ANALYST & INVESTOR PRESENTATION

Interim results for the 6 months ended 31 August 2017

11 October 2017

Strong results in challenging market

Vertu Motors plc

Financial highlights

- **Revenues** of £1.45bn (2016 H1: £1.45bn)
- **Group gross margin** 11.0% (2016 H1: 11.1%)
- **Record profit** before tax up 29.4% to £24.2m (2016 H1: £18.7m)
- **Adjusted profit** before tax up 7.2% to £20.9m (2016 H1: £19.5m)
- **Adjusted earnings** per share of 4.24p (2016 H1: 4.06p)
- **Exceptional profit** on sale and leaseback of property of £4.1m
- **Period end net cash** of £20.8m (2016 H1: £12.9m)
- **Freehold and long leasehold** property portfolio: £175.0m (2016 H1: £174.1m)
- **Increased returns** to shareholders:
    - 3.8m shares repurchased at an average of 42.8 pence per share deploying £1.6m of cash to date
    - Interim dividend up 10% to 0.55p per share (2016 H1: 0.50p)

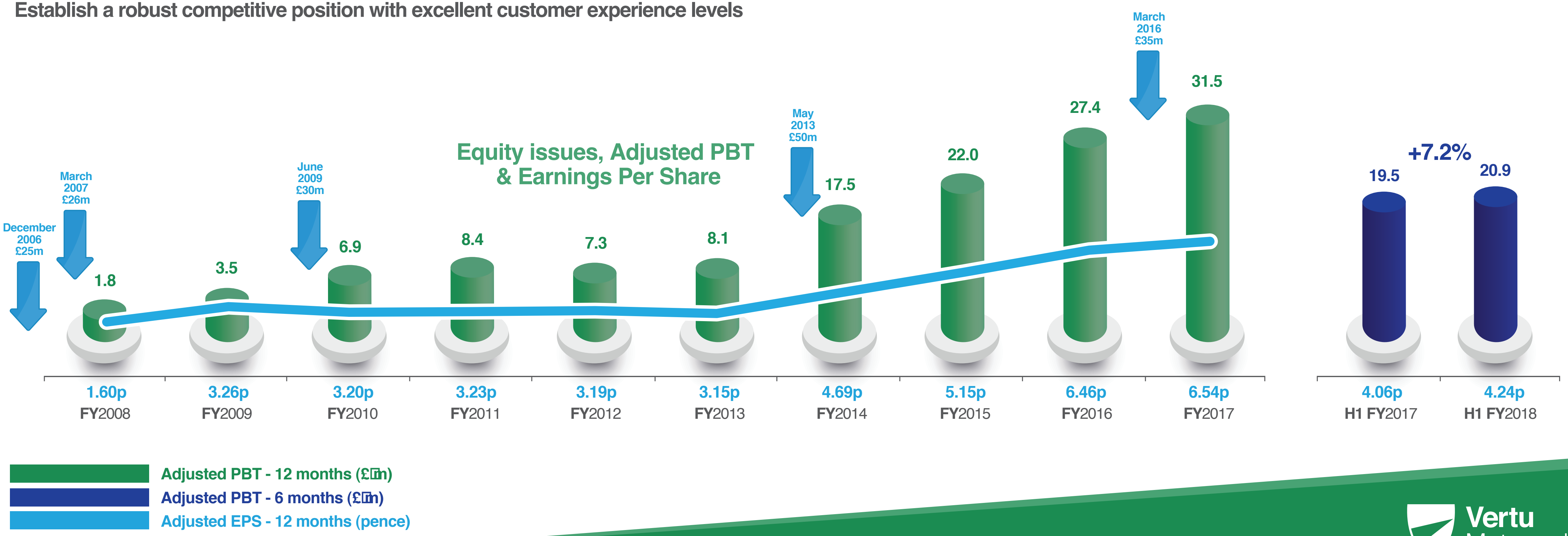
Vertu
Motors plc

Outlook highlights

- Following the September trading performance, full year adjusted profit before tax anticipated to be in line with market expectations
- Aftersales outlook strong with 104,142 active service plans (2016 H1: 97,427)
- Used car residuals strengthening due to reduced supply into the market
- New vehicle market likely to continue to reflect the impact of currency movements
- Continued focus on cost control
- Further realisations of surplus property expected over next 12 months
- Share buy-back programme to continue for up to a further £3 million

Objectives and Group strategy

- Deliver long-term value for owners by growing profits and cashflows
- Build a sustainable, scaled, diversified franchised dealership business through acquistion and organic growth
- Apply a consistent business model with a stable, experienced management team
- Establish a robust competitive position with excellent customer experience levels



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Disciplined growth of the portfolio

Regular Assessment

- Six monthly review of all Manufacturers operating in the UK
- Includes market shares, products, investment requirements, dealer survey results, financial performance
- All classified: Add; Hold; Reduce; Avoid
- Action plans prepared for Add and Reduce to amend Portfolio

Add: Valuation method and criteria

- Three year business plans prepared for opportunities
  - Granular detail
  - EBITDA and profit contribution
- Financial ratios
  - EV/EBITDA: Freehold multiple; Leasehold multiple
  - Return on capital; EPS impact

Reduce: Pruning to improve the portfolio

- Constant review of performance
- Bottom ten performing dealerships identified: monthly report to plc Board on actions
- Improve, refranchise, dispose or close

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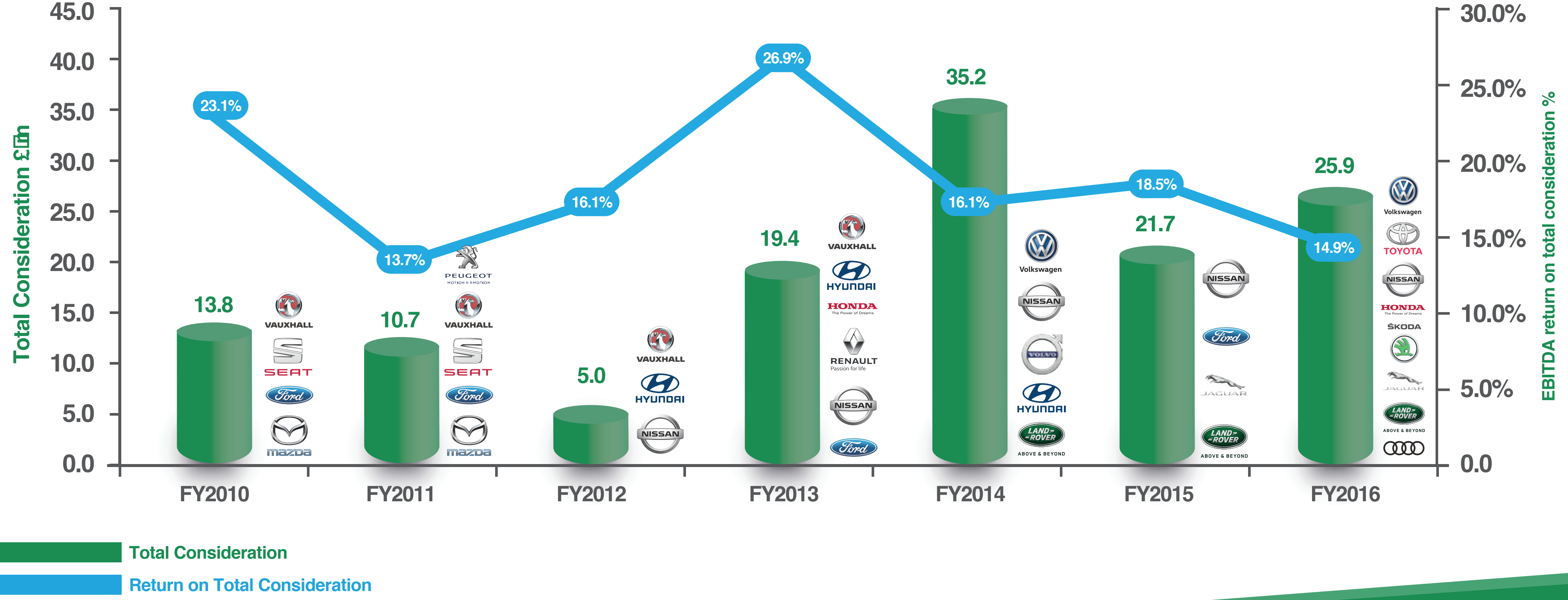
Return on consideration by acquisition year - FY2017

EBITDA earned from acquisitions made between FY2010 and FY2016 in the year ended 28 February 2017, shown as a percentage of the total consideration (Enterprise Value)



Income statement

	H1 FY2018	H1 FY2017	% Change
Revenue	£1,445.7m	£1,454.6m	(0.6%)
Gross Profit	£159.1m	£160.8m	(1.1%)
Gross Margin	**11.0%**	**11.1%**	**(0.1%)**
Adjusted[1] EBITDA	£26.1m	£24.8m	+5.2%
Adjusted[1] operating profit	£21.4m	£20.7m	+3.4%
Adjusted[1] operating expenses as % of revenue	**9.5%**	**9.6%**	**(0.1%)**
Adjusted[1] operating profit margin	**1.5%**	**1.4%**	**+0.1%**
Net finance costs	**(£0.5m)**	**(£1.2m)**	**+58.3%**
Profit before tax	£24.2m	£18.7m	+29.4%
Adjusted[1] profit before tax	**£20.9m**	**£19.5m**	**+7.2%**
Earnings per share	4.97p	3.87p	+28.4%
Adjusted[1] earnings per share	4.24p	4.06p	+4.4%
Dividend per share	**0.55p**	**0.50p**	**+10.0%**

- **Stable gross margins**
- **Reduction in operating expenses as % of revenue**
  - like-for-like cost reductions
  - impact of disposals / closures
- **Return on sales increasing**
- **Lower finance costs due to reduction in new vehicle stocking levels and charges**
- **7.2% increase in adjusted profit before tax**
- **10% rise in dividend per share**

[1] adjusted for amortisation of intangible assets, exceptional profit on sale of property and share based payments charge

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Revenue and margin analysis - Total Group

	H1 FY2018					H1 FY2017				
	Revenue £m	Revenue Mix %	Gross Profit £m	Gross Profit Mix %	Gross Margin %	Revenue £m	Revenue Mix %	Gross Profit £m	Gross Profit Mix %	Gross Margin %
Aftersales[1]	**115.5**	**8.0**	**64.2**	**40.4**	**45.2**	**113.4**	**7.8**	**62.9**	**39.1**	**45.4**
Used vehicles	**546.9**	**37.8**	**49.8**	**31.3**	**9.1**	**525.6**	**36.1**	**52.3**	**32.5**	**9.9**
	662.4	**45.8**	**114.0**	**71.7**	**16.6**	**639.0**	**43.9**	**115.2**	**71.6**	**17.3**
New retail	450.6	31.2	34.3	21.5	7.6	483.9	33.3	35.0	21.8	7.2
Fleet & commercial	332.7	23.0	10.8	6.8	3.2	331.7	22.8	10.6	6.6	3.2
Overall Group	**1,445.7**	**100.0**	**159.1**	**100.0**	**11.0**	**1,454.6**	**100.0**	**160.8**	**100.0**	**11.1**

[1] Margin in aftersales expressed on internal and external turnover

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Aftersales - recurring high margin income

Core Group

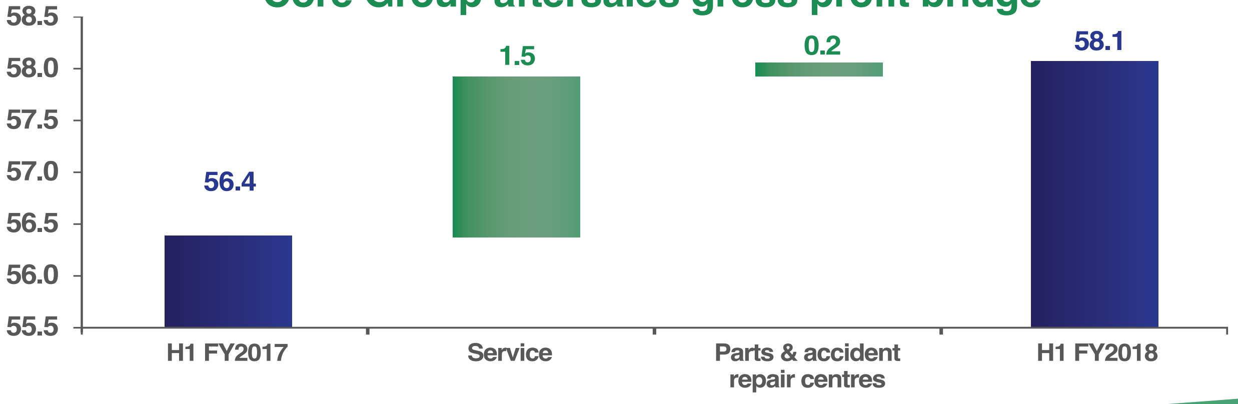
	Service £'000	Parts & accident repair centres £'000	Total £'000
Revenue[1]	52,862	74,207	**127,069**
Revenue[1] Change	2,242	1,854	**4,096**
L4L revenue[1] change %	**4.4%**	**2.6%**	**3.3%**
Gross margin[2] % H1 FY2018	77.5%	23.2%	**45.8%**
Gross margin[2] % H1 FY2017	77.9%	23.5%	**45.9%**

- **Continued revenue growth across aftersales streams**
- **Significant increase in gross profit levels in core business**
- **Slight reduction in margin:**
  - increased lower margin warranty work
  - increased technician pay trends

Service Revenue Mix

	H1 FY2018 £'m	H1 FY2017 £'m	
Retail	23.7	23.2	2.2%
Internal	11.6	11.1	4.5%
Warranty	6.4	5.5	16.4%
Other	11.2	10.9	2.8%
Total	**52.9**	**50.7**	**4.4%**

Core Group aftersales gross profit bridge



[1] Includes internal and external revenue
[2] Margin in aftersales expressed on internal and external revenue

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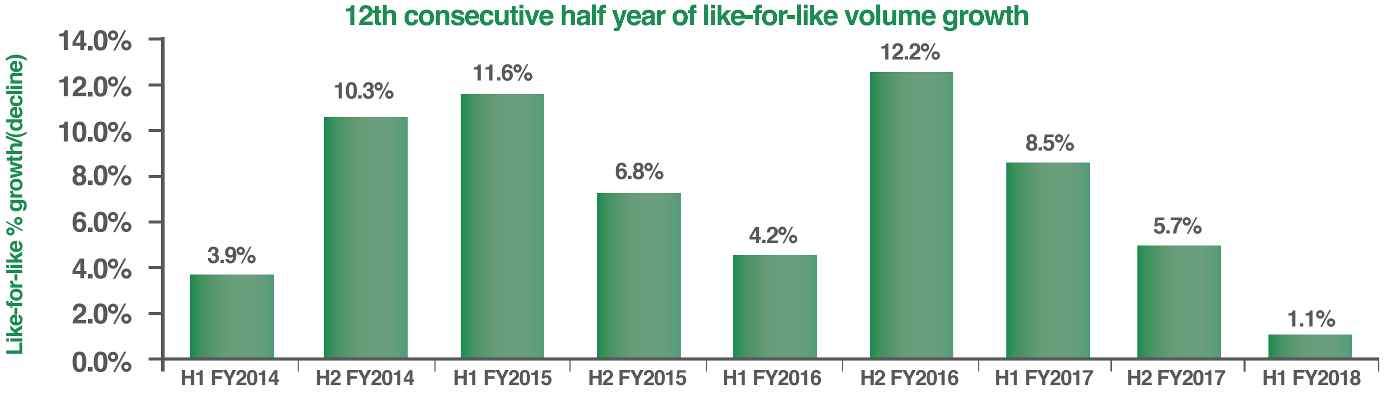
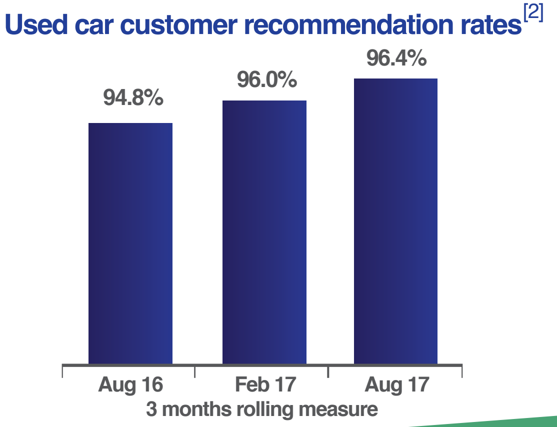
Revenue and margin analysis - Used vehicles

	H1 FY2015	H2 FY2015	H1 FY2016	H2 FY2016	H1 FY2017	H2 FY2017	H1 FY2018
Selling price per unit (£)	11,404	11,579	11,943	11,772	12,524	12,905	13,146
Gross profit per unit (£)	1,187	1,194	1,176	1,153	1,246	1,222	1,197
Margin % (Group)	10.4%	10.3%	9.8%	9.8%	9.9%	9.5%	9.1%
Margin % (Core Group)	10.6%	10.6%	10.3%	10.4%	10.2%[1]	9.8%[1]	9.5%
Like-for-like unit growth %	11.6%	6.8%	4.2%	12.2%	8.5%	5.7%	1.1%

- Twelfth successive six-month period of like-for-like used vehicle volume growth
- Rising sales prices (partly due to increased premium mix) putting pressure on % margins
- Weakness in residual values saw margin reductions particularly in premium franchises
- Used car pricing now stabilised
- Core Group gross profit down £2.3m





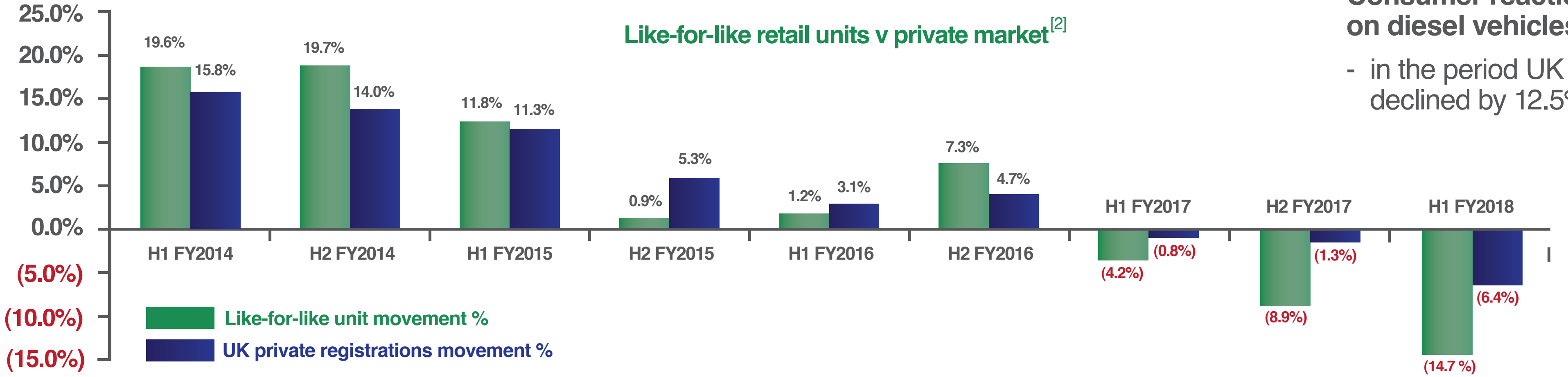
[1]Restated for revised Core Group reflecting recent years premium acquisitions

[2]Source: Judge Service

Revenue and margin analysis - New retail vehicles

	H1 FY2015	H2 FY2015	H1 FY2016	H2 FY2016	H1 FY2017	H2 FY2017	H1 FY2018
Selling price per unit (£)[1]	13,342	13,639	14,213	14,738	15,515	15,913	16,571
Gross profit per unit (£)[1]	**1,050**	**1,147**	**1,116**	**1,202**	**1,211**	**1,359**	**1,370**
Margin % (Group) [1]	7.3%	7.7%	7.3%	7.6%	7.2%	7.8%	7.6%
Margin % (Core Group) [1]	7.3%	7.7%	7.3%	7.5%	7.2%[3]	7.7%[3]	7.5%
Like-for-like unit movement %	11.8%	0.9%	1.2%	7.3%	(4.2%)	(8.9%)	(14.7%)
UK private registrations[2] movement %	11.3%	5.3%	3.1%	4.7%	(0.8%)	(1.3%)	(6.4%)

- **Rising sales prices due to premium mix and impact of currency pressures on Manufacturers**
- **Volumes down due to supply side issues especially in volume franchises**
- **Margins strengthened with Group hitting Manufacturer targets at high level**
- **Core Group gross profit down by £1.3m**
- **Consumer reaction to media commentary on diesel vehicles has been moderate**
  - in the period UK sales of diesel vehicles declined by 12.5%[2]

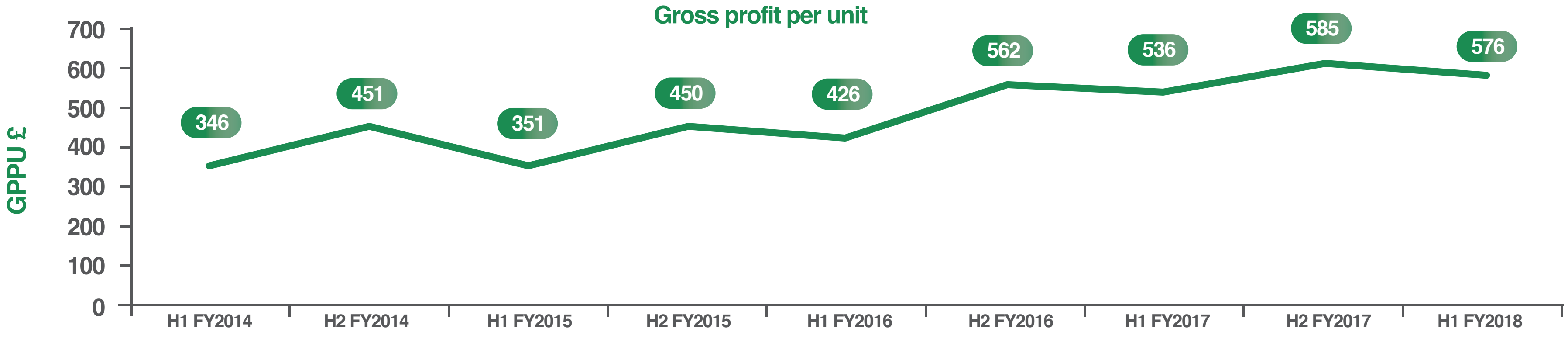


[1]Includes Motability sales
[2]Source: SMMT
[3]Restated for revised Core Group reflecting recent years premium acquisitions

Revenue and margin analysis - Fleet & commercial vehicles

	H1 FY2015	H2 FY2015	H1 FY2016	H2 FY2016	H1 FY2017	H2 FY2017	H1 FY2018
Selling price per unit (£)	16,567	15,626	16,271	16,553	17,188	17,713	18,549
Gross profit per unit (£)	**351**	**450**	**426**	**562**	**536**	**585**	**576**
Margin % (Group)	2.1%	2.9%	2.6%	3.4%	3.2%	3.4%	3.2%
Like-for-like unit movement % (Fleet)	12.4%	21.0%	(8.5%)	1.3%	(10.6%)	3.8%	(4.3%)
UK car fleet registrations[1] movement %	9.4%	10.2%	10.8%	8.2%	6.1%	4.1%	(0.5%)
Like-for-like unit movement % (Vans)	28.6%	6.3%	24.2%	20.1%	11.6%	(7.9%)	(9.6%)
UK van commercial registration[1] movement %	18.9%	18.0%	16.4%	10.1%	3.9%	(1.6%)	(3.2%)

- **Currency related sales price increases evident**
- **Mix shift in portfolio to higher margin premium sales and reduction in volume of lower margin activity**
- **Core Group gross profit rose £0.2m**



[1]Source SMMT

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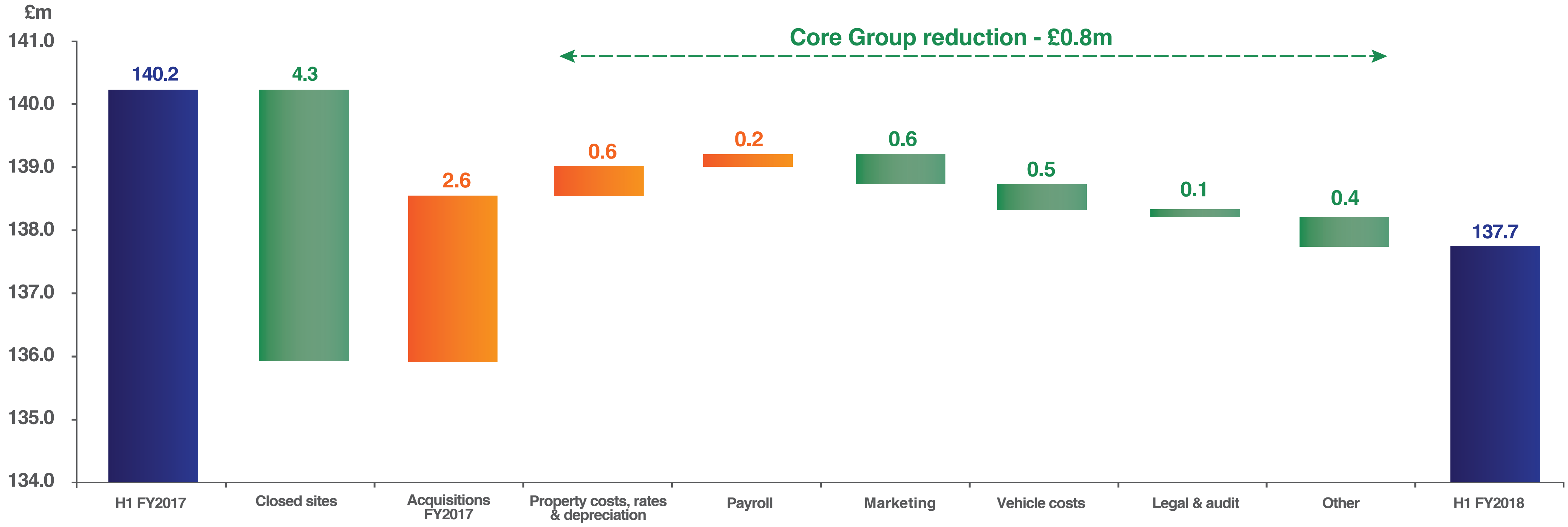
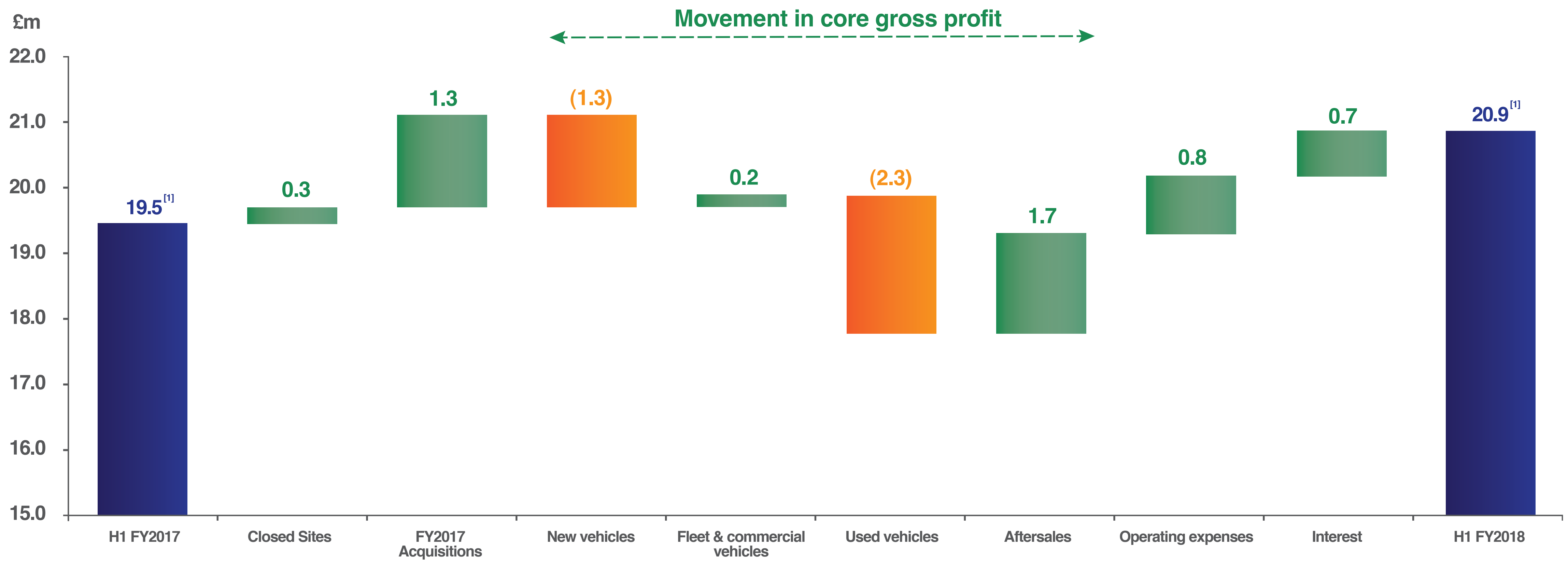
Operating expenses - March to August 2017

Adjusted operating expenses movement - Core Group



- Operating expenses as a % of revenue declined from 9.6% to 9.5%

Profit Bridge - 6 months ended 31 August 2017



[1] adjusted profit before tax

Movement in net cash

	H1 FY2017 £m	H1 FY2018 £m
Adjusted EBITDA	**24.4**	**26.1**
Working capital movement	2.1	(24.4)
Capital expenditure	(15.8)	(8.2)
Disposals	1.0	14.2
Interest	(1.2)	(0.4)
Tax	(2.6)	(2.7)
Free cash flow to equity	**7.9**	**4.6**
Acquisitions	(47.3)	-
Dividends	(3.4)	(3.6)
Proceeds from issuance of shares	33.6	-
Repurchase of own shares	-	(1.2)
Purchase of treasury shares	(1.0)	-
Movement in net cash	**(10.2)**	**(0.2)**

	H1 FY2017 £m	H1 FY2018 £m
Vehicle deposits	-	(3.1)
VAT	-	(16.8)
Used vehicle stock	-	(6.7)
Warranty & service plan	2.1	2.2
	2.1	**(24.4)**

- **VAT outflow due to reduction in new vehicle consignment inventory during FY2017**

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Investing to support future cash growth

	Actual		Estimate		
	FY2017 £m	H1 FY2018 £m	FY2018 £m	FY2019 £m	FY2020 £m
Purchase of property	2.2	-	6.0	-	-
New dealership build	10.4	1.0	5.2	3.1	2.5
Existing dealership capacity increases	5.9	4.2	8.8	11.8	4.0
Manufacturer led refurbishment projects	2.4	1.0	4.0	10.0	3.0
IT and other ongoing capital expenditure	4.8	2.0	5.7	4.6	6.0
TOTAL	**25.7**	**8.2**	**29.7**	**29.5**	**15.5**
Proceeds from property sales	1.0	14.2			

Farnell Nelson

Ford Shirley

Ford Bolton

- **Significant period of investment in dealership capacity and standards including Jaguar Land Rover and Mercedes-Benz**
- **Phase expected to be completed by December 2018 after which investment levels will decline, improving free cashflow**
- **H1 Capex £8.2m is lower than expected due to delayed project timings**
- **Current year estimated Capex is expected to reduce from £37.5m indicated at time of FY2017 results announcement in May to £29.7m: FY2019 increased accordingly**

Robust balance sheet provides flexibility to drive growth

	31st August 2016 £m	31st August 2017 £m
Intangible assets	96.4	96.1
Retirement benefit asset	1.4	5.7
Tangible assets	187.8	190.5
Non-current assets	**285.6**	**292.3**
Current assets	561.3	565.5
Cash and cash equivalents	32.1	44.2
Total assets	**879.0**	**902.0**
Current liabilities	(607.0)	(599.2)
Non-current liabilities	(14.4)	(14.8)
Borrowings	(19.2)	(23.4)
Net assets	**238.4**	**264.6**
Net assets per share (pence)	60.0	67.5
Tangible net assets per share (pence)	37.0	44.5
Net tangible assets (£m)	146.9	174.3

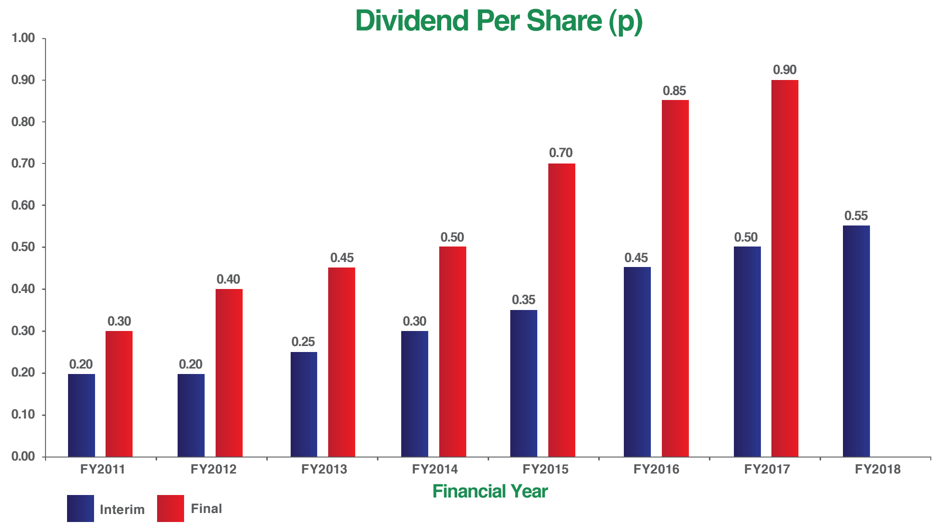
- **Pension fund remains in surplus: schemes merged**
- **£175m of freehold and long leasehold property provides strong property backing**

	2016 £m	2017 £m
Revolving credit facility	(10.0)	(10.0)
Used vehicle funding	(9.2)	(13.4)
	(19.2)	(23.4)
Less Cash	32.1	44.2
Net Cash	12.9	20.8

- **Ungeared balance sheet with net cash after offsetting used vehicle funding**
- **New 5 year £40m committed facility in place with potential to add a further £30m**
- **Sale and leaseback of Leeds property generated £14.2m of cash and an exceptional profit of £4.1m: Demonstrates quality and value of property portfolio and flexibility as to sources of funding**

Shareholder returns

- Interim dividend increased by 10% to 0.55p per share (2016 H1: 0.50p)
- Moving towards four times dividend cover for full year
- £1.6m of share buy-backs performed at average of 42.8p per share to date
- Further £3.0m share buy-back programme announced
- Sale and leaseback transaction demonstrates inherent value in property portfolio
- Focus on returns, capital allocation and strong free cashflows



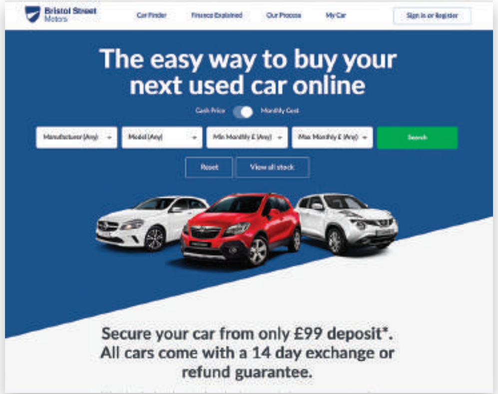
Current issues: technological impacts in the future

2017 has confirmed technology is driving a sustained shift in the automotive sector:

1. **Digital Products and Services**
   - Vehicles likely to move to CASE formats (Connected, Autonomous, Shared & Electric)
   - New mobility and digital services provide significant revenue potential for those who capture them
   - Existing manufacturers, through investment, Brand and market position, will be amongst the winners
   - Manufacturers working closely with scaled retailers and investing heavily in technology for products and services
   - 2025: expected price tipping point with the cost of battery EVs falling below the cost of ICE and sufficient charging infrastructure in place
   - Very slow impact on aftersales of electrification in service operations

	2017	**2020**	**2025**	**2030**
Projected* EV proportion of EU and US vehicle parc:	0.2%	0.7%	3.9%	21.7%

2. **Digital Customer Experience**
   - Omnichannel, digital commerce and personalisation
   - Group at forefront of developments with on-line car parts retailing, used cars, also Buy it Now functionality
   - "Always On" connected service relationships will increase customer retention



3. **Digital Enterprise**
   - Productivity gains expected via integration of retailer systems with Manufacturers
   - New technologies in CRM including back of house offer opportunities: robotics

** See appendix 7.*

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Current issues: regulatory environment

- **FCA is examining the motor finance market to assess whether customers are "at risk of harm"**

- **Areas of focus are:**
  - Affordability : primarily the responsibility of lender
  - Transparency : investment in Showroom systems and lender communications
  - Vulnerable customers : key focus of training and complaints analysis
  - Commission disclosure : available upon request

- **Significant investment to establish robust compliance environment:**
  - Showroom based IT systems to support sales process
  - Remuneration policies reviewed and amended
  - Industry recognised Specialist Automotive Finance qualification for over 1,500 customer facing sales colleagues
  - Dedicated compliance and auditing resource
  - Compliance Committee including non-executive representation with access to detailed MI over wide ranging areas of compliance

Summary

- **Motivated management team actively engaged in ensuring business positioned for technological sector changes: close Manufacturer partner engagement**
- **Strong balance sheet with quality freehold property portfolio and ungeared position: well placed to execute value creating acquisitions**
- **Consolidation of sector likely to accelerate and present value opportunities given cyclical trends**
- **Portfolio of businesses yet to fully mature and under-performing businesses are regularly reviewed**
- **Cost efficiency remains a key focus of management given near-term market conditions**
- **Full year result anticipated to be in line with market expectations**
  Key factors:
  - new car supply side effects from currency fluctuations
  - strengthening of used car residuals

List of Appendices

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Definition of key terminology

Appendix 1

Core:

- Dealerships that have traded for two full consecutive financial years and comparatives are restated each year
  This definition is used for the profit bridge

Like-for-like:

- Dealerships that have comparable trading periods in two consecutive financial years
  Only the comparable period is measured as "like-for-like"

FY2018:

- The twelve month period ended 28 February 2018

H1 FY2018:

- The six month period ended 31 August 2017

H1 FY2017:

- The six month period ended 31 August 2016

Adjusted:

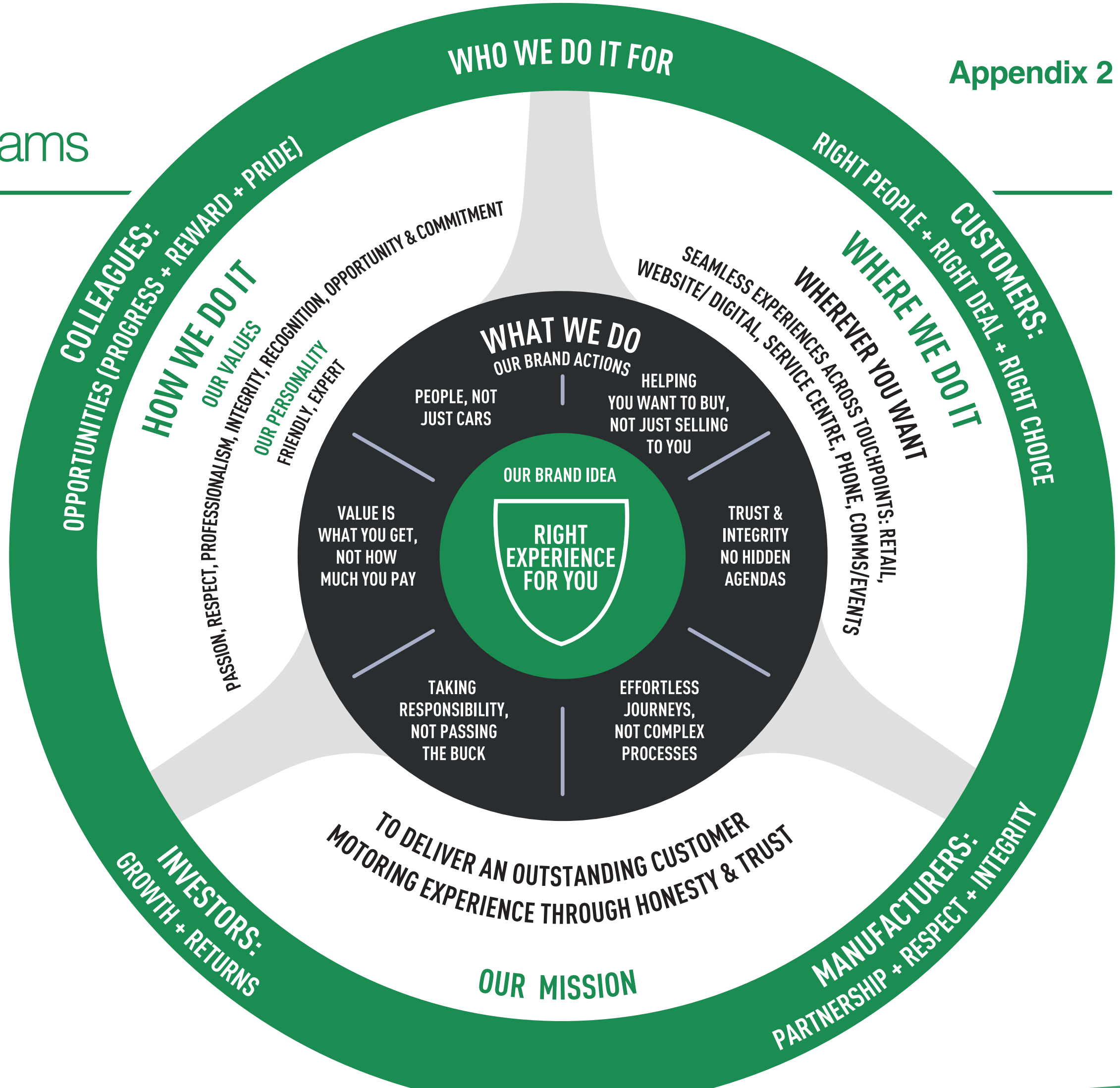
- Adjusted for exceptional items, amortisation of intangible assets and share based payments

Brand model - Strong customer experience improves quality of income streams

Appendix 2

- The customer has to be at the centre of our business
- The Brand model sets out how we do things:
  - Vision and Mission Statement
  - Core Values
  - All stakeholders considered
  - Brand touchpoints to guide how we go about our business and reflect customer-centric trends in the development of the business

  e.g. **"Effortless journeys, not complex processes"**



Business Model: Tried and tested process to drive dealership turnaround

Appendix 3

ACQUIRE / START UP

- No customer database
- High marketing spend
- Lack of aftersales absorption
- New branding
- Commence service plan sales
- Group enterprise wide systems implemented within first 3 months

YEAR 1
Focus on new and used car sales

- One year parc only
- Medium marketing spend
- Low aftersales absorption

YEAR 2
Aftersales beginning to build

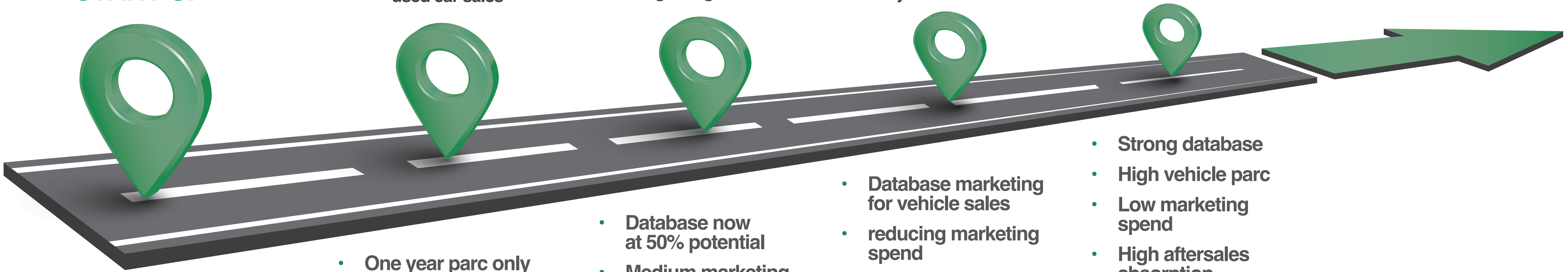
- Database now at 50% potential
- Medium marketing spend
- Medium aftersales absorption
- Repeat sales business commences

YEAR 3
Vehicle replacement cycle aids sales

- Database marketing for vehicle sales
- reducing marketing spend
- service plan customers maturing with high retention into high margin service
- Acceptable aftersales absorption

YEAR 4
Maturity

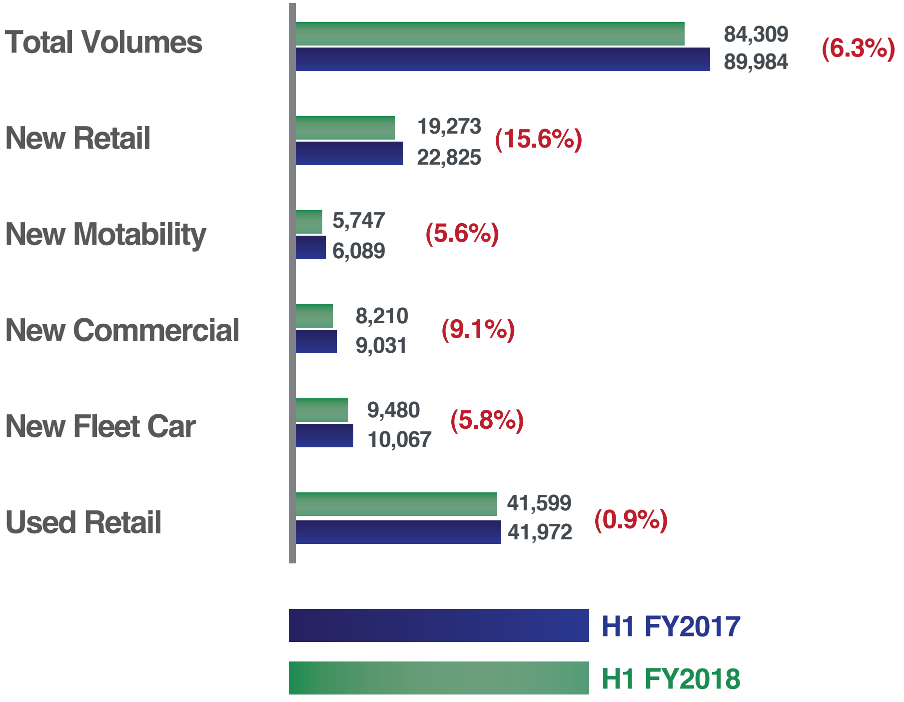
- Strong database
- High vehicle parc
- Low marketing spend
- High aftersales absorption



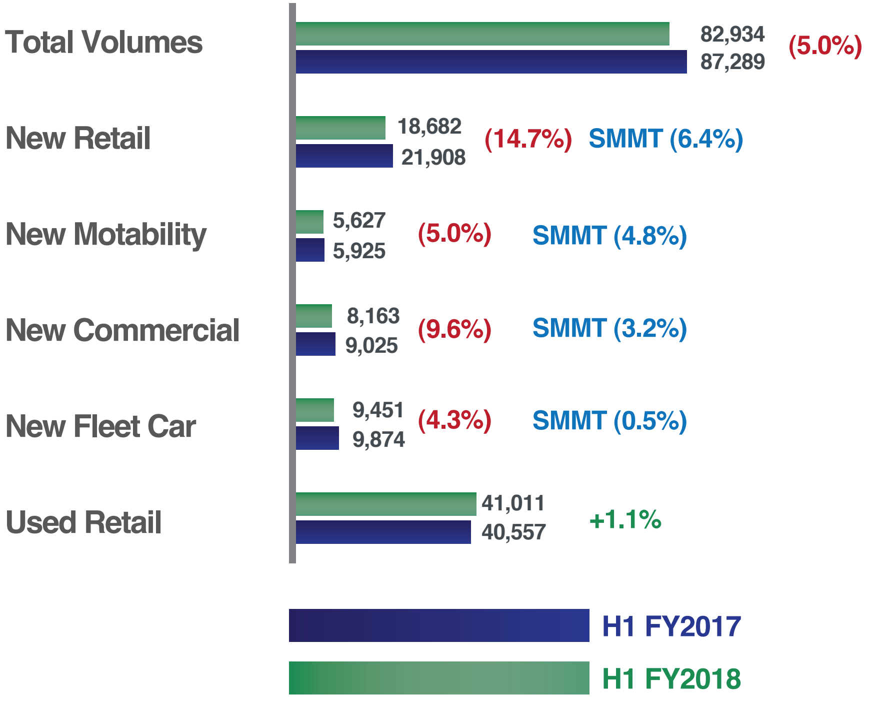
Vehicle volumes sold

Appendix 4

Total units sold

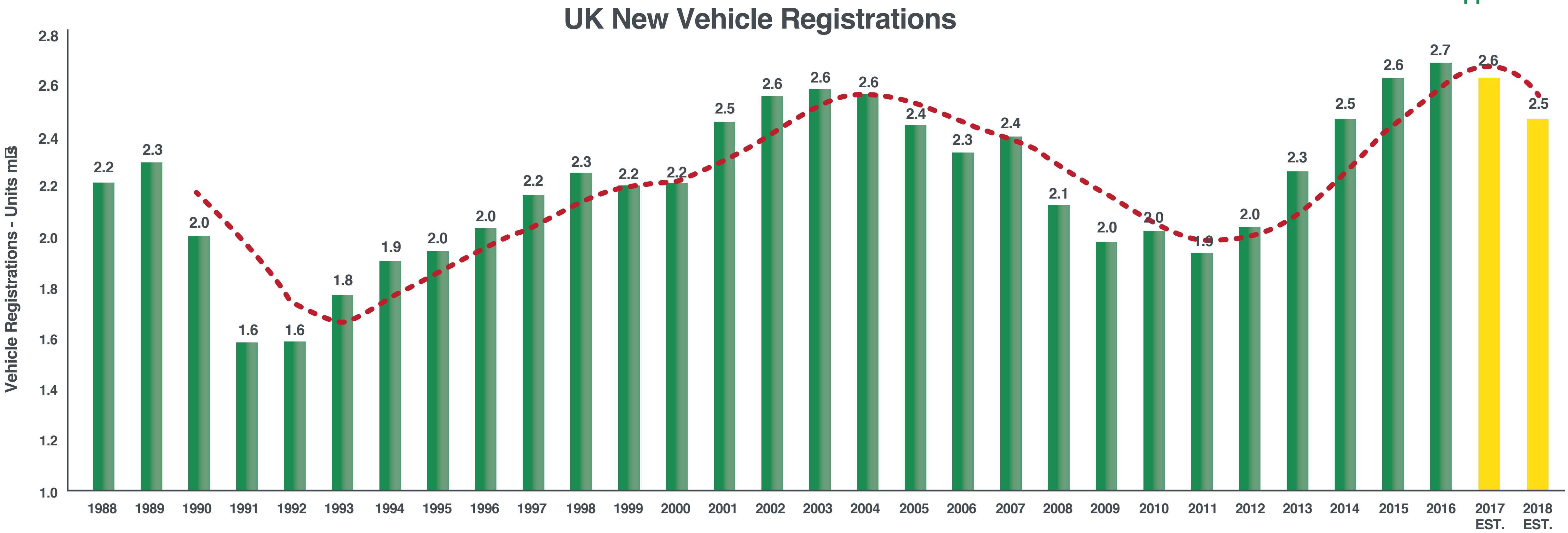


Like-for-like units sold



UK new vehicle registrations

Appendix 5



Source: SMMT

Cash and borrowing facilities

Appendix 6

	Facilities at 31 Aug 17 £m	Drawn at 31 Aug 17 £m
5 year acquisition facility (from February 2017)	40.0	(9.8)
1 year working capital facility (from February 2017)	63.0	-
Total committed facilities	**103.0**	**(9.8)**
Used vehicle funding facility	25.0	(13.6)
Overdraft	5.0	-
Total facilities	**133.0**	**(23.4)**
Cash		**44.2**
Net cash		**20.8**

- **Facilities refinanced February 2017**
- **"Accordion" facility of a further £30m currently uncommitted**

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Electric vehicles: Forecast impact on vehicle parc

Appendix 7

Forecast installed base of EVs	**2017 millions**	**2020 millions**	**2025 millions**	**2030 millions**
United States	0.5	2.2	11.3	45.0
European Union	0.8	1.5	9.5	45.4
USA and EU	**1.3**	**3.7**	**20.8**	**90.4**
New car registrations (in millions)	36.0	36.6	39.0	45.9
Total vehicle base	556	560	531	416
Penetration of EV	0.2%	0.7%	3.9%	21.7%

- **Vehicle registrations on upward track**
- **Forecast assumes between 2025 - 2030 automonous and shared vehicle growth leads to massive scrappage of older technology vehicles**

Source: 2017 PWC Strategy and Digital Auto Report

Disclaimer

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