

US car dealer Lithia Motors unmasked as mystery bidder for Pendragon

A US car dealership giant with a market value of over \$7bn was the mystery bidder which made an offer last month for Pendragon, its British peer.

Sky News has learnt that Lithia Motors, which is listed on the New York Stock Exchange, tabled a 29p-per-share bid valuing Pendragon at about £460m.

City sources said on Friday that Lithia was being advised on its interest by Goldman Sachs.

Pendragon disclosed in a stock exchange announcement last week that “a large international corporate” had presented a board-approved, non-binding cash offer for it.

The approach failed to progress further because one of the British company’s five largest shareholders would not provide an irrevocable undertaking to accept it.

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Insiders said the investor in question was Hedin Group, which itself made a 28p-per-share [offer for Pendragon earlier this year](#).

Leading shareholders said they were unlikely to accept any bid unless it was worth more than 30p-per-share.

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The talks with Lithia have been terminated as a result of Hedin's refusal to engage with the offer.

Hedin, which owns roughly 25pc of Pendragon, has been a vocal critic of its board in recent years, [particularly on executive pay](#).

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

The company has seen its shares rise by nearly one-third over the last 12 months, although on Friday they were trading at 24.7p, a meaningful discount to the Lithia bid.

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

Hedin Group's interest this year 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.

The latest 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 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 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.

Pendragon declined to comment, while Lithia could not be reached for comment.