

Libstar Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 2014/032444/06)
(JSE share code: LBR)
(ISIN: ZAE000250239)
("Libstar" or the "Group")

REVIEWED INTERIM RESULTS SIX MONTHS ENDED 30 JUNE 2020

SALIENT FEATURES

- The Group has continued to work in pursuit of the protection, safety, health and well-being of its people as well as the preservation of cash and maintenance the Group's financial stability to deliver superior service levels to customers.
- As an Essential Service Provider, Libstar was able to operate for the duration of the national lockdown. The rigorous protocols required to keep Libstar's people safe during the Covid-19 pandemic has caused unavoidable, intermittent downtime. Despite this, the Group has, through focused production planning, maintained staff attendance and production levels ahead of the prior reporting period.
- In light of the stable cash flows delivered by the Group during the reporting period, the Board of Libstar has approved payment of the cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2019. This is a 13.6% increase from the 22 cents per share dividend declared for the year ended 31 December 2018.
- The Group uses Normalised EBITDA, Normalised EPS and Normalised HEPS from continuing operations, which exclude non-recurring, non-trading and non-cash items, as the key measures to indicate its true operating performance:

Continuing operations			
(R'000)	H1 2020	% change	H1 2019
Revenue	4 706 372	+1.9%	4 616 876
<i>Gross profit margin</i>	23.4%	+0.2 pp	23.2%
Normalised operating profit <i>(margin)</i>	293 598	-16.4%	351 151
	6.2%		7.6%
Normalised EBITDA	456 947	-5.4%	482 857
<i>(margin)</i>	9.7%		10.5%
Normalised EBITDA excluding extraordinary Covid-19-related operating expenses	500 885	+3.7%	482 857
<i>(margin)</i>	10.6%		10.5%
Other key performance indicators			
Diluted EPS* (cents)	16.5	-16.2%	19.7
Diluted HEPS* (cents)	16.9	-14.2%	19.7
Normalised EPS* (cents)	23.8	-19.0%	29.4
Normalised HEPS* (cents)	24.2	-17.7%	29.4
Net interest-bearing debt to Normalised EBITDA ratio	1.3x		1.4x

* From continuing operations

Summary of Results

- Group revenue for H1 2020 was 1.9% higher than H1 2019. Revenue growth from food categories, which constitute 91% of Group revenue, was 1.1%, whilst revenue within the Household and Personal Care (HPC) cluster, which represents 9.0% of Group revenue, increased by 11.5%. Robust demand within the retail and wholesale sales channel, particularly in relation to products consumed for in-home cooking purposes, was recorded in H1 2020. However, the closure of hospitality venues, restaurants and quick-service restaurants during levels 5 and 4 of the national lockdown, weighed heavily on the performance of the food service channel during the reporting period.
- The Group's gross profit margin increased by 0.2 percentage points to 23.4% from 23.2% the previous year.
- The Group recorded other income in the amount of R80.9 million compared to R14.3 million in the comparative period.
- Normalised operating profit decreased by 16.4% at a margin of 6.2% (H1 2019: 7.6%), impacted by Covid-19-related extraordinary expenses of R44 million.
- Group Normalised EBITDA decreased by 5.4% at a margin of 9.7% (H1 2019: 10.5%). Normalised EBITDA before corporate costs from the Group's food categories decreased 6.6% over the comparative period, contributing 93% of Group EBITDA, whilst the HPC category's Normalised EBITDA before corporate costs increased by 46.8% relative to the prior year.
- The Group's net interest expense on interest-bearing debt declined 13.0% from R78.4 million to R68.2 million, mainly due to a reduction in the Johannesburg interbank average lending rate (JIBAR). The Group's IFRS 16 finance charges increased by 24.8% from R24.6 million to R30.7 million. The Group's net finance charges decreased by 4.0% from R102.9 million to R98.8 million.
- Cash generated from operating activities increased from R178 million to R225 million. This was mainly due to improved cash flow from operations and reduced net interest expense, which was somewhat offset by an increased investment in net working capital. Net working capital as a percentage of revenue, at 14.8%, remains within the Group's target range of 13.0% to 15.0%.
- The Group continues to invest in capacity-enhancing projects in identified growth areas, with capital expenditure of R139 million (H1 2019: R162 million), representing 3.0% of net revenue (H1 2019: 3.5%). This is in line with the Group's target range of 2.0% to 3.0% as previously indicated.

Cash dividend

Shareholders are referred to the announcements entitled "Results For The Year Ended 31 December 2019 and Cash Dividend Declaration" and "Business Update and Postponement of Cash Dividend", released on SENS on 18 March 2020 and 4 April 2020 respectively. In the latter announcement, shareholders were advised that the board of directors of Libstar resolved to postpone the payment of the dividend until the release of its results for the six-month period ended 30 June 2020.

In light of the stable cash flows delivered by the Group during the reporting period, the Board of Libstar has approved payment of the cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2019. Note that Libstar's dividend policy is to declare one dividend per annum. The declaration of this dividend at interim stage, therefore, does not represent a deviation from this policy, i.e. an interim dividend.

In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared from income reserves;
- The local Dividends Tax rate is 20% (twenty percent);
- The gross local dividend amount is 25 cents per ordinary share for shareholders exempt from the Dividends Tax;

- The net local dividend amount is 20 cents per ordinary share for shareholders liable to pay the Dividends Tax.

Libstar has 681 921 408 ordinary shares in issue.
Libstar's income tax reference number is 9526395174.

The following salient dates will apply to the dividend payment:

- | | |
|---|-----------------------------|
| • Declaration date | Wednesday, 2 September 2020 |
| • Last day to trade cum the dividend | Monday, 21 September 2020 |
| • Shares commence trading ex the dividend | Tuesday, 22 September 2020 |
| • Record date | Friday, 25 September 2020 |
| • Payment in respect of the dividend | Monday, 28 September 2020 |

Share certificates may not be dematerialised or re-materialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both days inclusive.

Short-form announcement

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decisions should be based on the full announcement.

The full announcement can be found

- On the JSE's website at <https://senspdf.jse.co.za/documents/2020/jse/isse/lbre/LBRH120.pdf>
- On the Company's website at <https://www.libstar.co.za/investors/publications-and-presentations/>

Copies of the full announcement may also be requested at Libstar's registered office and from our sponsor at JSESponsor@standardbank.co.za, at no charge, during office hours.

Results webcast and teleconference details

Webcast

A live webcast of the results presentation will begin at 10:00 (RSA time, GMT +2), today 2 September.

To join the live webcast, please follow the steps below 30 minutes before the session starts:

- Paste the following link into your browser:
libstar.cc/virtualconferencecentre.com/community
- Enter required info and when prompted used the password: **Libstar**
- Click on the **LIVE SESSION** button to watch the presentation
- **Q&A** with Libstar Management Team to follow presentation

***Please note:** We recommend using Chrome as your internet browser to access the virtual presentation*

Teleconference access

SA callers **+27(0) 87 231 8992**
UK callers **+44 843 373 0999 or +44 333 300 2520**

When prompted,
enter the session code **60 68 13 98**

Playback facility will be available 2 hours after the live presentation has ended:
<https://www.libstar.co.za/investors/publications-and-presentations/>

By order of the Board

Wendy Luhabe
Chairman

Andries van Rensburg
CEO

2 September 2020

Sponsor
The Standard Bank of South Africa Limited