

MOTO VENTURES LIMITED

QUARTERLY REPORT

MARCH 2021

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks Ended 31 March 2021 £'000s	13 weeks Ended 25 March 2020 £'000s
Non-fuel turnover	39,889	75,344
Fuel turnover	75,016	84,834
Turnover	114,905	160,178
Change in stocks of non-fuel goods.....	(525)	(1,113)
Change in stocks of fuel	484	594
Change in stocks of finished goods	(41)	(519)
Staff costs	(13,783)	(19,247)
Depreciation and amortization.....	(11,345)	(11,524)
Non-fuel operating costs.....	(27,247)	(47,518)
Cost of fuel purchased	(69,199)	(76,318)
Other operating costs	(96,446)	(123,836)
(Loss) / profit on ordinary activities before interest being operating (loss) / profit	(6,710)	5,052
Interest receivable and similar income	-	23
Interest receivable from group undertakings	137	113
Interest payable on bank loans.....	(8,212)	(7,992)
Fair value movement on derivative financial instruments	15,097	(10,642)
Profit / (loss) on ordinary activities before taxation	312	(13,446)
Tax on profit / (loss) on ordinary activities	-	-
Profit / (loss) on ordinary activities after taxation being retained profit / (loss) for the financial period	312	(13,446)
 Note: Adjusted EBITDA	 4,461	 16,387
 Fuel margin	 6,301	 9,110

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 31 March 2021 £'000s	As of 25 March 2020 £'000s
Cash.....	19,104	38,759
Current assets (excluding cash)	29,769	29,133
Net fixed assets.....	829,192	845,285
Total assets.....	878,065	913,177
Current liabilities.....	(48,956)	(51,798)
Long term borrowings (excluding derivatives)	(684,033)	(666,608)
Retained Earnings	(663,073)	(623,078)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks Ended 31 March 2021 £'000s	13 weeks Ended 25 March 2020 £'000s
Net cash inflow from operating activities.....	2,840	8,116
Cash outflow from servicing bank loans	(7,655)	(7,248)
Net cash outflow from returns on investments and servicing of finance	(7,676)	(7,256)
Taxation	(89)	(4,776)
Net cash outflow for capital expenditure and financial investment.....	(6,122)	(9,992)
Net cash inflow from financing	1,238	13,500
Decrease in net cash	(9,809)	(408)

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 13 weeks ended 31 March 2021 compared to the 13 weeks ended 25 March 2020

The following table sets forth our main operating results for the 13 weeks ended 31 March 2021 compared to the 13 weeks ended 25 March 2020:

	13 weeks ended 31 March 2021 £'000s	13 weeks ended 25 March 2020 £'000s	Variance £'000s	Variance %
Non-fuel Turnover	39,889	75,344	(35,455)	(47.1)%
Fuel Turnover	75,016	84,834	(9,818)	(11.6)%
Turnover	114,905	160,178	(45,273)	(28.3)%
Change in stocks of non-fuel goods	(525)	(1,113)	588	52.8%
Change in stocks of fuel	484	594	(110)	(18.5)%
Change in stocks of finished goods	(41)	(519)	478	92.1%
Staff costs	(13,783)	(19,247)	5,464	28.4%
Depreciation and amortization	(11,345)	(11,524)	179	1.6%
Non-fuel operating costs	(27,247)	(47,518)	20,271	42.7%
Cost of fuel purchased	(69,199)	(76,318)	7,119	9.3%
Other operating costs	(96,446)	(123,836)	27,390	22.1%
(Loss) / profit on ordinary activities before interest being operating (loss) / profit	(6,710)	5,052	(11,762)	(232.8)%
Interest receivable and similar income	-	23	(23)	(100.0)%
Interest receivable from group undertakings	137	113	24	21.2%
Interest payable on bank loans	(8,212)	(7,992)	(220)	(2.8)%
Fair value movement on derivative financial instruments	15,097	(10,642)	25,739	241.9%
Profit / (loss) on ordinary activities before taxation	312	(13,446)	13,758	102.3%
Tax on profit / (loss) on ordinary activities	-	-	-	-
Profit / (loss) on ordinary activities after taxation being retained profit / (loss) for the financial period	312	(13,446)	13,758	102.3%
Note: EBITDA	4,635	16,576	(11,941)	(72.0)%
Loss on disposal of fixed assets	18	-	18	-
Travelodge provision	(192)	(189)	(3)	(1.6)%
Adjusted EBITDA	4,461	16,387	(11,926)	(72.8)%

Turnover. Turnover decreased by £45.3 million, or 28.3%, from £160.2 million in the 13 weeks ended 25 March 2020 to £114.9 million in the 13 weeks ended 31 March 2021. The change was attributable to decreases in both fuel turnover and non-fuel turnover of £9.8 million and £35.5 million respectively. Both of these decreases are attributable to the impact of the Covid-19 pandemic. The pandemic and the third national lockdown have adversely impacted the number of motor vehicles travelling on UK road and the number of customer transactions during the period. Non-essential areas of the business such as amusements areas have remained closed and other essential areas of the business have been open for essential journeys but operating at a reduced capacity during the period.

The following table shows the breakdown of our non-fuel turnover for the 13 weeks ended 31 March 2021 and the 13 weeks ended 25 March 2020:

	13 weeks ended 31 March 2021 £'000s	13 weeks ended 25 March 2020 £'000s	Variance £'000s	Variance %
Catering	17,030	34,526	(17,496)	(50.7)%
Convenience Food	6,614	17,200	(10,586)	(61.5)%
Confectionary, Tobacco and News	5,587	8,613	(3,026)	(35.1)%
Amusements	1	4,281	(4,280)	(100.0)%
Other	4,757	4,915	(158)	(3.2)%
Amenity Building	33,989	69,535	(35,546)	(51.1)%
Forecourt.....	5,900	5,809	91	1.6%
Total non-fuel turnover	39,889	75,344	(35,455)	(47.1)%

The following table shows the like-for-like sales decline in 2021:

	13 weeks Ended 31 March 2021
Amenity Building (including amusements)	(54.8)%
Forecourt.....	1.6%
LFL non-fuel turnover	(50.1)%

The following table shows the like-for-like transaction decline in 2021:

	13 weeks Ended 31 March 2021
Amenity Building (excluding amusements)	(56.0)%

The following table shows the average spend growth in 2021:

	13 weeks Ended 31 March 2021
Amenity Building (excluding amusements)	3.4%

Change in stocks of finished goods. Change in stocks of finished goods was £0.04 million in the 13 weeks ended 31 March 2021 and was £0.5 million in the 13 weeks ended 25 March 2020. The value of fuel stocks increased by £0.5 million and the value of non-fuel stocks decreased by £0.5 million in the 13 weeks ended 31 March 2021.

Staff costs. Staff costs decreased by £5.5 million, or 28.4%, from £19.2 million in the 13 weeks ended 25 March 2020 to £13.8 million in the 13 weeks ended 31 March 2021. The ratio of staff costs to non-fuel turnover increased from 25.5% in the 13 weeks ended 25 March 2020 to 34.6% in the 13 weeks ended 31 March 2021 due to reduced non-fuel turnover impacting labour productivity. In response to the continuing Covid-19 pandemic, the business has temporarily reduced its operational headcount by utilising £3.4 million from the Coronavirus Job Retention Scheme to furlough staff.

Depreciation and amortization. Depreciation and amortization decreased by £0.2 million, or 1.6%, from £11.5 million in the 13 weeks ended 25 March 2020 to £11.3 million in the 13 weeks ended 31 March 2021. Amortization charges were unchanged from 2020 to 2021.

Other operating costs. Other operating costs decreased by £27.4 million, or 22.1%, from £123.8 million in the 13 weeks ended 25 March 2020 to £96.5 million in the 13 weeks ended 31 March 2021. The change was partly attributable to the cost of fuel purchased, which decreased by £7.1 million. The decrease in non-fuel operating costs of £20.3 million is attributable to (1) a £14.1 million decrease in the cost of non-fuel merchandise reflecting the decline in non-fuel turnover, (2) a £4.6 million decrease in property taxes reflecting the business rates holiday, and (3) a £1.1 million decrease in franchise fees reflecting the decline in non-fuel turnover.

The following represents a breakdown of our non-fuel operating costs for the 13 weeks ended 31 March 2021 and the 13 weeks ended 25 March 2020:

	13 weeks ended 31 March 2021 £'000s	13 weeks ended 25 March 2020 £'000s	Variance £'000s	Variance %
Cost of non-fuel merchandise	16,010	30,105	(14,095)	(46.8)%
Property taxes	61	4,650	(4,589)	(98.7)%
Utilities	2,319	2,466	(147)	(6.0)%
Franchise fees	1,191	2,311	(1,120)	(48.5)%
Maintenance.....	1,411	1,606	(195)	(12.1)%
Distribution	257	160	97	60.6%
Cleaning, travel and admin	1,821	2,074	(253)	(12.2)%
Rent expense	2,464	2,537	(73)	(2.9)%
Central income.....	(552)	(520)	(32)	6.2%
Corporate and other	2,457	2,318	139	6.0%
Travelodge provision	(192)	(189)	(3)	1.6%
Total non-fuel operating costs.....	27,247	47,518	(20,271)	(42.7)%

Central income of £0.6 million relates to £0.8 million of backdated rates settlements and £0.2 million being the net of a number of other one-off costs (2020: £0.4 million of backdated rates settlements and £0.1 million being the net of a number of other one-off items).

Operating (loss) / profit. Operating (loss) / profit decreased by £11.8 million, or 232.8%, from a £5.1 million profit in the 13 weeks ended 25 March 2020 to a £6.7 million loss in the 13 weeks ended 31 March 2021. The reasons for the change in operating (loss) / profit are outlined in the commentary above.

Interest receivable and similar income. Interest receivable and similar income decreased by £0.023 million, or 100.0%, from £0.023 million in the 13 weeks ended 25 March 2020 to £nil in the 13 weeks ended 31 March 2021.

Interest receivable from group undertakings. Interest receivable from group undertakings increased by £0.024 million, or 21.2%, from £0.113 million in the 13 weeks ended 25 March 2020 to £0.137 million in the 13 weeks ended 31 March 2021.

Interest payable on bank loans. Interest payable on bank loans increased by £0.2 million, or 2.8%, from £8.0 million in the 13 weeks ended 25 March 2020 to £8.2 million in the 13 weeks ended 31 March 2021. The increase was primarily attributable to an increase in interest accrued on the external 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 £15.1 million credit in the 13 weeks ended 31 March 2021 compared with £10.6 million debit in the 13 weeks ended 25 March 2020. This represents the movement of the fair value of interest rate derivatives held by the group. The mark-to-market (MTM) valuation of derivatives held by the group at 31 March 2021 was a £31.2 million credit compared with a £43.1 million credit at 25 March 2020.

Tax on profit / (loss) on ordinary activities. Tax on profit / (loss) on ordinary activities was £nil in both periods. The tax charge for 2021 will be posted in the statutory accounts as a final year-end adjustment, consistent with the treatment in previous periods.

Retained profit / (loss) for the financial period. For the reasons set forth above, retained profit / (loss) for the period increased by 102.3%, from a loss of £13.4 million in the 13 weeks ended 25 March 2020 to a profit of £0.3 million in the 13 weeks ended 31 March 2021.

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 13 weeks ended 31 March 2021 compared to the 13 weeks ended 25 March 2020:

	13 weeks ended 31 March 2021 £'000s	13 weeks ended 25 March 2020 £'000s	Variance £'000s	Variance %
Operating (loss) / profit	(6,710)	5,052	(11,762)	(232.8)%
Depreciation charge	10,193	10,372	(179)	(1.7)%
Loss on disposal of tangible fixed assets	18	-	18	-
Goodwill amortization	1,152	1,152	-	-
Decrease in stocks.....	41	519	(478)	(92.1)%
(Decrease) / increase in debtors	1,151	(793)	1,944	245.1%
Decrease in creditors.....	(3,005)	(8,186)	5,181	63.3%
Net cash inflow from operating activities	2,840	8,116	(5,276)	(65.0)%

Cash inflow from operating activities decreased by £5.3 million, or 65.0%, from £8.1 million in the 13 weeks ended 25 March 2020 to £2.8 million in the 13 weeks ended 31 March 2021. This is attributable to (1) a decrease in operating (loss) / profit of £11.8 million, from a profit of £5.1 million in the 13 weeks ended 25 March 2020 to a loss of £6.7 million in the 13 weeks ended 31 March 2021, (2) a increase in the cash flow from working capital of £6.6 million, from an £8.5 million outflow in the 13 weeks ended 25 March 2020 to a £1.8 million outflow in the 13 weeks ended 31 March 2021, and (3) an decrease in the depreciation charge and loss on disposal of tangible fixed assets of £0.2 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 13 weeks ended 31 March 2021 compared to the 13 weeks ended 25 March 2020:

	13 weeks ended 31 March 2021 £'000s	13 weeks ended 25 March 2020 £'000s	Variance £'000s	Variance %
Interest received	-	23	(23)	(100.0)%
Interest paid on bank loans.....	(7,655)	(7,248)	(407)	(5.6)%
Bank interest and similar.....	(21)	(31)	10	32.3%
Net cash outflow from returns on investments and servicing of finance.....	(7,676)	(7,256)	(420)	(5.8)%

Interest received. Interest received decreased by £0.023 million, or 100.0%, from £0.023 million in the 13 weeks ended 25 March 2020 to £nil in the 13 weeks ended 31 March 2021.

Interest paid on bank loans. Interest paid on bank loans increased by £0.4 million, or 5.6%, from £7.25 million in the 13 weeks ended 25 March 2020 to £7.65 million in the 13 weeks ended 31 March 2021. The increase was primarily attributable to an increase in interest paid on the external 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 13 weeks ended 31 March 2021. This represents the banking costs of the group.

Capital expenditure

The following table shows our capital expenditures for the 13 weeks ended 31 March 2021 compared to the weeks ended 25 March 2020:

	13 weeks ended 31 March 2021 £'000s	13 weeks ended 25 March 2020 £'000s	Variance £'000s	Variance %
Capital Expenditure by Category:				
Maintenance spend	(1,208)	(1,208)	-	-
Expansion spend.....	(962)	(3,294)	2,332	70.8%
Rugby new site spend.....	(3,558)	(5,110)	1,552	30.4%
IT One-off projects spend.....	(394)	(380)	(14)	(3.7)%
Cash outflow for capital expenditure.....	(6,122)	(9,992)	3,870	38.7%

For the 13 weeks ended 31 March 2021, our capital expenditure amounted to £6.1 million, which consisted of £1.2 million for maintenance spending, £4.5 million for expansion including the completion of the new site at Rugby which is now fully open, and ongoing spend on prior year projects and £0.4 million on IT projects.

For the 13 weeks ended 25 March 2020, our capital expenditure amounted to £10.0 million, which consisted of £1.2 million for maintenance spending, £8.4 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 £0.4 million on IT projects.

Net debt

The following table shows our net debt position as at 31 March 2021 compared to 25 March 2020:

	31 March 2021 £'000s	25 March 2020 £'000s
Cash in hand and at bank	19,104	38,759
Debt due after one year	<u>(684,033)</u>	<u>(666,608)</u>
Net debt	<u>(664,929)</u>	<u>(627,849)</u>

At 31 March 2021, the debt due after one year includes £536.9 million of senior debt and £150.0 million of corporate bonds, less £2.9 million of capitalised debt costs.

At 25 March 2020, the debt due after one year includes £519.5 million of senior debt and £150.0 million of corporate bonds, less £2.9 million of capitalised debt costs.