



INTERIM MANAGEMENT STATEMENT

This Interim Management Statement for Pendragon PLC, the UK's leading automotive online retailer, covers the period from 01 January 2016 to 27 April 2016. Unless otherwise stated, figures quoted in this statement are for the three months ended 31 March 2016.

TREVOR FINN, CHIEF EXECUTIVE:

"Our first quarter underlying profit before tax increased by 8.7% which is testament to our continued delivery of our strategy. We remain focussed on initiatives which provide choice, value, service and convenience to our customers. Many of our initiatives are orientated around online consumer activity, from research of vehicles to the nationwide availability of a vehicle. We are expecting to see growth in profitability across aftersales, used and new for the full year as we continue to benefit from favourable market conditions and further implement our winning retail initiatives. We are expecting the Group to perform in line with expectations for the full year."

HIGHLIGHTS

- Our underlying profit before tax increased by 8.7%.
- Like for like gross profit increased across all our main vehicle sectors of aftersales, used and new, due to a combination of market dynamics, our customer initiatives and our clear strategy.
- Aftersales gross profit increased by 1.2% on a like for like basis.
- Used gross profit increased by 4.2% on a like for like basis.
- New gross profit increased by 15.2% on a like for like basis.
- Online visits to Stratstone.com and Evanshalshaw.com increased by 18.5% in the period.
- In the period we opened three stores in Bristol, Norwich and Peterborough, all new territories for us. We will acquire further sites this year to supplement our national footprint.
- Our target debt : underlying EBITDA ratio continues to be significantly below our target range so we are assessing the best use of funds.

TRADING UPDATE

We operate our core business in the used, aftersales and new vehicle sectors under the Evanshalshaw.com and Stratstone.com brands. We also have a number of support businesses in the associated markets of dealer IT systems, vehicle leasing and parts.

Aftersales is our largest profitability contributor. In the period, aftersales gross profit grew by 1.2% on a like for like basis. The Group is benefiting from the increased new vehicle supply which continues to increase the less than three year old car parc and the four to six year old car parc. We continue to develop our product and service offering to our customers by providing transparent online interactions, from the point of online service booking through to online video of the vehicle for servicing.

Our key strategy of focussing on used profitability continues to enhance the market share and profitability of the Group. Used gross profit grew by 4.2% in the period on a like for like basis.

New gross profit on a like for like basis increased by 15.2% in the period, largely as a result of margin improvement from Evanshalshaw.com. We are not expecting to maintain this level of growth in new gross profitability in the remaining part of the year, as we expect the new vehicle market to operate at more moderate levels of growth.



INTERIM MANAGEMENT STATEMENT

Our financial position remains strong, with our debt : underlying EBITDA ratio remaining significantly below our target range of 1.0 to 1.5. We are currently assessing our best use of funds.

INDUSTRY INSIGHT

Year to date to 31 March 2016 UK vehicle registrations increased by 5.1% year on year, with retail registrations increasing by 6.3% and fleet increasing by 3.9%. For the brands we represent, retail registrations increased by 3.7%. We expected the level of growth to slow, as the new market growth becomes more moderate during the year, and believe the UK market will be around 2.7 million for the full year 2016, representing growth of around 2.5% over the prior year.

The used vehicle market increased by 3% in the full year of 2015, following strong growth in the fourth quarter of 2015. We are still expecting the used car market to grow by around 3% in 2016.

The aftersales market continues to be favourable for the nearly new vehicle car parc as a result of the new car market increases in the last three years. We expect the less than three year old car parc to grow by 5.2% and the four to six year old parc to grow by 4.3% in 2016.

OUTLOOK

As the UK's leading automotive online retailer, we are focussed on our winning strategy of delivering choice, value, service and convenience to our customers. We are expecting the growth rate in the new vehicle market to slow but the underlying market dynamics in used and aftersales to remain strong. We expect the full year performance for 2016 to be in line with expectations.

ENQUIRIES

Trevor Finn	Chief Executive	Pendragon PLC	01623 725114
Tim Holden	Finance Director	Pendragon PLC	01623 725114
Gordon Simpson	Partner	Finsbury	0207 251 3801
Philip Walters	Principal	Finsbury	0207 251 3801