

**MOTO VENTURES LIMITED**

**QUARTERLY REPORT**

**MARCH 2014**

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<b>13 weeks Ended 26 March 2014 £'000s</b>	<b>13 weeks Ended 27 March 2013 £'000s</b>
Non-fuel turnover .....	68,182	63,098
Fuel turnover .....	117,449	126,871
<b>Turnover</b> .....	<b>185,631</b>	<b>189,969</b>
Change in stocks of non-fuel goods.....	(623)	(331)
Change in stocks of fuel .....	(189)	(214)
<b>Change in stocks of finished goods</b> .....	<b>(812)</b>	<b>(545)</b>
Staff costs .....	(16,307)	(15,336)
Depreciation and amortization.....	(9,305)	(8,610)
Non-fuel operating costs.....	(43,211)	(41,073)
Cost of fuel purchased .....	(110,557)	(120,520)
<b>Other operating costs</b> .....	<b>(153,768)</b>	<b>(161,593)</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>5,439</b>	<b>3,885</b>
Interest receivable and similar income .....	140	20
Interest receivable from group undertakings .....	36	29
Interest payable on bank loans.....	(15,517)	(15,864)
<b>Loss on ordinary activities before taxation</b> .....	<b>(9,902)</b>	<b>(11,930)</b>
Tax on loss on ordinary activities.....	-	-
<b>Loss on ordinary activities after taxation being retained loss for the financial period</b> .....	<b>(9,902)</b>	<b>(11,930)</b>
<b>Note: Adjusted EBITDA</b> .....	<b>14,541</b>	<b>12,304</b>
<b>Fuel margin</b> .....	<b>6,703</b>	<b>6,137</b>

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	<b>As of 26 March 2014 £'000s</b>	<b>As of 27 March 2013 £'000s</b>
Cash.....	17,156	20,674
Current assets .....	43,941	52,241
Net fixed assets.....	779,398	702,645
Total assets .....	840,795	775,560
Short term borrowings.....	(12,600)	(9,400)
Current liabilities.....	(58,755)	(60,792)
Long term borrowings .....	(531,957)	(538,496)
Retained Earnings .....	(299,651)	(280,695)

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>13 weeks Ended 26 March 2014 £'000s</b>	<b>13 weeks Ended 27 March 2013 £'000s</b>
<b>Net cash inflow from operating activities .....</b>	<b>19,844</b>	<b>19,710</b>
Cash outflow from servicing bank loans .....	(22,522)	(22,986)
Cash outflow from servicing group loans .....	(14)	(14)
<b>Net cash outflow from returns on investments and servicing of finance .....</b>	<b>(22,426)</b>	<b>(23,007)</b>
<b>Net cash outflow for capital expenditure and financial investment .....</b>	<b>(7,506)</b>	<b>(4,246)</b>
<b>Repayment of Senior Debt .....</b>	<b>(5,400)</b>	<b>(2,200)</b>
<b>Increase / (decrease) in net cash .....</b>	<b>(15,488)</b>	<b>(9,743)</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 26 March 2014 compared to the 13 weeks ended 27 March 2013*

The following table sets forth our main operating results for the 13 weeks ended 26 March 2014 compared to the 13 weeks ended 27 March 2013:

	13 weeks ended 26 March 2014 £'000s	13 weeks Ended 27 March 2013 £'000s	Variance £'000s	Variance %
Non-fuel Turnover .....	68,182	63,098	5,084	8.1%
Fuel Turnover .....	117,449	126,871	(9,422)	(7.4)%
<b>Turnover</b> .....	<b>185,631</b>	<b>189,969</b>	<b>(4,338)</b>	<b>(2.3)%</b>
Change in stocks of non-fuel goods .....	(623)	(331)	(292)	(88.2)%
Change in stocks of fuel .....	(189)	(214)	25	11.7%
<b>Change in stocks of finished goods</b> .....	<b>(812)</b>	<b>(545)</b>	<b>(267)</b>	<b>(49.0)%</b>
Staff costs .....	(16,307)	(15,336)	(971)	(6.3)%
Depreciation and amortization .....	(9,305)	(8,610)	(695)	(8.1)%
Non-fuel operating costs .....	(43,211)	(41,073)	(2,138)	(5.2)%
Cost of fuel purchased .....	(110,557)	(120,520)	9,963	8.3%
<b>Other operating costs</b> .....	<b>(153,768)</b>	<b>(161,593)</b>	<b>7,825</b>	<b>4.8%</b>
<b>Profit on ordinary activities before interest being operating profit</b> .....	<b>5,439</b>	<b>3,885</b>	<b>1,554</b>	<b>40.0%</b>
Interest receivable and similar income .....	140	20	120	600.0%
Interest receivable from group undertakings .....	36	29	7	24.1%
Interest payable on bank loans .....	(15,517)	(15,864)	347	2.2%
<b>Loss on ordinary activities before taxation</b> .....	<b>(9,902)</b>	<b>(11,930)</b>	<b>2,028</b>	<b>17.0%</b>
Tax on loss on ordinary activities .....	-	-	-	-%
<b>Loss on ordinary activities after taxation being retained loss for the financial period</b> .....	<b>(9,902)</b>	<b>(11,930)</b>	<b>2,028</b>	<b>17.0%</b>
<b>Note: EBITDA</b> .....	<b>14,744</b>	<b>12,495</b>	<b>2,249</b>	<b>18.0%</b>
Amortization (PCPs and deferred CP Plus costs) .....	-	(97)	97	100.0%
Loss on disposal of fixed assets .....	-	-	-	-%
Travelodge provision .....	(203)	(94)	(109)	(116.0)%
<b>Adjusted EBITDA</b> .....	<b>14,541</b>	<b>12,304</b>	<b>2,237</b>	<b>18.2%</b>

*Turnover.* Turnover decreased by £4.3 million, or 2.3%, from £190.0 million in the 13 weeks ended 27 March 2013 to £185.6 million in the 13 weeks ended 26 March 2014. The change was primarily attributable to a decrease in fuel turnover of £9.4 million as a result of lower full margin fuel volumes. The decrease in fuel turnover was offset by a £5.1 million increase in non-fuel turnover primarily due to (1) £4.2 million higher like-for-like sales, and (2) £0.7 million additional other turnover from parking revenue.

The following table shows the breakdown of our non-fuel turnover for the 13 weeks ended 26 March 2014 and the 13 weeks ended 27 March 2013:

	13 weeks ended 26 March 2014 £'000s	13 weeks Ended 27 March 2013 £'000s	Change
Catering .....	28,242	25,231	3,011
Convenience Food .....	17,196	16,249	947
CTN .....	9,553	9,269	284
Amusement .....	3,248	2,700	548
Other .....	3,361	2,623	738
<b>Amenity Building .....</b>	<b>61,600</b>	<b>56,072</b>	<b>5,528</b>
Forecourt.....	6,582	7,026	(444)
<b>Total non-fuel turnover .....</b>	<b>68,182</b>	<b>63,098</b>	<b>5,084</b>

The following table shows the like-for-like sales growth in 2014:

	13 weeks Ended 26 March 2014
<b>Amenity Building .....</b>	<b>9.1%</b>
Forecourt.....	(2.4)%
<b>LFL non-fuel turnover .....</b>	<b>7.8%</b>

The following table shows the like-for-like transaction growth in 2014:

	13 weeks Ended 26 March 2014
<b>Amenity Building .....</b>	<b>6.8%</b>
Forecourt.....	(3.9)%
<b>Total transactions .....</b>	<b>4.0%</b>

The following table shows the average spend growth in 2014:

	13 weeks Ended 26 March 2014
<b>Amenity Building .....</b>	<b>1.4%</b>
Forecourt.....	1.3%
<b>Total spend .....</b>	<b>3.0%</b>

*Change in stocks of finished goods.* Change in stocks of finished goods was £0.8 million in the 13 weeks ended 26 December 2014 and £0.5 million in the 13 weeks ended 27 March 2013. The value of fuel stocks increased by £0.6 million in the 13 weeks ended 26 March 2014 and there was a £0.2 million increase in non fuel stocks.

*Staff costs.* Staff costs increased by £1.0 million, or 6.3%, from £15.3 million in the 13 weeks ended 27 March 2013 to £16.3 million in the 13 weeks ended 26 March 2014. The ratio of staff costs to non-fuel turnover reduced from 24.3% in the 13 weeks ended 27 March 2013 to 23.9% in the 13 weeks ended 26 March 2014, despite the opening of additional units.

*Depreciation and amortization.* Depreciation and amortization increased by £0.7 million, or 8.1%, from £8.6 million in the 13 weeks ended 27 March 2013 to £9.3 million in the 13 weeks ended 26 March 2014. The revaluation in December 2013 increased the net book value of fixed assets by £95.3 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 2013 to 2014.

*Other operating costs.* Other operating costs decreased by £7.8 million, or 4.8%, from £161.6 million in the 13 weeks ended 27 March 2013 to £153.8 million in the 13 weeks ended 27 March 2014. The decrease was primarily attributable to the cost of fuel purchased, which decreased by £10.0 million. This decrease was partially offset by a £2.1 million increase in non-fuel operating costs primarily attributable to (1) a £1.5 million increase in the cost of non-fuel merchandise, reflecting the increase in non-fuel turnover, and (2) a £0.2 million increase in franchise fees, reflecting the growth of the Greggs brand and the improved Costa and Burger King sales within catering.

The following represents a breakdown of our non-fuel operating costs for the 13 weeks ended 26 March 2014 and the 13 weeks ended 27 March 2013:

	13 weeks ended 26 March 2014 £'000s	13 weeks Ended 27 March 2013 £'000s	Change
Cost of non-fuel merchandise .....	27,875	26,398	1,477
Property taxes .....	4,309	4,433	(124)
Utilities .....	3,028	2,947	81
Franchise fees .....	1,700	1,544	156
Maintenance.....	1,070	1,030	40
Distribution .....	349	330	19
Cleaning, travel and admin .....	1,826	1,750	76
Rent expense .....	2,179	2,051	128
Central income.....	(500)	(500)	-
Corporate and other .....	1,578	1,184	394
Travelodge provision .....	(203)	(94)	(109)
<b>Total non-fuel operating costs.....</b>	<b>43,211</b>	<b>41,073</b>	<b>2,138</b>

Central income includes £0.2 million for Todhills CPO, and £0.3 million compensation from BP for the early termination of forecourt leases at Reading and Stafford (2012: £0.5 million from Esso for dilapidations).

*Operating profit.* Operating profit increased by £1.6 million, or 40.0%, from £3.9 million in the 13 weeks ended 27 March 2013 to £5.4 million in the 13 weeks ended 26 March 2014. The increase was due to the 8.1% increase in non-fuel turnover, and the £0.6 million increase in fuel margin.

*Interest receivable and similar income.* Interest receivable and similar income increased by £0.1 million, or 600.0%, from £0.02 million in the 13 weeks ended 27 March 2013 to £0.14 million in the 13 weeks ended 26 March 2014.

*Interest receivable from group undertakings.* Interest receivable from group undertakings increased by £0.01 million, or 24.1%, from £0.03 million in the 13 weeks ended 27 March 2013 to £0.04 million receivable in the 13 weeks ended 26 March 2014.

*Interest payable on bank loans.* Interest payable on bank loans decreased by £0.3 million, or 2.2%, from £15.9 million in the 13 weeks ended 27 March 2013 to £15.5 million in the 13 weeks ended 26 March 2014. The decrease was attributable to (1) £0.2 million saving due to the repayments of senior debt since the prior year, (2) £0.3 million saving due to a lower differential between the 6 month LIBOR charged on the debt and the 3 month LIBOR hedge, (3) £0.1 million lower commitment fees as a result of cancelling Facility B of the senior debt facility, offset by (4) £0.2 million additional interest due to the 0.25% annual increase in the margin on the senior debt.

*Tax on loss on ordinary activities.* Tax on loss on ordinary activities was nil in both periods.

*Retained loss for the financial period.* For the reasons set forth above, retained loss for the period reduced by 17.0%, from £11.9 million in the 13 weeks ended 27 March 2013 to £9.9 million in the 13 weeks ended 26 March 2014.

## 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 26 March 2014 compared to the 13 weeks ended 27 March 2013:

	13 weeks ended 26 March 2014 £'000s	13 weeks Ended 27 March 2013 £'000s
<b>Operating profit</b> .....	5,439	3,885
Depreciation charge .....	8,153	7,458
Loss on disposal of tangible fixed assets .....	-	-
Goodwill amortization .....	1,152	1,152
Increase in stocks.....	812	545
Decrease in debtors.....	3,465	3,398
Increase in creditors.....	823	3,272
<b>Net cash inflow from operating activities</b> .....	<b>19,844</b>	<b>19,710</b>

Cash inflow from operating activities increased by £0.1 million, or 0.7%, from £19.7 million in the 13 weeks ended 27 March 2013 to £19.8 million in the 13 weeks ended 26 March 2014. This is primarily attributable to (1) an increase in operating profit of £1.6 million from £3.9 million in the 13 weeks ended 27 March 2013 to £5.4 million in the 13 weeks ended 26 March 2014, (2) an increase in the depreciation charge of £0.7 million, from £7.5 million in the 13 weeks ended 27 March 2013 to £8.2 million in the 13 weeks ended 26 March 2014, offset by (3) a decrease in the cash inflow from working capital of £2.1 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 26 March 2014 compared to the 13 weeks ended 27 March 2013:

	<b>13 weeks ended 26 March 2014 £'000s</b>	<b>13 weeks Ended 27 March 2013 £'000s</b>
Interest received.....	140	20
Interest paid on bank loans .....	(22,522)	(22,986)
Bank interest and similar .....	(30)	(27)
Intercompany interest paid .....	(14)	(14)
<b>Net cash outflow from returns on investments and servicing of finance.....</b>	<b>(22,426)</b>	<b>(23,007)</b>

*Interest received.* Interest received increased from £0.02 million in the 13 weeks ended 27 March 2013 to £0.14 million in the 13 weeks ended 26 March 2014.

*Interest paid on bank loans.* Interest paid on bank loans decreased from £23.0 million in the 13 weeks ended 27 March 2013 to £22.5 million in the 13 weeks ended 26 March 2014. The decrease was attributable to (1) £0.4 million lower interest payments on the senior debt, and (2) £0.1 million lower commitment fees as a result of cancelling Facility B of the senior debt facility.

*Bank interest and similar.* Bank interest and similar charges increased slightly from £0.027 million in the 13 weeks ended 27 March 2013 to £0.030 million in the 13 weeks ended 26 March 2014. 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 £0.014 million in the 13 weeks ended 26 March 2014, and represents the administrative costs of the holding companies.



### Capital expenditure

The following table shows our capital expenditures for the 13 weeks ended 26 March 2014 compared to the 13 weeks ended 27 March 2013:

	13 weeks ended 26 March 2014 £'000s	13 weeks Ended 27 March 2013 £'000s
<b>Capital Expenditure by Category:</b>		
Maintenance spend .....	(1,157)	(1,127)
Expansion spend .....	(2,687)	(2,919)
IT One-off projects spend .....	(71)	(200)
Leeming Bar acquisition .....	(3,591)	-
<b>Cash outflow for capital expenditure .....</b>	<b>(7,506)</b>	<b>(4,246)</b>

For the 13 weeks ended 26 March 2014, our capital expenditure amounted to £7.5 million, which consisted of £1.2 million for maintenance spending, £2.7 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, £0.1 million on IT projects, and £3.6m to acquire a new site at Leeming Bar.

For the 13 weeks ended 27 March 2013, our capital expenditure amounted to £4.2 million, which consisted of £1.1 million for maintenance spending, £2.9 million for expansion including the continued roll-out of new Greggs stores, Burger King Store Refreshes and ongoing spend on prior year projects, and £0.2 million on IT projects.

### Net debt

The following table shows our net debt position as at 26 March 2014 compared to 27 March 2013:

	26 March 2014 £'000s	27 March 2013 £'000s
Cash in hand and at bank .....	17,156	20,674
Debt due within one year .....	(12,600)	(9,400)
Debt due after one year .....	(531,957)	(538,496)
<b>Net debt .....</b>	<b>(527,401)</b>	<b>(527,222)</b>

At 26 March 2014, the debt due after one year includes £370.0 million of senior debt and £173.2 million of corporate bonds, less £11.2 million of capitalised debt costs. The debt due within one year represents the senior debt due for repayment on 30 June 2014 (£4.5 million) and 31 December 2014 (£8.1 million).

At 27 March 2013, the debt due after one year includes £382.6 million of senior debt and £172.3 million of corporate bonds, less £16.4 million of capitalised debt costs. The debt due within one year represents the senior debt due for repayment on 30 June 2013 (£4.0 million) and 31 December 2013 (£5.4 million).