

CHOPPIES

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CHOPPIES ENTERPRISES LIMITED

Registration number 2004/1681
ISIN:BW0000001072
JSE SHARE CODE: CHP
BSE SHARE CODE: CHOPPIES
Tax Reference Number: C08710401018
“Choppies” or the “Company” or “the Group”

ABRIDGED AUDITED GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The Board of Choppies Enterprises Limited announces the results of the Group for the year ended June 2020.

Financial highlights

Key financial data -

Continuing businesses only (audited)

	2020	2019	Change
	Pula Millions	Pula Millions	
Revenue	5,421	5,359	1%
Gross profit	1,253	1,216	3%
Gross margin	23.1%	22.7%	40 bps
Operating profit	208	92	126%
Operating margin	3.8%	1.7%	212 bps
Profit for the period	99	7	1314%
Earnings per share basis	8.1 Thebe	0.9 Thebe	767%
Headline earnings per share basic	9.1 Thebe	2.8 Thebe	227%
Net cash flows generated from operating activities	619,148	551,381	67,767
Cash and cash equivalents at end of the period	(88,061)	(41,440)	(46,621)
Total business (audited)	2020	2019	Change
Loss for the period	(371)	(429)	(14%)
Earnings per share basis	(25.3 Thebe)	(30.2 Thebe)	(16%)
Headline earnings per share basic	(15.3 Thebe)	(25.9 Thebe)	(41%)

The disclosure of the Group's results is affected by:-

- The decision of the Board to discontinue / dispose of its operations in South Africa, Kenya, Tanzania, and Mozambique. Accordingly, the results of these operations are disclosed with effect from 1 July 2019 in terms of IFRS 5 “Discontinued Operations”.
- The introduction of IFRS 16 – Leases. The Group has adopted the modified retrospective approach. Under this approach, comparative information is not restated. Consequently, the date of initial application is the first day of the 2020 financial year.

Commentary will focus only on the continuing operations.

The impact of IFRS 16 on FY2020 is shown in the table below where we restated FY2020 to be comparable to FY2019, where IFRS 16 was not applied.

	Botswana	Zambia	Zimbabwe	Namibia	Total for Continued operations
Impact of IFRS 16 on EBITDA growth rates					
As reported - P'000					
FY2020 EBITDA as reported after IFRS 16	468,079	(9,024)	19,495	(5,697)	472,853
FY 2019 EBITDA as reported before for IFRS 16	258,343	(38,032)	15,149	(9,233)	226,228
% Growth as reported	81.2%	(76.3%)	28.7%	(38.3%)	109.0%
Pula variance FY2020 to FY2019 as reported	209,736	29,008	4,346	3,536	246,625
Restating FY2020 for IFRS 16 to be comparable to FY2019 - P'000					
FY2020 EBITDA as reported before IFRS 16	316,556	(4,366)	15,725	(11,261)	316,654
% Growth on a comparable basis	22.5%	(88.5%)	3.8%	22.0%	40.0%
Pula variance FY2020 to FY2019 comparable basis	58,213	33,666	576	(2,028)	90,426

Group revenue, comprising of sale of goods, from the continuing operations, increased by 1.1% to P5 421 million (2019: P5 359 million). This increase was inflation driven in Botswana and Zimbabwe against a backdrop of negative sales volumes in Botswana and Zimbabwe due to the impact of the Covid-19 pandemic. The impact of the COVID-19 pandemic on the Group's continuing operations revenue is estimated at P190 million.

Gross profit margins improved slightly to 23.1% (2019: 22.7%) following another good performance in the Botswana operations.

Group EBITDA on a comparable basis (i.e. before accounting for IFRS 16) increased to P316.7 million (2019 P226.3 million) due to the improvement in gross profit margins and strict cost control.

Total assets reduced by P346.3 million from P2 187.1 to P1 840.8 million despite the addition of right-of-use assets in terms of IFRS 16 to the value of P772.1m. The net reduction in total assets was mainly as a result of the discontinued operations.

Net borrowings excluding the IFRS 16 Lease liabilities decreased from P660.3 million to P636.1 million as the Group continues to prioritize the reduction of debt.

The Board has considered it prudent to not declare a dividend for the period under review

This short form announcement is the responsibility of the Board of Directors of Choppies Enterprises Limited and is a summary of the information in the full announcement available on the Stock Exchange News Service ("SENS") at <https://senspdf.jse.co.za/documents/2020/JSE/ISSE/CHP/CHPJUNE20.pdf> and on the Group's website: <https://choppiesgroup.com/investor-relations/>.

This announcement does not contain full details and should not be used as a basis for any investment decision in relation to the Company's shares. The full announcement is also available for inspection, at no charge, at the Company's registered office (Plot 50371, Fairgrounds office park, Gaborone, Botswana.) and the office of the Sponsor during standard office hours.

25 September 2020

Sponsors:

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