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

INITIAL TRADING STATEMENT, OPERATIONAL AND STRATEGIC UPDATE

INITIAL TRADING STATEMENT

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 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 six-months ending 31 December 2021 has indicated that:

	Projection for the six months to 31 December 2021	Actual for the six months to 31 December 2020
Earnings per share (EPS)	Growth in excess of 20% (>609 cents per share)	507 cents per share
Headline earnings per share (HEPS)	Growth in excess of 20% (>632 cents per share)	526 cents per share

The financial information on which this initial trading statement is based (and any 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 Group has a greater degree of certainty with regards to its financial results for the six-months ending 31 December 2021.

OPERATIONAL UPDATE

New vehicle markets

Vehicle sales are continuing to recover despite the erratic vehicle supplies being experienced by Original Equipment Manufacturers (OEMs). The growth in vehicle sales bears testimony to consumers' resilience (both private and corporate) amid difficult credit conditions.

Average monthly new vehicle sales reported by naamsa, The Automotive Business Council for South Africa, are 40 000 vehicles. Management projects annual new vehicle sales to be between 440 000 and 460 000 vehicles for the calendar year ending 31 December 2021, compared to 380 500 vehicles in the comparative period, and between 470 000 and 490 000 vehicles for the financial year ending 30 June 2022, compared to 445 319 vehicles in the comparative period. Motus' increased market share to date has been supported by an expansion of its vehicle range, particularly in the growing entry level and small to medium SUV categories, coupled with exciting new model launches.

In the UK, the Society of Motor Manufacturers and Traders (SMMT), forecast annual new vehicle sales (excluding Heavy Commercial Vehicles) to be in excess of 2 million vehicles for the 12 months to 31 December 2021, compared to 1 924 000 vehicles in the comparative period. Light Commercial Vehicle volumes are strong, driven by an increase in home deliveries, and are forecast to be up by 16% to 340 000 vehicles. Heavy Commercial Vehicle sales are projected to increase to 38 000 vehicles, up by 13% for the year.

In Australia, the Federal Chamber of Automotive Industries (FCAI), forecast that annual new vehicle sales will exceed 1,1 million vehicles for the 12 months to 31 December 2021, compared to 917 000 vehicles in the comparative period.

Pre-owned vehicle markets

Strong demand for pre-owned vehicles across all geographies continues on the back of the shortage of new vehicles.

The industry is experiencing a short supply of pre-owned vehicles from car rental companies. We have identified alternative sources of pre-owned vehicles and are benefitting from our investment in technology, namely the motus.cars platform and the getWorth acquisition concluded in March this year.

Global supply chain disruptions

Global supply chain disruptions continue to impact the delivery of vehicles, panels and parts, with substantial increases in freight and logistics costs negatively impacting operating margins.

Our four importer brands and the 21 non-owned brands are fortunate in that they have an extensive model range which enables them to focus on available stock. While there are shortages of certain derivatives at different times, we are still able to offer the customer a wide selection of brands and models.

The availability of panels and parts is of concern, however, we are managing with multiple suppliers and utilising airline companies for emergency supplies.

We anticipate inventory supplies to normalise during the fourth quarter of our 2022 financial year.

Car Rental

This business has been restructured and costs having been reduced accordingly. Fleet levels are at 14 000 vehicles compared to 9 000 vehicles in the midst of the Covid crisis. During December 2021, the fleet will be increased to approximately 15 500 vehicles and at June 2022, it is estimated to be around 14 500 vehicles.

We are currently operating at utilisation levels in excess of 70% as local and international demand levels are starting to increase for the November 2021 to February 2022 tourism season.

Liquidity

The liquidity position remains strong, supported by significant unutilised banking facilities.

Debt to equity levels remain below targeted levels, projected to end at below 50% for the six-month period ending 31 December 2021.

Motus remains well within agreed bank covenant levels with sufficient liquidity headroom for strategic acquisitions, dividend distributions and share buy-backs.

Shareholder returns

We continued the share buy-back programme and have repurchased 2,4 million shares at an average price of R100,82 per share, from 1 July 2021 to date.

An interim dividend for the half year will be considered at the February 2022 Board meeting.

STRATEGIC UPDATE

Strategic investment in innovation and digital platforms

Innovation is accelerating across the customer buying and selling process, including the marketing, valuation and trading of pre-owned vehicles.

Motus will continue to innovate the digital journey within our dealers and through our on-line platforms, as well as through the technology recently acquired as part of the getWorth acquisition, which technology is being enhanced and rolled-out across the Group. We will invest in leading technology as a key business differentiator, including ongoing digitisation of the customer experience to respond to market expectations.

Aftermarket parts business acquisition: FAI Automotive plc (FAI)

As set out in the announcement released on SENS during October 2021, we acquired the entire issued share capital of FAI with effect from 1 October 2021.

The acquisition is expected to bolster Motus' international presence in the UK, will provide access to Eastern European markets and will underpin the group's intention to expand the Motus Aftermarket Parts (MAP) business offering.

One of FAI's strategic objectives was to establish a distribution center in China to better serve its international client base. Together, FAI and MAP can procure products at competitive prices from China and Taiwan, utilise their buying power and share MAP's existing distribution centres in the region. Various projects are underway to unlock synergistic benefits for both FAI and Motus. We anticipate that the acquisition will also provide other opportunities for growth.

Turnover for the 12 months ended 30 June 2021 amounted to GBP32 million (c. ZAR 640 million) with an operating margin in excess of 15%, and over 50% of sales being generated outside of the UK.

Unaudited interim financial results

The unaudited interim financial results of the Group for the six-months ending 31 December 2021 will be published on 22 February 2022, with the investor presentation being hosted virtually at 09:00 on 22 February 2022.

By order of the Board

Johannesburg
18 November 2021

Sponsor

Merchantec Capital

Disclaimer:

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.