

MOTO VENTURES LIMITED

QUARTERLY REPORT

DECEMBER 2015

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	14 weeks Ended 30 December 2015 £'000s	13 weeks Ended 24 December 2014 £'000s	53 weeks Ended 30 December 2015 £'000s	52 weeks Ended 24 December 2014 £'000s
Non-fuel turnover.....	92,953	81,533	363,391	338,632
Fuel turnover.....	105,414	110,565	410,720	464,777
Turnover	198,367	192,098	774,111	803,409
Change in stocks of non-fuel goods.....	327	545	135	(127)
Change in stocks of fuel.....	302	(115)	(729)	(180)
Change in stocks of finished goods	629	430	(594)	(307)
Staff costs.....	(20,160)	(18,333)	(76,207)	(72,097)
Depreciation and amortization	(11,841)	(9,834)	(45,707)	(38,803)
Non-fuel operating costs	(56,690)	(50,658)	(215,167)	(205,408)
Cost of fuel purchased	(97,245)	(102,296)	(378,031)	(434,148)
Other operating costs	(153,935)	(152,954)	(593,198)	(639,556)
Effect of the revaluation of fixed assets.....	211	167	211	167
Profit on ordinary activities before interest being operating profit	13,271	11,574	58,616	52,813
Interest receivable and similar income.....	26	15	191	170
Interest receivable from group undertakings.....	52	40	190	151
Interest payable on bank loans	(9,637)	(15,438)	(59,675)	(62,414)
Profit / (loss) on ordinary activities before taxation	3,712	(3,809)	(678)	(9,280)
Tax on loss on ordinary activities	-	(2,975)	-	(2,975)
Profit / (loss) on ordinary activities after taxation being Retained profit / (loss) for the financial period	3,712	(6,784)	(678)	(12,255)
 Note: Adjusted EBITDA	 24,770	 21,175	 103,467	 90,803
 Fuel margin	 8,472	 8,153	 31,960	 30,449

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 30 December 2015 £'000s	As of 24 December 2014 £'000s
Cash.....	55,888	42,873
Total current assets.....	103,522	85,672
Net fixed assets.....	1,050,476	960,805
Total assets.....	1,153,998	1,046,477
Short term borrowings.....	-	(14,000)
Current liabilities.....	(66,104)	(68,198)
Long term borrowings.....	(551,296)	(526,102)
Retained Earnings.....	(322,681)	(302,004)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	14 weeks Ended 30 December 2015 £'000s	13 weeks Ended 24 December 2014 £'000s	53 weeks Ended 30 December 2015 £'000s	52 weeks Ended 24 December 2014 £'000s
Net cash inflow from operating activities	22,130	17,503	104,463	95,496
Cash outflow from servicing bank loans	(8,090)	(4,907)	(56,206)	(55,834)
Cash outflow from servicing group loans	(1)	(3)	(16)	(16)
Net cash outflow from returns on investments and servicing of finance	(8,107)	(4,938)	(56,139)	(55,801)
Taxation	(1,287)	-	(1,494)	-
Net cash outflow for capital expenditure and financial investment	(2,606)	(1,458)	(13,117)	(15,066)
Net cash inflow/ (outflow) from financing	5,018	-	(698)	(14,400)
Equity dividends paid to shareholders	(20,000)	-	(20,000)	-
(Decrease) / increase in net cash	(4,852)	11,107	13,015	10,229

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.

The operating results presented in this report compare a 53- and 52- week financial period for Fiscal Year 2015 and 2014 respectively. Pro forma figures for Fiscal Year 2015 (on a 52- week basis) have not been prepared unless otherwise stated. The financial impact of the additional week in Fiscal Year 2015 has been calculated by management as £2.4 million at a profit level with an estimated non-fuel turnover impact of £6.6 million.

Comparative figures for Fiscal Year 2014 have been restated to reflect a statutory accounts adjustment for corporation tax of £3.0 million not reflected in the original December 2014 report.

Results of Operations

Results of operations for the 53 weeks ended 30 December 2015 compared to the 52 weeks ended 24 December 2014

The following table sets forth our main operating results for the 53 weeks ended 30 December 2015 compared to the 52 weeks ended 24 December 2014:

	53 weeks ended 30 December 2015 £'000s	52 weeks ended 24 December 2014 £'000s	Variance £'000s	Variance %
Non-fuel Turnover	363,391	338,632	24,759	7.3%
Fuel Turnover	410,720	464,777	(54,057)	(11.6)%
Turnover	774,111	803,409	(29,298)	(3.6)%
Change in stocks of non-fuel goods	135	(127)	262	206.3%
Change in stocks of fuel	(729)	(180)	(549)	(305.0)%
Change in stocks of finished goods	(594)	(307)	(287)	(93.5)%
Staff costs	(76,207)	(72,097)	(4,110)	(5.7)%
Depreciation and amortization	(45,707)	(38,803)	(6,904)	(17.8)%
Non-fuel operating costs	(215,167)	(205,408)	(9,759)	(4.8)%
Cost of fuel purchased	(378,031)	(434,148)	56,117	12.9%
Other operating costs.....	(593,198)	(639,556)	46,358	7.2%
Effect of the revaluation of fixed assets	211	167	44	26.3%
Profit on ordinary activities before interest being operating profit	58,616	52,813	5,803	11.0%
Interest receivable and similar income.....	191	170	21	12.4%
Interest receivable from group undertakings.....	190	151	39	25.8%
Interest payable on bank loans	(59,675)	(62,414)	2,739	4.4%
Loss on ordinary activities before taxation.....	(678)	(9,280)	8,602	92.7%
Tax on loss on ordinary activities	-	(2,975)	2,975	100%
Loss on ordinary activities after taxation being retained loss for the financial period.....	(678)	(12,255)	11,577	94.5%
Note: EBITDA	104,111	91,449	12,662	13.8%
Loss on disposal of fixed assets	39	167	(128)	(76.6)%
Travelodge provision	(683)	(813)	120	16.0%
Adjusted EBITDA	103,467	90,803	12,664	13.9%

Turnover. Turnover decreased by £29.3 million, or 3.6%, from £803.4 million in the 52 weeks ended 24 December 2014 to £774.1 million in the 53 weeks ended 30 December 2015. The change was primarily attributable to a decrease in fuel turnover of £54.1 million largely due to the reduction in selling price following the fall in oil prices. The

decrease in fuel turnover was offset by a £24.8 million increase in non-fuel turnover primarily due to £25.0 million higher sales in the amenity building, offset by a reduction of £0.2 million in forecourt shop sales due to the lost forecourts.

The following table shows the breakdown of our non-fuel turnover for the 53 weeks ended 30 December 2015 compared to the 52 weeks ended 24 December 2014:

	53 weeks ended 30 December 2015 £'000s	52 weeks ended 24 December 2014 £'000s	Change
Catering	157,972	144,352	13,620
Convenience Food	92,508	86,644	5,864
CTN	51,776	50,288	1,488
Amusement	17,161	14,977	2,184
Other	17,375	15,564	1,811
Amenity Building	336,792	311,825	24,967
Forecourt.....	26,599	26,807	(208)
Total non-fuel turnover	363,391	338,632	24,759

The following table shows the like-for-like sales growth in 2015 (excluding the 53rd week):

	13 weeks Ended 25 March 2015	13 weeks Ended 24 June 2015	13 weeks Ended 23 September 2015	13 weeks Ended 23 December 2015	52 weeks Ended 23 December 2015
Amenity Building (including amusements).....	6.0%	5.9%	5.8%	6.8%	6.1%
Forecourt.....	3.9%	0.2%	0.3%	2.6%	1.6%
LFL non-fuel turnover	5.8%	5.5%	5.4%	6.5%	5.8%

The following table shows the like-for-like transaction growth in 2015 (excluding the 53rd week):

	13 weeks Ended 25 March 2015	13 weeks Ended 24 June 2015	13 weeks Ended 23 September 2015	13 weeks Ended 23 December 2015	52 weeks Ended 23 December 2015
Amenity Building (excluding amusements)	5.9%	5.1%	5.4%	6.3%	5.6%
Forecourt.....	(3.0)%	(3.1)%	(3.6)%	0.7%	(2.3)%
Total transactions	4.1%	3.5%	3.7%	5.2%	4.1%

The following table shows the average spend growth in 2015 (excluding the 53rd week):

	13 weeks Ended 25 March 2015	13 weeks Ended 24 June 2015	13 weeks Ended 23 September 2015	13 weeks Ended 23 December 2015	52 weeks Ended 23 December 2015
Amenity Building (excluding amusements)	(0.7)%	0.4%	0.2%	0.4%	0.1%
Forecourt.....	7.0%	3.4%	4.0%	1.9%	4.0%
Total spend	1.0%	1.5%	1.4%	1.1%	1.3%

Change in stocks of finished goods. Change in stocks of finished goods was £0.6 million in the 53 weeks ended 30 December 2015 and £0.3 million in the 52 weeks ended 24 December 2014. The value of fuel stocks decreased by £0.7 million in the 53 weeks ended 30 December 2015 and there was a £0.1 million increase in non fuel stocks.

Staff costs. Staff costs increased by £4.1 million, or 5.7%, from £72.1 million in the 52 weeks ended 24 December 2014 to £76.2 million in the 53 weeks ended 30 December 2015. The ratio of staff costs to non-fuel turnover decreased from 21.3% in the 52 weeks ended 24 December 2014 to 21.0% in the 53 weeks ended 30 December 2015, due in part to the impact of the 53rd trading week.

Depreciation and amortization. Depreciation and amortization increased by £6.9 million, or 17.8%, from £38.8 million in the 52 weeks ended 24 December 2014 to £45.7 million in the 53 weeks ended 30 December 2015. The revaluation in December 2014 increased the net book value of fixed assets by £203.5 million and a further revaluation in October 2015 increased the net book value of fixed assets by an additional £122.1 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 £46.4 million, or 7.2%, from £639.6 million in the 52 weeks ended 24 December 2014 to £593.2 million in the 53 weeks ended 30 December 2015. The decrease was primarily attributable to the cost of fuel purchased, which decreased by £56.1 million. This decrease was partially offset by a £9.8 million increase in non-fuel operating costs primarily attributable to (1) a £10.2 million increase in the cost of non-fuel merchandise, reflecting the increase in non-fuel turnover, (2) a £0.9 million increase in franchise fees, reflecting the growth of the Greggs brand and other franchised offers within catering, offset by (3) a £3.0 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 53 weeks ended 30 December 2015 and the 52 weeks ended 24 December 2014:

	53 weeks ended 30 December 2015 £'000s	52 weeks ended 24 December 2014 £'000s	Change
Cost of non-fuel merchandise	151,800	141,634	10,166
Property taxes	17,107	16,903	204
Utilities	11,557	11,252	305
Franchise fees	9,763	8,903	860
Maintenance.....	4,988	4,487	501
Distribution	1,911	1,839	72
Cleaning, travel and admin	8,253	7,990	263
Rent expense	9,302	8,995	307
Central income.....	(4,875)	(1,856)	(3,019)
Corporate and other	6,044	6,074	(30)
Travelodge provision	(683)	(813)	130
Total non-fuel operating costs.....	215,167	205,408	9,759

Central income includes £0.65 million compensation from BP for the early termination of forecourt leases, £1.0 million for the Trowell CPO, £3.8 million profit share from the Doncaster freehold sale (site sold and leased back in 2000), costs of £0.4 million in relation to BP rebranding and costs of £0.2 million being the net of a number of other one-off items.

Effect of the revaluation of fixed assets. Effect of the revaluation of fixed assets increased by £0.044 million, or 26.3%, from £0.167 million in the 52 weeks ended 24 December 2014 to £0.211 million in the 53 weeks ended 30 December 2015. The increase was attributable to additional reversals of past impairment losses recognised in the Profit and Loss account for the October 2015 revaluation.

Operating profit. Operating profit increased by £5.8 million, or 11.0%, from £52.8 million in the 52 weeks ended 24 December 2014 to £58.6 million in the 53 weeks ended 30 December 2015. The increase was due to reasons outlined above.

Interest receivable and similar income. Interest receivable and similar income remains materially unchanged in the 53 weeks ended 30 December 2015.

Interest receivable from group undertakings. Interest receivable from group undertakings remains materially unchanged in the 53 weeks ended 30 December 2015.

Interest payable on bank loans. Interest payable on bank loans decreased by £2.7 million, or 4.4%, from £62.4 million in the 52 weeks ended 24 December 2014 to £59.7 million in the 53 weeks ended 30 December 2015. The increase was attributable to (1) £9.3 million previous high-yield bond redemption premium, (2) £4.7 million higher capitalised debt costs amortisation primarily relating to the write-off of previous senior debt and high-yield bond costs (£6.6 million), offset by a reduction in monthly amortisation (£1.9 million), (3) £1.1 million additional write-off related to previous high-yield bond discount, offset by (4) £12.8 million saving on interest charged for new senior debt and hedge, and (5) £5.0 million saving on interest charged for new high yield bond.

Tax on loss on ordinary activities. Tax on loss on ordinary activities decreased by £3.0 million, or 100.0%, from £3.0 million in the 52 weeks ended 24 December 2014 to £0.0 million in the 53 weeks ended 30 December 2015. The tax charge for the 53 weeks ended 30 December 2015 will be posted in the statutory accounts.

Retained loss for the financial period. For the reasons set forth above, retained loss for the period reduced by 94.5%, from £12.3 million in the 52 weeks ended 24 December 2014 to £0.7 million in the 53 weeks ended 30 December 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 53 weeks ended 30 December 2015 compared to the 52 weeks ended 24 December 2014:

	53 weeks ended 30 December 2015 £'000s	52 weeks ended 24 December 2014 £'000s
Operating profit	58,616	52,813
Depreciation charge	41,099	34,195
Loss on disposal of tangible fixed assets	39	167
Goodwill amortization	4,608	4,608
Effect of the revaluation of fixed assets	(211)	(167)
Decrease in stocks	594	307
(Increase)/decrease in debtors.....	(5,224)	2,256
Increase in creditors.....	4,942	1,317
Net cash inflow from operating activities	104,463	95,496

Cash inflow from operating activities increased by £9.0 million, or 9.4%, from £95.5 million in the 52 weeks ended 24 December 2014 to £104.5 million in the 53 weeks ended 30 December 2015. This is primarily attributable to (1) an increase in operating profit of £5.8 million from 52.8 million in the 52 weeks ended 24 December 2014 to £58.6 million in the 53 weeks ended 30 December 2015, (2) an increase in the depreciation charge of £6.9 million, from £34.2 million in the 52 weeks ended 24 December 2014 to £41.1 million in the 53 weeks ended 30 December 2015, offset by (3) a decrease in cash inflow from working capital of £3.6 million compared with 2014.

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 53 weeks ended 30 December 2015 compared to the 52 weeks ended 24 December 2014:

	53 weeks ended 30 December 2015 £'000s	52 weeks ended 24 December 2014 £'000s
Interest received.....	191	170
Interest paid on bank loans	(56,206)	(55,835)
Bank interest and similar	(108)	(120)
Intercompany interest paid	(16)	(16)
Net cash outflow from returns on investments and servicing of finance.....	(56,139)	(55,801)

Interest received. Interest received increased from £0.17 million in the 52 weeks ended 24 December 2014 to £0.19 million in the 53 weeks ended 30 December 2015.

Interest paid on bank loans. Interest paid on bank loans increased from £55.8 million in the 52 weeks ended 24 December 2014 to £56.2 million in the 53 weeks ended 30 December 2015. The decrease was attributable to (1) £12.8 million saving due to lower interest rates on the new senior debt and hedge, (2) £5.0 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 and (4) £8.3 million increase due to the move to quarterly interest payments.

Bank interest and similar. Bank interest and similar charges decreased slightly from £0.12 million in the 52 weeks ended 24 December 2014 to £0.11 million in the 53 weeks ended 30 December 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 £0.016 million in the 53 weeks ended 30 December 2015, and represents the administrative costs of the holding companies.

Capital expenditure

The following table shows our capital expenditures for the 53 weeks ended 30 December 2015 compared to the 52 weeks ended 24 December 2014:

	53 weeks ended 30 December 2015 £'000s	52 weeks ended 24 December 2014 £'000s
Capital Expenditure by Category:		
Maintenance spend	(4,500)	(4,126)
Expansion spend	(7,516)	(6,838)
Leeming Bar acquisition	-	(3,590)
IT One-off projects spend	(1,101)	(512)
Cash outflow for capital expenditure	(13,117)	(15,066)

For the 53 weeks ended 30 December 2015, our capital expenditure amounted to £13.1 million, which consisted of £4.5 million for maintenance spending, £7.5 million for expansion including the continued roll-out of new Greggs stores, 4 new M&S stores, and ongoing spend on prior year projects, and £1.1 million on IT projects.

For the 52 weeks ended 24 December 2014, our capital expenditure amounted to £15.1 million, which consisted of £4.1 million for maintenance spending, £6.8 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, £0.5 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 30 December 2015 compared to 24 December 2014:

	30 December 2015 £'000s	24 December 2014 £'000s
Cash in hand and at bank	55,888	42,873
Debt due within one year	-	(14,000)
Debt due after one year	(551,296)	(526,102)
Net debt	(495,408)	(497,229)

At 30 December 2015, the debt due after one year includes £390.3 million of senior debt, £175.0 million of corporate bonds, less £14.0 million of capitalised debt costs.

At 24 December 2014, the debt due after one year includes £359.6 million of senior debt and £173.9 million of corporate bonds, less £7.4 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).