

2013 Full Year Results Presentation



Pendragon | PLC

Welcome



Trevor Finn (CEO)

Tim Holden (FD)

Highlights



1 Highlights

2 Financials

3 Markets & Performance

4 Appendix

Highlights – Operational

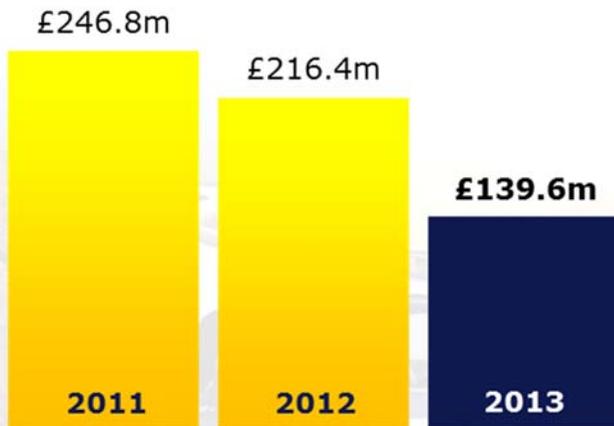
- **Online visitors grew 22%, reflecting the growth of Evanshalshaw.com, Stratstone.com and Quicks.co.uk generating 13.3 million website visitors**
- **Aftersales, our largest area of profitability, grew retail sales by 3% in the second half following the trend in new car sales**
- **Used performance continued to outperform the market with volume up 7% on a like for like basis and stable margins**
- **New UK retail sales grew on a like for like basis by 18%**

Highlights – Financial

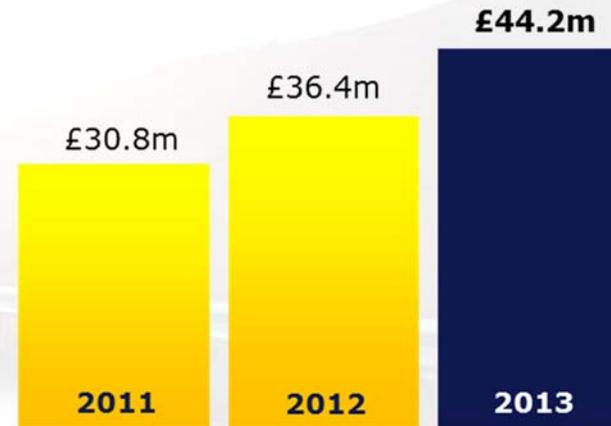
- Underlying earnings per share of 2.3p, up from 2.0p in the prior year (+15%)
- Underlying profit before tax up £7.8m to £44.2m (+21%)
- Proposed final dividend of 0.3p per share, following an interim dividend of 0.1p per share represents a 300% increase on the 2012 final and interim dividend
- Profit before tax up £4.9m to £38.9m (+14%)
- Completing the comprehensive refinancing, a net debt reduction of £76.8 million and early achievement of the Group's debt : underlying EBITDA target of 1.5 establishes a strong capital structure

Highlights – Net Debt, PBT and Operating Profit Improvement

NET DEBT



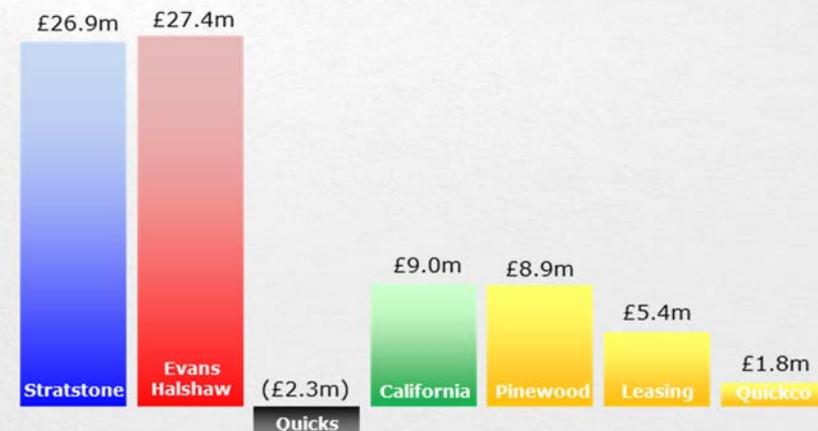
UNDERLYING PROFIT BEFORE TAX



UNDERLYING OPERATING PROFIT & MARGIN



UNDERLYING OPERATING PROFIT BY SEGMENT



Financials



1 Highlights

2 **Financials**

3 Markets & Performance

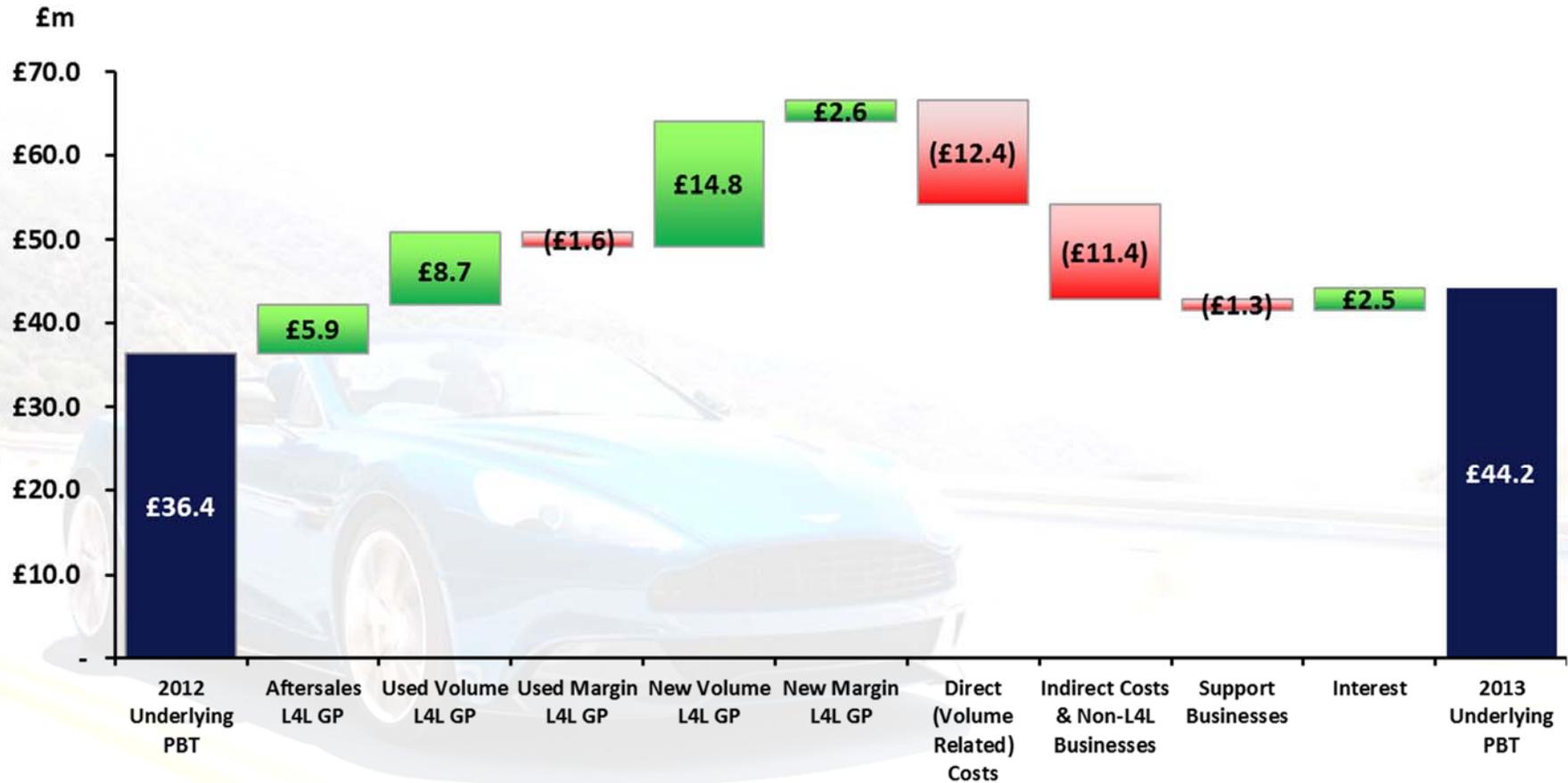
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Financials – Underlying Profit Before Tax 21% Ahead

£m	2013	2012	Variance	L4L*	NL4L
Turnover	3,848.9	3,635.1	213.8	303.5	(89.7)
Gross Profit	499.9	481.3	18.6	29.2	(10.6)
Operating Costs	(422.8)	(409.5)	(13.3)	(25.6)	12.3
Operating Profit	77.1	71.8	5.3	3.6	1.7
Interest	(32.9)	(35.4)	2.5	2.5	-
Profit Before Tax	44.2	36.4	7.8	6.1	1.7

* Like for like ("L4L") results include only current trading businesses which have a 12 month comparative history

Financials – Underlying Profit Before Tax Bridge



- Investment to facilitate the transformation and joining up of the Group business model

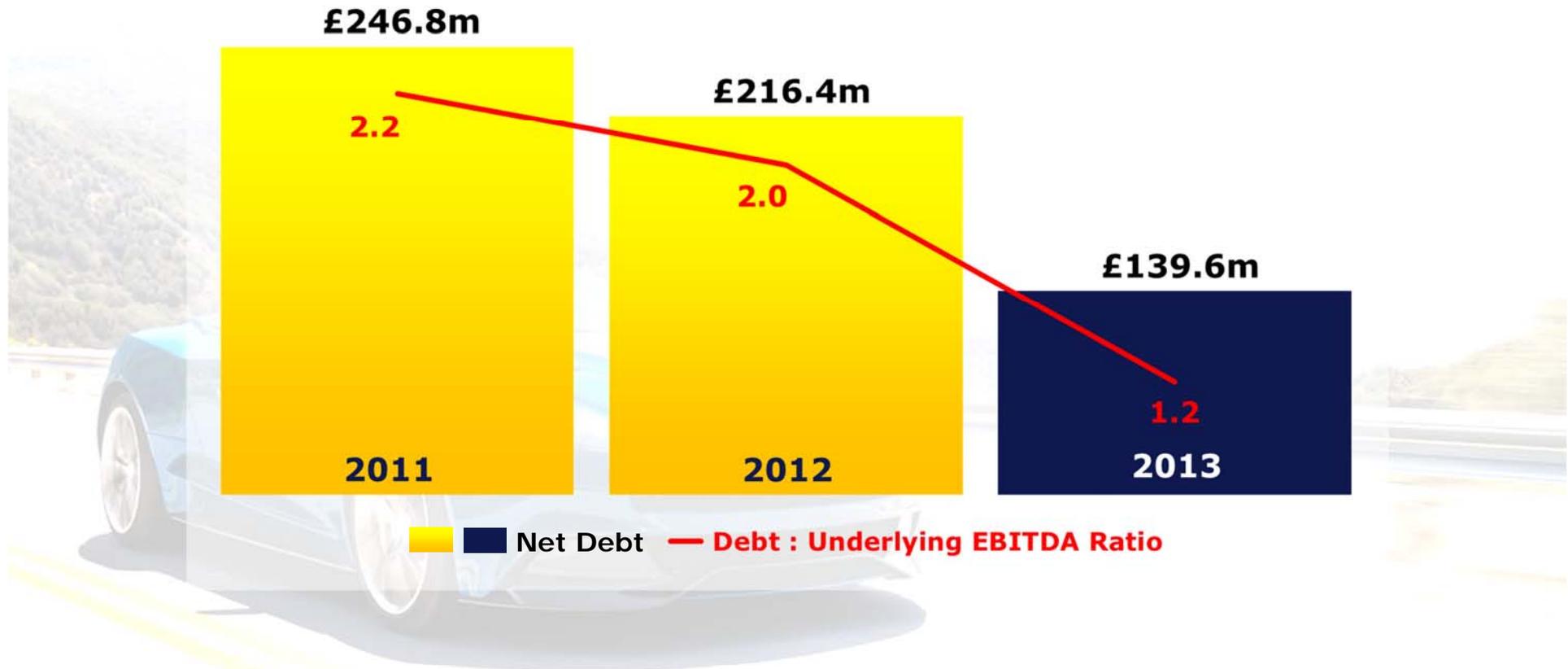
Financials – Gearing Reduced by 33%

£m	2013	2012
Property	161.3	165.7
Plant & Equipment	134.4	124.6
Goodwill & Intangibles	370.4	372.6
Investments	10.0	-
Stock	602.5	590.0
Debtors	103.2	97.4
Assets Held for Resale	13.1	23.6
Creditors	(950.1)	(882.1)
Net borrowings	(139.6)	(216.4)
Shareholders Funds	305.2	275.4
Gearing	46%	79%

Financials – Strong Working Capital and Cash Flow Improvement

£m	2013	2012
Underlying Operating Profit Before Other Income	76.8	71.8
Depreciation and Amortisation	19.8	19.2
Non-underlying Items	2.0	0.4
Share Based Payments	1.6	0.9
Working Capital Movement	49.4	3.4
Movement in Contract Hire Vehicles	(14.3)	(17.9)
Operating Cash Flow	135.3	77.8
Tax (Paid) / Received	(0.9)	0.4
Net Underlying Interest Paid	(33.6)	(36.9)
Net Non-underlying Interest Paid & Refinancing Costs	(8.0)	1.9
Replacement Capital Expenditure	(19.5)	(17.1)
Acquisitions & Investments	(12.5)	(2.6)
Disposals	16.3	9.4
Dividends	(2.8)	-
Other	2.5	(2.5)
Reduction in Net Debt	76.8	30.4
Closing Net Debt	139.6	216.4

Financials – Debt : Underlying EBITDA Reduced to 1.2



- Target originally set at <math><1.5</math> – so achieved at H1 2013
- Ongoing target range of 1.0 to 1.5 times

Markets & Performance



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Highlights

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Financials

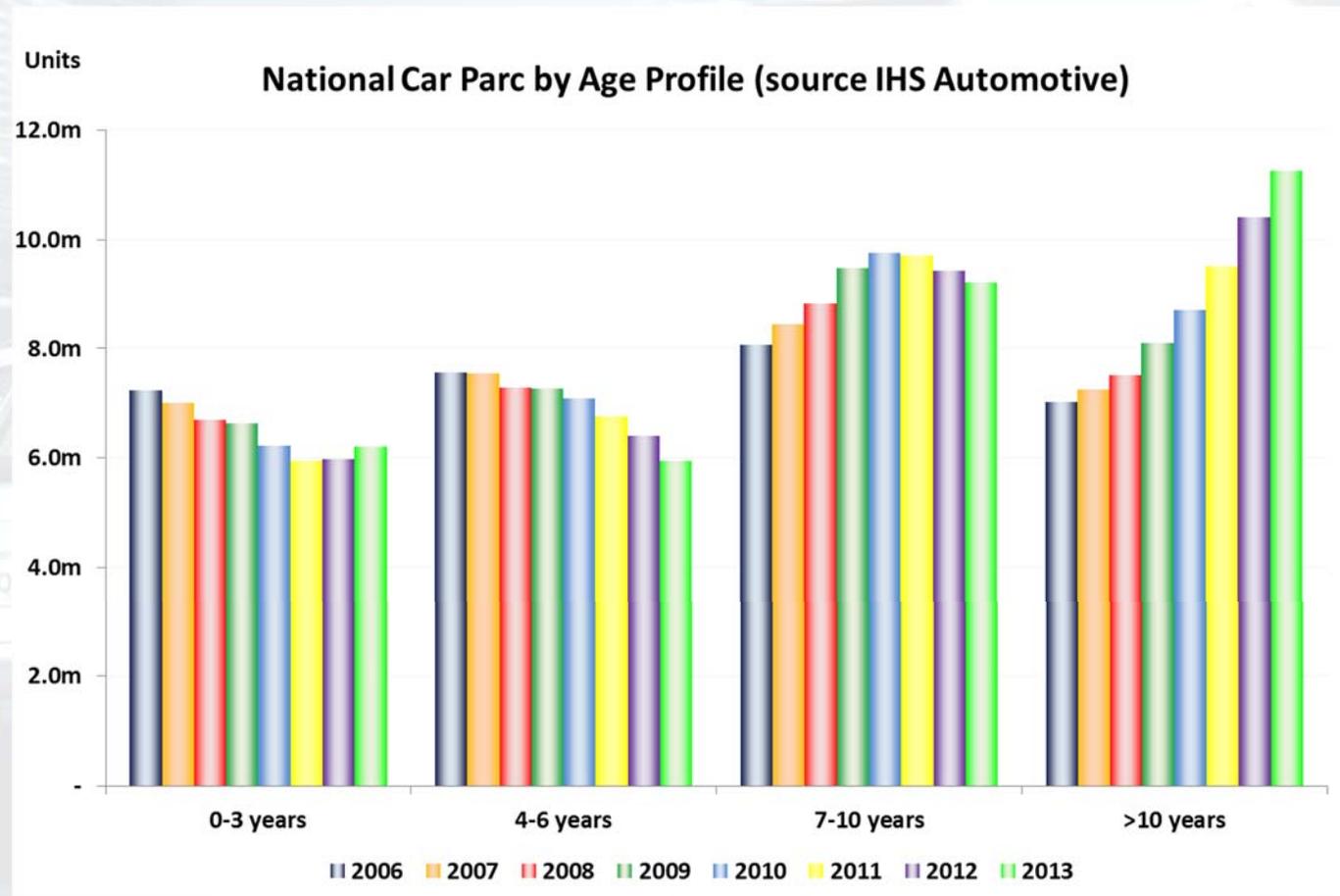
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Markets & Performance

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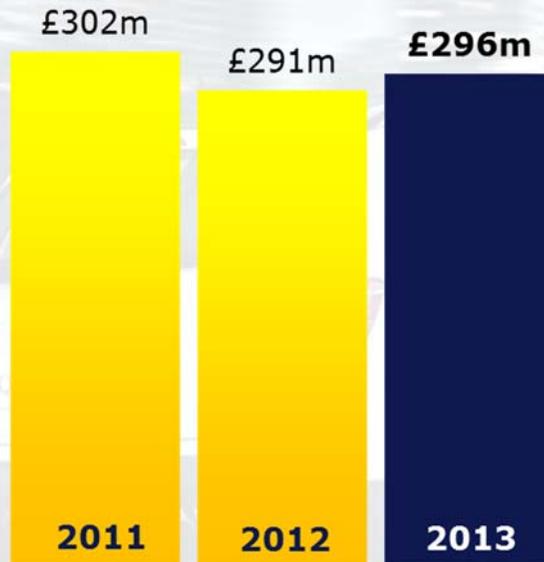
Markets & Performance – 0-3 Yr Car Parc Moving Upward



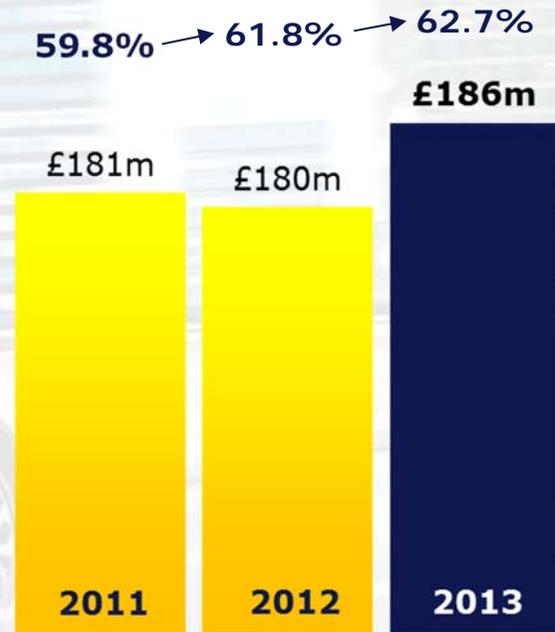
- Total car parc for 2013 of 32.6m versus 32.2m in 2012
- 4% increase in 0-3 year car parc and 7% decrease in 4-6 year car parc

Markets & Performance – Aftersales 3 Year Performance

Revenue (L4L)

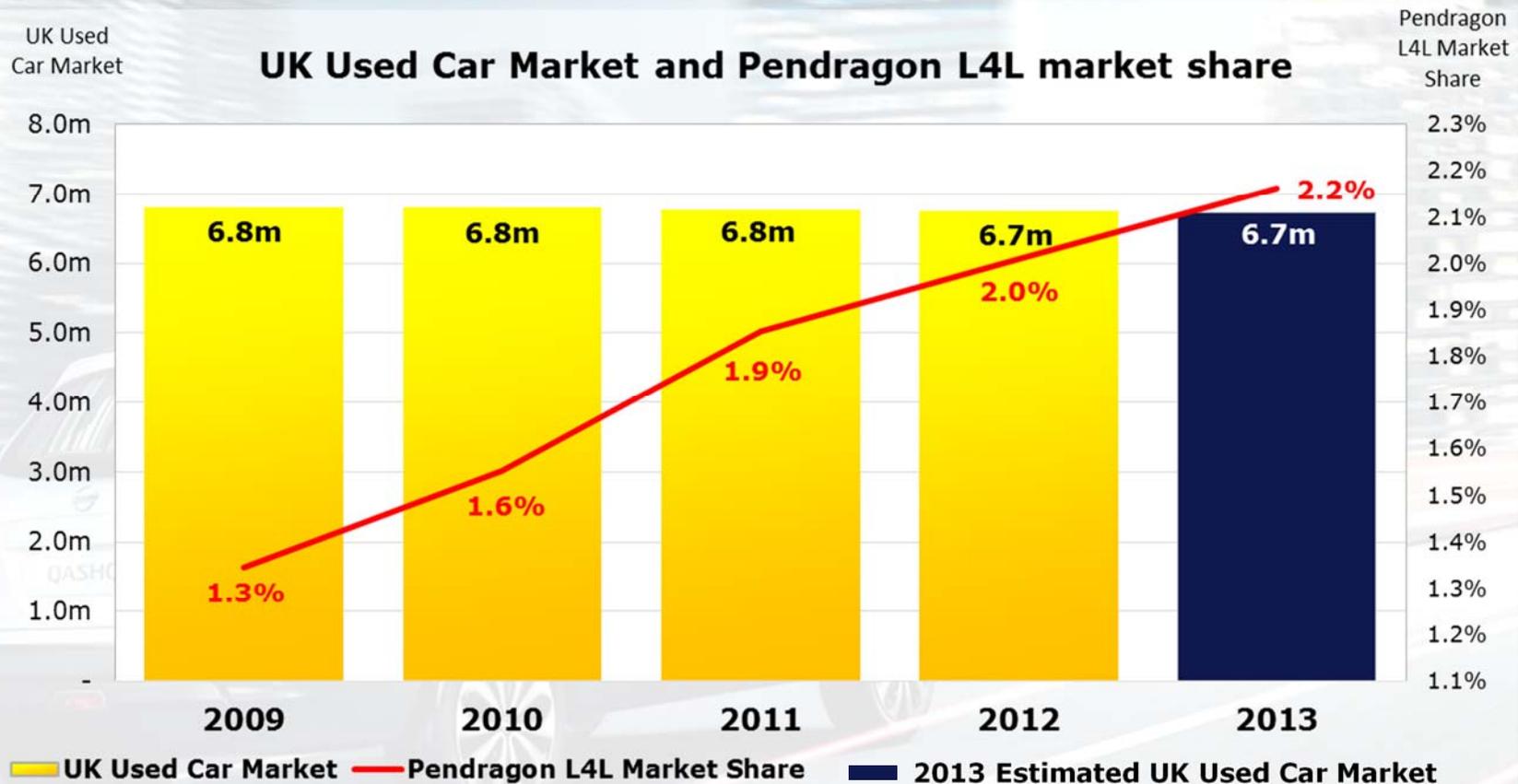


Gross Profit & Margin (L4L)



- 3% increase in L4L aftersales gross profit
- Key recovery of 0-3 year car parc
- Recovery underway in aftersales, retail sales up 3% in H2 versus flat in H1

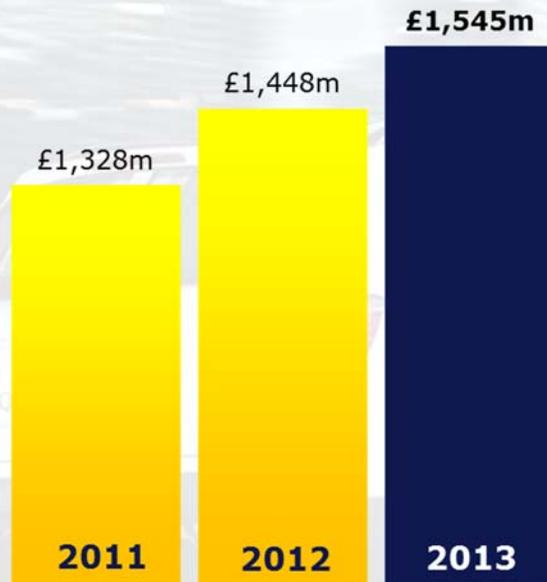
Markets & Performance – Growing share of large fragmented market



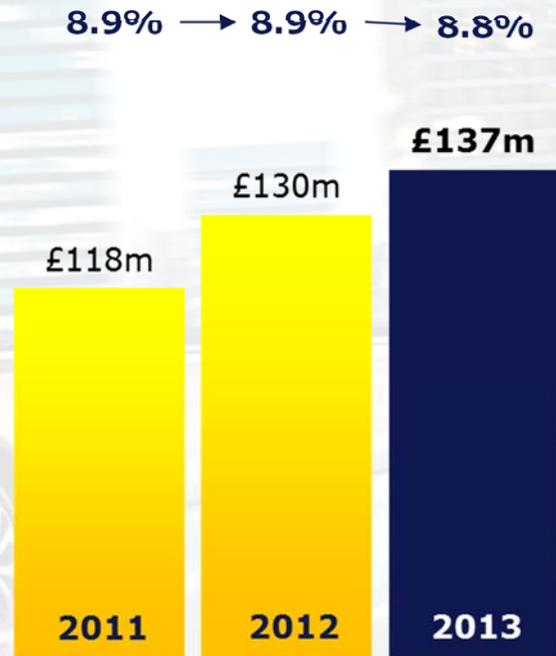
- Group used L4L volume growth of 59% in 4 years
- 145,300 UK L4L used sales in 2013
- Growing share of used car market

Markets & Performance – Used 3 Year Performance

Revenue (L4L)

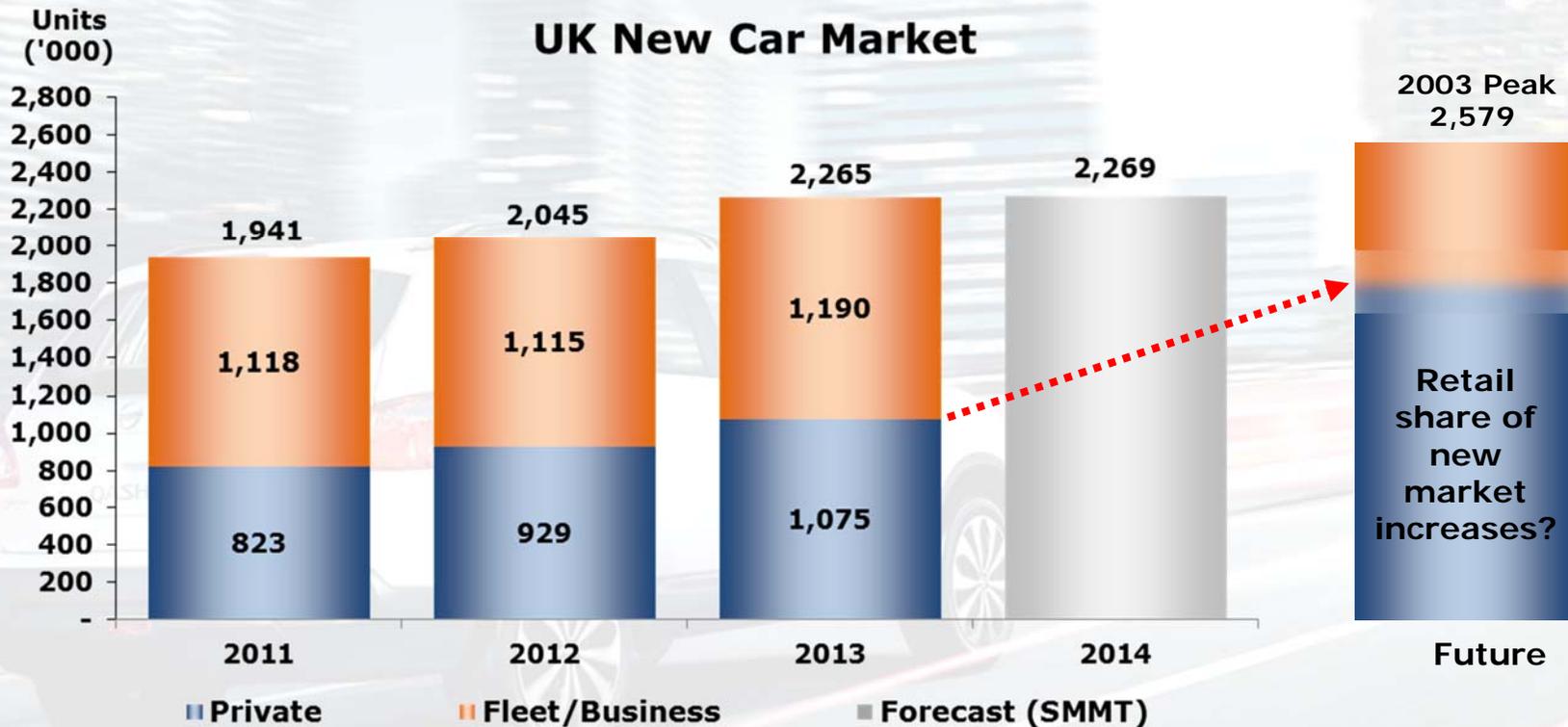


Gross Profit & Margin (L4L)



- L4L used volume growth of 7.1%
- L4L used gross profit up 5.5%
- Used margin remains stable

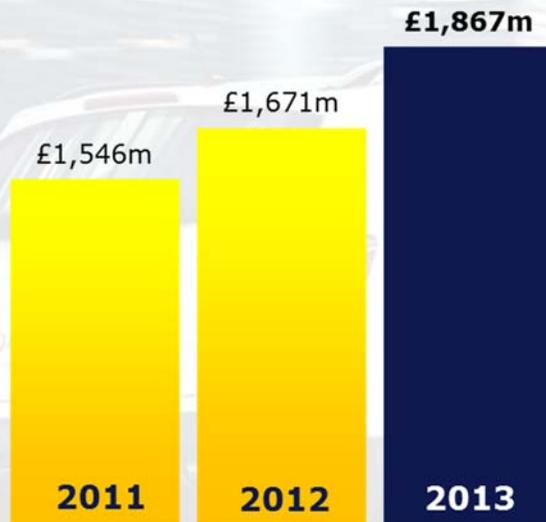
Markets & Performance – New Car Market



- 2013 new car market up 10.8%, retail car market up 15.6%
- January 2014 new retail car market up 17.0%

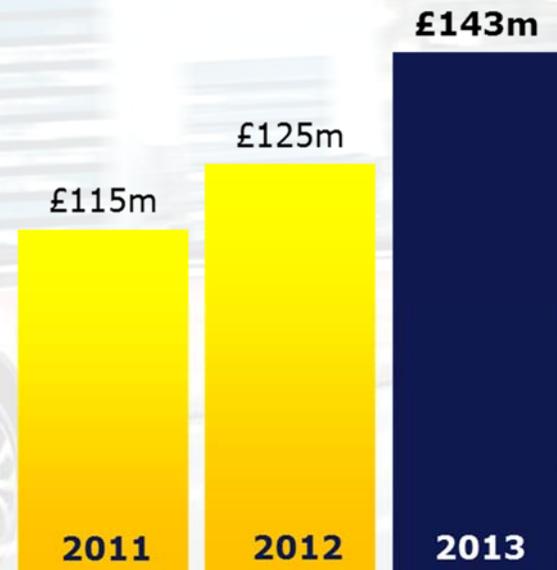
Markets & Performance – New 3 Year Performance

Revenue (L4L)



Gross Profit & Margin (L4L)

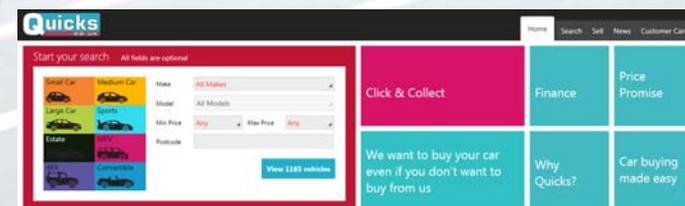
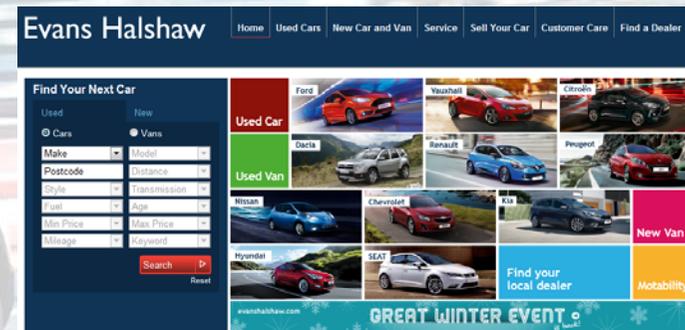
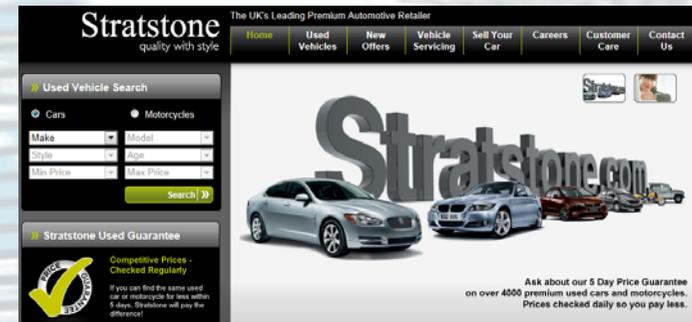
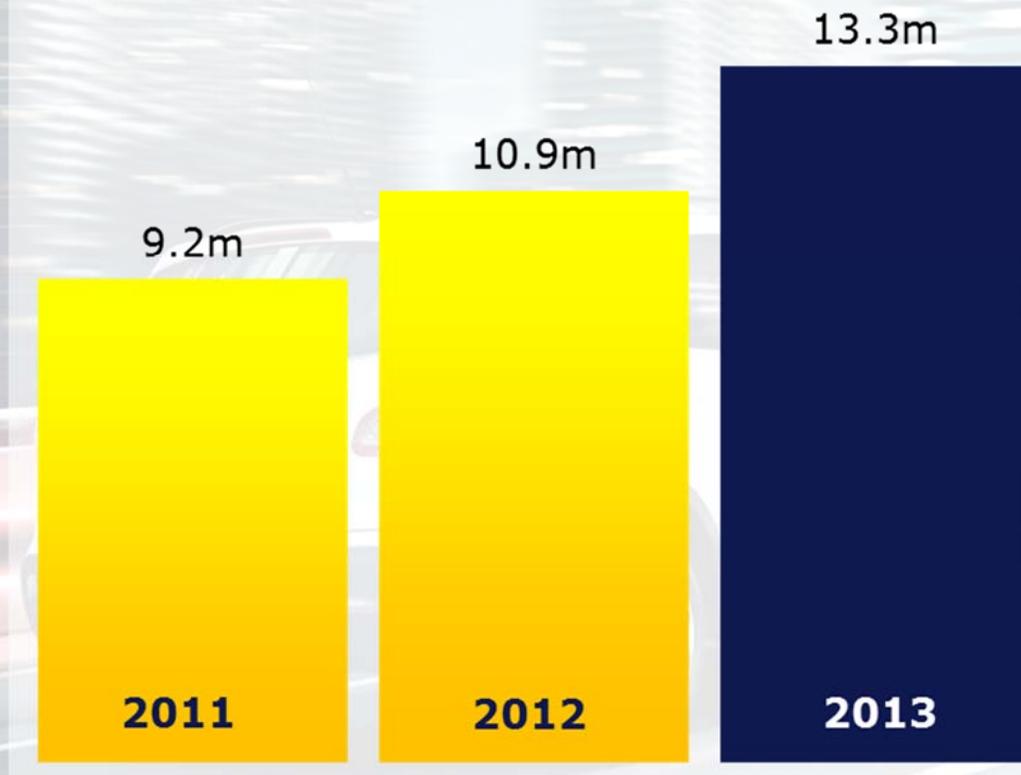
7.4% → 7.5% → 7.6%



- New L4L gross profit up 13.9%
- New L4L retail car volume up 16.8%

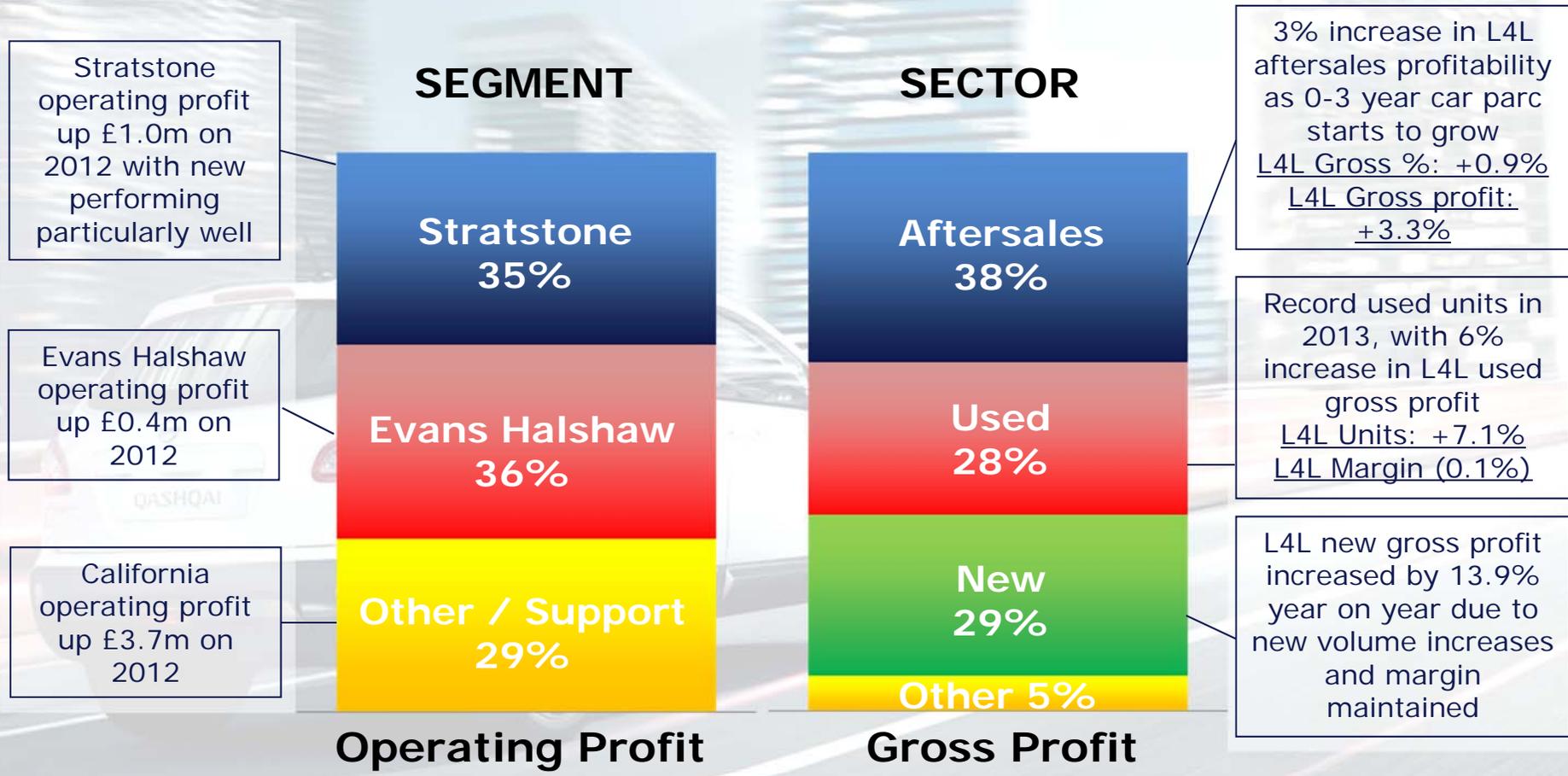
Markets & Performance – Internet Momentum Continues

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



- Successful combination of 'Clicks & Bricks'
- Online visitors of 13.3m in 2013, growth of 22% from 2012

2013 Summary By Segment & Sector



Underlying PBT up 21% - the Group is looking forward to further performance gains in 2014

Outlook

Area	2013 Assessment	2014 Assessment	Success Factors
Aftersales			<ul style="list-style-type: none"> • Increasing <3 year old parc
Used			<ul style="list-style-type: none"> • Market recovery 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 achieved ahead of time
Internet			<ul style="list-style-type: none"> • Growth of online visitors continues

Appendix



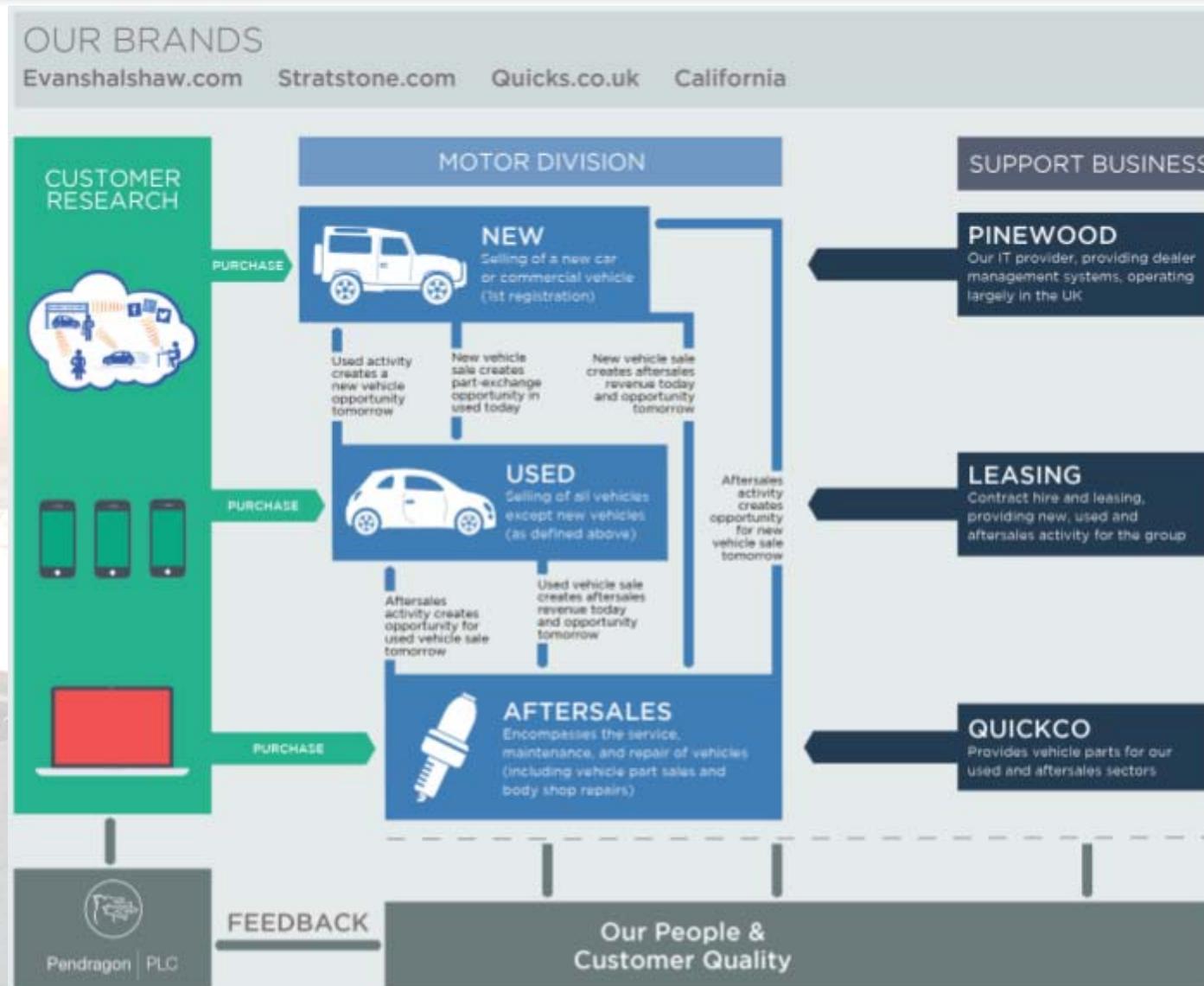
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Appendix - Business Model



Appendix – Stratstone Financial Highlights

	2013	2012
Gross Profit	£181.0m	£179.2m
Gross Margin	12.3%	12.5%
Operating Profit	£26.9m	£25.9m
Operating Margin	1.8%	1.8%
Units (New & Used)	53,100	52,700
PPU	£1,990	£1,925

Appendix – Evans Halshaw Financial Highlights

	2013	2012
Gross Profit	£249.2m	£239.0m
Gross Margin	12.1%	12.6%
Operating Profit	£27.4m	£27.0m
Operating Margin	1.3%	1.4%
Units (New & Used)	200,300	182,100
PPU	£749	£775

Appendix – Quicks Financial Highlights

	2013	2012
Gross Profit	£5.2m	£3.7m
Gross Margin	10.6%	8.0%
Operating Loss	(£2.3m)	(£3.8m)
Operating Margin	(4.7%)	(8.0%)
Units (New & Used)	7,300	7,000
PPU	£625	£530

Appendix – California Financial Highlights

	2013	2012
Gross Profit	£34.6m	£28.3m
Gross Margin	17.7%	16.4%
Operating Profit	£9.0m	£5.3m
Operating Margin	4.6%	3.1%
Units (New & Used)	4,600	4,300
PPU	£4,812	£3,693

Appendix – Support Financial Highlights

£m	2013	2012
Pinewood		
Revenue	10.4	9.9
Operating Profit	8.9	9.1
Contracts		
Revenue	18.0	18.2
Operating Profit	5.4	6.9
Quickco		
Revenue	52.2	48.0
Operating Profit	1.8	1.4

Appendix – Non-underlying Items

£m	2013	2012[#]
Refinancing Costs and Interest	(7.1)	-
Property Impairments and Profit/(Loss) on Disposals	(1.9)	(3.7)
Pensions	(1.3)	(1.4)
VAT Settlements	5.0	2.7
Non-underlying items*	(5.3)	(2.4)

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

Restated to reflect the adoption of IAS 19 (2011), applicable for the first time in 2013

Appendix – Summary of Franchise Points

Stratstone Prestige Brands	UK	USA	Total	Evans Halshaw Volume Brands	UK
Aston Martin	8	1	9	Chevrolet	4
BMW	7	-	7	Citroen	16
Chatfields	5	-	5	Dacia	9
Ferrari	1	-	1	Ford	41
Honda	3	-	3	Hyundai	1
Jaguar	16	4	20	Kia	3
Land Rover	16	4	20	Nissan	5
Mercedes	8	-	8	Peugeot	8
MINI	7	-	7	Renault	9
Morgan	1	-	1	SEAT	1
Motorbikes	5	-	5	Vauxhall	35
Porsche	4	-	4		
Smart	3	-	3		
Subtotal	84	9	93	Subtotal	132
				Total Franchise Points	225

