

Media Release

Johannesburg, 27 February 2024

Motus reports another resilient trading performance despite the challenging economic environment

Internationalisation and diversification strategies contribute to the Group's performance

Key financial highlights for the six months to 31 December 2023:

- Revenue increased by 11% to R57 167 million (2022: R51 414 million)
- EBITDA increased by 13% to R4 203 million (2022: R3 706 million)
- Operating profit increased by 1% to R2 647 million (2022: R2 617 million)
- Earnings per share of 666 cents per share (2022: 916 cents per share)
- Headline earnings per share of 662 cents (2022: 902 cents per share)
- Interim dividend of 235 cents per share (2022: 300 cents per share)
- Net asset value per share increased to 9 957 cents per share (2022: 8 716 cents per share)
- Free cash flows generated from operations of R2 831 million (2022: R425 million)

Motus Holdings Limited's (Motus) results demonstrates the Group's resilience and agility despite consumer spending pressures as a result of the weak economic environment, the weaker South African Rand, ongoing high interest rates and escalating fuel and energy costs.

Commenting on the Group's interim results, Motus Chief Executive Officer, Osman Arbee said: *"We are pleased to report another resilient trading performance despite the current economic landscape and increased competition offering new vehicle derivatives and competitive pricing. Our two key strategies of internationalisation and diversifying the business away from the reliance on vehicle sale profitability are providing support for the areas of the business that are more severely impacted by the weak economic environment."*

Progress on strategy

During the six-month period, Motus completed two significant bolt-on acquisitions aligned with its international growth strategy. In July 2023, Motus completed the acquisition of Solway Vehicles Distribution Limited (Solway) in the UK, acquiring four DAF commercial vehicle dealerships that operate in North West England and Southern Scotland. The acquisition of Wagga Wagga in Australia was completed in October 2023, where it acquired multifranchise dealerships representing nine brands across two sites, with a predominant focus on the Ford, Kia, VW, and Nissan brands.

The acquisitions were funded by available cash and banking facilities, amounting to a combined net cash purchase consideration of R553 million. Since the acquisitions, both businesses have delivered on expectations.

Operational performance

Group revenue was driven by increased contributions from the Retail and Rental and Aftermarket Parts segments. The increased Aftermarket Parts revenue is mainly due to the increased contribution from

the Motor Parts Direct (Holdings) Limited (MPD) acquisition, which has now been included for the full period.

The Group's South African operations contributed 55% to revenue and 66% to EBITDA, with the remainder coming from the UK, Australia and Asia.

The increase in EBITDA and operating profit reflects the contribution from the MPD acquisition and the continued recovery of the vehicle rental sector, 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 offset by margin pressure, strong competition and reduced demand experienced by the Import and Distribution, SA Retail and the SA Aftermarket Parts businesses.

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

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).

Business segment overview

The **Import and Distribution** segment recorded a 21% decrease in revenue as a result of reduced sales to the dealer channel, marginally offset by increased selling prices. Operating profit decreased by 45%, resulting from lower volumes as a result of reduced consumer demand and fewer entry-level vehicle models supplied by OEMs, increased cost of vehicles (OEM pricing), unfavourable exchange rates, and importers providing the dealership network with additional support to reduce inventory levels.

Revenue and operating profit in the **Retail and Rental** segment increased by 13% and 8%, respectively. Currency translation of the international operations contributed positively due to the weaker Rand. Across all geographies in which the division operates, Motus is being negatively impacted by the increased higher-than-normal cost of vehicles and parts, as well as higher inflationary operating costs.

- Revenue and operating profits for SA Retail and Vehicle Rental decreased by 2% and 14%, respectively. The *SA Retail* division was impacted by reduced volumes as a result of reduced consumer demand. The *Vehicle Rental* division performed well, owing to an uptick in rental activity relating to increased travel in the corporate, leisure and international channels, as well as increased revenue days and daily rate. Vehicle average utilisation levels were maintained at 70,3%.
- Revenue and operating profit for *UK Retail* increased by 36% and 44% respectively. Both the passenger and commercial divisions were positively impacted by increased volumes off the back of improved inventory availability, an uptick in aftersales contributions for the commercial vehicle business and the bolt-on acquisition of the DAF dealerships.
- Revenue and operating profit for *Australia Retail* increased by 39% and 66% respectively. Australia experienced improved availability of inventory and the fulfilment of back-order commitments, as well as additional contributions from the bolt-on acquisitions of the dealerships.

Mobility Solutions saw a 2% decline in revenue due to lower revenue from value-added products and services being recognised as a result of lower vehicle sales. The decrease was offset by the increase in fleet revenue resulting from improved vehicles for hire activity and increased contributions from the fintech business launching new products. Operating profit increased by 8% as a result of higher interest income, improved bank alliance profitability and increased net insurance results.

Revenue and operating profit for the **Aftermarket Parts** segment increased by 33% and 49%, respectively. The *South African parts business* division was positively impacted by price increases and

the contribution by the canopy business which saw positive increases in volumes on the back of fleet deals and strong bakkie sales. Margins remain under pressure due to above inflationary increases in distribution and delivery costs, aggressive competitor pricing, reduced disposal income of the targeted customer base and the impact of the buying-down trend.

While the *Asian business* is still experiencing lower demand due to the overstocked position of customers, the group is starting to benefit from the integrated business model. The *MPD and FAI* (both *UK businesses*) delivered ahead of expectations, contributing positively to revenue and operating profit growth.

Outlook

The economic and consumer confidence will remain depressed for the short-term in South Africa and the UK, while the Australian business will continue to benefit from the normalised supply and demand for vehicles. Motus remains focused on navigating the volatile market environment responsibly and is committed to financial stability and long-term value creation.

Commenting on the Group's prospects, Mr. Arbee said: *"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 in 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 are in place to reduce inventory, and management have a structured plan to reduce vehicles for hire in line with seasonal demand. These initiatives, combined 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," Mr. Arbee concluded.

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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, 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 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 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 customer's 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 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.

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 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 Original Equipment Manufacturers (OEMs), suppliers, customers and business partners, providing multiple customer touchpoints supporting resilience and customer loyalty through the entire vehicle ownership cycle.
4. Generation of high free cash flows 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 value-added products and services (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