VTU AIMX Vertu Motors PLC

Interim Results · RNS 8259Y · 14 October 2026

Vertu lifts half-year profit 19% to £23.8m and signals a fourth year-to-date upgrade

Share price	80.9p
Market cap	£251m
52-week range	55p - 92.53p
Shares in issue	310.1m
12-month change	+34.9%

Ticker Data API, as at 13 Oct 2026, 16:25

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SUMMARY

Vertu Motors' interim results today showed adjusted pre-tax profit up 19.0% to £23.8m on record revenue of £2,596.5m, with full-year results now expected ahead of the £26.5m consensus. Free cash flow rose to £17.5m from £0.4m, and net debt of £54.2m came in far below the £74.0m to £77.0m range the company guided on 27 August. The interim dividend rises 11% to 1.00p. Gross margin was flat at 11.2% and adjusted operating margin is 1.31%, so the gain owes more to cost control and closures than to trading leverage. FY27 consensus also sits below the £29.3m adjusted profit of FY25. The shares, at 80.90p on 14 October (down 2.30% on the day), trade close to record tangible net assets of 80.8p a share.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Revenue	£2,596.5m	H1 FY27 (six months to 31 August 2026)	Up 3.4% from £2,510.0m
Adjusted profit before tax	£23.8m	H1 FY27	Up 19.0% from £20.0m
FY27 consensus adjusted profit before tax	£26.5m	Year to 28 February 2027	Range £25.5m to £27.1m; results now expected ahead
Free cash flow	£17.5m	H1 FY27	From £0.4m in H1 FY26
Net debt (excluding leases)	£54.2m	31 August 2026	From £78.3m a year earlier; guided £74.0m to £77.0m on 27 Aug 2026
Adjusted operating margin	1.31%	H1 FY27	From 1.23%
Interim dividend	1.00p	H1 FY27	Up 11% from 0.90p
Tangible net assets per share	80.8p	31 August 2026	From 75.9p at 28 February 2026
Basic adjusted EPS	5.71p	H1 FY27	From 4.57p
Inventories	£761,983k	31 August 2026	From £819,995k at 28 February 2026

Sources: Interim Results RNS, 14 Oct 2026; Interim Results RNS, 14 Oct 2026 (compiled data at 13 Oct 2026); Condensed consolidated balance sheet, Interim Results RNS, 14 Oct 2026

THE ANNOUNCEMENT

- Adjusted pre-tax profit for the six months to 31 August 2026 rose 19.0% to £23.8m on record revenue of £2,596.5m, with gross profit growth in every channel and like-for-like revenue up 4.3%.
- The Board expects full-year results for the year to 28 February 2027 to be ahead of expectations, against a three-analyst consensus of £26.5m (range £25.5m to £27.1m). September trading beat the Board's expectations, helped by a weak prior-year comparison distorted by the JLR cyberattack.
- Free cash flow was £17.5m (H1 FY26: £0.4m) and net debt, excluding leases, fell to £54.2m, well below the range guided in August. A new £70m revolving credit facility with a £50m accordion replaces the £93m acquisition-only facility and should save about £0.5m a year in finance costs.
- The interim dividend rises 11% to 1.00p, payable on 15 January 2027. £10.2m remains of the £12m buyback, which will buy shares up to 85p, and 21.9% of the share capital has been repurchased since 2018.
- Chinese-brand outlets now number 20, with a further 11 planned within the next nine to 12 months, which would take them to 31, or 15% of sales outlets.
- Management warns that the ZEV mandate will keep pressing on pricing, channel mix and supply into 2030 even if relaxed in the current consultation, and is cautious on consumer demand given rising inflation and interest rates.

AGAINST GUIDANCE

This is the third upgrade to current-year profits since March, following ahead-of-expectations statements on 24 June and 27 August. The arithmetic is undemanding: £2.7m of second-half adjusted profit would reach the £26.5m consensus, against £4.5m earned in the second half of FY26 (FY26 adjusted profit of £24.5m less £20.0m in the first half). Consensus rests on three sell-side analysts, so the size of any beat says less than it might. Net debt of £54.2m compares with the £74.0m to £77.0m guided only seven weeks earlier, helped by a £58m fall in inventories since February. Even a beat would leave FY27 profit set against the £29.3m adjusted figure of FY25 and £34.7m the year before.

BULL CASE

- Cash generation is real: operating cash flow of £32.5m exceeded statutory profit after tax of £17.8m, free cash flow rose to £17.5m, and much of the debt is long-term, covenant-free property mortgages. The property book of £327.9m is held at depreciated historic cost, half of it unmortgaged, and surplus sites have been sold above book value.
- Near-term guidance has proved reliable, and September beat the Board's expectations. Buybacks up to 85p, with £10.2m still to deploy, and an 11% higher interim dividend return cash at roughly tangible net asset value.
- The business is gaining share where it chooses: like-for-like fleet car volumes rose 30.5% against an 8.4% market, Motability 11.6% against 10.7%, and BEV retail volumes 125.6% against 75.9%. Value Cars sells older stock at a 15.1% gross margin, and the Opportune AI sales pilot lifted conversion to 24.8% from 22.0% in 18 dealerships.
- The move into Chinese brands, from 9 outlets a year earlier to 20 now and 31 planned, puts Vertu alongside the fastest-growing part of the UK market, where Chinese brands (excluding Volvo) took 24.5% of September retail registrations.

BEAR CASE

- Margins leave little room for error. On £2.6bn of half-year revenue, adjusted operating margin is 1.31%, so a 0.1 percentage-point slip costs about £2.6m. Core operating costs rose £8.2m, close to the £8.4m gain in gross profit, and £6.2m of the cost saving came from closures.
- Volume gains are coming at lower margins: fleet and commercial gross margin fell to 4.6% from 5.0% and gross profit per unit to £984 from £1,125. September like-for-like revenue rose only 0.1%, and new retail volumes grew 8.4% against a 13.1% market in the half.
- The balance sheet is less light than the headline suggests. Including leases, net debt is £150.8m, net finance charges of £10.2m took about 30% of adjusted operating profit, and £56m was drawn against what is now a £70m general facility, with full-year net capital expenditure of about £21m planned.
- The backdrop is turning less friendly for finance-led purchases. The two-year gilt yield was 4.97% on 9 October, up 0.59 points in three months, CPIH inflation reached 3.30% in August and Brent stood at $104.73 on 13 October. Management itself expects ZEV mandate costs to persist into 2030.

WHAT TO WATCH

- The ZEV mandate consultation closes on 23 October 2026. Any change to the 2030 trajectory or compliance flexibilities would shift the cost outlook for new car pricing and van sales in particular.
- Second-half margins, especially fleet and commercial gross margin after it fell to 4.6%, and whether the technician pay rise from 1 November 2026 lifts aftersales capacity without eroding service margins.
- Net debt and working capital at the 28 February 2027 year end. The test is whether the £58m inventory reduction holds once capital spending of about £21m and seasonal March stocking pass through.
- Whether the Chinese-brand outlets and the 52-dealership Opportune pilot produce disclosed profit and conversion gains at the full-year results, and whether a Bank Rate rise starts to hit private retail and used-car volumes.

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