

20 August 2020

## Vertu Motors plc ("Vertu Motors" or "Company")

### AGM Trading Update

#### Robert Forrester, CEO of Vertu Motors said:

*"July trading continued the trends seen in June and was significantly stronger than both what we envisaged and the Group's original business plan for the month. A robust recovery in customer demand for our vehicles and servicing has continued, aided by our investments in omnichannel retailing. A very successful 0% finance used vehicle sale event was executed in a majority of the Group's English dealerships and this, together with strong used car margins, aided the delivery of a record month for used car profits. The Group's high margin aftersales operations also performed well, delivering year on year growth in revenue, gross profit and margin. I would like to thank colleagues for their continued enthusiasm and commitment in delivering this great result whilst ensuring all our sites have remained safe for both customers and colleagues."*

#### July trading performance

- The Board is pleased to announce that the Group delivered an adjusted profit before tax of £7.4m in July. This result absorbed restructuring costs totalling £0.7m in respect of the headcount reductions announced previously, which have now been completed.
- The July profit was significantly ahead of the prior year and original business plan reflecting customer demand. The result also included £1.3m in respect of monies received from the Job Retention Grant. We expect the remaining furloughed colleagues to be back to work by the end of August.
- The Group incurred an adjusted loss before tax of £5.2m in the March to June period and so has now made year to date an adjusted profit before tax of £2.2m.
- The Group continued to see robust retail sales demand in the new and used car and van segments in July. Fleet volumes were more subdued. The Group's like-for-like vehicle sales volumes in July compared to last year and SMMT registration data were:

	Like-for-like year on year volume change	SMMT
New Retail	18.1%	20.4%
Motability	37.9%	35.0%
Fleet Cars (including agency)	(24.4%)	5.2%*
Commercial Vehicles	4.5%	7.1%
Used Cars	13.7%	

\*includes Motability registrations

- The Group generated record levels of used vehicle gross profit in the month with like-for-like volume growth of 13.7%. Used vehicle margins remained above normal levels.
- National retail new car registrations saw the first meaningful year on year uplift for 17 months. July saw Group like-for-like volumes of new retail cars up 18.1% and order take for the crucial September month is currently running over 20% ahead of last year.

- The UK fleet market in July was subdued, particularly key segments such as corporate contract hire and daily rental. The market was boosted by activity in the significant Motability segment reflecting pent up demand. Group Motability like-for-like volumes in July were up 37.9% as a result.
- Aftersales demand continued to be strong and is above normal levels with July delivering an 11.2% year on year uplift in core Group service gross profit.

## Summary

The Group is in a significantly better position than anticipated during the lockdown, both in terms of profitability and cash flow generation. Consumer demand has been stronger than initially anticipated and we took steps to ensure the Group maximised its cash liquidity, despite the already strong balance sheet position. Whilst much of management's time and energy was focused on navigating the business through the immediate effects of the pandemic, time was also invested in the improvement of its systems and omnichannel retailing capability which have delivered benefits already, with further efficiency enhancements expected.

The Board's ambition is to grow the scale of the Group's franchised dealership operations centred around key manufacturer partnerships and investment in the Group's four major retailing brands, Bristol Street Motors, Farnell, Macklin Motors and Vertu Motors. Several growth opportunities are currently being evaluated in terms of acquisitions against investment criteria used to ensure shareholder value is created and we would expect progress in our ambitions in the months ahead.

The next update scheduled to be provided by the Group is the interim results announcement on 7 October 2020. As previously advised, we are not providing guidance relating to the outcome for the full year due to continued uncertainty.

## For further information please contact:

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## Notes to Editors

Vertu Motors is the fifth largest automotive retailer in the UK with a network of 134 sales outlets across the UK. Its dealerships operate predominantly under the Bristol Street Motors, Vertu, Farnell and Macklin Motors brand names.

Vertu Motors was established in November 2006 with the strategy to consolidate the UK motor retail sector. It is intended that the Group will continue to acquire motor retail operations to grow a scaled dealership group. The Group's acquisition strategy is supplemented by a focused organic growth strategy to drive operational efficiencies through its national dealership network. The Group currently

operates 131 franchised sales outlets and 3 non-franchised sales operations from 110 locations across the UK.

Vertu's Mission Statement is to "deliver an outstanding customer motoring experience through honesty and trust".

Vertu Motors Group websites – [investors.vertumotors.com](http://investors.vertumotors.com) / [www.vertucareers.com](http://www.vertucareers.com)

Vertu brand websites – [www.vertumotors.com](http://www.vertumotors.com) / [www.bristolstreet.co.uk](http://www.bristolstreet.co.uk) / [www.vertuhonda.com](http://www.vertuhonda.com) / [www.vertutoyota.com](http://www.vertutoyota.com) / [www.macklinmotors.co.uk](http://www.macklinmotors.co.uk) / [www.farnellandrover.com](http://www.farnellandrover.com) / [www.farnelljaguar.com](http://www.farnelljaguar.com) / [www.vertuvolkswagen.com](http://www.vertuvolkswagen.com) / [www.vertumercedes-benz.com](http://www.vertumercedes-benz.com)