

Combined Motor Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1965/000270/06)  
Share code: CMH ISIN: ZAE000088050  
("CMH")

## TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2020

In accordance with paragraph 3.4(b)(i) of the JSE Listings Requirements, listed 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 at least 20% from those of the previous corresponding period.

Shareholders are advised that a reasonable degree of certainty exists that, in respect of the 6 months ended 31 August 2020:

- headline earnings per share is expected to be 110% to 113% lower than the previous year, being a loss of between 12 and 16 cents per share compared with profit of 120,9 cents per share; and
- basic earnings per share is expected to be 114% to 117% lower than the previous year, being a loss of between 17 and 21 cents per share compared with a profit of 121,2 cents per share.

### COMMENTARY

The full period of Covid-19, from announcement to level 2, fell squarely within the reporting period. The Group's activities were not classified as essential services and were effectively closed from 27 March until the phased opening from mid-May to 8 June 2020. The result was that substantial trading losses during the first three months, were followed by positive returns in June, July and August 2020. All restructuring costs, and the costs of compliance with the Covid-19 protocols have been expensed.

#### Cash and reserves

The Group remains in a sound financial position in terms of both equity reserves and cash resources. Both are at levels little-changed from 29 February 2020, and no additional borrowings were required.

#### Motor retail

The rebound following the re-opening of business has seen parts and service trading levels at 80% to 90% of the corresponding months last year. Vehicle sales were hampered because licencing offices opened only on 9 June 2020. New vehicle sales have reached 70% and used vehicle sales 90% of prior year months. It is expected that these levels will be maintained for the rest of the financial year. Inventory levels have been rebalanced, and no abnormal write-offs of trade receivables have been experienced.

#### Car hire

This segment was hardest hit, and its recovery has been slow but steady. The business has been right-sized in terms of staff complement, and the fleet size will be at optimum by the end of October. Airport activity is traditionally the prime source of business. Local business travel has grown slowly off a zero base over the past 3 months, but it will be some time before the international business and tourism markets return.

Financial services

The Group's insurance cells were generally unaffected by the short hiatus. Although no new policies were written, the annuity income from prior years continued.

The finance joint ventures were impacted by severe bad debt provisioning. Time will tell whether the provisions will prove to be sufficient or excessive.

**FINANCIAL RESULTS**

This financial information has not been reviewed by the auditors of CMH. The results for the six months ended 31 August 2020 are expected to be published on or about 22 October 2020.

Durban

29 September 2020

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd