

**MOTO VENTURES LIMITED**

**QUARTERLY REPORT**

**MARCH 2020**

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<b>13 weeks Ended 25 March 2020 £'000s</b>	<b>13 weeks Ended 27 March 2019 £'000s</b>
Non-fuel turnover .....	75,344	79,931
Fuel turnover .....	84,834	93,637
<b>Turnover</b> .....	<b>160,178</b>	<b>173,568</b>
Change in stocks of non-fuel goods.....	(1,113)	384
Change in stocks of fuel .....	594	1,060
<b>Change in stocks of finished goods</b> .....	<b>(519)</b>	<b>1,444</b>
Staff costs .....	(19,247)	(20,021)
Depreciation and amortization.....	(11,524)	(11,129)
Non-fuel operating costs.....	(47,518)	(50,246)
Cost of fuel purchased .....	(76,318)	(85,749)
<b>Other operating costs</b> .....	<b>(123,836)</b>	<b>(135,995)</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>5,052</b>	<b>7,867</b>
Interest receivable and similar income .....	23	45
Interest receivable from group undertakings .....	113	94
Interest payable on bank loans.....	(7,992)	(7,900)
Fair value movement on derivative financial instruments .....	(10,642)	(8,455)
<b>Loss on ordinary activities before taxation</b> .....	<b>(13,446)</b>	<b>(8,349)</b>
Tax on loss on ordinary activities .....	-	-
<b>Loss on ordinary activities after taxation being retained loss for the financial period</b> .....	<b>(13,446)</b>	<b>(8,349)</b>
 <b>Note: Adjusted EBITDA</b> .....	 <b>16,387</b>	 <b>18,824</b>
 <b>Fuel margin</b> .....	 <b>9,110</b>	 <b>8,949</b>

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	<b>As of 25 March 2020 £'000s</b>	<b>As of 27 March 2019 £'000s</b>
Cash.....	38,759	29,678
Current assets (excluding cash).....	29,133	28,838
Net fixed assets.....	845,285	852,708
Total assets .....	913,177	911,224
Current liabilities.....	(51,798)	(60,773)
Long term borrowings (excluding derivatives) .....	(666,608)	(625,997)
Retained Earnings .....	(623,078)	(579,790)

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>13 weeks Ended 25 March 2020 £'000s</b>	<b>13 weeks Ended 27 March 2019 £'000s</b>
<b>Net cash inflow from operating activities</b> .....	<b>8,116</b>	<b>19,042</b>
Cash outflow from servicing bank loans .....	(7,248)	(7,168)
<b>Net cash outflow from returns on investments and servicing of finance</b> .....	<b>(7,256)</b>	<b>(7,188)</b>
<b>Taxation</b> .....	<b>(4,776)</b>	<b>(2,206)</b>
<b>Net cash outflow for capital expenditure and financial investment</b> .....	<b>(9,992)</b>	<b>(9,860)</b>
<b>Net cash inflow/(outflow) from financing</b> .....	<b>13,500</b>	<b>(2,812)</b>
<b>Decrease in net cash</b> .....	<b>(408)</b>	<b>(3,024)</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 13 weeks ended 25 March 2020 compared to the 13 weeks ended 27 March 2019

The following table sets forth our main operating results for the 13 weeks ended 25 March 2020 compared to the 13 weeks ended 27 March 2019:

	13 weeks ended 25 March 2020 £'000s	13 weeks ended 27 March 2019 £'000s	Variance £'000s	Variance %
Non-fuel Turnover .....	75,344	79,931	(4,587)	(5.7)%
Fuel Turnover .....	84,834	93,637	(8,803)	(9.4)%
<b>Turnover</b> .....	<b>160,178</b>	<b>173,568</b>	<b>(13,390)</b>	<b>(7.7)%</b>
Change in stocks of non-fuel goods .....	(1,113)	384	(1,497)	(389.8)%
Change in stocks of fuel .....	594	1,060	(466)	(44.0)%
<b>Change in stocks of finished goods</b> .....	<b>(519)</b>	<b>1,444</b>	<b>(1,963)</b>	<b>(135.9)%</b>
Staff costs .....	(19,247)	(20,021)	774	3.9%
Depreciation and amortization .....	(11,524)	(11,129)	(395)	(3.5)%
Non-fuel operating costs .....	(47,518)	(50,246)	2,728	5.4%
Cost of fuel purchased .....	(76,318)	(85,749)	9,431	11.0%
<b>Other operating costs</b> .....	<b>(123,836)</b>	<b>(135,995)</b>	<b>12,159</b>	<b>8.9%</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>5,052</b>	<b>7,867</b>	<b>(2,815)</b>	<b>(35.8)%</b>
Interest receivable and similar income .....	23	45	(22)	(48.9)%
Interest receivable from group undertakings .....	113	94	19	20.2%
Interest payable on bank loans .....	(7,992)	(7,900)	(92)	1.2%
Fair value movement on derivative financial instruments .....	(10,642)	(8,455)	(2,187)	(25.9)%
<b>Loss on ordinary activities before taxation</b> .....	<b>(13,446)</b>	<b>(8,349)</b>	<b>(5,097)</b>	<b>(61.0)%</b>
Tax on loss on ordinary activities .....	-	-	-	-
<b>Loss on ordinary activities after taxation being retained loss for the financial period</b> .....	<b>(13,446)</b>	<b>(8,349)</b>	<b>(5,097)</b>	<b>(61.0)%</b>
<b>Note: EBITDA</b> .....	<b>16,576</b>	<b>18,996</b>	<b>(2,420)</b>	<b>(12.7)%</b>
Loss on disposal of fixed assets .....	-	13	(13)	(100.0)%
Travelodge provision .....	(189)	(185)	(4)	(2.2)%
<b>Adjusted EBITDA</b> .....	<b>16,387</b>	<b>18,824</b>	<b>(2,437)</b>	<b>(12.9)%</b>

*Turnover.* Turnover decreased by £13.4 million, or 7.7%, from £173.6 million in the 13 weeks ended 27 March 2019 to £160.2 million in the 13 weeks ended 25 March 2020. The change was primarily attributable to a decrease in fuel turnover. Fuel turnover decreased by £8.8 million, as a result of lower fuel volumes. Non-fuel turnover decreased by £4.6 million due to weaker sales in Catering and Convenience Food.

The following table shows the breakdown of our non-fuel turnover for the 13 weeks ended 25 March 2020 and the 13 weeks ended 27 March 2019:

	13 weeks ended 25 March 2020 £'000s	13 weeks ended 27 March 2019 £'000s	Change
Catering .....	34,526	36,340	(1,814)
Convenience Food .....	17,200	18,682	(1,482)
CTN .....	8,613	9,235	(622)
Amusement .....	4,281	4,282	(1)
Other .....	4,915	5,269	(354)
<b>Amenity Building .....</b>	<b>69,535</b>	<b>73,808</b>	<b>(4,273)</b>
Forecourt.....	5,809	6,123	(314)
<b>Total non-fuel turnover .....</b>	<b>75,344</b>	<b>79,931</b>	<b>(4,587)</b>

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

	13 weeks Ended 25 March 2020
<b>Amenity Building (including amusements) .....</b>	<b>(5.7)%</b>
Forecourt.....	(5.1)%
<b>LFL non-fuel turnover .....</b>	<b>(5.7)%</b>

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

	13 weeks Ended 25 March 2020
<b>Amenity Building (excluding amusements) .....</b>	<b>(6.7)%</b>
Forecourt.....	(5.8)%
<b>Total transactions .....</b>	<b>(6.5)%</b>

The following table shows the average spend growth in 2020:

	13 weeks Ended 25 March 2020
<b>Amenity Building (excluding amusements) .....</b>	<b>0.6%</b>
Forecourt.....	0.6%
<b>Total spend .....</b>	<b>0.5%</b>

*Change in stocks of finished goods.* Change in stocks of finished goods was £0.5 million in the 13 weeks ended 25 March 2020 and was £1.4 million in the 13 weeks ended 27 March 2019. The value of fuel stocks increased by £0.6 million in the 13 weeks ended 25 March 2020 and there was a £1.1 million decrease in non-fuel stocks.

*Staff costs.* Staff costs decreased by £0.8 million, or 3.9%, from £20.0 million in the 13 weeks ended 27 March 2019 to £19.2 million in the 13 weeks ended 25 March 2020. The ratio of staff costs to non-fuel turnover increased from 25.0% in the 13 weeks ended 27 March 2019 to 25.5% in the 13 weeks ended 25 March 2020.

*Depreciation and amortization.* Depreciation and amortization increased by £0.4 million, or 3.5%, from £11.1 million in the 13 weeks ended 27 March 2019 to £11.5 million in the 13 weeks ended 25 March 2020. Amortization charges were unchanged from 2019 to 2020.

*Other operating costs.* Other operating costs decreased by £12.2 million, or 8.9%, from £136.0 million in the 13 weeks ended 27 March 2019 to £123.8 million in the 13 weeks ended 25 March 2020. The change was attributable to a £9.4 million decrease in the cost of fuel purchased, and a decrease of £2.7 million in non-fuel operating costs. The £2.7 million decrease in non-fuel operating costs is primarily attributable to (1) a £2.4 million decrease in the cost of non-fuel merchandise reflecting the decline in non-fuel turnover, (2) a £0.3 million decrease in property taxes, (3) a £0.5 million decrease in utilities, (4) a £0.4 million decrease in distribution, offset by (5) a £0.5 million decrease in central income.

The following represents a breakdown of our non-fuel operating costs for the 13 weeks ended 25 March 2020 and the 13 weeks ended 27 March 2019:

	13 weeks ended 25 March 2020 £'000s	13 weeks ended 27 March 2019 £'000s	Change
Cost of non-fuel merchandise .....	30,105	32,519	(2,414)
Property taxes .....	4,650	4,955	(305)
Utilities .....	2,466	2,927	(461)
Franchise fees .....	2,311	2,321	(10)
Maintenance.....	1,606	1,428	178
Distribution.....	160	523	(363)
Cleaning, travel and admin .....	2,074	2,161	(87)
Rent expense.....	2,537	2,555	(18)
Central income.....	(520)	(1,000)	480
Corporate and other .....	2,318	2,042	276
Travelodge provision.....	(189)	(185)	(4)
<b>Total non-fuel operating costs.....</b>	<b>47,518</b>	<b>50,246</b>	<b>(2,728)</b>

Central income of £0.5 million relates to (1) £0.4 million of backdated rates settlements, and (2) £0.1 million being the net of a number of other one-off items. (2019: £1.0 million of backdated rates settlements).

*Operating profit.* Operating profit decreased by £2.8 million, or 35.8%, from £7.9 million in the 13 weeks ended 27 March 2019 to £5.1 million in the 13 weeks ended 25 March 2020. The decrease was due to the reasons outlined above.

*Interest receivable and similar income.* Interest receivable and similar income remains materially unchanged in the 13 weeks ended 25 March 2020.

*Interest receivable from group undertakings.* Interest receivable from group undertakings remains materially unchanged in the 13 weeks ended 25 March 2020.

*Interest payable on bank loans.* Interest payable on bank loans increased by £0.1 million, or 1.2%, from £7.9 million in the 13 weeks ended 27 March 2019 to £8.0 million in the 13 weeks ended 25 March 2020. The increase was primarily attributable to £0.1 million additional interest accrued on the debt arrangements due to a higher facility B loan balance compared with the prior period.

*Fair value movement on derivative financial instruments.* Fair value movement on derivative financial instruments was a £10.6 million debit in the 13 weeks ended 25 March 2020 compared with £8.5 million debit in the 13 weeks ended 27 March 2019. 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 25 March 2020 was a £43.1 million credit compared with a £27.1 million credit at 27 March 2019.

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

*Retained loss for the financial period.* For the reasons set forth above, retained loss for the period increased by 61.0%, from a loss of £8.3 million in the 13 weeks ended 27 March 2019 to a loss of £13.4 million in the 13 weeks ended 25 March 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 13 weeks ended 25 March 2020 compared to the 13 weeks ended 27 March 2019:

	13 weeks ended 25 March 2020 £'000s	13 weeks ended 27 March 2019 £'000s
<b>Operating profit</b> .....	5,052	7,867
Depreciation charge.....	10,372	9,977
Loss on disposal of tangible fixed assets.....	-	13
Goodwill amortization.....	1,152	1,152
Decrease/(increase) in stocks.....	519	(1,444)
(Increase)/decrease in debtors.....	(793)	5,582
Decrease in creditors.....	(8,186)	(4,105)
<b>Net cash inflow from operating activities</b> .....	<b>8,116</b>	<b>19,042</b>

Cash inflow from operating activities decreased by £10.9 million, or 57.4%, from £19.0 million in the 13 weeks ended 27 March 2019 to £8.1 million in the 13 weeks ended 25 March 2020. This is attributable to (1) a decrease in operating profit of £2.8 million, from £7.9 million in the 13 weeks ended 27 March 2019 to £5.1 million in the 13 weeks ended 25 March 2020, (2) a decrease in the cash flow from working capital of £8.5 million, from a £0.03 million inflow in the 13 weeks ended 27 March 2019 to a £8.5 million outflow in the 13 weeks ended 25 March 2020, and (3) an increase in the depreciation charge and loss on disposal of tangible fixed assets of £0.4 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 25 March 2020 compared to the 13 weeks ended 27 March 2019:

	13 weeks ended 25 March 2020 £'000s	13 weeks ended 27 March 2019 £'000s
Interest received.....	23	45
Interest paid on bank loans .....	(7,248)	(7,168)
Bank interest and similar .....	(31)	(65)
<b>Net cash outflow from returns on investments and servicing of finance.....</b>	<b>(7,256)</b>	<b>(7,188)</b>

*Interest received.* Interest received remains materially unchanged in the 13 weeks ended 25 March 2020.

*Interest paid on bank loans.* Interest paid on bank loans increased from £7.17 million in the 13 weeks ended 27 March 2019 to £7.25 million in the 13 weeks ended 25 March 2020. The increase was attributable to £0.1 million additional interest paid on the debt arrangements due to a higher facility B loan balance compared with the prior period.

*Bank interest and similar.* Bank interest and similar charges remains materially unchanged in the 13 weeks ended 25 March 2020. This represents the banking costs of the group.

### *Capital expenditure*

The following table shows our capital expenditures for the 13 weeks ended 25 March 2020 compared to the 13 weeks ended 27 March 2019:

	13 weeks ended 25 March 2020 £'000s	13 weeks ended 27 March 2019 £'000s
<b>Capital Expenditure by Category:</b>		
Maintenance spend .....	(1,208)	(1,576)
Expansion spend.....	(8,404)	(8,186)
IT One-off projects spend.....	(380)	(98)
<b>Cash outflow for capital expenditure.....</b>	<b>(9,992)</b>	<b>(9,860)</b>

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.

For the 13 weeks ended 27 March 2019, our capital expenditure amounted to £9.9 million, which consisted of £1.6 million for maintenance spending, £8.2 million for expansion including Burger King self-order terminals, 3 new Costa Drive-Thru units, 1 new KFC unit, new and existing site acquisition and development, and ongoing spend on prior year projects and £0.1 million on IT projects.

**Net debt**

The following table shows our net debt position as at 25 March 2020 compared to 27 March 2019:

	<b>25 March 2020 £'000s</b>	<b>27 March 2019 £'000s</b>
Cash in hand and at bank.....	38,759	29,678
Debt due after one year.....	<u>(666,608)</u>	<u>(625,997)</u>
<b>Net debt</b> .....	<b><u>(627,849)</u></b>	<b><u>(596,319)</u></b>

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.

At 27 March 2019, the debt due after one year includes £481.2 million of senior debt and £150.0 million of corporate bonds, less £5.2 million of capitalised debt costs.