

**MOTO VENTURES LIMITED**

**QUARTERLY REPORT**

**SEPTEMBER 2020**

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks Ended 23 September 2020 £'000s	13 weeks Ended 25 September 2019 £'000s	39 weeks Ended 23 September 2020 £'000s	39 weeks Ended 25 September 2019 £'000s
Non-fuel turnover.....	78,456	112,296	177,910	292,218
Fuel turnover.....	81,644	105,346	210,492	301,138
<b>Turnover</b> .....	<b>160,100</b>	<b>217,642</b>	<b>388,402</b>	<b>593,356</b>
Change in stocks of non-fuel goods.....	929	247	(1,246)	(209)
Change in stocks of fuel.....	245	1,659	(282)	2,320
<b>Change in stocks of finished goods</b> .....	<b>1,174</b>	<b>1,906</b>	<b>(1,528)</b>	<b>2,111</b>
Staff costs.....	(17,625)	(22,240)	(48,250)	(64,294)
Depreciation and amortization .....	(11,271)	(11,189)	(34,073)	(33,465)
Non-fuel operating costs .....	(55,962)	(65,334)	(125,545)	(173,939)
Cost of fuel purchased.....	(75,222)	(95,793)	(190,211)	(273,164)
<b>Other operating costs</b> .....	<b>(131,184)</b>	<b>(161,127)</b>	<b>(315,756)</b>	<b>(447,103)</b>
<b>(Loss) / profit on ordinary activities before interest being operating (loss) / profit</b> .....	<b>1,194</b>	<b>24,992</b>	<b>(11,205)</b>	<b>50,605</b>
Interest receivable and similar income.....	-	35	31	119
Interest receivable from group undertakings.....	124	103	351	291
Interest payable on bank loans .....	(8,573)	(7,782)	(24,815)	(23,397)
Fair value movement on derivative financial instruments .....	754	(11,587)	(17,577)	(24,751)
<b>(Loss) / profit on ordinary activities before taxation</b> .....	<b>(6,501)</b>	<b>5,761</b>	<b>(53,215)</b>	<b>2,867</b>
Tax on (loss) / profit on ordinary activities.....	-	-	-	-
<b>(Loss) / profit on ordinary activities after taxation being retained (loss) / profit for the financial period</b> .....	<b>(6,501)</b>	<b>5,761</b>	<b>(53,215)</b>	<b>2,867</b>
 <b>Note: Adjusted EBITDA</b> .....	 <b>12,465</b>	 <b>35,996</b>	 <b>22,303</b>	 <b>83,581</b>
 <b>Fuel margin</b> .....	 <b>6,667</b>	 <b>11,211</b>	 <b>19,999</b>	 <b>30,293</b>

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 23 September 2020 £'000s	As of 25 September 2019 £'000s
Cash.....	20,146	24,285
Current assets (excluding cash).....	29,129	34,546
Net fixed assets.....	838,974	849,406
<b>Total assets</b> .....	<b>888,249</b>	<b>908,237</b>
Current liabilities.....	(59,278)	(61,594)
Long term borrowings (excluding derivatives).....	(667,034)	(639,694)
Retained Earnings .....	(662,846)	(616,402)

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks Ended 23 September 2020 £'000s	13 weeks Ended 25 September 2019 £'000s	39 weeks Ended 23 September 2020 £'000s	39 weeks Ended 25 September 2019 £'000s
<b>Net cash inflow from operating activities</b> .....	<b>23,686</b>	<b>33,008</b>	<b>21,230</b>	<b>84,909</b>
Cash outflow from servicing bank loans.....	(11,863)	(7,180)	(22,646)	(21,686)
<b>Net cash outflow from returns on investments and servicing of finance</b> .....	<b>(11,942)</b>	<b>(7,211)</b>	<b>(22,797)</b>	<b>(21,763)</b>
<b>Taxation</b> .....	<b>(1,400)</b>	<b>(2,863)</b>	<b>(4,176)</b>	<b>(7,486)</b>
<b>Net cash outflow for capital expenditure and financial investment</b> .....	<b>(7,248)</b>	<b>(8,232)</b>	<b>(26,231)</b>	<b>(28,949)</b>
<b>Net cash inflow from financing</b> .....	-	-	12,953	12,700
<b>Equity dividends paid to shareholders</b> .....	-	(14,754)	-	(47,826)
<b>Change in net cash</b> .....	<b>3,096</b>	<b>(52)</b>	<b>(19,021)</b>	<b>(8,415)</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 2020 compared to the 39 weeks ended 25 September 2019*

The following table sets forth our main operating results for the 39 weeks ended 23 September 2020 compared to the 39 weeks ended 25 September 2019:

	39 weeks ended 23 September 2020 £'000s	39 weeks ended 25 September 2019 £'000s	Variance £'000s	Variance %
Non-fuel Turnover .....	177,910	292,218	(114,308)	(39.1)%
Fuel Turnover .....	210,492	301,138	(90,646)	(30.1)%
<b>Turnover</b> .....	<b>388,402</b>	<b>593,356</b>	<b>(204,954)</b>	<b>(34.5)%</b>
Change in stocks of non-fuel goods .....	(1,246)	(209)	(1,037)	(496.2)%
Change in stocks of fuel .....	(282)	2,320	(2,602)	(112.2)%
<b>Change in stocks of finished goods</b> .....	<b>(1,528)</b>	<b>2,111</b>	<b>(3,639)</b>	<b>(172.4)%</b>
Staff costs .....	(48,250)	(64,294)	16,044	25.0%
Depreciation and amortization .....	(34,073)	(33,465)	(608)	(1.8)%
Non-fuel operating costs .....	(125,545)	(173,939)	48,394	27.8%
Cost of fuel purchased .....	(190,211)	(273,164)	82,953	30.4%
<b>Other operating costs</b> .....	<b>(315,756)</b>	<b>(447,103)</b>	<b>131,347</b>	<b>29.4%</b>
<b>(Loss) / profit on ordinary activities before interest being operating (loss) / profit</b> .....	<b>(11,205)</b>	<b>50,605</b>	<b>(61,810)</b>	<b>(122.1)%</b>
Interest receivable and similar income .....	31	119	(88)	(73.9)%
Interest receivable from group undertakings .....	351	291	60	20.6%
Interest payable on bank loans .....	(24,815)	(23,397)	(1,418)	(6.1)%
Fair value movement on derivative financial instruments .....	(17,577)	(24,751)	7,174	29.0%
<b>(Loss) / profit on ordinary activities before taxation</b> .....	<b>(53,215)</b>	<b>2,867</b>	<b>(56,082)</b>	<b>(1,956.1)%</b>
Tax on (loss) / profit on ordinary activities .....	-	-	-	-
<b>(Loss) / profit on ordinary activities after taxation being retained (loss) / profit for the financial period</b> .....	<b>(53,215)</b>	<b>2,867</b>	<b>(56,082)</b>	<b>(1,956.1)%</b>
<b>Note: EBITDA</b> .....	<b>22,868</b>	<b>84,070</b>	<b>(61,202)</b>	<b>(72.8)%</b>
Loss on disposal of fixed assets .....	-	67	(67)	(100.0)%
Travelodge provision .....	(566)	(556)	(10)	(1.8)%
<b>Adjusted EBITDA</b> .....	<b>22,302</b>	<b>83,581</b>	<b>(61,279)</b>	<b>(73.3)%</b>

*Turnover.* Turnover decreased by £205.0 million, or 34.5%, from £593.4 million in the 39 weeks ended 25 September 2019 to £388.4 million in the 39 weeks ended 23 September 2020. The change was attributable to decreases in both fuel turnover and non-fuel turnover of £90.6 million and £114.3 million respectively. Both of these decreases are attributable to the impact of the Covid-19 pandemic. The pandemic saw the number of motor vehicles travelling on UK roads decline significantly and the business took the decision to temporarily close its catering and other non-essential services. Essential services were kept open to support key workers and HGV drivers. The business has now re-opened all catering and other non-essential services and has reported a recovery in turnover in the 13 weeks ended 23 September 2020.

The following table shows the breakdown of our non-fuel turnover for the 39 weeks ended 23 September 2020 and the 39 weeks ended 25 September 2019:

	39 weeks ended 23 September 2020 £'000s	39 weeks ended 25 September 2019 £'000s	Variance £'000s	Variance %
Catering .....	74,313	135,241	(60,928)	(45.1)%
Convenience Food .....	41,697	70,339	(28,642)	(40.7)%
Confectionary, Tobacco and News .....	24,851	36,185	(11,334)	(31.3)%
Amusement .....	7,400	13,863	(6,463)	(46.6)%
Other .....	12,400	16,211	(3,811)	(23.5)%
<b>Amenity Building .....</b>	<b>160,661</b>	<b>271,839</b>	<b>(111,178)</b>	<b>(40.9)%</b>
Forecourt.....	17,249	20,379	(3,130)	(15.4)%
<b>Total non-fuel turnover .....</b>	<b>177,910</b>	<b>292,218</b>	<b>(114,308)</b>	<b>(39.1)%</b>

The following table shows the like-for-like sales decline in 2020:

	13 weeks Ended 25 March 2020	13 weeks Ended 24 June 2020	13 weeks Ended 23 September 2020	39 weeks Ended 23 September 2020
<b>Amenity Building (including amusements) .....</b>	<b>(5.7)%</b>	<b>(80.8)%</b>	<b>(32.7)%</b>	<b>(42.0)%</b>
Forecourt .....	(5.1)%	(35.7)%	(5.0)%	(15.4)%
<b>LFL non-fuel turnover .....</b>	<b>(5.7)%</b>	<b>(77.6)%</b>	<b>(30.8)%</b>	<b>(40.0)%</b>

The following table shows the like-for-like transaction decline in 2020:

	13 weeks Ended 25 March 2020	13 weeks Ended 24 June 2020	13 weeks Ended 23 September 2020	39 weeks Ended 23 September 2020
<b>Amenity Building (excluding amusements).....</b>	<b>(6.7)%</b>	<b>(81.8)%</b>	<b>(37.9)%</b>	<b>(44.4)%</b>

The following table shows the average spend growth in 2020:

	13 weeks Ended 25 March 2020	13 weeks Ended 24 June 2020	13 weeks Ended 23 September 2020	39 weeks Ended 23 September 2020
<b>Amenity Building (excluding amusements).....</b>	<b>0.6%</b>	<b>11.4%</b>	<b>8.6%</b>	<b>4.8%</b>

*Change in stocks of finished goods.* Change in stocks of finished goods was a decrease of £1.5 million in the 39 weeks ended 23 September 2020 compared with an increase of £2.1 million in the 39 weeks ended 25 September 2019. The value of non-fuel stocks decreased by £1.2 million and fuel stock values decreased by £0.3 million in the 39 weeks ended 23 September 2020.

*Staff costs.* Staff costs decreased by £16.0 million, or 25.0%, from £64.3 million in the 39 weeks ended 25 September 2019 to £48.3 million in the 39 weeks ended 23 September 2020. The ratio of staff costs to non-fuel turnover increased from 22.0% in the 39 weeks ended 25 September 2019 to 27.1% in the 39 weeks ended 23 September 2020. In response to the Covid-19 pandemic, the business reduced its headcount by utilising the Coronavirus Job Retention Scheme and temporarily furloughing staff. The business has now re-opened all catering and other non-essential services and the majority of staff have returned to work from furlough in the 13 weeks ended 23 September 2020

*Depreciation and amortization.* Depreciation and amortization increased by £0.6 million, or 1.8%, from £33.5 million in the 39 weeks ended 25 September 2019 to £34.1 million in the 39 weeks ended 23 September 2020. Amortization charges were unchanged from 2019 to 2020.

*Other operating costs.* Other operating costs decreased by £131.3 million, or 29.4%, from £447.1 million in the 39 weeks ended 25 September 2019 to £315.8 million in the 39 weeks ended 23 September 2020. The decrease was partly attributable to the cost of fuel purchased, which decreased by £83.0 million. The £48.4 million decrease in non-fuel operating costs is attributable to (1) a £42.8 million decrease in the cost of non-fuel merchandise as a result of the decline in non-fuel turnover, (2) a £10.3 million decrease in property taxes reflecting a holiday on business rates, (3) a £3.6 million decrease in franchise fees as a result of the decline in non-fuel turnover, (4) a £1.5 million decrease in utilities, offset by, (5) a £12.0 million decrease in central income, of which £7.5 million relates to Covid 19 costs.

The following represents a breakdown of our non-fuel operating costs for the 39 weeks ended 23 September 2020 and the 39 weeks ended 25 September 2019:

	39 weeks ended 23 September 2020 £'000s	39 weeks ended 25 September 2019 £'000s	Variance £'000s	Variance %
Cost of non-fuel merchandise .....	74,551	117,391	(42,840)	(36.5)%
Property taxes .....	4,858	15,137	(10,279)	(67.9)%
Utilities .....	6,302	7,832	(1,530)	(19.5)%
Franchise fees .....	5,072	8,639	(3,567)	(41.3)%
Maintenance.....	4,501	4,437	64	1.4%
Distribution .....	662	1,725	(1,063)	(61.6)%
Cleaning, travel and admin .....	5,858	6,503	(645)	(9.9)%
Rent expense.....	7,134	7,813	(679)	(8.7)%
Central income.....	10,441	(1,600)	12,041	752.6%
Corporate and other .....	6,732	6,618	114	1.7%
Travelodge provision .....	(566)	(556)	(10)	(1.8)%
<b>Total non-fuel operating costs.....</b>	<b>125,545</b>	<b>173,939</b>	<b>(48,394)</b>	<b>(27.8)%</b>

Central income of £(10.4) million relates to (1) £7.5 million of Covid-19 costs, (2) £3.0 million of business restructure costs, offset by (3) £0.1 million of other (2019: £1.6 million relates to backdated rates settlements).

*Operating (loss) / profit.* Operating (loss) / profit decreased by £61.8 million, or 122.1%, from a profit of £50.6 million in the 39 weeks ended 25 September 2019 to a loss of £11.2 million in the 39 weeks ended 23 September 2020. The reasons for the change in operating (loss) / profit are outlined in the commentary above.

*Interest receivable and similar income.* Interest receivable and similar decreased by £0.09 million, or 73.9%, from £0.12 million in the 39 weeks ended 25 September 2019 to £0.03 million in the 39 weeks ended 23 September 2020.

*Interest receivable from group undertakings.* Interest receivable from group undertakings remains materially unchanged in the 39 weeks ended 23 September 2020.

*Interest payable on bank loans.* Interest payable on bank loans increased by £1.4 million, or 6.1%, from £23.4 million in the 39 weeks ended 25 September 2019 to £24.8 million in the 39 weeks ended 23 September 2020. The increase was primarily attributable to an increase in interest accrued on the debt arrangements due to a higher facility B and RCF loan balance compared with the prior period, but also due to an additional undrawn loan facility made available to the business at the start of the Covid-19 pandemic, on which commitment fees are payable.

*Fair value movement on derivative financial instruments.* Fair value movement on derivative financial instruments was a £17.6 million debit in the 39 weeks ended 23 September 2020 compared with a £24.8 million debit in the 39 weeks ended 25 September 2019. This represents the movement of the fair value of interest rate derivatives held by the group.

*Tax on (loss) / profit on ordinary activities.* Tax on (loss) / profit on ordinary activities was nil in both periods. The tax charge/credit for 2020 will be posted in the statutory accounts as a final year-end adjustment, consistent with the treatment in previous periods.

*Retained (loss) / profit for the financial period.* For the reasons set forth above, retained (loss) / profit for the period decreased from a profit of £2.9 million in the 39 weeks ended 25 September 2019 to a loss of £53.2 million in the 39 weeks ended 23 September 2020.

## 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 2020 compared to the 39 weeks ended 25 September 2019:

	39 weeks ended 23 September 2020 £'000s	39 weeks ended 25 September 2019 £'000s	Variance £'000s	Variance %
<b>Operating (loss) / profit</b> .....	(11,205)	50,605	(61,810)	(122.1)%
Depreciation charge .....	30,617	30,009	608	2.0%
Loss on disposal of tangible fixed assets .....	-	67	(67)	(100.0)%
Goodwill amortization .....	3,456	3,456	-	-
(Decrease) / increase in stocks .....	1,528	(2,111)	3,639	172.4%
(Increase) / decrease in debtors .....	(1,560)	3,581	(5,141)	(143.6)%
Decrease in creditors .....	(1,606)	(698)	(908)	(130.1)%
<b>Net cash inflow from operating activities</b> .....	<b>21,230</b>	<b>84,909</b>	<b>(63,679)</b>	<b>(75.0)%</b>

Cash inflow from operating activities decreased by £63.7 million, or 75.0%, from £84.9 million in the 39 weeks ended 25 September 2019 to £21.2 million in the 39 weeks ended 23 September 2020. This is attributable to (1) a decrease in operating (loss) / profit of £61.8 million from a profit of £50.6 million in the 39 weeks ended 25 September 2019 to a loss of £11.2 million in the 39 weeks ended 23 September 2020, (2) an increase in the depreciation charge (net of fixed assets disposals) of £0.5 million, and (3) a decrease in the cash flow from working capital of £2.4 million from an inflow of £0.8 million in the 39 weeks ended 25 September 2019 to an outflow of £1.6 million in the 39 weeks ended 23 September 2020.

### 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 2020 compared to the 39 weeks ended 25 September 2019:

	39 weeks ended 23 September 2020 £'000s	39 weeks ended 25 September 2019 £'000s	Variance £'000s	Variance %
Interest received .....	31	119	(88)	(73.9)%
Interest paid on bank loans.....	(22,646)	(21,686)	(960)	(4.4)%
Bank interest and similar.....	(182)	(196)	14	7.1%
<b>Net cash outflow from returns on investments and servicing of finance.....</b>	<b><u>(22,797)</u></b>	<b><u>(21,763)</u></b>	<b><u>(1,034)</u></b>	<b><u>(4.8)%</u></b>

*Interest received.* Interest received decreased by £0.09 million, or 73.9%, from £0.12 million in the 39 weeks ended 25 September 2019 to £0.03 million in the 39 weeks ended 23 September 2020.

*Interest paid on bank loans.* Interest paid on bank loans increased from £21.7 million in the 39 weeks ended 25 September 2019 to £22.6 million in the 39 weeks ended 23 September 2020. The increase was primarily attributable to an increase in interest paid on the debt arrangements due to a higher facility B and RCF loan balance compared with the prior period, but also due to timing differences for the payment of commitment and other fees.

*Bank interest and similar.* Bank interest and similar charges remains materially unchanged in the 39 weeks ended 23 September 2020. This represents the banking costs of the group.

### Capital expenditure

The following table shows our capital expenditures for the 39 weeks ended 23 September 2020 compared to the 39 weeks ended 25 September 2019:

	39 weeks ended 23 September 2020 £'000s	39 weeks ended 25 September 2019 £'000s	Variance £'000s	Variance %
<b>Capital Expenditure by Category:</b>				
Maintenance spend .....	(3,073)	(4,163)	1,090	26.2%
Expansion spend.....	(7,734)	(13,825)	6,091	44.1%
Rugby new site spend.....	(14,573)	(10,449)	(4,124)	(39.5)%
IT One-off projects spend.....	(851)	(512)	(339)	(66.2)%
<b>Cash outflow for capital expenditure.....</b>	<b><u>(26,231)</u></b>	<b><u>(28,949)</u></b>	<b><u>2,718</u></b>	<b><u>9.4%</u></b>

For the 39 weeks ended 23 September 2020, our capital expenditure amounted to £26.2 million, which consisted of £3.1 million for maintenance spending, £22.3 million for expansion including 6 new Greggs units, WH Smith upgrades, new and existing site acquisition and development, including the new site at Rugby, and ongoing spend on prior year projects and £0.9 million on IT projects.

For the 39 weeks ended 25 September 2019, our capital expenditure amounted to £28.9 million, which consisted of £4.2 million for maintenance spending, £24.3 million for expansion including Burger King self-order terminals, 2 new Costa Drive-Thru units, 3 new KFC units, new and existing site acquisition and development, and ongoing spend on prior year projects and £0.5 million on IT projects.



### *Equity dividends paid to shareholders*

Equity dividends paid to shareholders decreased from £47.8 million in the 39 weeks ended 25 September 2019 to £nil in the 39 weeks ended 23 September 2020. Equity dividends were debited from retained earnings and funded from balance sheet cash.

### *Net debt*

The following table shows our net debt position as at 23 September 2020 compared to 25 September 2019:

	23 September 2020 £'000s	25 September 2019 £'000s
Cash in hand and at bank.....	20,146	24,285
Debt due after one year.....	(667,034)	(639,694)
<b>Net debt.....</b>	<b>(646,888)</b>	<b>(615,409)</b>

At 23 September 2020, the debt due after one year includes £519.8 million of senior debt and £150.0 million of corporate bonds, less £2.8 million of capitalised debt costs.

At 25 September 2019, the debt due after one year includes £493.9 million of senior debt and £150.0 million of corporate bonds, less £4.2 million of capitalised debt costs.