Vertu Motors upgrades profit expectations but cautions over used car supply

L
isted dealership Vertu Motors has upgraded profit expectations despite cautioning that its supply of in-demand second-hand cars may be restricted in the coming months.

Used car prices have been soaring. Demand in the sector is being fuelled by a global semiconductor shortage stymieing production and supply of new cars – meaning consumers are now facing long wait times for new models – continued wariness of public transport due to Covid, and lockdown savers willing to spend.

The listed dealership, which has 115 UK sites, warned of the risk of delays to new car deliveries later in the year, which would see used cars snapped up even faster around the country and potentially restrict supply.

It said: “There is a risk that well documented new vehicle supply shortages will result in vehicle deliveries being delayed into future periods. As a consequence of reduced new vehicle supply, used vehicle supply may also be restricted in the coming months.”

Vertu added: “The current UK wide labour shortages, high vacancy levels and upward pressure on employment costs remain a risk for the business.”

READ MORE

- Over 40% of furloughed Britons not looking for a new job, Indeed finds

- Flexibility is now the top priority of senior London job applicants
- More than half of Britons say Boris has done a bad job ‘levelling up’
- BRANDPOST | PAID CONTENTHow the London melting pot can be the ideas factory of the world

The company re-upped profit expectations, however. Vertu said that its board expects full-year pre-tax profits to reach £50-55 million, up from previous expectations of £40-45 million, as a consequence of the “exceptional” used car sales boom seen in recent months.

The firm also announced plans for a £3 million share buyback programme, and said it intends to reinstate its dividend.

It said: “The board remains very confident in the prospects for the group, which is strategically well placed to capitalise on the changes and opportunities in the UK motor retail sector.”

Shares jumped by over 8%, to 51p, on Friday morning on the update.