

26 July 2017

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

AGM Statement

At today’s Annual General Meeting (“AGM”) of Vertu Motors plc, the Chairman Peter Jones will make the following statement:

Automotive retail market update

During the four-month period to 30 June 2017 (the “Period”) the Group saw a strong performance in the plate change month of March followed by softer trading in April, May and June resulting from less favourable market conditions. The Board believes that the market softening is linked to the Vehicle Excise Duty (“VED”) increase in April, the impact of sterling depreciation on new vehicle pricing and customer uncertainty regarding the General Election and the macroeconomic environment. Pricing disciplines and cost control minimised the impact of the market conditions on the Group’s profitability, and as a consequence the Group delivered higher like-for-like profits year on year during the Period.

The March plate change month, the most profitable month of the year for franchised motor retailers, saw a record number of new vehicle registrations in the UK. The 4.4% growth in March of new retail registrations in the UK was aided by an element of pull forward of demand due to increasing VED from 1 April 2017 and the timing of Easter. As anticipated this pull forward effect reversed in the following months and the SMMT new retail registrations for the Period recorded a decline of 6.1%. This decline is consistent with the SMMT forecast for the 2017 full year UK market of 2.62 million vehicles (2016: 2.69 million vehicles). This forecast 2017 market would represent the third largest in history for UK car registrations.

As a result of these market trends the Group saw a softening of new retail sales volumes and used vehicle margins (particularly in premium franchises), reflecting a downturn in consumer confidence from April onwards. Aftersales like-for-like revenues and profitability increased in the Period underpinned by the Group’s retention strategies which make this growing revenue stream resilient.

Though market conditions have softened, I am pleased to confirm that your Company remains well positioned both operationally and financially. Accordingly, at this stage, the Board expects the Group’s trading performance for the year ending 28 February 2018 to be in line with market expectations.

The Board continues to evaluate potential acquisition opportunities, applying consistent valuation criteria to ensure future returns. The strength of the Group’s balance sheet and its available borrowing facilities will ensure that the Group is ideally placed to continue to deliver its growth strategy.

Progress on sale of property

The Group is actively engaged in the disposal of freehold assets which are not required for the ongoing operations of the business. Two transactions which are contingent upon planning applications are currently being progressed. This exercise is expected to yield cash in excess of £7m in the current financial year. The Group continues to manage its freehold property portfolio to maximise returns while ensuring operational resilience.

Dividend

Upon approval of the proposed final dividend of 0.9p per share (2016: 0.85p per share) in respect of the year ended 28 February 2017 at today's AGM, this dividend will be paid on 31 July 2017 to shareholders who were on the register at 30 June 2017.

Capital management strategy

The Company will seek approval in the AGM to make market purchases of its ordinary shares of 10p each ("Ordinary Shares"). The Company announces its intention to commence a share buyback programme (the "Buyback Programme") as part of its Capital Management strategy, using the Company's existing cash resources, of an amount up to £3.0 million (the "Maximum Amount").

The Company will seek to buy back its Ordinary Shares at appropriate times and considers, at the present time, the Buyback Programme to be in the best interests of all shareholders. The Board believes the consolidation opportunities presented by the UK motor retail sector remain compelling and the Company retains the financial capability to continue the Group's growth strategy due to the strength of its balance sheet and available borrowing facilities.

The Company has entered into an agreement for its broker Canaccord Genuity Limited ("Canaccord Genuity") to carry out purchases of its Ordinary Shares under the Buyback Programme on its behalf. Canaccord Genuity will seek to purchase Ordinary Shares up to the value of £3.0 million (the Maximum Amount). The maximum number of Ordinary Shares to be purchased will be capped at 30 million, based upon the nominal value of the Company's Ordinary Shares.

The share repurchases will be carried out on the London Stock Exchange and will be effected within certain pre-set parameters and in accordance with both the Company's general authority to purchase its Ordinary Shares granted by its shareholders and the Market Abuse Regulation 596/2014 ("MAR"). Share repurchases will be undertaken until the earlier of the Maximum Amount being repurchased and the 2018 Annual General Meeting. Any Ordinary Shares repurchased will be cancelled.

The Company will make further announcements in due course following the completion of any share repurchases.

The Buyback Programme, the purpose of which is to reduce the Ordinary Share capital of the Company, will also be effected within the parameters of the Market Abuse Regulation 596/2014/EU and the Commission Delegated Regulation 2016/1052/EU.

The information contained within this announcement is deemed to constitute inside information as stipulated under the MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Ends

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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 124 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 121 franchised sales outlets and 3 non-franchised sales operations from 104 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.vertutoyota.com / www.macklinmotors.co.uk / www.farnellandrover.com / www.farnelljaguar.com / www.vertuvolkswagen.com / www.vertumercedes-benz.com