Truworths International Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1944/017491/06)
JSE Code: TRU
NSX Code: TRW
ISIN: ZAE000028296

TRADING STATEMENT FOR THE 52-WEEK PERIOD ENDED 30 JUNE 2019

Retail sales of Truworths International Limited (the 'Group') for the 52-week period ended 30 June 2019 (the 'current period') increased by 3.7% to R18.6 billion relative to the R18.0 billion reported for the 52-week period ended 1 July 2018 (the 'prior period').

Account sales comprised 51% (2018: 50%) of Group retail sales for the current period, with account and cash sales increasing by 4.5% and 2.8% respectively, relative to the prior period.

Retail sales for Truworths Africa (being the Group, excluding the UK-based Office segment and comprising mainly of the Truworths businesses in South Africa) increased by 3.1% to R13.5 billion relative to the prior period's R13.1 billion, with account sales increasing by 4.5% and cash sales decreasing by 0.1%. The improvement in the retail sales performance of Truworths Africa in the second half of the current period is encouraging, with retail sales growing by 3.9% relative to the corresponding prior period (first half: growing 2.4%), mainly driven by account retail sales recording an increase of 5.6% in the second half. Account sales comprised 70% of retail sales (2018: 69%). In Truworths Africa, like-for-like store retail sales increased by 0.7% and trading space increased by 1.6% relative to the prior period. Product deflation averaged 0.2% for the current period.

Gross trade receivables in respect of the Truworths Africa debtors book (relating to the Truworths, Identity and YDE businesses) were at R5.9 billion (2018: R5.6 billion) and the number of active accounts increased by 2.6% to 2.7 million. Active account holders able to purchase and overdue balances as a percentage of gross trade receivables were at 83% and 13% respectively. The book remains healthy and continues to perform in line with management's expectations.

Retail sales for the Group's UK-based Office segment decreased in Sterling terms by 0.9% to £279 million relative to the prior period's £281 million. In Rand terms however, retail sales for Office increased by 5.3% to R5.1 billion. Retail sales in the second half of the current period performed substantially better in Sterling terms, growing at 2.0% compared to a decrease of 3.0% in the first half, as a result of an increase in sales of marked down merchandise. The Office segment continued to show good online performance, with online retail sales growing at 9.8% and comprising nearly 34% of retail sales for the current period. Trading space for the Office segment decreased by 5.2% on the prior period, mainly due to the closure of some House of Fraser concession stores.

The continuingly tough trading environment in the UK in the wake of Brexit uncertainty and muted consumer sentiment, combined with the pressure on store-based retailing as consumer spending shifts to online shopping, have impacted the profitability of the Office segment. This has necessitated a re-assessment by management of the carrying value of the Office segment's assets and has resulted in a non-cash impairment charge of £97 million (net of deferred tax in relation to trademarks) being raised against the Office intangibles.

Investors are referred to the SENS announcement published on 2 July 2019 with regard to the potential restructuring of Office's debt. Negotiations with the lenders have progressed constructively, and management believes that they will be concluded successfully. At the end of June 2019, net debt amounted to £23.5 million (R418 million) for the Office segment and R663 million for the Group. The Group repurchased 3.75 million shares for R266 million during the current period.

Despite the difficulties being faced in the UK, the Board remains committed to the transformation of the Office business through several turnaround and restructuring initiatives.

The Group's diluted headline earnings per share ('HEPS') for the current period, which exclude the impairment of the Office intangibles by definition, are estimated to decrease as follows:

	Diluted HEPS range	**Decrease on prior period**
Group	558 cents – 570 cents	7% - 9%
Truworths Africa segment	544 cents – 553 cents	3% - 5%
Office segment	14 cents – 17 cents	59% - 66%

However the Group's earnings per share ('EPS') for the current period, which include the impairment of the carrying value of the Office segment's intangibles, are estimated will decrease by between 65% and 67% to between 203 cents and 215 cents, relative to the EPS of 615 cents reported for the prior period.

Investors are advised that this trading statement does not constitute an earnings forecast, that the financial information provided herein is the responsibility of the directors, and that such information has neither been reviewed nor reported on by the Group's external auditors. The Group's audited results for the 52-week period ended 30 June 2019 are scheduled for release on or about Thursday, 15 August 2019.

1 August 2019
Cape Town

JSE Sponsor: One Capital
NSX Sponsor: Merchantec Capital