

Six months to June

**2019**  
at a glance

**165**

franchise dealerships

Sold approx

**122,000**

new and used vehicles

**31**

manufacturer brands

Revenue up 2.7% to

**£2.65 billion**

(2018: £2.58billion)

Underlying profit before tax

**£29.2m**

(2018: £40.3m)

Dividend maintained at

**1.48p** per share

(2018: 1.48p)

“Our performance for the first half reflects an ongoing backdrop of challenging UK market conditions for the sector. Whilst we are reporting lower profits year-on-year, we have made good progress on a number of strategic initiatives and have a clear investment plan to restructure and strengthen our regulated activities.

Our balance sheet remains strong including our valuable property portfolio. Working closely with our brand partners I am confident in the long-term prospects for the business. The Board’s current outlook for the full year at the underlying profit before tax level remains unchanged”.

Andy Bruce  
Chief Executive Officer

# Interim Report

## Introduction

Our trading performance for the first half of the year reflects a very challenging economic backdrop and our underlying profit before tax has reduced year on year to £29.2m (2018: £40.3m). Whilst H1 began in line with expectations, trading during the three months ended 30 June 2019 ("Q2"), against strong comparatives, proved increasingly challenging. During Q2 the UK new car market continued to decline, with registrations down -4.6% (Q1: -2.4%) versus the comparable period last year. In addition, more subdued demand and the resulting pressure on used car values resulted in a weaker used car margin, which was most notable during June.

The Group's balance sheet remains strong, underpinned by a valuable freehold property portfolio, committed and extended bank funding facilities and strong operational cash flow generation.

## Financial review

From 1 January 2019 the Group adopted the new accounting standard IFRS 16: Leases. This standard introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees. Unless otherwise stated the prior period financial comparatives contained within these statements have been restated to reflect the first-time adoption of IFRS 16. Further details of this restatement can be found in note 1. At 30 June 2019 the Group has right-of-use assets with a net book value of £81.7m, related lease liabilities of £105.1m and have repaid £6.0m of lease liabilities in the Period. In addition, the Group has reclassified the amortisation of intangible assets to the underlying earnings of the Group and restated the financial comparatives accordingly.

Revenue increased by 2.7% to £2,646.4m (2018: £2,576.5m). Like-for-like revenue grew 0.1% with encouraging growth in used cars, aftersales and leasing / other. In particular, our important high margin aftersales department showed resilient like-for-like revenue growth of 6.2%.

Gross profit increased by 1.4% to £274.2m (2018: £270.5m). Gross margin at 10.4% was -14bps below last year. Used vehicle gross margin at 6.6% was -60bps below last year being partly offset by a more favourable aftersales mix.

Underlying net operating expenses of £231.4m represented 8.7% of revenue, which were 6.4% above last year (like-for-like 5.0%). Inflationary and structural cost pressures continue to impact the Group particularly in the areas of labour and property occupancy costs. Recent cost headwinds impacting all retailers have been well documented and the Group is pursuing several initiatives to mitigate these effects.

Net interest costs increased in the Period to £13.6m (2018: £12.7m) principally due to the increase in the bank base rate in August 2018 and revised terms of the Group's revolving credit facility ("RCF").

The Group incurred £4.3m of non-underlying costs, including a charge of £2.0m in relation to the restructure of its regulated activities (discussed further below). This compared to a net non-underlying profit of £1.0m last year including £3.3m relating to profits from the disposal of property.

The Group's reported effective tax rate is 19.3% (2018: 15.5%), with last year being impacted by property transactions.

The Group maintained a strong level of operational cash flow in the Period with cash generated from operations of £79.0m (2018: £63.1m). We have invested £21.7m of capital expenditure during the Period in improving dealership facilities as part of our ongoing strategic investment programme. We also received £3.4m from the disposal of two properties. Total net debt at 30 June 2019 was £73.9m (2018: £54.5m) compared to £86.9m at 31 December 2018.

With the reduction in net debt in the Period, the Group continues to benefit from a strong balance sheet that supports further investment in new and improved facilities, operational capabilities and potential acquisition opportunities. The net book value of freehold and leasehold properties of £312.1m (equivalent to 80p per share) at the end of the Period remains a key strength of the business.

The Group's bank facilities were renewed in December 2018 and consist of a revolving credit facility of £250.0m arranged with five banks, (Bank of Ireland, Barclays, HSBC, Lloyds and NatWest), with a term to March 2022 and an option to extend to March 2023. There is also an option to increase the facility up to an additional £50.0m to fund potential future acquisitions.

## Dividend

In line with the Group's progressive dividend policy the dividend paid has increased significantly in recent years. Despite the results for the first half and the challenging trading conditions, given the Group's strong balance sheet the Board has decided to maintain the interim dividend this year. The interim dividend of 1.48p per share (2018: 1.48p) will be payable to shareholders on 22 November 2019. The ex-dividend date will be 17 October 2019 and the record date will be 18 October 2019. The Board intends to undertake a review of the current dividend policy in light of the Group's trading performance and future cash flows before the publication of the Group's Annual Report & Accounts.

## Board changes

We recently announced that, as part of our succession planning, Robin Gregson, CFO, was to step down after ten years in the role. Together with my colleagues on the Board I would like to thank him for his significant contribution and wish him well in the future.

We were also pleased to announce the appointment of Mark Raban as CFO and we welcomed Mark to the Board on 15 July 2019. Mark has nearly 30 years of multi-channel retail experience and was most recently CFO at Marshall Motor Holdings plc for four years.

## Operating review

The results for the first half reflect the challenging market conditions experienced during the Period. The key aspects of our performance were:

- The Group continued to outperform the UK new car market. Total like-for-like new car unit volumes were -1.2% down compared to a UK market decline of -3.4%
- Continued growth in used car revenue partly offset by margin pressure experienced during Q2
- Further progress in aftersales driven by a 6.2% growth in like-for-like revenue

## Interim Report (continued)

We operate 165 franchised dealerships representing 31 manufacturers from 110 locations. During the Period, we continued our strategy of operating the right brands in the right locations and reduced the footprint by five dealerships. Following the acquisition of Jennings in 2018, we have now closed the Seat and Mazda sites in Middlesbrough and Kia in Sunderland. As part of our rationalisation programme agreed with Volkswagen, we have closed two sites: our Morden site where much of the business will transfer to our flagship Volkswagen Battersea dealership, which opened in January 2019 after significant redevelopment; and our dealership in Dumfries where much of the business will transfer to our Volkswagen dealership in Carlisle.

The number of new cars sold per annum in the UK has reduced from a peak of 2.69m in 2017 to 2.37m in 2018, with a further reduction expected this year. Our share of the retail sector of this market is 6.1% up from 4.0% in 2011. We continue to see significant opportunity to further grow our market share and increase sales volumes within the UK used car market, which currently has annual transactions of approximately 8m vehicles.

Aftersales represents the servicing, repair and sale of franchised parts. In the UK there are approximately 36m cars and light commercial vehicles, with a significant proportion under three years old. This is the predominant market for franchised motor dealers and we are focused on developing the aftersales business and investing in our offering through initiatives to increase volumes and margins.

The internet remains the primary means for our customers to research and determine which new or used cars they are interested in buying. We have now migrated to our new and considerably improved website on a phased basis and this is now fully operational across all dealerships. This has resulted in further increases in our visitor and enquiry levels. The customer experience will be enhanced by further significant improvements in functionality, which will allow interaction with our customers.

### Analysis of revenue and gross profit

| Revenue           | H1 2019 £m     | H1 2018 £m     | Variance     | LFL variance |
|-------------------|----------------|----------------|--------------|--------------|
| New cars          | 1,288.0        | 1,311.1        | -1.8%        | -3.4%        |
| Used cars         | 1,067.5        | 996.3          | +7.1%        | +3.0%        |
| Aftersales        | 247.0          | 228.0          | +8.3%        | +6.2%        |
| Leasing and other | 43.9           | 41.1           | +6.8%        | +6.8%        |
| <b>Total</b>      | <b>2,646.4</b> | <b>2,576.5</b> | <b>+2.7%</b> | <b>+0.1%</b> |

| Gross profit      | H1 2019 £m   | H1 2018 £m   | Variance     | LFL variance |
|-------------------|--------------|--------------|--------------|--------------|
| New cars          | 84.9         | 85.0         | -0.1%        | -2.2%        |
| Used cars         | 70.9         | 72.1         | -1.7%        | -2.8%        |
| Aftersales        | 109.9        | 104.9        | +4.8%        | +2.9%        |
| Leasing and other | 8.5          | 8.5          | -0.6%        | -0.6%        |
| <b>Total</b>      | <b>274.2</b> | <b>270.5</b> | <b>+1.4%</b> | <b>-0.3%</b> |

### New cars

| New cars                | H1 2019       | H1 2018       | Variance     | LFL variance |
|-------------------------|---------------|---------------|--------------|--------------|
| Retail unit sales       | 34,459        | 35,763        | -3.6%        | -5.9%        |
| Fleet unit sales        | 33,053        | 30,872        | +7.1%        | +4.3%        |
| <b>Total unit sales</b> | <b>67,512</b> | <b>66,635</b> | <b>+1.3%</b> | <b>-1.2%</b> |
| Gross margin %          | 6.6%          | 6.5%          | +11bps       | +8bps        |

The sale of new cars represents 31.0% of total gross profit. The new car market reduced by -3.4% in H1 to 1.27m units, with a reduction of -2.4% in Q1 and -4.6% in Q2. Q1 benefitted to some extent from a pre-Brexit pull forward of demand. During H1 we outperformed the UK market with like-for-like unit sales of new cars down -1.2% versus last year.

Like-for-like unit retail sales reduced by -5.9% compared to the market reduction of -3.2%. In Q2 the market was partly inflated by some dealer pre-registration activity and we took a disciplined approach to managing our inventory.

The fleet sector continues to represent a significant part of the market, providing scope for further growth whilst taking a sustainable and balanced approach to maintaining margins. In H1 the Group's like-for-like fleet unit sales increased by +4.3% compared to a market decline of -3.6%.

The Society of Motor Manufacturers and Traders ("SMMT") estimated in August of this year that new car volumes will be -2.2% lower for 2019 compared to 2018, at 2.32m units. Nonetheless, this is still a relatively healthy outlook compared to historic levels of new car volumes and provides opportunities for us to continue to increase market share, particularly as the brands in which we have significant representation tend to outperform the wider market. The month of September is important for the industry and our new car order take is currently building as expected. Our relationship with our manufacturer partners remains a critical part of our success and we continue to work closely with them to achieve a mutually beneficial commercial relationship, underpinning the potential to develop further with them in the future.

### Used cars

| Used cars         | H1 2019 | H1 2018 | Variance | LFL variance |
|-------------------|---------|---------|----------|--------------|
| Retail unit sales | 54,088  | 51,943  | +4.1%    | +2.0%        |
| Gross margin %    | 6.6%    | 7.2%    | -60bps   | -40bps       |

The used car market had a mixed performance in the Period with a robust Q1, followed by reduced demand and falling used cars prices in Q2. This had a pronounced impact on margins and used car profits. Used cars contribute 25.9% of total gross profit.

Group like-for-like used unit sales increased by 2.0%, compared to last year. However, gross margin from used cars deteriorated during the Period by -60bps, principally driven by used vehicle residual value pressure in Q2. Given the effect this had on used car pricing in June, we took a disciplined approach to managing stock in the month, which had a negative impact on profitability but mitigated against further residual value pressures.

The used car market represents a significant opportunity for the Group and we plan to continue to grow our used car business, building on the successful growth we have achieved in recent years.

# Interim Report (continued)

## Aftersales

| Aftersales     | H1 2019 | H1 2018 | Variance | LFL variance |
|----------------|---------|---------|----------|--------------|
| Revenue £m     | 247.0   | 228.0   | +8.3%    | +6.2%        |
| Gross margin % | 44.5%   | 46.0%   | -150bps  | -140bps      |

Our higher margin aftersales business, which represents 40.1% of gross profit, has performed well in the Period.

Like-for-like revenue increased by 6.2% compared to 2018 and gross profit decreased by -140bps largely due to a one-off parts volume bonus received in H1 2018. Excluding the impact of this, the underlying margin was broadly level. We have increased capacity when developing new dealership premises in recent years, which has expanded the base infrastructure to support higher volumes and growth in the car parc. In addition, aftersales has also benefited from the initiatives we have implemented to develop our services, with an emphasis on performance and improved customer retention through enhanced technology, as well as an increase in the penetration of customer service plans sold.

## Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Board believes these risks and uncertainties to be consistent with those disclosed on pages 34 to 36 in the 2018 Annual Report & Accounts. Notwithstanding this, the Board believe that the adverse risk factors associated with Brexit have generally increased during the Period. An update on the risks associated with the review of regulated activities are discussed below.

## Review of regulated activities

As previously announced, during 2018 the Board became aware of certain matters requiring review in relation to the Group's regulated activities. In December 2018, the Board commissioned an independent review of the Group's internal control, risk assurance systems and internal audit. This review, which we shared with the FCA, indicated that there were some control issues in the sales process in the Group's regulated activities, which would require an improvement plan to be implemented.

The Group has now finalised its improvement and remedial action plan. It is anticipated to require a one-off cash investment of c.£10m (2019: c.£7m, 2020: c.£3m). The remediation plan will include a detailed review of past business; establishment of a revised sales process; a full training exercise across the Group; establishment of a new risk management and quality assurance frameworks; and several developments to the Group's IT systems. In addition to this one-off investment, ongoing underlying operating costs in 2020 and beyond are expected to increase by c.£3m per annum to deliver best practice and an enhanced customer experience.

Of the anticipated c.£7m one-off investment in 2019, £2m has been included within non-underlying items in the Period.

As announced on 25 June 2019, the Group has been informed by the FCA that it intends to carry out an investigation into sales processes between the period of 1 January 2016 to 13 June 2019. This investigation has not yet started. With the full support of the Group, the FCA will reach its conclusions in due course. At this stage the Board cannot estimate what effect, if any, the outcome of this investigation may have.

The Board takes this matter very seriously and continues to co-operate and co-ordinate fully with the FCA. We believe that adapting to developments in regulation, which affects the retail motor industry and the fast pace of changing customer demands and behaviours, is a key challenge and an important priority for the Group. When these improvements are fully deployed across the Group, our strengthened infrastructure and enhanced customer experience will create a robust and industry leading platform that will facilitate further growth.

We will provide further updates as appropriate.

## Outlook

Despite the more challenging market conditions in H1, particularly Q2, the Group has maintained its strategy of strong operational execution and a focus on having the right brands in the right locations.

As outlined in the Group's trading statement on 12 July 2019, the Board expects that the more recent challenging conditions are likely to continue during the second half of the year with continued weakness in consumer confidence in the light of political and economic uncertainty and further pressure on used car margins. There is also the possibility of new vehicle supply restrictions as real-life emissions regulations come into force in Q3. In addition, the retail cost inflation pressure experienced in H1 could continue to impact earnings during the second half of the year.

As a result of the above factors, the Board believes it is right to remain cautious as we enter the second half of the year. However, the Board's current outlook for underlying profit before tax for the full year remains unchanged.

Notwithstanding the short-term challenges of H1 and the uncertain outlook for the second half of the year, the Board continues to believe that over the longer term, the Group is extremely well positioned to take advantage of the many opportunities ahead as the sector continues to develop. The Group continues to make significant investments in upgrading its property portfolio and enhancing customer experience. The Group's balance sheet remains strong, underpinned by a valuable freehold property portfolio, committed and extended bank funding facilities and strong operational cash flow capability.

I would like to finish my review by thanking all of my colleagues at Lookers and our OEM brand partners for their hard work, commitment and dedication to the Group.

**Phil White, Chairman**

**13 August 2019**

# Condensed Statement of Total Comprehensive Income

|   | Note | Unaudited<br>six months<br>ended<br>30 June<br>2019<br>£m | Unaudited<br>six months<br>ended<br>30 June 2018<br>(restated**)<br>£m | Year ended<br>31 Dec<br>2018<br>(restated**)<br>£m |
|---|------|---|--|--|
| <b>Revenue</b>  | 2    | <b>2,646.4</b>  | <b>2,576.5</b>   | <b>4,879.5</b>                                     |
| Cost of sales   |      | (2,372.2)   | (2,306.0)  | (4,364.0)  |
| <b>Gross profit</b>   |      | <b>274.2</b>  | <b>270.5</b>   | <b>515.5</b>                                       |
| Net operating expenses                                      |      | (234.2)   | (218.4)  | (443.6)  |
| (Loss)/gain on property disposals                           |      | (0.3)   | 3.3  | 3.3  |
| <b>Operating profit</b>                                     |      | <b>39.7</b>   | <b>55.4</b>  | <b>75.2</b>  |
| <b>Underlying operating profit</b>                          |      | <b>42.8</b>   | <b>53.0</b>  | <b>78.3</b>  |
| <b>Non-underlying items</b>                                 | 3    | <b>(3.1)</b>  | <b>2.4</b>   | <b>(3.1)</b>                                       |
| Net interest  | 4    | (13.6)  | (12.7)   | (24.4)   |
| Net interest on pension scheme obligations                  |      | (1.0)   | (1.2)  | (1.7)  |
| Debt issue costs  |      | (0.2)   | (0.2)  | (0.5)  |
| <b>Profit before taxation</b>                               |      | <b>24.9</b>   | <b>41.3</b>  | <b>48.6</b>  |
| <b>Underlying profit before tax</b>                         |      | <b>29.2</b>   | <b>40.3</b>  | <b>53.9</b>  |
| <b>Non-underlying items</b>                                 | 3    | <b>(4.3)</b>  | <b>1.0</b>   | <b>(5.3)</b>                                       |
| Tax charge  |      | (4.8)   | (6.4)  | (8.8)  |
| <b>Profit for the period/year</b>                           |      | <b>20.1</b>   | <b>34.9</b>  | <b>39.8</b>  |
| Actuarial (losses)/gains on pension scheme obligations*     |      | (1.7)   | 4.0  | (7.2)  |
| Deferred tax on pension scheme obligations*                 |      | 0.3   | 0.0  | 1.2  |
| <b>Total other comprehensive income for the period/year</b> |      | <b>(1.4)</b>  | <b>4.0</b>   | <b>(6.0)</b>                                       |
| <b>Total comprehensive income for the period/year</b>       |      | <b>18.7</b>   | <b>38.9</b>  | <b>33.8</b>  |
| Attributable to:  |      |   |  |  |
| Shareholders of the company                                 |      | 18.7  | 38.9   | 33.8   |
| Earnings per share:   |      |   |  |  |
| Basic earnings per share                                    | 6    | 5.17p   | 8.80p  | 10.12p   |
| Diluted earnings per share                                  | 6    | 4.99p   | 8.48p  | 9.67p  |

\*Will not be recycled to profit and loss

\*\*Details of the restatements as a result of the adoption of IFRS 16 are made on page 9.

# Condensed Statement of Financial Position

|                                | Note | Unaudited<br>30 June<br>2019<br>£m | Unaudited<br>30 June 2018<br>(restated**)<br>£m | Audited<br>31 Dec 2018<br>(restated**)<br>£m |
|--------------------------------|------|------------------------------------|---|--|
| <b>Non-current assets</b>      |      |                                    |   |  |
| Goodwill                       |      | 116.2                              | 108.9   | 116.2  |
| Intangible assets              | 7    | 115.4                              | 114.0   | 114.6  |
| Property, plant and equipment  | 8    | 364.5                              | 341.1   | 350.9  |
| Right of use assets            |      | 81.7                               | 87.0  | 86.9   |
|                                |      | <b>677.8</b>                       | <b>651.0</b>                                    | <b>668.6</b>                                 |
| <b>Current assets</b>          |      |                                    |   |  |
| Inventories                    |      | 990.9                              | 864.6   | 1,027.7                                      |
| Trade and other receivables    |      | 302.3                              | 251.7   | 179.5  |
| Rental fleet vehicles          |      | 64.2                               | 66.7  | 54.2   |
| Cash and cash equivalents      | 10   | 93.6                               | 56.2  | 44.4   |
| Assets held for sale           | 9    | 6.5                                | -   | 8.0  |
|                                |      | <b>1,457.5</b>                     | <b>1,239.2</b>                                  | <b>1,313.8</b>                               |
| <b>Total assets</b>            |      | <b>2,135.3</b>                     | <b>1,890.2</b>                                  | <b>1,982.4</b>                               |
| <b>Current liabilities</b>     |      |                                    |   |  |
| Bank loans and overdrafts      | 10   | 13.0                               | 13.2  | 2.6  |
| Trade and other payables       |      | 1,340.2                            | 1,146.5   | 1,235.7                                      |
| Provisions                     |      | 2.0                                | -   | -  |
| Lease liabilities              |      | 9.7                                | 10.0  | 10.0   |
| Current tax payable            |      | 1.4                                | 4.9   | 0.1  |
|                                |      | <b>1,366.3</b>                     | <b>1,174.6</b>                                  | <b>1,248.4</b>                               |
| <b>Net current assets</b>      |      | <b>91.2</b>                        | <b>64.6</b>                                     | <b>65.4</b>                                  |
| <b>Non-current liabilities</b> |      |                                    |   |  |
| Bank loans                     | 10   | 154.5                              | 97.5  | 128.7  |
| Trade and other payables       |      | 25.2                               | 25.1  | 19.4   |
| Lease liabilities              |      | 95.4                               | 100.2   | 100.2  |
| Pension scheme obligations     |      | 67.4                               | 61.0  | 68.9   |
| Deferred tax liabilities       |      | 40.3                               | 38.8  | 40.0   |
|                                |      | <b>382.8</b>                       | <b>322.6</b>                                    | <b>357.2</b>                                 |
| <b>Total liabilities</b>       |      | <b>1,749.1</b>                     | <b>1,497.2</b>                                  | <b>1,605.6</b>                               |
| <b>Net assets</b>              |      | <b>386.2</b>                       | <b>393.0</b>                                    | <b>376.8</b>                                 |
| <b>Shareholders' equity</b>    |      |                                    |   |  |
| Ordinary share capital         | 11   | 19.4                               | 19.7  | 19.4   |
| Share premium                  |      | 78.4                               | 78.4  | 78.4   |
| Capital redemption reserve     |      | 15.1                               | 14.8  | 15.1   |
| Retained earnings              |      | 273.3                              | 280.1   | 263.9  |
| <b>Total equity</b>            |      | <b>386.2</b>                       | <b>393.0</b>                                    | <b>376.8</b>                                 |

\*\*Details of the restatements following the adoption of IFRS 16 are made on page 9. In addition, comparatives within the interim period ending 30 June 2018 have been restated to reflect the presentation of the RCF as non-current rather than current liabilities.

# Consolidated Statement of Changes in Equity

| Period to 30 June 2019 (unaudited)              | Share capital<br>£m | Share premium<br>£m | Capital redemption reserve<br>£m | Retained earnings<br>£m | Total equity<br>£m |
|---|---------------------|---------------------|----------------------------------|-------------------------|--------------------|
| As at 1 January 2019                            | 19.4                | 78.4                | 15.1                             | 263.9                   | 376.8              |
| Profit for the period                           | -                   | -                   | -                                | 20.1                    | 20.1               |
| Total other comprehensive income for the period | -                   | -                   | -                                | (1.4)                   | (1.4)              |
| Share based compensation                        | -                   | -                   | -                                | 0.8                     | 0.8                |
| Dividends paid                                  | -                   | -                   | -                                | (10.1)                  | (10.1)             |
| <b>As at 30 June 2019</b>                       | <b>19.4</b>         | <b>78.4</b>         | <b>15.1</b>                      | <b>273.3</b>            | <b>386.2</b>       |
| <b>Period to 30 June 2018 (unaudited)</b>       |                     |                     |                                  |                         |                    |
| As at 1 January 2018                            | 19.9                | 78.4                | 14.6                             | 272.2                   | 385.1              |
| Effects of new accounting standards - IFRS 16   | -                   | -                   | -                                | (18.9)                  | (18.9)             |
| As at 1 January 2018 (restated)                 | 19.9                | 78.4                | 14.6                             | 253.3                   | 366.2              |
| Profit for the period                           | -                   | -                   | -                                | 34.9                    | 34.9               |
| Total other comprehensive income for the period | -                   | -                   | -                                | 4.0                     | 4.0                |
| Share based compensation                        | -                   | -                   | -                                | 0.9                     | 0.9                |
| Share buy-back                                  | (0.2)               | -                   | 0.2                              | (3.2)                   | (3.2)              |
| Dividends paid                                  | -                   | -                   | -                                | (9.8)                   | (9.8)              |
| <b>As at 30 June 2018 (restated)</b>            | <b>19.7</b>         | <b>78.4</b>         | <b>14.8</b>                      | <b>280.1</b>            | <b>393.0</b>       |
| <b>Year to 31 December 2018 (audited)</b>       |                     |                     |                                  |                         |                    |
| As at 1 January 2018                            | 19.9                | 78.4                | 14.6                             | 272.2                   | 385.1              |
| Effects of new accounting standards - IFRS 16   | -                   | -                   | -                                | (18.9)                  | (18.9)             |
| As at 1 January 2018 (restated)                 | 19.9                | 78.4                | 14.6                             | 253.3                   | 366.2              |
| Profit for the year                             | -                   | -                   | -                                | 39.8                    | 39.8               |
| Total other comprehensive income for the year   | -                   | -                   | -                                | (6.0)                   | (6.0)              |
| New shares issued                               | 0.0                 | 0.0                 | -                                | -                       | 0.0                |
| Share based compensation                        | -                   | -                   | -                                | 1.7                     | 1.7                |
| Share buy-back                                  | (0.5)               | -                   | 0.5                              | (9.3)                   | (9.3)              |
| Dividends paid                                  | -                   | -                   | -                                | (15.6)                  | (15.6)             |
| <b>As at 31 December 2018 (restated)</b>        | <b>19.4</b>         | <b>78.4</b>         | <b>15.1</b>                      | <b>263.9</b>            | <b>376.8</b>       |



# Condensed Statement of Cash Flows

|  |      | Unaudited<br>six months<br>ended<br>30 June<br>2019 | Unaudited<br>six months<br>ended<br>30 June 2018<br>(restated**) | Year ended<br>31 Dec<br>2018<br>(restated**) |
|--|------|---|--|--|
|  | Note | £m  | £m   | £m   |
| <b>Cash flows from operating activities</b>                |      |   |  |  |
| Profit for the period/year                                 |      | 20.1  | 34.9   | 39.8   |
| Tax charge   |      | 4.8   | 6.4  | 8.8  |
| Depreciation of property, plant and equipment              |      | 15.9  | 15.3   | 30.9   |
| Loss/(profit) on disposal of property, plant and equipment |      | 0.3   | 4.1  | (3.8)  |
| Amortisation of intangible assets                          | 7    | 3.3   | 2.7  | 5.6  |
| Share based compensation                                   |      | 0.8   | 0.9  | 1.7  |
| Interest income  |      | (0.1)   | -  | (0.3)  |
| Interest payable   |      | 13.7  | 12.7   | 24.7   |
| Debt issue costs   |      | 0.2   | 0.2  | 0.5  |
| Difference between pension charge and cash contributions   |      | (2.9)   | (1.6)  | (2.1)  |
| Movements in provisions                                    |      | 2.0   | -  | -  |
| Changes in inventories                                     |      | 36.8  | 119.5  | 1.4  |
| Changes in receivables                                     |      | (127.2)   | (24.8)   | 48.9   |
| Changes in payables  |      | 111.3   | (107.2)  | (60.4)                                       |
| Cash generated from operations                             |      | 79.0  | 63.1   | 95.7   |
| Purchase of rental fleet vehicles                          |      | (51.5)  | (52.7)   | (89.4)                                       |
| Proceeds from sale of rental fleet vehicles                |      | 38.7  | 52.6   | 90.3   |
| Interest paid  |      | (13.9)  | (12.9)   | (24.7)                                       |
| Interest received  |      | 0.1   | -  | 0.3  |
| Tax paid   |      | (3.2)   | (0.4)  | (7.1)  |
| <b>Net cash inflow from operating activities</b>           |      | <b>49.2</b>   | <b>49.7</b>  | <b>65.1</b>                                  |
| <b>Cash flows from investing activities</b>                |      |   |  |  |
| Purchase of property, plant and equipment                  | 8    | (21.7)  | (14.0)   | (25.7)                                       |
| Purchase of intangibles                                    | 7    | (1.8)   | (4.4)  | (7.9)  |
| Purchase of subsidiaries net of cash received              |      | -   | -  | (13.7)                                       |
| Proceeds from disposal of property, plant and equipment    |      | 3.4   | 29.7   | 35.1   |
| <b>Net cash (outflow)/inflow from investing activities</b> |      | <b>(20.1)</b>                                       | <b>11.3</b>  | <b>(12.2)</b>                                |
| <b>Cash flows from financing activities</b>                |      |   |  |  |
| Proceeds from issue of ordinary shares                     |      | -   | -  | 0.0  |
| Redemption of ordinary shares                              |      | -   | (3.2)  | (9.3)  |
| Repayment of loans   | 10   | (0.5)   | (6.1)  | (14.6)                                       |
| Draw down on RCF   | 10   | 117.0   | 32.0   | 135.3  |
| Repayment on RCF   | 10   | (90.0)  | (52.0)   | (134.1)                                      |
| Repayment of lease liabilities                             | 10   | (6.0)   | (4.7)  | (10.2)                                       |
| Dividends paid   | 5    | (10.1)  | (9.8)  | (15.6)                                       |
| <b>Net cash inflow/(outflow) from financing activities</b> |      | <b>10.4</b>   | <b>(43.8)</b>  | <b>(48.5)</b>                                |
| <b>Increase in cash and cash equivalents</b>               |      | <b>39.5</b>   | <b>17.2</b>  | <b>4.4</b>                                   |
| Cash and cash equivalents at 1 January                     |      | 43.3  | 38.9   | 38.9   |
| <b>Cash and cash equivalents at 30 June/31 December</b>    |      | <b>82.8</b>   | <b>56.1</b>  | <b>43.3</b>                                  |
| <b>Analysis of cash and cash equivalents</b>               |      |   |  |  |
| Cash and cash equivalents                                  | 10   | 93.6  | 56.2   | 44.4   |
| Bank overdraft   | 10   | (10.8)  | (0.1)  | (1.1)  |
| <b>Cash and cash equivalents at 30 June/31 December</b>    |      | <b>82.8</b>   | <b>56.1</b>  | <b>43.3</b>                                  |

\*\*Details of the restatements following the adoption of IFRS 16 are made on page 9. In addition, comparatives within the interim period ending 30 June 2018 have been restated to reflect the presentation of the RCF as non-current rather than current liabilities.



# Notes to the Financial Information

## 1. General information

Lookers plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006, with registered number 111876 in England and Wales and a registered office of Lookers House, 3 Etchells Road, West Timperley, Altrincham, WA14 5XS.

The financial information for the six months ended 30 June 2019 and 30 June 2018 is unaudited. The financial information for the year ending 31 December 2018 has been based on the audited financial statements for that year.

The information for the year ended 31 December 2018 and the Interim Report for the period ended 30 June 2019 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies and was filed on 15 July 2019. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

### Accounting policies

The annual financial statements of Lookers plc are prepared in accordance with IFRSs as adopted by the European Union. The set of condensed financial statements included in this Interim Report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union. Save for the implementation of IFRS 16 'Leases' which is discussed further below, the same accounting policies, presentation and methods of computation are followed in the Interim Report as applied in the Group's latest annual audited financial statements.

### Going concern

This financial information has been prepared on a going concern basis which the Directors believe to be appropriate. This conclusion is based on, amongst other matters, a review of the Group's financial projections together with a review of the cash and committed borrowing facilities available to the Group.

At 30 June 2019 the banking facilities included a revolving credit facility of up to £250.0m, with a further £50.0m available for future acquisitions. These facilities are not due for renewal until March 2022.

At 30 June 2019 the Group had Net debt of £73.9m.

### Alternative Performance Measures

The Group uses a number of Alternative Performance Measures (APMs) which are non-IFRS measures in order to monitor the performance of its operations. The Group makes certain adjustments to statutory profit measures in order to derive many of these APM's. The Group's policy is to exclude items that are considered to be significant in nature and/or quantum. The Group believes these APM's provide useful historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group.

The key APM's used by the group include like for like sales, gross profit margin, underlying operating profit, underlying profit before tax and net debt. Each of the APM's and others used by the Group are set out in the Glossary including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

### IFRS 16

The Group has applied IFRS 16 for the first time in the Period. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The Group has elected to apply the full retrospective implementation approach with restatement of the comparative information. The date of initial application is 1 January 2017. IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

- recognises right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the Statement of Total Comprehensive Income; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Statement of Cash Flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within net operating expenses in the Statement of Total Comprehensive Income.

## Notes to the Financial Information (continued)

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The weighted average incremental borrowing rate applied to lease liabilities is 5.40%.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the Statement of Financial Position. The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

A reconciliation of total operating lease commitments to the IFRS 16 lease liability at 1 January 2019 is as follows:

|  | £m           |
|--|--------------|
| Operating lease commitments disclosed at 31 December 2018              | 172.6        |
| Less: discount effect using incremental borrowing rate                 | (60.7)       |
| Less: short term leases recognised on a straight-line basis as expense | (0.7)        |
| Less: low value leases recognised on a straight-line basis as expense  | (1.0)        |
| <b>Lease liability recognised at 1 January 2019</b>                    | <b>110.2</b> |
| Of which are:  |              |
| Current lease liabilities  | 10.0         |
| Non-current lease liabilities  | 100.2        |
|  | <b>110.2</b> |

In addition to the recognition of right-of-use assets, lease liabilities and adjustments to net operating expenses for operating lease costs and depreciation coupled with adjustments to finance expenses, the gains on property disposals arising from sale and leaseback transactions have been remeasured under the new standard. The following reconciliations detail the impact of the adoption of IFRS 16 on the previously reported Statement of Total Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows for the period ending 30 June 2018 and year ending 31 December 2018.

## Notes to the Financial Information (continued)

| Period to 30 June 2018                                      | Unaudited<br>six months ended<br>30 June 2018* | Impact of<br>IFRS 16 | Unaudited six<br>months ended<br>30 June 2018<br>(restated) |
|---|--|----------------------|---|
|   | £m   | £m                   | £m  |
| <b>Revenue</b>  | <b>2,576.5</b>                                 | -                    | <b>2,576.5</b>  |
| Cost of sales   | (2,306.0)                                      | -                    | (2,306.0)   |
| <b>Gross profit</b>   | <b>270.5</b>                                   | -                    | <b>270.5</b>  |
| Net operating expenses                                      | (221.3)  | 2.9                  | (218.4)   |
| Gain on property disposals                                  | 7.6  | (4.3)                | 3.3   |
| <b>Operating profit</b>                                     | <b>56.8</b>                                    | <b>(1.4)</b>         | <b>55.4</b>   |
| <b>Underlying operating profit</b>                          | <b>50.1</b>                                    | <b>2.9</b>           | <b>53.0</b>   |
| <b>Non-underlying items</b>                                 | <b>6.7</b>                                     | <b>(4.3)</b>         | <b>2.4</b>  |
| Net interest  | (9.7)  | (3.0)                | (12.7)  |
| Net interest on pension scheme obligations                  | (1.2)  | -                    | (1.2)   |
| Debt issue costs  | (0.2)  | -                    | (0.2)   |
| <b>Profit before taxation</b>                               | <b>45.7</b>                                    | <b>(4.4)</b>         | <b>41.3</b>   |
| <b>Underlying profit before tax</b>                         | <b>40.4</b>                                    | <b>(0.1)</b>         | <b>40.3</b>   |
| <b>Non-underlying items</b>                                 | <b>5.3</b>                                     | <b>(4.3)</b>         | <b>1.0</b>  |
| Tax charge  | (7.2)  | 0.8                  | (6.4)   |
| <b>Profit for the period</b>                                | <b>38.5</b>                                    | <b>(3.6)</b>         | <b>34.9</b>   |
| Actuarial gains on pension scheme obligations               | 4.0  | -                    | 4.0   |
| Deferred tax on pension scheme obligations                  | -  | -                    | -   |
| <b>Total other comprehensive income for the period/year</b> | <b>4.0</b>                                     | -                    | <b>4.0</b>  |
| <b>Total comprehensive income for the period/year</b>       | <b>42.5</b>                                    | <b>(3.6)</b>         | <b>38.9</b>   |
| Attributable to:  |  |                      |   |
| Shareholders of the company                                 | 42.5   | (3.6)                | 38.9  |
| <b>Earnings per share:</b>                                  |  |                      |   |
| Basic earnings per share                                    | 9.71p  |                      | 8.80p   |
| Diluted earnings per share                                  | 9.35p  |                      | 8.48p   |

\*Amortisation of intangible assets have been restated to be included in the underlying financial performance.

## Notes to the Financial Information (continued)

| Year to 31 December 2018                                    | Audited<br>year ended<br>31 Dec 2018* | Impact of<br>IFRS 16 | Year ended<br>31 Dec 2018<br>(restated) |
|---|---------------------------------------|----------------------|---|
|   | £m                                    | £m                   | £m                                      |
| <b>Revenue</b>  | <b>4,879.5</b>                        | -                    | <b>4,879.5</b>                          |
| Cost of sales   | (4,364.0)                             | -                    | (4,364.0)                               |
| <b>Gross profit</b>   | <b>515.5</b>                          | -                    | <b>515.5</b>                            |
| Net operating expenses                                      | (449.6)                               | 6.0                  | (443.6)                                 |
| Gain on property disposals                                  | 7.7                                   | (4.4)                | 3.3                                     |
| <b>Operating profit</b>                                     | <b>73.6</b>                           | <b>1.6</b>           | <b>75.2</b>                             |
| <b>Underlying operating profit</b>                          | <b>72.3</b>                           | <b>6.0</b>           | <b>78.3</b>                             |
| <b>Non-underlying items</b>                                 | <b>1.3</b>                            | <b>(4.4)</b>         | <b>(3.1)</b>                            |
| Net interest  | (18.3)                                | (6.1)                | (24.4)                                  |
| Net interest on pension scheme obligations                  | (1.7)                                 | -                    | (1.7)                                   |
| Debt issue costs  | (0.5)                                 | -                    | (0.5)                                   |
| <b>Profit before taxation</b>                               | <b>53.1</b>                           | <b>(4.5)</b>         | <b>48.6</b>                             |
| <b>Underlying profit before tax</b>                         | <b>54.0</b>                           | <b>(0.1)</b>         | <b>53.9</b>                             |
| <b>Non-underlying items</b>                                 | <b>(0.9)</b>                          | <b>(4.4)</b>         | <b>(5.3)</b>                            |
| Tax charge  | (9.6)                                 | 0.8                  | (8.8)                                   |
| <b>Profit for the year</b>                                  | <b>43.5</b>                           | <b>(3.7)</b>         | <b>39.8</b>                             |
| Actuarial losses on pension scheme obligations              | (7.2)                                 | -                    | (7.2)                                   |
| Deferred tax on pension scheme obligations                  | 1.2                                   | -                    | 1.2                                     |
| <b>Total other comprehensive income for the period/year</b> | <b>(6.0)</b>                          | -                    | <b>(6.0)</b>                            |
| <b>Total comprehensive income for the period/year</b>       | <b>37.5</b>                           | <b>(3.7)</b>         | <b>33.8</b>                             |
| Attributable to:  |                                       |                      |   |
| Shareholders of the company                                 | 37.5                                  | (3.7)                | 33.8                                    |
| <b>Earnings per share:</b>                                  |                                       |                      |   |
| Basic earnings per share                                    | 11.07p                                |                      | 10.12p                                  |
| Diluted earnings per share                                  | 10.59p                                |                      | 9.67p                                   |

\*Amortisation of intangible assets have been restated to be included in the underlying financial performance.

## Notes to the Financial Information (continued)

| Statement of Financial Position<br>at 30 June 2018 | Unaudited<br>30 June<br>2018<br>(restated*)<br>£m | Impact of<br>IFRS 16<br>£m | Unaudited<br>30 June 2018<br>(restated)<br>£m |
|--|---|----------------------------|---|
| <b>Non-current assets</b>                          |   |                            |   |
| Goodwill   | 108.9   | -                          | 108.9   |
| Intangible assets                                  | 114.0   | -                          | 114.0   |
| Property, plant and equipment                      | 341.1   | -                          | 341.1   |
| Right of use assets                                | -   | 87.0                       | 87.0  |
|  | <b>564.0</b>                                      | <b>87.0</b>                | <b>651.0</b>                                  |
| <b>Current assets</b>                              |   |                            |   |
| Inventories  | 864.6   | -                          | 864.6   |
| Trade and other receivables                        | 251.7   | -                          | 251.7   |
| Rental fleet vehicles                              | 66.7  | -                          | 66.7  |
| Cash and cash equivalents                          | 56.2  | -                          | 56.2  |
| Assets held for sale                               | -   | -                          | -   |
|  | <b>1,239.2</b>                                    | <b>-</b>                   | <b>1,239.2</b>                                |
| <b>Total assets</b>                                | <b>1,803.2</b>                                    | <b>87.0</b>                | <b>1,890.2</b>                                |
| <b>Current liabilities</b>                         |   |                            |   |
| Bank loans and overdrafts                          | 13.2  | -                          | 13.2  |
| Trade and other payables                           | 1,146.5   | -                          | 1,146.5                                       |
| Lease liabilities                                  | -   | 10.0                       | 10.0  |
| Current tax payable                                | 5.7   | (0.8)                      | 4.9   |
|  | <b>1,165.4</b>                                    | <b>9.2</b>                 | <b>1,174.6</b>                                |
| <b>Net current assets</b>                          | <b>73.8</b>                                       | <b>(9.2)</b>               | <b>64.6</b>                                   |
| <b>Non-current liabilities</b>                     |   |                            |   |
| Bank loans   | 97.5  | -                          | 97.5  |
| Trade and other payables                           | 25.1  | -                          | 25.1  |
| Lease liabilities                                  | -   | 100.2                      | 100.2   |
| Pension scheme obligations                         | 61.0  | -                          | 61.0  |
| Deferred tax liabilities                           | 38.8  | -                          | 38.8  |
|  | <b>222.4</b>                                      | <b>100.2</b>               | <b>322.6</b>                                  |
| <b>Total liabilities</b>                           | <b>1,387.8</b>                                    | <b>109.4</b>               | <b>1,497.2</b>                                |
| <b>Net assets</b>                                  | <b>415.4</b>                                      | <b>(22.4)</b>              | <b>393.0</b>                                  |
| <b>Shareholders' equity</b>                        |   |                            |   |
| Ordinary share capital                             | 19.7  | -                          | 19.7  |
| Share premium                                      | 78.4  | -                          | 78.4  |
| Capital redemption reserve                         | 14.8  | -                          | 14.8  |
| Retained earnings                                  | 302.5   | (22.4)                     | 280.1   |
| <b>Total equity</b>                                | <b>415.4</b>                                      | <b>(22.4)</b>              | <b>393.0</b>                                  |

\*The comparatives within the interim period ending 30 June 2018 have been restated to reflect the presentation of the RCF as non-current rather than current liabilities.

## Notes to the Financial Information (continued)

| Statement of Financial Position<br>at 31 December 2018 | Audited<br>31 Dec 2018<br>£m | Impact of<br>IFRS 16<br>£m | Audited<br>31 Dec 2018<br>(restated)<br>£m |
|--|------------------------------|----------------------------|--|
| <b>Non-current assets</b>                              |                              |                            |  |
| Goodwill   | 116.2                        | -                          | 116.2                                      |
| Intangible assets                                      | 114.6                        | -                          | 114.6                                      |
| Property, plant and equipment                          | 350.9                        | -                          | 350.9                                      |
| Right of use assets                                    | -                            | 86.9                       | 86.9                                       |
|  | <b>581.7</b>                 | <b>86.9</b>                | <b>668.6</b>                               |
| <b>Current assets</b>                                  |                              |                            |  |
| Inventories  | 1,027.7                      | -                          | 1,027.7                                    |
| Trade and other receivables                            | 179.5                        | -                          | 179.5                                      |
| Rental fleet vehicles                                  | 54.2                         | -                          | 54.2                                       |
| Cash and cash equivalents                              | 44.4                         | -                          | 44.4                                       |
| Assets held for sale                                   | 8.0                          | -                          | 8.0  |
|  | <b>1,313.8</b>               | <b>-</b>                   | <b>1,313.8</b>                             |
| <b>Total assets</b>                                    | <b>1,895.5</b>               | <b>86.9</b>                | <b>1,982.4</b>                             |
| <b>Current liabilities</b>                             |                              |                            |  |
| Bank loans and overdrafts                              | 2.6                          | -                          | 2.6  |
| Trade and other payables                               | 1,235.7                      | -                          | 1,235.7                                    |
| Lease liabilities                                      | -                            | 10.0                       | 10.0                                       |
| Current tax payable                                    | 0.9                          | (0.8)                      | 0.1  |
|  | <b>1,239.2</b>               | <b>9.2</b>                 | <b>1,248.4</b>                             |
| <b>Net current assets</b>                              | <b>74.6</b>                  | <b>(9.2)</b>               | <b>65.4</b>                                |
| <b>Non-current liabilities</b>                         |                              |                            |  |
| Bank loans   | 128.7                        | -                          | 128.7                                      |
| Trade and other payables                               | 19.4                         | -                          | 19.4                                       |
| Lease liabilities                                      | -                            | 100.2                      | 100.2                                      |
| Pension scheme obligations                             | 68.9                         | -                          | 68.9                                       |
| Deferred tax liabilities                               | 40.0                         | -                          | 40.0                                       |
|  | <b>257.0</b>                 | <b>100.2</b>               | <b>357.2</b>                               |
| <b>Total liabilities</b>                               | <b>1,496.2</b>               | <b>109.4</b>               | <b>1,605.6</b>                             |
| <b>Net assets</b>                                      | <b>399.3</b>                 | <b>(22.5)</b>              | <b>376.8</b>                               |
| <b>Shareholders' equity</b>                            |                              |                            |  |
| Ordinary share capital                                 | 19.4                         | -                          | 19.4                                       |
| Share premium  | 78.4                         | -                          | 78.4                                       |
| Capital redemption reserve                             | 15.1                         | -                          | 15.1                                       |
| Retained earnings                                      | 286.4                        | (22.5)                     | 263.9                                      |
| <b>Total equity</b>                                    | <b>399.3</b>                 | <b>(22.5)</b>              | <b>376.8</b>                               |

## Notes to the Financial Information (continued)

| Period to 30 June 2018                                     | Note | Unaudited six months ended 30 June 2018 (restated*)<br>£m | Impact of IFRS 16<br>£m | Unaudited six months ended 30 June 2018 (restated)<br>£m |
|--|------|---|-------------------------|--|
| <b>Cash flows from operating activities</b>                |      |   |                         |  |
| Profit for the period                                      |      | 38.5  | (3.6)                   | 34.9   |
| Tax charge   |      | 7.2   | (0.8)                   | 6.4  |
| Depreciation of property, plant and equipment              |      | 10.3  | 5.0                     | 15.3   |
| (Profit)/loss on disposal of property, plant and equipment |      | (0.2)   | 4.3                     | 4.1  |
| Amortisation of intangible assets                          |      | 2.7   | -                       | 2.7  |
| Share based compensation                                   |      | 0.9   | -                       | 0.9  |
| Interest income  |      | -   | -                       | -  |
| Interest payable   |      | 9.7   | 3.0                     | 12.7   |
| Debt issue costs   |      | 0.2   | -                       | 0.2  |
| Difference between pension charge and cash contributions   |      | (1.6)   | -                       | (1.6)  |
| Changes in inventories                                     |      | 119.5   | -                       | 119.5  |
| Changes in receivables                                     |      | (24.8)  | -                       | (24.8)   |
| Changes in payables  |      | (107.2)   | -                       | (107.2)  |
| Cash generated from operations                             |      | 55.2  | 7.9                     | 63.1   |
| Purchase of rental fleet vehicles                          |      | (52.7)  | -                       | (52.7)   |
| Proceeds from sale of rental fleet vehicles                |      | 52.6  | -                       | 52.6   |
| Interest paid  |      | (9.7)   | (3.2)                   | (12.9)   |
| Interest received  |      | -   | -                       | -  |
| Tax paid   |      | (0.4)   | -                       | (0.4)  |
| <b>Net cash inflow from operating activities</b>           |      | <b>45.0</b>   | <b>4.7</b>              | <b>49.7</b>  |
| <b>Cash flows from investing activities</b>                |      |   |                         |  |
| Purchase of property, plant and equipment                  |      | (14.0)  | -                       | (14.0)   |
| Purchase of intangibles                                    |      | (4.4)   | -                       | (4.4)  |
| Purchase of subsidiaries net of cash received              |      | -   | -                       | -  |
| Proceeds from disposal of property, plant and equipment    |      | 29.7  | -                       | 29.7   |
| <b>Net cash inflow from investing activities</b>           |      | <b>11.3</b>   | <b>-</b>                | <b>11.3</b>  |
| <b>Cash flows from financing activities</b>                |      |   |                         |  |
| Proceeds from issue of ordinary shares                     |      | -   | -                       | -  |
| Redemption of ordinary shares                              |      | (3.2)   | -                       | (3.2)  |
| Repayment of loans   | 10   | (6.1)   | -                       | (6.1)  |
| Draw down on RCF   | 10   | 32.0  | -                       | 32.0   |
| Repayment on RCF   | 10   | (52.0)  | -                       | (52.0)   |
| Repayment of lease liabilities                             | 10   | -   | (4.7)                   | (4.7)  |
| Dividends paid   |      | (9.8)   | -                       | (9.8)  |
| <b>Net cash outflow from financing activities</b>          |      | <b>(39.1)</b>   | <b>(4.7)</b>            | <b>(43.8)</b>  |
| <b>Increase in cash and cash equivalents</b>               |      | <b>17.2</b>   | <b>-</b>                | <b>17.2</b>  |
| Cash and cash equivalents at 1 January                     |      | 38.9  | -                       | 38.9   |
| <b>Cash and cash equivalents at 30 June</b>                |      | <b>56.1</b>   | <b>-</b>                | <b>56.1</b>  |
| <b>Analysis of cash and cash equivalents</b>               |      |   |                         |  |
| Cash and cash equivalents                                  | 10   | 56.2  | -                       | 56.2   |
| Bank overdraft   | 10   | (0.1)   | -                       | (0.1)  |
| <b>Cash and cash equivalents at 30 June</b>                |      | <b>56.1</b>   | <b>-</b>                | <b>56.1</b>  |

\*The comparatives within the interim period ending 30 June 2018 have been restated to reflect the presentation of the RCF as non-current rather than current liabilities.



## Notes to the Financial Information (continued)

| Year to 31 December 2018                                   | Note | Audited<br>31 Dec 2018<br>£m | Impact of<br>IFRS 16<br>£m | Audited 31<br>Dec 2018<br>(restated)<br>£m |
|--|------|------------------------------|----------------------------|--|
| <b>Cash flows from operating activities</b>                |      |                              |                            |  |
| Profit for the year  |      | 43.5                         | (3.7)                      | 39.8                                       |
| Tax charge   |      | 9.6                          | (0.8)                      | 8.8  |
| Depreciation of property, plant and equipment              |      | 20.6                         | 10.3                       | 30.9                                       |
| (Profit)/loss on disposal of property, plant and equipment |      | (8.2)                        | 4.4                        | (3.8)                                      |
| Amortisation of intangible assets                          |      | 5.6                          | -                          | 5.6  |
| Share based compensation                                   |      | 1.7                          | -                          | 1.7  |
| Interest income  |      | (0.3)                        | -                          | (0.3)                                      |
| Interest payable   |      | 18.6                         | 6.1                        | 24.7                                       |
| Debt issue costs   |      | 0.5                          | -                          | 0.5  |
| Difference between pension charge and cash contributions   |      | (2.1)                        | -                          | (2.1)                                      |
| Changes in inventories                                     |      | 1.4                          | -                          | 1.4  |
| Changes in receivables                                     |      | 48.9                         | -                          | 48.9                                       |
| Changes in payables  |      | (60.4)                       | -                          | (60.4)                                     |
| Cash generated from operations                             |      | 79.4                         | 16.3                       | 95.7                                       |
| Purchase of rental fleet vehicles                          |      | (89.4)                       | -                          | (89.4)                                     |
| Proceeds from sale of rental fleet vehicles                |      | 90.3                         | -                          | 90.3                                       |
| Interest paid  |      | (18.6)                       | (6.1)                      | (24.7)                                     |
| Interest received  |      | 0.3                          | -                          | 0.3  |
| Tax paid   |      | (7.1)                        | -                          | (7.1)                                      |
| <b>Net cash inflow from operating activities</b>           |      | <b>54.9</b>                  | <b>10.2</b>                | <b>65.1</b>                                |
| <b>Cash flows from investing activities</b>                |      |                              |                            |  |
| Purchase of property, plant and equipment                  |      | (25.7)                       | -                          | (25.7)                                     |
| Purchase of intangibles                                    |      | (7.9)                        | -                          | (7.9)                                      |
| Purchase of subsidiaries net of cash received              |      | (13.7)                       | -                          | (13.7)                                     |
| Proceeds from disposal of property, plant and equipment    |      | 35.1                         | -                          | 35.1                                       |
| <b>Net cash outflow from investing activities</b>          |      | <b>(12.2)</b>                | <b>-</b>                   | <b>(12.2)</b>                              |
| <b>Cash flows from financing activities</b>                |      |                              |                            |  |
| Proceeds from issue of ordinary shares                     |      | 0.0                          | -                          | 0.0  |
| Redemption of ordinary shares                              |      | (9.3)                        | -                          | (9.3)                                      |
| Repayment of loans   | 10   | (14.6)                       | -                          | (14.6)                                     |
| Draw down on RCF   | 10   | 135.3                        | -                          | 135.3                                      |
| Repayment on RCF   | 10   | (134.1)                      | -                          | (134.1)                                    |
| Repayment of lease liabilities                             | 10   | -                            | (10.2)                     | (10.2)                                     |
| Dividends paid   |      | (15.6)                       | -                          | (15.6)                                     |
| <b>Net cash outflow from financing activities</b>          |      | <b>(38.3)</b>                | <b>(10.2)</b>              | <b>(48.5)</b>                              |
| <b>Increase in cash and cash equivalents</b>               |      | <b>4.4</b>                   | <b>-</b>                   | <b>4.4</b>                                 |
| Cash and cash equivalents at 1 January                     |      | 38.9                         | -                          | 38.9                                       |
| <b>Cash and cash equivalents at 31 December</b>            |      | <b>43.3</b>                  | <b>-</b>                   | <b>43.3</b>                                |
| <b>Analysis of cash and cash equivalents</b>               |      |                              |                            |  |
| Cash and cash equivalents                                  | 10   | 44.4                         | -                          | 44.4                                       |
| Bank overdraft   | 10   | (1.1)                        | -                          | (1.1)                                      |
| <b>Cash and cash equivalents at 31 December</b>            |      | <b>43.3</b>                  | <b>-</b>                   | <b>43.3</b>                                |

## Notes to the Financial Information (continued)

### 2. Segmental reporting

In preparing the interim financial information the Directors have elected to amend the presentation of the segmental information to better reflect the Group's revenue streams, gross profit contributions and the single-segment nature of the business' operations. The "unallocated" segment that had been reported in previous interim and annual financial statements has been combined with the motor division for the period ending 30 June 2019. Given that this segmental split is equivalent to the Group's Statement of Total Comprehensive Income, no further presentation has been made. In addition, the disclosure has been updated to reflect the revenue contributions from Leasing/other sales which were previously subsumed within Aftersales in the comparative reporting periods.

|                     | Unaudited<br>six months<br>ended 30<br>June 2019 | Unaudited<br>six months<br>ended 30<br>June 2018 | Year ended 31<br>Dec 2018 |
|---------------------|--|--|---------------------------|
|                     | £m   | £m   | £m                        |
| New cars            | 1,288.0  | 1,311.1  | 2,394.8                   |
| Used cars           | 1,067.5  | 996.3  | 1,939.4                   |
| Aftersales          | 247.0  | 228.0  | 432.7                     |
| Leasing and other   | 43.9   | 41.1   | 112.6                     |
| <b>Revenue</b>      | <b>2,646.4</b>                                   | <b>2,576.5</b>                                   | <b>4,879.5</b>            |
| New cars            | 84.9   | 85.0   | 161.0                     |
| Used cars           | 70.9   | 72.1   | 135.0                     |
| Aftersales          | 109.9  | 104.9  | 203.0                     |
| Leasing and other   | 8.5  | 8.5  | 16.5                      |
| <b>Gross profit</b> | <b>274.2</b>                                     | <b>270.5</b>                                     | <b>515.5</b>              |

### 3. Non-underlying items

The following details items of income and expenditure that the Group has classified as non-underlying in its statement of total comprehensive income.

|  | Unaudited<br>six months<br>ended 30<br>June 2019 | Unaudited<br>six months<br>ended 30<br>June 2018 | Year ended 31<br>Dec 2018 |
|--|--|--|---------------------------|
|  | £m   | £m   | £m                        |
| <b>Non-underlying items at operating profit</b>    |  |  |                           |
| Property disposals                                 | (0.3)  | 3.3  | 3.3                       |
| Share based compensation                           | (0.8)  | (0.9)  | (1.7)                     |
| Additional pension past service cost               | -  | -  | (4.7)                     |
| Restructure of regulated activities                | (2.0)  | -  | -                         |
|  | <b>(3.1)</b>                                     | <b>2.4</b>                                       | <b>(3.1)</b>              |
| <b>Non-underlying items below operating profit</b> |  |  |                           |
| Net interest on pension scheme obligations         | (1.0)  | (1.2)  | (1.7)                     |
| Debt issue costs                                   | (0.2)  | (0.2)  | (0.5)                     |
|  | <b>(1.2)</b>                                     | <b>(1.4)</b>                                     | <b>(2.2)</b>              |
| <b>Non-underlying items at profit before tax</b>   | <b>(4.3)</b>                                     | <b>1.0</b>                                       | <b>(5.3)</b>              |

### 4. Net interest

|  | Unaudited<br>six months<br>ended 30<br>June 2019 | Unaudited<br>six months<br>ended 30<br>June 2018 | Year ended 31<br>Dec 2018 |
|--|--|--|---------------------------|
|  | £m   | £m   | £m                        |
| <b>Interest expense</b>  |  |  |                           |
| Interest payable on bank borrowings                            | (4.5)  | (3.8)  | (5.6)                     |
| Interest on consignment vehicle liabilities and stocking loans | (6.2)  | (5.9)  | (13.0)                    |
| Interest on lease liabilities                                  | (3.0)  | (3.0)  | (6.1)                     |
|  | <b>(13.7)</b>                                    | <b>(12.7)</b>                                    | <b>(24.7)</b>             |
| <b>Interest income</b>   |  |  |                           |
| Bank interest  | 0.1  | -  | 0.3                       |
| <b>Net interest</b>  | <b>(13.6)</b>                                    | <b>(12.7)</b>                                    | <b>(24.4)</b>             |

## Notes to the Financial Information (continued)

### 5. Dividends

Following approval at the Annual General Meeting a final dividend of £10.1m for the year ending 31 December 2018 was paid in June 2019 and represented a payment of 2.60p per ordinary share in issue at the time. An interim dividend in respect of the year ending 31 December 2018 of £5.8m, representing a payment of 1.48p per ordinary share in issue at the time, was paid in November 2018. An interim dividend of 1.48p per ordinary share is proposed but not recorded as a financial liability in these interim statements.

### 6. Earnings per share

|  | Unaudited six months ended 30 June 2019 | Unaudited six months ended 30 June 2018 (restated) | Year ended 31 Dec 2018 (restated) |
|--|---|--|-----------------------------------|
| Earnings attributable to ordinary shareholders (£m)            | 20.1                                    | 34.9   | 39.8                              |
| Weighted average number of shares in issue                     | 389,106,631                             | 396,427,270  | 393,422,446                       |
| <b>Basic earnings per share (p)</b>                            | <b>5.17</b>                             | <b>8.80</b>  | <b>10.12</b>                      |
| Dilutive effect of options                                     | 13,336,246                              | 15,122,090   | 17,964,569                        |
| <b>Diluted earnings per share (p)</b>                          | <b>4.99</b>                             | <b>8.48</b>  | <b>9.67</b>                       |
| Profit before tax - underlying items (£m)                      | 29.2                                    | 40.3   | 53.9                              |
| Effective tax rate   | 19.3%                                   | 15.5%  | 18.1%                             |
| Underlying earnings attributable to ordinary shareholders (£m) | 23.6                                    | 34.1   | 44.1                              |
| Weighted average number of shares in issue                     | 389,106,631                             | 396,427,270  | 393,422,446                       |
| <b>Underlying basic earnings per share (p)</b>                 | <b>6.06</b>                             | <b>8.59</b>  | <b>11.22</b>                      |

### 7. Intangible assets

| Cost                                      | Licences and brands | IT development | Total        |
|---|---------------------|----------------|--------------|
|   | £m                  | £m             | £m           |
| At 1 January 2019                         | 102.6               | 31.7           | 134.3        |
| Additions                                 | -                   | 1.8            | 1.8          |
| Transfers                                 | -                   | 2.3            | 2.3          |
| <b>At 30 June 2019</b>                    | <b>102.6</b>        | <b>35.8</b>    | <b>138.4</b> |
| <b>Accumulated amortisation</b>           |                     |                |              |
| At 1 January 2019                         | 1.5                 | 18.2           | 19.7         |
| Charge for the period                     | -                   | 3.3            | 3.3          |
| <b>At 30 June 2019</b>                    | <b>1.5</b>          | <b>21.5</b>    | <b>23.0</b>  |
| <b>Net book value at 30 June 2019</b>     | <b>101.1</b>        | <b>14.3</b>    | <b>115.4</b> |
| <b>Net book value at 31 December 2018</b> | <b>101.1</b>        | <b>13.5</b>    | <b>114.6</b> |

During the Period £2.3m of assets in the course of construction have been reclassified to intangible assets in the course of development from other fixed assets.

## Notes to the Financial Information (continued)

### 8. Property, plant and equipment

| Cost                                      | Freehold property | Leasehold property | Other        | Total        |
|---|-------------------|--------------------|--------------|--------------|
|   | £m                | £m                 | £m           | £m           |
| At 1 January 2019                         | 268.2             | 78.8               | 96.7         | 443.7        |
| Additions                                 | 1.7               | 1.5                | 18.5         | 21.7         |
| Disposals                                 | (0.7)             | -                  | (2.2)        | (2.9)        |
| Transfers                                 | (1.6)             | 4.4                | (2.3)        | 0.5          |
| <b>At 30 June 2019</b>                    | <b>267.6</b>      | <b>84.7</b>        | <b>110.7</b> | <b>463.0</b> |
| <b>Accumulated depreciation</b>           |                   |                    |              |              |
| At 1 January 2019                         | 18.4              | 19.3               | 55.1         | 92.8         |
| Charge for the period                     | 1.3               | 1.3                | 5.4          | 8.0          |
| Disposals                                 | (0.1)             | -                  | (2.2)        | (2.3)        |
| <b>At 30 June 2019</b>                    | <b>19.6</b>       | <b>20.6</b>        | <b>58.3</b>  | <b>98.5</b>  |
| <b>Net book value at 30 June 2019</b>     | <b>248.0</b>      | <b>64.1</b>        | <b>52.4</b>  | <b>364.5</b> |
| <b>Net book value at 31 December 2018</b> | <b>249.8</b>      | <b>59.5</b>        | <b>41.6</b>  | <b>350.9</b> |

During the Period £2.3m of assets have been reclassified to intangible assets. A further £4.4m has been capitalised as leasehold property after being transferred from other debtors. In addition, a further property has been transferred to assets held for sale.

Assets in the course of construction relate to build costs that have been incurred but the property is not yet in use. The total of these assets held at 30 June 2019 is £13.3m. These assets will be transferred to Freehold property when complete.

### 9. Assets held for sale

| Net book value         | Total      |
|------------------------|------------|
|                        | £m         |
| At 1 January 2019      | 8.0        |
| Transfers              | 1.6        |
| Disposals              | (3.1)      |
| <b>At 30 June 2019</b> | <b>6.5</b> |

During the Period the Group has disposed of one of the properties classified as held for sale at 31 December 2018.

During the Period the total net book value of disposals from property, plant and equipment and from assets held for sale was £3.7m. Total proceeds received was £3.4m resulting in a loss on property disposals of £0.3m.

## Notes to the Financial Information (continued)

### 10. Debt analysis

|                                    | At 1 Jan<br>2019 | Net RCF<br>movement | Loan<br>repayment | Lease<br>repayment | Non cash<br>movement | At 30 June<br>2019 |
|------------------------------------|------------------|---------------------|-------------------|--------------------|----------------------|--------------------|
|                                    | £m               | £m                  | £m                | £m                 | £m                   | £m                 |
| <b>Period to 30 June 2019</b>      |                  |                     |                   |                    |                      |                    |
| Other loans                        | 11.5             | -                   | (0.5)             | -                  | -                    | 11.0               |
| RCF                                | 118.7            | 27.0                | -                 | -                  | -                    | 145.7              |
| Lease liabilities                  | 110.2            | -                   | -                 | (6.0)              | 0.9                  | 105.1              |
|                                    | <b>240.4</b>     | <b>27.0</b>         | <b>(0.5)</b>      | <b>(6.0)</b>       | <b>0.9</b>           | <b>261.8</b>       |
| <b>Excluding lease liabilities</b> | <b>130.2</b>     | <b>27.0</b>         | <b>(0.5)</b>      | <b>-</b>           | <b>-</b>             | <b>156.7</b>       |
| Cash and cash equivalents          | (44.4)           |                     |                   |                    |                      | (93.6)             |
| Bank overdraft                     | 1.1              |                     |                   |                    |                      | 10.8               |
| <b>Net debt</b>                    | <b>86.9</b>      |                     |                   |                    |                      | <b>73.9</b>        |

|                                    | At 1 Jan<br>2018 | Net RCF<br>movement | Loan<br>repayment | Lease<br>repayment | Non cash<br>movement | At 30 June<br>2018 |
|------------------------------------|------------------|---------------------|-------------------|--------------------|----------------------|--------------------|
|                                    | £m               | £m                  | £m                | £m                 | £m                   | £m                 |
| <b>Period to 30 June 2018</b>      |                  |                     |                   |                    |                      |                    |
| Term loan                          | 75.0             | -                   | (5.0)             | -                  | -                    | 70.0               |
| Other loans                        | 15.2             | -                   | (1.1)             | -                  | -                    | 14.1               |
| RCF                                | 46.5             | (20.0)              | -                 | -                  | -                    | 26.5               |
| Lease liabilities                  | 89.2             | -                   | -                 | (4.7)              | 25.6                 | 110.1              |
|                                    | <b>225.9</b>     | <b>(20.0)</b>       | <b>(6.1)</b>      | <b>(4.7)</b>       | <b>25.6</b>          | <b>220.7</b>       |
| <b>Excluding lease liabilities</b> | <b>136.7</b>     | <b>(20.0)</b>       | <b>(6.1)</b>      | <b>-</b>           | <b>-</b>             | <b>110.6</b>       |
| Cash and cash equivalents          | (45.3)           |                     |                   |                    |                      | (56.2)             |
| Bank overdraft                     | 6.4              |                     |                   |                    |                      | 0.1                |
| <b>Net debt</b>                    | <b>97.8</b>      |                     |                   |                    |                      | <b>54.5</b>        |

|                                    | At 1 Jan<br>2018 | Net RCF<br>movement | Debt on<br>acquisition | Loan<br>repayment | Lease<br>repayment | Non cash<br>movement | At 31 Dec<br>2018 |
|------------------------------------|------------------|---------------------|------------------------|-------------------|--------------------|----------------------|-------------------|
|                                    | £m               | £m                  | £m                     | £m                | £m                 | £m                   | £m                |
| <b>Year to 31 December 2018</b>    |                  |                     |                        |                   |                    |                      |                   |
| Term loan                          | 75.0             | -                   | -                      | (5.0)             | -                  | (70.0)               | -                 |
| Other loans                        | 15.2             | -                   | 5.9                    | (9.6)             | -                  | -                    | 11.5              |
| RCF                                | 46.5             | 1.2                 | -                      | -                 | -                  | 71.0                 | 118.7             |
| Lease liabilities                  | 89.2             | -                   | -                      | -                 | (10.2)             | 31.2                 | 110.2             |
|                                    | <b>225.9</b>     | <b>1.2</b>          | <b>5.9</b>             | <b>(14.6)</b>     | <b>(10.2)</b>      | <b>32.2</b>          | <b>240.4</b>      |
| <b>Excluding lease liabilities</b> | <b>136.7</b>     | <b>1.2</b>          | <b>5.9</b>             | <b>(14.6)</b>     | <b>-</b>           | <b>1.0</b>           | <b>130.2</b>      |
| Cash and cash equivalents          | (45.3)           |                     |                        |                   |                    |                      | (44.4)            |
| Bank overdraft                     | 6.4              |                     |                        |                   |                    |                      | 1.1               |
| <b>Net debt</b>                    | <b>97.8</b>      |                     |                        |                   |                    |                      | <b>86.9</b>       |

### 11. Share capital

|  | No. shares         | Total<br>£m |
|--|--------------------|-------------|
| <b>Authorised</b>                        |                    |             |
| Ordinary shares of 5p each               | 480,000,000        | 24.0        |
| <b>Alloted, called up and fully paid</b> |                    |             |
| At 1 January 2019                        | 388,973,634        | 19.4        |
| Alloted under share option schemes       | 284,345            | -           |
| <b>At 30 June 2019</b>                   | <b>389,257,979</b> | <b>19.4</b> |

## Notes to the Financial Information (continued)

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### 12. Contingent liabilities

As previously announced, during 2018 the Board became aware of certain matters requiring review in relation to the Group's regulated activities. In December 2018, the Board commissioned an independent review of the Group's internal control, risk assurance systems and internal audit. This review, which we shared with the FCA, indicated that there were some control issues in the sales process in the Group's regulated activities which would require an improvement plan to be implemented.

The Group has now finalised its improvement and remedial action plan and has made a one-off provision of £2.0m as at 30 June 2019. The total investment required in 2019 and 2020 is approximately £10.0m. However, to be in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, only £2.0m of the investment has been provided for.

As announced on 25 June 2019, the Group has been informed by the FCA that it intends to carry out an investigation into sales processes between the period of 1 January 2016 to 13 June 2019. This investigation has not yet started. With the full support of the Group, the FCA will reach its conclusions in due course. At this stage the Board cannot estimate what effect, if any, the outcome of this investigation may have.

### 13. Subsequent events

In August 2019 the Group has finalised the sale of a property in Dublin. The sale proceeds have been agreed at €6.6m and the Group will record a non-underlying gain on disposal of up to €4.8m. Due to the size of the transaction, approval from the Irish Revenue Commissioners is required before completion. However, this is expected to be finalised within the short term. The related property has therefore been reclassified from property, plant and equipment to assets held for sale as at 30 June 2019.

### 14. Interim statement

Copies of this report and the last Annual Report and Accounts are available from the Company Secretary at the registered office of the company at Lookers House, 3 Etchells Road, West Timperley, Altrincham, WA14 5XS and can be viewed via the Group's website at [www.lookersplc.com](http://www.lookersplc.com). Copies of this report have also been submitted to the UK Listing Authority and will shortly be available at the UK Listing Authority's Document Viewing Facility at 25 North Colonnade, Canary Wharf, London E14 5HS (Telephone +44 (0) 207 066 1000).

# Responsibility statement

## We confirm that to the best of our knowledge

- (a) The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) The interim financial statements include a fair review of the information required by DTR 4.2.7R (identification of important events during the first six months and their impact on the condensed set of financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) The interim financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein).

## Cautionary statement

This Interim Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim Report should not be relied on by any party or for any other purpose.

The Interim Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

By order of the Board

Andy Bruce  
Chief Executive Officer  
13 August 2019

Mark Raban  
Chief Financial Officer  
13 August 2019



# Glossary of terms

## Introduction

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

## Purpose

The Directors believe that these APMs provide additional useful information on the underlying performance and position of the Group. APMs are also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance. Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes.

The key APMs that the Group has focused on this period are as follows:

**Like-for-like sales (LFL):** These are calculated on the basis that dealerships have contributed six months of revenue and profit contribution in both the current and comparative periods presented.

**Gross profit margin:** Gross profit as a percentage of revenue.

**Non-underlying items:** Relate to costs or incomes which are excluded from the Group's underlying profit measures due to their size and nature in order to reflect management's view of the underlying performance of the Group.

**Underlying operating profit:** Operating profit before the impact of non-underlying items as defined above.

**Underlying profit before tax:** Profit before tax before the impact of non-underlying items as defined above.

**Underlying earnings per share (non-dilutive):** Earnings per share before the impact of non-underlying items as defined above.

**Underlying EBITDA:** Operating profit excluding depreciation and amortisation before the impact of non-underlying items as defined above.

**Net debt:** Bank loans and overdrafts less cash and cash equivalents. Lease liabilities and stocking loans are not included in net debt.

**Underlying return on capital:** Profit before tax before the impact of non-underlying items as defined above, as a percentage of overall capital employed.

**New car unit sale:** A new vehicle sale which has generated revenue for the Group.

**Used car unit sale:** Any vehicle sold that isn't a new car unit sale.

**Car parc:** The approximate number of vehicles on the UK road network.

**New car market size:** Total number of annual new vehicle unit registrations made in the UK as defined by the Society of Motor Manufacturers and Traders ("SMMT").

**New car market share:** The Group's annual share of the new car market calculated as a percentage of the Group's new car unit sales of the new car market size.

