



Presentation to analysts

April 2019



Combined Motor Holdings Limited

(Registration number: 1965/000270/06) (Share code: CMH ISIN: ZAE000088050) ("the Company" or "the Group")

GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 28 FEBRUARY 2019

▲9%

**DIVIDENDS PAID
PER SHARE**

▼8%

**HEADLINE
EARNINGS
PER SHARE**

▲13%

**NET ASSET VALUE
PER SHARE**

▲81%

**CASH
RESOURCES**

31%

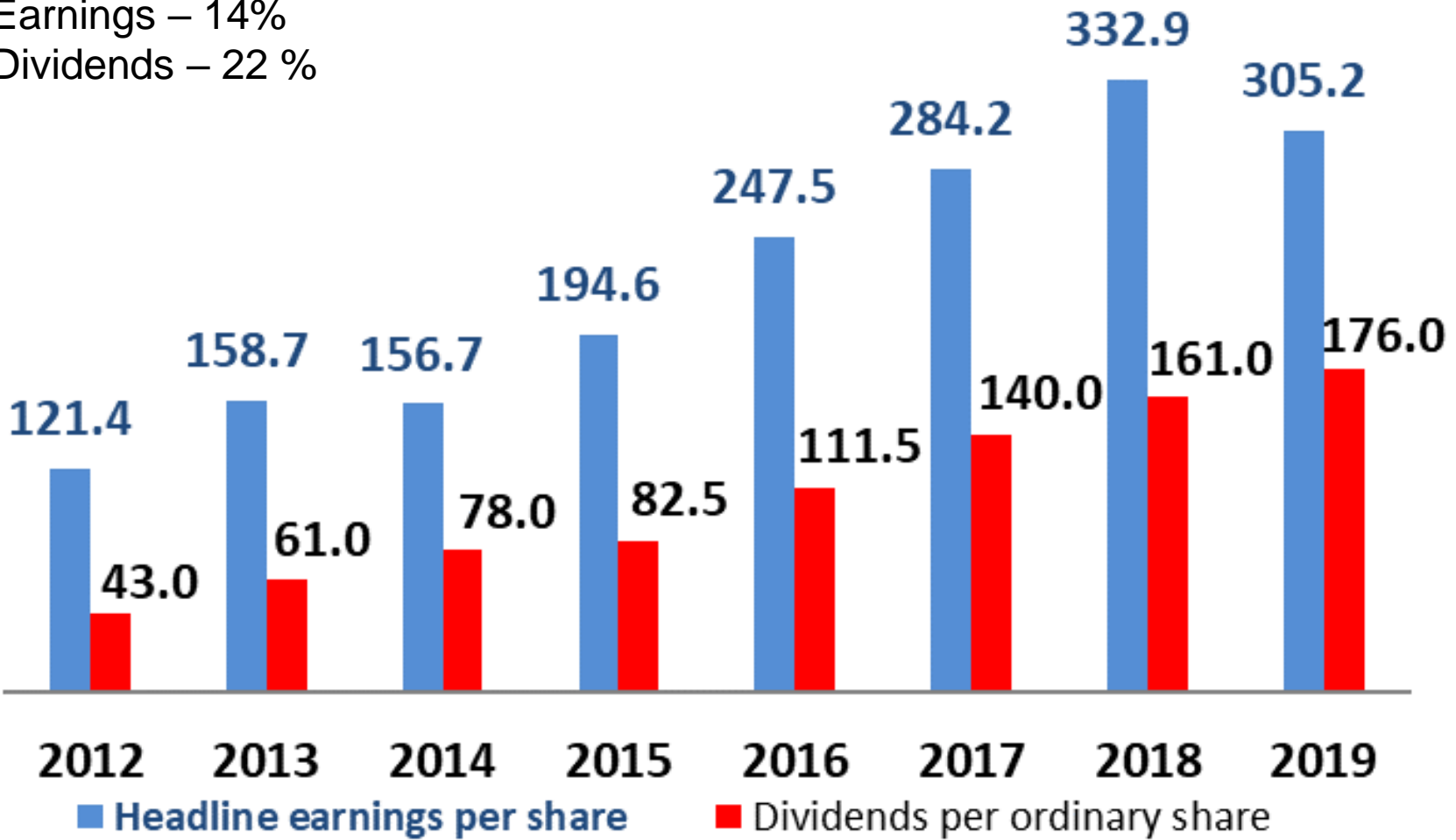
**RETURN ON
SHAREHOLDERS'
FUNDS**

		28 February 2019	29 February 2018	Change %
Total assets	(R'000)	3 110 681	2 772 650	12,2
Cash resources	(R'000)	675 966	372 882	81,3
Net asset value per share	(cents)	1 052	935	12,5
Revenue	(R'000)	11 154 757	10 572 596	5,5
Operating profit	(R'000)	411 181	438 378	(6,2)
Net profit attributable to ordinary shareholders	(R'000)	228 166	247 358	(7,8)
Return on shareholders' funds	(%)	30,8	38,9	(20,8)
Basic earnings per share	(cents)	305,0	330,7	(7,8)
Headline earnings per share	(cents)	305,2	332,9	(8,3)
Dividends paid per share	(cents)	176,0	161,0	9,3
Dividend declared – payable June 2019	(cents)	115,0	115,0	0,0

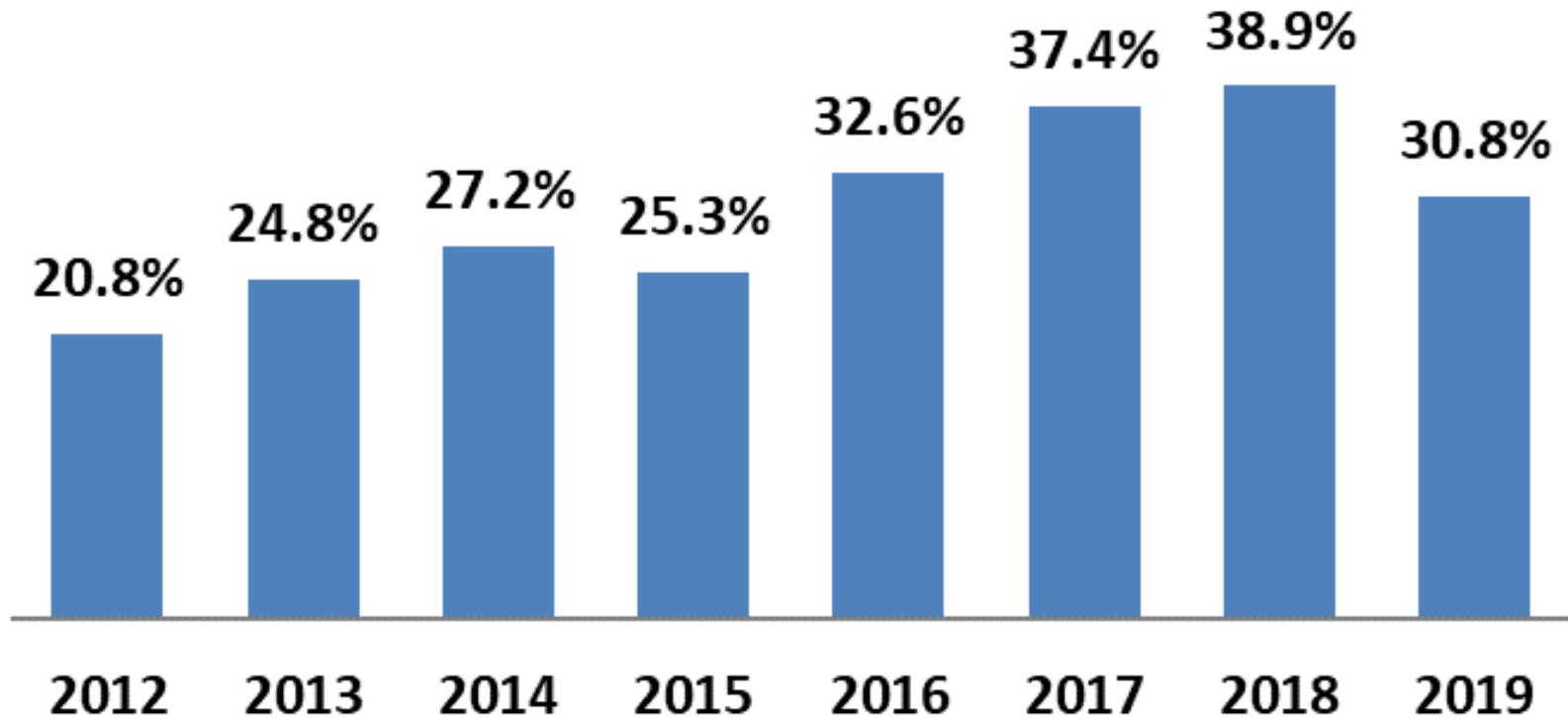
HEADLINE EARNINGS AND DIVIDENDS PER SHARE

Compound growth over 7 years

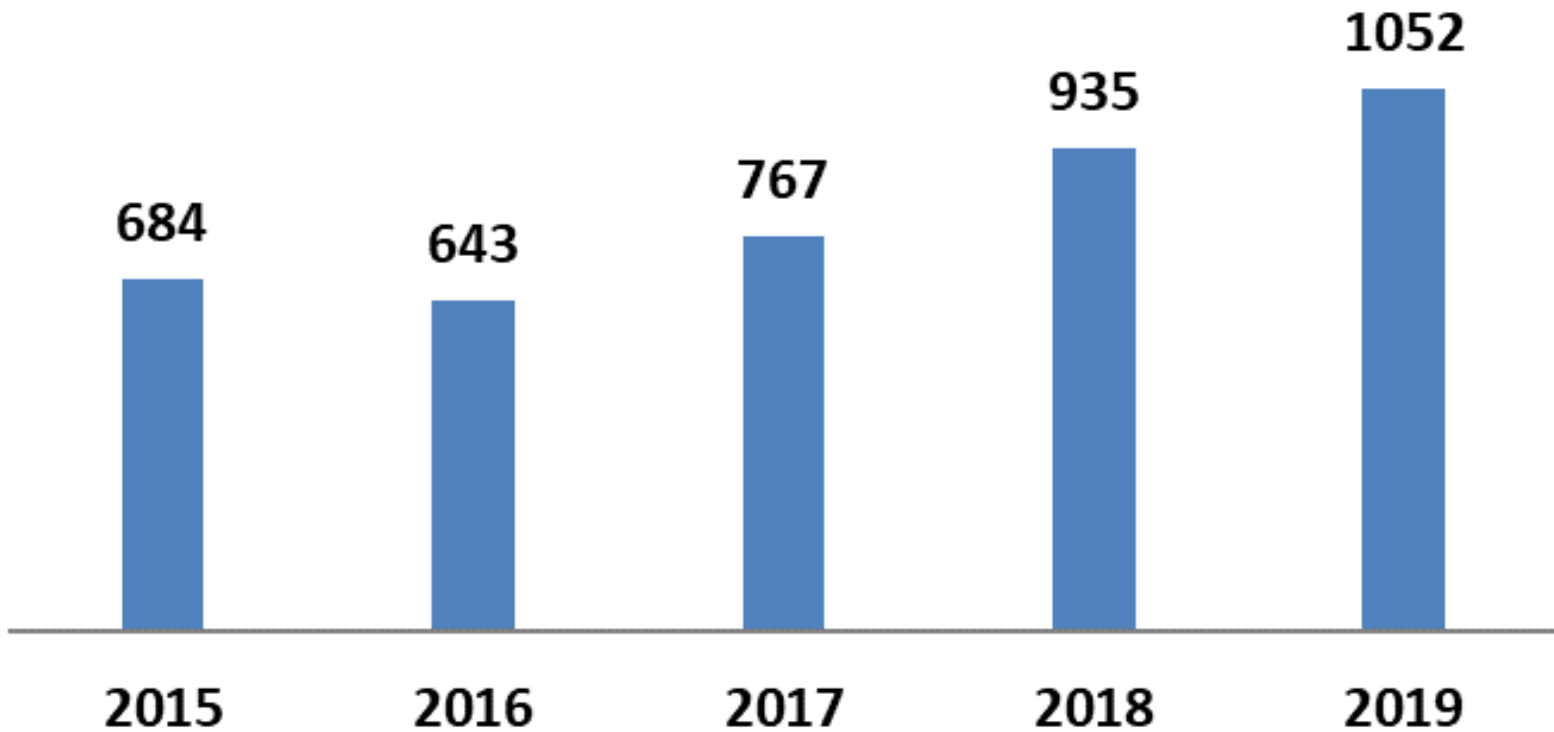
- Earnings – 14%
- Dividends – 22 %



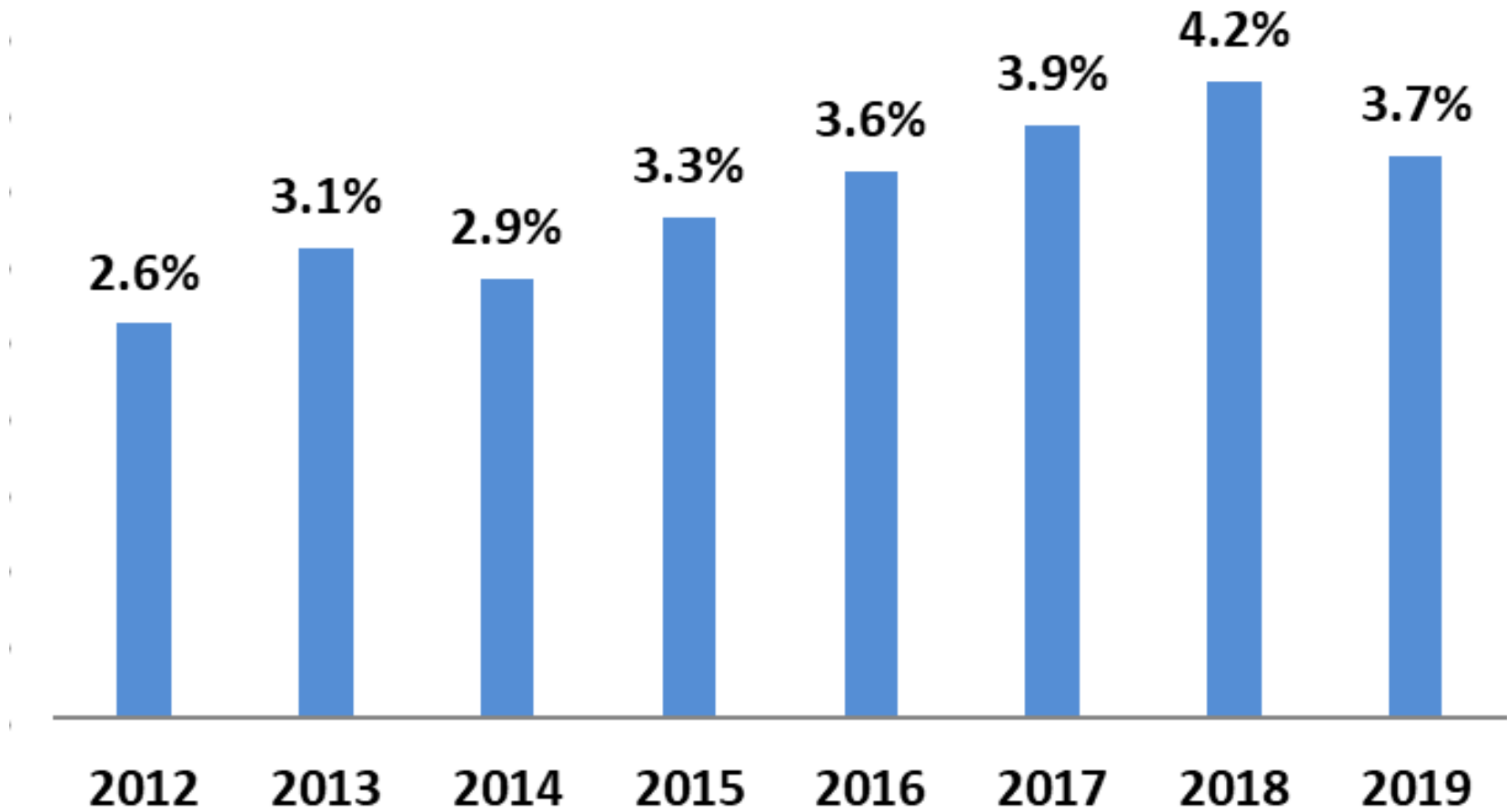
RETURN ON SHAREHOLDERS' FUNDS (%)



NET ASSET VALUE PER SHARE (cents)



OPERATING MARGIN

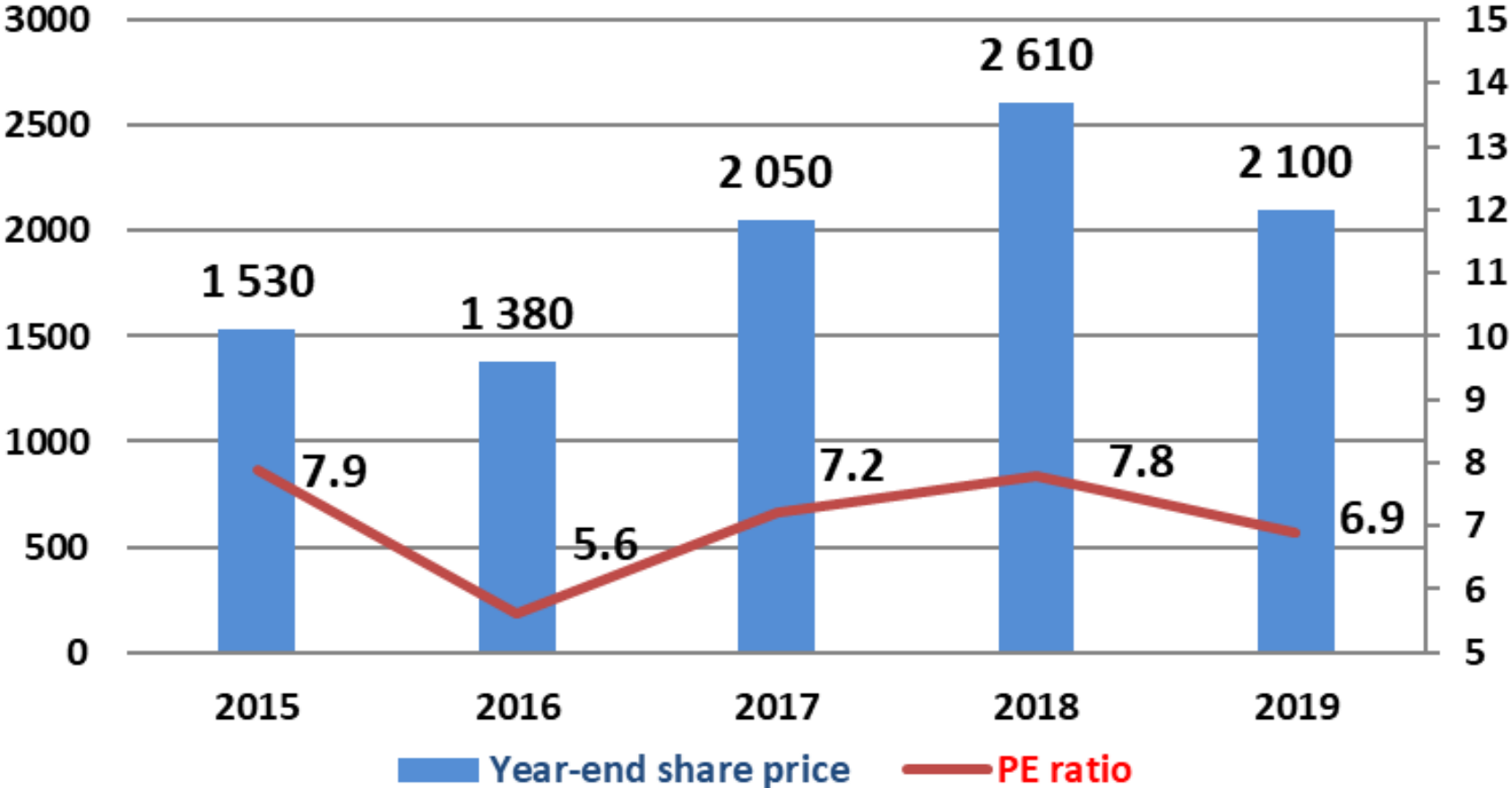


CMH SHARES TRADED



	Years ended 28 February				
	2019	2018	2017	2016	2015
Volume of shares traded ('000)	11,900	15,924	11,977	24,319	8,168
Value of shares traded (R'000)	323,364	383,281	206,038	396,872	101,395
Average price per share traded (cents)	2 717	2 407	1 720	1 632	1 241
Year-end market price (cents)	2,100	2,610	2,050	1,380	1,530
Market capitalisation (R million)	1,570	1,952	1,533	1,032	1,433
Year-end price : earnings ratio	7,0	7,8	7,2	5,6	7,9
Year-end dividend yield (%)	8,4	6,2	6,8	9,5	6,4
"Free-float" shares ('000)	42,252	42,427	42,529	42,850	33,365
"Free-float" (%)	57	57	57	57	36

YEAR-END SHARE PRICE AND PE RATIO



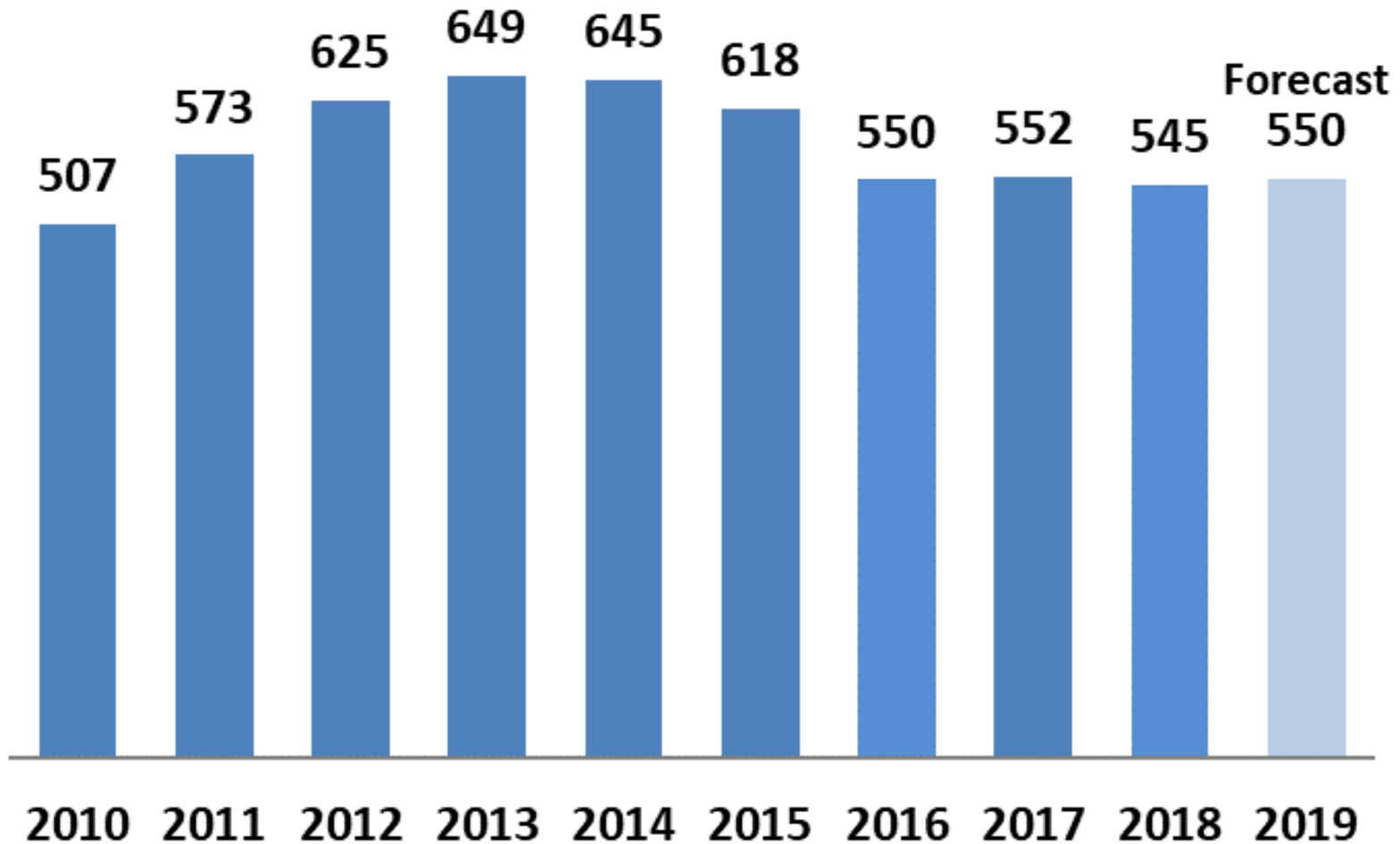
SEGMENT PROFIT CONTRIBUTION

	2019	2018	2017	2016	2015
	%	%	%	%	%
Retail motor	65	70	65	66	68
Car hire	16	19	21	18	16
Financial services	13	10	12	14	16
Corporate services / other	6	1	2	2	-
	100	100	100	100	100

INDUSTRY NEW VEHICLE SALES

SALES ('000 UNITS) - CALENDAR YEAR

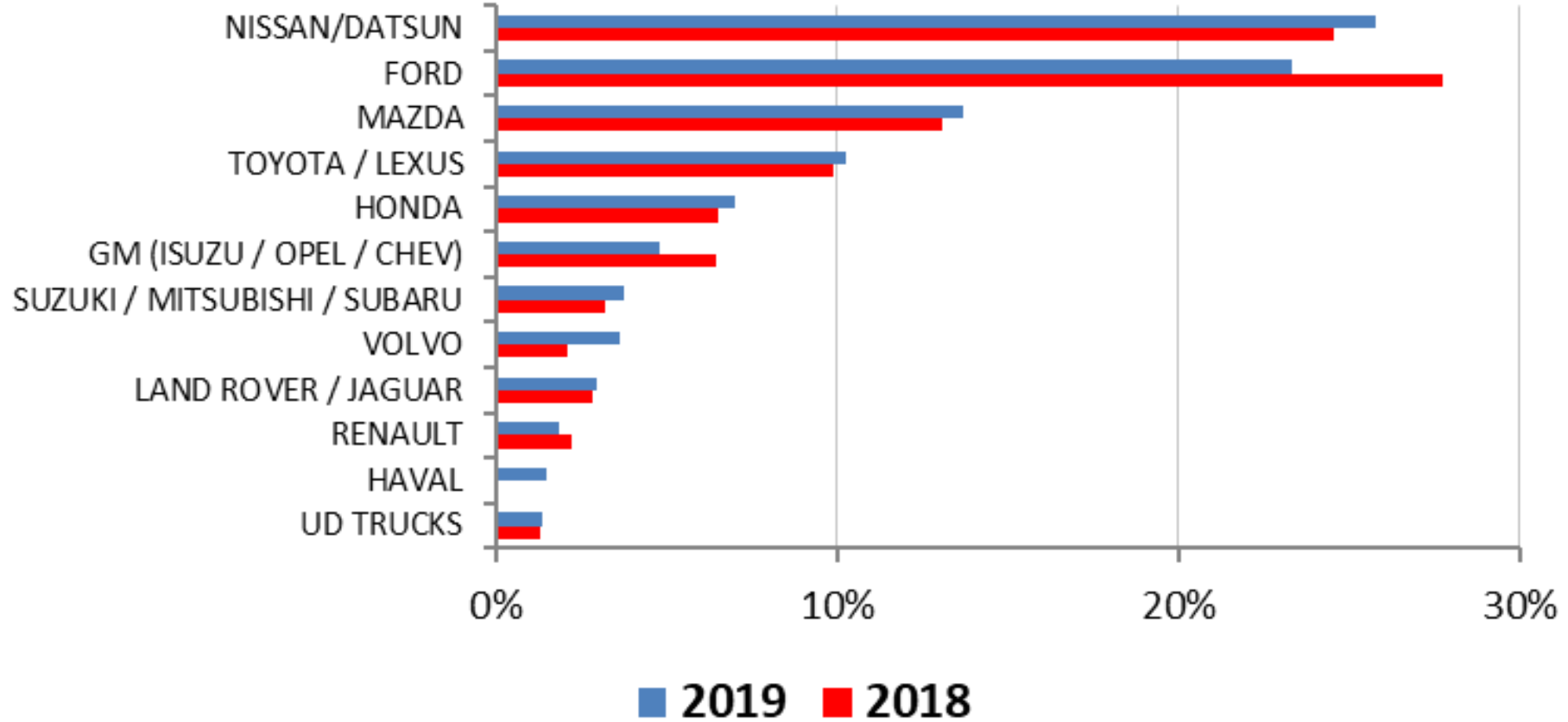
- National vehicle sales - decreased 1,3%
- CMH vehicle sales - increased 1,9%



SEGMENT ANALYSIS – RETAIL MOTOR



GROUP NEW UNIT SALES BY MANUFACTURER (%)



* Compared to volume dealers Land Rover, Jaguar and UD Truck produce approximately 4 times the revenue per unit and Volvo 2 times the revenue per unit.

RETAIL MOTOR FOCUS

➤ Volumes

- use digital technology to increase sales volume through existing customer base, and new customers
- marketing drive
- customer service
- top quality offering

➤ Margins

- Improve gross margins using manufacturer incentive schemes
- Merge smaller franchises into existing operations – increased gross profit with low incremental costs
- Drive volumes in all departments to increase output with existing overheads

➤ Expenses

- Drive down overheads

RETAIL MOTOR FOCUS

- Acquisitions
 - Cash resources available
 - 3 dealerships added, 1 in pipeline

- Testing the water
 - SAM (service all makes)
 - UCB (used car buyers)

CAR HIRE FOCUS

- Proud 10-year trend of profit increase interrupted:
 - decline of 30% in profit on sales of retired fleet
 - fleet size slightly reduced
 - utilization and average daily hire rate remain stable
 - economic decline – reduced corporate hires, and replaced with in-bound tourism, and vehicle replacement segments

- Looking at the year ahead
 - balance of late-2017 vehicles will be sold – current carrying values align with resale values
 - reduction in luxury / SUV fleet, in favour of entry-level models
 - looking to grow small car categories

- Exclusivity contracts with FlySafair renewed

- Generation of 12-18 month old retired vehicles for resale – use of lower volume vehicle models avoids market flooding

CAR HIRE FOCUS

- Technology
 - self-service, touch-screen check-out / in
 - electronic documentation production and storage
 - cost savings

- Brand awareness – market share – trust shown by international tour operators

FINANCIAL SERVICES

- Restructure
 - Develop own-branded products, reduce “middle man” costs
- Sales penetration

BLACK ECONOMIC EMPOWERMENT

- Group scorecard rating - level 8 → 6
- Car hire scorecard rating - level 3 → 2
- CMH First Fleet Solutions - level 3 → 2
- Both Car Hire and First Fleet have 51% black ownership
- Group scorecard adversely affected by motor manufacturers from which the majority of procurement is sourced
- Employment equity - 75% of staff are black
- Employment equity - 65% of management are black

PEER COMPARISON

	CMH	Motus	Super
P/E ratio	6,9	10	10,3
Dividend yield	8,6	2,6	0,0

PROSPECTS

- Re-organization of Gateway / Cornubia dealerships completed – renewed focus
- Improved penetration by Ford expected – supply problems caused 19% market share loss (800 new and 400 used units) – now resolved
- Launch of new models
 - Evogue Range Rover launched in May – most affordable model
 - full year sales of Volvo S60 and XC40
 - Nissan launching improved range of Nissan and Datsun products in 2020
- Blackouts
 - back-up systems being introduced

PROSPECTS

- Carshop – Used car sales platform
 - creating as many leads as major competitors
- Solid balance sheet – minimal intangible assets
- Strong cash flow generation
- Experienced, stable management team
- 35% profit underpinned by car hire, financial services and corporate services

PROSPECTS

- Franchises for powerful brand names – Ford, Nissan, Toyota, Mazda, Volvo, Land Rover etc
- Track record of profit, dividends and ROE over many years

The missing ingredient.....
revenue boost, driven by economic growth