



Combined Motor Holdings Limited

**FINANCIAL RESULTS
PRESENTATION**



2021

GROUP FINANCIAL HIGHLIGHTS



GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 28 FEBRUARY 2021

		28 February 2021	28 February 2020	% Change
Total assets	(R'000)	3,274,003	3,650,301	(10.3)
Cash resources	(R'000)	754,825	659,622	14.4
Net asset value per share	(cents)	1,216	1,090	11.6
Revenue	(R'000)	8,579,558	11,156,167	(23.1)
Operating profit	(R'000)	345,045	417,280	(17.3)
Net profit attributable to ordinary shareholders	(R'000)	168,763	190,519	(11.4)
Return on shareholders' funds	(%)	19.6	24.3	(19.3)
Basic earnings per share	(cents)	225.6	254.7	(11.4)
Headline earnings per share	(cents)	230.4	254.8	(9.6)
Dividends paid per share	(cents)	100.0	176.0	(43.2)
Dividend declared – payable June 2021	(cents)	125.0		

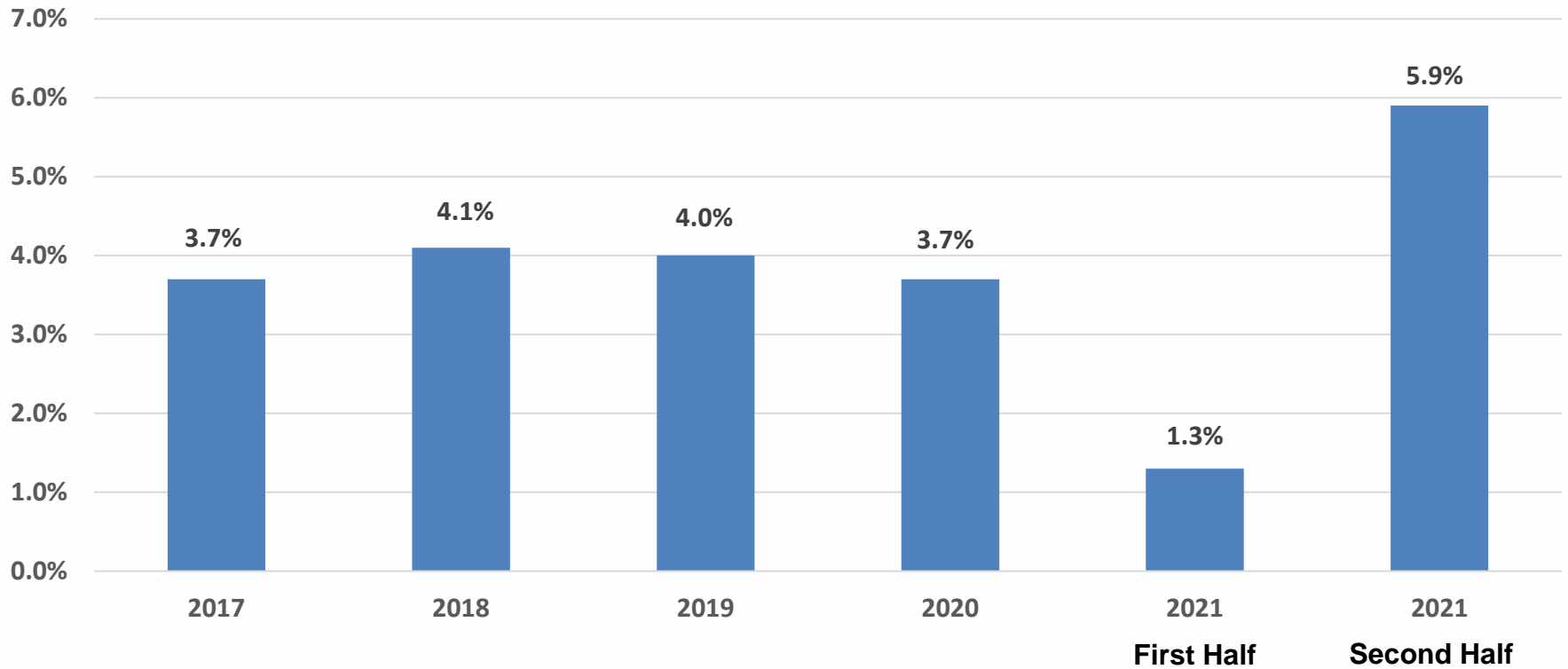
GROUP INCOME STATEMENT



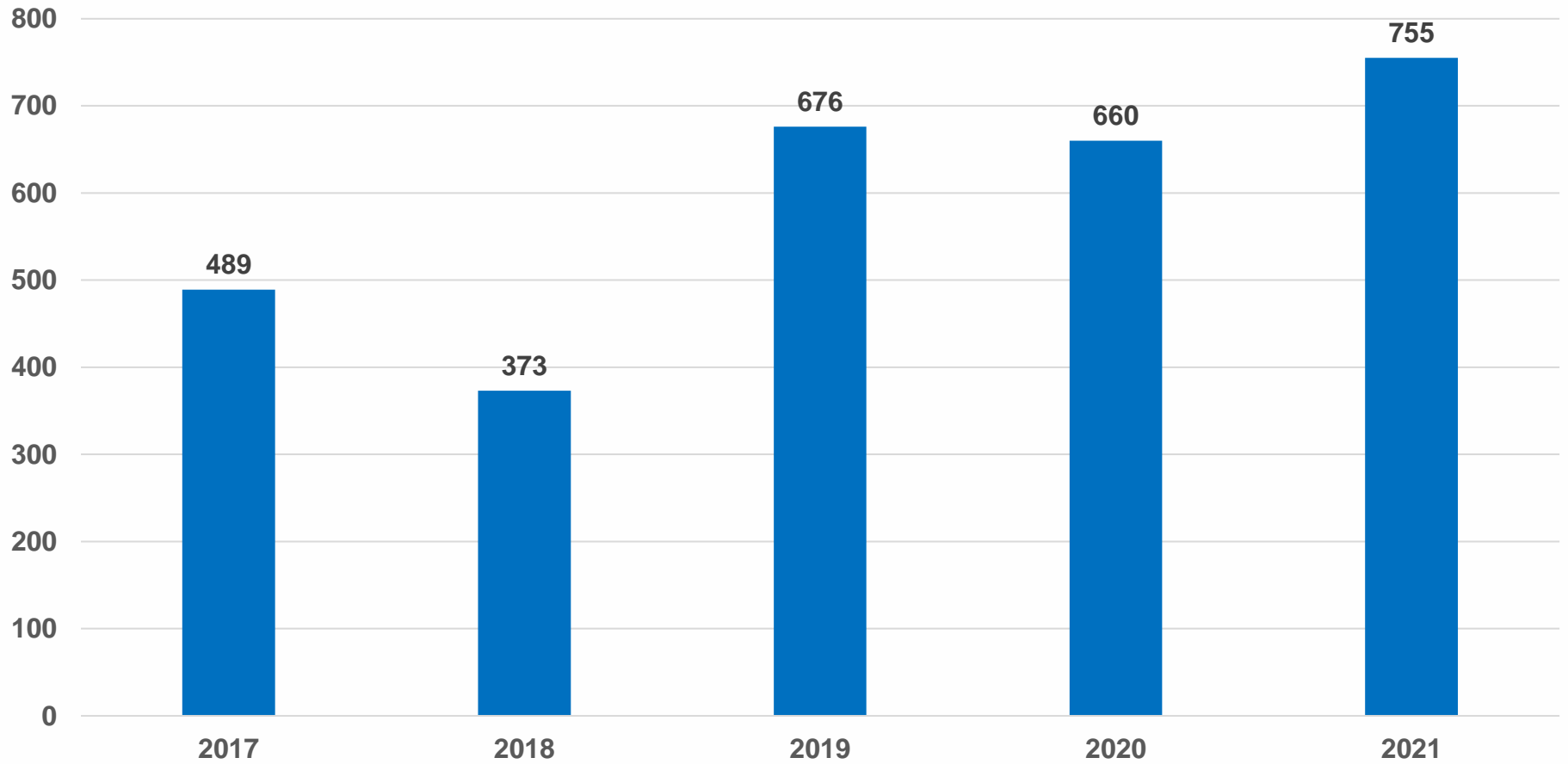
GROUP INCOME STATEMENT

	2021 Total R'000	2021 Second Half R'000	2021 First Half R'000	2020 Total R'000
Revenue	8,579,558	5,033,069	3,546,489	11,156,167
Cost of Sales	-7,087,850	-4,212,651	-2,875,199	-9,291,278
Gross Profit	1,491,708	820,418	671,290	1,864,889
Gross Profit %	17.4	16.3	18.9	16.7
Other Income	26,230	18,284	7,946	19,971
Goodwill impaired	-6,250	0	-6,250	0
Selling and operating expenses	-1,166,643	-542,295	-624,348	-1,467,580
Operating Profit	345,045	296,407	48,638	417,280
Operating Profit % (excluding goodwill w/off)	4.0	5.9	1.3	3.7
Finance income	25,937	13,248	12,689	38,743
Finance Costs	-136,662	-56,935	-79,727	-193,243
Profit before taxation	234,320	252,720	-18,400	262,780
Tax Expense	-65,557	-69,693	4,136	-72,405
Tax rate %	28.0	28.0	28.0	28
Total profit and comprehensive income	168,763	183,027	-14,264	190,375

OPERATING MARGIN



CASH RESOURCES (R'million)



SEGMENT PROFIT CONTRIBUTION



	2021	2020	2019	2018	2017
	%	%	%	%	%
Retail motor	86	57	65	70	65
Car hire	-2	17	16	19	21
Financial services	12	17	13	10	12
Corporate services / other	4	9	6	1	2
	100	100	100	100	100

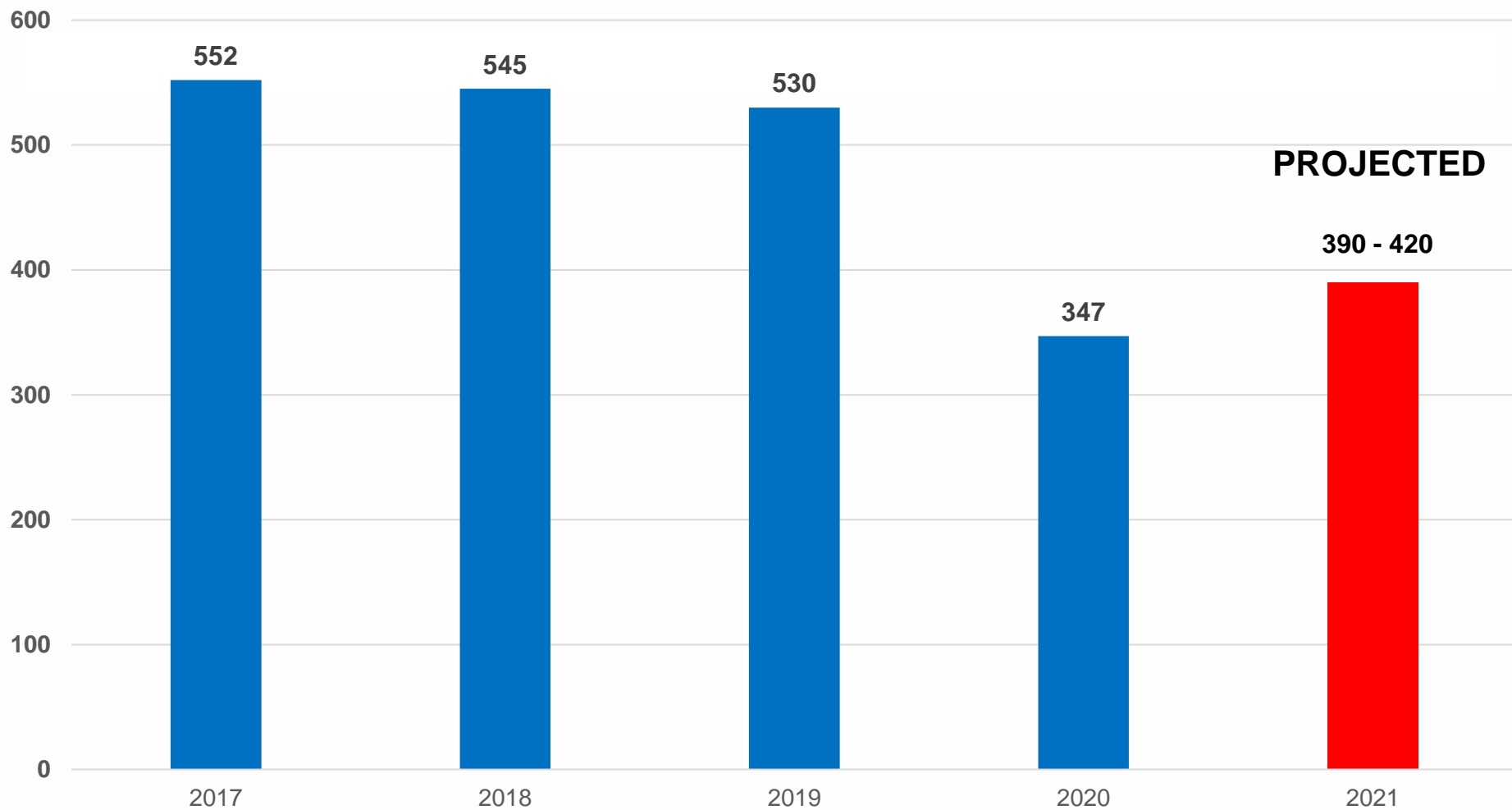
CMH SHARES TRADED



	2021	2020	2019	2018	2017
Volume of shares traded ('000)	11,227	9,147	11,900	15,924	11,977
Value of shares traded (R'000)	145,439	191,500	323,364	383,281	206,038
Average price per share traded (cents)	1,295	2,093	2,717	2,407	1,720
Year-end market price (cents)	1,550	1,840	2,100	2,610	2,050
Market capitalisation (R million)	1,159	1,376	1,570	1,952	1,533
Year-end price : earnings ratio	6.7	7.2	7,0	7,8	7,2
Year-end dividend yield (%)	6.5	9.6	8,4	6,2	6,8
"Free-float" shares ('000)	42,227	42,238	42,252	42,427	42,529
"Free-float" (%)	57	57	57	57	57

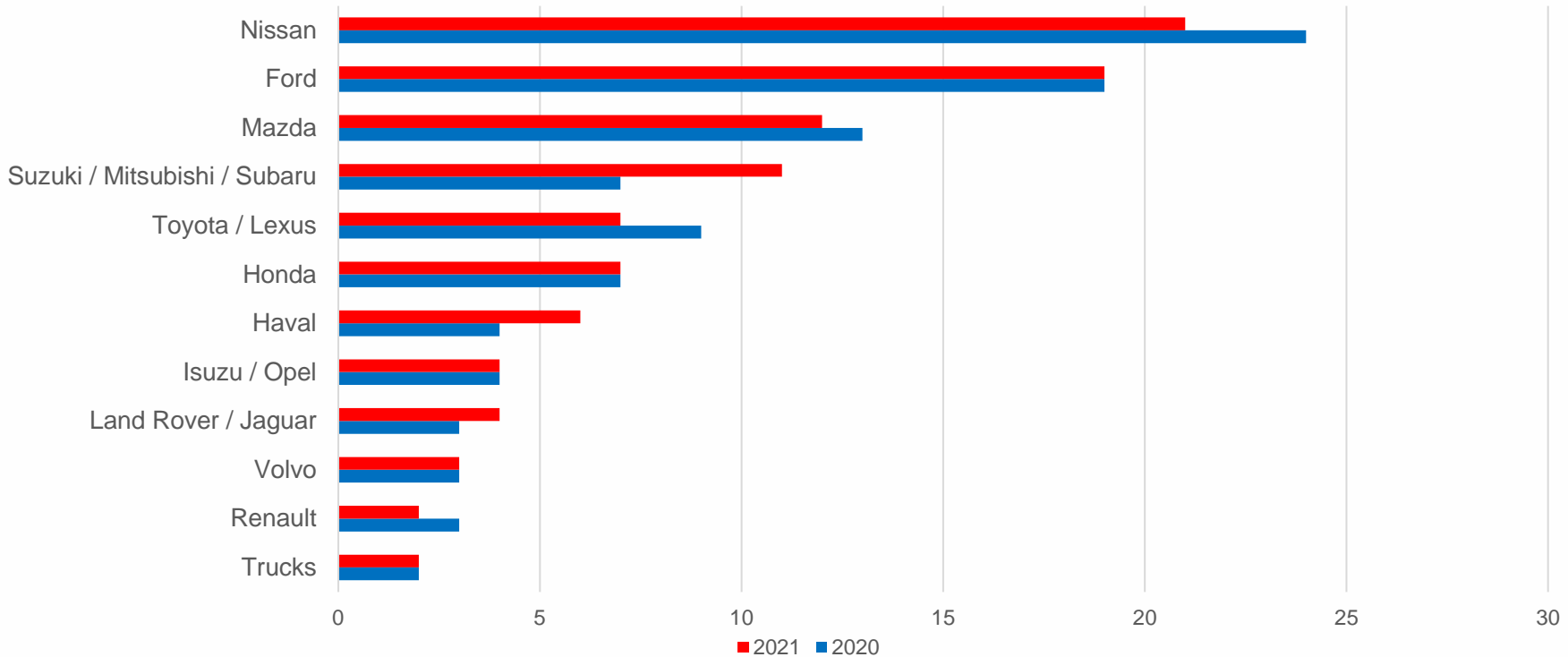
INDUSTRY NEW VEHICLE SALES

SALES ('000 UNITS) - CALENDAR YEAR



SEGMENT ANALYSIS – RETAIL MOTOR

GROUP NEW UNIT SALES BY MANUFACTURER (%)



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

- Group scorecard rating - level 5
- Car hire scorecard rating - level 2
- CMH First Fleet Solutions - level 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

- SA started the year in economic recession
- Hard lockdown from the last week in March 2020
- Irrational Government decisions impacted unemployment and taxes
- PPE corruption rife
- Vehicle licensing and testing departments closed for 77 days – no sales / delivery possible



- Remarkable second half turnaround – R183 m profit vs. R14 m loss
- Second half impacted by continued effects of pandemic, and resurgence of load shedding
- Dividend payments resumed
- Focus areas
 - Protection of cash resources through working capital management
 - Maximisation of gross profit on reduced revenue
 - Alignment of staffing with reduced activity
 - Safety protocols
- Stand-out feature – the agility displayed by management in right-sizing the operations as quickly as possible
- Interest rate reduction has impacted the Group's borrowings, and consumers' affordability levels

- Both national and Group annual new vehicle sales declined 32%
- Group outperformed national during second half
- Used vehicle sales hampered by shortage of trade-ins. Again, second half improved over national
- Parts and service departments recovered quickly – currently around 90-95% of pre-Covid levels
- Mandarin Parts Distribution acquired 1 March 2020
 - Importer, wholesaler, retailer of aftermarket parts
 - 23 franchisees around the country – 6 to be added in the new year
- Ford dealership in Ballito acquired 1 May 2021
- 2 Mitsubishi and 3 Peugeot operations to be added to existing dealerships
- Competition Commission guidelines re “right to repair” not expected to have material adverse impact

- Hardest hit. Longest time to recover
- Closely linked to air travel, both business and leisure
- ACSA reported 67% fall in passengers during year – all in April - Dec months
- Considerable rental concessions received from ACSA – charge based on revenue only, no monthly minimum
- 2 major challenges – right-size staffing and hire fleet
 - Severe staff cuts inevitable, effort made to retain key employees in each function
 - Fleet optimized in October 2020 at 70% of pre-Covid level. Industry estimated at 50% of pre-Covid level
- The business has survived on
 - Slow growth in domestic travel market, and alliance with FlySafair
 - New contract in insurance replacement segment
 - Operating efficiencies and improved overall market share

- Relates to finance JVs and insurance underwriting
- JVs suffered first half due to severe doubtful debt provisioning. Second half improved, provisions released
- Underwriting results affected by Covid-related deaths. Jan-Feb 2021 much improved
- 25% growth in premium income augurs well for years ahead.



- Traditional dividend payable June 2020, in relation to prior year results, delayed due to uncertainty, then paid Dec 2020
- No traditional dividend paid Dec 2020 due to first half trading loss.
- Traditional June dividend resumed. 125 cents payable June 2021 – covered 1,8 times by year's HEPS



- Inventory down 22%
- Receivables down 11%
- Car hire fleet investment down 22%
- Head count down 22%
- Improved trading margins
- Restructured overheads
- Interest rate cuts
- National new vehicle sales growth estimates vary between 12% and 20%
- Reduced availability of new vehicles during Q1/Q2 – component shortages
- Group's equity structure sound, and cash flow generation is good
- Opportunities for acquisitive growth are expected



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END



2021