

PRESENTATION OF FINANCIAL RESULTS

For the year ended 06 January 2019

LINDA MASTERSON

GROUP MANAGING DIRECTOR

27 March 2019



EXECUTIVE SUMMARY

KEY HIGHLIGHTS

- Functional currency: RTGS\$.
- Sales growth: Group 22% (Edgars 16%, Jet 27%)
- PAT growth 114% to \$ 8.5m.
- Clean debtors book.
- Property, Plant & Equipment revalued.
- Positive operating cash flow: \$ 3.4m.
- Microfinance update: Revenue \$1.6m, Profit \$ 0.5m and loans to customers \$4.0m.
- Gearing of 0.20 from 0.15 last year.
- All foreign liabilities cleared.
- Dividend declared: 0.5 cents per share (RTGS\$).
- Two Kadoma stores destroyed by fire in November 2018.
- Brands acquired subsequent to year end

STRATEGIC INITIATIVES

To achieve real profit growth and increased market share we will focus on;

- **Customer Service:** Customer Centric Service and thinking throughout the business, loyalty programs, revamps, staff training.
- **People:** Critical skills preservation, succession planning, talent and performance management.
- **Merchandise:** A key focus area; Smart buying required to ensure balanced assortments, fashionability, value and freshness.
- **Manufacturing:** Actively pursuing exports in order to earn foreign currency to support factory inputs and merchandise offerings in the retail chains.

KEY FEATURES



SALES

Merchandise assortments (+’s & -’s)
Cash & forex shortages
Customer service,
Promotions
Revamps

	F2018	F2017
• Retail sales	↑ 20.4 %	↑ 24.9 %
• Cash sales	↑ 35.5 %	↑ 44.6 %
• Credit sales	↑ 11.6%	↑ 15.6 %
• Unit Sales	↓ 10.6%	↑ 15.8 %



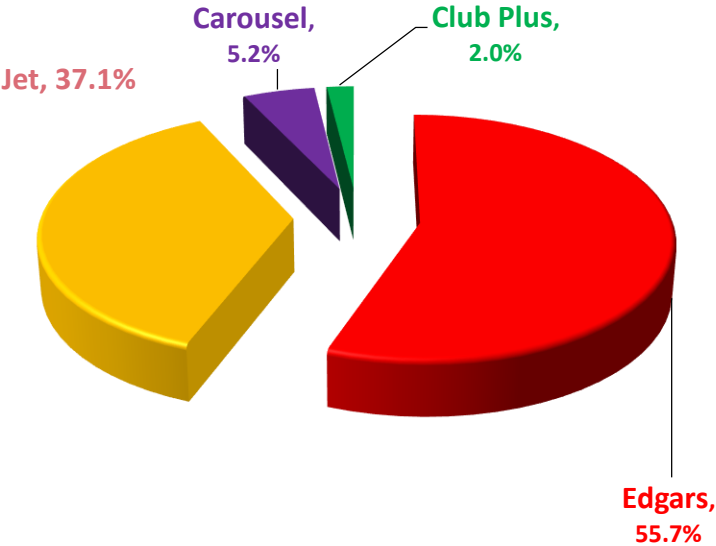
RESULTS

PAT \$8.5m (F17:
\$4.0m)
Positive Operating
Cash flows \$3.4m

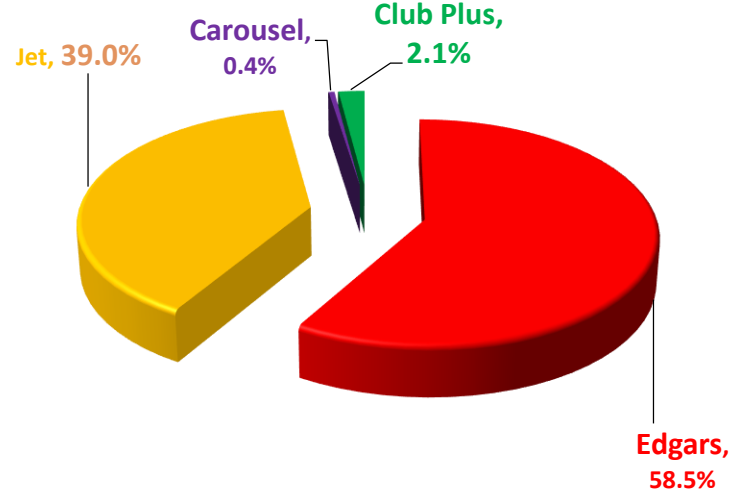
• Gross profit	↑ 28 %	↑ 25.3%
• Net Profit	↑ 114 %	↑ 648.4%
• EPS (cents)	3.29	1.54


SEGMENT ANALYSIS – TURNOVER CONTRIBUTION

Unconsolidated



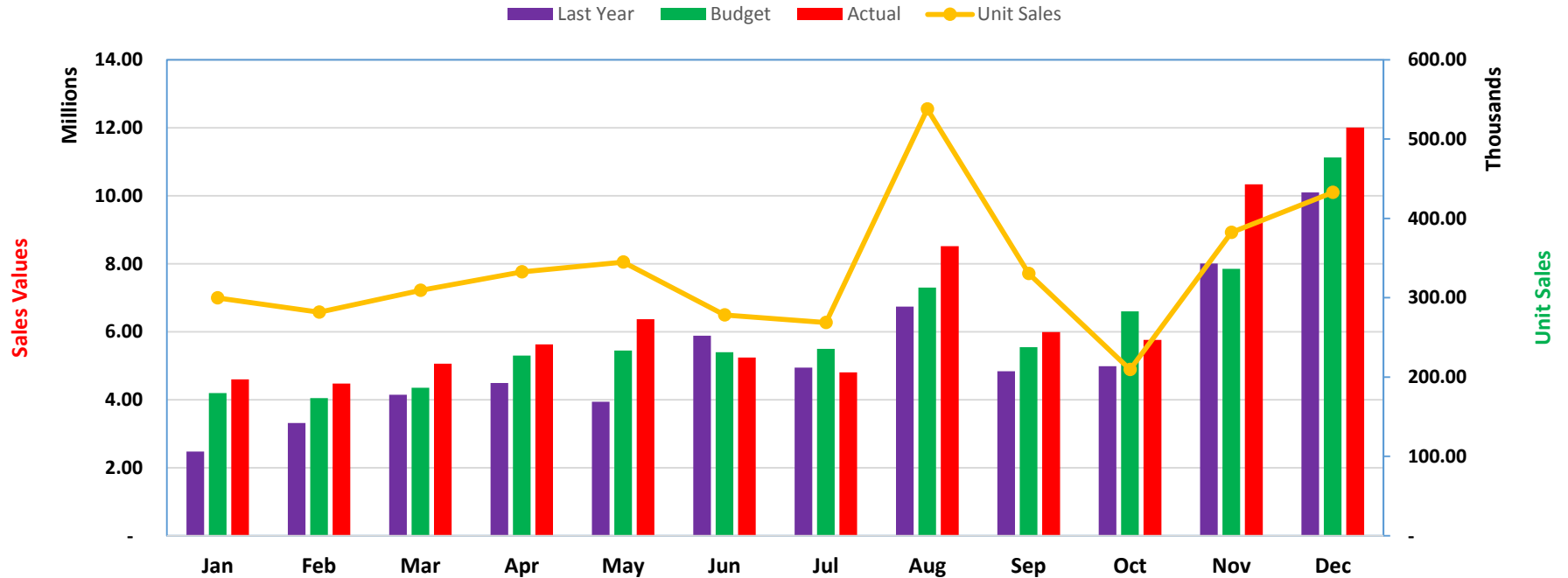
Consolidated



own your look  Edgars

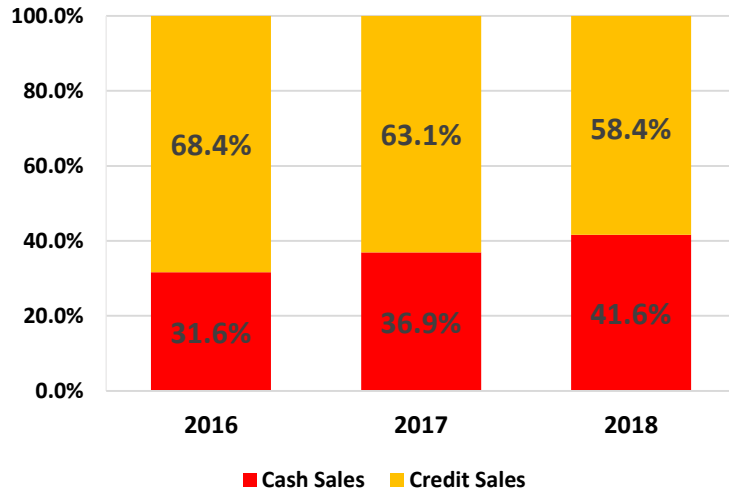
TURNOVER - MONTHLY

Group

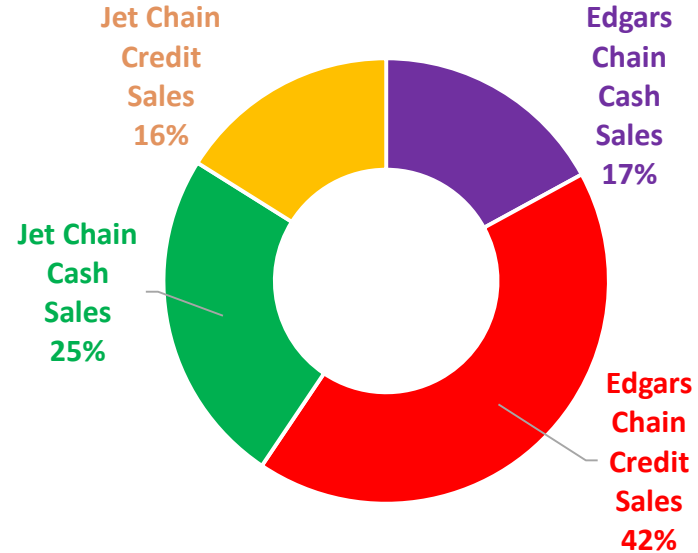


TURNOVER SPLIT

CASH vs CREDIT



BY CHAIN

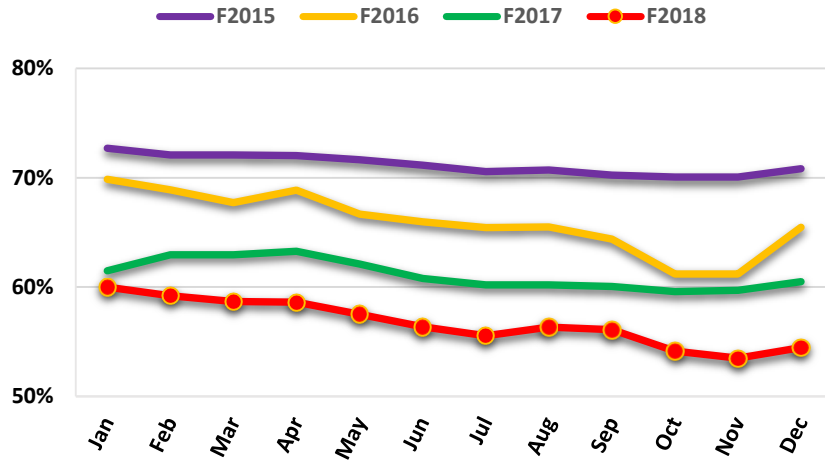


- F18 Group Cash & Credit Sales grew by 35.5% (\$ 8.2m) and 11.6% (\$ 4.6m) respectively.
- Jet Chain contribution to Group sales increased from 38.6% last year to 40.5% this year.

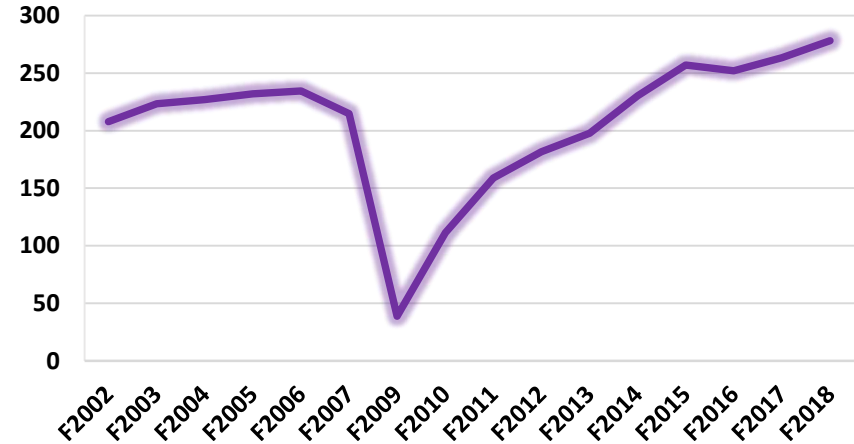


ACCOUNTS PERFORMANCE

ACTIVE ACCOUNTS %AGE



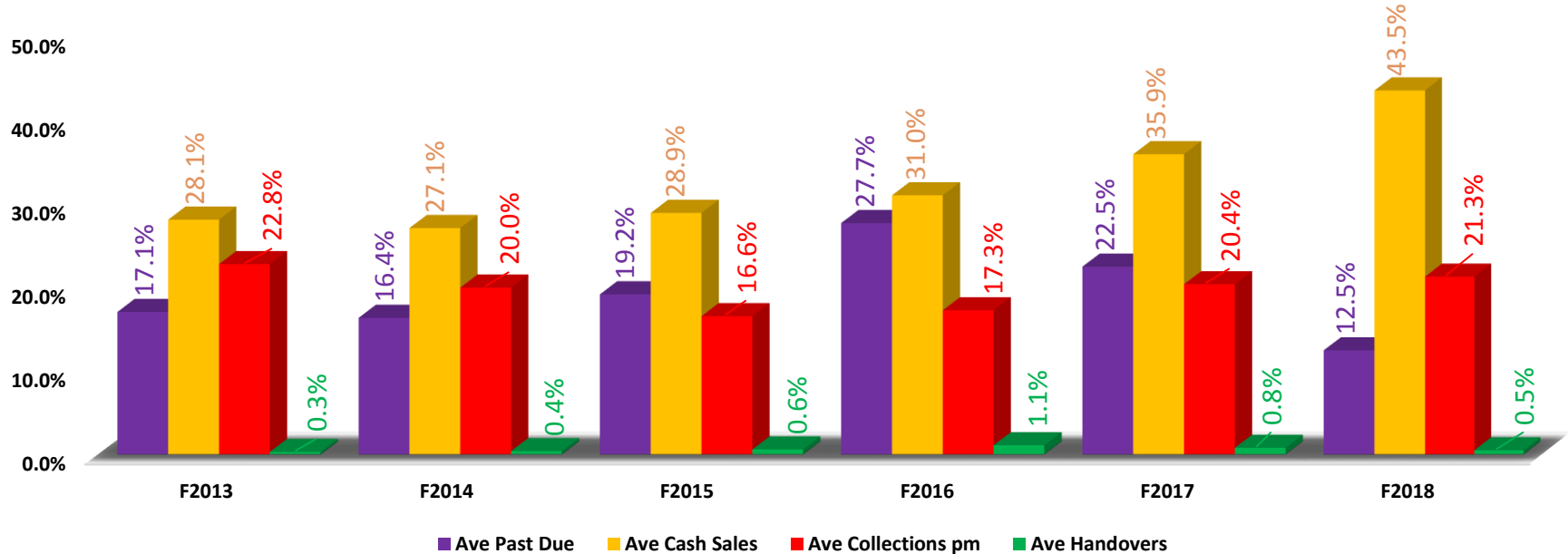
TOTAL ACCOUNTS (000s)



- Average number of new accounts per month = 1,735 accounts (F2017: 1,894).
- Total new accounts opened this period = 20,145 accounts (F2017: 21,455).

6.1%
New
Accounts

CREDIT MANAGEMENT – DEBTORS STATISTICS



- Collections improved from 20.4% to 21.3%.
- Debtors book grew by 0.7% over last year.
- Debtors were well managed throughout the year. The books are clean.
- Recoveries 110.9% of Handovers.

EDGARS CHAIN – F2018

- **Retail sales growth of 16.6% to F2017.**

- Cash sales increased by 44.3%
- Credit sales grew by 8.2%.
- Unit Sales decreased by 15.1%.
- Chain profitability up 51.6%.

- **Key performance drivers:**

- **Store Revamps** of big stores.
- **Black Friday** promotion.
- Improved **merchandise assortments**.
- Availability of all **payment options**.
- **Customer service** and promotional initiatives.
- Sourcing difficulties.
- Low risk appetite for credit sales.

	F2018	F2017
Retail sales growth (%)	16.6	16.5
Comparable sales growth (%)	17.1	20.4
Gross profit (%)	44.0	43.0
Total number of stores @ yearend	25	26
Space (sqm)	26,875	27,588
Credit Sales (%)	71.3	76.8
Turnover per Sqm (\$)	1,631	1,394
Unit Sales (000)	1,649	1,942



51.6%
Chain Profit Growth

Productivity:

- Turnover per Employee up 34.1%
- Units sold per Sqm down 12.8%.

Expenses:

- Store expenses increase by 3.5%.

Other:

- Ave Active Accounts = 49.4% (55.4% LY).
- Collections grew by 5.33% in \$.

JET CHAIN – F2018

- **Sales growth of 26.5% to prior year.**

- Cash sales increased by 29.9%.
- Credit sales increased by 21.7%.
- Unit sales declined by 6.5% over last year.
- Chain profitability up 58.2% (2017: 21%).

- **Key performance drivers:**

- Profit focused merchandise procurement.
- Cost consciousness.

	F2018	F2017
Retail sales growth (%)	26.5	35.8
Comparable sales growth (%)	27.3	34.3
Gross profit (%)	42.0	39.0
Total number of stores	24	25
Space (sqm)	11,765	12,020
Credit Sales (%)	39.7	41.2
Turnover per Sqm (\$)	2,252	2,010
Unit Sales (000)	2,359	2,522




58.2%

**Chain Profit
Growth**

Expenses:

- Store expenses up 20.9%.

Productivity:

- Units sold per Sqm down by 4.4%
- Turnover per employee increased by 60.6%

Other:

- Ave Active accounts = 68.0% (76.9% LY)
- Collections grew by 25.7% in \$s.

CAROUSEL –F2018

F2018 F2017

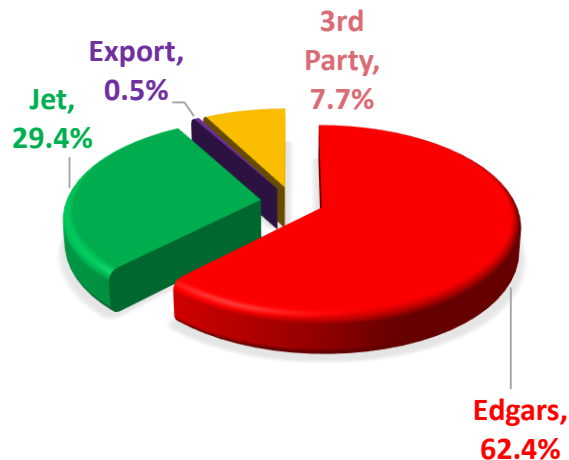
Production Growth (Units) - %	7.4	(14.4)
Sales growth (Value) - %	18.7	(6.8)
Sales growth (Units) - %	(7.2)	(12.8)

- Export Sales contribution was 0.5%
- Aggressive export drive in progress to ease forex pressures.
- Enhanced quality and productivity focus in support of exports.
- Implementation of mini re-tooling to enhance efficiencies and productivity, especially denim lines.

C A R O U S E L

A Division of Edgars Stores Limited

SALES BY CUSTOMER



CLUB PLUS –F2018

FINANCIAL HIGHLIGHTS

	F2018	F2017
Revenue	1,654,406	91,853
Net Profit/ (Loss)	504,514	(111,429)
Net Profit Margin - %	36.7%	-121.3%
Loans and advances to customers	4,003,122	643,573
Provision for Credit Loss	350,429	17,111
Current Ratio	1.25	0.92

Commentary

- Debtor book increased by 522 %
- Cost per borrower = \$15
- Non-Performing Loans over 90 days as at Dec is 1.93%
- Cost to Income = 86%



KEY FINANCIALS



FINANCIAL HIGHLIGHTS

	F2018	F2017	% change
Retail Sales	75,575,868	62,882,028	20.2
Net Profit Margin %	11.2	6.5	72.3
Earnings per Share (cents)	3.29	1.54	113.6
Trade and Other Receivables \$	29,518,780	24,979,091	18.2
No. of Active Accounts	151,552	150,574	0.6
Gearing (net)	0.04	0.08	(0.5)
Net Equity per Share (cents)	12.78	12.08	5.8
Borrowings @ period end \$	8,307,228	4,665,031	78.1
EBITDA	14,311,198	8,788,356	62.8
Net Leverage (Net Debt/EBITDA)	0.12	0.27	(15)
Interest Cover (times)	15.39	6.40	140.5
Debt Service Cover	1.06	0.68	55.9
Current Ratio	3.00	2.98	0.9



STATEMENT OF COMPREHENSIVE INCOME

	F2018 \$ 000	F2017 \$ 000	% change
Retail Sales	75,575	62,882	20.2
Revenue from micro finance institution	1,602	92	1,641.3
Gross Profit	36,061	27,022	33.5
Gross Profit Margin %	46.7	43.0	8.6
Net exchange gains and other losses	23	(117)	119.7
Credit Management & Debt Collections	(2,330)	(2,513)	7.3
Store Expenses	(12,505)	(11,473)	(9.0)
Depreciation & Amortisation	(1,982)	(1,820)	(8.9)
Other Operating Expenses	(13,552)	(11,830)	(14.6)
Finance income	6,614,	7,700	(14.1)
Finance costs	(816)	(1,089)	25.1
Profit before Tax	11,513	5,880	95.8
Taxation	(3,017)	(1,901)	(58.7)
Profit after tax	8,496	3,979	113.5





FY2019 FORECAST

???

- Turnover Growth
- PAT Growth
- Gearing

TARGET

35%

40%

<30%

THANK YOU

For more information

Our website: www.edgars.co.zw

