

LEWIS GROUP LIMITED

FIVE-YEAR REVIEW

	2020 Rm	2019 Rm	2018 Rm	2017 Rm	2016 Rm
Group Income Statements					
Revenue	6 453.3	6 137.2	5 556.8	5 592.1	5 785.0
Merchandise Sales	3 685.5	3 519.9	2 865.0	2 607.9	2 667.7
Other revenue	2 767.8	2 617.3	2 691.8	2 984.2	3 117.3
Cost of merchandise sales	(2 173.5)	(2 069.3)	(1 677.8)	(1 501.0)	(1 652.8)
Operating Costs	(4 026.1)	(3 624.9)	(3 499.7)	(3 527.0)	(3 317.2)
Operating profit before investment income	253.7	443.0	379.3	564.1	815.0
Investment income	53.6	50.3	62.4	104.9	600.6
Profit before net finance costs	307.3	493.3	441.7	669.0	1 415.6
Net finance costs	(34.5)	(29.5)	(49.2)	(148.4)	(136.1)
Profit before taxation	272.8	463.8	392.5	520.6	1 279.5
Taxation	(90.4)	(154.3)	(128.4)	(163.1)	(318.0)
Attributable profit	182.4	309.5	264.1	357.5	961.5
Headline earnings	204.5	308.4	260.5	354.5	552.1
Group Balance Sheets					
Assets					
Non-current	1 827.2	1 159.3	1 180.2	975.0	1 012.5
Property, plant & equipment	324.4	298.9	301.8	343.5	370.4
Right-of-use asset	693.7	–	–	–	–
Intangible assets	120.6	122.3	117.8	66.2	61.4
Goodwill	187.6	187.6	187.6	5.5	–
Deferred taxation	166.1	195.4	10.9	48.9	85.7
Retirement benefit asset	106.8	79.0	91.1	55.0	63.0
Financial assets - insurance investments	228.0	276.1	471.0	455.9	432.0
Current	5 561.0	4 629.7	5 735.6	6 630.5	8 387.4
Inventories	740.7	665.8	579.7	447.7	438.4
Trade and other receivables	3 326.1	3 315.6	4 200.0	4 362.8	4 514.3
Reinsurance assets	–	–	–	152.2	397.3
Insurance premiums in advance	–	–	75.6	403.2	1 185.4
Financial assets - insurance investments	245.9	340.7	135.4	294.9	1 236.5
Taxation	54.9	102.9	136.5	181.1	28.3
Cash-on-hand and deposits	1 193.4	204.7	608.4	788.6	587.2
Total assets	7 388.2	5 789.0	6 915.8	7 605.5	9 399.9

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FIVE-YEAR REVIEW continued

	2020 Rm	2019 Rm	2018 Rm	2017 Rm	2016 Rm
Equity and liabilities					
Capital and reserves	4 709.5	4 876.1	5 448.5	5 440.4	5 445.0
Non-current liabilities	705.1	130.4	210.8	890.7	1 534.3
Long-term interest-bearing borrowings	–	–	–	700.0	1 375.0
Lease liabilities	611.1	–	–	–	–
Deferred taxation	23.3	43.2	121.0	89.0	59.1
Retirement benefit liability	70.7	87.2	89.8	101.7	100.2
Current liabilities	1 973.6	782.5	1 256.5	1 274.4	2 420.6
Trade and other payables	547.9	521.8	379.2	271.3	270.2
Reinsurance and insurance liabilities	104.8	102.7	176.8	618.8	1 550.4
Taxation	21.9	–	–	–	–
Payments in advance	150.1	158.0	168.9	137.0	–
Lease liabilities	226.8	–	–	–	–
Short-term interest- bearing borrowings	922.1	–	531.6	247.3	600.0
Total equity and liabilities	7 388.2	5 789.0	6 915.8	7 605.5	9 399.9
Group Cash Flow Statements					
Cash generated from operations	636.3	652.5	708.2	1 114.9	950.4
Dividends and interest received	86.5	73.0	99.5	144.0	119.0
Interest paid	(98.0)	(69.8)	(88.1)	(187.8)	(150.1)
Taxation refunded/(paid)	25.2	(128.1)	(58.5)	(254.8)	(330.3)
Net cash retained from operations	650.0	527.6	661.1	816.3	589.0
Cash utilised in investing activities	(8.1)	(126.6)	(90.6)	769.8	(113.1)
Cash flow from financing activities	346.8	(775.9)	(757.2)	(1 406.9)	(62.0)
Net increase/(decrease) in cash and cash equivalents	988.7	(374.9)	(186.7)	179.2	413.9

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FIVE-YEAR REVIEW continued

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Ratios and statistics					
Returns					
Return on average shareholders' funds (after-tax)* (%)	3.8	6.4	5.1	6.6	17.7
Return on average capital employed (after-tax)* (%)	3.7	6.5	5.1	6.7	14.7
Return on average assets managed (pre-tax)* (%)	4.8	8.5	6.6	8.2	15.9
Margins					
Gross profit margin (%)	41.0	41.2	41.4	42.4	38.0
Operating profit margin (%)	3.9	7.2	6.8	10.1	14.1
Productivity					
Number of stores	794	784	773	761	760
Revenue per store (R'000)	8 128	7 828	7 189	7 348	7 871
Operating profit per store (R'000)	320	565	491	741	1 109
Average number of permanent employees	8 248	8 101	8 093	8 619	8 409
Revenue per employee (R'000)	782	758	687	649	688
Operating profit per employee (R'000)	31	55	47	65	97
Trading space (sqm)	249 538	254 590	258 463	248 271	254 566
Revenue per sqm (R)	25 861	24 106	21 499	22 524	23 799
Operating profit per sqm (R)	1 017	1 740	1 468	2 272	3 353
Inventory turn* (times)	2.9	3.1	2.8	3.4	3.8
Credit ratios					
Credit sales (%)	56.9	57.9	65.8	65.2	64.3
Bad debts as a percentage of debtors at gross carrying value* (%)	13.9	15.1	16.1	18.6	13.0
Debtor costs as a percentage of debtors at gross carrying value* (%)	17.6	13.3	17.2	19.1	17.1
Debtors impairment provision as a percentage of debtors at gross carrying value* (%)	44.1	42.0	43.5	28.0	26.1
Satisfactory paid accounts as a percentage of total customers (%)	70.5	71.4	68.4	68.5	68.8
Arrear instalments on satisfactory paid accounts as a percentage of debtors at gross carrying value* (%)	10.7	8.8	9.2	9.8	9.9
Arrear instalments on slow paying and non-performing accounts as a percentage of debtors at gross carrying value* (%)	26.0	26.2	28.8	28.6	26.8
Credit applications decline rate (%)	37.5	37.4	37.1	38.7	39.3

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FIVE-YEAR REVIEW *continued*

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Solvency and liquidity						
Financing cover	(times)	8.9	16.7	9.0	4.5	10.4
Gearing ratio – pre-IFRS 16	(%)	(5.6)	(4.2)	(1.6)	2.9	25.5
Gearing ratio – post-IFRS 16	(%)	12.0	–	–	–	–
Current ratio	(times)	2.8	5.9	3.8	5.2	3.5
Share performance						
Earnings per share	(cents)	232.1	377.5	306.8	402.9	1 082.6
Headline earnings per share	(cents)	260.2	376.2	302.7	399.5	621.7
Cash flow per share	(cents)	809.4	795.8	822.8	1 256.5	1 070.1
Net asset value per share	(cents)	6 126.4	6 080.4	5 777.8	6 127.3	6 152.6
Share price:						
Closing price	(R)	17.82	31.10	42.20	41.50	47.00
High	(R)	37.50	48.00	44.40	54.11	101.62
Low	(R)	16.00	26.20	23.67	27.95	39.00
Price-earnings ratio		7.7	8.2	13.8	10.3	4.3
Dividends per share for the financial year	(cents)	185.0	234.0	200.0	200.0	517.0
Dividend payout ratio	(%)	78.9	61.1	71.1	54.8	52.7
Number of shares in issue	(million)	76.9	80.2	92.7	98.1	98.1
Volume of shares traded	(million)	26.4	34.6	58.3	59.3	128.6
Value of shares traded	(million)	625.0	1 137.4	1 844.2	2 764.6	8 278.5
Market capitalisation	(million)	1 370	2 494	3 521	3 685	4 159
Number of shareholders		1 722	1 773	1 732	1 695	2 410

Explanatory Notes:

- All ratios are based on figures at the end of the period unless otherwise disclosed.*
- The changes in the accounting policies implemented in the 2016 financial year have only been reflected from 2015 onwards.*
- Total assets for ratio purposes exclude the deferred tax asset and reinsurance asset.*
- Revenue and operating profit per store and square metres for 2016 and 2017 is calculated on an average to cater for the acquisitions during the year.*
- Ratios marked with an asterisk calculated for the prior year assuming that IFRS 9, IFRS 15 and reclassifications were implemented as at 31 March 2018. No similar adjustment was made for the adoption of IFRS 16 as it was immaterial.*