

Constellation Automotive Holdings Limited



**Interim Trading Update
For the period ended 2 October 2022**

CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

HALF YEAR UNAUDITED RESULTS

COMPANY BACKGROUND

Constellation Automotive Holdings Limited ('CAHL', or the 'Company') was incorporated on 21 September 2021 as an intermediate holding company in the Constellation Automotive Group Sarl (the 'Parent') group. CAHL and its subsidiaries are referred to in this report as 'Constellation Automotive Group' or the 'Group'.

Following a group reorganisation on 4 October 2021, the Company acquired the entire share capital and therefore became the Parent company of Constellation Automotive Group Limited ('CAGL') and its subsidiaries (the 'Constellation Group') by way of a share for share exchange.

As part of this group reorganisation, the Company also acquired the entire share capital of Cinch Holdings Sarl ('Cinch Holdings') and its subsidiaries (the 'Cinch Group') and CN Topco Limited ('CNL') and its subsidiaries (the 'CarNext Group'). The Company subsequently disposed of the Cinch Group to its Parent by way of distribution at carrying value, and sold CarNext to a company related by virtue of shared control through ownership.

On 11 May 2022, the Group acquired Marshall Motor Holdings plc ('MMH') and its subsidiaries (the 'Marshall Motor Group'). Following the acquisition, MMH was reregistered as Marshall Motor Holdings Limited, a private limited company. On 19 July 2022, the Group also acquired Cold Fell Group Limited, which includes the ECM automotive logistics business ('ECM'). Further details on the group reorganisation and subsequent acquisitions and disposals are available in the Constellation Automotive Holdings Limited Annual Report and Accounts 2022.

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales. TDR is a leading international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners and has a low volume investment strategy based on principles developed by the investment team over the past decade.

Following the take private processes that resulted in the acquisitions of the Constellation Group and the Marshall Motor Group, both of these Groups meet the requirements of a Portfolio Company under the Walker Guidelines for Disclosure and Transparency in Private Equity (the 'Walker Guidelines'), being Constellation Automotive Group Limited and Marshall Motor Holdings Limited. One subsidiary, Constellation Automotive Group Limited, has previously met the definition of a Portfolio Company under the Walker Guidelines, and the Constellation Automotive Group Limited Annual Report and Accounts 2022 include the associated disclosures. Marshall Motor Holdings Limited has not previously met the definition of a Portfolio Company under the Walker Guidelines.

Following the acquisition of MMH on 11 May 2022, the associated disclosures for both Portfolio Companies will be included in the Constellation Automotive Holdings Limited Annual Report and Accounts. Some disclosures may additionally be included in the Constellation Automotive Group Limited Annual Report and Accounts and the Marshall Motor Holdings Limited Report and Financial Statements.

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HALF YEAR REVIEW

Unaudited results are presented below in line with statutory presentation under IFRS 16 for the 26 weeks to 2 October 2022. The comparative results are presented for the 27 weeks to 3 October 2021. FY22 represented a 53 week trading period for the Constellation Group and Cinch Group, which is required periodically in order for the financial year to remain aligned with accounting and tax legislation, and reverted to 52 weeks in FY23. Prior period comparatives are provided based on the pre-acquisition financial results of the Constellation Group and Cinch Group to facilitate understanding of the performance in the period. The Marshall Motor Group results have been included from the date of acquisition on 11 May 2022.

	FY23		FY22	
	26 weeks to 2 Oct 2022		27 weeks to 3 Oct 2021	
	Revenue	EBITDA	Revenue	EBITDA
	£m	£m	£m	£m
Constellation Group	3,056.4	95.9	4,029.0	216.1
Cinch Group	432.2	(87.8)	299.3	(59.9)
Marshall Motor Group	1,444.9	41.9	NA	NA
Other	15.8	1.3	NA	NA
Total	4,949.3	51.3	4,328.3	156.2

New car supply remained weak with April to September registrations 11% below the prior year and 32% below pre pandemic levels. The Society of Motor Manufacturers and Traders reported that the UK is on course to deliver its lowest new car registrations total since 1982. In the Constellation Group, third party auction volumes have been severely impacted by the knock on effect of new car shortages. The auction estate has been operating at c60-70% of capacity each week through the first half of the year with a corresponding impact on operational leverage and profitability. Although the excellent WeBuyAnyCar performance in the comparative period could not be repeated in the current environment, performance remains strong in comparison to any other prior years. With its consumer website, engagement for quotes is more than double pre pandemic levels.

During the period, cinch has increased its investment in full-funnel marketing activity to promote and build the cinch brand, increase consideration and drive sales. This has included award-winning integrated advertising campaigns in addition to partnerships with sporting organisations, LiveNation music festivals and automotive events including The British Motor Show, Fully Charged Live and CarFest.

Sporting partners include England and Wales Cricket Board, Tottenham Hotspur and Crystal Palace Football Clubs, Northampton Saints Rugby Football Club, the Lawn Tennis Association's Queen's Club Tournament, and the Scottish Professional Football League.

Incredibly 88% of the car buying population are now aware of cinch, and the brand advertising and sports partnerships continue to support this growth. cinch has now received over 20,000 Trustpilot reviews with a rating of 'Excellent' and there has been huge growth in people happy to use cinch again or recommend it.

On 28 November 2022, CAHL distributed its investment in the Cinch Group to its parent, Constellation Automotive Group Sarl, at carrying value. The repositioning of cinch within the wider structure is in line with the principal activity of CAHL to hold certain investments and provides greater funding flexibility to further develop a business that is now firmly established in the minds of consumers.

The Group announced the terms of a cash offer to acquire Marshall Motor Holdings plc on 29 November 2021. This acquisition was completed on 11 May 2022, and the results of Marshall Motor Holdings are reported as a separate operating segment from the date of acquisition. Restricted new car supply has resulted in an increased focus on used vehicles in the Marshall Motor Group, and the new linkage with the Constellation Group has improved its access to used vehicles in a market experiencing scarce supply. Reduced supply resulted in improved profit per unit across both new and used vehicles.

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COMPANY INFORMATION FOR CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

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ABOUT CONSTELLATION AUTOMOTIVE GROUP

Constellation Automotive Group is the largest vertically integrated digital car marketplace in Europe, combining leading digital brands across the consumer to business, business to business and business to consumer marketplaces.

Once a new vehicle leaves its place of manufacture, Constellation Automotive Group provides a comprehensive range of services including single and bulk vehicle logistics, inspection checks, customs management, storage, refurbishment, vehicle preparation, dealer finance, pricing data and used vehicle buying. Our auction platforms bring together OEMs, leasing companies, fleet operators, retail dealers and buyers to efficiently transfer the ownership of vehicles while protecting value.

We are a key facilitator and link to the entire value chain in automotive, whether that is the manufacturer, the dealer, the vehicle financier or the end consumer. Constellation Group digitally and physically connects the UK and European vehicle market, enabling vehicles to be moved, bought and sold, thereby providing liquidity and choice.

Cautionary statement

This Trading Update may contain 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, but said statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.