

Constellation Automotive Holdings Limited



**Interim Trading Update
For the period ended 1 October 2023**

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 from the immediate parent company of two groups of companies: Constellation Automotive Group Limited ('CAGL') and its subsidiaries (the 'Constellation Group'), and Cinch Holdings Sarl ('Cinch Holdings') and its subsidiaries (the 'Cinch Group'). This was completed by way of a share for share exchange.

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').

On 28 November 2022, the Company disposed of the Cinch Group to its Parent by way of distribution 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 mature a business that is now firmly established in the minds of consumers.

Further details on the group reorganisation and subsequent acquisitions and disposals are available in the Constellation Automotive Holdings Limited Annual Report and Accounts for the year ended 2 April 2023.

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales. TDR is an 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 two decades.

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.

Following the acquisition of MMH on 11 May 2022, the associated disclosures for both Portfolio Companies is included in the Constellation Automotive Holdings Limited Annual Report and Accounts 2023. 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.

CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

HALF YEAR REVIEW

Unaudited results are presented below in line with statutory presentation under IFRS 16 for the 26 weeks to 1 October 2023. The comparative results of Constellation Group and Cinch Group are presented for the 26 weeks to 2 October 2022. Prior period comparative results for the Marshall Motor Group are included from the date of acquisition on 11 May 2022.

| | FY24 | | FY23 | |
|-----------------------------------|------------------------|--------------|------------------------|--------------|
| | 26 weeks to 1 Oct 2023 | | 26 weeks to 2 Oct 2022 | |
| | Revenue £m | EBITDA £m | Revenue £m | EBITDA £m |
| Constellation Group ¹ | 3,080.3 | 130.1 | 3,072.2 | 97.2 |
| Marshall Motor Group ² | 1,914.7 | 45.0 | 1,444.9 | 41.9 |
| Total from continuing operations | 4,995.0 | 175.1 | 4,517.1 | 139.1 |
| Cinch Group | - | - | 432.2 | (87.8) |
| Total | 4,995.0 | 175.1 | 4,949.3 | 51.3 |

¹ECM now forms part of the Constellation Group segment. Within the Interim Trading Update for the period ended 2 Oct 2022, ECM was presented separately within 'Other'. The comparative has been re-presented in line with current period classification. There is no impact on total revenue or EBITDA.

²Marshall Motor Group comparative is from the date of acquisition on 11 May 2022.

Vehicle supply continues to return to the UK market, with FY24 H1 new car registrations up 21.1% on the prior year. September 2023 represented the 14th consecutive month of year on year growth in new car registrations. During October, the Society of Motor Manufacturers and Traders increased 2023 forecast new car registrations to 1.886m, up 2.1% from the July forecast, but remaining below pre-pandemic levels (2019: 2.3m vehicles). FY24 H1 used car transactions were up 4.8% on the prior year.

Within Constellation Group, vehicle remarketing EBITDA across the UK and internationally was ahead of the comparative period, with higher auction volumes driving improved operational leverage, and the elimination of Retail Ready losses following right sizing of capacity in the prior period. The division's automotive services grew both revenue and EBITDA, with improvements in new car supply driving better utilisation of physical assets (transporters, storage and preparation centres), combined with some repricing of services. The division's vehicle buying EBITDA reduced despite a growth in volumes, as lower value vehicles were sourced to match auction demand, and margin levels per unit started to return towards historic levels.

Within Marshall Motor Group, EBITDA was £45.0m compared to £41.9m in the prior period, where trading is included from the acquisition date of 11 May 2022. The new car market saw supply continuing to increase over the period. The normalisation of the used car market has led to a notable decrease in pricing, with a cumulative reduction in published CAP of 7.0% across FY24 H1 and further price decreases expected. In the period there were some changes to dealership footprint, with 19 Toyota / Lexus locations disposed of for net proceeds of approximately £25m. Additionally, 2 Honda dealerships were acquired in the period.

The Cinch Group was disposed of to the Company's immediate parent by way of distribution at carrying value on 28 November 2022. The repositioning of the Cinch Group within the wider structure is in line with the principal activity of CAHL to hold certain investments, and provides greater funding flexibility to further mature the Cinch Group business now that it is firmly established in the minds of consumers.

CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

COMPANY INFORMATION FOR CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

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ABOUT CONSTELLATION AUTOMOTIVE GROUP

The Group is part of the broader Constellation group of companies which together form the largest vertically integrated digital car marketplace in Europe, combining leading digital brands across the consumer to business and business to business marketplaces.

Once a new vehicle leaves its place of manufacture, the Group provide 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.