PENDRAGON
PLC

PENDRAGON PLC INTERIM MANAGEMENT STATEMENT
(ISSUED 22 October 2019)

This Interim Management Statement for Pendragon PLC, covers the period from 1 July 2019 to 30 September 2019. Unless otherwise stated, figures quoted in this statement are for the three months ended 30 September 2019.

- **Underlying Profit Before Tax of £3.0m –** an increase of £1.9m vs. Q3 2018 (£1.1m)
- **Like-for-like Group Revenue down 3.6% (-8.0% total)**
    - New Revenue +11.0% L4L (+4.5% total)
    - Used Revenue -16.7% L4L (-19.6% total)
    - Aftersales Revenue +0.7% L4L (-4.0% total)
    - Pinewood Revenue +13.9%
    - Leasing Revenue +4.1%
- **Like-for-like Group Gross profit down 4.9% (-9.2% total)**
    - New Gross Profit +2.0% L4L (-4.1% total)
    - Used Gross Profit -17.3% L4L (-21.0% total)
    - Aftersales Gross Profit -2.4% L4L (-6.7% total)
    - Pinewood Gross Profit +16.3%
    - Leasing Gross Profit +18.1%
- **Like-for-like Operating Costs & Interest reduced by 8.0% (-10.8% total)**

The Group returned to underlying profit before tax during the quarter, with performance levels improving steadily through the period. Good progress has been made with each of the planned operational improvements previously disclosed. A combination of better momentum during September, improved processes and good control of costs, resulted in Group underlying profit before tax of £3.0m, an increase of £1.9m against the same period in 2018.

Group like-for-like new revenue grew by 11.0%, with like-for-like gross profit up by 2.0%. The growth in sales was partially offset by lower margins from a combination of challenging economic conditions and our planned efforts to more naturally achieve manufacturer targets to minimise pre-registered vehicles.

Used revenue declined by 16.7% on a like-for-like basis (UK motor division down 12% and Car Store down 39% on a LFL basis). Overall sales volumes were lower as the Group focussed on rebuilding both the quantity and quality of the age-profile of the stock during the period, as highlighted in September. This improved profile resulted in used vehicle gross margin rates increasing steadily through the period from 5.9% in July, to 7.6% in August and then to 8.4% in September. Overall for the quarter, the gross margin rate on used vehicles was 7.3%, in line with 2018. Gross profit was down 17.3% on a like-for-like basis (UK motor division down 11% and Car Store down 49% on an LFL basis) principally driven by the lower levels of sales. The stock profile was in line with our expectations at the end of September and is now well positioned ahead of Q4.

The Group announced previously the planned closure of 22 Car Store locations (out of a total of 34). Good progress has been made with the closure programme, with the final two sites closed on 18 October 2019.

The performance in Aftersales has also stabilised during the quarter when compared to the first half of 2019, with like-for-like revenue growth of 0.7%. Gross profit declined by 2.4% on the same basis, principally driven by the impact of the increased cost of service technicians.

Pinewood has continued to perform well, delivering in line with the Group's expectation of growth in both the UK and overseas.

Good cost control across the group resulted in a reduction of 8.0% on a like-for-like basis (total down 10.8%) of total operating and interest costs.

Outlook

Whilst the improved performance during the period is encouraging, we continue to expect economic and market conditions to be challenging, with the ongoing uncertainty around Brexit impacting consumer confidence. The full-year underlying loss before tax remains in line with the Board's expectations.

Enquiries			
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