

Media Release

Johannesburg, 30 August 2023

Motus records strong trading performance and sustained strategic progress

Body: Motus Holdings Limited (Motus) results for the year ended 30 June 2023 demonstrate a strong trading performance and sustained strategic progress. These results were delivered against the backdrop of challenging market conditions across all the geographies in which the Group operates, further underscoring the robustness of Motus' long-term strategy.

Key financial highlights

- Revenue increased by 16% to R106 321 million (2022: R91 978 million)
- EBITDA increased by 19% to R8 083 million (2022: R6 785 million)
- Operating profit increased by 14% to R5 723 million (2022: R5 029 million)
- Net asset value increased by 25% to 10 189 cents per share (2022: 8 143 cents per share)
- Earnings per share grew by 6% to 2 008 cents per share (2022: 1 902 cents per share)
- Headline earnings per share grew by 1% to 2 046 cents per share (2022: 2 025 cents per share)
- Full year dividend of 710 cents per share (FY2023 interim dividend paid of 300 cents per share) (2022: 710 cents per share)

Commenting on the Group's results, Motus Chief Executive Officer, Osman Arbee said: *"We are pleased to report another strong set of results underpinned by our strategic intent. Our competitive advantages of scale, differentiation and integration, as well as our entrepreneurial leadership, continue to position Motus positively for sustainable growth."*

"Motus was able to balance income from vehicle sales with growing contributions from non-vehicle sales in line with the Group's diversification priorities," added Arbee.

During the period under review Motus concluded two complimentary acquisitions. In October 2022, the Group acquired Motor Parts Direct (Holdings) Limited (MPD)¹ which is directly aligned to Motus' international growth strategy for its Aftermarket Parts segment.

"The MPD acquisition strengthens our integrated business model, reduces our dependency on vehicle sales and is cash generative. It has exceeded our expectations and contributed for nine months a meaningful 8% towards Group EBITDA for the year," said Arbee.

In November 2022, the Group completed the acquisition of three Mercedes Benz passenger dealerships and one commercial vehicle dealership in Gauteng (MB retail dealerships). These dealerships further enhanced Motus' South African portfolio.

The acquisitions were funded using Original Equipment Manufacturers (OEMs) floorplan and available cash and banking facilities, amounting to a combined purchase consideration of R4,4 billion.

¹ Motor Parts Direct (Holdings) Limited (MPD) is a business-to-business parts distributor based in the United Kingdom (UK).

Operational performance

Positive contributions from all the Group's business segments saw revenue increase by 16% to R106 321 million.

Operating profit increased by R694 million (14%) as a result of the continued recovery of the automotive and vehicle rental sectors, and the increased contribution from FAI Automotive plc (FAI) and MPD (for nine months). It was further supported by increased profitability from value-added products and services (VAPS) in Mobility Solutions as well as from increased contributions from international businesses.

Cash generated from operations before changes in net working capital amounted to R7,8 billion (2022: R6,9 billion) while free cash flow generated from operations amounted to R90 million (2022: R4 835 million). Generated by the healthy operating profits, the free cash flow was primarily utilised by increased investment in net working capital, finance costs and taxation paid.

Net finance costs were impacted due to higher average working capital and vehicles for hire levels, the financing of acquisitions and increased interest rates.

A full year dividend of 710 cents per share has been declared (FY2023 interim dividend paid of 300 cents per share) (2022: 710 cents per share).

Business segment overview

The **Import and Distribution** segment increased revenue by 3% mainly due to higher selling prices. Sales were supported by new model releases. Operating profit decreased by 6% as a consequence of the increased landed cost of vehicles (pricing, higher duties and the weaker Rand) and above inflationary increases in freight and logistics costs for vehicles, panel and parts, which have started to normalise in the second half of the year.

Revenue and operating profit in the **Retail and Rental** segment was up 14% and 16% respectively. The Retail and Rental segment sold 87 194 new vehicles (2022: 88 929) and 84 929 pre-owned vehicles (2022: 88 942) during the year².

While currency translation of the international operations results contributed positively (as a result of the weaker Rand) all geographies in which the segment operates were negatively impacted by the increased cost of vehicles and parts, and higher inflationary operating costs.

- The *South African retail* revenue and operating profit increased by 8% and 17% respectively owing to selling prices increases, new model releases, improved vehicle availability.
- *Vehicle Rental* revenue and operating profit increased by 26% and 12% respectively. The division experienced increased vehicle rental activity off the back of increased travel and price increases.
- Revenue and operating profit for *UK retail* increased by 21% and 17% respectively. The commercial division delivered strong results and was positively impacted by increased volumes and aftersales contributions. The passenger division, however, faced further challenges and was negatively impacted by OEM supply constraints, logistic issues, and reduced consumer disposable income.
- Revenue and operating profit for *Australia retail* increased by 21% and 12% respectively. The inventory shortages experienced for part of the year across certain models and derivatives resulted in improved margins achieved on the vehicles sold.

² In South Africa (SA), the Retail and Rental segment sold 55 786 new units (2022: 58 003) and 64 140 pre-owned units (2022: 67 884) while internationally the segment recorded 31 408 new units (2022: 30 926) and 20 789 pre-owned units (2022: 21 058).

Mobility Solutions increased revenue by 9% mainly as a result of higher revenue from VAPS and an increased contribution from fleet vehicles to vehicle rental companies. Operating profit increased by 14% due to increased profits from VAPS, an improvement in the insurance cell captives' income and higher interest income due to higher interest rates.

The **Aftermarket Parts** segment increased revenue and operating profit by 52% and 62% respectively.

- The *South African parts business* contributed positively to revenue, while operating profit remained stable. Margins remained under pressure as a result of decreased customer demand and reduced disposable income.
- The *Asian business* contributed positively to revenue. Operating profit was negatively impacted by inventory provisions raised on increased stockholding.
- The FAI business in the UK was included for the full 12-month period (acquired on 1 October 2021). The business exceeded expectations from a revenue and operating profit perspective.
- The MPD business in the UK was included for nine months (acquired on 3 October 2022). The business delivered ahead of expectations contributing revenue of R3,6 billion and EBITDA of R610 million for the period.

Prospects

Supply chains have largely recovered, with shipping costs normalising to pre-pandemic levels. Inflation, however, remains stubbornly high and continued interest rate increases are constraining economic activity globally. The outlook remains uncertain with consumer and business sentiment expected to remain under pressure over the short-to-medium term.

Commenting on the Group's prospects, Arbee said: *"Motus' scale and operational maturity in South Africa leaves us well placed to maintain our leading position and selectively expand our geographical footprint through bolt-on complementary acquisitions both locally and internationally. We will also continue to explore strategic acquisitions that expand our offering in the Aftermarket Parts segment or enhance the technology capabilities of the Group."*

"Despite the present economic conditions, we expect to deliver revenue growth and stable operating profit for the six months to 31 December 2023 compared to the six months to 31 December 2022. We anticipate ongoing cash flow generation from operations and will continue to manage costs and monitor working capital, vehicles for hire and debt levels closely. Additionally, our performance will be supported by inflationary increases and contributions from recent acquisitions."

ENDS///

Note to Editors

ABOUT MOTUS

Motus is a multi-national provider of automotive mobility solutions and vehicle products and services, with a leading market presence in South Africa as well as a selected international offering in the United Kingdom, Australia, South East Asia and Southern and East Africa. Motus employs over 19 800 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 South Africa'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 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 customer's mobility needs across the vehicle's lifecycle.

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 VAPS to customers.

KEY INVESTMENT HIGHLIGHTS

1. Diversified (non-manufacturing) business in the automotive sector with a leading position in South Africa (SA), 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 SA 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 are not all directly dependent on new vehicle sales: The business also generates income from pre-owned vehicle sales, parts and services in the dealerships, vehicle rental, the Aftermarket Parts business selling parts and accessories and the Mobility Solutions business selling VAPS to customers.
6. Defined organic growth trajectory through portfolio optimisation, continuous operational enhancements and innovation, with a selective acquisition growth strategy in and outside SA 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



Motus

Justine Oosthuizen
Group Investor Relations Manager
+27 10 493 4427
justineo@motus.co.za

Brunswick

Graeme Coetzee
Director
+27 63 685 6053
gcoetzee@brunswick.co.za