

28 June 2023

Vertu Motors plc (“Vertu Motors”, “Group”, “Company”)

AGM Trading Update

Vertu Motors, a leading UK automotive retailer with a network of 189 sales and aftersales outlets is pleased to announce the following update with regards to the three-month period to 31 May 2023 (the “Period”). Aided by the Helston acquisition, the Group has delivered a trading profit above prior year levels, despite the continued inflationary-driven cost headwinds. The Board anticipates that full year results for FY24 will be in line with current market expectations.

Highlights

- New car retail and Motability like-for-like volume growth of 10.8%, with particular strength in Motability volumes.
- Like-for-like new vehicle margins have remained strong at 7.9% (8.0% last year) despite higher Motability mix which is at a lower margin.
- Fleet and commercial vehicle like-for-like volume growth of 1.0%, with focus on profitable fleet sales channels.
- Like-for-like fleet and commercial vehicle gross margin improved to 5.0% (4.3% last year).
- Used vehicle like-for-like volumes declined 5.9%, reflecting on-going supply constraints with the Group focusing on pricing disciplines.
- Like-for-like gross profit per used unit sold was stable at £1,648 (£1,652 last year). Gross margin was 7.8% (8.1% last year), reflecting continued higher selling prices.
- Services revenues increased 4% like-for-like compared to prior year.
- Improved gross profit was delivered in all aftersales channels on a like-for-like basis. As expected, gross margin declined due to higher technician salary costs. Technician capacity remains a continued constraint on revenue growth in service with new initiatives planned to address.
- Group operating expenses as a percentage of revenue were slightly higher than in FY23, reflecting the anticipated higher energy costs, pay actions and investment in IT.
- The Helston acquisition made in FY23 continues to perform in line with expectations and remains on target to deliver on the planned improvements.

Market Performance

In the New retail and Motability channel, like-for-like volumes grew 10.8% with Group performance comparing favourably with the UK market that grew 8% over the same period. Further market share growth for the Group therefore arose.

In April, the SMMT increased its full year forecast for UK new vehicle registrations by 2% to 1.83 million, because of stronger than anticipated fleet sales as the market normalises on the supply side. In the Period, UK fleet & commercial vehicle registrations grew by 30.9% aided by improving vehicle supply particularly into the rental segments. Group volume growth was behind the market since it is not a major supplier to the low margin rental sectors, which saw significant growth in the UK.

The UK used vehicle market remains resilient, whilst continued stability of used vehicle prices is exhibited. The Group’s average used vehicle selling price per unit grew by 3.4% on a like-for-like basis to over £21,000 reflecting these market conditions.

Outlook

The Board remains optimistic for the future. New vehicle supply continues to improve whilst constraints in used vehicle supply in the UK are likely to persist, helping to underpin used vehicle values and gross profit. The market outlook, however, remains unclear due to uncertainty of consumer demand in the light of the impact of inflationary pressures and higher interest rates. Management is focused on operational excellence around cost, conversion and customer experience and the delivery of the Group's strategic objectives through enhanced performance coming from scale and technology. The Board anticipates that full year results for FY24 will be in line with current market expectations.

Robert Forrester, Chief Executive Officer of Vertu Motors, said:

"I am pleased to report that trading remains positive. The entire, recently enlarged, Vertu team has put in hard work and dedication once again, and I would like to thank them all. Used car pricing has remained firm and we have gained market share in the new car market. The performance of our high margin aftersales business has remained strong.

The integration of Helston Garages is progressing well and is on track to deliver the planned synergies. We are excited about the opportunities our enlarged portfolio will create for Vertu Motors."

For further information please contact:

Vertu Motors plc

Robert Forrester, CEO

Karen Anderson, CFO

Phil Clark, Investor relations

Tel: +44 (0) 191 491 2121

PClark@vertumotors.com

Zeus (Nominated Adviser and Broker)

Jamie Peel

Andrew Jones

Dominic King

Tel: +44 (0) 203 829 5000

Camarco

Billy Clegg

Tom Huddart

Tel: +44 (0) 203 757 4983

Notes to Editors

Vertu Motors is the fourth largest automotive retailer in the UK with a network of 189 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 185 franchised sales outlets and 4 non-franchised sales operations from 141 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.macklinmotors.co.uk / www.vertumotorcycles.com