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FINAL RESULTS AND
DIVIDEND DECLARATION

FOR THE YEAR ENDED 28 JUNE 2020

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AUDITED FINAL RESULTS AND DIVIDEND DECLARATION

for the year ended
30 June 2020

20
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Notes

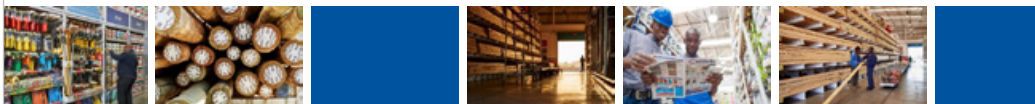
DISCLAIMER

The financial information pertaining to Cashbuild Limited's (Cashbuild's) results are based on the results published on SENS in terms of the JSE Limited's Listings Requirements.

The additional pro forma financial information has not been reviewed or reported on by the Company's auditors. The pro forma financial information has been prepared for illustrative purposes only and is the responsibility of the directors of Cashbuild.

This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of Cashbuild, its directors and other members of its senior management about Cashbuild's financial condition, results of operations, cash flow, strategy and business and the transactions described in this presentation. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" and similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Cashbuild and are difficult to predict, that may cause the actual results, performance, achievements or developments of Cashbuild or the industry in which it operates to differ materially from any future results, performance, achievements or developments expressed by or implied from the forward-looking statements. Each member of Cashbuild expressly disclaims any obligation or undertaking to provide or disseminate any updates or revisions to any forward-looking statements contained in this announcement.

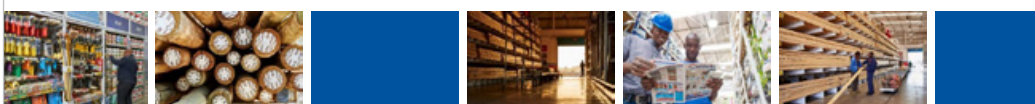
Notes



NATURE OF BUSINESS

- Mass retailer of building materials, home improvement and related products
- Offers a focused range of quality products at competitive prices
- Selling predominantly for cash
- 318 stores and expanding (256 Cashbuild, 61 P&L Hardware and one Cashbuild DIY)

Notes



COVID-19 IMPACT ON BUSINESS

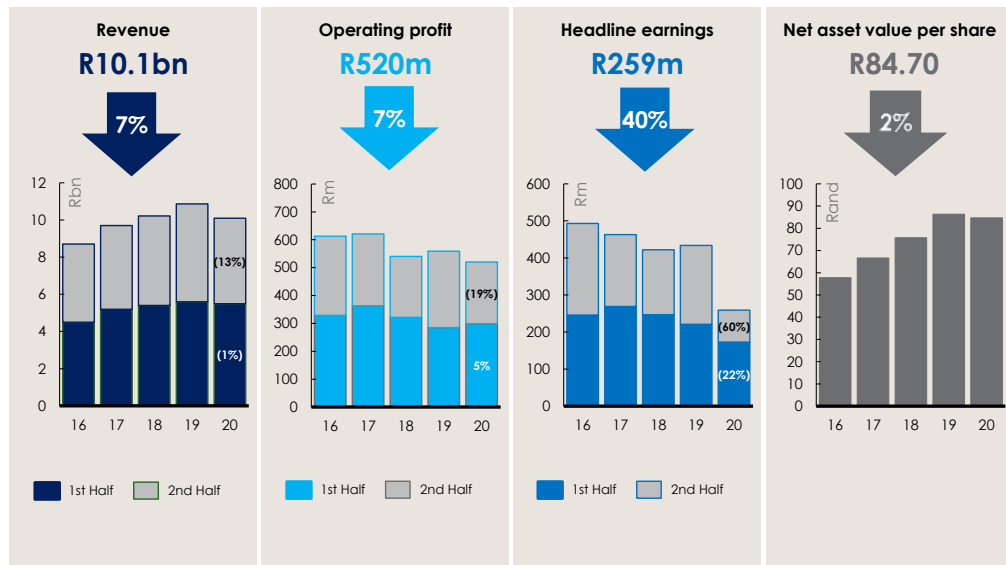
Lockdown status	Country
Hard lockdown & risk adjusted strategy	South Africa, Botswana, Lesotho, Namibia
Hard lockdown – DIY essential throughout	eSwatini
No lockdown	Malawi, Zambia

	April 2020	May 2020	June 2020	6 weeks post Y/E
Revenue change	(89%)	12%	13%	22%

- Full salaries paid – all countries – staff contributed 5 days leave

Notes

FINANCIAL HIGHLIGHTS - STATUTORY



- Modified retrospective approach selected for IFRS 16 adoption
- FY2020 Includes IFRS 16 / FY2019 includes IAS17 and 53rd week

Notes



Financial review

INCOME STATEMENT STATUTORY YEAR-ON-YEAR

R'000	Audited Jun 2020 (52 Weeks)	Audited Jun 2019 (53 Weeks)	% change
Revenue	10 090 910	10 821 235	(7)
Gross profit	2 525 050	2 720 006	(7)
Gross profit %	25.0	25.1	
Operating expenses	2 004 738	2 160 981	(7)
Operating expenses %	19.9	20.0	
Operating profit	520 312	559 025	(7)
Operating profit %	5.2	5.2	
Net financing (cost)/income	(126 336)	53 688	(>100)
Profit for the year	272 670	432 419	(37)
Earnings per share (cents)	1 176.7	1 881.3	(37)
Dividend per share (cents)	707.0	855.0	(17)
Weighted number of shares ('000)	22 722	22 716	-

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Notes

COMPARABLE YEAR-ON-YEAR (COVID-19 IMPACT AND IFRS 16 & IAS 17)

R'm	Audited Jun 2020 (52 Weeks)	⇒	Pro forma Jun 2020 (52 Weeks)	%	Pro forma Jun 2019 (52 Weeks)	←	Audited Jun 2019 (53 Weeks)
		COVID	IFRS 16			IAS 17	53 rd Week
Revenue	10 091	621	10 712	1	10 622	(199)	10 821
Gross profit	2 525	144	2 669	-	2 665	(55)	2 720
Gross profit %	25.0	23.2	24.9		25.1	27.6	25.1
Operating expenses	2 005	35	2 189	3	2 135	(23)	2 161
Operating expenses %	19.9		20.4		20.1		20.0
Operating profit	520	109	480	(10)	530	23	559
Operating profit %	5.2		4.5		5.0		5.2
Net financing (cost)/income	(126)	2	64	19	54	-	54
Profit for the year	273	76	377	(10)	419	23	432
Earnings per share (cents)	1 177	337	1 636	(10)	1 823	102	1 881

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Notes

INCOME STATEMENT HIGHLIGHTS HALF YEAR COMPARISON

R'm	2 nd Half			1 st Half		
	2020	2019	% change	2020	2019	% change
Revenue	4 581	5 258	(13)	5 510	5 563	(1)
Gross profit	1 156	1 326	(13)	1 369	1 394	(2)
Gross profit %	25.2	25.2		24.8	25.1	
Operating expenses	936	1 052	(11)	1 069	1 109	(4)
Operating expenses %	20.4	20.0		19.4	19.9	
Operating profit	221	274	(19)	299	285	5
Operating profit %	4.8	5.2		5.4	5.1	

Excluding the impact of Covid-19 on 2H2020:

- Revenue and gross profit performance similar to 1H2020
- Expenses down 8%
- Improved operating income

Notes

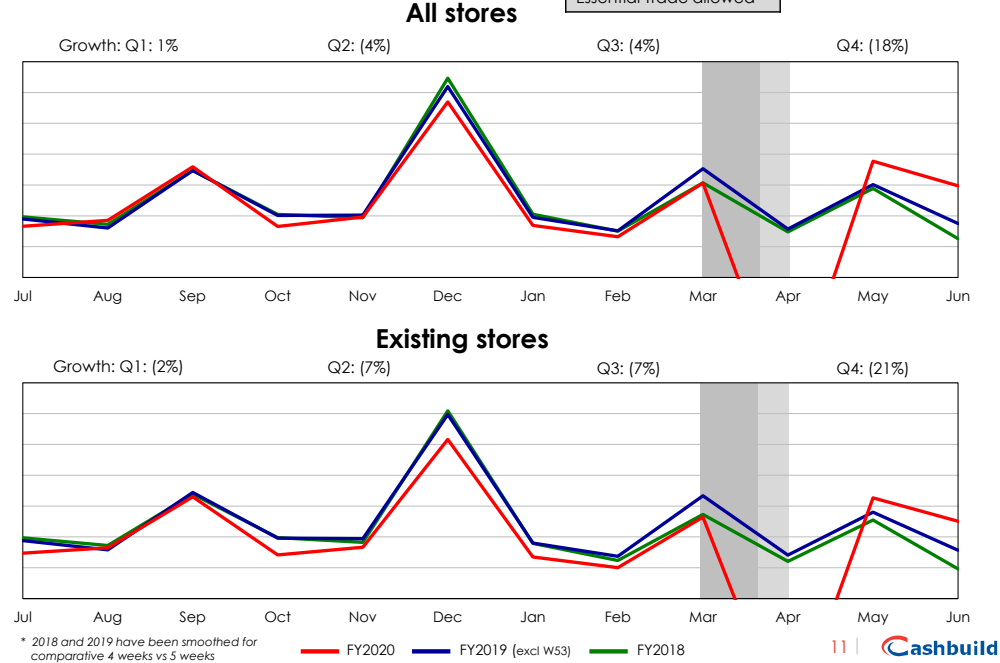
REVENUE BREAKDOWN

R'm	FY 2020	FY 2019	Total	% change					
				Cashbuild stores			P&L Hardware stores		
				Total	New	Existing*	Total	New	Existing*
Quarter 1	2 712	2 651	2	3	2	1	(5)	3	(8)
Quarter 2	2 798	2 912	(4)	(3)	3	(6)	(8)	3	(11)
1st Half	5 510	5 563	(1)	-	3	(3)	(6)	3	(9)
Quarter 3	2 442	2 468	(1)	-	3	(3)	(8)	3	(11)
Quarter 4	2 139	2 591	(17)	(17)	2	(19)	(23)	3	(26)
53 rd Week	-	199	-	-	-	-	-	-	-
Total	10 091	10 821	(7)	(6)	3	(9)	(11)	2	(13)

* All stores in existence prior to 1 July 2018

Notes

CUSTOMER TRANSACTIONS '000



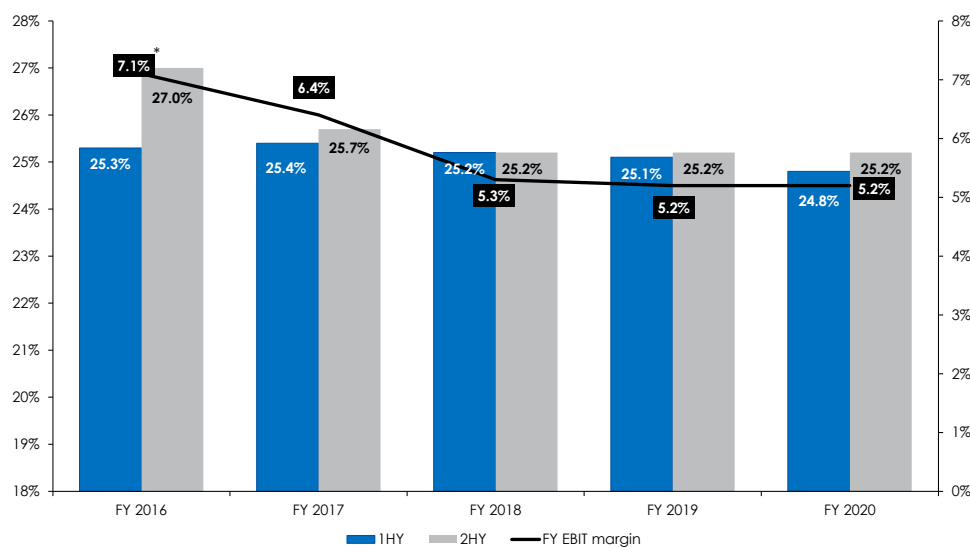
Notes

AVERAGE BASKET SIZE RAND



Notes

GROSS PROFIT AND EBIT MARGIN



* Excludes BEE transaction

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Notes

SEGMENTAL DISCLOSURE

R'm	Cashbuild South Africa			P&L Hardware South Africa			Cashbuild Namibia, Lesotho and Swaziland			Cashbuild Botswana, Malawi and Zambia			Total Group		
	Jun 2020	Jun 2019	%	Jun 2020	Jun 2019	%	Jun 2020	Jun 2019	%	Jun 2020	Jun 2019	%	Jun 2020	Jun 2019	%
Revenue	7 919	8 476	(7)	1 125	1 258	(11)	579	614	(6)	468	474	(1)	10 091	10 821	(7)
% Contribution to Group	78.5	78.3		11.2	11.6		5.7	5.7		4.6	4.4		100.0	100.0	
Gross profit	2 050	2 243	(9)	218	208	4	137	152	(10)	120	116	3	2 525	2 720	(7)
GP %	25.9	26.4		19.4	16.6		23.7	24.7		25.6	24.5		25.0	25.1	
Operating profit/(loss)	443	525	(16)	17	(9)	>100	31	35	(11)	29	8	>100	520	559	(7)
% Contribution to Group	84.6	93.8		3.9	(1.5)		6.0	6.3		5.5	1.4		100.0	100.0	
OP %	5.6	6.2		1.8	(0.7)		5.4	5.7		6.1	1.6		5.2	5.2	
Capital investment	135	166	(19)	6	12	(50)	10	20	(50)	19	6	>100	170	204	(17)

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Notes

EXISTING BUSINESS RESULTS

R'm	Jun 2020	Jun 2019	% change
Revenue	9 692	10 675	(9)
Gross profit	2 427	2 683	(10)
Gross profit %	25.0	25.1	
Operating expenses	1 903	2 121	(10)
Operating expenses %	19.6	19.9	
Operating profit	524	562	(7)
Operating profit %	5.4	5.3	

"Existing business" refers to stores that have comparative trading results for the entire prior financial year

Notes

OPERATING EXPENSES

R'm	% of revenue	% of total	Jun 2020	Jun 2019*	% change	Existing stores# %
Total	19.9		2 005	2 161	(7)	(10)
Main Contributors:						
People	9.1	46	911	926	(2)	(4)
Advertising	1.5	7	141	161	(13)	(16)
Delivery	1.4	6	125	117	7	4
IT	1.2	5	107	104	3	1
Property	3.4	17	345	463	(26)	(30)

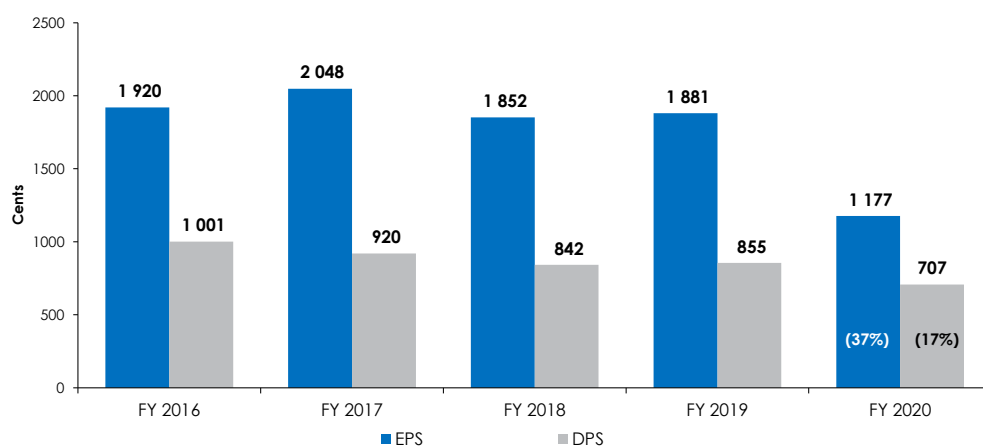
- Headcount at 30 June 2020: 6 213 (Jun 2019: 6 295)
- Advertising on normalised basis down 7% due to focus on electronic marketing vs paper-based
- Property costs up 2% on normalised basis following store closures and negotiations
- Cost of living increase decision for Cashbuild postponed until October 2020, P&L Hardware staff of 3.8% implemented in March 2020

"Existing stores" refers to stores that have comparative trading results for the entire prior financial year

* Excludes 53rd Week

Notes

EARNINGS PER SHARE (EPS) AND DIVIDEND PER SHARE (DPS) YEAR-ON-YEAR



- Final dividend based on 2H2020 performance, excluding IFRS 16
- Dividend cover policy remains 2.0 times
- Cashbuild Empowerment Trust – R271 million to date

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Notes

STATUTORY STATEMENT OF FINANCIAL POSITION

R'm	Audited Jun 2020	Audited Jun 2019	% change
Assets			
Property, plant and equipment	1 125	1 129	-
Right-of-Use asset	1 270	-	-
Intangible assets	423	426	(1)
Investment property/Assets held for sale	67	32	93
Inventories	1 267	1 541	(18)
Trade and other receivables	104	118	(12)
Cash resources	1 952	590	>100
Shareholders' equity and liabilities			
Shareholders' equity	2 155	2 187	(2)
Interest-bearing debt	-	-	-
Lease liabilities	1 615	-	-
Trade and other liabilities	2 522	1 553	62
Net asset value per share (Rand)	84.70	86.36	(2)

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Notes

INVENTORY ANALYSIS

Stock holding – all stores (% change)	Cashbuild	P&L Hardware	Group
Stores stocked since June 2019 (9 Cashbuild and 3 P&L Hardware stores)	3	1	2
Existing stores	(17)	(38)	(20)
Total	(14)	(37)	(18)

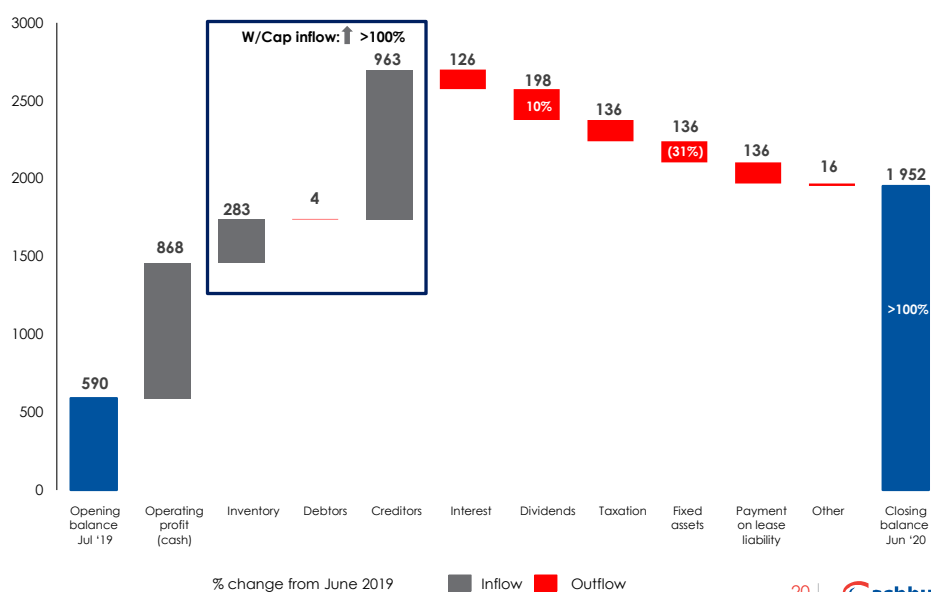
- Purchase inflation at 2%
- Suppliers strained to catch up delayed start in May
- Limited gains in excess and slow-moving stock

Working capital days at year end	Jun 2020	Jun 2019
Inventory	60	84
Creditors	80	79

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Notes

CASH FLOW R'MILLION



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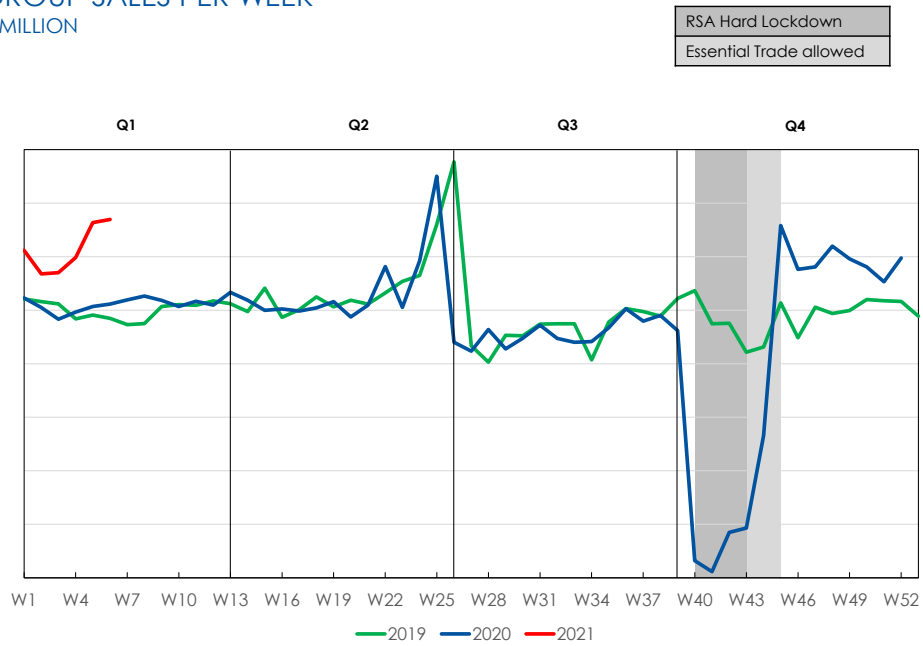
Notes



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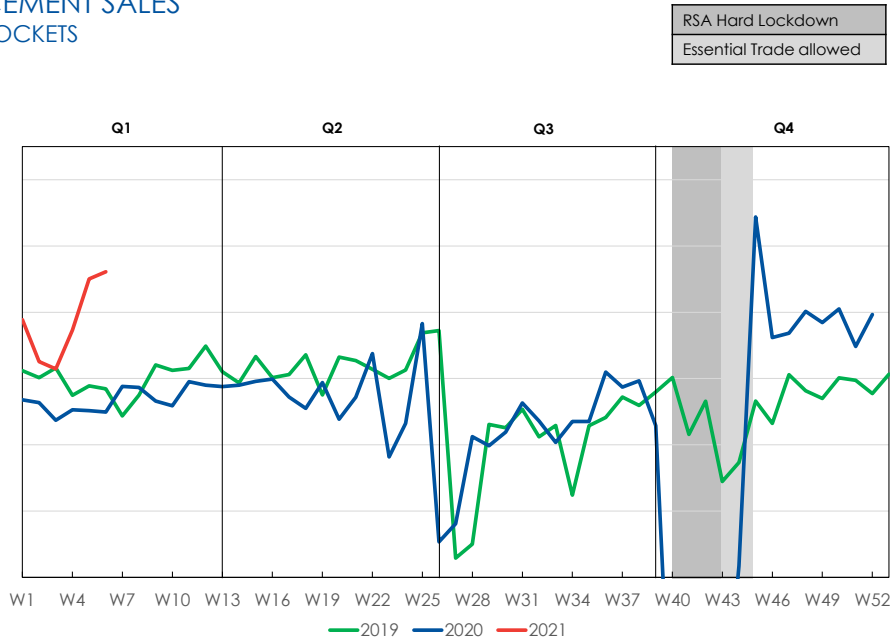
Product categories

GROUP SALES PER WEEK R'MILLION



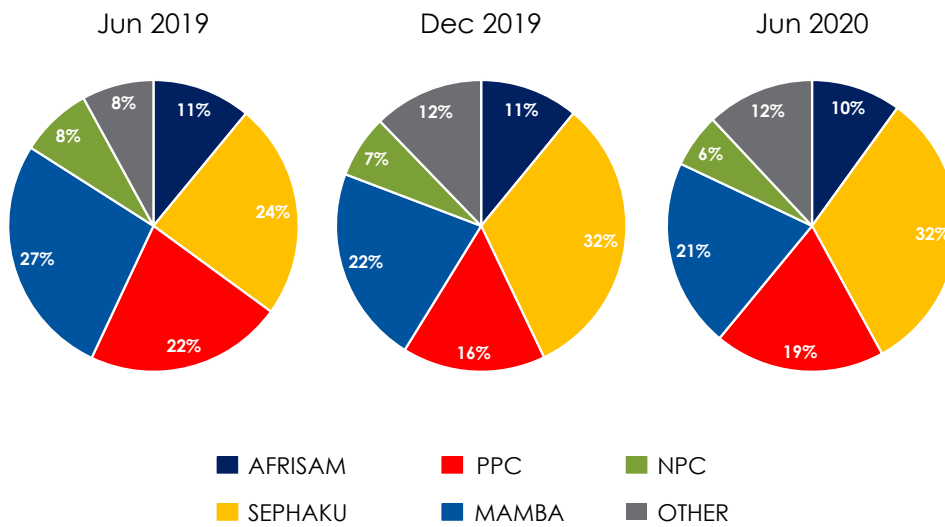
Notes

CEMENT SALES POCKETS



Notes

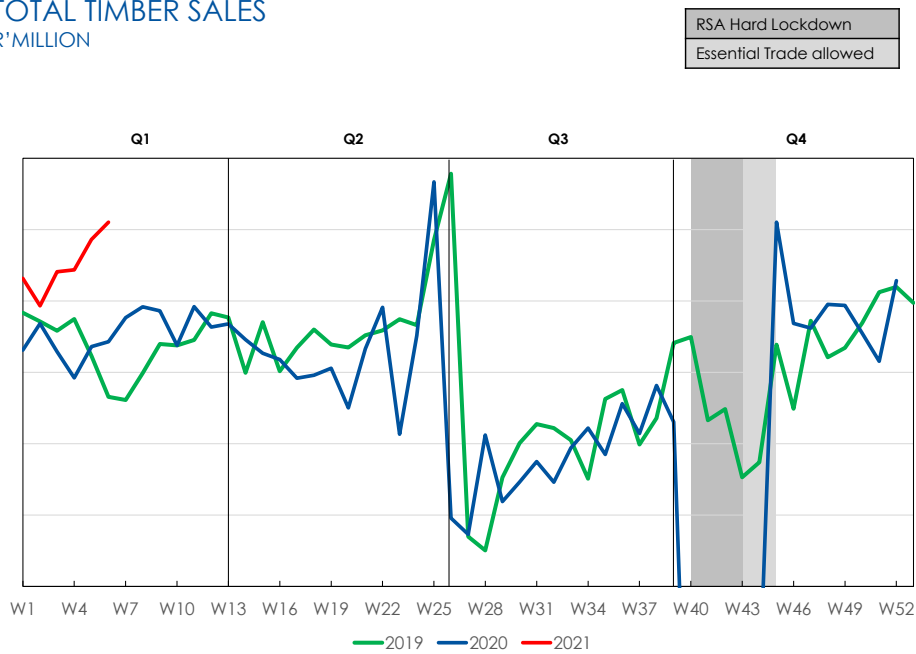
CEMENT UNIT SALES PER SUPPLIER



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Notes

TOTAL TIMBER SALES R'MILLION

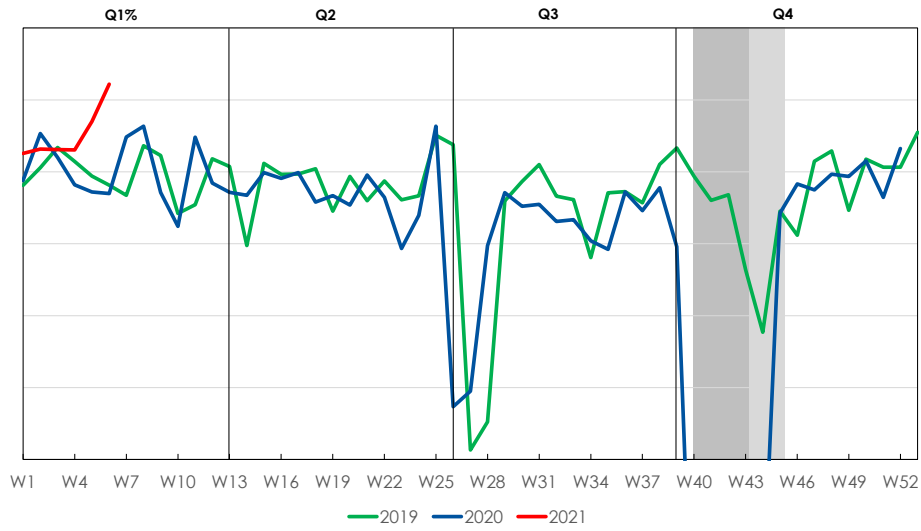


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Notes

TOTAL BRICK SALES R'MILLION

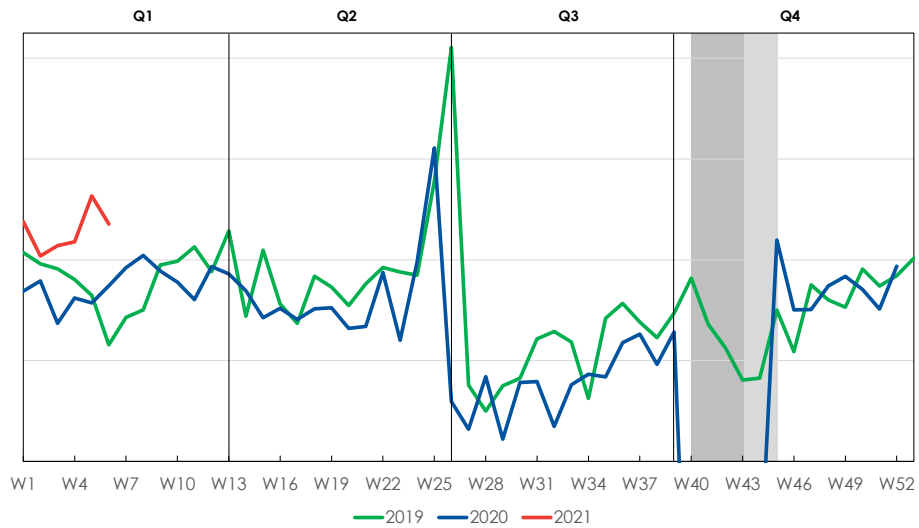
RSA Hard Lockdown
Essential Trade allowed



Notes

TOTAL ROOF COVERING SALES R'MILLION

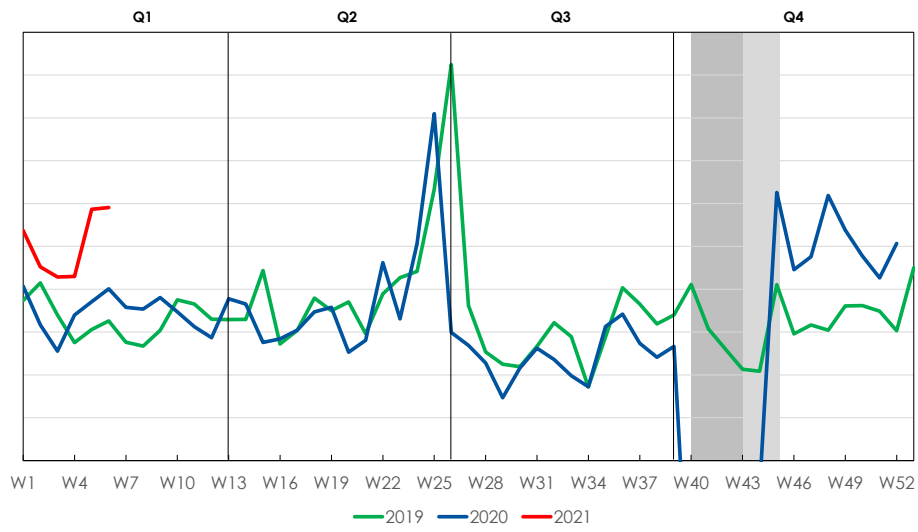
RSA Hard Lockdown
Essential Trade allowed



Notes

TOTAL OPENING SALES
R'MILLION

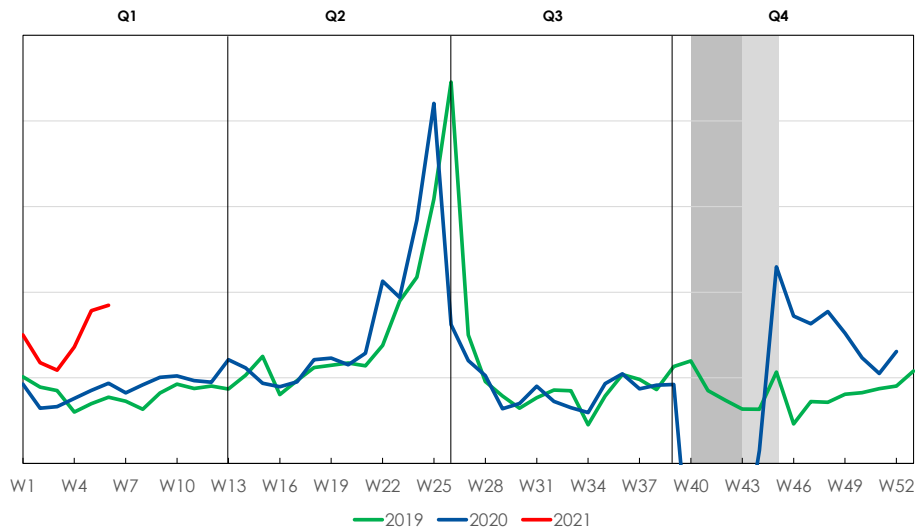
RSA Hard Lockdown
Essential Trade allowed



Notes

TOTAL DECORATIVE SALES
R'MILLION

RSA Hard Lockdown
Essential Trade allowed



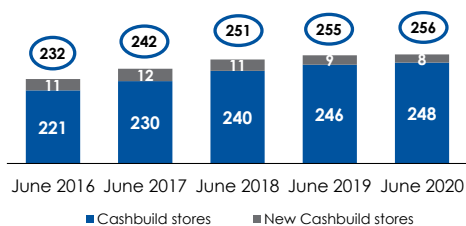
Notes



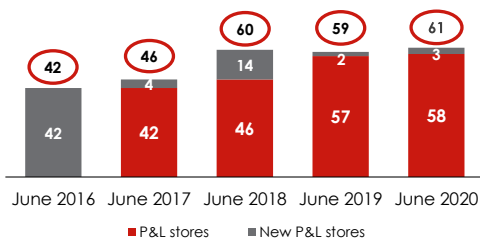
Store development and summary

STORE DEVELOPMENT

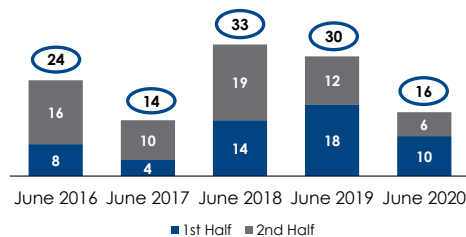
Total Cashbuild Stores (excl DIY)



Total P&L Hardware Stores



Group refit and relocations



FY2020 Summary

- **11 New Stores:** 8 Cashbuild and 3 P&L Hardware
- **15 Refurbishments and 1 Relocation**
- **8 Closures:** 7 Cashbuild and 1 P&L Hardware
- **318 Stores :** 256 Cashbuild, 61 P&L Hardware and 1 DIY

Notes

NEW STORES FY2020



Gauteng
Sam Ntuli
Trade Route Mall
(Lenasia)
Ebony Park
Unaville

Mpumalanga
Acornhoek
Barberton
Dwarsloop

Zambia
Waterfalls Mall
(Lusaka)



KwaZulu-Natal
Ezakheni

Mpumalanga
Kwa Guqa

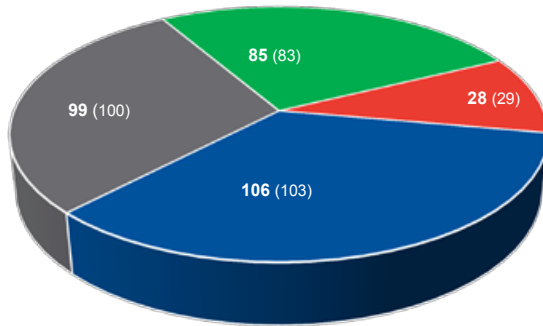
Eastern Cape
Motherwell

● Cashbuild ● P&L Hardware

Notes

STORES BY LOCATION

Number of stores Jun 2020 (Jun 2019)

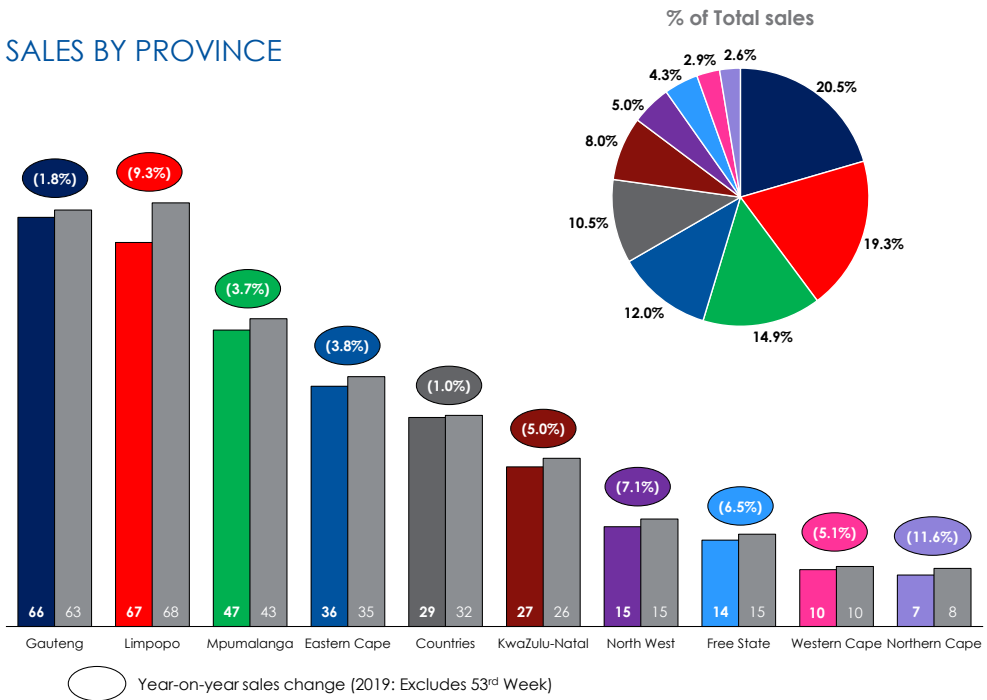


Location (% of total)	Town	Rural	Township	Metro
2020 Stores	33%	31%	27%	9%
2020 Sales	35%	30%	25%	10%
2019 Stores	33%	32%	26%	9%
2019 Sales	35%	30%	25%	10%

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Notes

SALES BY PROVINCE



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Notes

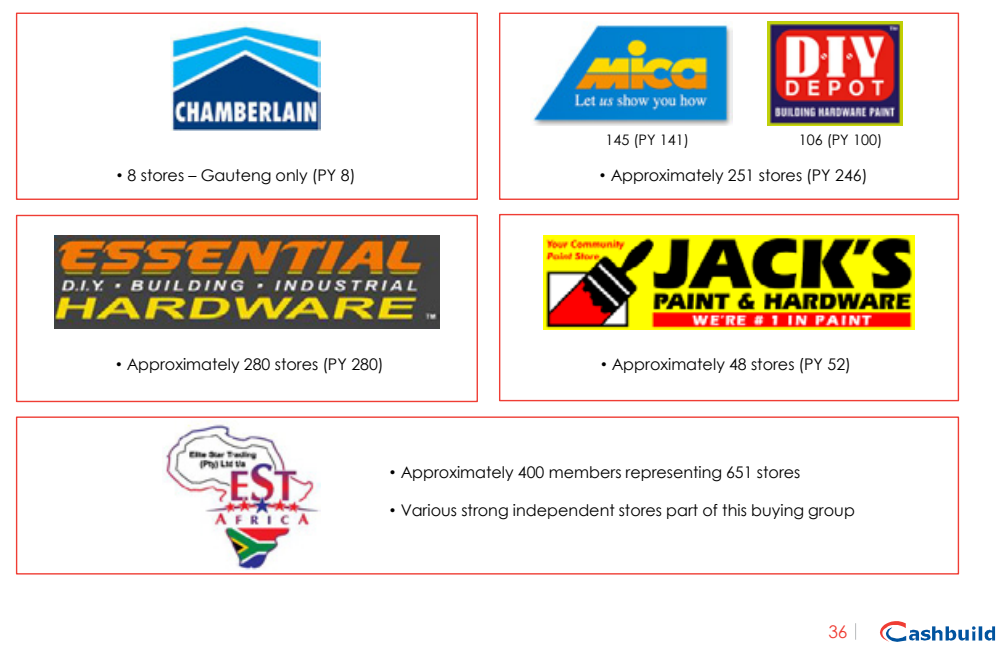
COMPETITOR LANDSCAPE – CORPORATE



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Notes

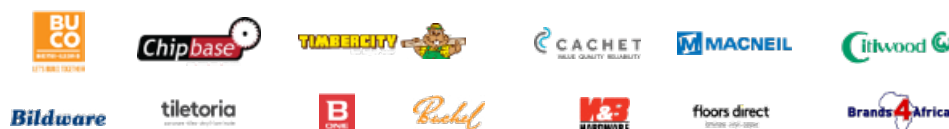
COMPETITOR LANDSCAPE – INDEPENDENTS



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Notes

ACQUISITION OF THE BUILDING COMPANY (TBC)



SALIENT FEATURES OF THE TRANSACTION

Cashbuild announced the acquisition of 100% of TBC from Pepkor on a debt free / cash free basis

Date of announcement	4 August 2020
Purchase consideration	R1.075 billion
Maximum consideration (incl escalation)	R1.120 billion
Revenue for the year to 31 March 2020	c.R8.0 billion
EBITDA multiple (excl IFRS 16)	5.0x (12 months to 31 March 2020)
Effective date	Subject to regulatory approvals
JSE Categorisation	Category 2

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Notes

ACQUISITION OF THE BUILDING COMPANY (TBC) – STRATEGIC RATIONALE

Our Vision



Preferred retailer and	Yes	Yes	Yes
integrated supplier	No	No	Yes
of building materials, associated products	Yes	Yes	Yes
and services,	Limited	Selected	Broad spectrum
across all market segments,	Lower LSM Individuals	Lower to Middle LSM and Bakkie builders	Middle to Higher LSM and Contractors
in selected countries	No	Yes	Yes

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Notes

SEGMENTAL OVERVIEW OF TBC



TBC operates across three divisions, offering 13 well-known brands

TBC segmental overview			
Division	FY2019 revenue contribution	Description	Key brands
Retail	68%	<ul style="list-style-type: none"> Offers a full range of building materials and products which are locally sourced and distributed throughout Southern Africa Comprises predominantly 91 Buco stores, 75% of which are merchant stores with the balance being cash stores, and 20 Timbercity stores 	
Wholesale	21%	<ul style="list-style-type: none"> The wholesale of unique and value-added building materials, a significant portion of which are imported 	
Specialised	11%	<ul style="list-style-type: none"> Offers a range of differentiated products for the retail building materials market Access to an extensive range of distinct and imported products 	

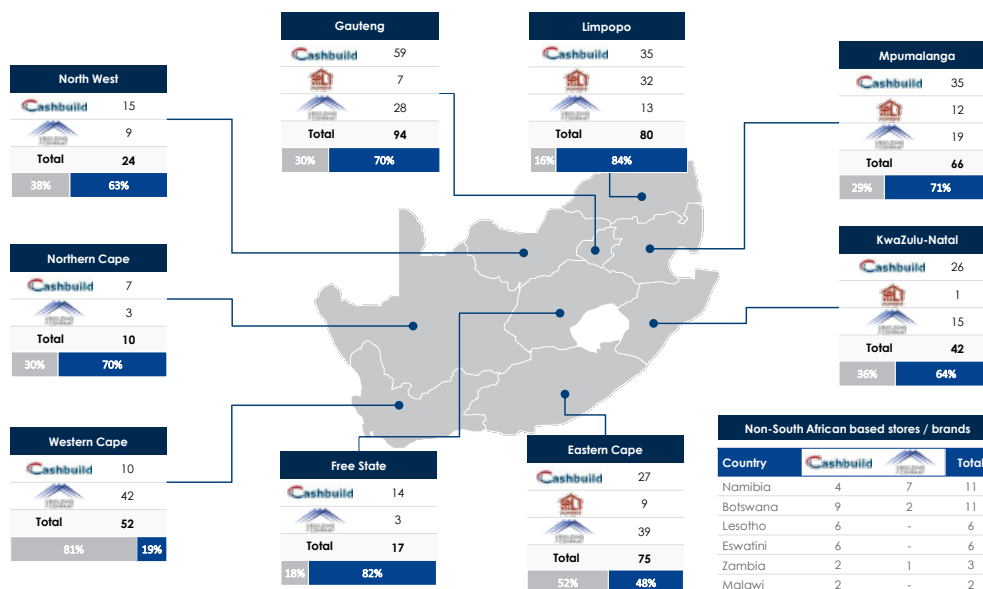


Notes

GEOGRAPHIC FOOTPRINTS



Number of stores	
TBC ¹	181
Cashbuild	318
Grand total	499



1. Inclusive of 21 franchise stores (Western Cape - 6, Gauteng - 4, Limpopo - 3, Mpumalanga - 2, KwaZulu-Natal - 2, North West - 1, Botswana - 2, Zambia - 1)

Notes

RATIONALE BEHIND ACQUISITION OF TBC



- 1**

Cashbuild growth initiatives

- Cashbuild's management identified geographic expansion and incremental access to additional segments of the market as key areas for potential growth – an acquisition of TBC "ticks all the right boxes"
- 2**

Expanding store footprint

- The addition of the TBC store portfolio will increase Cashbuild's presence in previously underrepresented regions, particularly those in Western Cape, Eastern Cape and KwaZulu-Natal
- 3**

Middle-to-higher income customers

- TBC's customer base will provide Cashbuild with broader reach into the middle-to-higher income customer segment, a target market currently underserved by Cashbuild's current offering
- 4**

Access to building contractors

- While Cashbuild currently services a full spectrum of customers, TBC will bring with it a core competency in servicing building contractors
- 5**

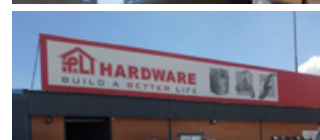
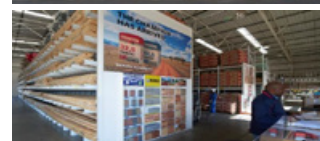
Improved operational efficiencies

- An acquisition of TBC will allow for several operational efficiencies and improved future trading profitability through access to additional suppliers, inventory and the optimisation of delivery routes

Notes

MARKET SUMMARY

- South Africa moving into uncertain economic times
- Record unemployment with further retrenchments and business closures expected
- South African consumer resilience
- Focus on formal process of acquiring TBC
- Trading conditions for the next financial year expected to remain challenging



Cashbuild Group remains one of southern Africa's leading retailers of quality building materials, associated products & services and continues to expand its footprint across both the Cashbuild and P&L Hardware brands

Notes



THANK YOU FOR YOUR ATTENDANCE AND PARTICIPATION

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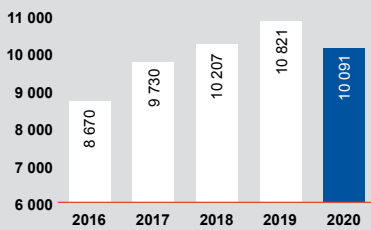


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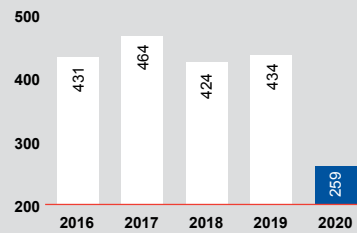
Financial results

Financial highlights

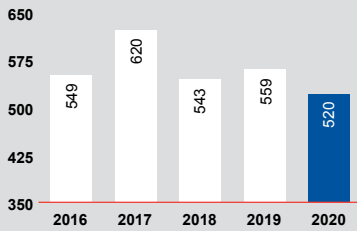
REVENUE (Rm)



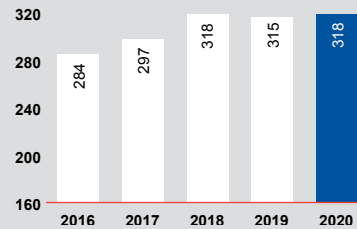
HEADLINE EARNINGS (Rm)



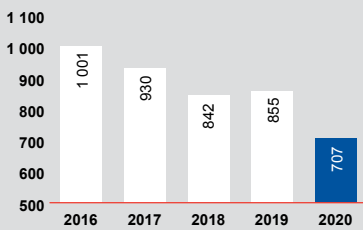
OPERATING PROFIT (Rm)



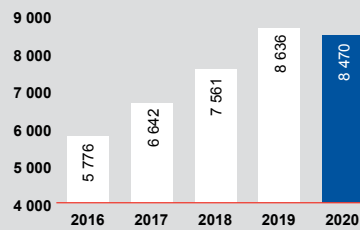
SPACE GROWTH (stores)



TOTAL DIVIDEND PER SHARE (cents)



NAV PER SHARE (cents)



Summary consolidated income statement – audited

R'000	Year ended 28 June 2020 (52 weeks)	Year ended 30 June 2019 (53 weeks)	% change
Revenue	10 090 910	10 821 235	(7)
Cost of sales	(7 565 860)	(8 101 229)	(7)
Gross profit	2 525 050	2 720 006	(7)
Selling and marketing expenses	(1 765 022)	(1 884 034)	(6)
Administrative expenses	(282 531)	(279 056)	1
Other operating expenses	(4 377)	(13 288)	(67)
Other income	47 192	15 397	>100
Operating profit	520 312	559 025	(7)
Finance cost	(191 518)	(4 190)	>100
Finance income	65 182	57 878	13
Profit before income tax	393 976	612 713	(36)
Income tax expense	(121 306)	(180 294)	(33)
Profit for the year	272 670	432 419	(37)
Attributable to:			
– Owners of the company	267 371	427 357	(37)
– Non-controlling interests	5 299	5 062	5
	272 670	432 419	(37)
Earnings per share (cents)	1 176.7	1 881.3	(37)
Diluted earnings per share (cents)	1 176.1	1 880.6	(37)

Summary consolidated statement of comprehensive income – audited

R'000	Year ended 28 June 2020 (52 weeks)	Year ended 30 June 2019 (53 weeks)
Profit for the year	272 670	432 419
Other comprehensive income reclassifiable to profit or loss:		
Total movement in foreign currency translation reserve (FCTR)	25 882	4 708
Attributable to:		
- Owners of the company	22 223	5 083
- Non-controlling interests	3 659	(375)
Total comprehensive income for the year	298 552	437 127
Total comprehensive income attributable to:		
- Owners of the company	289 594	432 440
- Non-controlling interests	8 958	4 687
	298 552	437 127

Additional information

R'000	Year ended 28 June 2020	Year ended 30 June 2019
Net asset value per share (cents)	8 470	8 636
Net asset value per share (excluding treasury shares)	9 315	9 500
Ordinary shares ('000s):		
- In issue	24 990	24 990
- Weighted-average	22 722	22 716
- Diluted weighted-average	22 734	22 725
Capital investment	170 093	203 556
Depreciation of property, plant and equipment	349 545	131 380
Amortisation of intangible assets	5 275	6 517
Capital commitments	158 344	142 854
Property operating lease commitments	-	1 988 949
Contingent liabilities	6 794	16 022

Summary consolidated statement of financial position – audited

R'000	28 June 2020	30 June 2019
ASSETS		
Non-current assets	2 974 780	1 716 090
Property, plant and equipment	2 394 577	1 129 283
Intangible assets	423 101	426 398
Rent prepayments	-	66 470
Investment property	57 924	28 158
Deferred income tax assets	99 178	65 781
Current assets	3 370 868	2 278 575
Inventories	1 266 587	1 541 295
Trade and other receivables	103 677	117 807
Prepayments	40 319	25 747
Assets held for sale	8 703	3 576
Cash and deposits	1 951 582	590 150
Total assets	6 345 648	3 994 665
EQUITY AND LIABILITIES		
Shareholders' equity	2 155 015	2 187 400
Share capital and reserves	2 116 616	2 156 701
Non-controlling interests	38 399	30 699
Non-current liabilities	1 467 728	224 285
Lease liabilities	1 432 590	-
Deferred operating lease liability	-	187 378
Deferred income tax liability	35 138	36 907
Current liabilities	2 722 905	1 582 980
Trade and other liabilities	2 521 681	1 554 567
Lease liabilities	182 610	-
Current income tax liabilities	18 614	28 413
Total equity and liabilities	6 345 648	3 994 665

Summary consolidated statement of cash flows – audited

	Year ended 28 June 2020 (52 weeks)	Year ended 30 June 2019 (53 weeks)
Cash flows from operating activities		
Cash generated from operations	2 108 499	213 079
Interest paid	(191 518)	(4 190)
Taxation paid	(135 748)	(251 414)
Net cash generated from/(utilised in) generated from operating activities	1 782 033	(42 188)
Cash flows from investing activities		
Net investment in assets	(135 772)	(195 503)
Increase in investments	(29 766)	-
Interest received	64 382	57 541
Net cash utilised in investing activities	(101 156)	(137 962)
Cash flows from financing activities		
Finance lease payments	(135 717)	(1 051)
Dividends paid:		
- Own equity	(196 978)	(178 960)
- Non-controlling interests	(1 258)	(1 713)
Net cash utilised in financing activities	(333 953)	(181 724)
Net increase/(decrease) in cash and cash equivalents	1 346 924	(361 874)
Cash and cash equivalents at beginning of year	590 150	952 929
Effect of exchange rate movements on cash and cash equivalents	14 508	(905)
Cash and cash equivalents at end of year	1 951 582	590 150

Summary consolidated statement of changes in equity – audited

R'000

Balance at 26 June 2017

Total comprehensive income for the year

Shares purchased by The Cashbuild Share Incentive Trust and Cashbuild (South Africa) Proprietary Limited

Shares sold by The Cashbuild Share Incentive Trust

Dividends paid

Recognition of share-based payments

Balance at 24 June 2018

Total comprehensive income for the year

Dividends paid

Recognition of share-based payments

Balance at 30 June 2019

IFRS 16 adoption

Restated balance as at 1 July 2019

Total comprehensive income for the year

Dividends paid

Recognition of share-based payments

Balance at 28 June 2020

Attributable to owners of the company

Share capital	Share premium	Share-based payments reserve	FCTR	Retained earnings	Non-controlling interests	Total equity
227	(275 419)	57 317	(8 329)	1 881 901	23 208	1 678 905
-	-	-	5 395	420 514	5 561	431 470
-	(605)	-	-	-	-	(605)
-	1 610	-	-	-	-	1 610
-	-	-	-	(201 210)	(1 044)	(202 254)
-	-	8 192	-	-	-	8 192
227	(274 414)	65 509	(2 934)	2 101 205	27 725	1 917 318
-	-	-	5 083	427 357	4 687	437 127
-	-	-	-	(178 960)	(1 713)	(180 673)
-	-	13 628	-	-	-	13 628
227	(274 414)	79 137	2 149	2 349 602	30 699	2 187 400
-	-	-	-	(148 826)	-	(148 826)
227	(274 414)	79 137	2 149	2 200 776	30 699	2 038 574
-	-	-	22 223	267 371	8 958	298 552
-	-	-	-	(196 978)	(1 258)	(198 236)
-	-	16 125	-	-	-	16 125
227	(274 414)	95 262	24 372	2 271 169	38 399	2 155 015

Summary consolidated segmental analysis – audited

R'000	Group		South Africa	
	Year ended 28 June 2020	Year ended 30 June 2019	Cashbuild business Year ended 28 June 2020	Year ended 30 June 2019
	Income statement			
Revenue	10 090 910	10 821 235	7 919 278	8 475 594
Operating profit	520 312	559 025	443 444	524 629
Statement of financial position				
Segment assets	6 345 648	3 994 665	4 416 716	2 435 673
Segment liabilities	4 190 633	1 807 265	2 857 876	795 192
Other segment items				
Number of stores	318	315	228	224
Depreciation	349 545	131 380	279 352	103 674
Amortisation	5 275	6 517	5 003	6 253
Capital investment	170 093	203 556	135 079	166 203

* Includes Namibia, Swaziland and Lesotho

South Africa		Other members of common monetary area*		Botswana, Malawi and Zambia	
P&L Hardware business					
Year ended 28 June 2020	Year ended 30 June 2019	Year ended 28 June 2020	Year ended 30 June 2019	Year ended 28 June 2020	Year ended 30 June 2019
1 125 009	1 258 394	579 031	613 587	467 592	473 660
17 108	(8 493)	31 213	35 074	28 547	7 815
864 073	768 877	652 373	529 141	412 486	260 974
829 040	737 174	251 049	127 073	252 668	147 826
61	59	16	18	13	14
33 095	11 575	16 084	8 073	21 014	8 058
3	8	93	162	176	94
6 387	12 037	9 722	19 642	18 905	5 674

Commentary

Nature of business

Cashbuild is southern Africa's leading retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our constantly expanding chain of stores (318 at the end of this financial year which includes one DIY store and 61 P&L Hardware stores). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home-builders and improvers, contractors, farmers, traders, as well as all other customers requiring quality building materials at the best value.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the best value and through a purchasing and inventory policy that ensures customers' requirements are always met.

International Financial Reporting Standards

The Group is reporting its annual audited results in accordance with International Financial Reporting Standards ("IFRS").

Financial highlights

Revenue for the year decreased by 7%. Revenue for stores in existence prior to July 2018 (pre-existing stores – 296 stores) decreased with 10% and our 22 new stores provided a 3% increase. Gross profit decreased by 7% with gross profit percentage decreasing from 25.1% to 25.0%. This was achieved in tough trading conditions impacted by Covid-19 with selling price inflation of 2%.

Operating expenses, including new stores, remained well controlled and decreased by 7% (existing stores 10% and new stores contributed a 3% increase) resulting in operating profit decreasing by 7%. Basic earnings per share decreased by 37% with headline earnings per share also decreasing by 40% from the prior year.

The effective tax rate of 30.8% for the period is higher than that of the previous period due to a decrease in exempt income and an increase in disallowable charges relating to share-based payments.

R'million	Audited actual 2020 (52 wks)	COVID-19	IFRS 16	Unaudited Pro forma 2020 (52 wks)
Comprehensive income				
Revenue	10 091	621	-	10 712
Gross profit	2 525	144	-	2 669
Operating expenses	2 005	35	149	2 189
Operating profit	520	109	(149)	480
Finance costs	(126)	2	188	64
Profit before tax	394	110	39	543
Headline earnings	259	76	28	363
Earnings per share (cents)	1 176.7	336.6	122.9	1 636.2
Headline earnings per share (cents)	1 138.5	336.6	122.9	1 598.0
Financial position				
Property, plant and equipment	2 395	-	(1 270)	1 125
Deferred tax	64	-	(95)	(31)
Lease liabilities	(1 615)	-	1 615	-
Deferred operating lease liability	-	-	-	-
Shareholders' equity	(2 155)	(76)	(178)	(2 409)
Net asset value per share (cents)	8 470	306	713	9 489

Cash and cash equivalents increased to R1,952 million due to payments to suppliers effected after the current year end, as well as reduced stock levels in the current year. Stock levels, including new stores, have decreased by 18% with overall stockholding at 60 days (2019: 84 days) at year end. Net asset value per share declined 2%, from 8 636 cents (June 2019) to 8 470 cents.

During the year, Cashbuild opened 11 new stores (eight Cashbuild stores and three P&L Hardware stores), refurbished 15 stores and relocated one Cashbuild store. Cashbuild closed eight stores (seven Cashbuild stores and one P&L Hardware store). Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

The comparative table below summarises the impact for the adoption of IFRS 16, Covid-19 Lockdown and the prior year 53rd week. The table contains *pro forma* financial information which has been prepared for illustrative purposes only and, because of its nature, may not fairly present the financial position of Cashbuild. The *pro forma* financial information is the responsibility of the directors of Cashbuild.

The impact of COVID-19/lockdown on revenue as a result of stores closing during the lockdown is estimated to be a decrease of R621 million. Based on forecasts performed before lockdown on the basis of year to date trends, the estimated R621 million is the difference between the forecast and actual achieved during the lockdown level 5 period.

Prospects

Group revenue for the six weeks after year end has increased by 22% on the comparable six week period. Management believe trading conditions will remain extremely challenging due to the weakness of the national economy impacting negatively on customers' disposable income. This information has neither been reviewed nor audited by the company's auditor.

% Change	Unaudited <i>Pro forma</i> 2019 (52 wks)	IAS 17	53rd week	Audited actual 2019 (53 wks)	IFRS 16 adoption impact	IFRS 16 adoption 1 July 2019
1	10 622	-	(199)	10 821		
-	2 665	-	(55)	2 720		
3	2 135	(23)	(3)	2 161		
(10)	530	23	(52)	559		
19	54	-	-	54		
(7)	584	23	(52)	613		
(14)	421	23	(36)	434		
(10.3)	1 823.5	101.9	(159.7)	1 881.3		
(13.7)	1 852.5	101.9	(159.8)	1 910.4		
-	1 129	-	-	1 129	1 225	2 354
28	(24)	(53)	-	29	31	59
-	-	-	-	-	(1 518)	(1 518)
-	-	185	-	(185)	185	-
3	(2 337)	(23)	36	(2 350)	149	(2 201)
11	8 584	93	(145)	8 636	(596)	8 040

Notes to the summary consolidated financial information

1. Basis of preparation

The summary consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting as required by the JSE Limited Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa applicable to summary annual financial statements. The accounting policies applied in the preparation of the consolidated annual financial statements from which these summary consolidated annual financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The Group has adopted IFRS 16 Leases effective for the reporting period commencing on 1 July 2019.

IFRS 16 – Leases replaces IAS 17 – Leases, removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In adoption, the Group has applied the modified retrospective approach, whereby the comparatives figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 July 2019.

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Group applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 July 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application;
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

When measuring lease liabilities, Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 10%.

The annual financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 31 August 2020.

2. Independent audit by the auditor

These summary financial statements were derived from the consolidated financial statements for the year ended 28 June 2020. The consolidated financial statements have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. A copy of their unqualified audit report is available for inspection at the registered office of the company.

3. COVID-19 impact on financial results

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a public health emergency on 11 March 2020. On 17 March 2020, the South African government declared the Covid-19 pandemic a national disaster and shortly thereafter announced a national lockdown commencing at midnight 26 March 2020. Retailing of building materials was not classified as essential services and therefore all Cashbuild and P&L Hardware stores as well as the Support Office, with the exception of the six stores in Swaziland, the two stores in Malawi and the three stores in Zambia, were closed for the period of the Level 5 lockdown (27 March 2020 to 16 April 2020).

The impact of COVID-19/lockdown level 5 on revenue as a result of stores closing during the lockdown is estimated to be a decrease of R621 million.

Cashbuild Limited has many operating cost items that are relatively fixed in nature, such as property rentals, contract drivers and salaries. Rental reductions were received from the landlords during the lockdown period. Contract delivery drivers were supported in the communities through payment of their fixed portion of their contracts during lockdown. Cashbuild Limited paid its staff's remuneration in full during the initial period of the lockdown but staff forfeited five days annual leave for this period.

The Group has experienced incidents of late or short deliveries from suppliers without material impact on sales due to the adequate level of stockholding at its stores. Cashbuild also has appropriate response mechanisms in place to deal with any positive COVID-19 cases reported at its stores, resulting in deep cleaning and self-isolation of staff while the stores continue trading utilising staff from nearby stores or towns.

Refer to table above for the estimated financial effect.

4. Declaration of dividend

The board has declared a final dividend (No. 55), of 272 cents (June 2019: 420 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 24 989 811 (June 2019: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 217.6 cents per share for shareholders liable to pay Dividends Tax and 272 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 707 cents (June 2019: 855 cents) a 17% decrease on the prior year. Local Dividends Tax is 20%.

Cashbuild Limited's tax reference number is 9575168712.

Date dividend declared:	Monday, 31 August 2020
Last day to trade "CUM" the dividend:	Monday, 21 September 2020
Date to commence trading "EX" the dividend:	Tuesday, 22 September 2020
Record date:	Friday, 25 September 2020
Date of payment:	Monday, 28 September 2020

Share certificates may not be dematerialised or rematerialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both dates inclusive.

5. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to owners of the company for the year by the weighted average number of 22 722 350 ordinary shares in issue at year end (June 2019: 22 715 551 shares).

6. Headline earnings per ordinary share

The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R258.7 million (June 2019: R433.6 million) and a weighted average of 22 722 350 (June 2019: 22 715 551) shares and fully diluted of 22 734 169 (June 2019: 22 727 551) ordinary shares in issue.

R'000	June 2020	June 2019	% change
Net profit attributable to the owners of the company	267 371	427 357	(37)
Profit on sale of assets after taxation	1 405	4 980	-
Profit on IFRS 16 after taxation	(20 781)	-	-
Impairments after taxation	10 687	1 620	-
Headline earnings	258 682	433 957	(40)
Headline earnings per share (cents)	1 138.5	1 910.4	(40)
Diluted headline earnings per share (cents)	1 137.9	1 909.5	(40)

On behalf of the board

Alistair Knock	Werner de Jager	Johannesburg
Chairman	Chief Executive	31 August 2020