

Pendragon Group

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Pendragon shares plunge as motor dealer warns on 2018 profits due to disruption caused by new EU tests

Pendragon PLC (LON:PDG) saw its shares plunge on Friday after the UK's largest motor dealer warned that disruption caused by new EU emission tests and accelerated investment in its used cars business means its 2018 profits will drop.

In a trading update, the FTSE All-Share listed firm said the introduction of Worldwide Harmonised Light Vehicle Test Procedure (WLTP) has created disruption in new car sales and uncertainty over new vehicle supply.

READ: Pendragon turns downward as UK motor division drags down profits
The company noted that the UK New Car market data for the month of September showed a 20% decline in new car registrations and a similar trend has continued in October demonstrating the impact of WLTP.

From 1 September, all cars sold in the EU have had to undergo the new WLTP test which measures all regulated emissions, as well as CO2 and fuel economy.

Pendragon said: "This has caused significant new vehicle supply disruption which gives us cause for concern over the coming months for new vehicle sales and profitability. This will clearly have an effect on the Group."

The group also pointed out that during the year it has continued to invest in its Used Car business in new start-up locations and transformation costs.

It added: "This accelerated investment is being made in spite of the short-term dilutive effect and the significant costs incurred, latest data gives us encouragement for the future growth of this part of the business."

As a result of the combination of these factors, the group said its underlying pre-tax profit for 2018 is expected to be £50m, a big drop from the £65.3m reported in 2017.

Pendragon said it will publish its third-quarter Interim Management Statement on 26 October 2018.

In early morning trading, Pendragon shares were 17.3% lower at 21.80p.

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Price: 12.12

Market Cap: £170.43 m

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: PDG

Listing: LSE

52 week	High	Low
	28.6	8.83

Sector: Transport

Website: www.pendragonplc.com

Company Synopsis:

Pendragon PLC is the largest independent operator of franchised motor car dealerships in the UK, operating over 300 outlets. We also operate motor car dealerships from a number of locations in California, USA. Pendragon is traded in the ISDX Exchange HERE.

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