



INTERIM MANAGEMENT STATEMENT

This Interim Management Statement by Pendragon PLC covers the period from 1 January 2013 to 16 May 2013. Unless otherwise stated, figures quoted in this statement are for the three months ended 31 March 2013.

SUMMARY

The Group made good progress in quarter one and is performing in line with our expectations. Used and new vehicle activity levels and gross profit improved in quarter one compared to the prior year. Aftersales profitability was in line with our expectations. The underlying trading performance remains in line with our expectations for the full year. We continue to grow our online presence, an important growth driver for the business, with the number of website visitors to Stratstone.com, Evanshalshaw.com and Quicks.co.uk, increasing by 20.6% during the quarter compared to the prior year.

TRADING UPDATE

The Group continues to focus on maximising returns within aftersales, used vehicles and new vehicles.

The aftersales sector is determined by the size and age of the national vehicle parc. The vehicle parc has plateaued overall, whilst showing signs of growth in some franchises. Overall, aftersales gross profit has remained in line with the prior year after adjusting for the reduced number of working days in Q1 2013 as compared to Q1 2012. The Group is committed to enhance profitability in this area through the successful Vehicle Health Check programme, together with a number of other initiatives.

Used vehicle volumes increased by 3.2% over 2012 on a like for like basis. This sustains the Group's record of successive quarterly growth. The Group has now achieved 15 successive quarters of year on year used vehicle unit growth. Compared to 2012, used vehicle margin has improved in quarter one 2013 by 40 basis points.

The UK market for new retail registrations for the three months ended 31 March 2013, compared to 2012, increased by 11.2%. Overall, the Group outperformed the market, with UK like for like new retail sales for the first quarter of the year increasing by 16.7% over the prior year. In the new vehicle segment, for the brands we represent within Stratstone, national retail registrations increased by 14.0% in quarter one, whereas our new retail sales increased by 14.9%. For the brands we represent within Evans Halshaw, national retail registrations increased by 12.4% in quarter one, whereas our new retail sales increased by 17.8%. New gross margin has increased by 20 basis points in quarter one 2013.

In the period, Quicks, our used car operation, has improved profitability by £0.9m over the prior year owing to enhanced vehicle margin by 430 basis points and 12.9% increase in used volume. The trajectory of our Quicks business is one of continuing improvement.

The California business is ahead of the prior year as a result of the favourable product mix of Land Rover, Jaguar and Aston Martin.

The Support businesses continue to generate steady profit streams.

FINANCIAL UPDATE

On 3 May 2013, the refinancing of the Group was completed. This brings stability and simplicity to our financial structure. The Group repaid our costly and restrictive legacy debt, and considerably extended the maturity of our available facilities. The new facility consists of a £175m seven year bond and a £145m four year revolving credit facility. We are still on track to achieve our Debt: underlying EBITDA target of 1.5 times by the end of 2014. We are pleased to welcome our new bondholders as stakeholders in Pendragon.

There was good cashflow generation in the first quarter which resulted in a reduction in net debt. The Group received further non-underlying net VAT and related interest refunds of £2.8m and disposed of surplus properties for proceeds of £1.3m.

OUTLOOK

The indicators for the market we operate within and our underlying performance are encouraging at this stage of the year. Our strong growth in the used sector continues to be a key feature for the Group and our aftersales performance remains resilient. The new vehicle market is showing strong growth in the period and this is benefiting both our Stratstone and Evans Halshaw business. We continue to trade in line with our expectations for the current year.

ENQUIRIES

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