

## PENDRAGON PLC INTERIM MANAGEMENT STATEMENT (ISSUED 25 October 2022)

Pendragon PLC (the "Group") today provides an interim management statement covering the period from 1 July 2022 to 30 September 2022. Unless otherwise stated, figures quoted in this statement are for the three months ended 30 September 2022 and the comparative period being the three months ended 30 September 2021.

The Group delivered a strong trading performance in the quarter, with gross profit maintained at the exceptional level seen in Q3 FY21. This performance benefitted from continued progress in the delivery of our strategy to transform automotive retail through digital innovation and operational excellence.

New vehicle volumes continued to be impacted by reduced supply in the third quarter, with the market down 0.1% against a 2021 baseline which was already well below historic norms. Pendragon outperformed the market with new units up 14.2% in the quarter. New margins also remained strong, with gross profit per unit ("GPU") of £2,597 up £743 compared to Q3 FY21.

Used vehicle volumes were down on the prior year as reduced new car production continued to have a knock-on impact on used car availability. While used GPU remained robust at £1,561, this was, as expected, lower than the exceptional levels experienced in Q3 FY21 (Q3 FY21: £2,052).

Aftersales revenue and gross margin were both higher than in the prior year, with revenue up 5.0%, margin rate up to 51.7% (Q3 FY21: 50.3%) and gross profit up 7.8% as a result. The strong performance in new cars and aftersales broadly offset the lower used car volume and anticipated decline in used car margins.

Beyond the UK Motor division, both the leasing and software businesses delivered good performances and overall gross profit for the Group is broadly in line with the level achieved in Q3 FY21. This solid gross profit performance, delivered against a very strong comparative period, was partially offset by an increase in underlying operating costs of approximately £7m and an increase in interest charges of approximately £3m. These cost increases were driven by previously guided cost inflation and higher interest charges due to the increased value of inventory combined with higher interest rates.

Overall, underlying profit before tax was £14.7m (Q3 FY21: £25.1m).

### **Outlook**

We are pleased with the performance in Q3 FY22 and remain confident in delivering progress towards our long term goals. While we continue to expect both new and used vehicle supply shortfalls for the last quarter of FY22 and into 2023, the new car order bank remains well above historic normal levels at over 20,000 at the end of September. The economic backdrop remains challenging, however we continue to expect to deliver group underlying profit before tax in line with Board expectations for the current financial year.

### **Bill Berman, Chief Executive of Pendragon PLC, commented:**

"We are encouraged that the momentum we saw going into the second half has continued throughout the third quarter. Our agile and diversified business model positions the business well to respond to the uncertain environment, as demonstrated by the outperformance in new vehicles and the strong margin profile of the broader UK Motor division.

“While supply chain challenges and other market pressures are set to persist, we are confident we have the right strategy in place to deliver for our customers and partners, and to meet our expectations for the full year.”

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