

PENDRAGON PLC INTERIM MANAGEMENT STATEMENT

(ISSUED 27 April 2017)

This Interim Management Statement for Pendragon PLC, the largest and leading automotive online retailer in the UK, covers the period from 1 January 2017 to 26 April 2017. Unless otherwise stated, figures quoted in this statement are for the three months ended 31 March 2017.

Trevor Finn, Chief Executive:

“Pendragon has made a strong start to 2017 with significant growth in our key market areas of aftersales and used. Our revenue growth in the used vehicle sector was over 23%, which is significantly ahead of our annual target of double digit growth and ensures we remain on track to achieve our long term target of doubling used vehicle revenues by 2021. Aftersales gross profit grew by nearly 8%. We had over 8 million visitors to Evanshalshaw.com and Stratstone.com in the first quarter as our online business continues to grow.”

HIGHLIGHTS

- Overall in the first quarter of 2017, underlying profit before tax increased by 17.6%.
- Revenue grew by 10.4% on a like for like basis with used revenue growth accelerating to 23.3%.
- Aftersales gross profit grew by 7.6% on a like for like basis.
- Used gross profit grew by 16.5% on a like for like basis.
- New gross profit was flat year on year on a like for like basis.
- Online visits to Stratstone.com and Evanshalshaw.com increased by 27.5% and the Group attracted 8 million visitors to the websites.
- Our financial position is strong, with our debt ratio remaining significantly below our target range.
- To date we have completed £10.0m of the £20.0m share buyback programme that we announced in May 2016.

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 the United States and a U.K. Leasing business. Our business also has the strategic benefit of Pinewood Technologies, our software business, which provides us with ability to deploy industry leading software services.

Our used strategy is the cornerstone of the Group's performance. Used like for like revenue grew by 23.3% ensuring we remain on track to meet our target to double used revenue by 2021. Used gross profit grew by 16.5% in the period on a like for like basis. Our business model provides the customer with choice, value, customer service and convenience. We are progressing with our additional investment in footprint to provide further convenience to our expanding customer base. We have opened two sites in new territories in the South West in the quarter. We have secured a further four sites for other new territories and a further three sites to increase market share in existing territories, all to be launched by the end of 2017.

Aftersales is our largest profit contributor and gross profit grew by 7.6% 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.

New gross profit was flat in the period on a like for like basis. In the first quarter, new U.K. retail registrations increased by 3.6% and fleet registrations increased by 8.7%. We are still expecting a flat market for the whole of 2017.

To date we have purchased £10.0m of our shares through the £20.0m buyback programme announced in May 2016.

OUTLOOK

We are delivering on our strategy of doubling our used revenue over the next five years. We continue to see growth in our online offering and we will couple this with further investment in additional footprint to provide better convenience for our customers. At this stage of the year, we are encouraged with early trading, and therefore we are comfortably positioned with respect to our expectations.

ENQUIRIES

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