

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

SALES UPDATE AND INITIAL TRADING STATEMENT

SALES

This sales update pertains to the period 01 July 2020 to 30 November 2020 ("review period").

Sales related to Ceramic Industries Proprietary Limited and Ezee Tile Adhesive Manufacturers Proprietary Limited 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.

Total retail store sales grew by 16.4% for the review period, while like-for-like retail store sales increased by 14.9%.

Manufacturing sales for the review period were up 16.0% compared to the previous corresponding period.

Double-digit growth was reported across all of the Group's operations (retail brands, supply chain and manufacturing businesses).

TRADING CONDITIONS

The improved sales are attributable to a range of factors including:

- the Group's local integrated supply chain which ensured consistent availability of a wide product range;
- the current work-from-home trend, precipitated by the Covid-19 pandemic ("pandemic"), which boosted demand for home improvement products;
- lower interest rates and payment holidays, which have supported homeowners' spend on their primary asset - their homes. In addition, with restrictions on travel and leisure activities, some funds previously allocated to transport and recreational pastimes were reallocated to home improvements; and
- management's continued focus on improving the customer shopping experience, including implementing rigorous risk mitigating measures to ensure a safe operating environment for customers and staff.

INITIAL TRADING STATEMENT AND OUTLOOK

In terms of paragraph 3.4(b) of the JSE Limited ("JSE") Listings Requirements, and in light of this sales update, the Board of Directors ("Board") is satisfied that a reasonable degree of certainty exists that the Group's results for the six months ending 31 December 2020 will increase by at least 20% compared to the earnings per share and headline earnings per share of 55.3 cents for the six months ended 31 December 2019, with earnings per share and headline earnings per share expected to be in excess of 66.4 cents per share.

The trading environment remains unpredictable in the context of the pandemic, inhibiting accurate guidance in terms of performance for the balance of the six months to end 31 December 2020. Accordingly, the Board has resolved that a further announcement will be made in due course once there is greater clarity regarding the anticipated range of improvement in earnings per share and headline earnings per share for the six months ended 31 December 2020.

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

Johannesburg
2 December 2020

Sponsor
Merchantec Capital