

**MOTO VENTURES LIMITED**

**QUARTERLY REPORT**

**SEPTEMBER 2015**

**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	13 weeks Ended 23 September 2015 £'000s	13 weeks Ended 24 September 2014 £'000s	39 weeks Ended 23 September 2015 £'000s	39 weeks Ended 24 September 2014 £'000s
Non-fuel turnover.....	106,970	101,415	270,438	257,099
Fuel turnover.....	106,565	121,985	305,305	354,212
<b>Turnover</b> .....	<b>213,535</b>	<b>223,400</b>	<b>575,743</b>	<b>611,311</b>
Change in stocks of non-fuel goods.....	(93)	(23)	(192)	(672)
Change in stocks of fuel.....	(297)	(258)	(1,031)	(65)
<b>Change in stocks of finished goods</b> .....	<b>(390)</b>	<b>(281)</b>	<b>(1,223)</b>	<b>(737)</b>
Staff costs.....	(20,039)	(19,159)	(56,047)	(53,765)
Depreciation and amortization .....	(11,129)	(9,815)	(33,866)	(28,969)
Non-fuel operating costs .....	(58,306)	(59,423)	(158,477)	(154,749)
Cost of fuel purchased.....	(97,591)	(113,533)	(280,786)	(331,852)
<b>Other operating costs</b> .....	<b>(155,897)</b>	<b>(172,956)</b>	<b>(439,263)</b>	<b>(486,601)</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>26,080</b>	<b>21,189</b>	<b>45,344</b>	<b>41,239</b>
Interest receivable and similar income.....	14	6	166	153
Interest receivable from group undertakings.....	49	40	137	112
Interest payable on bank loans .....	(8,920)	(15,853)	(50,037)	(46,975)
<b>Profit / (loss) on ordinary activities before taxation</b> .....	<b>17,223</b>	<b>5,382</b>	<b>(4,390)</b>	<b>(5,471)</b>
Tax on profit / (loss) on ordinary activities.....	-	-	-	-
<b>Profit / (loss) on ordinary activities after taxation being retained profit / (loss) for the financial period</b> .....	<b>17,223</b>	<b>5,382</b>	<b>(4,390)</b>	<b>(5,471)</b>
 <b>Note: Adjusted EBITDA</b> .....	 <b>37,038</b>	 <b>30,801</b>	 <b>78,698</b>	 <b>69,628</b>
 <b>Fuel margin</b> .....	 <b>8,677</b>	 <b>8,193</b>	 <b>23,488</b>	 <b>22,296</b>

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	<b>As of 23 September 2015 £'000s</b>	<b>As of 24 September 2014 £'000s</b>
Cash.....	60,741	31,765
Current assets .....	103,616	75,492
Net fixed assets.....	937,451	765,807
Total assets .....	1,041,067	841,298
Short term borrowings.....	-	(14,000)
Current liabilities.....	(61,828)	(61,097)
Long term borrowings .....	(545,452)	(524,587)
Retained Earnings .....	(306,393)	(295,220)

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>13 weeks Ended 23 September 2015 £'000s</b>	<b>13 weeks Ended 24 September 2014 £'000s</b>	<b>39 weeks Ended 23 September 2015 £'000s</b>	<b>39 weeks Ended 24 September 2014 £'000s</b>
<b>Net cash inflow from operating activities .....</b>	<b>34,872</b>	<b>28,339</b>	<b>82,333</b>	<b>77,993</b>
Cash outflow from servicing bank loans.....	(8,142)	(23,280)	(48,116)	(50,927)
Cash outflow from servicing group loans .....	-	-	(15)	(14)
<b>Net cash outflow from returns on investments and servicing of finance .....</b>	<b>(8,148)</b>	<b>(23,290)</b>	<b>(48,032)</b>	<b>(50,865)</b>
Taxation .....	(207)	-	(207)	-
<b>Net cash outflow for capital expenditure and financial investment .....</b>	<b>(2,132)</b>	<b>(2,043)</b>	<b>(10,511)</b>	<b>(13,607)</b>
<b>Net cash outflow from financing.....</b>	<b>(11)</b>	<b>(9,000)</b>	<b>(5,715)</b>	<b>(14,400)</b>
<b>Increase / (decrease) in net cash .....</b>	<b>(24,374)</b>	<b>(5,994)</b>	<b>17,868</b>	<b>(879)</b>

## OPERATING AND FINANCIAL REVIEW

The following discussion contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Any forward-looking statements are only made as at the date of this report and we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### Results of Operations

#### Results of operations for the 39 weeks ended 23 September 2015 compared to the 39 weeks ended 24 September 2014

The following table sets forth our main operating results for the 39 weeks ended 23 September 2015 compared to the 39 weeks ended 24 September 2014:

	39 weeks ended 23 September 2015 £'000s	39 weeks ended 24 September 2014 £'000s	Variance £'000s	Variance %
Non-fuel Turnover .....	270,438	257,099	13,339	5.2%
Fuel Turnover .....	305,305	354,212	(48,907)	(13.8)%
<b>Turnover</b> .....	<b>575,743</b>	<b>611,311</b>	<b>(35,568)</b>	<b>(5.8)%</b>
Change in stocks of non-fuel goods .....	(192)	(672)	480	71.4%
Change in stocks of fuel .....	(1,031)	(65)	(966)	(1486.2)%
<b>Change in stocks of finished goods</b> .....	<b>(1,223)</b>	<b>(737)</b>	<b>(486)</b>	<b>(65.9)%</b>
Staff costs .....	(56,047)	(53,765)	(2,282)	(4.2)%
Depreciation and amortization .....	(33,866)	(28,969)	(4,897)	(16.9)%
Non-fuel operating costs .....	(158,477)	(154,749)	(3,728)	(2.4)%
Cost of fuel purchased .....	(280,786)	(331,852)	51,066	15.4%
<b>Other operating costs</b> .....	<b>(439,263)</b>	<b>(486,601)</b>	<b>47,338</b>	<b>9.7%</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>45,344</b>	<b>41,239</b>	<b>4,105</b>	<b>10.0%</b>
Interest receivable and similar income .....	166	153	13	8.5%
Interest receivable from group undertakings .....	137	112	25	22.3%
Interest payable on bank loans .....	(50,037)	(46,975)	(3,062)	(6.5)%
<b>Loss on ordinary activities before taxation</b> .....	<b>(4,390)</b>	<b>(5,471)</b>	<b>1,081</b>	<b>19.8%</b>
Tax on loss on ordinary activities .....	-	-	-	-
<b>Loss on ordinary activities after taxation being retained loss for the financial period</b> .....	<b>(4,390)</b>	<b>(5,471)</b>	<b>1,081</b>	<b>19.8%</b>
<b>Note: EBITDA</b> .....	<b>79,210</b>	<b>70,209</b>	<b>9,001</b>	<b>12.8%</b>
Loss on disposal of fixed assets .....	-	29	(29)	(100)%
Travelodge provision .....	(512)	(610)	98	16.1%
<b>Adjusted EBITDA</b> .....	<b>78,698</b>	<b>69,628</b>	<b>9,070</b>	<b>13.0%</b>

*Turnover.* Turnover decreased by £35.6 million, or 5.8%, from £611.3 million in the 39 weeks ended 24 September 2014 to £575.7 million in the 39 weeks ended 23 September 2015. The change was primarily attributable to a decrease in fuel turnover of £48.9 million largely due to the reduction in selling price following the fall in the oil price. The decrease in fuel turnover was offset by a £13.3 million increase in non-fuel turnover due to £13.7 million higher sales in the amenity building, offset by a reduction of £0.3 million in forecourt shop sales due to lost forecourts.

The following table shows the breakdown of our non-fuel turnover for the 39 weeks ended 23 September 2015 and the 39 weeks ended 24 September 2014:

	39 weeks ended 23 September 2015 £'000s	39 weeks ended 24 September 2014 £'000s	Change
Catering .....	117,002	109,252	7,750
Convenience Food .....	69,515	66,954	2,561
CTN .....	38,883	38,522	361
Amusement .....	12,447	10,845	1,602
Other .....	12,705	11,318	1,387
<b>Amenity Building .....</b>	<b>250,552</b>	<b>236,891</b>	<b>13,661</b>
Forecourt.....	19,886	20,208	(322)
<b>Total non-fuel turnover .....</b>	<b>270,438</b>	<b>257,099</b>	<b>13,339</b>

The following table shows the like-for-like sales growth in 2015:

	13 weeks Ended 25 March 2015	13 weeks Ended 24 June 2015	13 weeks Ended 23 September 2015	39 weeks Ended 23 September 2015
<b>Amenity Building (including amusements) .....</b>	<b>6.0%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>5.9%</b>
Forecourt .....	3.9%	0.2%	0.3%	1.3%
<b>LFL non-fuel turnover .....</b>	<b>5.8%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.6%</b>

The following table shows the like-for-like transaction growth in 2015:

	13 weeks Ended 25 March 2015	13 weeks Ended 24 June 2015	13 weeks Ended 23 September 2015	39 weeks Ended 23 September 2015
<b>Amenity Building (excluding amusements) .....</b>	<b>5.9%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>5.4%</b>
Forecourt .....	(3.0)%	(3.1)%	(3.6)%	(3.2)%
<b>Total transactions .....</b>	<b>4.1%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>3.8%</b>

The following table shows the average spend growth in 2015:

	13 weeks Ended 25 March 2015	13 weeks Ended 24 June 2015	13 weeks Ended 23 September 2015	39 weeks Ended 23 September 2015
<b>Amenity Building (excluding amusements) .....</b>	<b>(0.7)%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.0%</b>
Forecourt .....	7.0%	3.4%	4.0%	4.7%
<b>Total spend .....</b>	<b>1.0%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.3%</b>

*Change in stocks of finished goods.* Change in stocks of finished goods was £1.2 million in the 39 weeks ended 23 September 2015 and £0.7 million in the 39 weeks ended 24 September 2014. The value of fuel stocks increased by £1.0 million in the 39 weeks ended 23 September 2015 and there was a £0.2 million increase in non fuel stocks.

*Staff costs.* Staff costs increased by £2.3 million, or 4.2%, from £53.8 million in the 39 weeks ended 24 September 2014 to £56.0 million in the 39 weeks ended 23 September 2015. The ratio of staff costs to non-fuel turnover decreased from 20.9% in the 39 weeks ended 24 September 2014 to 20.7% in the 39 weeks ended 23 September 2015, despite the opening of additional units.

*Depreciation and amortization.* Depreciation and amortization increased by £4.9 million, or 16.9%, from £29.0 million in the 39 weeks ended 24 September 2014 to £33.9 million in the 39 weeks ended 23 September 2015. The revaluation in December 2014 increased the net book value of fixed assets by £203.5 million. Depreciation is recorded on a straight line basis over the remaining useful economic life of the assets, which resulted in an increased depreciation charge. Amortization charges were unchanged from 2014 to 2015.

*Other operating costs.* Other operating costs decreased by £47.3 million, or 9.7%, from £486.6 million in the 39 weeks ended 24 September 2014 to £439.3 million in the 39 weeks ended 23 September 2015. The decrease was primarily attributable to the cost of fuel purchased, which decreased by £51.1 million. This decrease was partially offset by a £3.7 million increase in non-fuel operating costs primarily attributable to (1) a £5.4 million increase in the cost of non-fuel merchandise, reflecting the increase in non-fuel turnover, (2) a £0.6 million increase in franchise fees, reflecting the growth of the Greggs brand and other franchised offers within catering, offset by (3) a £3.2 million increase in central income mainly attributable to the Doncaster one-off.

The following represents a breakdown of our non-fuel operating costs for the 39 weeks ended 23 September 2015 and the 39 weeks ended 24 September 2014:

	39 weeks ended 23 September 2015 £'000s	39 weeks ended 24 September 2014 £'000s	Change
Cost of non-fuel merchandise .....	112,950	107,524	5,426
Property taxes .....	12,890	13,054	(164)
Utilities .....	8,630	8,361	269
Franchise fees .....	7,258	6,645	613
Maintenance.....	3,511	3,336	175
Distribution .....	1,443	1,317	126
Cleaning, travel and admin .....	5,934	5,814	120
Rent expense .....	6,920	6,692	228
Central income.....	(5,101)	(1,856)	(3,245)
Corporate and other .....	4,554	4,472	82
Travelodge provision .....	(512)	(610)	98
<b>Total non-fuel operating costs.....</b>	<b>158,477</b>	<b>154,749</b>	<b>3,728</b>

Central income includes £0.65 million compensation from BP for the early termination of forecourt leases, £0.5 million for the Trowell CPO, £3.8 million profit share from the Doncaster freehold sale (site sold and leased back in 2000) and £0.15 million being the net of a number of other one-off costs and income.

*Operating profit.* Operating profit increased by £4.1 million, or 10.0%, from £41.2 million in the 39 weeks ended 24 September 2014 to £45.3 million in the 39 weeks ended 23 September 2015. The increase was due to the reasons discussed above.

*Interest receivable and similar income.* Interest receivable and similar income remains materially unchanged in the 39 weeks ended 23 September 2015.

*Interest receivable from group undertakings.* Interest receivable from group undertakings remains materially unchanged in the 39 weeks ended 23 September 2015.

*Interest payable on bank loans.* Interest payable on bank loans increased by £3.1 million, or 6.5%, from £47.0 million in the 39 weeks ended 24 September 2014 to £50.0 million in the 39 weeks ended 23 September 2015. The increase was attributable to (1) £9.3 million previous high-yield bond redemption premium, (2) £5.1 million higher capitalised debt costs amortisation relating to the write-off of previous senior debt and high-yield bond costs (£6.6 million), offset by a reduction in monthly amortisation (£1.5 million), (3) £1.4 million additional write-off related to previous high-yield bond discount, offset by (4) £9.2 million saving on interest charged for new senior debt and hedge, and (5) £3.5 million saving on interest charged for new high yield bond.

*Tax on loss on ordinary activities.* Tax on loss on ordinary activities was nil in both periods.

*Retained loss for the financial period.* For the reasons set forth above, retained loss for the period reduced by 19.8%, from £5.5 million in the 39 weeks ended 24 September 2014 to £4.4 million in the 39 weeks ended 23 September 2015.

## Liquidity and Capital Resources

### *Net cash inflow from operating activities*

The following table summarizes the principal components of our net cash inflow from operating activities for the 39 weeks ended 23 September 2015 compared to the 39 weeks ended 24 September 2014:

	39 weeks ended 23 September 2015 £'000s	39 weeks ended 24 September 2014 £'000s
<b>Operating profit</b> .....	45,344	41,239
Depreciation charge .....	30,410	25,513
Loss on disposal of tangible fixed assets .....	-	29
Goodwill amortization .....	3,456	3,456
Decrease in stocks .....	1,223	737
(Increase)/decrease in debtors.....	(1,148)	3,830
Increase in creditors.....	3,048	3,189
<b>Net cash inflow from operating activities</b> .....	<b>82,333</b>	<b>77,993</b>

Cash inflow from operating activities increased by £4.3 million, or 5.6%, from £78.0 million in the 39 weeks ended 24 September 2014 to £82.3 million in the 39 weeks ended 23 September 2015. This is primarily attributable to (1) an increase in operating profit of £4.1 million from £41.2 million in the 39 weeks ended 24 September 2014 to £45.3 million in the 39 weeks ended 23 September 2015, (2) an increase in the depreciation charge of £4.9 million, from £25.5 million in the 39 weeks ended 24 September 2014 to £30.4 million in the 39 weeks ended 23 September 2015, offset by (3) a decrease in the cash inflow from working capital of £4.6 million.

### *Net cash outflow from returns on investments and servicing of finance*

The following table summarizes the principal components of our net cash outflow from returns on investments and servicing of our financing arrangements for the 39 weeks ended 23 September 2015 compared to the 39 weeks ended 24 September 2014:

	39 weeks ended 23 September 2015 £'000s	39 weeks ended 24 September 2014 £'000s
Interest received.....	166	153
Interest paid on bank loans .....	(48,116)	(50,927)
Bank interest and similar .....	(67)	(77)
Intercompany interest paid .....	(15)	(14)
<b>Net cash outflow from returns on investments and servicing of finance.....</b>	<b>(48,032)</b>	<b>(50,865)</b>

*Interest received.* Interest received increased from £0.15 million in the 39 weeks ended 24 September 2014 to £0.17 million in the 39 weeks ended 23 September 2015.

*Interest paid on bank loans.* Interest paid on bank loans decreased from £50.9 million in the 39 weeks ended 24 September 2014 to £48.1 million in the 39 weeks ended 23 September 2015. The decrease was attributable to (1) £9.0 million saving due to lower interest rates on the new senior debt and hedge, (2) £3.7 million saving due to a lower interest rate on the high-yield bond, offset by (3) £9.9 million payment relating to redemption of the previous high yield bond including accrued interest.

*Bank interest and similar.* Bank interest and similar charges decreased slightly from £0.08 million in the 39 weeks ended 24 September 2014 to £0.07 million in the 39 weeks ended 23 September 2015. This represents the banking costs of the group.

*Intercompany interest paid.* The intercompany interest reflects payments made during the period to Moto Holdings Limited, Moto International Holdings Limited and Moto International Parent Limited under intercompany loan agreements. Such payments amounted to £0.015 million in the 39 weeks ended 23 September 2015, and represent the administrative costs of the holding companies.



## Capital expenditure

The following table shows our capital expenditures for the 39 weeks ended 23 September 2015 compared to the 39 weeks ended 24 September 2014:

	39 weeks ended 23 September 2015 £'000s	39 weeks ended 24 September 2014 £'000s
<b>Capital Expenditure by Category:</b>		
Maintenance spend .....	(3,203)	(3,327)
Expansion spend .....	(6,324)	(6,296)
IT One-off projects spend .....	(984)	(394)
Leeming Bar acquisition .....	-	(3,590)
<b>Cash outflow for capital expenditure .....</b>	<b><u>(10,511)</u></b>	<b><u>(13,607)</u></b>

For the 39 weeks ended 23 September 2015, our capital expenditure amounted to £10.5 million, which consisted of £3.2 million for maintenance spending, £6.3 million for expansion including the continued roll-out of new Greggs stores, 4 new M&S stores, ongoing spend on prior year projects and £1.0 million on IT projects – till system and wide-area network.

For the 39 weeks ended 24 September 2014, our capital expenditure amounted to £13.6 million, which consisted of £3.3 million for maintenance spending, £6.3 million for expansion including the continued roll-out of new Greggs stores, 2 new M&S stores, Wetherby and Lymm forecourt projects, Burger King and Costa Store Refreshes, and ongoing spend on prior year projects, £0.4 million on IT projects, and £3.6m to acquire a new site at Leeming Bar.

## Net debt

The following table shows our net debt position as at 23 September 2015 compared to 24 September 2014:

	23 September 2015 £'000s	24 September 2014 £'000s
Cash in hand and at bank .....	60,741	31,765
Debt due within one year .....	-	(14,000)
Debt due after one year .....	(545,452)	(524,587)
<b>Net debt .....</b>	<b><u>(484,711)</u></b>	<b><u>(506,822)</u></b>

At 23 September 2015, the debt due after one year includes £385.0 million of senior debt and £175.0 million of corporate bonds, less £14.5 million of capitalised debt costs.

At 24 September 2014, the debt due after one year includes £359.6 million of senior debt and £173.7 million of corporate bonds, less £8.7 million of capitalised debt costs. The debt due within one year represents the senior debt due for repayment on 31 December 2014 (£8.1 million) and 30 June 2015 (£5.9 million).