South African Automotive

New-vehicle recovery and pressure on used-vehicle and fleet margins

South Africa's new-vehicle market continues to recover, although earnings performance varies across the sector. Competitive pricing has supported sales volumes and finance income while reducing used-vehicle margins and fleet residual values. Dealer profitability increasingly depends on customer retention, inventory management and income from finance, insurance, parts and servicing.

Domestic sales are at a ten-year high, with new-vehicle prices broadly unchanged. Domestic sales increased by 12.3% to 554,261 vehicles in January to October 2026, remaining below the 2006 record, while new-vehicle CPI increased by 0.9%. CMH describes manufacturer volume incentives as "virtually the only retained gross" on a new vehicle.

The quality of finance, insurance and aftersales income varies. Finance and insurance commissions depend on transaction volumes, while maintenance, warranty and insurance contracts generate income over their terms. Parts and servicing revenue depends on the size and age of each brand's vehicle base.

Used-vehicle and fleet earnings remain under pressure. WeBuyCars' operating margin declined from 5.1% to 3.9%, while Zeda's operating profit fell by 12.6%, principally because of higher depreciation following revised residual values.

Declining brand sales reduce future aftersales income with a lag. At Nissan's current annual sales rate of approximately 11,000 vehicles, its rolling five-year sales base would roughly halve. The effect on individual dealerships would depend on customer retention and the consolidation of the dealer network.

Sector snapshot

Domestic sales, Jan–Oct 2026	+12.3%
Chinese brands' share, Jan–Oct 2026	20.6%
New-vehicle CPI, Oct 2026	+0.9%
Used-vehicle CPI, Oct 2026	+1.5%
Vehicle credit granted, Q2 2026	+8.1%
Repo rate, Nov 2026	7.25%

Coverage and latest results

Motus MTH	FY26, Jun 2026
Super Group SPG	FY26, Jun 2026
CMH CMH	H1 FY27, Aug 2026
We Buy Cars WBC	FY26, Sep 2026
Zeda ZZD	FY26, Sep 2026
Metair MTA	H1 FY26, Jun 2026

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Exhibit 1: Sector earnings and valuation summary

Latest reported results and market multiples at the close on 25 November 2026

Company	Latest year	Revenue change	Operating margin %, latest (prior)	HEPS change	Price to HEPS, ×	Price to book, ×	Dividend yield, %
Motus (MTH)	FY2026 (Jun)	+1%	5.0 (4.9)	+15%	5.9	0.86	6.8
Super Group (SPG)‡	FY2026 (Jun)	+6.2%	5.2 (4.3)	+36%	4.9	0.43	3.3
CMH (CMH)	FY2026 (Feb)	+18.6%	4.8 (4.8)	+33%	6.5	1.65	10.6
We Buy Cars (WBC)	FY2026 (Sep)	+7.2%	3.9 (5.1)	−18.6%	15.0	3.24	1.8
Zeda (ZZD)	FY2026 (Sep)	0%	13.3 (15.2)	−18.1%	4.9	0.79	11.0
Metair (MTA)*	FY2025 (Dec)	+57%	6.1 (4.8)	+82%	1.3	0.21	–

* FY2025, continuing operations, excluding the Rombat fine. ‡ Continuing operations. The report expresses no valuation view.

Source: Company results; Sharenet previous-close prices. Caret Research calculations.

1 Dealer profitability and economic conditions

New-vehicle retail margins are low. Dealer earnings also depend on manufacturer volume incentives, dealer introductory commissions (DIC) from finance and insurance arrangements, value-added products (VAPS), used-vehicle trading and aftersales services. Current conditions support financed sales and contract income, while used-vehicle margins and parts and servicing income remain under pressure.

Exhibit 2: Finance and contract income offset lower vehicle margins

Sources of dealer earnings, nature of the income and latest reported evidence

Activity	Nature of the income	Evidence, latest period	Direction
New-vehicle gross profit	Per transaction	CMH: margins "thin, with the variable volume incentives/bonuses being virtually the only retained gross". Bidvest Automotive: new-vehicle volumes +14.9% "with limited price inflation, resulting in record low gross profit margins"; divisional gross margin approximately 15.5% (16.5%)	Down
F&I commissions (DIC)	Per transaction, linked to financed sales	WeBuyCars commissions R580m (+7.2%), with financed retail sales up 1.0%. Reported as revenue; the associated costs are not disclosed separately	Up
VAPS, maintenance and warranty funds, insurance	Contract income earned over several years	Motus Mobility Solutions operating profit +5% to R1,387m, of which more than 70% is annuity-based according to the company. CMH insurance premium income +22%; financial services profit before tax +33%	Up
Used vehicles	Per transaction; trading margin and inventory turnover	CMH used-vehicle units −10%, gross margin −4.7%. Bidvest: used-vehicle volumes, prices and margins "contracted". WeBuyCars inventory write-down 4.2% of inventory (3.0%)	Down
Parts and servicing	Recurring but not contracted; depends on the brand's vehicle base	Motus South African workshop hours unchanged at approximately 1.8 million. CMH: Nissan, Volvo and Land Rover "experiencing declining workshop labour sales"	Flat; lower for declining brands
Rental and fleet	Utilisation, rental rates and residual values	Motus rental utilisation 73% (71%), profit +8%. Zeda rental-fleet depreciation +26%. CMH: residual values "low"	Mixed

Source: Company results; Bidvest unaudited results for the six months to 31 December 2025.

Higher sales volumes have partly offset lower margins. Super Group's South African dealerships increased new-vehicle sales by 21.5% and operating profit by 5.5%, although the operating margin declined from 3.7% to 3.5% as vehicle sales grew faster than parts, servicing and finance income. Motus' Retail and Rental margin was 2.8%, and Bidvest Automotive's trading margin declined from approximately 3.7% to 3.5%.

Earnings remain sensitive to small changes in margin. At unchanged revenue, a 25 basis point movement in margin represents approximately R223m of operating profit for Motus Retail and Rental (9% of segment operating profit), R30m for Super Group Dealerships SA (7%) and R38m a year for CMH's retail motor business (5% of group operating profit). A 50 basis point movement represents R141m, or 13% of operating profit, for WeBuyCars. These sensitivities are illustrative and are not forecasts.

Exhibit 3: Higher funding costs and flat new-vehicle prices weigh on dealers

Economic developments in 2026 and their effect on dealer earnings

Economic development in 2026	Effect on dealer earnings	Principal exposure
Repo rate increased by 50 basis points to 7.25%; three MPC members voted for a larger increase	Approximately R100 a month more on a R400,000, 72-month loan; higher inventory and fleet funding costs	Financed sales; WeBuyCars (finance costs +34.5% to R173m); car hire fleets
New-vehicle prices unchanged, with 18 to 20 months of price deflation at established brands (Zeda)	Supports volumes; reduces the resale value of nearly new used vehicles	Used-vehicle dealers; rental and lease fleets
Fuel prices at record levels in October 2026	Buyers move to smaller, more efficient new vehicles	Older used-vehicle inventory; rental relocation costs
GDP −0.2% in Q2 2026; unemployment 33.7% in Q3 2026	Fewer first-time buyers; higher credit rejection rates	All retail channels

Source: SARB MPC statement, 19 November 2026; Stats SA; Zeda and WeBuyCars FY2026 results.

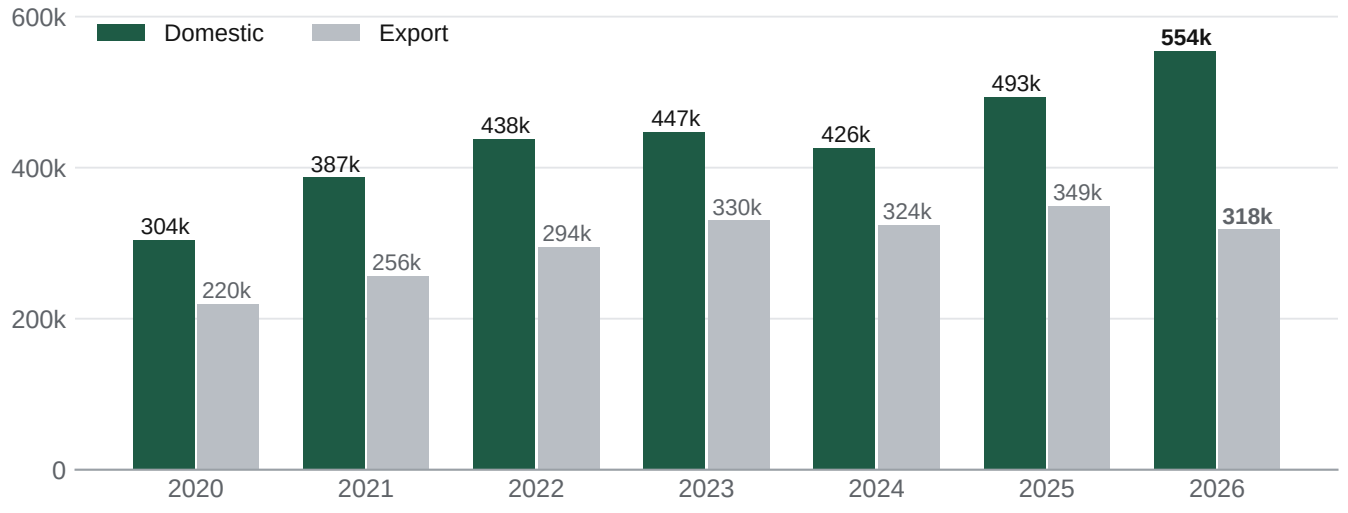
With new-vehicle margins low, further sales growth will add to dealer earnings mainly through the associated finance, insurance and aftersales income. The vehicle margin itself is unlikely to be the principal source of earnings growth in 2027.

2 Composition of domestic sales growth

Domestic sales growth is concentrated in the dealer channel and in imported vehicles. Part of the growth reflects buyers moving from used to new vehicles. Rental companies have maintained their share of new-vehicle purchases, and local manufacturing has not benefited from the recovery.

Exhibit 4: Domestic sales recovery not matched by exports

New-vehicle sales, January to October each year, units



Source: naamsa monthly flash reports. Each year to 2025 uses the revised figures in the following year's reports; 2026 as first reported.

The dealer channel accounted for most of the increase in passenger-car sales. TransUnion estimates that the dealer channel contributed approximately 11.3 percentage points of the 13.0% growth in passenger-car sales in the third quarter of 2026, and rental companies 1.7 percentage points. Rental purchases represented 12.8% of all new-vehicle sales in the third quarters of both 2025 and 2026.

Imported vehicles account for the growth. According to naamsa, sales of imported light vehicles increased by 19.6% in the second quarter of 2026, with growth of 15.1% and 15.6% in the price categories below R500,000 and R400,000 respectively. Sales of locally manufactured light vehicles declined by 0.3%. The recovery has therefore benefited importers and dealers rather than South African assembly plants.

The data indicate some substitution from used to new vehicles. NaTIS used-vehicle registrations declined by 2.0% and 2.1% year on year in the second and third quarters of 2026, while new-vehicle registrations increased by 13.8% and 13.1%. Motus sold 0.96 used vehicles for each new vehicle in FY2026, compared with 1.05 a year earlier, and CMH's used-vehicle unit sales declined by 10% in the six months to August 2026. Stats SA reported real growth in motor trade sales of 6.4% for used vehicles and 13.7% for new vehicles in January to September 2026.

Domestic sales remain 16% below the 2006 record. Domestic sales of 596,670 vehicles in 2025 were 11% above 2019 and 16% below the 2006 record of 714,315. Passenger-car sales grew by 15.9% and 13.0% in the second and third quarters of 2026 respectively, despite two interest rate increases.

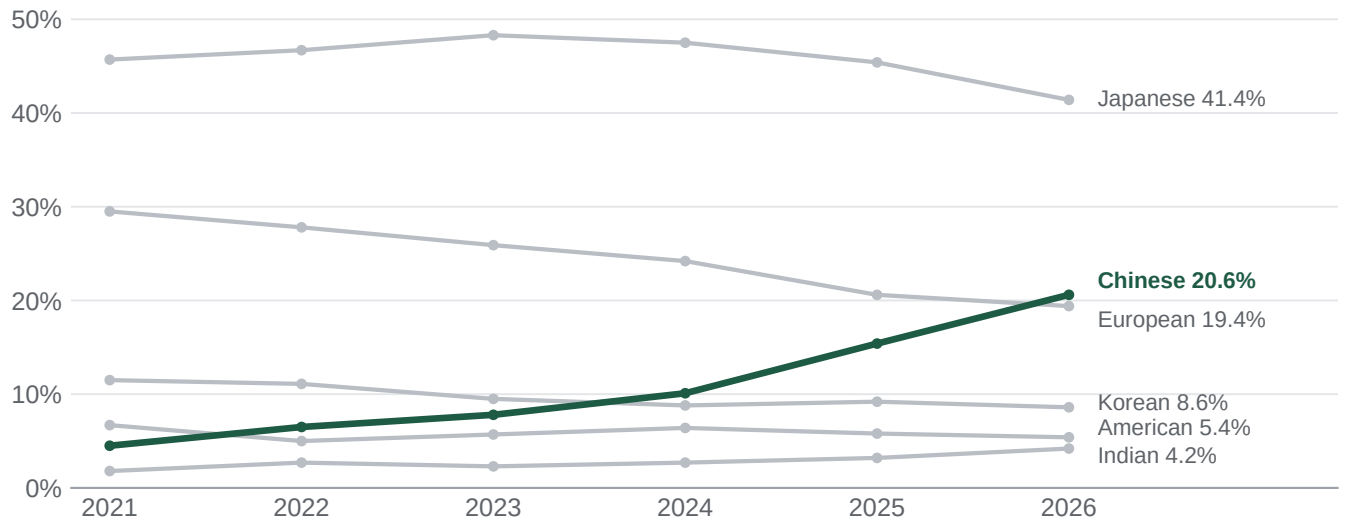
The available data do not distinguish first-time purchases from replacement demand. The split between additional demand and substitution therefore cannot be measured reliably. Declining used-vehicle registrations and a stable rental share nevertheless suggest that substitution has contributed materially to new-vehicle growth. This supports dealer transaction and finance income, but reduces demand in the used-vehicle market.

3 Brand competition and dealership networks

Brand market shares have changed more than the positions of the major dealer groups. The larger groups have maintained their positions by adding Chinese and Indian franchises. Network expansion has, however, increased competition between outlets, and lower sales at some established brands reduce their future aftersales customer base.

Exhibit 5: Chinese brands have tripled their market share since 2022

Share of domestic new-vehicle sales by brand origin, %; 2023 covers ten months, 2026 January to October



Source: naamsa monthly flash reports, manufacturer tables. Brand origin follows the reporting manufacturer, not the country where a vehicle is built.

The four Chery group brands now outsell Volkswagen. Chery, Jetour, Omoda and Jaecoo held a combined 10.6% share of domestic sales in January to October 2026, compared with Volkswagen's 9.9%. Compared with the corresponding period in 2022, Nissan lost 4.1 percentage points of market share, Volkswagen 3.3 and Renault 2.8. Toyota and Suzuki remain the largest brands, with shares of 23.2% and 11.0% respectively.

Major dealer groups

Exhibit 6: Major dealer groups expand through Chinese and Indian franchises

Major dealer groups in South Africa, latest disclosures

Group	Listed	South African footprint	Latest result	Strategic developments
Motus	Yes (MTH)	Approximately 340 dealerships, 43 brands, approximately 20% of new passenger-vehicle sales	SA Retail revenue +5%, operating profit +8% (FY2026)	Represents all of the 20 largest brands; added Haval, Honda, Suzuki, Tata and Mahindra; restructured loss-making dealerships and reduced SA Retail employment by 67
Bidvest Automotive (McCarthy)	Within Bidvest (BVT)	85 franchised dealerships (82 in South Africa)	Revenue +7.2%, trading profit +1.8% to R515m (six months to December 2025)	Added eight brands to multi-franchise sites and opened two used-vehicle branches; insurance income offsets record-low vehicle gross margins
Super Group, Dealerships SA	Yes (SPG)	31 operations for Chinese and Indian brands after adding 11 dealerships	Revenue +12.3%, operating profit +5.5% (FY2026)	Chinese and Indian brands 33.8% of new-vehicle units (21.5%)
CMH	Yes (CMH)	102 dealerships	Revenue +6.6%, operating profit +13.9% (six months to August 2026)	Suzuki now its largest brand; imports Foton (15 own and 48 external dealers); reduced Volvo outlets from six to four; acquiring 13 dealership properties from directors for R745m
NMI-DSM	No	Includes the 38 dealerships acquired from Barloworld in 2021	Not published	Multi-brand joint venture of the Akoo family (with Barloworld at the time of the acquisition)

Source: Company results and integrated reports; Bidvest results; press reports listed under Sources.

Regional family-owned groups account for much of the remaining franchised network. The National Automobile Dealers' Association (NADA) identifies declining margins and competition from Chinese manufacturers as significant pressures on smaller and independent dealers.

Several established brands are reducing their dealer networks. BMW's network declined from 55 dealerships in 2015 to 46 at the end of 2024; Volvo has more than halved its network, and Audi is reviewing its footprint. Chery expanded from 30 outlets on its return in 2021 to 95 by March 2025, and Tata appointed 45 dealers following its 2025 relaunch. CMH reports a substantial increase in competing outlets and high manufacturer inventories. NADA characterises the adjustment as consolidation of dealerships rather than closures.

Multi-franchise operators are better placed to absorb the change. Motus, Super Group, CMH and McCarthy can adjust their brand portfolios and share operating costs across franchises at a single site. Margins per outlet remain under pressure while the newer brands develop their aftersales customer base, and smaller single-franchise dealers of declining brands are the most likely consolidation targets.

4 Brand sales and aftersales earnings

Historical vehicle sales determine subsequent workshop demand. An absolute decline in a brand's sales reduces its future workshop customer base, whereas a loss of market share in a growing market may have a limited effect. Parts and servicing income contributes materially to the recovery of dealership fixed costs, and therefore to the durability of dealer earnings.

Exhibit 7: Nissan's five-year sales base would halve at the current sales rate

Domestic sales and illustrative five-year sales base by brand, thousands of units

Brand	Domestic sales 2021, thousands	2026, annualised, thousands	Five-year sales base 2022–2026, thousands	Five-year base at the 2026 rate, thousands	Change in base %
Nissan	30.2	11.0	108	55	−49
Mazda	8.1	2.5	17	13	−27
Mercedes-Benz	10.0	6.4	38	32	−16
Renault	21.0	17.4	99	87	−12
Volkswagen Group	71.6	65.9	335	330	−2
Hyundai	33.5	36.8	172	184	+7
Toyota	117.7	154.2	709	771	+9
Ford	31.1	35.6	160	178	+11
Suzuki	27.6	73.3	302	367	+22
Chery	–	31.0	101	155	+53

Domestic sales; 2023 and 2026 annualised from ten months; Volkswagen Group includes Audi. The five-year sales base is an illustrative proxy for the vehicles most likely to be serviced in franchised workshops. It is not a measure of the vehicle population or a forecast of workshop revenue.

Source: naamsa manufacturer tables; Caret Research calculations.

Nissan's sales have declined by almost two-thirds since 2021. Volkswagen's share declined from 15.4% in 2021 to 9.9% in 2026, but its annual sales were broadly unchanged in a growing market, and its five-year sales base is stable. Nissan's annual sales declined by almost two-thirds and its share fell from 6.5% to 1.7%. In December 2025, Nissan sold 1,011 vehicles, compared with Chery's 2,249. Chery took over Nissan's Rosslyn plant on 3 July 2026; Nissan now imports its vehicles and continues to provide sales and aftersales services in South Africa.

The Nissan calculation is an illustrative scenario. At an unchanged annual sales rate of approximately 11,000 vehicles, Nissan's rolling five-year sales base would decline by about a third by 2028 and by half by 2031. The effect on workshop revenue would depend on customer retention, vehicle mix and network consolidation. A smaller network could partly offset the decline in the national customer base for the remaining dealerships.

Dealerships with declining customer bases may need to reduce workshop capacity or allocate it to other franchises. CMH reports lower workshop labour sales at Nissan, Volvo and Land Rover, and is seeking to retain owners of older vehicles while newer franchises expand. Motus similarly notes that a dealership moving to a growing brand gains new-vehicle volume but must develop workshop throughput. Multi-franchise sites can reallocate technicians and workshop bays more readily than single-franchise sites. New vehicles generate service work from the first year, but the newer brands' customer bases remain small relative to their networks, and neither company indicates when aftersales activity will catch up.

Industry parts and servicing volumes remain subdued. Stats SA reported real declines of 1.2% in accessories and parts sales and 8.4% in workshop income in January to September 2026, while the vehicle

population grew by 3.1%. A break in the workshop series means that only the direction of change is reliable. CMH's independent parts distributor MPD increased profit by 65%, and Motus Aftermarket Parts achieved a 9.0% operating margin, compared with 2.8% in retail. Metair's aftermarket revenue declined by 5% amid increased competition in the battery market.

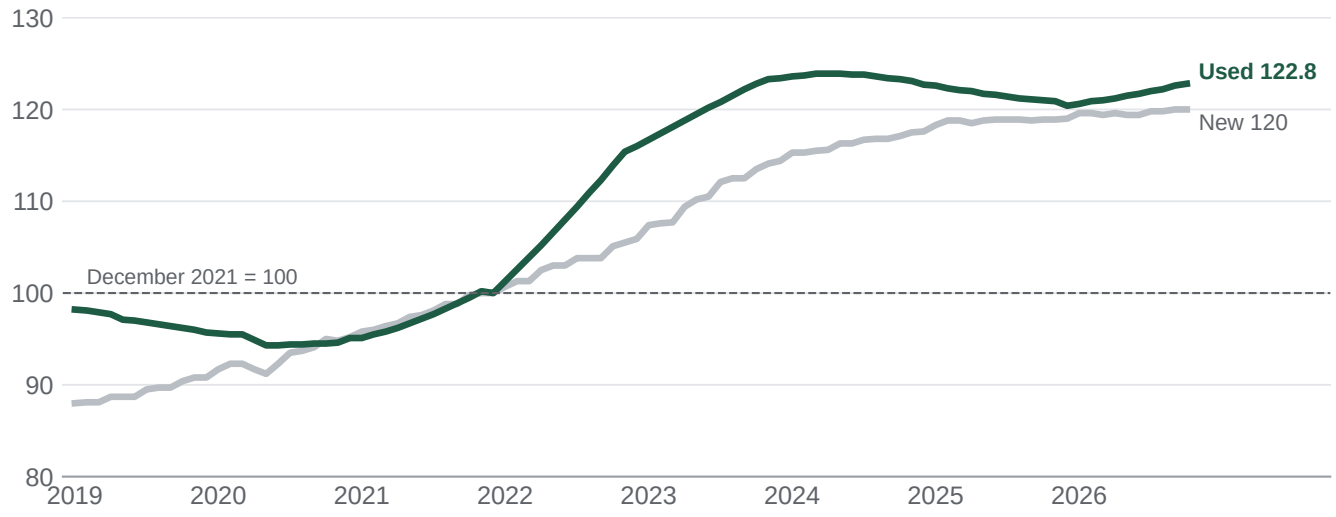
Aftersales income from a declining brand can remain stable for several years before it falls. Existing customers continue to require servicing after new-vehicle sales decline. The sustainability of aftersales earnings should therefore be assessed against each brand's sales three to five years earlier, customer retention and network changes. Groups with independent aftermarket businesses and multi-franchise sites have greater scope to adapt.

5 Used-vehicle pricing and profitability

Used-vehicle prices have stabilised, but dealer margins remain under pressure. Competitive new-vehicle pricing constrains the resale value of nearly new vehicles. The effect of repricing existing inventory should diminish as that stock is sold, but continued new-vehicle price competition will continue to limit achievable selling prices.

Exhibit 8: Used-vehicle prices stabilise after a two-year decline

CPI purchase of vehicles, index (December 2021 = 100), January 2019 to October 2026



Source: Stats SA P0141, Table 15. Indices show relative price movements, not the price gap between comparable new and used vehicles.

The CPI series measure relative price movements since December 2021. They do not measure the discount between comparable new and used vehicles. Used-vehicle prices rose faster than new-vehicle prices until early 2024 and then declined for nearly two years. In the year to October 2026, used-vehicle CPI increased by 1.5%, compared with 0.9% for new vehicles.

Used-vehicle earnings have declined because of lower margins. WeBuyCars increased vehicle sales by 4.0% in FY2026, but operating profit per vehicle declined by approximately 20%, from R7,488 to R5,969. It reduced selling prices on stock competing with Chinese and other Asian brands in the R300,000 to R550,000 range, and increased its inventory write-down to 4.2% of inventory, from 3.0%. CMH reported a 10% decline in used-vehicle unit sales and a 4.7% reduction in used-vehicle gross margin in the six months to August 2026. Bidvest reported lower used-vehicle volumes, prices and margins.

The first Chinese and other Asian vehicles sold at discounted prices are now entering the replacement cycle. CMH reports that vehicles purchased four to five years ago are "now at the recycle stage". Significant

depreciation has left some owners with finance balances above the trade-in value of their vehicles, which delays replacement purchases. Longer loan terms prolong this position (section 7).

Fleet owners have absorbed lower residual values through depreciation. Zeda's used-vehicle sales were approximately 14% lower in the second half of FY2026 as it delayed fleet disposals. Selling prices relative to acquisition cost were in line with the prior year, but revised residual values increased rental-fleet depreciation by 26% to R532m. The retail share of disposals rose from 32% to 35%, which supports realised margins.

Motus is the exception among the listed groups. Its South African pre-owned unit sales increased by 7% in FY2026 following a two-year turnaround programme, and its rental fleet provides a source of used-vehicle stock.

The extent to which the margin pressure is temporary cannot yet be established. WeBuyCars' inventory days increased from 31 to 34 in FY2026, and the company does not publish an inventory ageing analysis. Margin recovery does not require higher new-vehicle prices; it could result from lower purchase prices, improved stock selection, faster inventory turnover, higher F&I penetration or lower costs per vehicle. The principal consideration is whether purchase prices adjust sufficiently to restore the trading margin while competitive new-vehicle pricing constrains resale values.

6 Rental, leasing, subscription and rent-to-buy

TransUnion identifies increased interest in leasing, subscription and rent-to-buy models, particularly among younger and credit-constrained customers. In the consumer subscription and rent-to-buy markets, the listed dealer groups participate mainly as suppliers of vehicles. The providers, including specialist operators, manufacturer finance subsidiaries and Zeda, retain the associated credit and residual-value risk.

Exhibit 9: Listed groups' risk is concentrated in rental and lease fleets

Vehicle ownership models and the allocation of residual-value and credit risk

Model	Residual-value risk	Credit risk	Listed participants	Reported scale
Short-term rental	Rental company	Low (short contracts)	Motus (Europcar, Tempest; approximately 21% rental market share), Zeda (Avis, Budget), CMH (First Car Rental)	Rental companies purchased 12.8% of new vehicles in Q3 2025 and Q3 2026
Long-term rental and subscription	Provider	Provider	Zeda (Avis iLease, with FlexClub); Motus and CMH long-term rental	Zeda subscription volumes +0.9% in FY2026, after −0.8% at the half-year
Rent-to-buy	Provider	Provider; customers often do not qualify for bank credit	None listed; Planet42, FutureRent, Toyota's Kinto	FutureRent raised R100m; Planet42 purchases from more than 500 partner used-vehicle dealers
Full-maintenance and operating leases	Lessor, unless the customer accepts a guaranteed residual value	Lessor	Zeda (Avis Fleet), Super Group (Fleet Africa), Motus (fleet management)	Zeda leasing revenue +8.3% to R3.5bn; fleet +5.3%

Source: TransUnion Vehicle Pricing Index Q4 2024 and Mobility Insights Report Q3 2026; company results; press reports listed under Sources.

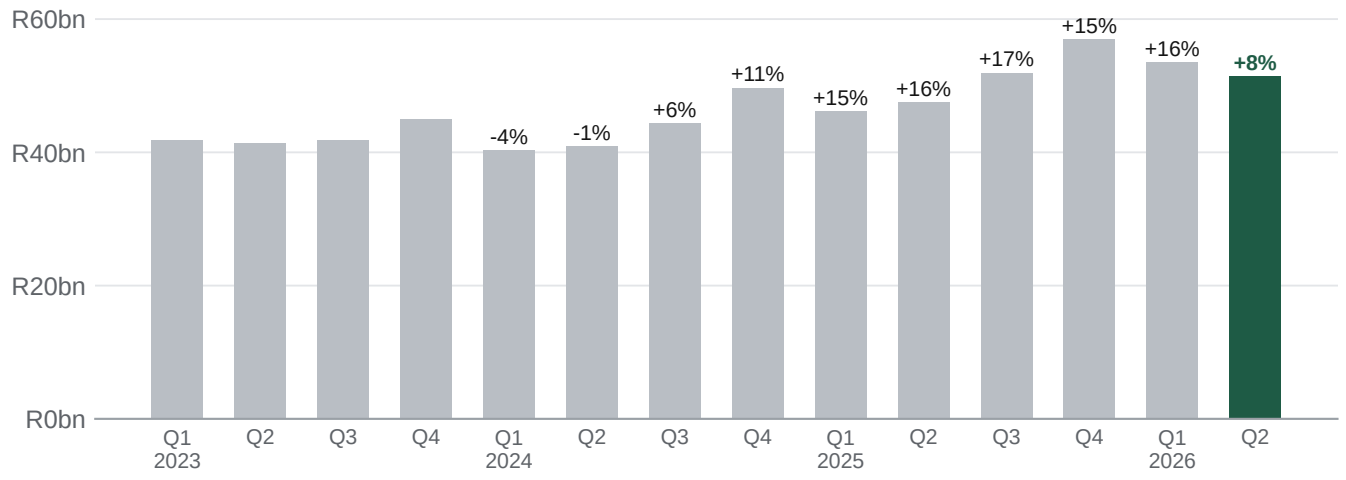
The listed groups' principal exposure is through their existing fleets. TransUnion describes the effect of alternative ownership models on conventional purchases as having "remained limited", and rental companies have maintained their share of new-vehicle purchases. Motus held R3.8bn of vehicles for hire at June 2026; CMH's R1.4bn car hire fleet is funded by fleet liabilities equivalent to 108% of group equity; and Super Group holds R3.1bn of lease assets. None discloses a material consumer subscription or rent-to-buy portfolio. Growth in these models could potentially reduce dealer F&I income, depending on how the vehicles are financed and distributed. Zeda retains residual-value exposure in its leasing operations, where higher depreciation reduced the margin by 270 basis points to 9.1%. It increased leased-in vehicles by 20% to a quarter of its rental fleet, which limits its direct residual-value exposure.

7 Vehicle finance

Vehicle credit continues to support dealer finance and insurance income, although its growth rate has approximately halved since 2025. Longer repayment terms reduce monthly instalments, but extend the period during which outstanding finance exceeds the value of the vehicle.

Exhibit 10: Vehicle credit growth has halved since 2025

Vehicle-secured credit granted per quarter, R bn; year-on-year change above each bar



Source: National Credit Regulator, Consumer Credit Market Reports (each carries five quarters; the latest report is used for each quarter).

Credit growth has slowed as interest rates have increased. Vehicle-secured credit granted increased by 8.1% to R51.3bn in the second quarter of 2026, compared with growth of 17.2% in the third quarter of 2025. The number of agreements rose by 5.9% to 128,208. The average agreement was R400,479, 11% above early 2023 and broadly consistent with new-vehicle price inflation over the period. The current portion of the secured credit book was 87.3% in June 2026, within the range of 86.4% to 88.2% reported by the NCR since 2024.

Loan terms have lengthened. TransUnion, citing naamsa, reports that more than half of new-vehicle loans now exceed 72 months, and balloon and stepped-payment structures are used to reduce initial instalments. These structures prolong periods of negative equity and delay replacement purchases, consistent with CMH's observations on trade-ins of Chinese and other Asian vehicles purchased four to five years ago.

Results from dealer finance partnerships differ. CMH reports that earnings from one of its two bank partnerships were unchanged, while earnings from the other had declined by approximately 80% over two years before improving in the second half of FY2026 as bad debts declined.

8 Manufacturing, exports and policy

Local manufacturing has not benefited from the domestic sales recovery. Imports account for most of the growth, exports have declined and component production remains below 2019 levels. These trends run counter to the objectives of the automotive policy framework, which is under review.

Exhibit 11: Local production and exports under pressure

Manufacturing and export indicators, latest available

Indicator	Latest	Source
Exports, January to October 2026	−8.8% (passenger −0.2%, light commercial −25.5%)	naamsa flash reports
Domestic vehicle production, Q2 2026	−3.0% on Q2 2025	naamsa quarterly review
Sales of locally built light vehicles, Q2 2026	−0.3%, compared with imports +19.6%	naamsa quarterly review
Capacity utilisation, passenger vehicles	86.6% in 2025; 78.6% in Q1 and 87.2% in Q2 2026	naamsa quarterly review
Capacity utilisation, light commercial vehicles	71.3% in 2025; 76.4% in Q2 2026	naamsa quarterly review
Parts and accessories production volume	−10.0% in January to September 2026; 27% below 2019	Stats SA P3041.2
Vehicle manufacturing employment	31,675 at June 2026 (−230 in the quarter)	naamsa quarterly review

Source: naamsa flash reports and quarterly reviews; Stats SA P3041.2.

Progress against the Automotive Masterplan targets remains limited. The 2035 objectives include local content of up to 60% and production equivalent to 1% of global output, or approximately 1.4 million vehicles. In June 2026, the minister reported local content of 38.1%, compared with 38.7% in 2015, described progress as "negligible and lacklustre" and confirmed that the masterplan is under review. South Africa's share of global vehicle production declined to 0.64% in 2025. The amended APDP Phase 2 regulations of 2022 remain the principal production incentive.

The transition to electric vehicles creates further export exposure. The dtic's Electric Vehicles White Paper (December 2023) states that 46% of South African vehicle production is exported to the United Kingdom and the European Union, both of which had committed to ending sales of new fossil-fuelled vehicles by 2035. It estimates that 67% of component exports are exposed to declining demand for parts specific to internal combustion engines.

Metair provides the most direct listed exposure to local component manufacturing. Its OEM revenue increased by 4.4% in the six months to June 2026 only because Hesto was consolidated for the full period. Including Hesto in both periods, group revenue would have declined by 9%, from R9.4bn to R8.5bn, mainly because of lower orders from a major local customer. At R2.50 per share, Metair trades at approximately one-fifth of book value (section 10).

9 Implications for listed companies

Earnings prospects differ according to each company's business mix. The new-vehicle dealer groups depend on finance, insurance, contract and aftersales income continuing to offset pressure on vehicle margins. WeBuyCars and Zeda are more directly exposed to used-vehicle trading margins and residual values. For Metair, the principal issue is the return its manufacturing assets can earn at current production volumes.

Exhibit 12: Exposure to lower new-vehicle prices by company

Sources of operating profit and exposure to lower new-vehicle prices

Company	Operating profit contribution	Exposure to lower new-vehicle prices	Operating margin %, latest (prior)	HEPS change, latest year
Motus (MTH)	Retail and rental 39%, Mobility Solutions 22%, Aftermarket Parts 22%, Import and Distribution 16% of segment operating profit	Positive for import and contract income; retail margin of 2.8%	5.0 (4.9)	+15%
Super Group (SPG)	Supply chain 55%, dealerships 27%, fleet 18% of operating profit	Mixed: South African dealer volumes +21.5%; margin 3.7% to 3.5%	5.2 (4.3)	+36%
CMH	Retail 56%, car hire 37%, financial services 8% of segment operating profit (H1-FY2027)	Mixed: low new-vehicle gross margins; weaker used-vehicle and fleet residual values	4.8 (4.8)	+33%
We Buy Cars (WBC)	Used-vehicle trading, with F&I commissions	Negative: lower trading margin	3.9 (5.1)	−18.6%
Zeda (ZZD)	Vehicle sales 40% of revenue and a higher share of operating profit; rental; leasing	Negative: residual values revised through depreciation	13.3 (15.2)	−18.1%
Metair (MTA)	Local OEM components; aftermarket and batteries	Negative: imports displace local production; exports declining	6.1 (4.8)*	+82%*

Segment shares are of reported segment operating profit before head office and eliminations. * Metair FY2025, continuing operations, excluding the Rombat competition fine.

Source: Company results; Caret Research.

Company earnings considerations

- **Motus.** Import and Distribution operating profit increased by 30% despite lower market shares for Hyundai (8.0% to 7.4%) and Renault (4.3% to 3.6%). Sales shifted towards higher-margin dealer channels and away from rental buy-back arrangements, and Tata reached a 1% market share within six months. Mobility Solutions and Aftermarket Parts diversify earnings. The principal considerations are the 2.8% retail margin and the exchange rate after forward cover expires in March and April 2027. Motus guides to mid-single-digit revenue growth.
- **Super Group.** South African dealerships account for 18% of group operating profit, and group earnings therefore depend substantially on the supply-chain business. Chinese and Indian franchises are supporting dealership volume growth, although the change in sales mix has reduced the operating margin.
- **CMH.** Car hire and financial services contribute a material share of profit. The 35% car hire segment margin should be assessed alongside fleet funding costs and residual-value exposure; fleet liabilities equal 108% of group equity. CMH expects the latest interest rate increase to have "a significant impact on fleet holding costs". Foton import volumes provide a further source of growth.
- **We Buy Cars.** Margin recovery depends on purchase prices adjusting to achievable selling prices, supported by stock selection, inventory turnover, F&I penetration and cost control. Inventory days increased from 31 to 34, and the absence of an ageing analysis limits the assessment of slow-moving stock.
- **Zeda.** ROIC of 11.4% exceeds WACC of 10.5% by 90 basis points, and ROE of 16.3% remains below the 20–25% target. Higher depreciation reduces the carrying value of retained vehicles, which would be reflected in disposal margins when those vehicles are sold in FY2027.

- **Metair.** A normalised margin requires the effects of the AutoZone and Hesto acquisitions, lower orders from a major customer and structural pressure from imports and export-market changes to be assessed separately. Bank debt maturities have been extended to up to five years.

10 Valuation at the 25 November 2026 close

This report does not express a valuation view. The table presents valuation multiples based on closing prices on 25 November 2026 and the latest reported earnings, dividends and net asset values. Four of the six companies trade below book value; CMH trades at 1.65 times and WeBuyCars at more than three times book value.

Exhibit 13: Four of the six companies trade below book value

Share price and book value at the close on 25 November 2026

Company	Closing price, cents	Price date	Net asset value per share, cents	NAV date	Price to book, ×	Price to HEPS, ×	Dividend yield, trailing %
Motus	10,515	25 Nov 2026	12,194	30 Jun 2026	0.86	5.9	6.8
We Buy Cars	2,734	25 Nov 2026	845†	30 Sep 2026	3.24	15.0	1.8
Super Group	1,645	25 Nov 2026	3,807	30 Jun 2026	0.43	4.9‡	3.3
Zeda	1,461	25 Nov 2026	1,842	30 Sep 2026	0.79	4.9	11.0
CMH	3,490	25 Nov 2026	2,118	28 Feb 2026	1.65	6.5	10.6
Metair	250	25 Nov 2026	1,202	30 Jun 2026	0.21	1.3*	–

Net asset values are group figures as published. * Metair price to FY2025 HEPS excluding the Rombat fine; including it, HEPS was negative. † WeBuyCars does not publish NAV per share; derived from total equity of R3,537m and 418.5 million shares. ‡ Continuing operations. CMH closed unchanged from 24 November. Trailing dividends are those declared for the latest financial year; CMH includes the final FY2026 (222 cents) and interim FY2027 (148 cents) dividends; Super Group excludes the R16.30 special dividend paid in 2025.

Source: Sharenet previous-close prices; company results.

Enterprise value to operating profit is the appropriate measure for Zeda. Zeda's enterprise value is approximately R8.4bn, comprising its equity market value and R5.7bn of net debt, excluding lease liabilities. This equates to 2.7 times EBITDA and 5.9 times operating profit. Operating profit is the more relevant measure because it recognises fleet depreciation as a cost of the business.

WeBuyCars' valuation premium can be assessed against four factors. WeBuyCars trades at 15.0 times headline earnings, compared with 4.9 to 6.5 times for Motus, Super Group, Zeda and CMH. A price-to-earnings comparison does not establish the assumptions reflected in the share price, but the following factors can be tested:

- **Growth.** Property, plant and equipment increased by 11.6% as the branch network expanded, and vehicle volumes grew by 4.0% while used-vehicle registrations declined. Motus guides to mid-single-digit revenue growth.
- **Margin recovery.** A return to the FY2025 operating margin of 5.1%, from 3.9%, would increase operating profit by approximately 30% at unchanged revenue.
- **Capital requirements.** WeBuyCars has no rental fleet or new-vehicle floor plan. FY2026 cash conversion of 131% benefited, according to the company, from conservative purchasing and the sale of aged stock, and

does not indicate the conversion achievable while inventory and sites expand. Returns should be assessed after funding the additional inventory and premises required for growth.

- **Business concentration.** Earnings are directly exposed to used-vehicle trading margins, whereas Motus and Super Group earn a substantial share of their profit outside vehicle retail.

Valuation books

Price-to-book multiples provide context rather than a valuation method for businesses whose capital consists mainly of inventory, fleet and working capital. The valuation books assess normalised earnings through the vehicle cycle, cash conversion and returns on invested capital relative to the cost of capital, using segment valuations where a group combines different businesses. Each sets out a valuation range and sensitivities to sales volumes, used-vehicle prices, fleet residual values and interest rates. Request a valuation book at hello@caretresearch.co.za. The available books are listed at www.caretresearch.co.za.

11 Indicators for the earnings outlook

Exhibit 14: Indicators of a sustained earnings recovery

Areas of assessment, indicators, sources and evidence of improvement

Area of assessment	Indicator	Source and timing	Evidence of improvement
Demand growth and substitution	Used-vehicle registrations; used-to-new registration ratio (2.5 in Q3 2026)	TransUnion Mobility Insights Report, quarterly	Growth in used-vehicle registrations while new-vehicle sales are sustained
New-vehicle gross profit	Retained gross profit per unit, including manufacturer incentives; manufacturer inventory levels	CMH and Bidvest results; naamsa quarterly review	Higher retained gross profit per unit; lower manufacturer inventories alone are insufficient if incentives decline
Used-vehicle profitability	WeBuyCars operating profit per unit, inventory days and write-down; CMH used-vehicle gross margin	WeBuyCars interim results; CMH results	Profit per unit recovering towards the FY2025 level of R7,488; lower inventory days
Fleet residual values	Used-vehicle CPI relative to new-vehicle CPI; Zeda rental-fleet depreciation; CMH fleet disposal prices	Stats SA monthly; Zeda interim results	Used-vehicle prices rising faster than new-vehicle prices for several quarters
Finance income	NCR agreements and rejection rates; F&I commissions; share of loans beyond 72 months	NCR quarterly; company results	Continued growth in agreements following the 2026 interest rate increases
Aftersales customer base	Annual sales of Nissan, Mazda, Renault and the premium brands; workshop hours and aftersales revenue; network closures	naamsa monthly; Motus and CMH disclosures	Stable workshop hours at groups with established-brand footprints
Local manufacturing volumes	Exports, capacity utilisation, locally built share of sales	naamsa monthly and quarterly	Export growth and new local production programmes
Zeda returns on capital	ROIC relative to WACC (11.4% and 10.5%)	Zeda results	A wider spread between ROIC and WACC
Interest rates	Repo rate decisions	SARB MPC	Rate reductions consistent with the SARB's 2027 forecast path

Source: Caret Research.

Sources and information

Company, sector and economic data are drawn from the sources listed below. Supporting documents are recorded in Archive_Index_Automotive.xlsx, and the extracted series are included in the Caret Automotive Source Data Pack (November 2026).

- **Company results**: Motus FY2026 results and integrated report; Super Group FY2026 results; CMH FY2026 integrated report and H1-FY2027 results; We Buy Cars FY2026 annual financial statements and results presentation; Zeda FY2026 results and annual financial statements; Metair FY2025 and H1-FY2026 results.
- **naamsa | The Automotive Business Council**: monthly flash reports, January 2019 to October 2026; quarterly reviews of business conditions, Q4 2025 and Q2 2026; December 2018 release for the 2006 record.
- **Stats SA**: P0141 Consumer Price Index tables, P6343.2 Motor trade sales, P3041.2 Manufacturing production and sales, P0441 Gross domestic product and P0211 Quarterly Labour Force Survey.
- **National Credit Regulator**: Consumer Credit Market Reports, 2024Q1 to 2026Q2.
- **TransUnion South Africa**: Vehicle Pricing Index Q4 2024 (alternative ownership models); Mobility Insights Report Q3 2026 (buyer channels, rental share, loan terms).
- **RTMC (eNaTIS)**: live vehicle population, October 2025 to September 2026.
- **SARB**: Monetary Policy Committee statement and forecast, 19 November 2026.
- **the dtic and ITAC**: Automotive Masterplan to 2035; amended APDP Phase 2 regulations; Electric Vehicles White Paper; minister's reply to question NW2982, Parliamentary Monitoring Group.
- **Bidvest**: unaudited results for the six months to 31 December 2025, automotive division; annual results to June 2026, as reported.
- **Dealer networks and footprint**: Motus multi-franchising and restructuring; Motus brand additions; Bidvest McCarthy dealership count; CMH dealership count; BMW and Chery networks; Tata dealers; Volvo network; NADA on consolidation; NADA on independent dealers; Barloworld motor retail sale to NMI-DSM.
- **Subscription and rent-to-buy providers**: FutureRent funding; Planet42 dealer network; FlexClub dealer partners.
- **Market data**: Sharenet previous-close prices for MTH, SPG, CMH, WBC, ZZD and MTA, 25 November 2026.
- **Nissan and Chery**: Nissan announcement of the Rosslyn sale; Chery takeover on 3 July 2026; December 2025 sales, Nissan and Chery.

Important information

This report is published by Caret Research for information purposes only. It does not constitute investment advice, a recommendation or an offer, and it does not express a valuation view; valuation views are set out in separate valuation books available on request. Financial information is based on the company disclosures and other sources cited, and has not been audited or adjusted by Caret Research. Market data are as at the close of trading on 25 November 2026.