Super Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1943/016107/06)
Share code: SPG
ISIN: ZAE000161832
LEI: 378900A8FDADE26AD654
Debt Company Code: BISGL
("Super Group" or "the Group" or "the Company")

SUPER GROUP TRADING UPDATE FOR THE ELEVEN MONTHS TO 31 MAY 2020 AND TRADING STATEMENT

Super Group shareholders were informed at the time of the release of the Group's interim results on 24 February 2020, that trading conditions were challenging due to constrained consumer demand in South Africa (SA) and political uncertainties in Europe and the United Kingdom (UK).

As highlighted in the trading update issued on SENS on 8 April 2020, the COVID-19 pandemic has resulted in the economic and social environment becoming more demanding and uncertain, and it has created significant business disruptions in all geographies in which the Group operates. South Africa was placed under a complete national lockdown between 27 March 2020 and 30 April 2020 (Lockdown) to adequately prepare medical facilities and reduce the spread of the virus. The Lockdown was subsequently extended as part of a risk adjusted, phased approach for a responsible return to economic activity. Partial lockdown arrangements have also been applied in Australia, Germany, Spain and the UK and the impact on the Group's trading has been inherently negative.

Considering that the South African economy was already significantly constrained pre-COVID-19, and recognising that the pandemic impacted trading in March, April and May 2020, the Group has delivered a credible trading profit performance for the eleven months to May 2020. The Group's financial position is strong and cash flow has been resilient in these challenging circumstances.

TRADING RESULT FOR THE ELEVEN MONTHS TO 31 MAY 2020

Revenue from operations of R31 425.4 million was 11.9% below the prior comparable period mainly as a result of the significant decline in new vehicle sales volumes in the Dealerships division. During the respective trading lockdown periods, new vehicle sales volumes declined by 99.7% and 95.3% in the Dealerships South Africa and UK respectively.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the eleven months to May 2020 was R3 063.8 million, which is R279.0 million below the prior comparable period.

Operating profits of R1 463.5 million were R884.2 million lower than the prior period. The contributors to this negative variance were the Dealerships in SA and the UK, SG Fleet and the Supply Chain Europe businesses. In the German logistics operations, a further round of WLTP (Worldwide Harmonised Light Vehicle Testing Procedure) and the closure of the automotive manufacturing environment in March 2020 resulted in a 48.2% decline in distribution volumes during April and May 2020.

Profit before taxation of R935.1 million was R1 077.5 million or 53.5% below the prior period. The commencement of lockdown in March 2020 resulted in a decline in Dealerships pre-taxation profitability for this month compared to March 2019, amounting to R142.7 million. The major impact being in the Dealerships UK operations, which were R115.7 million below the prior comparable month. The Group generated a pre-taxation loss in April and May of R266.2 million compared to a prior comparable pre-taxation profit for these two months of R341.1 million. Dealerships SA pre-taxation loss for this two month period was R98.1 million, whilst the UK Dealerships recorded a pre-tax loss of R89.7 million over the April and May 2020 months. The pre-taxation loss in May 2020 also includes a provision for potential bad debts in the Supply Chain operations of R111.8 million. The Group expects to make a pre-taxation trading profit in June 2020.

Emphasis remains strongly focused on effective cash generation and management of working capital exposures. Cash generated from operations was satisfactory with an operating cash flow of R3 202.1 million before a R479.0 million inflow of working capital. The Group cancelled all capital projects and expenditure with effect from early March 2020, with the exception of vehicle replacements within existing annuity based Fleet Lease contracts and the fleeting of a number of new Fleet Africa contracts. The Group's financial position is robust and net debt to equity (gearing) excluding IFRS 16 was 24.2% as at May 2020 (June 2019: 24.1%) and including the IFRS 16 adjustments the gearing level to shareholders funds is 45.5%.

The major focus for the next six months will be on minimising the impact of the restrictions imposed due to COVID-19, the retention of existing contracts and the optimisation of new business solutions across a number of new customers in the Supply Chain and Fleet Africa operations in particular.

Headline earnings per share (HEPS) for the eleven months to May 2020 are 166.8 cents which is 48.9% below the prior period. Earnings per share (EPS) for this period are 133.5 cents with the decision having been made to impair the goodwill in the SG Convenience and the bus operations in the eleven months ended May 2020. The Group is intending to impair goodwill in the Dealerships SA environment by approximately R170.0 million in June 2020 and is in the process of evaluating the inTime Germany goodwill values.

PROSPECTS

Super Group recognises that the COVID-19 pandemic and related Lockdowns will result in long-term social-economic shifts and structural changes to the economy and business in general. The Group has strategically reviewed all businesses and right-sized operations to make sure that business models are relevant and appropriate to current levels of demand. There may still be further cost optimisation and retrenchments in order to reinforce Divisional competitive positions and financial performance in the future.

In the short-term, management is focused on operational delivery, in a flexible and cost-efficient manner, and within the parameters set by Governments. Specifically, the Group has in place a comprehensive suite of safety, health and hygiene protocols for the protection of all stakeholders including in particular staff and customers.

The expected impact of the peak in COVID-19 infections has still not been reported in South Africa and therefore the Group COVID-19 contingency plans remain critical to operational success over the next six months.

TRADING STATEMENT

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by 20% or more from the financial results of the previous corresponding reporting period.

Super Group's financial results for the financial year to 30 June 2020 have been and will continue to be impacted by COVID-19, weak macroeconomic conditions and business rationalisation in both Europe and South Africa.

Shareholders are advised that basic HEPS for the financial year to June 2020 is expected to be more than 50%(186.9 cents per share) and basic EPS more than 65%(234.5 cents per share) below the comparative figures for the financial year to 30 June 2019, being 373.8 cents per share and 360.8 cents per share, respectively.

A further trading statement will be issued to provide specific guidance for the year to June 2020 once there is more certainty in relation to this information.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed and reported on by Super Group's external auditor.

Sandton

25 June 2020

Equity Sponsor : Investec Bank Limited