

**MOTO VENTURES LIMITED**

**QUARTERLY REPORT**

**SEPTEMBER 2016**

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks Ended 28 September 2016 £'000s	13 weeks Ended 23 September 2015 £'000s	39 weeks Ended 28 September 2016 £'000s	39 weeks Ended 23 September 2015 £'000s
Non-fuel turnover.....	108,209	106,970	279,387	270,438
Fuel turnover.....	109,964	106,565	304,161	305,305
<b>Turnover</b> .....	<b>218,173</b>	<b>213,535</b>	<b>583,548</b>	<b>575,743</b>
Change in stocks of non-fuel goods.....	(105)	(93)	13	(192)
Change in stocks of fuel.....	496	(297)	488	(1,031)
<b>Change in stocks of finished goods</b> .....	<b>391</b>	<b>(390)</b>	<b>501</b>	<b>(1,223)</b>
Staff costs.....	(20,595)	(20,039)	(58,913)	(56,047)
Depreciation and amortization .....	(12,312)	(11,129)	(36,865)	(33,866)
Non-fuel operating costs .....	(62,505)	(58,306)	(166,450)	(158,477)
Cost of fuel purchased.....	(101,047)	(97,591)	(279,462)	(280,786)
<b>Other operating costs</b> .....	<b>(163,552)</b>	<b>(155,897)</b>	<b>(445,912)</b>	<b>(439,263)</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>22,105</b>	<b>26,080</b>	<b>42,359</b>	<b>45,344</b>
Interest receivable and similar income.....	36	14	306	166
Interest receivable from group undertakings.....	59	49	166	137
Interest payable on bank loans .....	(9,027)	(8,920)	(27,018)	(50,037)
<b>Profit / (loss) on ordinary activities before taxation</b> .....	<b>13,173</b>	<b>17,223</b>	<b>15,813</b>	<b>(4,390)</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>13,173</b>	<b>17,223</b>	<b>15,813</b>	<b>(4,390)</b>
 <b>Note: Adjusted EBITDA</b> .....	 <b>34,243</b>	 <b>37,038</b>	 <b>78,718</b>	 <b>78,698</b>
 <b>Fuel margin</b> .....	 <b>9,413</b>	 <b>8,677</b>	 <b>25,187</b>	 <b>23,488</b>

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	<b>As of 28 September 2016 £'000s</b>	<b>As of 23 September 2015 £'000s</b>
Cash.....	23,916	60,741
Current assets .....	64,162	103,616
Net fixed assets.....	1,026,837	937,451
Total assets .....	1,090,999	1,041,067
Current liabilities.....	(66,681)	(61,828)
Long term borrowings .....	(559,075)	(545,452)
Retained Earnings .....	(397,025)	(306,393)

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>13 weeks Ended 28 September 2016 £'000s</b>	<b>13 weeks Ended 23 September 2015 £'000s</b>	<b>39 weeks Ended 28 September 2016 £'000s</b>	<b>39 weeks Ended 23 September 2015 £'000s</b>
<b>Net cash inflow from operating activities .....</b>	<b>35,022</b>	<b>34,872</b>	<b>87,404</b>	<b>82,333</b>
Cash outflow from servicing bank loans.....	(8,335)	(8,142)	(24,699)	(48,116)
Cash outflow from servicing group loans .....	-	-	-	(15)
<b>Net cash outflow from returns on investments and servicing of finance .....</b>	<b>(8,333)</b>	<b>(8,148)</b>	<b>(24,444)</b>	<b>(48,032)</b>
<b>Taxation .....</b>	<b>(488)</b>	<b>(207)</b>	<b>(1,400)</b>	<b>(207)</b>
<b>Net cash outflow for capital expenditure and financial investment .....</b>	<b>(2,500)</b>	<b>(2,132)</b>	<b>(13,241)</b>	<b>(10,511)</b>
<b>Net cash (outflow) / inflow from financing .....</b>	<b>(1)</b>	<b>(11)</b>	<b>5,379</b>	<b>(5,715)</b>
<b>Equity dividends paid to shareholders.....</b>	<b>(29,751)</b>	<b>-</b>	<b>(85,671)</b>	<b>-</b>
<b>(Decrease) / increase in net cash .....</b>	<b>(6,051)</b>	<b>(24,374)</b>	<b>(31,973)</b>	<b>17,868</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 28 September 2016 compared to the 39 weeks ended 23 September 2015

The following table sets forth our main operating results for the 39 weeks ended 28 September 2016 compared to the 39 weeks ended 23 September 2015:

	39 weeks ended 28 September 2016 £'000s	39 weeks ended 23 September 2015 £'000s	Variance £'000s	Variance %
Non-fuel Turnover .....	279,387	270,438	8,949	3.3%
Fuel Turnover .....	304,161	305,305	(1,144)	(0.4)%
<b>Turnover</b> .....	<b>583,548</b>	<b>575,743</b>	<b>7,805</b>	<b>1.4%</b>
Change in stocks of non-fuel goods .....	13	(192)	205	106.8%
Change in stocks of fuel .....	488	(1,031)	1,519	147.3%
<b>Change in stocks of finished goods</b> .....	<b>501</b>	<b>(1,223)</b>	<b>1,724</b>	<b>141.0%</b>
Staff costs .....	(58,913)	(56,047)	(2,866)	(5.1)%
Depreciation and amortization .....	(36,865)	(33,866)	(2,999)	(8.9)%
Non-fuel operating costs .....	(166,450)	(158,477)	(7,973)	(5.0)%
Cost of fuel purchased .....	(279,462)	(280,786)	1,324	0.5%
<b>Other operating costs</b> .....	<b>(445,912)</b>	<b>(439,263)</b>	<b>(6,649)</b>	<b>(1.5)%</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>42,359</b>	<b>45,344</b>	<b>(2,985)</b>	<b>(6.6)%</b>
Interest receivable and similar income .....	306	166	140	84.3%
Interest receivable from group undertakings .....	166	137	29	21.2%
Interest payable on bank loans .....	(27,018)	(50,037)	23,019	46.0%
<b>Profit / (loss) on ordinary activities before taxation</b> .....	<b>15,813</b>	<b>(4,390)</b>	<b>20,203</b>	<b>460.2%</b>
Tax on profit / (loss) on ordinary activities .....	-	-	-	-
<b>Profit / (loss) on ordinary activities after taxation being retained loss for the financial period</b> .....	<b>15,813</b>	<b>(4,390)</b>	<b>20,203</b>	<b>460.2%</b>
<b>Note: EBITDA</b> .....	<b>79,224</b>	<b>79,210</b>	<b>14</b>	<b>0.0%</b>
Loss on disposal of fixed assets .....	15	-	15	100.0%
Travelodge provision .....	(521)	(512)	(9)	(1.8)%
<b>Adjusted EBITDA</b> .....	<b>78,718</b>	<b>78,698</b>	<b>20</b>	<b>0.0%</b>

*Turnover.* Turnover increased by £7.8 million, or 1.4%, from £575.7 million in the 39 weeks ended 23 September 2015 to £583.5 million in the 39 weeks ended 28 September 2016. The change was primarily attributable to an increase in non-fuel turnover of £8.9 million as a result of continued growth in catering and convenience food. This increase was partly offset by a £1.1 million decrease in fuel turnover, attributable to a decline in the pump price of fuel sold.

The following table shows the breakdown of our non-fuel turnover for the 39 weeks ended 28 September 2016 and the 39 weeks ended 23 September 2015:

	39 weeks ended 28 September 2016 £'000s	39 weeks ended 23 September 2015 £'000s	Change
Catering .....	120,961	117,002	3,959
Convenience Food .....	73,335	69,515	3,820
CTN .....	38,315	38,883	(568)
Amusement .....	13,746	12,447	1,299
Other .....	13,888	12,705	1,183
<b>Amenity Building .....</b>	<b>260,245</b>	<b>250,552</b>	<b>9,693</b>
Forecourt.....	19,142	19,886	(744)
<b>Total non-fuel turnover .....</b>	<b>279,387</b>	<b>270,438</b>	<b>8,949</b>

The following table shows the shifted\* like-for-like sales growth in 2016:

	13 weeks Ended 30 March 2016	13 weeks Ended 29 June 2016	13 weeks Ended 28 September 2016	39 weeks Ended 28 September 2016
<b>Amenity Building (including amusements) .....</b>	<b>8.0%</b>	<b>0.6%</b>	<b>1.8%</b>	<b>3.0%</b>
Forecourt .....	0.6%	3.4%	4.6%	3.0%
<b>LFL non-fuel turnover .....</b>	<b>7.4%</b>	<b>0.8%</b>	<b>2.0%</b>	<b>3.0%</b>

The following table shows the shifted\* like-for-like transaction growth in 2016:

	13 weeks Ended 30 March 2016	13 weeks Ended 29 June 2016	13 weeks Ended 28 September 2016	39 weeks Ended 28 September 2016
<b>Amenity Building (excluding amusements) .....</b>	<b>6.7%</b>	<b>2.0%</b>	<b>2.6%</b>	<b>3.5%</b>
Forecourt .....	1.0%	2.4%	3.8%	2.5%
<b>Total transactions .....</b>	<b>5.6%</b>	<b>2.0%</b>	<b>2.8%</b>	<b>3.3%</b>

The following table shows the shifted\* average spend growth in 2016:

	13 weeks Ended 30 March 2016	13 weeks Ended 29 June 2016	13 weeks Ended 28 September 2016	39 weeks Ended 28 September 2016
<b>Amenity Building (excluding amusements) .....</b>	<b>1.2%</b>	<b>(1.4)%</b>	<b>(0.8)%</b>	<b>(0.5)%</b>
Forecourt .....	(0.3)%	1.0%	0.8%	0.5%
<b>Total spend .....</b>	<b>1.7%</b>	<b>(1.2)%</b>	<b>(0.8)%</b>	<b>(0.3)%</b>

\* The like-for-like sales, transaction and average spend growth above is presented on a shifted basis, to compensate for the impact of the 53<sup>rd</sup> week of trading in 2015. This analysis compares the 39 weeks ended 28 September 2016 with the 39 weeks ended 30 September 2015.

*Change in stocks of finished goods.* Change in stocks of finished goods was £0.5 million in the 39 weeks ended 28 September 2016 and £1.2 million in the 39 weeks ended 23 September 2015. The value of fuel stocks increased by £0.5 million in the 39 weeks ended 28 September 2016 and non-fuel stocks values remain materially unchanged.

*Staff costs.* Staff costs increased by £2.9 million, or 5.1%, from £56.0 million in the 39 weeks ended 23 September 2015 to £58.9 million in the 39 weeks ended 28 September 2016. The ratio of staff costs to non-fuel turnover increased from 20.7% in the 39 weeks ended 23 September 2015 to 21.1% in the 39 weeks ended 28 September 2016, linked in part to increases in the hourly paid rate in line with living wage legislation.

*Depreciation and amortization.* Depreciation and amortization increased by £3.0 million, or 8.9%, from £33.9 million in the 39 weeks ended 23 September 2015 to £36.9 million in the 39 weeks ended 28 September 2016. The revaluation posted in October 2015 increased the net book value of fixed assets by £122.3 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 2015 to 2016.

*Other operating costs.* Other operating costs increased by £6.6 million, or 1.5%, from £439.3 million in the 39 weeks ended 23 September 2015 to £445.9 million in the 39 weeks ended 28 September 2016. This increase was primarily attributable to an £8.0 million increase in non-fuel operating costs linked to (1) a £3.7 million increase in the cost of non-fuel merchandise, reflecting the increase in non-fuel turnover, (2) a £4.4 million decrease in central income mainly attributable to the exceptional Doncaster income recognised in 2015 which has not repeated, (3) a £0.5 million increase in maintenance costs, offset by (4) a £0.2 million and £0.9 million decrease in property taxes and utilities respectively. The cost of fuel purchased reduced by £1.3 million.

The following represents a breakdown of our non-fuel operating costs for the 39 weeks ended 28 September 2016 and the 39 weeks ended 23 September 2015:

	39 weeks ended 28 September 2016 £'000s	39 weeks ended 23 September 2015 £'000s	Change
Cost of non-fuel merchandise .....	116,618	112,950	3,668
Property taxes .....	12,677	12,890	(213)
Utilities .....	7,688	8,630	(942)
Franchise fees .....	7,459	7,258	201
Maintenance.....	3,994	3,511	483
Distribution .....	1,474	1,443	31
Cleaning, travel and admin .....	6,160	5,934	226
Rent expense .....	7,115	6,920	195
Central income.....	(723)	(5,101)	4,378
Corporate and other .....	4,509	4,554	(45)
Travelodge provision .....	(521)	(512)	(9)
<b>Total non-fuel operating costs.....</b>	<b>166,450</b>	<b>158,477</b>	<b>7,973</b>

Central income wholly relates to backdated rates settlements. (2015: £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 and £0.15 million being the net of a number of other one-off costs and income).

*Operating profit.* Operating profit decreased by £3.0 million, or 6.6%, from £45.3 million in the 39 weeks ended 23 September 2015 to £42.4 million in the 39 weeks ended 28 September 2016. The reasons for the decrease in operating profit are outlined in the commentary above.

*Interest receivable and similar income.* Interest receivable and similar income increased by £0.1 million, or 84.3%, from £0.2 million in the 39 weeks ended 23 September 2015 to £0.3 million in the 39 weeks ended 28 September 2016. The increase is largely attributable to the more favourable interest rate received under the current banking arrangements.

*Interest receivable from group undertakings.* Interest receivable from group undertakings remains materially unchanged in the 39 weeks ended 28 September 2016.

*Interest payable on bank loans.* Interest payable on bank loans decreased by £23.0 million, or 46.0%, from £50.0 million in the 39 weeks ended 23 September 2015 to £27.0 million in the 39 weeks ended 28 September 2016. The decrease was attributable to (1) £6.6 million lower capitalised debt costs amortisation due to the full write-off of old senior debt and high yield bond costs in 2015, (2) £2.1 million saving on write-off of old high yield bond discount, (3) £9.3 million saving relating to redemption of the old high yield bond charged in 2015, and (4) £5.0 million saving due to more favourable interest rates on the new debt arrangements.

*Tax on profit / (loss) on ordinary activities.* Tax on loss on ordinary activities was nil in both periods. As in 2015, the tax charge for 2016 will be posted in the statutory accounts as a final year-end adjustment.

*Retained profit / (loss) for the financial period.* For the reasons set forth above, retained profit for the period increased by 460.2%, from a loss of £4.4 million in the 39 weeks ended 23 September 2015 to a profit of £15.8 million in the 39 weeks ended 28 September 2016.

## 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 28 September 2016 compared to the 39 weeks ended 23 September 2015:

	39 weeks ended 28 September 2016 £'000s	39 weeks ended 23 September 2015 £'000s
<b>Operating profit</b> .....	42,359	45,344
Depreciation charge .....	33,409	30,410
Loss on disposal of tangible fixed assets .....	15	-
Goodwill amortization .....	3,456	3,456
(Increase) / decrease in stocks .....	(501)	1,223
Decrease / (increase) in debtors .....	6,075	(1,148)
Increase in creditors.....	2,591	3,048
<b>Net cash inflow from operating activities</b> .....	<b>87,404</b>	<b>82,333</b>

Cash inflow from operating activities increased by £5.1 million, or 6.2%, from £82.3 million in the 39 weeks ended 23 September 2015 to £87.4 million in the 39 weeks ended 28 September 2016. This is primarily attributable to (1) an increase in the depreciation charge of £3.0 million, from £30.4 million in the 39 weeks ended 23 September 2015 to £33.4 million in the 39 weeks ended 28 September 2016, (2) an increase in the cash inflow from working capital of £5.0 million, from £3.1 million in the 39 weeks ended 23 September 2015 to £8.2 million in the 39 weeks ended 28 September 2016 which is largely driven by business rates refunds received, offset by (3) a decrease in operating profit of £3.0m from £45.4 million in the 39 weeks ended 23 September 2015 to £42.4 million in the 39 weeks ended 28 September 2016.

***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 28 September 2016 compared to the 39 weeks ended 23 September 2015:

	39 weeks ended 28 September 2016 £'000s	39 weeks ended 23 September 2015 £'000s
Interest received.....	305	166
Interest paid on bank loans .....	(24,699)	(48,116)
Bank interest and similar .....	(50)	(67)
Intercompany interest paid .....	-	(15)
<b>Net cash outflow from returns on investments and servicing of finance.....</b>	<b>(24,444)</b>	<b>(48,032)</b>

*Interest received.* Interest received increased from £0.2 million in the 39 weeks ended 23 September 2015 to £0.3 million in the 39 weeks ended 28 September 2016.

*Interest paid on bank loans.* Interest paid on bank loans decreased from £48.1 million in the 39 weeks ended 23 September 2015 to £24.7 million in the 39 weeks ended 28 September 2016. The decrease was attributable to (1) £9.9 million saving relating to redemption of the old high yield bond including accrued interest paid in 2015, (2) £4.6 million lower interest payments due to more favourable interest rates on the new debt arrangements, and (3) £8.9 million lower interest payments due to timing differences relating to the move to quarterly interest payments on the Senior Facility and high yield bond.

*Bank interest and similar.* Bank interest and similar charges remains materially unchanged in the 39 weeks ended 28 September 2016. 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 and represent the administrative costs of the holding companies.



### Capital expenditure

The following table shows our capital expenditures for the 39 weeks ended 28 September 2016 compared to the 39 weeks ended 23 September 2015:

	39 weeks ended 28 September 2016 £'000s	39 weeks ended 23 September 2015 £'000s
<b>Capital Expenditure by Category:</b>		
Maintenance spend .....	(4,023)	(3,203)
Expansion spend .....	(8,459)	(6,324)
IT One-off projects spend .....	(759)	(984)
<b>Cash outflow for capital expenditure .....</b>	<b>(13,241)</b>	<b>(10,511)</b>

For the 39 weeks ended 28 September 2016, our capital expenditure amounted to £13.2 million, which consisted of £4.0 million for maintenance spending, £8.5 million for expansion including 4 new M&S stores, 3 new Amenity Greggs units and the introduction of food courts at 2 sites, and ongoing spend on prior year projects and £0.8 million on IT projects.

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.

### Net debt

The following table shows our net debt position as at 28 September 2016 compared to 23 September 2015:

	28 September 2016 £'000s	23 September 2015 £'000s
Cash in hand and at bank .....	23,916	60,741
Debt due after one year .....	(559,075)	(545,452)
<b>Net debt .....</b>	<b>(535,159)</b>	<b>(484,711)</b>

At 28 September 2016, the debt due after one year includes £395.7 million of senior debt and £175.0 million of corporate bonds, less £11.6 million of capitalised debt costs.

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.