

PRESENTATION OF FINANCIAL RESULTS

For the year ended 08 January 2017

LINDA MASTERSON

GROUP MANAGING DIRECTOR

22 March 2017



AGENDA

- PROGRESS - KEY STRATEGIC INITIATIVES

FINANCIAL REVIEW

F2017 FORECAST



Jet MORE
STYLE
LESS
PRICE
www.jetstores.co.zw

KEY STRATEGIC INITIATIVES - PROGRESS

PEOPLE

Achievements:

- Restructuring– Chain differentiation done creating two structures to enhance accountability and productivity
- Retrenchment program to create a lean structure.
- Preserved critical skills.

Future:

Short Term:

- Performance Management.
- Talent Management.
- Upskilling staff.
- Succession planning.

SERVICE

Achievements:

- Staff training on customer care.
- Successfully implemented new ERP solution enabling the following benefits:
 - Integration of debtors ledger with Point of Sale
 - Daily Update of customer records
 - Access to branch stock information in realtime
 - Barcode scanning.

Future:

Short Term:

- Store Revamps & improvements.
- Staff training.
- Sales Growth.
- Customer centric service & thinking.

Next:

- New Stores.

KEY STRATEGIC INITIATIVES - PROGRESS

PRODUCT

Achievements:

- Improvement in pricing.
- Improved fashionability and freshness.
- Launched Quote ladies brand.
- Successful implementation of ERP solution enabling:
 - improved accuracy of size & colour matrices.
 - improved stock replenishment lead times.

Future:

Short Term

- Diversification of Assortments.
- Buying right, Buying smarter
- More efficient stock management.

INTERNAL PROCESSES

Achievements:

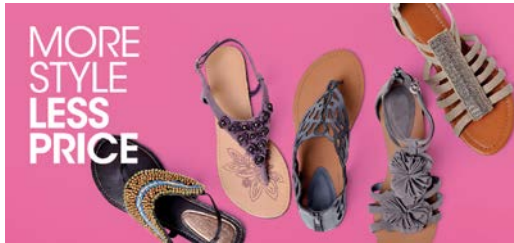
- ERP successfully commissioned in October 2016.

Future:

Short Term

- Reengineering processes to enhance productivity and efficiency
- More efficient supply management system to reduce lead times.
- Optimum utilisation of new ERP system.

KEY FEATURES



Profit for the year \$0.5m.

Focus on Customer Centricity, Merchandise assortments , Internal Business process improvements & exports from factory.

	FY2016	FY2015
• Retail sales	↓ 19.2%	↓ 13.6%
• Cash sales	↓ 12.0%	↓ 7.9%
• Credit sales	↓ 22.3%	↓ 15.8%
• Unit Sales	↓ 9.3%	↓ 8.9%

• Gross profit	↓ 24.8%	↓ 14.2%
• Net Profit	↓ 86.2%	↓ 11.9%
• Operating Cash Flow	↑ 149.3%	↑ 284%

- Differentiation of Chains & Products.
- Improved product assortments and supply chain management.
- Business process re-engineering.
- Continued Cost Containment.
- Exports.

AGENDA

PROGRESS - KEY STRATEGIC INITIATIVES

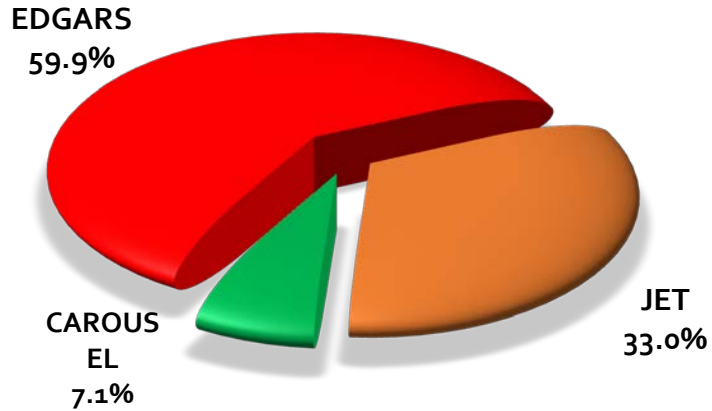
- FINANCIAL REVIEW

F2017 FORECAST

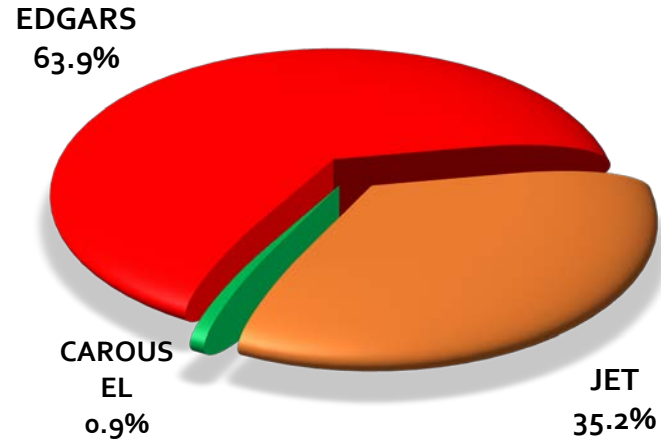


SEGMENT ANALYSIS – TURNOVER CONTRIBUTION

Unconsolidated



Consolidated



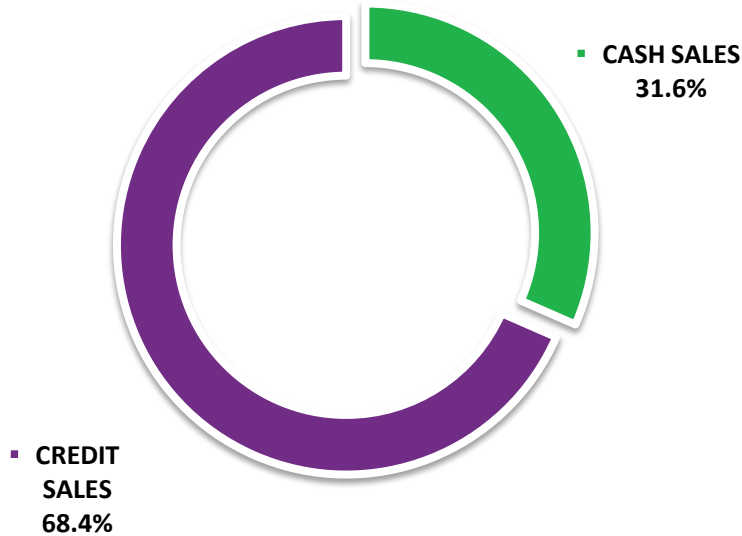
- Jet Chain contribution grew from 28.6% last year to 33.0% this year as its credit product stabilised chain performance.

- Carousel third party sales declined by 4.2% over F2015.

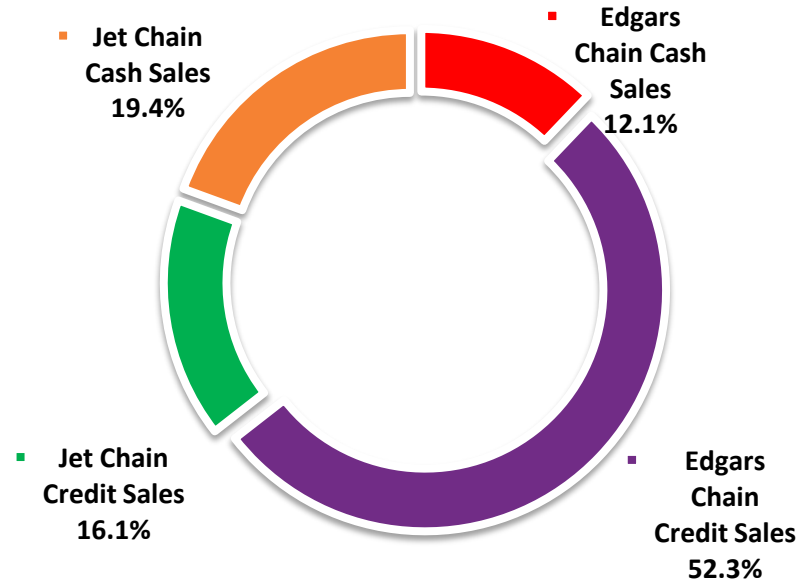


TURNOVER SPLIT

CASH vs CREDIT



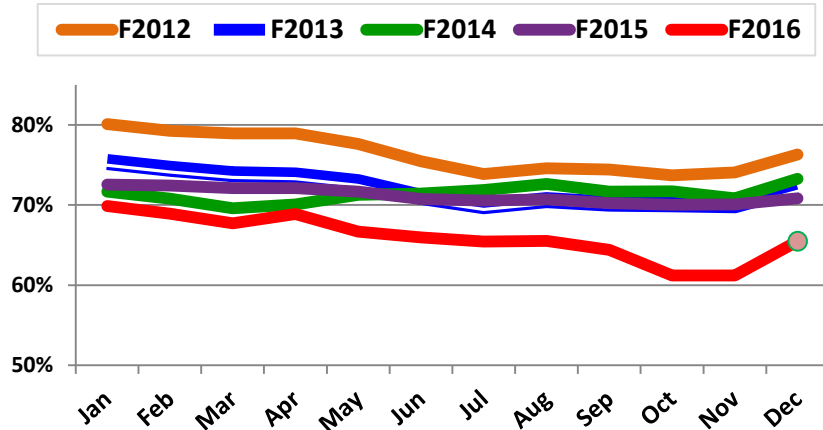
BY CHAIN



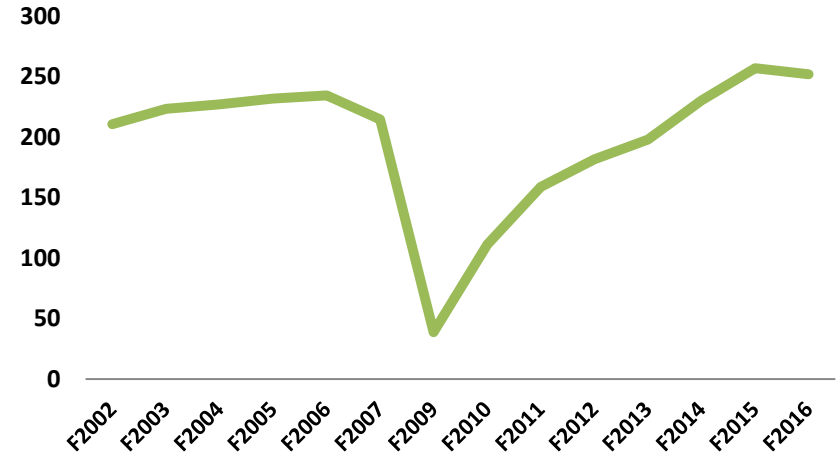
- Group Cash Sales contribution increased from 28.9% last year to 31.6% this year.
- Jet Chain Credit Sales contribution grew from 11.2% last year to 16.1% this year.

ACCOUNTS PERFORMANCE

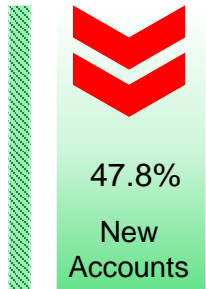
ACTIVE ACCOUNTS %AGE



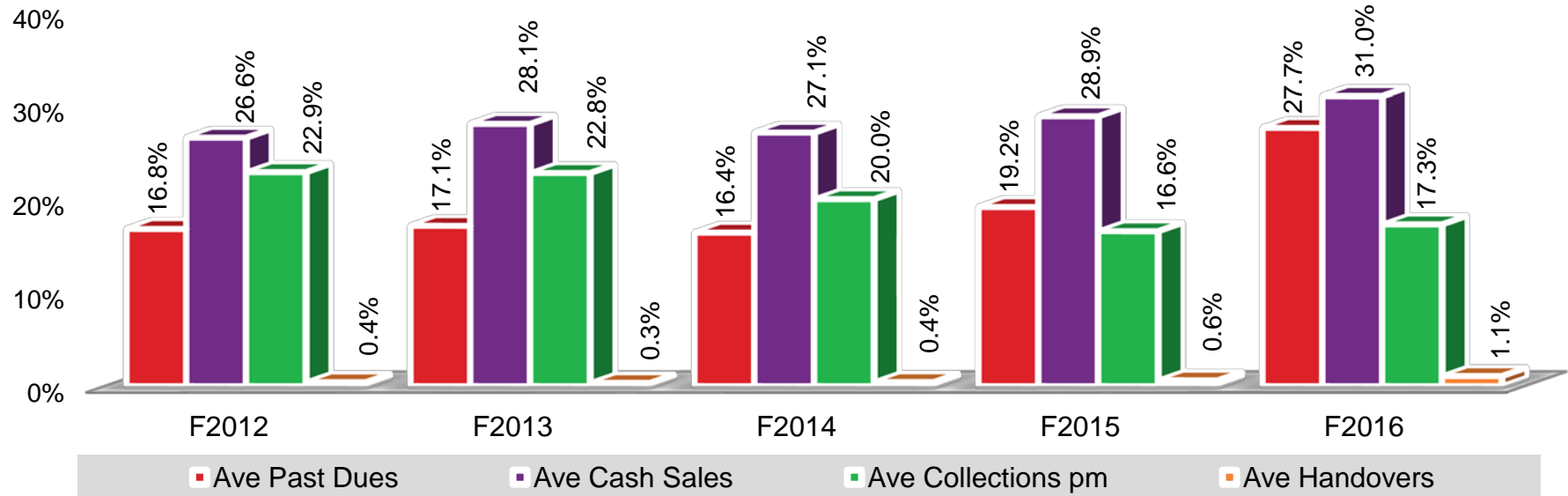
TOTAL ACCOUNTS (000s)



- Average number of new accounts per month = 1,997 accounts (FY2015:3,975).
- Total new accounts opened this year = 25,976 accounts.
- Average active accounts percentage = 66%



CREDIT MANAGEMENT – DEBTORS STATISTICS



- Collections declined by 10.2% due to the negative growth of our debtors book and an 86.7% rise in Net Bad Debts Write-offs.
- Doubtful Debt Provisions increased from 6% to 8.6% YOY.

EDGARS CHAIN – F2016

- **Retail sales decreased 24.6% to 2015**
 - Cash sales increased 6.9% and credit sales decreased 29.4%.
 - Unit Sales declined by 19.7% to last year.
 - Consumer confidence negatively affected by the tough macro-economic environment.
- **Gross margin decline of 3.7%**
- **1 Edgars store closed.**
- **Product sourcing challenges due to foreign currency shortages and lost sales in the transition period from old system to new.**

	FY2016	FY2015
Retail sales growth (%)	(24.6)	(23.9)
LFL sales growth (%)	(24.2)	(28.8)
Gross margin (%)	49.1	51.0
Total number of stores	27	28
Space (sqm)	28,063	28,486
Credit Sales (%)	81.2	86.7
Turnover per Sqm (\$)	1,147	1,498
Unit Sales (000)	1,733	2,159



19.8%
Collections - \$

Productivity:

- Turnover per Employee down 13.5%
- Units sold per Sqm down 18.6%.

Expenses:

- Store expenses decline of 7.0%.

Other:

- Stock Cover = 16.7weeks.
- Ave Active Accounts = 60.5%.

JET CHAIN – F2016

- **Sales decreased by 7.6%**
 - Cash sales decreased 20.8% and credit sales increased by 15.6%.
 - Customers sensitive to the macro-economic climate.
 - Unit sales growth of 1.4% over last year.
 - Decline in ladieswear, childrenswear, menswear and footwear affected chain topline performance.
 - Supply chain challenges in fourth quarter affected sales performance.
- **Gross margin percentage decreased by 1.9%**
 - Markdowns offered in order to reduce aged stocks and increase footfall.
- **1 Jet store closed.**

	FY2016	FY2015
Retail sales growth (%)	(7.6)	23.1
LFL sales growth (%)	(6.7)	23.8
Gross margin (%)	39.1	41.1
Total number of stores	24	25
Space (sqm)	11,545	11,796
Credit Sales (%)	45.3	36.2
Turnover per Sqm (\$)	1,537	1,628
Unit Sales (000)	2,121	2,091



82.0%
Collections - \$

Expenses:

- Store expenses down 2.3%.

Productivity:

- Units sold per Sqm up by 4.3%
- Turnover per employee increase by 16.5%

Other:

- Ave Active accounts = 82.9%

CAROUSEL – F2016

F2016

Production Growth (Units) - %	(17.2)
Sales growth (Value) - %	(28.7)
Sales growth (Units) - %	(14.5)



- **Sales decreased by 28.7%.**
 - 38% increase in sales to the open market arising from the successful launch of the “Quote Ladies” brand and corporate wear sales.
 - Sales volumes to Jet Chain grew 18.5% but with a significant shift towards children's wear while volumes to the Edgars chain retreated by 30.2%
- **Exports planned for FY2017**
- **Production was hindered by late payments for fabric and trims due to the prevailing forex shortages.**
- **We hope to improve the order book and sales by widening our product range to include sleepwear and schoolwear.**



17.2%

Production Units



KEY FINANCIALS



FINANCIAL HIGHLIGHTS

	FY2016	FY2015	% change
Retail Sales	50,329,626	62,272,354	(19.2)
Net Profit Margin %	1.1	6.4	(82.9)
Earnings per Share (cents)	0.21	1.54	(86.2)
Trade and Other Receivables \$	24,808,995	32,344,417	(23.3)
No. of Accounts	252,036	257,003	(1.9)
Gearing	0.35	0.66	46.5
Net Equity per Share (cents)	9.97	9.07	9.9
Cash flow from operations \$	10,225,557	4,102,291	149.3
Borrowings @ year end \$	11,255,094	18,024,941	37.6



STATEMENT OF COMPREHENSIVE INCOME

	FY2016	FY2015	% change
	\$ 000	\$ 000	
Retail Sales	50,330	62,272	(19.2)
Gross Profit	21,562	28,669	(24.8)
Gross Profit Margin %	42.8	46.0	(6.9)
Net exchange gains and other losses	(137)	(69)	(98.1)
Credit Management & Debt Collections	(5,530)	(6,104)	9.4
Store Expenses	(11,914)	(12,621)	5.6
Depreciation & Amortisation	(1,659)	(1,213)	(36.7)
Other Operating Expenses	(10,553)	(10,365)	(1.8)
Finance income	10,264	10,511	(2.3)
Finance costs	(1,682)	(2,735)	38.5
Profit before Tax	351	6,073	(94.2)
Taxation	197	(2,108)	109.3
Profit after tax	548	3,964	(86.2)
Other Comprehensive Income	-	605	(100.0)
Total Comprehensive Income for the period	548	4,569	(88.0)



COST SAVING INITIATIVES – 2015 to 2017

	Target Savings F2017 / F2016	Target Savings F2017 / F2015	Actual Savings F2016 / F2015
Salaries	1,373,394	2,451,094	1,077,700
Travel Expenses Local	98,541	38,549	(59,992)
Advertising	362,452	41,593	(320,860)
Postal Expenses	14,785	202,973	188,188
Telephones	150,260	491,217	340,957
Security Services	25,836	134,033	108,197
Stationery & Printing	10,479	156,230	145,751
Rent Payable	209,517	388,215	178,699
Railage Merchandise	50,344	268,339	217,995
Saff Meals & Refreshments	92,748	183,705	90,957
Staff Awards Payroll	202,743	154,056	(48,687)
Training Levy	138,991	187,857	48,866
Finance Costs	768,284	1,828,307	1,060,024
Total Expenses	3,498,374	6,526,168	3,027,793

AGENDA

PROGRESS - KEY STRATEGIC INITIATIVES

FINANCIAL REVIEW

- F2017 FORECAST



FY2017 FORECAST

- Turnover Growth
- PAT Growth
- Gearing
- Operating Cashflow

TARGET

5%

400%

0.3

+/- \$3m



THANK YOU

For more information

Our website: www.edgars.co.zw

