



MOTUS
POWERING PROGRESS

Investor pre-close briefing & trading update

23 June 2020

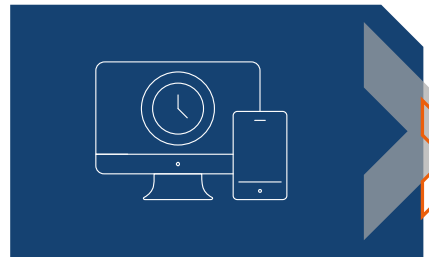


Agenda

- 1. Introduction**
- 2. Impact of COVID-19 Virus**
- 3. Our response**
- 4. Business overview**
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- 6. Actions taken to mitigate business risk**
- 7. Facilities and debt covenants**
- 8. Foreign exchange cover**
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- 10. What happens next – strategy going forward**
- 11. Questions and Thank you**



1. Introduction



- Welcome



- Extraordinary meetings with EXCO & Board members regularly



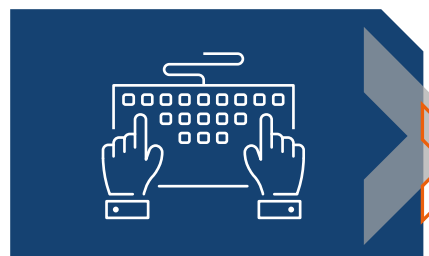
- Discussions with local & international funders



- Sharing of information via SENS and webinar after:
 - First trading update: finalisation of March 2020 results
 - Second trading update: finalisation of May 2020 results



- Navigating through uncharted and unprecedented times



- Prepare our business across all segments for a post-pandemic environment

2. Impact of COVID-19 Virus (“Virus”) per country



SOUTH AFRICA

- Initial lockdown commenced on 27 March 2020 with all non-essential operations closed until 12 May 2020
- Phased-in approach with workers returning as follows:
 - 30% from 12 May 2020
 - 60% from 25 May 2020
 - 100% from 8 June 2020
- The vehicle licence and registration offices only started opening during the first week of June and this delayed vehicle registration



UNITED KINGDOM

- Lockdown commenced on 23 March 2020 with sales showrooms closed and workshops allowed to remain open
- Due to the lockdown there were no sales of passenger vehicles, however the commercial vehicle workshops continued operating
- All showrooms and workshops re-opened on 1 June 2020

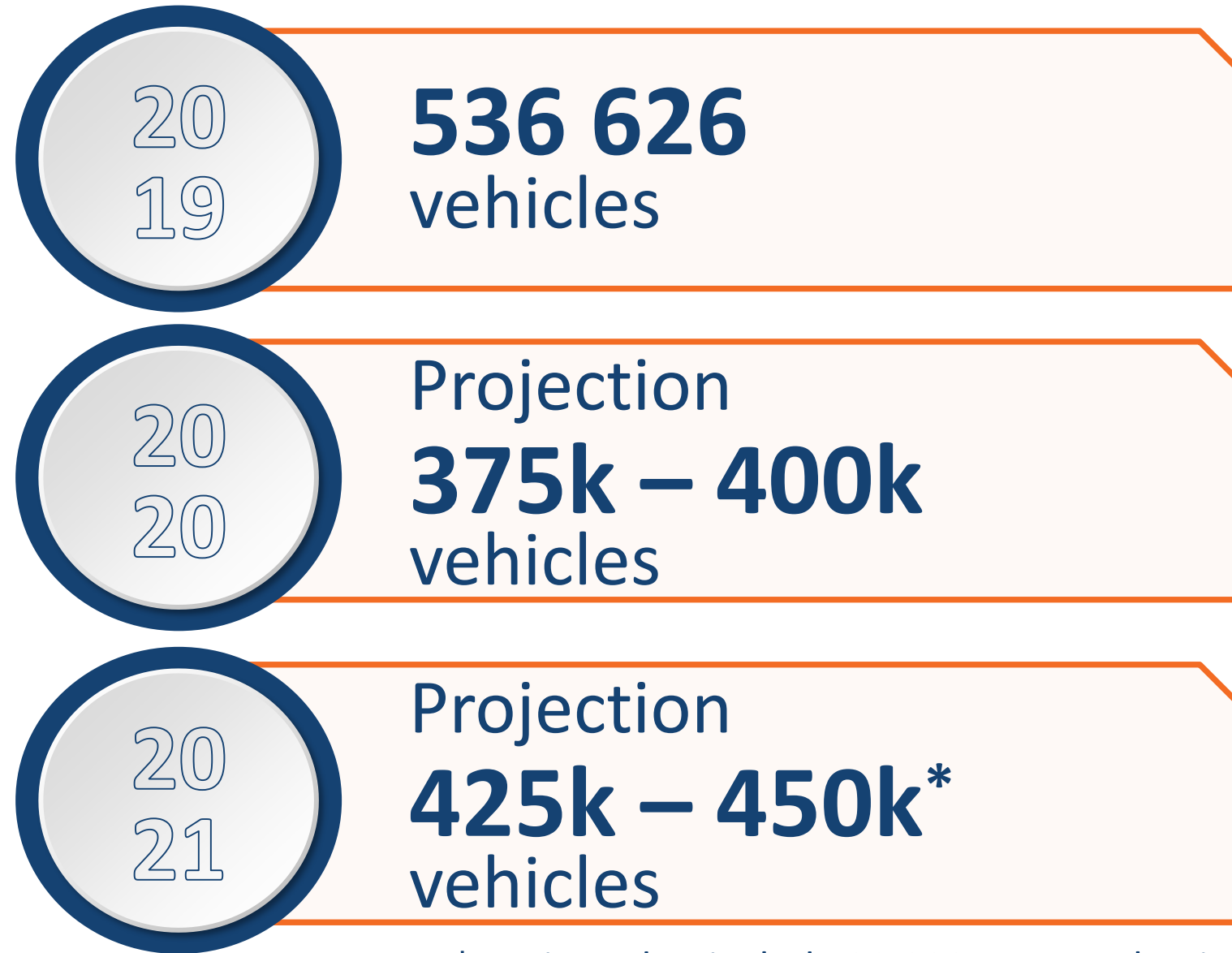


AUSTRALIA

- All our businesses remained open, albeit at very reduced business operations
- We were not required to close any of our dealerships but with minimal business
- Workshops were open for service although we experienced low volumes

2. Impact of COVID-19 Virus (“Virus”) on the South African vehicle market

South African vehicle market (calendar years)



* Projected to include 30,000 car rental units

- Motus increased market share across all our imported brands for May 2020 to 20% (May 2019- 15%).
- Motus group sold one in every four vehicles for May 2020.

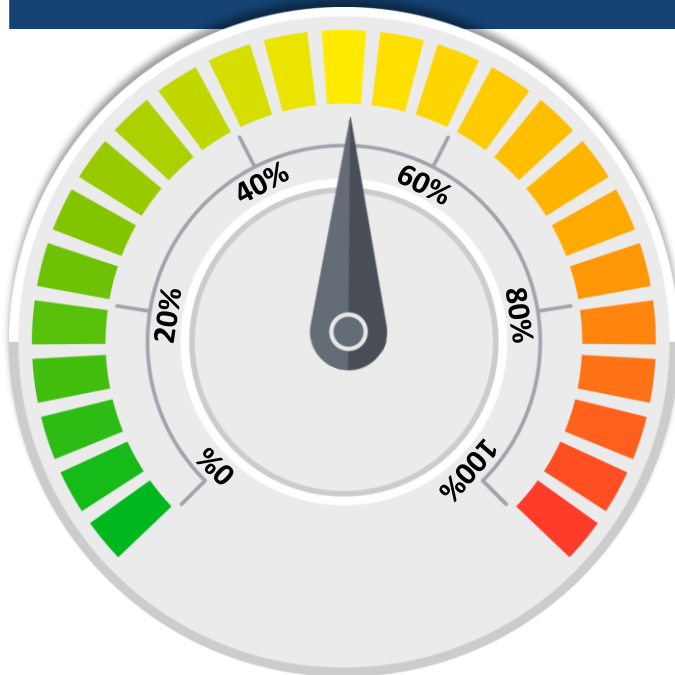




2. Impact of COVID-19 Virus (“Virus”) per segment



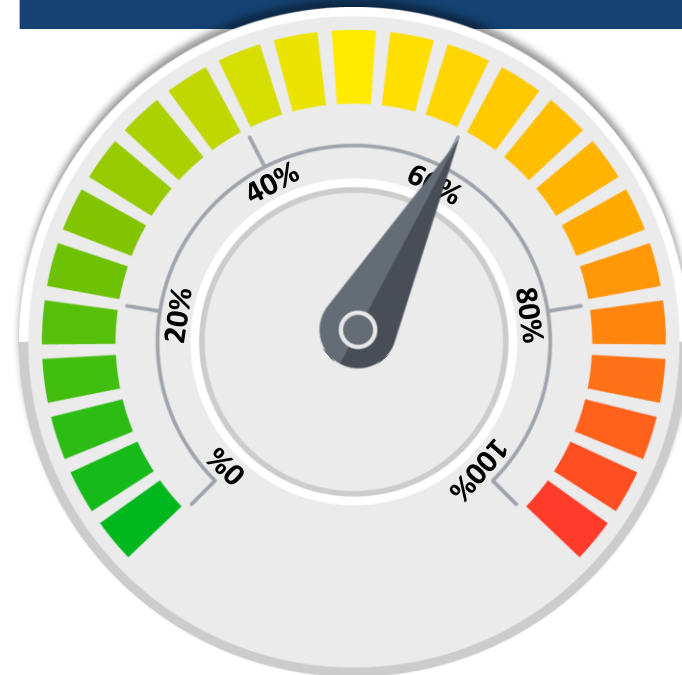
Import and Distribution



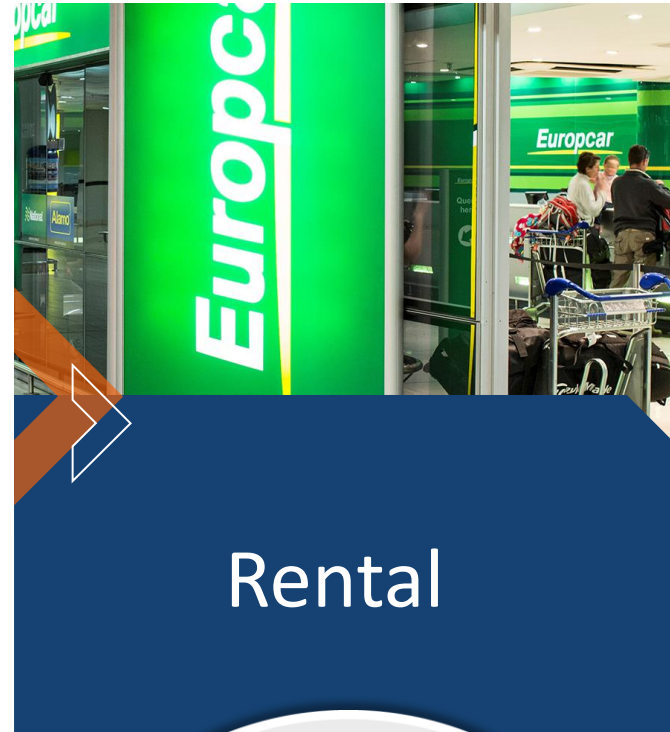
Impacted
50%



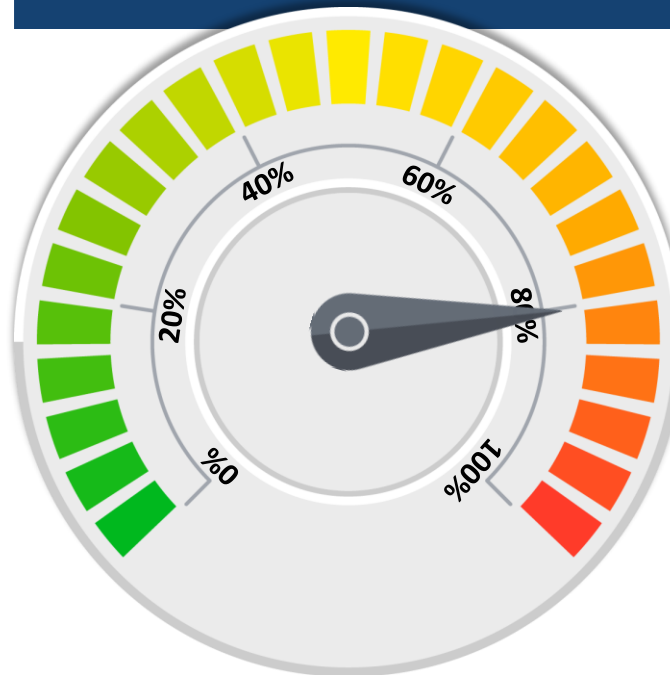
Retail



Impacted
60%



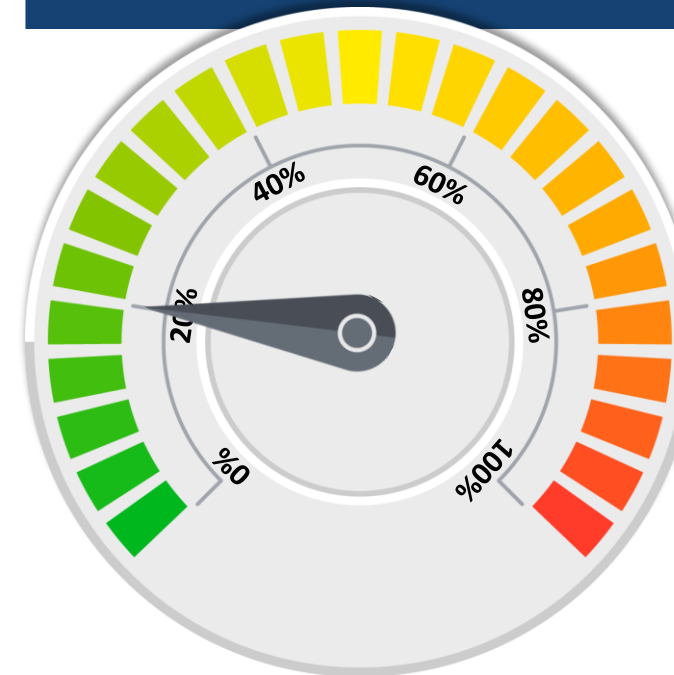
Rental



Severely Impacted
80%



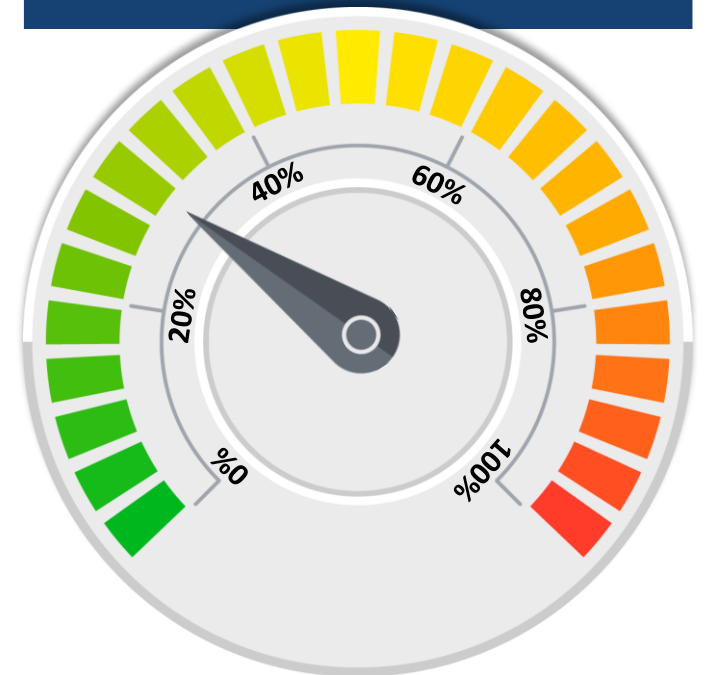
Motor-Related Financial Services



Impacted
20%



Aftermarket Parts



Impacted
30%

3. Our response

- Set up a Covid Crises Committee to understand the immediate challenges the Virus presented to our people, customers and businesses;
- Develop plans to address challenges and build quick response alternatives;
- Prioritise all cash payments to preserve cash;
- Rationalise operational footprints and staff compliment across our segments;
- Maximise benefits from digital platforms; &
- Agile and entrepreneurial management team.

4. Business overview



- **Diversified business** with a leading position in South Africa & selected international presence mainly in the UK, Australia & China;
- Fully **integrated business model** in South Africa across the vehicle value chain;
- **Unrivalled scale in South Africa** underpins a differentiated value proposition to OEMs, suppliers, customers & business partners, providing multiple customer touch points;
- **Cash flow generative business**, with exposure to annuity income streams (Motor-Related Financial Services);
- **Drive innovation** (e.g. partnered with Discovery on Warranty product);
- Continuous alignment & participation in **digital, mobility & automation trends**;
- **Experienced, Entrepreneurial & Agile management team** with deep industry knowledge; &
- All the above provide a **Resilient business model**.

4. Business overview (continued)



- Strong relationships with OEMs;
- Vehicle & parts support from OEMs;
- Foreign currency availability at favourable rates;
- Selling price increases;
- Broad range of vehicle derivatives available; &
- Dealership footprint and existing infrastructure provided agility.



- Dealership footprint will support us to trade out of the overstocked position created by the crises;
- Multi-franchise opportunities (one address, multiple dealerships);
- Digital platforms and lead management systems afford customers access to vehicles;
- Rental de-fleets sold via 70 Auto Pedigree dealerships; &
- Broad range of brands available.

4. Business overview (continued)



- Reduced vehicle rental fleet by 40%;
- Commenced with the early retirement & retrenchment process whereby the workforce will be reduced by 50% to 60%;
- Planned closure of 20 sites;
- Insurance replacement car market contract will assist with utilisation levels; &
- Continued investment in technology to support customer service and experience.



- Protected to an extent by annuity income;
- Cash generative business with low-asset base;
- Extension of warranty, service & maintenance plans (which benefitted workshops and parts);
- Ability to operate remotely; &
- Reduction in income from financial institutions.

4. Business overview (continued)



- Demand for product has recovered to service pent-up demand;
- Extensive footprint supported by franchisees;
- Strong supply chain in South Africa and China;
- Availability of stock items and variants; &
- Provision of parts to essential service vehicles (taxi industry).

5. Health and safety of our people

- Sadly, one Motus employee in South Africa succumbed to the virus.
- 37 employees (29 in South Africa and 8 in the UK) have tested positive & are in the process of recovering/have recovered. No customers have been impacted on our premises.
- Compliance with all Dept. of Health guidelines:
 - Sanitisation of all business and office premises;
 - Issued face masks and sanitisers;
 - Recording temperatures and details of all people entering our premises; and
 - Ensuring social distancing.
- Rotational occupancy at certain of our admin & back-office premises.
- Remote working for employees that are equipped & able to work from home.



**ADAPT AND CHANGE HOW WE WORK WITH STAFF & CUSTOMERS
IN A SAFE ENVIRONMENT**

6. Actions taken to reduce the negative impact on our operations and mitigate business risk

Motus actively implemented various action plans and a number of initiatives to preserve cash, including:

Reduction of staff costs – targeting 20% reduction

- Total cost to company (TCTC) was reduced as follows :

Employee level	TCTC reduction	Duration
Group CEO & UK CEO	20%	Six months starting on 1 April 2020
Non-Executive & Executive Directors and Exco members	15%	Six months starting on 1 April 2020
Employees earning above R500 k p.a.	10%	Six months starting on 1 July 2020
Employees earning between R250 k & R500 k p.a.	5%	Six months starting on 1 July 2020
Employees earning below R250 k p.a.	0%	

- No inflationary increase for all employees for the 12 months to 30 June 2021;
- Utilisation of relief provided by Governments (across all countries); &
- Employees were paid in full to 30 April 2020 in South Africa.

Rationalise workforce – targeting 10% reduction

- Commenced with the early retirement and retrenchment process to reduce workforce; &
- The once-off process will impact approximately 2,000 people costing between R120 m - R140 m.

6. Actions taken to reduce the negative impact on our operations and mitigate business risk (continued)

Operating costs

- Cost reductions across all categories.

Properties – *own 75% of properties*

- Postponement of non-committed & non-critical capital expenditure;
- Closure of 20 car rental sites;
- Deferral of rentals for three to six month period for certain leased properties; &
- No rental increases for certain renewed leased properties.

Assistance from Original Equipment Manufacturers (OEM's)

- Temporarily accepted cancellations of vehicle orders;
- Ensuring vehicle and parts stock availability;
- Targeted reductions and minimum variable margin pay-outs;
- Interest relief;
- Extension of floorplans; &
- Demonstrator vehicle relief & suspension of staff training.

6. Actions taken to reduce the negative impact on our operations and mitigate business risk (continued)

Working capital

- Optimisation of working capital (including critical evaluation of supply chains).

Acquisitions

- No new business acquisitions.

Dividends

- No dividend payments for the 2020 financial year.

Share buybacks

- Suspension of the share buyback programme.

CASH IS KING IN THIS ENVIRONMENT!



7. Facilities and debt covenants

- The Group has access to both fixed & variable interest-bearing debt facilities:
 - Total bank facilities excluding floorplans = R14 bn – approx. R4 bn (30%) still available.
 - Floorplan facilities = R13 bn – approx. R4 bn (30%) still available.
- In terms of the banking agreements the covenants are:
 - The Net Debt to EBITDA must be below 3,0 times.
 - The EBITDA to Net Interest must be above 3,0 times.
- Motus has complied with these banking covenants at 31 May 2020 & we expect compliance with these covenants at 30 June 2020.
- Motus engaged with funders during April 2020 to relax the debt covenants for the period to 30 June 2020 should this be required. The local & international funders have agreed to the relaxation with Net Debt to EBITDA to be below 4,5 times and EBITDA to Net Interest to be above 2,5 times.
- Relaxation is on condition that there are no: major business acquisitions; major expansionary capital expenditure; share buy-backs &/or dividend payments during the relaxation (June-December 2020) period.



8. Foreign exchange cover

- Motus has foreign exchange cover for Hyundai and Kia until end March 2021 at an average rate of R15,10 to the US dollar & R16,50 to the Euro.
- Mitsubishi has sufficient fully paid stock to 31 December 2020.
- Motus has foreign exchange cover in place to cover all committed parts orders.
- Renault SA does not have forward cover and we rely on pricing and payment assistance from Renault France who are a 40% shareholder.



We have sufficient well priced stock of vehicles and parts to trade for the next six to nine months.



9. Outlook for 30 June 2020

➤ Projected ranges

	Projected range 30 June 2020	Actual 30 June 2019	Decrease range
Revenue	R67,8 bn to R75,7 bn	R79,7 bn	-5% to -15%
Operating profit	R1,8 bn to R2,3 bn	R3,6 bn	-35% to -50%
Normalised Earnings per share (EPS) (Cents)	360 to 465	1 035	-55% to -65%
EPS * (Cents)	95 to 190	953	-80% to -90%
Normalised Headline Earnings per share (HEPS) (Cents)	325 to 435	1 090	-60% to -70%
HEPS ** (Cents)	200 to 300	1 009	-70% to -80%

* The EPS figure above includes R450-R550 million of once-off items incurred as a result of the current economic crisis. These once-off items include retrenchment costs, deferred tax, lease, **property** and **goodwill** impairments.

** The HEPS figure above includes R200-R300 million of once-off items incurred as a result of the current economic crisis. These once-off items include retrenchment costs, deferred tax and lease impairments.

➤ The financial results of the company will be published on or about 16 September 2020.

10. What happens next – strategy going forward

- Accelerate strategies:
 - Deliver exceptional value to customers;
 - Remain the strategic partner of choice for OEM's & suppliers;
 - Apply a pragmatic and proactive approach to innovation;
 - Further diversify earning streams within the business;
 - Consolidate to achieve efficiencies and excellence while preserving the entrepreneurial culture; &
 - Sustain capital management discipline.
- Drive competitive edge via innovation.
- Achieve benefits from investing in digital platforms.
- Remove cost and complexity from the business.
- Restructure the business to new volumes by rationalizing footprints and costs across the segments.
- Ensure cost reductions are implemented.

**WE CAN ACHIEVE THE ABOVE BECAUSE OF THE RESILIENT BUSINESS MODEL AND
A MANAGEMENT TEAM THAT IS AGILE & ENTREPRENEURIAL**



MOTUS

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Results presentation: 16 September 2020

Questions & Thank you



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