

SG Fleet disposal to strengthen Super Group's financial position

Global logistics and mobility business, Super Group, today reported its financial results for the six months to 31 December 2024. The Group's revenue from continuing operations decreased by 7.6% to R23.67 billion, driven mainly by weaker performances in the UK Dealerships and Supply Chain Africa Commodity businesses. EBITDA decreased by 5.2% to R1.85 billion and operating profit fell by 13.0% to R959.8 million, with the overall operating margin decreasing slightly from 4.3% to 4.1%.

The Group's Supply Chain Europe division, particularly the inTime business, has been adversely affected by a significant decline in European automotive parts distribution volumes and a substantial erosion of gross margins due to reduced vehicle manufacturing volumes across Germany. The European time-critical sector also remains in decline. *"In light of these ongoing challenges, the Group has made a strategic decision to seek a potential buyer for the inTime business and is well advanced in this disposal process,"* says Mountford. *"The goal is to identify a buyer who can leverage inTime's strong network and capabilities while aligning the business with future growth opportunities."*

"Despite the challenging trading conditions in both Southern Africa and Europe, the Group expects to achieve better earnings in the next six months than reported for the period to December 2024," Mountford continues. The anticipated improvement is contingent upon a stronger performance from the Southern African commodity supply chain businesses, particularly copper exports, and the rationalisation of the UK dealership operations. The consumer supply chain and fleet leasing businesses are expected to perform satisfactorily, while Dealerships South Africa is projected to continue outperforming the local market. The entry of numerous new Chinese manufactured vehicle brands has negatively affected the market share of a number of the traditional and legacy vehicle brands and impacted later model pre-owned and demo vehicle sales and margins. *"The Group is however increasingly well represented within these new product ranges and now has one Chery, three Haval, Jetour and GWM dealerships and four Foton dealerships,"* Mountford adds.

"Amid a volatile macroeconomic environment, the strategic disposal of Super Group's equity interest in SG Fleet is poised to substantially enhance the Group's financial position moving forward," says Mountford. At a general meeting held on 25 February 2025, shareholders approved the disposal of the Group's 53.58% equity interest in SG Fleet. *"This strategic transaction is expected to reduce the Group's gearing from 221% to an estimated 24%, significantly improving the Group's balance sheet and helping mitigate the risks associated with high-interest cycles,"* Mountford explains.

The transaction is expected to return approximately R16.30 per share to shareholders, in the form of a dividend, subject to the applicable exchange rate at the time of

implementation. The Group anticipates that this move will further enhance its financial flexibility as it continues to focus on organic growth and stability.

“Following the completion of the transaction, Super Group will be better positioned as a focused, diversified logistics and mobility solutions provider in Sub-Saharan Africa, Europe and the UK, with a strengthened financial profile and enhanced cash generation capacity,” expands Mountford. *“The simplified structure of the Group will improve visibility for investors and allow management to focus on growth opportunities in its Supply Chain, Fleet Africa and Dealerships divisions. Super Group will retain some exposure to hard currency earnings while benefiting from an increased proportion of earnings linked to South Africa and Sub-Saharan Africa’s macroeconomic recovery.”*

An announcement will be released by the Group on or about Tuesday, 8 April 2025 advising shareholders of the outcome of the SG Fleet shareholder meetings to approve the transaction, with implementation expected to occur on or about Wednesday, 30 April 2025.

“The Group’s balance sheet remains robust and operating cash flow is expected to remain satisfactory. The strategic disposal of SG Fleet, coupled with the ongoing initiatives across the business, positions the Group optimally for improved financial performance over the next six months and through to the financial year ending June 2026,” Mountford concludes.

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