

PRESENTATION OF FINANCIAL RESULTS

For the year ended 05 January 2020

LINDA MASTERSON

CHIEF EXECUTIVE OFFICER

13 May 2020



**EDGARS STORES
LIMITED**



EXECUTIVE SUMMARY

KEY HIGHLIGHTS

- Functional currency: ZWL\$.
- Implemented (IAS 29)-below commentary based on historical numbers
- Revenue growth: Group 241.8% (Edgars 283%, Jet 223%)
- PAT increase 507.2% to ZWL\$ 51.6m.
- Good quality debtors book (75.5% current).
- Implemented IFRS 16-Leases.
- Brand acquisition (no franchise fees payable to Edcon from January 2019)
- Change in major shareholder-from Edcon to Sub Sahara Capital Group (SSCG)
- Successful import substitution (85% of our merchandise inputs are local, of which 11.8% is from Carousel.
- Overstock position at year end.
- Gearing of 0.21 from 0.22 last year.
- Foreign liabilities USD 219 036 (fully settled as at 30.04.2020).
- Reopened Edgars and Jet Stores in Kadoma in new sites (plus Jet Chegutu and Banket)

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

Inflationary

Depressed consumer demand

Not so good December,

Mobile payment platform down time

Good 1st quarter trading

F2019

F2018

- Retail sales ↑ **247 %** ↑ **20.4 %**
- Cash sales ↑ **333 %** ↑ **35.5 %**
- Credit sales ↑ **210 %** ↑ **11.6 %**
- Unit Sales ↓ **24.0%** ↓ **10.6%**



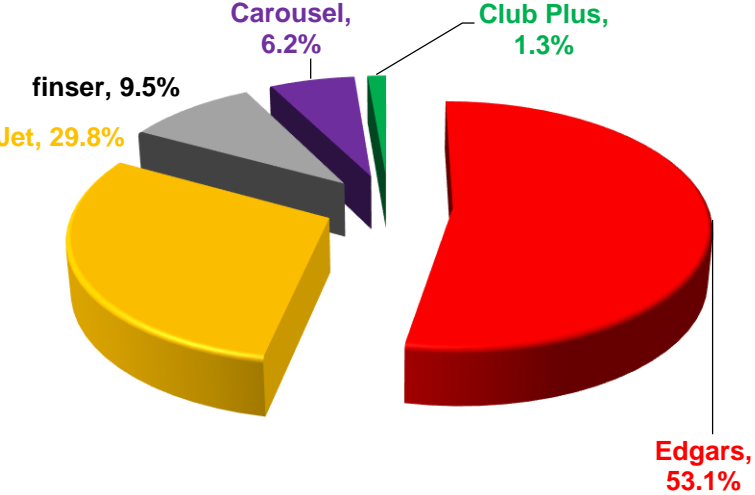
RESULTS

PAT\$51.6 m 2018:
\$8.5m)

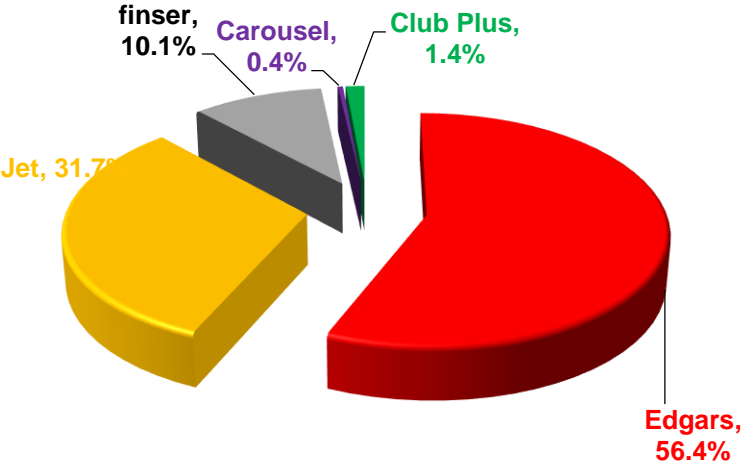
- Gross profit ↑ **327 %** ↑ **28 %**
- Net Profit ↑ **507 %** ↑ **114 %**
- **EPS (cents)** **18.37** **3.29**

SEGMENT ANALYSIS – TURNOVER CONTRIBUTION

Unconsolidated

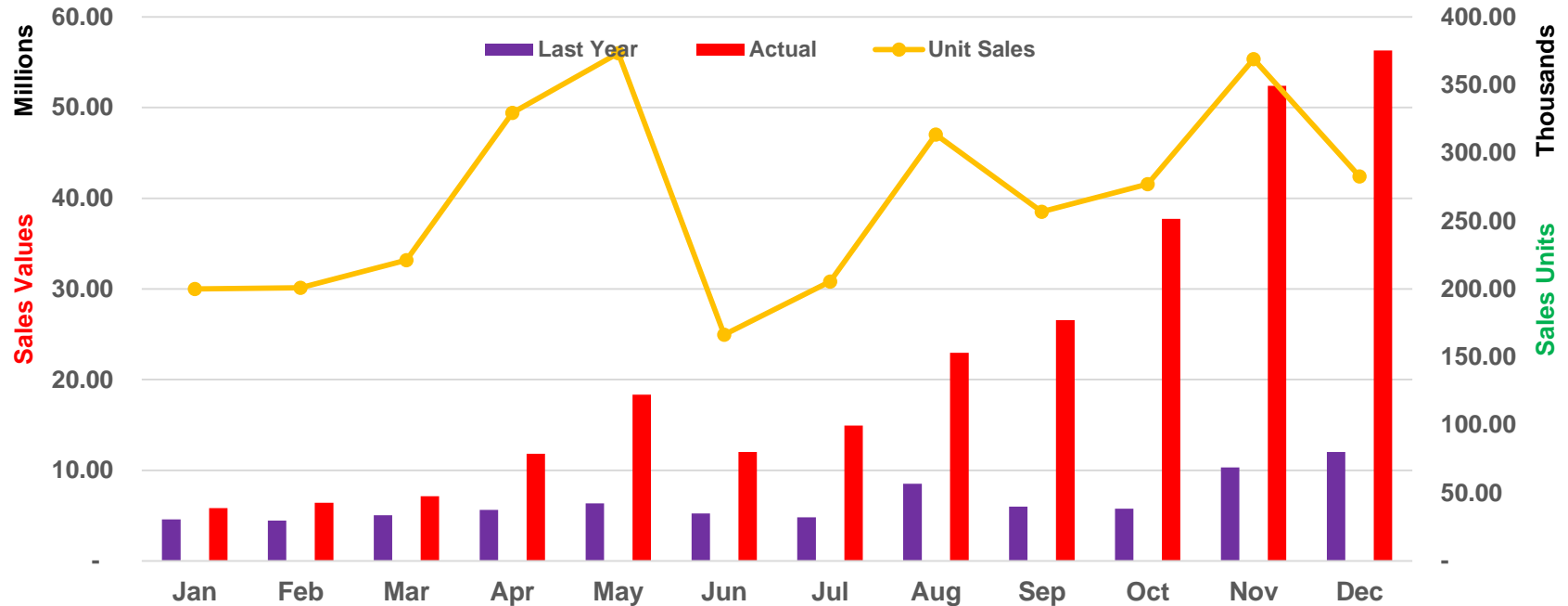


Consolidated



TURNOVER - MONTHLY

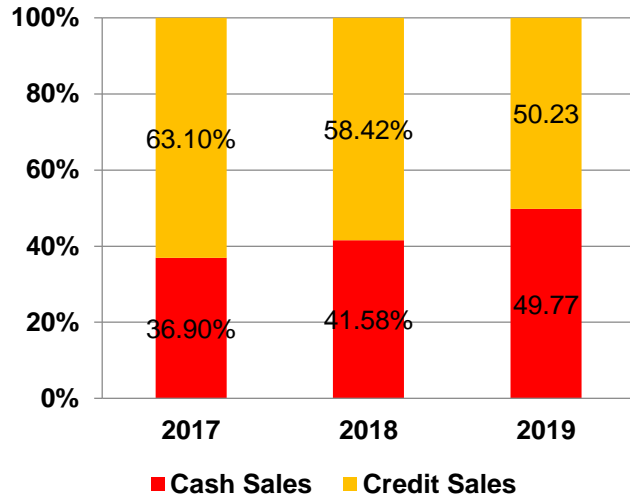
Group



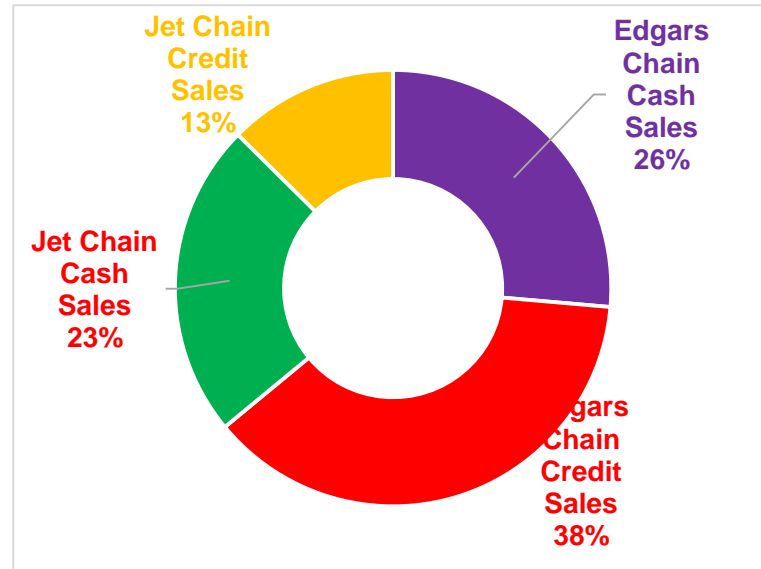


TURNOVER SPLIT

CASH vs CREDIT



BY CHAIN

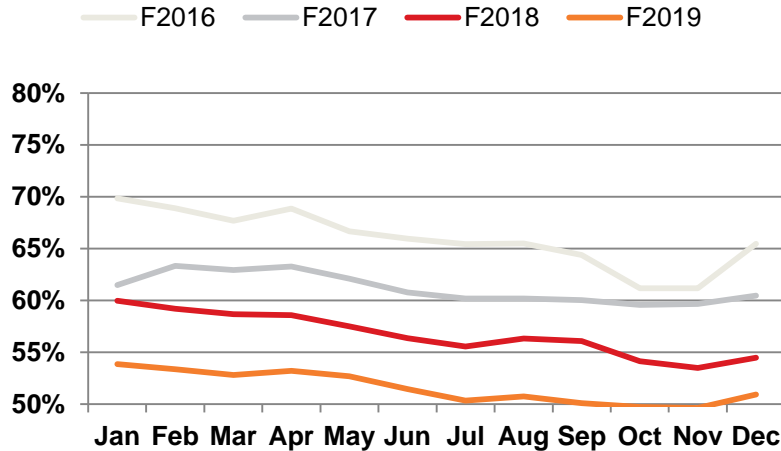


- F19 Group Cash sales contribution grew to 49.8% from 41.9% last year.

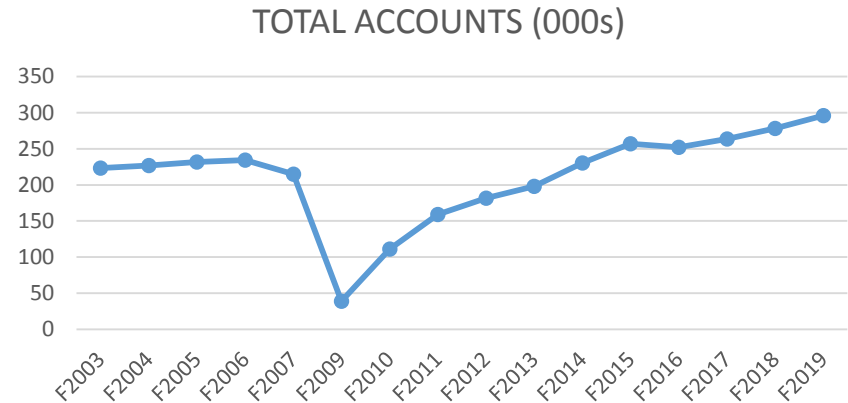


ACCOUNTS PERFORMANCE

ACTIVE ACCOUNTS %AGE



TOTAL ACCOUNTS (000s)



- Average number of new accounts per month = 1,738 accounts (F2018: 1,735).
- Total new accounts opened this period = 20,261 accounts (F2018: 20,145).



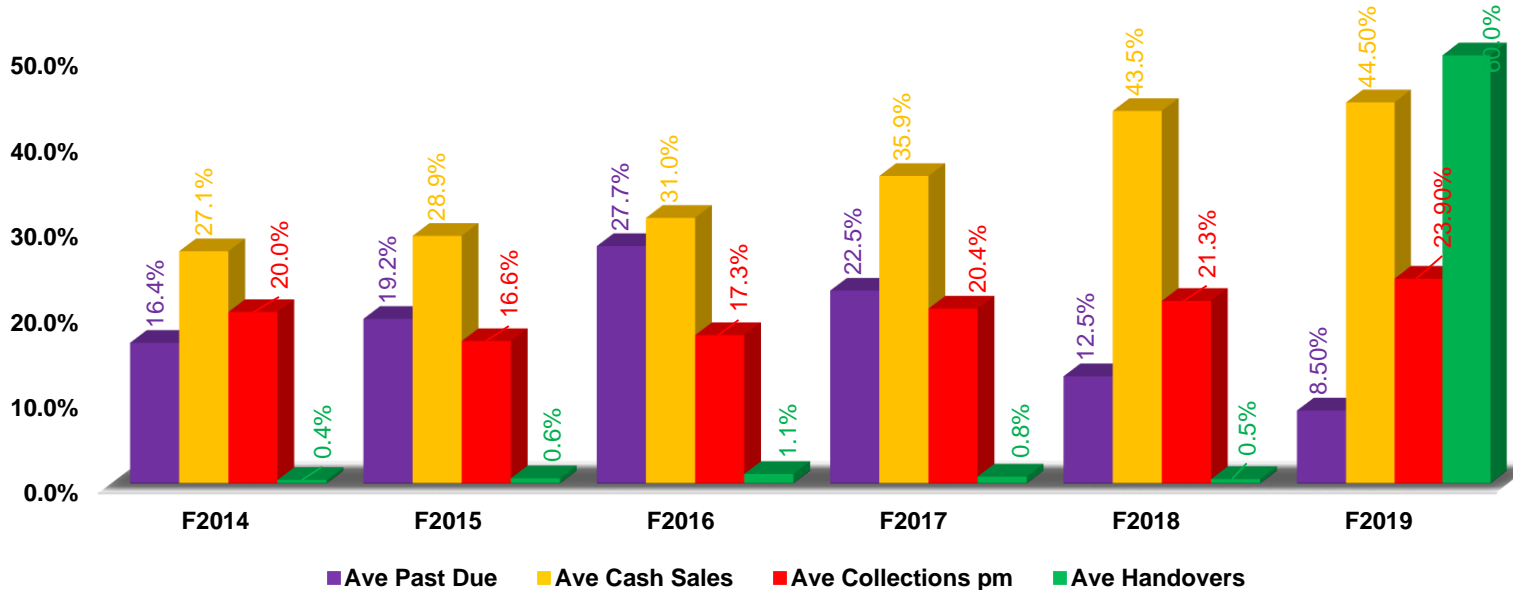
0.58%

New
Accounts



CREDIT MANAGEMENT – DEBTORS STATISTICS

EDGARS STORES
LIMITED




- Collections improved from 21.3% to 23.9%.
- Debtors were well managed throughout the year. The books are clean.
- Recoveries 320.7% of Handovers.

EDGARS CHAIN – F2019

- **Retail sales growth of 283% to F2018.**
 - Cash sales increased by 459%
 - Credit sales grew by 221%.
 - Unit Sales decreased by 19%.
 - Chain profitability 24% (2018:27%)
- **Key performance drivers:**
 - Inflation
 - Improved **Merchandise** assortments.
 - **Black Friday** promotion.
 - **Mobile Payment** platform downtime (Nov and December).
 - **Customer service** and promotional initiatives.
 - Stopping **12MTP**.

	F2019	F2018
Retail sales growth (%)	283	16.6
Comparable sales growth (%)	287.9	17.1
Gross profit (%)	52.4	44
Total number of stores @ yearend	26	25
Space (sqm)	27,163	26,875
Credit Sales (%)	59	71
Turnover per Sqm (ZWL\$)	21,166	14,067
Unit Sales(000)	1,398	1,649

24%
Chain Profit %

Productivity:

- Turnover per Employee up 26%
- Units sold per Sqm down by 0.02%.

Other:

- Ave Active Accounts = 47% (49.4% LY).
- Collections declined by 26.2% in ZWL\$.

JET CHAIN – F2019

- **Sales growth of 223% to prior year.**
 - Cash sales increased by 245%.
 - Credit sales increased by 183%.
 - Unit sales declined by 27.6% over last year.
 - Chain profitability 19.6%(2018:22.8%)
- **Key performance drivers:**
 - Successful black **Friday** promotion.
 - **Mobile money platforms** downtime
 - **Price resistance**
 - Dip in **alternative market exchange** rate towards Christmas.

	F2019	F2018
Retail sales growth (%)	223	26.5
Comparable sales growth (%)	32.8	27.3
Gross profit (%)	49.9	42.0
Total number of stores	27	24
Space (sqm)	12,286	11,765
Credit Sales (%)	35	39.7
Turnover per Sqm (ZWL\$)	27,365	21,404
Unit Sales (000)	1,797	2,359




19.6%
Chain Profit

Productivity:

- Units sold per Sqm down by 0.6%
- Turnover per employee increased by 16%

Other:

- Ave Active accounts = 60.7% (68.0% LY)
- Collections declined by 4.6% in ZWL\$. 10

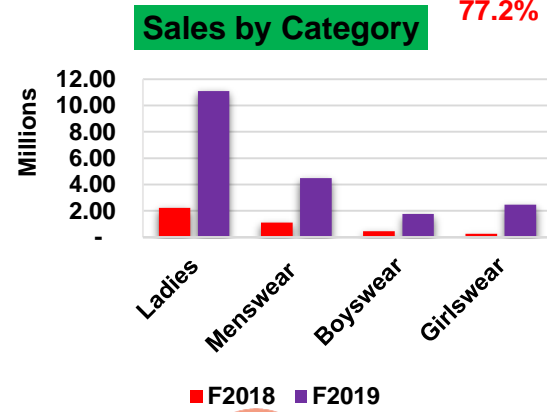
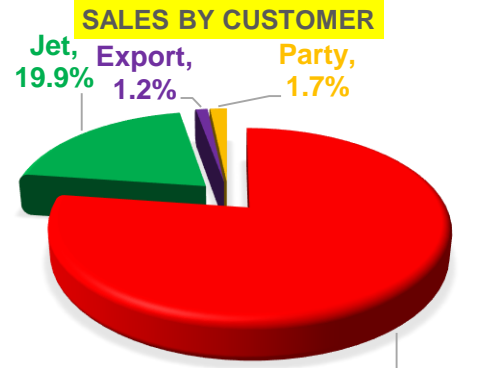
CAROUSEL –F2019



F2019 F2018

Profit growth - %	2,576	(5)
Sales growth (Value) - %	379	18.7
Sales growth (Units) - %	(5)	(7.2)

- Profitability 27% (2018: 5%)
- **Export unit sales** contribution up by 18.4% up from 2.29 in 2018
- Aggressive **export drive in progress** to ease forex pressures.
- **Enhanced quality** and productivity focus in support of exports.



CLUB PLUS –F2019

FINANCIAL HIGHLIGHTS

	F2019	F2018
Revenue ZWL\$	4,250,887	1,602,357
Net Profit/ (Loss) ZWL\$	414,627	651,059
Net Profit Margin - %	9.8%	41%
Loans and advances to customers ZWL\$	6,455,962	4,275,580
Allowance for Credit Loss (IFRS 9) ZWL\$	345,977	77,971
Current Ratio	1.26	1.25

Commentary

- Loan book increased by 50.9%
- Cost per borrower = \$15
- Portfolio at Risk (PAR>30) = 6.29% above ZIM MFI Industry of 6%
- Non-Performing Loans over 90 days as at Dec is 1.93%
- Cost to Income = 86%



KEY FINANCIALS



FINANCIAL HIGHLIGHTS

	F2019	F2018	% change
Retail Sales ZWL\$	261,906,999	75,575,868	246.5
Net Profit Margin %	19.7	11.2	75.9
Earnings per Share (ZWL cents)	18.37	3.29	458.4
Trade and Other Receivables ZWL\$	117,932,121	25,518,658	362.1
No. of Active Accounts	296,004	151,552	95
Gearing (net)	0.22	0.21	4.8
Net Equity per Share (ZWL cents)	31.5	14.5	117.2
Borrowings @ period end ZWL\$	59,853,958	8,307,228	620.5
EBITDA ZWL\$	87,119,003	14,311,198	508.7
Net Leverage (Net Debt/EBITDA)	0.59	0.12	391.7
Interest Cover (times)	10.4	15.1	31.1
Debt Service Cover	1.1	0.93	18.3
Current Ratio	1.54	3.0	48



STATEMENT OF COMPREHENSIVE INCOME

	F2019 ZWL\$ 000	F2018 ZWL\$ 000	% change
Retail Sales	261,907	75,576	246.5
Revenue from micro finance institution	4,251	1,602	165.4
Gross Profit	147,142	34,459	327
Gross Profit Margin %	56,2	45.6	23.2
Other Income	37	23	60
Credit Management & Debt Collections	(10,040)	(2,330)	330.9
Store Expenses	(35,627)	(12,505)	184.9
Depreciation & Amortisation	(10,310)	(1,982)	420
Other Operating Expenses	(39,710)	(13,552)	193
Finance income	21,065	6,614	218.5
Finance costs	(7,419)	(816)	809
Profit before Tax	69,390	11,513	502.7
Taxation	(17,789)	(3,015)	490
Profit after tax	51,601	8,498	507



FY2020-LOOKING AHEAD

- **Year end over stock position** put the business at an advantage for first quarter trading.
- All the **stores were closed** for the entire five week Corona virus induced lock down, sales and collections took a knock.
- We have **re-opened all stores** from the 5th of May 2020. Trading is going on well.
- **Carousel opened as essential** services and has been producing face masks for the market, demand is encouraging.
- **Trading update** to be posted onto our website by Monday the **18th of May 2020**.

THANK YOU

For more information

Our website: www.edgars.co.zw

