

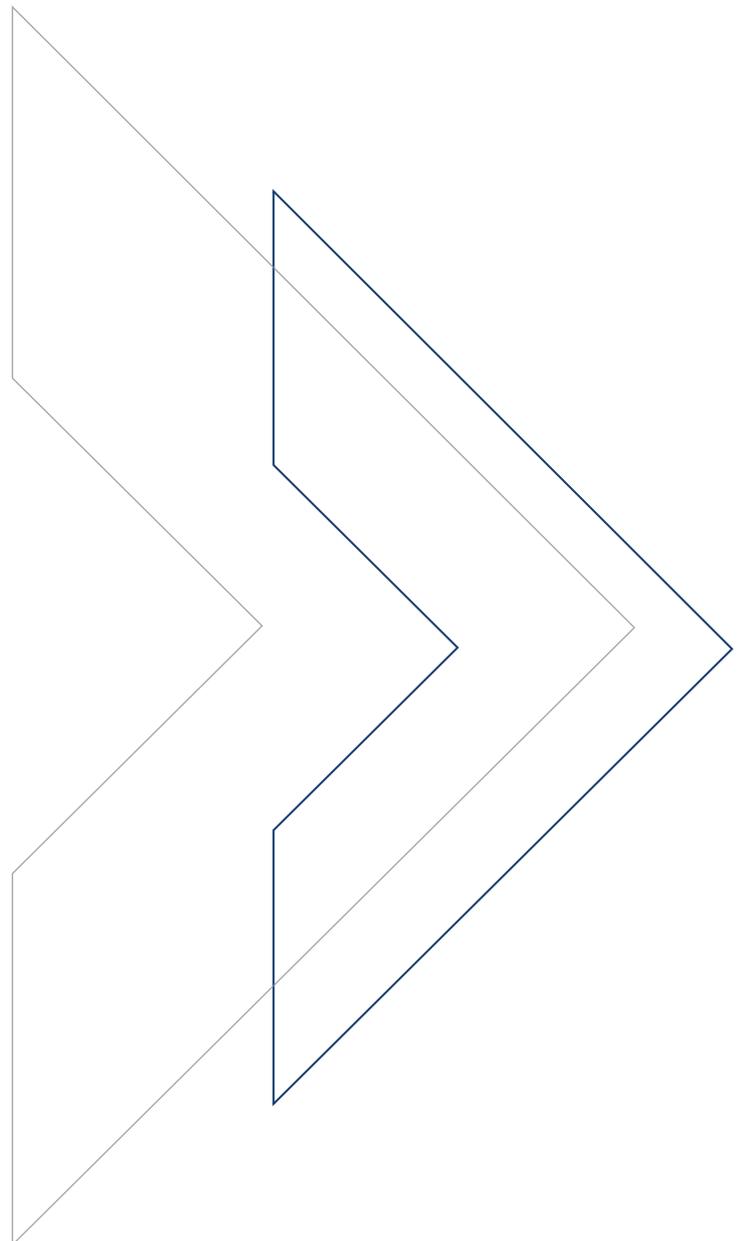
Deliver exceptional value to customers

Overview

Motus is working towards a collaborative customer engagement model across the Import and Distribution, Retail and Rental, Motor-Related Financial Services and Aftermarket Parts business segments, to enhance the customer experience at each stage of the automotive ownership lifecycle and drive strategic conversations with our customers based on an understanding of their individual needs.

The quality of our relationships with our customers depends on:

- > **Exceptional service:** remaining relevant to the needs of the digitised consumer, providing customers with the right product at the right time, and consistently exceeding customer expectations to deepen customer loyalty.
- > **Innovative and accessible products and services:** providing leading-edge mobility solutions at competitive prices, as well as accessibility through convenient purchasing solutions, digital connectivity and the strategic location of dealerships.
- > **Product responsibility:** applying stringent quality and safety measures to ensure we deliver quality products and services.



Deliver exceptional value to customers continued

Our opportunities



- > Ability to leverage the integrated business model to deliver value.
- > Strong customer relationships and brand loyalty based on engaging and innovative experiences.
- > Enhanced ability to maximise Motus' share of customer vehicle expenditure through the vehicle lifecycle.
- > Invest in new technology across multiple platforms and business segments, offering customers and technology partners a marketplace supported by a mature organisational infrastructure.

Link to our top risks



- > **Innovation risk:** impact of technology, innovation and disruptors to the business model.
- > **Customer risk:** ability to retain customers and changes to the consumer buying patterns impacting the dealership model (emerging risk).
- > **Technology risk:** ability to update IT architecture, systems and applications to continually improve the customer experience.
- > **Compliance and legal risk:** failure to manage product safety risks effectively.

Our challenges



- > Disruptors entering our traditional markets, particularly in relation to value-added products and services (VAPS).
- > Meeting customer service targets set by Original Equipment Manufacturers (OEMs).
- > Availability of skills and expertise to drive new technologies.
- > Changes in customer buying patterns.

Link to strategic pillars



- > Ensure market leadership.
- > Enhance financial performance.
- > Drive innovation.
- > Improve technology solutions.
- > Invest in human capital and change management.

Reporting boundary



All Motus entities; with product responsibility being important for our workshops and the aftermarket parts businesses.

Related content



- > Demonstrate consistently ethical and compliant business conduct.
- > Become an employer of choice in the automotive industry (leadership and people capabilities on page 8).
- > Innovation and technology solutions report on page 59 of the integrated annual report.

2019 HIGHLIGHTS

- > In January 2019, **Europcar in Cape Town International and OR Tambo International airports achieved first and second place respectively for their Net Promoter Scores**, benchmarked against all Europcar branches globally.
- > Kia Motors South Africa was recognised for its **outstanding dedication to customer satisfaction in the Kia Aftersales Customer Satisfaction Survey** conducted by Kia Motors Corporation and underwritten by IPSOS, a global market and opinion research specialist.
- > 20 of our 25 DAF workshops in the United Kingdom (UK) **scored A status**, with the Hull depot recognised as a European DAF gold dealer and dealer of the year in the UK. The MAN Peterborough depot was recognised as the MAN medium-sized UK dealer of the year.
- > Motor-Related Financial Services **partnered with the largest global innovation platform in San Francisco**, which delivers accelerator programmes for over 150 start-ups every year worldwide. The division also **partnered with Exponential University in Berlin** to provide Motus executives and millennial employees with exposure to the university's innovation methodology.

Exceptional service

Our approach

We monitor and measure customer service in our dealerships using the following mechanisms:

- > **Customer service targets:** as part of our performance contracts, we are required to report performance against customer service targets to OEMs monthly. Certain OEMs also contact customers directly to gauge customer satisfaction levels and benchmark the dealership network. The methodology used differs across brands and, at times, individual franchises. Regular focus groups ensure best practice learning is shared.
- > **Customer surveys:** are used to determine the quality of the service delivered and gain feedback, which is used to improve customer interactions, stay abreast of changing preferences and identify training needs. Surveys are conducted on vehicle sales, vehicle servicing and, in certain instances, the sale of used vehicles.
- > **Dedicated customer care lines:** all distributor businesses monitor and measure complaints. Complaints reporting to aftersales executives and distributor boards takes place monthly.

While the Aftermarket Parts division does not conduct customer surveys, visits to larger customers are undertaken to understand their needs as well as the prevailing market conditions.

In South Africa, customers who feel that we have not dealt with their complaints in a satisfactory manner have recourse to the Motor Industry Ombudsman.

Our management priorities

- > Leverage best pricing and marketing from OEMs and suppliers to ensure we sell competitively priced vehicles and parts to deepen our competitive position and grow our market share.
- > Ensure service excellence at points of sale, rental, service, repair and maintenance.
- > Train and develop employees, particularly sales, after-sales and online representatives, to provide a superior experience to increasingly well-informed and diverse customers.



Exceptional service continued

2019 PROGRESS

Top customer concerns

Our response and business initiatives

Pricing and sales targets



- > Meet customer service targets to remain OEM dealer of choice, which enables us to leverage better pricing on vehicles, and provide service and parts at competitive prices to customers.
- > Understand customer affordability, buying patterns, and stock vehicles and parts that meet their pricing demands.
- > Offer service plans on majority entry level vehicles.
- > Provide service and parts packages to give customers access to best value offerings.
- > Enter into partnerships to provide customers with attractive payment plans.

Transparency during the vehicle purchasing process and excessive levels of paperwork



- > Ongoing review of all Finance and Insurance Management Solutions' (FAIMS) products, processes and policies to ensure that commissions and disclosures are transparent.
- > FAIMS is piloting a new process to on-board and verify customers.
- > The sales script in the financial services business ensures that a motor plan's features are easy to understand and that the sales agent asks the right questions to understand a customer's needs. The Quality Assurance department uses a tick sheet to ensure adherence to the script.
- > LiquidCapital implemented a new tool to enhance the call centre quality assurance process. It measures call centre agents' compliance with internal and regulatory procedures when engaging with customers telephonically. The dynamic system provides live dashboard reporting and immediate escalations on failed audits.

Related information

Pages 7 and 8 of the demonstrate consistently ethical and compliant business conduct report.

Customer communication, particularly on parts and vehicle delivery dates, and service completion times



- > Ongoing coaching and soft skills training for customer-facing employees to identify and promote talented sales and service advisers.
- > Motor-Related Financial Services continued to explore new digital solutions, including digitised customer-to-customer vehicle buying.
- > Hyundai will roll out the global Hyundai web-based customer experience survey, replacing the telephonic process. The system uses fewer questions to assess the buying or servicing experience and is more convenient, resulting in a better response rate. The survey can incorporate videos and graphics to make it more interesting.
- > Kia held customer and employee sessions to identify concerns in the customer journey and co-create solutions. A customer experience strategy is being developed, and operating standards and norms – based on a clear understanding of the end-to-end customer journey – will be rolled out to all Kia dealerships and independent dealers in 2020.
- > Renault is driving a culture shift towards a more proactive aftersales offering, to increase its share in the product lifecycle. For example, courtesy vehicles are offered to customers with vehicles still under warranty when a service or repair cannot be completed within the specified time.
- > Motus UK is introducing digital products such as CitNOW to keep customers informed on the progress of their service (see business initiatives on page 7).
- > Three express service bays are being implemented in the Kenyan distributorship.

Parts availability



- > Continuous tracking of parts by all importer businesses to ensure availability.
- > Continuous communication with OEMs.
- > Sourcing from well-established suppliers and making sure that they have good working relationships with distributors to ensure quick delivery of parts (see supplier assessments on page 9).

Repairs not done properly the first time



- > Ongoing training for workshop technician and quality controllers (see servicing and repairing vehicles on page 9).
- > Renault introduced Rentech, a new qualification for technicians, ensuring they are trained to a certain standard.

Long lead times



- > A new system in the vehicle retail business connects a potential customer to a sales consultant within minutes of logging an internet request. The system is having a positive impact on conversion rates from online enquiries.
- > Motus UK is recruiting additional technicians and apprentices to increase capacity. It is also recruiting drivers and yard employees to free up technicians to focus on repairing vehicles. In addition, specialist technicians were introduced, offering a fast initial diagnosis, rather than turning customers away due to no capacity.
- > A workshop efficiency project using the Six Sigma methodology for process improvement is under way for the DAF dealership network in the UK.

Exceptional service continued

OUR STORIES

Launching Kia Konfidence

Since the launch of Kia Konfidence, pre-owned vehicle sales have increased 10,4% year on year.



In October 2018, Kia launched Kia Konfidence to strengthen its used vehicle brand and provide customers with easy access to high-quality reliable pre-owned vehicles. The programme ensures that all pre-owned vehicles are certified and fully tested and guaranteed. The 125-point quality assurance inspection includes brakes, electrical and engine, and Kia ensures the vehicle's roadworthiness, the authentication of its service history and verifies its mileage. The solution also provides a range of vehicle finance options and 24/7 roadside assistance.

The objective of the programme is to set superior trade-in values and price premiums on used Kia vehicles, enhance the used vehicle purchase experience and increase return for Kia franchisees. For the customer, the programme provides confidence and transparency in the purchase process, and delivery of the vehicle is quicker as no additional checks are needed.

Kia Konfidence is available at selected dealerships and is backed by a rigorous stock process, a dedicated website and swaps between dealerships.

Looking forward we will:

- > Maintain high service levels in line with OEM expectations.
- > Continue to invest in customer engagement and processing systems to continually enhance communication with customers throughout the ownership cycle, reward customer loyalty and enable operations to grow and compete effectively.
- > Upgrade selected Hyundai, Ford and Nissan dealerships to brand corporate identity requirements, and where relevant, upgrade customer lounges in other dealerships.
- > Implement a customer care plan in the UK in 2020 to benchmark customer service against industry leading standards.

Innovative and accessible products and services

Our approach

Technology-driven disruption and increasingly empowered consumers are impacting the automotive industry, meaning that we must embrace digital capabilities to remain competitive and provide exceptional customer service at each stage of the automotive value chain. Strong digital capabilities will also ensure that we remain the partner of choice for OEMs and business partners.

We keep abreast of market trends and innovative changes made by our competitors. We work with OEMs to deliver innovative solutions that meet changing customer needs and align to digital, mobility and automotive trends. Innovation is driven in all divisions with Motor-Related Financial Services operating as our innovation hub, based on its proven expertise, proprietary data, partnerships with technology developers and insights in predicting and responding to mobility-related trends. We have adopted an open-innovation approach and partnerships are in place with various financial technology (fintech) and software start-ups. We are also collaborating with other financial service providers on artificial intelligence, virtual reality and big data projects. We aim to deliver more value and better experiences for our customers in ways that are profitable for the Group.

Our operations in the UK give us first-hand access to developments in different markets, enabling us to assess the rate at which these trends are likely to take hold in South Africa and the changes we need to make to our business models.

Our management priorities

- > Leverage data analytics to monitor customer behaviour and understand customer preferences, as well as our understanding of OEM strategies and mobility-related technologies, to deliver the most relevant, personalised and competitive offerings that meet their mobility needs.
- > Ensure convenient, consolidated and compelling access to all of the Group's offerings, by consolidating and improving Motus' online presence.
- > Leverage existing data warehouses and lakes, which support all direct marketing and customer relationship management initiatives across the value chain, to develop a single view of the customer across all offerings.
- > Ensure adequate resources and investment in innovation, and partner with technology developers and solution providers to gain access to highly specialised skills and cutting-edge innovation.
- > Continue to ensure executives understand new technologies and their potential impact on markets.

Innovative and accessible products and services continued

2019 PROGRESS

- Partnered with the largest global innovation platform in San Francisco, which delivers accelerator programmes for over 150 start-ups every year worldwide. Focus areas are autonomous vehicle, connectivity, the shared economy, electrification and Industry 4.0.

- Created a mobility solution in partnership with the Exponential University in Berlin through their Innovation Sprint programme. The programme provides our executives and millennial employees with exposure to the university's innovation methodology.

- Explored opportunities to use artificial intelligence and machine learning to streamline manual processes and mitigate risks, for example, an online chat facility for real-time customer interaction.

- Launched a private-to-private car buying project.

- Automated the delivery of vehicle booklets to customers across Motor-Related Financial Services, Hyundai, Kia and Renault. A system update to automatically send additional communication, specifically important information on service and maintenance plans, is underway and expected to go live in six months.

Business initiatives

- Kia rolled out vehicle health checks using an app in 15 dealerships. When a vehicle is delivered for a service, the service advisor together with the customer, notes any damages using a tablet. The app calculates the cost to repair the damages and emails the quote to the customer. Full roll out will take place in 2020. In addition, the My Kia app was launched, covering both sales and aftersales. The app will be enhanced with additional functionality to meet changing business and user needs.

- Motus UK introduced CitNOW visual health checks, which enables technicians to digitally show customers the work needed on their vehicle. By sending customers a 60-second video, they quickly understand the work required and are empowered to make decisions, making workshops more efficient. Customers are also kept up to date on the status of their vehicles using the app.

- In the UK, our larger Mercedes Benz customers (fleet owners) have access to an in-house parts ordering app with agreed prices. Orders are shared across the Mercedes Benz dealership network and fulfilled by the dealership closest to the customer's location, speeding up the supply process. It is also more convenient for our customers who do not have to contact various dealerships to source and price parts.

Innovative and accessible products and services continued

OUR STORIES

Enhancing the Hyundai experience

Hyundai's new customer experience platform, My Dash, will provide customers with incentives and rewards, adding value to their vehicle purchasing experience and ownership journey. Launched in June 2019, the application can be used on a smartphone or tablet and gives Hyundai access to a customer's up-to-date information. Customers, in turn, benefit from better access to:

- > Information relating to their vehicles in one place, including service history.
- > Hyundai-related news such as events and promotions.
- > Directions to the nearest fuel filling station, roadside assistance and emergency contact numbers.
- > Hyundai's rewards and incentives programmes where they can qualify for discounts at a variety of retail outlets and on accommodation, flights and movie tickets.

My Dash can be easily updated with expanded functionality. Future developments include the ability to conveniently book vehicle services using the app.

Hyundai continued to engage with a broader group of consumers through its showroom in the Pretoria Menlyn Park Shopping Centre, which receives around 600 visitors a month. The showroom allows Hyundai to showcase its vehicles to consumers visiting the shopping centre, and who may not have had any experience with the brand.

To promote the Hyundai Kona, visitors to the store could win a Kona if they posted a picture of themselves designing the Kona of their dreams using the vehicle configurator and making their doodle mark on the Kona vehicle in-store. The response was pleasing with over 5 500 posts on social media. The five finalists were invited to share their in-store experience on Jacaranda FM's morning drive show. The initiative generated over 150 leads, 12 test drives and seven vehicle sales.



Looking forward we will:

- > Continue to invest in business intelligence and data analytic capabilities to enhance our understanding of customer needs and behaviours.
- > Deepen our relationships with customers by investigating the viability of ecommerce platforms and online portals to provide them with visibility in terms of vehicle and parts stocks.
- > Launch a new customer on-boarding process while ensuring regulatory compliance and improved fraud detection capability.
- > **Import and Distribution:** pilot and implement value-add initiatives, including customer marketing and loyalty programmes.
- > **Retail and Rental:** drive the digital transformation of customer touchpoints and improve the vehicle rental self-service model to simplify the collection and delivery of vehicles.
- > **Motor-Related Financial Services:** maintain the integrity, availability and accuracy of data warehousing capabilities and enhance data analytics, and deliver digital solutions that complement services and offering.
- > **Aftermarket Parts:** enhance the ability to provide better product information to our parts customers. We will also work to grow the online and social media presence of the parts business.
- > Continue to focus on the right technology partnerships to improve our innovation capabilities and access the latest thinking and highly specialised skills needed to deliver innovative products and services.
- > Develop employees to deal with the evolving landscape.

Product responsibility

Our approach

Where we import, assemble or manufacture parts, or provide vehicle servicing and maintenance, we use stringent quality and safety measures as well as the latest technology, to ensure we deliver quality products and services.

Our management priority

> Continue to develop strong relationships with suppliers and stringently apply quality controls to ensure high-quality workshop services and parts supplies.

Our approach covers:

Vehicle quality checks	<ul style="list-style-type: none"> > Homologation process (granting of approval by an official authority) for imported vehicles before introduced to the local market. > Quality control checks for physical defects are undertaken by the quality control centre for selected vehicles when they are initially received in South Africa. > Pre-delivery inspections are undertaken prior to vehicles being sold.
Vehicle recalls	<ul style="list-style-type: none"> > Assisting OEMs to maintain their safety and brand standards in the event of a vehicle parts recall. We communicate with customers to ensure their vehicle parts are promptly replaced.
Servicing and repairing vehicles	<ul style="list-style-type: none"> > OEMs provide product and technical training supplemented by Motus training interventions. Training is ongoing to ensure workshop technicians meet the quality and safety standards of all importer and retailer OEMs when servicing and repairing vehicles. > OEMs regularly review our technical competency levels. > Only OEM certified parts are used in dealership service departments.
Rented vehicles (South Africa only)	<ul style="list-style-type: none"> > All vehicles undergo a 26-point check before every rental. The ISO 14001 certification process covers safety checks and requires frequent audits. Vehicles are also checked for minor dents, scratches and damages, applying the SAVRALA¹ standards. > At least one external SABS ISO verification audit is undertaken a year.
Imported replacement manufacturer parts used by our in-house panel shops to maintain and repair vehicles out of warranty (South Africa only)	<ul style="list-style-type: none"> > Assessments against manufacturing standards and related regulatory requirements are undertaken for all new products prior to launch and regularly for current products to ensure their continued adherence. > The National Regulator for Compulsory Specifications must approve the safety and technical standards and specifications of all safety critical products before they can be sold in South Africa. > All high-risk products must comply with ISO standards and SAE International's² technical standards and recommended practices. > Warranties are sold with all parts other than accessory and consumable products. > Effective product recall procedures are in place should any unintended health and safety risk be identified. Parts return and failure rates are closely monitored.
Supplier assessments	<ul style="list-style-type: none"> > Strict service level agreements with suppliers govern quality standards. > Suppliers are engaged regularly, and regular monitoring and auditing is undertaken to assess product quality and safety, as well as a supplier's ability to sustainably meet our needs. <p>South Africa</p> <ul style="list-style-type: none"> > In the replacement parts businesses, all new suppliers are assessed and all product samples undergo stringent forensic testing prior to supplier selection. > All parts suppliers must be ISO/TS16949 accredited, an International Automotive Task Force technical specification (the highest quality standard globally). > The Consumer Protection Act in South Africa requires all suppliers of high-risk or safety critical parts to guarantee that due care has been taken in the design of their products and services and that their products and services are fit for their intended use and do not pose unintended health and safety risks.

¹ SAVRALA (the Southern African Vehicle Rental and Leasing Association) is an independent industry body that sets acceptable industry norms for rental vehicles.

² SAE International (initially established as the Society of Automotive Engineers) is an engineering standards organisation.