

Motus Holdings Limited  
Incorporated in the Republic of South Africa  
Registration number: 2017/451730/06  
ISIN: ZAE000261913  
Share code: MTH  
("Motus" or "Group")

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## **VOLUNTARY TRADING UPDATE FOR THE NINE MONTHS TO 31 MARCH 2020**

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### **Impact of COVID-19**

The purpose of this announcement is to provide an update on how current conditions are impacting the business and to outline the actions being taken to reduce the negative impact on the operations and to mitigate business risks.

The impact of the COVID-19 virus ("virus") is being felt across every country in which Motus operates. The board of directors and management continue to monitor the developments of the virus and endeavour to react swiftly and strategically to mitigate the risks impacting the business.

The health and safety of our 18,000 people always takes priority. After the lockdown, we will be issuing face masks and sanitisers to staff members, we will be checking temperatures of people entering our premises and ensuring social distancing guidelines are complied with. Management are committed to supporting the governments of the countries in which we operate. We are working closely with stakeholders to mitigate the impact of the virus on the business and to start addressing the long-term impacts on the business.

At the onset of the crisis, Motus formed a Crisis Committee which continues to monitor the latest guidance from the health authorities and provides regular updates. The Crisis Committee is monitoring and assessing the situation closely and has implemented controls across all our businesses, to prevent and minimise potential infections and transmissions of the virus. We have contingency plans in place in the event that senior leaders and executives within the business are affected by the virus.

So far six Motus employees (5 in United Kingdom and 1 in South Africa) have tested positive for the virus and are in the process of recovering. These were isolated cases and have not negatively impacted our operations.

The majority of our operations are classified as non-essential services in terms of the government guidelines across the countries in which we operate. Compliance with government guidelines has resulted in over 90% of our operations being shut down due to the lockdown.

### **Actions taken to reduce the negative impact on our operations and mitigate business risk**

Motus actively implemented various action plans and is embarking on a number of initiatives focused on achieving the most suitable allocation of capital and preserving cash, including:

- reduced the remuneration of the CEO by 20% and Non-Executive and Executive Directors, and the Executive Committee members by 15% for six months starting on 1 April 2020, these amounts will be paid to the Solidary Fund to assist businesses and communities with the current crisis;
- reduced the remuneration of the UK CEO by 20% and the Executive Board members by 15% for six months starting 1 April 2020;
- our employees were paid in full to 30 April 2020 in South Africa, by providing 6 days' special leave and the balance provided as 16 days' annual leave;
- in the UK and Australia employees were paid the maximum allowable remuneration by utilising government furlough interventions;
- assistance from Original Equipment Manufacturers ("OEMs") through targeted reductions and minimum variable margin pay-outs, stocking interest relief, extension of floorplans, demonstrator vehicle relief, staff training suspension, ensuring parts stock availability and accepted vehicle order cancellations;
- deferral of rentals for a three-month period for certain leased properties;
- postponement of non-committed and non-critical capital expenditure, with all capital expenditure centrally controlled;
- optimisation of working capital (including critical evaluation of supply chains);
- reduction of non-committed advertising spend;
- reduction of non-critical operating expenses, including the review of the existing cost base to reduce costs where possible;
- utilisation of relief provided by national authorities to assist companies in the current context (across all countries in which we operate);
- no new business acquisitions;
- cancellation of the Interim dividend; and
- suspension of the share buyback programme.

### **Operational trading update to 31 March 2020**

Trading for the nine months to 31 March 2020 based on unaudited management accounts, has held up reasonably well and remains broadly in line with trading for the nine months to 31 March 2019. The initial effects of the virus were only effective from the second half of March 2020 and the full impact will become evident from April 2020 onwards.

Revenue has improved over the prior nine-month period due to acquisitions now included for the full period and to inflation. Operating profit remained stable compared to the prior nine-month period, with margins at a level of between 4,3% to 4,5% despite the competitive trading environments where we operate. Operating expenses continue to be well contained.

### **Statement of financial position at 31 March 2020**

The Balance sheet includes tangible assets of 96% and only 4% of total assets are represented by goodwill and intangible assets. Majority of properties are owned and the inventory on hand consists of quality vehicles and parts at marketable values.

Property, plant and equipment is 5% up on December 2019.

Net Working capital is 38% up on December 2019 in line with annual cycles in March each year.

Vehicles for Hire are 5% down on December 2019, as we are entering the annual de-fleet cycle.

At 31 March 2020 the group has equity of R13,7 billion.

### **Facilities and debt covenants**

To fund the above asset movements, net debt has increased resulting in a net debt to equity of 77%, excluding the impact of IFRS 16.

The Group has access to both fixed and variable interest-bearing debt facilities with financial institutions and floorplan facilities with financial institutions and OEM's. Total bank facilities excluding floorplans amount to R14 billion (R13 billion committed), with approximately 35% of total facilities still available. Floorplan facilities amount to R13 billion, with approximately 30% of these facilities still available.

In terms of the bank facility agreements we have the following covenants:

- The net debt to EBITDA must be below 3,0 times.
- The EBITDA to net interest must be above 3,0 times.

Motus has complied with these covenants as at 31 March 2020, with net debt to EBITDA at 2,1 times and EBITDA to net interest at 5,6 times and with sufficient unutilised banking facilities available to fund normal trading operations.

As a precaution Motus is engaging with its funders for relaxation on the measurement of their debt covenants for the next reporting period should this be required.

Motus' objectives when managing capital remain to safeguard its ability to continue as a going concern and strive to create long-term value for stakeholders through strategic clarity, financial discipline, operational excellence and strict capital allocation.

### **Foreign exchange cover**

Motus has sufficient foreign exchange cover in place for Hyundai and Kia until 31 December 2020 at an average rate of R14,90 the US dollar and R16,40 to the Euro. Mitsubishi has sufficient stock up to 31 December 2020. Renault does not have forward cover and we rely on pricing and payment assistance from Renault France who are a 40% shareholder.

We continue to monitor the situation on a daily basis and we have sufficient well priced stock of vehicles and parts to trade for the next six months. Based on discussions with the OEM's and suppliers, we are not anticipating significant supply chain disruptions.

### **Share buyback programme**

During the period, between February and March 2020, a total of 3 723 000 ordinary shares, amounting to R242 million, were repurchased and cancelled.

## **Outlook and guidance**

The current strategy is to ensure the long-term sustainability of the business in the current turbulent and uncertain environment. The group remains committed and determined in its efforts to manage the business under these very difficult circumstances despite the reduction in trading levels and remaining within acceptable debt covenants. With the recent lockdown due to the virus, we cannot predict the adverse impact of the lack of trading on the profitability and liquidity on the business operations and the impact that it will have on the bank covenants. With the high level of uncertainty in the short term we are unable to provide any further guidance on trading results and liquidity at this time. As a result, we are withdrawing all previous guidance made by Motus.

Motus will continue to assess the impact of the virus on our business and will provide further updates when appropriate.

The information contained in this announcement has not been reviewed or reported on by Motus' external auditors.

By order of the Board

23 April 2020

Sponsor

The Standard Bank of South Africa Limited

Certain statements in this document are not reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate future events, trends, future prospects, objectives, earnings, savings or plans. If one or more of these risks materialise, or should underlying assumptions prove incorrect, the actual results may differ materially from those anticipated. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward- looking statements. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.