

Long4Life Limited ("Long4Life", "the group", or "the company")
Incorporated in the Republic of South Africa
Registration number: 2016/216015/06
Share code: L4L ISIN: ZAE000243119

GROUP RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2020

COMMENTARY

FINANCIAL HIGHLIGHTS for the financial year ended 29 February 2020:

- Revenue: R4.1bn +12% up
- Trading profit: R520.1m +15% up
Like for like* excl IFRS16 impact for both years: R467.2m +3% up
- HEPS: 43.4 cents +12% up
Like for like* excl IFRS16 impact for both years: 43.8 cents +13% up
- Cash: R829.6m

* The new lease standard IFRS 16, which requires the lessee to recognise all lease contracts on the balance sheet, has been adopted by the group for its year ending 29 February 2020. To allow for a like-for-like comparison, pro forma financial statements have been prepared as if IFRS 16 has not been applied and is set out in the summarised results. To provide a more meaningful assessment of the current year's performance, and unless otherwise stated, the commentary below has been provided excluding the impact of IFRS16 in both the current and prior year.

FINANCIAL OVERVIEW

Long4Life has delivered a credible performance over the last financial year, which is notable considering the extremely difficult trading conditions and decline in consumer confidence.

Group trading profit rose 3% to R467.2 million before IFRS 16 at a trading margin of 11.4%. The contribution to group trading profit was made-up as follows: Sport and Recreation - R316.7 million (2019: R321.1 million); Beverage - R139.8 million (2019: R153.8 million); and Personal Care and Wellness R67.2 million (2019: R38.9 million). Earnings per share rose by 10% to 43.0 cents from 39.0 cents in 2019 and earnings per share excluding IFRS 16 rose by 11% from the previous year. Headline earnings per share rose a commendable 13% to 43.8 cents (2019:38.7 cents).

Cash generated from operations was excellent and improved by 14% to R531.4 million. At year end, the group had a cash balance of R829.6 million, minimal debt and net current assets of R1.550 billion. The group's return on funds employed (ROFE) was 38%, which exceeded the stated group ROFE weighted target of 35%. The board has resolved, in the view of the share buy-back programme, not to declare a dividend for the period under review.

Post year end, the full impact of COVID-19 severely affected group operations. The retail sectors in which Long4Life operates continue to be negatively affected under the current lockdown scenario and stores are only partially opened for trading. The Beverage division, whilst remaining open, is operating at much-reduced capacity.

The financial effect of the coronavirus, while largely unknown at this stage, is therefore expected to be significant in the short term. Long4Life is taking all possible steps to mitigate the risks by conserving capital, which includes managing working capital commitments, cost containment and suspending all capital expenditure.

The extent of the impact of COVID-19 on the business and future financial results will depend largely on future developments, including the duration of the lockdown and spread of the outbreak and the related impact on consumer confidence and spending. Although the environment is uncertain, management is committed to preserving the medium-term competitive nature of all businesses.

Management has a depth of experience which is supporting and navigating the group in these uncharted waters. The short-term preservation of cash is critical and a significant focus is being placed on ensuring a continued robust financial position.

The Long4Life team remains committed to building on the foundation that has been created over the last three years.

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full audited announcement. Any investment decision should be based on the full audited announcement published which can be found at <https://senspdf.jse.co.za/documents/2020/jse/isse/141e/FY20.pdf> or may be requested by emailing info@long4life.co.za. The information in this short-form announcement has been extracted from the audited financial statements. The auditors' unmodified report along with their key audit matters and the annual financial statements are available for inspection on the following link: <https://www.long4life.co.za/investors-reporting-results.php>. This short-form announcement itself has not been reviewed or audited by the company's auditors.

Brian Joffe
Chief executive officer

Mireille Levenstein
Chief financial officer

14 May 2020