Cashbuild

INTERIM RESULTS AND DIVIDEND DECLARATION

for the six months ended 27 December 2020

SUMMARY CONSOLIDATED INTERIM INCOME STATEMENT – AUDITED

R'000	Six months ended 27 December 2020 (26 weeks)	Six months ended 29 December 2019 (26 weeks)	% change	Year ended 28 June 2020 (52 weeks)
Revenue	**6 694 502**	5 510 188	21	10 090 910
Cost of sales	**(4 929 613)**	(4 141 614)	19	(7 565 860)
Gross profit	**1 764 889**	1 368 574	29	2 525 050
Selling and marketing expenses	**(1 050 005)**	(917 060)	14	(1 765 022)
Administrative expenses	**(161 173)**	(154 611)	4	(282 531)
Other operating expenses	**(1 560)**	(2 404)	(35)	(4 377)
Other income	**23 502**	4 950	375	47 192
Operating profit	**575 653**	299 449	92	520 312
Finance cost	**(77 769)**	(90 495)	(14)	(191 518)
Finance income	**46 971**	39 164	20	65 182
Profit before income tax	**544 855**	248 118	120	393 976
Income tax expense	**(180 611)**	(75 305)	140	(121 306)
Profit for the period	**364 244**	172 813	111	272 670
Profit attributable to:				
– Owners of the company	**361 932**	169 957	113	267 371
– Non-controlling interests	**2 312**	2 856	(19)	5 299
	364 244	172 813	111	272 670
Earnings per share (cents)	**1 594.7**	748.0	113	1 176.7
Diluted earnings per share (cents)	**1 594.1**	747.8	113	1 176.1

SUMMARY CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME – AUDITED

R'000	Six months ended 27 December 2020 (26 weeks)	Six months ended 29 December 2019 (26 weeks)	Year ended 28 June 2020 (52 weeks)
Profit for the period	**364 244**	172 813	272 670
Other comprehensive income:			
Total movement in foreign currency translation reserve (FCTR)	**(10 896)**	5 287	25 882
Attributable to:			
– Owners of the company	**(6 720)**	4 496	22 223
– Non-controlling interests	**(4 176)**	791	3 659
Total comprehensive income for the period	**353 348**	178 100	298 552
Total comprehensive income attributable to:			
– Owners of the company	**355 212**	174 453	289 594
– Non-controlling interests	**(1 864)**	3 647	8 958
	353 348	178 100	298 552

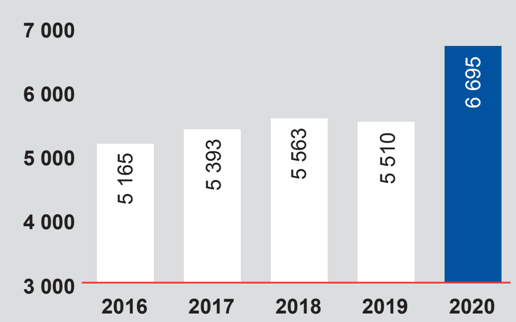
SUMMARY CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION – AUDITED

R'000	27 December 2020	29 December 2019	28 June 2020
ASSETS			
Non-current assets	**2 997 140**	3 013 288	2 974 780
Property, plant and equipment	**2 397 165**	2 430 394	2 394 577
Investment property	**57 924**	54 435	57 924
Intangible assets	**422 268**	424 285	423 101
Deferred income tax assets	**119 783**	104 174	99 178
Current assets	**4 641 458**	3 261 062	3 370 868
Assets held for sale	**–**	6 080	8 703
Inventories	**1 652 663**	1 678 499	1 266 587
Trade and other receivables	**143 984**	148 929	103 677
Prepayments	**25 725**	23 802	40 319
Cash and deposits	**2 819 086**	1 403 752	1 951 582
Total assets	**7 638 598**	6 274 350	6 345 648
EQUITY AND LIABILITIES			
Shareholders' equity	**2 443 631**	2 129 229	2 155 015
Share capital and reserves	**2 409 076**	2 096 141	2 116 616
Non-controlling interests	**34 555**	33 088	38 399
Non-current liabilities	**1 462 937**	1 466 097	1 467 728
Lease liabilities	**1 422 900**	1 434 039	1 432 590
Deferred income tax liability	**40 037**	32 058	35 138
Current liabilities	**3 732 030**	2 679 024	2 722 905
Trade and other liabilities	**3 391 570**	2 425 419	2 521 681
Lease liabilities	**181 237**	189 520	182 610
Current income tax liabilities	**159 223**	64 085	18 614
Total equity and liabilities	**7 638 598**	6 274 350	6 345 648

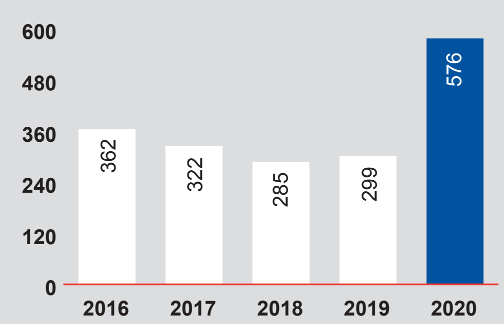
SUMMARY CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS – AUDITED

R'000	Six months ended 27 December 2020	Six months ended 29 December 2019	Year ended 28 June 2020
Cash flows from operating activities			
Cash generated from operations	**1 195 401**	1 187 845	2 108 499
Interest paid	**(77 769)**	(90 495)	(191 518)
Interest received – non-investing	**–**	803	800
Taxation paid	**(55 708)**	(42 337)	(135 748)
Net cash generated from operating activities	**1 061 924**	1 055 816	1 782 033
Cash flows from investing activities			
Net investment in assets	**(81 476)**	(75 928)	(135 772)
Increase in investments	**–**	(26 511)	(29 766)
Interest received	**46 971**	38 361	64 382
Net cash used in investing activities	**(34 505)**	(64 078)	(101 156)
Cash flows from financing activities			
Shares sold by Cashbuild Trusts	**–**	1 266	–
Shares purchased by Cashbuild SA for FSP	**(13 591)**	–	–
Finance lease payments	**(88 851)**	(79 415)	(135 717)
Dividends paid:			
– Own equity	**(62 367)**	(96 437)	(196 978)
– Non-controlling interests	**(1 980)**	(1 258)	(1 258)
Net cash used in financing activities	**(166 789)**	(175 844)	(333 953)
Net increase in cash and cash equivalents	**860 630**	815 894	1 346 924
Cash and cash equivalents at beginning of period	**1 951 582**	590 150	590 150
Effect of exchange rate movements on cash and cash equivalents	**6 874**	(2 292)	14 508
Cash and cash equivalents at end of period	**2 819 086**	1 403 752	1 951 582

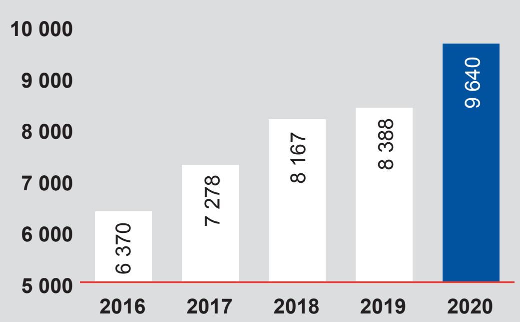
REVENUE (Rm)



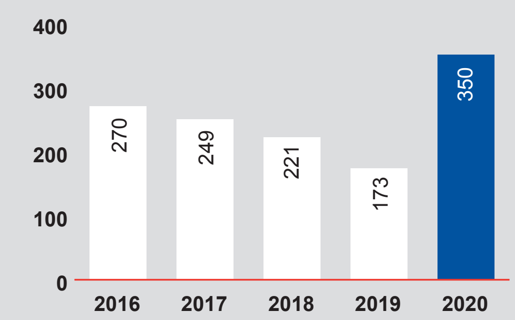
OPERATING PROFIT (Rm)



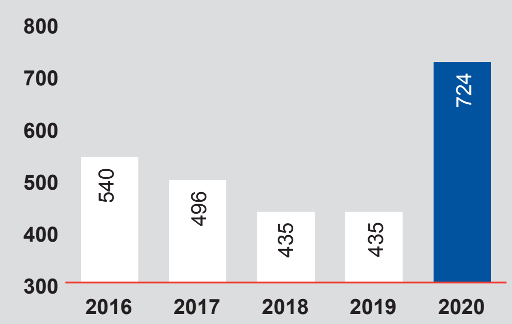
NAV PER SHARE (cents)



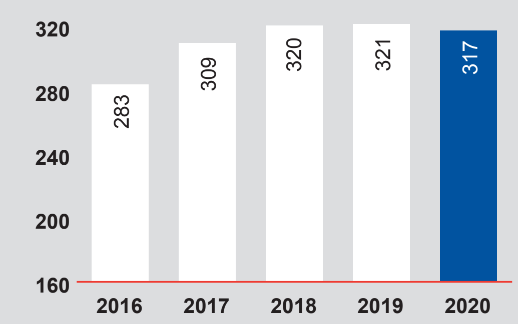
HEADLINE EARNINGS (Rm)



TOTAL DIVIDEND PER SHARE (cents)



SPACE GROWTH (stores)



COMMENTARY

Nature of business

Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our chain of stores (317 at the end of this reporting period which includes 58 P&L Hardware stores and 1 DIY store). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home-builders and improvers, contractors, farmers, traders, as well as all other customers requiring quality building materials at the best value.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the best value and through a purchasing and inventory policy that ensures customers' requirements are always met.

International Financial Reporting Standards

The Group is reporting its audited results in accordance with International Financial Reporting Standards ("IFRS").

Financial highlights

Revenue for the period increased by 21%. Revenue for stores in existence prior to July 2019 (pre-existing stores – 303 stores) increased with 19% and our 14 new stores contributed 2% growth. Gross profit increased by 29% with gross profit margin percentage increasing from 24.8% to 26.4%. Selling price inflation was 4.5%.

Operating expenses, including new stores, were well controlled considering the revenue growth, increasing by 11% (existing stores 9% and new stores contributed 2% of the increase) resulting in the operating profit increasing by 92%. Basic earnings per share increased by 113% with headline earnings per share also increasing by 102% from the prior period.

The effective tax rate of 33.1% for the period is higher than that of the previous period due to the write-off of deferred tax assets raised in prior years in respect of Cashbuild Zambia.

Cash and cash equivalents increased to R2 819 million as a result of increased profitability and higher creditors' balances due to suppliers' payments effected after half-year close. Stock levels, including new stores have decreased by 2% with stockholding at 68 days (December 2019: 82 days; June 2020: 60 days) at period end. Net asset value per share increased by 15%, from 8 388 cents (December 2019) to 9 640 cents.

During the period, Cashbuild opened 3 Cashbuild stores, refurbished 11 Cashbuild and 1 P&L Hardware store, relocated 2 Cashbuild and 1 P&L Hardware store. 1 Cashbuild and 3 P&L Hardware stores were closed at the expiration of their lease agreements. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying an even more rigorous process, due to the COVID-19 pandemic and associated economic uncertainties.

Prospects

Group revenue for the subsequent six weeks after half year-end has increased by 24% for the comparable six week period. Management expects trading conditions to remain uncertain due to the ongoing COVID-19 pandemic and its economic impact. This information has not been reviewed nor audited by the company's auditor.

On behalf of the board

Alistair Knock
Chairman

Werner de Jager
Chief Executive

Johannesburg

1 March 2021

ADDITIONAL INFORMATION

R'000	Six months ended 27 December 2020	Six months ended 29 December 2019	Year ended 28 June 2020
Net asset value per share (cents)	**9 640**	8 388	8 470
Net asset value per share (excluding treasury shares)	**10 615**	9 225	9 315
Ordinary shares ('000s):			
– In issue	**24 990**	24 990	24 990
– Weighted-average	**22 696**	22 723	22 722
– Diluted weighted-average	**22 704**	22 728	22 734
Capital investment	**95 941**	82 221	170 093
Depreciation of property, plant and equipment	**179 233**	177 523	349 545
Amortisation of intangible assets	**2 518**	2 921	5 275
Capital commitments	**133 963**	158 857	158 344
Contingent liabilities	**8 524**	16 022	6 794

NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. **Basis of preparation.** The summary consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting as required by the JSE Limited Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa applicable to summary interim financial statements. The accounting policies applied in the preparation of the consolidated interim financial statements from which the summary consolidated interim financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

   The consolidated interim financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 1 March 2021.

2. **Independent audit by the auditor.** These summary consolidated interim financial statements were derived from the consolidated interim financial statements for the six months ended 27 December 2020. The consolidated interim financial statements have been audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. A copy of their unqualified audit report is available for inspection at the registered office of the company.

3. **Reporting period.** The Group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (2020: 27 December (26 weeks); 2019: 29 December (26 weeks); June 2020: 28 June (52 weeks)).

4. **Declaration of dividend.** The board has declared an interim dividend (No. 56), of 724 cents (2019: 435 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 24 989 811 (2019: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 579.2 cents per share for shareholders liable to pay Dividends Tax and 724 cents per share for shareholders exempt from paying Dividends Tax. Local dividend tax is 20%.

   Cashbuild Limited's tax reference number is 9575168712.

Date dividend declared:	Monday, 1 March 2021
Last day to trade "CUM" the dividend:	Tuesday, 23 March 2021
Date to commence trading "EX" the dividend:	Wednesday, 24 March 2021
Record date:	Friday, 26 March 2021
Date of payment:	Monday, 29 March 2021

   Share certificates may not be dematerialised or rematerialised between Wednesday, 24 March 2021 and Friday, 26 March 2021, both dates inclusive.

5. **Earnings per share.** Earnings per share is calculated by dividing the earnings attributable to owners of the company for the period by the weighted-average number of 22 695 705 ordinary shares in issue at period-end (2019: 22 723 080 shares; June 2019: 22 722 350).

6. **Headline earnings per ordinary share.** The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R349.7 million (2019: R173.2 million; June 2020: R258.7 million) and a weighted-average of 22 695 705 (2019: 22 723 080 shares; June 2020: 22 722 350) shares and fully diluted of 22 704 069 (2019: 22 727 551; June 2020: 22 734 169) ordinary shares in issue.

   Reconciliation between net profit attributable to the equity holders of the company and headline earnings:

R'000	Six months ended December 2020	Six months ended December 2019	% change	Year ended June 2020
Net profit attributable to the owners of the company	**361 932**	169 957	113	267 371
(Profit)/loss on sale of assets after taxation	**(1 811)**	1 512	–	(19 376)
(Impairment reversal)/Impairment	**(10 438)**	1 769	–	10 687
Headline earnings	**349 683**	173 238	102	258 682
Headline earnings per share (cents)	**1 540.7**	762.4	102	1 138.5
Diluted headline earnings per share (cents)	**1 540.2**	762.2	102	1 137.9

SUMMARY CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY – AUDITED

	Attributable to owners of the company						
R'000	Share capital	Share premium	Share-based payments reserve	FCTR	Retained earnings	Non- controlling interests	Total equity
Restated balance at 1 July 2019	227	(274 414)	79 137	2 149	2 200 776	30 699	2 038 574
Total comprehensive income for the period	–	–	–	4 496	169 957	3 647	178 100
Dividends paid	–	–	–	–	(96 437)	(1 258)	(97 695)
Shares sold by the Cashbuild Trusts	–	1 266	–	–	–	–	1 266
Recognition of share-based payments	–	–	8 984	–	–	–	8 984
Balance at 29 December 2019	227	(273 148)	88 121	6 645	2 274 296	33 088	2 129 229
Total comprehensive income for the period	–	–	–	17 727	97 414	5 311	120 452
Dividends paid	–	–	–	–	(100 541)	–	(100 541)
Shares purchased by the Cashbuild Trusts	–	(1 266)	–	–	–	–	(1 266)
Recognition of share-based payments	–	–	7 141	–	–	–	7 141
Balance at 28 June 2020	227	(274 414)	95 262	24 372	2 271 169	38 399	2 155 015
Total comprehensive income for the period	**–**	**–**	**–**	**(6 720)**	**361 932**	**(1 864)**	**353 348**
Shares purchased by Cashbuild SA for Forfeitable Share Plan	**–**	**(13 591)**	**–**	**–**	**–**	**–**	**(13 591)**
Dividends paid	**–**	**–**	**–**	**–**	**(62 367)**	**(1 980)**	**(64 347)**
Recognition of share-based payments	**–**	**–**	**13 206**	**–**	**–**	**–**	**13 206**
Balance at 27 December 2020	**227**	**(288 005)**	**108 468**	**17 652**	**2 570 734**	**34 555**	**2 443 631**

SUMMARY CONSOLIDATED INTERIM SEGMENTAL ANALYSIS – AUDITED

				South Africa												
	Group			Cashbuild business			P&L Hardware business			Other members of common monetary area*			Botswana, Malawi and Zambia			
	Six months ended December		Year ended June	Six months ended December		Year ended June	Six months ended December		Year ended June	Six months ended December		Year ended June	Six months ended December		Year ended June	
R'000	**2020**	2019	2020	**2020**	2019	2020	**2020**	2019	2020	**2020**	2019	2020	**2020**	2019	2020	
Income statement																
Revenue	**6 694 502**	5 510 188	10 090 910	**5 364 089**	4 333 948	7 919 278	**654 952**	631 024	1 125 009	**384 559**	300 554	579 031	**290 902**	244 662	467 592	
Operating profit	**575 653**	299 449	520 312	**495 553**	257 115	443 444	**11 710**	17 089	17 108	**40 626**	14 714	31 213	**27 764**	10 531	28 547	
Statement of financial position																
Segment assets	**7 638 598**	6 274 350	6 345 648	**5 619 749**	4 411 306	4 416 716	**904 218**	892 073	864 073	**710 878**	610 628	652 373	**403 753**	360 343	412 486	
Segment liabilities	**5 194 967**	4 145 121	4 190 633	**3 797 825**	2 817 537	2 857 876	**864 666**	863 949	829 040	**282 961**	224 818	251 049	**249 515**	238 817	252 668	
Other segment items																
Number of stores	**317**	320	318	**229**	225	228	**58**	62	61	**17**	18	16	**13**	15	13	
Depreciation	**179 233**	177 523	349 545	**144 958**	142 275	279 352	**18 005**	16 820	33 095	**6 999**	8 002	16 084	**9 271**	10 426	21 014	
Amortisation	**2 518**	2 921	5 275	**2 438**	2 794	5 003	**21**	–	3	**25**	47	93	**34**	80	176	
Capital investment	**95 941**	82 221	170 093	**57 836**	58 885	135 079	**28 989**	3 950	6 387	**8 541**	12 281	9 722	**575**	7 105	18 905	

* Includes Namibia, Swaziland and Lesotho.

Directors: AGW Knock (British)* (Chairman), M Bosman*, WF de Jager (Chief Executive), HH Hickey*, Dr DSS Lushaba*, AE Prowse, GM Tapon Njamo*, SA Thoresson, WP van Aswegen (*Non-executive)

Company Secretary: T Nengovhela

Registered Office: 101 Northern Parkway, Ormonde, Johannesburg, 2091, PO Box 90115, Bertsham, 2013

Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Auditor: PricewaterhouseCoopers Inc. **Sponsor:** Nedbank CIB

Cashbuild Limited (Registration number: 1986/001503/06)
(Incorporated in the Republic of South Africa)
JSE code: CSB **ISIN**: ZAE000028320
Investor relations: Keyter Rech Investor Solutions CC

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