

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

H1
2022



Lewis
Group Ltd

AGENDA

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- Review of H1 2022
- Operational review
- Share repurchases

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Debtor analysis

- Debtor performance
- Gross debtor analysis

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HIGHLIGHTS

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REVIEW OF H1 2022



Revenue
+ 12.2%

Merchandise sales
+ 20.7%

Gross profit margin at
40.2%

Operating profit
+ 23.3%

Cash generated from
operations at
R595.1m

HEPS
+ 39.7% to
330 cents per share

Interim dividend
+ 46.6% to
195 cents per share

REVIEW OF H1 2022

Solid well-balanced performance during a challenging 1st half

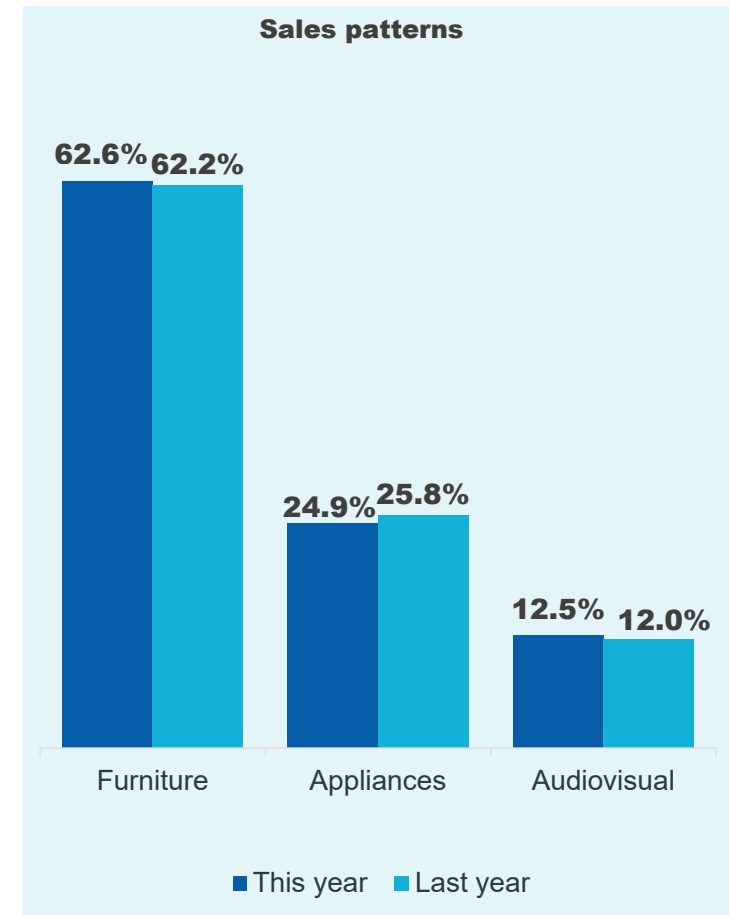
Impact of the civil unrest in South Africa

- Disruptions to store operations
 - 57 looted and damaged (53 Traditional and 4 UFO)
 - 260 stores closed as a precautionary measure
 - 51 reopened (48 Traditional and 3 UFO)
- Adequate SASRIA cover for material damage losses
 - Total claim R78.8 million
 - Received to date R42.5 million
 - Outstanding R36.3 million expected in H2 2022
- Separate cover for business interruption losses
 - Still being assessed
 - Lost sales for the period that stores did not trade approximate R38.6 million



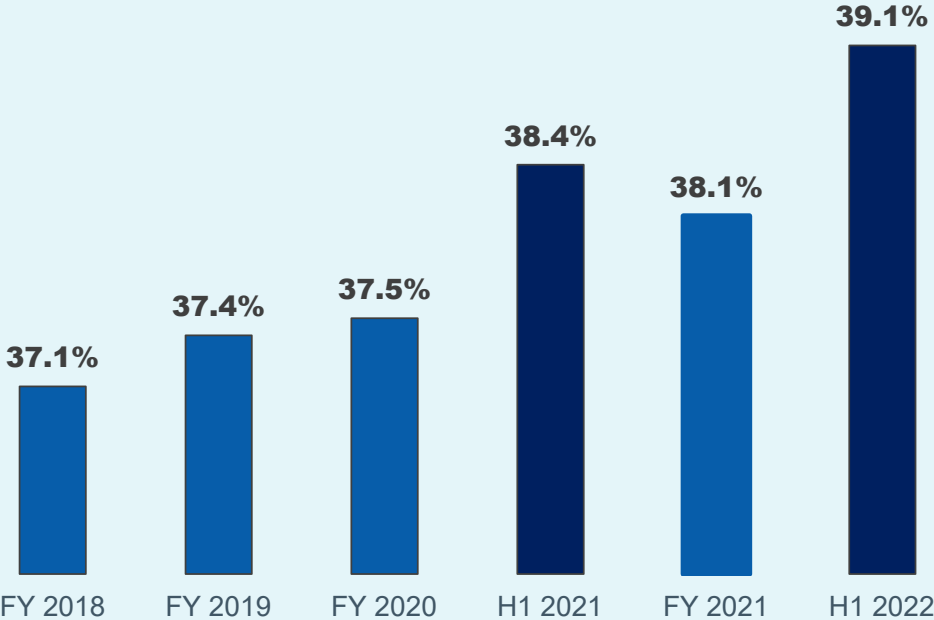
OPERATIONAL REVIEW

- Trading out of 817 store outlets (LY: 805 stores)
 - Net 10 new stores opened in FY22
 - 129 stores outside SA (LY:125 stores)
 - 233 small format Lewis stores (48% of Lewis stores)
 - 104 stores refurbished
- Merchandise sales increased by 20.7%
 - Comparable stores up by 17.9%
 - Credit sales increased by 24.4%
 - Cash sales increased by 17.1%
- Adequately stocked resulting from strong supplier relations and proper stock planning

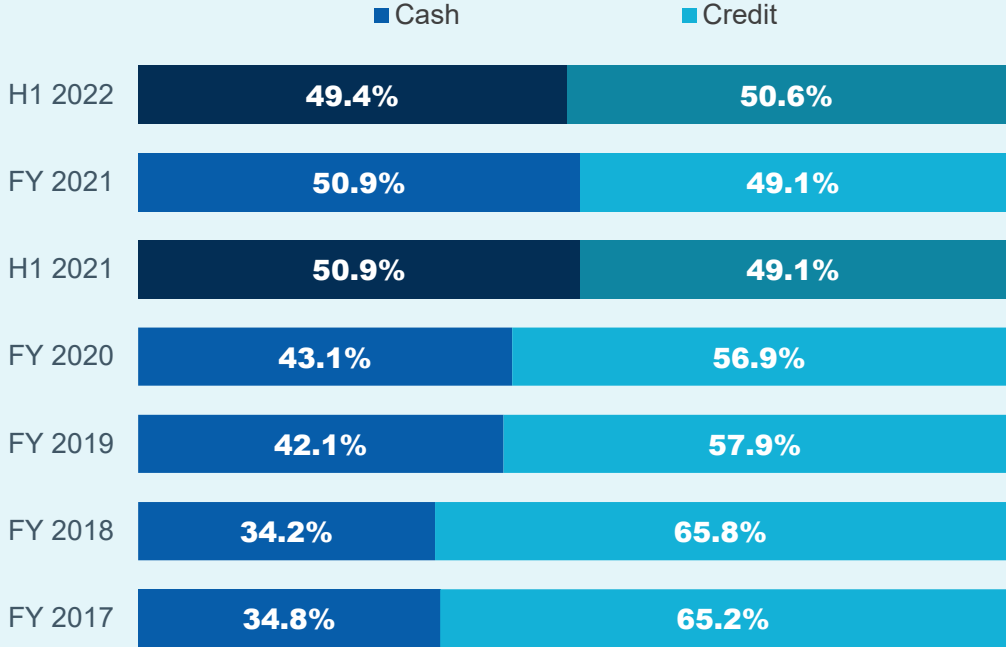


OPERATIONAL REVIEW

Credit application decline rate (%)



Sales mix

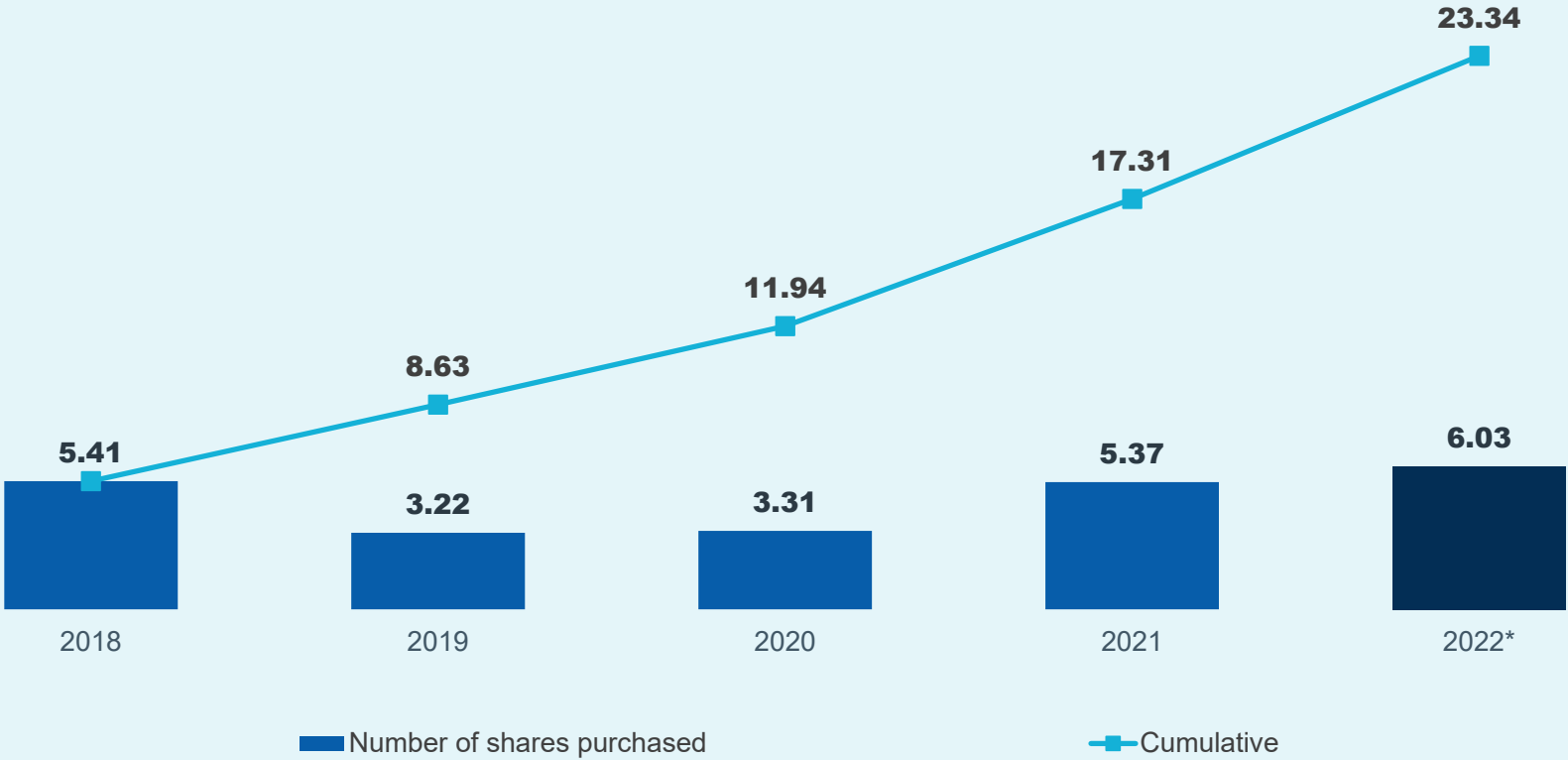


OPERATIONAL REVIEW

- Expenses tightly managed
 - Increased by 16.9%(excl. debtor costs), as a result of cost savings in H1 2021 due to six-week hard lockdown
 - Increased by 6.3% when compared to H1 2020
- Robust balance sheet
- Share repurchase programme
 - 9.1 million shares repurchased in the 12 months to September 2021
 - over 1/3 of shares in issue repurchased since listing



NUMBER OF SHARES REPURCHASED SINCE 2018 (MILLIONS)



* Includes repurchases made to the beginning of November 2021

Since listing we have repurchased 34.5% of all shares in issue

DELIVERING SHAREHOLDER RETURNS / ACTIVE CAPITAL MANAGEMENT



	2022	2021	2020
Return of capital- share buy back (Rm)	194.5	112.6	101.7
Return of income- dividends (Rm)	260.4	149.9	198.6
Total spent on increasing shareholder returns (Rm)	454.9	262.5	300.3
Market capitalisation (Rm)	2 743.2	2 195.8	1 370.4
Annual return to shareholders (%)	16.6	12.0	21.9

Average return to shareholders over 3 years

16.8%



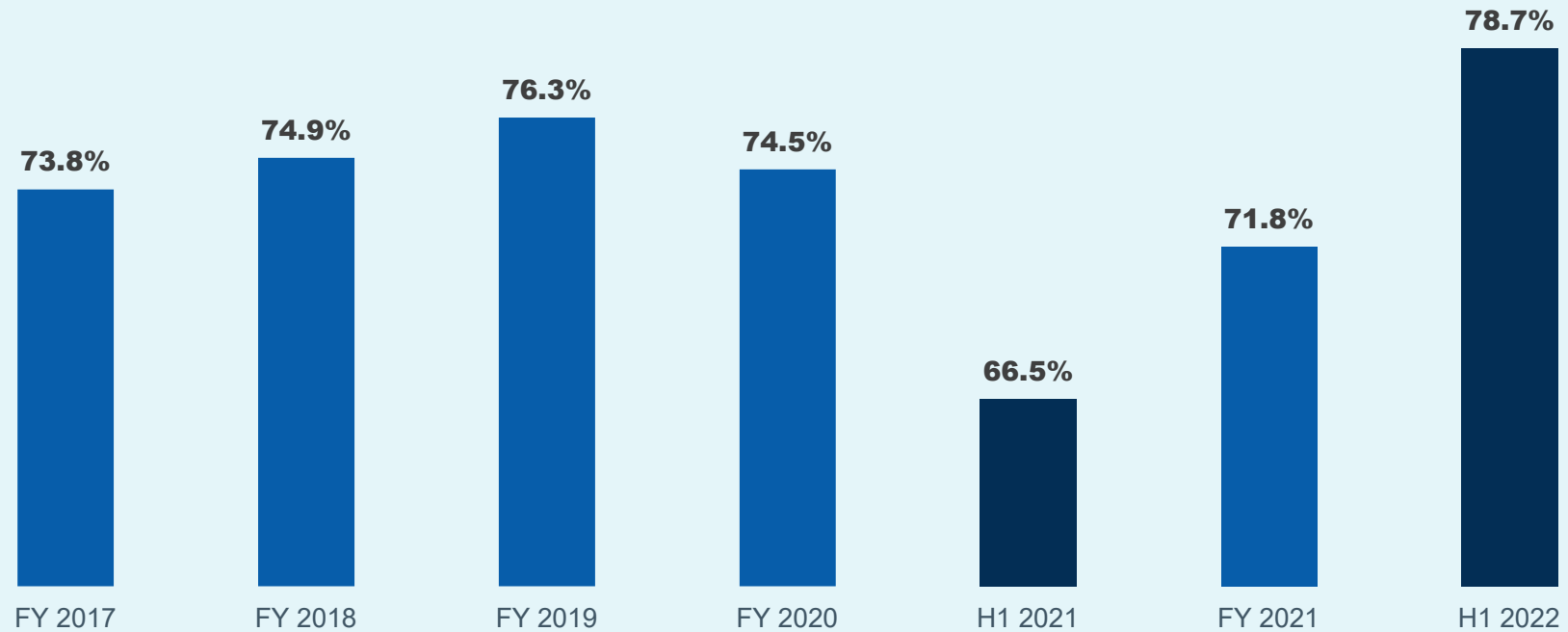
DEBTOR ANALYSIS

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DEBTOR PERFORMANCE



Group collections (%)



DEBTOR PERFORMANCE

	H1 2022	H1 2021
Collections (Rm)		
Collections from instalment sales	2 172	1 866
Actual collections achieved		
As a % of one contract instalment per customer per month	78.7%	66.5%
Contractual arrears (Rm)	2 160	2 250
% of debtors at gross carrying value	37.3%	39.1%
Debtor costs (Rm)		
Debtor costs (-32.8%)	273	406
▪ Net bad debts written off	252	372
▪ Debtors impairment provision	21	34
Debtor costs as a % of debtors at gross carrying value	4.7%	7.1%

GROSS DEBTOR ANALYSIS

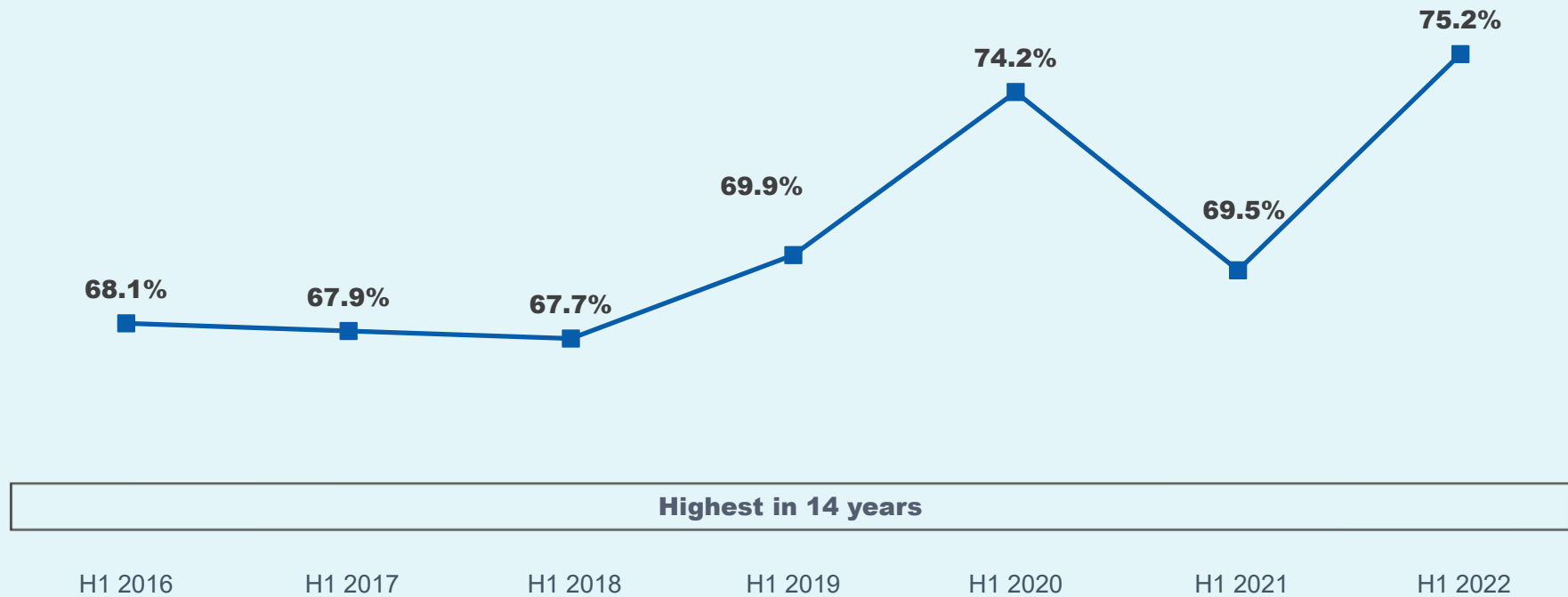
Customer grouping	Number of customers Total		Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears			
							1 R'000	2 R'000	3 R'000	>3 R'000
Satisfactory paid Customers who have paid 70% or more of amounts due over the contract period	2022	437 383	3 649 167	719 478	19.7	587 355	162 322	114 743	85 568	224 722
	%	75.2	63.1	29.4						
	2021	408 556	3 237 843	595 765	18.4	603 584	170 710	126 531	93 928	212 415
	%	69.5	56.3	23.2						
Slow payers Customers who have paid 55% to 70% of amounts due over the contract period	2022	73 965	857 018	595 531	69.5	573 041	61 321	59 357	57 135	395 228
	%	12.7	14.8	24.4						
	2021	93 028	1 051 369	687 567	65.4	637 830	75 865	73 773	71 448	416 744
	%	15.8	18.3	26.8						
Non-performing accounts Customers who have paid less than 55% of amounts due over the contract period	2022	69 941	1 280 813	1 129 178	88.2	999 503	62 430	61 582	61 003	814 488
	%	12.1	22.1	46.2						
	2021	86 504	1 461 080	1 285 053	88.0	1 008 387	75 070	74 316	73 688	785 313
	%	14.7	25.4	50.0						
Total	2022	581 289	5 786 998	2 444 187	42.2	2 159 899	286 073	235 682	203 706	1 434 438
	2021	588 088	5 750 292	2 568 385	44.7	2 249 801	321 645	274 620	239 064	1 414 472

Satisfactory paid H1 2020: 74.2%

DEBTOR PERFORMANCE



Satisfactory paid accounts (%)





FINANCIAL RESULTS





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INCOME STATEMENT

	H1 2022	H1 2021	%	H1 2020	%
Revenue (Rm)	3 406	3 034	12.2	3 083	10.5
Merchandise sales (Rm)	1 991	1 650	20.7	1 735	14.8
Gross profit margin (%)	40.2	40.5		40.3	
Operating profit (Rm)	341	277	23.3	244	39.8
Operating profit margin (%)	17.1	16.8		14.0	
Attributable earnings (Rm)	234	183	27.9	171	36.8
EPS (cents)	342	237	43.8	215	59.1

SEGMENTAL ANALYSIS



	Group	   Traditional	 Cash
Revenue (Rm)	3 406	3 130	276
Merchandise sales (Rm)	1 991	1 719	272
Operating profit (Rm)	341	320	21
Operating margin:			
H1 2022 (%)	17.1	18.6	7.6
H1 2021 (%)	16.8	18.2	8.3
Number of stores:			
H1 2022	817	773	44
H1 2021	805	764	41

ANALYSIS OF COSTS (EXCLUDING DEBTOR COSTS)



	H1 2022 Rm	H1 2021 Rm	%
Employment costs	690	622	11.0
Admin and IT	182	157	15.8
Marketing	146	90	62.3
Transport and travel	139	93	49.4
Depreciation, amortisation and impairment	186	174	7.0
Other operating costs	257	233	10.1
Total	1 600	1 369	16.9

Total operating costs grew by 6.3% compared to H1 2020

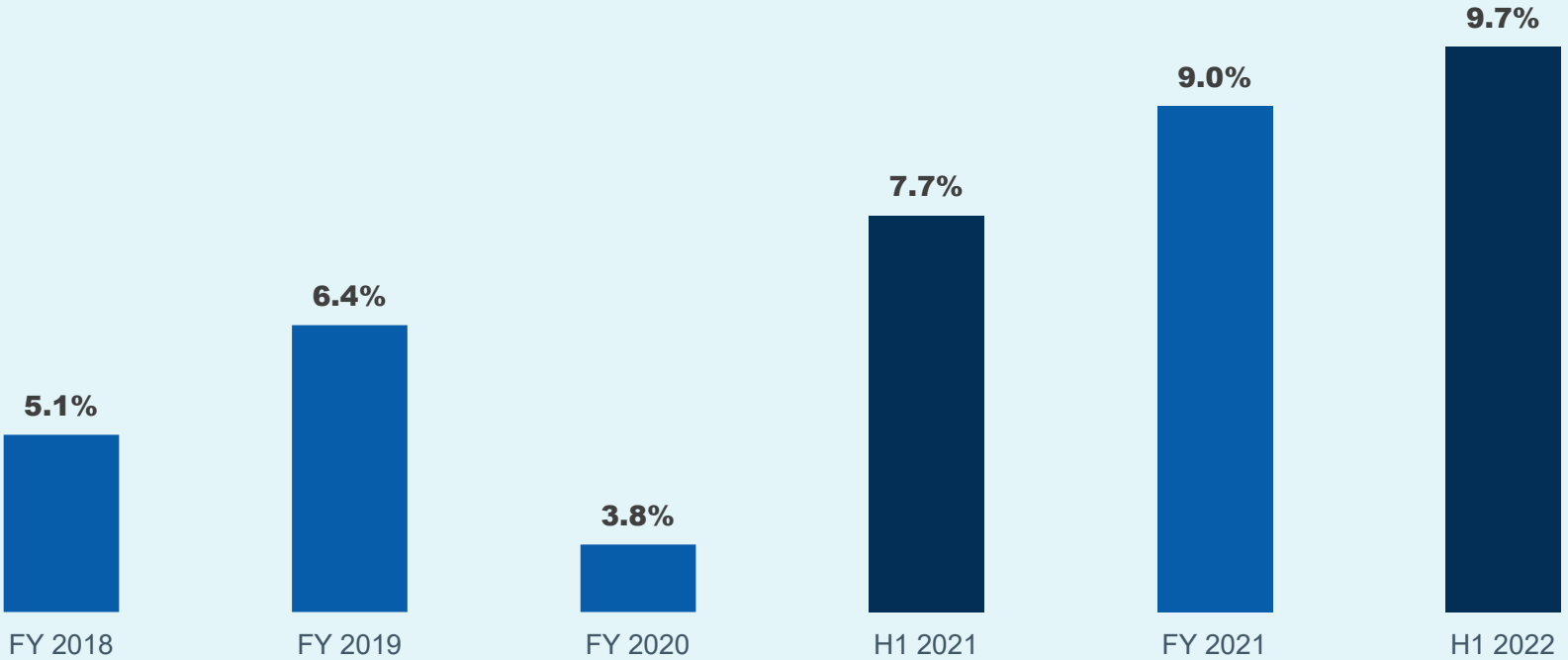
BALANCE SHEET OVERVIEW

	H1 2022 Rm	H1 2021 Rm
Property, plant, equipment and intangible assets	701	624
Right-of-use assets	661	653
Inventory	1 057	858
Trade and other receivables	3 439	3 321
Cash on hand	390	564
Other assets	779	780
Total assets	7 027	6 800
Shareholders' equity and reserves	4 737	4 813
Interest bearing borrowings	-	-
Lease liabilities	832	819
Other liabilities	1 458	1 168
Total equity and liabilities	7 027	6 800

KEY RATIOS

	H1 2022	H1 2021	%	H1 2020	%
HEPS (cents)	330	236	39.7	215	53.5
ROE – after tax (%)	9.7	7.7		7.1	
ROCE – after tax (%)	8.8	6.9		7.0	
ROA – before tax (%)	10.5	8.6		8.9	
Gearing ratio – including IFRS 16 (%)	9.3	5.3		11.9	
Total dividend declared (cents)	195	133	46.6	120	62.5

RETURN ON EQUITY



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FINANCIAL AND OPERATING TARGETS

	%	Targets		
		Actual H1 2022	2022	Medium-term
Gross profit margin		40.2	40-42	41-43
Operating profit margin		17.1	12-18	16-20
Increase in operating costs		16.9	8-12	3-5
Credit sales as a % of total sales		50.6	52-56	52-56
Satisfactory paid customers		75.2	72-75	73-76
Debtor costs as a % of debtors at gross carrying value		4.7	*13-16	*12-15
Gearing		9.3	< 15	< 25

* Year end targets

OUTLOOK

- Tougher trading conditions expected in the 2nd half of the year
 - High unemployment levels
 - Rising interest rates
 - Rising food and fuel prices
 - Uncertainty around Covid-19 and potential 4th wave
 - Ongoing Eskom loadshedding
- Business model continues to demonstrate resilience
- Well stocked ahead of Black Friday and the festive season as well as to counter the ongoing challenges in the supply chain
- More marketing muscle
- Same day delivery remains a competitive advantage
- Robust cashflows and strong balance sheet
- Share repurchase programme to continue
- Group remains on track to open 15 to 20 stores





QUESTIONS

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