

Pendragon PLC

2013 Interim Results



Welcome



 Trevor Finn (CEO)

 Tim Holden (FD)

Highlights



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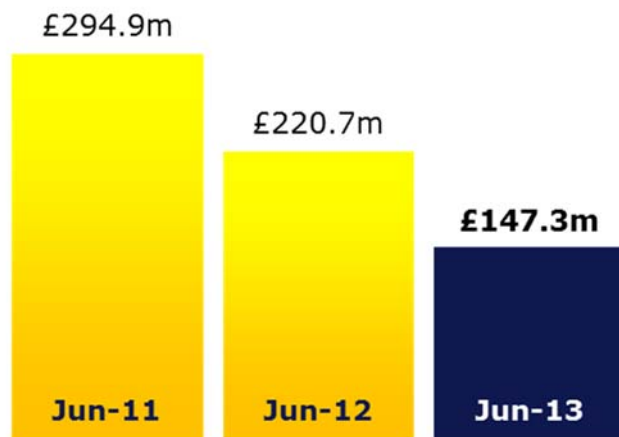
Appendix

Highlights – Strong Performance In All Areas

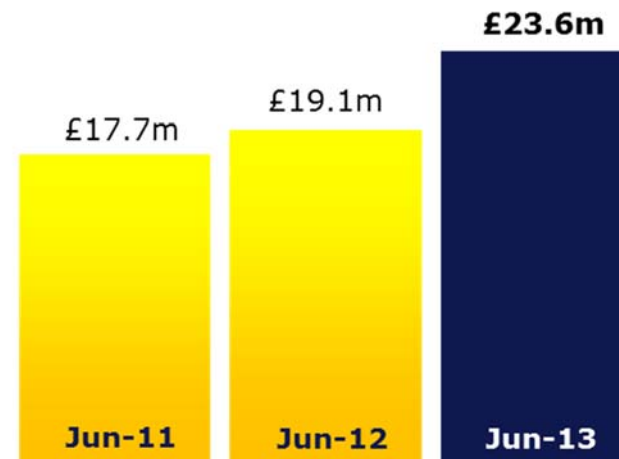
- Underlying profit before tax up £4.5m (+24%) to £23.6m
- Debt down £73.4m (-33%) from June 2012 to £147.3m
- Debt : Underlying EBITDA ratio of 1.3 achieved against 1.5 target set for December 2014
- L4L gross profit growth across all motor sectors
- L4L used volume growth of +9% versus Q1 market of -5%
- Significant website growth, visitors up by 1.3m (+23%)
- Reinstatement of interim dividend of 0.1p

Highlights – Net Debt, PBT and Operating Profit Improvement

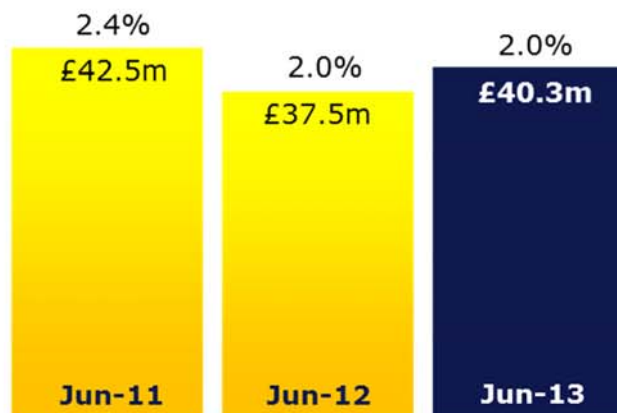
NET DEBT



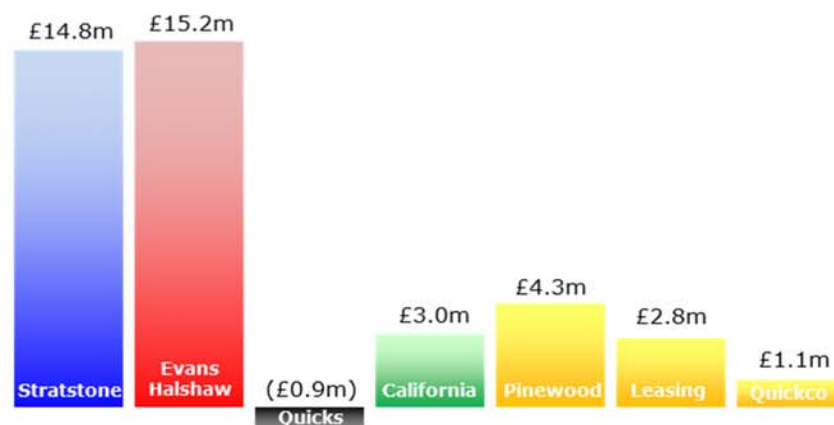
UNDERLYING PROFIT BEFORE TAX



UNDERLYING OPERATING PROFIT & MARGIN



UNDERLYING OPERATING PROFIT BY SEGMENT



Financials

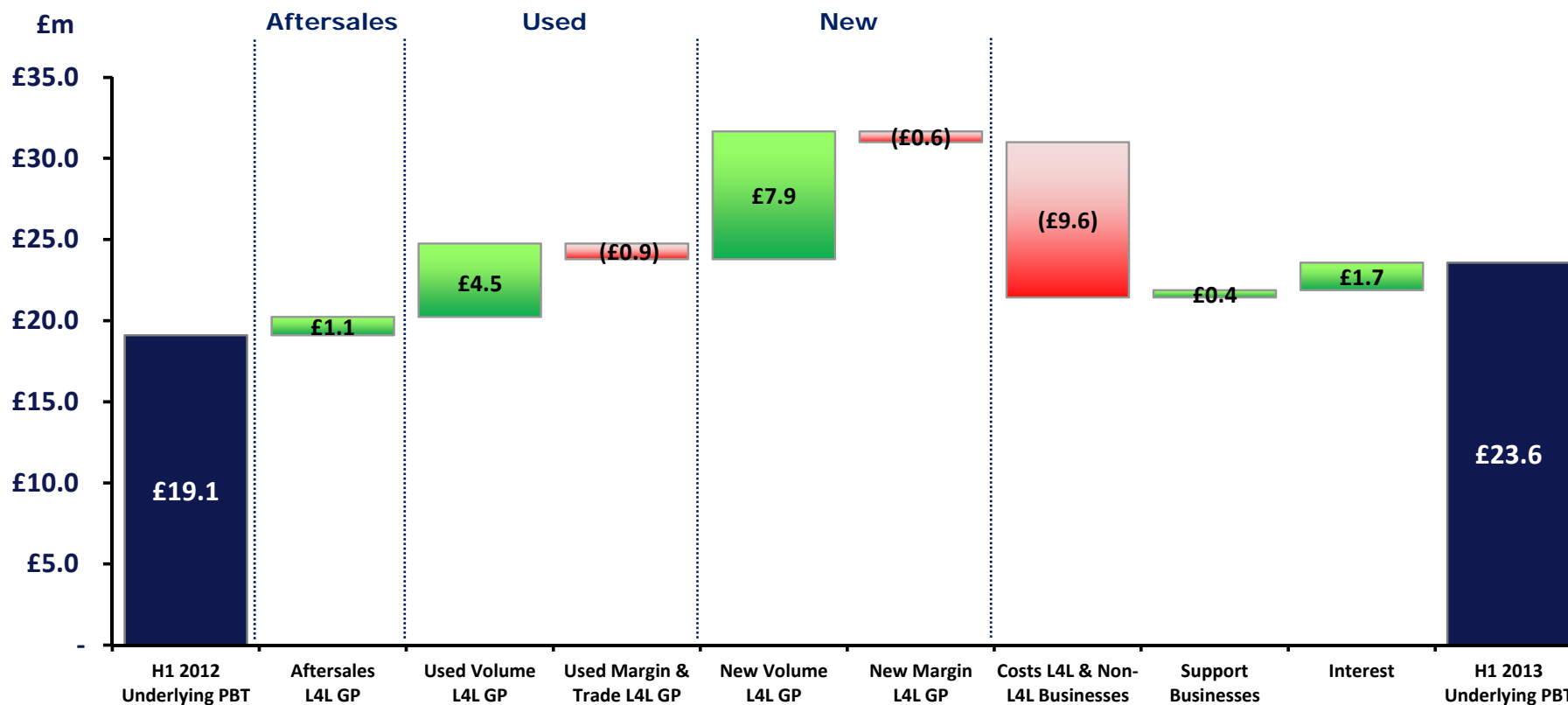


Financials – Underlying Profit 24% Ahead

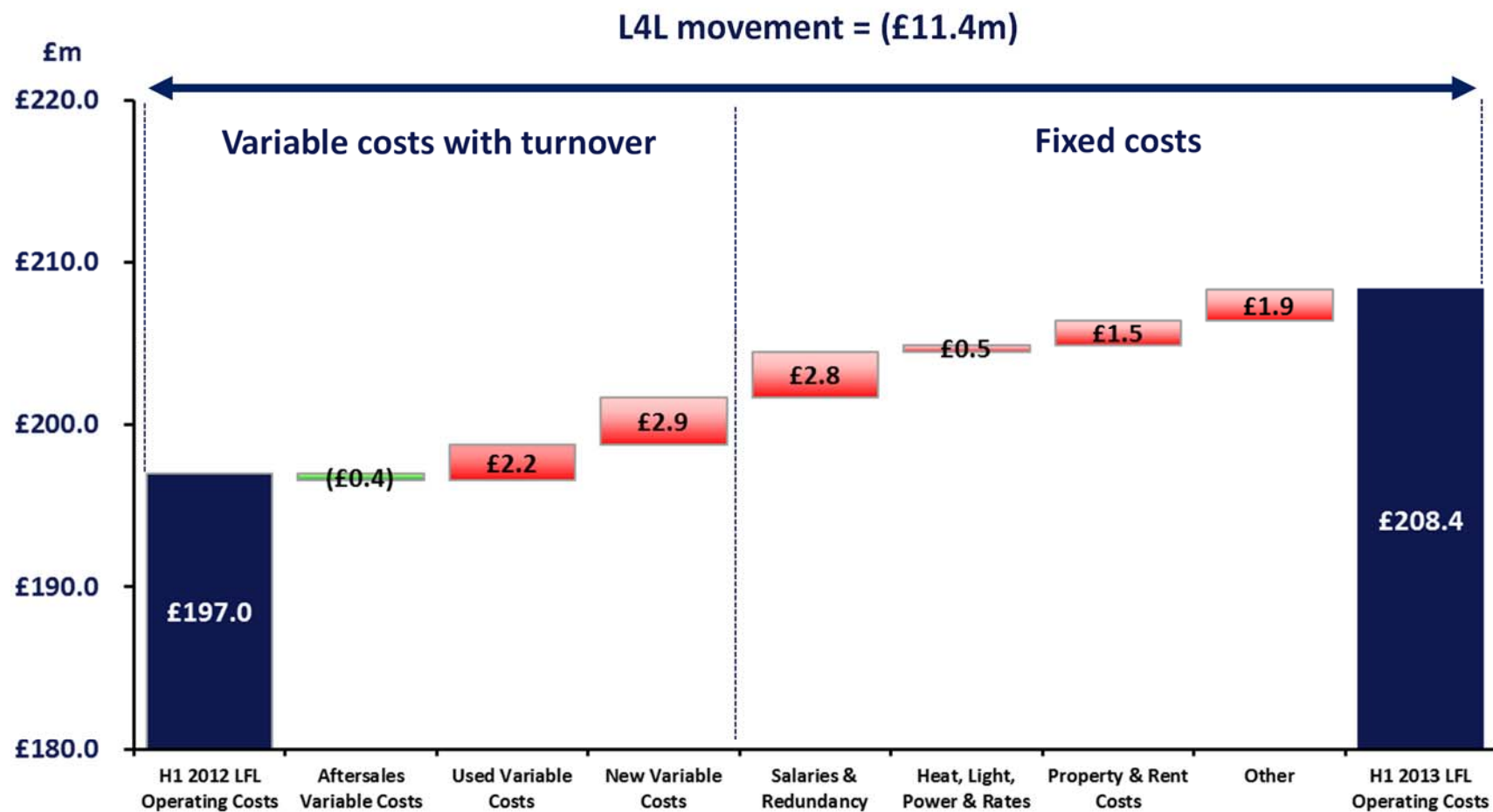
£m	Jun-13	Jun-12	Variance	L4L*	NL4L
Turnover	2,015.1	1,914.1	101.0	139.8	(38.8)
Gross Profit	253.5	245.0	8.5	12.5	(4.0)
Operating Costs	(213.2)	(207.5)	(5.7)	(11.4)	5.7
Operating Profit	40.3	37.5	2.8	1.1	1.7
Interest	(16.7)	(18.4)	1.7	1.7	-
Profit Before Tax	23.6	19.1	4.5	2.8	1.7

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

Financials – Underlying Profit Before Tax Bridge



Financials – L4L Operating Costs Bridge



Balance Sheet



Balance Sheet – Successful Refinancing

**£145.0m
RCF**

- 4 Year Revolving Credit Facility
- 3.5% in 2013, Margin Ratchet from 2014
- 4 Banks Versus 17 Previously
- Manages Seasonal Working Capital Fluctuations
- £41m Drawn On 30 June 2013

**£175.0m
Bond**

- 7 Year Bond
- 6.875% Rate
- No Loan Noteholders or Bilateral Debt
- Less Restrictive Covenants Overall
- Strong Balance Sheet Going Forwards

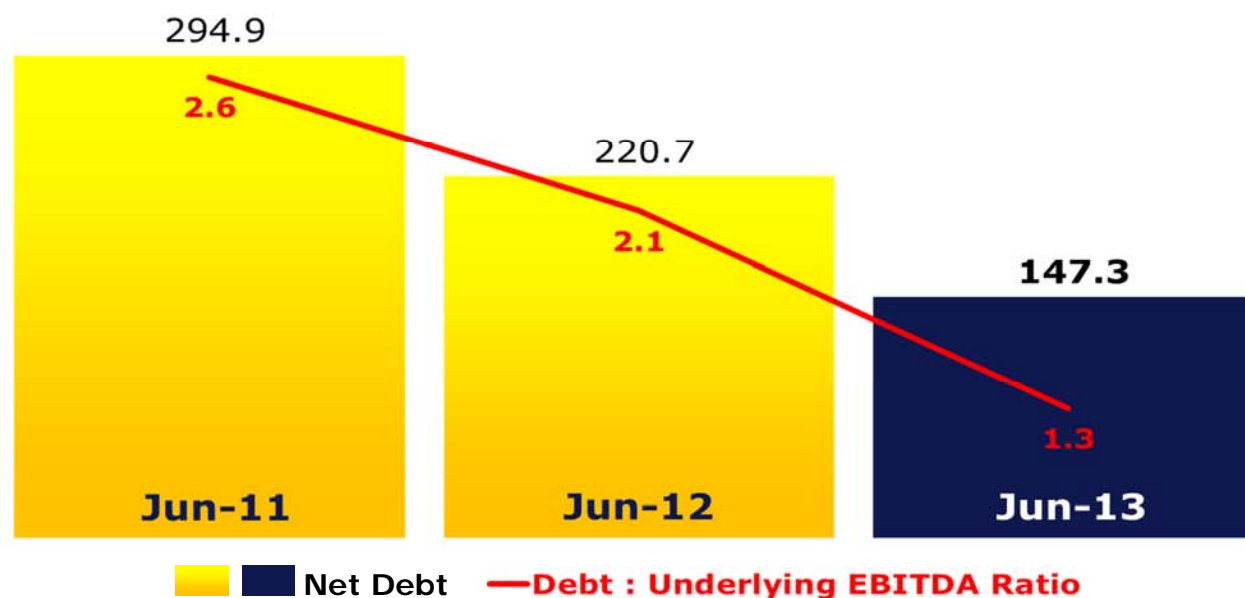
Balance Sheet – Gearing Strengthening

£m	Jun-13	Dec-12	Jun-12
Property	163.3	165.7	169.2
Plant & Equipment	121.2	124.6	121.2
Goodwill & Intangibles	370.2	372.6	372.6
Stock	617.2	590.0	523.5
Debtors	136.8	97.4	126.6
Assets Held for Resale	17.6	23.6	26.9
Creditors	(974.5)	(882.1)	(838.2)
Net borrowings	(147.3)	(216.4)	(220.7)
Shareholders Funds	304.5	275.4	281.1
Gearing	48%	79%	79%

Balance Sheet – Strong Cash Flow Generation

£m		Jun-13	Jun-12
Underlying Operating Profit		40.3	37.5
Depreciation and Amortisation		8.9	9.4
Non-underlying Items		1.0	0.8
Working Capital Movement	35.2	{ 41.1 (5.9)	1.6 { 12.6 (11.0)
Movement in Contract Hire Vehicles			
Share Based Payments		0.8	0.4
Operating Cash Flow		86.2	49.7
Net Underlying Interest Paid		(18.9)	(20.5)
Net Non-underlying Interest Paid & Refinancing Costs		(8.3)	1.9
Tax Received / (Paid)		0.2	(1.3)
Replacement Capital Expenditure		(3.8)	(4.9)
Acquisitions		-	(2.6)
Disposals		12.5	5.0
Dividend		(1.4)	-
Other		2.6	(1.2)
Reduction in Net Debt		69.1	26.1

Balance Sheet – Debt : Underlying EBITDA Ratio



- Target originally set at <1.5 – so achieved at H1 2013
- Revised target to be confirmed following 2013 FY results

Markets & Performance



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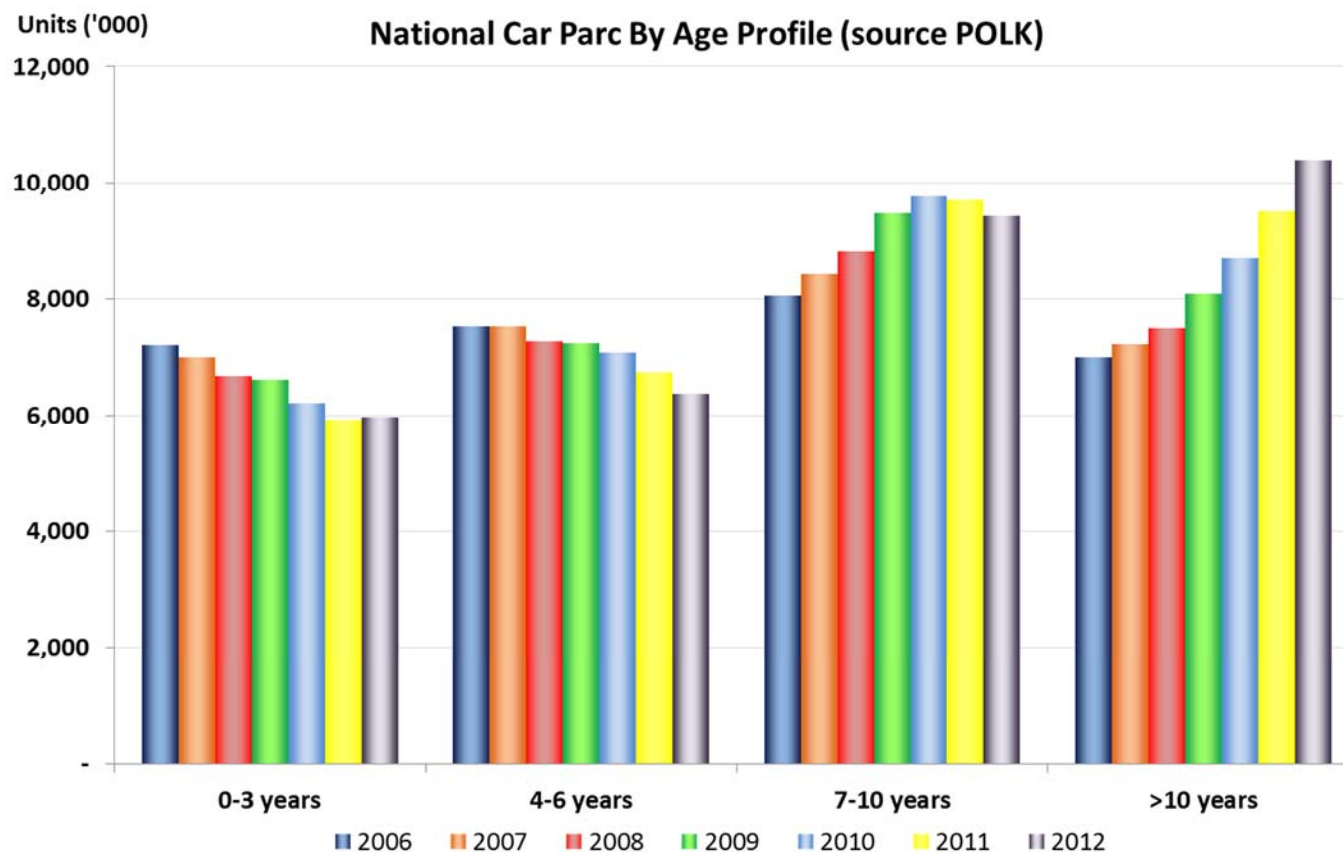
Markets & Performance – Aftersales Vehicle Parc

Aftersales

Used

New

Internet



- 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.

Markets & Performance – Aftersales 3 Year Performance

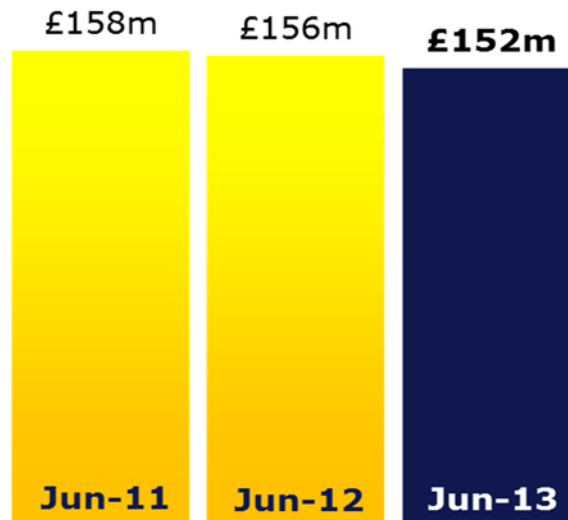
Aftersales

Used

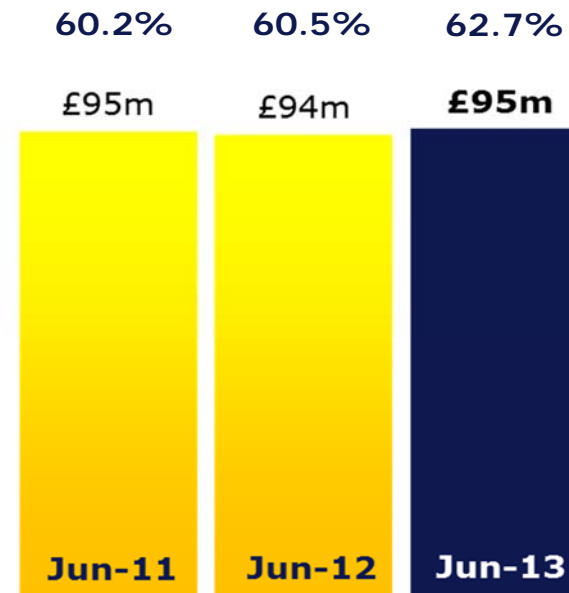
New

Internet

Revenue (L4L)



Gross Profit & Margin (L4L)



- Like for like service retail sales flat for the Group. Aftersales like for like gross margins increase by 2.2% from Jun-12
- Fall in like for like aftersales revenue due to car parc pressure. This will improve with strong new car registrations

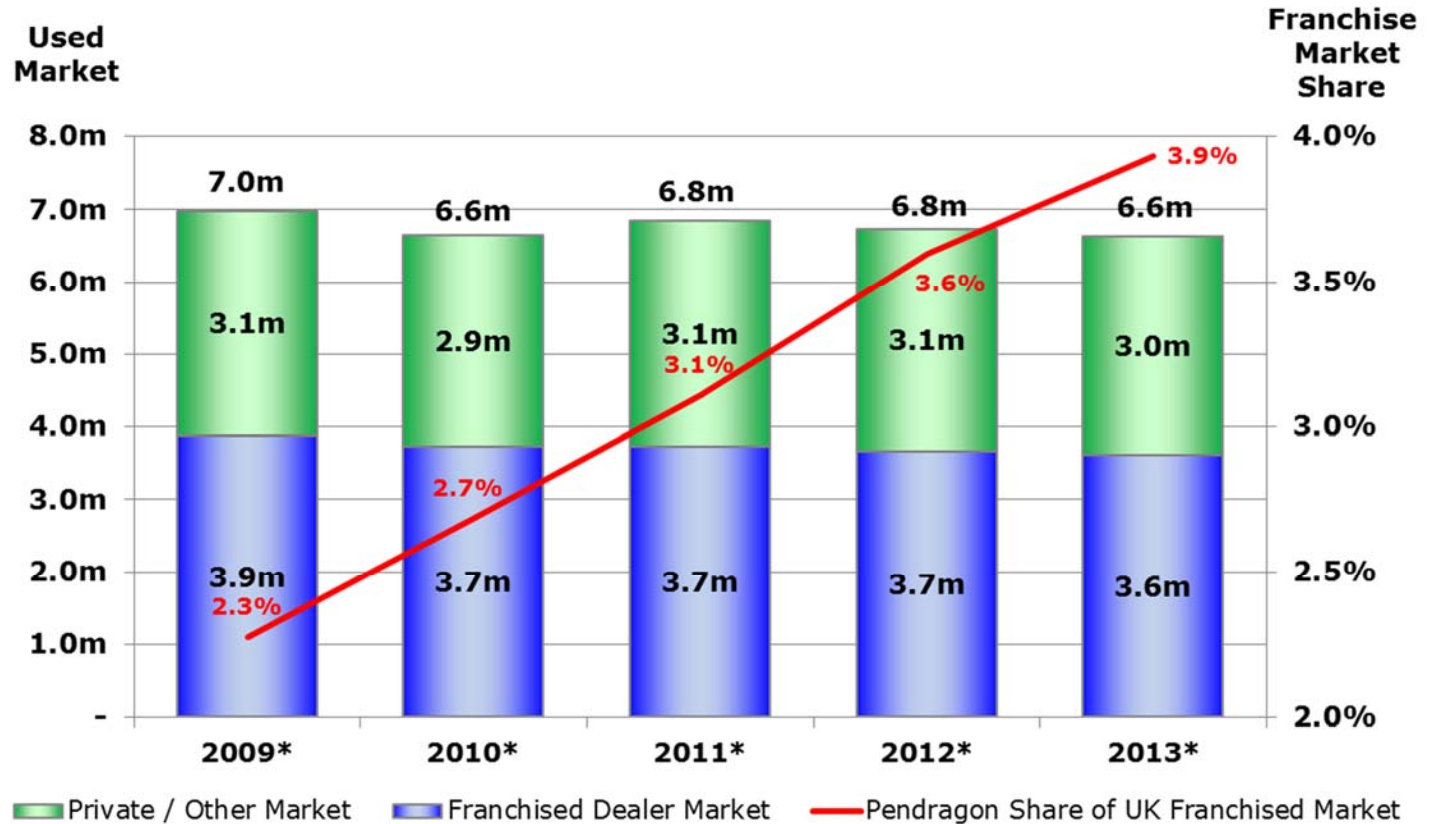
Markets & Performance – 70% Growth In Used Market Share

Aftersales

Used

New

Internet



* 12 Months rolling to half 1 of each year. Q2 2013 market based on current 9 month run-rate

- Market share has increased to 3.9% from 2.3% in 2009

Markets & Performance – Used 3 Year Performance

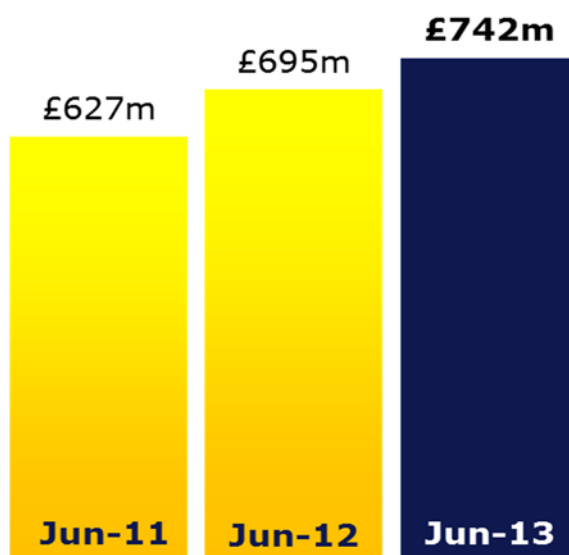
Aftersales

Used

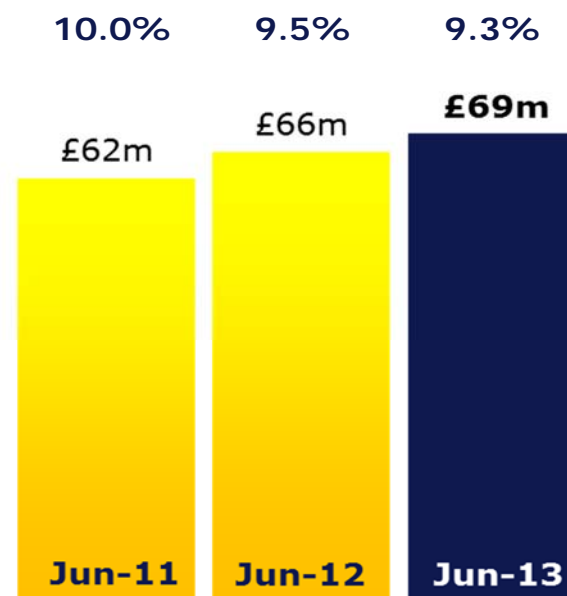
New

Internet

Revenue (L4L)



Gross Profit & Margin (L4L)



- Used vehicle volume growth of 8.5% on a like for like basis
- Used vehicle gross profit up 3.9% on a like for like basis

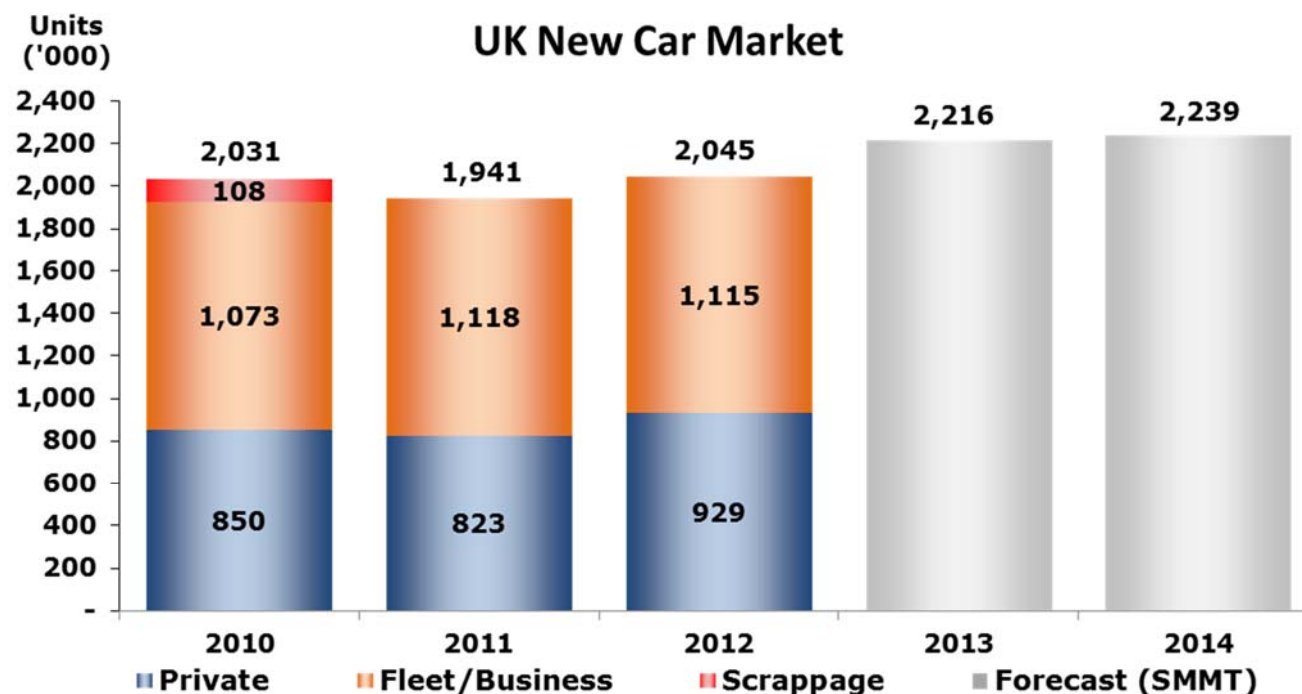
Markets & Performance – New Car Market

Aftersales

Used

New

Internet



- New car market up 10.0% in H1 2013, retail car market up 17.1%
- New car market expected to be 2.216m in 2013 and 2.239m in 2014
- Represents growth of 8.4% in 2013 and 1.0% in 2014

Markets & Performance – UK Market Outperforming

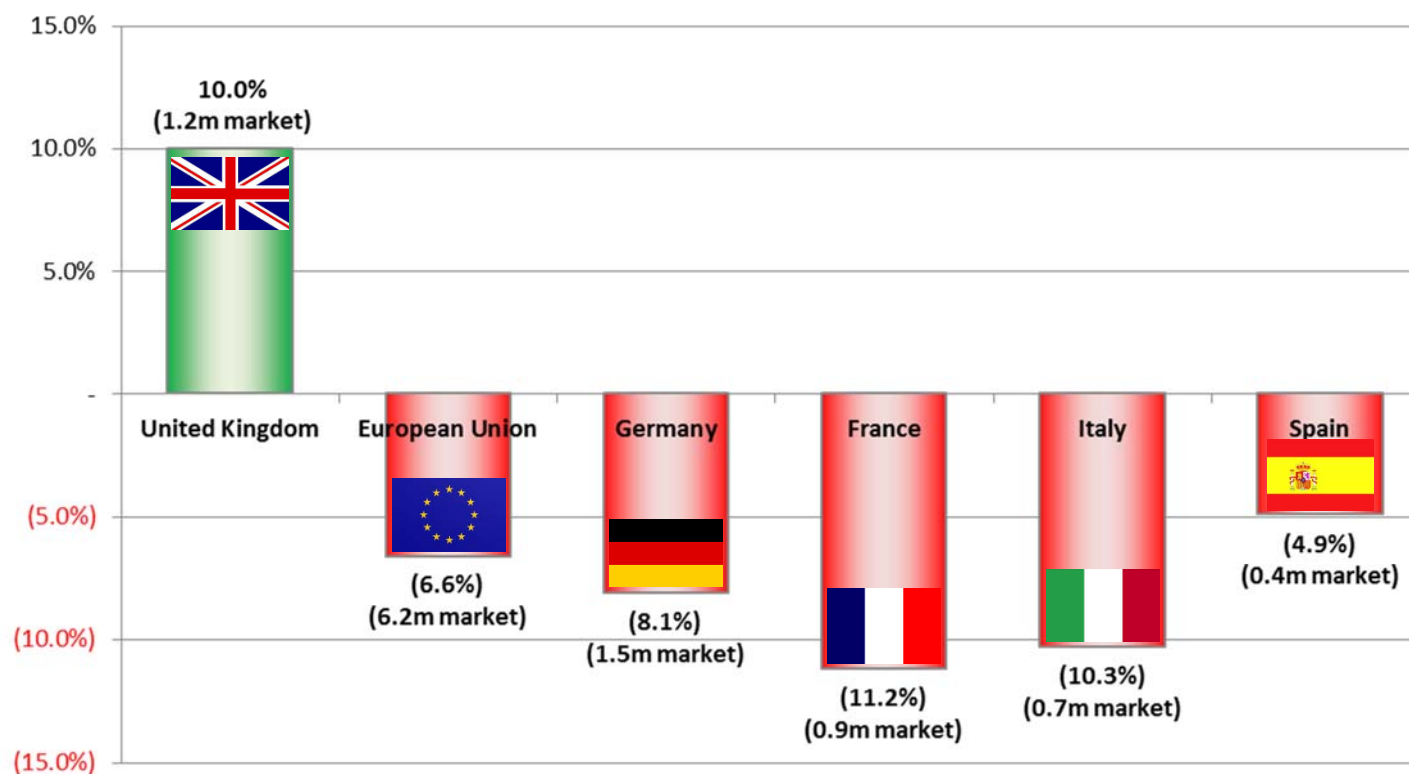
Aftersales

Used

New

Internet

European New Car Markets - H1 2013 v H1 2012



Markets & Performance – New 3 Year Performance

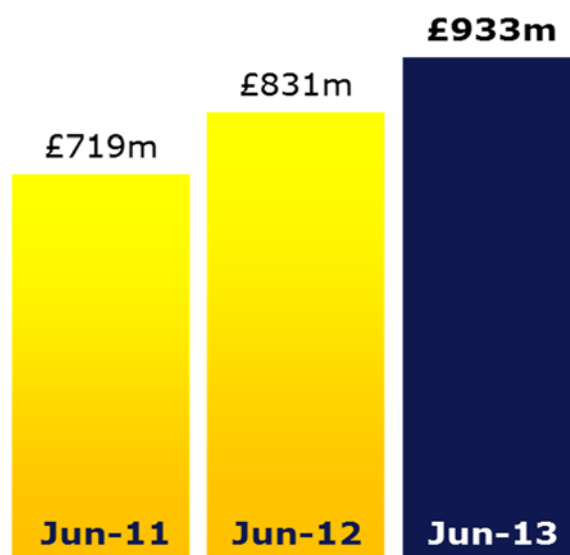
Aftersales

Used

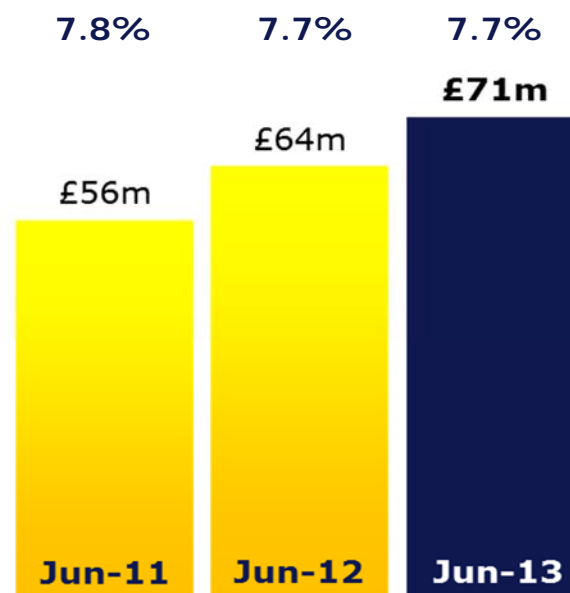
New

Internet

Revenue (L4L)



Gross Profit & Margin (L4L)



- New vehicle gross profit up 11.2% on a like for like basis
- New retail car volume increased by 20.2% on a like for like basis

Markets & Performance – Internet Momentum

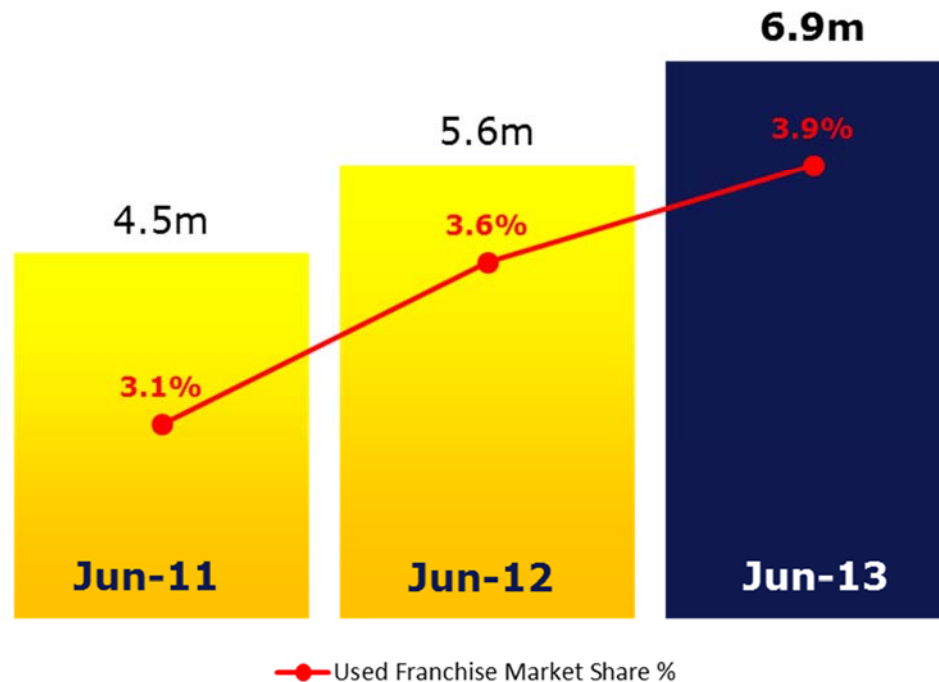
Aftersales

Used

New

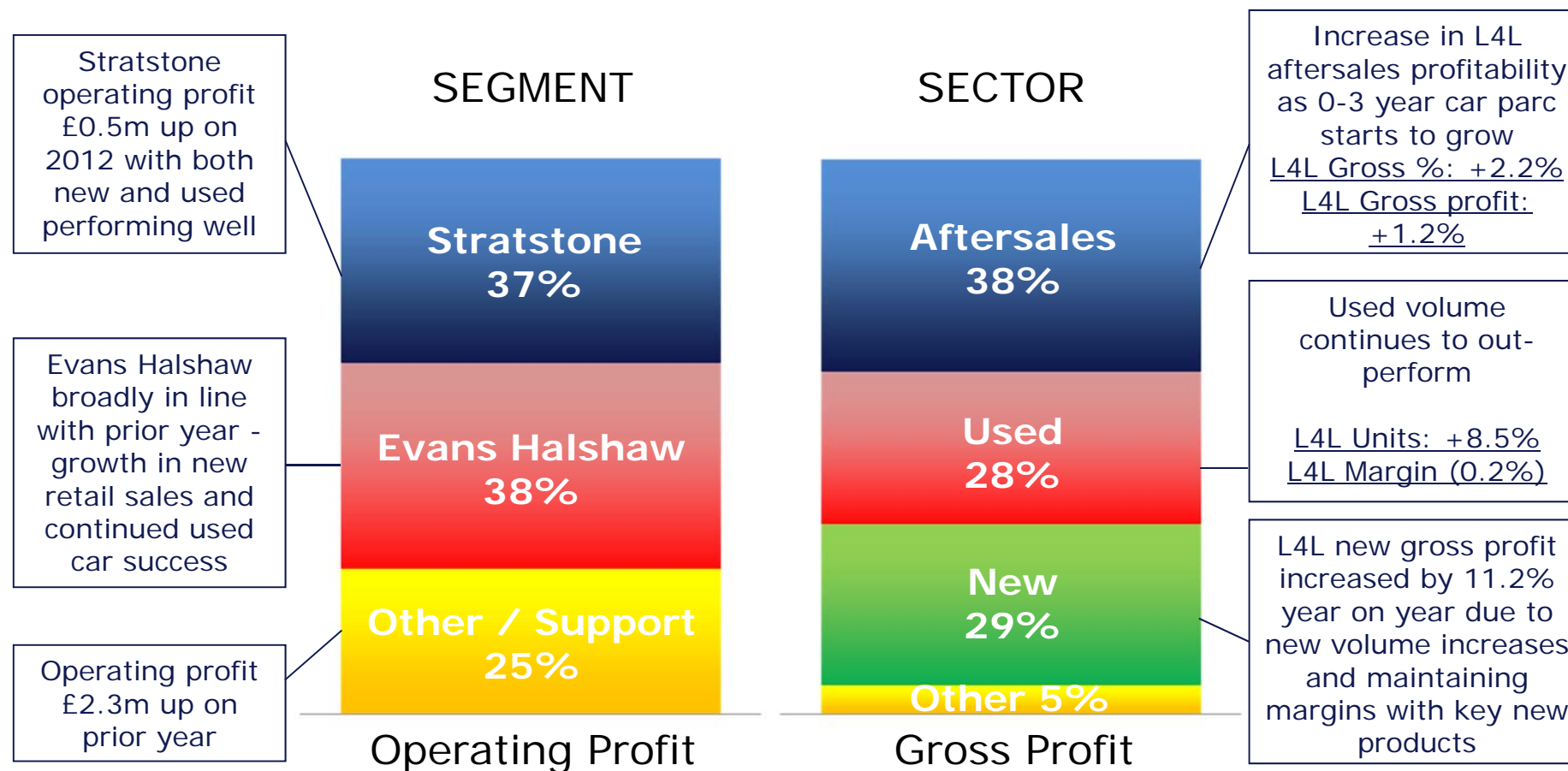
Internet

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



- Website visits of 6.9m in H1 2013, growth of 22.8% from Jun-12 to Jun-13. Rolling 12 month visitors 12.2m to Jun-13
- Used franchise market share has been growing with website visitors

2013 Interim Summary By Segment & Sector



Buoyant performance provides a strong platform in the future for the UK's leading car retailer

Outlook

Area	H1 2013 Assessment	FY 2013 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"> Online visitor growth continues

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Markets & Performance

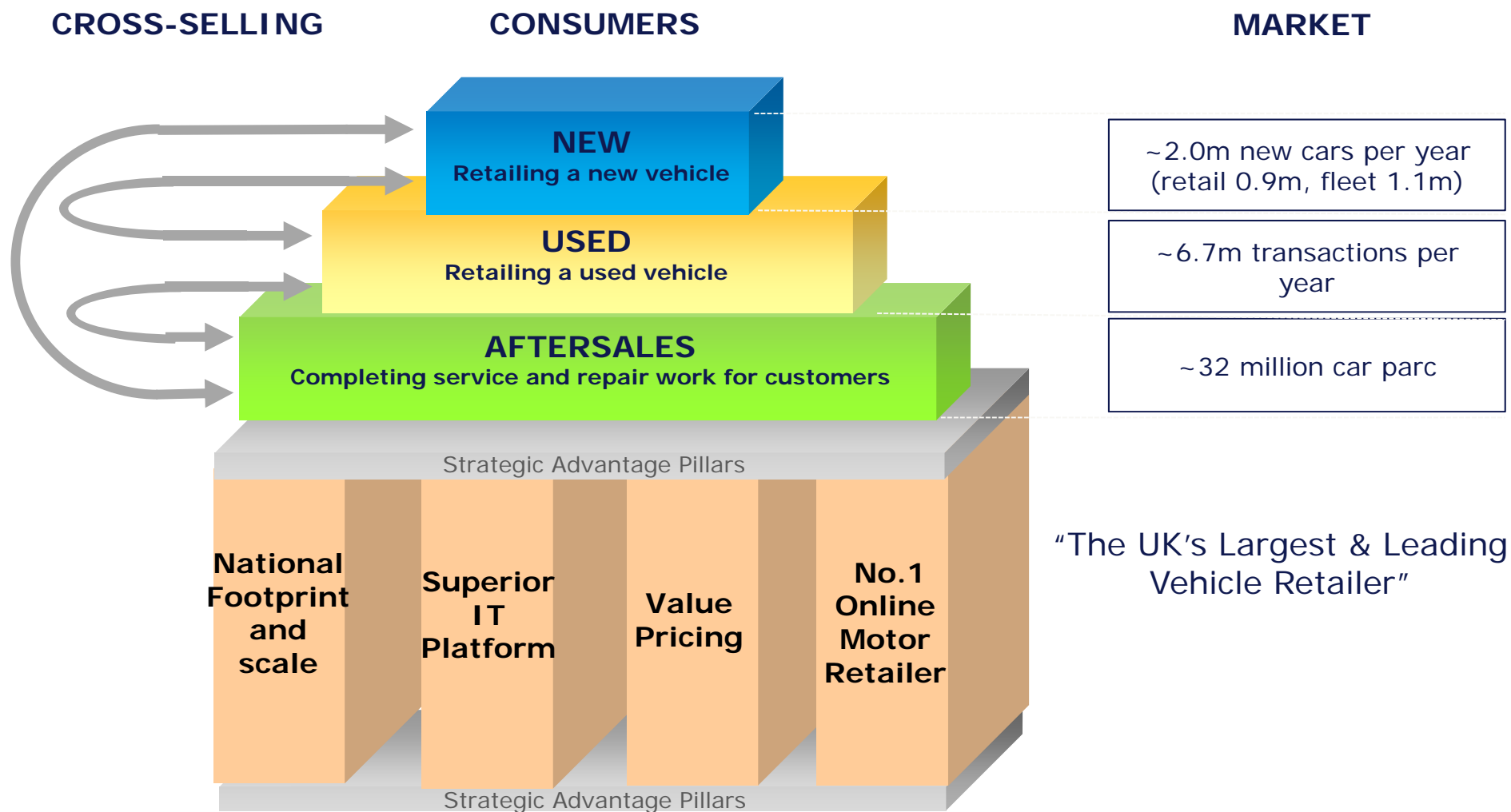
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Appendix

Appendix



Appendix - Business Model



Appendix - Stratstone Financial Highlights

	Jun-13	Jun-12*
Gross Profit	£91.8m	£91.8m
Gross Margin	12.0%	11.9%
Operating Profit	£14.8m	£14.3m
Operating Margin	1.9%	1.9%
Units (New & Used)	27,500	28,000
PPU	£1,896	£1,825

* - Jun-12 includes the Chatfields segment for comparison purposes

Appendix - Evans Halshaw Financial Highlights

	Jun-13	Jun-12
Gross Profit	£127.2m	£122.4m
Gross Margin	11.7%	12.4%
Operating Profit	£15.2m	£15.2m
Operating Margin	1.4%	1.5%
Units (New & Used)	104,400	91,600
PPU	£731	£773

Appendix - Quicks Financial Highlights

	Jun-13	Jun-12
Gross Profit	£2.9m	£1.3m
Gross Margin	11.3%	5.6%
Operating Loss	(£0.9m)	(£2.5m)
Operating Margin	(3.5%)	(10.8%)
Units (New & Used)	3,900	3,400
PPU	£687	£436

Appendix - California Financial Highlights

	Jun-13	Jun-12
Gross Profit	£16.1m	£14.4m
Gross Margin	16.7%	17.1%
Operating Profit	£3.0m	£2.6m
Operating Margin	3.1%	3.1%
Units (New & Used)	2,200	2,100
PPU	£4,282	£3,932

Appendix - Support Financial Highlights

£m	Jun-13	Jun-12
Pinewood		
Revenue	5.0	4.9
Operating Profit	4.3	4.3
Contracts		
Revenue	11.6	19.1
Operating Profit	2.8	2.9
Quickco		
Revenue	27.6	24.1
Operating Profit	1.1	0.7

Appendix – Non-underlying Items

£m	Jun-13	Jun-12 [#]
Refinancing Costs	(8.0)	-
Property Impairments and Profit/(Loss) on Disposals	(1.2)	0.2
Pension Net Finance Expense	(0.6)	(0.2)
VAT Settlements	2.9	2.7
Non-underlying items*	(6.9)	2.7

* 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
Aston Martin	8	1	9
BMW	7	-	7
Chatfields	7	-	7
Ferrari/Maserati	2	-	2
Honda	3	-	3
Jaguar	17	4	21
Land Rover	17	4	21
Lotus	1	-	1
Mercedes	8	-	8
MINI	7	-	7
Morgan	1	-	1
Motorbikes	5	-	5
Porsche	4	-	4
Smart	3	-	3
Subtotal	90	9	99

Evans Halshaw Volume Brands	UK
Chevrolet	4
Citroen	17
Dacia	9
Ford	42
Hyundai	1
Kia	1
Nissan	5
Peugeot	8
Renault	9
SEAT	1
Vauxhall	35
Subtotal	132

Total franchise points	231
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Appendix – Key Locations



● Stratstone	90 points
● Evans Halshaw	132 points
● Quicks	7 points
● Used non-franchise	7 points
● California and others*	21 Points

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

