16 October 2020

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

Q3 TRADING AND OPERATIONAL UPDATE

Lookers plc, one of the leading UK motor retail and aftersales service groups, provides the following trading and operational update for the three-month period ended 30 September 2020 ("Q3" or the "Period").

Summary

During the Period the Group's dealerships in England, Northern Ireland and Scotland were fully operational following the end of lockdown.

The Group's trading in Q3 was better than we expected. This was underpinned by our significant outperformance of the UK retail new car market, robust like-for-like growth in both used car sales and aftersales revenues. It also reflected the strengthening of used car margins and the cost saving and other benefits of our restructuring programme.

On a like-for-like basis, the Group sold over 42,000 new retail and used cars, 13.6% higher than the same period last year. This growth was fuelled by the release of pent up demand from over two months of closure and the ongoing trend of private car use instead of public transport. We have also had a good customer response to our improved, simplified and more digitised sales process, which has helped boost our performance.

New Vehicles

SMMT UK market figures for new car registrations to retail and fleet customers were broadly flat in Q3, retail up 4.1% and fleet down 4.3%. The Group outperformed the UK retail market with like-for-like unit sales up by 27.1% on last year. In the key registration plate change month of September, the Group performed particularly well, albeit against a prior year comparative that was impacted by new vehicle supply restrictions in certain brands.

The Group has repositioned its fleet business withdrawing from certain uneconomic activities to focus on business which maximises margin retention and working capital efficiency. On a like-for-like basis the Group invoiced and delivered approximately 12,000 fleet units which was 12.6% below last year.

Used Vehicles

In Q3 like-for-like used unit sales were 6.2% above last year. In addition to volume growth, robust residual values have supported significant margin growth. Activity in older, lower value vehicles has been encouraging, driven by ongoing consumer aversion to public transport as the Covid-19 pandemic continues. Despite these results, the Group remains cautious in managing its used inventory position moving forward.

Aftersales

In Q3 like-for-like service revenue was 7.4% above last year. In addition to revenue growth, our service proposition achieved higher margins.

Financial position

The Group remains focused on driving cash flow through enhanced working capital management, portfolio management, cost reduction and the selective disposal of surplus property.

Like-for-like retail operating costs in the Period were approximately 16% below last year. Excluding the impact of the Government's Job Retention Scheme and business rates holiday scheme, retail operating costs were approximately 9% below last year as a result of the continued focus on all discretionary cost items.

As at 30 September 2020 net debt was approximately £22.5m (2018: c£132.6m), substantially lower than last year.

The Group currently holds freehold property for disposal with a net book value of circa £30m. Approximately £12m from these disposals is expected to be received before 31 December 2020.

Financial Statements

We are continuing to work with our auditors to finalise the accounts for the year ended 31 December 2019 (the "2019 Results") and the interim results for the 6 months ended 30 June 2020 (the "Interim Results"). We currently expect both the 2019 Results and the Interim Results to be published in November 2020.

As 31 October 2020 is the last date permitted for the publication of the Interim Results under the Financial Conduct Authority's (the "FCA") Disclosure Guidance and Transparency Rules (as modified by the temporary relief granted to all listed companies by the FCA on 27 May 2020), the Company does not now expect to submit a request to the FCA to restore the listing of the Company's shares until shortly before publication of the Interim Results.

Outlook

The temporary closure of the Group's dealerships throughout the lockdown period had a significant impact on financial performance during H1. As a consequence, the Group expects to report a material underlying PBT loss in H1.

Trading in Q3 resulted in underlying PBT significantly ahead of last year, largely offsetting the loss recorded in H1.

Q4 will benefit from the full impact of the Group's restructuring activity, however the Board remains mindful of the ongoing uncertainty regarding Covid-19 and the possible impact on the UK car market.

Mark Raban, Chief Executive Officer, said:

"Our decisive self-help measures, combined with better than expected trading in Q3 and strong support from our brand partners, have helped the Group emerge from lockdown in a strong position. Naturally, we remain cautious around the future outlook given the ongoing Covid-19 backdrop but we are well positioned to deal with any emerging challenges. I would like to thank all my colleagues for their amazing and continued support and dedication."

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) No 596/2014. The person responsible for making this announcement is the Company Secretary.

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