



Media Release

Johannesburg, 21 February 2023

Motus delivers strong operational performance despite challenging trading conditions

Motus Holdings Limited (Motus) results for the six months ended 31 December 2022 reflect a strong, strategically aligned operational performance. These results were delivered against the backdrop of challenging trading conditions across all the geographies in which the group operates.

Key financial highlights

- Revenue increased by 14% to R51 215 million (2021: R44 823 million)
- EBITDA increased by 25% to R3 706 million (2021: R2 959 million)
- Operating profit increased by 22% to R2 617 million (2021: R2 148 million)
- Profit before tax increased by 7% to R2 014 million (2021: R1 879 million)
- Earnings per share grew by 17% to 916 cents per share (2021: 785 cents per share)
- Headline earnings per share grew by 13% to 902 cents per share (2021: 795 cents per share)
- Return on invested capital increased to 17,4% (2021: 15,9%)
- Weighted average cost of capital increased to 11,0% (2021: 10,4%)
- Interim dividend declared of 300 cents per share (2021: 275 cents per share), up 9%

Commenting on the Group's results, Motus Chief Executive Officer, Osman Arbee said: "We are pleased to report a strong set of results reflective of our strategic intent and integrated approach across the vehicle ownership cycle." "During the six months in review Motus concluded two complementary acquisitions, one to further extend our international growth in aftermarket parts and the other to enhance our South African retail portfolio. We remain confident that the group's integrated business model will generate cash, which will allow us to invest in growth opportunities in South Africa and abroad".

During October 2022, Motus acquired a UK-based parts distributor Motor Parts Direct (Holdings) Limited (MPD), strengthening its integrated business model, reducing its dependency on new vehicle sales and adding a business that is cash generative. A month later Motus acquired three Mercedes Benz passenger dealerships and one commercial vehicle dealership in the northern suburbs of Gauteng which generate vehicle, panel, parts and workshop revenue. The acquisitions were funded using Original Equipment Manufacturer (OEM) floorplan and available cash and banking facilities, amounting to a combined purchase consideration of R4,4 billion.

Operational Performance

With a positive contribution from all segments, group revenue increased by 14% to R51 215 million. Revenues were supported by acquisitions and as a result of increased contributions from the sale of parts, rendering of services as well as from the sale of new and pre-owned vehicles.

In addition to their revenue contributions, positive operating profit contributions from each of the business segments contributed to operating profit of R2 617 million (22% increase). However, further positive operating profit momentum was curtailed by inflationary cost pressures experienced in all the geographies in which the group operates.

The Group's passenger and commercial vehicle businesses, including the UK and Australia, retailed 66 147 new units (2021: 66 705), and 43 422 pre-owned units (2021: 47 533) during the period.

Net finance costs were impacted due to the financing of the MPD and Mercedes Benz dealership acquisitions, as well through higher average working capital and vehicles for hire levels, increased IFRS 16–Leases finance costs and increased interest rates.

The group generated significant free cash flow of R425 million (2021: R2 900 million) from operating activities before capital expenditure for vehicles for hire.

An interim dividend of 300 cents per share was declared compared to 275 cents per share in the same period in 2021.

Business segment overview

The Import and Distribution segment increased revenue by 11% and operating profit by 12%, due to increased sales to dealers and higher selling prices. Sales growth was supported by an expansion in the vehicle model range and the ongoing structural shift away from luxury brands. Operating profit increased mainly due to higher volumes of vehicles sold and from an improved contribution from parts sales due to increased workshop activity.

Revenue in the Retail and Rental segment increased by 12% while operating profit for the period was up by 30% as a result of a stronger contribution from all businesses within the segment. The increased cost of vehicles, panel and parts as well as higher interest rates and inflationary operating costs, however, did weigh negatively on the segment.

Mobility Solutions recorded a 13% increase in both revenue and operating profit. The increases can be attributed to higher revenue and profits from value-added products and services (VAPS) and an increased contribution from fleet vehicles to car rental companies. Operating profit also benefitted from the recognition of Bank JV income.

The Aftermarket Parts segment reported an increase in revenue and operating profit of 36% and 35% respectively. The South African business contributed positively to revenue and operating profit, despite an operating environment characterized by constrained consumer spend and increased freight, container and raw material costs.

The FAI Automotive plc business, acquired in October 2021, was included for the full six-month period, and exceeded expectations from a revenue and operating profit perspective, while the MPD business (included for three months) delivered on expectations.

Prospects

Consumer and business sentiment will remain under pressure over the short to medium term. Supply chain constraints (albeit easing), increasing global interest rates and inflation will continue to impact the cost of vehicles and parts in the short-term.

The global supply of vehicles is starting to stabilise, however, certain derivatives and vehicle models remain in short supply. Motus' long-standing relationships with OEMs and the vast brand portfolio and model range, will allow the group to continue to provide a wide selection of vehicles.

Commenting on the Group's prospects, Arbee said: "Motus expects to deliver operating profit growth for the full year to 30 June 2023 driven by organic and acquisitive initiatives. We will, however, continue to experience elevated finance costs to June 2023, as a result of the acquisitions, normalised working capital and vehicles for hire at these levels, and interest rate pressure. Nevertheless, our solid financial position and strong cash flow generation from operations, will reduce debt from the current levels, support the group's investment in strategic initiatives and enable continued dividend flow."

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Note to Editors

ABOUT MOTUS

Motus is South Africa's leading automotive group, employing over 19 250 people globally, and is a multi-national provider of automotive mobility solutions, and vehicle products and services. 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 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 Solutions 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 automotive parts for out-of-warranty vehicles and the Mobility Solutions business sells value-added products and services to customers.

KEY INVESTMENT HIGHLIGHTS

1. Diversified (non-manufacturing) business in the automotive sector with a leading position in South Africa, a selected international presence primarily in the United Kingdom (UK) and Australia, as well as a limited presence in South East Asia and Southern and East Africa.
2. Fully integrated business model across the vehicle value chain: Import and Distribution, Retail and Rental, Mobility Solutions and Aftermarket Parts.
3. Unrivalled scale in South Africa underpins a differentiated value proposition to OEMs, suppliers, customers and business partners, providing multiple customer touchpoints supporting resilience and customer loyalty through the entire vehicle ownership cycle.
4. High free cash flow generation underpinned by annuity income streams in the Mobility Solutions business.

5. Income streams not directly dependent on new vehicle sales: parts and services in the dealerships, the Aftermarket Parts business selling parts and accessories and the Mobility Solutions business selling value-added products and services to customers.
6. Defined organic growth trajectory through portfolio optimisation, continuous operational enhancements and innovation, with a selective acquisition growth strategy in and outside South Africa leveraging best-in-class expertise.
7. Highly experienced and agile management team, with deep industry knowledge of regional and global markets and a proven track record with years of collective experience, led by an independent and diversified board.

For further information visit www.motus.co.za

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