Pendragon PLC

FULL YEAR RESULTS FOR 31 DECEMBER 2020 (issued 24 March 2021)

Pendragon delivered a strong second-half result both operationally and financially, with the Group's performance in the period more than offsetting the losses incurred in the first-half driven by the disruption of the COVID-19 pandemic. As a result, the Group reported a full-year underlying profit before tax of £8.2m (FY19: underlying loss before tax of £16.4m).

The Group responded well to the changing trading dynamic over the year, supported by an incredible response from its people through a period of unprecedented disruption and change. During the first-half, the Group focused on protecting both its people and the financial health of the business. In the second half, and following on from work started before the pandemic, the Group took rapid and decisive action to realise material efficiency gains resulting in a significantly lower cost base. The Group also accelerated the development of its underlying digital capabilities improving the ability to trade across both physical and digital channels.

The Group has made great strides with the new strategy to "transform automotive retail through digital innovation and operational excellence".

The strategy includes financial targets intended to restore the Group to sustainable profit growth and deliver attractive returns for stakeholders, targeting underlying profit before tax of £85-90m by FY25. The strategy comprises three pillars:

1. Unlock value in the franchised UK motor division,
2. Grow and diversify Pinewood and
3. Disrupt standalone used cars.

January & February Trading Update

- Whilst performance has undoubtedly been impacted by the ongoing third national lock-down, the improvements made to the Group's digital proposition have enabled it to trade with a high level of resilience, with over 20,000 vehicles delivered to customers in the first two months of the year.
- Group like-for-like new car volumes are 24.3% lower year on year to the end of February, vs the SMMT reported market reduction of 38.1%, and used car volumes are down 32.8%. Aftersales has been more resilient, with gross profit down 13.1% vs last year. Overall, we are pleased with this performance against the challenging conditions of trading in lock-down.
- Sales declines have been more than offset by improved gross margins combined with the benefit of a lower cost base, resulting in an underlying loss before tax of £4.8m, an improvement of £3.4m against the same period in FY20 (FY20: Loss of £8.2m).

Group Financial Highlights

	H1 FY20 £m's	H2 FY20 £m's	**FY20 £m's**	H1 FY19 £m's	H2 FY19 £m's	**FY19 £m's**	Total change %	Like-for-like change %
Group Revenue	1,218.3	1,706.3	**2,924.6**	2,455.6	2,050.5	**4,506.1**	-35.1%	-25.5%
Underlying (Loss) / Profit before tax	(31.0)	39.2	**8.2**	(32.2)	15.8	**(16.4)**	150.0%	
Non-Underlying charge	(21.0)	(16.8)	**(37.8)**	(102.4)	4.7	**(97.7)**	61.3%	
(Loss) / Profit after tax	(41.4)	16.7	**(24.7)**	(129.6)	12.2	**(117.4)**	79.0%	

	H1 FY20 £m's	H2 FY20 £m's	H1 FY19 £m's	H2 FY19 £m's	Change vs FY19
Net Debt	(46.0)	(100.4)	(104.3)	(119.7)	16.1%

Like-for-like (LFL) results only include trading businesses which have been trading for 12 consecutive months. Reconciliations of the like-for-like figures to the total reported figures can see seen in Note 1 – Alternative Performance Measures.

Operating Highlights

- **Group Highlights**
  - Underlying losses before tax of £31.0m in H1 offset by underlying profit before tax of £39.2m in H2, resulting in FY underlying profit before tax of £8.2m.
  - Group Revenue is down 35.1% to £2,924.6m (FY19: £4,506.1m).
  - After non-underlying items the Group reported loss before tax of £29.6m (FY19: £114.1m).
  - New strategy launched and strong early progress made, including enhanced digital. capabilities and developments to vehicle acquisition processes.
  - Organisation structure review completed, delivering annual equivalent benefit of c.£35m.
  - Estate review completed and 15 stores closed, delivering an annual equivalent benefit of c.£2m.
  - Digital capabilities accelerated rapidly. Fully transactional platforms enabled, offering both click and collect and home delivery propositions for customers.

- **Franchised UK Motor**
  - Underlying operating profit up 42.3% to £18.5m (FY19 : £13.0m).
  - H1 reported underlying operating loss of £18.1m (H1 FY19 : loss of £7.7m) driven by the impact of the COVID-19 pandemic, strong recovery delivered H2 underlying operating profit of £36.6m (H2 FY19 : £20.7m).
  - Revenue and margins recovered against H1 across used, aftersales and new in H2 FY20.
  - Revenue is down 30.5% to £2,591.8m (FY19: £3,730.8m).
  - Reported operating losses after non-underlying items was £10.6m (FY19: operating losses of £96.4m).
  - Used car gross margins rose from 7.1% in H1 to 9.7% in H2, aftersales margins rose from 46.4% in H1 to 51.2% in H2 and new margins rose from 5.9% in H1 to 6.9% in H2.
  - FY Used vehicle gross profit per unit increased by £422 to £1,200 (FY19: £778).

- LFL cost reduction of 20.9%, underpinned by Government support programmes, and the review of the store estate and organisational structures.
- Total new car registrations down 29.4% in FY20, Pendragon new units sold down 29.5% on a like-for-like basis (down 32.9% total reported).

- **Software - Pinewood**
  - Operating profit down 9.7% to £12.1m (FY19: £13.4m).
  - Profitability impacted during FY20 by a combination of discounts to support customers, and lower training and implementation revenue as a result of the pandemic.
  - Pinewood continued to invest in product development to support its future geographic and product expansion.
  - Developments made to software, enabling new functionality to be introduced, initially within Pendragon.
  - Revenue is down 4.7% to £22.3m (FY19: £23.4m).

- **Car Store**
  - Underlying operating loss of £1.2m compared to an underlying loss of £25.2m in FY19.
  - Revenue is down 67.3% to £88.5m (FY19: £270.3m).
  - Further progress with performance during the second half resulted in an underlying operating profit of £0.5m in H2 FY20. (H2 FY19: underlying loss of £6.1m).
  - Profitable second-half leaves Car Store well-positioned for future growth ambition.
  - Improvement in both gross margins and operating expenses following the estate restructuring exercise in H2 FY19. Gross margin of 8.2% in FY20, up from 4.0% in FY19.
  - Gross profit per unit at £865 (FY19: £391).
  - Reported operating losses after non-underlying items was £1.3m (FY19: operating losses of £46.6m).

- **Leasing – Pendragon Vehicle Management**
  - Operating profit up 3.9% to £13.3m (FY19 : £12.8m).
  - Strong H2 with operating profit of £8.6m (H2 FY19 : £6.5m) due to strong market conditions and pent-up release of de-fleeted vehicle disposals.
  - Revenue is down 1.6% to £86.3m (FY19: £87.7m).

- **US Motor Group**
  - Los Angeles disposal was completed on 29 January 2021 for consideration of £16.3m.
  - Total current proceeds from all of the US Motor sites disposals since 2018 of £95.1m.
  - Entered agreement to sell the one remaining US Motor site, Santa Monica for £11.8m. (subject to completion adjustments), which was announced on 15 December 2020 and is expected to complete H1 2021.

Bill Berman, Chief Executive Officer

"It has been a difficult year for many people and I'd like to thank all of our team who have worked exceptionally hard throughout the COVID-19 pandemic. Their resilience and dedication meant we were able to deliver a solid performance in what has been a particularly challenging period for the car retail industry.

We took early and decisive action to ensure the safety of our associates and our customers and protect the Group's financial position. We also accelerated the development of our digital capabilities and introduced both click and collect and home delivery options for our customers. These actions, coupled with the positive progress made against our new strategy, provide us with a strong platform for the future and the results for this period show there is good momentum in the business, despite the external pressures. We are confident the improvements made to our business model over the past year leave us well positioned to navigate this period and accelerate our strategy during the course of the year and beyond."

Conference call and presentation

A presentation for analysts and investors on Pendragon's full-year results will be available to view from 7.00am today. The webcast can be found at:

https://webcasting.brrmedia.co.uk/broadcast/60523b0ecbd99d5cefbc108e

Bill Berman and Mark Willis will hold a Q&A conference call for analysts and investors at 9.30am.

Please contact pendragon@headlandconsultancy.com to register for the event.

Contacts

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Financial Summary

Consolidated Income Statement **Year ended 31 December**	**2020** **£m**	**2019** **£m**
Revenue	2,924.6	4,506.1
Cost of sales	(2,571.4)	(4,033.4)
Gross profit	**353.2**	**472.7**
Underlying operating expenses	(307.3)	(446.0)
Underlying operating profit	**45.9**	**26.7**
Underlying net finance costs	(37.7)	(43.1)
Underlying profit / (loss) before taxation	**8.2**	**(16.4)**
Non-underlying loss before taxation	(37.8)	(97.7)
Total income tax credit / (expense)	4.9	(3.3)
Total loss for the period	**(24.7)**	**(117.4)**
Earnings per share		
Basic earnings per share	(1.8)p	(8.4)p
Diluted earnings per share	(1.8)p	(8.4)p
Non GAAP Measure		

Underlying basic earnings per share	0.6p	(1.2)p
Underlying diluted earnings per share	0.6p	(1.2)p

Segmental Performance

Units Sold	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)	LFL Change (%)
Used Units								
Car Store	4,321	4,066	**8,387**	17,474	10,392	**27,866**	-69.9%	-40.4%
Franchised UK Motor	38,992	43,953	**82,945**	76,105	59,102	**135,207**	-38.7%	-33.6%
US Motor	275	258	**533**	1,452	1,046	**2,498**	-78.7%	23.3%
	43,588	**48,277**	**91,865**	**95,031**	**70,540**	**165,571**	**-44.5%**	**-34.1%**
New Units								
Franchised UK Motor	21,659	32,981	**54,640**	43,085	38,338	**81,423**	-32.9%	-29.5%
US Motor	945	1,219	**2,164**	3,413	2,662	**6,075**	-64.4%	-22.5%
	22,604	**34,200**	**56,804**	**46,498**	**41,000**	**87,498**	**-35.1%**	**-29.2%**

£m	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)	LFL Change (%)
Revenue								
Car Store	43.1	45.4	**88.5**	170.8	99.5	**270.3**	-67.3%	-35.1%
Franchised UK Motor	1,067.1	1,524.7	**2,591.8**	1,999.2	1,731.6	**3,730.8**	-30.5%	-26.4%
Software	10.8	11.5	**22.3**	11.3	12.1	**23.4**	-4.7%	-4.7%
Leasing	37.3	49.0	**86.3**	56.3	31.4	**87.7**	-1.6%	-1.6%
US Motor	68.5	89.4	**157.9**	233.9	188.4	**422.3**	-62.6%	-15.1%
Inter-segment revenue	(8.5)	(13.7)	**(22.2)**	(15.9)	(12.5)	**(28.4)**	21.8%	21.8%
	1,218.3	**1,706.3**	**2,924.6**	**2,455.6**	**2,050.5**	**4,506.1**	**-35.1%**	**-25.5%**
Gross Profit								
Car Store	2.9	4.4	**7.3**	5.3	5.6	**10.9**	-33.5%	-9.2%
Franchised UK Motor	108.9	180.9	**289.8**	182.2	189.4	**371.6**	-22.0%	-18.3%

Software	9.9	10.6	**20.5**	10.4	11.1	**21.5**	-4.7%	-4.7%
Leasing	6.7	10.9	**17.6**	8.4	8.7	**17.1**	2.9%	2.9%
US Motor	9.0	14.3	**23.3**	31.4	25.3	**56.7**	-58.9%	-5.8%
Inter-segment revenue	(2.1)	(3.2)	**(5.3)**	(2.5)	(2.6)	**(5.1)**	-3.9%	-3.9%
	135.3	**217.9**	**353.2**	**235.2**	**237.5**	**472.7**	**-25.3%**	**-16.0%**
Underlying Operating Profit								
Car Store	(1.7)	0.5	**(1.2)**	(19.1)	(6.1)	**(25.2)**	95.2%	84.8%
Franchised UK Motor	(18.1)	36.6	**18.5**	(7.7)	20.7	**13.0**	42.3%	13.2%
Software	5.9	6.2	**12.1**	6.5	6.9	**13.4**	-9.7%	-9.7%
Leasing	4.7	8.6	**13.3**	6.3	6.5	**12.8**	3.9%	3.9%
US Motor	(1.6)	4.8	**3.2**	3.3	9.4	**12.7**	-74.8%	-62.1%
	(10.8)	**56.7**	**45.9**	**(10.7)**	**37.4**	**26.7**	**71.9%**	**3.4%**
Gross Margin %	**11.1%**	**12.8%**	**12.1%**	**9.6%**	**11.6%**	**10.5%**	**1.6%**	**1.3%**
Underlying Operating Margin %	**(0.9)%**	**3.3%**	**1.6%**	**(0.4)%**	**1.8%**	**0.6%**	**1.0%**	**0.5%**
Operating (Loss) / Profit	**(31.2)**	**40.4**	**9.2**	**(114.1)**	**43.0**	**(71.1)**	**112.9%**	

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Chief Executive's Review

2020 was a year unlike any other, and given the circumstances, I am incredibly pleased with the way our teams have responded, and proud of the operational and financial results we delivered. Our performance was quite clearly defined by the changing external environment and varying restrictions in place across the two halves of our financial year. In the first-half, our focus was on managing disruption from the first national lockdown and adjusting to the changing market dynamics, while the second-half saw adaptations to our ways of working as well as a recovery.

Managing the COVID-19 pandemic

The Group's primary focus was the health and wellbeing of its customers and associates, safety measures put in place to safeguard both of these groups.

Our ability to operate was impacted by changing regulations during the year, with full national lock-downs applying between 23 March and 1 June, and again during November. The first lock-down resulted in restrictions that severely limited trading activity from the end of March through to the end of April, followed by a gradual, cautious, reopening of service centres in May.

The business worked hard to safely reopen locations at the beginning of June and then showed agility in responding to various geographic tier restrictions across the UK during the remainder of the year. During the periods where restrictions on trading were in place, the Group accelerated the development of its digital capabilities and introduced online payment functionality, click and collect and home delivery options. This left the business in a better position going into the second national lockdown in November, with the Group also carrying out aftersales services more comprehensively than in the first lockdown.

At the start of the pandemic, rapid and decisive action was taken to protect cash. The Group was grateful to be able to utilise Government support measures via the Coronavirus Job Retention Scheme (CJRS), through rates holidays and through the VAT deferral. In total, the Group received c.£42m of furlough support in FY20 and c.£10m in rates relief during FY20. In addition to this, the Group took additional measures to minimise cash outflow, such as reduced capital expenditure, agreements with OEMs and stocking loan providers to temporarily extend vehicle payment terms, voluntary management pay reductions and the temporary movement to monthly rental payments.

We saw the benefits of our diverse offer in this early phase of the pandemic as both Pinewood and PVM continued trading throughout, providing support to their respective customer bases. Whilst these divisions were able to continue to trade, there were inevitable impacts on performance as a result of the disruption. Pinewood in particular was able to support its customer base through discounts offered during the first lockdown.

As restrictions were lifted, the Group developed and implemented a comprehensive reopening plan, with a gradual, phased return to work for associates based on a data-led approach of matching resource to an increasing consumer demand whilst still utilising CJRS where required.

Despite all the available actions taken, COVID-19 had a material impact on the Group's reported underlying profit before tax, with management estimating the financial impact on H1 FY20 to be approximately £44m. As a result of this disruption, the Group reported an H1 underlying loss before tax of £31.0m. After non-underlying items the Group reported a H1 loss before tax of £52.0m.

Strong recovery in performance in H2

Work to review the Group's operating cost base had started prior to COVID-19, but was accelerated by the pandemic. During the lock-down periods we saw strong efficiency gains from a smaller workforce, and, as a result of this and our prior work, we were able to implement changes to our structure to maximise these gains, reducing headcount to deliver annual equivalent savings of £35m.

In addition to reviewing our operating model, we also successfully concluded a review of our store estate, which led to a conclusion that a further 15 stores did not form part of our future estate plan. The closure of these stores was completed during the second-half. Prior to the pandemic, these stores collectively lost c.£2m per annum.

Good early progress was made with Group strategic initiatives, such as the review of the store estate and operating structure. I am also particularly pleased with the developments we have made to our digital capabilities, which have provided us with the ability to offer comprehensive click and collect and home delivery propositions, which supported the performance of the business during localised tiering restrictions and during the November national lock-down. We further bolstered our online offer, by enabling digital finance and insurance sales as we move to develop an end-to-end online proposition for those who choose to shop this way. We have also made a number of efficiency improvements to the vehicle acquisitions process, which, as they scale, will lead to improved conversion and better margins.

This investment in digital capabilities ensured the financial impact of the November national lockdown was significantly mitigated, with the Group recording a materially lower loss than seen in the first lock-down period. The Group recorded an underlying loss of £2.0m in November, which was substantially lower than the losses in the initial lock-down periods, where such mitigation was not available and trading levels were minimal.

More importantly, the Group reported H2 underlying profit before tax of £39.2m, more than offsetting H1 losses and resulting in a full-year underlying profit before tax of £8.2m.

After non-underlying items the Group reported a full-year loss before tax of £(29.6)m.

Group Strategy

During FY20 we also completed a review of the Group's strategy, and launched our plan to "transform automotive retail through digital innovation and operational excellence". This strategy sets out our ambition to return the Group to sustainable levels of profit growth, targeting underlying profit before tax of £85-90m by FY25 and positions us to meet evolving customer needs.

I believe we are uniquely positioned, given our strong portfolio of assets and variety of divisions, to deliver on our three strategic priorities for growth and transformation. These include taking advantage of a significant opportunity to unlock the value in the UK motor division, accelerating Pinewood's geographic expansion and diversification into new products and disrupting standalone used car sales in the UK.

Despite the challenges of the pandemic, we have made good initial progress against this strategy and have delivered a number of key changes during FY20. We have also been able to develop our plans in more detail and I remain confident in the potential of this plan as we continue to implement it during FY21.

Overall, I am very pleased with the progress the Group has made during what has undoubtedly been a challenging year. Our teams have risen to each and every challenge put in front of them, enabling us to demonstrate the underlying strength in the organisation during the second-half in particular. As well as dealing with the shifting landscape we have had to operate in, we have set out a comprehensive plan and started to deliver against it.

Outlook

We are confident in the opportunity that our strategy provides, and will continue to make progress against our objectives, building a strong and profitable business. At this point, we remain cautious about the shorter-term economic outlook as Government support is gradually withdrawn, and the Board notes the potential for short-term constraints in new vehicle supply, but I am confident our business model has adapted to be resilient in the current conditions, and that we are well positioned to capitalise on the potential for any pent-up demand that may exist as our stores fully reopen in April.

Bill Berman
Chief Executive

24 March 2021

Operating and Financial Review by Segment

- The business is organised into 5 segments, analysed as follows:
    - Franchised UK Motor – sale and servicing of vehicles in the U.K.
    - Software – Licencing of Software as a Service to global automotive business users
    - Car Store – Own brand proposition for the sale of used vehicles in the U.K.
    - Leasing – Fleet and contract hire provider. Source of used vehicle supply
    - US Motor – Sale and servicing of vehicles in the U.S.

Franchised UK Motor

£m	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)
Used Revenue	£509.2m	£648.3m	**£1,157.5m**	£959.4m	£743.0m	**£1,702.4m**	-32.0%
Aftersales Revenue	£97.7m	£128.6m	**£226.3m**	£168.0m	£158.2m	**£326.2m**	-30.6%
New Revenue	£460.2m	£747.8m	**£1,208.0m**	£871.8m	£830.4m	**£1,702.2m**	-29.0%
Total Revenue	**£1,067.1m**	**£1,524.7m**	**£2,591.8m**	**£1,999.2m**	**£1,731.6m**	**£3,730.8m**	**-30.5%**
Used Gross Profit	£36.4m	£63.1m	**£99.5m**	£47.0m	£58.2m	**£105.2m**	-5.4%
Aftersales Gross Profit	£45.3m	£65.9m	**£111.2m**	£83.7m	£77.8m	**£161.5m**	-31.1%
New Gross Profit	£27.2m	£51.9m	**£79.1m**	£51.5m	£53.4m	**£104.9m**	-24.6%
Total Gross Profit	**£108.9m**	**£180.9m**	**£289.8m**	**£182.2m**	**£189.4m**	**£371.6m**	**-22.0%**
Gross margin rate	*10.2%*	*11.9%*	***11.2%***	*9.1%*	*10.9%*	***10.0%***	1.2%
Underlying Operating Expenses	£(127.0)m	£(144.3)m	**£(271.3)m**	£(189.9)m	£(168.7)m	**£(358.6)m**	-24.3%
Underlying Operating (Loss) / Profit	**£(18.1)m**	**£36.6m**	**£18.5m**	**£(7.7)m**	**£20.7m**	**£13.0m**	**42.3%**
Underlying Operating margin rate	*(1.7)%*	*2.4%*	***0.7%***	*(0.4)%*	*1.2%*	***0.3%***	0.4%
Stocking Interest	*£(7.4)m*	*£(5.3)m*	*£(12.7)m*	*£(8.5)m*	*£(7.3)m*	*£(15.8)m*	*-19.6%*
Profit after Stocking Interest	*£(25.5)m*	*£31.3m*	*£5.8m*	*£(16.2)m*	*£13.4m*	*£(2.8)m*	*107.1%*
Operating (Loss) / Profit	**£(32.0)**	**£21.4**	**£(10.6)**	**£(92.0)**	**£(4.4)**	**£(96.4)**	**89.0%**
Total Revenue Change	-46.6%	-11.9%	**-30.5%**				
Like-for-like Revenue Change	-43.7%	-6.9%	**-26.4%**				
Used Units Sold	38,992	43,953	**82,945**	76,105	59,102	**135,207**	-38.7%
New Units Sold	21,659	32,981	**54,640**	43,085	38,338	**81,423**	-32.9%
Used GPU [2]	£934	£1,437	**£1,200**	£618	£985	**£778**	54.2%
New GPU [2]	£1,256	£1,574	**£1,448**	£1,195	£1,393	**£1,288**	12.4%
Number of Locations	160	144	**144**	170	165	**165**	-12.7%
Average Used Selling Price [3]	£12,528	£13,613	**£13,126**	£11,761	£11,785	**£11,771**	11.5%
Average New Selling Price [3]	£21,400	£22,689	**£22,185**	£20,185	£21,982	**£21,041**	5.4%

[1] Stocking interest. Whilst stocking interest is an interest expense and not part of operating profit, it is a cost directly related to the trading performance of both new and used cars. It is included as an alternative performance measure in the table above for information.

[2] GPU = Gross Profit per Unit. It is calculated as total New/Used GP divided by total New/Used retail units sold.

[3] Trading dealerships only. The used selling price is retail vehicles only and excludes any trade vehicles. The new selling price excludes vehicles sold by our fleet business (National Fleet Solutions).

Operating Review

The Franchised UK Motor business operated from 142 franchise points and two used cars only retail points. The points represent a range of volume and premium products offering both sales and service functions.

H1 FY20

H1 FY20 performance reflected the unprecedented impact of the COVID-19 pandemic and the full national lock-down from 23 March to the end of May.

During the enforced lock-down the Group accelerated the development of its online capabilities, which were further advanced throughout the year, including the introduction of click and collect and home delivery, enabling the Group to continue trading during subsequent closures. New safe-working protocols were developed to allow our associates and customers to work and shop in COVID-19 secure facilities.

The Group was able to access the various Government measures such as furlough and rates relief, as well as support from OEM partners and stocking loan providers.

The impact of COVID-19 accelerated a review of the Group's future operating model which had already commenced before the pandemic struck. As a result of the review, and supported by efficiency gains evidenced during reopening, the Group took the decision to introduce a leaner operating model with reduced headcounts. The process was successfully completed during the second-half of FY20, with the total number of roles reduced by approximately 1,400, delivering annual benefits of c.£35m when compared to the cost base before the pandemic. These cost reductions resulted in a more efficient operating structure, enabling higher operating margins across new, used and aftersales divisions.

In line with our strategy, a review of the store estate was also accelerated (and store closures subsequently completed during H2) which resulted in the closures of 15 locations and a reduction of approximately 400 further roles. These closed stores made a combined cumulative loss of c.£2m in FY19, prior to the pandemic. These decisions, whilst difficult to make, put the Group in a stronger position going forwards. In addition to these closures, the Group had already closed five Vauxhall sites and one Ford site during the first-half as a result of manufacturer estate review.

The UK new car market, as reported by the Society of Motor Manufactures and Traders (SMMT) volumes were down 48.5% in H1, with sales severely impacted due to the lock-down. The Group's UK new car volumes were broadly in line with the market and were down 47.9% on a like-for-like basis in the first-half of the year (down 49.7% on a total reported basis).

The used market volumes were down 28.7% in the first-half with like for like Franchised UK motor used car volumes down 47.6%. The Group was down more than the market from a volume perspective principally as a result of increased volumes in H1 FY19 driven by the large-scale stock clearance activity completed.

Aftersales revenue also declined in the period, down by 41.8%, partially mitigated by the small number of service centres that were kept open initially during April, ahead of a wider reopening through May.

H2 FY20

Performance rebounded strongly during the second-half, underpinned by the reduced cost base, higher efficiency levels, a strong market for used car residual values, focused inventory management and a good performance in new car sales. The Group re-opened cautiously through the early part of the second-half, building demand across vehicle sales and aftersales, and continued to be impacted by tiering and lockdown restrictions, in particular during the national lock-down in November.

The improvements made to the Group's digital offering, including fully transactional websites, together with improved operating procedures in stores meant the Group was able to better mitigate the impact of the November lock-down and tiering restrictions. In particular in November, the Franchised UK motor division was able to achieve around 70% of vehicle sales and over 90% of aftersales gross profit compared to the same month in FY19. This was a significant improvement compared to the initial lock-downs in H1, and combined with the lower cost base, provides improved confidence in the Group's resilience to trade through any further lock-down conditions.

New car volumes, which were down 6.3% on a like-for-like basis during H2, performed in line with the UK new car market, as reported by the SMMT which was down 6.2% in H2, however Pendragon outperformed the market in the brands which it represents, with the market in these brands being down 10.3%. This robust performance against the market, was also supported by improved new gross margin, at 6.9% during H2 (H2 FY19: 6.4%), supported by guaranteed margin targets from a number of the OEMs.

Market used car volumes were down 0.5% in the second-half with Franchised UK motor used units down 19.3%. The Group was down more than the market from a volume perspective principally as a result of store closures combined with a focus on the quality of inventory and a cautious approach to reopening following the first national-lockdown. The improved focus on used car management, both in terms of inventory turn and resulting from tactical improvements to the Group sourcing, supported by strong market-led residual values resulted in a used gross margin of 9.7% in H2 (FY19 H2: 7.8%). The used gross profit per unit, the key measure of vehicle margins, improved by £452 per unit in H2, to £1,437.

Aftersales capacity was accelerated gradually as the business reopened and as demand built during the second-half, but continued to be partially restricted by reduced travel as a result of 'stay at home' messages and restricted capacity in some sites whilst employing safe working practices. As a result, aftersales revenue was down 13.2% on a like-for-like basis in H2. Due to the productivity improvements made aftersales gross margin was 51.2% in H2, compared to 49.2% in H2 FY19.

Strategic review

In September, the Group launched its revised strategy to improve performance and unlock significant value in the franchised UK Motor division through actions to:

1. Accelerate digital innovation
2. Drive operational excellence and embed consistent best practice
3. Operate from a lean and efficient cost base

These initiatives have been designed to drive improvements in used car margins, aftersales profitability and operating cost efficiency.

Accelerate digital innovation

The pandemic has driven a shift in UK consumption habits with consumers adopting new digital, and low-touch activities. We responded rapidly by strengthening each of our digital, click and collect and home delivery capabilities during lock-down so we could continue to trade. Whilst we fundamentally believe that there will always be a major role for bricks and mortar in vehicle purchasing, we expect these shifts in consumption habits to be permanent and that better digital and fulfilment experiences will be necessary to augment physical retailing.

In addition to the changes we made to enable online transactions early in the pandemic we made further progress in the second-half of FY20 to build digital capability which allows customers to purchase used vehicles with finance online, complementing the capability that had been built in H1 to purchase with cleared funds. To date, this capability has been added to the Car Store business and across Evans Halshaw. In addition to finance products, we are developing the capability to purchase general insurance products via digital channels.

During FY21 we will start work to develop an enhanced used vehicle acquisition and management platform. By utilising the Pinewood DMS system, we will build capability to utilise data to improve the processes for vehicle acquisition, removing manual processes, improving the efficiency and thereby enhancing the margin we achieve from used vehicle inventory. We will also develop automated inventory management capability to reduce, through better use of data, the average number of days vehicles are held in stock, also improving margin. Finally, we will develop dynamic used pricing capability by harnessing both internal and external data to optimise the pricing of used vehicle inventory in a timelier manner. Each of these improvements will ultimately drive higher margins.

Drive operational excellence and best practice

There is further opportunity for us to improve performance through better operational practice, driving efficiencies. We are developing focused internal reporting to improve insight into performance into areas such as vehicle preparation efficiency and sales force effectiveness. These improvements will also reduce costs, and improve profit margins.

In H2, we completed a competitive review of our used car warranty products, which has resulted in a number of changes. We have introduced a new three-year product to complement existing one and two-year offers. We also completed a review of pricing of these products, identifying opportunities to increase certain products, when benchmarked against the market. Over time, we will further develop the offer to provide customer centric solutions more tailored to the make, model and age of the vehicle. We also made tactical improvements to the way used car stock is acquired, driving improvements to the level of associate utilisation of tools resulting in an improved customer journey and conversion rates.

During FY21, we will start to implement opportunities and initiatives to drive substantial improvements to aftersales gross margin. These will include improvements to the store process, for example conversion rates of customer vehicle health checks, in order to improve technician productivity. In addition, we will introduce changes to improve cross-business consistency in the application of labour charge-out rates and use new system capabilities to both improve penetration rates on service plans and dealer guarantees, together with the introduction of new ancillary products.

Operate from a lean and efficient cost base

In FY20 we successfully made significant changes to our store and regional operating teams in order to right-size the model and to embed the efficiency gains we have delivered during the COVID-19 pandemic, which will deliver c.£35m of annual benefit. During FY21 we will continue to explore further cost base efficiencies across the property portfolio and through the replacement of manual process with systemic solutions and through reviewing existing key contracts and services.

Financial Review

Revenue decreased by 30.5% in FY20 (26.4% down on a like-for-like basis). In the first-half of FY20 revenue fell by 46.6% (43.7% on a like-for-like basis), and by 11.9% (6.9% on a like-for-like basis) in the second-half for the reasons outlined above.

Gross profit fell by 22.0% in FY20 (18.3% down on a like-for-like basis) to £289.8m. In the first-half of FY20 there was a gross profit reduction of 40.2% (38.3% on a like-for-like basis), and of 4.5% (an increase of 0.8% on a like-for-like basis) in the second-half. The improvements in gross margin rates across all of new, used and aftersales in the second-half of the year resulted in a like-for-like increase in gross margin despite the revenue decline.

Underlying operating expenses have decreased by 24.3% (20.9% decrease on a like-for-like basis) to £271.3m. Due to the severe impact of the pandemic, the majority of Government support, such as the Coronavirus Job Retention Scheme and the business rates holiday, was required to support the Franchised UK motor division.

This, combined with cost actions taken during the first-half, store closures and the restructuring activity in the second-half resulted in an £85m cost reduction compared to FY19.

In total, the division delivered an £18.5m underlying operating profit in FY20 (FY19: £13.0m), with the previously reported first-half underlying operating losses of £18.1m (H1 FY19: £7.7m) offset by the significantly improved performance of the second-half underlying operating profit of £36.6m (H2 FY19: £20.7m).

Reported operating losses after non-underlying items were £10.6m (FY19: operating losses of £96.4m).

Software

£m	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)
Revenue	**£10.8m**	**£11.5m**	**£22.3m**	**£11.5m**	**£11.9m**	**£23.4m**	**-4.7%**
Gross Profit	**£9.9m**	**£10.6m**	**£20.5m**	**£10.4m**	**£11.1m**	**£21.5m**	**-4.7%**
Gross margin rate	*91.7%*	*92.2%*	***91.9%***	*90.4%*	*93.3%*	***91.9%***	-
Operating Expenses	£(4.0)m	£(4.4)m	**£(8.4)m**	£(3.9)m	£(4.2)m	**£(8.1)m**	-3.7%
Operating Profit	**£5.9m**	**£6.2m**	**£12.1m**	**£6.5m**	**£6.9m**	**£13.4m**	**-9.7%**
Operating margin rate	*54.6%*	*53.9%*	***54.3%***	*56.5%*	*58.0%*	***57.3%***	*-3.0%*
Revenue Change	-6.1%	-3.4%	**-4.7%**				

A more detailed breakdown of the Pinewood financials for FY20 can be seen below:

£m	Contribution from Pendragon	Contribution from external customers	**Pinewood PLC standalone result**	Share of Pendragon Group overheads	**Pinewood segment as reported in Pendragon Group accounts**
Revenue	£5.3m	£17.0m	**£22.3m**	-	**£22.3m**
Gross Profit	£4.8m	£15.7m	**£20.5m**	-	**£20.5m**
Operating Expenses	£(1.6)m	£(6.5)m	**£(8.1)m**	£(0.3)m	**£(8.4)m**
Operating Profit	**£3.2m**	**£9.2m**	**£12.4m**	**£(0.3)m**	**£12.1m**

Operating Review

Pinewood, a software business, provides Software as a Service ("SaaS") in the UK and in a number of countries worldwide.

The UK Dealer Management Systems (DMS) market for Franchised Motor Dealers is estimated to be worth over £100million. Three DMS providers dominate the UK market. The global DMS market is highly fragmented, with over 50 different DMS providers within Europe alone.

Pinewood's unique approach to the DMS market is characterised by:

- a single product capable of global deployment, which simplifies future developments to the system and reduces operating expenses;
- a feature-rich cloud-based solution, with no need for costly third-party add-ons;
- focus on strong manufacturer partnerships and supporting dealer profitability; and
- commitment to using the latest technology to reshape motor retail.

Pinewood was an early adopter of the SaaS business model and has focused on developing recurring revenue streams. Today, around 90% of Pinewood's revenues are on a recurring basis. Whilst Pendragon remains an important customer to Pinewood, as Pinewood has grown, Pendragon's proportion of the Pinewood total customer base has been diluted to c.21%, with intra-group charging maintained at a competitive market rate.

During FY20, overall net user numbers (excluding Pendragon) were flat, with 20% increase in international markets offsetting a 2% reduction in mature markets in challenging, COVID-19 related, market conditions. Pinewood was delighted to support its user base by offering a discount during the height of the pandemic.

In addition, Pinewood introduced a number of new capabilities during the year to enhance capabilities during the pandemic, including an eLearning platform for all users to support training whilst many people have been working remotely. It also introduced an online integrated payment platform for both Sales and Aftersales invoices, enabling secure online customer payment. Finally, it developed integration of remote signature capability of job cards and order documentation, ensuring compliance whilst maintaining a touchless, remote experience for customers.

Pinewood delivered a strong performance during the challenging trading conditions presented by the COVID-19 pandemic. The Company has been able to ensure full continuity of its services and has further developed the DMS to assist its customers in the new retail environment. Despite the travel limitations arising from the pandemic, Pinewood was able to grow user numbers in its new international markets by 20% compared to FY19. In the UK market (excluding Pendragon), user churn remained in line with historic levels. However, as a result of the pandemic, new users were added at a slower rate than planned resulting in a small net reduction in overall UK user numbers.

Strategic Review

As part of its Group strategy presentation, Pendragon announced its plan to 'grow and diversify Pinewood'. This included the key objectives of:

- Growing the international user base by 80% and the total user base by 10%; and,
- Further product extension enabling turn-key digital automotive retail solutions.

In FY21 Pinewood will be focused on both elements of the 'grow and diversify' strategy.

- Grow: further growth of the international business is planned for FY21. This will include expansion of the direct sales model in Scandinavia, as well as anticipated system launches in new markets.
- Diversify: development of the core DMS product will continue in FY21. New products designed to support digital automotive retail are being developed to initially benefit Pendragon and, in the longer term, the external customer base.

Financial Review

Total revenues fell by 4.7% compared to FY19, as due to COVID-19 discounts offered to customers during the initial national lockdown. Gross profit also declined by 4.7% to £20.5m as a result of the COVID-19 discounts offered.

Underlying operating expenses increased by £0.3m, or 3.7%, compared to FY19. The increase was driven by higher amortisation of the DMS software asset, as well as an increased development expense, reflecting the continued investment in the DMS product. These increases were partially offset by cost savings including support from the CJRS, as well as reduced travel and office expenditure.

As a result of these movements, operating profit was £12.1m, a reduction of 9.7%.

Car Store

£m	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)
Revenue	£43.1m	£45.4m	**£88.5m**	£170.8m	£99.5m	**£270.3m**	-67.3%
Gross Profit	£2.9m	£4.4m	**£7.3m**	£5.3m	£5.6m	**£10.9m**	-33.5%
Gross margin rate	*6.7%*	*9.6%*	***8.2%***	*3.1%*	*5.6%*	***4.0%***	*4.2%*
Underlying Operating Expenses	£(4.6)m	£(3.9)m	**£(8.5)m**	£(24.4)m	£(11.7)m	**£(36.1)m**	76.6%
Underlying Operating (Loss) / Profit	**£(1.7)m**	**£0.5m**	**£(1.2)m**	**£(19.1)m**	**£(6.1)m**	**£(25.2)m**	**95.2%**
Underlying Operating margin rate	*(3.9)%*	*1.1%*	***(1.4)%***	*(11.2)%*	*(6.1)%*	***(9.3)%***	*7.9%*
Stocking Interest	*£(0.2)m*	*£(0.2)m*	*£(0.4)m*	*£(0.7)m*	*£(0.5)m*	*£(1.2)m*	*-66.7%*
Profit after Stocking Interest	*£(1.9)m*	*£0.3m*	*£(1.6)m*	*£(19.8)m*	*£(6.6)m*	*£(26.4)m*	*-93.9%*
Operating (Loss) / Profit	**(1.7)**	**0.4**	**(1.3)**	**(38.2)**	**8.4**	**(46.6)**	**97.2%**
Total Revenue Change	-74.8%	-54.4%	**-67.3%**				
Like-for-like Revenue Change	-41.0%	-28.4%	**-35.1%**				
Units Sold	4,321	4,066	**8,387**	17,474	10,392	**27,866**	-69.9%
Used GPU [1]	£671	£1,071	**£865**	£303	£539	**£391**	121.1%
Number of Locations	11	9	**9**	34	12	**12**	-25.0%
Average Selling Price [2]	£8,677	£9,913	**£9,278**	£8,258	£8,329	**£8,292**	11.9%

[1] GPU = Gross Profit per Unit. It is calculated as total Used GP divided by total Used retail units sold.

[2] Trading dealerships only. The used selling price is retail vehicles only and excludes any trade vehicles.

Operating Review

Despite the impact of the pandemic on the sales performance of the business, in particular during the first-half of FY20, Car Store has continued to make significant progress with its underlying performance through both improved stock management and a reduced operating cost base. Notwithstanding the further impact of tiering and national lock-down, Car Store recorded an operating profit in the second-half.

H1 FY20

During the first-half of FY20 Car Store incurred underlying operating losses of £(1.7)m compared to underlying operating losses of £(19.1)m in H1 FY19, an improvement of £17.4m. £10.0m of this improvement was driven by the closure of the unviable stores completed during the second-half of FY19, with the remaining £7.4m reduction in losses arising from improved performance in the like-for-like estate.

H2 FY20

Performance was encouraging during the second-half, whilst revenue and units sold were both down, driven by both the full-year impact of the store closure programme during the second-half of FY19, and from lower levels of inventory held in the revised store estate, the gross margin rate improved to 9.6% (H2 FY19: 5.6%). Combined with the reduced cost base from the smaller estate and more efficient operating model, this resulted in a second-half underlying operating profit of £0.5m.

Further progress has been made with the property management of the closed store estate. Of the total of 24 sites (22 stores and two preparation centres) closed, 15 have been either sold, had the lease surrendered or been sublet as at the end of February 2021. The remaining sites will continue to be actively marketed, with several of the remaining sites currently under offer.

Strategic Review - Disrupt standalone used cars

We believe the UK is the most attractive used vehicle market globally, with a ratio of over three used vehicles sold for every one new. The overall market for used cars is around eight million cars sold per annum. Based on the desired age and mileage profile for our target market, we believe there is an addressable market for Pendragon of around three million cars per annum, which is larger than the total new car market.

We also believe that Pendragon is significantly advantaged today against its peers, with an ability to leverage the complementary attributes of the wider Group to provide a steady source of suitable stock, an ability to source parts for preparation at scale advantaged pricing, a high level of brand-referrals within the Group and cross-Group technical ability. In addition, the data capabilities we plan to build will allow us to leverage further scale advantages into a digitally-led, standalone used car proposition and drive higher margins.

To capitalise on this opportunity, we will deliver:

1. Rebranding of the standalone used car proposition
2. Differentiated value proposition
3. A scaled physical estate

Rebrand the standalone used car proposition

Work is currently in progress to develop an appropriate brand identity to reflect a digitally-led product offer, supported by physical outlets. This will replace the existing Car Store brand.

Differentiate the value proposition

In addition, we will determine the revised customer proposition and operating model to underpin the repositioned branding in order to differentiate the proposition from the franchised used car model and to appeal to a broader customer base, becoming an online-led retailer with supporting physical infrastructure. The used car proposition will benefit from clear operational separation of the division from the franchised model and will not be encumbered by the same OEM facility requirements. It will, however continue to benefit from the Group synergies and future digital product development.

Scale the physical estate

Over the next five years we are targeting the development of eight physical locations at an approximate capital cost of £7.5m per location. We believe that a combination of a digital proposition and these physical stores will allow us to gain a meaningful share of the target market. During FY21 we expect to commence work on the first of our new standalone proposition stores.

We have appointed a new Managing Director to lead our own brand proposition, Mark Akbar. Mark previously held the role of Vice President of Sales and F&I Operations with AutoNation, the major US automotive retailer. Mark brings strong pedigree of Used car retailing, including supporting the launch of the AutoNation used car model, as well as experience in bringing new digital products to the market.

Financial Review

Revenue decreased by 67.3% in FY20 (35.1% down on a like-for-like basis). In the first-half of FY20 revenue fell by 74.8% (41.0% on a like-for-like basis), and by 54.4% (28.4% on a like-for-like basis) in the second-half.

Gross profit fell by 33.5% in FY20 (9.2% down on a like-for-like basis) to £7.3m. The improvements in gross margin rate to 8.2% (FY19: 4.0%) partially offset the impact of reduced sales.

Underlying operating expenses have decreased by 76.6% (43.2% decrease on a like-for-like basis) to £8.5m, driven by a combination of store closures and Government support during the year through both the Corona Virus Job Retention Scheme, and the business rates holiday.

In total, the division delivered a £1.2m underlying operating loss in FY20 (FY19 underlying operating loss of: £25.2m). Reported operating losses after non-underlying items were £1.3m (FY19: £46.6m).

Leasing

£m	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)
Revenue	£37.3m	£49.0m	**£86.3m**	£56.3m	£31.4m	**£87.7m**	-1.6%
Gross Profit	£6.7m	£10.9m	**£17.6m**	£8.4m	£8.7m	**£17.1m**	2.9%
Gross margin rate	*18.0%*	*22.2%*	***20.4%***	*14.9%*	*27.7%*	***19.5%***	*0.9%*
Operating Expenses	£(2.0)m	£(2.3)m	**£(4.3)m**	£(2.1)m	£(2.2)m	**£(4.3)m**	-
Operating Profit	**£4.7m**	**£8.6m**	**£13.3m**	**£6.3m**	**£6.5m**	**£12.8m**	**3.9%**
Operating margin rate	*12.6%*	*17.6%*	***15.4%***	*11.2%*	*20.7%*	***14.6%***	*0.8%*
Revenue Change	-33.7%	56.1%	**-1.6%**				

Operating Review

Pendragon Vehicle Management (PVM), a vehicle leasing business offers a complete range of fleet leasing and contract hire solutions. Its customers represent all business sectors with varied fleet sizes. The fleet of vehicles is financed through third party asset funders which results in a high return on capital.

PVM's fleet size reduced during FY20 following a decision not to renew vehicle contracts in the body-shop sector, which has been heavily impacted by the COVID-19 pandemic. The reduction in revenue experienced during H1 as previously reported as being a result of lower disposals during the first lock-down, was more than mitigated in H2 as the business benefitted from increased extension income and the strong used vehicle values being achieved when disposing of de-fleeted vehicles.

PVM's fleet is experiencing a rapid change in the powertrains being requested by customers in the car sector as the corporate sector seek to improve their green footprint whilst providing their associates with reduced levels of Company Car Benefit in Kind Taxation.

Financial Review

Revenue decreased by 1.6%, however gross profit increased by 2.9% and with underlying operating expenses remaining broadly flat. Operating profit increased by 3.9% to £13.3m (FY19: £12.8m).

US Motor

£m	H1 2020	H2 2020	FY20	H1 2019	H2 2019	FY19	Change (%)
Used Revenue	£10.2m	£11.8m	**£22.0m**	£43.1m	£32.6m	**£75.7m**	-70.9%
Aftersales Revenue	£7.9m	£9.4m	**£17.3m**	£22.5m	£18.2m	**£40.7m**	-57.5%
New Revenue	£50.4m	£68.2m	**£118.6m**	£168.3m	£137.6m	**£305.9m**	-61.2%
Total Revenue	**£68.5m**	**£89.4m**	**£157.9m**	**£233.9m**	**£188.4m**	**£422.3m**	**-62.6%**
Used Gross Profit	£0.5m	£1.2m	**£1.7m**	£3.5m	£2.2m	**£5.7m**	-70.2%
Aftersales Gross Profit	£3.9m	£5.2m	**£9.1m**	£11.7m	£9.4m	**£21.1m**	-56.9%
New Gross Profit	£4.6m	£7.9m	**£12.5m**	£16.2m	£13.7m	**£29.9m**	-58.2%
Total Gross Profit	**£9.0m**	**£14.3m**	**£23.3m**	**£31.4m**	**£25.3m**	**£56.7m**	**-58.9%**
Gross margin rate	*13.1%*	*16.0%*	***14.8%***	*13.4%*	*13.4%*	***13.4%***	*1.4%*
Underlying Operating Expenses	£(10.6)m	£(9.5)m	**£(20.1)m**	£(28.1)m	£(15.9)m	**£(44.0)m**	54.3%
Underlying Operating (Loss) / Profit	**£(1.6)m**	**£4.8m**	**£3.2m**	**£3.3m**	**£9.4m**	**£12.7m**	**-74.8%**
Underlying Operating margin rate	*-2.3%*	*5.4%*	***2.0%***	*1.4%*	*5.0%*	***3.0%***	*-1.0%*
Operating (Loss) / Profit	(8.8)	5.5	**(3.3)**	3.3	42.4	**45.7**	-107.2%
Total Revenue Change	-70.7%	-52.5%	**-62.6%**				
Like-for-like Revenue Change	-32.1%	3.6%	**-15.1%**				
Used Units Sold	275	258	**533**	1,452	1,046	**2,498**	-78.7%
New Units Sold	945	1,219	**2,164**	3,413	2,662	**6,075**	-64.4%
Used GPU [1]	£1,818	£4,651	**£3,189**	£2,410	£2,103	**£2,282**	39.8%
New GPU [1]	£4,868	£6,481	**£5,776**	£4,747	£5,147	**£4,922**	17.4%
Number of Locations [2]	4	4	**4**	9	5	**5**	-20.0%
Average Used Selling Price [3]	£32,660	£34,686	**£33,746**	£32,101	£32,076	**£32,089**	5.2%
Average New Selling Price [3]	£56,118	£55,966	**£56,029**	£51,739	£55,864	**£53,622**	4.4%

[1] GPU = Gross Profit per Unit. It is calculated as total New/Used GP divided by total New/Used retail units sold.

[2] Represents 4 franchise points across the remaining two dealerships.

[3] Trading dealerships only. The used selling price is retail vehicles only and excludes any trade vehicles.

Operating Review

Operations in the US were also impacted by the pandemic, resulting in the operating losses in H1. The two remaining stores performed strongly in H2 as the economy reopened and dealerships were fully functional ahead of the key US trading period, resulting in a full-year operating profit of £3.2m.

The disposal of the US Motor Group is nearing completion with total proceeds now expected to be c.£107m before tax, subject to the completion of the last remaining disposal in Santa Monica. Following the successful completion of the JLR site in Los Angeles on 29 January 2021 for £16.3m, total proceeds received before tax to date are £95.1m, with Santa Monica expected to realise a further £11.8m, as previously announced.

Financial Review

Revenue is down by 62.6% in the year (15.1% like-for-like decrease) with new down by 61.2% (-18.9% like-for-like), aftersales down by 57.5% (-21.7% like-for-like) and used revenue down by 70.9% (+26.7% like-for-like).

Gross profit decreased by 58.9% (-5.8% like-for-like), with aftersales gross profit down 56.9% (-16.8% like-for-like), used gross profit down 70.2% (up 54.5% like-for-like) and new gross profit down 58.2% (-1.6% like-for-like).

Underlying operating expenses decreased by 54.3% (down 36.0% like-for-like).

Underlying operating profit was down by £9.5m at £3.2m (FY19: £12.7m), principally driven by the ongoing disposals.

After non-underlying items, the division delivered a £4.1m operating loss in FY20 (FY19 profit of: £45.7m).

Industry Insight

Used Car Market

We believe the UK is the most attractive used car market globally, with a ratio of over three used cars sold for every one new. The used car market in FY20 in the UK was 6.5m units, a fall of 14.9% against 2019. Based on the desired age and mileage profile for our target market, we believe there is an addressable market for Pendragon of around three million cars per annum, which is larger than the total new car market. The used market is more stable than the new sector, being less affected by fluctuations in the UK economy and providing a more reliable supply chain than the new market.

Aftersales Market

The main determinant of the aftersales market is the number of vehicles on the road, known as the 'car parc'. The car parc in the UK has risen marginally to 35.1m vehicles at FY20, a rise of 0.2% on the prior year. The car parc can also be segmented into markets representing different age groups. At the end of FY20, around 17% of the car parc was represented by less than three-year-old cars, around 20% by four to six-year-old cars and 63% is greater than seven-year-old cars. The demand for servicing and repair activity is less affected than other sectors by economic conditions, as motor vehicles require regular maintenance and repair for safety, economy and performance reasons.

New Car Market

The UK new car market was 1.6m in FY20 which is a reduction of 29.4% over the prior year. The UK new car market is divided into two markets, retail and fleet. The retail market is the direct selling of vehicle units to individual customers and operates at a higher margin than the fleet market. The retail market is the key market opportunity for the Group and represents 46% of the total market in the year. The fleet market represents the sale of multiple vehicles to businesses, and is predominately transacted at a lower margin and consumes higher levels of working capital than retail, and represents 54% of the market in the year.

UK New Car Registrations '000	2020	2019	Change (%)
UK Retail Registrations	747.5	1,018.3	-26.6%
UK Fleet Registrations	883.6	1,292.8	-31.7%
Total UK Registrations	**1,631.1**	**2,311.1**	**-29.4%**
Group Represented* UK Retail Registrations	445.0	634.0	-29.8%
Group Represented* UK Fleet Registrations	514.1	797.8	-35.6%
Group Represented* Registrations	**959.1**	**1.431.8**	**-33.0%**

* Group Represented – defined as national registrations for the franchised brands that the Group represents as a franchised dealer.

The new retail market was down by 26.6% in FY20, and the new fleet market fell by 31.7% in the year. All new car market figures are from the Society of Motor Manufacturers and Traders (SMMT).

Non-underlying Items

	H1 2020 £m	H2 2020 £m	**2020 £m**	**2019 £m**
Settlement of historic VAT issues	-	-	-	3.5
Impairment of goodwill, property, plant and equipment and assets held for sale	(12.5)	(4.0)	(16.5)	(130.2)
Termination and severance costs	(1.2)	(5.1)	(6.3)	(5.5)
(Losses) / Gains on the sale of businesses and property, plant and equipment	(5.9)	(0.9)	(6.8)	33.3
Business closure costs	(0.8)	(2.0)	(2.8)	(1.8)
Pension (costs) / income	(0.6)	(4.8)	(5.4)	3.0
Total non-underlying items before tax	**(21.0)**	**(16.8)**	**(37.8)**	**(97.7)**
Non-underlying items in tax	3.4	0.7	4.1	(3.3)
Total non-underlying items after tax	**(17.6)**	**(16.1)**	**(33.7)**	**(101.0)**

Non-underlying income and expenses are items that are not incurred in the normal course of business and are sufficiently significant and/or irregular to impact the underlying trends in the business. During the year the Group has recognised a net charge of £37.8m of pre-tax non-underlying items against a charge of £97.7m in FY19. The current year charge includes non-cash impairments, principally of goodwill and non-current assets amounting to £16.5m. There is a £12.5m impairment of goodwill, a £3.2m impairment of property assets primarily relating to the previously announced store closures and a £0.8m impairment of assets held for sale. These have been necessary following assessments of the carrying value of those assets which have been compared to the higher of their value in use or fair value.

Pension costs of £5.4m includes an expense of £3.3m following the legal precedent which has extended the scope of the Guaranteed Minimum Pensions equalisation first recognised in 2018 to include previous transfer values paid from the scheme since 1990, an interest charge on pension scheme obligations of £1.2m for FY20 and a charge of £1.0m in relation to the levy into the pension protection fund.

The Group recorded losses on the sale of properties, plant and equipment and businesses in the period of £6.8m. This included losses of £6.5m on the disposal of the Puente Hills Chevrolet location, a net £1.1m profit on the sale of surplus property during the year and a loss of £1.4m in respect of losses on the disposal of plant and equipment as a result of the closure of businesses during the year.

There were termination and severance costs of £6.3m in FY20, arising from the combination of the 21 store closures completed during the year and the right-sizing exercise which resulted in a reduction of c.1,400 roles. In addition to these termination and severance costs the Group incurred further costs resulting from their closure of £2.8m.

Capital Allocation

Net debt* has reduced by £19.3m from £119.7m at 31 December 2019 to £100.4m at 31 December 2020. The net debt to underlying EBITDA ratio* was 0.8x for the rolling 12 months to FY20.

The Group expects gross proceeds from the disposal of the entire US business of around c£107m before tax. In total to date, disposal proceeds of £95.1m have been received, which includes the Los Angeles disposal completed in January 2021. Agreement has been reached to dispose of the last remaining US location in Santa Monica, with completion expected in FY21.

The Group also completed a sale and leaseback of its newly constructed Porsche Stockport dealership during FY20, realising proceeds of £10.5m. Disposals of a further five freeholds, comprising three ex-Car Store locations and two ex-Vauxhall locations, were completed in FY20, with total proceeds received of £9.6m. The Group continues to focus on its vacant property estate following the recently completed closures.

* This is an Alternative Performance Measure (APM), see page below for more detail.

Cash Flow

The following table summarises the cash flows and net debt of the Group for the twelve-month periods ended 31 December 2020 and 31 December 2019 as follows:

£m	**2020**	**2019**
Underlying Operating Profit	**45.9**	**26.7**
Depreciation and Amortisation	43.7	44.7
Share Based Payments	1.2	0.6
Non-underlying Items	(10.1)	(5.7)
Contribution into defined benefit pension scheme	(12.5)	(7.6)
Working Capital and Contract Hire Vehicle Movements[1]	(0.7)	5.4
Cash Generated from Operations	**67.5**	**64.1**
Capital Expenditure and Fixed Asset Vehicles Net Movement	(18.7)	(49.4)
Business and Property Disposals	36.7	72.4
Net Capital Income[2]	**18.0**	**23.0**
Tax Paid	(4.4)	(3.3)
Interest Paid excluding lease interest[3]	(20.5)	(26.8)
Dividends	-	(9.7)
Share Buybacks	-	(0.5)
Lease Payments & Receipts[4]	(39.8)	(39.9)
Other	(1.5)	(0.5)
Decrease in Net Debt	**19.3**	**6.4**
Opening Net Debt	119.7	126.1
Closing Net Debt	**100.4**	**119.7**

[1]being the change in trade and other receivables, change in trade and other payables and movement in contract hire vehicle balances.

[2]being the proceeds from sale of businesses, purchase of property, plant, equipment and intangible assets and proceeds from sale of property, plant, equipment and intangible assets.

[3] being bank and stocking interest paid.

[4]being receipts of lease receivables and payment of lease liabilities including lease interest paid and received.

Reconciliation to Consolidated Cash Flow Statement

£m	**2020**	**2019**
Net cash from operating activities	**29.6**	**20.7[1]**
Net capital income	18.0	23.0
Receipt of lease receivables	1.9	2.2[1]
Net cash from investing activities	**19.9**	**25.2[1]**
Financing cash flows as included above:		
Dividends	-	(9.7)

Share Buybacks	-	(0.5)
Payment of lease liabilities	(28.7)	(28.8) [1]
Financing cash flows not included above relating to loans:		
Repayment of loans	(40.0)	(5.0)
Proceeds from issue of loans (net of directly attributable transaction costs)	18.2	5.4
Net cash outflow from financing activities	**(50.5)**	**(38.6)** [1]

[1]Restated – see section 1

The cash generated from operations was an inflow of £67.5m in FY20 compared to an inflow of £64.1m in FY19 with an increase in underlying operating profit of £19.2m resulting from the strong second-half trading performance, partially offset by an increase of £4.4m in cash non-underlying items, to £10.1m, which principally relate to the estate and operating model right-sizing exercises, combined with an increase in pension deficit contribution payments.

The increase in operating profit included an estimated negative first-half impact on operating profit from COVID-19 of approximately £44.1m.

The working capital and contract hire movements cash outflow of £0.7m was principally driven by a deferred VAT payment timing benefit under the Government support scheme, of approximately £30m, largely offset by an underlying outflow related the reduction in new car inventory. The deferred VAT timing benefit is expected to unwind over a 11-month period from March 21.

The net capital expenditure inflow of £18.0m (FY19: £23.0m) was principally due to the £36.7m cash received from business and property disposals, which more than offset the outgoing capital expenditure of £18.7m in the period. Disposal proceeds comprised of £16.6m from the disposal of Puente Hills Chevrolet in the US, £10.5m from the sale and leaseback of the newly built Porsche Stockport and £9.7m from the disposal of vacant property as detailed above. The level of capital expenditure was reduced during the year in order to provide mitigation against ongoing uncertainty caused by the pandemic.

No dividends were paid during FY20.

Lease payments & receipts were flat year on year, with the timing benefit from the temporary move to monthly rent payments during the first-half unwound by the end of the year, with normal rental patterns resumed as trading improved. The impact of annual rent increases and the addition of rent payments following the sale and leaseback of Porsche Stockport were largely offset by reductions attributable to a total of 15 leases that were successfully re-assigned, sublet or expired during the year, and which will result in an annual equivalent rent reduction of c.£1.3m.

With effect from 1 April 2021 in respect of light commercial vehicles, and with effect from 1 July 2021 in respect of passenger vehicles, the way in which the Group acquires vehicles from Ford will change. From these two respective dates, the Group shall become the importer of Ford vehicles into the UK, rather than acquiring the vehicles from Ford UK. This will lead to changes in both the amounts ultimately payable to Ford for vehicles (the liabilities due to Ford shall be lower because no VAT will be charged) and the removal of VAT recovery in respect of the acquisition of vehicles. The resulting change in cashflows is estimated in the range of +£4m to -£23m, dependant on the month, although the impact on the Group's peak borrowing is not expected to be significant. As at 31 December 2021, the impact is expected to increase net debt by approximately £12m.

Balance sheet

The following table summarises the balance sheet of the Group at 31 December 2020 and 31 December 2019.

Balance Sheet	**Dec-20**	**Dec-19**
Property	222.8	237.8
Plant & Equipment	204.0	231.3
Goodwill	150.3	162.8
Intangible Assets	10.2	9.5

Right of Use Assets	146.0	159.2
Inventories	608.8	839.0
Receivables[1]	113.2	129.9
Net Assets Held as for Sale[2]	31.7	59.6
Payables[3]	(1,222.2)	(1,504.2)
Retirement Benefit Obligations	(75.5)	(59.0)
Net Tax Balance[4]	37.8	22.7
Net Debt[5]	(100.4)	(119.7)
Shareholders' Funds	**126.7**	**168.9**

1 being trade and other receivables and finance lease receivables

2 being assets classified as held for sale and liabilities directly associated with assets held for sale

3 being trade and other payables, deferred income and lease liabilities

4 being deferred tax assets, current tax assets and current tax payable

5 being cash and cash equivalents and interest bearing loans and borrowings

Net assets have reduced from £168.9m at 31 December 2019 to £126.7m at 31 December 2020.

At 31 December 2020, the Group had £222.8m (£368.8m including IFRS16 right of use assets) of land and property assets (FY19: £237.8m (£397.0m including IFRS16 right of use assets)). The reduction in property principally reflects the previously announced sale and leaseback of the Group's new Porsche facility in Stockport, combined with the disposal of excess property as outlined and partially offset by capital investments. A reduction in the right of use assets of £13.2m results from a combination of the ongoing depreciation in association with IFRS 16, combined with the impact of the reduction in leasehold properties from the 15 exited properties, partially offset by the addition of Porsche Stockport as an IFRS 16 property.

The movement in plant and equipment largely reflects the ongoing depreciation with a lower than planned level of capital expenditure in the period, combined with the impact of disposals as a result of store closures.

The reduction in goodwill and intangibles is principally a result of a goodwill impairment charge of £12.5m for the year which was all recorded in H1.

Stock has reduced by £230.2m to £608.8m (FY19: £839.0m) driven by a combination of a reduction in the levels of both new car stock and used car stock, as well as smaller reductions in the levels of parts stock. Reductions in used car stock (c.£70m reduction vs FY19) arose from the impact of both store closures and a continued focus on inventory management. New car stock was lower (c.£150m reduction vs FY19) as a result of closures, combined with a short-term impact from reduced OEM production during the pandemic, resulting in higher sales levels from existing store stock. We currently expect new car stock levels to rebuild through FY21.

As described with the Group's interim results announcement, the Group benefitted from a timing benefit from the cash inflow of receivables of approximately £45m as at 30 June 2020, which largely reversed during the second-half of FY20. Despite this reversal, receivables declined by £16.7m to £113.2m (FY19: £129.9m), principally as a result of the previously discussed lower second-half new vehicle sales year-on-year.

The reduction in payables of £280.6m principally relates to the lower vehicle creditors as a result of the reduction in vehicle inventory. This combined with a lower lease liability associated with the reduced right of use assets as described above is partially offset by an increased VAT creditor as described in the analysis of working capital above.

The net tax balance has increased from £22.7m to £37.8m primarily as a result of the increased pension obligations, additional tax losses generated in the year, and the restatement of UK deferred tax from 17% to 19% following the budget announcement of 11 March 2020.

The net liability for defined benefit pension scheme obligations has increased from £59.0m at FY19 to £75.5m at FY20. The increase of £16.5m comprises of contributions of £12.5m, a net expense recognised in the income statement of £4.4m (comprising a past service cost expense of £3.3m and an interest expense of £1.1m) and a net actuarial loss of £24.6m. The net actuarial loss has arisen due in part to changes in the principal assumptions used in the valuation of the scheme's assets and liabilities and also the change in value of the assets held over the year. The Group contributed £12.5m to the Pension Scheme in the period in line with the Group's commitment as agreed in the triennial actuarial valuation of the company's pension scheme as at 31 December 2018.

Dividend

The Group is not proposing a final dividend for 2020.

Revolving Credit Facility (RCF)

In March 2021 the maturity date of the Group's RCF was extended by 11 months to 1 March 2023, with the facility size maintained at £175m. The Group has agreed to initially increase the margin to 4.85% for this extended facility. The £175m RCF and the £60m Private Placement are both due to mature in March 2023.

Detailed Financials

Consolidated Income Statement **Year ended 31 December 2020**	**Continuing operations £m**	**Discontinued operations * £m**	**2020 £m**	**Continuing operations £m**	**Discontinued operations * £m**	**2019 £m**
Revenue	2,766.7	157.9	2,924.6	4,083.8	422.3	4,506.1
Cost of sales	(2,436.8)	(134.6)	(2,571.4)	(3,667.8)	(365.6)	(4,033.4)
Gross profit	**329.9**	**23.3**	**353.2**	**416.0**	**56.7**	**472.7**
Operating expenses	(317.1)	(20.1)	(337.2)	(533.1)	(44.0)	(577.1)
Operating profit/(loss) before other income	**12.8**	**3.2**	**16.0**	**(117.1)**	**12.7**	**(104.4)**
Other income - (losses)/gains on the sale of businesses and property, plant and equipment	(0.3)	(6.5)	(6.8)	0.3	33.0	33.3
Operating profit/(loss)	**12.5**	**(3.3)**	**9.2**	**(116.8)**	**45.7**	**(71.1)**
Analysed as						
Underlying operating profit	42.7	3.2	45.9	14.0	12.7	26.7
Non-underlying operating (loss)/profit **	(30.2)	(6.5)	(36.7)	(130.8)	33.0	(97.8)
Finance expense	(39.0)	(0.8)	(39.8)	(42.9)	(3.1)	(46.0)
Finance income	1.0	-	1.0	3.0	-	3.0
Net finance costs	(38.0)	(0.8)	(38.8)	(39.9)	(3.1)	(43.0)
Analysed as						
Underlying net finance costs	(36.9)	(0.8)	(37.7)	(40.0)	(3.1)	(43.1)
Non-underlying net finance costs **	(1.1)	-	(1.1)	0.1	-	0.1
(Loss)/profit before taxation	**(25.5)**	**(4.1)**	**(29.6)**	**(156.7)**	**42.6**	**(114.1)**
Analysed as						
Underlying profit before taxation	5.8	2.4	8.2	(26.0)	9.6	(16.4)
Non-underlying (loss)/profit before taxation **	(31.3)	(6.5)	(37.8)	(130.7)	33.0	(97.7)

Income tax credit/(expense)	3.9	1.0	4.9	7.8	(11.1)	(3.3)
(Loss)/profit for the year	**(21.6)**	**(3.1)**	**(24.7)**	**(148.9)**	**31.5**	**(117.4)**
Analysed as						
Underlying profit/(loss) for the year	6.0	3.0	9.0	(23.8)	7.4	(16.4)
Non-underlying (loss)/profit for the year **	(27.6)	(6.1)	(33.7)	(125.1)	24.1	(101.0)
Earnings per share						
Basic earnings per share	(1.6p)	(0.2p)	(1.8p)	(10.7p)	2.3p	(8.4p)
Diluted earnings per share	(1.6p)	(0.2p)	(1.8p)	(10.7p)	2.3p	(8.4p)
Non-GAAP Measure						
Underlying basic earnings per share	(0.3p)	0.9p	0.6p	(1.8p)	0.6p	(1.2p)
Underlying diluted earnings per share	(0.3p)	0.9p	0.6p	(1.8p)	0.6p	(1.2p)

* The discontinued operations are in respect of the Group's US business which is currently classified as held for sale.

** Non-underlying, see note 2 for explanation.

Consolidated Statement of Comprehensive Income **Year ended 31 December 2020**	**2020** **£m**	**2019** **£m**
Loss for the year	**(24.7)**	**(117.4)**
Other comprehensive income		
Items that will never be reclassified to profit and loss:		
Defined benefit plan remeasurement gains and (losses)	**(24.6)**	**(1.3)**
Income tax relating to defined benefit plan remeasurement gains and (losses)	**5.7**	**0.2**
	(18.9)	**(1.1)**
Items that are or may be reclassified to profit and loss:		
Foreign currency translation differences of foreign operations	-	**(0.2)**
Other comprehensive income for the year, net of tax	-	**(1.3)**
Total comprehensive income for the year	**(43.6)**	**(118.7)**
Total comprehensive income for the period attributable to equity shareholders of the company arises from:		
Continuing operations	**(40.5)**	**(150.0)**
Discontinued operations	**(3.1)**	**31.3**

	(43.6)	**(118.7)**

Consolidated Statement of Changes in Equity Year ended 31 December 2020	**Share Capital** **£m**	**Share Premium** **£m**	**Other Reserves** **£m**	**Translation Differences** **£m**	**Retained Earnings** **£m**	**Total** **£m**
Balance at 1 January 2020	**69.9**	**56.8**	**18.2**	**(1.0)**	**25.0**	**168.9**
Total comprehensive income for 2020						
Loss for the year	-	-	-	-	(24.7)	(24.7)
Other comprehensive income for the year, net of tax	-	-	-	-	(18.9)	(18.9)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(43.6)**	**(43.6)**
Share based payments	-	-	-	-	1.2	1.2
Income tax relating to share based payments	-	-	-	-	0.2	0.2
Balance at 31 December 2020	**69.9**	**56.8**	**18.2**	**(1.0)**	**(17.2)**	**126.7**
Balance at 1 January 2019	**70.0**	**56.8**	**18.1**	**(0.8)**	**201.5**	**345.6**
Adjustment on initial application of IFRS 16 (net of tax)	-	-	-	-	(48.4)	(48.4)
Adjusted balance at 1 January 2019	**70.0**	**56.8**	**18.1**	**(0.8)**	**153.1**	**297.2**
Total comprehensive income for 2019						
Loss for the year	-	-	-	-	(117.4)	(117.4)
Other comprehensive income for the year, net of tax	-	-	-	(0.2)	(1.1)	(1.3)
Total comprehensive income for the year	**-**	**-**	**-**	**(0.2)**	**(118.5)**	**(118.7)**
Dividends paid	-	-	-	-	(9.7)	(9.7)
Own shares purchased for cancellation	(0.1)	-	0.1	-	(0.5)	(0.5)
Share based payments	-	-	-	-	0.6	0.6
Balance at 31 December 2019	**69.9**	**56.8**	**18.2**	**(1.0)**	**25.0**	**168.9**

Consolidated Balance Sheet **At 31 December 2020**	**2020** **£m**	**2019** **£m**
Non-current assets		
Property, plant and equipment	572.8	628.3
Goodwill	150.3	162.8
Other intangible assets	10.2	9.5
Finance lease receivables	16.6	20.6
Deferred tax assets	36.4	25.5
Total non-current assets	**786.3**	**846.7**
Current assets		
Inventories	608.8	839.0
Trade and other receivables	94.6	106.9
Finance lease receivables	2.0	2.4
Current tax assets	1.4	-
Cash and cash equivalents	56.0	55.7
Assets classified as held for sale	99.0	150.1
Total current assets	**861.8**	**1,154.1**
Total assets	**1,648.1**	**2,000.8**
Current liabilities		
Lease liabilities	(24.5)	(23.9)
Trade and other payables	(834.9)	(1,084.6)
Deferred income	(42.9)	(50.9)
Current tax payable	-	(2.8)
Liabilities directly associated with the assets held for sale	(67.3)	(90.5)

Total current liabilities	**(969.6)**	**(1,252.7)**
Non-current liabilities		
Interest bearing loans and borrowings	(156.4)	(175.4)
Lease liabilities	(218.7)	(237.8)
Trade and other payables	(60.4)	(60.4)
Deferred income	(40.8)	(46.6)
Retirement benefit obligations	(75.5)	(59.0)
Total non-current liabilities	**(551.8)**	**(579.2)**
Total liabilities	**(1,521.4)**	**(1,831.9)**
Net assets	**126.7**	**168.9**
Capital and reserves		
Called up share capital	69.9	69.9
Share premium account	56.8	56.8
Capital redemption reserve	5.6	5.6
Other reserves	12.6	12.6
Translation reserve	(1.0)	(1.0)
Retained earnings	(17.2)	25.0
Total equity attributable to equity shareholders of the Company	**126.7**	**168.9**

Consolidated Cash Flow Statement **Year ended 31 December 2020**	**2020** **£m**	**Restated – see section 1** **2019** **£m**
Cash flows from operating activities		
Loss for the year	(24.7)	(117.4)
Adjustment for taxation	(4.9)	3.3
Adjustment for net financing expense	38.8	43.0
	9.2	**(71.1)**
Depreciation and amortisation	43.7	44.7
Share based payments	1.2	0.6
Pension past service costs	3.3	(4.8)

Loss/(profit) on sale of businesses and property, plant and equipment	6.8	(33.3)
Impairment of goodwill	12.5	102.4
Impairment of assets held for sale	0.8	1.9
Impairment of property, plant and equipment	3.2	25.9
Retirement benefit obligations	(12.5)	(7.6)
Changes in inventories	294.8	186.7
Changes in trade and other receivables	23.4	1.7
Changes in trade and other payables	(267.6)	(127.4)
Movement in contract hire vehicle balances	(51.3)	(55.6)
Cash generated from operations	**67.5**	**64.1**
Taxation paid	(4.4)	(3.3)
Bank and stocking interest paid	(20.5)	(26.8)
Lease interest paid	(14.0)	(14.4)
Lease interest received	1.0	1.1
Net cash from operating activities	**29.6**	**20.7**
Cash flows from investing activities		
Proceeds from sale of businesses	16.6	67.4
Purchase of property, plant, equipment and intangible assets	(60.2)	(115.0)
Proceeds from sale of property, plant, equipment and intangible assets	61.6	70.6
Receipt of lease receivables	1.9	2.2
Net cash from in investing activities	**19.9**	**25.2**
Cash flows from financing activities		
Dividends paid to shareholders	-	(9.7)
Repurchase of own shares	-	(0.5)
Payment of lease liabilities	(28.7)	(28.8)
Repayment of loans	(40.0)	(5.0)
Proceeds from issue of loans (net of directly attributable transaction costs)	18.2	5.4
Net cash outflow from financing activities	**(50.5)**	**(38.6)**
Net (decrease)/increase in cash and cash equivalents	**(1.0)**	**7.3**
Cash and cash equivalents at 1 January	**55.7**	**51.4**
Effects of exchange rate changes on cash held	1.3	(3.0)

Cash and cash equivalents at 31 December	**56.0**	**55.7**

Reconciliation of net cash flow to movement in net debt **Year ended 31 December 2020**	**2020** **£m**	**2019** **£m**
Net (decrease)/increase in cash and cash equivalents	(1.0)	7.3
Repayment of loans	40.0	5.0
Proceeds from issue of loans	(18.2)	(5.4)
Non-cash movements	(1.5)	(0.5)
Decrease in net debt in the year	**19.3**	**6.4**
Opening net debt	**(119.7)**	**(126.1)**
Closing net debt	**(100.4)**	**(119.7)**

Note: The reconciliation of net cash flow to movement in net debt is not a primary statement and does not form part of the consolidated cash flow statement but forms part of the notes to the financial statements.

Notes

1 Basis of Preparation

The Group summary financial statements have been prepared and approved by the directors in accordance with international accounting standards being the International Financial Reporting Standards as adopted by the EU ('adopted IFRSs').

The summary financial statements are presented in millions of UK pounds, rounded to the nearest £0.1m. They have been prepared under the historical cost convention except for certain financial instruments which are stated at their fair value. In addition, non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The preparation of summary financial statements in conformity with adopted IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the summary financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported a loss before tax of £29.6m (2019: loss of £114.1m). The directors consider that the current economic outlook presents significant uncertainty in terms of sales volume and pricing and that the threat from further COVID-19 lockdowns and the risk of rising unemployment as Government support measures are gradually withdrawn present uncertainties to future trading conditions. Whilst the directors have instituted measures to preserve cash and reduce costs, there is uncertainty over future trading results and cash flows.

The Group meets its day-to-day working capital requirements from a revolving credit facility of £175.0m and senior note of £60m (see Note 4.2) together with manufacturer stocking facilities and cash balances. The revolving credit facility is due for renewal on 1 March 2023 and includes covenants, a breach of which would result in the amounts drawn becoming repayable on demand. The Group did not require use of Government backed borrowing facilities such as the Coronavirus large business interruption loan scheme. The Group remained compliant with its banking covenants throughout the year to 31 December 2020.

The Group instigated a number of mitigating actions to protect it against the financial impact of the dealership closures required by the Government's measures to combat COVID-19. This included accessing Government support measures such as the Coronavirus job retention scheme, utilising the retail discount scheme for rates and deferring VAT, as well as utilising support measures from vehicle manufacturers and stocking loan providers to extend payment periods, in particular during the first national lockdown. The Group also reviewed its level of planned capital expenditure and either cancelled or postponed certain projects.

The Directors have assessed the potential on-going impacts of the COVID-19 pandemic coupled with wider economic disruption and have scenario modelled a base cash flow forecast for the period to 31 December 2022, the going concern assessment period. This forecast has considered externally sourced economic forecasts to determine the outlook for vehicle volume forecasts through-out the period being assessed. The base case forecast includes the benefit of the previously announced cost reduction programmes and the assumption of the successful completion of the previously announced transaction to dispose of the remaining US dealership. This forecast assumes low levels of market growth.

The Directors have also prepared a severe but plausible downside scenario. The scenario removes the disposal of the final US dealership, assumes two further one-month national lockdowns without Government support measures in the next 12 months, and includes the impact of a reasonable downside contraction in sales volumes and margins which is below that experienced in 2020. The Group believes that it would be able to withstand the conditions of this severe but plausible downside scenario with the mitigations available to it and wholly within its control, principally being the curtailment of uncommitted investment capital expenditure. In this scenario, the Group remain within its facility limits and in covenant compliance, although headroom is limited.

Those forecasts indicate that the Group can continue to operate for at least the next 12 months from the date of approval of these financial statements with the existing facilities. The base and severe but plausible downside forecasts indicate that the Group will remain in compliance with the Group's covenants.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Adoption of new and revised standards

In 2020 a number of new standards and interpretations which had been endorsed by the EU became effective, and therefore adopted by the Group, are applicable to these condensed financial statements. These did not a significant impact. A summary of these standards is presented in the consolidated financial statements of the Group for the year ended 31 December 2020.

Prior year adjustment

The Group has made adjustments to the presentation of the comparative Consolidated Cash Flow Statement. Receipt of lease receivables (£2.2m) has been presented in investing activities as it relates such activities, whereas in the previous financial statements it was included in financing activities. The Group has also presented cash flows for the interest portion of the lease liability and finance lease receivable as operating cash flows, consistent with the Groups policy for presenting interest paid/received in the cash flow statement. In the previous financial statements these amounts of £14.4m and £1.1m respectively were including in financing cash flows. As a result of these reclassifications net cash from operating activities for 2019 reduced from £34.0m to £20.7m. These reclassifications have no effect on total cash flows in the comparative period.

2 Non-underlying Items

Non-underlying income and expenses are items that are not incurred in the normal course of business and are sufficiently significant and/or irregular to impact the underlying trends in the business.

	2020 **£m**	**2019** **£m**
Within operating expenses:		
Settlement of historic VAT issues	-	1.6
Impairment of goodwill	(12.5)	(102.4)
Impairment of assets held for sale	(0.8)	(1.9)
Impairment of property, plant and equipment	-	(2.6)
Impairment of right of use assets	(3.2)	(23.3)
Termination and severance costs	(6.3)	(5.5)
Business closure costs	(2.8)	(1.8)
Pension scheme administration costs	(1.0)	-
Past service costs in respect of pension obligations	(3.3)	4.8
	(29.9)	**(131.1)**
Within other income - gains on the sale of businesses, property, plant and equipment:		
(Losses)/gains on the sale of businesses	(6.5)	32.1

Gains on the sale of property	1.1	1.2
Losses on the disposal of property, plant and equipment	(1.4)	-
	(6.8)	**33.3**
Within net finance expense:		
Interest on settlement of historic VAT issues	-	1.9
Net interest on pension scheme obligations	(1.1)	(1.8)
	(1.1)	**0.1**
Total non-underlying items before tax	**(37.8)**	**(97.7)**
Non-underlying items in tax	4.1	(3.3)
Total non-underlying items after tax	**(33.7)**	**(101.0)**

The following amounts have been presented as non-underlying items in these summary financial statements:

Goodwill has been reviewed for any possible impairment and as a result of this review there was an impairment charge of £12.5m made during the year (2019: £102.4m).

Group property, plant and equipment and assets held for sale have been reviewed for possible impairments. As a result of this review there was an impairment charge against assets held for sale of £0.8m during the year (2019: £1.9m) and property, plant and equipment of £3.2m (2019: £25.9m) which comprised impairment of owned assets of £nil (2019: £2.6m) and right of use assets of £3.2m (2019: £23.3m). There were no reversals of previous impairment charges in respect of assets held for sale where anticipated proceeds less costs to sell have increased over their impaired carrying values (2019: £nil).

The High Court ruling in the Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others published in October 2018 held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. Following a further High Court ruling on 20 November 2020 the case extends the scope of the GMP equalisation to include previous transfer values paid from the scheme since 1990. An allowance for the estimated impact of this has been included in the benefit obligations at 31 December 2020 of £3.3m and is recorded as a non-underlying past service cost in the Income Statement. During the previous year a Pension Increase Exchange exercise was carried out and the impact of this was to recognise a credit of £4.8m in the past service cost line.

The administration costs of the pension scheme in respect of the Pension Protection Fund levy is shown as a non-underlying item in 2020 due the significant increase in this charge which was £1.0m in the year, a increase of over four times that of the previous year.

The net financing return on pension obligations in respect of the defined benefit schemes closed to future accrual is shown as a non-underlying item due to the irregularity of this amount historically and it is not incurred in the normal course of business. A net expense of £1.2m has been recognised during the year (2019: £1.8m).

Other income consists of the profit or loss on disposal of businesses and property, plant and equipment. This comprises a £6.5m loss (2019: £32.1m profit) on disposals of motor vehicle dealerships during the year (of which £6.5m was in respect of discontinued operations (2019: £33.0m)), a £1.1m profit on sale of properties (2019: £1.2m) and a loss of £1.4m (2019: £nil) in respect of losses on the disposal of plant and equipment as a result of the closure of businesses during the year. This does not include routine transactions in relation to the disposal of individual assets, and only relates to the disposal or closure of motor vehicle dealerships and associated properties.

The Group undertook a review of its operations during the year which resulted in a number of businesses closures. The resultant costs of closure of these sites of £2.8m have been recognised as a non-underlying item in 2020. These costs were in addition to the £1.4m losses on plant and equipment referred to above, making the total closure cost for the year £4.2m. These closures were further to the closure of 22 Car Stores and one preparation centre in the previous year, costs of closure of these sites being £1.8m were likewise recognised as a non-underlying item in 2019.

During the year as part of the Group's business review and rationalistion a large number of redundancies were made, the cost of which is presented as a non-underlying item of £6.3m. During the previous year some of the Group's senior executive team were offered compensation on terminating their employment contracts which amounted to £5.5m.

We acquired CD Bramall PLC in 2004, with the Group having made a claim in 2003 for VAT overpaid in respect of bonuses received by the Group's leasing companies from OEMs during the period 1988-1995 (Fleming claims). These claims were refused by HMRC over the years for a number of reasons which gradually fell away through litigation with other parties. We were then left with a fundamental objection of principle by HMRC and so we litigated in 2017 and were successful (decision released August 2018). As the legal decision was one of principle only, we were then left to agree quantum with HMRC. This was concluded during the first half of 2019, resulting in a VAT repayment of just over £1.9m (cash received in June 2019) with interest to follow shortly of another £1.9m. Associated costs were £0.3m which resulted in a net gain of £3.5m reported in 2019.

3 Earnings per share

	2020 Earnings per share Pence	2020 Earnings total £m	2019 Earnings per share Pence	2019 Earnings total £m
Basic earnings per share	**(1.8)**	**(24.7)**	**(8.4)**	**(117.4)**
Adjusting items:				
Non-underlying items attributable to the parent (see note 2)	2.7	37.8	7.0	97.7
Tax effect of non-underlying items	(0.3)	(4.1)	0.2	3.3
Underlying earnings per share (Non-GAAP measure)	**0.6**	**9.0**	**(1.2)**	**(16.4)**
Diluted earnings per share	(1.8)	(24.7)	(8.4)	(117.4)
Diluted earnings per share - underlying (Non-GAAP measure)	0.6	9.0	(1.2)	(16.4)

The calculation of basic, adjusted and diluted earnings per share is based on the following number of shares in issue (millions):

		2020 Number		2019 Number
Weighted average number of ordinary shares in issue		1,390.5		1,390.6
Weighted average number of dilutive shares under option		6.1		2.6
Weighted average number of shares in issue taking account of applicable outstanding share options		1,396.6		1,393.2
Non-dilutive shares under option		38.3		8.7

The directors consider that the underlying earnings per share figure provides a better measure of comparative performance.

4 Finance expense

	2020 £m	2019 £m
Recognised in profit and loss		
Interest payable on bank borrowings, Senior note and loan notes	8.5	8.2
Vehicle stocking plan interest	13.6	19.3
Interest payable on finance leases	14.0	14.4
Net interest on pension scheme obligations (non-underlying - see note 2)	1.1	1.8
Less: interest capitalised	(0.5)	(0.8)
Total interest expense being interest expense in respect of financial liabilities held at amortised cost	**36.7**	**42.9**
Unwinding of discounts in contract hire residual values	3.1	3.1
Total finance expense	**39.8**	**46.0**

5 Finance income

	2020 £m	2019 £m
Recognised in profit and loss		
Interest receivable on finance leases	**1.0**	**1.1**
Interest on settlement of historic VAT issues	**-**	**1.9**
Total finance income	**1.0**	**3.0**

6 Net debt

	2020 £m	2019 £m
Cash and cash equivalents	**56.0**	**55.7**
Non-current interest bearing loans and borrowings	**(156.4)**	**(175.4)**
	(100.4)	**(119.7)**

The Group has on adoption of IFRS 16 Leases excluded Finance Lease liabilities from its measure of Net Debt.

7 Movement in contract hire vehicle balances

	2020 £m	2019 £m
Depreciation	40.9	42.1
Changes in trade and other payables and deferred income	(16.5)	13.3
Purchases of contract hire vehicles	(72.6)	(107.9)
Unwinding of discounts in contract hire residual values	(3.1)	(3.1)
	(51.3)	**(55.6)**

8 Pension Funds

The net liability for defined benefit obligations has increased from £59.0m at 31 December 2019 to £75.5m at 31 December 2020. The increase of £16.5m comprises contributions of £12.5m, a net expense recognised in the income statement of £4.4m (comprising a past service cost expense of £3.3m and an interest expense of £1.1m) and a net actuarial loss of £24.6m. The net actuarial loss has arisen due in part to changes in the principal assumptions used in the valuation of the scheme's assets and liabilities and also the change in value of the assets held over the year. The main assumptions subject to change are the discount rate of 1.40% (2019: 2.05%), inflation rate (RPI) of 3.05% (2019: 2.85%) and inflation rate (CPI) of 2.55% (2019: 2.05%).

9 Alternative performance measures

The Group uses a number of key performance measures ('KPI's') which are non-IFRS measures to monitor the performance of its operations. The Group believes these KPIs provide useful historical financial information to help investors and other stakeholders evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. In particular, the Group uses KPIs which reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group. The Group has been using the following KPIs on a consistent basis and they are defined and reconciled as follows:

Dividend per share - dividend per share is defined as the interim dividend per share plus the proposed final year dividend for a given period.

Gross margin % - gross margin is defined as gross profit as a percentage of revenue.

Operating margin % - operating margin is defined as operating profit as a percentage of revenue.

Underlying operating profit/profit before tax - results on an underlying basis exclude items that have non-trading attributes due to their size, nature or incidence. The detail of the non-underlying results is shown in note 2 and this is also shown on the face of the consolidated income statement to reconcile from the underlying to total results.

Operating profit reconciliation

	2020 £m	**2019 £m**
Underlying operating profit	**45.9**	**26.7**
Settlement of historic VAT issues (see note 2)	-	1.6
(Losses)/gains on the sale of businesses and property, plant and equipment (see note 2)	(6.8)	33.3
Past service costs (see note 2)	(3.3)	4.8
Impairment of goodwill (see note 2)	(12.5)	(102.4)
Impairment of assets held for sale (see note 2)	(0.8)	(1.9)
Impairment of property, plant and equipment (see note 2)	-	(2.6)
Impairment of right of use assets (see note 2)	(3.2)	(23.3)
Business closure costs (see note 2)	(2.8)	(1.8)
Pension scheme administration costs	(1.0)	-
Termination and severance payments (see note 2)	(6.3)	(5.5)
Non-underlying operating profit items	(36.7)	(97.8)
Operating profit/(loss)	**9.2**	**(71.1)**

(Loss)/profit before tax reconciliation

	2020 £m	**2019 £m**
Underlying profit/(loss) before tax	**8.2**	**(16.4)**
Non-underlying operating profit items (see reconciliation above)	(36.7)	(97.8)
Non-underlying net finance income/(costs) (see note 2)	(1.1)	0.1
Non-underlying operating (loss)/profit and finance costs items	(37.8)	(97.7)
(Loss) before tax	**(29.6)**	**(114.1)**

(Loss)/profit after tax reconciliation

	2020 £m	2019 £m
Underlying profit after tax	**9.0**	**(16.4)**
Non-underlying operating profit and finance costs items (see reconciliation above)	(37.8)	(97.7)
Non-underlying tax (see note 2)	4.1	(3.3)
Non-underlying operating profit, finance costs and tax items	(33.7)	(101.0)
(Loss)/profit after tax	**(24.7)**	**(117.4)**

Underlying basic earnings per share ('underlying earnings per share') – the Group presents underlying basic earnings per share as the directors consider that this is a better measure of comparative performance. Underlying basic earnings per share is calculated by dividing the underlying profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. A full reconciliation of how this is derived is found in note 3.

Underlying diluted earnings per share – the Group presents underlying diluted earnings per share as the directors consider that this is a better measure of comparative performance. Underlying diluted earnings per share is calculated by dividing the underlying profit and loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue taking account of the effects of all dilutive potential ordinary shares, which comprise of share options granted to employees, LTIPs and share warrants. A full reconciliation of how this is derived is found in note 3.

Leverage ratio – the Group uses the ratio of net debt to underlying EBITDA to assess the use of the Group's financial resources. The reconciliation of this and the composition of underlying EBITDA is shown below.

	2020 £m	2019 £m
Underlying operating profit	45.9	26.7
Depreciation	80.6	83.3
Amortisation	3.9	3.5
Underlying EBITDA	**130.4**	**113.5**
Net debt	**100.4**	**119.7**
Leverage ratio	**0.8**	**1.1**

Like for Like reconciliations

Like for like - results on a like for like basis include only businesses which have been trading for 12 consecutive months. We use like for like results to aid in the understanding of the like for like movement in revenue, gross profit and operating profit in the business. The difference to underlying results are simply those businesses which are not like for like which have recently commenced operation and therefore do not have a 12 month history plus any retail points closed during the current or previous period.

Revenues by Department - Franchised UK Motor	2020 Group revenue £m	2020 Disposals revenue £m	2020 Other non like for like revenue £m	2020 Like for like revenue £m
Aftersales revenue	**226.3**	(4.9)	(2.6)	**218.8**
Used vehicle revenue	**1,157.5**	(41.4)	(4.3)	**1,111.8**

New vehicle revenue	**1,208.0**	(11.1)	(7.7)	**1,189.2**
Total Revenue	**2,591.8**	(57.4)	(14.6)	**2,519.8**

Revenues by Department - Franchised UK Motor	**2019 Group revenue £m**	**2019 Disposals revenue £m**	**2019 Other non like for like revenue £m**	**2019 Like for like revenue £m**
Aftersales revenue	**326.2**	(26.8)	(1.5)	**297.9**
Used vehicle revenue	**1,702.5**	(184.5)	-	**1,518.0**
New vehicle revenue	**1,702.1**	(96.1)	-	**1,606.0**
Total Revenue	**3,730.8**	(307.4)	(1.5)	**3,421.9**

Revenues by Department – Car Store	**2020 Group revenue £m**	**2020 Disposals revenue £m**	**2020 Other non like for like revenue £m**	**2020 Like for like revenue £m**
Aftersales revenue	**-**	-	-	**-**
Used vehicle revenue	**88.5**	(0.3)	-	**88.2**
Total Revenue	**88.5**	(0.3)	-	**88.2**

Revenues by Department – Car Store	**2019 Group revenue £m**	**2019 Disposals revenue £m**	**2019 Other non like for like revenue £m**	**2019 Like for like revenue £m**
Aftersales revenue	**2.5**	(2.5)	-	**-**
Used vehicle revenue	**267.8**	(131.8)	-	**136.0**
Total Revenue	**270.3**	(134.3)	-	**136.0**

Revenues by Department - US Motor	**2020 Group revenue £m**	**2020 Disposals revenue £m**	**2020 Other non like for like revenue £m**	**2020 Like for like revenue £m**
Aftersales revenue	**17.3**	(0.3)	-	**17.0**
Used vehicle revenue	**22.0**	(1.1)	-	**20.9**

New vehicle revenue	**118.6**	(2.2)	-	**116.4**
Total Revenue	**157.9**	(3.6)	-	**154.3**

Revenues by Department - US Motor	**2019 Group revenue £m**	**2019 Disposals revenue £m**	**2019 Other non like for like revenue £m**	**2019 Like for like revenue £m**
Aftersales revenue	**40.7**	(19.0)	-	**21.7**
Used vehicle revenue	**75.7**	(59.2)	-	**16.5**
New vehicle revenue	**305.9**	(162.3)	-	**143.6**
Total Revenue	**422.3**	(240.5)	-	**181.8**

Gross Profit by Department - Franchised UK Motor	**2020 Group gross profit £m**	**2020 Disposals gross profit £m**	**2020 Other non like for like gross profit £m**	**2020 Like for like gross profit £m**
Aftersales gross profit	**111.2**	(1.7)	(0.9)	**108.6**
Used vehicle gross profit	**99.5**	(2.4)	(0.3)	**96.8**
New vehicle gross profit	**79.1**	(0.5)	(1.1)	**77.5**
Total Gross profit	**289.8**	(4.6)	(2.3)	**282.9**

Gross Profit by Department - Franchised UK Motor	**2019 Group gross profit £m**	**2019 Disposals gross profit £m**	**2019 Other non like for like gross profit £m**	**2019 Like for like gross profit £m**
Aftersales gross profit	**161.5**	(12.4)	(0.7)	**148.4**
Used vehicle gross profit	**105.2**	(6.5)	-	**98.7**
New vehicle gross profit	**104.9**	(5.8)	-	**99.1**
Total Gross profit	**371.6**	(24.7)	(0.7)	**346.2**

Gross Profit by Department – Car Store	**2020 Group gross profit £m**	**2020 Disposals gross profit £m**	**2020 Other non like for like gross profit £m**	**2020 Like for like gross profit £m**

Aftersales gross profit	-	-	-	-
Used vehicle gross profit	**7.3**	0.1	-	**7.4**
Total Gross profit	**7.3**	0.1	-	**7.4**

Gross Profit by Department – Car Store	**2019 Group gross profit £m**	**2019 Disposals gross profit £m**	**2019 Other non like for like gross profit £m**	**2019 Like for like gross profit £m**
Aftersales gross profit	**(1.8)**	1.8	-	-
Used vehicle gross profit	**12.7**	(4.6)	-	**8.1**
Total Gross profit	**10.9**	(2.8)	-	**8.1**

Gross Profit by Department – US Motor	**2020 Group gross profit £m**	**2020 Disposals gross profit £m**	**2020 Other non like for like gross profit £m**	**2020 Like for like gross profit £m**
Aftersales gross profit	**9.1**	(0.2)	-	**8.9**
Used vehicle gross profit	**1.7**	-	-	**1.7**
New vehicle gross profit	**12.5**	(0.3)	-	**12.2**
Total Gross profit	**23.3**	(0.5)	-	**22.8**

Gross Profit by Department – US Motor	**2019 Group gross profit £m**	**2019 Disposals gross profit £m**	**2019 Other non like for like gross profit £m**	**2019 Like for like gross profit £m**
Aftersales gross profit	**21.1**	(10.4)	-	**10.7**
Used vehicle gross profit	**5.7**	(4.6)	-	**1.1**
New vehicle gross profit	**29.9**	(17.5)	-	**12.4**
Total Gross profit	**56.7**	(32.5)	-	**24.2**

Underlying operating profit/(loss)	**2020 Group Underlying operating profit/(loss) £m**	**2020 Disposals Underlying operating profit/(loss) £m**	**2020 Other non like for like Underlying operating profit/(loss)**	**2020 Like for like Underlying operating profit/(loss) £m**

			£m	
Franchised UK Motor	**18.5**	12.2	(0.7)	**30.0**
Car Store	**(1.2)**	0.2	-	**(1.0)**
Software	**12.1**	-	-	**12.1**
Leasing	**13.3**	-	-	**13.3**
US Motor	**3.2**	0.7	-	**3.9**
Total underlying operating profit	**45.9**	13.1	(0.7)	**58.3**

Underlying operating profit/(loss)	**2019 Group Underlying operating profit/(loss) £m**	**2019 Disposals Underlying operating profit/(loss) £m**	**2019 Other non like for like Underlying operating profit/(loss) £m**	**2019 Like for like Underlying operating profit/(loss) £m**
Franchised UK Motor	**13.0**	13.0	0.5	**26.5**
Car Store	**(25.2)**	18.6	-	**(6.6)**
Software	**13.4**	-	-	**13.4**
Leasing	**12.8**	-	-	**12.8**
US Motor	**12.7**	(2.4)	-	**10.3**
Total underlying operating profit	**26.7**	29.2	0.5	**56.4**

10 Annual Report

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2020 or 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Full financial statements for the year ended 31 December 2020 will be published on the Group’s website at www.pendragonplc.com and will be posted to shareholders and after adoption at the Annual General Meeting on 28 April 2021 they will be delivered to the registrar.

Copies of this announcement are available from Pendragon PLC, Loxley House, 2 Oakwood Court, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.