Cashbuild

AUDITED INTERIM RESULTS AND DIVIDEND DECLARATION

for the six months ended 31 December 2019

SUMMARY CONSOLIDATED INTE		TEMENT – AUI	DITED	
R'000	Six months ended 31 December 2019 (26 weeks)	Six months ended 31 December 2018 (26 weeks)	% change	Year ended 30 June 2019 (52 weeks)
Revenue	5 510 188	5 563 231	(1)	10 821 235
Cost of sales	(4 141 614)	(4 168 975)	(1)	(8 101 229)
Gross profit	1 368 574	1 394 256	(2)	2 720 006
Selling and marketing expenses	(917 060)	(968 961)	(5)	(1 884 034)
Administrative expenses	(154 611)	(137 343)	13	(279 056)
Other operating expenses	(2 404)	(9 808)	(75)	(13 288)
Other income	4 950	6 725	(26)	15 397
Operating profit	299 449	284 869	5	559 025
Finance cost	(90 495)	(2 966)	>100	(4 190)
Finance income	39 164	30 717	27	57 878
Profit before income tax	248 118	312 620	(21)	612 713
Income tax expense	(75 305)	(92 868)	(19)	(180 294)
Profit for the period	172 813	219 752	(21)	432 419
Profit attributable to:	169 957	217 196	(22)	427 357
- Owners of the company	2 856	2 556	12	5 062
- Non-controlling interests	172 813	219 752	(21)	432 419
Earnings per share (cents) Diluted earnings per share (cents)	748.0 747.8	956.2 955.8	(21) (22) (22)	1 881.3 1 880.6

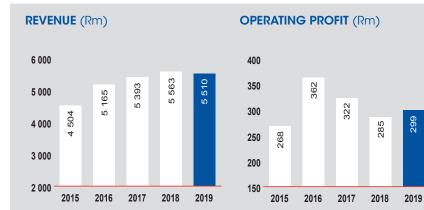
SUMMARY CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME -AUDITED

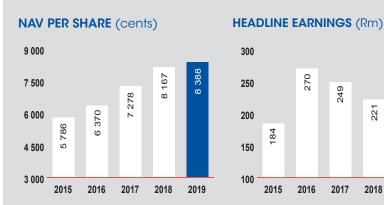
R'000	Six months ended 31 December 2019 (26 weeks)	Six months ended 31 December 2018 (26 weeks)	Year ended 30 June 2019 (52 weeks)
Profit for the period	172 813	219 752	432 419
Other comprehensive income: Total movement in foreign currency translation reserve (FCTR) Attributable to:	5 287	8 148	4 708
- Owners of the company	4 496	7 161	5 083
- Non-controlling interests	791	987	(375)
Total comprehensive income for the period	178 100	227 900	437 127
Total comprehensive income attributable to:			
- Owners of the company	174 453	224 357	432 440
- Non-controlling interests	3 647	3 543	4 687
	178 100	227 900	437 127

SUMMARY CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION - AUDITED

R'000	31 December 2019	31 December 2018	30 June 2019
ASSETS			
Non-current assets	3 013 288	1 684 111	1 716 090
Property, plant and equipment	2 430 394	1 128 254	1 129 283
Investment Property	54 435	-	28 158
Intangible assets	424 285	428 842	426 398
Rent prepayments	-	68 524	66 470
Deferred income tax assets	104 174	58 491	65 781
Current assets	3 261 062	3 129 527	2 278 575
Assets held for sale	6 080	25 206	3 576
Inventories	1 678 499	1 841 293	1 541 295
Trade and other receivables	148 929	164 246	117 807
Prepayments	23 802	32 064	25 747
Cash and deposits	1 403 752	1 066 718	590 150
Total assets	6 274 350	4 813 638	3 994 665
EQUITY AND LIABILITIES			
Shareholders' equity	2 129 229	2 071 143	2 187 400
Share capital and reserves	2 096 141	2 041 023	2 156 701
Non-controlling interests	33 088	30 120	30 699
Non-current liabilities	1 466 097	215 904	224 285
Lease liabilities	1 434 039	-	-
Deferred operating lease liability	-	174 369	187 378
Deferred income tax liability	32 058	40 089	36 907
Contingent consideration	-	1 446	-
Current liabilities	2 679 024	2 526 591	1 582 980
Trade and other liabilities	2 425 419	2 445 748	1 554 567
Lease liabilities	189 520	516	-
Current income tax liabilities	64 085	80 327	28 413
Total equity and liabilities	6 274 350	4 813 638	3 994 665







TOTAL DIVIDEND PER SHARE (cents) SPACE GROWTH (stores)



NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL INFORMATION

Basis of preparation. The summary consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting as required by the JSE Limited Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Financial Reporting Financial Reporting Financial Reporting Practices Committee, Financial Reporting Financial Financial Reporting Financial Reporting Financial Reporting Financial Financi Financial Financi Financi Financial Financial Financial Fi Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa applicable to summary interim financial statements. The accounting policies applied in the preparation of the consolidated interim financial statements from which the summary consolidated interim financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The Group has adopted IFRS 16 Leases effective for the reporting period commencing on 1 July 2019.

IFRS 16 - Leases replaces IAS 17 - Leases, removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In adoption, the Group has applied the modified retrospective approach, whereby the comparatives figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 July 2019.

The following table summarises the impact of the adoption of IFRS 16 on the results

	Audited		
R'000	June 2019	IFRS 16	1 July 2019
Financial position			
Property, plant and equipment	1 129 283	1 224 547	2 353 830
Deferred tax	65 781	30 523	96 304
Lease liabilities	-	(1 518 267)	(1 518 267)
Deferred operating lease liability	(185 380)	185 380	-
Opening retained earnings	(2 349 602)	148 826	(2 200 776)

COMMENTARY

Nature of business

Cashbuild is southern Africa's largest retailer of guality building materials and associated products, selling direct to a cosh-paying customer base through our constantly expanding chain of stores (321 at the end of this reporting period which includes 60 P&L Hardware stores and one DIY store). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home-builders and improvers, contractors, farmers, traders, as well as all other customers requiring quality building materials at the best value

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the best value and through a purchasing and inventory policy that ensures customers' requirements are always met.

International Financial Reporting Standards

The Group is reporting its audited results in accordance with International Financial Reporting Standards (*IFRS*). **Financial highlights**

The Group adopted IRRS 16 which replaces IAS 17. The financial highlights are based on unaudited results, provided for comparative purposes and exclude the effects of IFRS16 in the current period and IAS17 in the prior reported period. The following table summarises the impact of the adoption of IFRS 16 on the results of the current and comparative reporting period excluding the IAS 17 impact:

R'000	Audited December 2019	IFRS 16	Unaudited December 2019	% change	Unaudited December 2018	IAS 17	Audited December 2018
Financial position							
Property, plant and							
equipment	2 430 394	(1 298 318)	1 132 076	-	1 128 254	-	1 128 254
Deferred tax	72 116	(91 337)	(19 221)	(38)	(30 838)	(49 240)	18 402
Lease liabilities	1 623 559	(1 623 559)	-	-	-	-	-
Deferred operating lease							
liability	-	-	-	(100)	1 696	(172 673)	174 369
Shareholders' equity	2 129 229	178 263	2 307 492	3	2 243 816	172 673	2 071 143
Net asset value per share							
(cents)	8 388	713	9 101	3	8 858	691	8 167
Comprehensive Income							
Operating expenses	1 069 125	60 144	1 129 269	3	1 098 784	(10 603)	1 109 387
Operating profit	299 449	(60 144)	239 305	(19)	295 472	10 603	284 869
Finance costs	90 495	(89 581)	914	(69)	2 966	-	2 966
Profit attributable to owners							
of the company	169 957	29 437	199 394	(12)	227 799	10 603	217 196
Earnings per share (cents)	748.0	129.5	877.5	(13)	1 002.9	46.7	956.2
Headline earnings per							
share (cents)	762.4	129.5	891.9	(12)	1 019.0	46.7	972.3

Revenue for the period decreased by 1%. Revenue for stores in existence prior to July 2018 (pre-existing stores 302 stores) declined by 4% while our 19 new stores since July 2018 contributed 3%. Selling price inflation was 2%. Gross profit decreased by 2% in tough trading conditions with gross profit percentage reducing from 25.1% to 24.8%

Operating expenses, including new stores, were well controlled and increased by only 3% (existing stores remained at similar levels) which, with 1% decline in revenue, resulted in a decline in operating profit of 19%. Earnings per share decreased by 13% and headline earnings per share by 12%.

The effective tax rate of 27.1% is slightly lower than the previous period of 27.8%, mainly due to prior period refunds. Cash and cash equivalents increased by 32% to R1,404 million and cash generated from operations increased substantially which is mainly due to supplier payments effected prior to June 2019 financial year-end close. Stock levels, including new stores, decreased by 9% with overall stockholding at 82 days (December 2018: 85 days) at period end. Net asset value per share reflects a 3% increase, from 8 858 cents (December 2018) to 9 101 cents.

During the first half, Cashbuild Group opened eight new stores (seven Cashbuild stores and one P&L Hardware store), refurbished nine stores and closed two Cashbuild stores. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying an even more rigorous process, than in the past.

Prospects

• • • • • • • • • • • • • • • • • •

221

2019

Group revenue for the subsequent six weeks after half year end has remained at similar levels for the comparable six week period. Management expects trading conditions to remain extremely challenging. This information has not been reviewed nor audited by the company's auditor.

Reporting period. The Group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (2019: 29 December (26 weeks); 2018: 23 December (26 weeks); June 2019: 30 June (53 weeks)).

Declaration of dividend. Considering the strong cash position the board has declared an interim dividend (No. 54), of 435 cents (2018: 435 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 24 989 811 (2018: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 348 cents per share for shareholders liable to pay Dividends Tax and 435 cents per share for shareholders exempt from paying Dividends Tax. Local dividend tax is 20%

Cashbulia Limilea siax reference number is 95/5166/12.	
Date dividend declared:	Monday, 2 March 2020
Last day to trade "CUM" the dividend:	Tuesday, 24 March 2020
Date to commence trading "EX" the dividend:	Wednesday, 25 March 2020
Record date:	Friday, 27 March 2020
Date of payment:	Monday, 30 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 March 2020 and Friday, 27 March 2020, both dates inclusive.

5. Earnings per share. Earnings per share is calculated by dividing the earnings attributable to owners of the company for the period by the weighted-average number of 22 723 080 ordinary shares in issue at period end (2018: 22 714 257 shares; June 2019: 22 715 551).

Headline earnings per ordinary share. The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R173 million (2018: R221 million; June 2019: R434 million) and a weighted-average of 22 723 080 (2018: 22 714 257 shares; June 2019: 22 715 551) shares and fully diluted of 22 727 551 (2018: 22 723 330; June 2019: 22 725 551) ordinary shares in issue. Reconciliation between net profit attributable to the equity holders of the company and headline earnings:

ADDITIONAL INFORMATION – AUDITED

R'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Net asset value per share (cents) - unaudited	8 388	8 167	8 636
Net asset value per share (excluding treasury shares) – unaudited	9 225	8 986	9 500
Ordinary shares ('000s): - In issue	24 990	24 990	24 990
- Weighted-average	22 723	22 714	22 716
- Diluted weighted-average	22 723	22 714	22 725
Capital investment	82 221	124 491	203 556
Depreciation of property, plant and equipment	177 523	66 286	131 380
Amortisation of intangible assets	2 921	3 399	6 517
Capital commitments	158 857	221 672	142 854
Property operating lease commitments	-	1 998 506	1 988 949
Contingent liabilities	16 022	14 618	16 022

SUMMARY CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS - AUDITED

R'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Cash flows from operating activities Cash generated from operations Interest paid Interest received – non-investing Taxation paid	1 187 845 (90 495) 803 (42 337)	384 944 (2 966) 334 (101 602)	213 079 (4 190) 337 (251 414)
Net cash generated from operating activities	1 055 816	280 710	(42 188)
Cash flows from investing activities Net investment in assets Increase in investments Interest received	(75 928) (26 511) 38 361	(119 611) - 30 383	(195 503) - 57 541
Net cash used in investing activities	(64 078)	(89 228)	(137 962)
Cash flows from financing activities Shares sold by Cashbuild Trusts Finance lease payments Dividends paid: - Own equity - Non-controlling interests	1 266 (79 415) (96 437) (1 258)	(535) (79 079) (1 148)	(1 051) (178 960) (1 713)
Net cash used in financing activities	(175 844)	(80 762)	(181 724)
Net increase in cash and cash equivalents	815 894	110 720	(361 874)
Cash and cash equivalents at beginning of period	590 150	952 929	952 929
Effect of exchange rate movements on cash and cash equivalents	(2 292)	3 069	(905)
Cash and cash equivalents at end of period	1 403 752	1 066 718	590 150

SUMMARY CONSOLIDATED INTERIM SEGMENTAL ANALYSIS - AUDITED

						South	Africa								
		Group	-	(Cashbuild business		P8	L Hardware business	3	Other memb	ers of common mone	tary area*	Botsw	ana, Malawi and Zam	bia
	Six montl 31 Dec		Year ended 30 June	Six month 31 Dece		Year ended 30 June	Six month 31 Dec		Year ended 30 June	Six montl 31 Dec		Year ended 30 June	Six month 31 Dec		Year ended 30 June
R'000	2019	2018	2019	2019	2018	2019	2019	2018	2019	2019	2018	2019	2019	2018	2019
Income statement Revenue Operating profit Statement of financial position	5 510 188 299 449	5 563 231 284 869	10 821 235 559 025	4 333 948 257 115	4 338 290 248 114	8 475 594 526 040	631 024 17 089	670 900 16 535	1 258 394 (8 493)	300 554 14 714	313 914 15 456	613 587 35 074	244 662 10 531	240 127 4 764	473 660 6 404
Segment assets Segment liabilities	6 274 350 4 145 121	4 813 638 2 742 495	3 994 665 1 807 265	4 411 306 2 817 537	3 095 260 1 998 559	2 435 673 795 192	892 073 863 949	854 664 371 341	768 877 737 174	610 628 224 818	559 784 190 365	529 141 127 073	360 343 238 817	303 930 182 230	260 974 147 826
Other segment items Number of stores Depreciation Amortisation Capital investment	321 177 523 2 921 82 221	320 66 286 3 399 124 491	315 131 380 6 517 203 556	229 142 275 2 794 58 885	225 52 020 3 271 109 797	224 103 674 6 253 166 203	60 16 820 - 3 950	62 6 037 - 9 182	59 11 575 8 12 037	18 8 002 47 12 281	18 4 093 47 4 254	18 8 073 162 19 642	14 10 426 80 7 105	15 4 136 81 1 258	14 8 058 94 5 674

Includes Namibia, Swaziland and Lesotho

Quality building materials at the best value

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis

- when a portfolio of leases contained reasonably similar characteristics, the Group applied a single discount rate to that portfolio:
- leases which were expiring within 12 months of 01 July 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis
- · initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

When measuring lease liabilities, Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 10%.

The interim financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 2 March 2020.

Independent audit by the auditor. These summary consolidated interim financial statements were derived from the consolidated interim financial statements for the six months ended 31 December 2019. The consolidated interim financial statements have been audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. A copy of their unqualified audit report is available for inspection at the registered office of the company.

Directors: AGW Knock (British)* (Chairman), M Bosman*, WF de Jager (Chief Executive), A Hattingh, HH Hickey*, Dr DSS Lushaba*, AE Prowse, NV Simamane*, GM Tapon Njamo*, SA Thoresson, WP van Aswegen (*Non-executive)

Company Secretary: T Nengovhela

Registered Office: 101 Northern Parkway, Ormonde, Johannesburg, 2091, PO Box 90115, Bertsham, 2013

Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

R'000	ended December 2019	ended December 2018	% change	ended June 2019
Net profit attributable to the owners of the company Loss/(profit) on sale of assets after taxation Impairment on intangible assets	169 957 1 512 1 769	217 196 2 034 1 620	(22) (26) 9	427 357 4 980 1 620
Headline earnings	173 238	220 850	(22)	433 957
Headline earnings per share (cents) Diluted headline earnings per share (cents)	762.4 762.2	972.3 971.9	(22) (22)	1 910.4 1 909.5

On behalf of the board

Alistair Knock	Werner de Jager
Chairman	Chief Executive
Johannesburg	2 March 2020

Auditor: PricewaterhouseCoopers Inc. Sponsor: Nedbank CIB Cashbuild Limited (Registration number: 1986/001503/06) (Incorporated in the Republic of South Africa) JSE code: CSB ISIN: ZAE000028320 Investor relations: Keyter Rech Investor Solutions CC

		Attributa	ble to owners of the compo	any			
R'000	Share capital	Share premium	Share-based payments reserve	FCTR	Retained earnings	Non- controlling interests	Total equity
Balance at 30 June 2018	227	(274 414)	65 509	(2 934)	2 101 206	27 725	1 917 319
Total comprehensive income for the period Dividends paid Recognition of share-based payments		- - -	- 6 151	7 161	217 196 (79 079) -	3 543 (1 148)	227 900 (80 227 6 151
Balance at 31 December 2018	227	(274 414)	71 660	4 227	2 239 323	30 120	2 071 143
Total comprehensive income for the period Dividends paid Recognition of share-based payments	- - -	- - -	- 7 477	(2 078) - -	210 161 (99 882)	1 144 (565)	209 22 (100 44 7 47
Balance at 30 June 2019	227	(274 414)	79 137	2 149	2 349 602	30 699	2 187 40
IFRS 16 adoption	-	-	-	-	(148 826)	-	(148 82
Restated balance as at 1 July 2019 Total comprehensive income for the period Shares sold by The Cashbuild Trusts Dividends paid Recognition of share-based payments	227 - - -	(274 414) - 1 266 -	79 137 - - 8 984	2 149 4 496 - -	2 200 776 169 957 - (96 437) -	30 699 3 647 - (1 258) -	2 038 57 178 10 1 26 (97 69 8 98
Balance at 31 December 2019	227	(273 148)	88 121	6 645	2 274 296	33 088	2 129 22

/ince