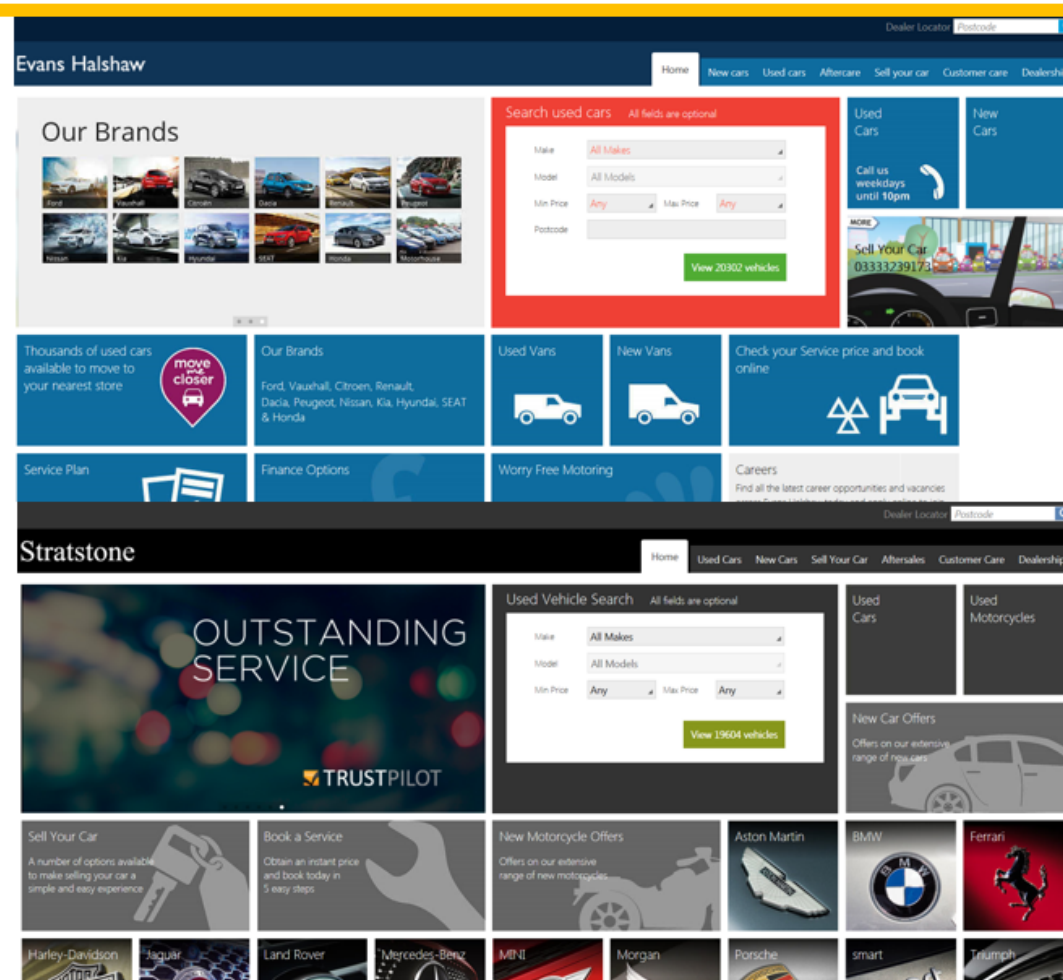


Pendragon PLC – 2015 Full Year Results

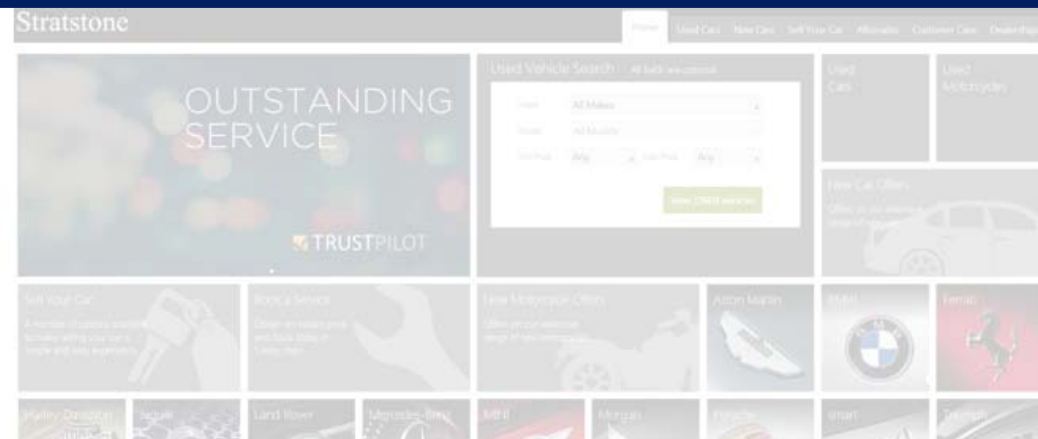
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Executive Summary – Trevor Finn (CEO)



Executive Summary

Financial Highlights

- Underlying profit before tax up £9.9m (+16.4%), from £60.2m to £70.1m
- Strong operational leverage continues, gross profit +5.0% and operating profit +10.6%
- Underlying earnings per share up 0.6p (+19.4%), from 3.1p to 3.7p
- Refinancing agreed on improved terms
- Final dividend proposed of 0.7p, full year dividend of 1.3p (+44.4%)

Operational Highlights

- Another record breaking year in used, L4L used gross profit up £15.0m (+10.9%)
- Market tailwinds and our initiatives led to L4L aftersales gross profit up £9.7m (+5.4%)
- L4L new gross profit up £17.5m (+12.1%) with market growth beginning to ease
- Our underlying costs to gross profit ratio has improved from 82.8% to 81.7%
- Underlying operating margin maintained at 2.3%

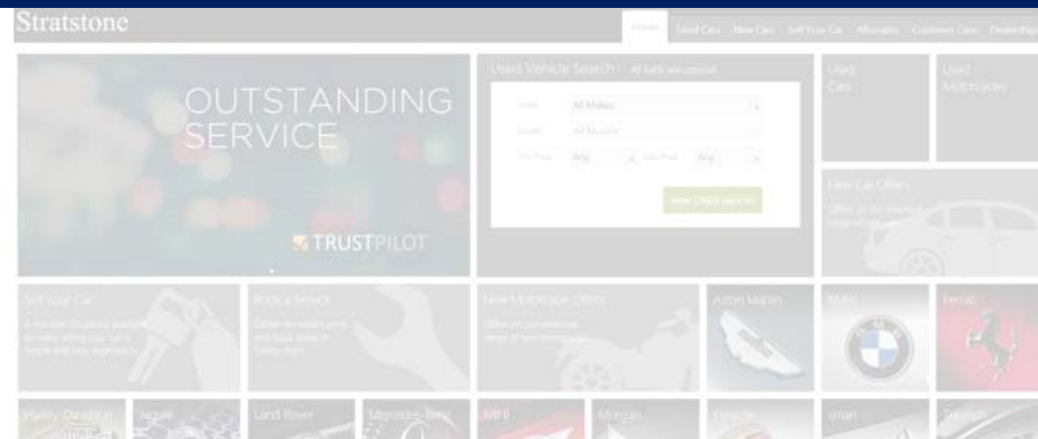
Strategic Highlights

- Delivering Choice, Value, Service and Convenience underpinned by our people
- Launched 'Move Me Closer', the UK's first click and collect service, in February 2015
- Encouraging progress from 'Sell Your Car', providing value to consumers & used supply
- Website architecture enhanced in Stratstone.com, Evanshalshaw.com, Quickco.co.uk and Pendragonvehiclemanagement.co.uk
- Nine retail points added to complement our online offering with a national footprint

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Strategic Highlights – Trevor Finn (CEO)



Strategic Highlights

Pendragon PLC's objective is to be the number one automotive online retailer in the UK for:

Choice, Value, Service and Convenience



SUMMARY

- Clear strategy for the Group continues to deliver consistent year on year profit growth
- Our strategy is focussed on four 'pillars' of Choice, Value, Service and Convenience supported by our people
- Each pillar has a number of initiatives supporting them
- These pillars are key to our winning retail strategy

Strategic Highlights - Choice

Achievements

- ✓ 'Move Me Closer', the UK's first automotive 'click and collect' service with access to >20,000 vehicles, embedded in the Group after 1 year of operation
- ✓ Targeted, regional TV advertising and online optimisation for 'Sell Your Car' and 'Move Me Closer'
- ✓ Online visits up by 5.4m (+35.5%), from 15.2m to 20.6m



Strategic Highlights – Value

Achievements

- ✓ Value pricing refinements continuing
- ✓ 'Sell Your Car' embedded in the Group gaining momentum and margin stable
- ✓ Our methodology combines a wide range of our unique systems and processes



Evans Halshaw

evanshalshaw.com

We will beat webuyanycar.com's online valuation (generated using a true report of condition) after deduction of their applicable fees.

Strategic Highlights - Service

Achievements

- ✓ Customer service increased from 85.3% to 85.5% (4/5 Star)
- ✓ Real time on line service booking
- ✓ IT superiority unique to the Group and underpins activity



Stratstone



Evans Halshaw

Servicing

Manufacturer service
Essential service
Value service

Home » Aftercare » Servicing

Car Servicing



Online Car Service Booking

With our easy online booking tool, you can now book your car service at your chosen Evans Halshaw Servicing centre.

Strategic Highlights - Convenience

Achievements

- ✓ Progressing with national footprint to complement online offering
- ✓ Added nine retail points
- ✓ Further sites identified and on plan for 2016 onwards



Strategic Highlights - People

Achievements

- ✓ Re-accredited with 'Investors In People'
- ✓ Expanded our Pendragon Training Academy
- ✓ Leadership programmes accredited by CMI
- ✓ Increased use of e-learning

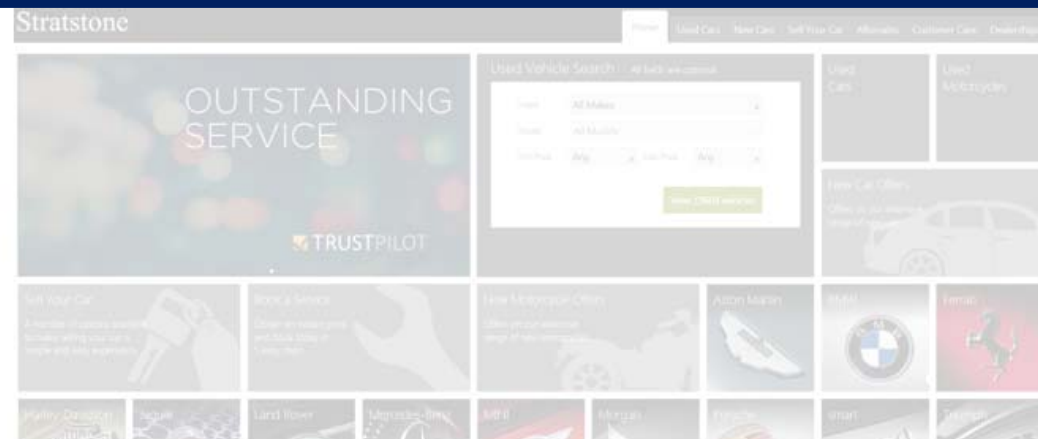


- In 2016 we plan further investment in our people to enhance attraction to the business and mitigate attrition
- Between 2016 and 2020 we will bear additional cost due to the living wage

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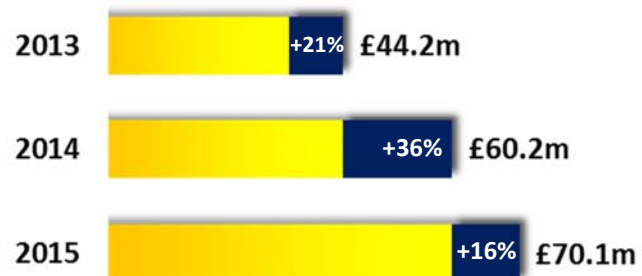


Financial Highlights – Tim Holden (FD)

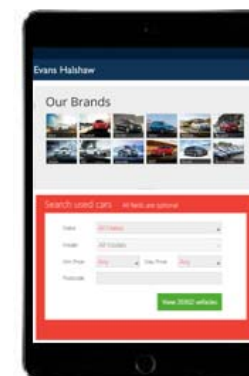
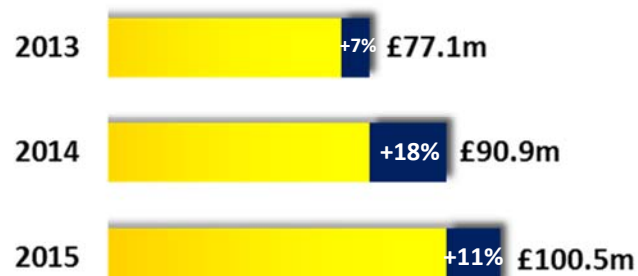


Financial Highlights – 3 Year Group Performance

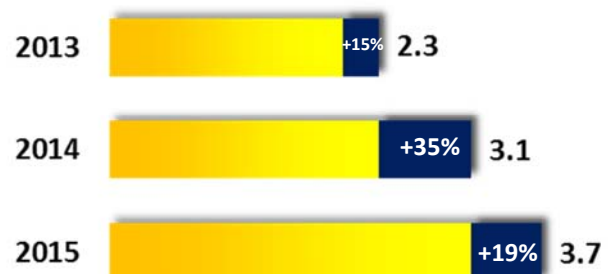
Underlying Profit Before Tax



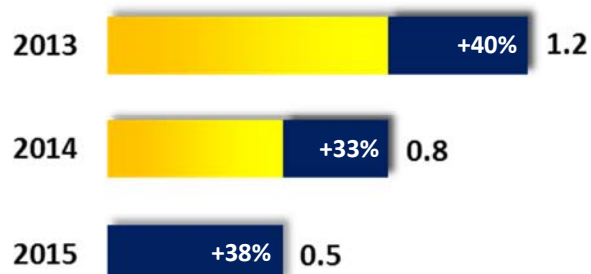
Underlying Operating Profit



Underlying Earnings Per Share (p)



Debt : Underlying EBITDA Ratio



SUMMARY

- Near doubling of underlying PBT in 3 years
- Underlying earnings per share up 19%
- Net debt : EBITDA ratio at 0.5 which is below the lower of our target range

Financial Highlights – Underlying Profit Before Tax Up 16%

Underlying £m	2015	2014	Variance
Revenue	4,453.9	4,000.4	+11.3%
Gross Profit	548.9	522.6	+5.0%
<i>Gross Margin</i>	<i>12.3%</i>	<i>13.1%</i>	
Operating Costs	(448.4)	(431.7)	+3.9%
<i>Operating Costs as a % of Gross Profit</i>	<i>81.7%</i>	<i>82.6%</i>	
Operating Profit	100.5	90.9	+10.6%
<i>Operating Margin</i>	<i>2.3%</i>	<i>2.3%</i>	
Interest	(30.4)	(30.7)	+1.0%
Profit Before Tax	70.1	60.2	+16.4%
EPS (Underlying)	3.7p	3.1p	+19.4%
Dividend Per Share	1.3p	0.9p	+44.4%



SUMMARY

- Operating leverage continues with gross profit up 5.0% and operating profit up 10.6%
- Final dividend increased to 0.7p per share, following 2015 interim dividend of 0.6p
- Underlying earnings per share up 0.6p (+19.4%)

Financial Highlights – Non-Underlying Profit

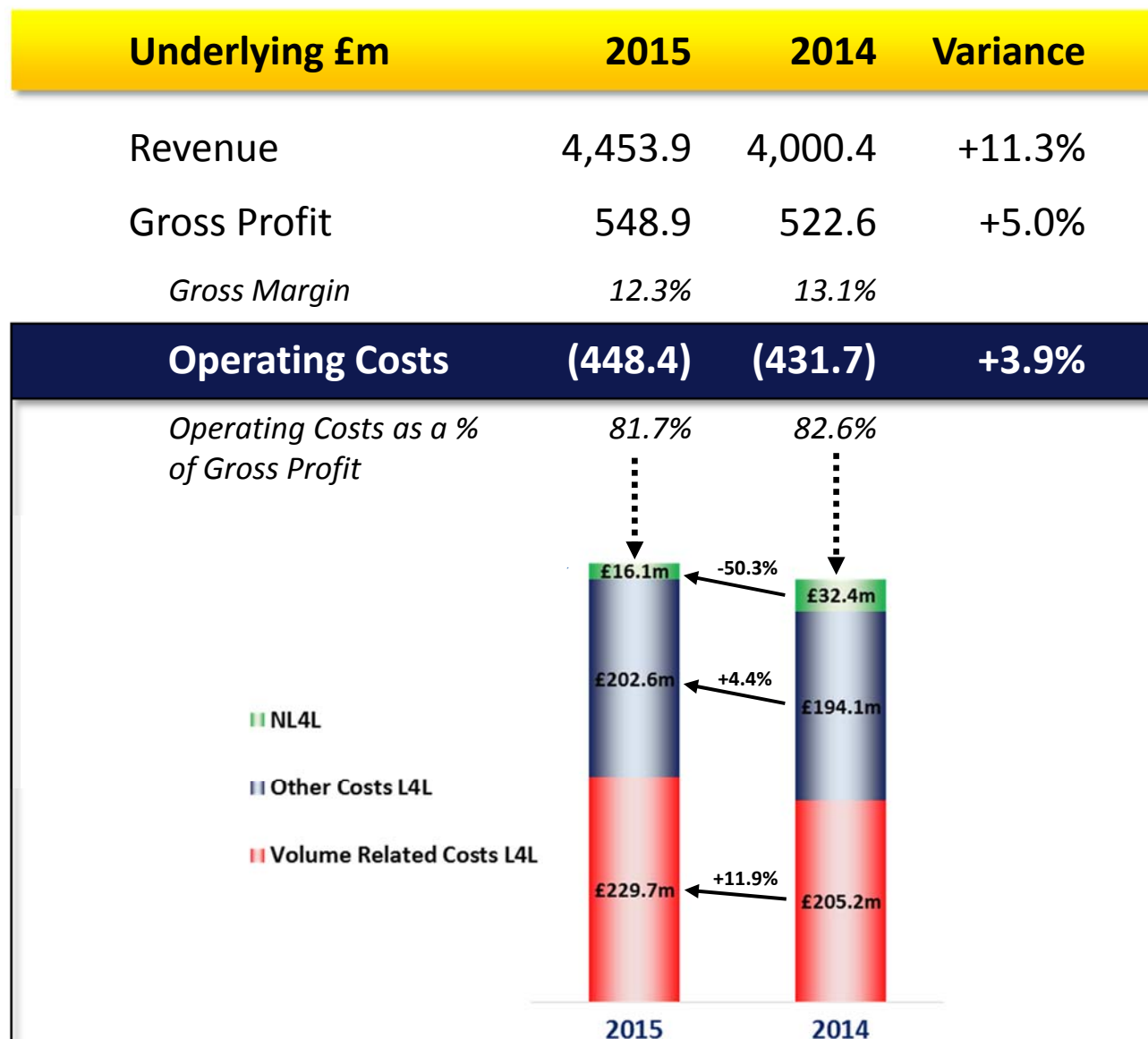
Non-Underlying £m	2015	2014	Variance
Gain on Disposals Net Of Property Impairments	10.6	3.2	7.4
Gain on Disposals of Investments	13.8	-	13.8
VAT Provision	(3.2)	-	(3.2)
Dividends Received	-	3.1	(3.1)
Operating Profit	21.2	6.3	14.9
Interest on Pensions	(2.3)	(1.9)	(0.4)
Refinancing Charge	(10.0)	-	(10.0)
Profit Before Tax	8.9	4.4	4.5
Tax credit	10.9	0.5	10.4
Profit for the period	19.8	4.9	14.9



SUMMARY

- £13.8m gain on divestment of King Arthur Properties S.a.r.L for proceeds of £23.8m
- Tax credit on settlement of historic corporation tax issue

Financial Highlights – Operating Costs Breakdown



SUMMARY

- Volume related costs account for over half of total operating costs
- Gross margin reduced due to increased vehicle sales mix
- Improvement in operating costs as a proportion of gross profit
- Investment in marketing has assisted in used growth as our brand recognition strengthens

Financial Highlights – Continued Strong Cash Flow Generation

Summary Cash Flow £m

2015

2014

Underlying Operating Profit Before Other Income

100.5

89.8

Depreciation and Amortisation

25.3

27.0

Non-underlying Items

(3.2)

-

Share Based Payments

2.0

1.5

Working Capital

1.0

(11.9)

Operating Cash Flow

125.6

106.4

Tax Paid

(22.3)

(8.3)

Underlying Net Interest

(28.8)

(29.0)

Replacement Capital Expenditure

(33.6)

(21.8)

Acquisitions and Investments

(26.8)

(20.8)

Disposals

25.5

12.6

Dividends

(17.4)

(8.6)

Proceeds from Sale of Investment

23.8

-

Share Repurchases

(7.8)

(4.7)

Other

(9.0)

5.0

Reduction in Net Debt

29.2

30.8

Closing Net Debt

(79.6)

(108.8)



SUMMARY

- Debt reduction due to continuing strong operating profit
- £23.8m realised in January 2015 on King Arthur property investment disposal
- Investment in the UK footprint will continue

Financial Highlights – Capex, Acquisitions & Investments Breakdown

Summary Cash Flow £m

2015

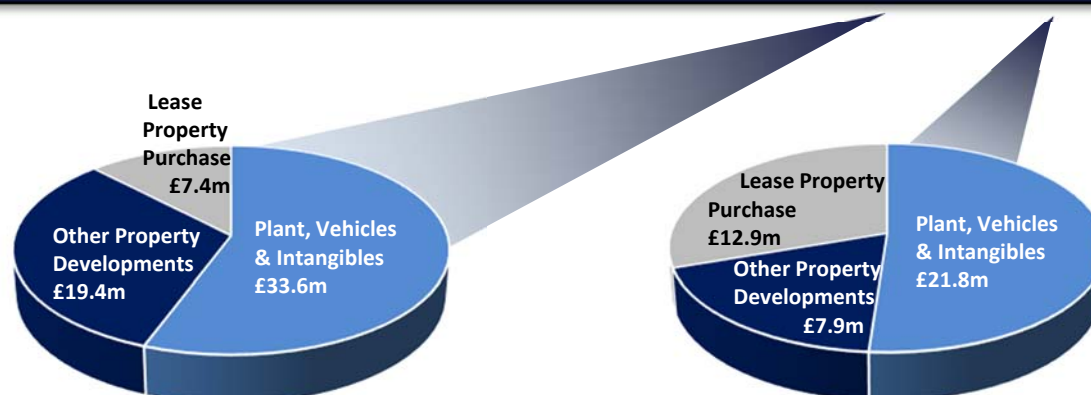
2014

Underlying Operating Profit Before Other Income	100.5	89.8
Depreciation and Amortisation	25.3	27.0
Non-underlying Items	(3.2)	-
Share Based Payments	2.0	1.5
Working Capital	1.0	(11.9)
Operating Cash Flow	125.6	106.4
Tax Paid	(22.3)	(8.3)
Underlying Net Interest	(28.8)	(29.0)
Replacement Capital Expenditure	(33.6)	(21.8)
Acquisitions and Investments	(26.8)	(20.8)
Total Capex, Acquisitions & Investments	(60.5)	(42.6)

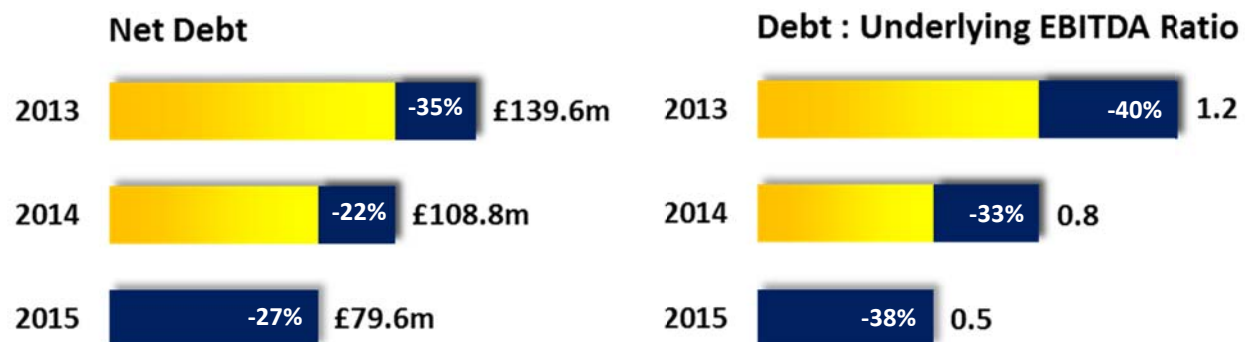


SUMMARY

- Total capex, acquisitions and investments in 2015 were £60.5m
- This included £26.8m of property developments, of which £7.4m was freehold property purchases and £19.4m was other property acquisitions and developments
- Further investment is planned to fulfil our UK footprint expansion and to refurbish certain existing sites
- The Group has £16.2m of assets held for sale

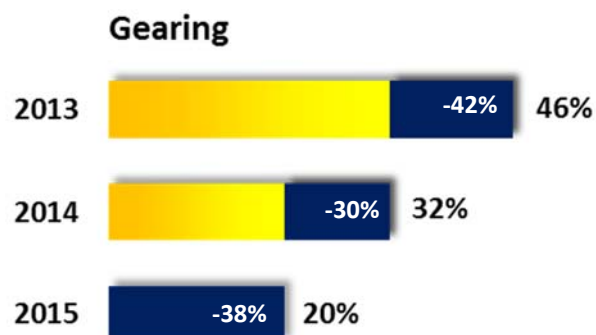


Financial Highlights – Group Balance Sheet Highlights



SUMMARY

- Debt reduction of £167m in 4 years
- Net Debt : EBITDA ratio at 0.5 which is below the lower range of our target
- Gearing of 20%



Financial Highlights – Healthy Balance Sheet

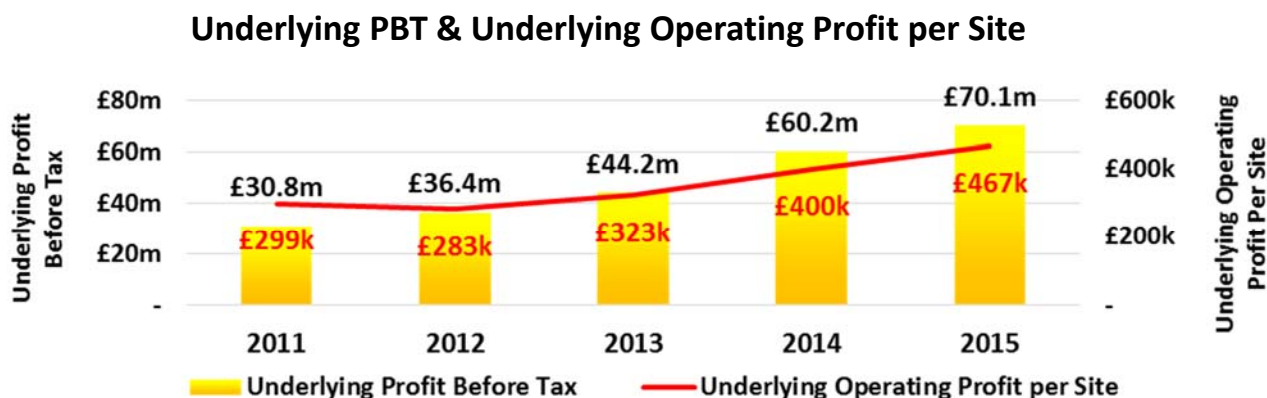
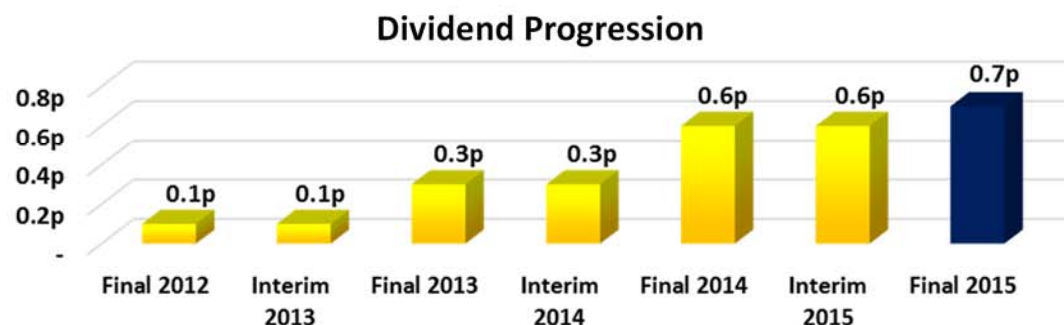
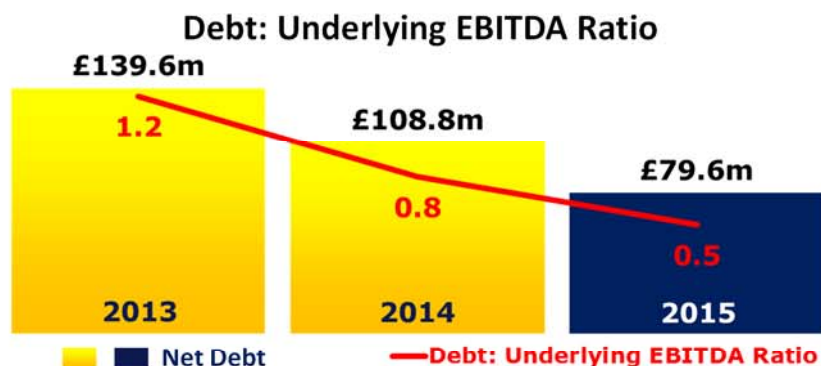
Balance Sheet £m	2015	2014
Property	172.7	164.4
Plant & Equipment	180.0	147.6
Goodwill & Intangibles	366.6	371.5
Investments	-	24.0
Stock	830.6	676.1
Debtors	134.5	117.9
Assets Held For Resale	16.2	11.6
Creditors	(1,225.9)	(1,064.4)
Net Borrowings	(79.6)	(108.8)
Shareholders Funds	395.1	339.9
Gearing	20.1%	32.0%



SUMMARY

- Strong balance sheet
- Stock levels have been increased, funded by trade credit, to help drive growth
- Significantly reduced gearing

Financial Highlights – Capital Allocation



SUMMARY

- Debt : underlying EBITDA below lower range of target
- Final dividend proposed of 0.7p, reflecting profit progression

Financial Highlights – Refinancing

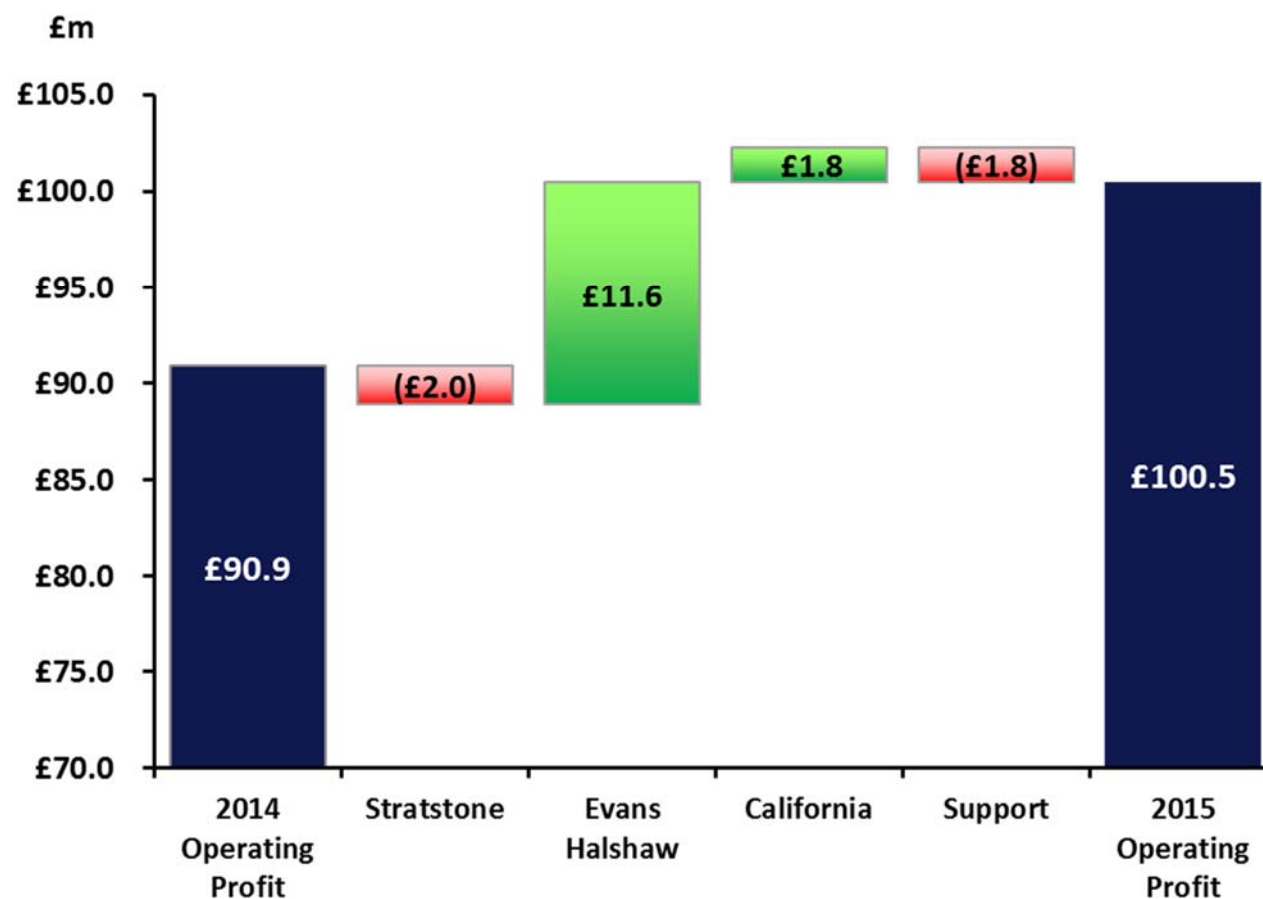
	New		Old	
	£m	Interest Rate	£m	Interest Rate
7 Year Bond to 2020	-	-	175.0	6.875%
7 Year Notes to 2023	60.0	5.75%	-	-
RCF	240.0	LIBOR +1.4% (ratchet)	105.0	LIBOR +2.25% (ratchet)
Total Facilities	300.0	-	280.0	-



SUMMARY

- All new facilities unsecured
- Completion expected in Q1
- Enhanced flexibility
- Reinvestment of savings in our people

Financial Highlights – Underlying Operating Profit Up +11%



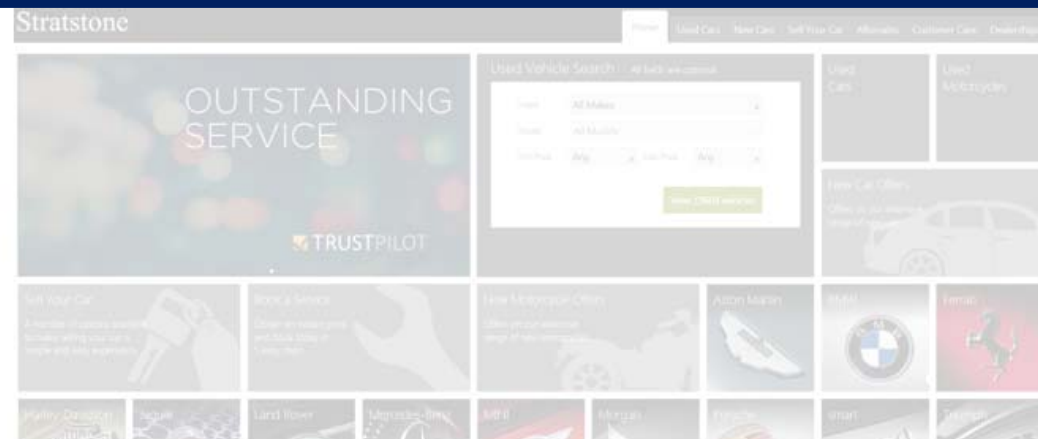
SUMMARY

- Evans Halshaw improvement across all departments with L4L used gross profit up 20% on last year
- Stratstone strong new car performance with L4L new gross profit up 14.3%. Initiatives/ opportunity in used cars in 2016. Stratstone L4L used car gross profit down £5.1m in 2015.

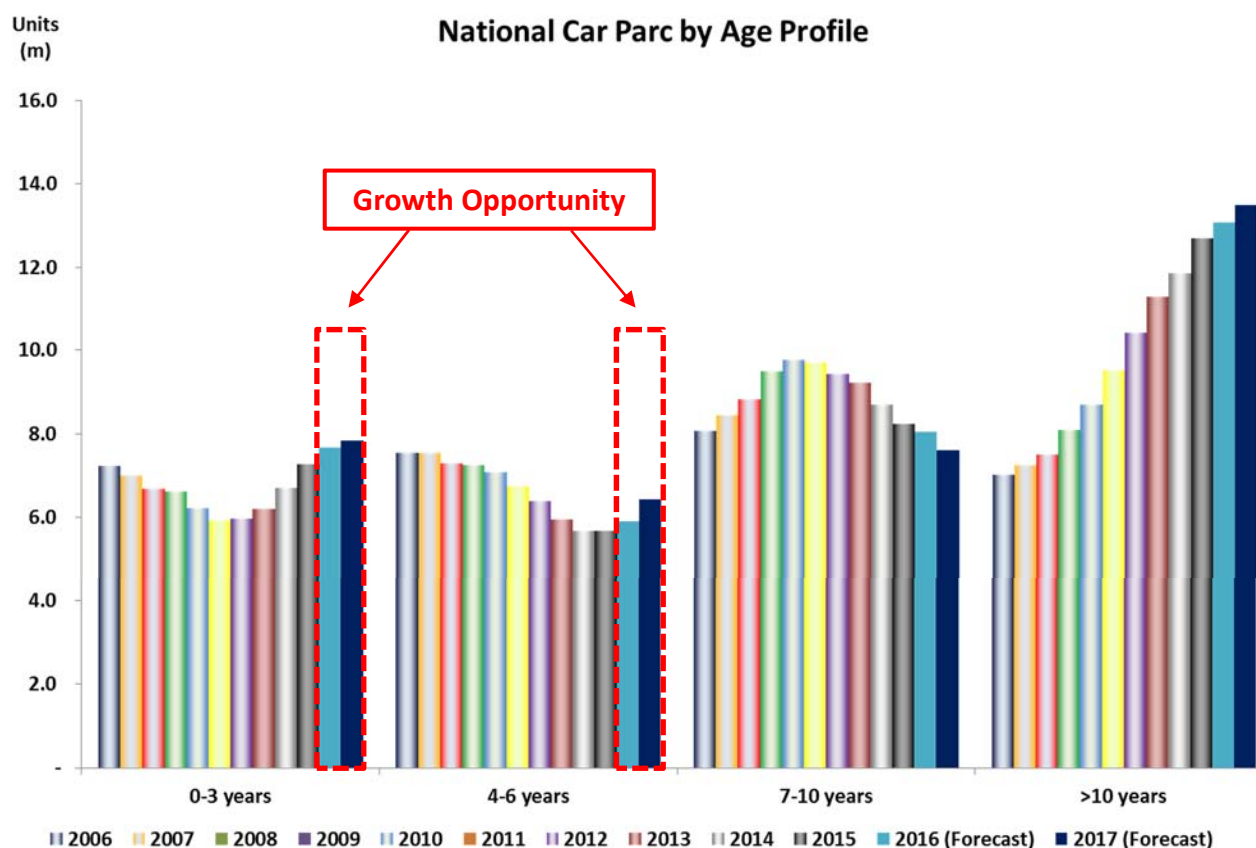
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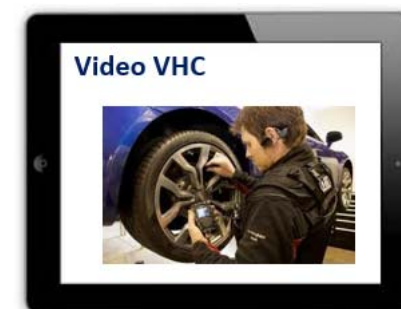
Industry & Customer Insight – Trevor Finn (CEO)



Industry Insight – Aftersales Age Profile



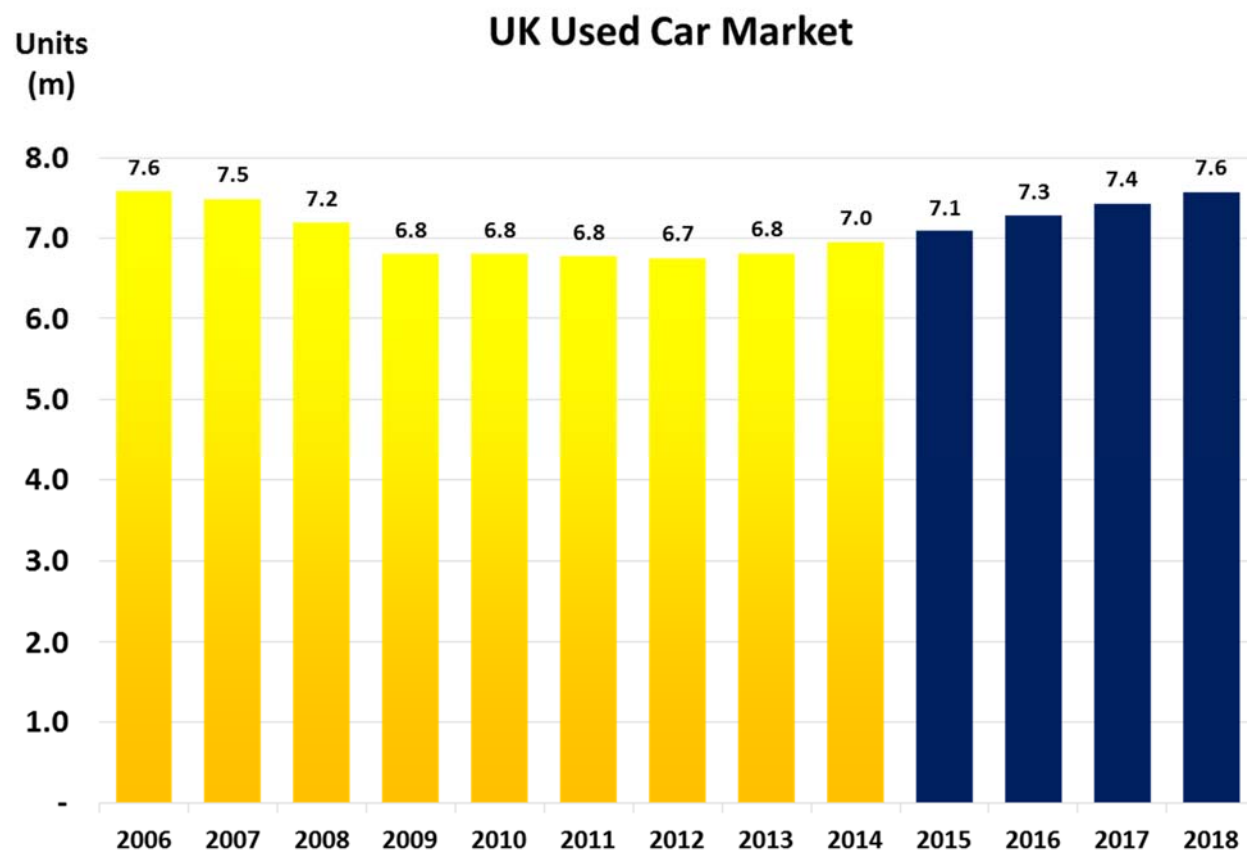
Sources: IHS Automotive (2006 to 2015) & Pendragon (2016 to 2017)



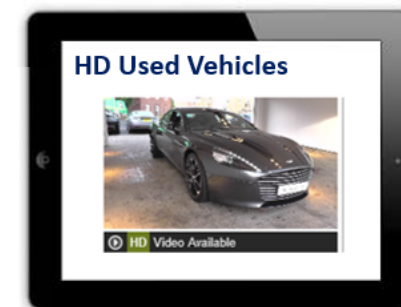
SUMMARY

- 8.6% growth in 0-3 year car parc in 2015. 5.2% growth in 0-3 year car parc forecast in 2016
- 0.1% growth in 4-6 year car parc in 2015. 4.3% growth in 4-6 year car parc forecast in 2016
- Approximately 80% of our aftersales activity is in 0-6 year old vehicles

Industry Insight – Used Car Market Incremental Growth



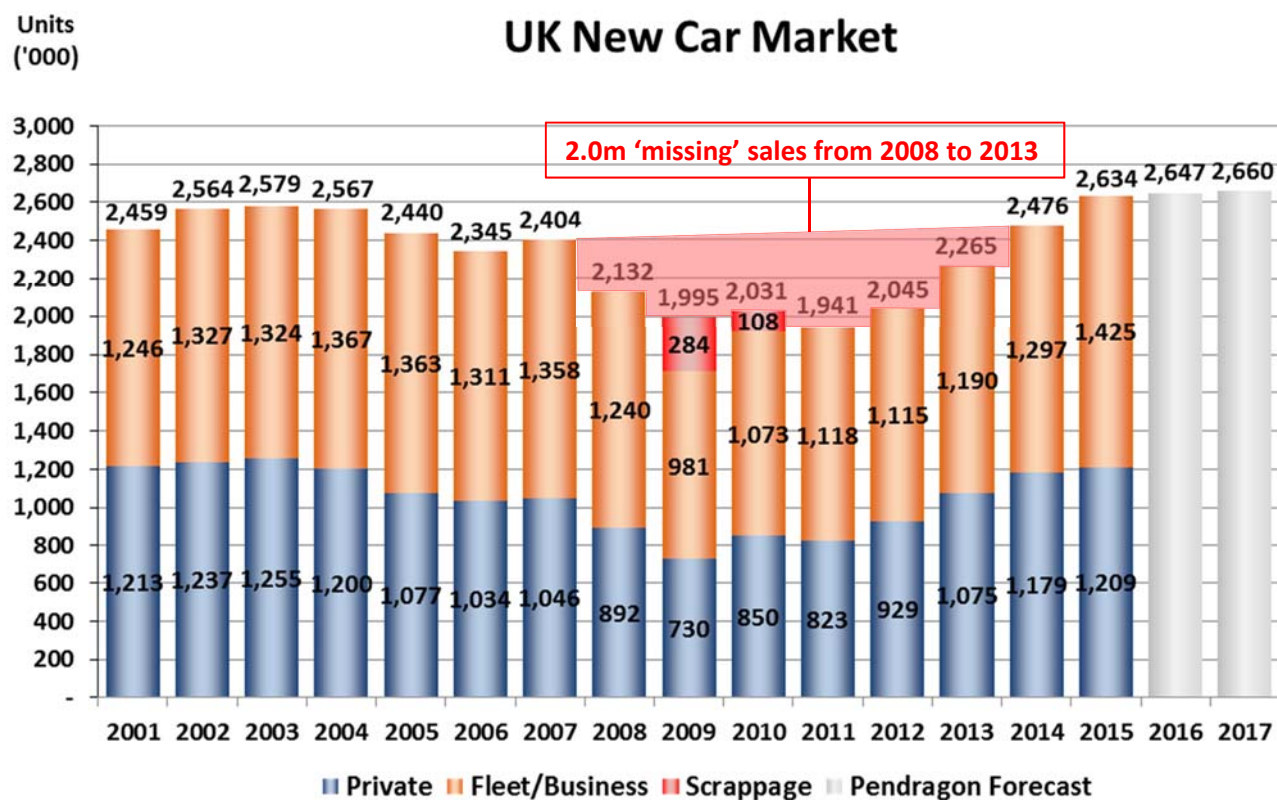
Sources: Experian (2006 to 2014) & Pendragon (2015 to 2018)



SUMMARY

- UK used car market of 7.1m forecast in 2015, 1.9% growth (Q4 2015 data not yet available)
- Further used market growth forecast from 2016 onwards
- 0-6 years old segment growth the greatest
- Pendragon 1-8 year old market share increased from 2.5% in 2009 to 5.3% in 2015

Industry Insight – New Car Market Reaching ‘Natural’ Level



Sources: SMMT (2001 to 2015) & Pendragon (2016 to 2017)

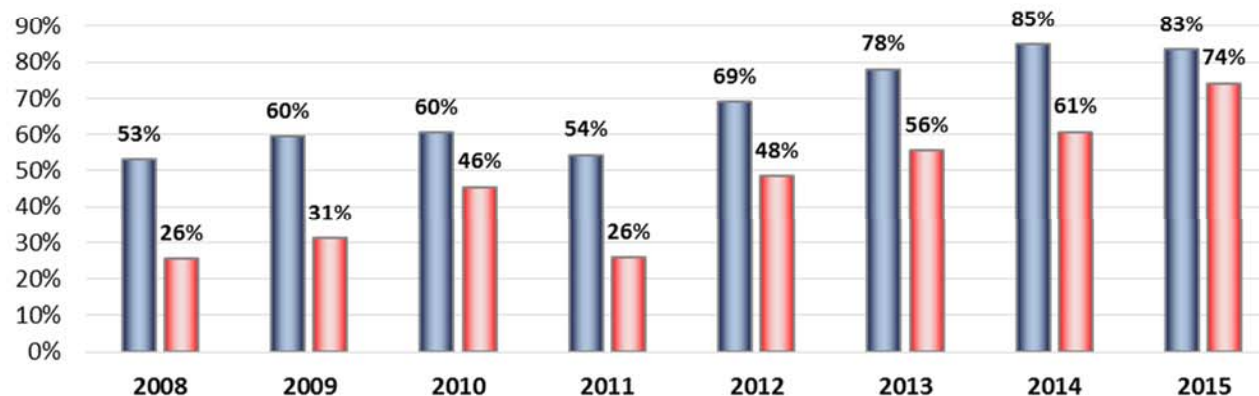


SUMMARY

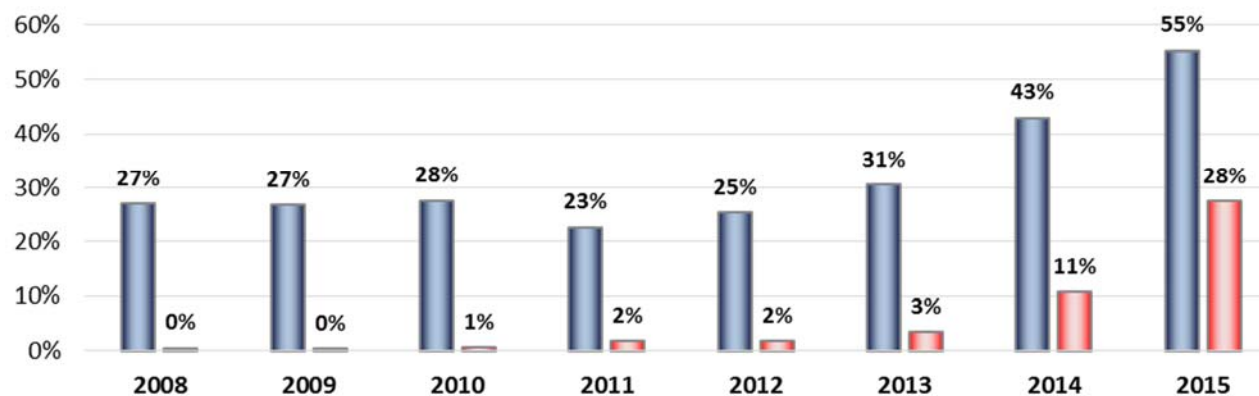
- New retail car market growth of 2.5% in 2015
- New car market grew 6.3% in 2015
- Modest growth expected in 2016 and 2017

Industry Insight – PCP Analysis

PCPs as a % of Total Finance Deals - New Cars



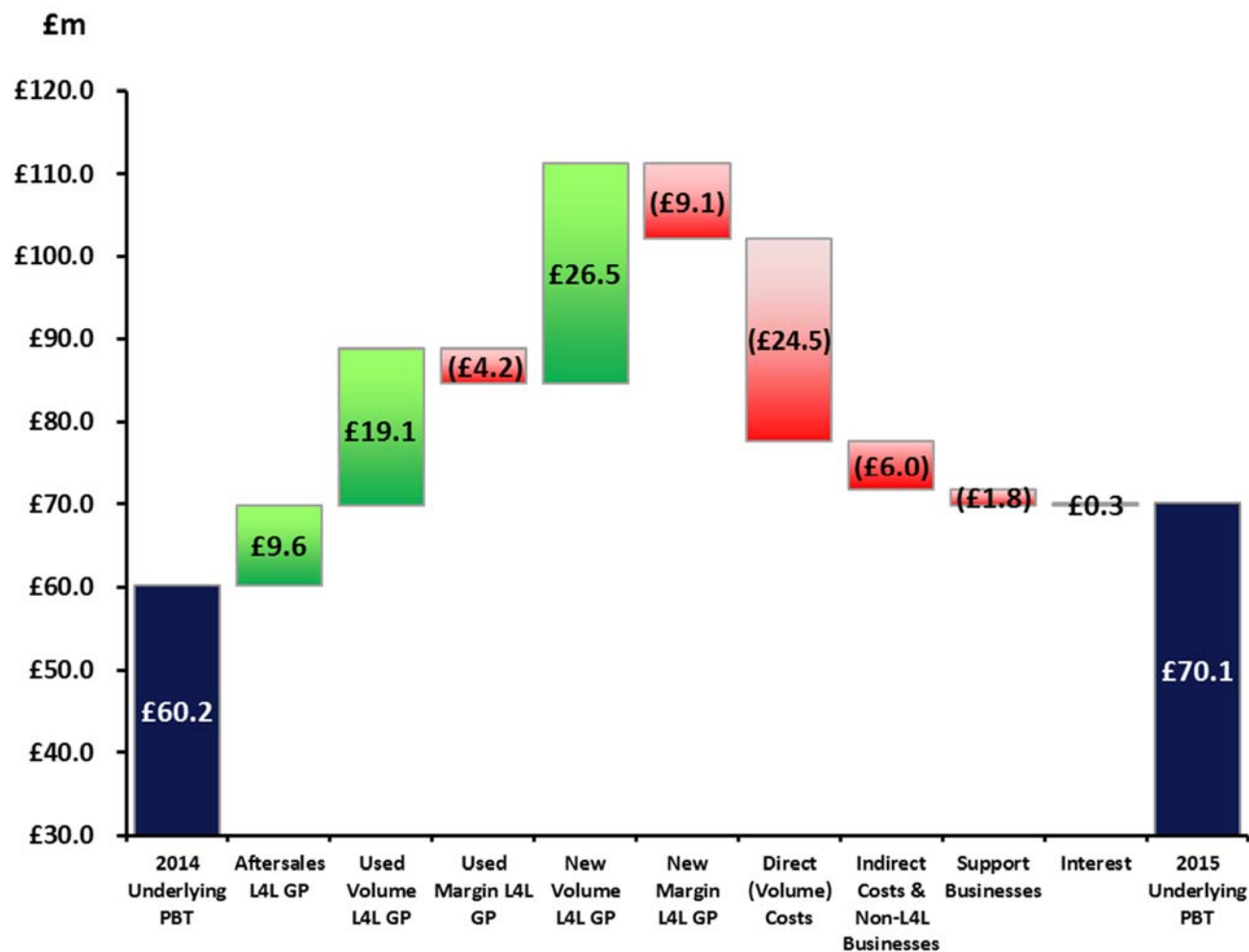
PCPs as a % of Total Finance Deals - Used Cars



SUMMARY

- The importance of PCPs has grown significantly in the last few years
- PCP consumers often become repeat customers for both aftersales and new/used car purchases

Industry Insight – Pendragon Performance By Sector

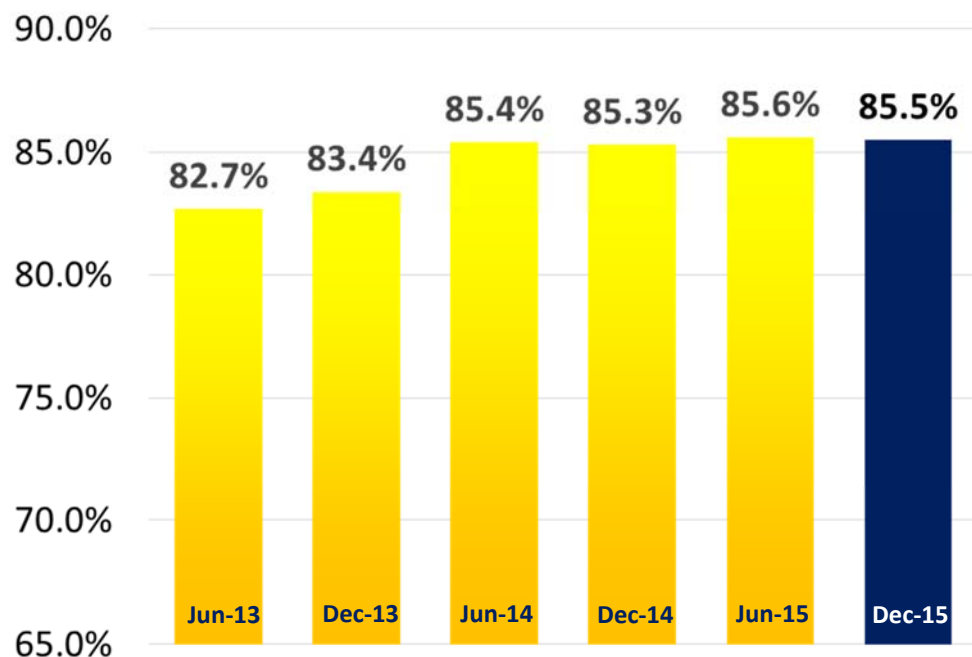


SUMMARY

- Continued significant L4L growth across aftersales, used and new departments
- Volume cost increases in line with prior years

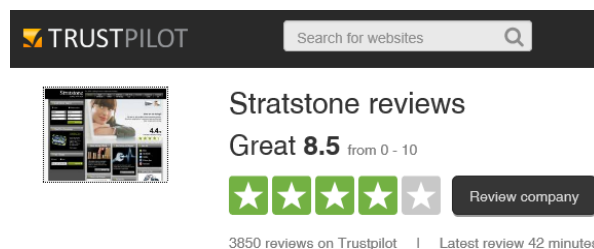
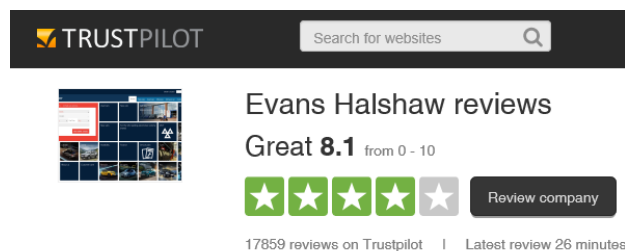
Customer Insight – Year on Year Customer Ratings Are Improving

Customer Satisfaction Scores 4/5 Star (Sales/After-sales)





SUMMARY

- We continue to focus on improving our customer service ratings for our business
- We will continue to build on our recent innovations and success in this area
- Our Trustpilot scores are 8.5 and 8.1 for Stratstone and Evans Halshaw respectively (February 2016)



Outlook

Area	2015 Assessment	2016 Outlook	Insight
Aftersales			 <p>Growth in both segments as a result of car parc growth in the 0-6 year vehicle parc. Initiatives underway to enable further progress</p>
Used			
New			<ul style="list-style-type: none"> • Stable, as market reaching 'natural' level
Financials			<ul style="list-style-type: none"> • Underlying PBT approx. doubled in 3 years • Balance sheet strong
Internet			<ul style="list-style-type: none"> • 20.6m internet visits p.a. and growing