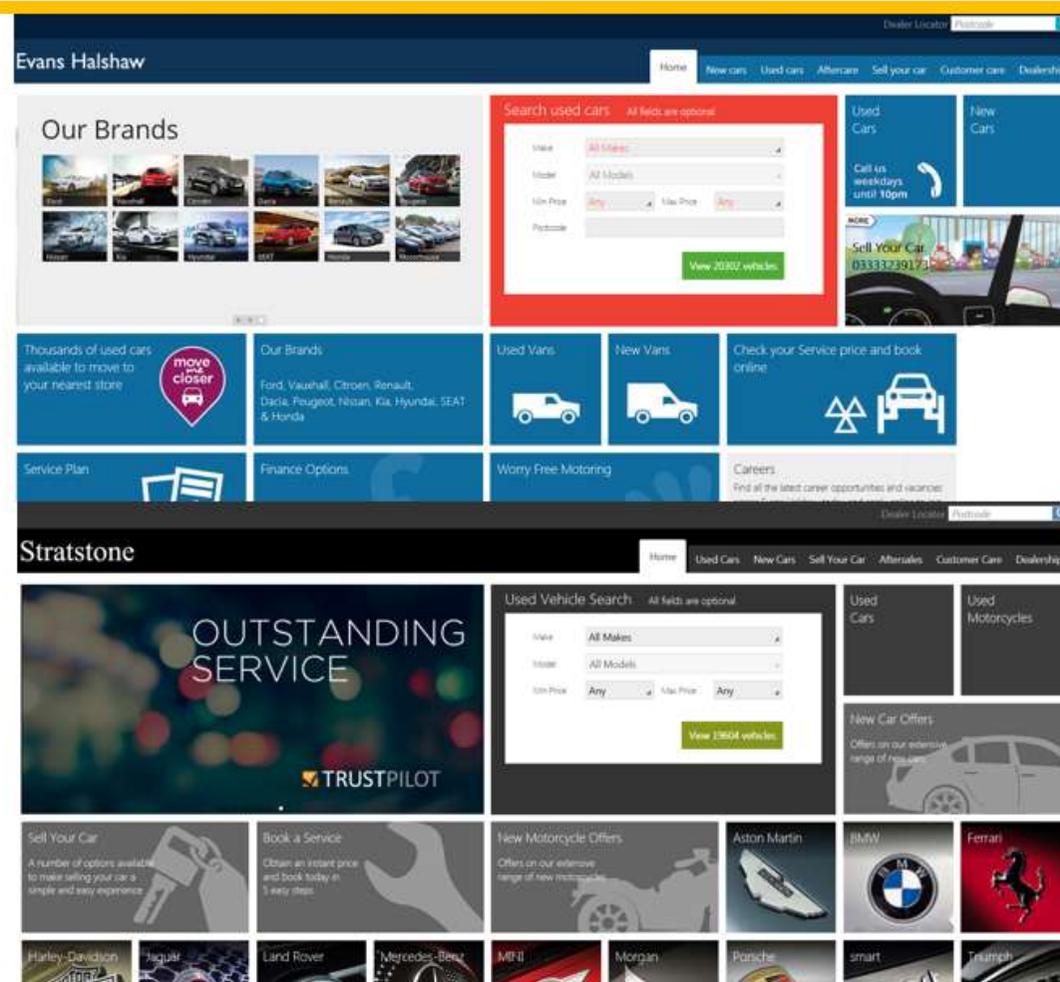


Pendragon PLC – 2016 Interim Results

The UK's Leading
Automotive Online
Retailer



The UK's Leading
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Retailer

Evans Halshaw

Our Brands



Search used cars - 11 left to go

Make:

Model:

Year:

Price:

Search

Used Cars

Call us
Monday
10am-7pm

5 Year Car

Executive Summary – Trevor Finn (CEO)

Stratstone

OUTSTANDING
SERVICE

TRUSTPILOT

Used Vehicle Search - 11 left to go

Make:

Model:

Year:

Price:

Search

Used Cars

Used Motorcycle

Buy Car Offers



Executive Summary

Financial Highlights

- Continued strong performance assisted by strong market dynamics and a winning strategy
- Underlying profit before tax up £3.9m (+9.7%), from £40.3m to £44.2m
- Underlying earnings per share up 0.2p (+9.5%), from 2.1p to 2.3p
- Interim dividend of 0.7p per share following our 2015 final dividend of 0.7p per share
- £20m Share buyback programme underway – £2.6m purchased to date

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- Web visits to Evanshalshaw.com and Stratstone.com increased by 13.1% in the period, with 21.6 million visitors over the 12 months to the 30 June 2016
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Used Cars

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541 Year Car

Financial Highlights – Tim Holden (FD)

Stratstone

OUTSTANDING
SERVICE

TRUSTPILOT

Used Vehicle Search - 11 left on page

Make:

Model:

Year:

Price:

Search

Used Cars

Used Motorcycle



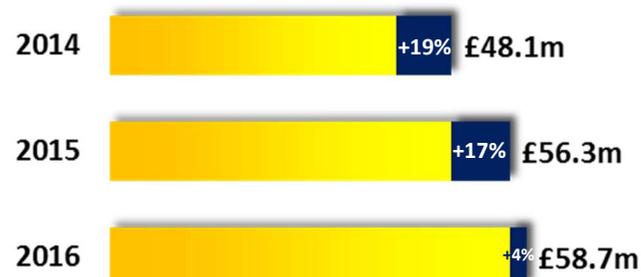
Financial Highlights – 3 Year Group Performance

SUMMARY

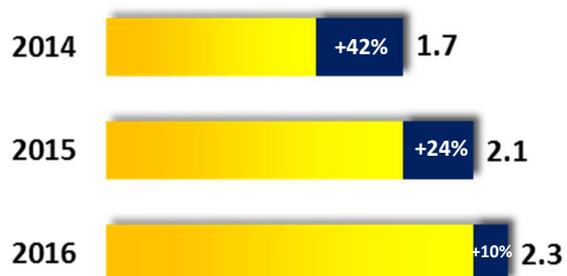
Underlying Profit Before Tax



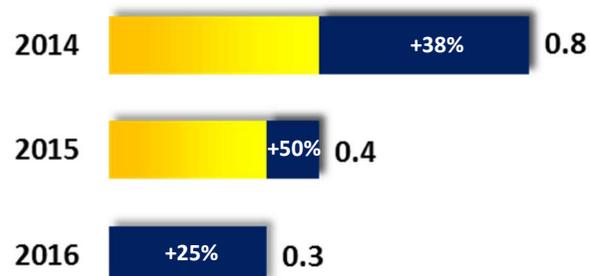
Underlying Operating Profit



Underlying Earnings Per Share (p)



Debt : Underlying EBITDA Ratio



- Underlying earnings per share up 10% in the period
- Debt : Underlying EBITDA ratio at 0.3 which is below the lower of our target range
- £20m share buyback programme underway with £2.6m purchased to date

Financial Highlights – Underlying Profit Before Tax Up 10%

Underlying £m	2016	2015	Variance
Revenue	2,325.2	2,291.4	+1.5%
Gross Profit	288.2	283.0	+1.8%
<i>Gross Margin</i>	12.4%	12.4%	
Operating Costs	(229.5)	(226.7)	+1.2%
<i>Operating Costs as a % of Gross Profit</i>	79.6%	80.1%	
Operating Profit	58.7	56.3	+4.3%
<i>Operating Margin</i>	2.5%	2.5%	
Interest	(14.5)	(16.0)	-9.4%
Profit Before Tax	44.2	40.3	+9.7%
EPS (Underlying)	2.3p	2.1p	+9.5%
Dividend Per Share	0.7p	0.6p	+16.7%

SUMMARY

- Operating leverage continues with gross profit up 1.8% and operating profit up 4.3%
- Interest cost reduction following completion of refinancing
- Interim dividend of 0.7p per share in line with 2015 final dividend
- Underlying earnings per share up 0.2p (+9.5%)

Financial Highlights – Non-Underlying Loss of £2.4m

SUMMARY

- Limited non-underlying items in H1 2016

Non-Underlying £m	2016	2015	Variance
(Loss) / Gain on Disposals of Businesses and Property	(0.6)	7.9	(8.5)
Impairment of Assets Held For Sale	(1.0)	-	1.0
Gain on Disposals of Investments	-	13.8	(13.8)
Operating (Loss) / Profit	(1.6)	21.7	(23.3)
Interest on Pensions	(0.8)	(1.2)	0.4
(Loss) / Profit Before Tax	(2.4)	20.5	(22.9)
Tax credit	-	6.9	(6.9)
(Loss) / Profit for the period	(2.4)	27.4	(29.8)

Financial Highlights – Continued Strong Cash Flow Generation

Summary Cash Flow £m	2016	2015	SUMMARY
Underlying Operating Profit Before Other Income	58.7	56.3	<ul style="list-style-type: none"> • Debt reduction due to continuing strong operating profit
Depreciation and Amortisation	14.1	12.7	
Share Based Payments	1.2	1.0	<ul style="list-style-type: none"> • Investment in the UK sales footprint will continue
Working Capital	15.1	26.1	
Operating Cash Flow	89.1	96.1	
Tax Paid	(9.9)	(13.4)	
Underlying Net Interest	(15.0)	(14.8)	
Replacement Capital Expenditure	(11.0)	(14.6)	
Acquisitions and Investments	(17.4)	(17.9)	
Disposals	9.0	13.1	
Dividends	(10.2)	(8.6)	
Proceeds from Sale of Investment	-	22.4	
Share Buyback	(1.3)	-	
Other	(0.3)	(6.6)	
Reduction in Net Debt	33.0	55.7	
Closing Net Debt	46.6	53.1	

Financial Highlights – Healthy Balance Sheet

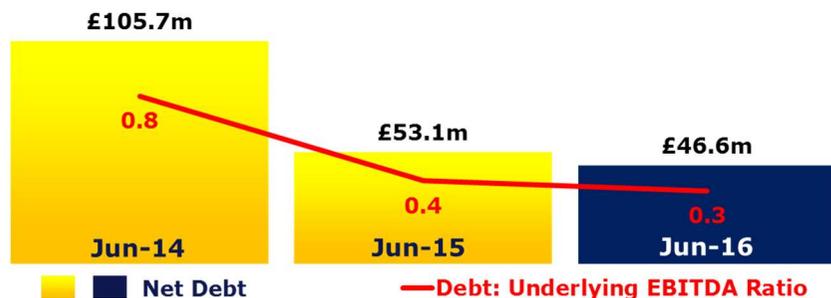
Balance Sheet £m	Jun-16	Dec-15	Jun-15
Property	187.2	172.7	177.9
Plant & Equipment	188.1	180.0	152.9
Goodwill & Intangibles	363.2	366.6	369.6
Investments	-	-	1.4
Stock	933.9	830.6	761.1
Debtors	164.1	134.5	163.6
Assets Held For Resale	13.4	16.2	11.6
Creditors	(1,414.1)	(1,225.9)	(1,199.7)
Net Borrowings	(46.6)	(79.6)	(53.1)
Shareholders Funds	389.2	395.1	385.3
Gearing	12.0%	20.1%	13.8%

SUMMARY

- Strong balance sheet
- Stock levels have been increased, funded by trade credit, to help drive growth
- Further reduction in gearing to 12.0%

Financial Highlights – Capital Allocation

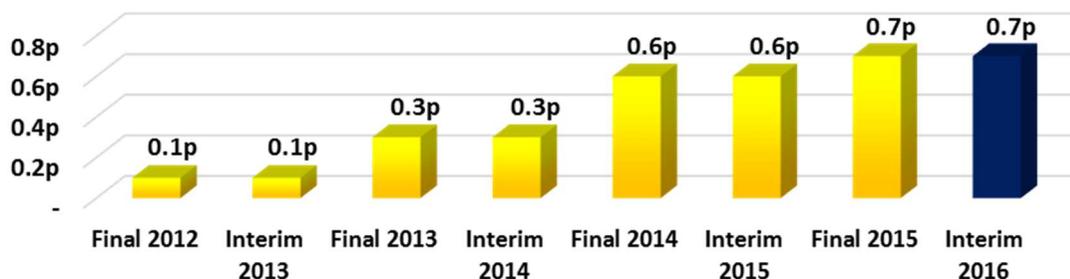
Debt: Underlying EBITDA Ratio



SUMMARY

- Debt reduction of £174m in 4 years
- Net Debt : EBITDA ratio at 0.3 which is below the lower range of our target
- £20m share buyback programme commenced on 20-May-16 with £2.6m purchases to date
- Progressive dividend policy with cover maintained

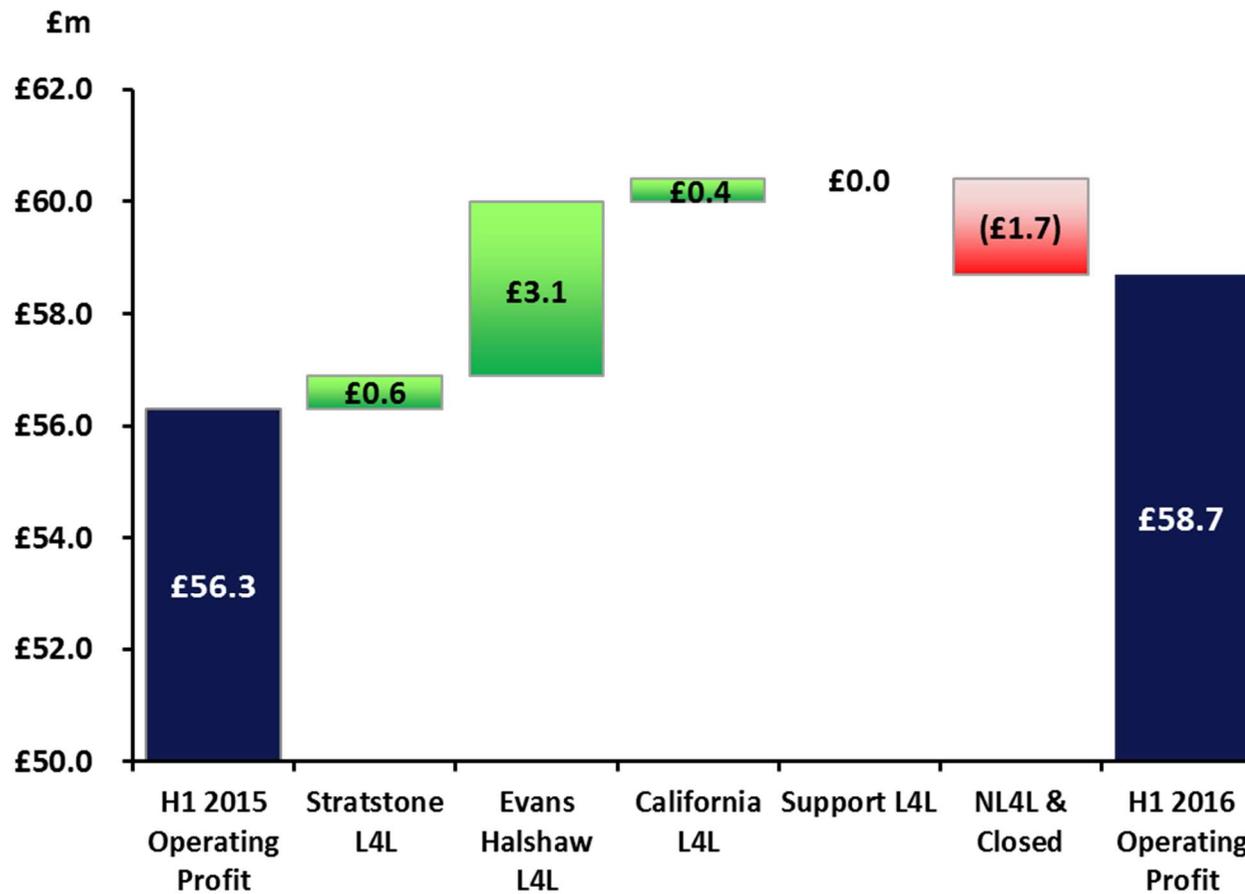
Dividend Progression



Financial Highlights – Underlying Operating Profit Up +4.3%

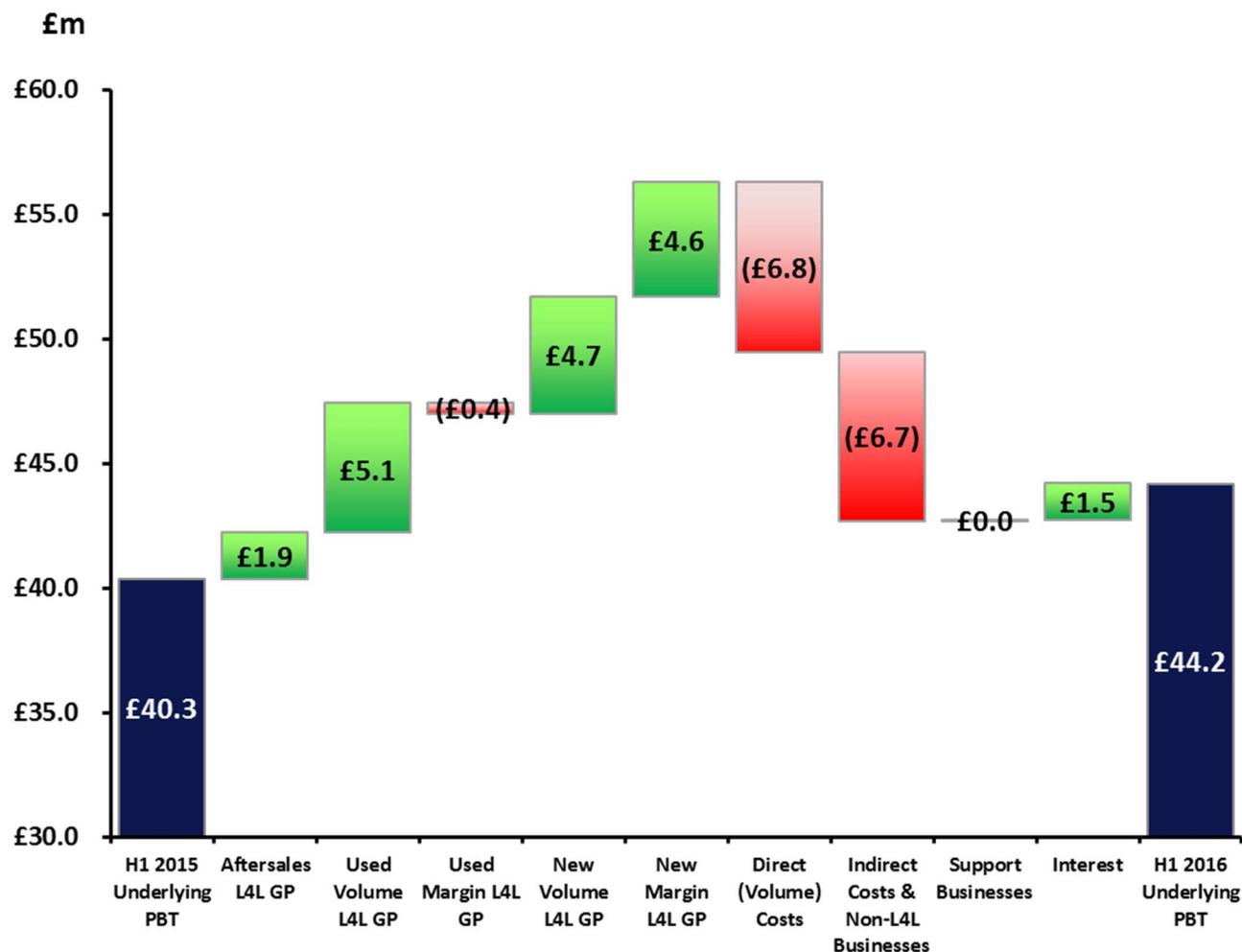
SUMMARY

- Growth in all motor division segments
- Evans Halshaw strong aftersales and new vehicle margin



Financial Highlights – Growth across all departments

SUMMARY

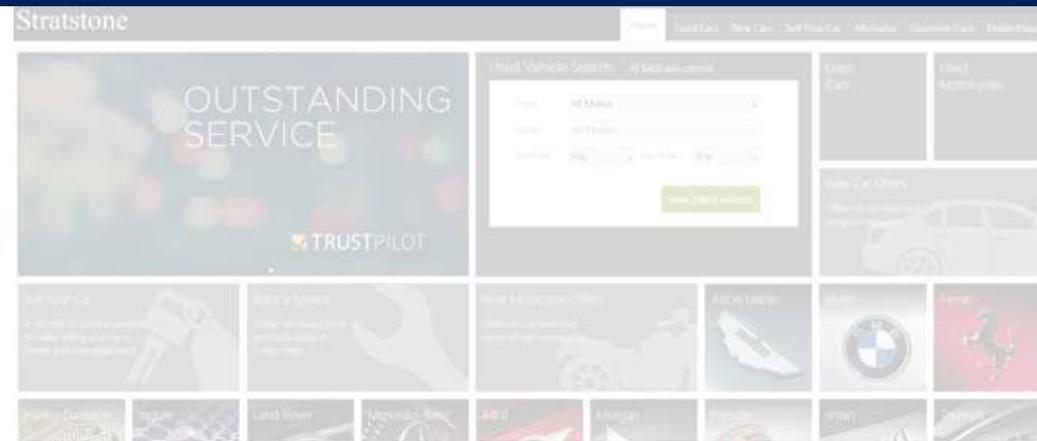


- Continued significant L4L growth across aftersales, used and new departments
- Volume cost increases in line with prior years
- Investment in people to continue in H2
- Interest savings following refinancing

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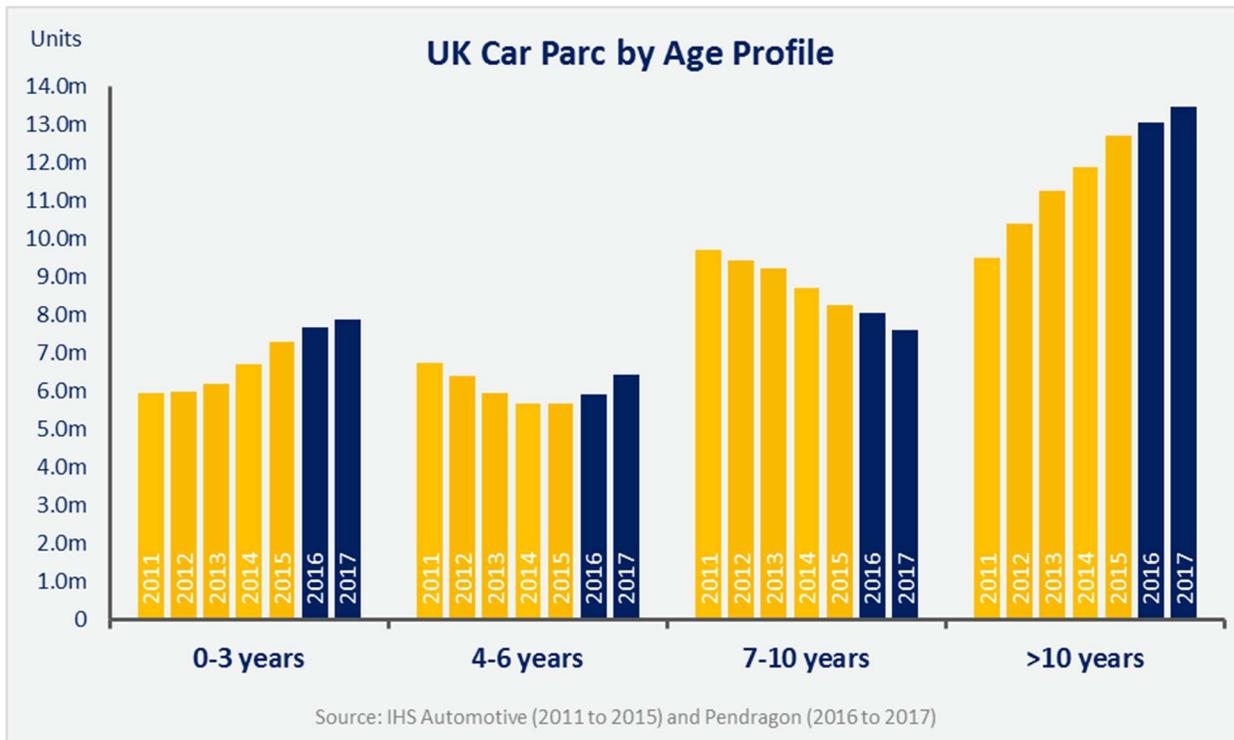
Industry Insight – Trevor Finn (CEO)



Industry Insight – Aftersales Tailwind

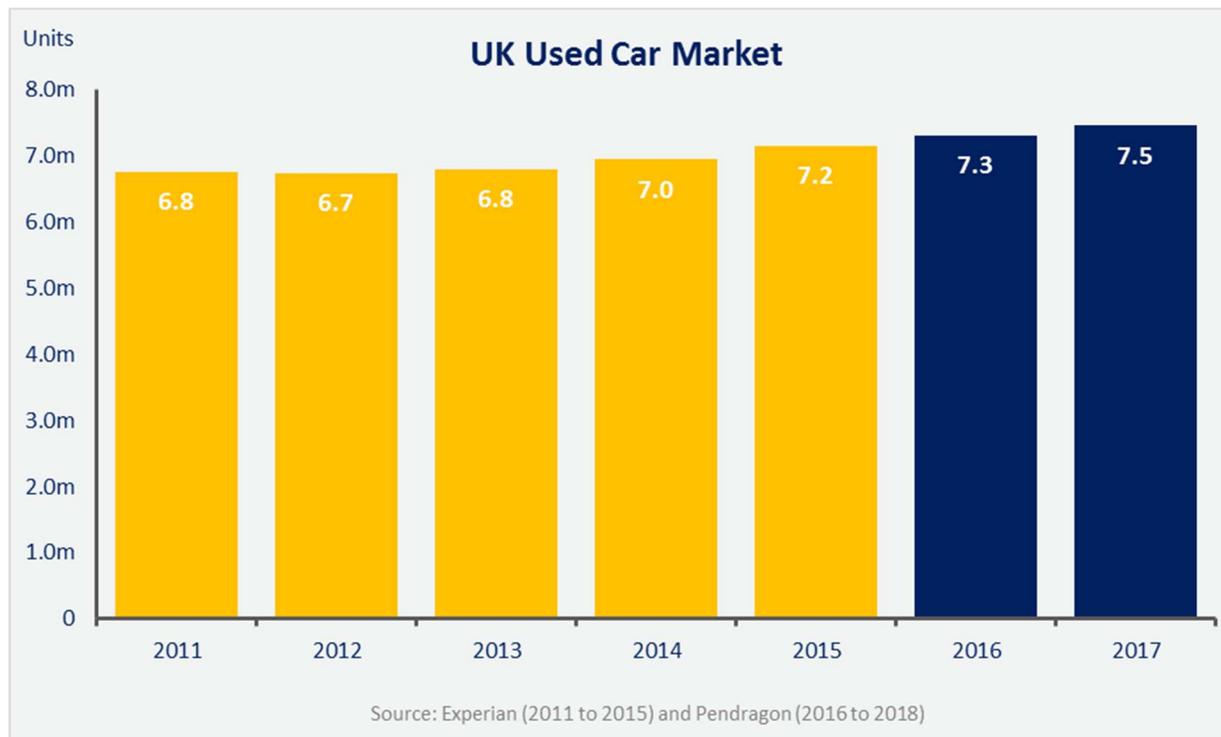
SUMMARY

- 8.6% growth in 0-3 year car parc in 2015, 5.5% forecast in 2016
- 0.1% growth in 4-6 year car parc in 2015, 4.3% forecast in 2016
- Approximately 80% of our aftersales activity is in 0-6 year old vehicles



Industry Insight – Used Car Market Incremental Growth

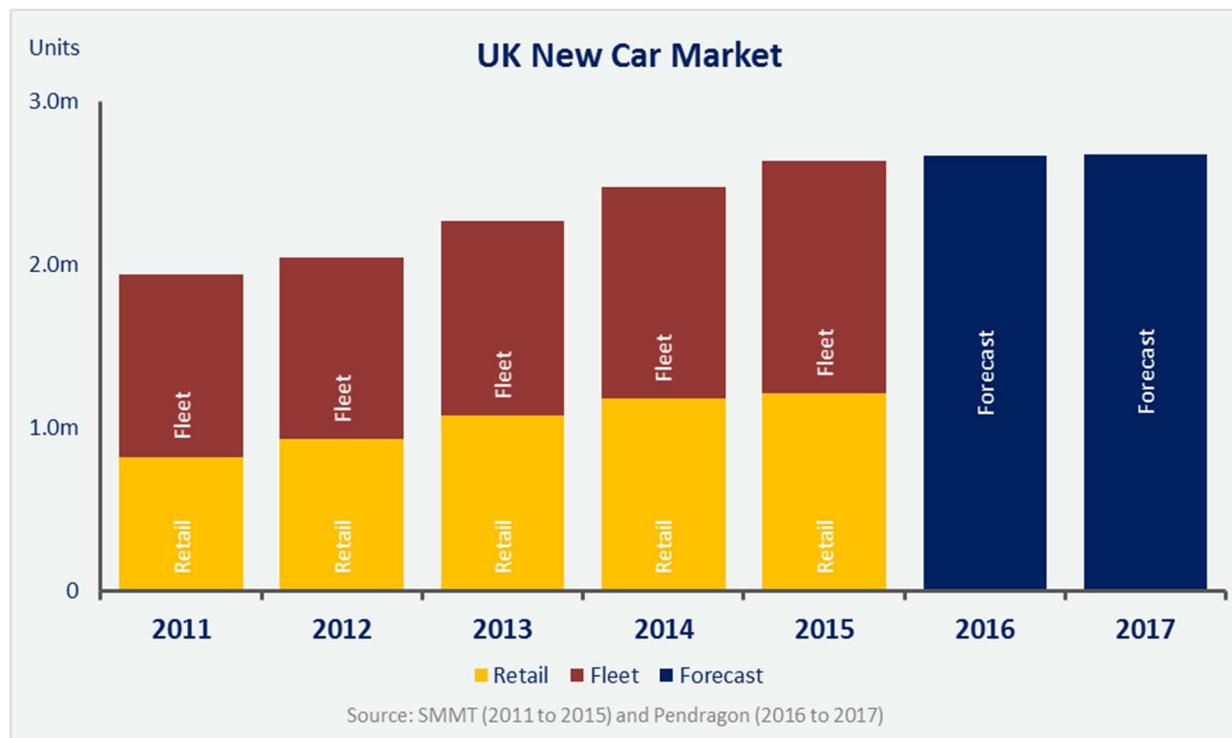
SUMMARY



- UK Used car market of 7.2m in 2015, 3.0% growth
- 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

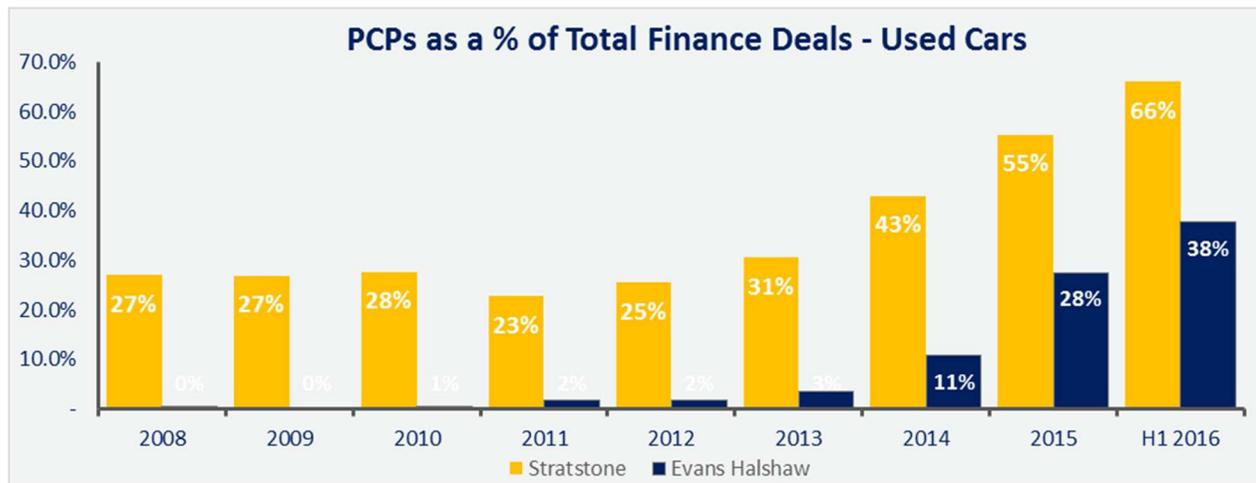
Industry Insight – New Car Market Stable

SUMMARY



- New car market growth of 3.2% in H1 2016 – retail market growth of 1.9% and fleet/business growth of 4.2%
- New car market growth forecast of 1.25% in 2016 (2.67m total market)
- Modest growth expected in 2017

Industry Insight – PCP Still Growing



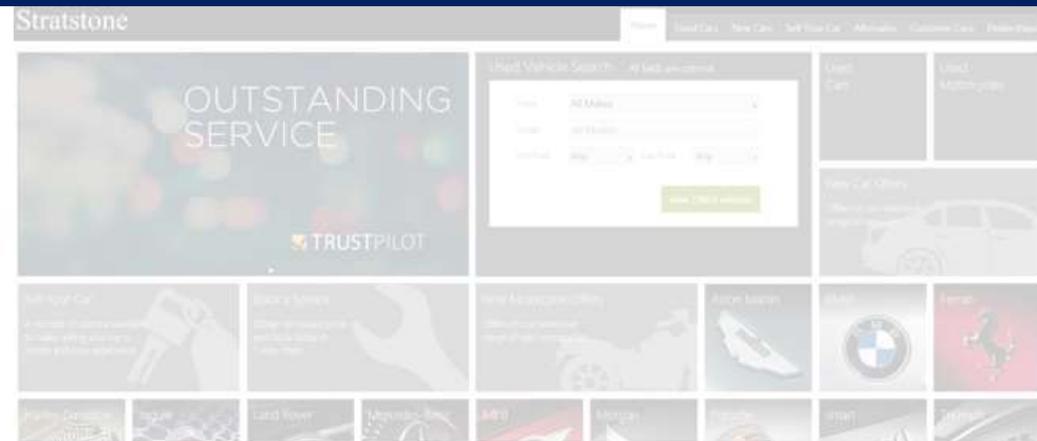
SUMMARY

- Our strong PCP rates in new provide a strong cycle of return business
- Used PCP is growing significantly in both premium and volume sectors
- Our PCP penetration rates exceed industry averages in new and used

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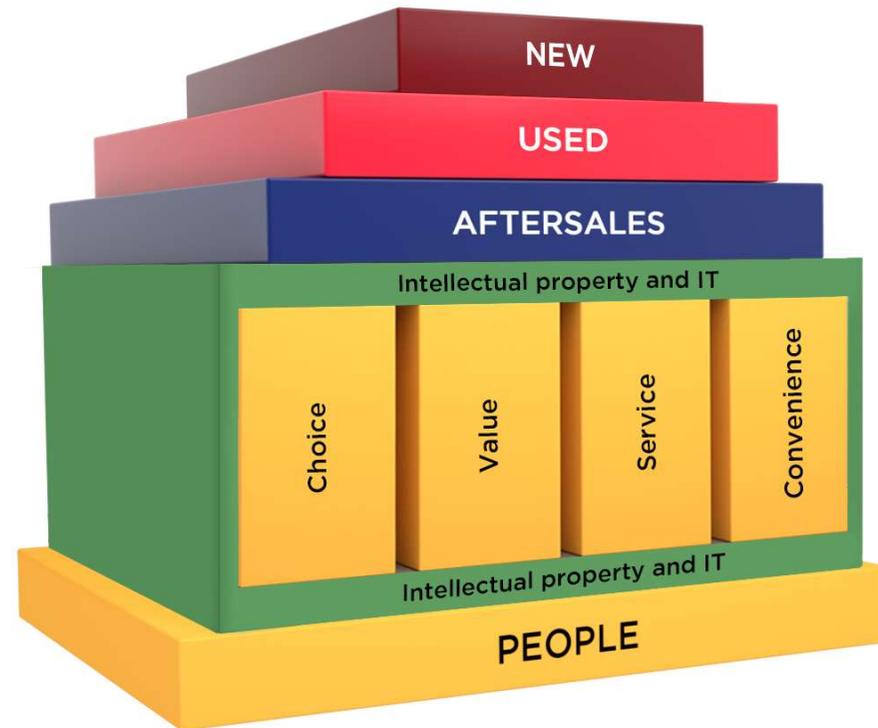


Strategic Highlights – Trevor Finn (CEO)



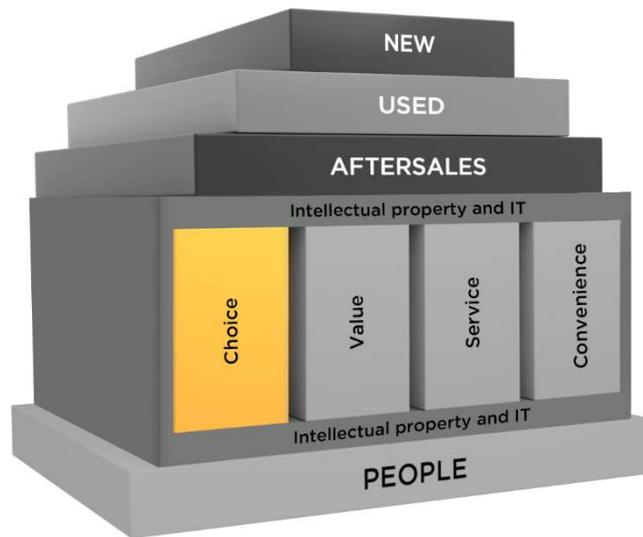
Strategic Highlights

Our strategic pillars of choice, value, service and convenience



Strategic Highlights – Choice

Choice



21.6m Stratstone.com and Evanshalshaw.com annual web visits



16.6m
YOUTUBE ADVERT
VIEWS



10.9m
YOUTUBE ADVERT
VIEWS

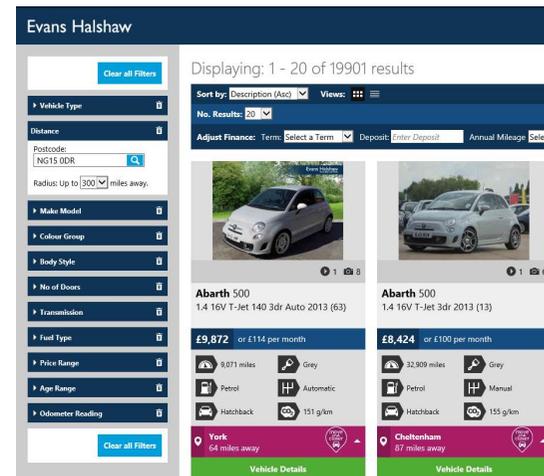
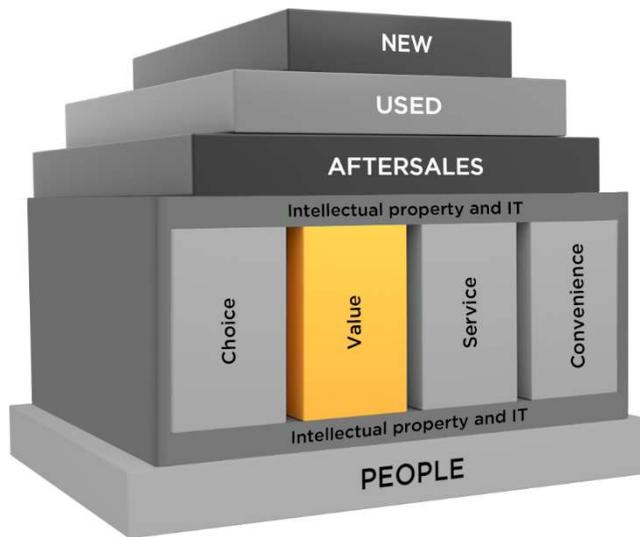
Sell Your Car



- ✓ Over 21,000 used vehicles to choose from and 21.6m visits to Stratstone.com and Evanshalshaw.com
- ✓ Sell Your Car operating from 51 locations in the UK, 10.9m YouTube views
- ✓ Move Me Closer provides extensive consumer choice through our stores

Strategic Highlights – Value

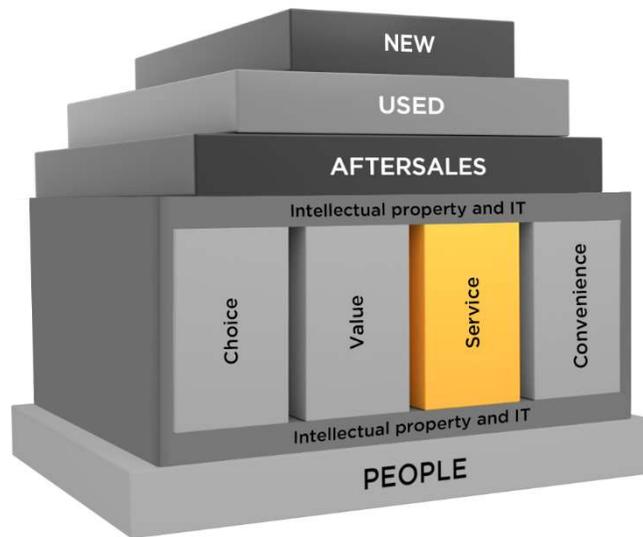
Value



- ✓ Centralised procurement and pricing ensuring value
- ✓ Used car sales are backed by our price guarantee
- ✓ Increasing source of vehicles from 'Sell Your Car' – which is better value for the consumer

Strategic Highlights – Service

Service



Stratstone



Evans Halshaw

Servicing

Manufacturer service
Essential service
Value service

Home » Aftercare » Servicing

Car Servicing



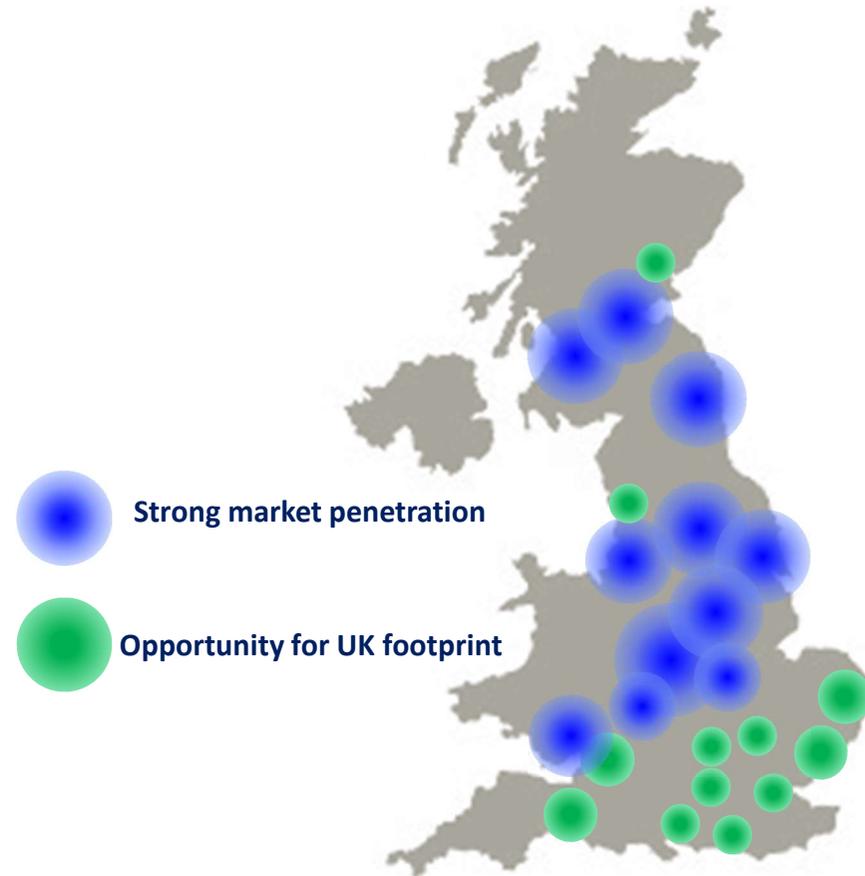
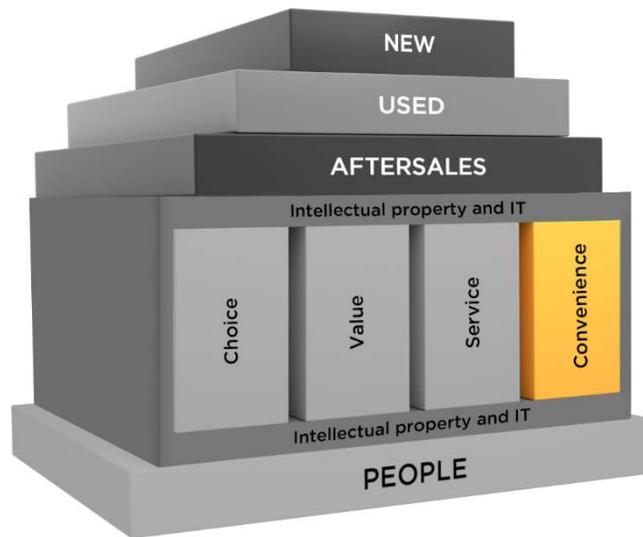
Online Car Service Booking

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

- ✓ Customers rating us 4/5 star increased to 85.7%
- ✓ Real time online service booking and VHC videos rolled out
- ✓ Continued investment to deliver Customer Satisfaction

Strategic Highlights – Convenience

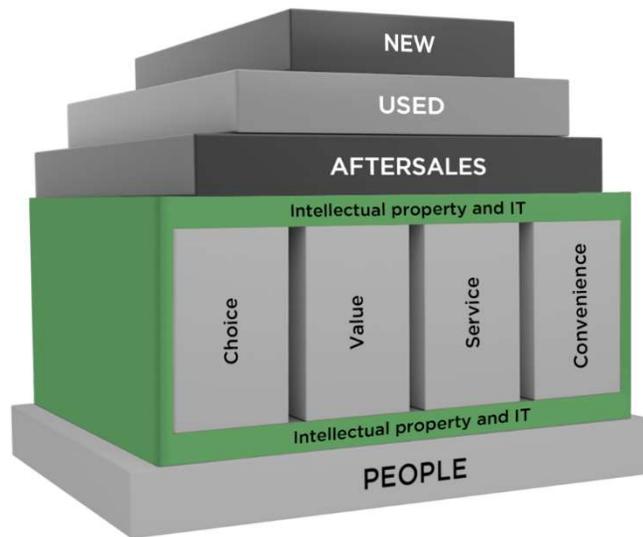
Convenience



- ✓ 206 retail points in the UK
- ✓ Eight additional sites in progress for our sales footprint expansion
- ✓ Strong balance sheet for 40 site roll-out

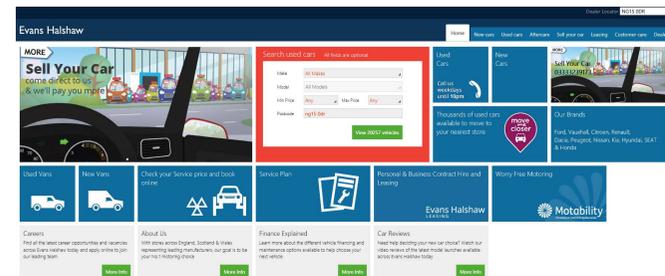
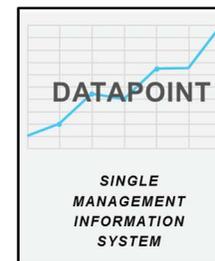
Strategic Highlights – Intellectual Property and IT

Intellectual Property and IT



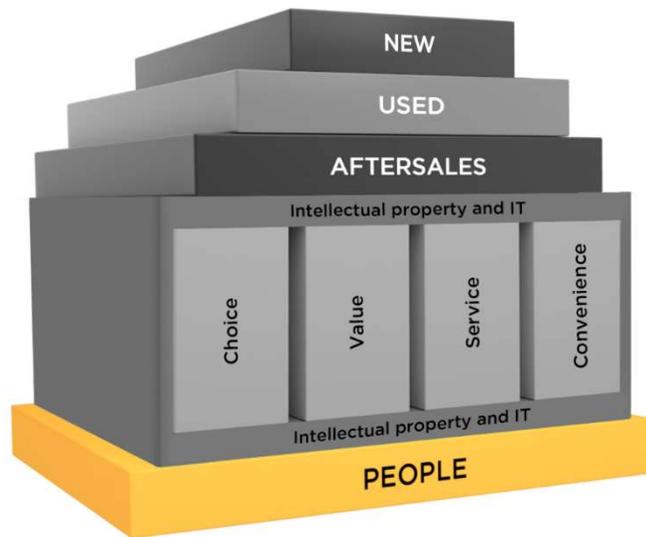
- ✓ IP and IT ownership significant differentiator
- ✓ High speed deployment capability
- ✓ Proprietary use of market intelligence

pinewood



Strategic Highlights – People

People



- ✓ Dedicated training academy for Pendragon team members
- ✓ Investment in technician resource in H2
- ✓ Online training and skills enhancement

Executive Summary

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