

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 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**RESULTS**

The table below summarises the key features of the financial performance for the six-month period ended 30 June 2021.

	H1 2021 (R'000)	Change	H1 2020 (R'000)
Food Categories			
Revenue	4 741 216	+10.5%	4 290 462
Gross profit margin	23.0%	-0.8pp	23.8%
Normalised EBITDA*	524 148	+10.1%	475 969
Household and Personal Care			
Revenue	375 860	-9.6%	415 910
Gross profit margin	9.2%	-10.0pp	19.2%
Normalised EBITDA*	(15 305)	-141.3%	37 087
Group			
Revenue	5 117 076	+8.7%	4 706 372
Gross profit margin	22.0%	-1.4pp	23.4%
Normalised operating profit	282 700	-3.7%	293 598
(margin)	5.5%		6.2%
Normalised EBITDA	456 109	-0.2%	456 947
(margin)	8.9%		9.7%
Diluted EPS (cents)	12.5	-24.2%	16.5
Diluted HEPS (cents)	12.2	-27.8%	16.9
Normalised EPS (cents)	24.4	+2.5%	23.8
Normalised HEPS (cents)	24.0	-0.8%	24.2
Balance sheet and cash flow indicators			
Net interest-bearing debt to Normalised EBITDA	1.4x		1.3x
Cash generated from operations	464 489	+24.3%	373 658
Cash conversion ratio	102%		78%

*Before allocation of corporate costs

Summary of Results

Food Categories

- Revenue growth from these categories, which represent 93% of Group revenue, was 10.5%. This was driven by increased sales within the Group's largest product categories, Perishables and Groceries.
- Gross profit margins declined slightly from 23.8% to 23.0%, mainly due to reduced export margins on herbs and spices following lower average foreign exchange rates relative to the prior period.
- Normalised EBITDA (before allocation of central office costs) increased by 10.1%, supported by strong revenue growth, margin and cost control.

Household and Personal Care (HPC)

- Revenue within this category, which represents 7.0% of Group revenue, decreased by 9.6%. This was due to the impact of a high base in the comparative period as well as the effect on service levels in this category brought about by the facility consolidation project.
- Gross profit margins reduced substantially from 19.2% to 9.2%, mainly due to significant input cost inflation of raw material products such as steel, foam, PVC and tallow. Lower production volume throughputs, brought about by a decline in demand for bleach and sanitiser products relative to the prior period, also impacted margins.
- Normalised EBITDA (before allocation of central office costs) reduced by 141.3% relative to the prior year, mainly because of the significant reduction in demand and gross profit margin.

Group performance indicators

- Group total revenue increased by 8.7% for the six-month period ended 30 June 2021.
- The year-on-year gross profit margin declined from 23.4% to 22.0%.
- Other income and foreign exchange gains for the period under review reduced from R80.9 million to R13.0 million, impacting reported operating profit, earnings per share and headline earnings per share. Lower average foreign exchange rates relative to the prior year, resulted in the reduction of realised foreign currency translation gains of R20.1 million in the prior period to a loss of R3.2 million in the period under review. Unrealised foreign currency translation gains were reduced from R30.7 million to R1.1 million.
- Normalised EBITDA decreased by 0.2% at a margin of 8.9% (H1 2020: 9.7%).
- Net finance cost (including IFRS 16) declined by 18.3% from R98.8 million to R80.8 million, mainly due to the full period inclusion of the reduction in the Johannesburg interbank average lending rate (JIBAR) in the comparative period. Group net finance costs (excluding IFRS 16), decreased by 27.3% from R68.2 million to R49.6 million. Finance charges incurred on lease liabilities (IFRS 16) increased by 1.7% from R30.7 million to R31.2 million.

Group balance sheet and cash flow indicators

- Cash generated from operating activities increased by 47.6% from R225 million to R332 million. This was mainly due to improved cash flow from operations, reduced net finance costs and a lower working capital investment compared to the prior reporting period.
- Net working capital of 14.5% as a percentage of revenue (H1 2020: 14.8%) remains within the Group's target range of 13.0% to 15.0%.
- The Group continued to invest in capacity enhancing projects in identified growth areas, with capital expenditure of R134 million (H1 2021: R144 million), representing 2.6% of net revenue (H1 2021: 3.0%).
- In line with the Group's policy, no interim dividend has been declared.

Changes to the Board

There were no changes to the composition of Libstar's Board during the period under review. However, Ms Anneke Andrews replaced Ms Bongi Masinga as chairman of the Audit and Risk Committee with effect from 7 June 2021.

From 1 January 2020, the executive role of director Robin Smith changed from Group Chief Financial Officer to Group Commercial Director. Since that date, Robin has continued to assist in the smooth transitioning of the CFO role and the execution of the Group's commercial strategy. Following this successful implementation of the Group's succession planning framework, shareholders are hereby advised that Robin has expressed the intention to retire as an executive director with effect from 31 December 2021. After almost 17 years since he co-founded the Libstar Group, Robin is looking forward to pursuing other interests and hobbies and to spending more time with family and friends.

The Board wishes to express its sincere appreciation to Robin for his valued contribution and leadership and the significant role he has played in establishing Libstar as a preeminent South African manufacturer of consumer packaged goods.

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 full announcement can be found:

- On the JSE's website: https://senspdf.jse.co.za/documents/2021/jse/isse/lbre/LBRH1_2021.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 from our sponsor at jsesponsor@standardbank.co.za, at no charge, during office hours.

By order of the Board

Wendy Luhabe
CHAIRMAN

Andries van Rensburg
CEO

8 September 2021

Sponsor
The Standard Bank of South Africa Limited