

supergroup

FINAL RESULTS PRESENTATION for the year ended 30 June 2018

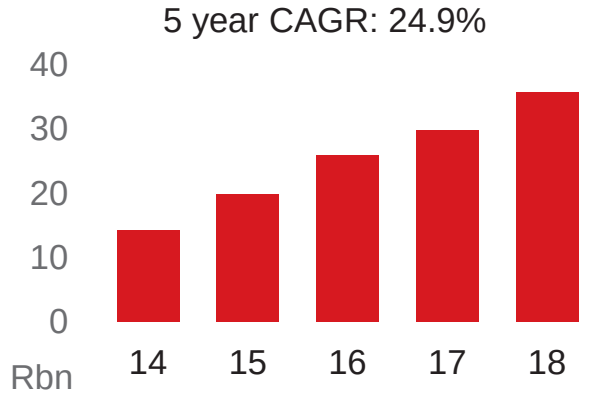
Agenda

- Results at a Glance
- Divisional Reviews
  - Supply Chain
  - Fleet Solutions
  - Dealerships
- Reviewed Annual Results
- Prospects

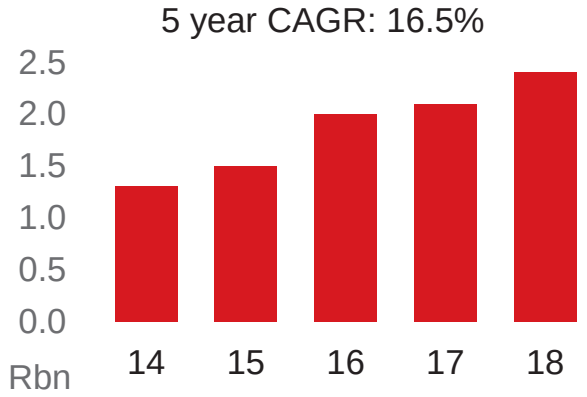


Results at a Glance for the year ended 30 June 2018

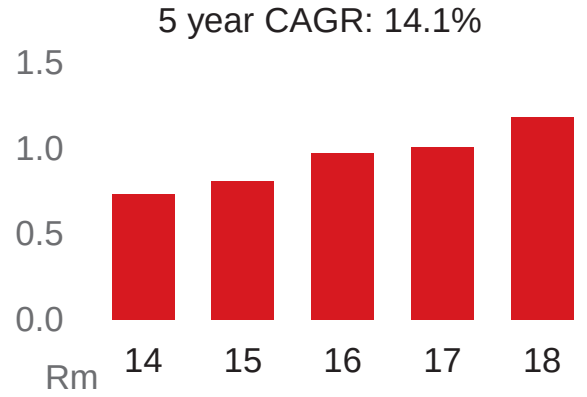
▲19%
R35.7 billion
Revenue



▲15%
R2.4 billion
Operating profit



▲19%
R1.2 billion
Headline earnings



- Super Group reported a record set of results for the year ended 30 June 2018, mainly attributable to:
  - an excellent performance by the commodity businesses within Supply Chain Africa;
  - solid contributions from the acquired businesses; and
  - a satisfactory SG Fleet performance
- Dealerships SA and UK outperformed their respective markets with strong operating margins in both countries
- The other Supply Chain Africa businesses, Supply Chain Europe and Fleet Africa performed to expectations

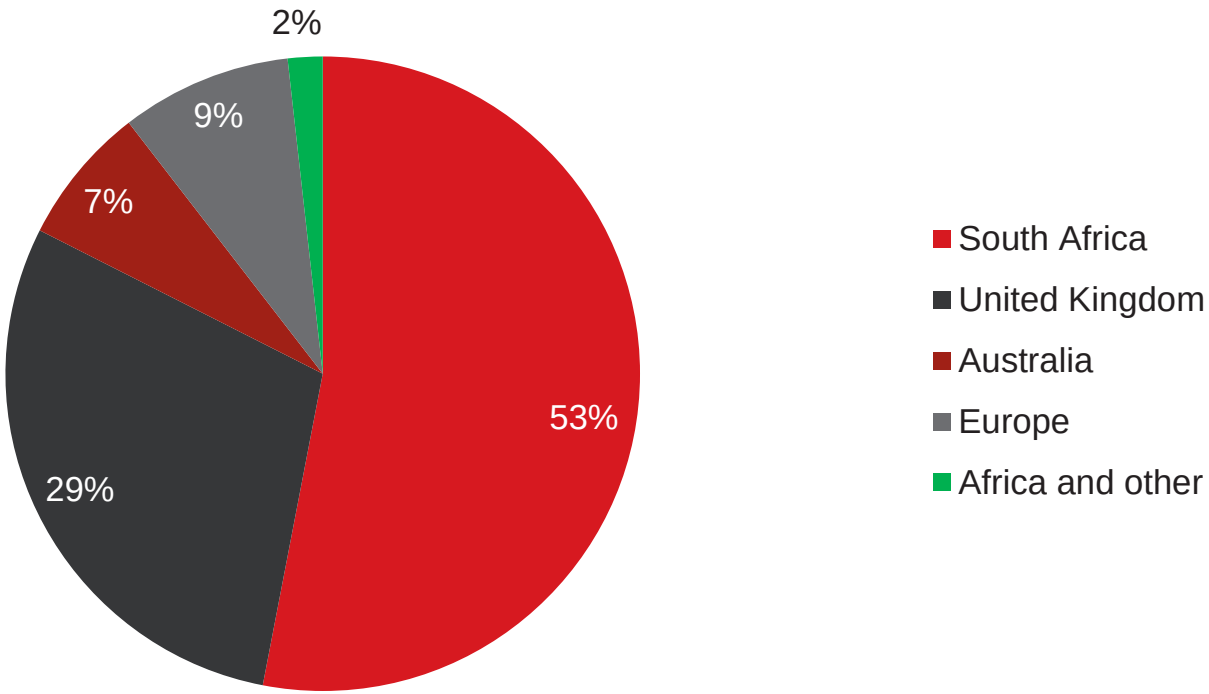
Industry reviews

R'million	Southern Africa	International
Supply Chain	⁄ Commodity transport volumes, including coal and copper, increased significantly ⁄ The industrial operations impacted by muted economic growth and poor manufacturing volumes ⁄ The consumer-facing businesses affected by reduced consumer spending due to adverse macro-economic pressures	⁄ The shortage of subcontractors resulted in cost pressures in Germany ⁄ Significant diesel price increases – challenging to recover from customers
Fleet Solutions	⁄ The submission of FML tenders and award of contracts onerous and protracted ⁄ Roll-out of existing Government contracts slow	⁄ Australian FML market experienced an improved 2H2018 ⁄ Novated lease market impacted by reduced private new car sales ⁄ New Zealand economy continues strong growth ⁄ UK FML market indicates improvement
Dealerships	⁄ Mercedes-Benz business model change from a franchise to agency model negatively impacted dealerships i.t.o revenue and profitability ⁄ NAAMSA new vehicle sales: ▲ 2.7%	⁄ The overall UK general dealership market: ▼ 11% ⁄ The new Ford Focus and Fiesta models well received and 2H2018 saw much improved sales in these models

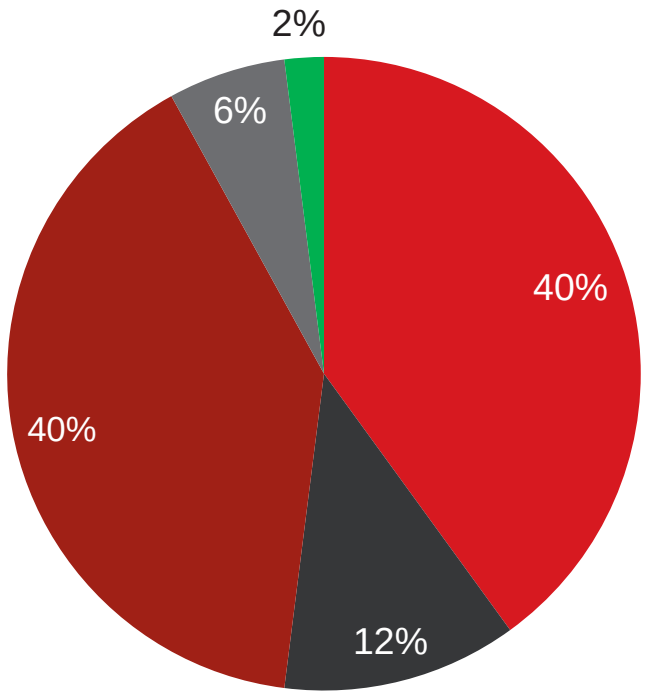
International vs African operations

- Super Group's international operations contributed 47% (June 2017: 40%) to revenue and 60% (June 2017: 61%) to operating profit

Revenue per country



Operating profit per country

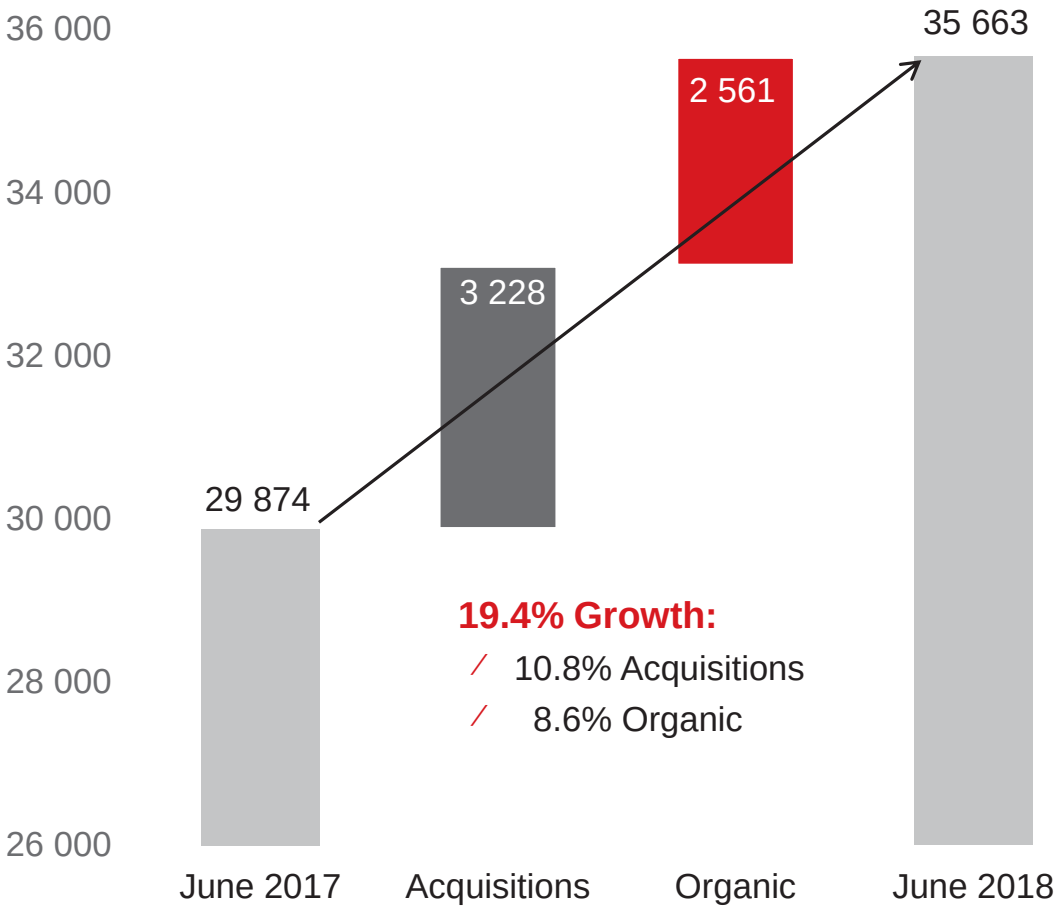


Corporate actions concluded during the year

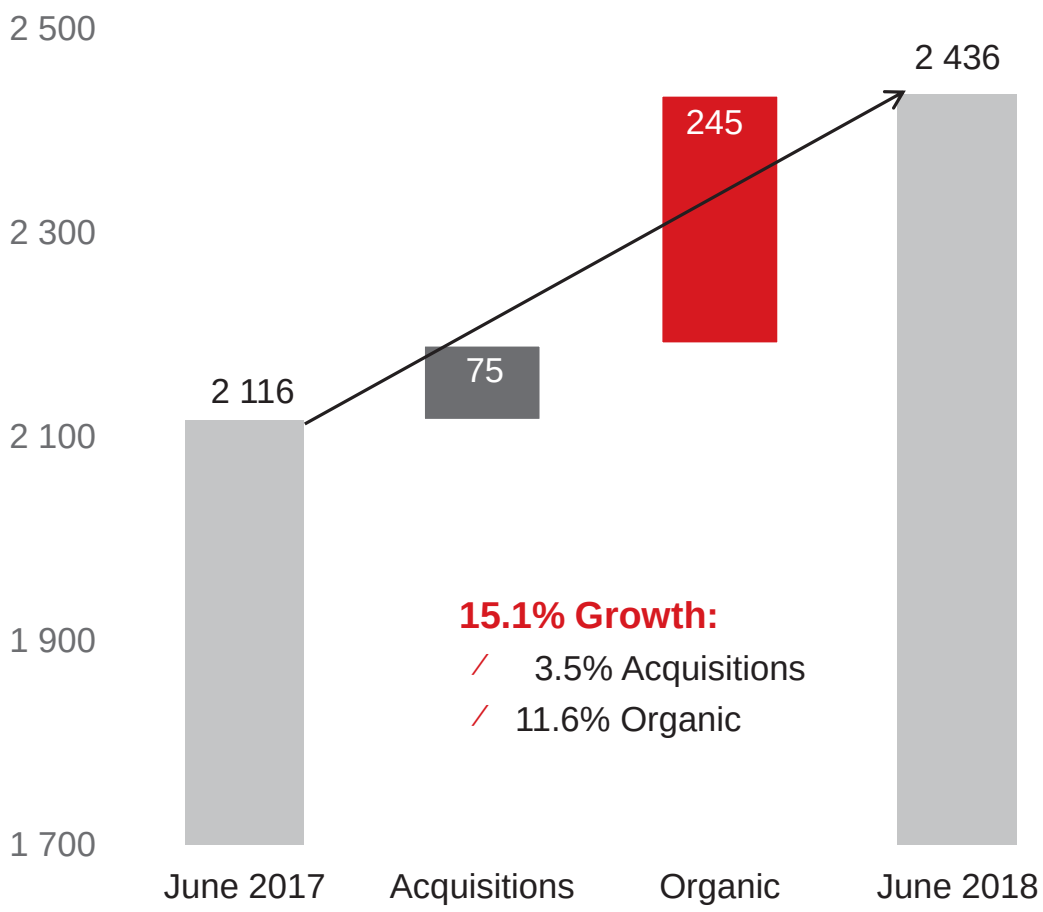
Business	Description	Interest	Date	Consideration R'million
Slough Motor Corporation (SMC)	Operates six Ford and two Suzuki dealerships in the UK	100%	04/07/17	(414.3)
Ader Group	A Spanish courier company	88%	04/07/17	(171.2)
MDS Group	A South African web-based courier company	90%	01/10/17	(59.0)
SG Coal	Sold 15% to the Group's Black Women Empowerment Scheme	85%	01/04/18	105.0
Accelerated Bookbuild	Issued 12 422 360 shares at R40.25 per share		13/10/17	500.0
Digistics	Acquired remaining 45% interest	100%	At 30/06/18	(102.7)
Legend	Acquired an additional 15% interest	90%	At 30/06/18	(99.7)
SG Fleet	Super Group acquired an additional 14 186 914 shares during the year	57%	At 30/06/18	(551.7)

Acquisition vs organic growth

Revenue (Rm)



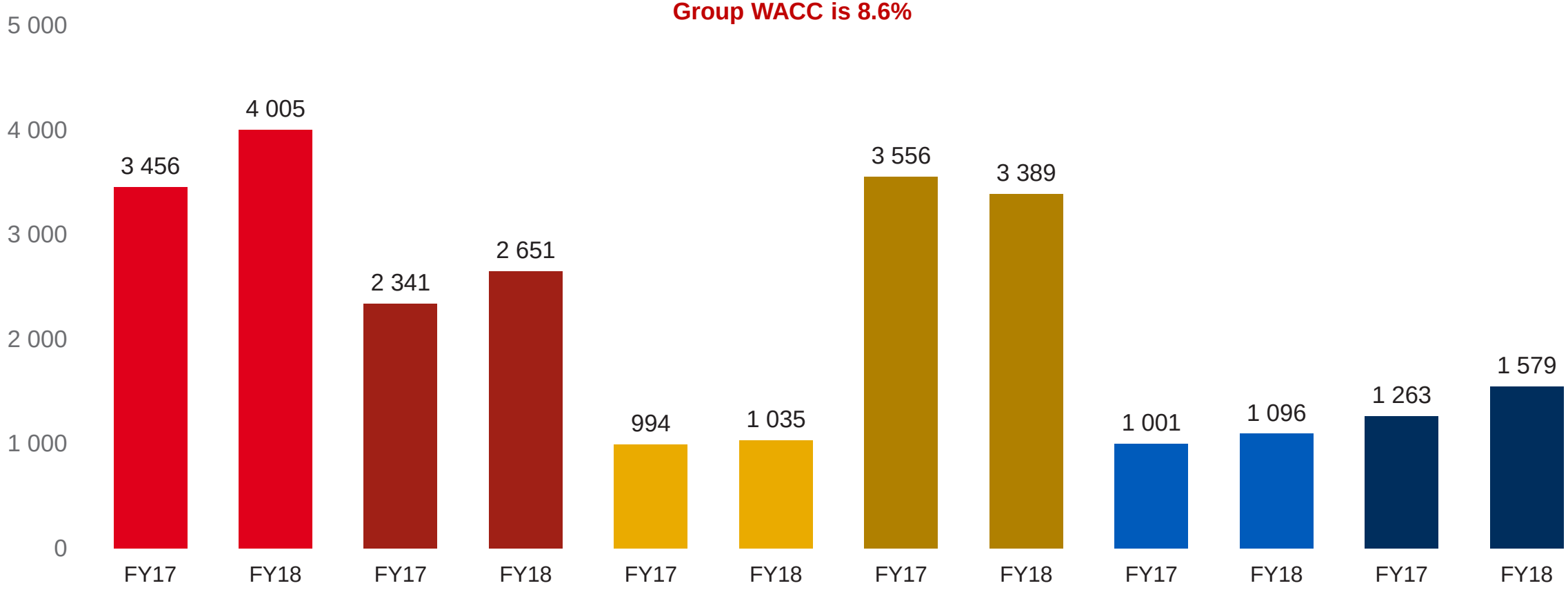
Operating profit (Rm)



- Acquisitions include the businesses acquired since 1 July 2017

Net operating assets and RNOA

The Group's RNOA for the year ended June 2018 is 12.3% (June 2017: 12.2%)
Group WACC is 8.6%



	SC Africa		SC Europe		Fleet Africa		SG Fleet		Dealerships SA		Dealerships UK	
RNOA%	9.6	12.6	3.4	3.8	10.8	8.3	20.7	20.3	35.7	22.2	13.3	12.8
WACC%	11.2		5.7		11.2		7.8		11.2		6.6	

Divisional Reviews

Peter Mountford



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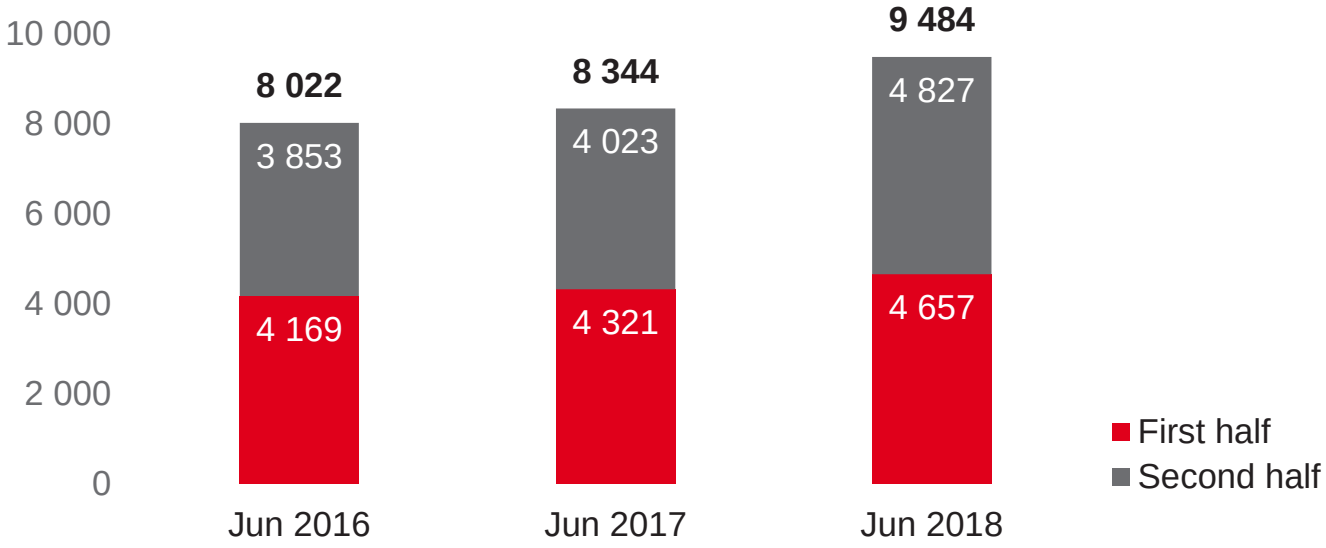
Supply Chain



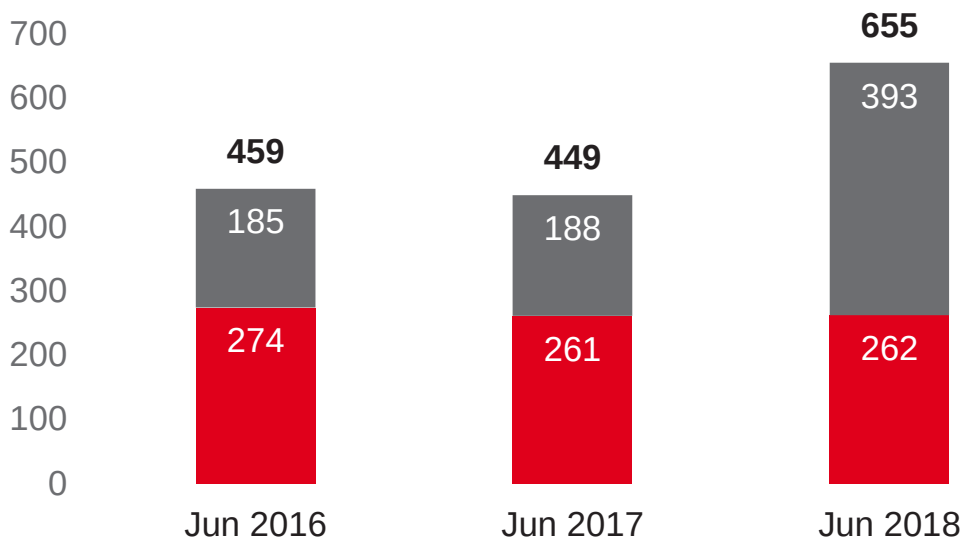
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Supply Chain Africa

Revenue (R'm)



Operating profit (R'm)

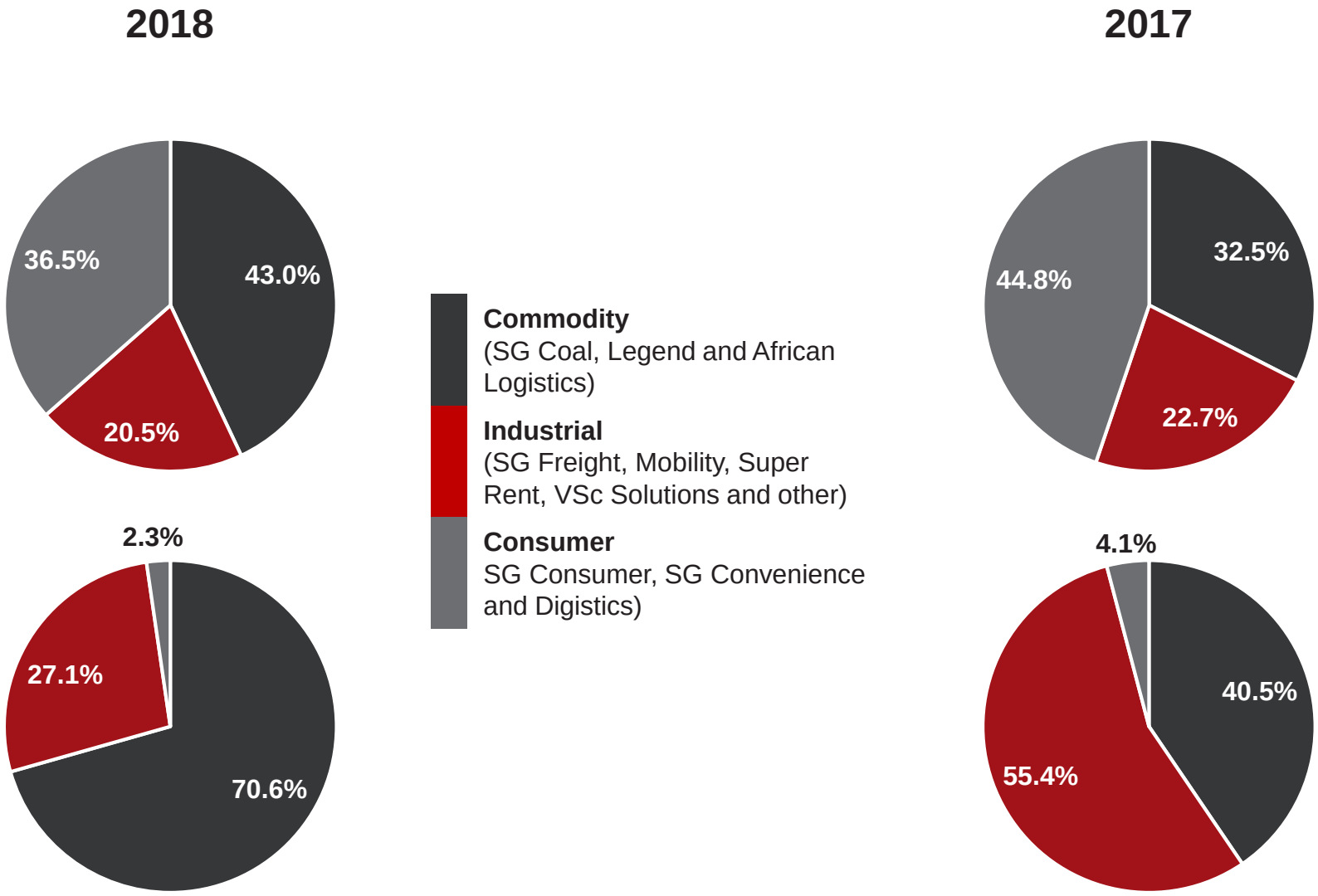


Revenue	Operating profit
⁄ Revenue increased by 13.7% mainly due to an excellent performance in the mining commodities businesses	⁄ Operating profit increased by 45.9% largely on the back of the strong growth reported by SG Coal, Legend and African Logistics
⁄ The consumer-facing businesses reported negative growth given the substantial decline in demand in the FMCG and QSR industries	⁄ This strong growth was moderated by negative volumes in the consumer-facing industries
⁄ Remaining supply chain businesses encountered tough trading conditions with a decline in manufacturing volumes and semi-durable demand	⁄ Includes an impairment of goodwill of R28 million on Phola Coaches – significant mining client discontinued staff transport scheme
	⁄ The operating profit margin increased from 5.4% to 6.9%

Supply Chain Africa

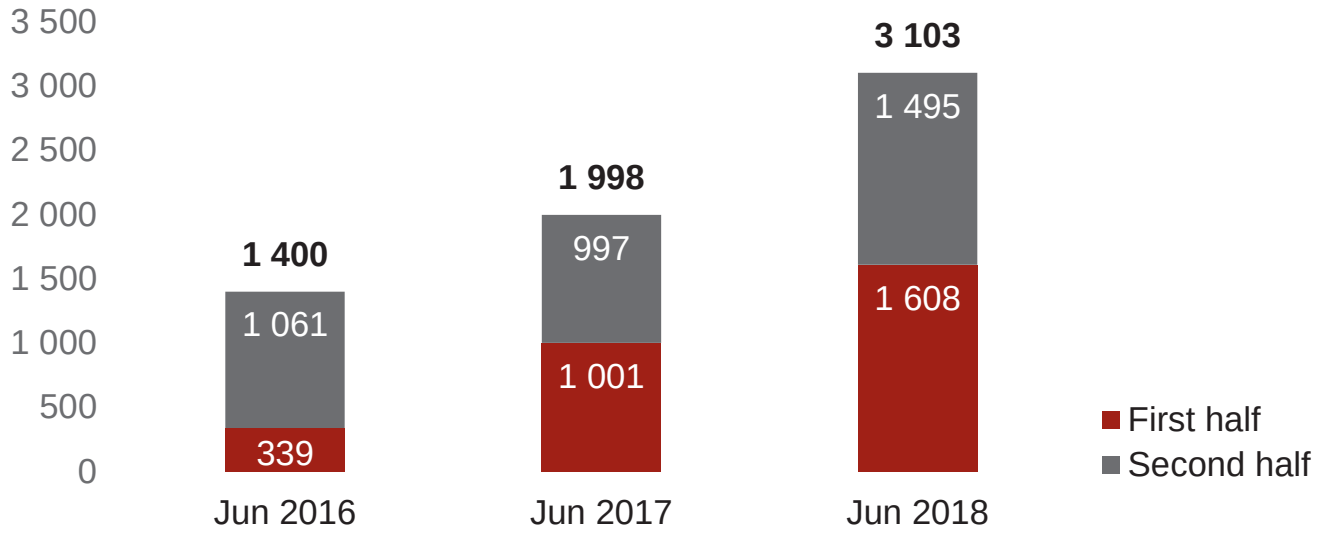
Revenue per sector

Operating profit per sector

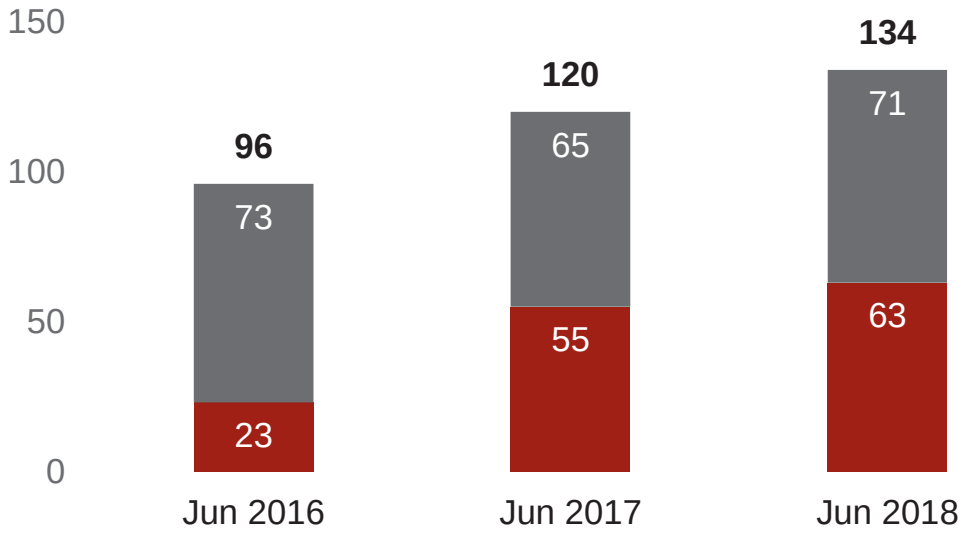


Supply Chain Europe

Revenue (R'm)



Operating profit (R'm)



1H2016: Results were for two months

Revenue	Operating profit

⁄ Revenue increased by 55.3% primarily due to the inclusion of Ader's results for the full year and increased German sales volumes
⁄ Revenue in Euro-terms increased by 50.6%
⁄ Excluding Ader, sales volumes were up 12.9%, a combination of:
  ⁄ transport loads being up by 7.1%
  ⁄ an increase in kilometres per load of 5.5%
	⁄ Operating profit increased by 11.9% and in Euro-terms, by 8.5%
	⁄ The operating profit margin decreased from 6.0% to 4.3% due to:
	  ⁄ Ader operating at lower margins than inTime; and
	  ⁄ cost pressures as a result of a shortage of subcontractors in Germany
	⁄ Amortisation of PPA intangible assets for the year amounted to R80.3 million (Jun 2017: R74.3 million)

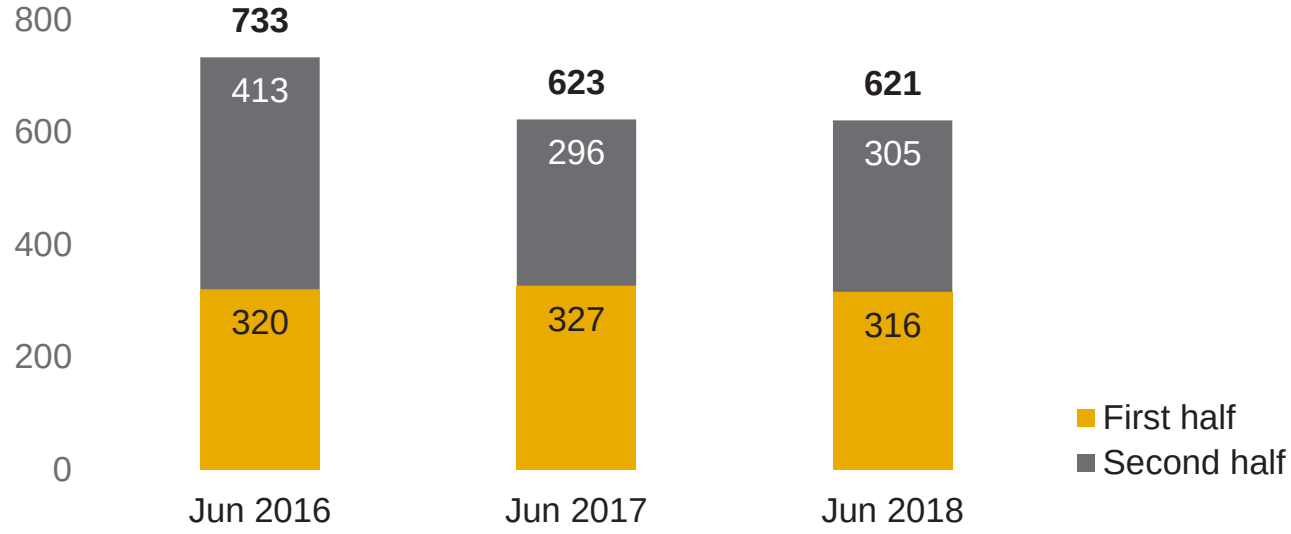
Fleet Solutions



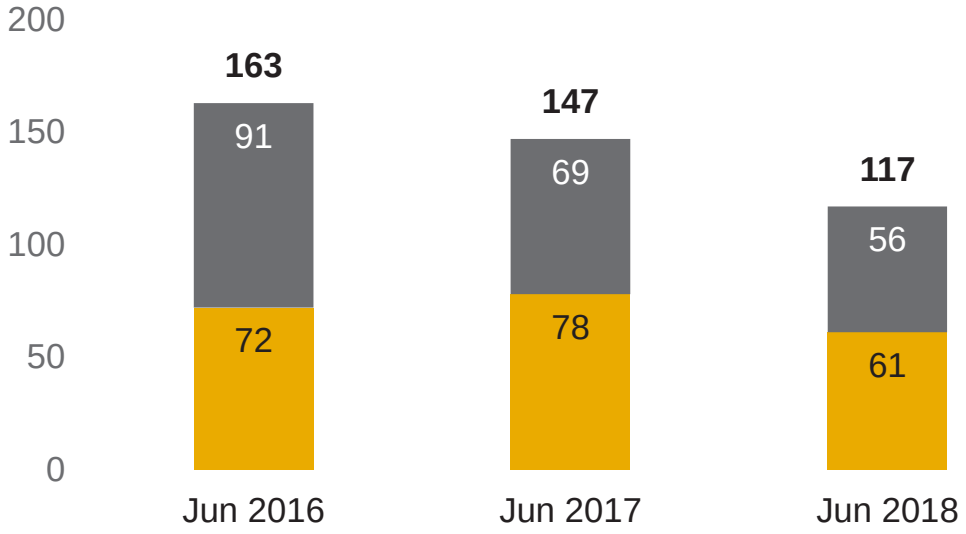
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Fleet Africa

Revenue (R'm)



Operating profit (R'm)



Revenue	Operating profit

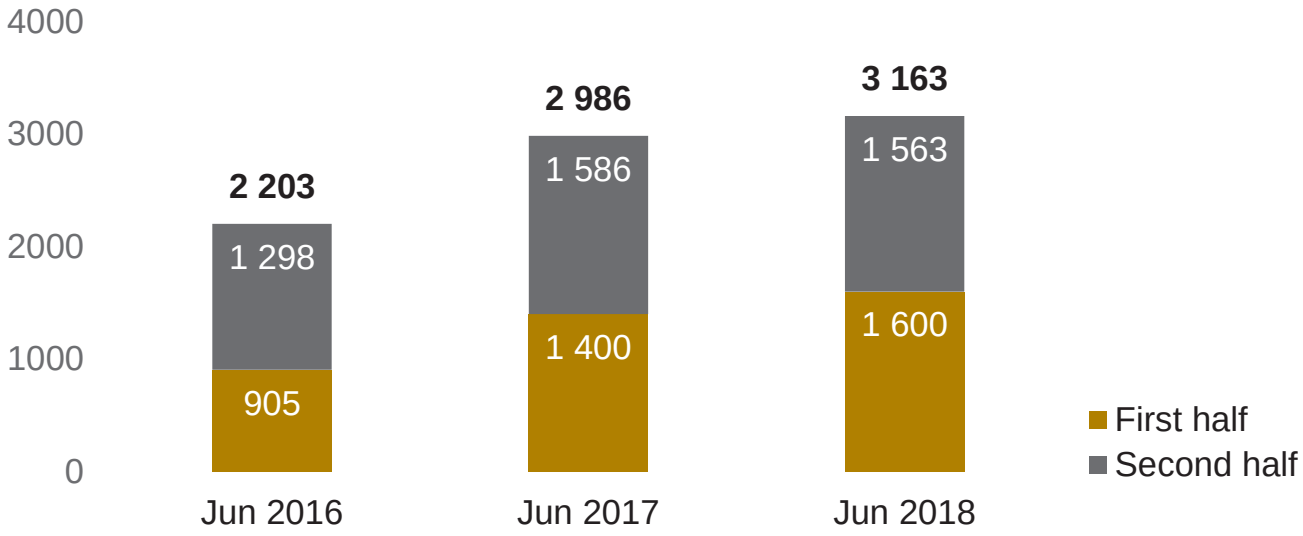
⁄ Revenue decreased marginally by 0.3%
⁄ Polokwane contract reached term and was insourced
⁄ The benefits of the:
  ⁄ completed roll-out of City of Tshwane contract; and
  ⁄ new FML contracts secured with a District Municipality and large parastatal will make a modest contribution in FY2019
	⁄ Operating profit decreased by 20.4%
	⁄ The operating profit margin decreased from 23.6% to 18.8%
	⁄ The results were negatively impacted by the protracted roll-out of the City of Tshwane FML contract and the National Department of Transport's maintenance contract


EMERGENCY SERVICES

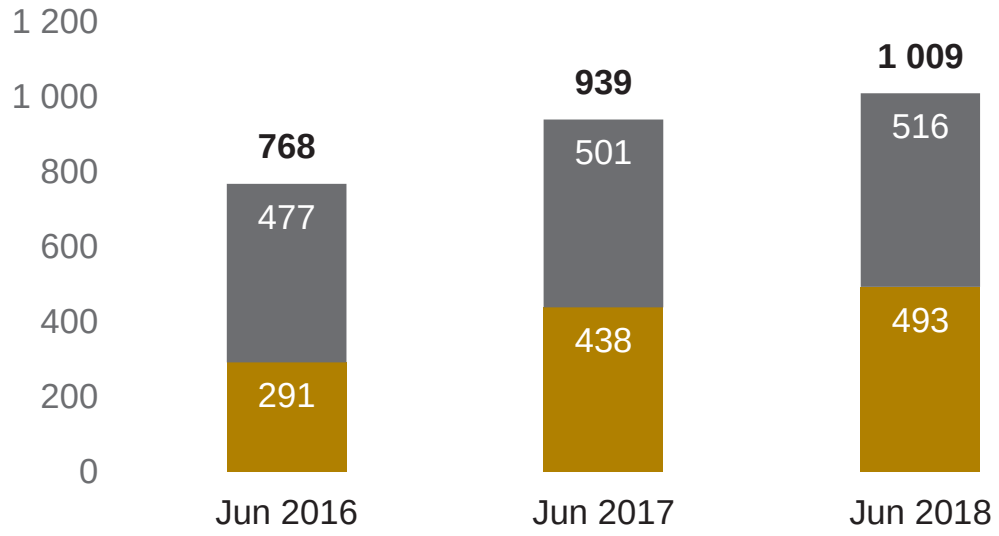

SCANIA

SG Fleet

Revenue (R'm)



Operating profit (R'm)



Revenue	Operating profit
⁄ Revenue increased by 5.9%	⁄ Operating profit increased by 7.4% and in AUD-terms, increased by 10.8%
⁄ Revenue in AUD-terms increased by 9.4%	⁄ The operating profit margin increased from 31.5% to 31.9% on the back of a greater contribution from the end-of-lease income revenue
⁄ SG Fleet experienced fairly tough trading conditions during the 1H2018, with a good recovery in the latter part of the financial year	⁄ Amortisation of PPA intangible assets for the year amounted to R64.8 million (Jun 2017: R63.2 million)
⁄ The UK acquisitions, Motiva and Fleet Hire, positively contributed to SG Fleet's results	

Dealerships

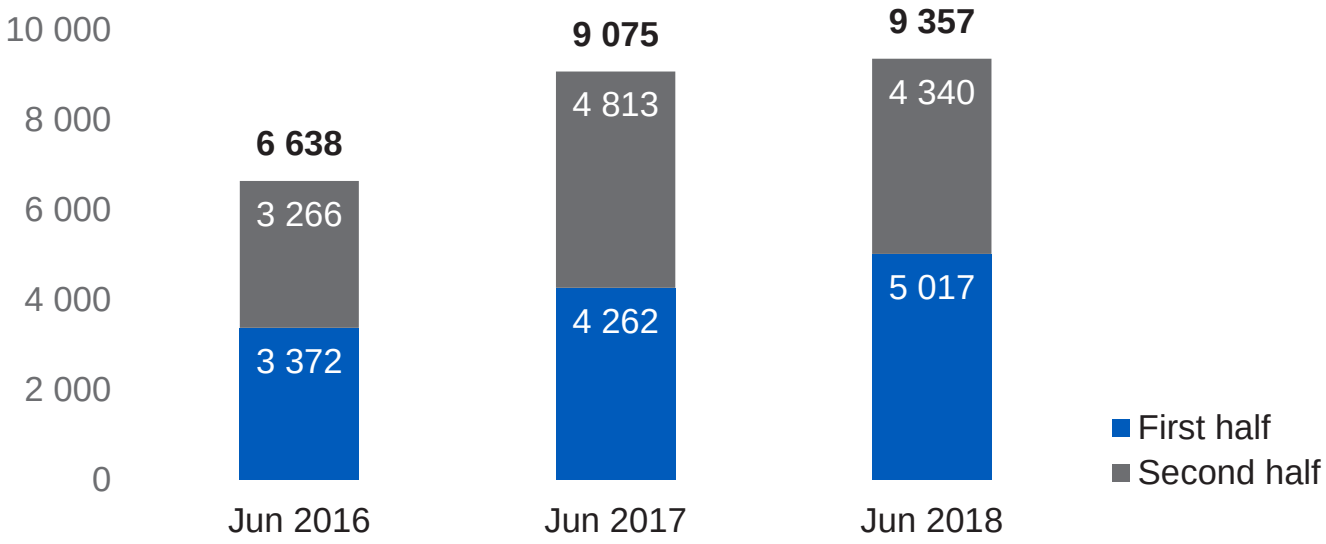




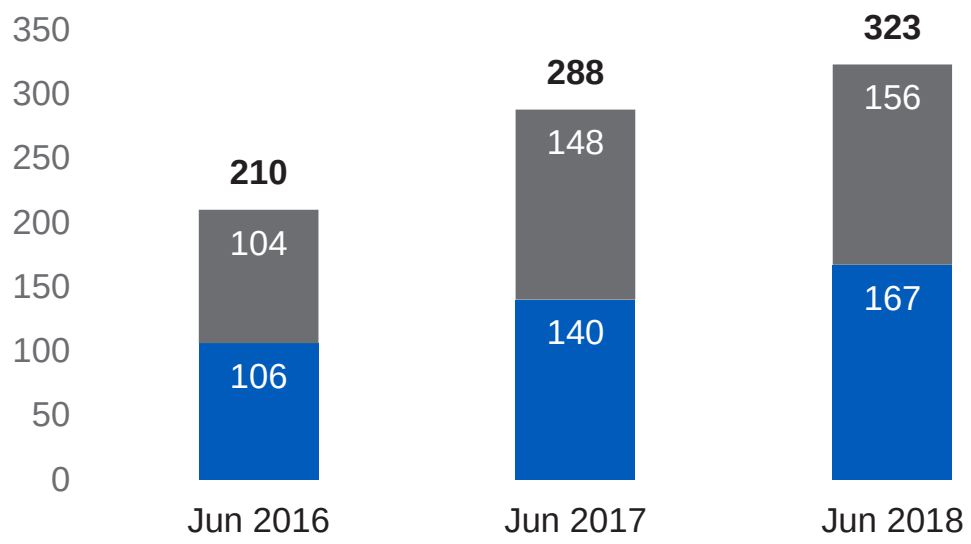
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Dealerships SA

Revenue (R'm)



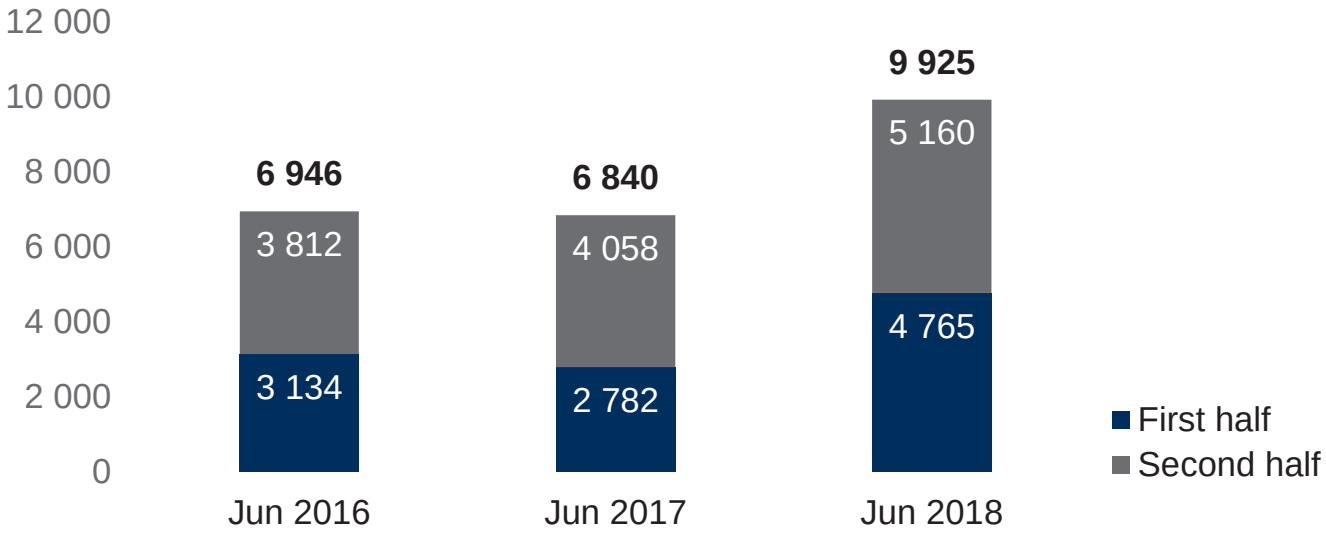
Operating profit (R'm)



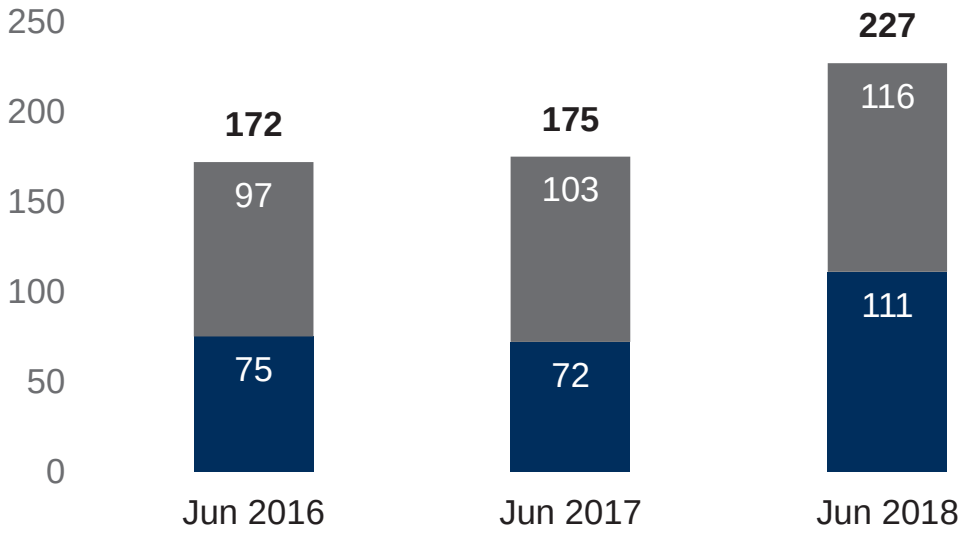
Revenue	Operating profit
⁄ Revenue increased by 3.1% mainly as a result of good vehicle sales and the inclusion of the Western Cape dealerships' results for the full year (June 2017: 10 months) ⁄ Outperformed NAAMSA statistics, reporting: ⁄ 13.4% increase in new vehicle sales; and ⁄ 9.4% increase in used vehicle sales ⁄ The Parts and Services businesses performed well	⁄ Operating profit increased by 12.0% ⁄ Mercedes-Benz new business model – 17% overall sales market decline in 2H2018 ⁄ Operating profit margin increased from 3.2% to 3.4%, mainly attributable to Mercedes-Benz changing its franchise model to an agency model

Dealerships UK

Revenue (R'm)



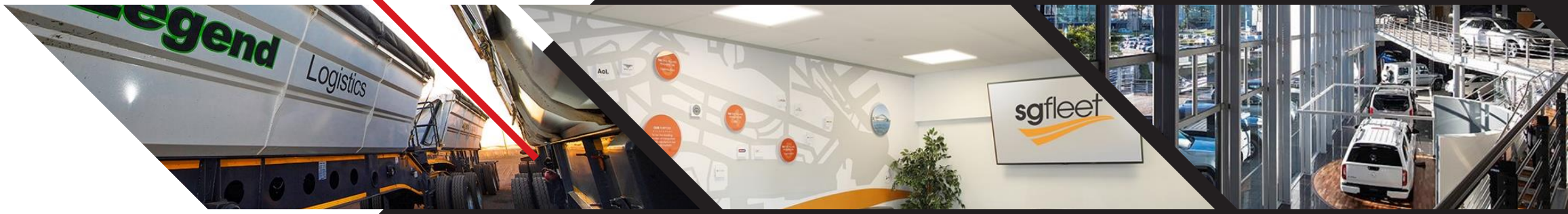
Operating profit (R'm)



Revenue	Operating profit
⁄ Revenue increased by 45.1%, boosted by the inclusion of EAG for the full year (June 2017: four months) and the acquisition of SMC ⁄ Revenue in GBP-terms increased by 44.8% ⁄ Increase in overall sales of 43.8% (9.2% from existing dealerships) ⁄ Increase in used vehicle sales of 51.6% (8.1% from existing dealerships) ⁄ Introduction of new Fiesta and Focus models in 2H2018 made up for lost volumes in 1H2018 as a result of supply problems	⁄ Operating profit increased by 29.7% and in GBP-terms, increased by 29.5% ⁄ The operating profit margin decreased from 2.6% to 2.3% ⁄ The SMC dealerships exceeded expectations and operational efficiencies have been addressed ⁄ UK properties valuation – a property value increase of R54.8 million taken to equity and an impairment of R18.4 million against profit

Reviewed Annual Results

Colin Brown

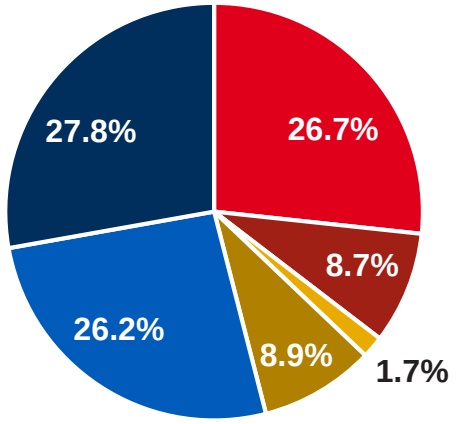


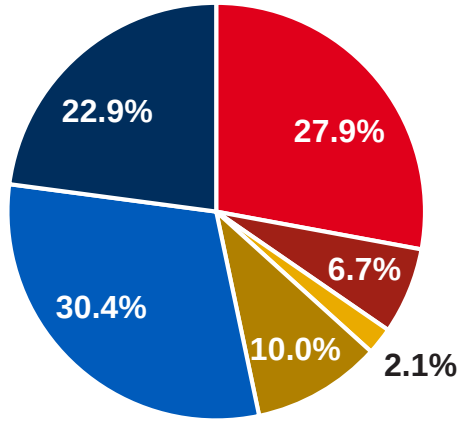
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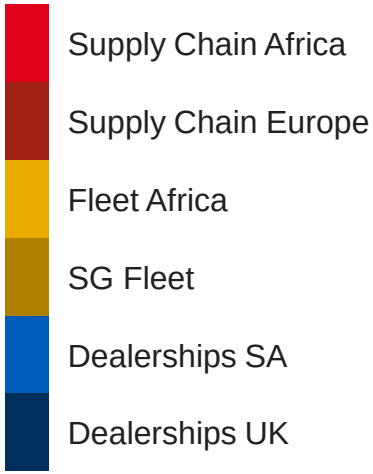
Revenue and EBITA analysis (excl Services and Corporate)

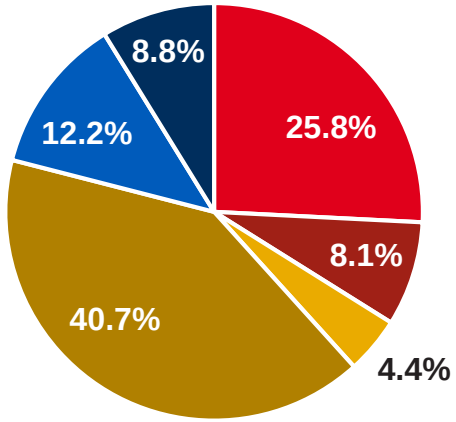
Revenue per division

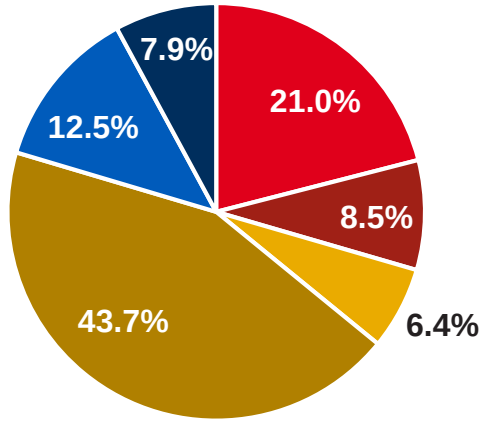
EBITA per division











Statement of Comprehensive Income

R'million	30 June 2018 Reviewed	30 June 2017 Audited	Change %
Revenue	35 662.9	29 873.9	19.4
EBITA (1)	2 612.8	2 292.4	14.0
Amortisation of PPA intangibles	(177.3)	(176.3)	0.5
Operating profit	2 435.5	2 116.1	15.1
Net finance charges	(330.5)	(280.0)	18.0
Profit before tax	2 105.0	1 836.1	14.7
Income tax expense	(612.8)	(503.4)	21.8
Profit for the year	**1 492.2**	**1 332.7**	**12.0**

(1) EBITA includes capital items to the amount of R38.5 million, mainly relating to the impairment of properties in Dealerships UK and the impairment of goodwill in Phola Coaches

- Average interest rate paid on borrowings was 5.8% (June 2017: 6.2%)
- Average interest rate earned on cash was 3.1% (June 2017: 3.7%)
- Tax rate, excluding capital items and other once off items, was 27.7%

Statement of Financial Position

Assets – R'million	30 June 2018 Reviewed	30 June 2017 Audited	Change %
Non-current assets	**15 923.6**	**14 558.7**	**9.4**
Property, plant and equipment	5 152.7	4 216.7	22.2
Investment property	151.0	149.8	0.8
Full maintenance lease assets	1 563.2	1 613.9	(3.1)
Goodwill and intangible assets	8 761.8	8 261.3	6.1
Investments and other non-current assets (incl. deferred tax)	294.9	317.0	(7.0)
Current assets	**12 623.6**	**10 314.1**	**22.4**
Inventories	4 179.6	3 399.2	23.0
Trade and sundry receivables	5 092.7	4 187.8	21.6
Cash and cash equivalents	3 351.3	2 727.1	22.9
Total assets	**28 547.2**	**24 872.8**	**14.8**

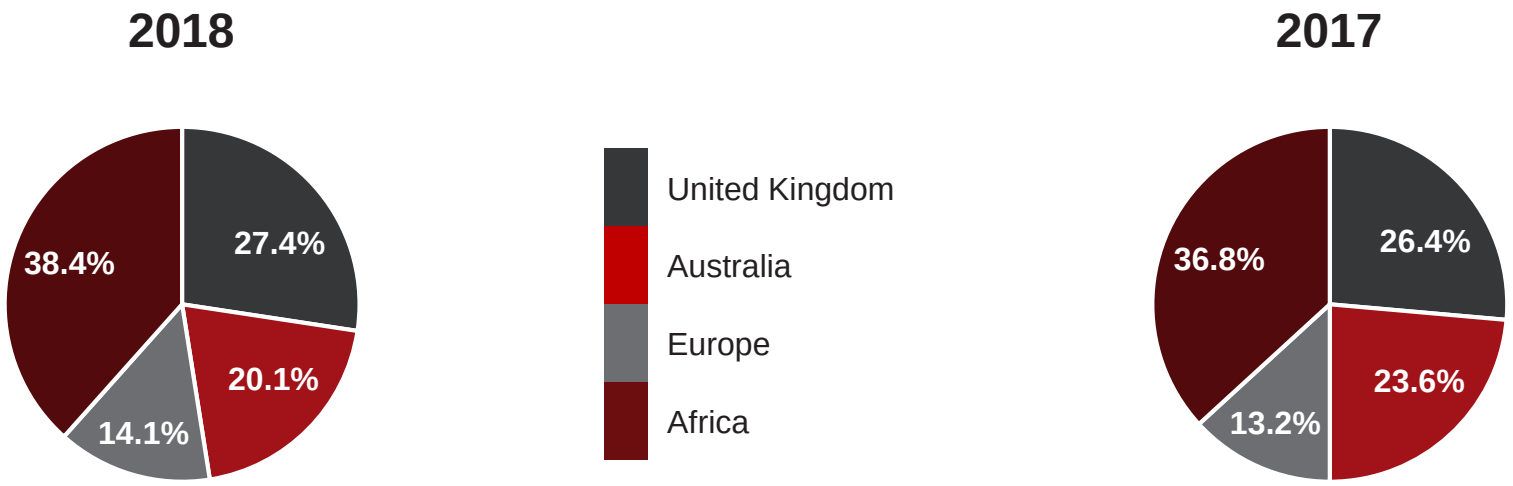
Statement of Financial Position

Equities and liabilities – R'million	30 June 2018 Reviewed	30 June 2017 Audited	Change %
Total equity	11 377.1	9 855.3	15.4
Fund reserves and provisions	931.9	845.3	10.3
Deferred tax liabilities	541.9	621.9	(12.8)
Interest-bearing borrowings	5 353.8	4 823.7	11.0
FML borrowings	851.4	1 009.2	(15.6)
Non-controlling interest put options and other liabilities	317.5	370.7	(14.4)
Trade and other payables and income tax payable	9 173.6	7 346.7	24.9
Total equities and liabilities	**28 547.2**	**24 872.8**	**14.8**

Net borrowings

R'million	Borrowings 30 June 2018	Cash 30 June 2018	Net borrowings 30 June 2018	Net borrowings 30 June 2017	Change %
Africa	2 380.8	(1 436.9)	943.9	915.1	3.2
United Kingdom	1 703.4	(670.0)	1 033.4	1 181.8	(12.6)
Australia	1 246.4	(996.5)	249.9	593.3	(57.9)
Europe	874.6	(247.9)	626.7	415.5	50.8
Total	**6 205.2**	**(3 351.3)**	**2 853.9**	**3 105.7**	(8.1)

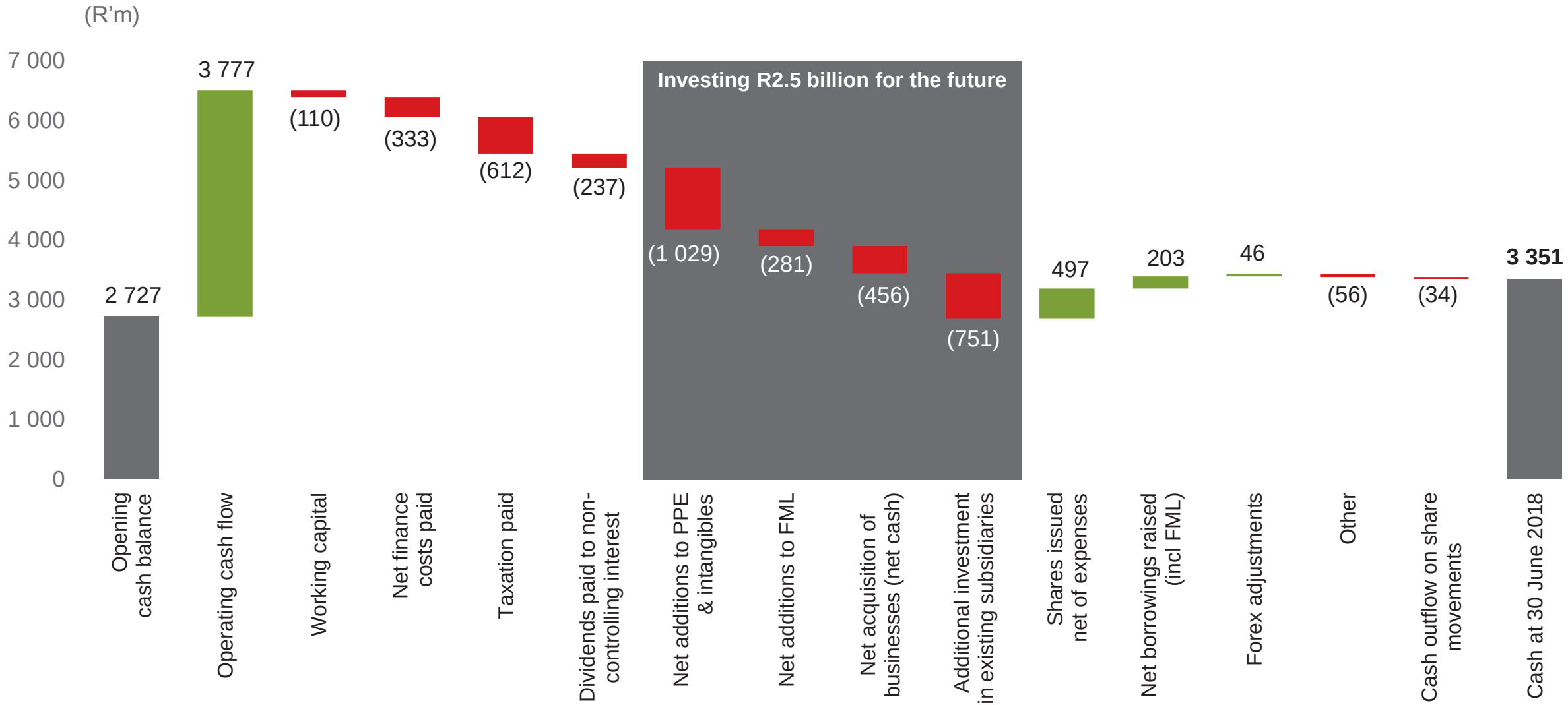
Borrowings



Debt maturity profile



Cash flow movement



Key financial data

	30 June 2018	30 June 2017
Return on Equity	12.7%	12.4%
RNOA	12.3%	12.2%
Group Weighted Average Cost of Capital	8.6%	8.2%
Net debt to equity%	25.1%	31.5%
Net debt to EBITDA ratio	0.8	1.0
Net interest cover	10.4x	10.5x
Free cash flow*	R1 648m	R1 625m
Total unutilised funding facilities (excl Corporate bond)	R4 787m	R4 954m

Closing currency rate movement between 30 Jun 2017 and 30 Jun 2018:	Change %
AUS Dollar	▲ 0.9%
Euro	▲ 7.2%
Pound Sterling	▲ 6.3%
US Dollar	▲ 5.0%

* Free cash flow is calculated by reducing cash generated from operations with income tax paid, net capex and tax on net finance costs

Prospects

Peter Mountford



supergroup

Prospects

R'million	Southern Africa	International
Supply Chain	Any improvement in the trading environment in South Africa depends on: ⁄ the new political leadership adopting sensible economic strategies ⁄ addressing high unemployment rate with national projects ⁄ stimulating economic activity in critical areas incl. manufacturing, mining and tourism	Supply Chain Europe's businesses face a number of major uncertainties, namely: ⁄ the outcome of the protracted Brexit negotiations; ⁄ the impact of the US trade wars; and ⁄ continuing changing legislation in relations to vehicle emissions
Fleet Solution	⁄ New contracts secured bodes well for FY2019 ⁄ Funding secured by NDoT could see marginal increase in roll-out of this contract ⁄ Anti-corruption stance bodes well for securing new Government and parastatal tenders	⁄ SG Fleet well positioned for trend towards higher value-add solutions in FML Australian market ⁄ Management of electric vehicle fleets is growing steadily ⁄ New Zealand economy continues to show strong growth ⁄ UK FML market continuing to improve
Dealerships	⁄ Downward trend forecasted for dealerships market given: ⁄ slow economic growth; and ⁄ economic and structural uncertainty	⁄ Uncertainty around Brexit outcome continues to suppress growth ⁄ Strong Ford and Kia performance expected

Reasonable performance is expected for FY2019 mainly on the back of:

⁄ Strong African commodities environment

⁄ New business in South African consumer-facing businesses



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THANK YOU

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Further information available on www.supergroup.co.za