

Motus Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 2017/451730/06

ISIN: ZAE000261913

Share code: MTH

("Motus" or "the Company" or "the Group")

Short-form preliminary summarised audited consolidated results for the year ended 30 June 2021

Financial highlights

- Revenue up 19%, R87 205 million (2020: R73 417 million)
- EBITDA up 30%, R5 302 million (2020: R4 082 million)
- Operating profit up 78%, R3 795 million (2020: R2 136 million)
- Profit before tax up 429%, R2 860 million (2020: R541 million)
- Earnings per share up 599%, 1 153 cents per share (2020: 165 cents per share)
- Headline earnings per share up 298%, 1 179 cents per share (2020: 296 cents per share)
- Net asset value 6 586 cents per share (2020: 6 653 cents per share)
- Total dividend per share 415 cents per share (paid interim dividend of 160 cents per share) (2020: nil cents per share paid)
- Free cash flow generated from operations R5 904 million (2020: R3 004 million)
- Net debt to equity 28% (2020: 60%)
- Return on invested capital[#] increased to 14,8% (2020: 6,4%)
- Weighted average cost of capital[#] decreased to 9,5% (2020: 9,8%)
- Net debt to EBITDA (debt covenant) 0,8 times (Required: to be less than 3 times) (2020: 2,2 times)
- EBITDA to net interest (debt covenant) 10,9 times (Required: to be greater than 3 times) (2020: 3,6 times)

[#]The return on invested capital and weighted average cost of capital is prepared on a 12-month rolling basis.

Overview

Motus is South Africa's leading automotive group, employing over 16 700 people globally. We are a diversified (non-manufacturing) business in the automotive sector with unrivalled scale and scope in South Africa, a selected international presence primarily in the UK and Australia, as well as a limited presence in South East Asia and Southern and East Africa.

Motus offers a differentiated value proposition to original equipment manufacturers (OEMs), customers and business partners with a fully integrated business model across the automotive value chain through four key business segments, namely: Import and Distribution, Retail and Rental, Financial Services and Aftermarket Parts.

Motus has long-standing importer and retail partnerships with leading OEMs, representing some of the world's most recognisable brands. We provide automotive manufacturers with a highly effective route-to-market and a vital link between the brand and the customer throughout the vehicle ownership cycle. In addition, we provide motor-related financial services and the sale of accessories and aftermarket parts for out-of-warranty vehicles.

Environment

The impact of the COVID-19 crisis on the global automotive industry has been extensive. This has resulted in fundamental disruptions in the manufacturing, supply chain and operational segments of the automotive industry globally.

The Group successfully implemented various action plans and initiatives focused on converting excess vehicle inventory and vehicle rental fleet into cash. We also aligned our existing cost structures and business operations to the changing economic environment and utilised available government relief programmes mainly in foreign operations.

As a result of the faster-than-expected rebound in the economy, management's swift and decisive actions, supported by the integrated business model and an increased online digital presence, the Group rebounded stronger and better than expected after the initial hard COVID-19 lockdowns to record robust results for the first full year of trading during the crisis.

The South African 2021 gross domestic product (GDP) has been upwardly revised to increase to between 4,0% and 4,2%¹, with the economic recovery forecast to continue in the short term.

The South African new vehicle market remains subdued, albeit with more stability as the market recovery continues to gain momentum. According to naamsa², South Africa retailed 445 319 units for the 12 months to 30 June 2021 (1% ahead of the prior period) despite selling 25 485 fewer vehicles to the car rental industry. At June 2021, our retail market share at 20,2% was consistent with the prior year. The forecasted vehicle sales to 30 June 2022 are between 450 000 to 470 000 vehicles.

The South African new vehicle market continues to be affected by the weak macroeconomic environment, lack of disposable income, global supply constraints and low consumer confidence, however, the growth will be supported by the car rental industry and government purchases. Industry margins will continue to be under pressure. The international travel restrictions should be lifted in the second half of the financial year and this should assist the sale of vehicles to the car rental industry and positively impact revenue in the car rental industry as well.

The UK new vehicle market improved by 14,6%³ for the 12 months to June 2021, with the passenger market improving by 11,3%³, the LCVs market improving by 33,9%³ and the heavy commercial vehicles improving by 13,7%³. Motus was well positioned and maintained its retail market share. The UK automotive market is showing positive signs of recovery in both the passenger and commercial segments. However, there will be stock availability constraints for the first six months of the financial year.

The Australian automotive industry remains highly competitive. The market grew by 9,7%⁴ for the 12 months to June 2021, with Motus maintaining its retail market share. Despite the COVID-19 crisis, the Australian economy has recovered well with the automotive industry benefitting from consumers purchasing vehicles instead of travelling internationally and utilising government assistance.

Factors such as the easing of lockdown restrictions, continued low interest rates specifically in South Africa, new model launches and the increased online digital presence, have ensured we continually attract customers to the dealerships and stores.

The Group remains focused and committed to creating value for our customers and building market share through relevant, innovative products and exceptional service at competitive prices. We will continue to deliver returns to shareholders through operational alignment, collaboration across the supply chain, cost and capital management, while mitigating currency risk.

Our operational focus has shifted to one of resilience, agility and recovery, and we have developed strategies to align, adapt and deliver on the adjusted business model. Our integrated business model, agile and entrepreneurial management have provided a solid platform to continue to build a resilient and sustainable business.

1 Econometrix: Quarterly Economic Outlook–South Africa | Q3 2021.

2 naamsa | The Automotive Business Council.

3 The Society of Motor Manufacturers and Traders.

4 Federal Chamber of Automotive Industries – Australia.

Financial performance

The results for the year reflect strong strategic and operational achievements, based on the resilient financial performance in a challenging and continuously evolving environment. We are encouraged by the solid performance the diversified business model provides, given the uncertainties in the markets in which we operate.

The South African operations contributed 64% to revenue and 80% to operating profit for the year (2020: 65% and 99%, respectively), with the remainder being contributed by the UK, Australia and South East Asia.

The Group's passenger and commercial vehicle businesses, including the UK and Australia, retailed 119 933 new units (2020: 112 833 new units), a 6% increase, and 108 700 pre-owned units¹ (2020: 95 945 pre-owned units¹), a 13% increase, during the 12-month period. New vehicle sales remain constrained by global supply shortages and the pre-owned vehicle market remains buoyant.

Revenue increased by 19% mainly due to improved performance in the Import and Distribution segment, the retail businesses (in SA, UK and Australia) and the Aftermarket Parts business segments. The increase was offset by decreased revenue contributions from the Car Rental and Financial Services business operations. The increase in revenue was supported by an increase in the sale of new and pre-owned vehicles, volume increases in the Aftermarket Parts business and price inflation.

The revenue increase was as a result of a 22% and 25% increased contribution from new and pre-owned vehicle sales respectively, and an 18% increased contribution from parts sales. Our contribution from rendering of services decreased by 3%, mainly due to reduced car rental revenue.

Operating profit increased by R1 659 million (78%) with all business segments improving operating profit contribution except for the Financial Services business, which was marginally lower than the prior year. The Import and Distribution business generated an increase of R85 million (10%), the South African Retail and Rental segment an increase of R684 million (>100%) year on year. The international operations in the UK and Australia benefited from strong government support and economic recoveries, resulting in an increase of R741 million (>100%) for the year. The Aftermarket Parts business generated an increase of R237 million (74%).

The increased operating profit is mainly as a result of the faster recovery of the automotive industry which positively impacted gross income, coupled with the benefits achieved through the implementation of various cost-cutting measures introduced in the prior year. The operations benefitted from increased volumes supported by good inventory availability of new and pre-owned vehicles, and parts and accessories in the Aftermarket Parts business, allowing us to service pent-up demand following the initial lockdowns.

Net finance costs decreased by 51%. The decrease is mainly as a result of the decline in core debt and floor plan debt, as we aggressively reduced the car rental fleet and inventory levels. We generated a gain on unwinding of the interest rate swaps.

Foreign currency exchange losses amounting to R99 million (2020: R13 million) relate to the revaluation of balances denominated in foreign currencies that do not qualify for cash flow hedge accounting in the normal course of business. These include forward exchange contracts (FECs) and options (through profit or loss), trade receivables, trade payables and customer foreign currency (CFC) accounts. The severe volatility of the ZAR during the year negatively impacted mark-to-market measurements.

During the year we also experienced abnormal losses amounting to R284 million, due to the cancellation of FECs. As a consequence of erratic global inventory supply constraints due to the COVID-19 crisis, initial production orders that had been placed could not be fulfilled as scheduled, leading to the breakage of the hedge relationships. Subsequently, new orders were placed and new hedge instruments were entered into.

Profit before tax increased by 429% to R2 860 million.

A full year dividend of 415 cents per share has been declared. An interim dividend of 160 cents per share was paid and the final year-end dividend of 255 cents per ordinary share was declared. Due to the economic crisis no dividend was declared and paid in 2020.

Net working capital resulted in a net cash inflow of R1 778 million, primarily due to lower inventory assisted by improved sales, lower vehicle returns from car rental companies and, more recently, supply constraints on certain vehicle models.

Net debt to equity is 28% (2020: 60%). Core debt (excluding floorplan and IFRS 16 debt) decreased by R3,3 billion primarily due to the lower working capital and vehicles for hire levels. This was further positively impacted by profits generated and no dividend paid in September 2020.

Net debt to EBITDA is 0,8 times (2020: 2,2 times) and EBITDA to net interest is 10,9 times (2020: 3,6 times). Both ratios have been calculated by applying the funders covenant methodology and we remain well within the bank covenant levels as set by debt providers of below 3,0 times and above 3,0 times, respectively.

Return on invested capital increased to 14,8% (2020: 6,4%) mainly due to improved profitability and lower average invested capital. Weighted average cost of capital decreased to 9,5% (2020: 9,8%) primarily due to lower cost of debt and lower average invested capital.

Net asset value per share amounts to 6 586 cents per share (2020: 6 653 cents per share).

We generated significant free cash flow of R5 904 million (2020: R3 004 million) from operating activities before capital expenditure for vehicles for hire. The free cash flow was primarily generated by solid operating profits, decreased finance costs and reduced working capital.

¹Includes trade units

Liquidity

The liquidity position is strong and the Group has R15,3 billion in unutilised funding facilities. A total of 42% of the Group debt is long term in nature and 54% of the debt is at fixed interest rates. Excluding floorplan debt, which can be seen as part of the working capital cycle, 65% of the debt is at fixed interest rates.

Dividend

A total of 415 cents per ordinary share was declared as a dividend for the year. 160 cents per ordinary share was paid as an interim dividend and a year-end dividend of 255 cents per ordinary share will be paid in September 2021.

Subsequent events

getWorth transaction

The Group acquired an additional 11% shareholding from the minority shareholders in Synapt Proprietary Limited which owns 100% of getWorth Proprietary Limited (getWorth). The Group's effective ownership in getWorth has increased to 60%.

Social unrest

The recent unrest that occurred mainly in KwaZulu-Natal and parts of Gauteng resulted in widespread looting and vandalism, causing significant damage to property, assets, business continuity and livelihoods across various parts of the country. Although our Group did not suffer significant direct losses, we are negatively impacted by the damage caused to the economy.

Board changes

Motus is led by a diverse board of directors (Board), the majority of whom are independent, with extensive industry knowledge and expertise, and who subscribe to ethical leadership, sustainability, stakeholder inclusivity and high standards of corporate governance.

Changes to the board in the past 12 months:

- Mr MJN Njeke was appointed as a member of the Remuneration Committee and the Nomination Committee with effect from 15 September 2020.

- Ms P Langeni tendered her resignation as an independent non-executive director and served on the Board until 10 November 2020.
- Mr PJS Crouse and Ms NB Duker (née Radebe) joined the Board as independent non-executive directors with effect from 10 November 2020. Mr PJS Crouse was appointed as a member of the Asset and Liability Committee and Ms NB Duker was appointed as a member of the Audit and Risk Committee with effect from 10 November 2020.
- Ms KR Moloko tendered her resignation as an independent non-executive director and served on the Board until 31 May 2021.

Company Secretary change

Ms JK Jefferies tendered her resignation as Company Secretary with effect from 28 February 2021.

Mr NE Simelane was appointed as Company Secretary with effect from 1 April 2021.

Sponsor change

The sponsor services provided to the company by The Standard Bank of South Africa Limited had by mutual consent, concluded with effect from 30 November 2020.

Merchantec Capital had been appointed as sponsor to the company with effect from 1 December 2020.

Strategy

The Group's strategic focus is centred on deepening our competitiveness and relevance across the automotive value chain, by driving organic growth through optimisation and innovation, and leveraging existing capabilities and networks. Further selective expansion involves the introduction of additional brands and businesses in areas close to existing dealerships via bolt-on acquisitions locally and internationally. Strategic acquisitions will be concluded in the Aftermarket Parts business to enhance the supply chain, and bolt-on acquisitions of technology companies in the Financial Services business, which will enhance the sustainability of the Group.

Our five strategic pillars include: ensure market leadership; enhance financial performance; drive innovation; improve technology solutions and invest in human capital and ESG initiatives.

Our short-term focus is to ensure the resilience of the Group in the volatile and uncertain environment resulting from the impact of the COVID-19 crisis and the recent civil unrest in South Africa.

Our long-term strategic priorities remain unchanged and are focused on ensuring we are the leading automotive group in South Africa, with a selected presence in the UK, Australia, South East Asia and Southern and East Africa.

Prospects

In the past 12 months, the integrated business model and the agile and entrepreneurial leadership allowed the Group to stabilise the business and generate outstanding financial results and significant cash flows in the unpredictable environment. This allowed us to deal with the slowdown in the economy, disrupted working environment and erratic supply of inventory. Our size, industry expertise and cash position gave us the agility to capture opportunities where possible. We built on our disciplined, back-to-basics plan, and that rigour has become a competitive advantage that will outlast the crisis.

We scaled our business activities to adapt to the new economic circumstances in a sustainable and responsible manner, and prepared well for the implementation of new legislation that became effective in the year.

Our action plans are not only about financial goals and operational efficiencies. Environmental, social and governance (ESG) imperatives have been central to our priorities over the past financial year. Surviving during these challenging times is as much about shareholder value as it is about our ability to be a meaningful contributor of value to all stakeholders. We remain committed to high ESG standards,

despite the current economic challenges. The need for environmental processes, social responsibility and good governance are more critical now than ever before, so that we continue to build a sustainable business.

We remain committed to delivering stable operating and financial results for the year to June 2022 provided there are no further stringent lockdowns, severe vehicle inventory shortages from the OEMs and further social unrest in South Africa.

HY1 2022 trading has commenced positively and was marginally impacted by the civil unrest experienced in July 2021. We have sufficient cash available and a strong balance sheet to invest in strategic growth initiatives and consider share buy-backs as the opportunities arise.

Appreciation

We would like to extend our appreciation and gratitude to Ms P Langeni and Ms KR Moloko for their contribution and service to the Group over the years.

We welcome Mr PJS Crouse and Ms NB Duker (née Radebe) to the board as independent non-executive directors and look forward to their contribution over the coming years.

We would like to extend our appreciation to Ms JK Jefferies for her contribution and service to the Group, and welcome Mr NE Simelane in his role as Company Secretary.

We would like to thank all staff, customers, suppliers, funders, stakeholders and the board for their support during these challenging times.

OS Arbee

Chief Executive Officer

OJ Janse van Rensburg

Chief Financial Officer

30 August 2021

The forecast and prospects information herein has not been reviewed or reported on by Motus' auditors.

Declaration of final ordinary dividends

for the year ended 30 June 2021

Notice is hereby given that a gross final ordinary dividend in the amount of 255 cents per ordinary share has been declared by the board, payable to the holders of the 188 933 942 ordinary shares. The dividend will be paid out of income reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 204 cents per ordinary share.

The Company has determined the following salient dates for the payment of the ordinary dividend:

2021

Last day for ordinary shares to trade cum ordinary dividend	Monday, 20 September
Ordinary shares commence trading ex-ordinary dividend	Tuesday, 21 September
Record date	Thursday, 23 September
Payment date	Monday, 27 September

The Company's income tax number is 983 671 2167.

Share certificates may not be dematerialised/rematerialised between Tuesday, 21 September 2021 and Thursday, 23 September 2021, both days inclusive.

On Monday, 27 September 2021, amounts due in respect of the ordinary dividend will be electronically transferred to the bank accounts of certified shareholders. Shareholders who have dematerialised their shares will also have their accounts held at their central securities depository participant or broker, credited on Monday, 27 September 2021.

On behalf of the board

NE Simelane

Company Secretary

30 August 2021

Corporate information

Directors

GW Dempster (Chairman)*

A Tugendhaft (Deputy Chairman)**

OS Arbee (CEO)#

OJ Janse van Rensburg (CFO)#

KA Cassel#

PJS Crouse*

NB Duker*

S Mayet*

MJN Njeke*

* Independent non-executive

** Non-executive

Executive

Company Secretary

NE Simelane

nsimelane@motus.co.za

Group Investor Relations Manager

J Oosthuizen

motusIR@motus.co.za

Business address and registered office

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Bedfordview, 2008

(PO Box 1719, Edenvale, 1610)

Share transfer secretaries

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1st Floor Rosebank Towers

15 Biermann Avenue

Rosebank

Johannesburg

2196

Auditors

Deloitte & Touche

5 Magwa Crescent

Waterfall City

Waterfall

2090

Sponsor

Merchantec Capital

13th Floor, Illovo Point

68 Melville Road

Illovo, Sandton

(PO Box 41480, Craighall, 2024)

Release date 31 August 2021**Full announcement and consolidated financial statements**

The content of this announcement is the responsibility of the directors of Motus. It is only a summary of the information contained in the full SENS announcement and does not contain full or completed details. This announcement is itself not audited but extracted from audited results.

Any investment decisions by investors should be based on the consideration of the full announcement which was released on SENS and is available at <https://senspdf.jse.co.za/documents/2021/jse/isse/mthe/ye21.pdf> and on Motus' website at <https://www.motus.co.za/investors/results/year-end-results/>.

The full announcement is also available for inspection at the registered office of Motus and the offices of the Sponsor, at no charge, weekdays during office hours 09:00 to 16:00.

The audited consolidated and separate annual financial statements including the unmodified audit opinion which details the key audit matter of the external auditor, Deloitte & Touche, is available at <https://www.motus.co.za/investors/integrated-reports/>.