

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")

Unaudited condensed interim results and cash dividend declaration for the six months ended 31 December 2023

Financial highlights

- Revenue up 11%, R57 167 million (2022: R51 414 million)¹
- EBITDA² up 13%, R4 203 million (2022: R3 706 million)
- Operating profit³ up 1%, R2 647 million (2022: R2 617 million)
- Profit before tax down 25%, R1 507 million (2022: R2 014 million)
- Attributable profit down 27%, R1 112 million (2022: R1 520 million)
- Net asset value up 14%, 9 957 cents per share (2022: 8 716 cents per share)
- Earnings per share down 27%, 666 cents per share (2022: 916 cents per share)
- Headline earnings per share down 27%, 662 cents per share (2022: 902 cents per share)
- Interim dividend per share down 22%, 235 cents per share (2022: 300 cents per share)
- Diluted earnings per share down 26%, 643 cents per share (2022: 874 cents per share)
- Diluted headline earnings per share down 26%, 639 cents per share (2022: 860 cents per share)
- Free cash flows generated from operations up in excess of 100%, R2 831 million (2022: R425 million)
- Return on invested capital⁴ decreased to 11,8% (2022: 17,4%)
- Weighted average cost of capital⁴ decreased to 10,2% (2022: 11,0%)
- Equity to net debt structure of 52% equity: 48% net debt (2022: 57% equity:43% net debt)
- Net debt to EBITDA⁵ (debt covenant) 2,1 times (Required: to be less than 3 times) (2022: 1,6 times)
- EBITDA to net interest⁵ (debt covenant) 4,4 times (Required: to be greater than 3 times) (2022: 12,3 times)

¹ Revenue in the comparative period has been restated due to the adoption of IFRS 17.

² Earnings before interest, taxation, depreciation and amortisation.

³ Operating profit before capital items and net foreign exchange (losses)/gains.

⁴ The return on invested capital and weighted average cost of capital is prepared on a 12-month rolling basis.

⁵ Calculated by applying the funders' covenant methodology.

Business overview

Motus is a multi-national provider of automotive mobility solutions and vehicle products and services, with a leading market presence in South Africa (SA) as well as a selected international offering in the United Kingdom (UK), Australia, Asia and Southern and East Africa.

Motus employs over 20 000 people globally and has a track record for steady growth and dependable value creation that spans over 75 years. Motus is a diversified (non-manufacturing) business in the automotive sector and is SA's leading automotive group, with unrivalled scale and scope across the automotive value chain. Our international focus is selective and aimed at enhancing our offering and contribution to Group performance.

Motus offers a differentiated value proposition to Original Equipment Manufacturers (OEMs), customers and business partners with a business model that integrates our four business segments, Import and Distribution, Retail and Rental, Mobility Solutions and Aftermarket Parts, to meet customers' mobility needs across the vehicle's lifecycle.

Motus has long-standing importer, distribution 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's lifecycle. In addition, we provide accessories and aftermarket automotive parts for out-of-warranty vehicles and the Mobility Solutions business sells value-added products and services to customers.

Environment

The automotive landscape is impacted by various factors, including higher-than-normal vehicle and parts inflation, weakening of the South African Rand against major currencies, persistent power outages in SA, ongoing high interest rates, and escalating fuel prices and energy costs. These challenges collectively contribute to a strain on consumers' disposable income, posing a potential impact on their purchasing power and spending behaviour, and also increase the cost of doing business.

Increased competition has entered the market through new derivatives, new entrants and competitive pricing. These vehicle brands are selling attractive derivatives and offering appealing discounts and "money on the bonnet". Motus will continue to innovate, improve efficiency, differentiate our products and services and continue to provide a superior customer experience.

The global economic recovery from COVID-19, Russia's invasion of Ukraine, the cost-of-living crisis and the Middle East conflict, is proving surprisingly resilient but slow. Global growth is estimated at 3,1%¹ in 2023 and projected at 3,1%¹ in 2024 and 3,2%¹ in 2025.

South Africa

During 2023, the South African economy is estimated to have grown by 0,6%¹ and is expected to grow by 1,0%¹ in 2024 and further by 1,3%¹ in 2025. The automotive industry plays a critical role in contributing to SA's longer-term economic sustainability, with the industry contributing 4,9% to GDP (2,9% manufacturing and 2,0% retail)³. Inflation has declined to 5,1%² in December 2023, from 7,2%² in December 2022.

Factors impeding economic growth include highly indebted consumers, ongoing high interest rates, persistent power outages, weak currency, logistical constraints, emigration and slow real wage increases. Looking ahead, the approaching National election is contributing to uncertainty.

According to naamsa³, SA retailed 266 274 vehicles for the six months to 31 December 2023 (3,5% below the prior period of 276 016 vehicles). At December 2023, our retail market share for the six-month period was ~18,1%. Management's forecast for vehicle sales for the 12 months to 30 June 2024 is between 520 000 to 540 000 vehicles, with naamsa forecasting an increase of around 5%³ for calendar year 2024.

As a result of higher interest rates, fuel costs, inflation and job uncertainty, consumers are facing heightened strain on their disposable income. The current economic downturn has dampened consumers' interest in purchasing high-value assets, and has led consumers to be very cost conscious when replacing vehicles (new versus pre-owned, category of vehicle, brand of vehicle, timing of replacement).

The industry is returning to pre-COVID-19 levels of new vehicle sales, shifting to smaller and cheaper vehicles. While the prospect of interest rate cuts in the latter part of 2024 should assist, the stagnant economic backdrop does not point to a meaningful economic rebound in the near-term.

The vehicle rental industry, which was heavily impacted by COVID-19, continues to recover, aided by increased travel for corporate, leisure and international channels.

Parts and workshop activity continue to increase as a result of the extension of vehicle replacement cycles, however the buying-down trend continues.

United Kingdom

During 2023, the UK economy is estimated to have grown by 0,5%¹ and is expected to grow by 0,6%¹ in 2024 and further by 1,6%¹ in 2025. While the economy is expected to grow in the coming years, growth will remain below pre-COVID-19 rates. At the latter end of 2023, tax cuts for households and a higher minimum wage were announced, and it is anticipated that inflation and interest rates are likely to come down in the coming years after surging in 2022 and 2023. These measures will provide a much needed boost to consumer spending. Inflation continues to decline and reached 4,0%⁴ in December 2023, from 10,5%⁴ in December 2022.

The UK new vehicle market grew by 18,3% for the six-month period to 31 December 2023, with the passenger market growing by 17,4%⁵, the LCVs market growing by 25,0%⁵ and the heavy commercial vehicles (HCVs) market growing by 10,3%. New vehicle sales for the six-month period to 31 December 2023 amounted to 1 151 730 vehicles, compared to 973 250 vehicles in the comparative period. Motus remains well positioned and maintained its retail market share, with ~70% of our dealerships being in the van and commercial business.

Prices of pre-owned vehicles fell significantly in October and November 2023, and this has created the need for additional net realisable value provisions for the six-month period.

Parts and workshop activity continue to increase due to increased demand, supported by the steady flow of HCVs that are required to undergo their routine roadworthiness inspections.

Despite pressure on consumers as a result of high inflation, revenue in the aftermarket parts sector remains steady due to selling price increases in an active market. Margins have been impacted and will remain under pressure as a result of the inflationary impact on costs such as delivery and energy costs that are significant in these businesses.

Australia

The Australian economy has recovered largely in line with expectations. GDP growth has slowed, there has been a slight easing in labour market conditions and headline inflation continues to decline to 4,1%⁶ in December 2023, from 7,8%⁶ in December 2022.

The Australian automotive market achieved a milestone for calendar year 2023, setting an all-time record for new vehicle sales of 1 216 780⁷. Increased customer demand for new and more energy-efficient vehicles is evident, as well as larger vehicles, with SUV and LCV sales at an all-time high. The market grew by 16,8%⁷ for the six-month period to 31 December 2023, with Motus maintaining its retail market share. New vehicle sales for the six-month period to 31 December 2023 amounted to 635 021 vehicles⁷, compared to 543 571 vehicles⁷ in the comparative period. With the growth in the vehicle market sales, inventory levels have increased.

Parts and workshop activity continue to increase due to increased demand.

Motus is exposed to a number of foreign currencies in the jurisdictions in which we operate, as well as the source of its products. There has been currency volatility experienced over a number of years.

1 International Monetary Fund | World Economic Outlook January 2024 update.

2 Econometrix | Releases.

3 naamsa | The Automotive Business Council | Press releases.

4 Bank of England | Monetary Policy Report – February 2023 and February 2024.

5 The Society of Motor Manufacturers and Traders | Press release.

6 Reserve Bank of Australia | Statement on Monetary Policy – February 2023 and February 2024.

7 Federal Chamber of Automotive Industries (fcai.com.au).

Performance

The results for the period ended 31 December 2023 demonstrate the resilience of the Group in a very tough trading environment. The two key Motus strategies of internationalisation and diversification away from reliance on vehicle sale profitability are providing support for the areas of the business that are more severely impacted by the constrained consumer.

The South African operations contributed 55% to revenue and 66% to EBITDA for the period (2022: 65% and 77%, respectively), with the remainder being contributed by the UK, Australia and Asia.

The Group's passenger and commercial vehicle businesses, including the UK and Australia, retailed 64 076 new units (2022: 66 147), and 43 747 pre-owned units (2022: 43 422) during the period.

During the six-month period, we completed two significant bolt-on acquisitions aligned with Motus' international growth strategy. On 3 July 2023, we completed the acquisition of Solway Vehicles Distribution Limited (Solway) in the UK, where we acquired four DAF commercial vehicle dealerships that operate in North West England and Southern Scotland. On 10 October 2023, we completed the acquisition of Wagga Wagga in Australia, where we acquired multifranchise dealerships representing nine brands across two sites, with a predominant focus on the Ford, Kia, VW and Nissan brands. These dealerships operate in New South Wales. The acquisitions were funded using available cash and banking facilities, amounting to a combined net cash purchase consideration of R553 million. Since acquisition, both businesses have delivered on expectations.

Revenue increased by 11% driven by the Retail and Rental segment, contributing an increase of 13%, and the Aftermarket Parts segment contributing an increase of 33%. This was partially offset by the Import and Distribution segment which saw a decrease of 21%, and the Mobility Solutions segment which decreased by 2%.

The revenue increase was as a result of increased contributions from parts sales of R2 705 million (26%), new vehicle sales of R2 196 million (9%), rendering of services of R599 million (12%) and pre-owned vehicle sales of R274 million (2%), offset by insurance revenue which decreased by R21 million (7%). The increased parts revenue is mainly as a result of the additional contribution from the Motor Parts Direct (Holdings) Limited (MPD) acquisition (included for the full six months in the current period, and only three months in the prior period). The increase in revenue was supported by inflationary price increases.

EBITDA increased by 13% to R4 203 million.

Operating profit increased by R30 million (1%) with the following business segments improving their contribution: Aftermarket Parts R199 million (49%), Retail and Rental R98 million (8%), and Mobility Solutions R47 million (8%). This was offset by the reduced contribution from the Import and Distribution segment of R309 million (45%).

The increased EBITDA and operating profit is mainly as a result of the contribution from the MPD acquisition and the continued recovery of the vehicle rental sector, which positively impacted gross income for the Vehicle Rental division. Further supported by the strong performance from the international retail businesses, the Asian Aftermarket Parts business and Mobility Solutions.

The increased EBITDA and operating profit was mainly offset by margin pressure, strong competition and reduced demand experienced by the Import and Distribution, SA Retail and SA Aftermarket Parts businesses.

Net foreign currency exchange losses of R24 million (2022: R148 million) are mainly due to the translation differences arising from foreign currency denominated balances such as trade receivables, trade payables, Customer Foreign Currency (CFC) accounts and interest-bearing debt, and changes in the fair value of derivative instruments that are not formally designated in a hedge relationship.

Net finance costs increased by R639 million to R1,1 billion mainly due to higher average working capital and vehicles for hire levels, the financing of acquisitions, additions to fixed assets, increased interest rates across all the geographies we operate in and increased finance cost on lease liabilities.

Profit before tax decreased by 25% to R1 507 million.

An interim dividend of 235 cents per ordinary share has been declared (2022: 300 cents per share).

Movements in net working capital generated an inflow of R345 million from an outflow of R2,1 billion in the prior period. The decreased cash investment in net working capital is mainly as a result of the proceeds received from the reduction in inventory and the utilisation of extended payment terms for

floorplan payables. Offset by decreased trade and other payables and increased trade and other receivables mainly due to increased sales.

Equity to net debt structure of 52% equity:48% net debt (2022: 57% equity:43% net debt). Core debt increased by R699 million primarily due to increased vehicles for hire to vehicle rental companies, the debt funding of the bolt-on acquisitions in Australia and the UK, and additions to fixed assets. The increase was partly offset by profitability for the period.

Net debt to EBITDA is 2,1 times (2022: 1,6 times) and EBITDA to net interest is 4,4 times (2022: 12,3 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 funders of below 3,0 times and above 3,0 times, respectively.

Return on invested capital decreased to 11,8% (2022: 17,4%) mainly due to increased average invested capital (debt and equity). Weighted average cost of capital decreased to 10,2% (2022: 11,0%) mainly due to increased average debt levels which carry a lower cost than equity, offset by the higher global interest rates.

Net asset value per share increased by 14% to 9 957 cents per share (2022: 8 716 cents per share).

Cash generated from operations before movements in net working capital amounted to R3,9 billion (2022: R3,4 billion) and free cash flows generated from operations amounted to R2,8 billion (2022: R425 million).

Liquidity

The liquidity position is strong with unutilised banking and floorplan facilities of R9,4 billion. Owing to restrictions imposed by debt covenants, R5,0 billion is readily accessible with a further R2,1 billion linked to specific asset funding lines available. A total of 57% of Group funding, excluding floorplans, is long-term in nature, with 7% of Group funding, excluding floorplans, being at fixed interest rates.

Dividend

An interim dividend of 235 cents per ordinary share has been declared and will be paid in April 2024.

Board changes

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

The Board is committed to good corporate governance and as the custodian thereof, it ensures that Motus adheres to the highest standard of accountability, fairness and ethics, which are essential in building and maintaining trust, and delivering value creation.

Changes to the Board composition and committees during the six-month period:

- Mr. MJN Njeke was appointed as Chairman of the Board, Chairman of the Nomination Committee (NomCo) and resigned as Chairman and as a member of the Social, Ethics & Sustainability Committee (SES) with effect from 22 August 2023. He resigned as Chairman of the Remuneration Committee (RemCo), and remains a member of this Committee, with effect from 29 August 2023.
- Ms. F Roji was appointed as Chairman of the SES Committee with effect from 22 August 2023.
- Mr. JN Potgieter joined the Board as an independent non-executive director with effect from 22 August 2023, and was appointed as Chairman of the Assets and Liabilities Committee (ALCO) and a member of the Audit and Risk Committee (ARC).
- Mr. R van Wyk joined the Board as an independent non-executive director with effect from 29 August 2023, and was appointed as Chairman of the RemCo, and a member of the NomCo and the ALCO Committees.
- Ms. MG Mokoka joined the Board as an independent non-executive director with effect from 29 August 2023, and was appointed as a member of the ARC and the SES Committees. However, she did not make herself available for re-election at the Annual General Meeting following her retirement by rotation on 8 November 2023.

Strategy

Grow and expand our participation in all aspects of the automotive value chain, offering competitive products and services that maximise our share of a customer's vehicle investment and engender loyalty.

Our strategic initiatives underpin the delivery of our aspirations and support our ambition to achieve mobility for good while enhancing shareholder value.

Our overall approach is to be proactive and adaptable in responding to volatile and uncertain markets, while remaining focused on building long-term value rather than making short-term gains.

Prospects

The economic environment and consumer confidence will remain challenging for the short-term in SA and the UK, while the Australian business will continue to benefit from the normalised supply and demand for vehicles. Motus will continue to navigate the volatile market environment responsibly and is committed to financial stability and long-term value creation.

We anticipate delivering positive revenue and EBITDA growth for the 12 months to 30 June 2024, reflecting our operational efficiencies and commitment to maximise value. Net finance costs will remain high for the short-term as the supply chain cycle and the OEM commitments do not allow for quick and rapid de-stocking. With support from the OEMs and suppliers, initiatives have been put in place to reduce inventory, and management has a structured plan to reduce vehicles for hire in line with seasonal demand. These initiatives, together with cash generation from the trading operations, will improve free cash flows and reduce net debt accordingly.

Our on-going strategic initiatives of internationalisation and diversification, together with organic business initiatives and selective bolt-on acquisitions, will support earnings growth and value creation for stakeholders, beyond June 2024.

Appreciation

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

26 February 2024

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

Declaration of interim ordinary dividend

for the six months ended 31 December 2023

Notice is hereby given that a gross interim ordinary dividend in the amount of 235 cents per ordinary share has been declared by the Board, payable to the holders of the 178 300 509 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 188 cents per ordinary share.

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

	2024
Last day for ordinary shares to trade cum ordinary dividend	Monday, 25 March
Ordinary shares commence trading ex-ordinary dividend	Tuesday, 26 March
Record date	Thursday, 28 March
Payment date	Tuesday, 2 April

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

Share certificates may not be dematerialised/rematerialised between Tuesday, 26 March 2024 and Thursday, 28 March 2024, both days inclusive.

On Tuesday, 2 April 2024, 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 Tuesday, 2 April 2024.

On behalf of the Board

NE Simelane

Company Secretary

26 February 2024

Corporate information

Directors

MJN Njeke (Chairman)*

A Tugendhaft (Deputy Chairman)**

OS Arbee (CEO)#

OJ Janse van Rensburg (CFO)#

KA Cassel#

S Mayet*

JN Potgieter*

F Roji*

R van Wyk*

* 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

1 Van Buuren Road

Corner Geldenhuis and Van Dort Streets

Bedfordview, 2008

(PO Box 1719, Edenvale, 1610)

Share transfer secretaries

Computershare Investor Services Proprietary Limited

1st Floor Rosebank Towers

15 Biermann Avenue, Rosebank, Johannesburg, 2196

Auditor

PricewaterhouseCoopers Inc.

4 Lisbon Lane

Waterfall City

Jukskei View

2090

Sponsor

Merchantec Capital

13th Floor, Illovo Point

68 Melville Road

Illovo, Sandton

(PO Box 41480, Craighall, 2024)

Release date 27 February 2024

Full announcement

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 can be viewed on the JSE link: <https://senspdf.jse.co.za/documents/2024/jse/isse/mthe/interims24.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 office of the Sponsor, at no charge, on weekdays between 09:00 and 16:00.