

 **Cashbuild**

AUDITED FINAL RESULTS AND
DIVIDEND DECLARATION

2017

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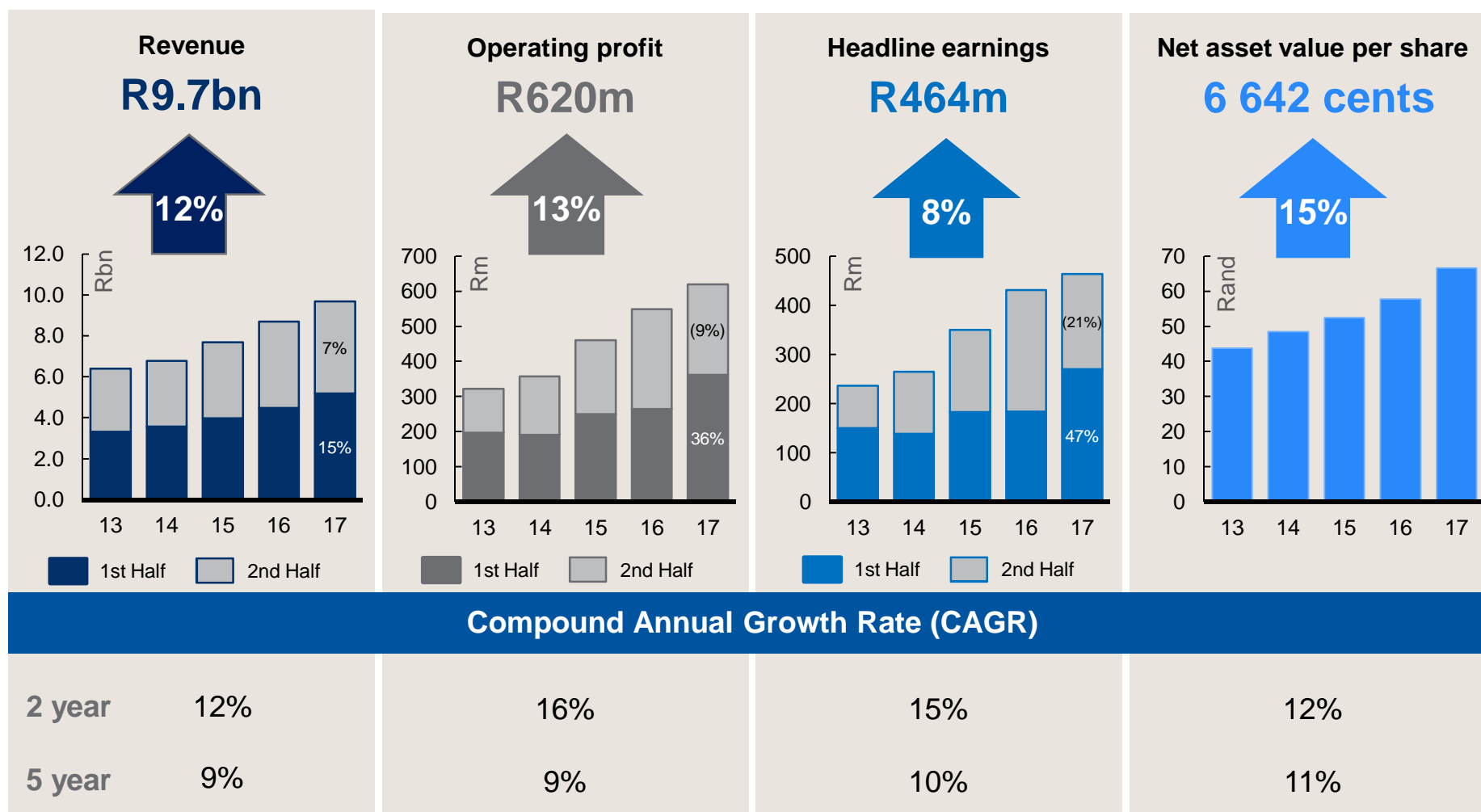
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NATURE OF BUSINESS

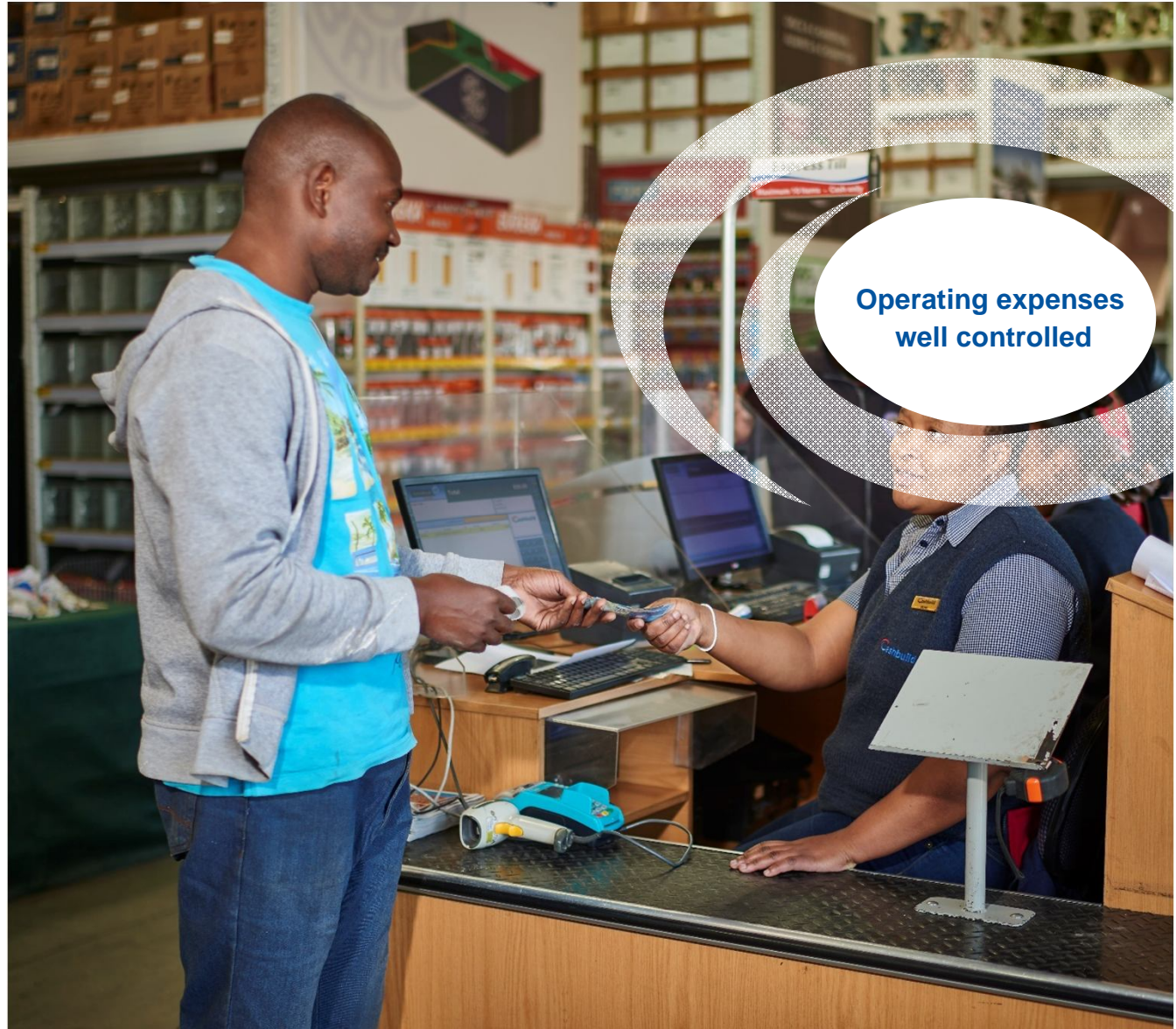
- Mass retailer of building materials, home improvement and related products
- Offers a focused range of quality products at competitive prices
- Selling predominantly for cash
- Largest retail chain of building materials in southern Africa
- Currently 300 outlets and expanding (243 Cashbuild, 48 P&L Hardware and 9 Cashbuild DIY outlets)
- Local market size via distribution estimated at R103 billion per annum
- Large chain builders' merchants – R52 billion



FINANCIAL HIGHLIGHTS



FINANCIAL REVIEW



INCOME STATEMENT

STATUTORY YEAR-ON-YEAR

R'000	Audited June 2017	Audited June 2016	% change
Revenue	9 729 640	8 669 643	12
Gross profit %	25.5	26.1	
Operating expenses	1 860 932	1 716 153	8
Operating expenses %	19.1	19.8	
Operating profit	619 997	548 524	13
Operating profit %	6.4	6.3	
Net financing income	37 029	70 163	(47)
Profit for the year	469 486	442 002	6
Earnings per share (cents)	2 047.7	1 920.4	7
Total dividend per share (cents)	930	1 001	(7)
Weighted number of shares ('000)	22 708	22 779	

INCOME STATEMENT HIGHLIGHTS

HALF YEAR COMPARISON

	2 nd Half			1 st Half		
R'000	2017	2016	% change	2017	2016	% change
Revenue	4 558 733	4 159 933	11	5 170 907	4 509 710	15
Gross profit	1 169 734	1 125 178	4	1 311 195	1 139 499	15
Gross profit %	25.7	27.0		25.4	25.3	
Operating expenses	911 742	841 896	8	949 190	874 257	9
Operating expenses %	20.0	18.5		18.4	19.4	
Operating profit	257 992	283 282	(9)	362 005	265 242	36
Operating profit %	5.7	6.8		7.0	5.9	

Slides hereafter, unless indicated otherwise, excludes the 2016 BEE costs

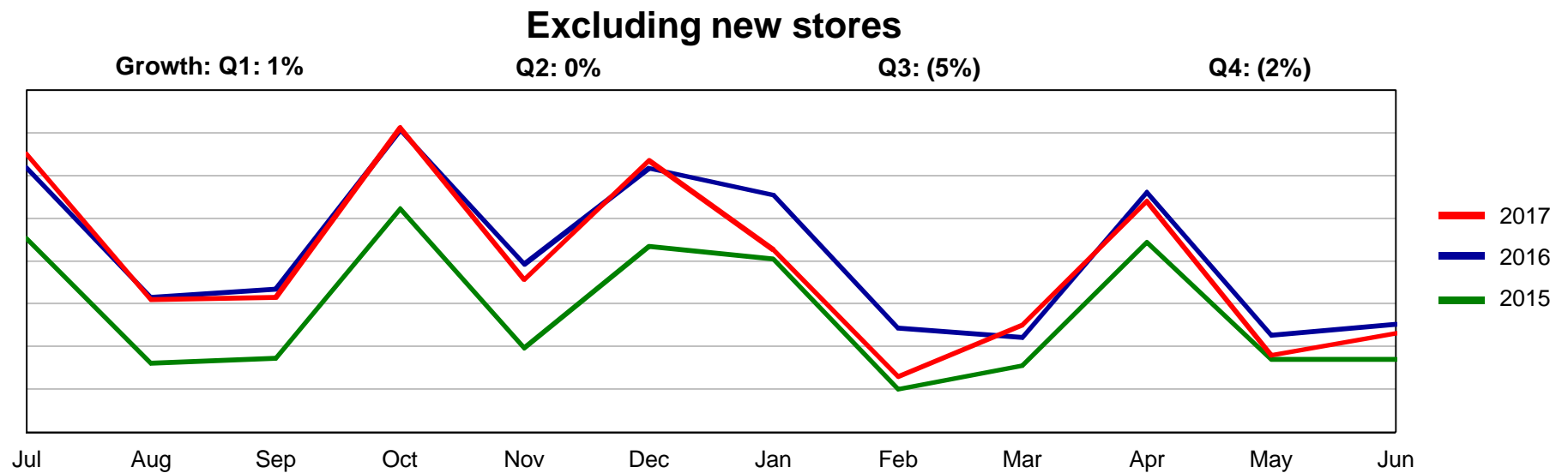
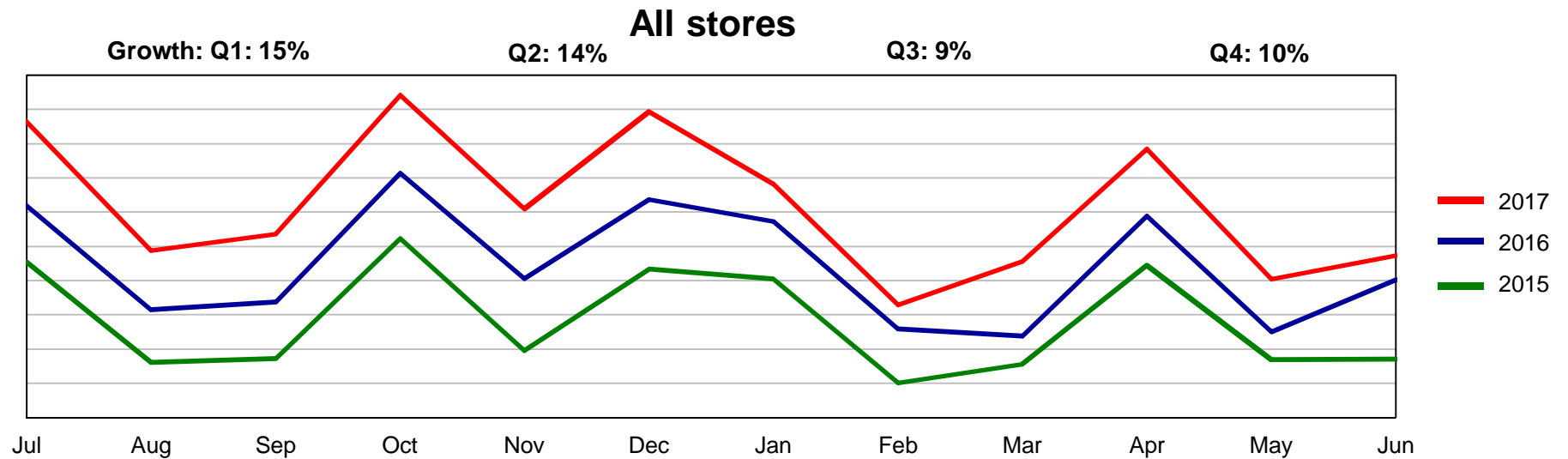
REVENUE BREAKDOWN

R'000	FY 2017	FY 2016	% increase			
			Total	New stores	P&L Hardware	Existing stores*
Quarter 1	2 447 381	2 131 884	15	2	12	1
Quarter 2	2 723 526	2 377 826	14	4	10	-
1st Half	5 170 907	4 509 710	15	4	11	-
Quarter 3	2 230 311	2 037 965	9	4	10	(5)
Quarter 4	2 328 422	2 121 968	10	4	8	(2)
Total	9 729 640	8 669 643	12	4	10	(2)

1st 6 weeks trading since period end up 6%

* All stores in existence prior to 1 July 2015

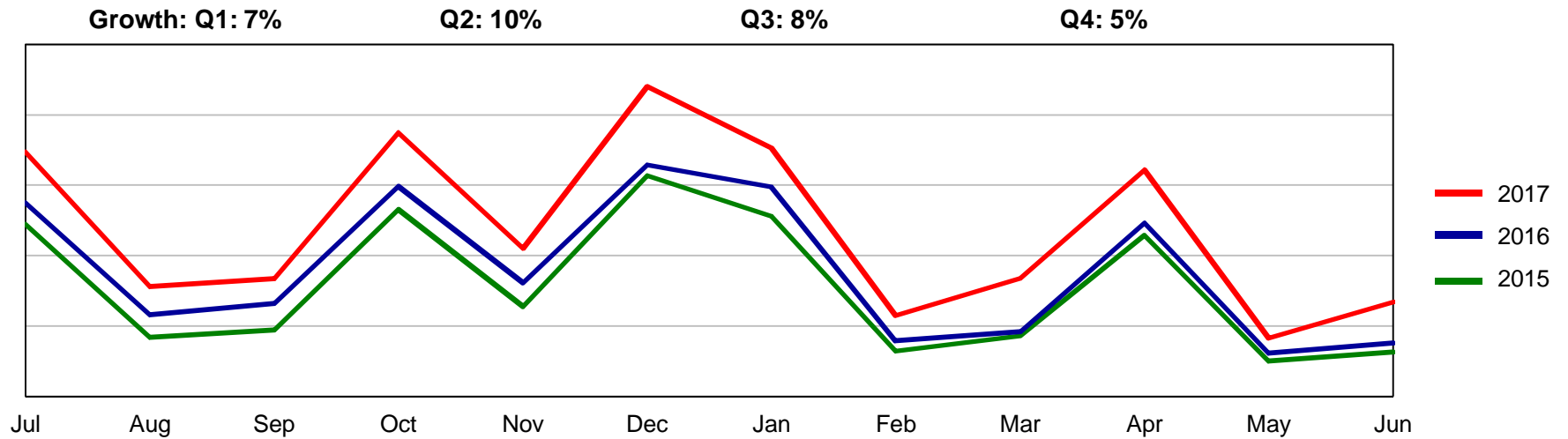
SALES



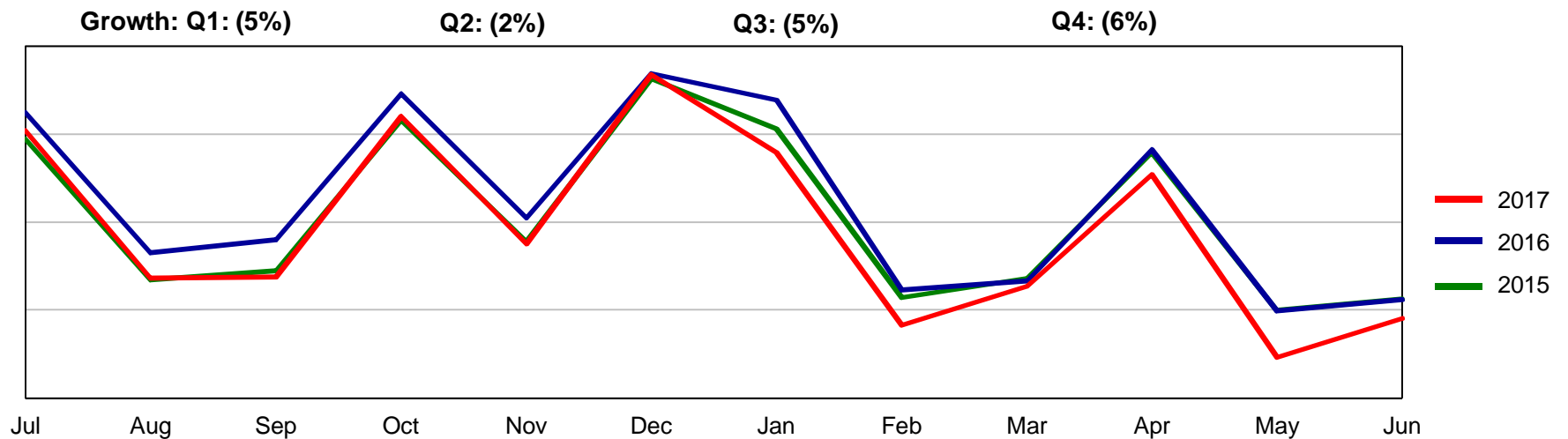
* 2015 & 2016 have been smoothed for comparative 5 weeks vs 4 weeks

CUSTOMER TRANSACTIONS

All stores

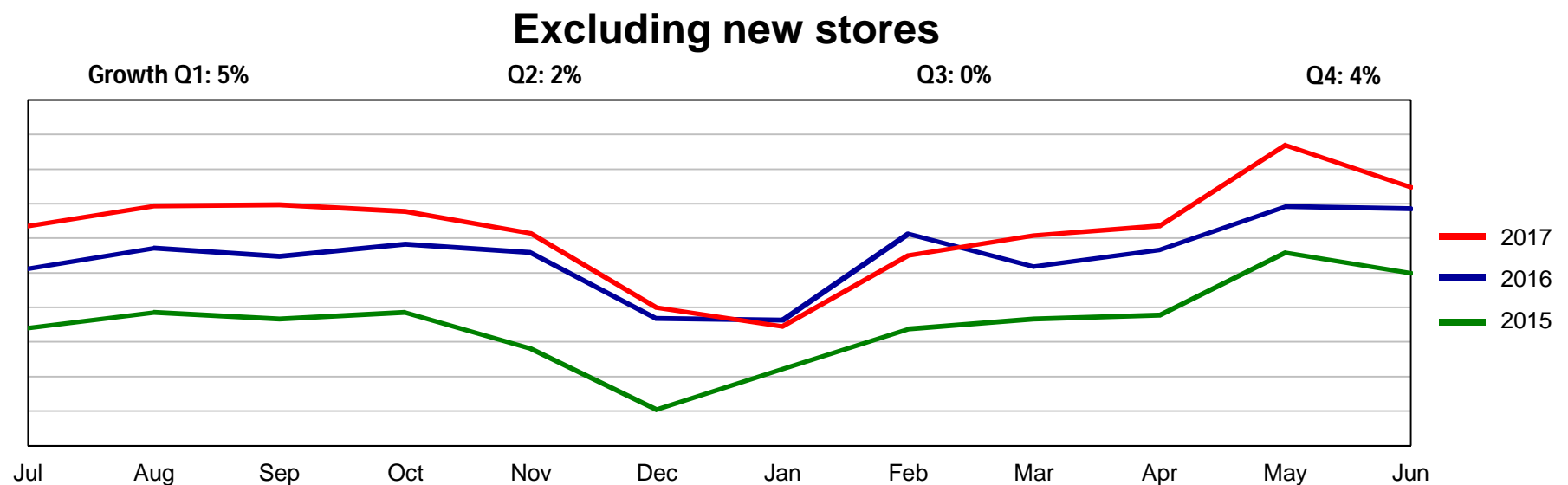
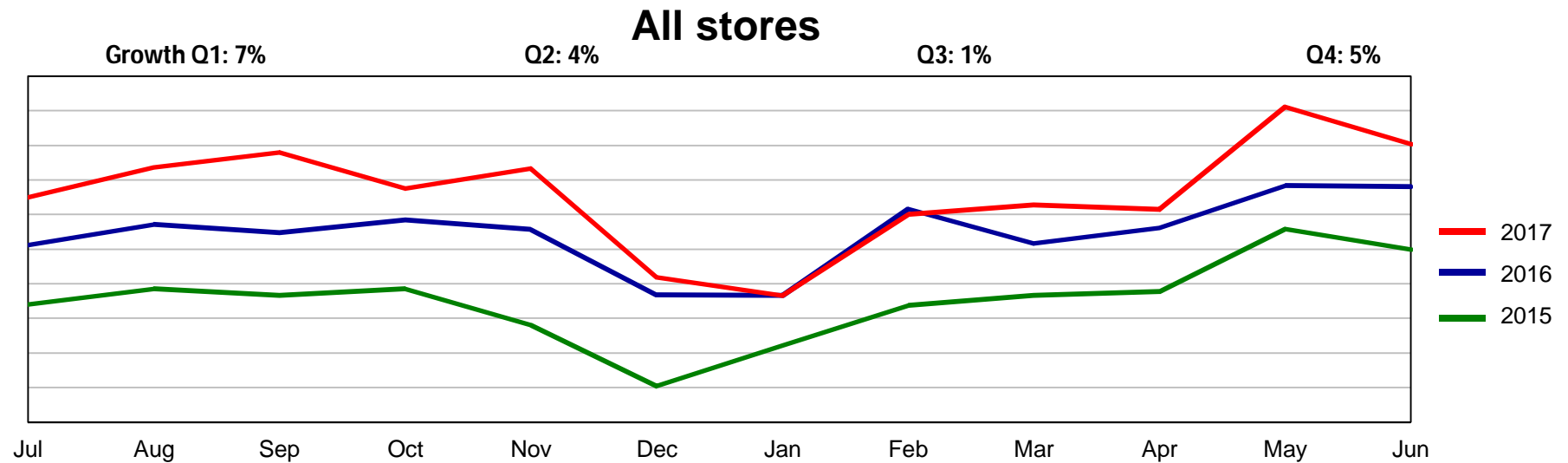


Excluding new stores



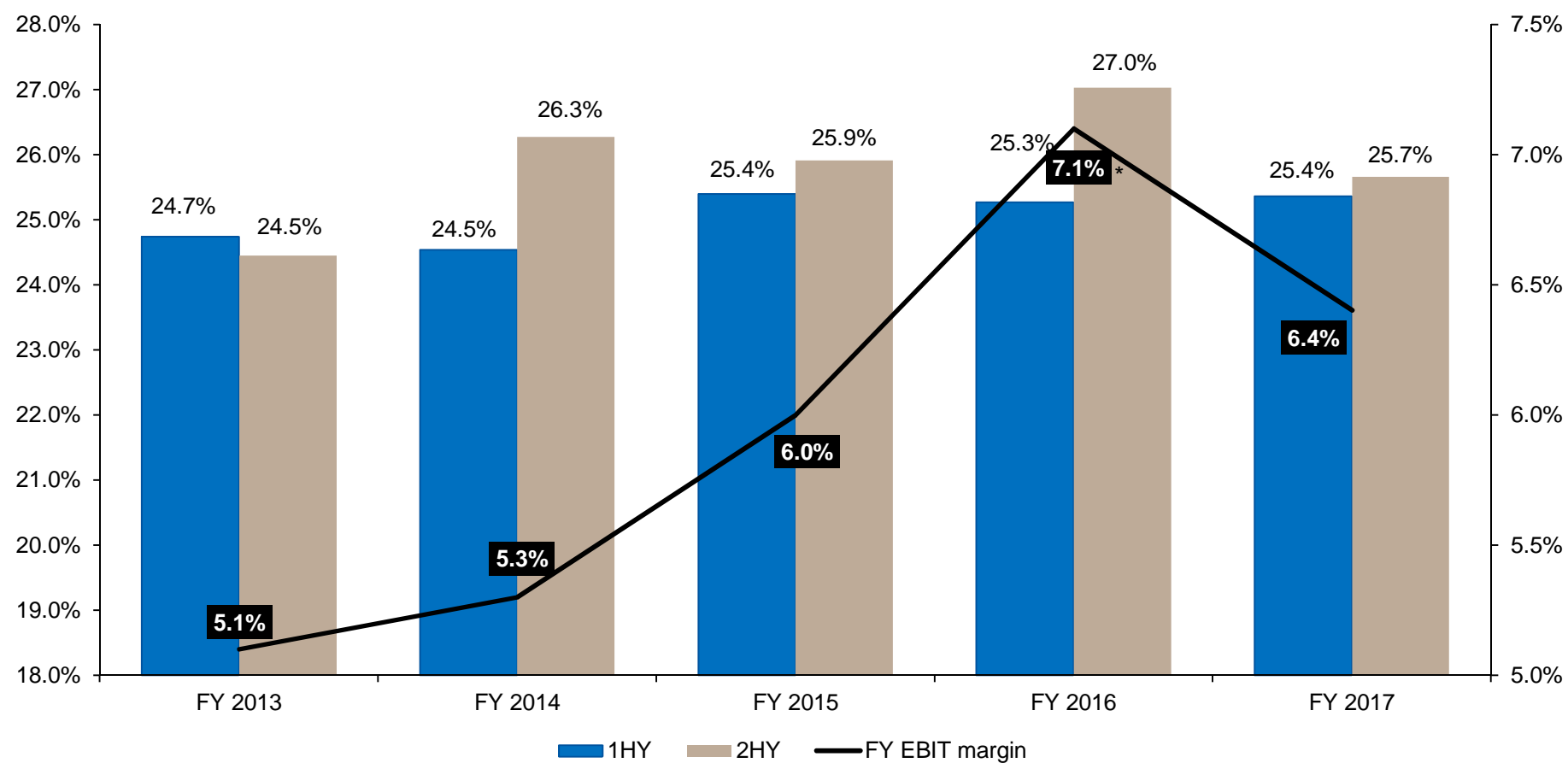
* 2015 & 2016 have been smoothed for comparative 5 weeks vs 4 weeks

AVERAGE BASKET SIZE



* 2015 & 2016 have been smoothed for comparative 5 weeks vs 4 weeks

GROSS PROFIT AND EBIT MARGIN

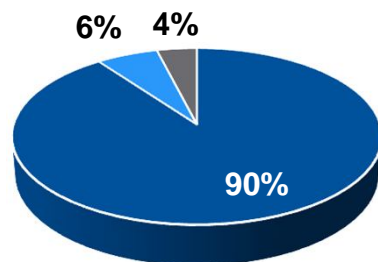


* Excludes BEE transaction

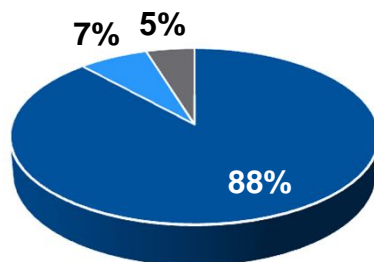
SEGMENTAL DISCLOSURE

	South Africa (incl P&L)			Namibia, Lesotho and Swaziland			Botswana, Malawi and Zambia			Total		
Rm	June 2017	June 2016	% Var	June 2017	June 2016	% Var	June 2017	June 2016	% Var	June 2017	June 2016	% Var
Revenue	8 748	7 650	14	596	601	(1)	386	419	(8)	9 730	8 670	12
Gross profit	2 236	2 004	12	143	151	(5)	102	110	(7)	2 481	2 265	10
Gross profit %	25.6	26.2		24.0	25.1		26.4	26.3		25.5	26.1	
Operating profit	568	518	9	38	52	(27)	14	42	(67)	620	612	1
Operating profit %	6.5	6.8		6.4	8.7		3.6	10.0		6.4	7.1	
Capital investment	119	163	(27)	43	15	>100	31	12	>100	193	190	2

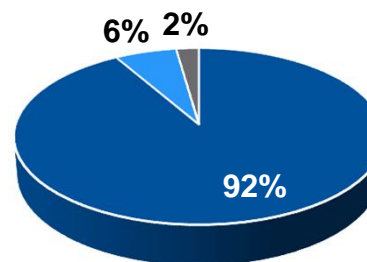
Revenue
June 2017



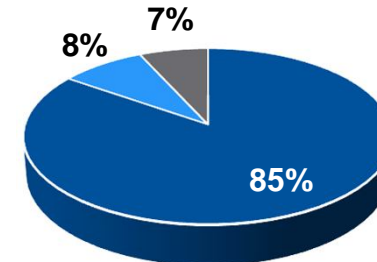
Revenue
June 2016



Operating profit
June 2017



Operating profit
June 2016



■ South Africa (incl P&L Hardware)
■ Namibia, Lesotho and Swaziland
■ Botswana, Malawi and Zambia

EXISTING BUSINESS TRADING

R'000	June 2017	June 2016	% change
Revenue	8 363 878	8 523 182	(2)
Gross profit	2 198 013	2 223 198	(1)
Gross profit %	26.3	26.1	
Operating expenses	1 613 720	1 606 438	-
Operating expenses %	19.3	18.8	
Operating profit	584 293	618 361	(6)
Operating profit %	7.0	7.3	

P&L Hardware currently classified as new business

“Existing business” refers to stores that have comparative trading results for an entire prior financial year

OPERATING EXPENSES

R'000	FY 2017	FY 2016	% change
Existing business	1 613 720	1 606 438	-
- 1 st Half	831 804	799 169	4
- 2 nd Half	781 916	807 269	(3)
New business (23 Cashbuild and 46 P&L stores)	247 212	46 663	
- 1 st Half	117 386	12 036	
- 2 nd Half	129 826	34 627	
Total	1 860 932	1 653 101	13
Total - 1st Half (excl BEE)	949 190	811 205	17
- 1 st Half (incl BEE)	949 190	874 257	9
- BEE transaction	-	(63 052)	
- 2nd Half	911 742	841 896	8

OPERATING EXPENSES – PEOPLE COST

R'000	FY 2017	FY 2016	% change
Existing business	680.4	700.4	(3)
- 1 st Half	344.2	346.4	-
- 2 nd Half	336.2	354.0	(5)
New business (23 Cashbuild and 46 P&L stores)	109.5	13.9	
- 1 st Half	53.0	5.0	
- 2 nd Half	56.5	8.9	
Total	789.9	714.3	11
FTE headcount	6 365	6 029	6

- Increase for Cashbuild staff of 7.0% effective 1 July 2016 (P&L Hardware 6.2%)
- Benchmarks to ensure customer service standards are adhered to
- Continued focus on efficiencies

OPERATING EXPENSES – DELIVERY EXPENSES

R'000	FY 2017	FY 2016	% change
Existing business	99.6	98.3	1
- 1 st Half	48.8	49.7	(2)
- 2 nd Half	50.8	48.6	5
New business (23 Cashbuild and 46 P&L stores)	15.0	1.8	
- 1 st Half	7.3	0.5	
- 2 nd Half	7.7	1.3	
Total	114.6	100.1	14
% of Sales	1.2	1.2	

- Revised existing logistics contracts
- Delivery expenses below benchmark level
- CPI growth seen in 2nd half

OPERATING EXPENSES - ADVERTISING

R'000	FY 2017	FY 2016	% change
Existing business	130.0	129.1	1
- 1 st Half	78.6	76.3	3
- 2 nd Half	51.4	52.8	(3)
New business (23 Cashbuild and 46 P&L stores)	17.7	5.8	
- 1 st Half	9.6	2.7	
- 2 nd Half	8.1	3.1	
Total	147.7	134.9	9
% of Sales	1.5	1.6	

- Continued focused micro advertising
- New store launch

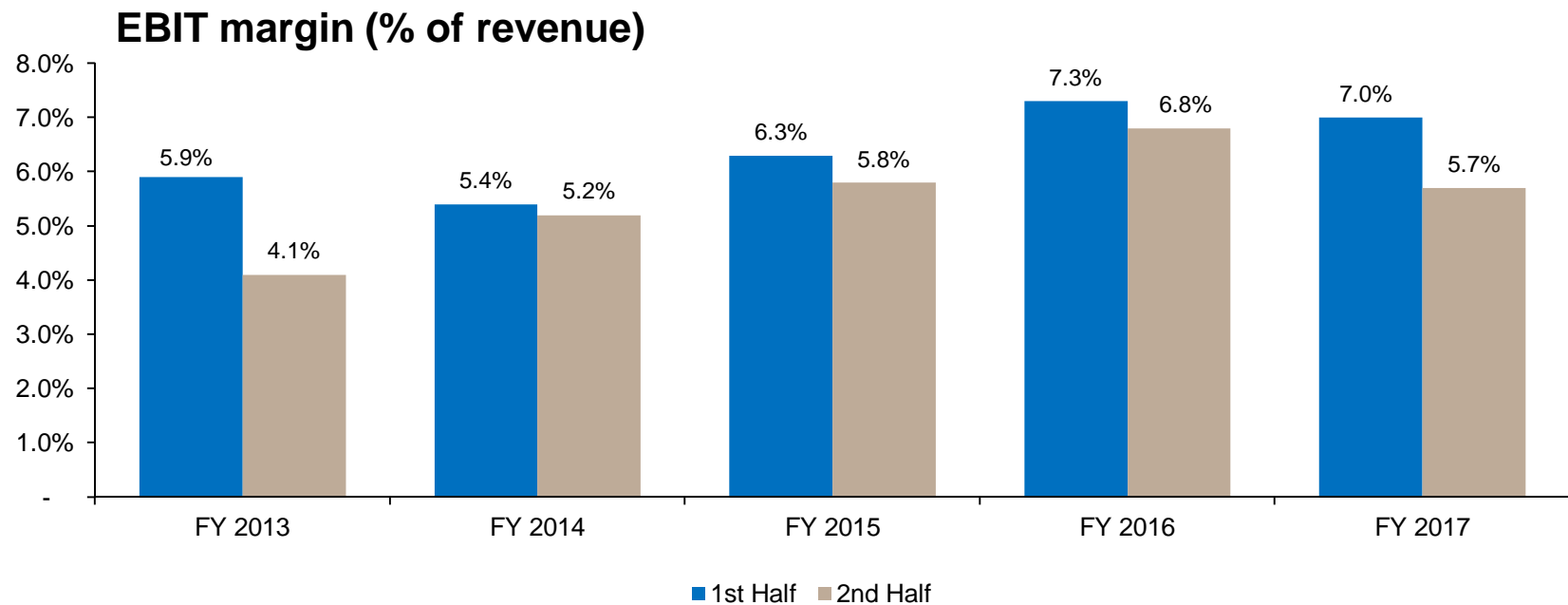
OPERATING EXPENSES - PROPERTY

R'000	FY 2017	FY 2016	% change
Existing business	317.8	312.0	2
- 1 st Half	159.5	153.2	4
- 2 nd Half	158.3	158.8	-
New business (23 Cashbuild and 46 P&L stores)	60.7	7.8	
- 1 st Half	27.6	2.1	
- 2 nd Half	33.1	5.7	
Total	378.5	319.8	18
% of Sales	3.9	3.7	

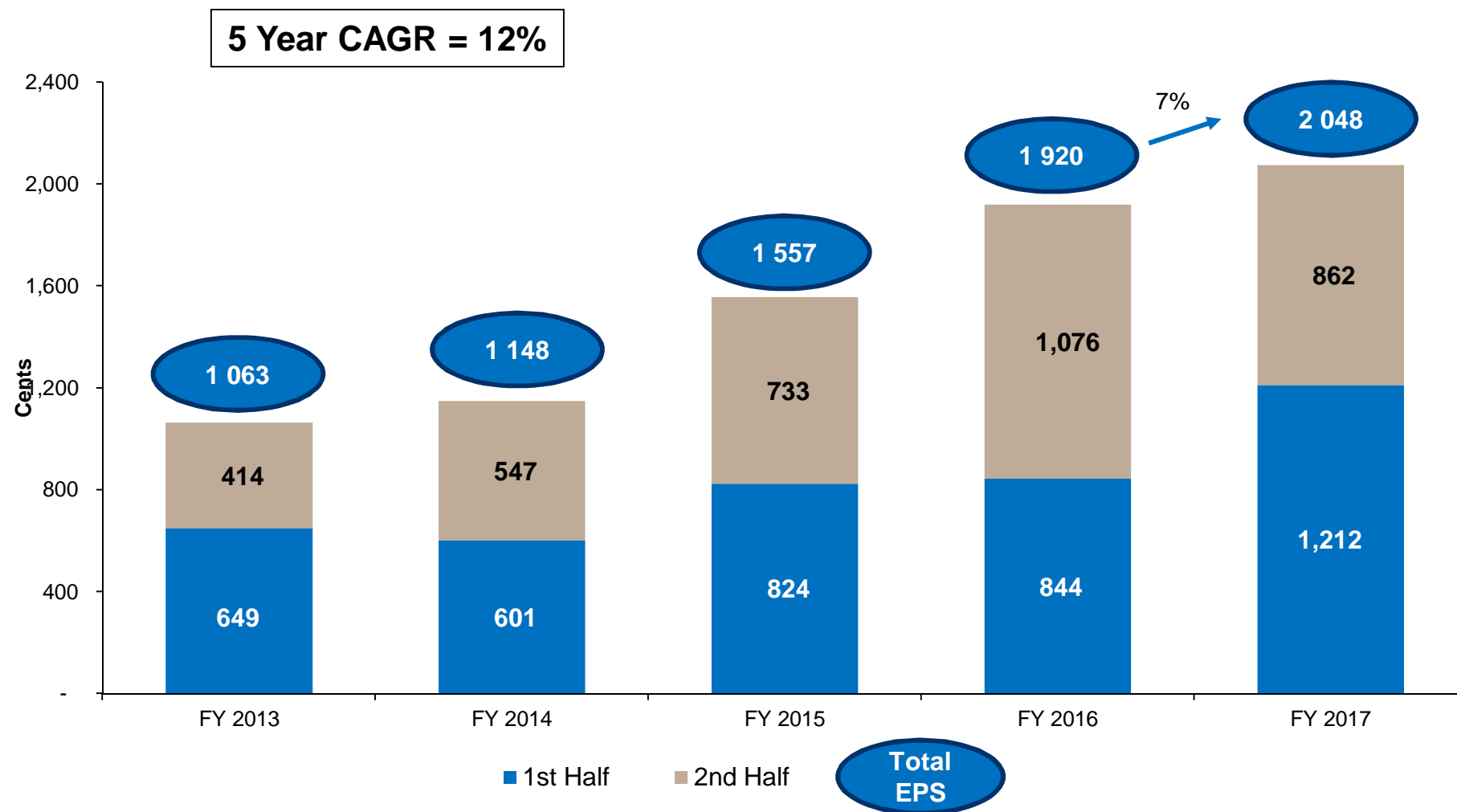
- Majority of P&L Hardware stores leased

OPERATING PROFIT (EBIT)

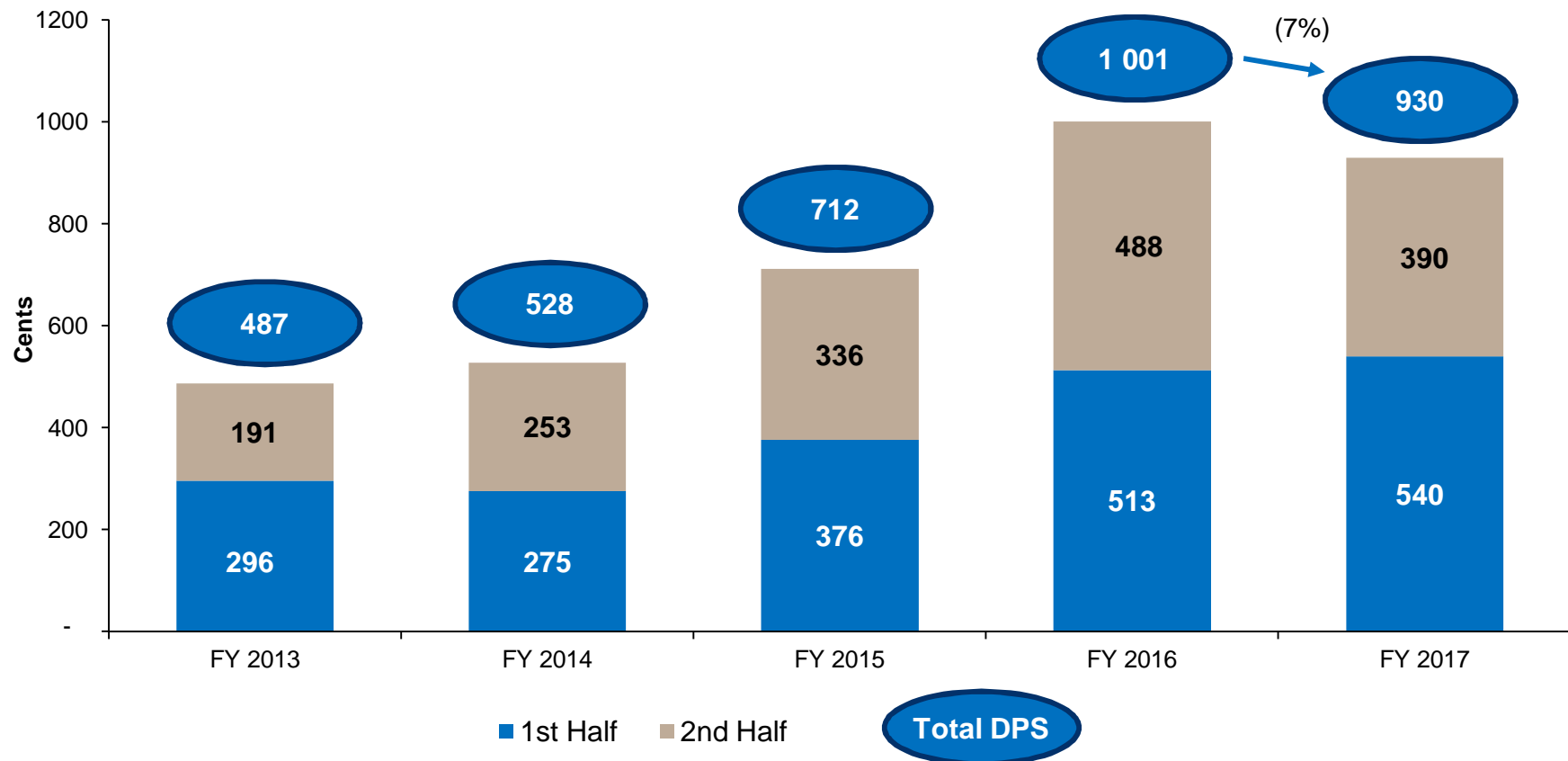
R'000	FY 2017	FY 2016	% change
1 st Half	362 005	328 294	10
2 nd Half	257 992	283 282	(9)
Total	619 997	611 576	1



EARNINGS PER SHARE (EPS) STATUTORY YEAR-ON-YEAR



DIVIDEND PER SHARE (DPS)



- Dividend cover remains 2.0 times
- 2016 Interim dividend determined excluding the R63 million cost of the BEE transaction
- Cashbuild Empowerment Trust – R226 million to date

STATUTORY STATEMENT OF FINANCIAL POSITION

R'000	Audited June 2017	Audited June 2016	% change
Assets			
Property, plant and equipment	978 615	929 163	5
Intangible assets	397 015	399 689	(1)
Investment property	-	1 900	(100)
Assets held for sale	4 345	4 510	(4)
Inventories	1 289 491	1 225 580	5
Trade and other receivables	122 462	90 994	35
Cash resources	801 420	775 954	3
Shareholders' equity and liabilities			
Shareholders' equity	1 682 976	1 465 425	15
Interest-bearing debt	2 243	30 068	(93)
Trade and other liabilities	1 768 942	1 784 043	(1)
Net asset value per share (cents)	6 642	5 776	15

INVENTORY ANALYSIS

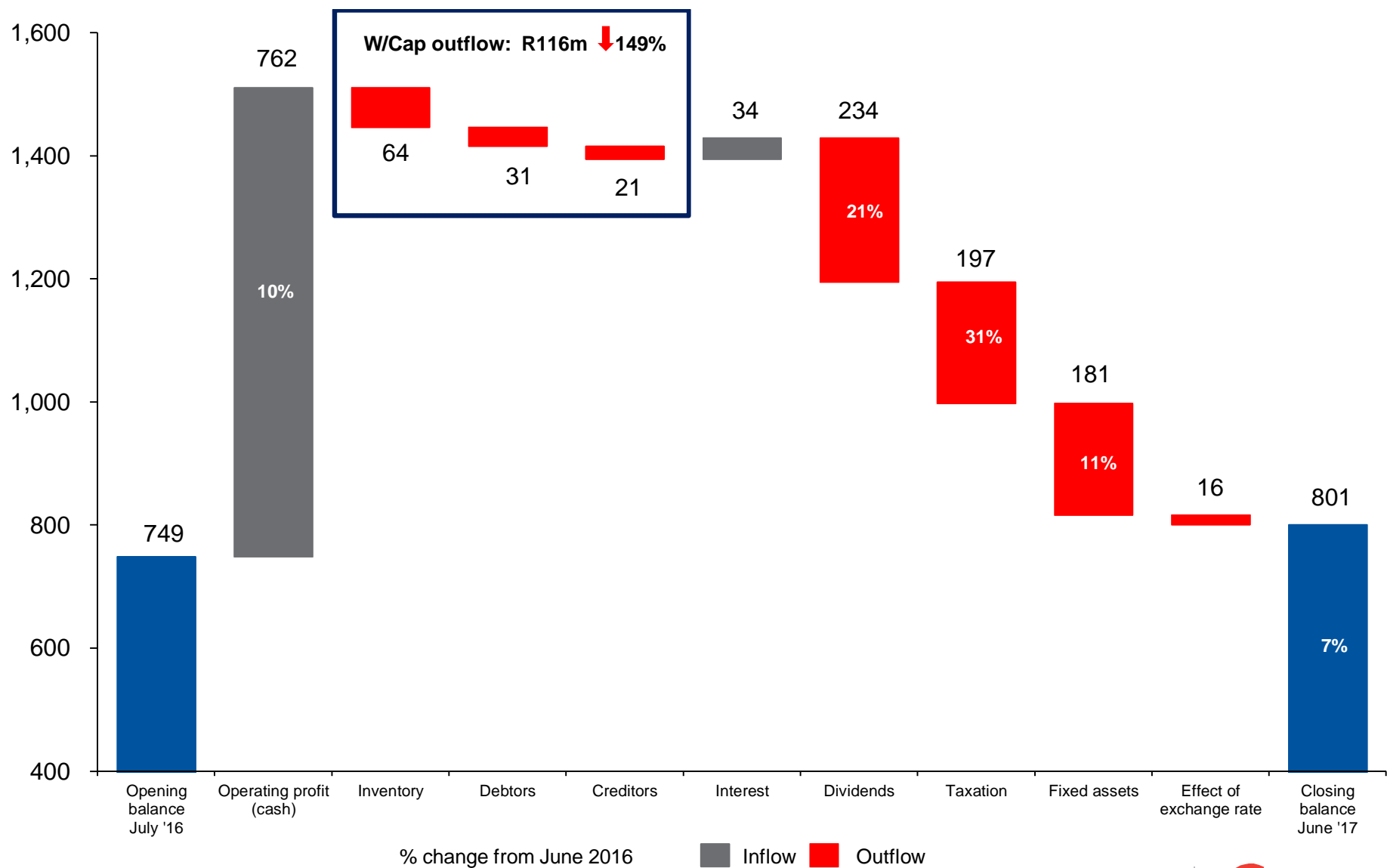
Stock holding – all stores	% change
Stores stocked since June 2016 (12 stores)	5
Existing stores	(2)
Cashbuild stores	3
P&L Hardware stores	2
Total	5

- Continued focus on SOQ and slow moving stock

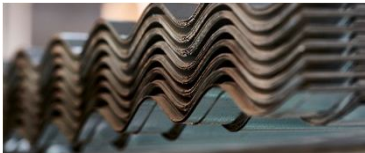
Working capital days at year end	June 2017	Dec 2016	June 2016
Inventory	78	81	77
Creditors	67	77	67

STATUTORY CASH FLOW

R'MILLION

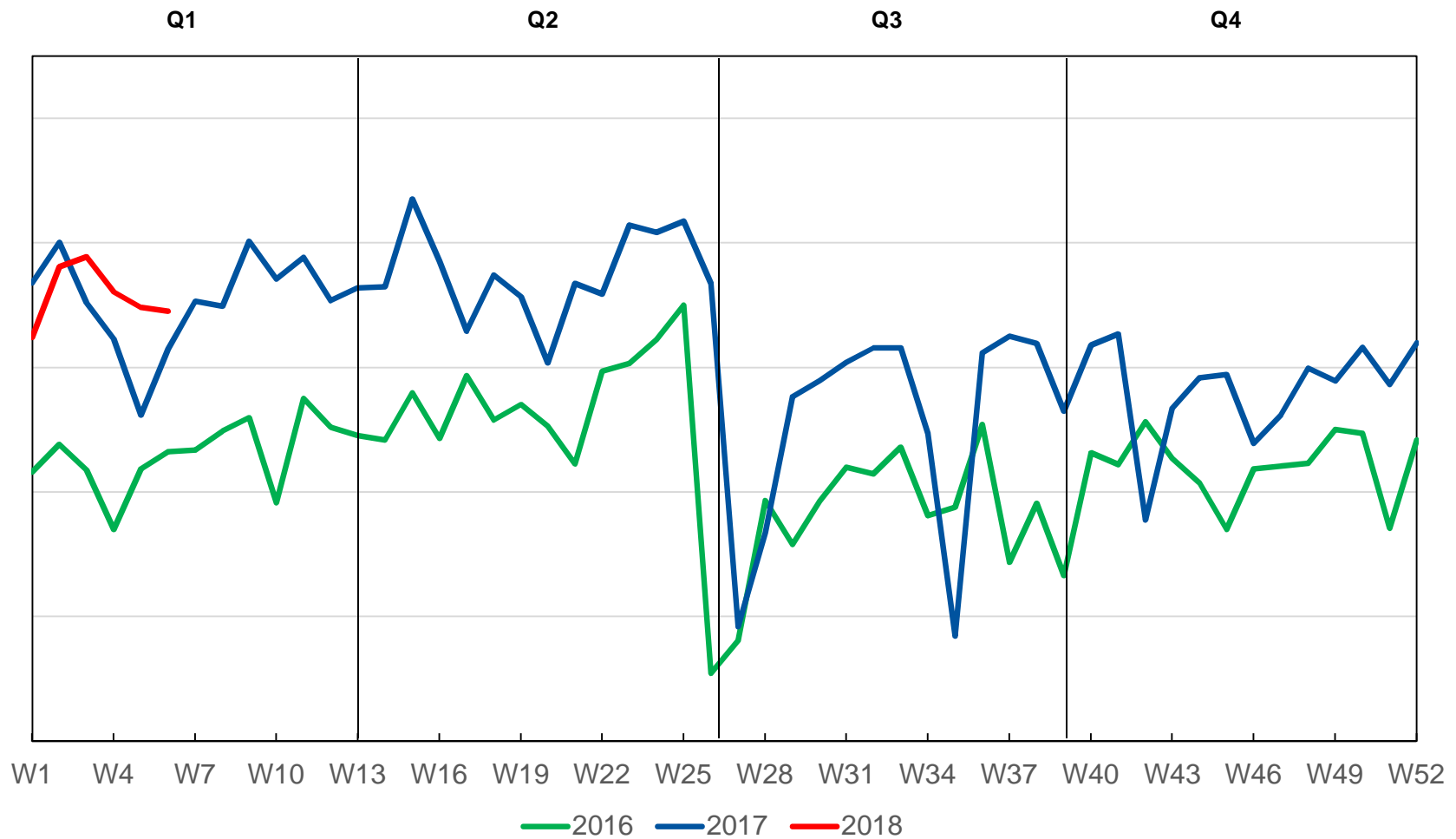


OPERATIONS PRODUCT STRUCTURES



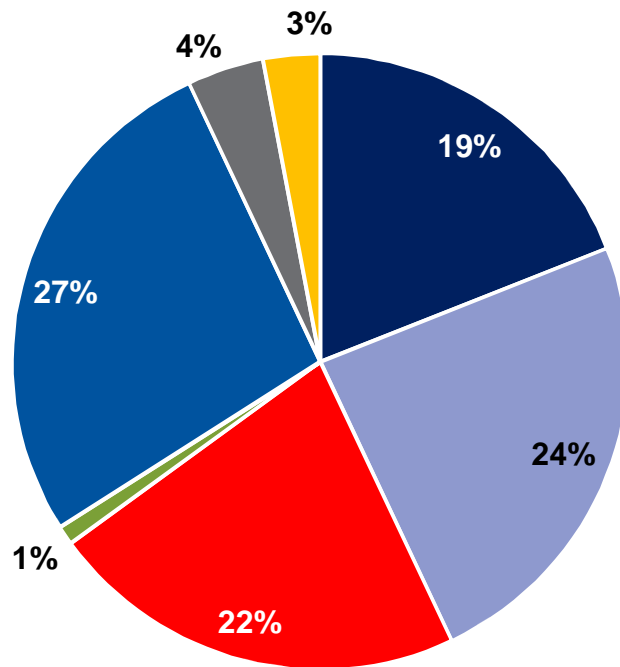
Champion cement
brand doing
well

CEMENT SALES POCKETS

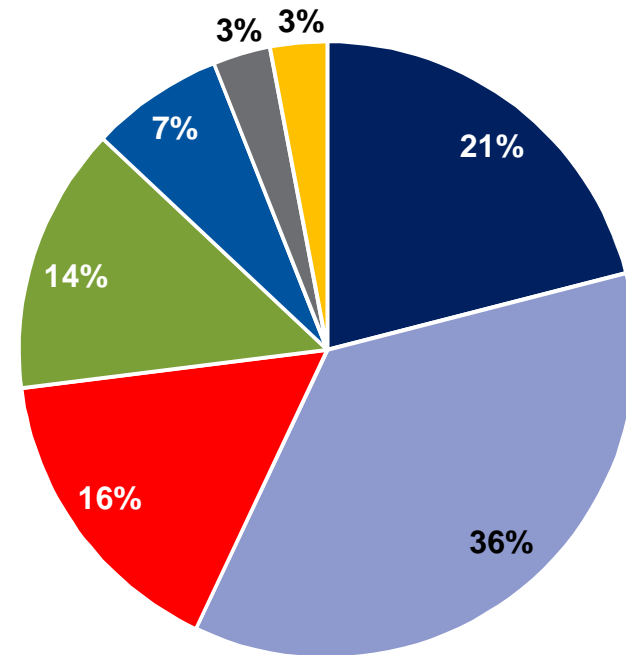


CEMENT UNIT SALES PER SUPPLIER

June 2017



June 2016



■ AFRISAM

■ PPC

■ MAMBA

■ OTHER

■ SEPHAKU

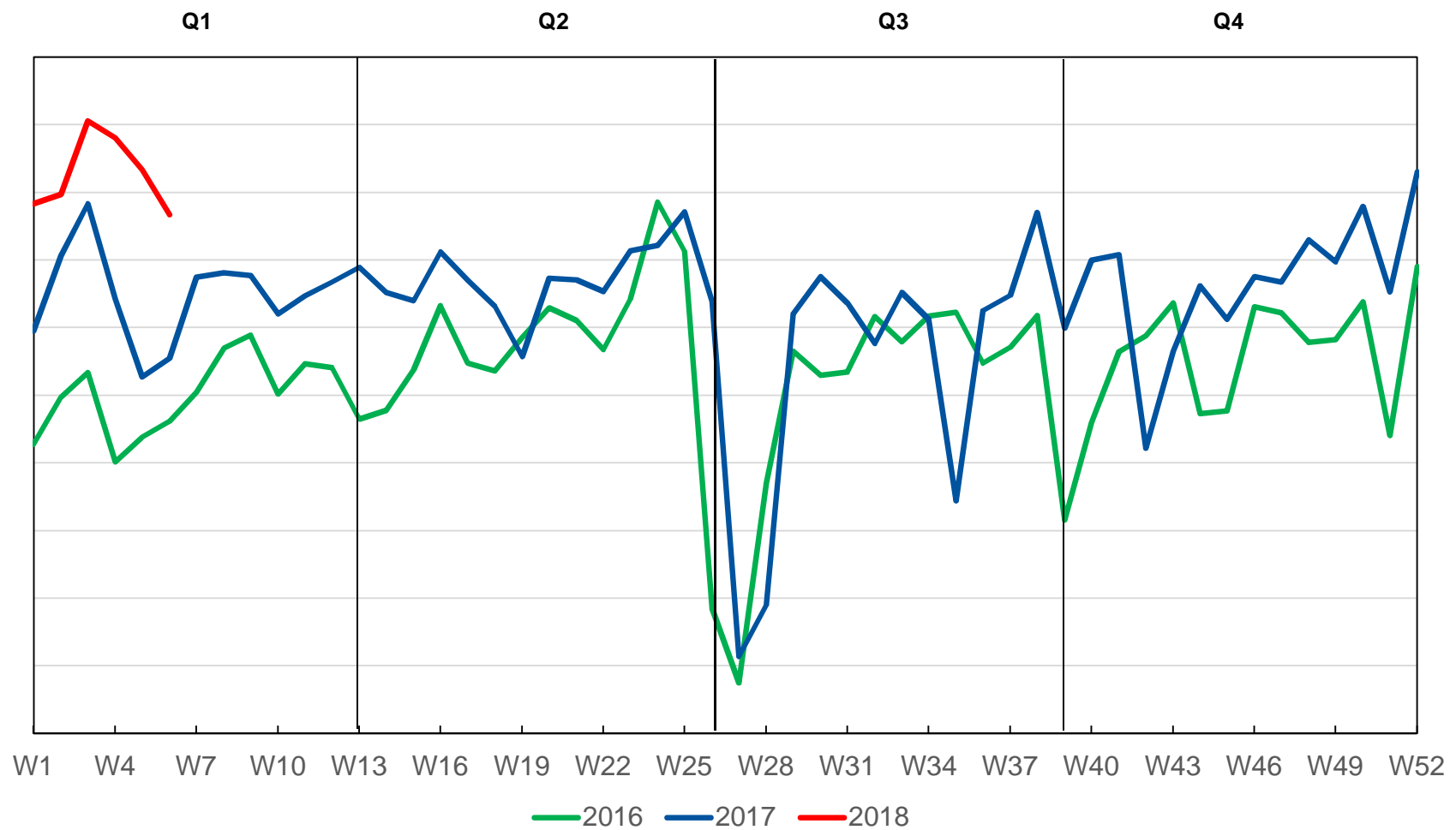
■ LAFARGE

■ NPC

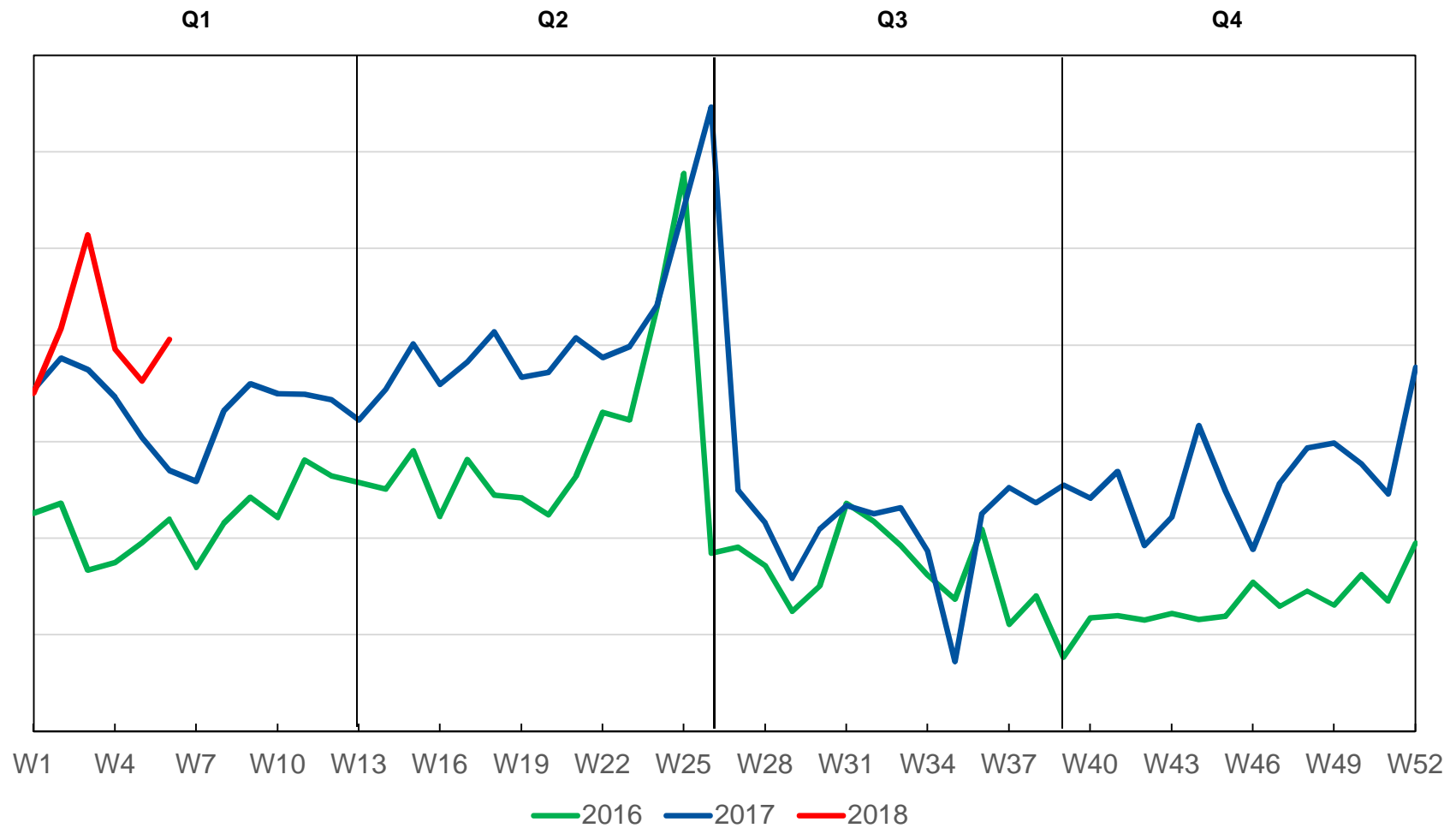
TOTAL TIMBER SALES



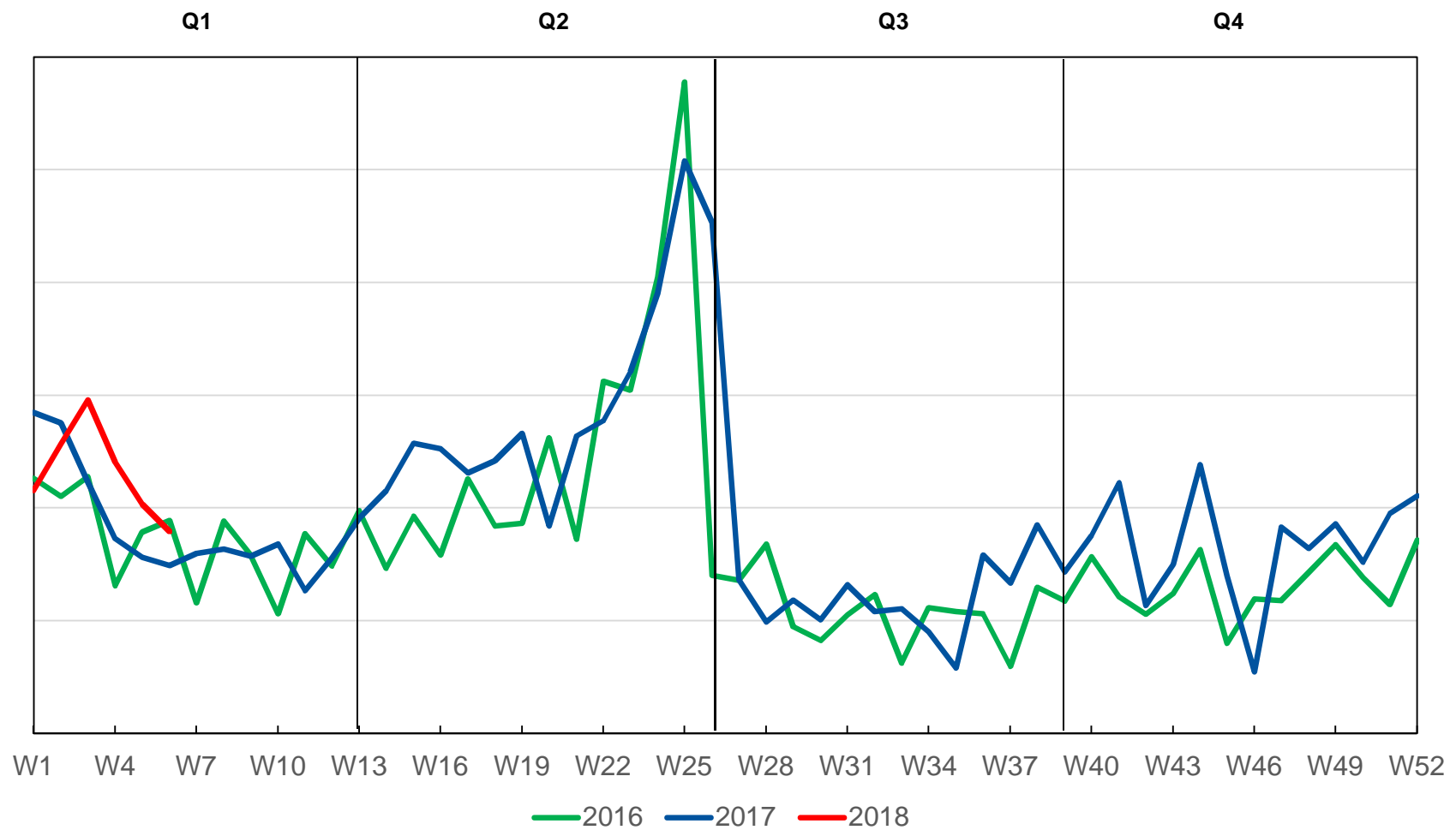
TOTAL BRICK SALES



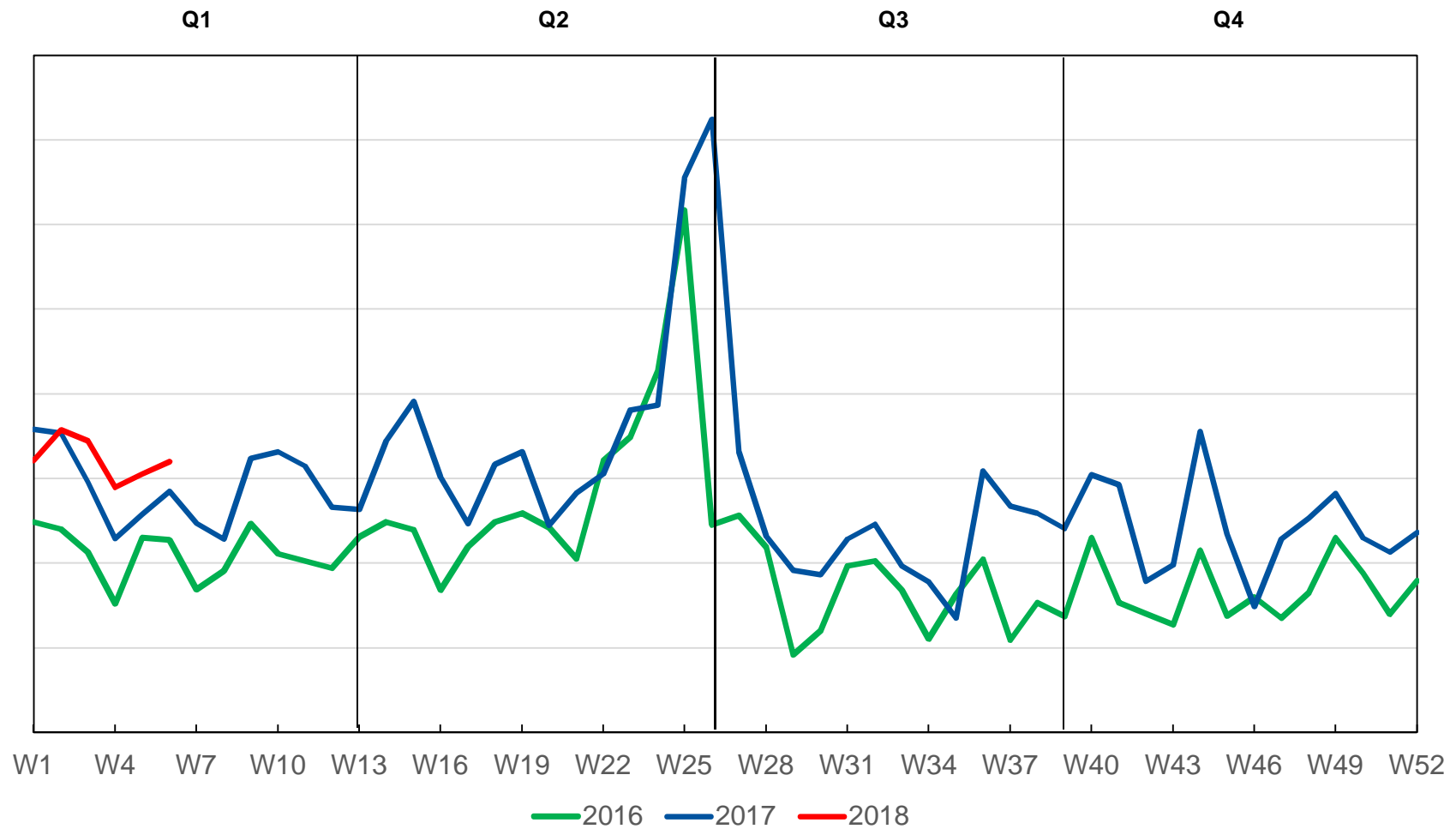
TOTAL ROOF COVERING SALES



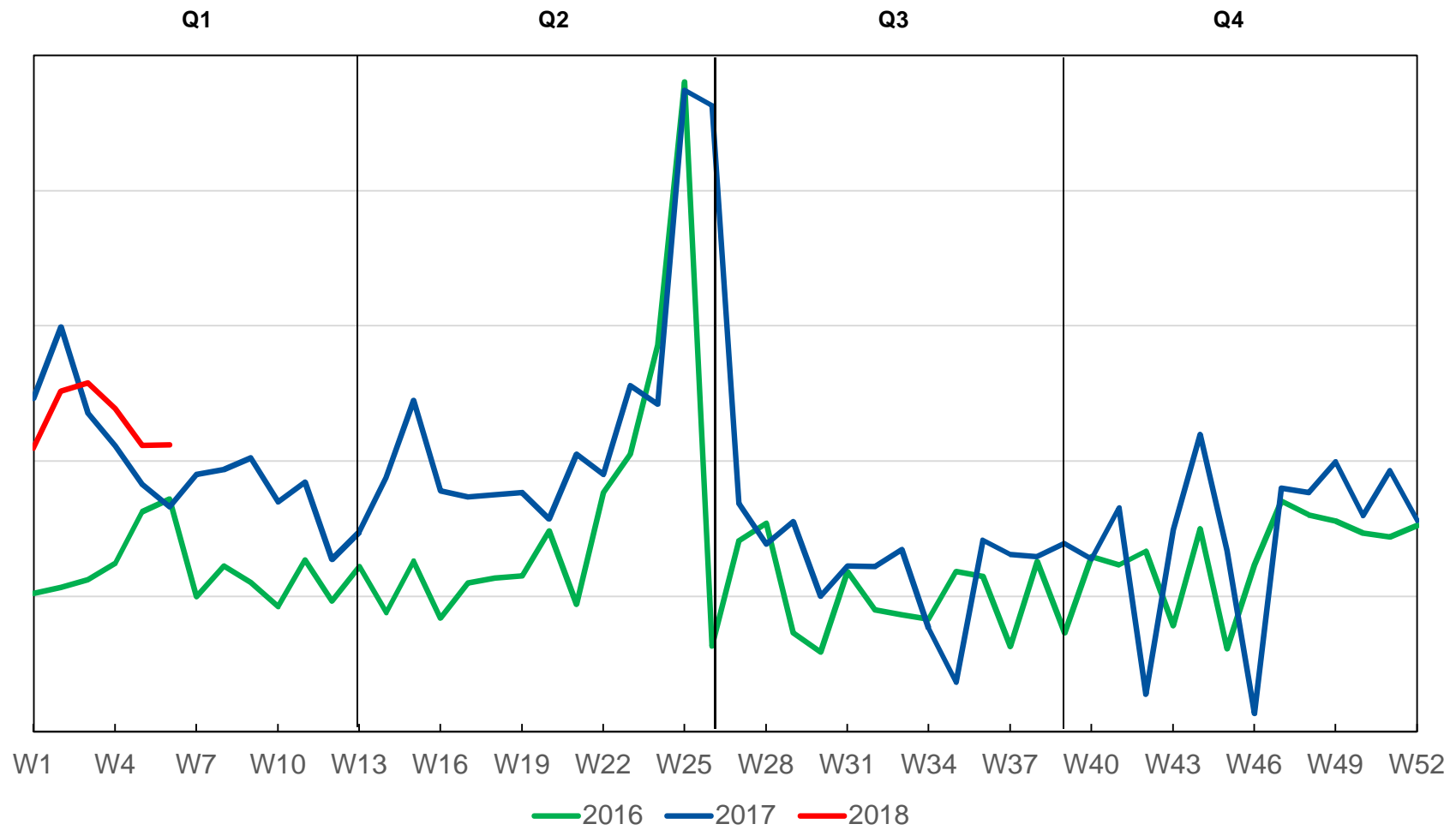
TOTAL CEILING SALES



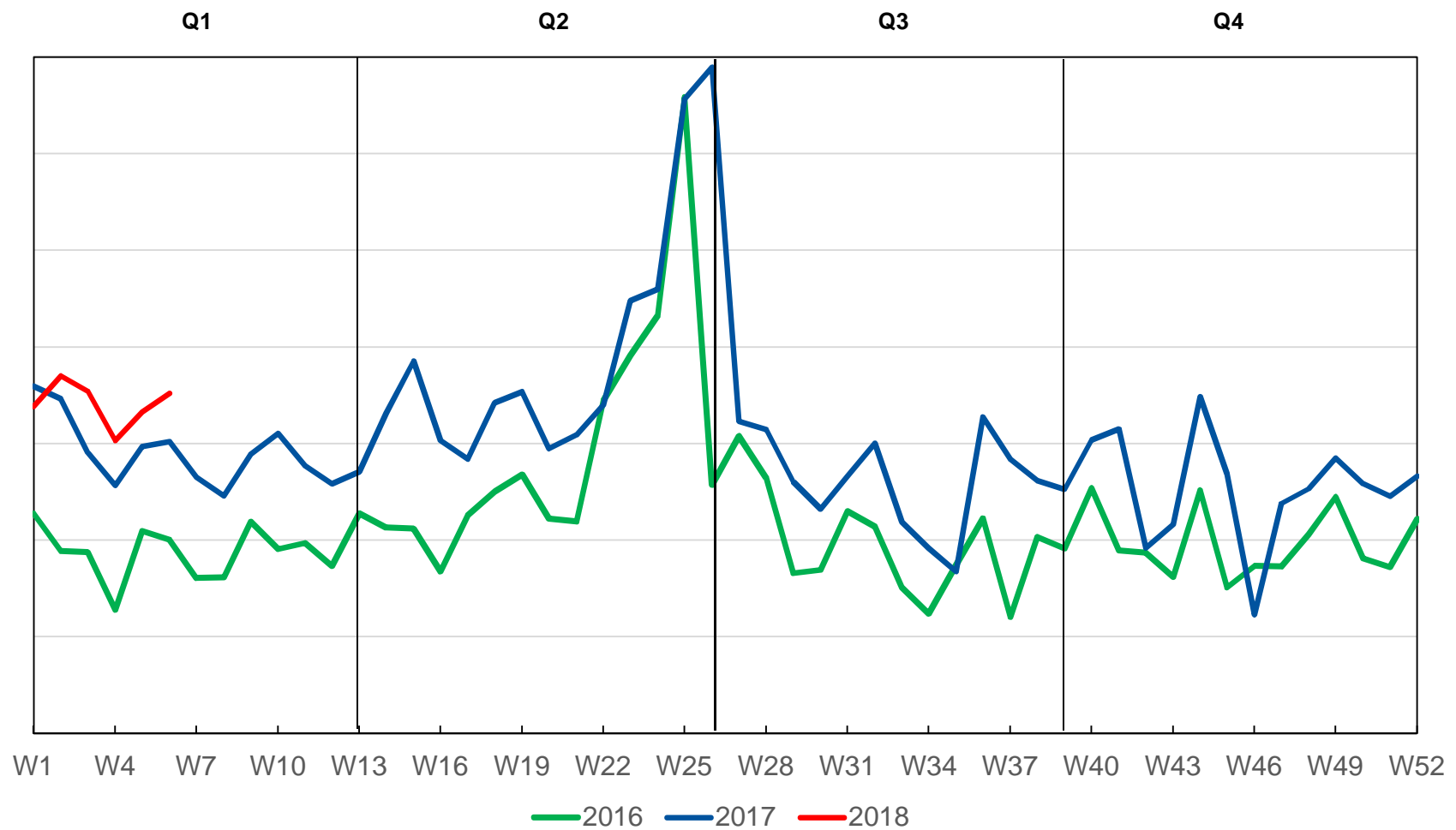
TOTAL OPENING SALES



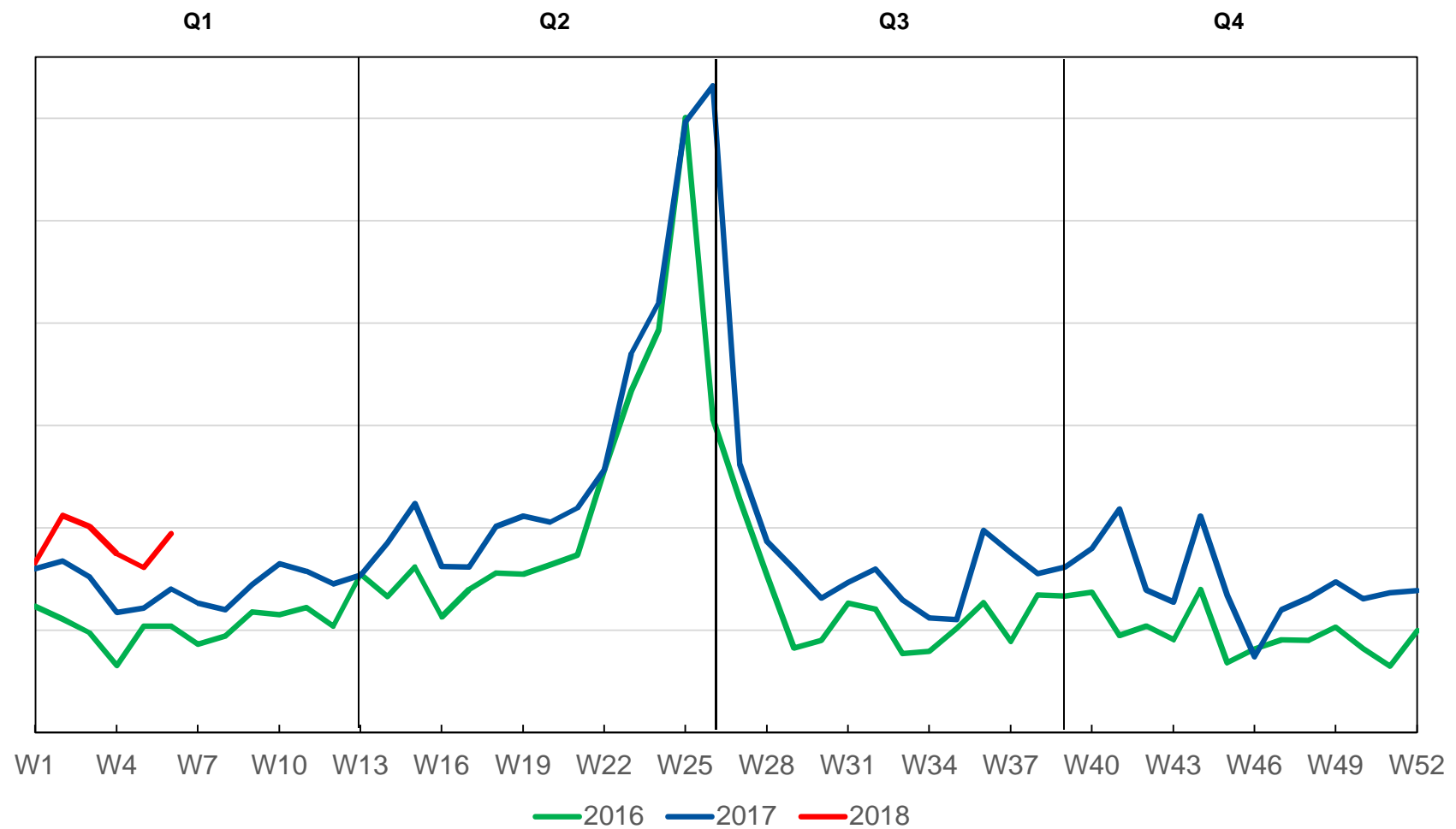
TOTAL PLUMBING SALES



TOTAL HARDWARE SALES



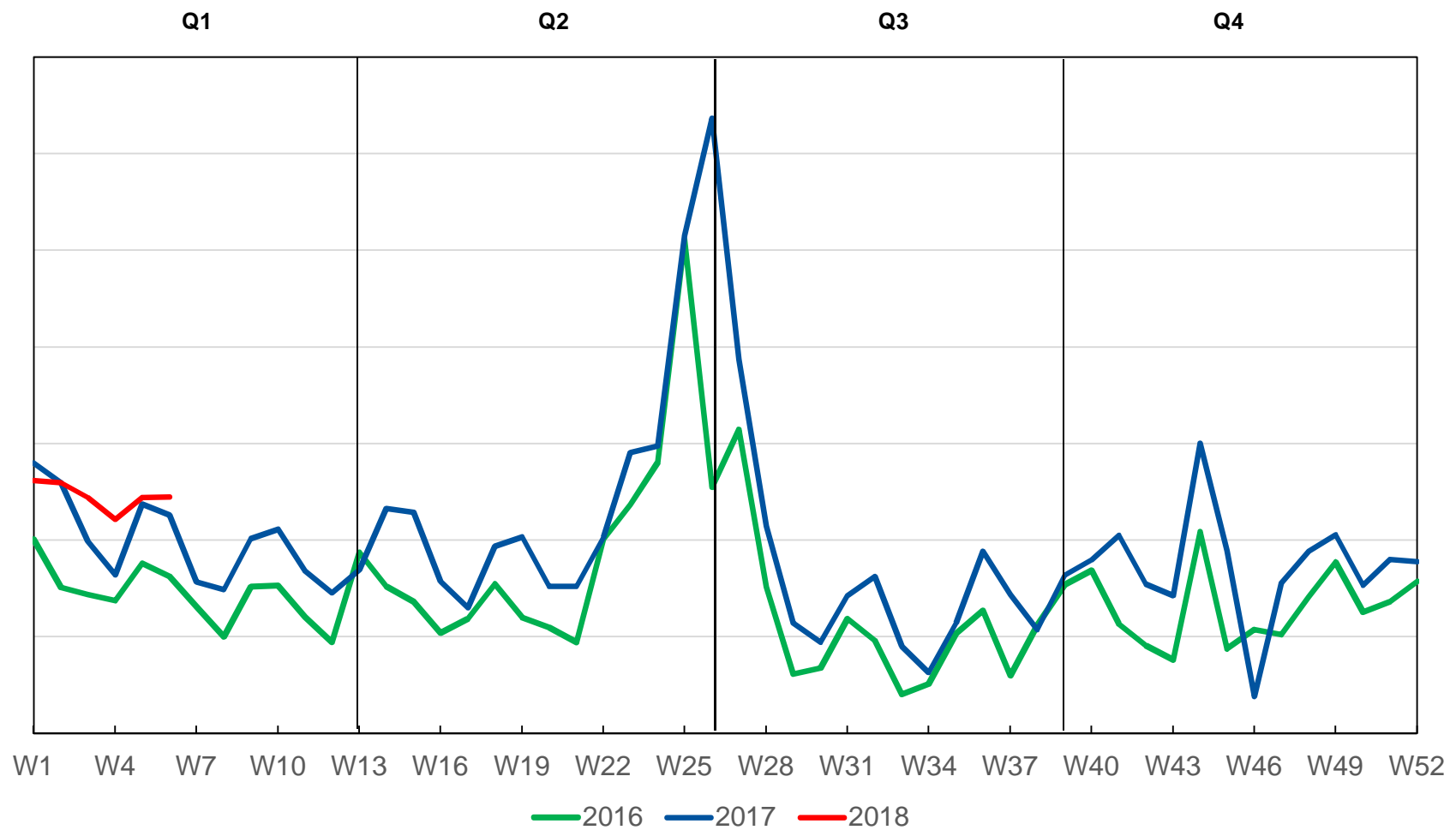
TOTAL DECORATIVE SALES



TOTAL TOOLS SALES



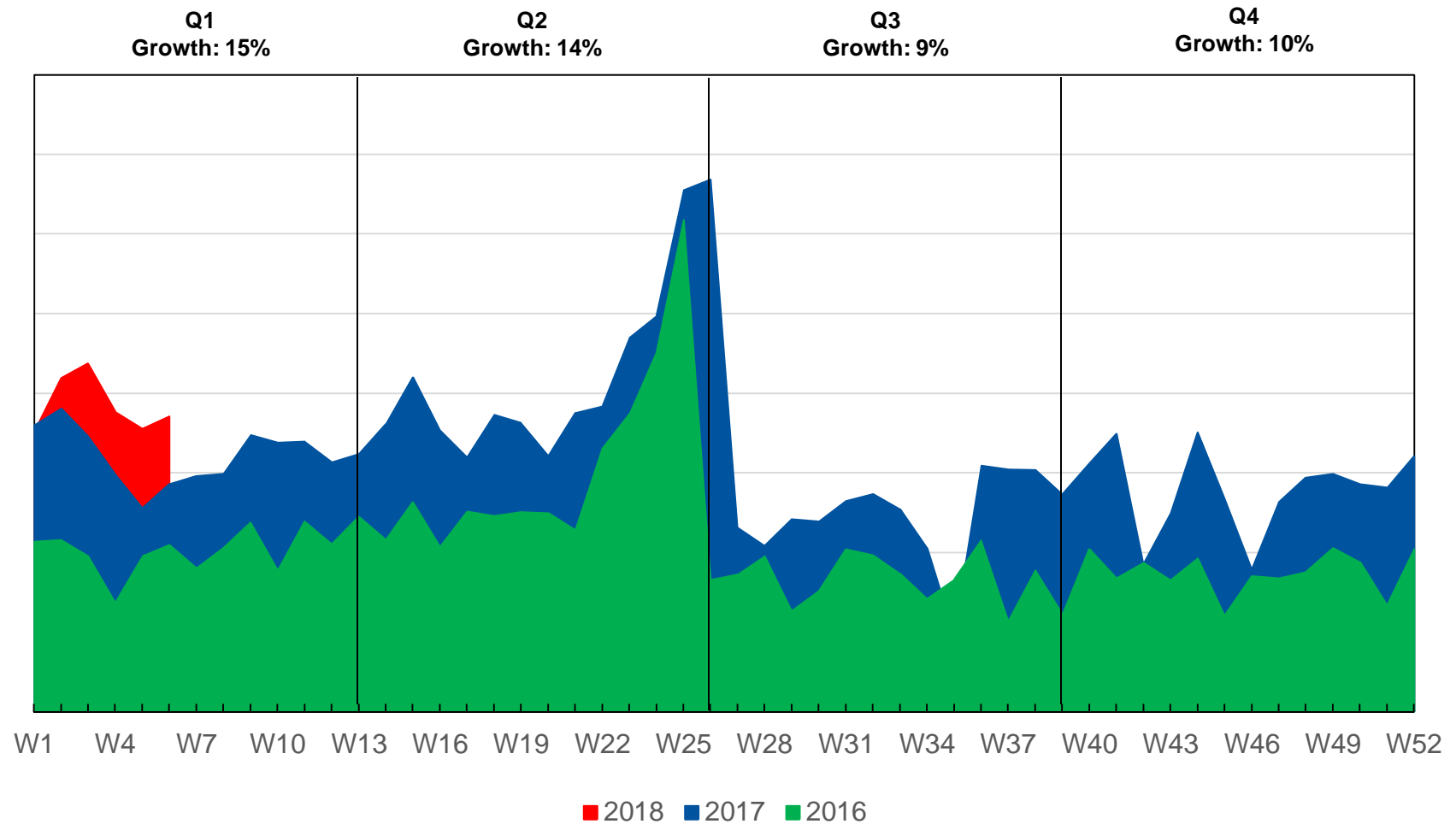
TOTAL ELECTRICAL SALES



STORE DEVELOPMENT AND PERFORMANCE ANALYSIS

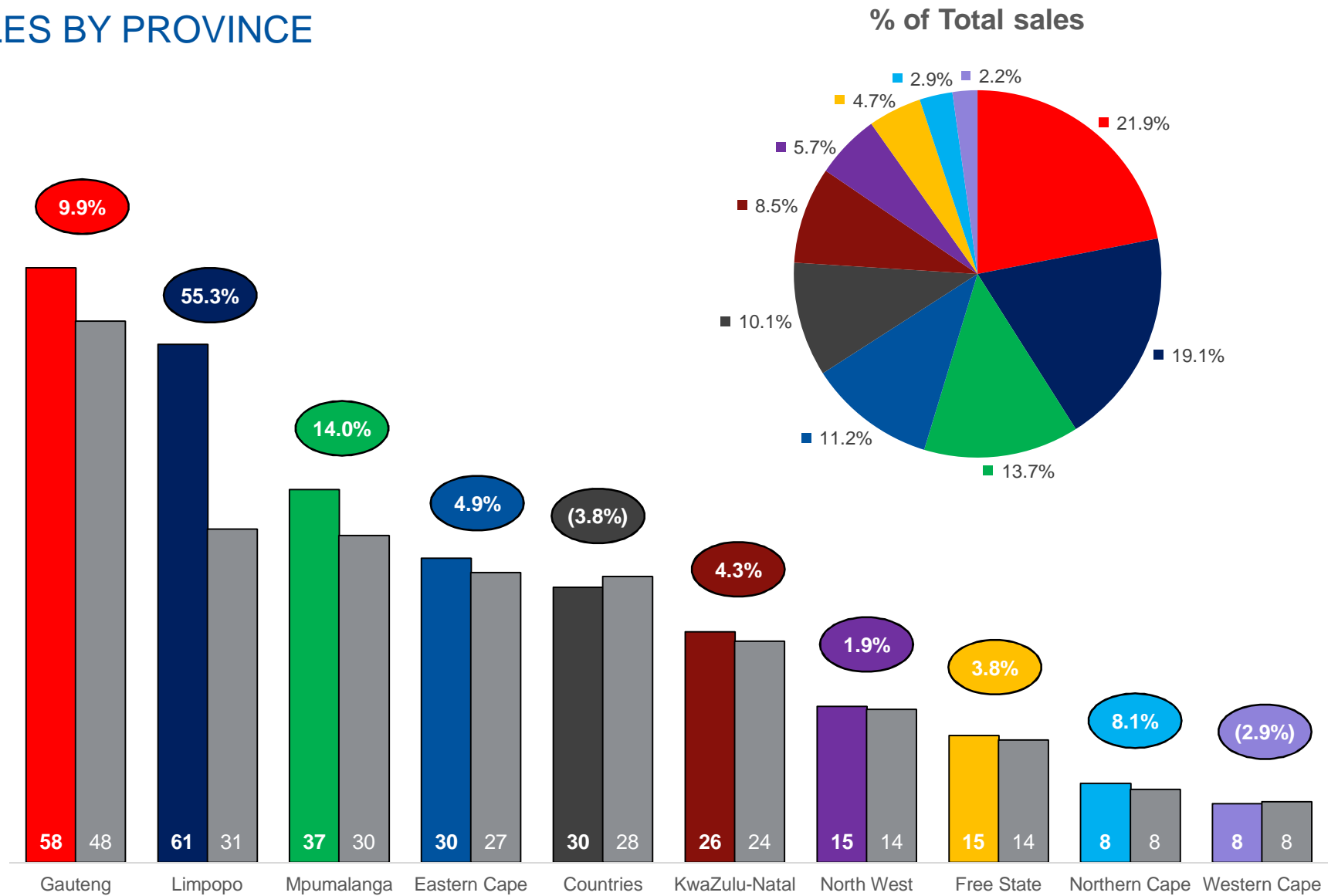


SALES PER WEEK ALL STORES



Growth 2017/2018 Q1 1st 6 weeks: 6%

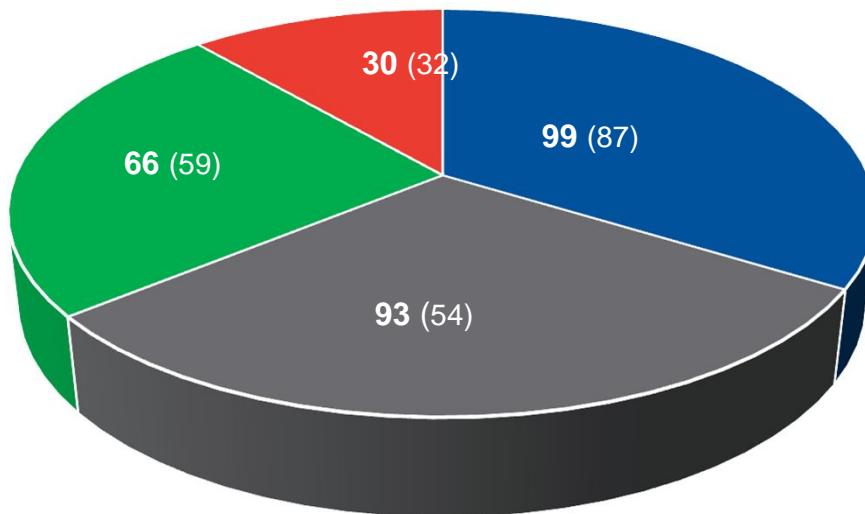
SALES BY PROVINCE



○ Year-on-year sales growth

STORE CONTRIBUTION BY LOCATION

Number of stores **June 2017** (June 2016)



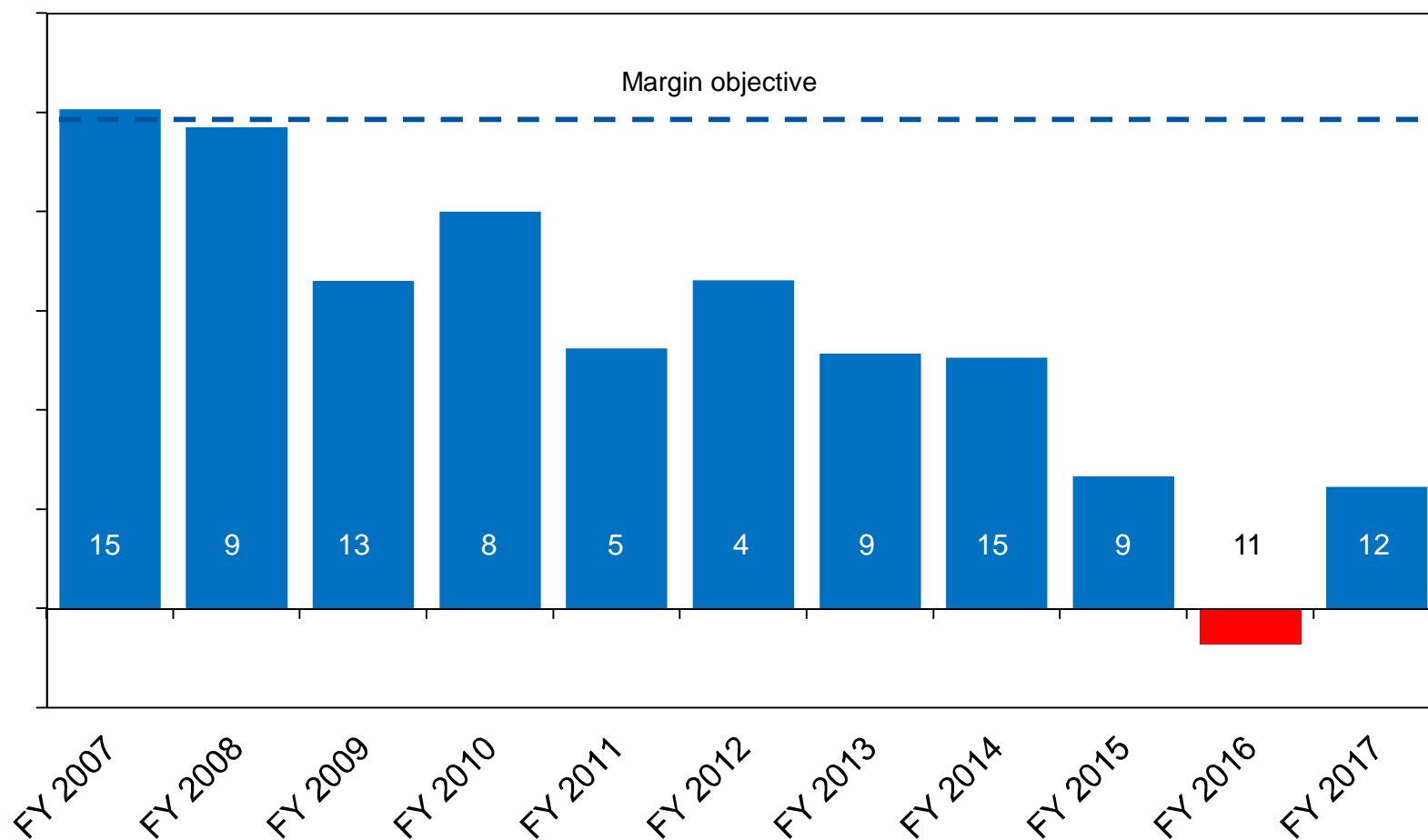
Location	Town	Rural	Township	Metro
2017 Stores	35%	32%	23%	10%
2017 Sales	34%	30%	25%	11%
2016 Stores	38%	23%	25%	14%
2016 Sales	30%	28%	26%	16%

- P&L Hardware stores predominantly rural

NEW STORE PERFORMANCE

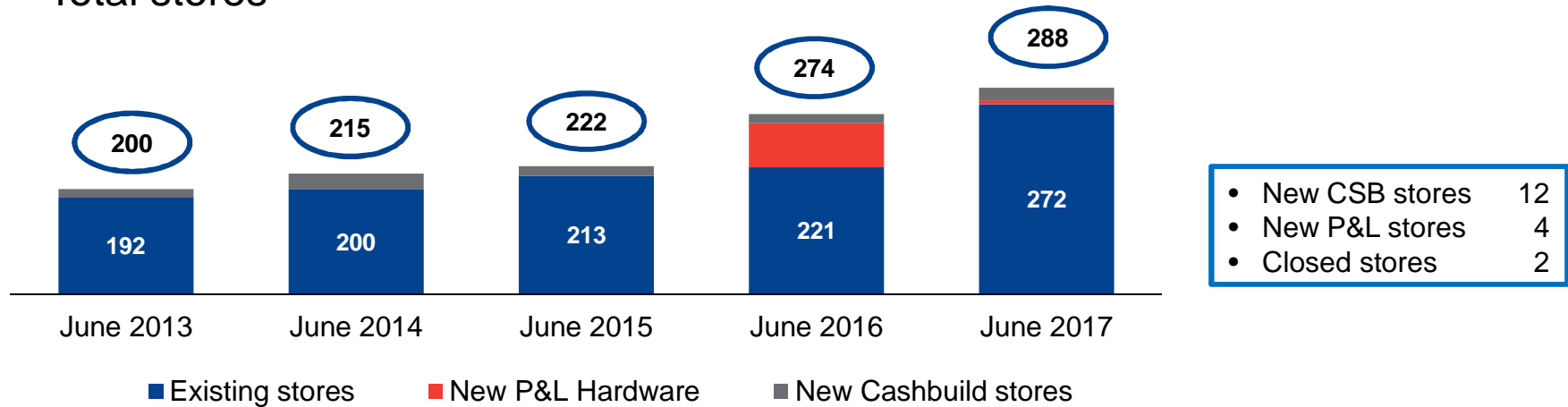
(Grouped by opening years)

Operating profit margin (FY 2017)

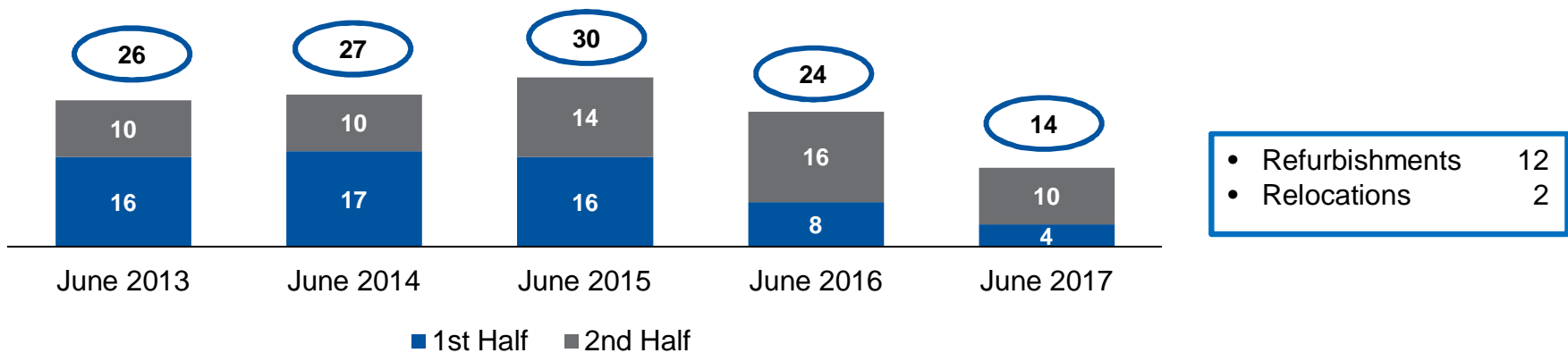


STORE DEVELOPMENT

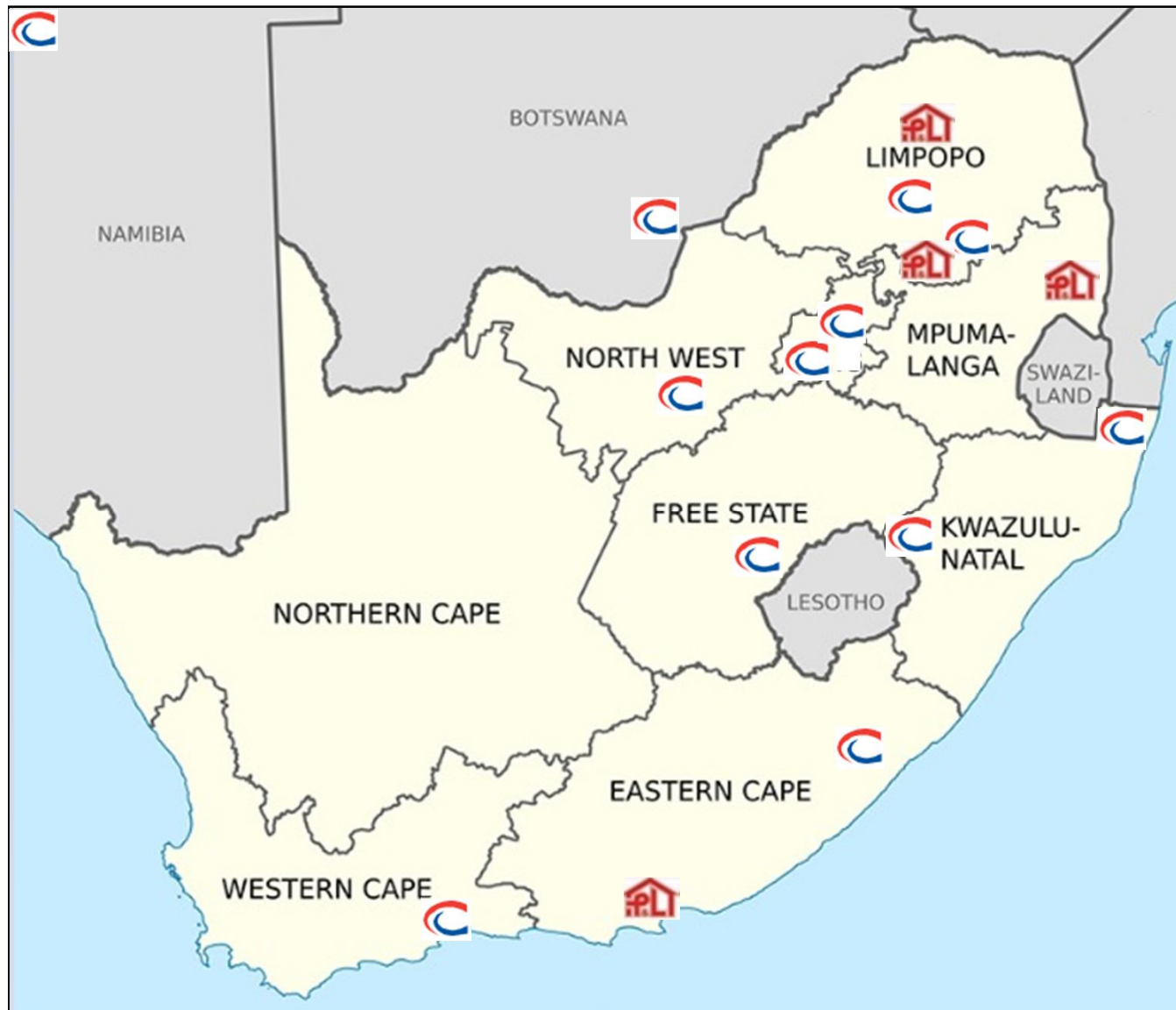
Total stores



Refits and relocations



STORE DEVELOPMENT – NEW STORES



2017

GAUTENG

Tembisa West

Cloverdene

LIMPOPO

Moutsiya Mall (Siyabuswa)

Jane Furse

COUNTRIES

Pilane Mall (Botswana)

Outapi (Namibia)

KWAZULU-NATAL

Manguzi

Bergville

NORTH WEST

Kanana Mall (Orkney)

EASTERN CAPE

Mtatha Vulindlela

WESTERN CAPE

Mossel Bay

FREE STATE

Botshabelo Mall

P&L HARDWARE

Kirkwood

Monsterlus

Tonga

Schoemansdal

POTENTIAL STORE GROWTH



- Approved at least 35 store locations - in various stages of development
- Still significant growth potential



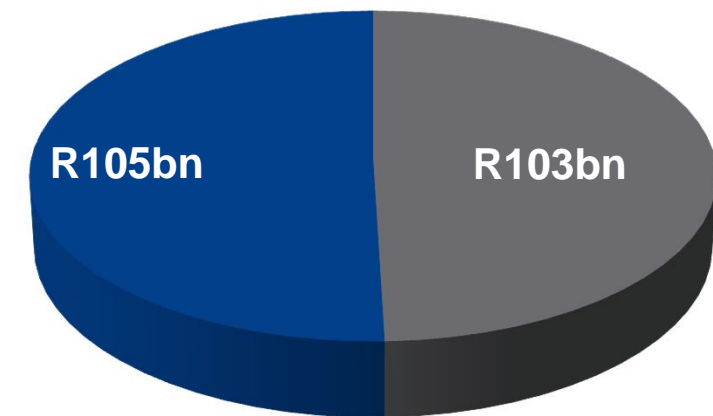
- Approved 14 store locations
- Potential growth to at least match Cashbuild store numbers

SUMMARY AND STRATEGIC OVERVIEW



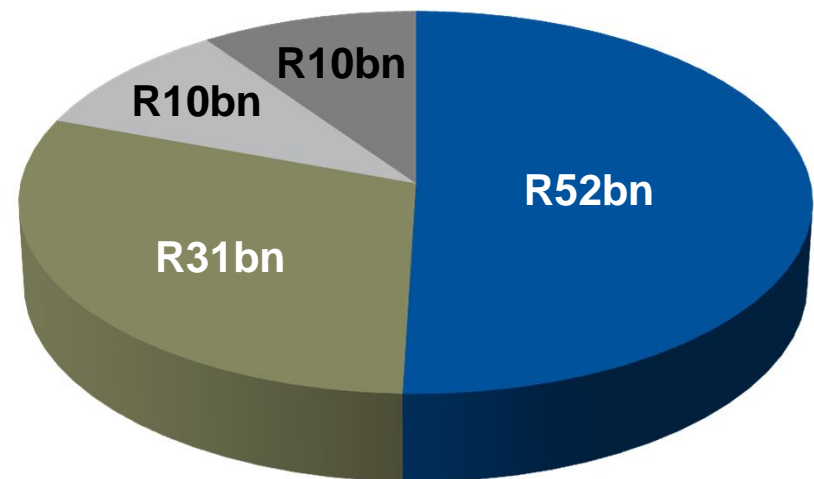
SIZE AND SEGMENTATION OF MARKET

**Total material market
- estimated R208bn**



■ Construction ■ Building

**Building material market via distribution
- R103bn**



■ Local hardware ■ Large chains
■ Specialists ■ Supermarkets

COMPETITOR LANDSCAPE

350 (348)



3 (3)



245 (245)



78 (82)



7 (7)



24 (21)



49 (46)



20 (Converting to BU CO)



43 (42)



31 (31)



140 (136)



43 (42)



13 (14)



38 (38)



11 (10)



160 (160)



(Dec 2016: Store numbers)

ACQUISITIONS

- **Build it Kirkwood and Build it Hunters Retreat**
 - Both stores converted into P&L Hardware stores

Kirkwood



Hunters Retreat



- **P&L Hardware – Zimbabwe option**
 - Option to acquire P&L Hardware stores in Zimbabwe not exercised

ACQUISITIONS (CONTINUED)



- **Buffalo Timber**

- Transaction subject to Competition Commission approval
- Effective 5-business days after Competition Commission approval
- 7 Trading stores mainly located in the Eastern Cape
- To be converted into P&L Hardware stores
- One property acquired – trading as P&L Hardware Queenstown



EXPANSION INTO NEW TERRITORIES - UPDATE

- **Zambia**
 - First store opened on 24 August 2017 – Kabwe
 - Second store under construction - Ndola – opening late 2017
 - Three more stores to open during 2018



CHALLENGES / RISKS FOR THE YEAR AHEAD

Maintaining growth in a challenging environment

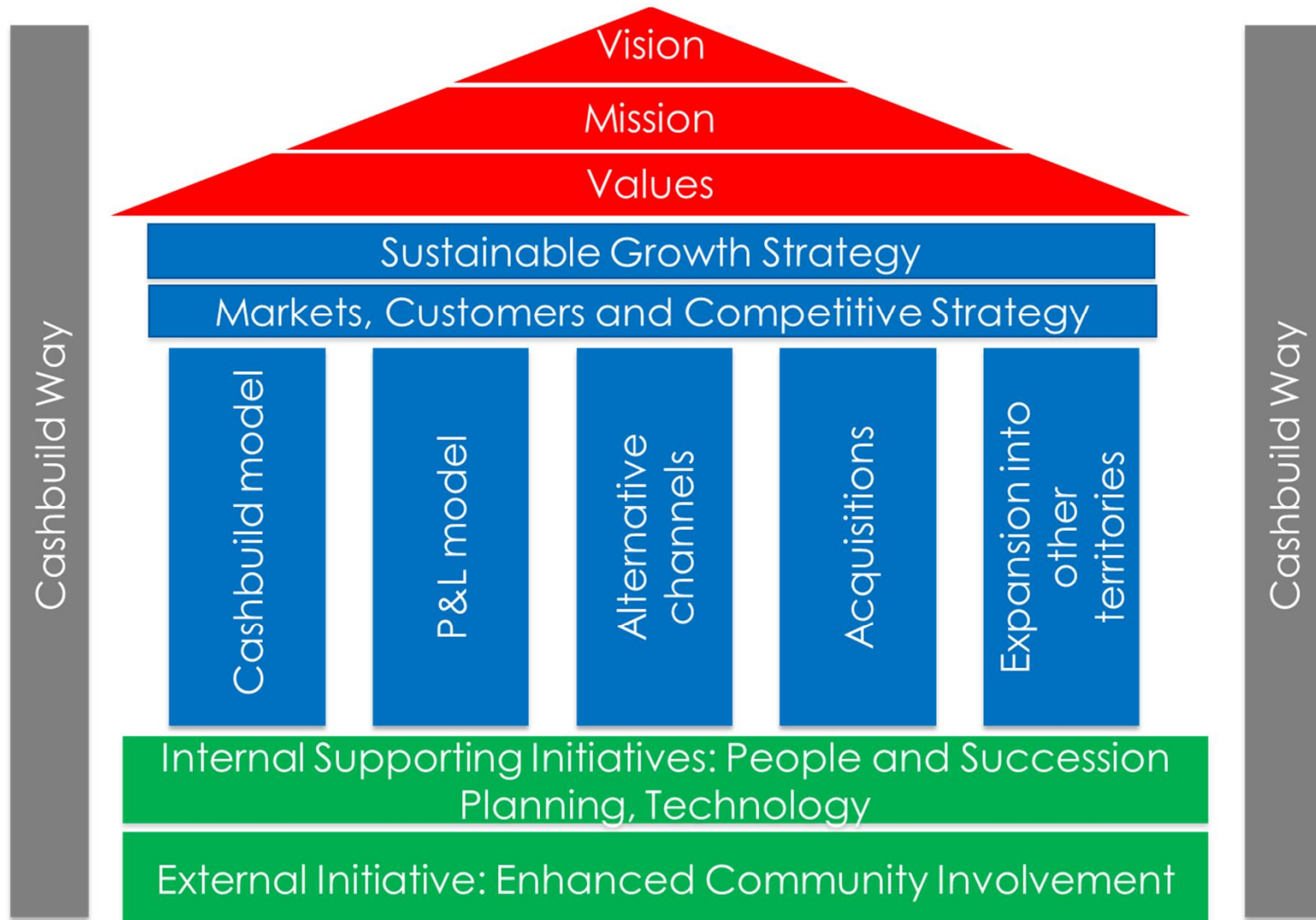
- Competitive market
- Civil unrest
- Low growth environment



Protecting gross and operating margins



STRATEGY



Thank you for your attendance and participation

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