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

INITIAL TRADING STATEMENT AND OPERATIONAL UPDATE

INITIAL TRADING STATEMENT

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

Accordingly, an initial review by management of the financial results for the year ending 30 June 2021 has indicated that:

	Projected range 30 June 2021	Actual 30 June 2020
Earnings per share (EPS)	In excess of 1,000 cents per share	165 cents per share
Headline earnings per share (HEPS)	In excess of 1,000 cents per share	296 cents per share

The financial information on which this initial Trading Statement is based (and other information contained in this announcement) has not been reviewed or reported on by Motus' external auditors. A further trading statement will be released once the Company has a greater degree of certainty with regards to its financial results for the year ending 30 June 2021.

The annual financial results of the Group for the year ending 30 June 2021 will be published on 31 August 2021, with the investor presentation being hosted virtually at 09:00 on 31 August 2021.

OPERATIONAL UPDATE

Economic climate

The economic and trading conditions continue to be weak in all the economies in which we operate notwithstanding signs of improvement since the initial lockdowns in 2020. The economies in the UK and Australia are anticipated to recover sooner as these are matured economies, the vaccination roll-out programmes are faster and levels of infection are under control. The South African economy will take much longer to recover to pre-Covid levels.

Vehicle markets

The new vehicle markets in the geographies in which we operate continue to be affected by weak macro-economic environments. Vehicle sales are under pressure as consumers postpone purchases and, in South Africa specifically, trade down to more affordable entry level new or pre-owned vehicles.

Average monthly new vehicle sales reported by The Automotive Business Council for South Africa (known as NAAMSA) are 37 900 vehicles. Management projects annual new vehicle sales to be between 430 000 to 450 000 vehicles for the calendar year to December 2021, compared to 380 500 vehicles in the comparative period, which is an estimated increase of 16% in unit sales.

In the UK, the Society of Motor Manufacturers and Traders (SMMT), forecast annual new passenger vehicle sales to be 1 850 000 vehicles for 2021, compared to 1 631 000 vehicles in the comparative period. Light Commercial Vehicle volumes are strong, driven by an increase in home deliveries, and are forecast to be 369 000 vehicles in 2021, compared to 293 000 vehicles in the comparative period.

In Australia, the Federal Chamber of Automotive Industries (FCAI), forecast annual new vehicle sales will exceed one million vehicles for 2021, compared to 916 968 vehicles in the comparative period.

Strong demand for pre-owned vehicles, which provide better value for money, continues on the back of the unavailability of new vehicles.

Car Rental (SA)

The Car Rental business recovery remains slow due to limited travel by the corporate and government sectors, and limited international and local tourism, coupled with price competitiveness in the market. During recent weeks, there have been signs of an increase in local leisure and business travel.

Financial Services (SA)

The Financial Services business has continued to demonstrate resilience in the current environment and performance is being protected by annuity income streams and pre-paid plans.

The business has been adversely impacted by the reduction in vehicle sales including sales to vehicle rental companies. The performance of the bank joint ventures remains under pressure, and management does not anticipate any profit shares for the current financial year.

Aftermarket Parts (SA)

The Aftermarket Parts business was positively impacted by stock availability, servicing of pent-up demand, increasing our customer base and growing market share after the initial lockdown. The shift from higher priced premium products to more affordable products is continuing.

We reduced the fixed cost base and synergies are being achieved through the use of the distribution centre in China.

Foreign currency cover (SA)

Hyundai, Kia and Renault have forward cover on the Euro and US Dollar to February 2022. All outstanding Mitsubishi commitments are covered. The Group purchases 70% of its vehicles in US Dollars.

Inventory supply constraints

Vehicle manufacturing globally has been affected by the Covid-19 crisis and interrupted component supplies. Management continues to monitor the situation closely and we are working with Original Equipment Manufacturers (OEMs) to ensure that we have sufficient stock of well-priced vehicles and parts to trade.

Outlook and guidance

We provide the following guidance with regards to the projected financial results for the year ending 30 June 2021:

	Projected range 30 June 2021	Actual 30 June 2020	Range (Increases)
Revenue	R84 400 million to R91 800 million	R73 417 million	15% to 25%
EBITDA	R5 100 million to R5 500 million	R4 082 million	25% to 35%
Operating profit	R3 525 million to R4 000 million	R2 136 million	65% to 87%
Profit before tax	R2 500 million to R3 000 million	R541 million	In excess of +100%
Attributable profit	R1 800 million to R2 200 million	R306 million	In excess of +100%

The free cash flow position after the car rental de-fleet is very strong as the net working capital and car rental fleet are at abnormally low levels. Net Debt to Equity is forecast to be below 45% for the year ending 30 June 2021 (2020: 60%). The liquidity position remains strong, supported by significant unutilised banking facilities.

Motus remains well within agreed bank covenant levels with sufficient liquidity headroom for strategic acquisitions. The bank covenants are as follows:

- Net debt to EBITDA must be below 3,0 times (forecasting to be below 1,4 times at 30 June 2021).
- EBITDA to net interest must be above 3,0 times (forecasting to be above 8 times at 30 June 2021).

Shareholder returns

We continued the share buy-back programme and repurchased 5 million shares to date at an average price of R68 per share.

We resumed dividend payments to shareholders and paid an interim dividend of 160 cents per share during March 2021. The final dividend will be approved at the August 2021 Board meeting.

By order of the Board

Johannesburg

9 June 2021

Sponsor

Merchantec Capital

Disclaimers:

Certain statements in this announcement are not reported financial results or historical information, but forward-looking statements. These statements contain the views and forecasts of management at the time of the publication of this announcement and are predictions or indicate future events, trends, 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.