

2021

TRANSACTION CAPITAL
INCREASES SHAREHOLDING
IN WeBuyCars FROM
49.9% TO 74.9%

PRESENTATION | MONDAY, 31 MAY



A QUALITY BUSINESS WITH HIGH CASH CONVERSION RATES & STRONG ORGANIC GROWTH PROSPECTS

INVESTMENT TERMS

WeBuyCars SHAREHOLDING STRUCTURE POST SUCCESSFUL CONCLUSION OF THE PROPOSED TRANSACTION



PURCHASE CONSIDERATION

- Estimated consideration of **~R1.6 billion**
 - › Based upon assumptions made in respect of, WeBuyCars FY21 & FY22 earnings, TC's share price, date of transaction
- Total investment of **~R3.4 billion**
 - › Initial investment of **R1.8 billion** & current consideration of **R1.6 billion**
 - › PE multiple **~8.9x²**

Proposed transaction subject to conditions precedent including regulatory approvals

Refer to the SENS released on 24 May 2021 for more detail on the proposed transaction

UPFRONT CONSIDERATION PAYABLE

- **10%** of initial enterprise value (**R3.69m**)
 - › Increased by a nominal amount monthly from September 2020, plus **R20.5 million**
- **15%** of an amount (increased by a nominal amount monthly from November 2021) calculated as
 - › PE multiple **~10.5x** on FY21 earnings
 - › PE multiple **~10.5x** on growth of FY22 earnings over FY21 | Assuming a **15%** growth rate
- **25%** of net book value of properties per initial investment (11 September 2020), plus net value of property improvements & acquisitions since 11 September 2020
- **25%** of difference between
 - › **50%** of WeBuyCars earnings
 - › Dividends paid until completion date

DEFERRED CONSIDERATION | UNTIL FINALISATION OF FY22 EARNINGS

- **15%** of **10.5x** amount by which FY22 earnings growth exceeds **16.7%** of FY21 earnings up to **21%**, plus
- **15%** of **50%** of **10.5x** amount by which FY22 earnings growth exceeds **21%** of FY21 earnings

SETTLEMENT OF TRANSACTION CONSIDERATION

- **~80%** to **~85%** in cash, of which **~25%** is in the form of vendor finance
- **~15%** to **~20%** of new TC equity

1. Simplified transaction structure. TC via TC Motor Holdings, a 100% owned subsidiary of TC

2. Based on the estimated earnings of WeBuyCars for the 12 months ending 30 September 2021

A QUALITY BUSINESS WITH HIGH CASH CONVERSION RATES & STRONG ORGANIC GROWTH PROSPECTS

EARNINGS & VALUE ACCRETIVE INVESTMENT INTO A RELEVANT & SCALABLE BUSINESS WITH EXPONENTIAL GROWTH POTENTIAL

- Initial investment on 11 September 2020 of a non-controlling **49.9%** for **R1.8 billion** (initial enterprise value of **R3.69 billion**)
- TC to hold **74.9%** in WeBuyCars on completion of transaction
- Remaining **25.1%** to be held by founding shareholders

REINFORCING CONFIDENCE IN INITIAL INVESTMENT CASE

- Favourable market trends | WeBuyCars structurally well positioned
- Strong cultural fit & positive engagement
- Proven high calibre of WeBuyCars management
- Operational resilience proven in difficult environment
- Growth opportunities initially identified validated
 - › Refer to **slide 3**
- Recognition of TC's ability to advance F&I offering to ▲ unit economics

POTENTIAL INTERNATIONAL EXPANSION

- WeBuyCars compares well against its international peers
- Given the growth trajectory of global used vehicle industry

ENHANCING TC'S FUTURE VALUE & EARNINGS TRAJECTORY

- Future earnings from WeBuyCars at least in line with initial investment case
- TC to consolidate a greater proportion of WeBuyCars earnings
- Accelerates & supports a sustainably higher growth trajectory for TC

STRATEGIC GROWTH INITIATIVES

- ▲ volume of vehicles traded
- Enhance unit economics & margin potential
- Refer to **slide 3** for detailed strategic growth initiatives

FAVOURABLE STRUCTURAL MARKET CONDITIONS | BUSINESS MODEL MORE RELEVANT IN COVID-19 ENVIRONMENT

VEHICLE SUPERMARKET | MIDSTREAM



VEHICLE SUPERMARKET | MIDSTREAM



▲ VOLUME OF VEHICLES TRADED

- Harness data, technology & e-commerce potential
 - › ▲ penetration of e-commerce
 - Established **B2B** e-commerce activities including vehicle dealerships
 - Early stage **B2C** e-commerce activities | Desire for contactless services on credible digital platforms ▲
- Three further vehicle supermarkets in next **18 months** | Gauteng, Western Cape, Eastern Cape (relocate to larger facility)
- Continued enhancement of brand awareness & trust

ENHANCE UNIT ECONOMICS & MARGIN POTENTIAL

- Optimising vehicle acquisition & stock turn
- ▲ unit economics per vehicle sold via ▲ take-up rate of F&I products
- Enhance existing arrangements with providers of F&I products
- Add relevant new allied products
- Offering finance as principal
- Enhance insurance & allied products offering to improve annuity income

WELL PLACED TO BUILD ON LONG-TERM TRACK RECORD OF GROWTH



QUESTIONS



GLOSSARY



B2B Business-to-business (vehicle dealerships)

B2C Business-to-consumer

COVID-19 The novel Coronavirus & the disease it causes

F&I products Finance, insurance based, tracking & other allied products

Vehicle supermarket WeBuyCars vehicle warehouse & showroom

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