

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 Unaudited condensed interim results for the six months ended 31 December 2021 and Cash Dividend Declaration

Financial highlights

- Revenue up 1%, R44 823 million (2020: R44 343 million)
- EBITDA up 22%, R2 959 million (2020: R2 424 million)
- Operating profit¹ up 23%, R2 148 million (2020: R1 750 million²)
- Profit before tax up 46%, R1 879 million (2020: R1 287 million)
- Earnings per share up 55%, 785 cents per share (2020: 507 cents per share)
- Headline earnings per share up 51%, 795 cents per share (2020: 526 cents per share)
- Net asset value up 19%, 7 776 cents per share (2020: 6 526 cents per share)
- Interim dividend per share 275 cents per share (2020: 160 cents per share)
- Free cash flow generated from operations R2 900 million (2020: R4 759 million)
- Net debt to equity 30% (2020: 24%)
- Return on invested capital³ increased to 15,9% (2020: 12,8%)
- Weighted average cost of capital³ increased to 10,4% (2020: 9,3%)
- Net debt to EBITDA⁴ (debt covenant) 0,9 times (Required: to be less than 3 times) (2020: 1,0 times)
- EBITDA to net interest⁴ (debt covenant) 16,5 times (Required: to be greater than 3 times) (2020: 3,7 times)

¹Operating profit before capital items and net foreign exchange losses.

²Adjusted for the re-presentation to include share of results from associates and joint ventures in operating profit.

³The return on invested capital and weighted average cost of capital is prepared on a 12-month rolling basis. In the prior year, this was prepared using an average of the six-month period.

⁴Calculated by applying the funders covenant methodology.

Overview

Motus is South Africa's leading automotive group, employing over 17 000 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, Mobility Solutions¹ 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 the sale of accessories and aftermarket parts for out-of-warranty vehicles and the Mobility Solutions¹ business sells value-added products and services to customers.

¹Formerly known as the Financial Services business segment. The segment was renamed due to the expansion of its products and services offering.

Environment

The impact of the COVID-19 crisis on the global automotive industry has been extensive. In its wake, the industry is absorbing manufacturing, supply chain and operational disruptions. This has resulted in vehicle shortages and substantial increases in production, freight and logistics costs. The industry has responded well, supported by strong consumer demand and continuous funding by the Banks. We believe that vehicle volumes will grow as the global supply chain stabilises with increased production to satisfy pent-up demand and normalisation of inventory levels.

South Africa

The South African new vehicle market is performing ahead of expectations as the market recovery continues to gain momentum. According to naamsa¹, South Africa retailed 236 682 units for the six months to 31 December 2021 (8,6% ahead of the prior period 217 860 units). At December 2021, our retail market share at ~22,6% was ahead of the prior year which was ~20,2%. The forecast to 30 June 2022 is between 470 000 to 490 000 vehicles. Motus' increased market share to date has been supported by an expansion of its vehicle model range, particularly in the growing entry-level and small to medium SUV categories (due to consumers buying down), coupled with exciting new model launches. The region was also impacted by erratic inventory supply.

The South African economy remains subdued with 2021 gross domestic product (GDP) forecasted to be 5,0%². Existing political and economic challenges have been further exacerbated by the slow rollout of the COVID-19 vaccine programme. Continuing low growth, reduced disposable income, depressed consumer confidence, high unemployment, increasing interest rates and high social vulnerabilities have been countered by improvement in the overall economic environment.

The South African 2022 GDP has been revised to increase by between 1,9%³ and 2,8%², with the economic recovery forecast to continue in the short term.

United Kingdom (UK)

The UK new vehicle market has declined for the six months to December 2021, with the passenger market declining by 25%⁴, the light commercial vehicle (LCV) market declining by 11%⁴ and the heavy commercial vehicles declining by 10%. The market was constrained due to erratic vehicle supplies being experienced by OEMs. Despite this, Motus maintained its retail market share. The UK automotive market is showing positive signs of recovery in both the passenger and commercial segments with annual new vehicle sales (excluding heavy commercial vehicles) increasing by 4%⁴ to 2 008 549 vehicles for the 12 months to 31 December 2021.

The economy is recovering and expected to reach pre-crisis levels during 2022, with annual UK real GDP growth in 2022 forecasted to be between 4,5% to 5,1%⁵.

Australia

The Australian automotive industry remains highly competitive. The market grew by 2%⁶ for the six months to December 2021, with Motus maintaining its retail market share. The market was also constrained due to erratic vehicle supplies experienced by OEMs. Annual new vehicle sales amounted to 1 049 831 vehicles⁶ for the 12 months to 31 December 2021, compared to 916 968 vehicles⁶ in the comparative period, up by 14,5%⁶ for the calendar year.

Economic activity in Australia was disrupted and contracted in the last quarter of the calendar year, due to the reintroduction of COVID-19 restrictions amid rising infections. Annual Australian GDP growth in 2022 is forecasted to be 5,5%⁷.

Motus continues to grow and expand its participation in all aspects of the vehicle value chain with competitive products and services that maximise our share of the customer's vehicle investment and engender loyalty.

Our business model allows us to maximise the income opportunities for each vehicle sold, enhanced by indirect vehicle-related revenue streams including value-added products and services, parts and

accessories. This is further supported by annuity income-earning streams, strong cash-generation ability, and an experienced and entrepreneurial management team.

The Group's ability to create value for all stakeholders over the long term is underpinned by its strategic agility as we deepen competitiveness, maintain market shares, and position the business to respond to changing market conditions.

¹ naamsa | The Automotive Business Council.

² Econometrix: Macro Forecast – South Africa | Q1 2022.

³ IMF | Jan 22.

⁴ The Society of Motor Manufacturers and Traders.

⁵ PwC UK Economic Outlook | December 2021.

⁶ Federal Chamber of Automotive Industries – Australia.

⁷ Reserve Bank of Australia.

Performance

The results for the six months ended 31 December 2021 reflect strong strategic and operational achievements with the automotive industry continuing on its journey to recovery. The business has established a new "normalised level", supported by improved profitability, a strong financial position and healthy cash generation.

The South African operations contributed 66% to revenue and 82% to operating profit for the period (2020: 64% and 83%, 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 66 705 new units (2020: 57 503 new units), a 16% increase, and 47 533 pre-owned units¹ (2020: 57 599 pre-owned units¹), a 17% decrease, during the six-month period.

Revenue increased by 1% compared to the prior period. The Import and Distribution segment revenue increased by 17%, Aftermarket Parts by 5% and the Retail and Rental segment by 1%. Mobility Solutions contributed 2% less revenue.

The revenue increase was as a result of a 4% increased contribution equally from new vehicle sales, parts sales and rendering of services. This was offset by an 8% decrease from pre-owned vehicle sales.

Operating profit increased by R398 million (23%), with all business segments contributing towards the increase. The segments generated the following increases: Import and Distribution R189 million (44%); Retail and Rental R150 million (20%); Mobility Solutions R25 million (5%) and Aftermarket Parts R25 million (9%) for the six-month period.

The increased operating profit is mainly as a result of the recovery of the automotive and car rental sectors which positively impacted gross income, coupled with increased margins achieved due to inventory shortages and disciplined cost management. Operations also partly benefitted from increased after-sales activity, acquisitions in the Retail and Rental and Aftermarket Parts segments, and the return to profitability of Bank joint ventures (JVs) in the Mobility Solutions segment. Profit margins were negatively impacted by the substantial increases in freight and logistics costs.

Net financing costs decreased by 28% mainly due to lower average working capital for the period and improved profitability which resulted in lower debt requirements. The decrease was further supported by the increased fair value adjustment gain recognised as a result of the unwinding of the interest rate swap and reduced *IFRS 16 – Leases* finance costs. We expect increases in finance costs in HY2 of the financial year as working capital levels normalise and global interest rates increase.

Foreign currency exchange losses amounting to R16 million (2020: R82 million) relate to the revaluation of balances denominated in foreign currencies that do not qualify for cash flow hedge accounting. These include forward exchange contracts (FECs) and options (through profit or loss), trade receivables, trade payables and Customer Foreign Currency (CFC) accounts.

Profit before tax increased by 46% to R1 879 million.

An interim dividend of 275 cents per share has been declared (2020: 160 cents per share).

Net working capital is an inflow of R507 million in the statement of cash flows.

Net debt to equity is 30% (2020: 24%). Core debt (excluding floorplan and IFRS 16 debt) increased by R726 million from June 2021 primarily due to the higher working capital and vehicles for hire levels, dividend paid in September 2021 and share repurchases. This was offset by profits generated for the six-month period.

Net debt to EBITDA is 0,9 times (2020: 1,0 times) and EBITDA to net interest is 16,5 times (2020: 3,7 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 15,9% (2020: 12,8%) mainly due to improved profitability and lower average invested capital. Weighted average cost of capital increased to 10,4% (2020: 9,3%) primarily due to increased equity which carries a higher cost.

Net asset value per share amounts to 7 776 cents per share (2020: 6 526 cents per share).

The statement of financial position is detailed in the financial overview section.

We generated significant free cash flow of R2 900 million (2020: R4 759 million) from operating activities before capital expenditure for vehicles for hire. The free cash flow was primarily generated by solid operating profits and reduced finance costs.

¹Includes trade units.

Liquidity

The liquidity position is strong and the Group has R14,8 billion in unutilised banking facilities. A total of 61% of the Group debt is long-term in nature and 25% of the debt is at fixed interest rates. Excluding floorplan debt, which can be seen as part of the working capital cycle, 31% of the debt is at fixed interest rates.

Dividend

An interim dividend of 275 cents per ordinary share has been declared, and will be paid in March 2022.

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 composition in the past six months:

- Ms. F Roji-Maplanka joined the Board as an independent non-executive director with effect from 1 September 2021 and was appointed as a member of the Social and Ethics Committee (SES Committee) and the Audit and Risk Committee (ARC) with effect from 1 September 2021.

Changes to the Board sub-committees in the past six months:

- Ms. K Cassel and Mr. OJ Janse van Rensburg resigned as members of the SES Committee with effect from 1 September 2021, following the reconstitution of the committee and now attend as invitees.
- Mr. MJN Njeke resigned from the Asset and Liability Committee and the ARC, with effect from 1 August 2021 and 1 September 2021, respectively. In addition, he was appointed as Chairman of the Remuneration Committee (RemCo) with effect from 3 November 2021.
- Mr. A Tugendhaft resigned as Chairman of the RemCo with effect from 3 November 2021, and remains a member.

Strategy

The Group's ability to create value for all stakeholders over the long term is underpinned by our strategic agility as we deepen competitiveness, maintain market shares, and position the business to respond to changing market conditions.

Our long-term strategic priorities remain unchanged and are focused on ensuring that we are the leading automotive group in South Africa, with a select international presence in the UK and Australia, and a limited presence in South East Asia and Southern and East Africa. We continue to look at acquisitions in South Africa, UK, Australia and China.

We remain focused on deepening our competitiveness and relevance across the automotive value chain, driving organic growth through optimisation, innovation, and selective bolt-on and complementary acquisitions.

In executing our business strategy as a responsible corporate citizen, Motus is led in a manner that is environmentally conscious to ensure its sustainability, and adopts policies and practices that enhance the growth of the economies in which it operates.

Our strategic initiatives underpin the delivery of our aspirations to ensure market leadership; enhance financial performance; drive innovation; improve technology solutions and invest in human capital and Environmental, Social and Governance (ESG) initiatives.

A skilled, diverse, productive and motivated workforce enables us to operate cost-effectively and efficiently to meet stakeholder needs. In turn, we work to provide our employees with career growth opportunities and a fair, rewarding, and safe work environment. The health and safety of our people is always top of mind, by ensuring that we prevent and minimise the potential spread of the COVID-19 virus through the implementation of additional health and safety protocols.

Prospects

Our integrated business model, continued support from the financial institutions to support customer vehicle purchases, agile and focused management have allowed us to generate strong financial results, a solid financial position and significant cash flows.

We expect to deliver double-digit earnings growth, a solid financial position and strong cash generation for the twelve-month period ending 30 June 2022, provided there are no further stringent lockdowns, severe vehicle inventory shortages from OEMs or social unrest in South Africa. We have sufficient cash available and a strong financial position to support the investment in strategic growth initiatives and we will consider share repurchases as the opportunities arise and pay dividends to shareholders.

Our unwavering commitment to ESG, within our sphere of control, will continue to be a cornerstone of our operations.

We welcome Ms. F Roji-Maplanka to the Board as an independent non-executive director and look forward to her contribution over the coming years.

We would like to thank all employees, 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

21 February 2022

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

Declaration of interim ordinary dividend

for the six months ended 31 December 2021

Notice is hereby given that a gross interim ordinary dividend in the amount of 275 cents per ordinary share has been declared by the Board, payable to the holders of the 186 856 942 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 220 cents per ordinary share.

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

2022

Last day for ordinary shares to trade cum ordinary dividend	Tuesday, 8 March
Ordinary shares commence trading ex-ordinary dividend	Wednesday, 9 March
Record date	Friday, 11 March
Payment date	Monday, 14 March

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

Share certificates may not be dematerialised/rematerialised between Wednesday, 9 March 2022 and Friday, 11 March 2022, both days inclusive.

On Monday, 14 March 2022, amounts due in respect of the ordinary dividend will be electronically transferred to the bank accounts of certificated shareholders. Shareholders who have dematerialised their shares will also have their accounts held at their central securities depository participant or broker, credited on Monday, 14 March 2022.

On behalf of the Board

NE Simelane

Company Secretary

21 February 2022

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*

F Roji-Maplanka*

* Independent non-executive

** Non-executive

Executive

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Release date 22 February 2022**Full announcement and consolidated financial statements**

This announcement is itself not audited and the forecast and interim financial information herein has not been reviewed or reported on by Motus' auditors.

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.

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/2022/jse/isse/mthe/interims22.pdf> and on Motus' website at <https://www.motus.co.za/investors/results/interim-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.