

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 VOLUNTARY TRADING STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

SALES UPDATE

Trading environment

Basic living costs and interest rates continued to rise during the year ended 30 June 2023 (“**Review Period**”), putting further pressure on homeowners experiencing low wage inflation and high levels of unemployment. In addition, the depreciation of the currency and inflation-driven input cost increases drove up product and building costs, reducing affordability for consumers in the new build and renovation markets. Consumer and investment sentiment also declined in the context of socio-political instability and country-specific risks. These unfavourable trading conditions resulted in a decline in foot traffic and transaction numbers across the industry.

Competition in the sector has intensified across the spectrum, with local and offshore operators expanding their footprint, capacity and offerings. The reopening of the global economy and soft international demand has resulted in increased competitiveness of imported products.

Performance

Our strategy is to optimise our investments in people and technology, and despite the external challenges of recent years, we have made strong progress in updating our manufacturing technology capabilities and enhancing the customer experience in our stores.

Our retail brands are Italtile Retail, CTM, TopT and U-Light. Collectively, retail net sales declined, despite price inflation of 6.7%. Like-for-like retail store turnover for the financial year decreased by 0.3% compared to the prior corresponding period.

In the integrated supply chain, manufacturing businesses Ceramic Industries and Ezee Tile’s combined sales value grew by 4.1%, although sales volumes declined. These businesses thrive at full capacity and subdued demand, together with increases in input costs, adversely impacted on profitability.

Collectively, the integrated supply chain import businesses, comprising Cedar Point, International Tap Distributors (“**ITD**”) and Distribution Centre, reported a decline in sales of 4.0% compared to the prior comparable period.

While a portion of product cost increases were absorbed to assist affordability for price sensitive customers, gross margin was further negatively impacted by lower volumes as a result of subdued demand, manufacturing inefficiencies, the adverse impact of load shedding, input cost inflation and increased competition. The consolidated gross margin across the Group reduced by 2.4%.

VOLUNTARY TRADING STATEMENT

The Group is currently finalising its results for the Review Period.

In terms of paragraph 3.4(b) of the JSE Limited (“JSE”) Listings Requirements, shareholders are advised that earnings per share (“EPS”) and headline earnings per share (“HEPS”) for the Review Period are expected to be in the range outlined below:

	Year ended 30 June 2023 (cents)	Year ended 30 June 2022 (cents)	Percentage decrease (%)
EPS	127.7 – 135.3	152.0 cents	16.0 – 11.0
HEPS	127.8 – 135.3	152.1 cents	16.0 – 11.0

The small disparity between EPS and HEPS is attributable to profits of R5.4 million realised on disposal of property, plant and equipment during the Review Period.

The Group's results for the Review Period are expected to be published on SENS on or about 28 August 2023.

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

Johannesburg
14 August 2023

Sponsor
Merchantec Capital