

29 October 2024

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

Acquisition of Burrows Motor Company Limited

Vertu acquires 9 dealerships expanding relationship with Toyota, Mazda and Kia

Vertu Motors, the UK Automotive retailer with a network of 202 sales and aftersales outlets across the UK, is pleased to announce that on 29 October 2024 it has acquired the entire issued share capital of Burrows Motor Company Limited ("Burrows").

- Expansion of Group's scale, reflecting ongoing execution of Group strategy
- Well invested, freehold rich property portfolio
- Acquisition funded by existing cash and borrowing facilities with gearing remaining significantly below target level
- Transaction is expected to deliver returns in excess of cost of capital and be earnings enhancing in first full year of ownership
- Expansion of manufacturer relationships: Toyota grows from 6 to 11 outlets, Mazda from 2 to 4 outlets and Kia from 3 to 4 outlets

Burrows is a family-owned group of dealerships operating five Toyota dealerships, two Mazda dealerships and one Kia dealership. The acquisition significantly increases Vertu brand presence in Yorkshire and Nottinghamshire adding outlets in Barnsley (2), Doncaster, Rotherham, Sheffield (3), York and Worksop. All outlets will be rebranded Vertu in line with our recently announced Brand strategy and integrated into the Vertu systems platform in the coming weeks.

For the year ended 31 December 2023, Burrows Motor Company Limited achieved revenue of £168.9m and an operating profit of £1.4m. Consideration, net of cash acquired, is estimated at £12.5m, subject to finalisation of completion accounts, with £1.0m of the consideration deferred for 12 months. The consideration includes £17.6m in respect of freehold properties and a payment in respect of goodwill of £4.0m. Consideration for the acquisition will be funded from the Group's existing borrowing facility and cash resources. In addition, the Group has taken on Burrows' indebtedness of approximately £10.5m which comprises freehold property backed mortgage funding provided by a Manufacturer and used car stocking loans. The transaction is in line with the Group's investment hurdle metrics and capital allocation policy to ensure shareholder value is created.

Due to the seasonality of vehicle sales, the Business is expected to contribute a loss for the remaining four months of the financial year to 28 February 2025 and is expected to be earnings enhancing in its first full year of ownership.

Robert Forrester, CEO of Vertu Motors, commented:

"We have long admired the Burrows business and are delighted to have completed this acquisition creating further scale for the Group with key Manufacturer Partners. The acquisition of Burrows gives us considerable scale in our partnership with Toyota and strengthens the Vertu brand in Yorkshire and Nottinghamshire. This is in line with our strategy to actively pursue value accretive growth opportunities to enhance our portfolio, applying strict investment return metrics as well as returning cash to shareholders."

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Notes to Editors

Vertu Motors is the fourth largest automotive retailer in the UK with a network of 202 sales outlets across the UK. Its dealerships operate predominantly under the Bristol Street Motors, Vertu 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 198 franchised sales outlets and 4 non-franchised sales operations from 154 locations across the UK.

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

Vertu Motors Group websites - <https://investors.vertumotors.com/> / www.vertucareers.com
Vertu brand websites - www.vertumotors.com / www.bristolstreet.co.uk / www.vertuhonda.com /
www.vertutoyota.com / www.macklinmotors.co.uk / www.vertumotorcycles.com

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