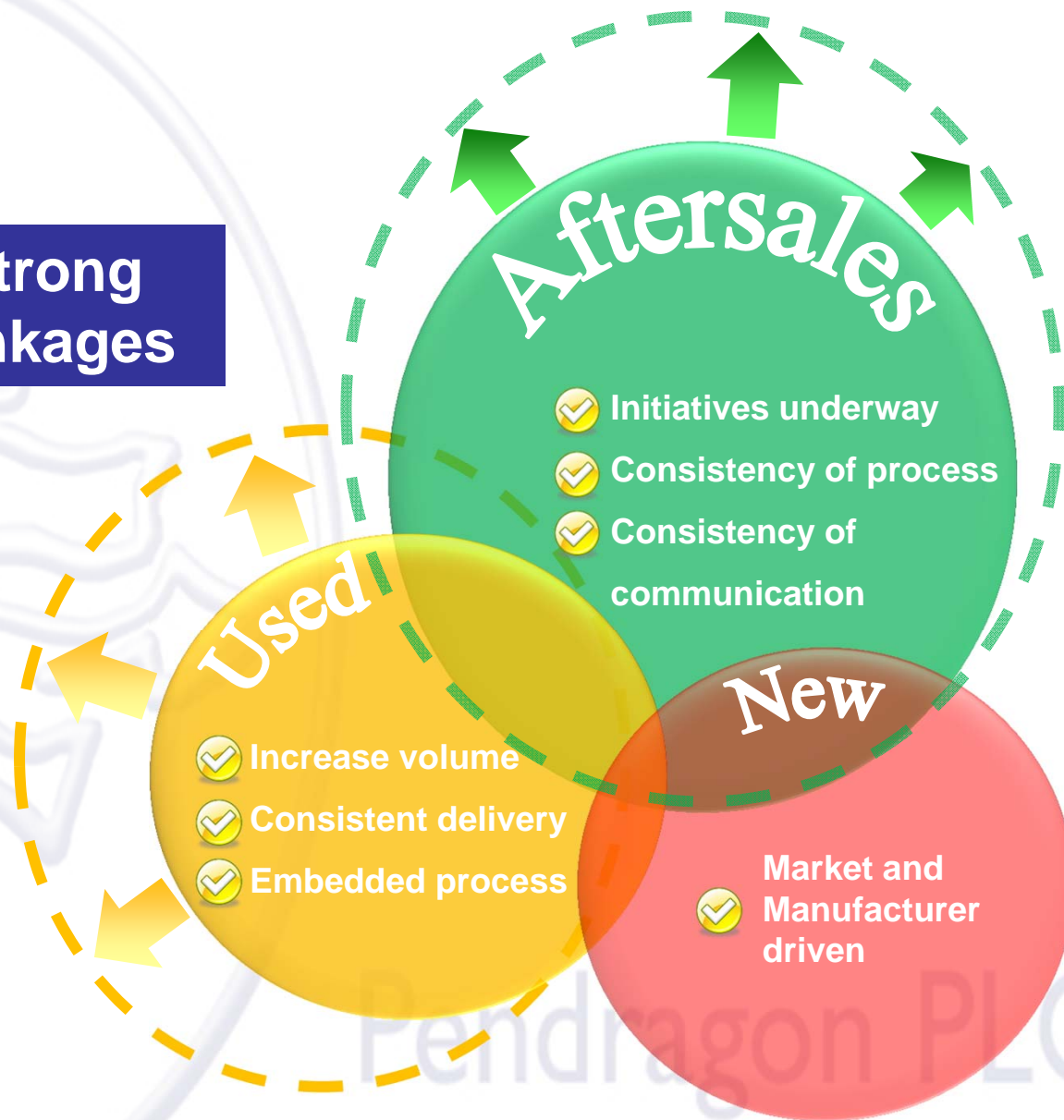


- H1 2011 Underlying total market (excluding scrappage) up 2.8% over 2010.
- H1 2011 Underlying retail market (excluding scrappage) up 2.4% over 2010.

# Strategy







**Strong Linkages**



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# FY11 Updated Outlook

Area	Assessment	Success Factors
Aftersales		<ul style="list-style-type: none"><li>• Reduction in car parc for newer vehicles being mitigated significantly by:<ul style="list-style-type: none"><li>➢ Increases in gross margin</li><li>➢ Implementation of aftersales initiatives</li></ul></li><li>• Size of car parc expected to stabilise going forward as market recovers</li></ul>
Used		<ul style="list-style-type: none"><li>• Pendragon continues to outperform the used car market</li><li>• Expect this trend to continue for remainder of 2011</li></ul>
New		<ul style="list-style-type: none"><li>• New product launches e.g. Range Rover Evoque</li><li>• New retail car volumes excluding scrappage expected to be flat for the remainder of the year in line with the SMMT</li></ul>
Financials		<ul style="list-style-type: none"><li>• Improved capital structure</li><li>• Continued focus on balance sheet</li></ul>