



UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

H1  
2021

# Agenda

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### Highlights

- Review of H1 2021
- Impact of Covid-19
- Operational review

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- Debtor performance
- Gross debtor analysis

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- Segmental analysis
- Analysis of costs
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- Financial and operating targets
- Outlook





# 01

## Highlights

- Review of H1 2021
- Impact of Covid-19
- Operational review

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# Review of H1 2021



Revenue  
**-1.6%**

Merchandise sales  
**-4.9%**

Gross profit margin at  
**40.5%**

Operating profit  
**+13.6%**

Cash generated from  
operations **+81.0%** at  
**R611.2m**

HEPS  
**+9.9%** to  
**236 cents** per share

Interim dividend  
**+ 10.8%** to  
**133 cents** per share

# Impact of Covid-19

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- Severe trading restrictions in the first 2 months imposed by the lockdown
- Lost sales approximate R360 million
- Lost collections approximate R250 million
- Focus on cash preservation and cost control
- Safety and well being of customers and employees prioritised
- Spend on PPE and employee well being approximately R10m



# Operational review

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## Strong customer demand following reopening of stores

### Merchandise sales down 4.9%

- April and May down 59.6%
- June to September up 20.1%

### Trading out of 805 store outlets (LY: 787 stores)

- 12 stores opened, 1 closed
- 125 stores outside SA (LY:121 stores)
- 227 small format Lewis stores (47% of Lewis stores)
- 20 stores refurbished

### Sales patterns for the period

- Furniture and Appliances: 88.0% (LY:86.7%)

Furniture	62.2%	(LY: 63.0%)
Appliances	25.8%	(LY: 23.7%)

- Audio-visual: 12.0% (LY: 13.3%)

# Operational review

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Credit application decline rate: 41.1% (LY: 37.9%)

Credit sales mix: 49.1% (LY: 58.1%)

- Cash sales for June to September 2020 increased by 46%

Other revenue: up by 2.7%

## Expense control

- Tightly managed
- Reduced by 9.1% (excl. debtor costs) in a Covid-19 operating environment

## Share repurchase programme

- 3 million shares repurchased in the 12 months to September 2020
- 13.6 million shares repurchased since October 2016

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## Debtor analysis

- Debtor performance
- Gross debtor analysis

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# Debtor performance

	H1/2021	H1/2020
<b>Collections (Rm)</b>		
Collections from instalment sales	1 866	2 078
<b>Actual collections achieved</b>		
As a % of one contract instalment per customer per month – 6 months	66.5%	79.6%
As a % of one contract instalment per customer per month – 4 months	71.5%	80.1%
<b>Contractual arrears (Rm)</b>		
	2 250	1 936
% of debtors at gross carrying value	39.1%	35.9%
<b>Debtor Costs (Rm)</b>		
Debtor costs (+35.7%)	406	299
▪ Net bad debts written off	441	518
▪ Debtors impairment provision	34	(172)
▪ Credit impairment adjustment	(69)	(47)
Debtor costs as a % of debtors at gross carrying value	7.1%	5.5%

# Gross debtor analysis

Customer grouping		Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears			
							1 R'000	2 R'000	3 R'000	>3 R'000
<b>Satisfactory paid</b>	<b>2021</b>	<b>408 556</b>	<b>3 237 843</b>	<b>595 765</b>	<b>18.4</b>	<b>603 584</b>	<b>170 710</b>	<b>126 531</b>	<b>93 928</b>	<b>212 415</b>
Customers who have paid 70% or more of amounts due over the contract period	%	<b>69.5</b>	<b>56.3</b>	<b>23.2</b>						
	2020	426 782	3 374 370	679 125	20.1	541 164	159 109	109 560	79 892	192 603
	%	74.2	62.5	31.6						
<b>Slow payers</b>	<b>2021</b>	<b>93 028</b>	<b>1 051 369</b>	<b>687 567</b>	<b>65.4</b>	<b>637 830</b>	<b>75 865</b>	<b>73 773</b>	<b>71 448</b>	<b>416 744</b>
Customers who have paid 55% to 70% of amounts due over the contract period	%	<b>15.8</b>	<b>18.3</b>	<b>26.8</b>						
	2020	82 152	904 682	545 552	60.3	568 416	65 057	62 040	58 683	382 636
	%	14.3	16.8	25.4						
<b>Non-performing accounts</b>	<b>2021</b>	<b>86 504</b>	<b>1 461 080</b>	<b>1 285 053</b>	<b>88.0</b>	<b>1 008 387</b>	<b>75 070</b>	<b>74 316</b>	<b>73 688</b>	<b>785 313</b>
Customers who have paid less than 55% of amounts due over the contract period	%	<b>14.7</b>	<b>25.4</b>	<b>50.0</b>						
	2020	66 037	1 120 505	926 625	82.7	826 496	56 473	55 327	54 424	660 272
	%	11.5	20.7	43.0						
<b>Gross debtor analysis</b>	<b>2021</b>	<b>588 088</b>	<b>5 750 292</b>	<b>2 568 385</b>	<b>44.7</b>	<b>2 249 801</b>	<b>321 645</b>	<b>274 620</b>	<b>239 064</b>	<b>1 414 472</b>
	2020	574 971	5 399 557	2 151 302	39.8	1 936 076	280 639	226 927	192 999	1 235 511

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## Financial results

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# Income statement

	H1 2021	H1 2020	%
Revenue (Rm)	<b>3 034</b>	3 083	(1.6)
Merchandise sales (Rm)	<b>1 650</b>	1 735	(4.9)
Gross profit margin (%)	<b>40.5</b>	40.3	
Operating profit (Rm)	<b>277</b>	244	13.6
Operating profit margin(%)	<b>16.8</b>	14.0	
Attributable earnings (Rm)	<b>183</b>	171	7.0
EPS (cents)	<b>237</b>	215	10.6

# Segmental analysis



	Group	 Traditional	 Cash
Revenue (Rm)	<b>3 034</b>	2 798	236
Merchandise sales (Rm)	<b>1 650</b>	1 418	232
Operating profit (Rm)	<b>277</b>	258	19
Operating margin:			
H1 2021 (%)	<b>16.8</b>	18.2	8.3
H1 2020 (%)	<b>14.0</b>	14.6	11.0
Number of stores:			
H1 2021	<b>805</b>	764	41
H1 2020	<b>787</b>	748	39

## Analysis of costs (excluding debtor costs)

	H1 2021 Rm	H1 2020 Rm	%
Employment costs	622	599	3.7
Admin and IT	157	189	(16.7)
Marketing	90	183	(50.8)
Occupancy costs	62	73	(16.2)
Transport and travel	93	127	(27.0)
Depreciation, amortisation and impairment	174	168	3.3
Other operating costs	172	165	3.8
<b>Total</b>	<b>1 370</b>	<b>1 504</b>	<b>(9.1)</b>

Savings in expenses after hard lockdown totalled R67 million.



## Balance sheet overview

	H1 2021 Rm	H1 2020 Rm
Property, plant, equipment and intangible assets	624	625
Right-of-use assets	653	678
Inventory	858	806
Trade and other receivables	3 321	3 385
Cash on hand	564	243
Other assets	780	868
<b>Total assets</b>	<b>6 800</b>	<b>6 605</b>
Shareholders' equity and reserves	4 813	4 781
Interest bearing borrowings	-	-
Lease liabilities	819	813
Other liabilities	1 168	1 011
<b>Total equity and liabilities</b>	<b>6 800</b>	<b>6 605</b>

# Key ratios

	H1 2021	H1 2020	%
HEPS (cents)	236	215	9.9
ROE – after tax (%)	7.7	7.1	
ROCE – after tax (%)	6.9	7.0	
ROA – before tax (%)	8.6	8.9	
Gearing ratio – including IFRS 16 (%)	5.3	11.9	
Interim dividend declared (cents)	133	120	10.8

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# Targets and Outlook

- Financial and operating targets
- Outlook

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# Financial and operating targets

The expected impact of Covid-19 has been taken into account when setting targets.

	Actual H1 2021	2021	Medium-term
Gross profit margin	40.5	38-42	38-42
Operating profit margin – based on revenue	9.1	5-7	10-15
Operating profit margin – based on sales	16.8	8-12	17-25
Increase/(decrease) in operating costs	(9.1)	3-5	4-6
Credit sales as a % of total sales	49.1	56-60	56-60
Satisfactory paid customers	69.5	64-67	70-72
Debtor costs as a % of debtors at gross carrying value	7.1	15-18*	13-16*
Gearing	5.3	< 15	< 25

\* Year end targets

# Outlook

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- Trading conditions expected to become more challenging in 2021.
- Resilient business model
- Strong balance sheet
- Share repurchase programme to continue
- Plans remain on track to open 20 new stores during the 2021 financial year
- Strong sales momentum continued into Q3
- Extensive marketing and merchandise promotions developed across all brands to cover Black Friday
- Well prepared for the festive trading period

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Questions

