

# Edgars



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**Edgars Borrowdale**  
Panoramic View



Results for the 52 weeks  
ended 7 January 2012



own your look 



# Agenda

- Retail environment
- Financial highlights
- Year-end results
- Operational performance
- Credit management
- 2012 targets @ a glance
- Questions

# Retail Environment







# Retail Environment

- Liquidity crisis in the 2<sup>nd</sup> half affected Christmas trading
- Bonus for civil servants delayed leaving three shopping days
- Companies struggled to pay salaries and bonuses
- Disposable incomes reduced by personal loans
- As a result, demand flattened markedly and turnover since Oct disappointing



# Our Promise @March 2011

## Briefing

At our last presentation we promised:

Turnover	\$48-\$50m	✓ \$51,1m
No of Debtors	>150K	✓ 158,9K
Trading profit %	> 15%	☺ 14,6%
Fin costs % - t/o	< 4.5%	✗ 5.5%
Borrowings cover debtors	1x	✓ 1,24x



# Financial Highlights

Retail sales of \$51m	44%
Trading profit of \$7,5m	77%
Earnings per share of 1.37cents	120%
Gearing improves from 3.77 to 1.97	48%
No. of debtors 158,901	43%
\$12,8m improvement - CF from operations	115%





# Income Statement %

	TY	LY
	% to sales	% to sales
Gross profit	48.0	48.6
Employment costs	(11.2)	(11.6)
Occupancy costs	(6.3)	(7.0)
Trade receivable costs	(2.4)	(2.4)
Profit before tax	9.1	6.1
PAT	6.5	4.3





# Cash Flow Statements \$000's

	2011	2010	%
Cash EBITDA	9,045	5,056	79
Working capital movements	(4,494)	(14,098)	(68)
Cash generated/(utilised) operations	4,551	(9,042)	150
Finance costs paid	(2,843)	(2,054)	38
Taxation paid	(3)	(0)	1,037
Cash flow from operations	1,705	(11,097)	115
Net cash used in investing	(1,516)	(185)	718
Net cash from financing	(0)	11,041	(100)
Increase in cash & equivalents	189	242	(178)



# Financial Position \$000's

	<b>Dec 2011</b>	<b>Dec 2010</b>	<b>Dec 2009</b>
Non-current assets	4,572	3,076	3,007
Inventories	8,850	7,535	4,205
Trade and other receivables	19,515	15,893	2,782
Cash and cash equivalents	317	128	369
Total assets	33,254	26,632	10,363
Total equity	7,792	4,129	2,563
Borrowings	15,652	15,698	4,658
Other liabilities	9,810	6,805	3,142
Total equity and liabilities	33,254	26,632	10,363

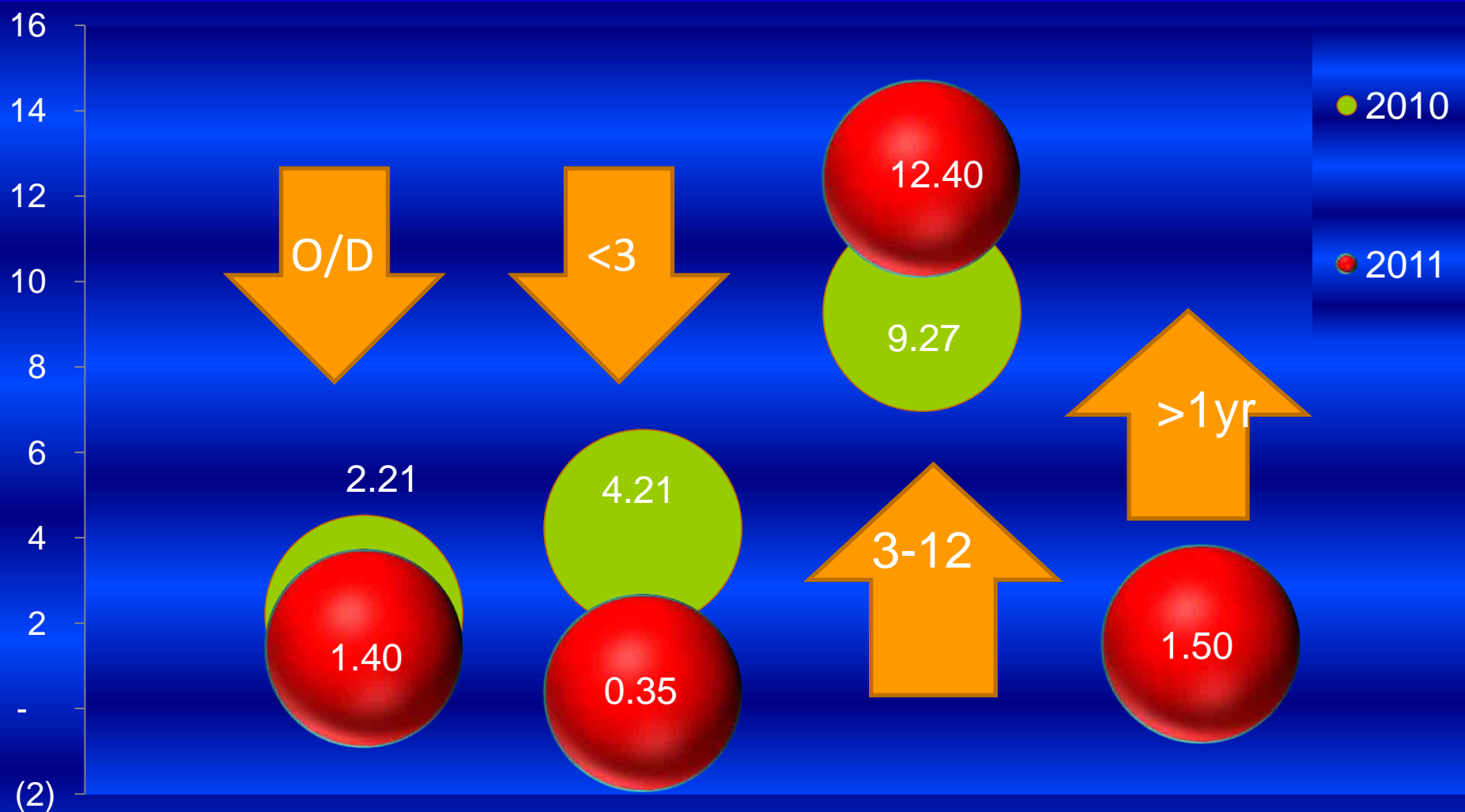


# Borrowings

- Turnaround in cash generation of \$12,8million
- Borrowings net of cash reduced to \$15,3million vs \$15,6 million LY
- Borrowings cover (stock & debtors) improved to 1,81x from 1,49x
- Cost of borrowings improved to 14,55% from 18,2% LY.
- In the process of negotiating for longer tenures at lower rates
- Tenures on current borrowings have improved



# Borrowings - Tenures



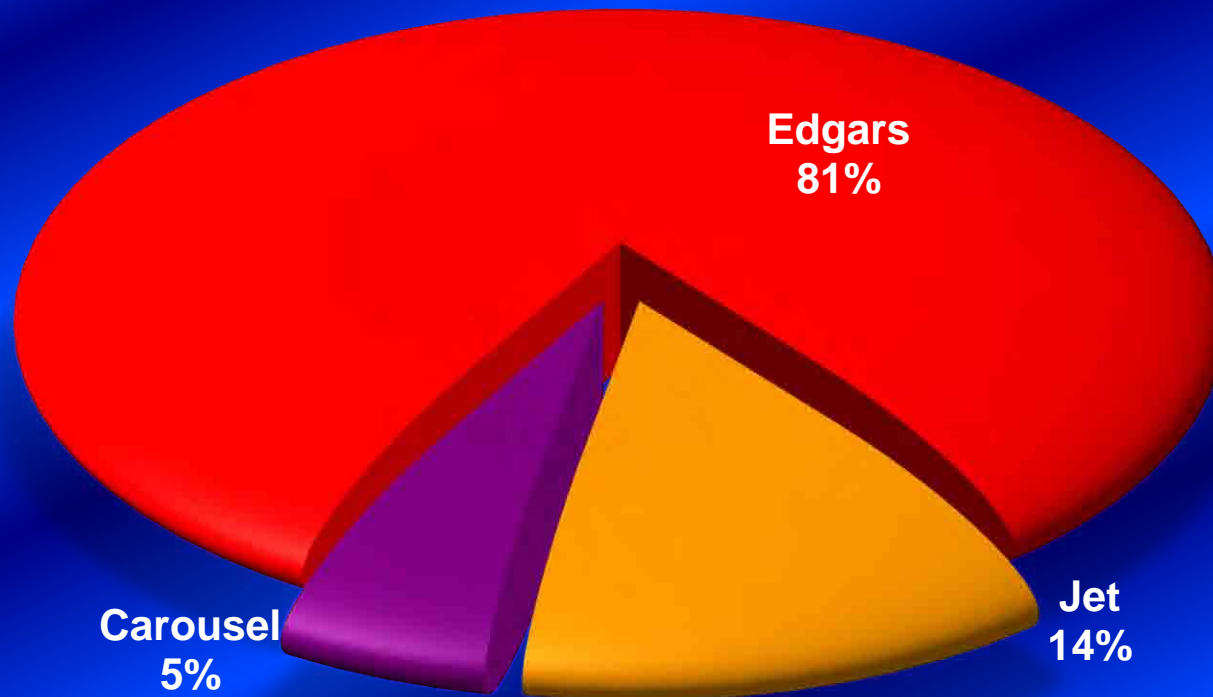
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# Operational Performance



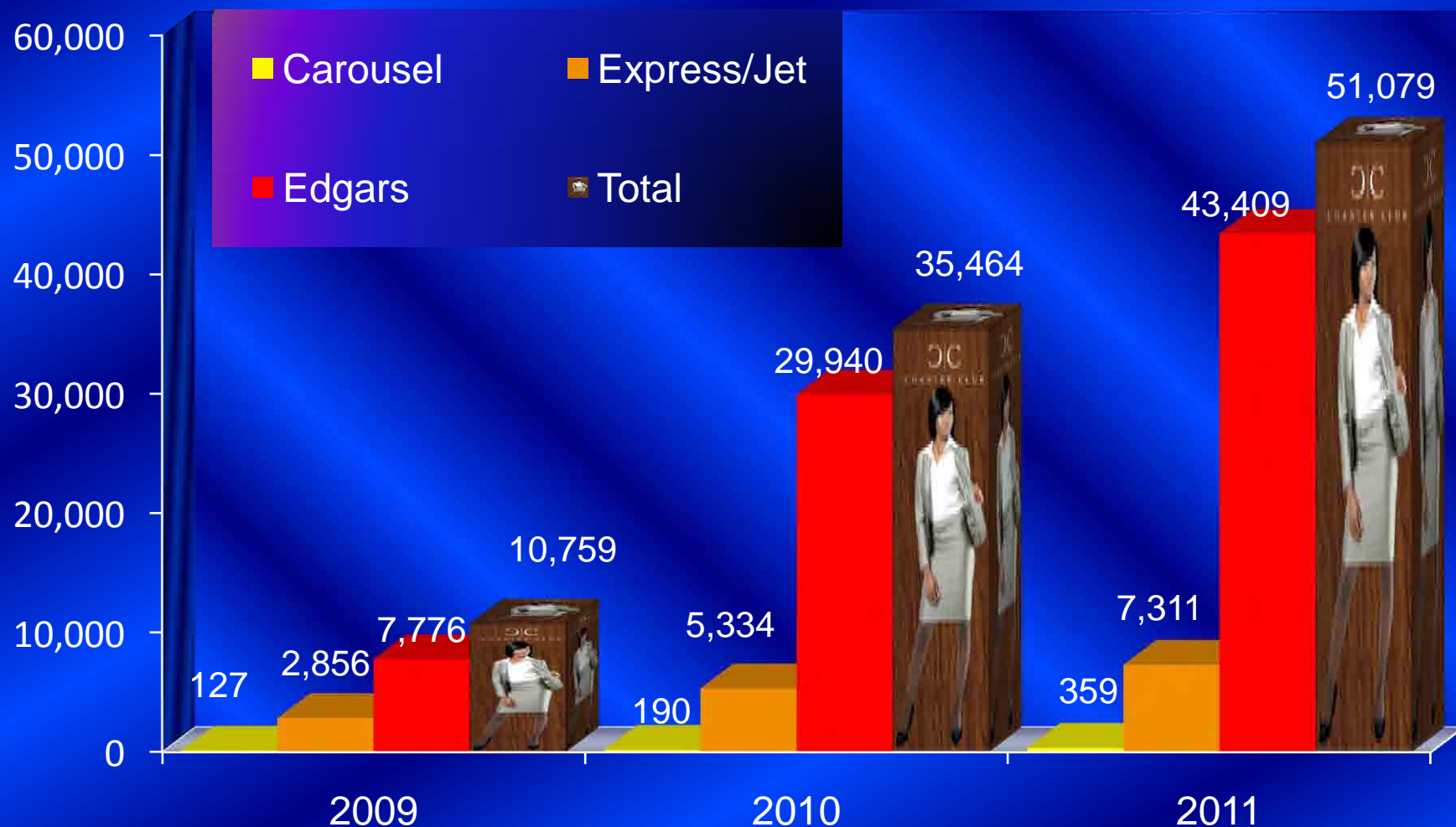


# Turnover Contribution (Unconsolidated)



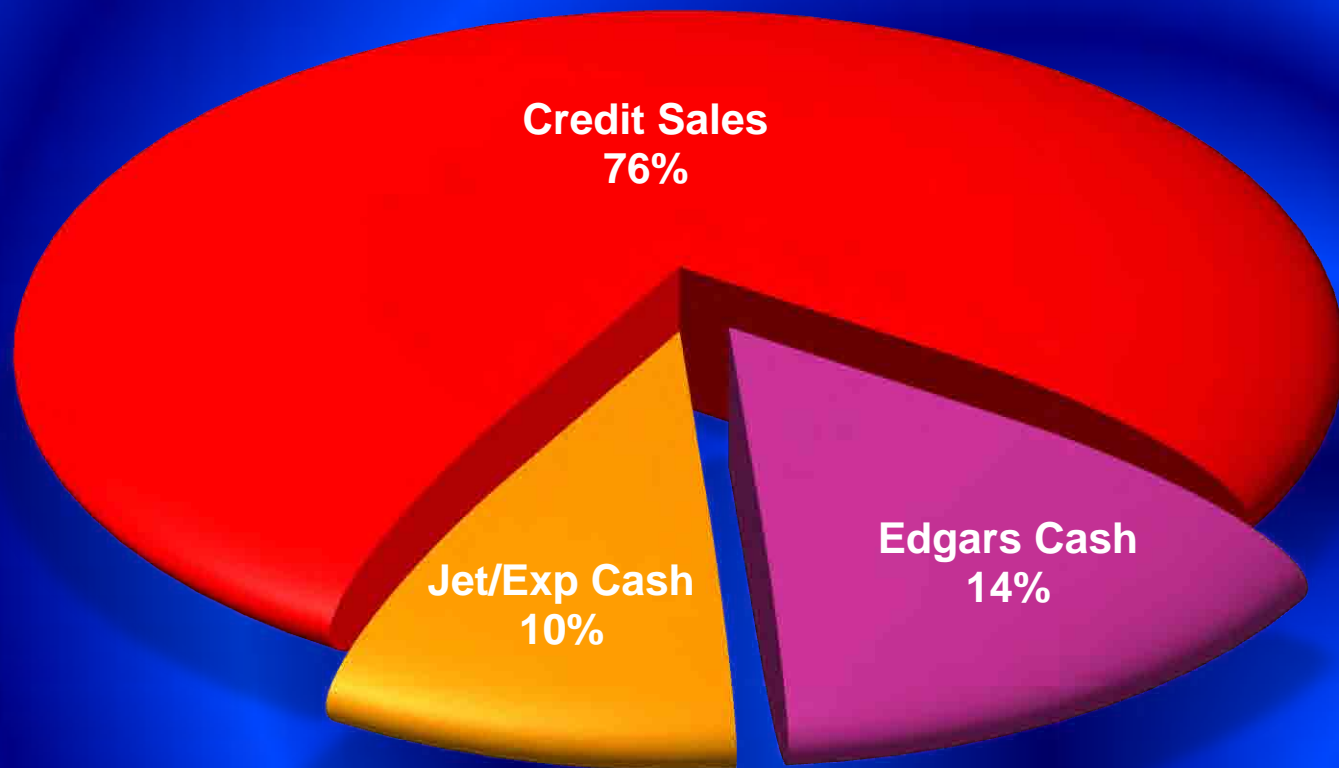


# Turnover Group \$000's



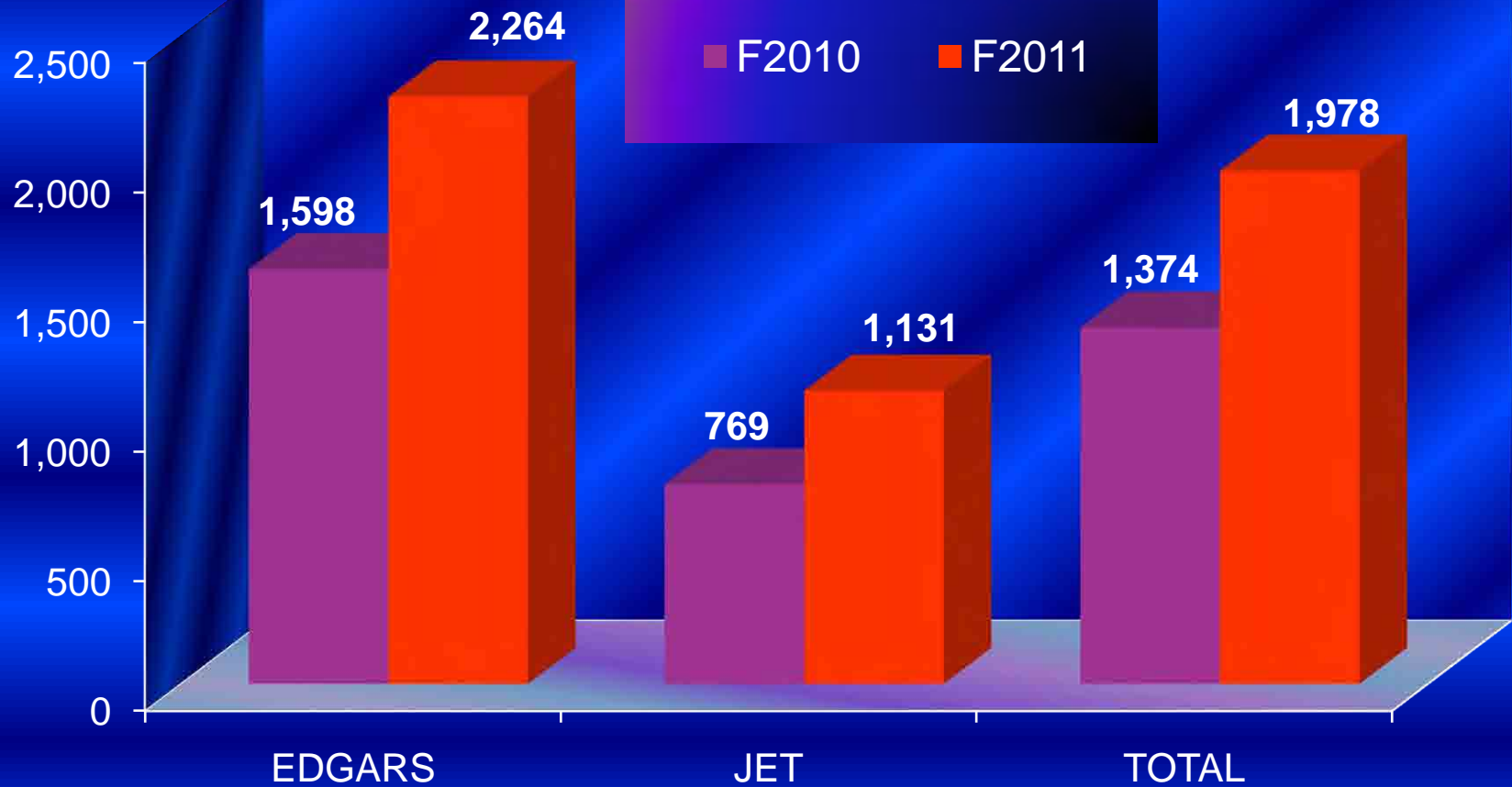


# Turnover Split



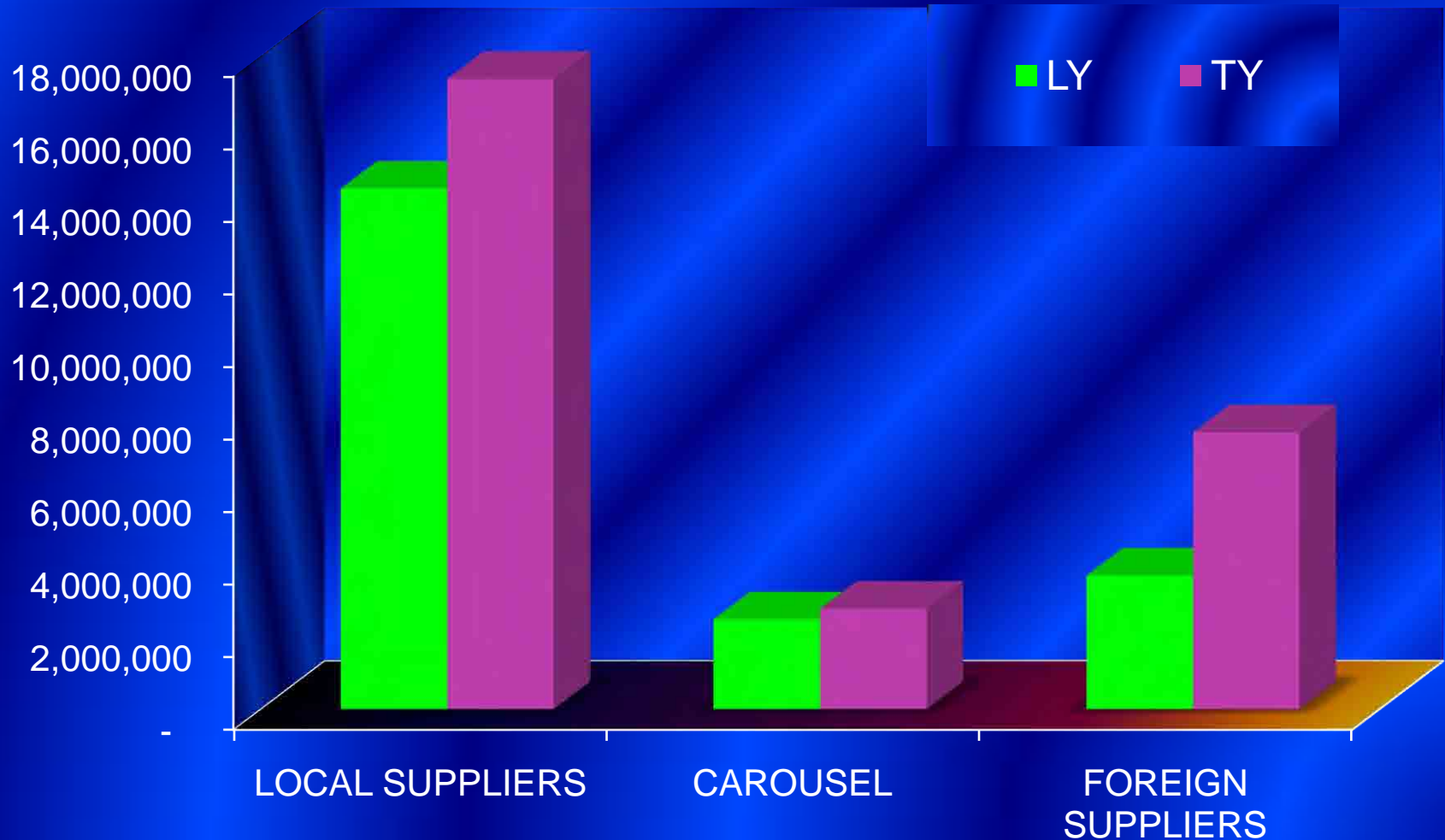


# Turnover per SQM



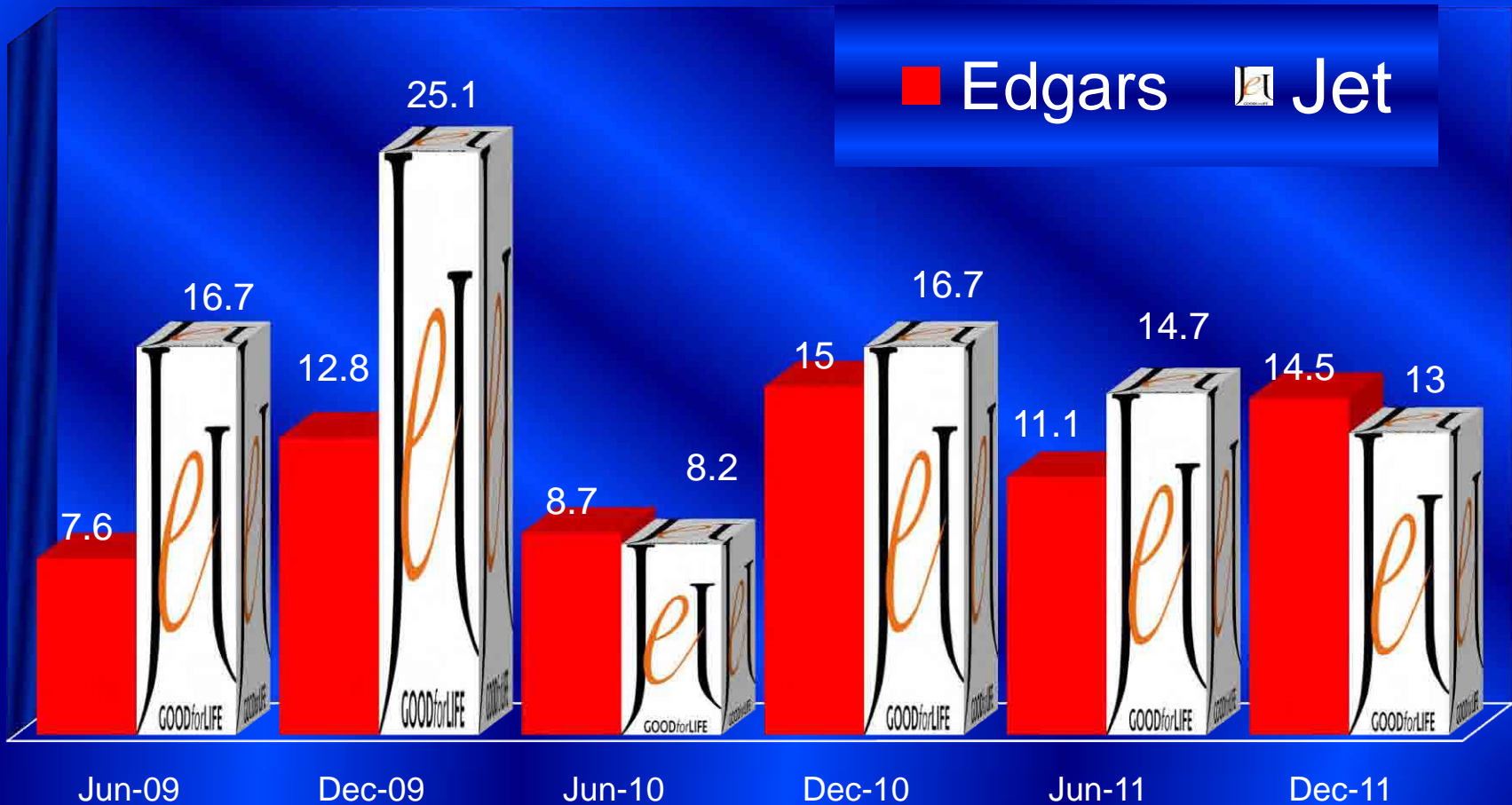


# Merchandise Procurement \$





# Merchandise Stock Cover in Weeks



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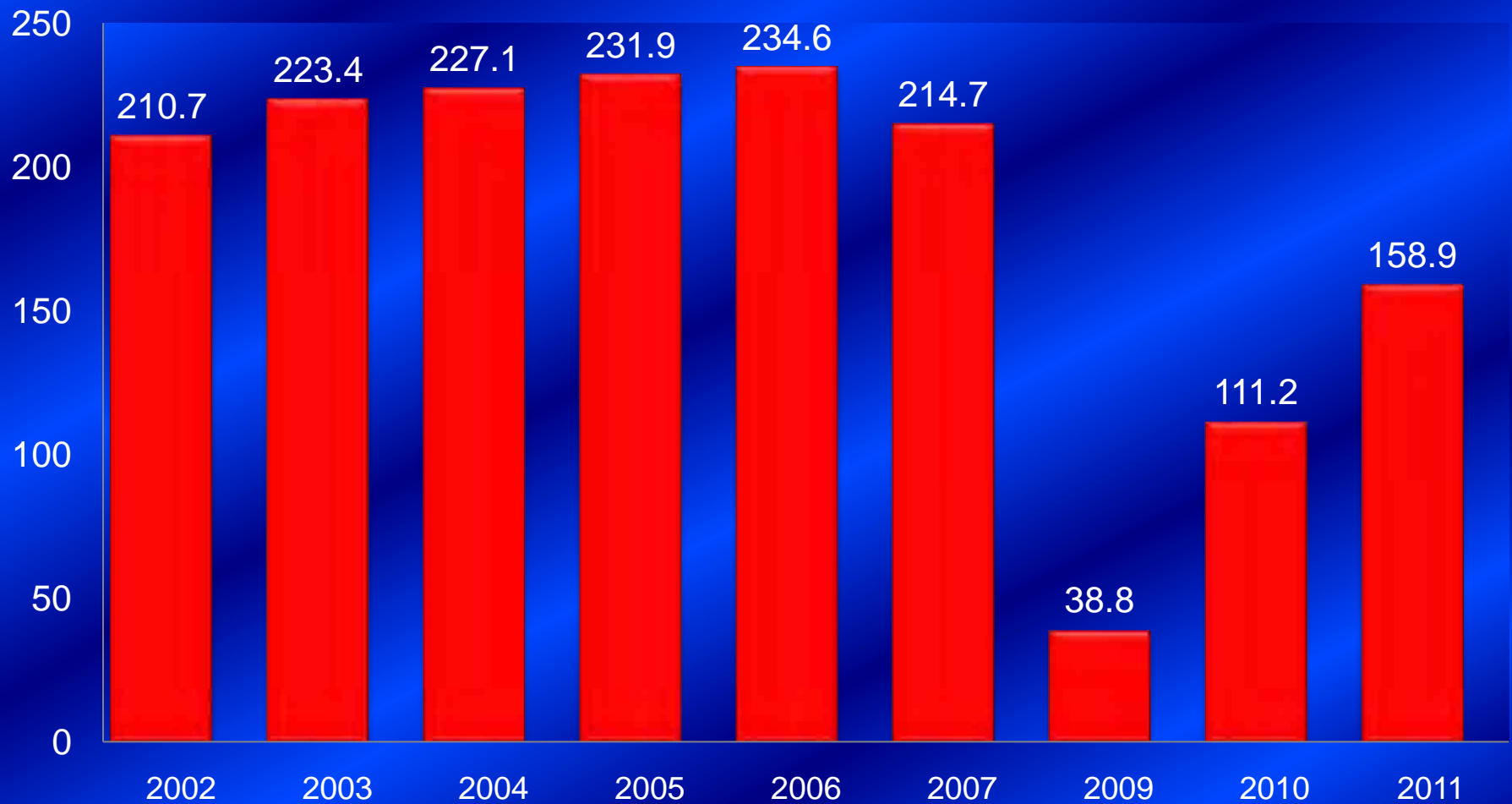
# Credit Management





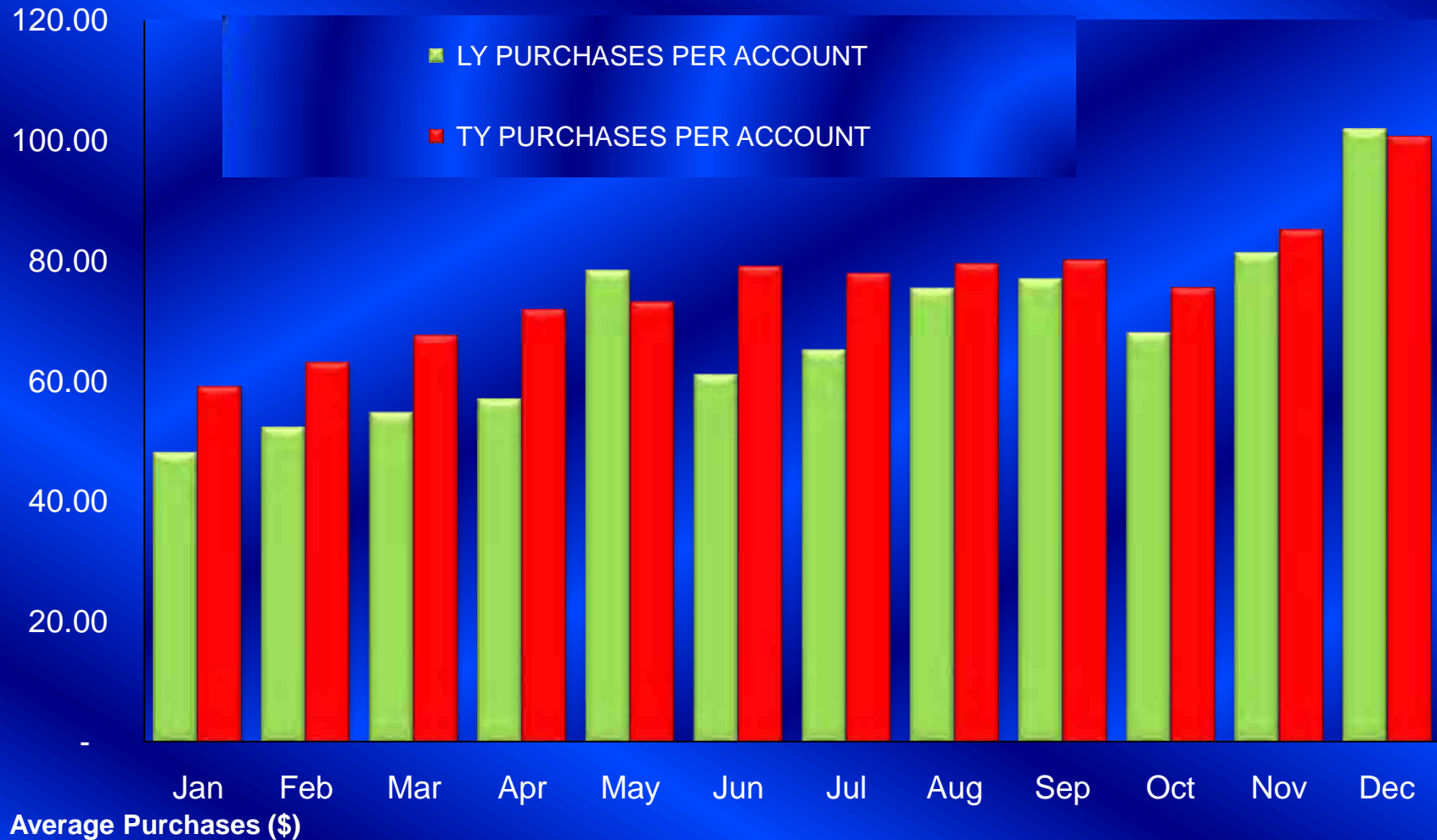


# Account growth



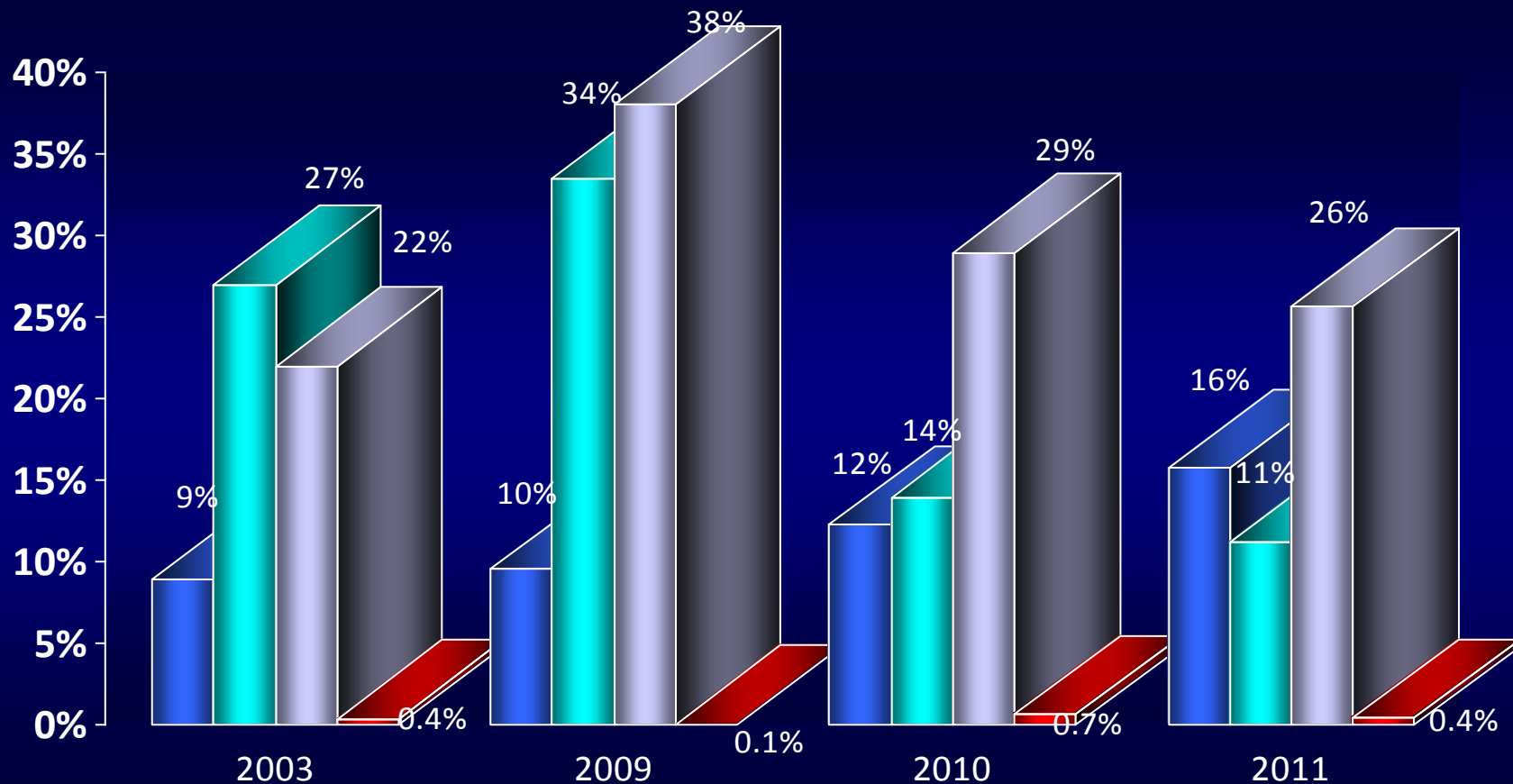


# Customer Spend





# Edgars Chain Debtors Stats



■ Ave Past Dues

■ Ave Cash Sales

■ Ave Collections pm

■ Ave Handovers



# 2012 Key Objectives @ a glance

- ✓ Profitable Growth
  - a/c growth; new stores;
  - prices & ranges
  - Standards :merchandise, store & service
  - genuine, quality international brands
  - Productivity: cost management; factory
  - Cheaper funding with longer tenures
  - Continued +ve cash flows from operations



# 2012 Targets @ a Glance

- Turnover of \$57m (12%) - \$60m (18%)
- Trading profit (PBIT) margin >15%
- Finance costs <4% of turnover
- PAT \$4.0 (21%) - \$4.5 (36%)





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**Questions?**

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