5 March 2015

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

Pre-close Trading Update

Trading in line with expectations, with record revenues and profits

Vertu Motors, the automotive retailer with a network of 117 sales and aftersales outlets across the UK, is pleased to announce the following update ahead of its preliminary results for the year ended 28 February 2015.

Overview

- The Board expects trading performance for the year ended 28 February 2015 to be in line with current market expectations, anticipating record revenues and profits in the period.
- In the five months ended 31 January 2015 ("the Period") the Group saw continued volume and revenue growth:
    - Total Group revenues, including acquisitions, grew by 17.8%
    - Total vehicle sales volumes grew by 14.3% and like-for-like vehicle sales volumes grew by 7.7%
    - Like-for-like private new retail sales volumes grew by 0.5%, compared to the overall UK growth in private registrations of 5.4%
    - Like-for-like new fleet and commercial volumes grew by 16.7% ahead of the market growth of 9.6%
    - Like-for-like used vehicle volumes grew by 6.4%
    - Like-for-like aftersales revenues increased by 1.8%, with stronger margins

- The acquisitions and new dealership openings in the Period are being successfully integrated into the Group. The Board continues to examine further acquisition and development opportunities.

- The Group continues to have a strong, asset backed balance sheet with significant net cash and unutilised borrowing facilities as at 28 February 2015.

Trading Update

New Cars

The year ended 28 February 2015, and indeed the 2014 calendar year were historically speaking very robust by way of sales volumes. According to the SMMT, 2,476,435 new cars were registered in the UK in 2014, the most since 2004 and the fourth largest year ever. The year ended 28 February 2015 will be a record in volumes, revenue and profits for the Group. The five months ended 31 January 2015 have seen a tightening of trading conditions from the recent highs in the UK Motor Retail sector. While the overall new car market has continued to grow month by month, in January 2015 the private retail market for new cars declined by 5.1%, the first monthly decline for a number of years following successive periods of double digit market growth. High market sales volumes continue to be driven by the strong push of new car product by vehicle manufacturers into the UK. This is due to the combined effects of the weakness of the Eurozone's new car demand, the strength of Sterling versus the Euro and comparatively robust business and consumer confidence.

Retailers have been increasingly engaging in self-registration of vehicles to achieve the growing volume targets set by vehicle manufacturers. This has created an increasing disconnect between actual sales to private customers and registration levels recorded by the SMMT, which include a level of self-registrations by retailers. In the case of the Group, self-registered vehicles are sold to private consumers subsequent to registration as used vehicles rather than new. As a result of these trends the Group's like-for-like private new retail sales volumes grew by 0.5% compared to private registrations recorded by the SMMT which grew by 5.4% in the Period. In these trading circumstances, the Board is pleased that the Group has slightly increased like-for-like gross profit per unit in new retail vehicle sales.

Fleet & Commercial

The Group's like-for-like fleet and commercial vehicle sales grew by 16.7% during the Period in a market where the UK registrations of car fleet vehicles grew by 9.5% and commercial van registrations grew by 10%. This channel represented 24.6% of Group revenues in the Period. The Group maintained like-for-like gross profit per unit.

Used Vehicles

The UK used car market during the Period was characterised by a return to a more typical seasonal depreciation cycle after a sustained period of relatively benign market pricing which underpinned margins. These market conditions were in large part a consequence of retailer self-registrations and an increase in the supply of 'nearly new' late plate vehicles which compete with highly competitive, finance-led offers for new vehicles. Margin pressure increased in the Period as a consequence. Against this background the Group grew like-for-like sales of used vehicles by 6.4%. Gross profit per unit declined slightly during the Period which was more than offset by volume growth.

Aftersales

In the Period, the Group increased like-for-like revenues in each of its major aftersales channels, namely vehicle servicing, accident repair centres and parts operations, with a slight decline in forecourt revenues as pump prices fell. Overall, like-for-like aftersales revenue grew by 1.8% in the Period and aftersales margins strengthened slightly.

Portfolio Development

The Group has continued to acquire and develop businesses, both in the premium and volume segments, and since 1 March 2014 the number of sales outlets has grown from 106 to 117. The Gordon's (Bolton) Limited business acquired in November 2014, including two significant Ford dealerships in Bolton and Wigan, is trading in line with the Group's plans and is currently being re-organised and integrated into the Group. The Wigan dealership will relocate in April 2015 from the current short leasehold premises to a new purpose built freehold property which has been developed by the Group. One satellite location acquired as part of this transaction will be disposed of in March for £0.7m.

In December 2014 as part of a review of Nissan's franchising strategy the Group acquired a Nissan dealership in Halifax and disposed of its Nissan dealership in Altrincham. Both dealerships operate from leasehold premises, and the disposal of the Altrincham business realised cash of £0.7m which was more than the initial investment required in the Halifax dealership.

In January 2015 the Group opened a Renault and Dacia dealership in leasehold premises in Nottingham which the Group has substantially refurbished. A new state-of-the-art Honda motorcycles sales and service outlet has been built on the same property. This now results in the Group operating six franchise outlets in Nottingham.

In addition to acquiring new premises, the Group is engaged in an extensive programme of redevelopment and improvement across a large number of dealership properties to ensure that the sales outlets meet the evolving franchise requirements of its manufacturer partners and latest manufacturer standards. This will result in an increase in capital expenditure levels in the near term.

Future Prospects

The Board believes that the results for the year ended 28 February 2015 will be in line with current market expectations.

The UK new car market looks to be stabilising at a high level after a prolonged period of significant growth. The drivers of supply push from manufacturers, including continued weak demand in the Eurozone and the strength of Sterling, are continuing. The used vehicle market is likely to see an increase in the volume of cars entering the market, enabling the potential for increased sales levels, but with more normalised used car price movements, potentially weakening margins. Tight stock management and pricing disciplines are therefore essential in this environment and the Group has an excellent record in this area. The Board remains confident that the Group is well placed to take advantage of a high volume market, in the short term through vehicle sales and in the medium term through higher aftersales volumes, as sales customers return to the Group's workshops for service and repair activities.

March remains the most important month for the profitability of the UK motor retail sector due to the registration plate change and its impact on new vehicle sales and servicing twelve months later. Current market evidence suggests that March 2015 may be a record month for total UK new vehicle registrations, and the Group's like-for-like vehicle order book for March 2015 is currently running ahead of the prior year.

The acquisitions and new dealership openings in the five months to 31 January 2015 are being successfully integrated into the Group, and the Board continues to examine further acquisition and development opportunities.

The Group will announce its preliminary results for the year ended 28 February 2015 on 13 May 2015.

-Ends-

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Notes to Editors

Vertu Motors is the sixth largest automotive retailer in the UK with a network of 117 sales outlets across the UK. Its dealerships operate predominantly under the Bristol Street Motors, Vertu, Farnell Land Rover 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 117 franchised sales outlets and 3 non-franchised sales operations from 93 locations across the UK.

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

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