

Edgars Borrowdale
Panoramic View



Results for the 52 weeks
ended 8 January 2011



Agenda

- The retail environment
- Salient features
- How did we do it?
- Year-end results
- Trading and operational performance
- Credit management
- 2011 targets @ a glance
- Questions



Retail Environment

- Low disposable incomes
- Demands for higher wages, NECs
- Liquidity constraints
- Retrenchments
- High household utility bills
- Competition from cheap and illegal imports
- Civil servants bonus positive for Christmas
- Cotton prices increase by 160% & wool 44%
- Highly competitive credit retailing
- General recovery in Zimbabwean economy



Financial Highlights

Retail sales of \$35,5m	222%
Unit sales of 2,9m	148%
Trading profit of \$4,2m	280%
Earnings per share 0.62c	170%
Investment in working capital of \$14,1m	691%
Trade and other receivables of \$15,9m	471%
No of debtors accounts 111,199	186%



How and what did we achieve

- Took the opportunities of 2010 by the horns.
- Recovery Strategy: capture market share through
 - a/c growth,
 - competitive pricing,
 - improved standards,
 - wider, more fashionable & better quality assortments,
 - Productivity.
- Merchants, retailers and all people of Edgars rose to occasion, and, once they were pointed in a common direction, it was “game on”. This company is buzzing with optimism
- It was a big hill to climb; early trading losses peaked at >\$1m. So recovered \$5m in 8 months @PBIT level



Income Statement \$ 000's

	12mths 2010	% to sales	15mths 2009	% to sales	Incr/ (Dcr)
Retail sales	35,476	100.0	11,032	100.0	222
Cost of sales	(17,902)	(50.5)	(5,956)	(54.0)	201
Gross profit	17,574	49.5	5,076	46.0	246
Employment costs	(3,152)	(8.9)	(2,069)	(18.8)	52
Occupancy costs	(2,756)	(7.8)	(1,171)	(10.6)	135
Trade receivable costs	(840)	(2.4)	(263)	(2.4)	219
Other incl. depreciation	(5,655)	(15.9)	(3,154)	(28.6)	79
Trading profit	5,172	14.7	(1,581)	(14.3)	427
Manufacturing profit /(loss)	(471)	(1.3)	(595)	(5.4)	(21)
Group retrenchment costs	(545)	(1.5)	(173)	(1.6)	215



Income Statement \$ 000's

	12mths 2010	% to sales	15mths 2009	% to sales	Incr/ (Decr)
Net finance costs	(1,516)	(4.3)	(607)	(5.5)	150
Late payment charge – Accs	532	1.5	19	0.2	2,637
Interest payable	(2,046)	(5.8)	(626)	(5.6)	227
Pre-tax profit	2,640	7.5	(2,956)	(26.8)	189
Tax (expense) / credit	(1,132)	(3.2)	802	7.3	241
After tax profit	1,508	4.3	(2,155)	(19.5)	170
Total comprehensive income	1,508	4.3	(1,222)	(11.1)	223
Basic EPS in cents	0.62		(0.89)		



Cash Flow Statements \$000's

	2010	2009	%
Cash EBITDA	5,056	(1,875)	370
Working capital movements	(14,098)	(1,783)	691
Cash utilised in operations	(9,042)	(3,658)	147
Finance costs paid	(2,055)	(634)	224
Taxation paid	(0)	(0)	1,960
Cash outflow from operations	(11,097)	(4,292)	159
Net cash used in investing	(185)	(2)	9,509
Net cash from financing	11,041	4,664	137
Net (decrease) / increase in cash & cash equivalents	(241)	370	(65)



Financial Position \$000's

	Dec 2010	June 2010	Dec 2009
Non-current assets	2,688	3,233	2,912
Inventories	7,535	4,597	4,205
Trade and other receivables	15,893	4,252	2,782
Cash and cash equivalents	128	836	370
Total assets	26,244	12,918	10,269
Total equity	4,129	1,929	2,563
Borrowings	15,698	8,409	4,658
Other liabilities	6,417	2,580	3,048
Total equity and liabilities	26,244	12,918	10,269



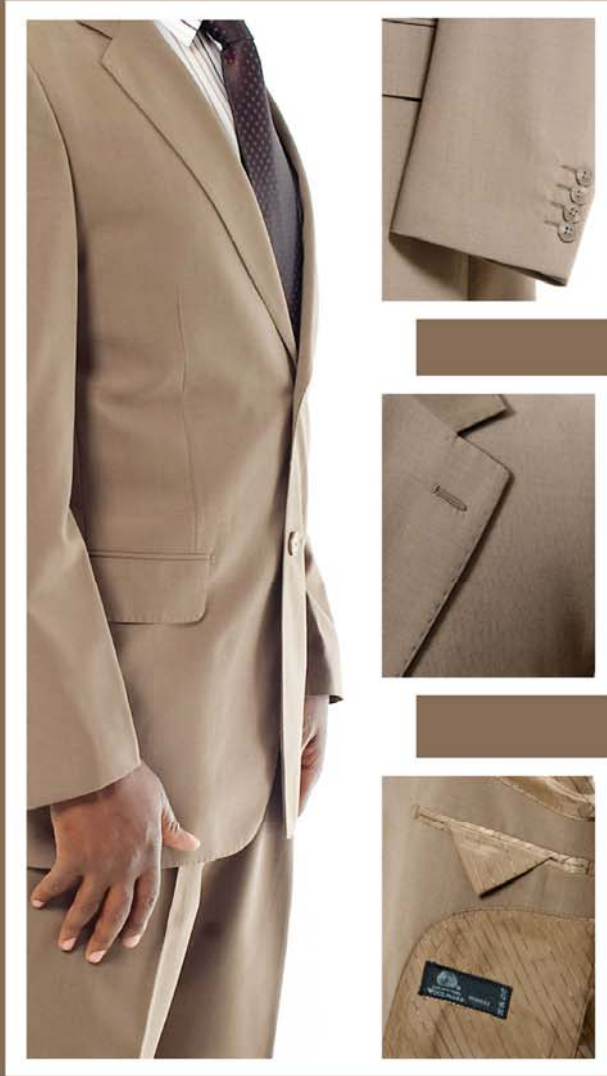
Borrowings

- 75% of borrowings were for 90days to 1year
- Cost of borrowings decreased from 38% Dec'09 to 18,2% Dec'10 (Feb 17%)
- Of total, \$3m guaranteed by a shareholder
- Borrowings grew 237% compared to debtors book growth of 471%
- Borrowings fully covered by trade receivables (stock and debtors = 1.5 times cover).
- Foreign suppliers have extended our credit terms and this will ease pressure on borrowings.

MYSTANDARD

O/C

CHARTER CLUB



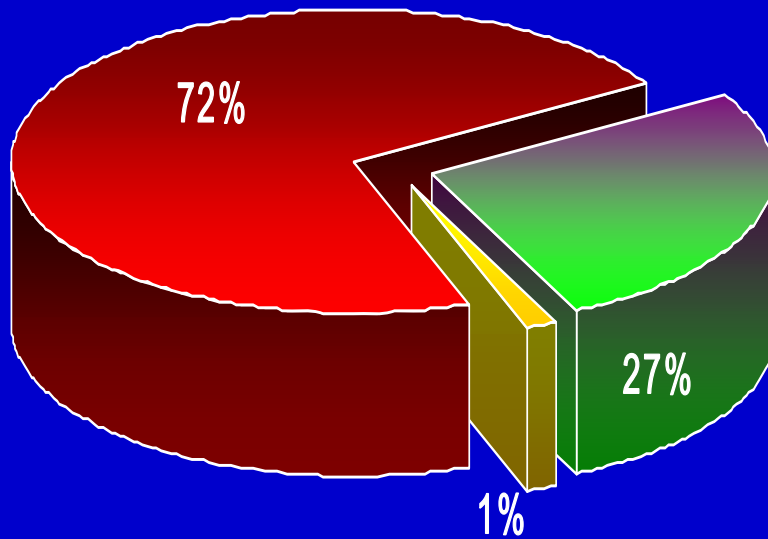
Operational
Performance

own your look 

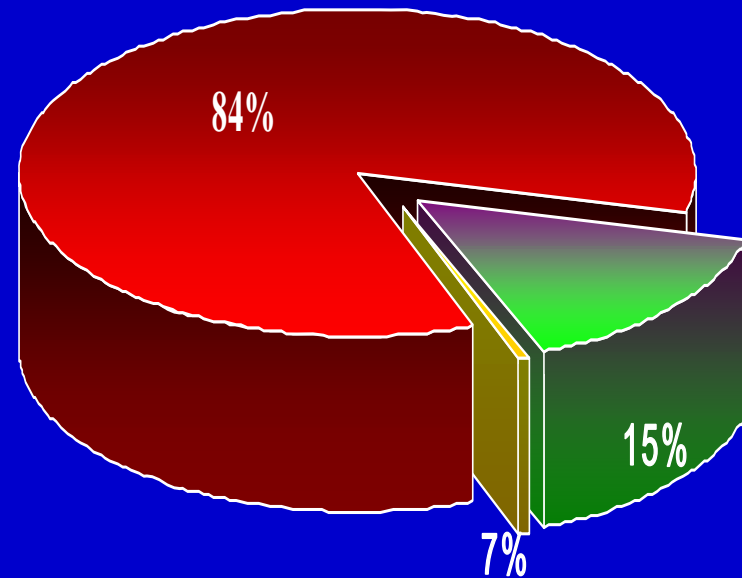


Turnover Contribution (Consolidated)

2009



2010

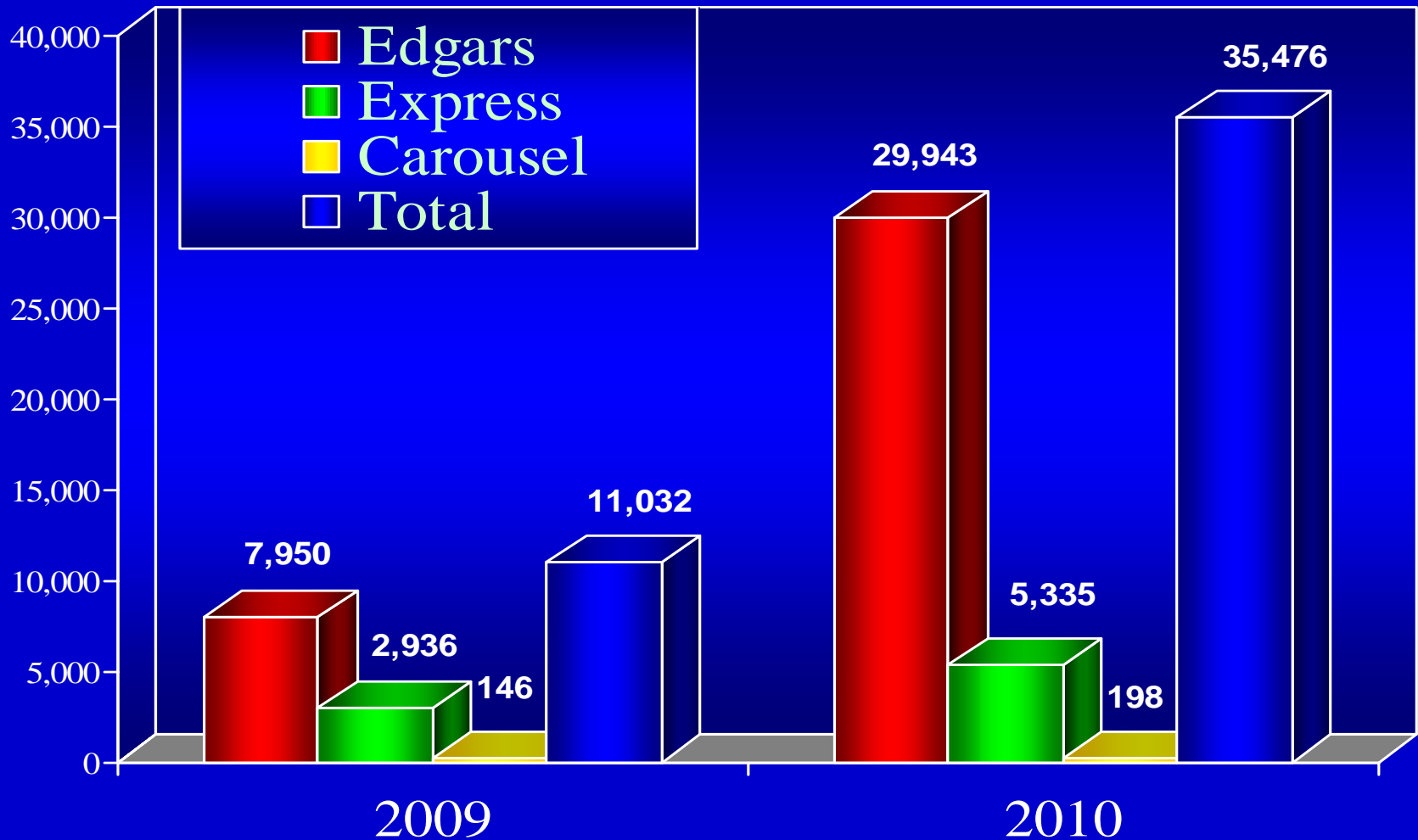


■ Edgars ■ Expressmart ■ Carousel

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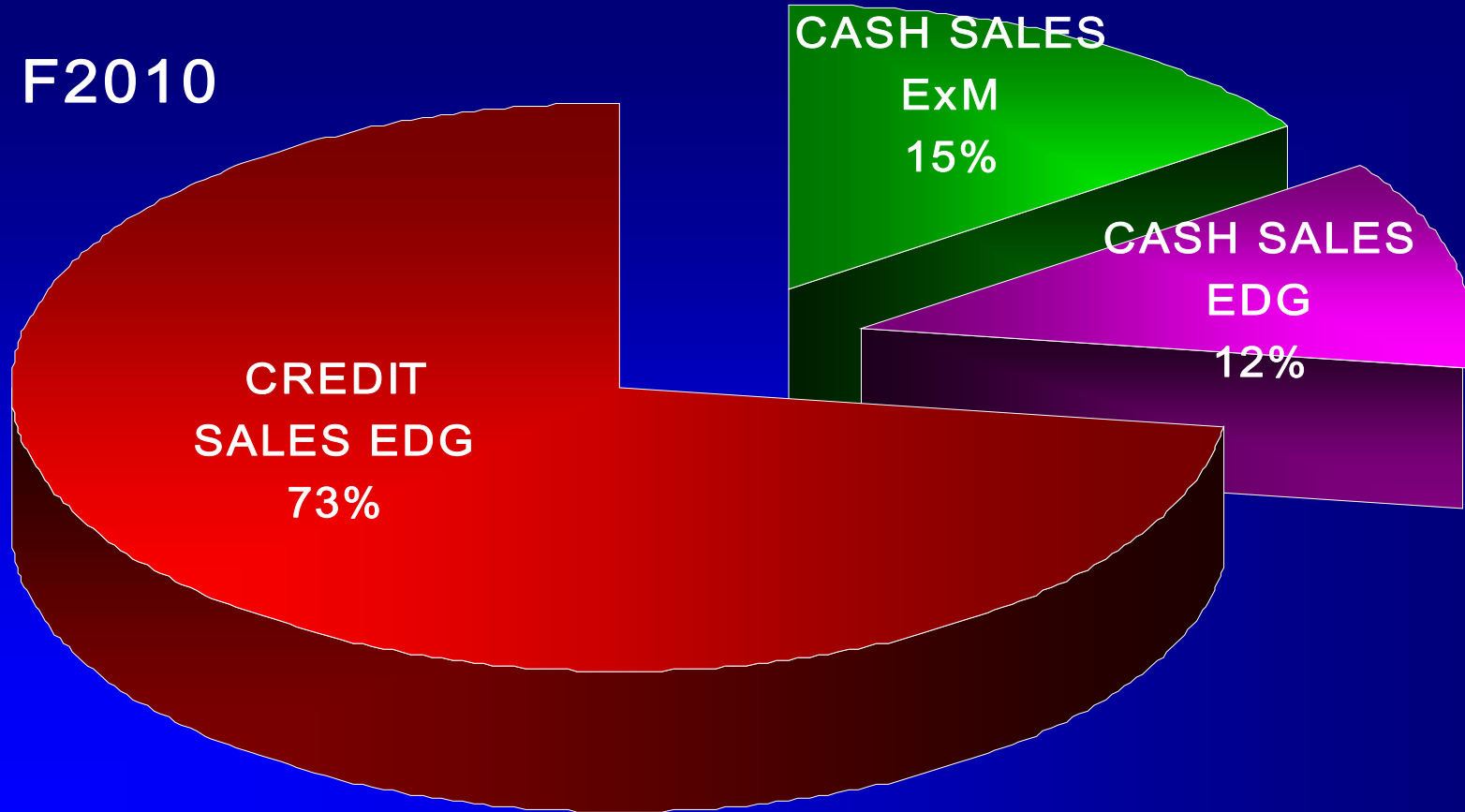
Turnover Group \$000's





Turnover Split

F2010



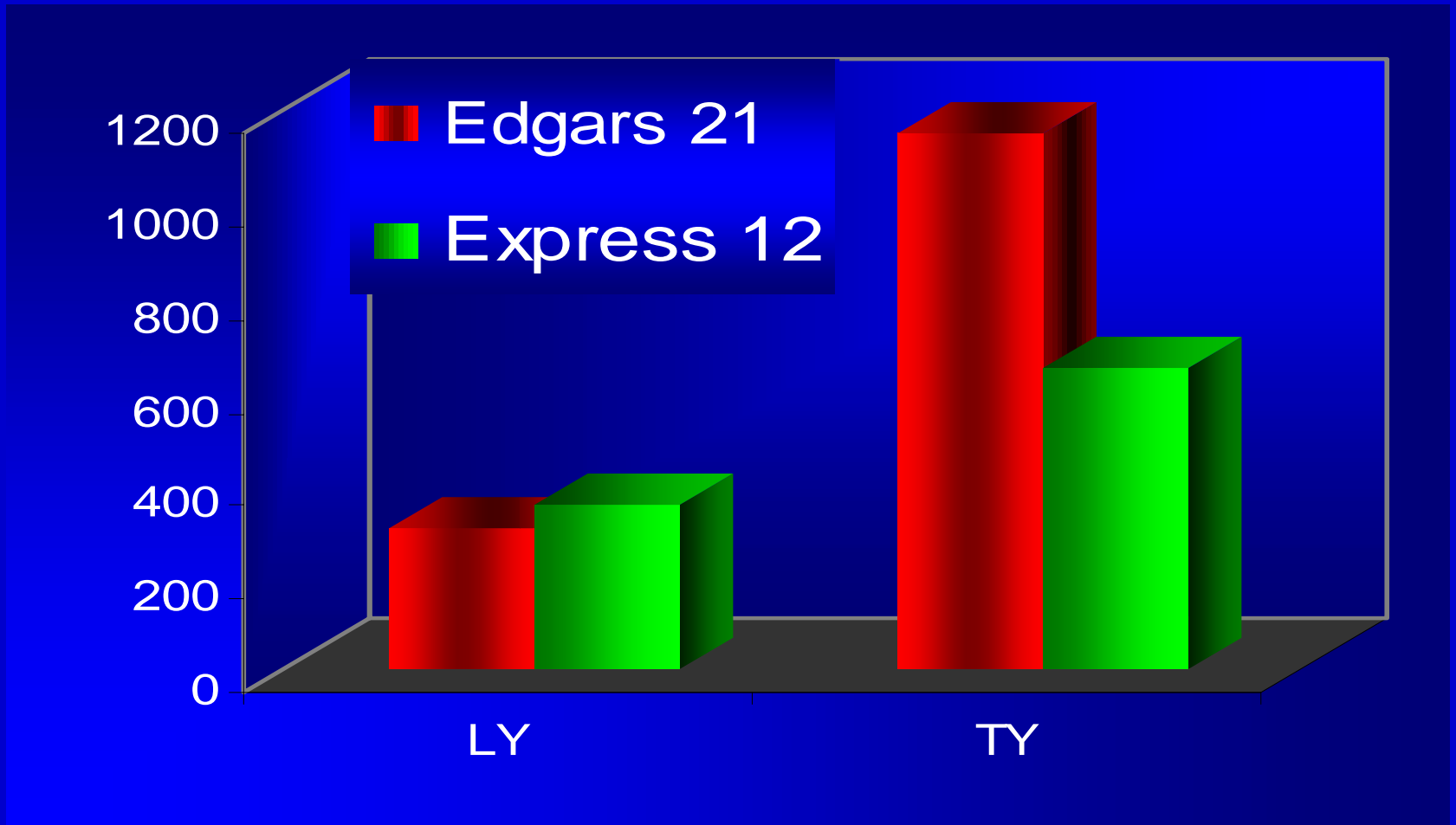


Edgars Chain Units



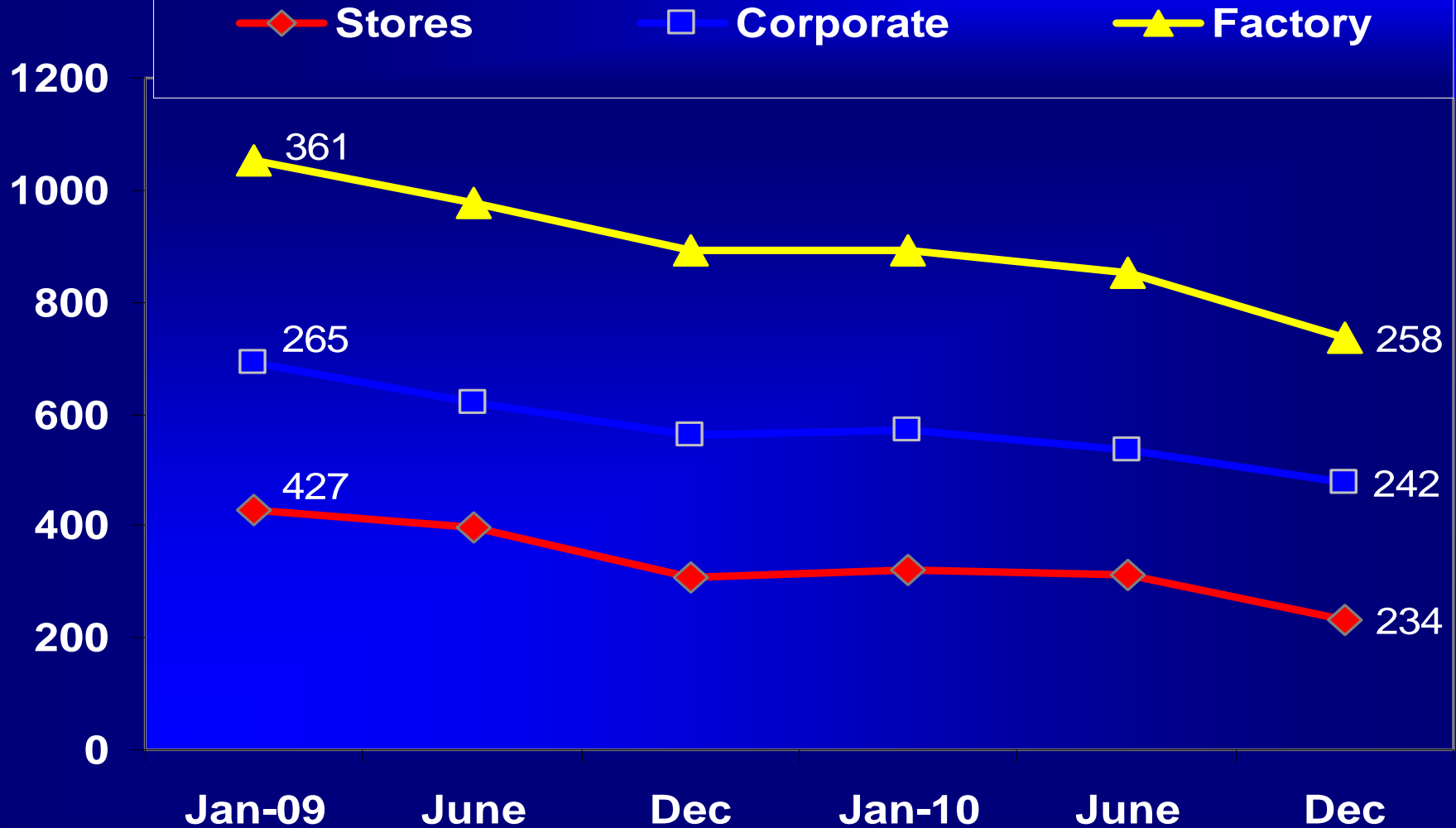


Stores Sales per SQM



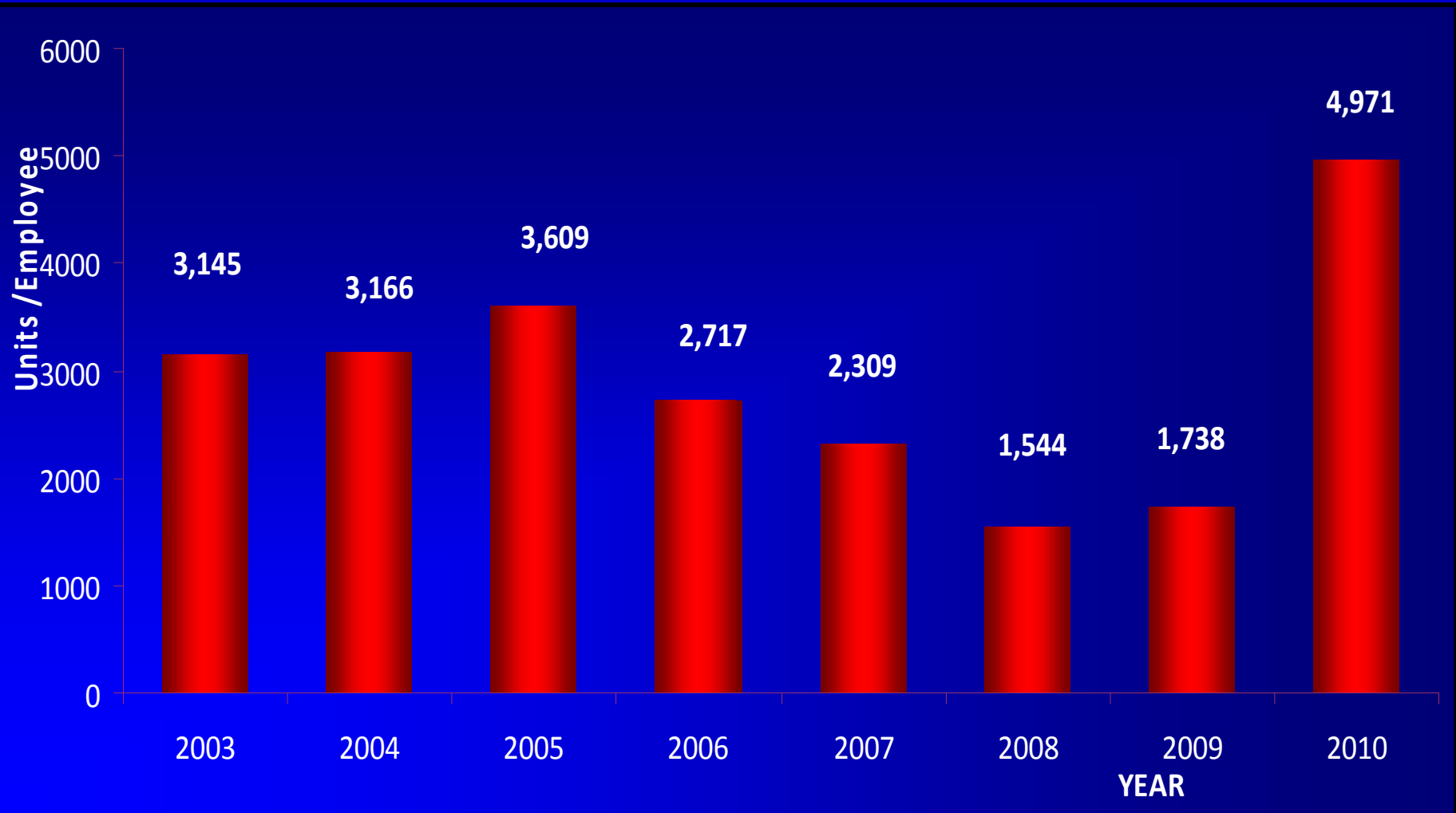


Staff Numbers





Staff annual unit sales per retail employee

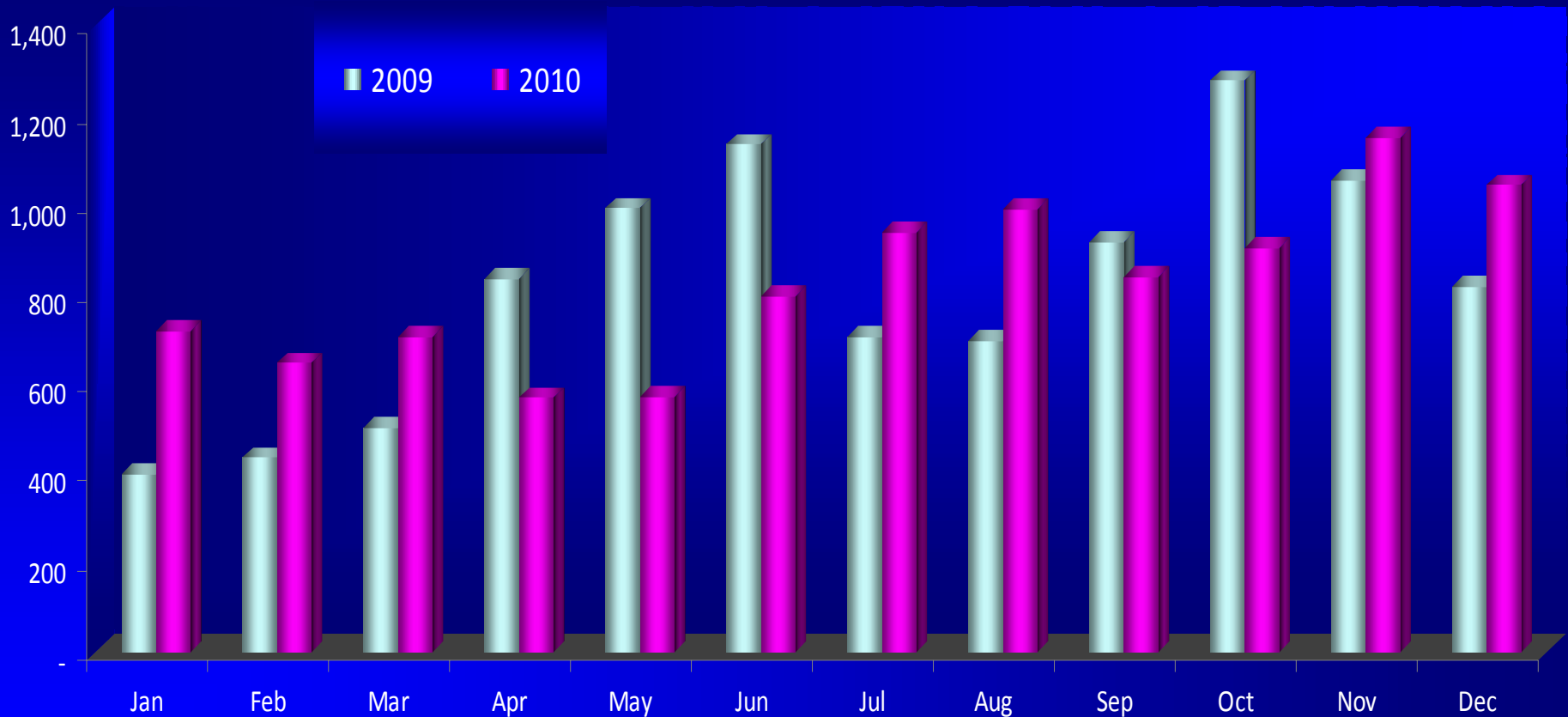


Manufacturing (EIP)

- It was a tough year for most clothing manufacturers, most of whom retrenched mid-year.
- Our factory staff compliment reduced by a further 229 (103 permanent, 126 contractors)
- The factory supplies niches (for the chains) and imports and distributes finished product
- Sales from finished goods imports were 8,6% of turnover
- Through incentives; relaying of lines and consolidation of two factories into one, productivity improved but not enough to reverse losses. (470k @ YE)
- Fabric prices increased at end of year. Factory has a fabric cover of 9 months at “old prices”.

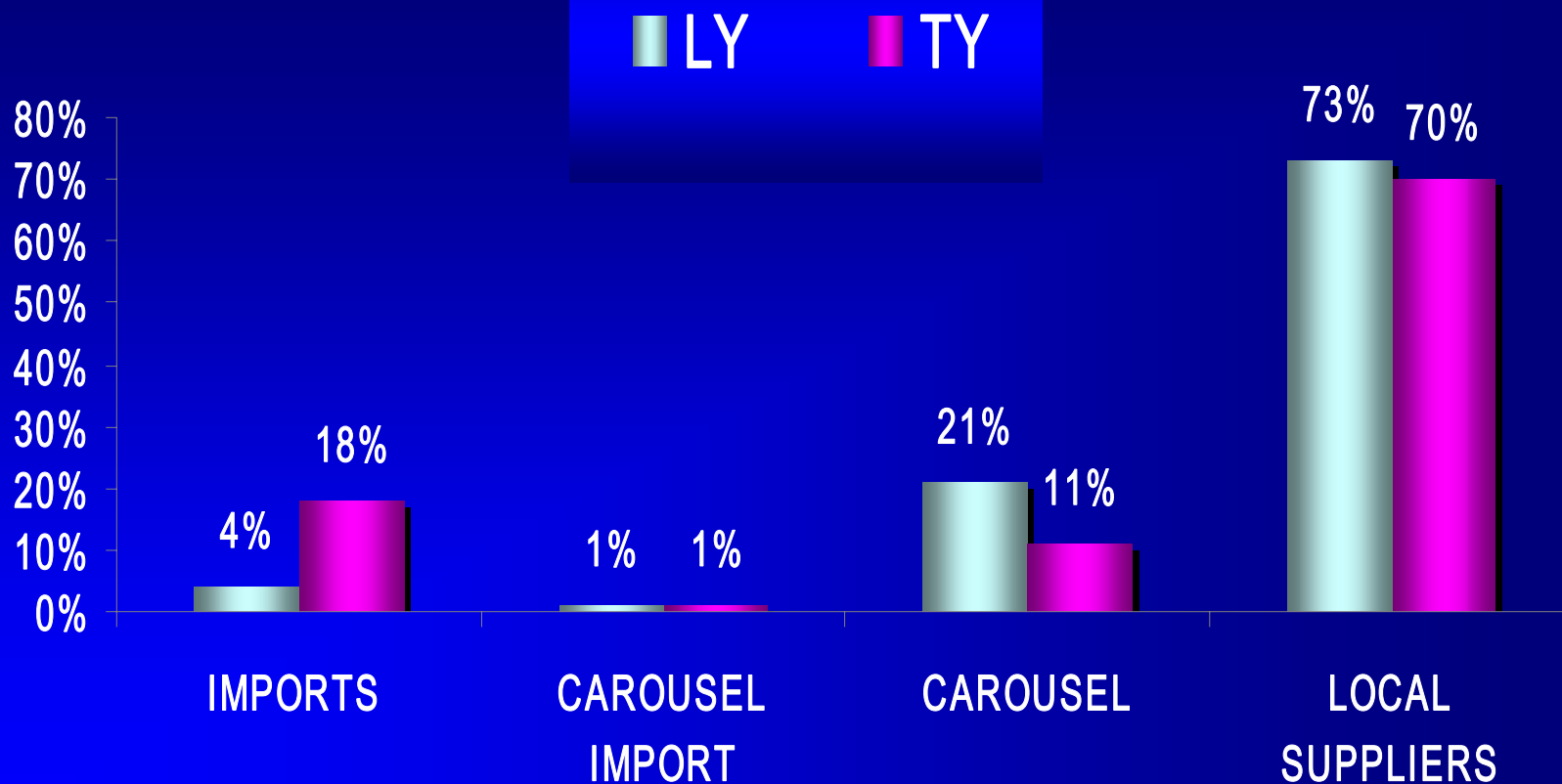


EIP; average output per day



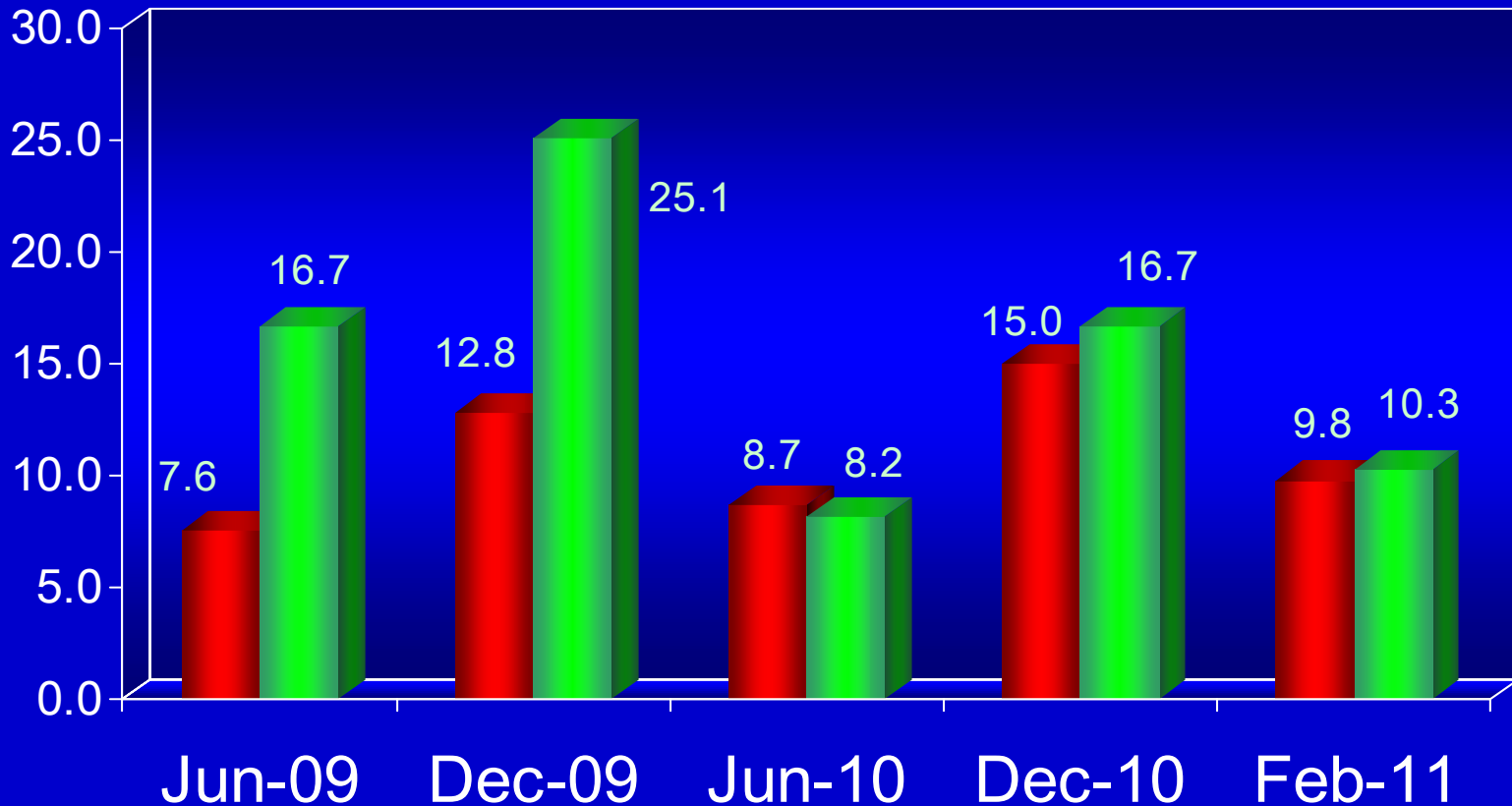


Merchandise Procurement





Merchandise Stock Cover in Weeks



■ Edgars

■ Express

Love it
Want it
Get it!

MYBLUECARD

6 Months to Pay
Interest Free
No Deposit
PLUS A Great Shopping
Experience!



own your look  **Edgars**

Love it
Want it
Get it!

MYBLUECARD

Account Holders,
collect your Edgars
MYBLUECARD
and get 5% discount
on your first
purchase with it!

(Available at your Branch
from 18 March 2011)

Model: Malaika Mashandu, Miss Zimbabwe 2011

own your look  **Edgars**

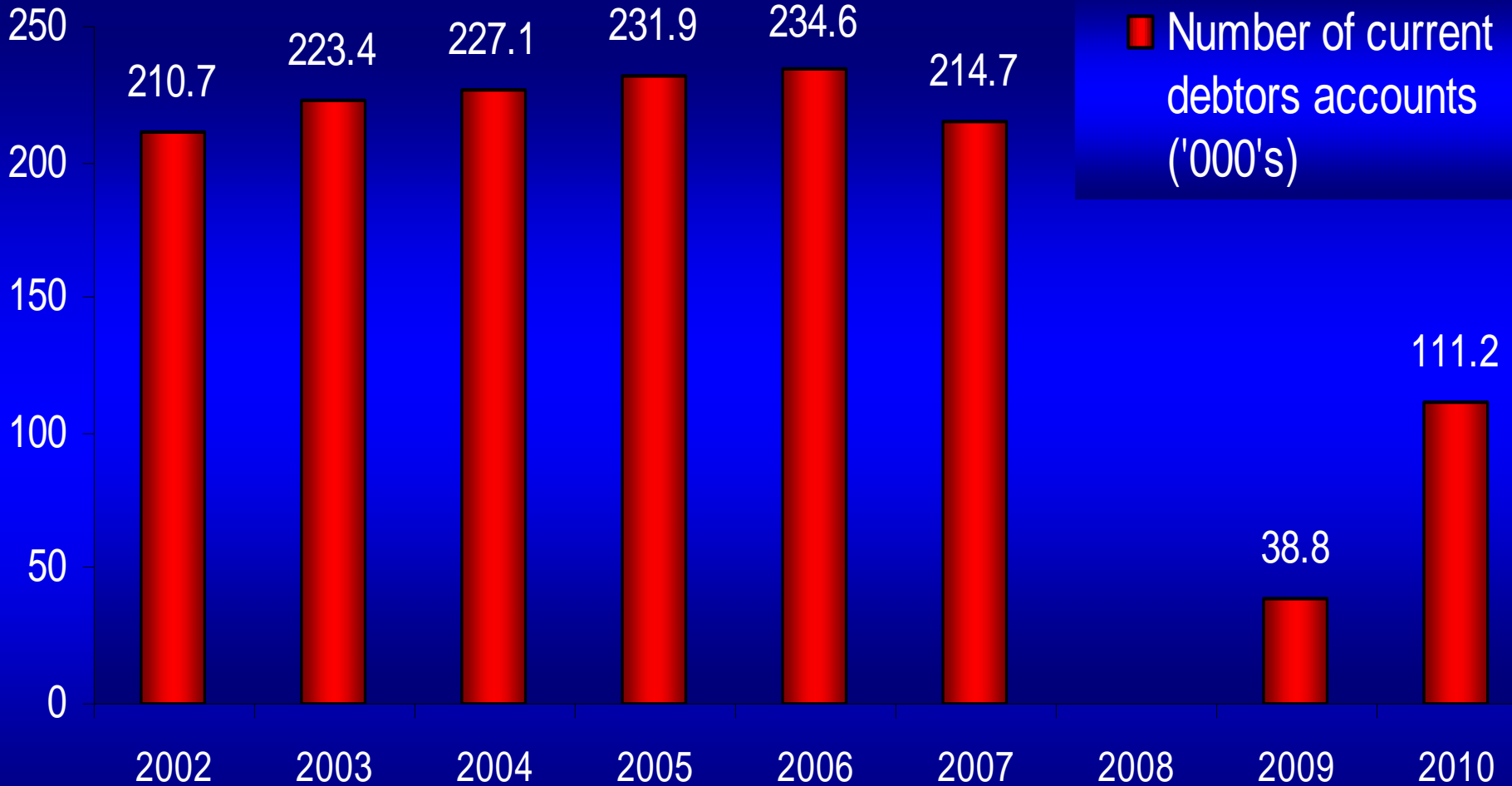


Edgars Chain Account Growth



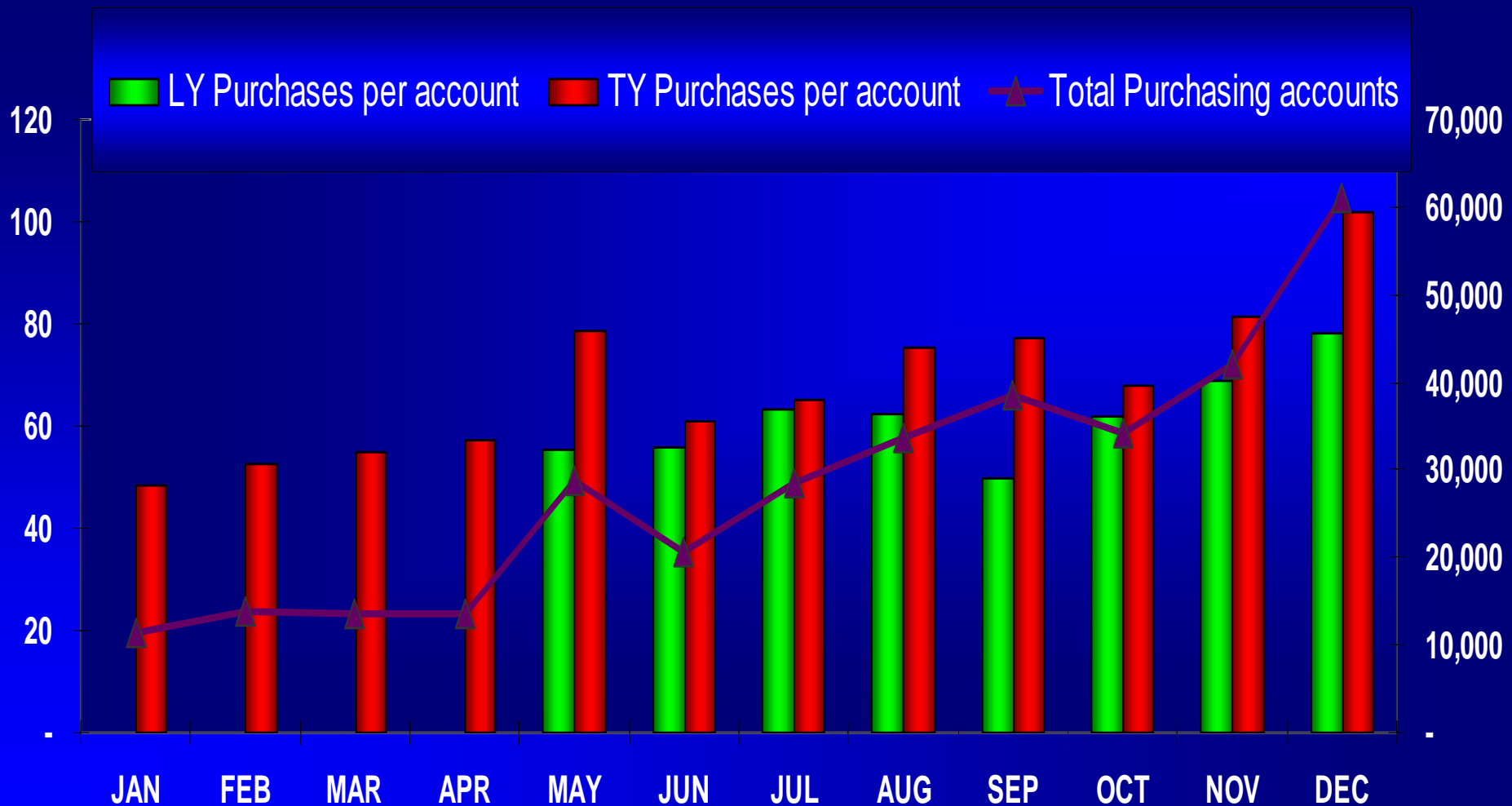


Still a way to go (Potential?)

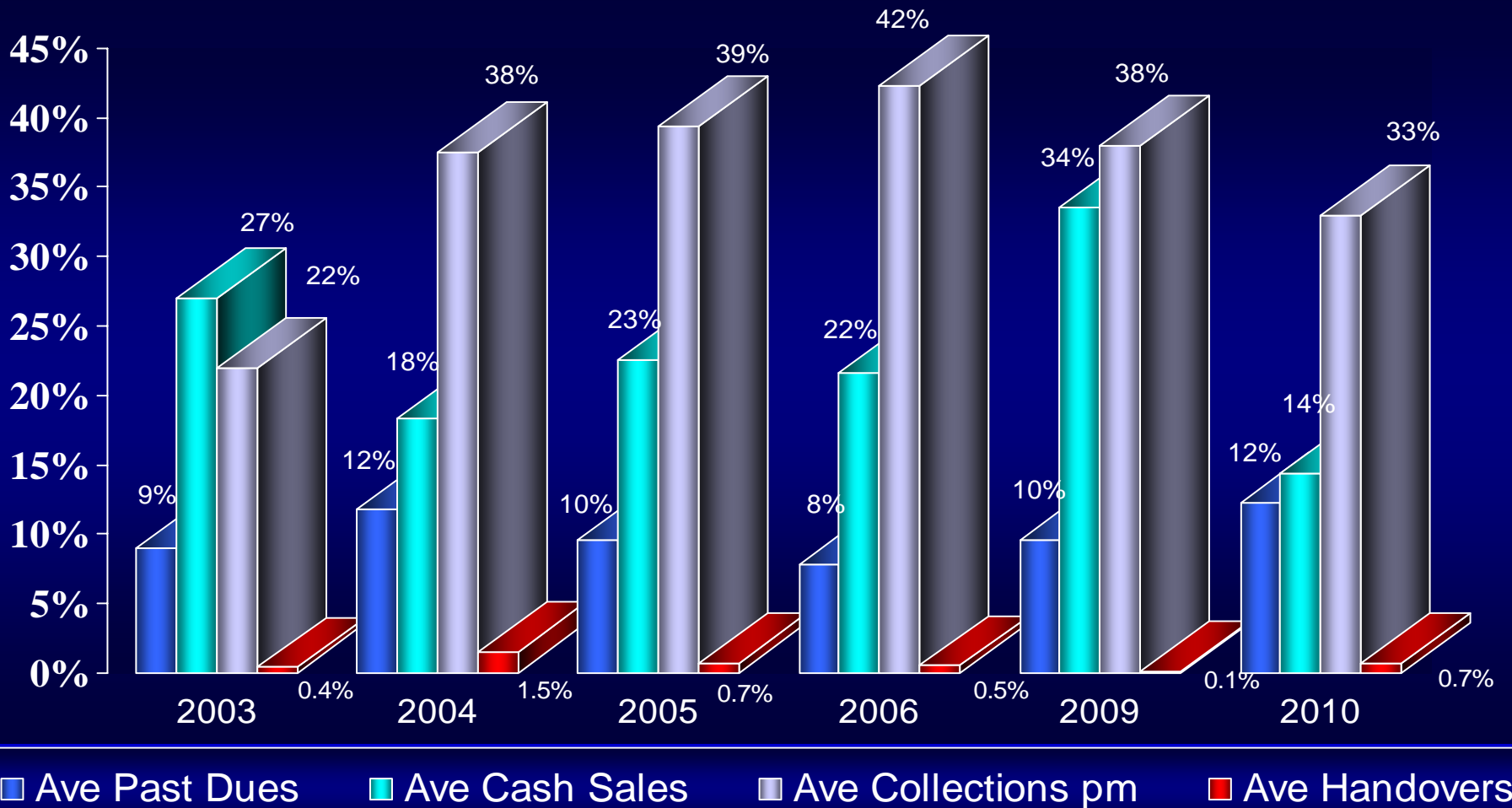




Customer Spend



Edgars Chain Debtors Stats





CHARTER CLUB



Introducing
Charter Club
men's 100%
wool suits
available in
selected stores

MYSTANDARD

2011

Get 10% discount on
cash purchases of
\$100 or more

own your look  **Edgars**



2011 @ a glance – Key objectives

- Market Share
- Price, Standards & Productivity
- Goal alignment/performance measurement
- New product lines and services
- Genuine, quality international brands
- Innovative & aggressive marketing
- \$443K budgeted for store revamps
- \$756K planned (11 stores incl. Borrowdale)
- \$423K set aside for IT requirements



2011 Targets @ a Glance

- Turnover of between \$48mil and \$50mil
- No of debtors >150K
- Trading profit (PBIT) margin >15%
- Finance costs <4.5% of turnover
- Borrowings twice covered by stock & debtors.



Edgars Stores Limited

Questions?

Website

www.edgars.co.zw

