

24 March 2020

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

Covid-19 Update

Since the start of March, we have convened daily meetings of our senior management team to actively manage the developing situation as regards Covid-19 in the UK. Our Group Colleagues have worked incredibly hard during this difficult period and we would like to thank them for their significant commitment and positivity.

Our primary focus has to be the health and safety of our valued Colleagues and customers and so we took the difficult decision to temporarily close our retail vehicle sales operations from close of business Monday 23 March. Whilst we originally intended to remain open for outstanding vehicle deliveries only until close of business Wednesday 25 March and for our vehicle service operations to remain operational, at reduced capacity, the announcement by the Prime Minister last night has meant that for the time being, our dealership operations will be fully closed with immediate effect.

The Group has a strong digital presence including full online retail capability and we are seeking to ensure that customers can enquire and communicate with the Group to allow retail sales to be fulfilled in due course. We anticipate that the Group's digital presence will continue to be available throughout the dealership closure, although delivery activity is now curtailed.

We are fortunate that the Group has a very strong balance sheet, with low levels of debt, significant assets and liquidity. Nevertheless, as this period of business disruption will negatively impact cash flow, we have moved to protect our liquidity by drawing an additional £10m of our Revolving Credit Facility and utilising additional used vehicle stocking loans. We have enjoyed the strong support of the Group's Banks over the years and are at an advanced stage in our discussions with them to ensure the continuing availability of our peak working capital facilities together with covenant waivers for the period impacted by COVID-19.

In addition, the Group is also undertaking additional actions to manage costs and cash flows over the forthcoming months:

- We have looked at all areas of expenditure to identify costs which can be removed or reduced, and a number of weeks ago initiated a capital expenditure and recruitment freeze.
- We will apply for grants available under the Government's Job Retention Scheme in respect of colleagues who are unable to work due to the business disruption. We anticipate the vast majority of the Group's colleagues will now be subject to this Scheme.
- The Group pays on an annual basis approximately £11m of business rates across its portfolio and the Group will utilise the business rates relief which the Government has extended. In addition, the Group will take advantage of delayed payments of taxes offered by HMRC.
- Whilst strong working capital management has always been one of our core disciplines, our operational and finance teams have put increased focus on the management of stock, debtors and creditors.

- The Group, as is the case with other retailers is currently working with its landlords constructively regarding the payment of rents and hopes to reach a mutually beneficial outcome for the COVID-19 period.
- Considering the ongoing situation, the Board is not likely to recommend a final dividend for the year ended 29 February 2020.

The Group's Manufacturer partners have been in close contact with the Group and we are delighted with the swift response and initial indications of support they are providing.

At this stage, the Company plans to deliver its financial results for the year ended 29 February 2020 as scheduled on 6 May 2020.

Given these unprecedented and rapidly evolving events and the uncertainty over the duration of the disruption, it is not possible at this stage to predict the financial impact on the Group for the year ending 28 February 2021 and beyond.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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Notes to Editors

Vertu Motors is the fifth largest automotive retailer in the UK with a network of 133 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 130 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 – www.vertumotors.com / www.vertucareers.com

Vertu brand websites – www.bristolstreet.co.uk / www.vertuhonda.com / www.vertutoyota.com /
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