



COMBINED MOTOR HOLDINGS LIMITED  
**FINANCIAL RESULTS**

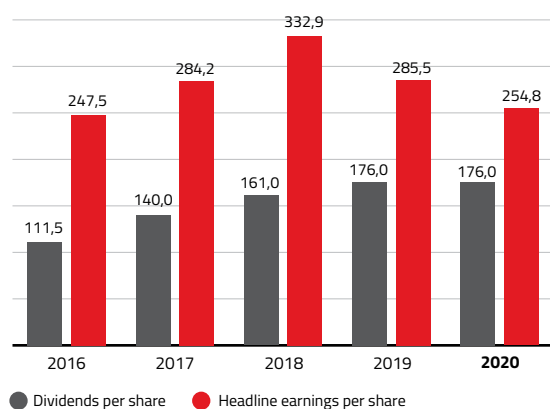
**2020**

# GROUP FINANCIAL HIGHLIGHTS

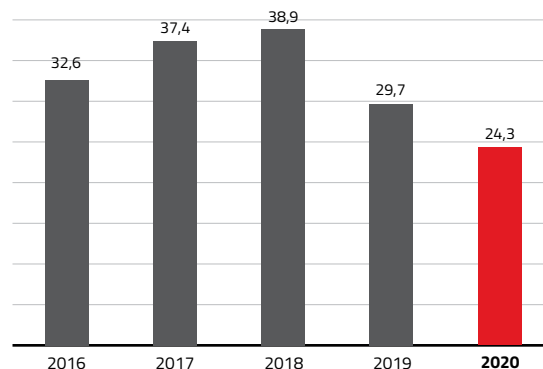
		2020	Restated 2019	% change
Total assets	(R'000)	3 650 301	3 591 076	1,6
Cash resources	(R'000)	659 622	675 966	(2,4)
Net asset value per share	(cents)	1 090	1 010	7,9
Revenue	(R'000)	11 156 167	11 154 757	–
Operating profit	(R'000)	417 280	449 384	(7,1)
Net profit attributable to ordinary shareholders	(R'000)	190 519	213 373	(10,7)
Return on shareholders' funds	(%)	24,3	29,7	(18,2)
Basic earnings per share	(cents)	254,7	285,3	(10,7)
Headline earnings per share	(cents)	254,8	285,5	(10,8)
Dividends paid per share	(cents)	176,0	176,0	–
Dividend declared	(cents)	–	115,0	(100,0)

Comparative figures have been restated as a result of the implementation of IFRS 16: Leases. Figures presented in the graphs below for years prior to 2019 have not been restated. Full details of the restatements are included in the annual financial statements on the Company's website at <https://www.cmh.co.za/annual-reports/>

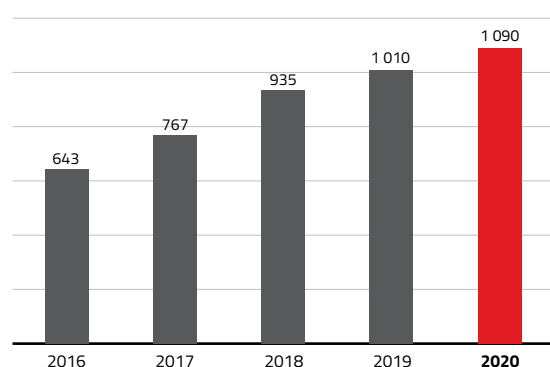
Headline earnings and dividends per share (cents)



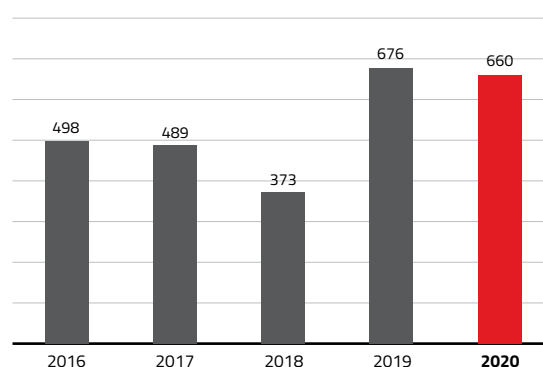
Return on shareholders' funds (%)



Net asset value per share (cents)



Cash resources (R'million)



# SEGMENT INFORMATION

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Total		Retail motor		Car hire		Financial services		Corporate services/other	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
<b>2020</b>										
Segment revenue	11 192 934	100	10 511 616	94	508 514	5	92 724	1	80 080	–
Inter-segment revenue	(36 767)	100	–	–	–	–	–	–	(36 767)	100
<b>External revenue</b>	<b>11 156 167</b>	<b>100</b>	<b>10 511 616</b>	<b>94</b>	<b>508 514</b>	<b>5</b>	<b>92 724</b>	<b>1</b>	<b>43 313</b>	<b>–</b>
Operating profit	417 280	100	280 945	67	104 870	25	38 049	9	(6 584)	(1)
Finance income	38 743	100	–	–	13	–	6 588	17	32 142	83
Finance costs	(193 243)	100	(130 896)	68	(59 705)	31	–	–	(2 642)	1
<b>Profit before taxation</b>	<b>262 780</b>	<b>100</b>	<b>150 049</b>	<b>57</b>	<b>45 178</b>	<b>17</b>	<b>44 637</b>	<b>17</b>	<b>22 916</b>	<b>9</b>
After charging										
– employee costs	817 551	100	671 362	82	91 031	11	–	–	55 158	7
– depreciation										
– plant and equipment	33 881	100	26 077	77	3 545	10	–	–	4 259	13
– car hire fleet vehicles	118 713	100	–	–	118 713	100	–	–	–	–
– right-of-use assets	112 583	100	103 549	92	7 032	6	–	–	2 002	2
<b>Total assets</b>	<b>3 650 301</b>	<b>100</b>	<b>2 099 491</b>	<b>58</b>	<b>803 262</b>	<b>22</b>	<b>43 078</b>	<b>1</b>	<b>704 470</b>	<b>19</b>
<b>Total liabilities</b>	<b>2 835 180</b>	<b>100</b>	<b>1 991 667</b>	<b>70</b>	<b>763 967</b>	<b>27</b>	<b>–</b>	<b>–</b>	<b>79 546</b>	<b>3</b>
<b>Goodwill at year-end</b>	<b>31 828</b>	<b>100</b>	<b>31 828</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

	Total		Retail motor		Car hire		Financial services		Corporate services/other	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
<b>2019 (restated)</b>										
Segment revenue	11 196 974	100	10 523 718	93	512 561	5	82 591	1	78 104	1
Inter-segment revenue	(42 217)	100	–	–	–	–	–	–	(42 217)	100
<b>External revenue</b>	<b>11 154 757</b>	<b>100</b>	<b>10 523 718</b>	<b>94</b>	<b>512 561</b>	<b>5</b>	<b>82 591</b>	<b>1</b>	<b>35 887</b>	<b>–</b>
Operating profit	449 384	100	315 716	70	96 591	21	34 824	8	2 253	1
Finance income	23 769	100	–	–	203	1	6 601	28	16 965	71
Finance costs	(181 720)	100	(129 954)	72	(48 504)	27	–	–	(3 262)	1
<b>Profit before taxation</b>	<b>291 433</b>	<b>100</b>	<b>185 762</b>	<b>64</b>	<b>48 290</b>	<b>17</b>	<b>41 425</b>	<b>14</b>	<b>15 956</b>	<b>5</b>
After charging										
– employee costs	789 491	100	643 266	82	89 111	11	–	–	57 114	7
– depreciation										
– plant and equipment	28 774	100	21 314	74	3 395	12	–	–	4 065	14
– car hire fleet vehicles	118 716	100	–	–	118 716	100	–	–	–	–
– right-of-use assets	100 180	100	91 442	91	6 736	7	–	–	2 002	2
<b>Total assets</b>	<b>3 591 076</b>	<b>100</b>	<b>1 907 591</b>	<b>53</b>	<b>916 329</b>	<b>26</b>	<b>37 531</b>	<b>1</b>	<b>729 625</b>	<b>20</b>
<b>Total liabilities</b>	<b>2 835 621</b>	<b>100</b>	<b>1 875 435</b>	<b>66</b>	<b>877 482</b>	<b>31</b>	<b>–</b>	<b>–</b>	<b>82 704</b>	<b>3</b>
<b>Goodwill at year-end</b>	<b>8 078</b>	<b>100</b>	<b>8 078</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

# GROUP STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020

	2020 R'000	Restated 2019 R'000	Restated 2018 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	84 818	71 431	64 967
Right-of-use assets	466 094	468 126	370 432
Car hire fleet vehicles	713 315	813 102	760 282
Goodwill	31 828	8 078	8 078
Insurance receivable	43 078	37 530	45 144
Deferred taxation	60 068	50 945	50 381
	<b>1 399 201</b>	<b>1 449 212</b>	<b>1 299 284</b>
<b>Current assets</b>			
Inventories	1 323 858	1 160 680	1 164 428
Trade and other receivables	267 606	304 770	311 635
Taxation paid in advance	14	448	1 369
Cash and cash equivalents	659 622	675 966	372 882
	<b>2 251 100</b>	<b>2 141 864</b>	<b>1 850 314</b>
<b>Total assets</b>	<b>3 650 301</b>	<b>3 591 076</b>	<b>3 149 598</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	38 091	38 091	38 091
Share-based payment reserve	12 747	10 927	8 873
Retained earnings	762 925	704 935	634 684
Ordinary shareholders' equity	813 763	753 953	681 648
Non-controlling interest	1 358	1 502	1 229
<b>Total equity</b>	<b>815 121</b>	<b>755 455</b>	<b>682 877</b>
<b>Non-current liabilities</b>			
Borrowings	95 764	287 419	60 081
Lease liabilities	481 750	476 420	370 072
	<b>577 514</b>	<b>763 839</b>	<b>430 153</b>
<b>Current liabilities</b>			
Trade and other payables	1 552 939	1 460 215	1 452 888
Borrowings	599 302	514 194	503 600
Lease liabilities	102 689	91 525	74 703
Current tax liabilities	2 736	5 848	5 377
	<b>2 257 666</b>	<b>2 071 782</b>	<b>2 036 568</b>
<b>Total liabilities</b>	<b>2 835 180</b>	<b>2 835 621</b>	<b>2 466 721</b>
<b>Total equity and liabilities</b>	<b>3 650 301</b>	<b>3 591 076</b>	<b>3 149 598</b>

# GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 R'000	Restated 2019 R'000
Revenue	11 156 167	11 154 757
Cost of sales	(9 291 278)	(9 329 488)
Gross profit	1 864 889	1 825 269
Other income	19 971	22 634
Selling and administration expenses	(1 467 580)	(1 398 519)
Operating profit	417 280	449 384
Finance income	38 743	23 769
Finance costs	(193 243)	(181 720)
Profit before taxation	262 780	291 433
Tax expense	(72 405)	(77 787)
Total profit and comprehensive income	190 375	213 646
Attributable to:		
Equity holders of the Company	190 519	213 373
Non-controlling interest	(144)	273
	190 375	213 646
<b>Reconciliation of headline earnings</b>		
Total profit and comprehensive income attributable to equity holders of the Company	190 519	213 373
Re-measurement items:		
– loss on sale of plant and equipment		
– gross	82	219
– impact of income tax	(23)	(61)
Headline earnings attributable to equity holders of the Company	190 578	213 531
Weighted average number of shares in issue ('000 shares)	74 802	74 802
<b>Earnings per share</b>		
Basic (cents)	254,7	285,3
Diluted basic (cents)	254,7	282,8
Headline (cents)	254,8	285,5
Diluted headline (cents)	254,8	283,0

# GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Share capital R'000	Share-based payment reserve R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance at 28 February 2018 (as previously reported)</b>	38 091	8 873	651 439	698 403	1 229	699 632
Impact of change in accounting policy			(16 755)	(16 755)		(16 755)
<b>Balance at 28 February 2018 (restated)</b>	38 091	8 873	634 684	681 648	1 229	682 877
Total profit and comprehensive income (restated)			213 373	213 373	273	213 646
Release following exercise of share appreciation rights		(3 160)	3 160			
Cost of shares delivered in terms of share appreciation rights scheme			(14 631)	(14 631)		(14 631)
Share-based payment charge		5 214		5 214		5 214
Dividends paid			(131 651)	(131 651)		(131 651)
<b>Balance at 28 February 2019 (restated)</b>	38 091	10 927	704 935	753 953	1 502	755 455
Total profit and comprehensive income			190 519	190 519	(144)	190 375
Release following exercise of share appreciation rights		(3 653)	3 653			
Cost of shares delivered in terms of share appreciation rights scheme			(4 531)	(4 531)		(4 531)
Share-based payment charge		5 473		5 473		5 473
Dividends paid			(131 651)	(131 651)		(131 651)
<b>Balance at 29 February 2020</b>	38 091	12 747	762 925	813 763	1 358	815 121

# GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 R'000	Restated 2019 R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	540 119	784 608
Taxation paid	(78 818)	(74 435)
Net cash movement from operating activities	461 301	710 173
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(50 115)	(38 927)
Proceeds on disposal of plant and equipment	3 377	3 470
Investment in special purpose entities conducting insurance underwriting activities	(3 500)	–
Dividend received from special purpose entities conducting insurance underwriting activities	11 371	13 905
Acquisition of dealerships	(47 615)	–
Net cash movement from investing activities	(86 482)	(21 552)
<b>Cash flows from financing activities</b>		
Cost of shares delivered in terms of share appreciation rights scheme	(4 531)	(14 631)
Finance income received	32 155	17 168
Finance costs paid	(193 243)	(181 720)
Principal element of lease liability repayments	(93 893)	(74 703)
Dividends paid	(131 651)	(131 651)
Net cash movement from financing activities	(391 163)	(385 537)
Net movement in cash and cash equivalents	(16 344)	303 084
Cash and cash equivalents at beginning of year	675 966	372 882
<b>Cash and cash equivalents at end of year</b>	<b>659 622</b>	<b>675 966</b>

## CHANGES IN DIRECTORATE

There has been no change in directors since the release of the interim results in October 2019.

## BASIS OF PREPARATION

The abridged consolidated financial statements for the year ended 29 February 2020 have been prepared under the supervision of SK Jackson, CA (SA), financial director, and approved by the Board on 22 June 2020. They have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the South African Companies Act, No 71 of 2008, (the "Act"), applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied are in terms of IFRS and as consistent with those applied in the preparation of the consolidated annual financial statements in the prior year, other than described below. These results are extracted from audited information, but are not themselves audited. The consolidated financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited consolidated financial statements and the auditor's report thereon are available for inspection at the Company's registered office and online at <https://www.cmh.co.za>. The directors take full responsibility for the preparation of these results and confirm that the financial information has been correctly extracted from the underlying consolidated financial statements.

## CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATION WITHIN STATEMENT OF CASH FLOWS

### Change in accounting policy arising from the implementation of IFRS 16: Leases

The adoption of IFRS 16: Leases, with effect from 1 March 2019, has necessitated a change in accounting policy in respect of operating lease contracts. The Group has transitioned to IFRS 16 using the retrospective approach and has applied the statement retrospectively to each prior reporting period presented. The Group elected the practical expedients:

- not to reassess the definition of a lease on transition to IFRS 16; and
- to apply a single, Group discount rate to its portfolio of property leases as the leases are considered to have similar characteristics and risk profiles.

Prior to the adoption of IFRS 16, the Group classified, as operating leases, those leases where substantially all the risks and rewards of ownership are retained by the lessor and accounted for them in line with IAS 17: Leases.

The leased assets were not recorded as assets in the Group's statement of financial position. The difference between actual lease payments and the amount expensed was recorded as a "Lease Liability" in the statement of financial position, and a deferred tax asset raised thereon.

From 1 March 2019, the Group recognises right-of-use assets and lease liabilities for these leases.

The lease liability is initially measured at the present value of the contractual lease payments, discounted using the rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate as at the lease commencement date. The lease liability is subsequently increased by the interest charge on the lease liability and decreased by repayments made, such that the remaining liability at the end of each reporting period is the present value of the remaining lease payments.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of the lease liability adjusted for any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the shorter of the asset's useful life and the lease term.

The Group has applied the recognition exemption to short-term and low-value leases of property, plant and equipment. The Group leases certain properties indefinitely, subject to 12 months' notice of termination by either the lessee or the lessor. These leases are considered short-term leases in terms of IFRS 16. The lease payments made under these leases are charged to "Selling and administration expenses" as they are incurred.

Comparative figures have been reclassified or restated to conform with the change in accounting policy.

### Reclassification within statement of cash flows

In prior years the movement in the "Insurance Receivable" reflected on the statement of financial position was classified in the statement of cash flows as a cash flow from investing activities. The balance in the statement of financial position represents:

- the initial investment by the Group to fund the special purpose entities ("SPEs"); plus
- the value of subsequent net profit after tax accumulated in the SPEs; less
- dividends paid by the SPEs to the Group.



Management has reconsidered the guidance in IAS 7: Statement of Cash Flows and has concluded that the above components should be separated between cash and non-cash movements and thereafter classified in that section of the statement of cash flows that is most relevant having regard for the guidance in IAS 7. On this basis, the components have been reclassified in the statement of cash flows as follows:

- the initial investment by the Group to fund the SPEs as investing activities;
- the value of subsequent net profit after tax accumulated in the SPEs as non-cash item adjusted to the relevant line items within operating and financing activities; and
- dividends paid by the SPEs to the Group as investing activities.

Comparative figures have been restated. The changes have no impact on "Net movement in cash and cash equivalents".

Full details of the effect of the restatements can be found in the Integrated Annual Report 2020 on the Company's website at <https://www.cmh.co.za/annual-reports/>

## **ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting ("AGM") of shareholders of Combined Motor Holdings Limited will be held in the boardroom at the CMH Head Office located at 1 Wilton Crescent, Umhlanga Ridge, on Thursday, 30 July 2020 commencing at 14:00. The full notice of meeting can be found in the Integrated Annual Report 2020 on the Company's website at <https://www.cmh.co.za/annual-reports/>

Given the unprecedented current environment caused by the COVID-19 outbreak, whilst the AGM will have a physical presence at the Group's head office, in line with guidance against non-essential travel and restrictions on public gatherings, the meeting will be a closed meeting. Shareholders will not be permitted entry but will be able to access the meeting through electronic communication by prior notice. Shareholders who wish to participate electronically or, who wish to submit any questions relating to the business set out in the detailed notice are requested to contact the company secretary at [kerriannef@cmh.co.za](mailto:kerriannef@cmh.co.za) or, alternatively, on +27 31 580 4200 as soon as possible, but by no later than 14:00 on Tuesday, 28 July 2020. Following the meeting, shareholders may request the minutes thereof (including responses to questions and any presentation materials) from [kerriannef@cmh.co.za](mailto:kerriannef@cmh.co.za) or, alternatively, on +27 31 580 4200. In addition, a summary of the minutes will be published on SENS on Friday 31 July 2020.

The record date in terms of section 59(1)(a) of Companies Act, 2008 ("the Act") for shareholders to be recorded on the securities register of the Company in order to receive notice of the AGM is Friday, 26 June 2020. The last day to trade in order to be eligible to vote is Tuesday, 21 July 2020. The record date in terms of section 59(1)(b) of the Act for shareholders to participate in and vote at the AGM is Friday, 24 July 2020.

## **CORPORATE GOVERNANCE**

During the year the Group applied the principles and the appropriate best business practices as recorded in the King IV Report on Corporate Governance. The Board recognises that the Report seeks to instil a greater level of transparency and integrated thinking in its deliberations, and to consider not just financial gain, but the larger triple context, including social and environmental considerations.

A report on the Group's corporate governance is recorded in the Integrated Annual Report 2020.

## **AVAILABILITY OF INTEGRATED ANNUAL REPORT**

Shareholders are advised that the Integrated Annual Report 2020 is available on the Company's website at <https://www.cmh.co.za/annual-reports/> and is due to be posted to shareholders on 2 July 2020.

By order of the board of directors



**K Fonseca CA (SA)**  
*Company Secretary*

22 June 2020

# CORPORATE INFORMATION

## COMBINED MOTOR HOLDINGS LIMITED

Registration number: 1965/000270/06  
Income tax reference number: 9471/712/71/2  
Share code: CMH  
ISIN: ZAE000088050

## DIRECTORS

JS Dixon (*independent non-executive*) (*chairman*)  
JD McIntosh (*executive*) (*ceo*)  
BWJ Barritt (*executive*)  
LCZ Cele (*independent non-executive*)  
SK Jackson (*executive*)  
ME Jones (*independent non-executive*)  
JA Mabena (*independent non-executive*)  
MR Nkadimeng (*independent non-executive*)

## COMPANY SECRETARY

K Fonseca

## AUDITOR

PricewaterhouseCoopers Inc.

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
PO Box 61051  
Marshalltown, 2107

## BUSINESS ADDRESS AND REGISTERED OFFICE

1 Wilton Crescent  
Umhlanga Ridge, 4319

## POSTAL ADDRESS

PO Box 1033  
Umhlanga Rocks, 4320

## SPONSOR

PricewaterhouseCoopers Corporate Finance Proprietary Limited  
4 Lisbon Lane  
Waterfall City  
Jukskei View, 2090