

1 March 2013

Vertu Motors plc (“Vertu” or “the Group”)

Pre-close Trading Update

Continuing Growth

Vertu Motors plc, the fast growing automotive retailer with a network of 95 sales and aftersales outlets across the UK, announces the following update ahead of its Preliminary Results for the year ended 28 February 2013.

Overview

- The Board expects that the trading performance for the year ended 28 February 2013 will be ahead of current market expectations
- In the five months to 31 January 2013 the Group has continued to generate like-for-like growth in retail vehicle sales channels against the prior year period:
 - Like-for-like private new retail volumes grew 13.6%, ahead of the UK market growth of the franchises the Group represents of 11.7%
 - Like-for-like used vehicle volumes grew by 0.4% in a flat market
- Underlying Group operating margins have improved driven by enhanced vehicle sales margins and operational gearing benefits
- In the five months to 31 January 2013 the Group has achieved like-for-like growth in sales, gross profits and operating profits in the crucial vehicle service operations
- New retail car like-for-like ordertake for March is ahead of last year levels reflecting a continued recovery in the retail market for new cars
- The Group has undertaken a period of strong growth in the number of outlets with a net increase of 12 sales outlets in the past twelve months and is now the seventh largest UK motor retailer by revenue

Trading Update

The five months to 31 January 2013 have seen a recovery in the UK new retail car market, as manufacturers faced with dire market conditions in the Eurozone have taken advantage of the relatively benign UK consumer environment and a stronger level of Sterling versus the Euro. In the five months to 31 January 2013 compared to the same period in the prior year, the Group has grown like-for-like new retail volumes (excluding Motability sales) by 13.6%. This is ahead of the UK market growth achieved by those franchises the Group represents during the period of 11.7%. Overall Group volumes of new retail vehicles including the impact of acquired businesses increased by 22.0% in the five month period aided by improved performance as acquired businesses were turned around. During this period the Group strengthened its gross profit per unit on new car sales through a combination of pricing discipline in the sales process and earning manufacturer bonus income relating to volume targets at a high level.

Fleet and commercial vehicle sales declined by 6.8% on a like-for-like basis in the five months to 31 January 2013. The Group's car fleet volumes were ahead of market registration trends, however, Group commercial vehicle volumes declined reflecting the relative weakness in the UK van market in the period. Pent-up demand for commercial vehicles following a period of very low demand during the 2008/9 financial crisis has dissipated as the UK commercial vehicle market appears to reflect the post-crisis lacklustre UK business environment.

The volume of used vehicles sold by the Group in the five months to 31 January 2013 grew by 8.8% overall and 0.4% on a like-for-like basis. Increasingly competitive new car consumer retail offers have led to some substitution of used car demand into new car business. The Group has improved its gross profit per unit in the five months to 31 January 2013 and generated the highest level of gross profit per unit seen for three years. This reflects the Group's strategy to execute robust stocking processes and a sales process aligned to customer needs. The result is the delivery of a return on investment from used cars in excess of industry norms. The businesses acquired over the last two financial years are delivering enhanced used car performances as they improve towards Group average. This performance has been a major driver of the profit momentum which the Group has maintained during the period.

In the key area of aftersales servicing and repair, the Group has continued to grow revenue, gross profit and operating profit on a like-for-like basis in the five months to 31 January 2013. The Group continues to implement strategies to improve customer retention and to increase spend per visit. Gross margin in servicing declined slightly in line with the Group's strategy of attracting customers with older vehicles into its dealerships with a compelling pricing proposition. Sales of service plans have continued to grow which underpin this crucial area of the Group's business and there remains considerable scope to increase service plan penetration further.

The Board expects that the trading performance for the year ended 28 February 2013 will be ahead of current market expectations.

Portfolio development

The Group has undertaken a strong period of growth in sales outlets in the second half of the year adding 16 sales outlets. Since the Interim Results were announced the Group has acquired three Vauxhall dealerships in Carlisle, Keighley and Harrogate, three Honda dealerships in the North East of England and a SEAT outlet in Carlisle. In addition in February, the Group added the Alfa Romeo franchise to its existing Fiat operation in Cheltenham to create a market area with the existing Alfa Romeo operation in Worcester.

In the second half of the year, as previously announced, the Group closed two dealerships; a small Ford dealership in Birmingham and a used car supermarket in Widnes. In addition, the Group has ceased Fiat Professional van sales from the Swindon Iveco operation. This was the Group's only Fiat Professional outlet however aftersales operations will continue at the dealership. Similarly, the sales franchise for Mitsubishi at Hamilton will cease operations on 31 May 2013 with aftersales being retained within the remaining Ford/Mazda dealership at the location. These actions reduced the number of franchises operated by the Group by two and reflects management's desire to represent franchises with the potential for future scaled relationships.

In September 2012 the Group acquired a 5.8 acre site in Derby from the Co-operative Motor Group as part of a wider transaction. The site incorporates a number of separate sales outlets and significant investment has been made to date in refurbishing the existing Nissan and Fiat franchise operations. In addition, in February a Renault/Dacia sales outlet opened at the location and in mid-March the Group's first Volvo franchise will commence operations. The latter will be branded Volvo Cars Derby and will open in a fully refurbished dealership. This will complete an intensive period of capital investment in what is now the single biggest location operated by the Group.

On 22 February 2013 the Group relocated the Northampton Vauxhall business from a leased, aged dealership to a newly constructed, freehold dealership in the major motor retail area in the town. This relocation has been planned since the Group acquired the business in January 2012. Similarly, planning permission has now been received to construct a new Vauxhall dealership at Knaresborough, Yorkshire to relocate the newly acquired Harrogate Vauxhall business later in the year. These projects, along with the Group's on-going programme of investing in dealership franchise facilities, such investment ensures that the portfolio is fit for purpose and meets manufacturer standards.

Two accident repair centres were closed in February 2013 following an assessment of the long term viability of these businesses. The Group now operates seven accident repair centres.

Future prospects

March is the most important month for the profitability of the UK automotive retail sector as a consequence of the registration plate change and its impact on both new vehicle demand and the seasonality of servicing. In this context the Board is pleased to report that like-for-like private new car ordertake for March is currently running ahead of last year's levels.

The outlook for the new car market in the UK remains characterised by the continued growth of the private market. One factor which may change the outlook would be a material reduction in the value of Sterling against the Euro compared to previous periods. Such a change would reduce the manufacturers' ability to incentivise the UK consumer to purchase new vehicles. The Board believes that there continues to be significant opportunity to enhance aftersales and used car performance in the coming period.

The March ordertake position, along with the progress which the Group continues to make in delivering improved performance from acquired dealerships, gives the Board confidence in the Group's ability to deliver continued growth in the year ending 28 February 2014.

Robert Forrester, CEO of Vertu Motors, said:

“It has been a busy and exciting year for the Group with 18 sales outlets added propelling Vertu’s dealership network to 95 sales and aftersales outlets across the UK, making it the seventh largest retailer in the sector by revenue. The Group continues to assess a significant number of acquisition opportunities as it pursues its objective of developing a scaled business in the automotive retail sector.”

The Group will announce its Preliminary Results on 15 May 2013.

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Notes to Editors

Vertu Motors is a fast growing automotive retailer with a network of 95 sales and aftersales outlets across the UK. Its dealerships operate predominantly under the Bristol Street Motors, Vertu Honda and Macklin Motors brand names. Manufacturer partners are Alfa Romeo, Citroen, Fiat, Ford, Honda, Hyundai, Iveco, Mazda, Nissan, Peugeot, Renault/Dacia, SEAT, Suzuki, Vauxhall and Volvo.

Vertu Motors was established in November 2006 and listed on AIM in December 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 94 franchised sales outlets and 1 non-franchised sales operation from 76 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