

Car dealer Pendragon gears up for £400m bid from top investor

Pendragon, the London-listed car dealer behind brands including Evans Halshaw and Stratstone, has received a fresh £400m takeover approach from its largest shareholder.

Sky News has learnt that Hedin Group, which owns roughly 26% of Pendragon, has tabled a 29p-a-share offer for the company.

The approach is expected to be confirmed in a stock exchange announcement on Monday morning.

Hedin – headed by founder Anders Hedin – operates more than 200 vehicle showrooms in Belgium, Norway, Sweden and Switzerland through its subsidiary, Hedin Bil.

It has been a vocal critic of Pendragon's board in recent years, particularly on the issue of executive pay.

Mr Hedin made an earlier offer pitched at 28p-a-share in the spring of this year, which was rejected by the target's board.

However, its latest proposal is expected to result in Pendragon opening talks with Hedin Group, according to one analyst.

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At 29p, the new offer is the same value as a separate bid tabled during the summer by Lithia Motors, a US car dealership giant with a market value of over \$7bn.

In a statement confirming that approach in August, Pendragon said Lithia's offer "merited engagement with its five largest shareholders and [it had] received strong support for the proposal from four of these shareholders who were willing to sign irrevocable commitments".

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Hedin, however, refused to engage, leading to the termination of talks with Lithia, according to insiders.

The Scandinavian group's renewed interest in a takeover of its British rival raised the intriguing prospect of a return to Pendragon for Trevor Finn, the company's founder, who was ousted in 2019.

Mr Finn joined Hedin's board last year.

Hedin is understood to be being advised by Deutsche Bank,

while Jefferies is advising Pendragon.

The London-listed company, like many of its rivals, has had a choppy period during and since the pandemic, with its shares closing on Friday at 22.7p, giving it a market value of just £317m.

Hedin's existing interest in Pendragon's shares means that it would need to find roughly £300m to fund its takeover of the company.

Like many of its rivals, Pendragon received tens of millions of pounds in furlough payments from the government during the pandemic.

The company operates more than 150 dealerships across the UK, with other brands in its portfolio including CarStore.

The latest bid interest in Pendragon comes during a time of significant changes in the way new and used cars are sold, and a frenzy of corporate activity among the companies which sell them.

In January, Constellation Automotive, the privately owned group behind WeBuyAnyCar and Cinch, bought almost 20pc of the listed dealer group Lookers.

That swoop came soon after Constellation, which has a multibillion pound valuation, agreed a £200m takeover of Marshall Motor Group, another physical car dealer.

Pendragon itself made an approach to buy Lookers, its embattled rival, at the height of the pandemic, but was rebuffed.

In recent years, the industry has shifted its focus to the use of technology to improve the car-buying experience, with both Cinch and its New York-listed rival Cazoo ploughing tens of millions of pounds into brand-building through sports sponsorship deals.

Pendragon has cut 1800 jobs and closed 15 dealerships since the start of the pandemic.

On Sunday, Pendragon declined to comment, while Hedin did not respond to a request for comment.