

MOTO VENTURES LIMITED

QUARTERLY REPORT

DECEMBER 2020

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	14 weeks Ended 30 December 2020 £'000s	Restated 13 weeks Ended 25 December 2019 £'000s	53 weeks Ended 30 December 2020 £'000s	Restated 52 weeks Ended 25 December 2019 £'000s
Non-fuel turnover.....	60,819	89,979	238,881	382,197
Fuel turnover.....	81,285	97,428	291,777	398,566
Turnover	142,104	187,407	530,658	780,763
Change in stocks of non-fuel goods	452	868	(794)	660
Change in stocks of fuel.....	77	(2,295)	(205)	25
Change in stocks of finished goods	529	(1,427)	(999)	685
Staff costs.....	(16,660)	(21,468)	(64,910)	(85,762)
Depreciation and amortization	(11,245)	(11,297)	(45,318)	(44,763)
Non-fuel operating costs	(36,943)	(57,887)	(162,640)	(231,826)
Cost of fuel purchased	(72,753)	(85,142)	(262,964)	(358,306)
Other operating costs	(109,696)	(143,029)	(425,604)	(590,132)
(Loss) / profit on ordinary activities before interest being operating (loss) / profit	5,032	10,186	(6,173)	60,791
Interest receivable and similar income.....	-	27	31	146
Interest receivable from group undertakings.....	134	104	485	395
Interest payable on bank loans	2,236	10,870	(33,486)	(31,322)
Fair value movement on derivative financial instruments	(8,671)	(7,925)	(15,340)	(13,881)
(Loss) / profit on ordinary activities before taxation	(1,269)	13,262	(54,483)	16,129
Tax on (loss) / profit on ordinary activities.....	-	(6,494)	-	(6,494)
(Loss) / profit on ordinary activities after taxation being Retained (loss) / profit for the financial period	(1,269)	6,768	(54,483)	9,635
 Note: Adjusted EBITDA	 16,394	 22,991	 38,697	 106,573
 Fuel margin	 8,610	 9,991	 28,609	 40,284

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 30 December 2020 £'000s	Restated As of 25 December 2019 £'000s
Cash.....	28,914	39,168
Current assets (excluding cash)	30,674	28,746
Net fixed assets.....	834,434	846,814
Total assets	894,022	914,728
Current liabilities.....	(53,367)	(58,870)
Long term borrowings (excluding derivatives)	(682,224)	(652,466)
Retained Earnings	(664,116)	(609,633)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	14 weeks Ended 30 December 2020 £'000s	13 weeks Ended 25 December 2019 £'000s	53 weeks Ended 30 December 2020 £'000s	52 weeks Ended 25 December 2019 £'000s
Net cash inflow from operating activities	9,399	23,133	30,627	108,041
Cash outflow from servicing bank loans	(7,842)	(6,981)	(30,487)	(28,667)
Net cash outflow from returns on investments and servicing of finance	(7,874)	(7,023)	(30,670)	(28,786)
Taxation	(449)	(2,930)	(4,625)	(10,416)
Net cash outflow for capital expenditure and financial investment	(7,010)	(10,399)	(33,242)	(39,347)
Net cash inflow from financing	14,703	12,100	27,656	24,800
Equity dividends paid to shareholders.....	-	-	-	(47,826)
(Decrease) / increase in net cash	8,769	14,881	(10,254)	6,466

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 2020 and 2019 respectively. Pro forma figures for Fiscal Year 2020 (on a 52- week basis) have not been prepared unless otherwise stated. The financial impact of the additional week in Fiscal Year 2020 has been calculated by management as £0.4 million at operating profit level with a non-fuel turnover impact of £2.4 million.

Comparative figures for the 52 weeks ended 25 December 2019 have been restated to reflect a statutory accounts adjustment for corporation tax of £6.5 million not reflected in the original December 2019 report.

Results of Operations

The following table sets forth our main operating results for the 53 weeks ended 30 December 2020 compared to the 52 weeks ended 25 December 2019:

	53 weeks ended 30 December 2020 £'000s	Restated 52 weeks ended 25 December 2019 £'000s	Variance £'000s	Variance %
Non-fuel Turnover	238,881	382,197	(143,316)	(37.5)%
Fuel Turnover	291,777	398,566	(106,789)	(26.8)%
Turnover	530,658	780,763	(250,105)	(32.0)%
Change in stocks of non-fuel goods	(794)	660	(1,454)	(220.3)%
Change in stocks of fuel	(205)	25	(230)	(920.0)%
Change in stocks of finished goods	(999)	685	(1,684)	(245.8)%
Staff costs	(64,910)	(85,762)	20,852	24.3%
Depreciation and amortization	(45,318)	(44,763)	(555)	(1.2)%
Non-fuel operating costs	(162,640)	(231,826)	69,186	29.8%
Cost of fuel purchased	(262,964)	(358,306)	95,342	26.6%
Other operating costs	(425,604)	(590,132)	164,528	27.9%
(Loss) / profit on ordinary activities before interest being operating (loss) / profit	(6,173)	60,791	(66,964)	(110.2)%
Interest receivable and similar income	31	146	(115)	78.8%
Interest receivable from group undertakings	485	395	90	22.8%
Interest payable on bank loans	(33,486)	(31,322)	(2,164)	(6.9)%
Fair value movement on derivative financial instruments	(15,340)	(13,881)	(1,459)	(10.5)%
(Loss) / profit on ordinary activities before taxation	(54,483)	16,129	(70,612)	(437.8)%
Tax on (loss) / profit on ordinary activities	-	(6,494)	6,494	100.0%
(Loss) / profit on ordinary activities after taxation being retained (loss) / profit for the financial period	(54,483)	9,635	(64,118)	(665.5)%
Note: EBITDA	39,145	105,554	(66,409)	(62.9)%
Loss on disposal of fixed assets	306	1,760	(1,454)	(82.6)%
Travelodge provision	(754)	(741)	(13)	(1.8)%
Adjusted EBITDA	38,697	106,573	(67,876)	(63.7)%

Turnover. Turnover decreased by £250.1 million, or 32.0%, from £780.8 million in the 52 weeks ended 25 December 2019 to £530.7 million in the 53 weeks ended 30 December 2020. The change was attributable to decreases in both fuel turnover and non-fuel turnover of £106.8 million and £143.3 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 non-essential areas of the business were closed during the first lockdown in line with Government instruction. As restrictions were lifted and the number of vehicles travelling on roads recovered to circa 85% of pre-Covid levels, the business was able to re-open its catering and other non-essential services such as Adult Gaming Centres. The business experienced a solid recovery in turnover following further lifting of restrictions which continued throughout the summer trading period. The introduction of the tiered system in October, followed by further local and national lockdowns subsequently, has stalled this recovery.

The following table shows the breakdown of our non-fuel turnover for the 53 weeks ended 30 December 2020 compared to the 52 weeks ended 25 December 2019:

	53 weeks ended 30 December 2020 £'000s	52 weeks ended 25 December 2019 £'000s	Variance £'000s	Variance %
Catering	101,389	177,523	(76,134)	(42.9)%
Convenience Food	53,810	90,126	(36,316)	(40.3)%
Confectionary, Tobacco and News	32,074	46,961	(14,887)	(31.7)%
Amusement	9,493	18,847	(9,354)	(49.6)%
Other	18,142	21,692	(3,550)	(16.4)%
Amenity Building	214,908	355,149	(140,241)	(39.5)%
Forecourt.....	23,973	27,048	(3,075)	(11.4)%
Total non-fuel turnover	238,881	382,197	(143,316)	(37.5)%

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	13 weeks Ended 23 December 2020	52 weeks Ended 23 December 2020
Amenity Building (including amusements).....	(5.7)%	(80.8)%	(32.7)%	(40.3)%	(41.6)%
Forecourt.....	(5.1)%	(35.7)%	(5.0)%	(3.5)%	(12.4)%
LFL non-fuel turnover	(5.7)%	(77.6)%	(30.8)%	(37.4)%	(39.4)%

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	13 weeks Ended 23 December 2020	52 weeks Ended 23 December 2020
Amenity Building (excluding amusements)	(6.7)%	(81.8)%	(37.9)%	(46.3)%	(44.9)%

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	13 weeks Ended 23 December 2020	52 weeks Ended 23 December 2020
Amenity Building (excluding amusements)	0.6%	11.4%	8.6%	13.5%	6.9%

Change in stocks of finished goods. Change in stocks of finished goods was a decrease of £1.0 million in the 53 weeks ended 30 December 2020 compared with an increase of £0.7 million in the 52 weeks ended 25 December 2019. The value of non-fuel stocks decreased by £0.8 million and fuel stock values decreased by £0.2 million in the 53 weeks ended 30 December 2020.

Staff costs. Staff costs decreased by £20.9 million, or 24.3%, from £85.8 million in the 52 weeks ended 25 December 2019 to £64.9 million in the 53 weeks ended 30 December 2020. The ratio of staff costs to non-fuel turnover increased from 22.4% in the 52 weeks ended 25 December 2019 to 27.2% in the 53 weeks ended 30 December 2020 due to reduced turnover impacting labour productivity. In response to the Covid-19 pandemic, the business reduced its headcount by utilising the Coronavirus Job Retention Scheme (£11.9 million) and temporarily furloughing staff.

Depreciation and amortization. Depreciation and amortization increased by £0.6 million, or 1.2%, from £44.8 million in the 52 weeks ended 25 December 2019 to £45.3 million in the 53 weeks ended 30 December 2020. Amortization charges were unchanged from 2019 to 2020.

Other operating costs. Other operating costs decreased by £164.5 million, or 27.9%, from £590.1 million in the 52 weeks ended 25 December 2019 to £425.6 million in the 53 weeks ended 30 December 2020. The decrease was partly attributable to the cost of fuel purchased, which decreased by £95.3 million. The £69.2 million decrease in non-fuel operating costs is attributable to (1) a £53.6 million decrease in the cost of non-fuel merchandise as a result of the decline in non-fuel turnover, (2) a £15.3 million decrease in property taxes reflecting a holiday on business rates, (3) a £4.5 million decrease in franchise fees as a result of the decline in non-fuel turnover, (4) a £1.7 million decrease in utilities, offset by, (5) a £10.0 million decrease in central income, of which £6.8 million relates to Covid-19 costs.

The following represents a breakdown of our non-fuel operating costs for the 53 weeks ended 30 December 2020 and the 52 weeks ended 25 December 2019:

	53 weeks ended 30 December 2020 £'000s	52 weeks ended 25 December 2019 £'000s	Variance £'000s	Variance %
Cost of non-fuel merchandise	100,769	154,329	(53,560)	(34.7)%
Property taxes	4,924	20,228	(15,304)	(75.7)%
Utilities	8,997	10,694	(1,697)	(15.9)%
Franchise fees	6,919	11,409	(4,490)	(39.4)%
Maintenance.....	6,040	6,057	(17)	(0.3)%
Distribution	924	2,304	(1,380)	(59.9)%
Cleaning, travel and admin	7,947	8,690	(743)	(8.6)%
Rent expense	9,647	10,385	(738)	(7.1)%
Central income.....	7,649	(2,325)	9,974	(429.0)%
Corporate and other	9,578	10,796	(1,218)	(11.3)%
Travelodge provision	(754)	(741)	(13)	1.8%
Total non-fuel operating costs.....	162,640	231,826	(69,186)	(29.8)%

Central income of £(7.6) million relates to (1) £6.8 million of Covid-19 costs, (2) £3.0 million of business restructure costs, offset by (3) £1.2 million of backdated rates settlements, and (4) £ 1.0 million of other. (2019: £2.3 million of backdated rates settlements).

Operating (loss) / profit. Operating (loss) / profit decreased by £67.0 million, or 110.2% from a profit of £60.8 million in the 52 weeks ended 25 December 2019 to a loss of £6.2 million in the 53 weeks ended 30 December 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 income decreased by £0.12 million, or 78.8%, from £0.15 million in the 52 weeks ended 25 December 2019 to £0.03 million in the 53 weeks ended 30 December 2020.

Interest receivable from group undertakings. Interest receivable from group undertakings increased by £0.1 million, or 22.8%, from £0.4 million in the 52 weeks ended 25 December 2019 to £0.5 million in the 53 weeks ended 30 December 2020.

Interest payable on bank loans. Interest payable on bank loans increased by £2.2 million, or 6.9%, from £31.3 million in the 52 weeks ended 25 December 2019 to £33.5 million in the 53 weeks ended 30 December 2020. 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 £15.3 million debit in the 53 weeks ended 30 December 2020 compared with a £13.9 million debit in the 52 weeks ended 25 December 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 decreased by £6.5 million, or 100.0%, from £6.5 million in the 52 weeks ended 25 December 2019 to £0.0 million in the 53 weeks ended 30 December 2020. The tax charge or credit for the 53 weeks ended 30 December 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 by £64.1 million, or 665.5%, from a profit of £9.6 million in the 52 weeks ended 25 December 2019 to a loss of £54.5 million in the 53 weeks ended 30 December 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 53 weeks ended 30 December 2020 compared to the 52 weeks ended 25 December 2019:

	53 weeks ended 30 December 2020 £'000s	52 weeks ended 25 December 2019 £'000s	Variance £'000s	Variance %
Operating (loss) / profit	(6,173)	60,791	(66,964)	(110.2)%
Depreciation charge	40,710	40,155	555	1.4%
Loss on disposal of tangible fixed assets	306	1,760	(1,454)	(82.6)%
Goodwill amortization	4,608	4,608	-	-
(Decrease) / increase in stocks	999	(685)	1,684	245.8%
(Increase) / decrease in debtors	(2,442)	5,215	(7,657)	(146.8)%
Decrease in creditors	(7,381)	(3,803)	(3,578)	(94.1)%
Net cash inflow from operating activities	30,627	108,041	(77,414)	(71.7)%

Cash inflow from operating activities decreased by £77.4 million, or 71.7%, from £108.0 million in the 52 weeks ended 25 December 2019 to £30.6 million in the 53 weeks ended 30 December 2020. This is attributable to (1) a decrease in operating (loss) / profit of £67.0 million from a profit £60.8 million in the 52 weeks ended 25 December 2019 to a loss of £6.2 million in the 53 weeks ended 30 December 2020, (2) a decrease in the depreciation charge (net of fixed assets disposals) of £0.9 million, and (3) a decrease in the cash flow from working capital of £9.6 million from an inflow of £0.7 million in the 52 weeks ended 25 December 2019 to an outflow of £8.8 million in the 53 weeks ended 30 December 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 53 weeks ended 30 December 2020 compared to the 52 weeks ended 25 December 2019:

	53 weeks ended 30 December 2020 £'000s	52 weeks ended 25 December 2019 £'000s	Variance £'000s	Variance %
Interest received	31	146	(115)	(78.8)%
Interest paid on bank loans.....	(30,487)	(28,667)	(1,820)	(6.3)%
Bank interest and similar.....	(214)	(265)	51	(19.2)%
Net cash outflow from returns on investments and servicing of finance.....	(30,670)	(28,786)	(1,884)	(6.5)%

Interest received. Interest received decreased by £0.12 million, or 78.8%, from £0.15 million in the 52 weeks ended 25 December 2019 to £0.03 million in the 53 weeks ended 30 December 2020.

Interest paid on bank loans. Interest paid on bank loans increased from £28.7 million in the 52 weeks ended 25 December 2019 to £30.5 million in the 53 weeks ended 30 December 2020. 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 remain materially unchanged in the 53 weeks ended 30 December 2020. This represents the banking costs of the group.

Capital expenditure

The following table shows our capital expenditures for the 53 weeks ended 30 December 2020 compared to the 52 weeks ended 25 December 2019:

	53 weeks ended 30 December 2020 £'000s	52 weeks ended 25 December 2019 £'000s	Variance £'000s	Variance %
Capital Expenditure by Category:				
Maintenance spend	(4,500)	(5,232)	732	14.0%
Expansion spend.....	(8,533)	(17,999)	9,466	52.6%
Rugby new site spend.....	(19,008)	(15,301)	(3,707)	(24.2)%
IT One-off projects spend.....	(1,201)	(815)	(386)	(47.4)%
Cash outflow for capital expenditure.....	(33,242)	(39,347)	6,105	15.5%

For the 53 weeks ended 30 December 2020, our capital expenditure amounted to £33.2 million, which consisted of £4.5 million for maintenance spending, £27.5 million for expansion including a new KFC unit, WH Smith space relays, M&S self checkout installations, new and existing site acquisition and development, including the new site at Rugby, and ongoing spend on prior year projects, and £1.2 million on IT projects.

For the 52 weeks ended 25 December 2019, our capital expenditure amounted to £39.3 million, which consisted of £5.2 million for maintenance spending, £33.3 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 £0.8 million on IT projects.

Equity dividends paid to shareholders

Equity dividends paid to shareholders decreased from £47.8 million in the 52 weeks ended 25 December 2019 to £nil in the 53 weeks ended 30 December 2020.

Net debt

The following table shows our net debt position as at 30 December 2020 compared to 25 December 2019:

	30 December 2020 £'000s	25 December 2019 £'000s
Cash in hand and at bank	28,914	39,168
Debt due after one year	<u>(682,224)</u>	<u>(652,466)</u>
Net debt	<u>(653,310)</u>	<u>(613,296)</u>

At 30 December 2020, the debt due after one year includes £534.9 million of senior debt, £150.0 million of corporate bonds, less £2.7 million of capitalised debt costs.

At 25 December 2019, the debt due after one year includes £506.0 million of senior debt, £150.0 million of corporate bonds, less £3.5 million of capitalised debt costs.