

Pendragon shareholder Hedin Group in £400m raid on car dealership giant

One of the largest shareholders in Pendragon has been thwarted in a £400m takeover raid on the London-listed car dealership giant.

Sky News can reveal that Hedin Group, which operates more than 200 vehicle showrooms in Belgium, Norway, Sweden and Switzerland through its subsidiary Hedin Bil, tabled a secret 28p-a-share offer for Pendragon several weeks ago.

The approach was not disclosed to Pendragon's investors, and is said to have been rejected by the company's board, which is chaired by Ian Filby.

A 28p-a-share offer would value Pendragon at approximately £400m.

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This weekend, there were suggestions that Hedin Group – run by Anders Hedin – was weighing whether to return with a further offer.

Hedin, which owns roughly 25pc of Pendragon, has been a vocal critic of its board in recent times, notably last year when it described a bonus payment to chief executive Bill Berman as “out of tune”.

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Like many of its rivals, Pendragon received tens of millions of pounds in furlough payments from the government during the pandemic – money which The Times reported last month would not be repaid, despite the prospect of a return to bumper profits.

Pendragon, which is scheduled to announce its 2021 results to the stock market next week, has seen its shares rebound by 25% over the last 12 months.

The company operates more than 150 dealerships across the UK under the brands Evans Halshaw, Stratstone and CarStore.

Hedin Group's interest in a takeover of British rival raises 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.

The bid approach for Pendragon comes during a time of significant changes in the way new and used cars are sold, and a frenzy of corporate activity among those 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.

Sources close to Pendragon said its management team had made "strong early progress" in turning around the business.

It has cut 1800 jobs since the start of the pandemic, and closed 15 stores.

Last December, it relaunched CarStore, its standalone used-car brand, with a mix of physical locations and a digital platform.

The company upgraded profit guidance in December for the financial year, saying that underlying pre-tax profit would be

in the region of £80m rather than the previous guidance of about £70m.

At Friday's closing price of 21.7p, Pendragon had a market capitalisation of just over £300m.

Pendragon declined to comment this weekend, while Hedin Group did not respond to a request for comment.