

Monday 23rd Mar 2020

Lookers plc
("Lookers" or "the Group")

COVID-19 UPDATE

Site Closures and Ongoing Operations

The Board is incredibly grateful to our brilliant employees who have been working hard to continue to serve our customers and the community safely in difficult circumstances.

However, the Board has carefully considered the impact of COVID-19 and the current advice of the UK Government. The Board's priority is to support the welfare of our colleagues and customers and to play our part in the national effort to reduce the further spread of the virus.

Over the past 48 hours it has become clear that maintaining safe social distancing measures whilst continuing to operate car dealerships has become increasingly difficult. Against this background and with the support of our OEM brand partners, the Group is temporarily closing all of its trading locations with immediate effect. This decision has not been taken lightly, however, the Board is clear that the priority during these unprecedented times is the safety and welfare of our people and our customers.

Where possible and subject to enhanced operating procedures, the Group will investigate the options for it to maintain some servicing and repair capacity across the country where possible, as the Board believes it will be important to support essential services within local communities in these times.

The Group will continue to operate its online platforms and will use this opportunity to review and enhance its capability.

UK Government Support

We welcome the measures announced by the UK Government to support businesses through this unprecedented disruption, including the Job Retention Scheme, the deferral of direct and indirect tax payments and a business rates holiday for retail premises. During 2019 the Group paid c. £16m in business rates across its portfolio. The Board intends to seek all possible government support in order to help protect our colleagues and the future of the business.

Stakeholders, Financing and Dividend

The Board is working closely with all its stakeholders including its OEM brand partners, banks, stock funding providers, landlords, pension trustees, shareholders and advisers. The Board would like to thank all stakeholders for their ongoing support during this period.

We have been in active discussion with our OEM partners, who have supported the actions we are taking and are providing various measures of financial and other support to help us navigate through the current issues.

In recognition of this stakeholder support and to reduce costs, all the members of the Board and various members of senior management have agreed to temporary amendments to their contractual remuneration.

In the current circumstances, the Board is taking a prudent approach and pre-emptive action, where possible, to further preserve cash and reduce overhead costs through a range of measures including delaying capital expenditure projects. As a result, the Board will not be recommending a dividend for the 12 months ended 31 December 2019.

As reported in the Group's year end trading update the Board expects to report net debt at 31 December 2019 of approximately £62.0m (2018: £86.9m). The Group has a £250m revolving credit facility with five banks with a term to March 2022. In addition, the Group continues to enjoy the benefit of a strong property portfolio with a net book value of c. £317m (as at 31 December 2019) (81p per share).

On 10 March 2020, due to the discovery of some potentially fraudulent transactions in one of its operating divisions, the Group announced a delay to publishing its financial results for the year ended 31 December 2019. The Group has recently appointed external advisers to conduct an independent review. The investigation remains ongoing.

Outlook

Given these unprecedented and rapidly evolving events it is too early to make any reasonable estimate of the financial impact on the Group during 2020 and beyond. The Group's focus over the coming months will be to safeguard colleagues and customers and to ensure financial stability through cash and working capital controls.

Mark Raban, Chief Executive Officer, said: "On behalf of everyone at Lookers, our first thoughts are for those impacted by the virus and their families. The Group's key priority is to protect its employees and customers and do everything possible to prevent the further spread of the virus. I want to particularly thank our colleagues and our OEM partners for their decisive support during this challenging time."