21 July 2011

# Vertu Motors plc ("the Group")

## AGM Statement

At today's Annual General Meeting of Vertu Motors plc, Chairman Paul Williams, will make the following statement:

### Trading Update and Future Prospects

Following the end of the Government's Scrappage programme last year, the Board anticipated that first half profitability would be reduced, and budgeted based upon this assumption. During the four month period to 30 June 2011 the Group's trading profitability was ahead of the Group budget and remains below prior year levels.

As the period progressed, the fragility of UK consumer demand in the retail sector has become more apparent, placing pressure on volumes in both the new and used car markets. The continued devaluation of Sterling also resulted in pricing pressure on new cars and reduced levels of manufacturer support available to stimulate the retail market, causing margin pressure on retailers.

The results for the four month period reflected the increasing importance of aftersales to the business. The Group's aftersales activities have continued their consistently strong performance showing further improvements as part of the Group's on-going aftersales strategy. Like-for-like profitability in aftersales increased and like-for-like gross margins improved from 40.1% to 43.1%.

The Group's volumes of new car sales to private customers declined by 6.6% on a like-for-like basis, outperforming the UK retail market which fell by 17.1% in the same period. The Group therefore continued to gain market share in the retail market. The Group's sales decline was higher in those franchises directly impacted by the Japanese earthquake, and we expect that it will take several months before supply to the UK is normalised for these manufacturers. Taking account of acquisitions, the Group's new retail sales volumes increased by 14.7%. New car like-for-like margins fell from 7.9% to 7.4% in the four month period, reflecting the competitive pricing required to ensure that the Group delivered on its manufacturer volume targets at a high level.

In May 2011 we reported that the Group's used car like-for-like retail volumes had declined by 9.0% in March and April. This trend improved in May and June with volumes for the four month period down 5.8%. As the period progressed, the used wholesale market showed signs of weakness resulting in successive, above normal, monthly falls in industry used vehicle valuation guides. Group like-for-like used gross margins have consequently weakened from 11.0% in the prior year to 10.3%.

The Board remains confident that acquisitions undertaken in recent periods will continue to show an improving profitability trend. Whilst UK consumer demand remains fragile and vehicle sales remain under pressure in the short term, further acquisition opportunities are likely to arise as a result of these market conditions. The Board intends to take advantage of these opportunities in order to deliver future shareholder value.

### Portfolio Development

On 1 June 2011 the Group acquired the trade and certain assets of a Mazda dealership in Bristol from Williams Automobiles Limited. The Group has entered into a long term lease on the dealership property, and the purchase consideration payable is estimated to be £0.4m. This acquisition took the number of Mazda dealerships operated by the Group to five. Further franchises will be added to this dealership in the coming months.

On 1 July 2011 the Group opened a Hyundai dealership in Peterlee in previously empty premises which have now been leased by the Group. This represents the Group's fourth Hyundai dealership.

On 4 July 2011 the Group also opened a Nissan dealership, located on a freehold site acquired in Glasgow last year which has been developed to create the premier Nissan dealership in the West of Scotland. This operation, situated adjacent to the Group's Glasgow Ford and Mazda operations, will encompass sales of electric vehicles, passenger and commercial vehicles in addition to a Nissan Sports Performance Centre selling the GTR and 370Z models. This is the Group's third Nissan dealership.

The Group now operates 80 outlets comprising 77 franchised and 3 non-franchised sales outlets.

## Dividend

Following approval of the proposed final dividend for the year ended 28 February 2011 of 0.3p per share at today's Annual General Meeting, this dividend will be paid on 26 July 2011.


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## Notes to Editors

Vertu Motors is a fast growing automotive retailer with a network of 80 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, Chevrolet, Citroen, Fiat, Ford, Honda, Hyundai, Iveco, Mazda, Mitsubishi, Nissan, Peugeot, Renault, SEAT and Vauxhall.

Vertu Motors was established in November 2006 and listed on AIM on 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 77 franchised sales outlets, 3 non-franchised sales operations from 64 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.motornation.co.uk / www.macklinmotors.co.uk