



MOTORPOINT

THERE'S NO CAR LIKE A MOTORPOINT CAR



Motorpoint Group Plc

Full year 2023 results and strategy update



Agenda

Full year 2023 highlights

Mark Carpenter, CEO

Financial highlights and ESG update

Chris Morgan, CFO

Strategic update and outlook

Mark Carpenter, CEO



Full year 2023 highlights

Mark Carpenter, CEO

“We are the UK’s leading omnichannel used vehicle retailer, investing for significant, profitable long term growth”

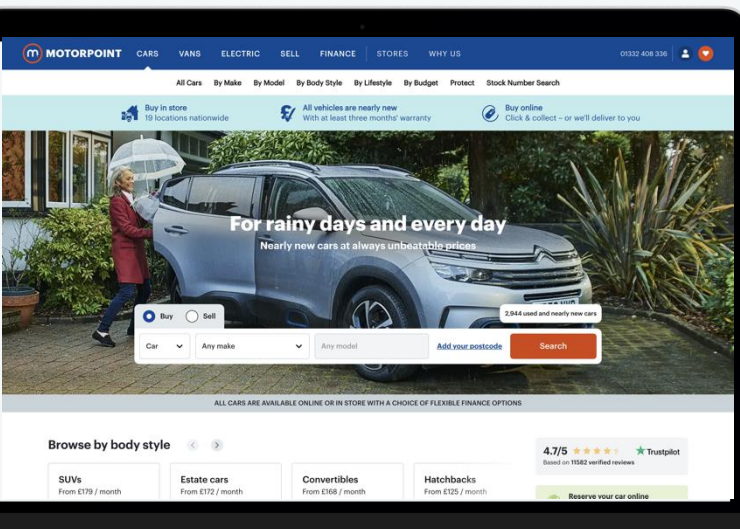
A group focused on growth through two distinct channels



Motorpoint

The UK's leading omnichannel used vehicle retailer

- Nearly New Consumer Vehicles
- Light Commercial Vehicles



Sell Your Car (C2B)

< 4 years*
< 30,000 miles*

Part Exchange

< 4 years*
< 30,000 miles*

Auction4Cars.com

The UK's leading independent Trade car auction site

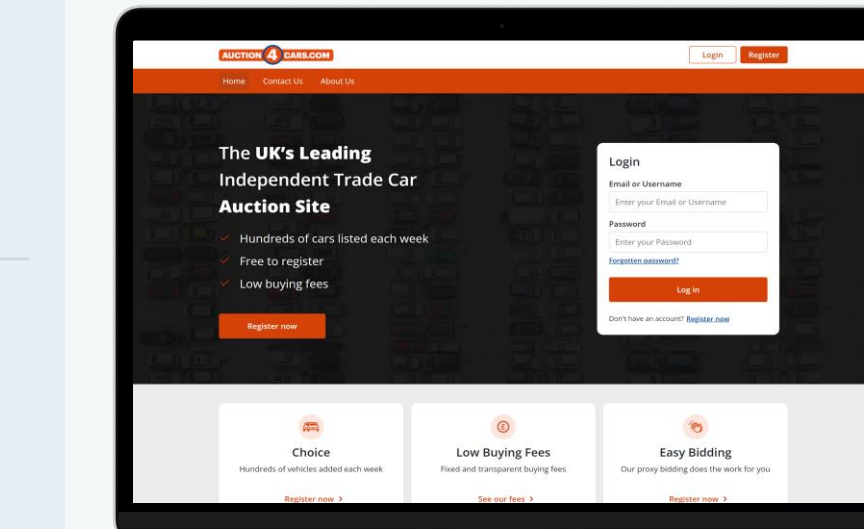
- Online only

Sell Your Car (C2B)

> 4 years*
> 30,000 miles*

Part Exchange

> 4 years*
> 30,000 miles*



* General criteria

Motorpoint virtuous circle – remains at the core of what we do



What happened in FY23 and how we are responding



The investment we laid out in FY21 is thus far delivering good results and has positioned the Group better for the future. This allows us to pause the level of ongoing investment, given macro headwinds

FY23 headwinds

- Nearly-new vehicle shortages
- Further reduction in nearly-new market size (1.55m FY23: 1.87m FY22)
- Increasing interest rates impact:
 - Lower finance commission
 - Increased stock financing cost
 - Customer affordability impacted by higher APR%
- Fall in EV values (>20% in Q4)

FY24 proactive response

- Given investments made and market share growth achievements, we can now be more selective with where we invest:
 - Customer experience
 - Data to support buying, selling and marketing activity
 - Technology enhancements
 - Integration of sales channels
- Reduce total investment (including capital) by c.£8m
- Pause store roll out
- Vehicle shortages easing, but macro conditions expected to remain difficult in FY24

Our market share continues to increase, despite headwinds

Strategic progress evident in our KPIs



KPI	FY23	FY22
Market share (0-4 year market)	3.5%	3.1%
Total revenue	£1,440.2m	£1,322.3m
Total E-commerce revenue	£660.5m	£624.9m
Total units sold	89.7k	97.7k
Units sourced from consumers (% of retail sales)	23.8%	17.9%
Strategic investment	£6.1m	£1.0m
(Loss) / Profit before tax	£(0.3m)	£21.5m
Customer acquisition cost per retail unit	£244	£300
Net cash / (debt)	£5.6m	£(21.2)m
Customer NPS	84	84

Motorpoint offers the best value




	Motorpoint £16,599* <u>£288</u> per month 20,000 miles/21 plate <i>Hyundai Ioniq</i>	Marshall £19,350* <u>£350</u> per month 24,000 miles/21 plate
	Motorpoint £18,999* <u>£317</u> per month 9,900 miles/71 plate <i>MG MG5</i>	Arnold Clark £21,500* <u>£362</u> per month 12,400 miles/71 plate
	Motorpoint £28,999* <u>£497</u> per month 6,400 miles/22 plate <i>BMW 1 Series</i>	Cazoo £30,599* <u>£518</u> per month 5,600 miles/22 plate

Price Leadership - 99.5% of stock priced Good, Great or Low**

“Excellent service from start to finish. Clear communication throughout with honesty and care at the forefront. The team really made me feel like it was more than just buying a car. I’d recommend anyone to Motorpoint – buy your car here if you want to be given the best experience.”

“The car was clean, ready and waiting on the forecourt. Motorpoint had sent me a video of the car the day before to make sure it was exactly what I wanted. The price was also unbeatable . . . excellent and straightforward all the way through.”

“Very happy with our purchase. This is the 7th if not 8th car we have made from Motorpoint over the years. Keep up the good work Motorpoint!”

Customers, Trustpilot 

* Details as displayed on website and correct as of 12/05/2023

**“AutoTrader price indicators compare the seller's asking price to the price of similar vehicles from the 450,000 vehicles advertised on the marketplace. AutoTrader valuations analyse data from millions of vehicles every day and this data is used to work out a vehicle's current market price, considering things like make, model, year, mileage, fuel type and optional extras.”

Along with AutoTrader we have analysed advertised vehicles in the twelve months from April 22 to March 23. Over this period Good Price Indicator flags were applied to the stock 49.4% of the time; Great, 37.0% of the time; Low, 13.1% of the time and Fair, 0.5% of the time.”

Achieving market share growth



Edinburgh (opened September 22)

Coventry (opened October 22)

Ipswich (opened May 23)

Pipeline in place

- Target 10% national share at maturity
- No further openings planned currently

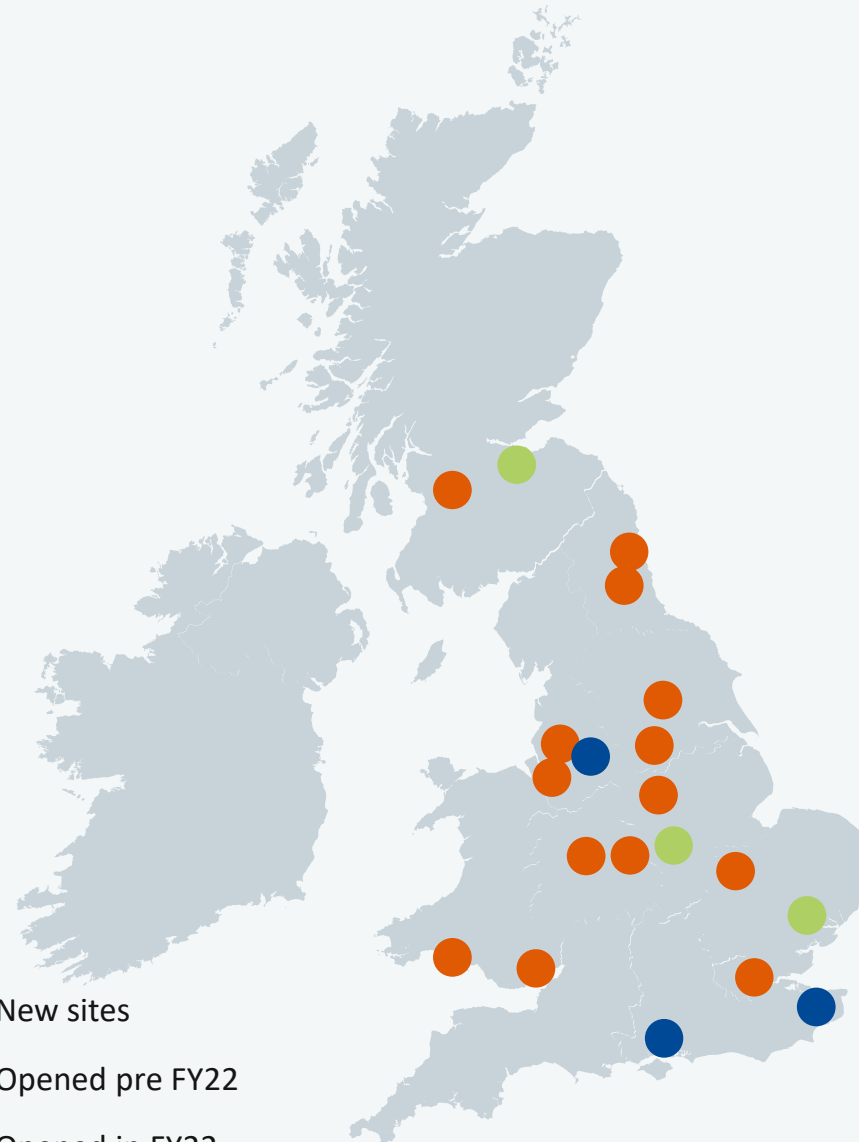
Proven model

Market share growth as customers repeat purchase at a location and brand awareness increases

*SMMT measure (FY22: 7.7%)

Key

- New sites
- Opened pre FY22
- Opened in FY22



8.9% market share* (within 30 mins)



Edinburgh



Coventry

Greater investment in our brands drives market share gains



Site catchments	Market share FY23	Market share FY22	Brand awareness (spontaneous) April 2023	Brand awareness (spontaneous) April 2022
Openings pre 2013	11%	9%	22%	22%
Openings 2013 - 17	7%	6%	11%	11%
Openings 2017 - 22	6%	5%	13%	12%
Openings in the last 12 months	3%	1%	7%	3%

Strong correlation between new markets, brand awareness and market share gain

- Maturity build up can take up to eight years or more given infrequency of purchase
- Brand awareness increases where we open new stores



Financial highlights and ESG update

Chris Morgan, CFO

“Record revenue and return to cash surplus. Profitability impacted by market conditions and investment”

Financial Highlights



£'m unless stated	FY23	FY22	Change
Revenue	1,440.2	1322.3	8.9%
Gross profit	85.7	106.3	-19.4%
(Loss) / profit before tax	(0.3)	21.5	nm
EBITDA	16.2	32.3	-49.8%
Net cash / (debt)	5.6	(21.2)	+26.8m

Operating Results



£'m	FY23	FY22	Change
Revenue			
Retail	1,175.7	1,112.3	
Wholesale	264.5	210.0	
Total revenue	1,440.2	1,322.3	+8.9%
Gross profit	85.7	106.3	-19.4%
Operating expenses	(79.2)	(81.3)	-2.6%
Other income	0.3	-	nm
Operating profit	6.8	25.0	-72.8%
Finance costs	(7.1)	(3.5)	+102.9%
(Loss) / profit before tax	(0.3)	21.5	nm

- Record revenue £1,440.2m, up 9% helped by vehicle mix and price inflation. Fall in retail volume reflects market constraints
- Increased market share of the 0-4 year old market to 3.5% (FY22: 3.1%)
- Two stores opened in Autumn 2022 (Edinburgh and Coventry). Ipswich opened May 2023
- Loss / profit before tax down on prior year reflecting strategic investment, supply constraints, maintaining price leadership, higher interest costs and fall in EV values. Record margins in FY22
- Despite new stores and expanded digital team, headcount fell to 794 at year end (FY22: 928)
- Energy consumption on sq footage basis fell 7.3%, and water by 15.4%
- Marketing costs £14.0m (FY22: £18.9m)
- Other income reflects small gain on sale and leaseback
- Increased finance costs reflect rising interest rates

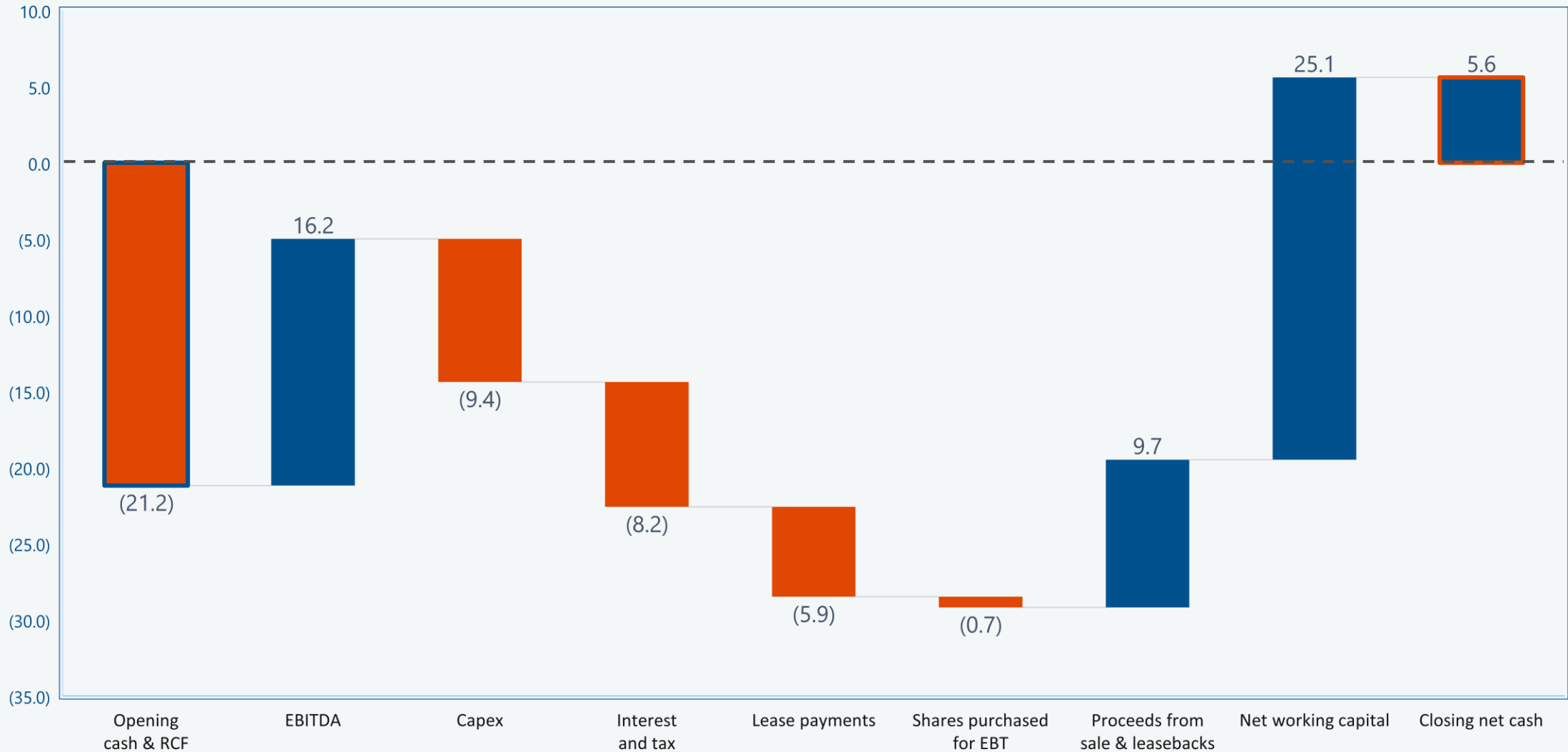
Balance Sheet



£'m	FY23	FY22	Change
Fixed assets	13.1	10.9	2.2
Intangible assets	3.7	0.6	3.1
Right of use assets	58.4	46.7	11.7
Assets held for sale	-	9.2	(9.2)
Inventories	148.6	228.4	(79.8)
Cash	5.6	7.8	(2.2)
Trade and other receivables	18.4	13.6	4.8
RCF Borrowings	-	(29.0)	29.0
Trade and other payables	(143.8)	(193.8)	50.0
Lease liabilities	(63.6)	(52.8)	(10.8)
Other	(1.5)	(2.2)	0.7
Net assets	38.9	39.4	(0.5)

- Three store openings and major refits at Burnley and Newport
- Intangible assets reflect software and website development
- Assets held for sale at year end (Stockton and Peterborough) sold and leased back early FY23
- Inventory drop reflects supply constraints but has increased post year end. Improvement to 51 days in stock (FY22: 54)
- Significant headroom in stocking facility availability; £102.5m drawn of the £195.0m
- Receivables change reflects timing of finance commission receipt, and Payables the reduction in drawn down stocking facilities
- RCF fully repaid in early FY23 and cash positive at year end
- £35m loan facility extended to June 2026 (from May 2024), with option to extend for two further years

Cash flow



Progress in our responsibility to the environment and communities



By supporting our environment

- ESG Board committee now operational
- EV charging point roll out
- Sold 137% more EVs than in FY22
- Championing commitment to energy management through internal communication channels
- Good progress in data availability, visibility and awareness
- Water usage down 15.4% across estate
- Energy usage down 7.3% on prior year on LFL sq. footage basis
- Negligible (0.2%) waste to landfill



And our communities

- First ED&I survey completed by employees, and plans formulated
- New applicant tracking and onboarding system launched – helping to attract best talent
- Successful launch of Workplace – company wide networking site, improving comms
- New Information Security Officer recruited
- Third party expert appointed to help with Health and Safety matters
- Real Living Wage Employer, and brought forward pay increases to January 2023

We want to be viewed as the most environmentally friendly used car retailer



GoGreen[®]
Think green, Be green



Strategic update and outlook

Mark Carpenter, CEO

“Good progress towards delivering strategic targets - limit investment in FY24 to those opportunities that offer the best near term returns”

What we have achieved: 1) Rapidly upscaled our E-commerce capability



- In house digital team recruited – significant increase in digital sales leads
- SEO content team recruited; increasing organic searches
- New Digital and Tech Hub launched in Manchester store – helping to attract the best talent
- Data science increasingly driving business decisions for customer acquisition, pricing and stock allocation
- Modernised website aesthetics and content capability



“Motorpoint's visibility in Google's search listings is up over 176% year on year.....and 10% growth in digital sales leads”

What we have achieved: 1) Rapidly upscaled our E-commerce capability (continued) - Website improvement



Landed

- New home page – lifestyle imagery to inspire, easier navigation, enhanced content
- New header and footer – enhanced look and feel
- Search results page upgraded
- Improved sort and filter options
- Was/now pricing, with savings added
- New wishlist and vehicle comparison tools
- Better visibility of Motorpoint proposition
- Enhanced car imagery
- New checkout journey
- PCP finance banner added to highlight proposition



Further improvements in pipeline

New product detail page (PDP)

- Updated look and feel with more focus on the vehicle and its features
- Clearer messaging in terms of cost, finance and enquiry

New store pages

- Updated look and feel to drive SEO benefits
- Refreshed content and new store location map

New stock alert functionality

What we have achieved: 2) Increase customer acquisition and retention



- Customer Experience project commenced to connect virtual and in store customer journey
- Customer Board introduced to reduce CX tension points
- 11% increase in customer retention from FY22
- Rapidly upscaled our E-commerce capability
- New brand proposition launched, including extensive TV advertising – increased focus on quality and unbeatable prices
- Six new stores since October 2021, and three since start of FY23. Improves brand awareness and market share
- New market spontaneous awareness levels up by 117%
- Frequent, targeted email communications with improved conversion



New brand proposition:
"There's no car like a
Motorpoint car"

What we have achieved: 3) Expand wholesale and supply channels



- 'Sell Your Car' service - fully automated digital first offering, with 5,016 cars acquired from customers, up 131%
- 23.8% of units sold acquired from customers, up 33%
- Refreshed look and feel of Auction4Cars brand / website. Redefined proposition USPs (Value, Transparency, Service)
- Lowest fees vs main auction channels
- Digitised administration processes – improving efficiency and days in stock
- Website enhancements including response time improvement
- Automated self-serve registration; days to hours

Refreshed the A4C brand and using technology to make things quicker and simpler

What we have achieved: 4) Operational efficiency through technology and innovation



- Automation supporting headcount reduction (794 from 928 at March 22), despite increased digital capability and new stores. Store headcount reduced by 14% and Head Office by 21%
- Merger of store sales and customer handover roles
- Outbound payments fully automated; five days to one minute
- Automated payment reconciliations, stock loading platform (in real time), and approvals with finance company
- Rollout of new telephone and webchat system; improved MI, call handling and lead generation
- Improvement to customer journey to allow self-serve, reducing customer time in store on handover
- QC App helped further reduce prep time from 9.4 to 8.3 days
- Company-wide procurement review identifying savings across the estate, from water consumption to photocopier costs



Automation delivering
efficiency savings across
the business

Outlook



- Price leadership is vital; we continue to offer the best value for our customers
- Motorpoint has a strong track record of demonstrating resilience in a downturn and efficiently managing cash resources
- Rising inflation, interest rates, consumer uncertainty will continue to impact our market and profitability in FY24
- Return to growth of new car sales in past half year will start to benefit the nearly new size (0-2yrs)
- Investment in technology to date has created efficiency; lowering non-strategic costs, creating a leaner business – positioned the Group better for the future
- Macro backdrop requires us to review strategic investments, be selective and pause where necessary - scale back circa £8m in FY24
- Further align cost base to reflect market activity levels; conserve cash
- Motorpoint well placed to emerge from the current environment a highly profitable market leader



Selective investment in areas that will offer the best near term return, to ensure profitable growth

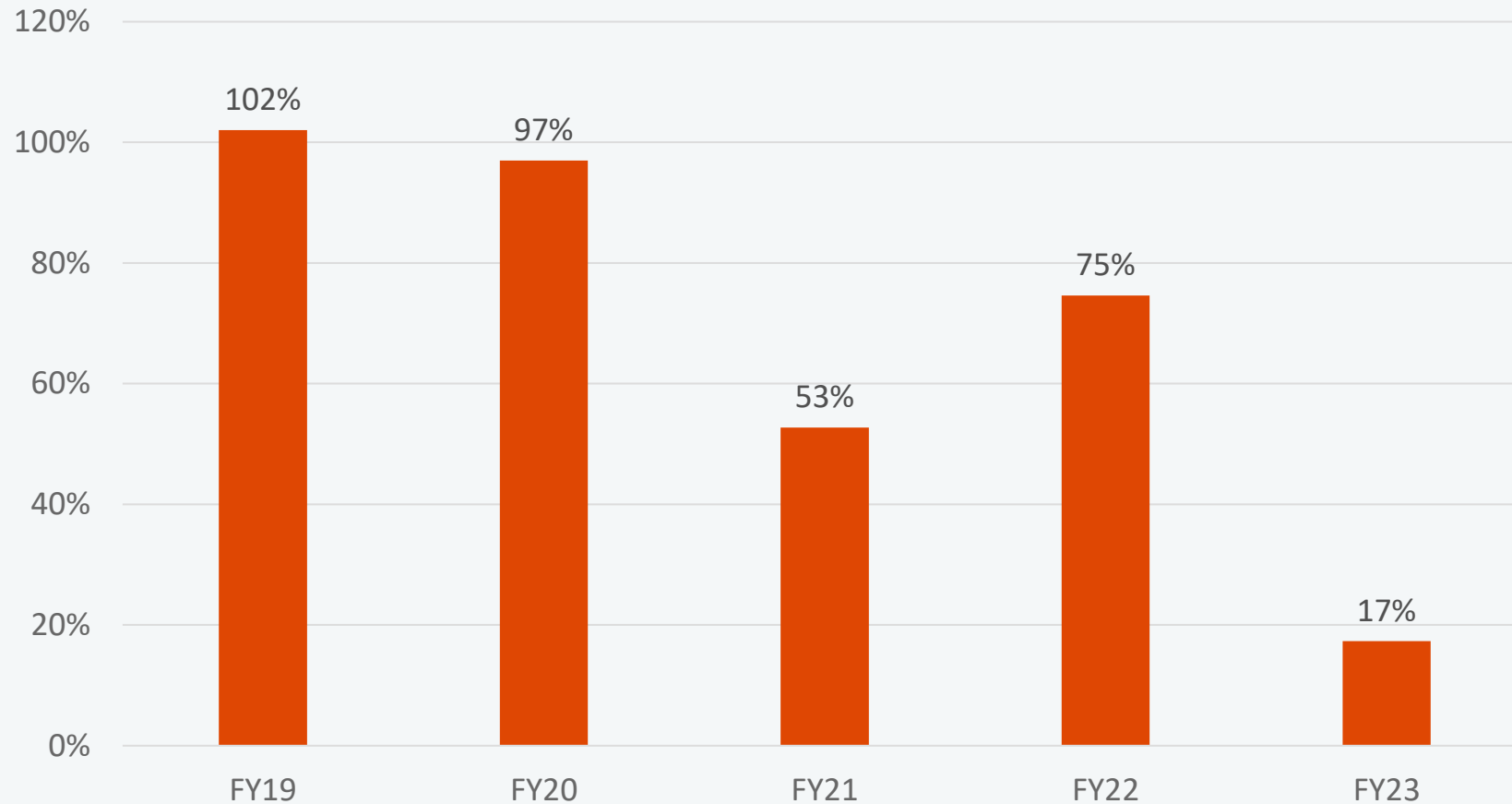


Appendix

ROCE impacted by lower profitability, but model capital light



Return on capital employed



- Leasehold property model
- Two sale and leasebacks of last remaining building properties
- Significant headroom (£92.5m) to total stocking facility of £195.0m
- Vehicles paid for prior to delivery/collection

*Figures shown reflect impact of Covid during 2020-2022

Financial KPIs (1 of 2)



	FY23	FY22
Volumes		
Retail	57.3k	62.9k
Wholesale	32.4k	34.8k
Total	89.7k	97.7k
Online	21.5k	23.4k
Branch	35.8k	39.5k
Total Retail	57.3k	62.9k
Total GP per retail unit	£1,300	£1,446
Total GP per wholesale unit	£346	£440
Customer acquired vehicles (% of retail units)	23.8%	17.9%
Vehicles acquired direct from consumers (Sell Your Car)	5,016	2,175

Financial KPIs (2 of 2)



	FY23	FY22
Average time to prep car (0-4 years) - days	8.3	9.4
Transport pu £	117	99
Marketing £	14.0m	18.9m
Marketing pu (CAC) £	244	300
People costs £	36.2m	34.7m
People costs pu £	631	552
Depreciation and Occupancy £	12.7m	9.2m
Depreciation and Occupancy pu £	222	146
Other Operating Expenses £	16.3m	18.5m
Total Operating Expenses £	79.2m	81.3m
Rent (pro forma) £	7.9m	5.8m



Rapidly upscaling our E-commerce capability

- Increased investment in technology and data science
- Leverage data to drive intelligence – customer segmentation, inventory and buying efficiency
- Drive the potential increase of online sales to 50% of revenue
- Invest in the best people
- Launch direct from consumer supply channel
- Transform Auction4cars.com into a marketplace and open up to new vendors



Increase customer acquisition and retention

- Open 12 sales and collection branches
- Increase CAC in short term with subsequent reduction
- Drive E-commerce sales aggressively
- Drive brand awareness and “shared value” customer proposition
- Personalisation of E-commerce customer journey to enhance lifetime value
- Reduce customer repeat cycle
- Quality Control & operational excellence
- Outbound and save teams launched
- Target LCV online sales



Expand wholesale channels

- Invest in Auction4Cars.com to accommodate new supply channels
- Enable migration to B2B platform with multiple vendors
- Launch "Sell Your Car" proposition for non Part Exchange customers
- Grow Auction4Cars.com customer base through network effect



Operational efficiency through technology and innovation

- Increase capacity for >200,000 vehicles
- Complete Hub and Spoke preparation model supplying sales and collection branches
- New preparation centres
- Increase automation and technology in preparation
- Target logistics efficiency to reduce cost per vehicle movement in network

Significant affordability challenges for consumers



Hyundai Tuscon

- £18.0k now versus £11.6k
- £300 per month now versus £178 per month

Vauxhall Corsa

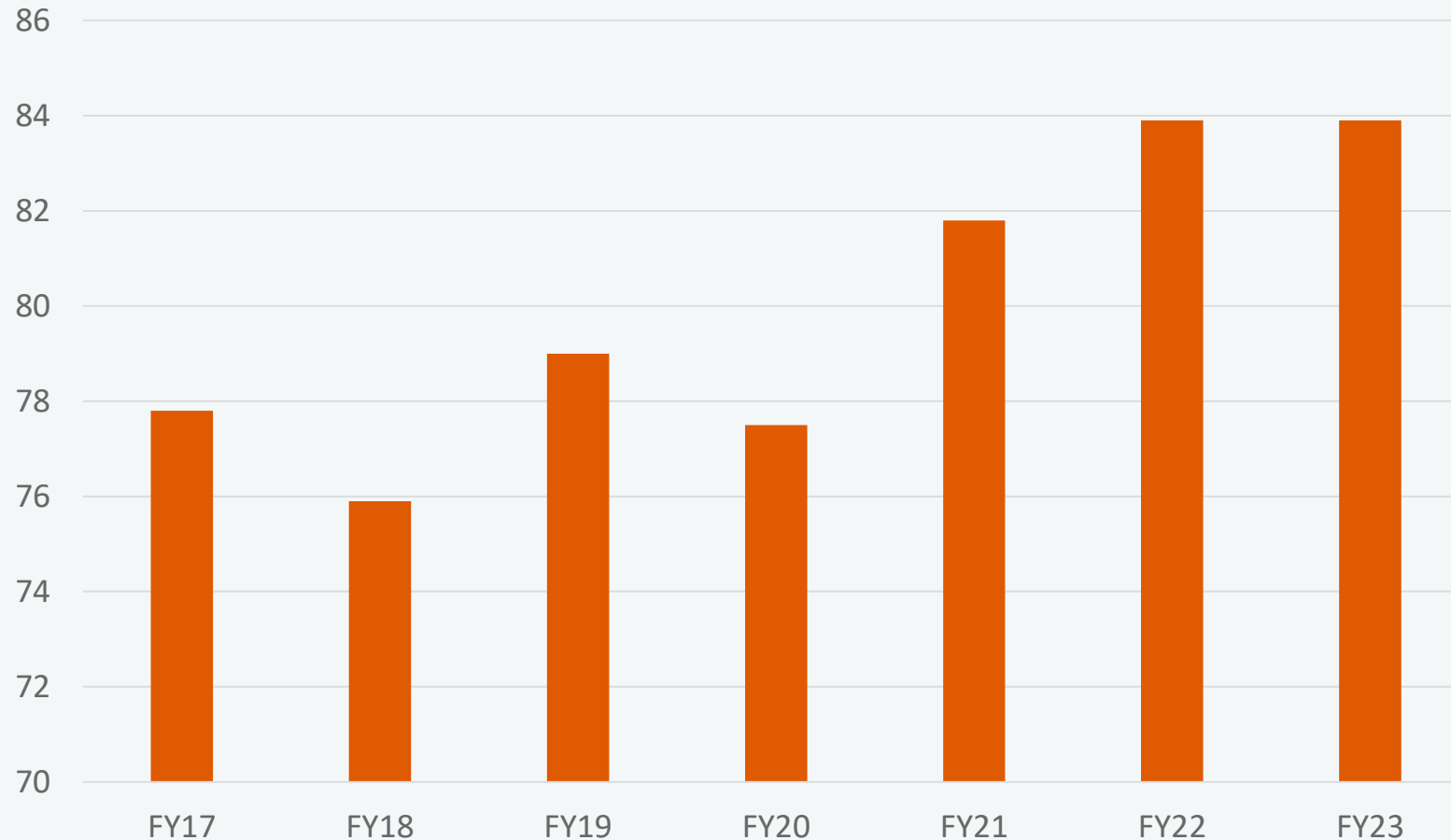
- £13.8k now versus £8.3k
- £202 per month now (with £800 deposit) versus £148 per month (no deposit)

Equivalent cars **at least 40%** more expensive than three years ago

NPS maintained at industry-leading high



NPS sold since 2017



Key Motorpoint benefits

- ✓ Award winning service
- ✓ Extensive choice
- ✓ Great value backed by price promise
- ✓ Quality control and operational excellence
- ✓ Flexible finance options
- ✓ Competitive part exchange prices
- ✓ Test drives readily available
- ✓ Home delivery
- ✓ Same day driveaway
- ✓ Contactless collections
- ✓ Online & in branch, or combination of both

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