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 "**the Group**")

Unaudited condensed interim results and cash dividend declaration for the six months ended 31 December 2024

Financial highlights

- Revenue down 2%, to R56 175 million (2023: R57 167 million)
- EBITDA[1] down 4%, to R4 022 million (2023: R4 203 million)
- Operating profit[2] down 4%, to R2 539 million (2023: R2 647 million)
- Net finance costs down 10%, to R1 010 million (2023: R1 124 million)
- Profit before tax up 2%, to R1 538 million (2023: R1 507 million)
- Attributable profit up 1%, to R1 127 million (2023: R1 112 million)
- Net asset value per ordinary share up 8%, to 10 710 cents per share (2023: 9 957 cents per share)
- Earnings per share up 1%, to 675 cents per share (2023: 666 cents per share)
- Headline earnings per share up 3%, to 681 cents per share (2023: 662 cents per share)
- Interim dividend declared per ordinary share up 2%, to 240 cents per share (2023: 235 cents per share)
- Return on invested capital[3] decreased to 10,7% (2023: 11,8%)
- Weighted average cost of capital[3] decreased to 9,9% (2023: 10,2%)
- Equity to net debt structure of 56% equity:44% net debt (2023: 52% equity:48% net debt)
- Net debt to EBITDA[4] (debt covenant) 2,1 times (Required to be less than 3 times) (2023: 2,1 times)
- EBITDA to net interest[4] (debt covenant) 3,8 times (Required to be greater than 3 times) (2023: 4,4 times)
- Cash flows from operating activities of R186 million (2023: outflow of R230 million)
- Credit Rating Long-Term Issuer[5] of AA-$_{(ZA)}$ with a Stable outlook
- Credit Rating Short-Term Issuer[5] of A1+$_{(ZA)}$

[1] Earnings before interest, taxation, depreciation and amortisation.
[2] Operating profit before capital items and net foreign exchange movements.
[3] The return on invested capital and weighted average cost of capital is prepared on a 12-month rolling basis.
[4] Calculated by applying the funders' covenant methodology.
[5] Rating provided by an independent rating agency, GCR Ratings.

Business overview

Motus is a multi-national provider of automotive mobility solutions and vehicle products and services, delivering 77 years of steady growth and reliable value creation. Our leading market presence in South Africa (SA) is enhanced by selected international offerings in the United Kingdom (UK), Australia, Asia and Southern and East Africa.

Motus employs over 20 000 people globally and is a diversified (non-manufacturing) business in the automotive sector. Motus is SA's leading automotive group, with unrivalled scale and scope across the automotive value chain.

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, providing multiple customer touchpoints that support resilience and meet customers' mobility needs across the vehicle ownership cycle.

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 segment sells value-added products and services (VAPS) to customers, including non-insurance and insurance products, consumer mobility solutions, and fleet services.

Environment

Elevated interest rates and fuel costs have increased the cost of vehicle ownership, further straining consumers' disposable income. The prolonged economic downturn has made consumers more cautious about high-value purchases, leading them to be price-sensitive when replacing vehicles. They are carefully weighing factors such as new versus pre-owned vehicle options, vehicle category, vehicle brand, fuel efficiency and timing of replacement. This trend is reflected in a growing preference for more affordable choices or extending the lifespan of their current vehicles.

<u>Global</u>

The 2024 calendar year emerged as the year of elections, with many prominent countries undergoing an election cycle. High inflation and challenging economic conditions displaced ruling parties in the United States of America, SA, and the UK, to mention a few. The much-anticipated interest rate-cutting cycles began in 2024 spurring growth, however, the risks associated with continued geopolitical tensions, uncertainty around policy outcomes and climate-related disasters, cannot be ignored. Global GDP growth is projected to be 3,3%[1] in both 2025 and 2026.

<u>South Africa</u>

SA experienced a year filled with improved optimism and a favourable election outcome with the formation of a Government of National Unity (GNU) in June 2024. It is estimated that the economy grew by 0,8%[1] in 2024 with GDP expected to grow by 1,5%[1] in 2025 and by 1,6%[1] in 2026. The improvement has been mixed, as the momentum in agriculture, mining, manufacturing, and construction industries has not displayed a meaningful increase.

A stronger Rand and lower inflation enabled the South African Reserve Bank (SARB) to cut the repo rate three consecutive times by 25 basis points (bps) since September 2024 closing at 7,5%[2] in January 2025, fuelling vehicle sales growth along with the two-pot retirement system boosting consumer spending.

Inflation came in at 3,0%[3] in December 2024, well below the 4,5%[2] mid-point of SARB's 3,0%-6,0%[2] target range, presenting an increased likelihood of further interest rate cuts.

An improvement in the domestic outlook for 2025 is expected as business and consumer sentiment recover. The SARB holds a balanced lens on the risks to the growth outlook.

According to naamsa[4], SA retailed 269 680 vehicles for the six months to 31 December 2024 (~1,4% above the prior period of 265 938 vehicles), with the passenger market growing by 9,2%, and the light commercial vehicles (LCVs) and heavy commercial vehicles (HCVs) markets contracting by 14,7% and 6,5%, respectively. At December 2024, our new vehicle passenger market share for the six-month period was ~20,3%. Management's forecast for new vehicle sales for the 2025 calendar year is between 525 000 to 540 000 vehicles, with naamsa forecasting the new vehicle market to improve by single digits[4] compared to the 2024 level.

Consumer preferences have shifted towards pre-owned vehicles, which has bolstered growth and competition in this market.

The vehicle rental industry has surpassed pre-COVID revenue levels (a significant portion of the price increases were essential to offset inflationary pressures on vehicles and other costs), with industry volumes recovering to ~93% of pre-pandemic highs.

Parts, workshop, and service revenue continue to increase due to the extension of vehicle replacement cycles.

The aftermarket parts sector is an essential and growing market, driven by an ageing and diverse vehicle parc with rising vehicle ownership, as well as extending replacement cycles. It remains a competitive landscape with a range of players from large distributors to informal sector suppliers, as well as online distributors.

United Kingdom

While growth for 2024 was estimated at 0,9%[1], the second half of the 2024 calendar year was characterised by weak GDP growth. GDP is forecasted to grow by 1,6%[1] in 2025 and by 1,5%[1] in 2026.

Easing inflationary pressures enabled the Bank of England (BoE) to cut interest rates three times by 25bps in August 2024, November 2024 and February 2025 to 4,5%[5].

Inflation has remained closer to the BoE's 2,0%[5] target, reaching 2,5%[6] in December 2024 from 4,0%[6] in December 2023. Inflation is expected to rise to ~2,75%[5] over the next year.

The UK new vehicle market contracted by 0,3% for the six months to 31 December 2024, with the passenger market contracting by 0,8%[7], the LCVs market growing by 2,7%[7] and the HCVs market contracting by 4,6%. New vehicle sales for the six-month period to 31 December 2024 amounted to 1 147 992 vehicles, compared to 1 151 730 vehicles in the prior period. Motus remains well positioned and maintained its retail market share, with ~70% of dealerships representing our commercial vehicles business.

Elevated interest rates and a constrained consumer environment has dampened the retail passenger market, in addition to the stricter restrictions requiring OEMs to ensure that an increased percentage of new vehicle sales are new energy vehicles.

Parts and workshop activity continue to benefit from high levels of demand due to regulatory requirements mandating regular servicing of HCVs (at least every six weeks on average). Vehicle replacement cycles are extending which is impacting franchise dealer parts and workshop activity as the number of vehicles younger than five years in the vehicle parc is reducing.

The aftermarket parts industry is a substantial and growing sector, driven by an ageing vehicle parc with extending replacement cycles. It remains a competitive landscape with a mix of traditional wholesale and retail businesses, and online distribution channels.

Australia

Throughout 2024, the Australian economy faced a high-interest rate environment along with persistent inflation despite it falling from the peaks of 2022. Inflation reached 2,5%[8] in December 2024, which is in line with the 2,5%[9] mid-point of the Reserve Bank of Australia's (RBA) target range. While wage growth has softened, strong employment kept interest rates steady since November 2023. With the recent easing of inflation, the RBA cut interest rates for the first time in over four years by 25bps in February 2025 to 4,1%[9].

While growth for 2024 was estimated at 1,2%[1], GDP is expected to grow by 2,1%[1] in 2025 and 2,2%[1] in 2026. Income tax cuts and consumer subsidies will provide some relief to disposable income.

The Australian automotive market broke its annual record for the second year in a row, selling 1 236 602[10,11] new vehicles during the 2024 calendar year, increasing by 1,6% from the prior year. The second half of the 2024 calendar year was, however, impacted by weaker new vehicle sales, which contracted by 4,9% to 604 190[10,11] vehicles when compared to the six months ended 31 December 2023. Motus maintained its market share.

The growing vehicle parc continues to drive demand for parts and workshops.

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

1 International Monetary Fund | World Economic Outlook January 2025 update.
2 South African Reserve Bank | Statement of the monetary policy committee – September 2024, November 2024 and January 2025.
3 Stats SA | Press release.
4 naamsa | The Automotive Business Council | Press releases.
5 Bank of England | Monetary Policy Report – August 2024, November 2024 and February 2025.
6 Office for National Statistics | Bulletin – December 2024.
7 The Society of Motor Manufacturers and Traders | Press releases.
8 Australian Bureau of Statistics | Monthly Consumer Price Index | December 2024.
9 Reserve Bank of Australia | Media releases – December 2024 and February 2025.
10 Federal Chamber of Automotive Industries (fcai.com.au).
11 Electric Vehicles Council | Vehicle sales report | December 2024 edition.

Performance

Our performance for the first six months of our financial year is a "tale of two quarters". The business experienced a challenging first quarter on the back of a slow-down in the economies in which we operate and an improved performance for the second quarter. The second quarter was supported by improved business confidence, lowering of interest rates and the introduction of the two-pot retirement system in SA resulting in positive consumer sentiment, and increasing momentum with new vehicle model launches.

The Group's performance in the second quarter showed a marked improvement compared to the first quarter, with a notable shift in operating profit and profit before tax contributions which were supported by a reduction in net finance costs enabled by a conscious effort to reduce inventory and net debt.

The South African operations contributed 55% to revenue and 65% to EBITDA for the period (2023: 55% and 66%, respectively), with the remainder being contributed by the UK, Australia and Asia. Our strategy of diversification supported the performance for the period, with 54% of EBITDA generated from non-vehicle sales, increasing from the 51% contribution in the prior period.

The Group's passenger and commercial vehicle operations, including the UK and Australia, retailed 60 376 new units (2023: 64 076) and 45 131 pre-owned units (2023: 43 747) during the period.

Revenue decreased by 2% driven by reduced contributions from the Retail and Rental segment (3%) and the Mobility Solutions segment (3%). This was partially offset by increased contributions from the Aftermarket Parts segment (5%) and the Import and Distribution segment (7%).

The decrease in revenue of R992 million (2%) was as a result of reduced contributions from new vehicle sales of R1 934 million (7%) and insurance revenue of R67 million (24%). Offset by increased contributions from pre-owned vehicle sales of R629 million (5%), parts and other goods sales of R224 million (2%) and rendering of services of R156 million (3%).

EBITDA decreased by 4% to R4 022 million.

Operating profit decreased by R108 million (4%) mainly due to the reduced contribution from the Retail and Rental segment of R106 million (8%) and the Import and Distribution segment of R64 million (17%). This was partially offset by the increased contributions from the Mobility Solutions segment of R38 million (6%) and the Aftermarket Parts segment of R28 million (5%).

Operating profit was mainly impacted by margin pressure, strong competition and reduced demand experienced across our SA operations (Importers and SA Retail) and the International Retail operations (the UK and Australia). The decline was offset by the performance of our Vehicle Rental division, the Mobility Solutions segment and the Aftermarket Parts segment (SA and International).

Net finance costs decreased by R114 million (10%) to R1,0 billion mainly due to lower average net working capital over the period and a reduction in net debt of R994 million compared to 31 December 2023.

Profit before tax increased by 2% to R1 538 million.

An interim dividend of 240 cents per share has been declared (2023: 235 cents per share).

Net working capital increased by R1,0 billion (8%) from 30 June 2024 to R14,1 billion, primarily due to the increase in inventory, trade and other receivables and the net derivative asset. Partially offset by the increase in floorplans from suppliers and trade and other payables.

Equity to net debt structure improved to 56%:44% (2023: 52%:48%). Core interest-bearing debt increased by R1,5 billion from 30 June 2024 primarily due to the increase in fixed assets, net working capital, vehicles for hire, bolt-on acquisitions and the reduction of floorplan debt from financial institutions. Partially offset by profits generated for the period.

Net debt to EBITDA is 2,1 times (2023: 2,1 times) and EBITDA to net interest is 3,8 times (2023: 4,4 times). Both ratios have been calculated by applying the funders' covenant methodology and remain within the bank covenant levels as set by funders of below 3,0 times and above 3,0 times, respectively.

Return on invested capital decreased to 10,7% (2023: 11,8%) mainly due to increased average equity within invested capital and a lower return. Weighted average cost of capital decreased to 9,9% (2023: 10,2%) mainly due to the decreased cost of both debt and equity.

Net asset value per ordinary share increased by 8% to 10 710 cents per share (2023: 9 957 cents per share).

Cash generated from operations before movements in net working capital and vehicles for hire amounted to R3,9 billion (2023: R3,9 billion) and cash flows from operating activities amounted to R186 million (2023: outflow of R230 million).

Our stable performance amid challenging trading conditions highlights the Group's inherent resilience and the effectiveness of our internationalisation, diversification, and innovation strategies. These strategies mitigate cyclicality and position the Group for sustainable, profitable growth as we navigate the structural shifts reshaping the automotive industry.

Liquidity

The liquidity position is healthy with unutilised banking and floorplan facilities of R10,7 billion.

In November 2024 we converted our international debt funding of GBP150 million from a Revolving Credit Facility into a sustainability-linked facility. The targets include:

- purchased electricity;
- own vehicle fuel consumption;
- diversity and inclusion: female representation occupying all management levels in SA; and
- community development: learners having access to resource centres managed by the DP World and Motus Community Trust.

Dividend

An interim dividend of 240 cents per ordinary share has been declared and will be paid in April 2025.

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.

During the reporting period, the following Board and sub-committee changes occurred:

- Mr. OS Arbee, who reached retirement age, retired as Chief Executive Officer (CEO) and from the Board and its sub-committees with effect from 31 October 2024.
- Mr. OJ Janse van Rensburg was appointed as CEO with effect from 1 November 2024 and remains an executive director on the Board. On 5 November 2024, he was appointed as a member of the Social, Ethics and Sustainability Committee.
- Ms. B Baijnath was appointed as Chief Financial Officer (CFO) designate with effect from 1 August 2024, and as CFO and to the Board as an executive director with effect from 1 November 2024.

Strategy

Our aim is to grow and deepen our participation across 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.

Prospects

While the trading environment, including the automotive sector, is expected to remain challenging due to ongoing economic pressures in our geographies, we are encouraged by improving consumer sentiment, especially in South Africa. Despite pressures on disposable income, positive momentum and shifting consumer preferences across our businesses, have created opportunities that align with our Group strategy and strengths, positioning us favourably for future growth.

We expect overall financial performance to remain stable for the full year ending 30 June 2025 compared to the year ended 30 June 2024. Operating profit is expected to be marginally below the prior year, while net finance costs are projected to decline by low double-digits, contributing positively to headline earnings for the financial year which are forecast to be in line with the prior year.

Motus remains cash generative with sufficient funding facilities, providing a strong foundation to explore opportunities for de-gearing and optimising our statement of financial position across geographies.

Key factors that may influence the economic landscapes in which we operate include uncertainty stemming from geopolitical tension, inflation, currency volatility, changes in interest rates, fuel and energy costs, as well as potential impacts of future tax legislative changes.

Appreciation

We would like to thank all employees, customers, suppliers, funders, stakeholders and the Board for their support during the period.

OJ Janse van Rensburg
Chief Executive Officer

B Baijnath
Chief Financial Officer

26 February 2025

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 2024

Notice is hereby given that a gross interim ordinary dividend in the amount of 240 cents per ordinary share has been declared by the Board, payable to the holders of the 179 131 978 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 192 cents per ordinary share.

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

	2025
Last day for ordinary shares to trade cum ordinary dividend	Tuesday, 1 April
Ordinary shares commence trading ex-ordinary dividend	Wednesday, 2 April
Record date	Friday, 4 April
Payment date	Monday, 7 April

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

Share certificates may not be dematerialised/rematerialised between Wednesday, 2 April 2025 and Friday, 4 April 2025, both days inclusive.

On Monday, 7 April 2025, 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 (CSDP) or broker, credited on Monday, 7 April 2025.

On behalf of the Board

NE Simelane
Company Secretary

26 February 2025

Corporate information

Directors

MJN Njeke (Chairman)*
A Tugendhaft (Deputy Chairman)**
OJ Janse van Rensburg (CEO)#
B Baijnath (CFO)#
KA Cassel#
S Mayet*
JN Potgieter*
F Roji*
LJ Sennelo*
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, 2196
(PO Box 41480, Craighall, 2024)

Release date 27 February 2025

Results announcement

The content of this results announcement is the responsibility of the directors of Motus. This results announcement is only a summary of the information contained in the unaudited condensed interim results and cash dividend declaration for the six months ended 31 December 2024 (**Results**) and does not contain full or completed details.

Any investment decisions by investors should be based on the Results, as published on SENS on 27 February 2025 and which can be viewed on the JSE's cloudlink at:
https://senspdf.jse.co.za/documents/2025/jse/isse/mthe/interims25.pdf and on Motus' website at: https://www.motus.co.za/investors/results/interim-results/ .

The Results are 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 and/or through a secure electronic manner at the election of the person requesting inspection.