



INTERIM MANAGEMENT STATEMENT

ISSUED 25 October 2016

This Interim Management Statement for Pendragon PLC, the largest and leading automotive online retailer in the UK, covers the period from 1 July 2016 to 24 October 2016. Unless otherwise stated, figures quoted in this statement are for the three months ended 30 September 2016.

Trevor Finn, Chief Executive, commented:

“Despite significant commentary on the potential negative impact of the EU Referendum, we have not experienced any noticeable change in our customers’ behaviour and we have continued to grow our business. Like for like Group sales grew 5.7% in Q3 versus a strong comparator and Group underlying profit increased by 6.3%. We are particularly pleased with our used revenue growth which accelerated to 8.3% on a like for like basis. The performance of the Group is in line with expectations for the full year.”

Highlights

- Revenue grew by 5.7% on a like for like basis with used revenue growth accelerating to 8.3%
- Aftersales gross profit grew by 3.2% on a like for like basis
- Used gross profit grew by 0.5% on a like for like basis
- New gross profit increased 4.2% on a like for like basis
- Overall in the quarter, underlying like for like profit before tax increased by 6.3%.
- Online visits to Stratstone.com and Evanshalshaw.com increased by 16.0% in the nine months to 30 September 2016.
- Our financial position is strong, with our debt ratio remaining significantly below our target range.
- To date we have completed £6.1m of the £20m share buyback programme that we announced in May of this year.

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 well established and profitable operation in California and a number of support businesses in the associated markets of dealer IT systems, vehicle leasing and parts.

Aftersales is our largest profit contributor and gross profit grew by 3.2% in the period 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. Additionally, we also benefit from our growing market share in used vehicles which provides an increasing opportunity for aftersales work.

Used market share growth continues to be a key strategic priority for the Group. Used like for like revenue grew by 8.3% and gross profit grew by 0.5% in the period on a like for like basis. We have expanded our ‘click and collect’ proposition from Evans Halshaw (www.evanshalshaw.com/move-me-closer) into Stratstone (www.stratstone.com/move-me-closer). We have also expanded our Sell Your Car offering to a further 12 sites this year with continued rollout planned in Q4. We are maintaining our marketing investment in this area, continuing to build market share.

New gross profit grew by 4.2% in the period on a like for like basis. During Q3 total UK market registrations rose by 1.4% whereas retail registrations fell by 2.5%. On a year to date basis total UK market registrations rose by 2.6% and retail registrations rose by 0.4%.

Our financial position remains strong, with our debt : underlying EBITDA ratio remaining significantly below our target range of 1.0 to 1.5. We continue to rollout additional footprint to complete a national UK presence for the sale and servicing of vehicles. To date we have purchased £6.1m of our shares through the £20m buyback programme announced in May.



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Outlook

When we announced our interim results in early August, a month after the EU Referendum decision, we said that we had not experienced any noticeable change in our customers' behaviour. This continues to be the case and our revenue in the quarter has increased.

We also said that, based on discussions with our franchise partners, we do not anticipate any material effect on new vehicle pricing as a result of exchange rates, since we believe the car manufacturers will try to mitigate this cost to consumers via monthly payments.

Performance levels in the quarter have remained within our expectations and our business has continued to grow. We expect 2016 full year performance to be in line with expectations.
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Enquiries

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