
ITALTILE LIMITED

Incorporated in the Republic of South Africa
(Registration number: 1955/000558/06)
Share code: ITE ISIN: ZAE000099123
("Italtile" or "the Group")

VOLUNTARY SALES UPDATE FOR THE FIVE MONTHS ENDED 30 NOVEMBER 2019

In line with annual past practice in terms of which the Group issues a voluntary sales update for the five months ended 30 November, the voluntary sales update for the current period under review ("review period"), being the five months ended 30 November 2019, is set out below.

This sales update includes the contribution of Ceramic Industries Proprietary Limited ("Ceramic"), in which the Group holds a 95.47% stake, and Ezee Tile Adhesive Manufacturers Proprietary Limited ("Ezee Tile"), in which the Group holds an effective 71.54% stake. Sales related to Ceramic and Ezee Tile are referred to as "manufacturing" sales to distinguish them from "retail" sales reported by Italtile's retail brands, namely CTM, Italtile Retail, TopT and U-Light.

SALES

Total retail store sales increased by 5% for the review period, while like-for-like retail store turnover rose 2%.

Manufacturing sales for the review period were flat compared to the previous corresponding period.

TRADING CONDITIONS

Constrained discretionary spend and pessimistic consumer sentiment persisted in the local market over the review period, while trading conditions also remained unfavourable in some of the Group's export markets, specifically Zimbabwe and Zambia.

In the weak-demand environment, the creditable retail turnover growth achieved is attributable to management's unwavering focus on improving the customer experience and driving sales through continued investment in people, technology, store layouts, merchandising and range.

The generally softer retail demand and overstock position of tile wholesalers in the industry continued to impact negatively on Ceramic's sales.

OUTLOOK

Management remains optimistic that the Group will deliver growth for the full financial year. While weak macro-economic conditions are concerning and challenging, we are satisfied that those factors within our control provide opportunities for growth. As set out in the Group results for the year ended 30 June 2019 published on SENS on 22 August 2019, we anticipate that growth in the second six months of the current financial year will be higher than that of the first six months.

The above information has not been reviewed and reported on by the Group's external auditors.

Johannesburg
11 December 2019

Sponsor
Merchantec Capital