



CA SALES HOLDINGS

(Incorporated in the Republic of South Africa)
(Registration number 2011/143100/06)
Botswana registration number EX2017/18292
Share code: CAS ISIN: ZAE400000036
("CA Sales" or "the group")

Condensed interim financial results

FOR THE SIX MONTHS ENDED 30 JUNE 2019

REVENUE

(Rm)
2 936.6

▲ 20.6%

HEADLINE EARNINGS

(Rm)
73.3

▲ 60.4%

HEADLINE EARNINGS PER SHARE

(cents)
16.3

▲ 59.3%

NET ASSET VALUE PER SHARE

(cents)
2.9

▲ 11.4%

RECONCILIATION BETWEEN PROFIT AFTER TAXATION ATTRIBUTABLE TO THE OWNERS OF THE PARENT AND HEADLINE EARNINGS:

	(Unaudited) six months ended 30 Jun 2019 R'000	(Unaudited) six months ended 30 Jun 2018 R'000	(Audited) year ended 31 Dec 2018 R'000
Profit after taxation attributable to the owners of the parent	73 425	46 053	152 755
Adjustments as per SAICA Circular 04/2018:			
Profit on sale of property, plant and equipment	(1 048)	(699)	(2 171)
Loss on sale of associated companies	–	–	835
Impairment of intangible assets	–	–	27 000
Impairment of investment in associate	548	–	–
Tax effect on above	288	170	654
Non-controlling interest on above	55	168	328
Headline earnings attributable to owners of the parent	73 268	45 692	179 401
Headline earnings per share (cent)	16.33	10.25	40.11
Diluted headline earnings per share (cent)	16.31	10.25	39.95
Issued number of shares	449 219 484	448 520 150	448 520 150
Weighted average number of shares	448 753 261	445 929 670	447 224 910
Weighted average number of diluted shares	449 310 418	445 929 670	449 098 595

On 9 May 2019, share options of 699 334 shares were exercised by the executive director.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

This interim financial report is an extract from the condensed consolidated interim financial statements which are available on the group's website (www.casholdings.co.za). The condensed consolidated financial statements for the six months ended 30 June 2019, have been prepared in accordance with International Financial Reporting Standards (IFRS) and presented according to the disclosure requirements of accounting standard IAS 34 *Interim Financial Reporting*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

The financial information is presented in South African Rand (rounded to the nearest thousand), which is considered the reporting currency. The condensed consolidated interim financial statements have been prepared under the supervision of the Chief Financial Officer, Mr FJ Reichert CA(SA) and have not been reviewed by the auditors. These condensed consolidated interim financial statements were approved for issue by the board on 2 September 2019.

2. New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases.

The following values increased as a result of the adoption of IFRS 16, as at 30 June 2019:

	R'000
EBITDA	15 849
Assets	67 323
Liabilities	69 354

Earnings per share decreased by 0.33 cent per share for the six months to 30 June 2019 as a result of the adoption of IFRS 16.

More detail on the impact of the adoption of these standards and the new accounting policies are disclosed in the complete set of interim results on the group's website. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

3. Events occurring after the reporting period

Pack 'n Stack Holdings Proprietary Limited, a subsidiary of CA Sales Holdings Limited, is in the process of acquiring a business in the sales and merchandising services industry. The proposed acquisition is currently with the Competition Commissioner for evaluation. The transaction is below 5% of CA Sales' market capital.

4. Dividends

The company has a policy of declaring dividends once a year based on the annual results.

For and on behalf of the board

Chairman: JA Holtzhausen
Chief Executive Officer: DS Lewis

Johannesburg
2 September 2019

CONDENSED SEGMENTAL RESULTS

	(Unaudited) six months ended 30 Jun 2019 R'000	(Unaudited) six months ended 30 Jun 2018 R'000	(Audited) year ended 31 Dec 2018 R'000
Segmental revenue			
Botswana	1 741 647	1 439 109	3 364 479
Eswatini	380 980	306 879	714 014
Namibia	342 971	326 871	719 984
South Africa	478 053	358 645	761 434
Other countries	8 328	4 333	7 937
Intersegmental transactions	(15 349)	–	(12 315)
	2 936 630	2 435 837	5 555 533
Segmental EBITDA			
Botswana	77 937	38 301	151 027
Eswatini	30 570	25 757	66 614
Namibia	14 971	4 454	21 646
South Africa	44 744	37 615	85 725
Other countries	2 835	754	2 303
Intersegmental transactions	(4 415)	(7 452)	(4 346)
	166 642	99 429	322 969
Segmental EBIT			
Botswana	66 111	31 770	120 615
Eswatini	27 101	23 406	61 874
Namibia	10 614	3 843	20 314
South Africa	30 741	32 940	76 255
Other countries	2 802	689	2 164
Group transactions	(4 423)	(7 457)	(17 846)
	132 946	85 191	263 376
Segmental assets			
Botswana	1 566 221	1 438 988	1 599 229
Eswatini	268 534	196 774	237 285
Namibia	264 296	237 971	253 207
South Africa	678 953	567 039	602 151
Other countries	15 647	20 201	17 514
Intersegmental transactions	(161 064)	(159 132)	(152 453)
	2 632 587	2 301 841	2 556 933
Segmental liabilities			
Botswana	969 228	904 874	1 003 872
Eswatini	133 221	78 110	91 748
Namibia	162 022	147 845	151 845
South Africa	177 209	119 869	125 969
Other countries	4 155	4 228	7 188
Intersegmental transactions	(159 888)	(156 987)	(151 338)
	1 285 947	1 097 939	1 229 284
Reconciliation from EBITDA to profit after tax:			
EBITDA	166 642	99 429	322 969
Depreciation and amortisation	(33 696)	(14 238)	(32 593)
Impairment of intangible assets	–	–	(27 000)
EBIT	132 946	85 191	263 376
Net finance cost	(15 335)	(3 586)	(14 473)
Taxation	(36 691)	(27 869)	(76 897)
Profit after tax	80 920	53 736	172 006

COMMENTARY

Nature of business

CA Sales specialises in the fast-moving consumer goods industry and delivers route-to-market services to manufacturers or owners of some of the world's leading and most prominent brands. The service offering includes warehousing, distribution, selling, merchandising, shopper marketing, training and debtor's administration. The group has a varied geographical presence across Southern Africa operating in Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

Financial highlights

CA Sales is pleased to announce its half year results for the period ending 30 June 2019. Revenue increased by 20.6% to over R2.9 billion from R2.4 billion in the prior interim period, through mostly organic growth. In a challenging operating environment, management continues to focus on capability building, delivering operational excellence, efficient stock management, dynamic service levels and continual cost efficiencies. This resulted in a corresponding increase in gross profit of 18.0% to R451.2 million (H1 2018: R382.4 million) and a robust 60.4% increase in headline earnings to R73.3 million (H1 2018: R45.7 million). Headline earnings per share was up 59.3% to 16.33 cents per share (H1 2018: 10.25 cents).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) six months ended 30 Jun 2019 R'000	(Unaudited) six months ended 30 Jun 2018 R'000	(Audited) year ended 31 Dec 2018 R'000
Revenue	2 936 630	2 435 837	5 555 533
Cost of sales	(2 485 450)	(2 053 447)	(4 731 467)
Gross profit	451 180	382 390	824 066
Other operating expenses	(327 198)	(300 726)	(579 143)
Other operating income	8 893	1 641	15 262
Operating profit	132 875	83 305	260 185
Share of profit of investments accounted for using the equity method	71	1 886	3 191
Profit before interest and tax	132 946	85 191	263 376
Finance income	4 105	2 896	8 463
Finance costs	(19 440)	(6 482)	(22 936)
Profit before income tax	117 611	81 605	248 903
Income tax	(36 691)	(27 869)	(76 897)
Profit for the period	80 920	53 736	172 006
Other comprehensive income:			
Items that will be reclassified to profit or loss net of taxation			
Foreign currency translation differences net of taxation	(5 114)	12 635	17 734
Share of other comprehensive income of associated companies net of taxation	–	33	–
Total comprehensive income for the period	75 806	66 404	189 740
Profit attributable to:			
– Owners of the parent	73 425	46 053	152 755
– Non-controlling interest	7 495	7 683	19 251
Total profit for the period	80 920	53 736	172 006
Total comprehensive income attributable to:			
– Owners of the parent	68 337	58 638	170 356
– Non-controlling interest	7 469	7 766	19 384
Total comprehensive income for the period	75 806	66 404	189 740
Basic earnings per share (cent)	16.36	10.33	34.16
Diluted earnings per share (cent)	16.34	10.33	34.01

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited) 30 Jun 2019 R'000	(Unaudited) 30 Jun 2018 R'000	(Audited) 31 Dec 2018 R'000
Opening balance	1 327 649	1 183 868	1 183 868
Total comprehensive income for the period	75 806	66 404	189 740
Profit	80 920	53 736	172 006
Other comprehensive income:			
Currency translation differences net of taxation	(5 114)	12 668	17 734
Transactions with owners:			
Share-based payment cost of share options exercised	(2 855)	(14 110)	(14 110)
Share-based payment costs	3 044	2 588	4 197
Acquisition of subsidiary	–	–	445
Transaction with non-controlling interest	(16 678)	(1 285)	(803)
Dividends paid	(40 326)	(33 563)	(35 688)
Closing balance	1 346 640	1 203 902	1 327 649
	30 Jun 2019	30 Jun 2018	31 Dec 2018
Dividends paid per share	7.96	5.99	5.99

Despite head winds in some of the territories in which the businesses operate, the group produced pleasing results. The growth on prior year was underpinned by a good overall performance from all the major operations for the first six months of the year.

Total assets increased by 14.6% to R2.6 billion due to the increase in right-of-use assets in accordance with IFRS 16, as well as a significant increase in working capital mainly due to the increased revenue.

Future strategy

The group will continue its expansion by growing its principal and customer networks and making value-adding acquisitions, broadening its footprint further across the African continent.

It is expected that the challenging economic environment and difficult trading conditions will continue for the time being. The group is well positioned with a strong balance sheet and a diverse geographical presence across Southern Africa.

The group's diversified portfolio should enable it to deliver sustainable results for the remainder of the year.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) at 30 Jun 2019 R'000	(Unaudited) at 30 Jun 2018 R'000	(Audited) at 31 Dec 2018 R'000
Assets			
Non-current assets	1 080 803	1 016 889	983 210
Property, plant and equipment	507 792	420 370	419 062
Intangible assets	537 636	564 625	540 236
Investments accounted for using the equity method	25 298	19 344	13 923
Deferred income tax assets	10 077	12 550	9 989
Current assets	1 551 784	1 284 952	1 573 723
Inventories	386 291	338 096	335 958
Trade and other receivables	964 133	757 603	1 004 987
Income tax receivable	9 471	10 221	5 456
Cash and cash equivalents (excluding overdrafts)	191 889	179 032	227 322
Total assets	2 632 587	2 301 841	2 556 933
Equity and liabilities			
Equity	1 346 640	1 203 902	1 327 649
Stated capital	833 210	841 526	833 348
Other reserves	25 503	23 639	30 264
Retained earnings	438 221	297 374	411 569
Non-controlling interest	49 706	41 363	52 468
Non-current liabilities	341 459	320 030	306 596
Borrowings	336 744	316 246	301 268
Deferred income tax liabilities	4 715	3 784	5 328
Current liabilities	944 488	777 909	922 688
Trade and other payables	604 914	550 727	691 185
Provisions	65 795	37 830	52 351
Income tax payable	8 666	2 640	2 980
Borrowings	265 113	186 712	176 172
Total equity and liabilities	2 632 587	2 301 841	2 556 933

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) six months ended 30 Jun 2019 R'000	(Unaudited) six months ended 30 Jun 2018 R'000	(Audited) year ended 31 Dec 2018 R'000
Cash generated from operations	146 047	82 507	286 480
Working capital changes	(85 536)	97 113	16 564
Taxation paid	(35 581)	(41 391)	(79 048)
Net cash flow generated from operating activities	24 930	138 229	223 996
Net cash flow used in investment activities	(27 115)	(5 302)	(873)
Net cash flow used in financing activities	(101 651)	(172 492)	(176 210)
Net movement in cash and cash equivalents	(103 836)	(39 565)	46 913
Effects of exchange rate changes on cash and cash equivalents	(1 399)	2 328	4 378
Cash and cash equivalents at the beginning of the period	147 874	96 583	96 583
Cash and cash equivalents at the end of the period	42 639	59 346	147 874
Bank overdrafts	(149 250)	(119 686)	(79 448)
Cash and cash equivalents reported per the statement of financial position	191 889	179 032	227 322