

PENDRAGON PLC POST-CLOSE TRADING UPDATE (ISSUED 20 July 2022)

Pendragon PLC (the “Group”) today provides a post-close trading update covering the period from 1 January 2022 to 30 June 2022 and its outlook for the remainder of the year. Unless otherwise stated, figures quoted in this statement are for the six months ended 30 June 2022 and the comparative period being the six months ended 30 June 2021.

The Group delivered another strong performance in the first half of FY22 and made further strategic progress towards its long-term goals, including developing its market-leading used car proposition and increasing marketing activity to drive brand awareness. We expect to report Group underlying profit before tax of c.£33m for the first-half of FY22 (H1 FY21: £35.1m).

New vehicle volume continued to be impacted by supply constraints, with the wider market down 11.9% during the first half of the year. As a result, the Group's focus has continued to be on maximising the level of margin achieved per unit, and strengthening the already robust order bank. New gross profit per unit is higher year on year and more than outperformed the volume shortfalls. Used vehicle volumes were also down year on year as supply constraints from lower new car production continued to have a knock-on impact on used car availability. Used gross profit per unit also remained strong; although, as anticipated, this has been lower than the exceptional levels seen in H2 FY21. The strategic improvements we continue to make have more than offset the lower volume achieved compared to H1 FY21. Aftersales revenue and profitability were both higher than the prior year.

The increase in UK Motor gross profits, combined with a strong performance in the leasing business, were offset by an increase in underlying operating costs of approximately £20m, which included the impact of previously guided items including: an £8.3m impact from the removal of government support, an increase of approximately £7m in marketing costs, including the relaunch and TV promotion of the Car Store brand, together with inflationary cost pressures, particularly in labour and utility costs. Cost pressures were partially offset by our ongoing focus on cost saving opportunities.

Group adjusted Net cash as at 30 June was £2.8m (31 December 21: net debt £49.7m).

Outlook

We are pleased with the strong start to FY22 and remain confident we have the right strategy in place. We are mindful of the challenges to both new and used vehicle supply which are expected to continue for at least the remainder of the current financial year. Softening consumer sentiment also has the potential to impact on demand in the second half. However, we believe our market-leading proposition and mix of business models means we remain resilient in the face of these challenges and we continue to expect to deliver group underlying profit before tax in line with Board expectations.

Bill Berman, Chief Executive of Pendragon PLC, commented:

“After a strong H1'22, Pendragon carries good momentum going into the second half of the year. While challenges persist in the form of new and used vehicle supply, we are confident that the progress we are making against our strategic initiatives provides us with a strong platform to navigate this period successfully. I would like to thank all of our associates for their continued hard work and dedication in helping us to deliver our long-term ambitions.”

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