
Motus Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number: 2017/451730/06
Share code: MTH ISIN: ZAE000261913
("Motus" or "Group")

TRADING STATEMENT AND OPERATIONAL UPDATE

TRADING STATEMENT

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will differ by more than 20% from that of the previous corresponding period.

Accordingly, a review by management of the financial results for the year ending 30 June 2022 has indicated that:

	Projection for the year to 30 June 2022	Actual for the year to 30 June 2021	Percentage range
Attributable profit	R3 040 million to R3 250 million	R2 098 million	45% to 55%
Earnings per share (EPS)	1 730 cents per share to 1 845 cents per share	1 153 cents per share	50% to 60%
Headline earnings per share (HEPS)	1 770 cents per share to 1 885 cents per share	1 179 cents per share	50% to 60%

The financial information on which this trading statement is based (and any other information contained in this announcement) has not been reviewed or reported on by Motus' external auditors.

OPERATIONAL UPDATE

Import and Distribution

Revenue is increasing as a result of improving sales to dealers, outright sales to car rental companies and increased selling prices.

Operating profit is benefitting from the higher volume sales, favourable foreign exchange rates and improved sales through the dealer channel.

Improved availability of vehicles has resulted in growing market share in South Africa. We hold 23,6% of the passenger vehicle market share for the 12 months to 31 December 2021.

The importer brands have been increasing market share and as a result, the car parc has shown a consistent growth trajectory. The car parc is estimated at 750 000 vehicles for the four importer brands which increases workshop activity and the sales of parts and accessories.

Retail and Rental

Operating profit is increasing from all business segments in this division including the International operations. Vehicle utilisation in the Car Rental business has increased to 72%.

The four importer brands and the franchisee brands in South Africa, the UK and Australia, have an extensive model range which enables the Group to focus on available stock and to offer alternatives when certain derivatives are in short supply. The model range is supported by exciting new vehicle launches, with increased models in the growing five-door hatch and SUV/ Crossover categories in South Africa. The increased demand for new vehicles, as a result of erratic stock supply, has resulted in increased margins.

Global supply chain disruptions continue to impact the delivery of vehicles, panels and parts. We anticipate inventory supplies to normalise during the second half of the 2023 financial year.

Pre-owned vehicle markets

The pre-owned vehicle market remains buoyant with strong demand for pre-owned vehicles across all geographies because of the shortage of new vehicles. The Motus strategy continues to target one-to-six-year old vehicles. We continue to invest in digital lead generation, improve our inventory mix in line with market demand and provide excellent customer service.

Motus has further enhanced its pre-owned vehicle business model as follows:

- The launch of motus.cars in November 2020 has streamlined pre-owned vehicle purchasing. This platform has allowed us to improve visibility of our inventory of pre-owned vehicles while also enhancing our ability to service customers and reducing the time it takes to complete a transaction.

- The 60% investment in getWorth, has fast-tracked our positioning in the online vehicle buying, warehousing and selling in the pre-owned vehicle retail space.
- Motus Select, which replaced the long-standing Imperial Select brand and Auto Pedigree continue to maintain their reputation as trusted partners to sell pre-owned vehicles.
- Motus continues to expand value-added products and services (VAPS) offerings to entry-level vehicle customers.

The de-fleeting of rental vehicles to the Auto Pedigree network ensures that we have a constant source of good quality pre-owned vehicles at the right price. The increased demand for pre-owned vehicles has resulted in increased margins.

Mobility Solutions

Increased vehicle sales have led to higher sales of service and maintenance plans and VAPS, which will result in future annuity income streams being recognised.

Vehicle owners are starting to get back to normal driving patterns which has resulted in higher usage of vehicles, which in turn results in higher utilisation of service and maintenance plans, which generates income for the workshops across the Group and Mobility Solutions.

Earnings are increasing as a result of the increase in the supply of fleet vehicles to car rental companies, increased Bank Joint Venture income and higher interest income.

Aftermarket Parts

The South African business continues to benefit from the Distribution Centres in China and Taiwan. Increasing the retail footprint in South Africa is also supporting the wholesale business. The Asian business is performing well as a result of increased foreign activity and better service levels from the new logistics supplier. The scale of the business provides increased buying power which has supported pricing and availability of parts.

The recently acquired FAI UK business, which is included from 1 October 2021, is exceeding our expectations on revenue and operating profit.

Liquidity

The liquidity position remains strong, supported by significant unutilised banking facilities and favourable foreign currency forward cover.

Motus remains well within agreed bank covenant levels:

- Net Debt: EBITDA forecasted below 1,2 times (required to be below 3 times).
- EBITDA: Net Interest forecasted above 15 times (required to be greater than 3 times).

Motus has sufficient liquidity and headroom on debt covenants for strategic acquisitions, dividend distributions and share buy-backs.

Since its unbundling in 2018, Motus has repurchased 36 million shares for cancellation or treasury shares, with the weighted average number of shares in issue being forecasted to be 173 million shares at 30 June 2022.

Value proposition

The Group's ability to create value for all stakeholders over the long term is underpinned by our demonstrated agility as we deepen competitiveness, grow or maintain market share, and position the business to respond to changing market conditions.

Given that the automotive industry remains highly competitive due to technological advances and the use of such technology by an increasingly empowered consumer base, it is imperative that we adapt our operating models to remain relevant to the needs of the digitised consumer. We have increased our investment in digitisation and an omni-channel customer experience.

Our strength lies in the integrated business model, diversification strategy, scale, long-standing importer and retail partnerships with leading Original Equipment Manufacturers (OEMs) and suppliers, and a management team that is focused and entrepreneurial. In addition, our business model has allowed us to be resilient and agile in navigating macro-economic challenges and to capitalise on opportunities as they arise.

Investor day

An investor day is being hosted at 09:00 on Friday, 10 June 2022. Registration details:

- In-person event:
<https://www.overendstudio.co.za/events/Motus/2022/InvestorDay/accept.html>
- Webcast link:
<https://event.choruscall.com/mediaframe/webcast.html?webcastid=jCRk2wVw>.

The presentation will be made available on the website from 13:00 on 10 June 2022, <https://www.motus.co.za/investors/presentations-2/other/>.

Annual financial results

The annual financial results of the Group for the year ended 30 June 2022 will be published on Wednesday, 31 August 2022, with the investor presentation being hosted virtually and in-person at the JSE Limited (One Exchange Square, Gwen Lane, Sandown, 2196) at 09:00 on Wednesday, 31 August 2022. Registration details for the investor presentation will be available on the Motus website (www.motus.co.za) from the end of July 2022.

By order of the Board

Johannesburg

9 June 2022

Sponsor

Merchantec Capital

Disclaimer:

Certain statements in this announcement are not reported financial results or historical information, but forward-looking statements. These statements contain the views and forecasts of management at the time of the publication of this announcement and are predictions or indicate future events, trends, prospects, objectives, earnings or plans. If one or more of these risks materialise, or should underlying assumptions prove incorrect, the actual results may differ materially from those anticipated. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.