

PENDRAGON PLC

'THE UK'S LEADING AUTOMOTIVE RETAILER'



2012 FULL YEAR RESULTS
PENDRAGON PLC



Welcome

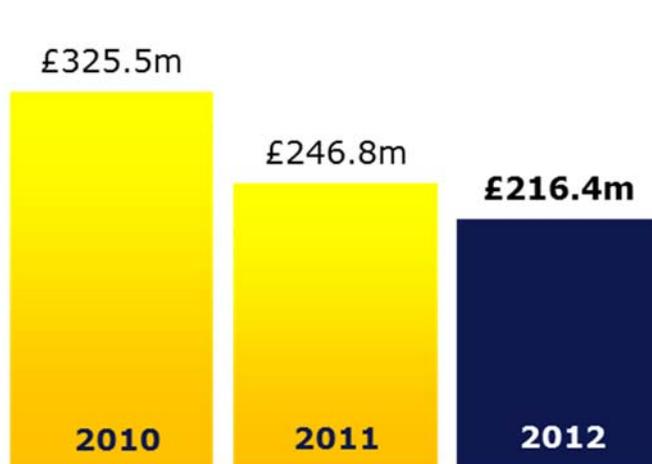
Trevor Finn - Chief Executive
Tim Holden - Finance Director

Overall Highlights – Strong Growth in Recovering Markets

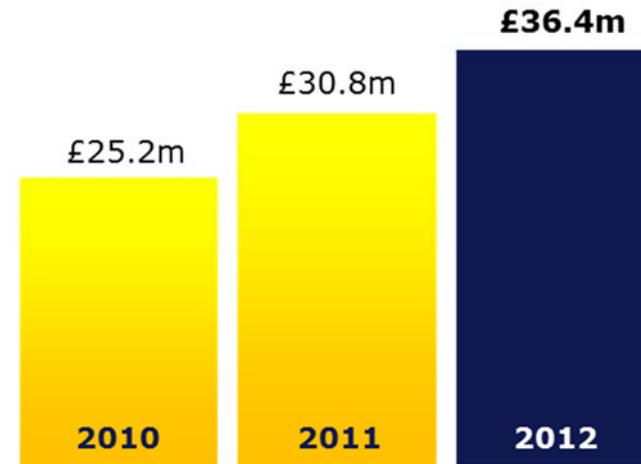
- **Underlying profit before tax up by £5.6m (+18%) to £36.4m**
- **Net debt down by £30.4m over the prior year and Debt : Underlying EBITDA target is on track**
- **Vehicle markets are recovering in the UK and growth expected in 2013 in all markets**
- **Over a 3 year period, online visitors are up by 87%**
- **Continuing strategic focus on used cars – L4L volumes up 7% versus a flat market, L4L margin up 0.3%**
- **Return to dividend in 2012 of 0.1p per share**

Financial Highlights – Net Debt, Underlying PBT and Operating Profit & Margin

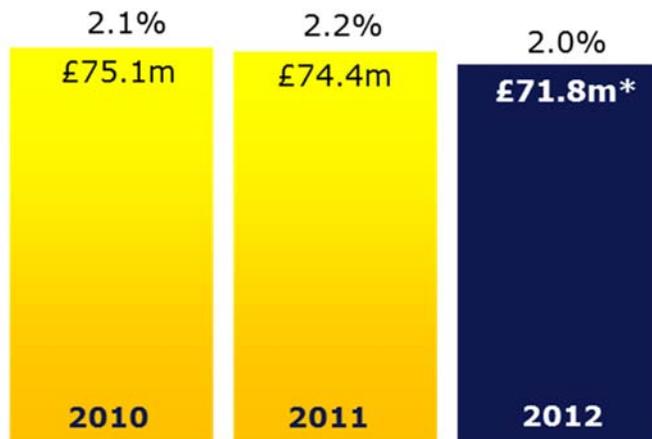
NET DEBT



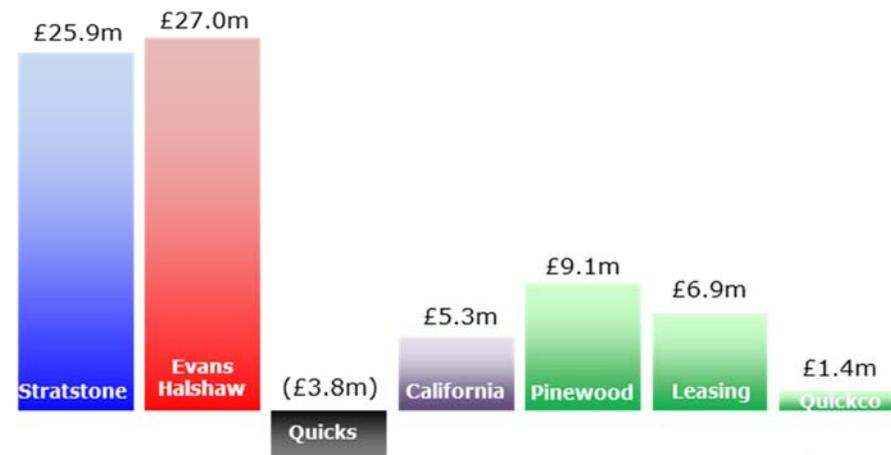
UNDERLYING PROFIT BEFORE TAX



UNDERLYING OPERATING PROFIT & MARGIN



UNDERLYING OPERATING PROFIT BY SEGMENT



* Includes £3.8m of losses from Quicks in 2012. Quicks was shown within the non-underlying results in FY 2011

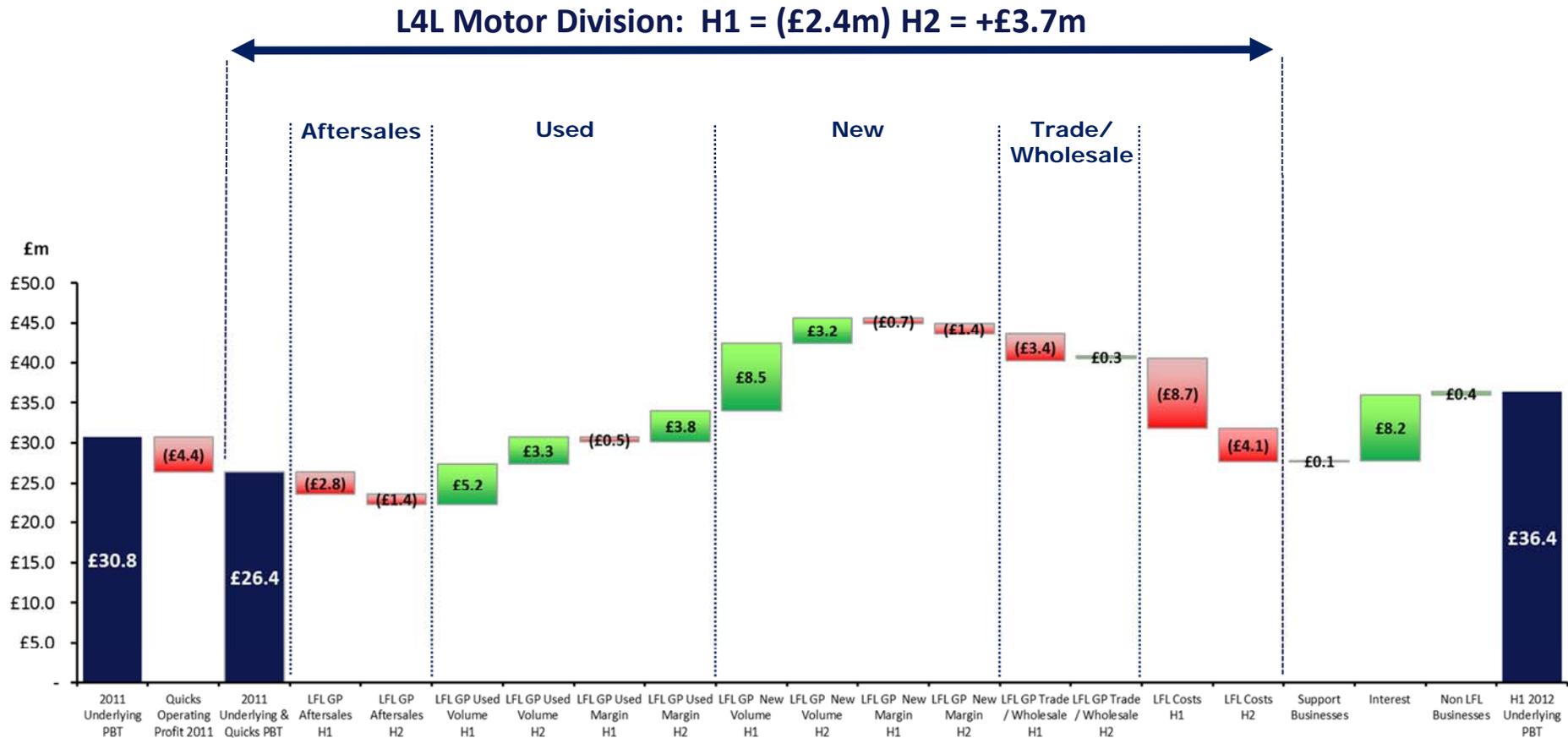
Financial Highlights - Underlying

£m	2012	2011	Variance	L4L*	NL4L
Turnover	3,635.1	3,418.2	216.9	196.5	20.4
Gross Profit	481.3	468.1	13.2	13.9	(0.7)
Operating Costs	(409.5)	(393.7)	(15.8)	(12.6)	(3.2)
Operating Profit	71.8**	74.4	(2.6)	1.3	(3.9)
Interest	(35.4)	(43.6)	8.2	8.2	-
Profit Before Tax	36.4	30.8	5.6	9.5	(3.9)

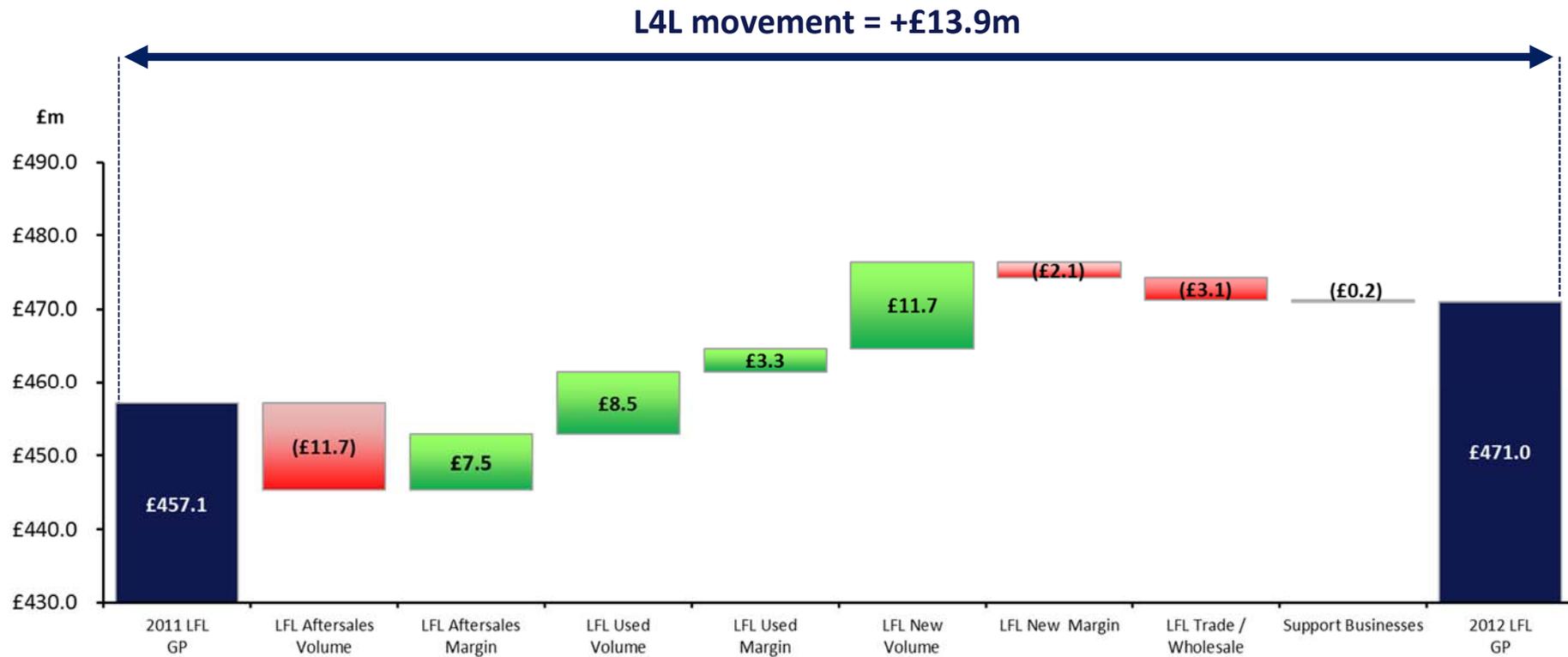
* L4L - like for like results include only current trading businesses which have a 12 month comparative history

** Includes £3.8m of Quicks losses in 2012. Quicks was shown within the non-underlying results in FY 2011

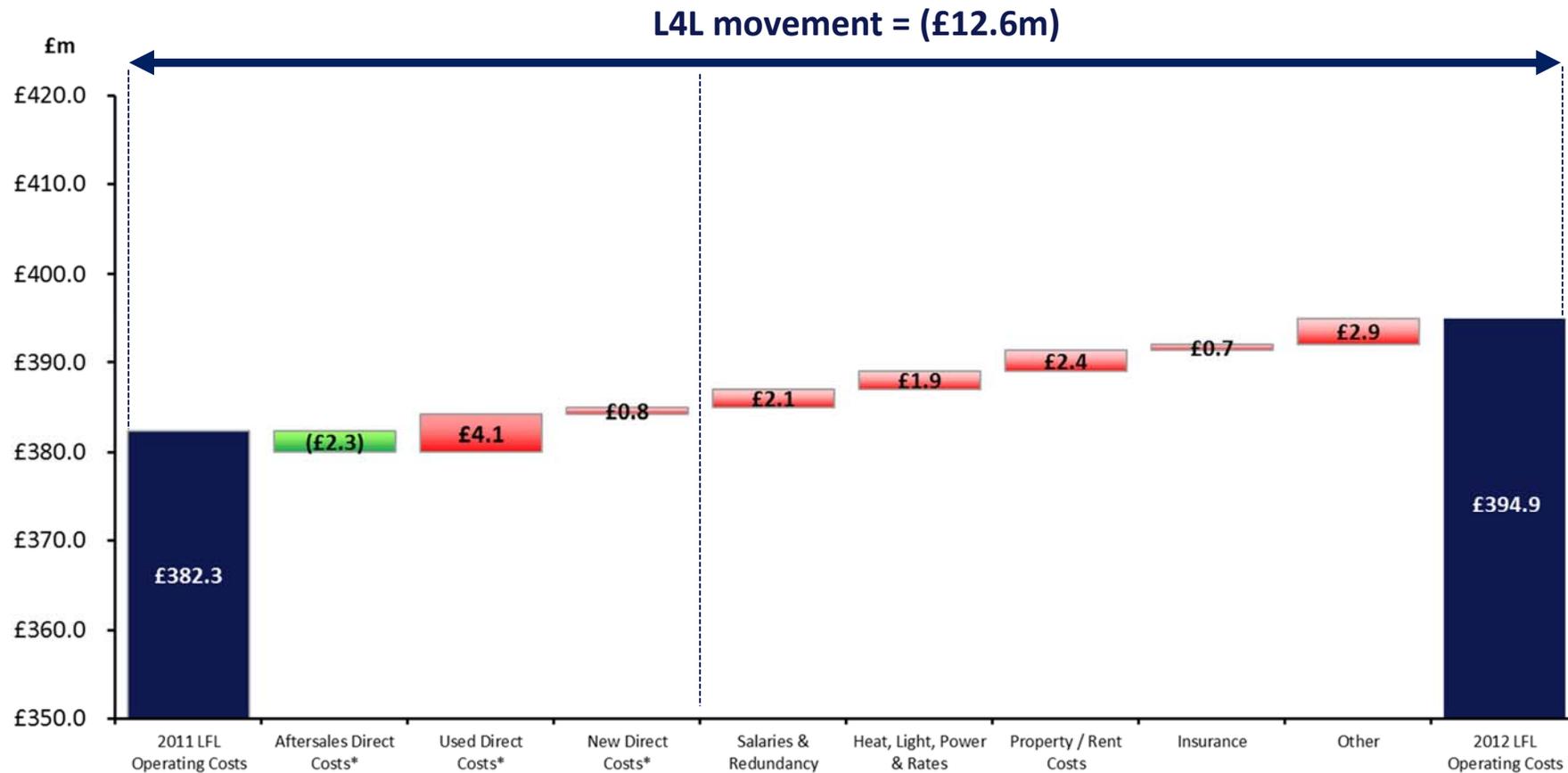
Financial Highlights – H1 and H2 Split of Underlying PBT



Financial Highlights – L4L Gross Profit Bridge



Financial Highlights – L4L Operating Costs Bridge



* Vary with level of turnover, typically salaries and commissions

Financial Highlights – Non-underlying Items*

£m	2012	2011
Start-up Business Costs**	-	(4.8)
Property Impairments and Profit/(Loss) on Disposals	(3.7)	(0.6)
Refinancing and Pension Deficit Reduction Plan Costs	-	(18.5)
Pension Scheme Merger Costs	(0.4)	-
Pension Scheme Settlement Costs	(0.6)	-
Pension Net Finance Income	3.4	2.6
VAT Settlements and Provision Releases	2.7	14.5
Total	1.4	(6.8)

* Non-underlying results are items that have non-trading attributes due to their size, nature or incidence

** Start-up business costs for Quicks were shown within the non-underlying results in FY 2011. In FY 2012 these costs are shown within the underlying results

Financial Highlights – Balance Sheet

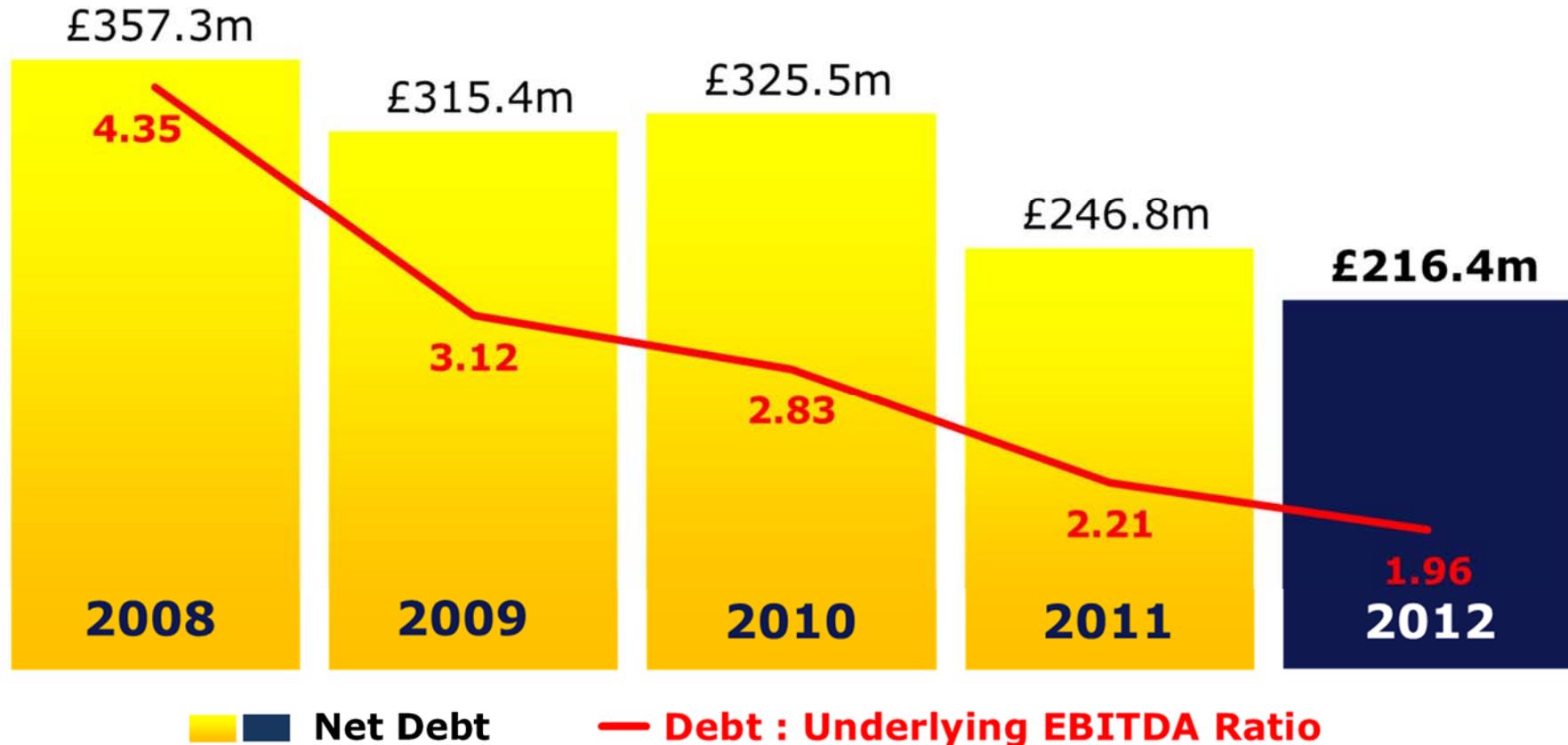
£m	2012	2011
Property	165.7	173.8
Plant & Equipment	124.6	125.6
Goodwill & Intangibles	372.6	371.5
Stock	590.0	565.4
Debtors	97.4	101.3
Assets Held for Resale	23.6	29.0
Creditors	(882.1)	(852.6)
Net borrowings	(216.4)	(246.8)
Shareholders Funds	275.4	267.2

Financial Highlights – Borrowings

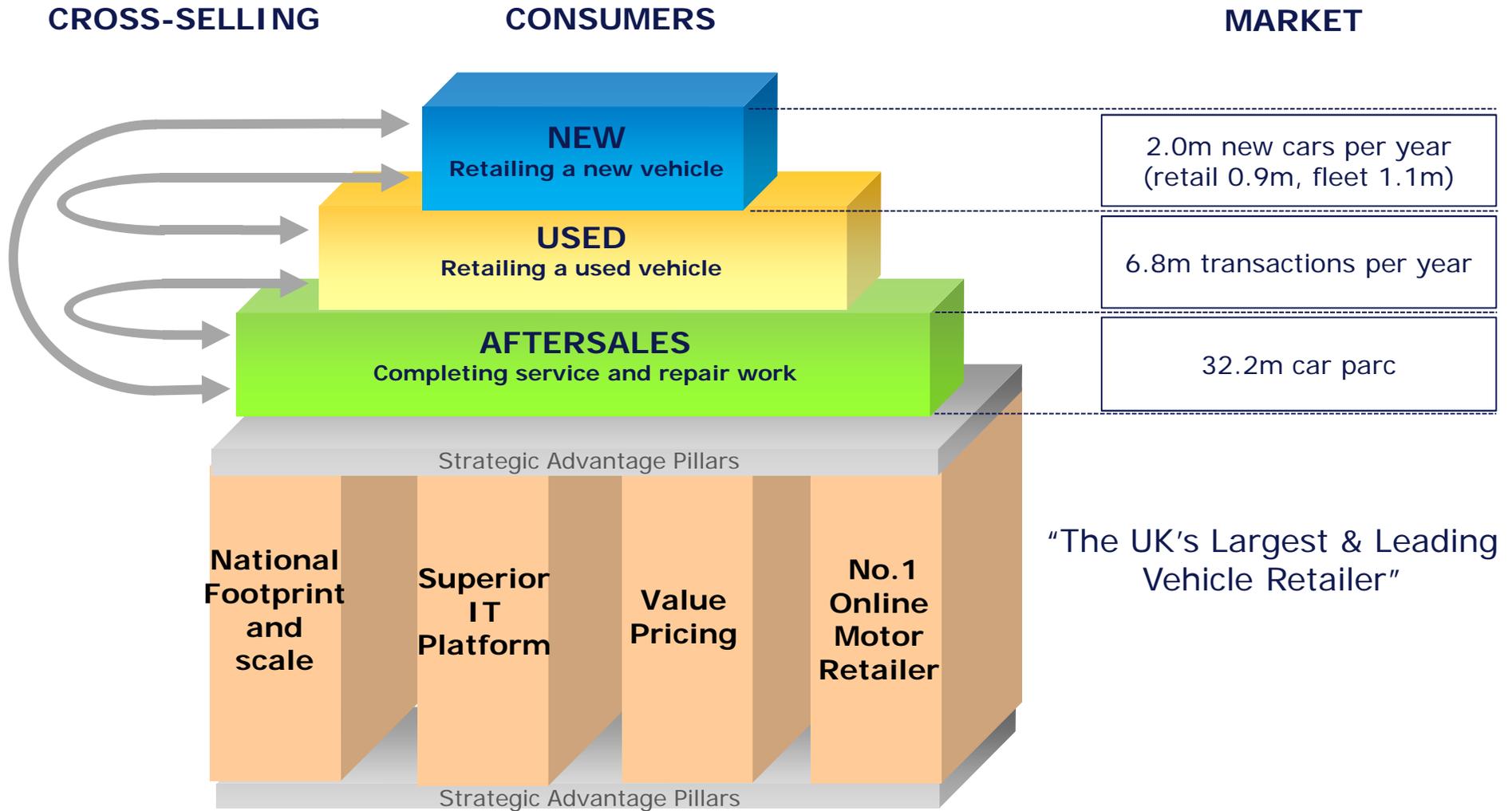
£m	FY 2012	FY 2011*
Underlying Operating Profit	71.8	74.4
Depreciation and Amortisation	19.2	19.1
Non-underlying Items	0.4	4.2
Working Capital Movement	(14.5) { 3.4	(2.5) { 24.3
Movement in Contract Hire Vehicles	{ (17.9)	{ (26.7)
Share Based Payments	0.9	0.8
Operating Cash Flow	77.8	96.1
Net Underlying Interest Paid	(36.9)	(46.7)
Net Non-underlying Interest Paid & Refinancing Costs	1.9	(8.3)
Tax Received / (Paid)	0.4	(1.5)
Replacement Capital Expenditure	(17.1)	(28.0)
Acquisitions	(2.6)	-
Disposals	9.4	4.2
Net Proceeds of Rights Issue	-	70.8
Other	(2.5)	(7.9)
Reduction in Net Debt	30.4	78.7

* 2011 restated due to change in presentation of contract hire cash flows

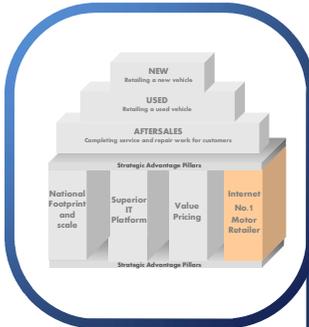
Financial Highlights – Debt : Underlying EBITDA Ratio



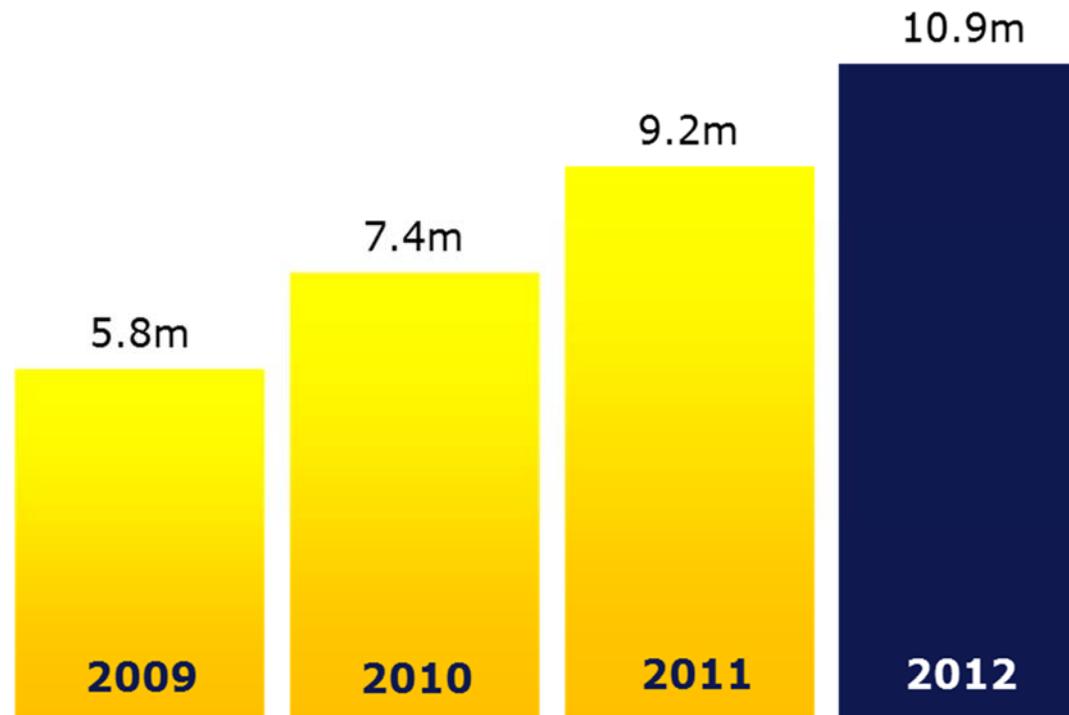
Business Model – Driven by Online Growth



Internet – The Business is Online

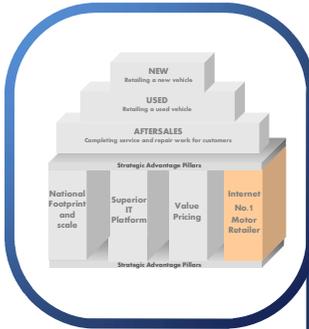


Website Visits – Stratstone.com, Evanshalshaw.com and Quicks.co.uk

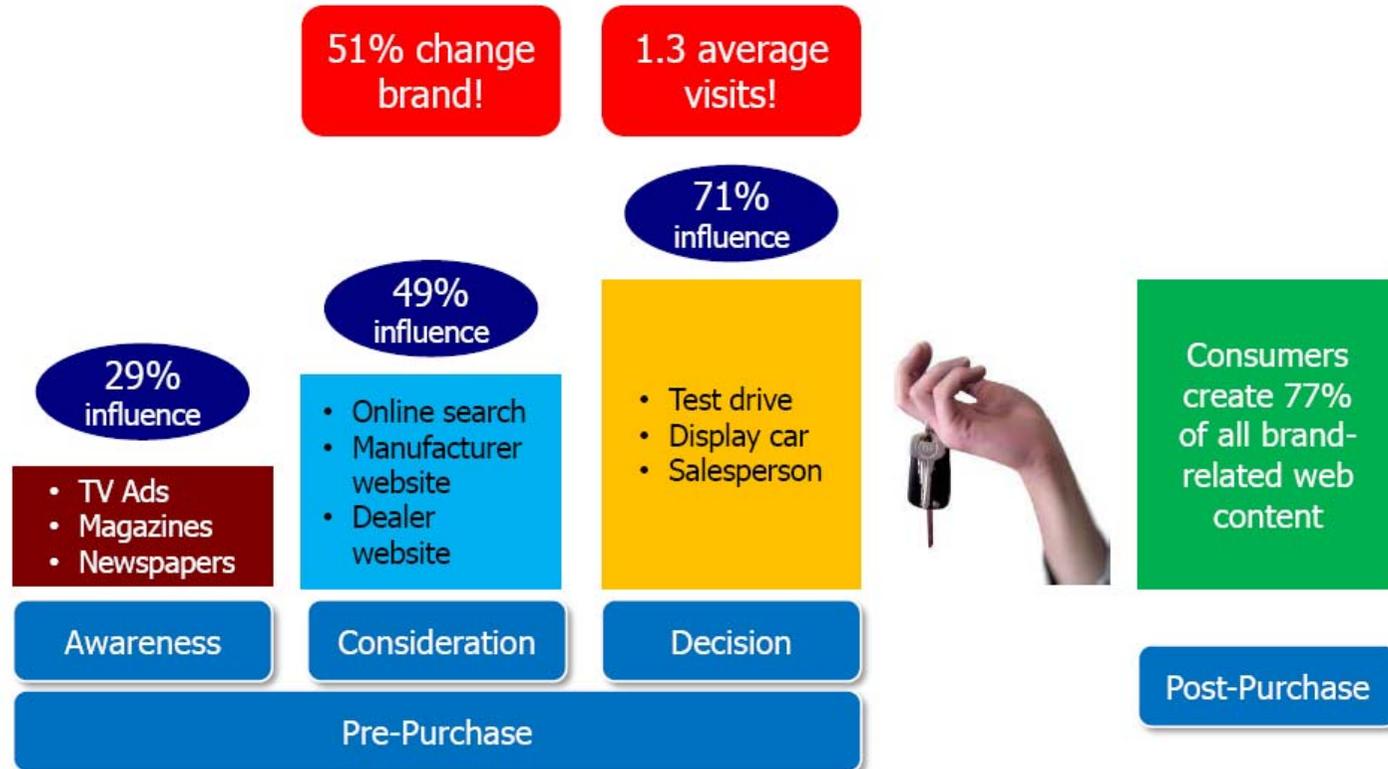


- Online visitors of 10.9m in 2012, growth of 18% from 2011
- Online visitors grow by 87% since 2009

Internet – Visits per Purchase

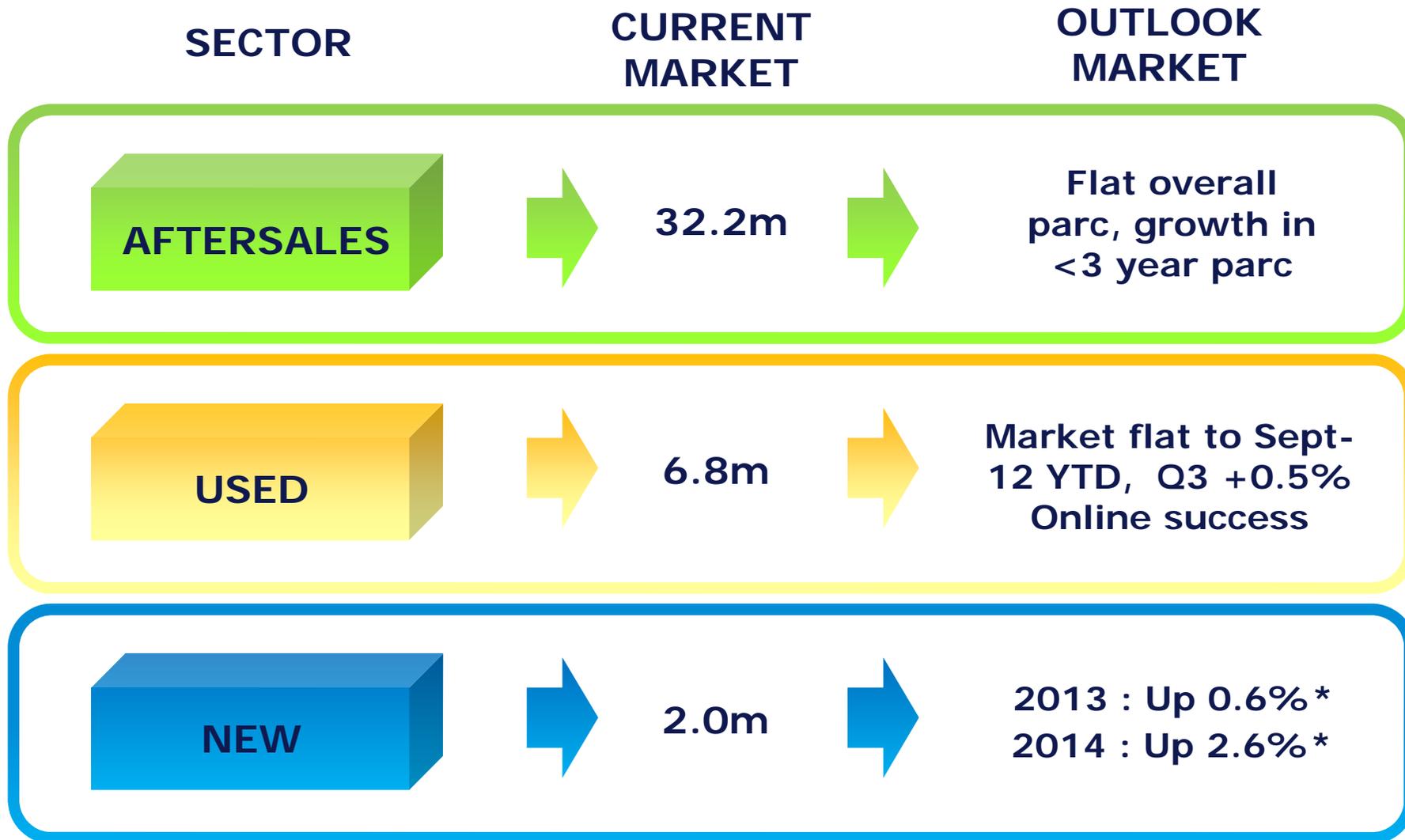


Customer behaviour is changing, with more online activity, fewer dealer visits



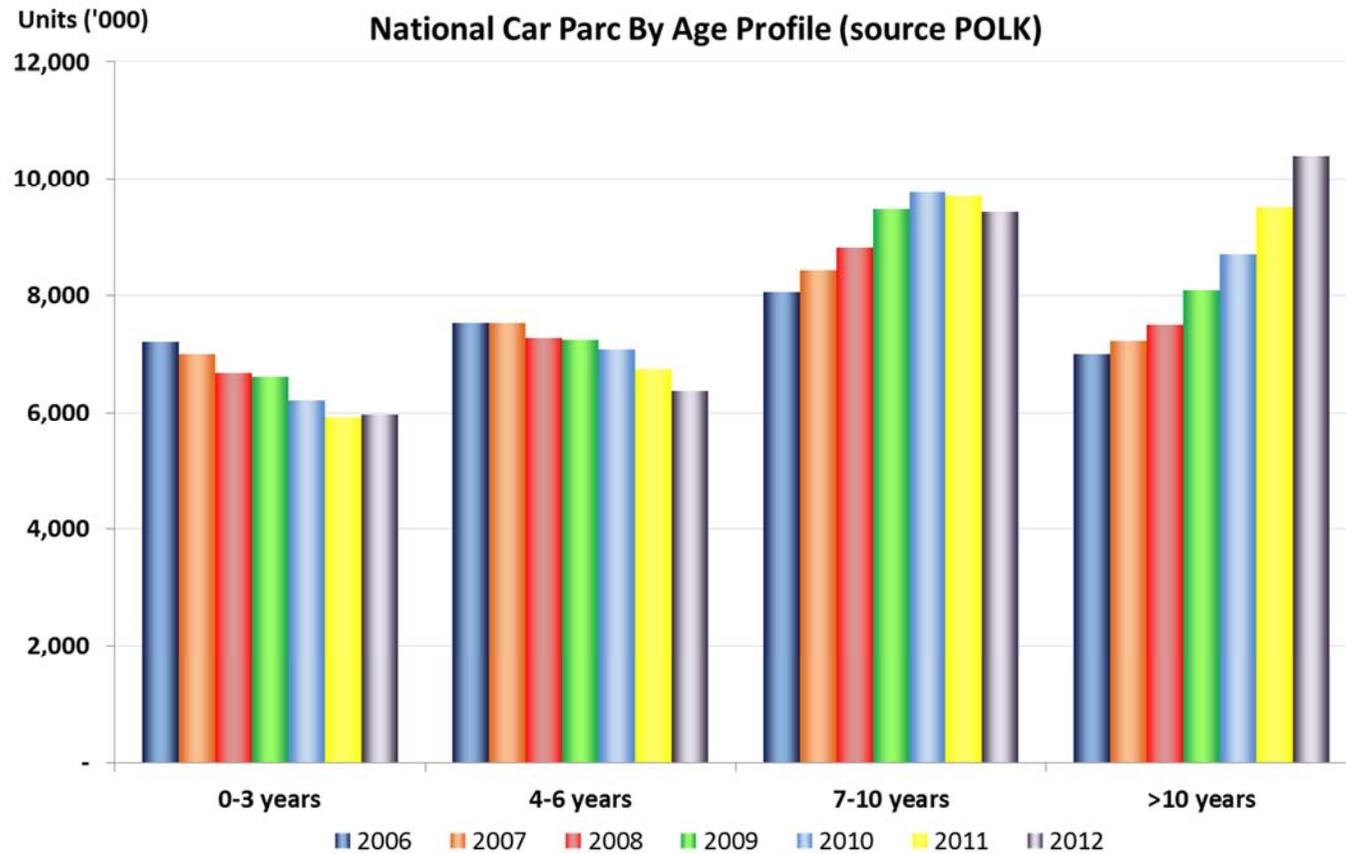
Source: Google Gearshift Research / ICDP

Business Model – Vehicle Markets In Recovery Phase



* Source : SMMT

Aftersales - Market

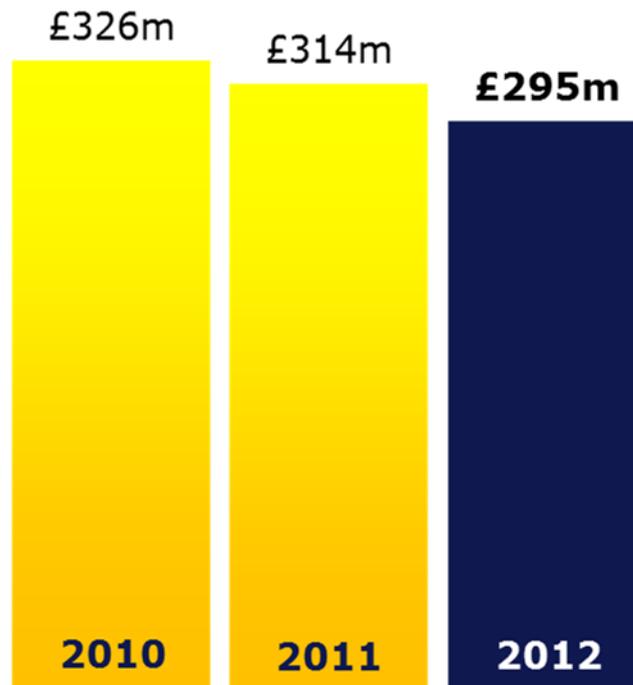


- Total car parc for 2012 of 32.2m versus 2011 of 31.9m
- Car parc for less than 3 years has increased by 0.6% year on year
- Car parc for 4-6 years has decreased by 5.3% year on year

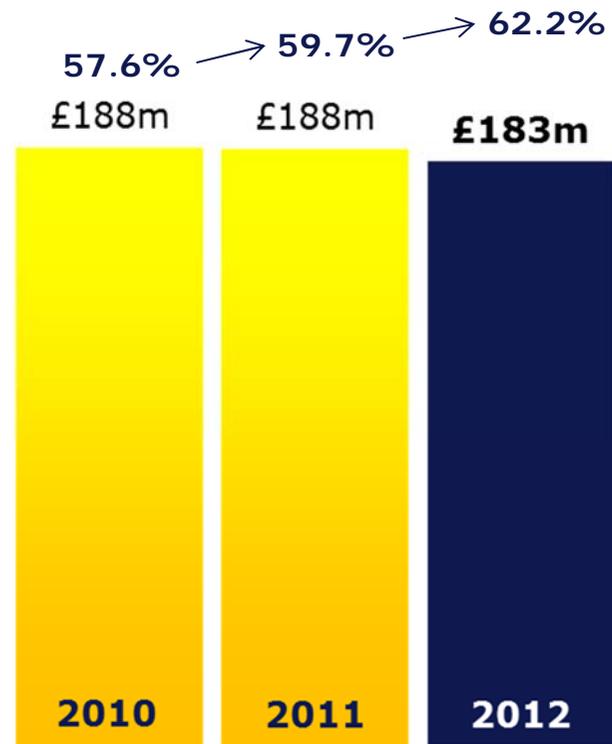
After-sales – Margin Holding Despite Decline in Revenue



Revenue (L4L)



Gross Profit & Margin (L4L)



- Fall in L4L aftersales revenue due to car parc pressure which is expected to flatten imminently and reduced warranty activity
- L4L service retail sales flat and L4L gross margins increased by 2.5%

Used – 35% Increase In Market Share Since 2009

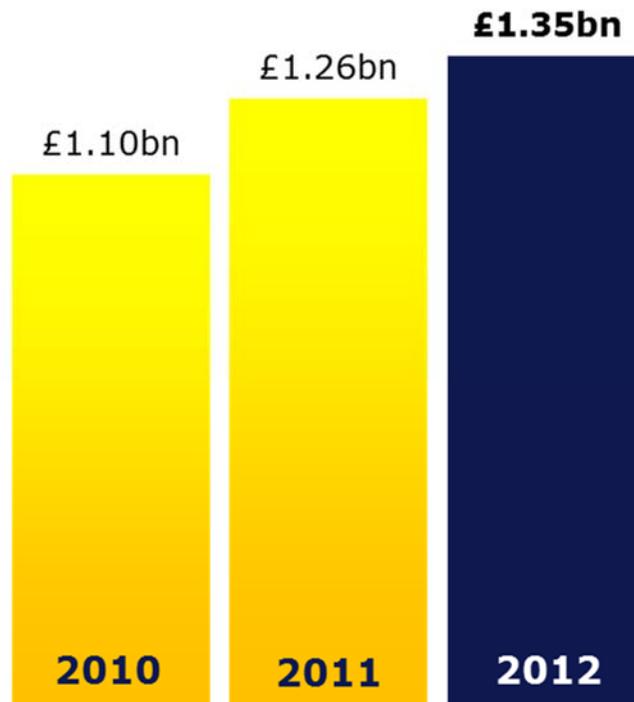


Source: 2009 to 2011 Used market figures are from the BCA 2012 Used Car Report. 2012 Used market assumed at same level as 2011 market

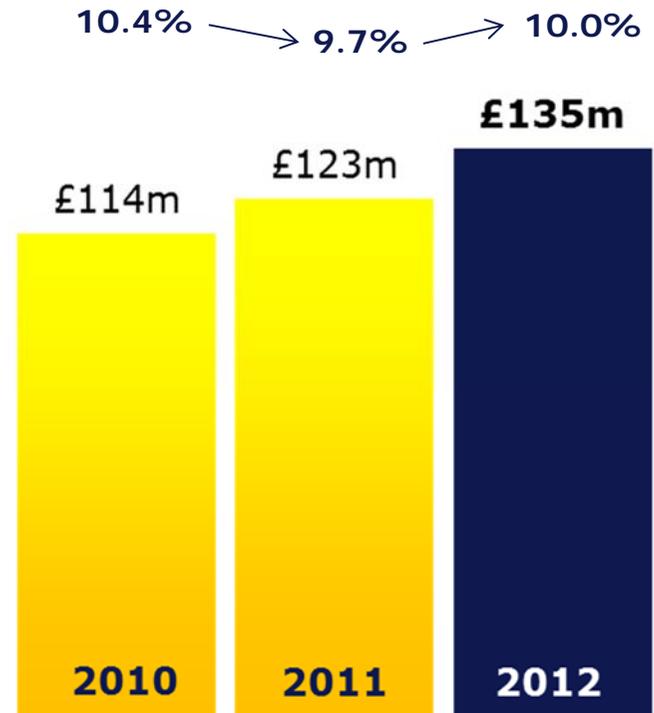
Used – Strong Volume & Margin Growth in 2012



Revenue (L4L)

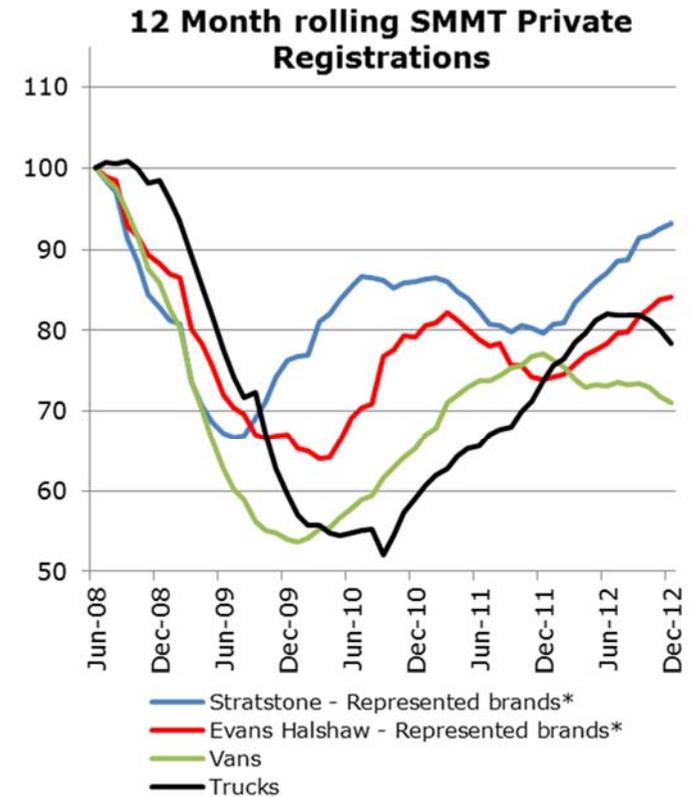
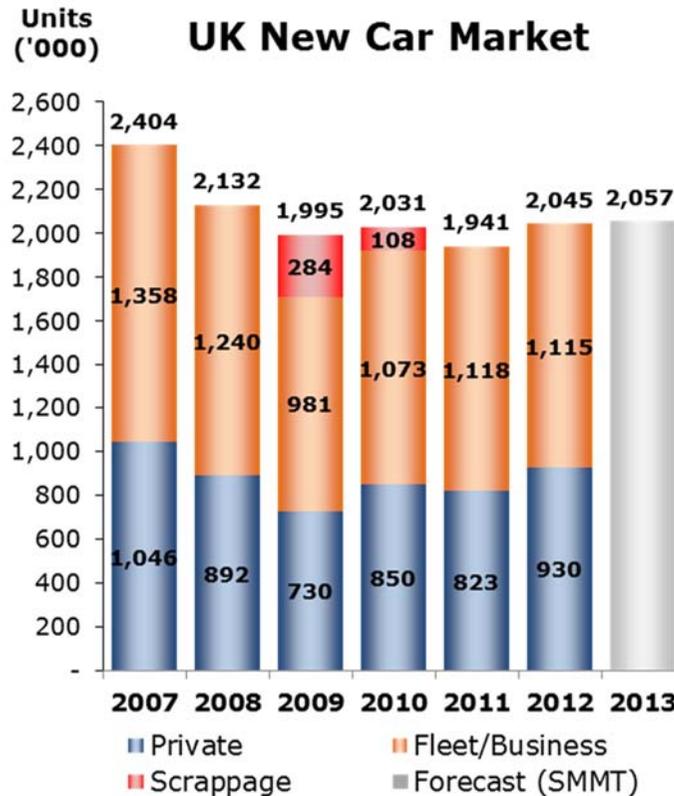


Gross Profit and Margin (L4L)



- L4L used volume growth of 6.5%
- L4L used gross profit up 9.6% with increased volumes and improved margin

New – Market Recovering



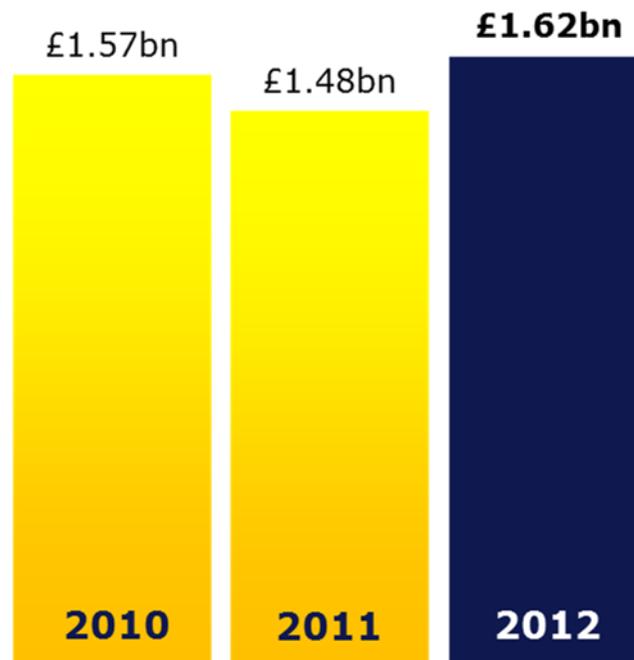
* Excluding scrappage (indexed from Jun-08) weighted on Pendragon market share

- Stratstone and Evans Halshaw brands continue to recover strongly in 2012 and follow a 'double dip' profile

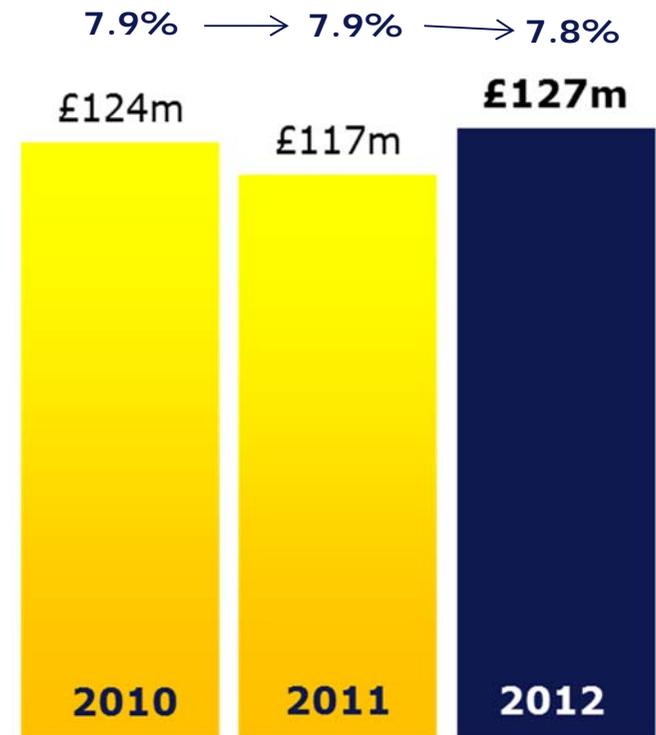
New – Strong Revenue Growth and Margin Maintained



Revenue (L4L)



Gross Profit and Margin (L4L)



- New L4L gross profit up 8.2%
- New L4L retail volume increased by 11.5%

Underlying Operating Profit – By Division

£m	2012	2011
Stratstone	25.9	28.9
Evans Halshaw	27.0	22.6
Quicks*	(3.8)	-
California	5.3	5.7
Pinewood	9.1	8.8
Contracts	6.9	6.5
Quickco	1.4	1.9
Operating Profit	71.8	74.4
Interest	(35.4)	(43.6)
Profit Before Tax	36.4	30.8

* Quicks was shown within the non-underlying results in FY 2011 and had operating losses of £4.4m

Outlook

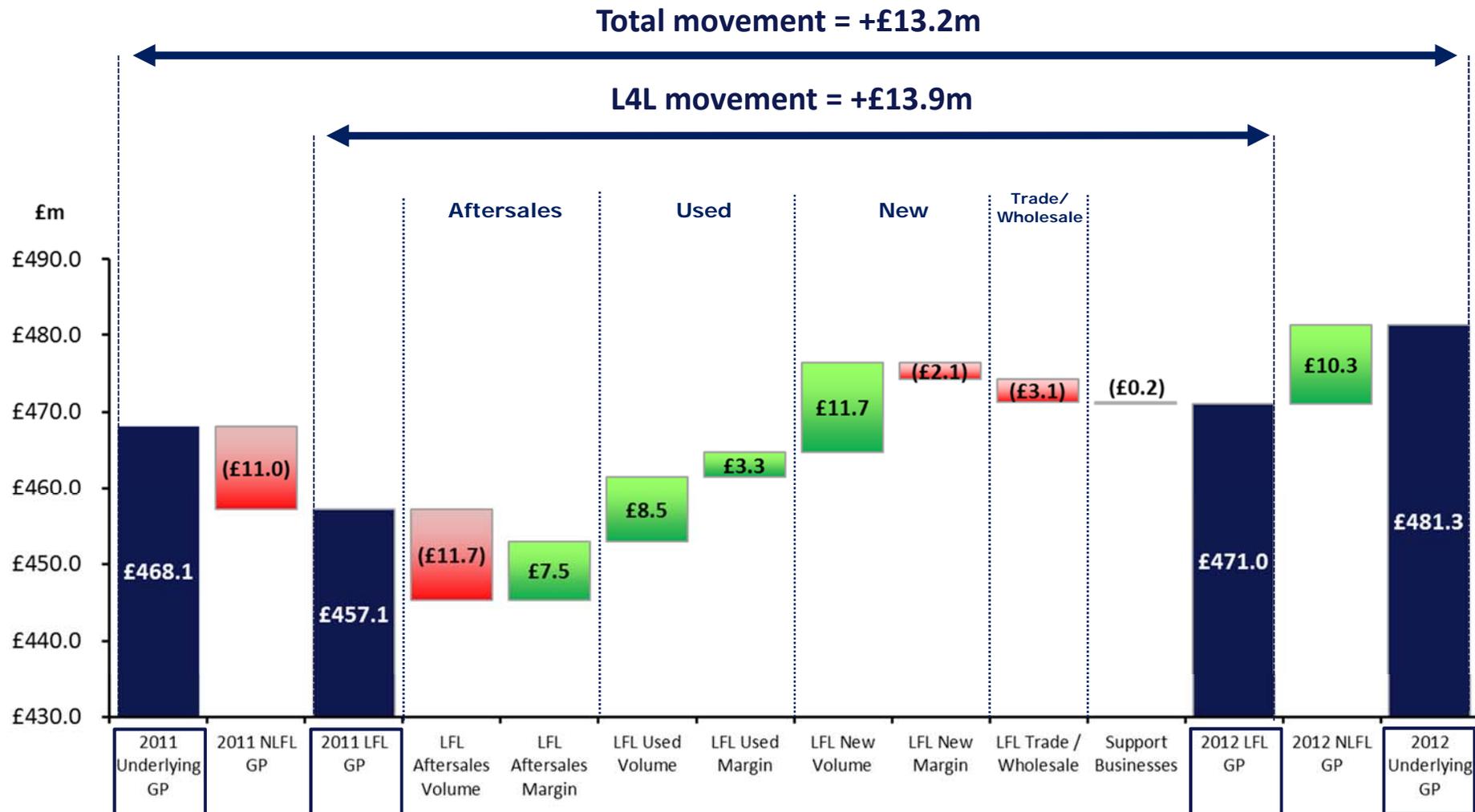
Area	2012 Assessment	2013 Assessment	Success Factors
Aftersales			<ul style="list-style-type: none"> Increasing <3 year old parc
Used			<ul style="list-style-type: none"> Market size growth and further market share gains
New			<ul style="list-style-type: none"> New retail volume up Stable margin
Financials			<ul style="list-style-type: none"> Debt : Underlying EBITDA target in line
Internet			<ul style="list-style-type: none"> Online visitors to continue to grow

PENDRAGON PLC

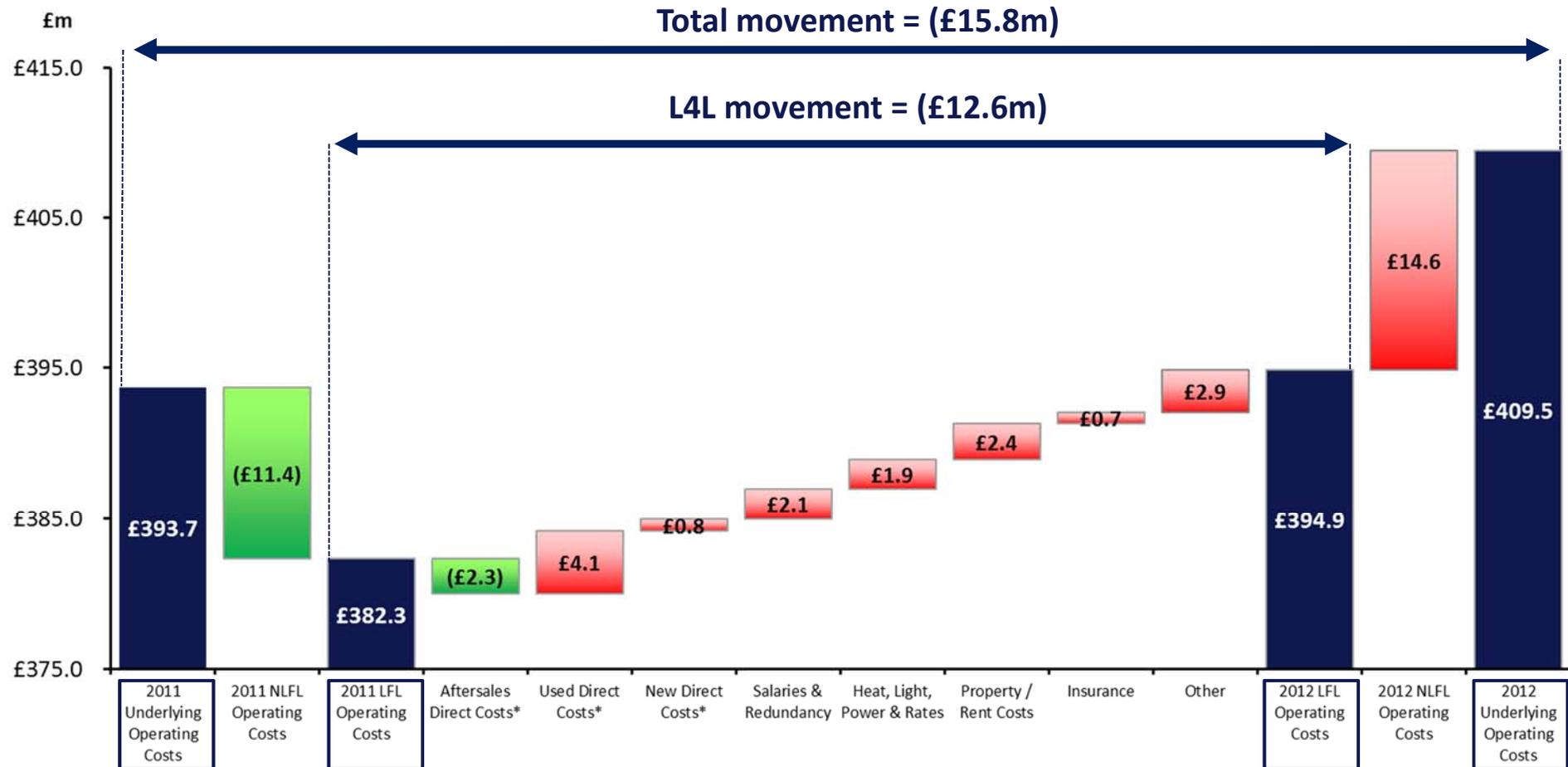
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APPENDIX

Appendix – Underlying Gross Profit Bridge



Appendix – Underlying Operating Costs Bridge



* Vary with level of turnover, typically salaries and commissions

Appendix - Stratstone Financial Highlights

	2012	2011*
Gross Profit	£179.2m	£174.6m
Gross Margin	12.5%	13.1%
Operating Profit	£25.9m	£28.9m
Operating Margin	1.8%	2.2%
Units (New & Used)	52,700	46,900
PPU	£1,925	£2,040

* - 2012 and 2011 include the Stratstone and Chatfields segment for comparison purposes

Appendix - Evans Halshaw Financial Highlights

	2012	2011
Gross Profit	£239.0m	£233.7m
Gross Margin	12.6%	12.6%
Operating Profit	£27.0m	£22.6m
Operating Margin	1.4%	1.2%
Units (New & Used)	182,100	169,700
PPU	£775	£769

Appendix - Quicks Financial Highlights

	2012	2011*
Gross Profit	£3.7m	£2.5m
Gross Margin	8.0%	5.2%
Operating Loss	(£3.8m)	(£4.4m)
Operating Margin	(8.0%)	(9.2%)
Units (New & Used)	7,000	6,700
PPU	£530	£418

* Quicks were shown within the non-underlying results in FY 2011

Appendix - California Financial Highlights

	2012	2011
Gross Profit	£28.3m	£28.5m
Gross Margin	16.4%	16.8%
Operating Profit	£5.3m	£5.7m
Operating Margin	3.0%	3.3%
Units (New & Used)	4,300	3,900
PPU	£3,693	£4,158

Appendix - Support Businesses Financial Highlights

£m	2012	2011
Pinewood		
Revenue	9.9	9.2
Operating Profit	9.1	8.8
Contracts		
Revenue	18.2	16.9
Operating Profit	6.9	6.5
Quickco		
Revenue	48.0	40.2
Operating Profit	1.4	1.9

Appendix – Summary of Franchise Points

Stratstone	UK	California	Total
Aston Martin	8	1	9
BMW	7	-	7
Chatfields	7	-	7
Ferrari/Maserati	2	-	2
Honda	3	-	3
Jaguar	21	4	25
Land Rover	20	4	24
Lotus	1	-	1
Mercedes	8	-	8
MINI	7	-	7
Morgan	2	-	2
Motorbikes	5	-	5
Porsche	4	-	4
Smart	3	-	3
Stratstone & California	98	9	107

Evans Halshaw	UK
Chevrolet	4
Citroen	17
Dacia	9
Ford	43
Hyundai	1
Kia	1
Nissan	5
Peugeot	8
Renault	9
Vauxhall	36
Evans Halshaw	133

Total Franchise Points	240
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Appendix – Online & National Footprint

stratstone.com



evanshalshaw.com



quicks.co.uk



- Stratstone 98 points
- Evans Halshaw 133 points
- Quicks 7 points
- Motorhouse/Used 7 points
- California and others* 21 points

* Map does not show support business locations nor those in California

