

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

PRE-CLOSE BRIEFING AND TRADING UPDATE

Impact of COVID-19

The impact of the COVID-19 virus ("virus") continues to be felt across the world and in every country in which Motus operates. We experienced a significant decline in demand for our products and services as a consequence of the implementation of national lockdowns, during which time the businesses and offices were closed in most of the countries in which we operate.

In South Africa, as a result of the initial lockdown announced by President Ramaphosa, all non-essential operations (dealerships, stores, head offices and distribution centres) were closed from 27 March 2020 to 12 May 2020. The automotive industry was allowed to return to trading in a phased approach with workers returning as follows: 30% from 12 May 2020, 60% from 25 May 2020 and then 100% from 8 June 2020. Despite the staggered commencement of industry trading, the vehicle licence and registration offices only started opening during the first week of June 2020.

In the UK, the lockdown commenced on 23 March 2020. The sales showrooms were closed, with workshops allowed to remain open. Due to the lockdown there were no sales of passenger vehicles and customers did not visit workshops either, however the commercial vehicle workshops continued operating. All showrooms and workshops re-opened on 1 June 2020, with no restrictions on the number of staff allowed on the premises.

In Australia, all our businesses remained open, albeit at very reduced sales and servicing of vehicles. We were not required to close any of our dealerships based on the Australian Government's restrictions and regulations put in place commencing on 27 March 2020.

The health and safety of our 18,000 staff always takes priority. As part of ensuring a safe return to work and a safe working environment for the employees who have returned to work, we have

sanitised all business and office premises, issued face masks and sanitisers, and ensured staff members practice social distancing. We are keeping record of the names and temperatures of those who enter our premises, ensuring social distancing and compliance with all health guidelines issued by the Department of Health. We were able to leverage off existing procurement relationships to source and distribute all the required personal protective equipment (PPE) to meet safety standards prior to opening the premises for business. Motus has had to adapt and change how we manage staff and their activities in this new working environment. With limited head office environments and spacious dealerships with good natural ventilation, we were able to implement the new health and safety protocols with immediate effect.

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 to management and staff. 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.

Sadly, one Motus employee in South Africa has succumbed to the virus on 11 May 2020. 37 employees (29 in South Africa and 8 in the UK) have tested positive for the virus and are in the process of recovering or have recovered. These were isolated cases and all health measures were immediately activated and have not negatively impacted our operations and/or customers.

Our contribution to society

Motus is committed to enabling socio-economic growth, creating employment and making a difference in our communities. Our Corporate Social Investment (CSI) programmes of supporting libraries and medical clinics in the townships, youth development and road safety through school resource centres will remain our priority, and during this time we have focused our attention on supporting the most needy members of our society.

In South Africa, we contributed R4 million to the Solidarity Fund to assist with food and medical supplies to communities. The importer brands Hyundai and KIA donated vehicles with canopies (donated by Beekman Canopies) to Gift of the Givers, FoodForward South Africa, SANZAF, the Alexandra community, the Beeld Children's Fund and RADA, Mitsubishi assisted welfare organisations in Hout Bay with the delivery of food and other welfare support services to vulnerable communities. In the UK, vans were made available to staff to assist with community support projects.

Vehicle market

In South Africa, new vehicle sales recorded a year on year decline of 98,4% in April and 68% in May 2020. As the economy transitioned to level 3 lockdown with dealerships allowed to resume operations, early indications suggest an improvement in vehicle sales in June 2020 compared to May 2020.

As a result of extensive planning prior to the relaxation of restrictions, supported by our existing infrastructure and digital platforms, Motus was in a position to commence trading as soon as restrictions were eased. This readiness coupled with the good availability of vehicles, enabled Motus to achieve increased market share across all our importer brands for the month of May 2020 when compared to May 2019, with importer brands achieving a market share of 20,2% for May 2020 (May 2019: 14,8%). Together with the other Original Equipment Manufacturers (OEM) retail brands, Motus sold one in every four vehicles for May 2020, increasing its overall market share to 26,2% (June 2019: 18,9%).

In the UK, we sold 377 new vehicles and 415 used vehicles and in Australia we sold 658 new vehicles and 333 used vehicles for the month of May 2020.

Due to the contracting vehicle market we are considering rationalising the dealership footprint and considering the multi-franchising model where appropriate.

Motor-Related Financial Services business

Motor-Related Financial Services (MFS) via Liquid Capital who manages service and maintenance plans for our importer brands, Hyundai, Kia, Renault and Mitsubishi, extended service intervals under service and maintenance plans, to ensure that customers do not lose these benefits because of the lockdown.

Annuity income streams continue to underpin earnings in the financial services businesses, although certain revenue streams have been negatively impacted by the pandemic.

Aftermarket Parts business

Since the easing of the lockdown, the Aftermarket Parts business has seen demand for its products recovering well to service pent-up demand. Stock availability is back to pre-lockdown levels as the majority of containers have been cleared at the ports.

Car rental business

The vehicle rental business has been severely impacted by the lockdown. In order to right-size the business, we have reduced the vehicle rental fleet by 40%, commenced with an early retirement and retrenchment process under S189 of the Labour Relations Act whereby the workforce will be reduced by 50% to 60% and we intend closing 20 branches.

Banking facilities and debt covenants

As previously communicated, Motus actively implemented various action plans and continues to embark on a number of initiatives focused on cash preservation. Motus is adapting the existing cost structures to align with the changing economic environment.

The Group has access to both fixed and variable interest-bearing debt facilities with financial institutions and floorplan facilities with financial institutions and OEMs. Total bank facilities excluding floorplans amount to R14 billion, with approximately R4 billion (30%) of total facilities still available. Floorplan facilities amount to R13 billion, with approximately R4 billion (30%) of these facilities still available.

In terms of the banking 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 banking covenants as at 31 May 2020 and we foresee complying with these banking covenants as at 30 June 2020. In addition, Motus has sufficient unutilised banking facilities available to fund normal trading operations.

As a precaution Motus engaged with the funders during April 2020 to relax the debt covenants for the 30 June 2020 reporting period should this be required. The local and international syndicated funders have agreed to the relaxation with net debt to EBITDA to be below 4,5 times and EBITDA to net interest to be above 2,5 times. The relaxation of debt covenants allows Motus to make use of all the available facilities should it become necessary.

The funders have agreed to the relaxation of the banking covenants until the next covenant reporting period which is 31 December 2020 on condition that there are no: major business acquisitions; major expansionary capital expenditure; share buy-backs and/or dividend payments.

Motus' objectives when managing its cash and banking resources are 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 cash utilisation.

Foreign exchange cover

Motus has sufficient foreign exchange cover in place for Hyundai and Kia until end March 2021 at an average rate of R15,10 to the US dollar and R16,50 to the Euro. Mitsubishi has sufficient fully paid stock up to 31 December 2020. Renault SA 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 and we have sufficient well priced stock of vehicles and parts to trade for the next six to nine months. Based on discussions with the OEMs and suppliers, we are not anticipating supply chain disruptions as the OEMs and parts suppliers have commenced operations in the countries in which they operate.

Outlook and guidance

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the next period to be reported on will differ by at least 20% from that of the previous corresponding period.

The Board is satisfied that it has a reasonable degree of certainty required to provide the following guidance with regard to the financial results of the Group for the year under review:

	Projected range 30 June 2020	Actual 30 June 2019	Decrease range
Revenue	R67,8 billion to R75,7 billion	R79,7 billion	-5% to -15%
Operating profit	R1,8 billion to R2,3 billion	R3,6 billion	-35% to -50%
Normalised Earnings per share (EPS)	360 cents to 465 cents per share	1 035 cents per share	-55% to -65%
Earnings per share*	95 cents to 190 cents per share	953 cents per share	-80% to -90%

Normalised Headline Earnings per share (HEPS)	325 cents to 435 cents per share	1 090 cents per share	-60% to -70%
Headline Earnings per share**	200 cents to 300 cents per share	1 009 cents per share	-70% to -80%

* The EPS figure above includes R450-R550 million of once-off items incurred as a result of the current economic crisis caused by the virus. These once-off items include retrenchment costs, deferred tax, lease, property and goodwill impairments.

** The HEPS figure above includes R200-R300 million of once-off items incurred as a result of the current economic crisis caused by the virus. These once-off items include retrenchment costs, deferred tax and lease impairments.

The current strategy remains 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, and remain within the current debt covenants despite the reduction in trading levels.

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

The information contained in this announcement has not been reviewed or reported on by Motus' external auditors. The forward-looking information contained in this announcement contains the views and forecasts of management at the time of publication.

The financial results of the company will be published on or about 16 September 2020.

By order of the Board

19 June 2020

The Motus management team will provide further context to the investment community. Due to the restrictions imposed by the COVID -19 pandemic, the event will be held via a webcast and conference call on 23 June 2020 at 09h00 CAT.

Webcast link:

<https://78449.themediaframe.com/links/motus200623.html>

Conference call pre-registration link:

<https://www.diamondpass.net/2652172>

The presentation in support of the webcast will be available on the company's website www.motuscorp.co.za following the presentation on 23 June 2020.

Sponsor

The Standard Bank of South Africa Limited

Disclaimers:

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 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.