



Summarised financial results

for the year ended 31 December **2021**

CA Sales Holdings Limited t/a CA&S Group

Collaboration. Activation. Sales.

Commentary

Nature of business

The CA&S group is a collective of fast-moving consumer goods service businesses that operate across the Southern African region, offering a route-to-market service to prominent multinational and local brand owners and manufacturers. The businesses offer aligned services centred around ensuring that clients' brand presence is fully maximised at retail in the different markets they serve. This includes warehousing, various models of distribution, sales, merchandising, shopper marketing and training as well as selected debtor services, strategic advisory services, category consultation and key account assistance.

Financial highlights

CA&S is pleased to announce that its results for the year ending 31 December 2021, has been exceptional despite another year of COVID-19 related trading restrictions.

Revenue increased by 1.2% to over R8.0 billion on the prior year despite trading restrictions and supply constraints triggered by uncertainty during the pandemic. Gross profit increased by 4.8% on the prior year to R1.1 billion. Net profit after taxation of R284.0 million increased by 23.1% on the prior year, aided by continual focus on operational efficiency. Headline earnings of R271.6 million (2020: R232.0 million) is 17.1% higher than the prior year.

Summarised consolidated statement of comprehensive income

	Audited year ended 31 Dec 2021 R'000	Audited year ended 31 Dec 2020 R'000
Revenue from contracts with customers	8 027 916	7 931 740
Cost of sales	(6 887 542)	(6 844 040)
Gross profit	1 140 374	1 087 700
Other operating expenses	(769 176)	(739 396)
Net impairment gains/(losses) on financial assets	858	(12 631)
Other operating income	19 455	20 184
Operating profit	391 511	355 857
Share of profit of investments accounted for using the equity method	9 537	1 519
Profit before interest and tax	401 048	357 376
Finance income	12 684	6 732
Finance costs	(24 696)	(31 218)
Profit before income tax	389 036	332 890
Income tax	(105 086)	(102 251)
Profit for the year	283 950	230 639
Other comprehensive income:		
Items that will be reclassified to profit or loss net of taxation		
Foreign currency translation differences	3 323	8 157
Total comprehensive income for the year	287 273	238 796
Profit attributable to:		
– Owners of the parent	264 529	207 723
– Non-controlling interest	19 421	22 916
Total profit for the year	283 950	230 639
Total comprehensive income attributable to:		
– Owners of the parent	267 003	215 955
– Non-controlling interest	20 270	22 841
Total comprehensive income for the year	287 273	238 796
Basic earnings per share (cent)	58.05	46.04
Diluted earnings per share (cent)	58.04	46.01

Summarised consolidated statement of changes in equity

	Audited at 31 Dec 2021 R'000	Audited at 31 Dec 2020 R'000
Opening balance at 1 January	1 655 300	1 467 556
Profit for the year	283 950	230 639
Other comprehensive income		
– Currency translation differences net of taxation	3 323	8 157
Transactions with owners:		
– Share swap	45 780	15 251
– Share-based payment costs	7 134	6 890
– Acquisition of subsidiary	–	1 418
– Transactions with non-controlling interest	(68 198)	(15 251)
– Increase in investment in subsidiary	(55 726)	–
– Dividends paid	(55 861)	(59 360)
Closing balance at 31 December	1 815 702	1 655 300
	31 Dec 2021	31 Dec 2020
Dividends paid per share (cent)	10.26	10.26

There was an impairment of goodwill to the value of R7.5 million, relating to the investment in Expo Africa Group and Promexs Limited. The Expo Africa Group has been making losses for the past two years and a decision was made to close the business. Promexs is operating in Zambia where the currency devaluation has negatively impacted on the results compared to expectation.

The group increased its shareholding in Pack 'n Stack Investment Holdings (Pty) Ltd and Logico Unlimited. For detail of the transactions with non-controlling interest, see note 6 in the financial results published on our website.

Future strategy

The group will continue its expansion, where feasible, by growing its client and customer networks and making value-adding acquisitions.

The lingering impact of COVID-19 on the economic environment is still uncertain. However, the group is well positioned with a strong balance sheet and a diverse geographical presence across Southern Africa. The group's diversified portfolio should continue to enable it to deliver sustainable results for the foreseeable future.

Summarised consolidated statement of financial position

	Audited at 31 Dec 2021 R'000	Audited at 31 Dec 2020 R'000
Assets		
Non current assets	1 054 359	1 053 596
Property, plant and equipment	521 770	512 202
Intangible assets	476 933	486 796
Investments accounted for using the equity method	27 094	19 604
Deferred income tax assets	28 562	34 994
Current assets	2 544 859	2 242 087
Inventories	585 877	554 746
Trade and other receivables	1 295 083	1 307 761
Income tax receivable	7 951	6 322
Cash and cash equivalents	655 948	373 258
Total assets	3 599 218	3 295 683
Equity and liabilities		
Equity	1 815 702	1 655 300
Stated capital	894 379	848 599
Other reserves	41 967	36 825
Retained earnings	839 030	709 113
	1 775 376	1 594 537
Non-controlling interest	40 326	60 763
Non current liabilities	262 333	303 759
Borrowings	253 268	296 070
Deferred income tax liabilities	9 065	7 689
Current liabilities	1 521 183	1 336 624
Trade and other payables	1 019 203	1 004 014
Provisions	105 497	99 114
Income tax payable	9 703	10 302
Borrowings	386 780	223 194
Total equity and liabilities	3 599 218	3 295 683

Summarised consolidated statement of cash flows

	Audited year ended 31 Dec 2021 R'000	Audited year ended 31 Dec 2020 R'000
Cash generated from operations	442 759	405 303
Interest paid	(24 696)	(31 218)
Income taxes paid	(99 967)	(109 355)
Net cash generated from operating activities	318 096	264 730
Net cash outflow from investing activities	(52 150)	(29 044)
Net cash outflow from financing activities	(168 601)	(144 123)
Net increase in cash and cash equivalents	97 345	91 563
Effects of exchange rate changes on cash and cash equivalents	1 154	3 305
Cash and cash equivalents including overdrafts at beginning of the year	245 573	150 705
Cash and cash equivalents including overdrafts at end of the year	344 072	245 573

Summarised segmental results

The group's chief operating decision makers (CODM), consisting of the chief executive officer and the finance director, examine the group's performance from a geographical perspective. The group's reportable segments are operating segments that are differentiated by the country of operation. Countries with insignificant results have been aggregated under the heading "other countries" and include Lesotho, Mauritius, Mozambique, Zambia and Zimbabwe.

The group evaluates the performance of its reportable segments based on revenue and operating profit (EBIT and adjusted EBITDA). The intersegment sales and transfers are included in the values per segment and eliminated on the intersegmental transactions line.

The segments derive their revenues from either selling and distributing fast-moving consumer goods or transport, merchandising, promotional or training services.

	Audited year ended 31 Dec 2021 R'000	(Audited) year ended 31 Dec 2020 R'000
Segmental revenue		
Botswana	4 515 887	4 586 113
Eswatini	1 246 089	1 148 856
Namibia	1 220 106	1 162 121
South Africa	1 025 401	1 057 977
Other countries	47 816	20 801
Intersegmental transactions	(27 383)	(44 128)
	8 027 916	7 931 740

Segmental adjusted EBITDA		
Botswana	199 970	182 539
Eswatini	108 623	92 856
Namibia	30 869	7 638
South Africa	128 440	166 237
Other countries	7 680	2 666
Intersegmental transactions	(1)	(1 076)
	475 581	450 860

Segmental EBIT		
Botswana	177 165	156 753
Eswatini	96 291	79 940
Namibia	25 777	(3 642)
South Africa	94 693	122 808
Other countries	7 123	2 593
Intersegmental transactions	(1)	(1 076)
	401 048	357 376

Reconciliation from adjusted EBITDA to profit after tax:		
Adjusted EBITDA	475 581	450 860
Depreciation and amortisation	(65 404)	(73 314)
Impairment of intangible assets	(9 129)	(20 170)
EBIT	401 048	357 376
Net finance cost	(12 012)	(24 486)
Taxation	(105 086)	(102 251)
Profit after tax	283 950	230 639

	Audited at 31 Dec 2021 R'000	Audited at 31 Dec 2020 R'000
Segmental assets		
Botswana	2 101 708	1 935 553
Eswatini	474 364	359 868
Namibia	300 710	334 371
South Africa	815 551	789 832
Other countries	71 209	22 949
Intersegmental transactions	(164 324)	(146 890)
	3 599 218	3 295 683

Segmental liabilities		
Botswana	1 161 193	1 121 817
Eswatini	244 744	169 676
Namibia	191 694	241 074
South Africa	302 263	249 221
Other countries	48 989	6 621
Intersegmental transactions	(165 367)	(148 026)
	1 783 516	1 640 383

CORPORATE INFORMATION

Directors:
Executive: DS Lewis, FJ Reichert.
Non-executive: FW Britz, JA Holtzhausen, PN de Waal.
Independent non-executive: LR Cronje, B Marole, E Masilela, JS Moakofi, B Patel.
Alternate non-executive: J Craven.
Registered office: 1st Floor Building C, Westend Office Park, 254 Hall Street, De Hoewes, Centurion, South Africa, 0154
BSE Sponsor: Imara Capital Securities (Pty) Ltd, Office 3A, 3rd Floor, Masa Centre, Plot 54353, New CBD, Gaborone, Botswana
CTSE Issuer Agent: PSG Capital (Pty) Ltd, 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, South Africa

Reconciliation between profit after taxation attributable to the owners of the parent and headline earnings

	Audited year ended 31 Dec 2021 R'000	Audited year ended 31 Dec 2020 R'000
Profit after taxation attributable to the owners of the parent	264 529	207 723
Profit on sale of property, plant and equipment	(2 651)	(1 978)
Impairment of intangible assets	9 129	20 170
Fair value loss on step-up acquisition	–	7 501
Tax effect on above	287	563
Non-controlling interest on above	314	(1 945)
Headline earnings attributable to owners of the parent	271 608	232 034
Headline earnings per share (cent)	59.61	51.43
Diluted headline earnings per share (cent)	59.60	51.39
Issued number of shares	461 432 502	452 206 869
Weighted average number of shares	455 674 724	451 181 340
Weighted average number of diluted shares	455 735 351	451 476 176

Notes to the summarised results

1. Basis of preparation and accounting policies

This financial report is an extract from the summarised consolidated annual financial statements which are available on the company's website (www.cas.group). The summarised consolidated annual financial statements for the year ended 31 December 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and presented according to the disclosure requirements of accounting standard IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated annual financial statements are consistent with those accounting policies applied in the preparation of the previous year's consolidated annual financial statements.

The financial information is presented in South African Rand (rounded to the nearest thousand), which is considered the reporting currency. The summarised consolidated annual financial statements have been prepared under the supervision of the Finance Director, Mr FJ Reichert CA(SA) and have been audited by PricewaterhouseCoopers Inc. The summarised consolidated annual financial statements for the year ended 31 December 2021 were approved for issue by the board on 14 March 2022.

2. New and amended standards adopted by the group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Events after balance sheet date

A reduction in the South African corporate tax rate from 28% to 27%, has been announced and will be effective from 1 April 2022. As a result, the relevant deferred tax balances will be remeasured in 2022.

Pack 'n Stack (Pty) Ltd acquired 100% of the shares of Effective Sales and Merchandising (Pty) Ltd, a company with a service offering similar to that of Pack 'n Stack (sales and merchandising), but with experience in the wholesale industry. The payment of R24.8 million for this acquisition was made before the year end as can be seen in the statement of cash flows, but consolidation will only start from 1 January 2022 as per the agreement.

Wutow Trading (Pty) Ltd has entered into a new lease for its warehouse facility in Windhoek, Namibia, on 1 January 2022. The lease has been signed for a 10-year period. The right of use asset and lease liability at inception is estimated at R115.7 million. The depreciation expense for 2022 will be R11.6 million and the interest on the lease liability will be R8.4 million. The cash outflow on the repayment of the lease liability in the next 12 months will be R12.9 million.

4. Dividends

Notice is hereby given that the final gross ordinary share cash dividend of 11.77 (Prior Year: 10.26) cents (or BWP equivalent) per share in respect of the year ended 31 December 2021 was declared on Friday 18 March 2022, for payment to the ordinary shareholders of the company, recorded in the register on Friday, 8 April 2022, at the close of business on Monday, 11 April 2022. In line with the company's dividend policy, the dividend was maintained at 20% of the headline earnings.

The ex-dividend date for shareholders on the Botswana Stock Exchange will be Wednesday, 6 April 2022 and Friday, 8 April 2022 for shareholders on the Cape Town Stock Exchange. The record date to appear in the register to participate in the dividend will be Friday, 8 April 2022. The dividend will be paid on Monday, 11 April 2022. The South African register will be closed for the purposes of dematerialisation, re-materialisation from Wednesday, 6 April 2022 to Friday, 8 April 2022, both dates inclusive, and for transfers between the South African and Botswana registers between Wednesday, 6 April 2022 and Friday, 8 April 2022, both dates inclusive. The exchange rate applicable for the conversion of ZAR to BWP, tax implications and other information on the payment to shareholders on the Botswana Stock Exchange register will be confirmed in a separate announcement to be released on BSE X-news and the Cape Town Stock Exchange news portal on Wednesday, 23 March 2022, being the finalisation date.

The number of issued shares at the declaration date is 461 432 502. The dividend has been declared from income reserves. The tax registration number of the company is 9390266170.

As per the double tax agreement between Botswana and South Africa, the South African withholding tax of 15% is deducted from dividends distributed to shareholders registered on the Botswana Stock Exchange. This dividend is treated as a foreign dividend for Botswana shareholders. In respect of shareholders registered on the Cape Town Stock Exchange, the dividend payable is subject to a 20% withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 9.4160 cents per share. Shareholders must take individual advice as to applicable taxes.

For and on behalf of the board

Chairman: JA Holtzhausen
Chief Executive Officer: DS Lewis
Centurion
18 March 2022