

8 March 2016

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

Pre-close Trading Update

Trading ahead of expectations with record revenues and profits.

Vertu Motors, the automotive retailer with a network of 126 sales and aftersales outlets across the UK, is pleased to announce the following update ahead of its preliminary results for the year ended 29 February 2016.

Overview

- The Board expects trading performance for the year ended 29 February 2016 to be ahead of current market expectations, anticipating record revenues and profits in the period.
- In the five months ended 31 January 2016 (“the Period”) the Group saw continued growth in volumes, revenue and profits:

	Increase (decrease) year-on-year		
	Total	Like-for-like	SMMT*
Group Revenues	+17.6%	+7.2%	-
Service Revenues	+13.4%	+5.6%	-
Volumes:			
New retail vehicles	+13.1%	+6.5%	+3.6%
Motability vehicles	+2.3%	(3.7%)	(6.3%)
New Commercial vehicles	+24.7%	+15.4%	+11.1%
New fleet cars	+2.8%	(2.8%)	+9.0%
Used retail vehicles	+17.1%	+10.8%	-

*Society of Motor Manufacturer and Traders registration data

- The high margin aftersales business continues to grow with improved customer retention into the service channel and continued success in selling service plans.
- The acquisitions in the Period are being successfully integrated into the Group and the Board continues to examine further acquisitions and development opportunities.
- The outlook for the March new vehicle market is strong with Group new retail like-for-like order take for March 2016, as at 26 February 2016, up by 11.6%.

Aftersales

In the Period, the Group grew the key aftersales area of vehicle servicing like-for-like revenues by 5.6% which has helped to improve the Group’s like-for-like aftersales gross profits which increased by 6.7%. These improvements in the Group’s aftersales performance are a direct result of the Group’s strategies in the key areas of customer retention into service and vehicle health checks performed on all vehicles visiting the Group’s service departments.

Margins rose in each area of aftersales operated by the Group – service, parts, accident repair centres and petrol forecourts.

New Cars

The UK new car market achieved an all-time high level of vehicle registrations in the year ended 31 December 2015 with 2,633,503 new vehicles registered according to the SMMT. The key drivers of this strong new car market remained in place throughout the Period:

- A positive consumer and business environment with record levels of employment in the UK.
- Continued strong push of new car product into the UK from European vehicle manufacturers facing declining export market prospects and slow domestic market growth in continental Europe.
- Continued high level of sterling versus the Euro.

The Group benefited from these buoyant conditions and grew private new retail sales volumes by 6.5% during the Period, ahead of the UK market growth of 3.6% thus growing the Group's market share. The Group also grew like-for-like new vehicle gross profit per unit as manufacturer targets were achieved at high levels, generating strong growth in new vehicle profits.

Fleet & Commercial

The UK light commercial van market grew by 11.1% during the Period, according to SMMT, reflecting the continued appetite for the small and medium business sector to reinvest in their vehicle fleets. The Group continued to grow its market share in this key segment with like-for-like sales volumes up by 15.4% at improved margins. These trends led to improved levels of profitability.

The Group's fleet car business continues to shift away from supply to lower margin daily rental channels following the strategies of the Group's key manufacturer partners. Like-for-like gross profit performance has improved as a result.

Used Vehicles

The strength of the UK new vehicle market in the past few years has resulted in an increase in the supply of newer vehicles into the used car market following a number of years of supply constraints. The Group has increased used car marketing activity which has resulted in like-for-like volume growth of 10.8%. This is significantly ahead of the estimated overall used car market growth and resulted in the Group growing its market share. The Group has increased total gross margin in this key channel on a like-for-like basis by 5.4% demonstrating the success of this strategy.

Portfolio Development

The Group has continued to acquire and develop businesses, bringing both the Audi and Mercedes-Benz brands to the Group.

On 1 October 2015, the Group acquired SHG Holdings Limited, which operates Audi, Volkswagen and Volkswagen Commercials in Herefordshire through four outlets. This well-established business has been successfully integrated into the Group and retains the South Hereford Garages branding.

On 30 November 2015, the Group acquired Who's Ace Holdings Limited, an on-line vehicle parts business which specialises in the sale of non-franchised parts. This acquisition brings significant know-how to the Group in the growing digital parts channel and there are synergies with the Group's existing on-line franchised parts operations.

On 22 January 2016, the Group acquired three Honda dealerships in Nottingham, Derby and Stockton. All of these dealerships are located in contiguous territories to existing Vertu Honda

dealerships and this transaction consolidated the Group's position as Honda's largest retail partner in Europe.

In January 2016, the Group opened a new Renault/Dacia franchise operation in Leeds. This is currently in a temporary dealership location while a new dealership development is being built. The dealership is scheduled to begin operating from the new premises by the end of 2016.

On 1 March 2016, the Group acquired the entire issued share capital of Sigma Holdings Limited and its subsidiary Greenoaks (Maidenhead) Limited (together "Greenoaks") for a total consideration of £21.9m. In addition to the purchase of the share capital of Greenoaks, vendor shareholder loans of £9m have been settled in cash on completion by Vertu. Greenoaks operates the Mercedes-Benz outlets in Reading, Ascot and Slough, with the Reading and Ascot outlets also representing the SMART franchise and Ascot being an AMG performance centre.

Management

The Group is committed to its growth strategy and to ensuring that it has the management bandwidth to deliver controlled and successful growth. Two new senior appointments have been made reflecting this objective.

On 1 March 2016, Tim Tozer, former Chairman at Vauxhall Motors, joined the Operational Board to lead a new amalgamated division of volume dealerships. Tim has a wealth of experience both with leading manufacturers and in the retail sector with Inchcape and AutoBinck.

The Group has also appointed Liz Cope as Chief Marketing Officer with effect from 1 April 2016, a new position for the Group. Liz was previously VP Global Marketing for Vax (incorporating brands such as Hoover and Dirt Devil), and Group Brand and Research Director for Dyson.

Future Prospects

The Board now expects that the results for the year ended 29 February 2016 will be ahead of current market expectations.

The Board sees the UK new car market stabilising at current levels. The key drivers of supply push from European manufacturers are likely to stay in place for the medium term due to the importance of the UK market in the European context.

March remains the most significant month for the UK motor retail sector profitability due to the registration plate change. The order book for retail new cars on a like-for-like basis was 11.6% ahead of last year as at 26 February 2016 and whilst there is a long way to go to deliver a successful March, current trading is clearly robust.

In the context of a long period of rising new car sales, the used car market and aftersales area are also likely to show growth. The Group's marketing and retention strategies are delivering growth in market share in these important, higher margin channels.

The Board has identified a number of near term acquisitions comprising both premium and volume dealerships which would, if completed, augment existing franchises in key geographies and also add a new manufacturer partner. In order to finance such opportunities and the Group's on-going growth strategy, the Board is considering options to raise further capital for the Group, including a potential equity issue and a review of its borrowing facilities with a view to introducing property backed, fixed interest, long-term debt. Further announcements will be made as appropriate.

The Group will announce its preliminary results for the year ended 29 February 2016 on 11 May 2016.

For further information please contact:

Vertu Motors plc

Robert Forrester, CEO Tel: 0191 491 2111
Michael Sherwin, FD Tel: 0191 491 2112

Liberum

Peter Tracey Tel: 020 3100 2000
Richard Crawley
Jamie Richards

Zeus Capital Limited

Adam Pollock Tel: 020 3829 5000
Nicholas How

Camarco

Billy Clegg Tel: 020 3757 4983
Georgia Mann

Notes to Editors

Vertu Motors, the UK automotive retailer with a proven growth strategy, is the fifth largest automotive retailer in the UK with a network of 126 sales outlets across the UK. Its dealerships operate predominantly under the Bristol Street Motors, Vertu, Farnell, Macklin Motors and South Hereford Garages 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 123 franchised sales outlets and 3 non-franchised sales operations from 106 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.farnellandrover.com / www.farnelljaguar.com
/ www.vertuvolkswagen.com / www.southherefordgarages.co.uk.

Forward-looking statements

This document may contain certain 'forward-looking' statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

Any forward-looking statements made by, or on behalf of, Vertu Motors plc speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Vertu Motors plc does not undertake to update forward-looking statements to reflect any changes in its expectations with

regard thereto or any changes in events, conditions or circumstances on which any such statement is based.