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Vertu Motors plc ("Vertu" or the "Group")

Acquisition of SHG Holdings Ltd brings Audi franchise to Vertu

Highlights:

- Introduction of Audi into the Group's franchise portfolio, further developing the premium mix
- Synergy opportunities with existing Vertu operations
- Well established dealership operations in attractive motor retail locations with strong reputations for customer service and aftersales
- Acquisition earnings enhancing in its first full year of ownership.

Vertu, the automotive retailer with a network of 121 sales and aftersales outlets across the UK, announces that it has acquired the entire share capital of SHG Holdings Limited ("South Hereford") which operates well respected and established Audi, Volkswagen Passenger Cars and Volkswagen Commercial outlets in Hereford. All three businesses benefit from high customer service ratings and have strong aftersales businesses.

The acquisition introduces Audi to the Group as a new franchise, strengthening our strategic goal of growing the premium mix within the Group. Volkswagen Commercial is also introduced to the Group for the first time.

In addition to the three outlets representing Audi, Volkswagen passenger cars and Volkswagen commercials in Hereford, the business also includes two Volkswagen Group parts distribution operations in Gloucester and Hereford and a used car and aftersales facility in South Herefordshire. Volkswagen Group accounts for 20% of the UK car market; prior to this transaction, it accounted for 6% of the Group's turnover and will account for 9% on a pro-forma basis after the transaction.

Consideration is approximately £12.8m and has been settled in cash from the Group's existing resources. Further consideration of £1.5m is to be deferred for two years and will be payable under certain conditions.

For the year ended 31 December 2014 South Hereford showed revenues of £77.5m, EBITDA of £2.0m, profits before tax of £1.5m and net assets of £4.3m. The Board expects this acquisition to be earnings enhancing in its first full year of ownership.

Robert Forrester, CEO of Vertu Motors said:

"We are delighted to announce the introduction of Audi to the Group, which is a further step in the growth of our premium business, following the success of the Farnell acquisition and our subsequent profitable growth with Jaguar Land Rover. This is an example of the long term approach we take to investing in the future success of the Group.

"The acquisition will be earnings enhancing and South Hereford is a strong business with a great local heritage, a reputation for excellent customer service and a strong aftersales track record. Volkswagen Commercial will provide synergy opportunities with existing Vertu operations such as Bristol Street Versa, Taxi Centre and Group fleet operations.

"The acquisition will be earnings enhancing from next financial year, and increases the Group to 121 sales and aftersales outlets and will enable us to generate sustainable profitable growth to further enhance value for our shareholders. We are continuing to develop the Group by adding to existing franchise relationships and exploring new manufacturer partners."

Andre Konsbruck, Director of Audi UK said:

“Audi is delighted to welcome Vertu as a part of our Audi network in the UK and welcome their investment.”

“Vertu is a business which, like ours, has enjoyed fantastic growth. We are confident that the approach taken by Robert and his Board of working in long term collaboration with manufacturer partners will ensure that the customers of South Hereford Audi will continue to enjoy an excellent and committed level of dedicated service.”

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Notes to Editors

Vertu Motors, the UK automotive retailer with a proven growth strategy, is the sixth largest automotive retailer in the UK with a network of 121 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 118 franchised sales outlets and 3 non-franchised sales operations from 99 locations across the UK.

Vertu Motors Group websites – www.vertumotors.com / www.vertucareers.com

Vertu brand websites – www.bristolstreet.co.uk / www.vertuhonda.com / www.macklinmotors.co.uk / www.farnelllandrover.com / www.farnelljaguar.com / www.vertuvolkswagen.com

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