



CA SALES HOLDINGS

(Incorporated in the Republic of South Africa)
South African registration number: 2011/143100/06
Botswana registration number: 2011/143100/06
Share code: CAS ISIN: ZAE400000396
("CA Sales" or "the group")

Condensed audited consolidated results

FOR THE YEAR ENDED 31 DECEMBER 2018

COMMENTARY

Nature of business

CA Sales operates within the Fast-Moving Consumer Goods industry and delivers route-to-market services to blue-chip manufacturers. The service offering includes selling, merchandising, warehousing, distribution, shopper promotions, training and dealer's administration. The group has a diverse 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 year-end results for the year ended 31 December 2018. Revenue increased by 14.8% to over R5.5 billion from R4.8 billion in the prior year, through a combination of organic and acquisitive growth. In a challenging operating environment, management continued to focus on margin retention, stock management, dynamic service levels and continual cost analysis. This resulted in a double digit increase in gross profit of 14% to R224.1 million (2017: R223.6 million) and a robust 31% increase in headline earnings to R179.4 million (2017: R136.8 million). This was also supported by the increased shareholding in major subsidiaries towards the end of last year. Headline earnings per share was up 20% to 40.1 cents per share (2017: 33.23 cents).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Audited) year ended 31 Dec 2018 R'000	(Audited) year ended 31 Dec 2017 R'000
Revenue	5 555 533	4 838 511
Cost of sales	(4 731 467)	(4 114 878)
Gross profit	824 066	723 633
Other operating expenses	(579 143)	(520 051)
Other operating income	15 262	27 680
Operating profit	260 185	231 262
Share of profit of investments accounted for using the equity method	3 191	464
Profit before interest and tax	263 376	231 726
Finance income	8 463	13 265
Finance costs	(22 936)	(16 175)
Profit before income tax	248 903	228 816
Income tax	(76 897)	(56 969)
Profit for the year	172 006	171 847
Attributable to:		
Owners of the parent	152 755	144 737
Non-controlling interest	19 251	27 110
Other comprehensive income:		
Items that will be reclassified to profit or loss net of taxation		
Foreign currency translation differences	17 734	(3 999)
Total comprehensive income for the year	189 740	167 848
Attributable to:		
Owners of the parent	170 356	140 760
Non-controlling interest	19 384	27 088
Basic earnings per share (cent)	34.16	35.14
Diluted earnings per share (cent)	34.01	34.46

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Audited) at 31 Dec 2018 R'000	(Audited) at 31 Dec 2017 R'000
Opening balance	1 183 868	1 025 820
Total comprehensive income for the year	189 740	167 848
Profit	172 006	171 847
Other comprehensive income: Currency translation differences net of taxation	17 734	(3 999)
Transactions with owners		
Shares issued net of capitalised listing fees exercised	(14 110)	132 582
Share-based payment cost of share options exercised	4 197	4 333
Acquisition of subsidiary	445	3 641
Transaction with non-controlling interest	(603)	(117 577)
Dividends paid	(35 688)	(32 779)
Closing balance	1 327 649	1 183 868

HEADLINE EARNINGS PER SHARE

(cents)
40.1
▲ 20.7%

TOTAL DIVIDEND PER SHARE

(cents)
7.96
▲ 32.9%

REVENUE

(Rm)
5 555.5
▲ 14.8%

EBITDA

(Rm)
323.0
▲ 20.7%

NET ASSET VALUE PER SHARE

(cents)
284.3
▲ 10.7%

The group is pleased with the solid results produced by the major operating companies, despite the challenging economic environment in Namibia and South Africa. Manufactures' below the line marketing spend cuts have however negatively impacted on the marketing and promotional operations.

Goodwill of R90.5 million arising on the acquisition of Expo Africa Group and SMC Namibia has been impaired by R27 million based on the reassessment of the cash-generating units' future cash flows, negatively impacting earnings per share.

Total assets increased by 22% to R2.5 billion mainly as a result of the acquisition of the land and buildings in Botswana. The bond over these properties increased the group's debt-to-equity ratio to 36% (2017: 26%).

Future strategy

CA Sales will continue its expansion by growing its principal and customer networks and making value-adding acquisitions, widening its footprint further into new markets.

It is expected that the difficult economic environment in certain markets will prevail for the time being. The group is, however, 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 in the future.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Audited) at 31 Dec 2018 R'000	(Audited) at 31 Dec 2017 R'000
Assets		
Non-current assets	983 210	696 141
Property, plant and equipment	419 062	100 807
Intangible assets	540 236	566 591
Investments accounted for using the equity method	13 923	16 273
Deferred income tax assets	9 989	12 470
Current assets	1 573 723	1 397 805
Inventories	335 958	313 550
Trade and other receivables	1 004 997	878 389
Income tax receivable	5 456	1 725
Cash and cash equivalents (excl overdrafts)	227 322	204 141
Total assets	2 556 933	2 093 946
Equity and liabilities		
Equity	1 327 649	1 183 868
Stated capital	833 348	841 526
Other reserves	30 264	14 398
Retained earnings	411 569	286 145
Non-controlling interest	52 468	41 799
Non-current liabilities	306 596	27 532
Borrowings	301 268	23 308
Deferred income tax liabilities	5 328	4 224
Current liabilities	922 668	882 546
Trade and other payables	691 185	543 120
Provisions	52 351	52 624
Income tax payable	2 980	5 557
Borrowings	176 172	281 245
Total equity and liabilities	2 556 933	2 093 946

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Audited) year ended 31 Dec 2018 R'000	(Audited) year ended 31 Dec 2017 R'000
Cash generated from operations	286 477	247 900
Working capital changes	16 567	(222 374)
Taxation paid	(79 048)	(69 250)
Net cash generated from/(utilised by) operating activities	223 996	(33 724)
Net cash used in investment activities	(873)	(71 476)
Net cash (used in)/generated by financing activities	(176 210)	70 078
Net movement in cash and cash equivalents	46 913	(35 122)
Effects of exchange rate changes on cash and cash equivalents	4 378	(690)
Cash and cash equivalents at the beginning of the year	96 583	132 395
Cash and cash equivalents at the end of the year	147 874	96 583
Bank overdrafts	(79 448)	(107 558)
Cash and cash equivalents reported per the statement of financial position	227 322	204 141

The ex-dividend date for shareholders on the Botswana Stock Exchange will be Wednesday, 3 April 2019 and Monday, 8 April 2019 for shareholders on the 4 Africa Exchange. The record date to appear in the register to participate in the dividend will be Friday, 5 April 2019. The dividend will be paid on Friday, 12 April 2019. The South African register will be closed for the purposes of dematerialisation, re-materialisation from Wednesday, 3 April 2019 to Friday, 5 April 2019, both dates inclusive, and for transfers between the South African and Botswana registers between Wednesday, 3 April 2019 and Friday, 5 April 2019, 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 4 Africa News Service on Tuesday, 26 March 2019, being the finalisation date.

The number of issued shares at the declaration date is 448 520 150. The dividend has been declared from income reserves. The tax registration number of the company is 9090266170. 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 4 Africa Exchange, the dividends payable is subject to a 20% withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 6.368 cents per share. Shareholders must take individual advice as to applicable taxes.

For and on behalf of the board
Chairman: JA Holzhausen
Chief Executive Officer: FW Britz

Johannesburg
20 March 2019

CONDENSED SEGMENTAL RESULTS

	(Audited) year ended 31 Dec 2018 R'000	(Audited) year ended 31 Dec 2017 R'000
Segmental revenue		
Botswana	3 364 479	3 078 832
Eswatini (Swaziland)	714 014	636 288
Namibia	719 984	478 875
South Africa	761 434	642 459
Other countries	7 937	2 057
Group transactions	(12 315)	-
5 555 533	4 838 511	
Segmental EBITDA		
Botswana	151 027	111 449
Eswatini (Swaziland)	66 614	60 874
Namibia	21 646	23 869
South Africa	65 725	78 629
Other countries	2 303	146
Group transactions	(4 346)	(7 329)
322 969	267 638	
Segmental EBIT		
Botswana	120 615	96 059
Eswatini (Swaziland)	61 874	53 032
Namibia	20 314	23 095
South Africa	76 255	66 853
Other countries	2 164	30
Group transactions	(17 846)	(7 343)
263 376	231 726	
Segmental assets		
Botswana	1 599 229	1 162 868
Eswatini (Swaziland)	237 285	231 100
Namibia	253 207	255 435
South Africa	602 151	569 572
Other countries	17 514	3 669
Group transactions	(152 453)	(128 668)
2 556 933	2 093 946	
Segmental liabilities		
Botswana	1 003 872	673 364
Eswatini (Swaziland)	91 748	118 451
Namibia	151 845	153 428
South Africa	125 969	90 408
Other countries	7 188	3 097
Group transactions	(151 338)	(128 668)
1 229 284	910 078	

Reconciliation from EBITDA to profit after tax:

EBITDA	322 969	267 638
Depreciation and amortisation	(32 593)	(35 912)
Impairment of intangibles assets	(27 000)	-
Net finance cost	(2 910)	(2 910)
Taxation	(76 897)	(56 969)
Profit after tax	172 006	171 847