

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")

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND CASH DIVIDEND DECLARATION**RESULTS**

The table below summarises the key features of the financial performance for the year ended 31 December 2020:

(R'000)	F2020	% change	F2019
Continuing operations			
Total revenue	10 285 881	+4.0%	9 892 545
Gross profit margin	23.6%	-0.4pp	24.0%
Normalised operating profit (margin)	774 093 7.5%	-13.1%	890 336 9.0%
Normalised EBITDA (margin)	1 115 255 10.8%	-5.0%	1 173 676 11.9%
Diluted EPS (cents)	12.3	-79.3%	59.4
Diluted HEPS (cents)	46.8	-21.7%	59.8
Normalised EPS (cents)	36.8	-55.3%	82.3
Normalised HEPS (cents)	71.3	-13.8%	82.7
All operations			
Diluted EPS (cents)	12.3	-73.5%	46.5
Diluted HEPS (cents)	46.8	-15.8%	55.6
Balance sheet and cash flow indicators			
Net interest-bearing debt to Normalised EBITDA	1.3x		1.3x
Cash generated from operations	908 679	-3.8%	944 777
Capital investment in property, plant and equipment	345 000		401 000
Cash conversion ratio	94%		91%

Summary of Results

- Group revenue for the year was 4.0% higher than the previous year. Revenue growth from food categories, which constitute 92% of Group revenue, was 3.6%. Revenue within the Household and Personal Care (HPC) category, which represents 8.0% of Group revenue, increased by 7.9%.
- The Group's gross profit margin decreased by 0.4 percentage points from 24.0% the previous year to 23.6%. This was mainly as a result of lower Food service channel revenue and, consequently, plant throughput, which impacted plant utilisation within the Perishables category.
- The Denny division within the Perishables segment was significantly impacted by the slowdown in Food service channel activity. In applying a conservative approach, a downward adjustment was applied to the division's five-year growth forecasts following lower volume sales and below-inflation price realisation during the year under review. In doing so, the Group recognised a R198 million impairment to goodwill attributable to Denny.
- Normalised operating profit decreased by 13.1% at a margin of 7.5% (2019: 9.0%), impacted by COVID-19 related extraordinary expenses of R65 million and increased depreciation from the completion of capital projects in 2019 and 2020.
- The Group's net interest expense on interest-bearing debt declined 21.2% from R153.7 million to R121.0 million, mainly due to a reduction in the Johannesburg interbank average lending rate (JIBAR) and the implementation of a Group central treasury function in H2 2020 which saved R2.4 million of interest during the reporting period. The Group's finance charges incurred on lease liabilities increased 16.9% to R64.4 million from R55.1 million. Total Group finance charges, therefore, decreased 11.2% to R185.4 million from R208.8 million.
- Cash generated from operating activities increased from R579.8 million to R637.2 million. This was mainly due to improved cash flow from operations, reduced net interest and tax expenses. These impacts were somewhat offset by an increased investment in net working capital. The Group continued to invest in capacity enhancing projects in identified growth areas, with capital expenditure of R345 million (2019: R401 million), representing 3.4% of net revenue (2019: 4.1%).
- Final dividend of 25 cents per share (2019: 25 cents per share), representing a Normalised HEPS cover of 2.9 (2019:3.3).

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decision should be based on the full announcement. The information presented in the Summary of Results section above includes pro-forma financial information in terms of the JSE Listings Requirements. The pro forma financial information presented in this announcement, which is the responsibility of the Group's directors, has been prepared for illustrative purposes only, and may not fairly present the Group's financial position, changes in equity, cash flows or results of operations.

The full announcement can be found:

- On the JSE's website: https://senspdf.jse.co.za/documents/2021/jse/isse/lbre/FY_2020.pdf
- On the Company's website: <https://www.libstar.co.za/investors/publications-and-presentations/>

Copies of the full announcement may also be requested at Libstar's registered office and offices of our sponsor, at no charge, during office hours.

Report of the independent auditors

The consolidated annual financial statements for the year ended 31 December 2020 have been audited by Moore Cape Town Inc., who expressed an unqualified opinion thereon. The auditor's report in terms of International Standards on Auditing, along with their key audit matters and the Annual Financial Statements, is available at the following link: <https://www.libstar.co.za/investors/publications-and-presentations/>.

DECLARATION OF CASH DIVIDEND

The board of Libstar has approved and declared a final cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2020.

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:

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|---|--------------------------|
| • Declaration date | Wednesday, 17 March 2021 |
| • Last day to trade cum the final dividend | Tuesday, 6 April 2021 |
| • Shares commence trading ex final dividend | Wednesday, 7 April 2021 |
| • Record date | Friday, 9 April 2021 |
| • Payment in respect of the final dividend | Monday, 12 April 2021 |

Share certificates may not be dematerialised or re-materialised between Wednesday, 7 April 2021 and Friday, 9 April 2021, both days inclusive.

By order of the Board

Wendy Luhabe
CHAIRMAN

Andries van Rensburg
CEO

17 March 2021

Sponsor
The Standard Bank of South Africa Limited