

Constellation Automotive Holdings Limited



**Interim Trading Update
For the period ended 29 September 2024**

CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

HALF YEAR UNAUDITED RESULTS

Constellation Automotive Holdings Limited ('CAHL', or the 'Company') was incorporated on 21 September 2021. As an intermediate holding company, the principal activity of CAHL is to hold and develop certain investments within the wider Constellation Automotive Group Sarl Group ('Constellation Sarl Group'). CAHL and its subsidiaries are referred to in this report as 'Constellation Automotive Group' or the 'Group'.

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, used vehicle buying, new and used retail, aftersales and service. 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 Automotive Group digitally and physically connects the UK and European vehicle market, enabling vehicles to be moved, bought and sold, thereby providing liquidity and choice.

COMPANY BACKGROUND

For the six months ended 29 September 2024 the Group continues to operate and develop the well established and mature businesses of Constellation Automotive Group Limited ('CAGL') and its subsidiaries (the 'Constellation Group'), and Marshall Motor Holdings Limited ('MMH') and its subsidiaries (the 'Marshall Motor Group') as two segments. The broader Constellation structure continues to include other investments such as Cinch Group.

Further details are available in the Constellation Automotive Holdings Limited Annual Report and Accounts for the year ended 31 March 2024.

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.

The Constellation Group and the Marshall Motor Group both meet the requirements of a Portfolio Company under the Walker Guidelines for Disclosure and Transparency in Private Equity (the 'Walker Guidelines'). The associated disclosures for both Portfolio Companies are included in the Constellation Automotive Holdings Limited Annual Report and Accounts 2024. 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.

POST BALANCE SHEET EVENTS

On 24 November 2024, the broader Constellation structure was reorganised to bring the Cinch Group subsidiaries into the Constellation Automotive Holdings Limited group of companies.

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 29 September 2024. The comparative results of Constellation Group and Marshall Group are presented for the 26 weeks to 1 October 2023.

	FY25		FY24	
	26 weeks to 29 September 2024		26 weeks to 1 October 2023	
	Revenue £m	Adjusted EBITDA £m	Revenue £m	Adjusted EBITDA £m
Constellation Group	2,862.2	153.7	3,080.3	130.1
Marshall Motor Group	1,780.7	33.2	1,914.7	45.0
Other	-	0.2	-	-
Total	4,642.9	187.1	4,995.0	175.1

Constellation Group

Performance for the first 26 weeks of FY25 was in line with expectations and EBITDA was ahead of the comparative period, with stable pricing conditions supporting improved performance. The Group generated adjusted EBITDA of £153.7m (FY24 H1: £130.1m), up £23.6m (18%). Revenue of £2,862.2m (FY24 H1: £3,080.3m) reduced as a result of the recontracting of Retail Ready customers in FY25 Q1, who switched to the direct purchasing of wholesale vehicles from auction and separately contracting for refurbishment services. This eliminates inventory holding risks within Constellation Group while maintaining the auction demand for these units and the refurbishment throughput.

EBITDA in the remarketing businesses was ahead of the comparative period and volumes were up 4.8% and 20.6% in the UK and International auction businesses respectively. WeBuyAnyCar volumes were lower than the comparative period as buying continues to rebuild after scaling back purchasing in response to the steep pricing correction in FY24 Q3.

The automotive services businesses continued to benefit from returning new car supply and as higher activity levels resulted in better utilisation of the Constellation Group's physical assets, including transporters, storage and preparation centres.

Marshall Motor Group

Within Marshall Motor Group, vehicle volumes across new and used vehicles are up 5% and 11% respectively on a like for like basis, after taking into account changes in dealership footprint. Revenue was down 7% to £1,780.7m (FY24 H1: £1,914.7m) following the significant price correction seen during FY24 Q3. EBITDA declined year on year as vehicle margin pressures reduced profitability, which was partially offset by improved aftersales performance and favourable overhead variances. The dealership footprint consists of 141 franchised dealerships as at 29 September 2024 (as at 1 October 2023: 142, as at 3 April 2022: 160), following the divestment of 19 Toyota / Lexus dealerships in June 2023.

Outlook

The latest SMMT market outlook for 2024 has downwards revised UK new car registrations to 1.942 million units, a 2.1% rise on 2023. Growth is expected to continue into 2025 (up 1.8% to 1.977 million units) and 2026 is forecast to exceed two million for the first time since 2019 (up 3.7% to 2.049 million units).

BEVs account for 18.7% of registrations for the first 11 months of 2024, still well below the Government's 22% ZEV mandate, which rises to 28% in 2025. OEMs continue to stimulate demand through BEV discounting and reduced support for ICE vehicles.

The prior year Q3 result was significantly impacted by the tough trading conditions from the exceptional price reductions in the period, and the Group's EBITDA performance is expected to continue to increase once that comparative period has elapsed.

CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

COMPANY INFORMATION FOR CONSTELLATION AUTOMOTIVE HOLDINGS LIMITED

Directors

T G Lampert

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Company registration number

13634625

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.