

UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE PERIOD ENDED

30
SEPTEMBER
2023

H1 2024

Lewis
Group Ltd



AGENDA



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H1 2024



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REVIEW OF H1 2024

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HIGHLIGHTS OF H1 2024

Revenue + 8.3%	Merchandise Sales + 4.8%	Gross Profit Margin at 40.7%
Collection Rate at 80.9%	Satisfactory Paid Accounts at 79.9%	Debtor Book Growth of 10.8%
Operating Margin at 14.2%	HEPS -6.6% to 372 cents per Share	Interim Dividend Increased to 200 cents per Share



Challenging business and consumer environment

OPERATIONAL CONTEXT

Pressure on global economic growth

Elevated inflation
Increasing interest rates
Geopolitical tension



South African pressures

Increased cost of living
Persistent Eskom load-shedding
Deteriorating socio-economic conditions
Political uncertainty
High unemployment rate



Pressure on imports

Weakened Rand
Severe local port disruptions
Unreliable rail line service between Durban and Johannesburg



Decline in cash purchases



Increasing demand for credit



OPERATIONAL ACHIEVEMENTS

Revenue



Sales



Gross Profit



Operational Cost Control



Quality of the Debtors Book



Investing for the Future





Exceptional
quality and
performance
of the Group's
debtor book

OPERATIONAL ACHIEVEMENTS

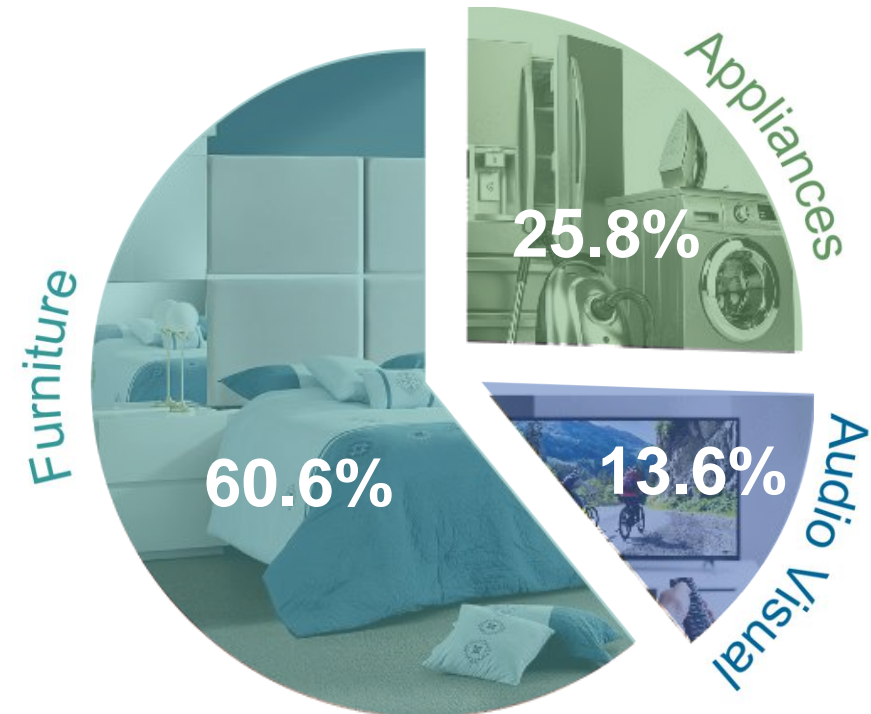
- Credit sales **growth of 19.5%**
- Credit application decline rate **settled at 34.8%** (LY: 35.8%)
- Collection rate **at a solid 80.9%**
- Level of satisfactory paid customers **improving to 79.9%** (LY: 78.8%)
- **Reduction** in the impairment provision **from 38.3% to 36.0%**

OPERATIONAL ACHIEVEMENTS

- Group merchandise sales **increased by 4.8%**
 - Q1 : 1.1%
 - Q2 : 8.5%
- Sales supported by **strong advertising** campaigns and **new merchandise ranges**
- **Growing debtors book** supports other revenue streams
 - Other revenue **increased by 13.4%**
- **Reduction in inventory to historic levels**

MERCHANDISE SALES

- Traditional brands increased by 7.3%
- UFO declined by 14.3%
- Group credit sales increased by 19.5%
- Group cash sales declined by 14.4%



OPERATIONAL ACHIEVEMENTS

- Adoption of **IFRS 17 insurance contracts**
 - No material impact on earnings for the current and prior periods
 - Disclosure changes
 - Comparatives restated
- Operating costs (including insurance service expenses) **increased by 4.2%**, despite inflationary pressure
- **Robust** balance sheet
- **Continuing** share repurchase programme
 - 4.8 million shares repurchased in the 12 months to September 2023
 - 45% of shares in issue repurchased since listing, returning R1.8bn to shareholders



OPERATIONAL ACHIEVEMENTS STORE EXPANSION

Net 28 new stores opened in H1 2024

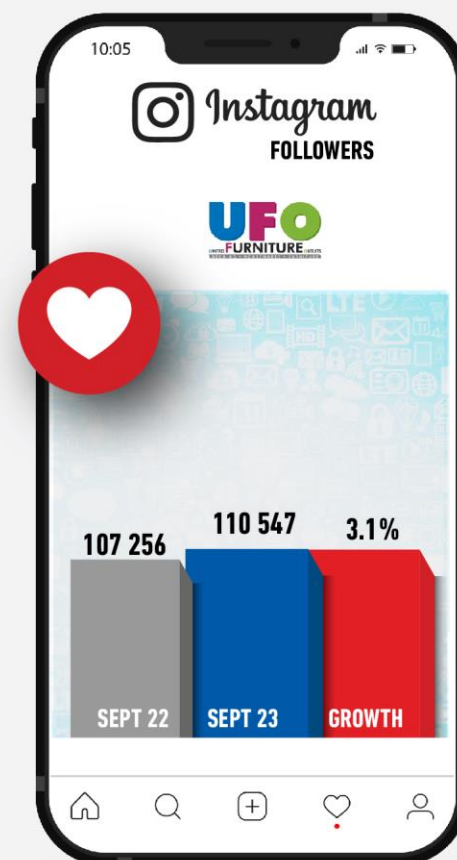
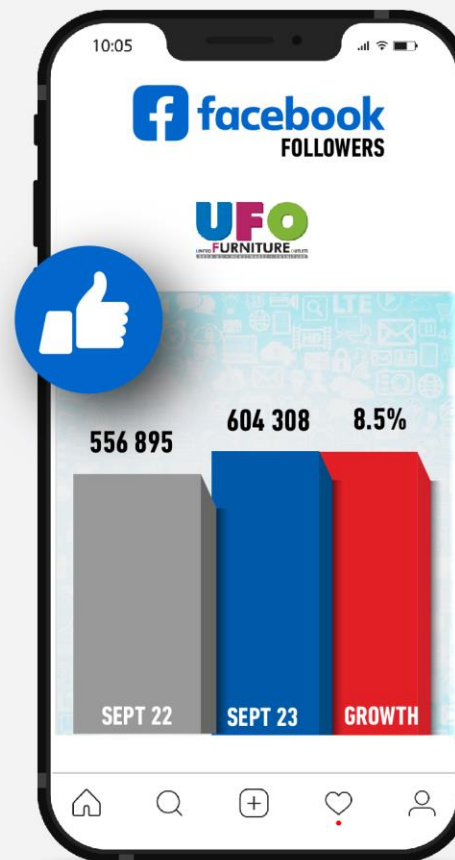
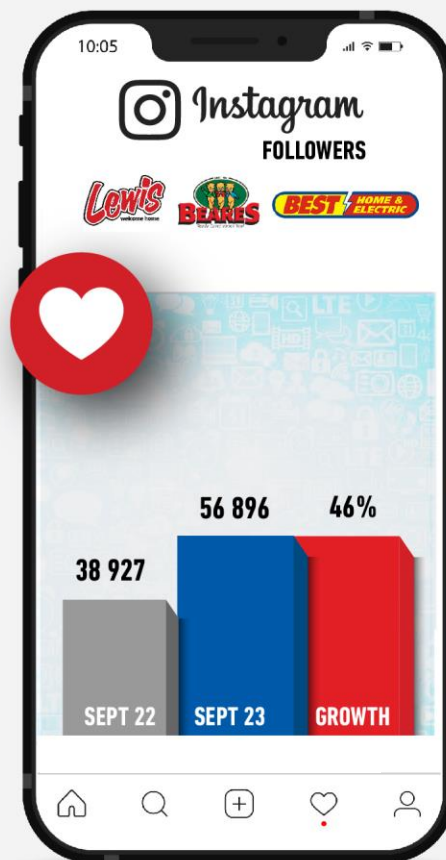
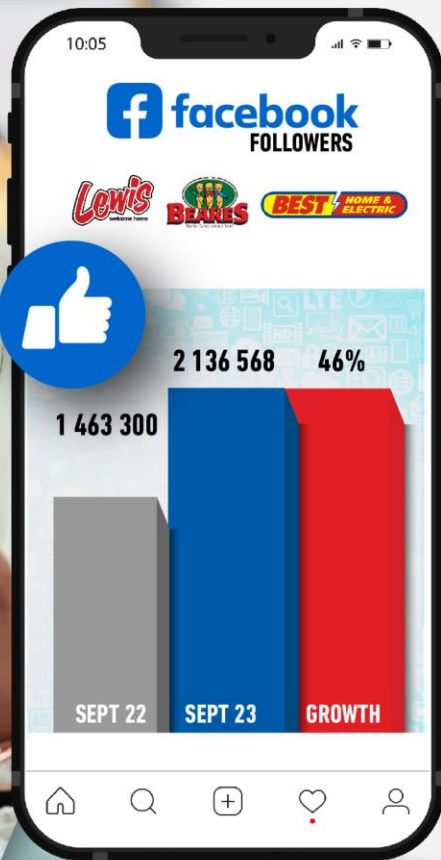
138 stores outside SA (LY:131 stores)

**257 small format Lewis stores
(52% of Lewis stores)**

90 stores refurbished

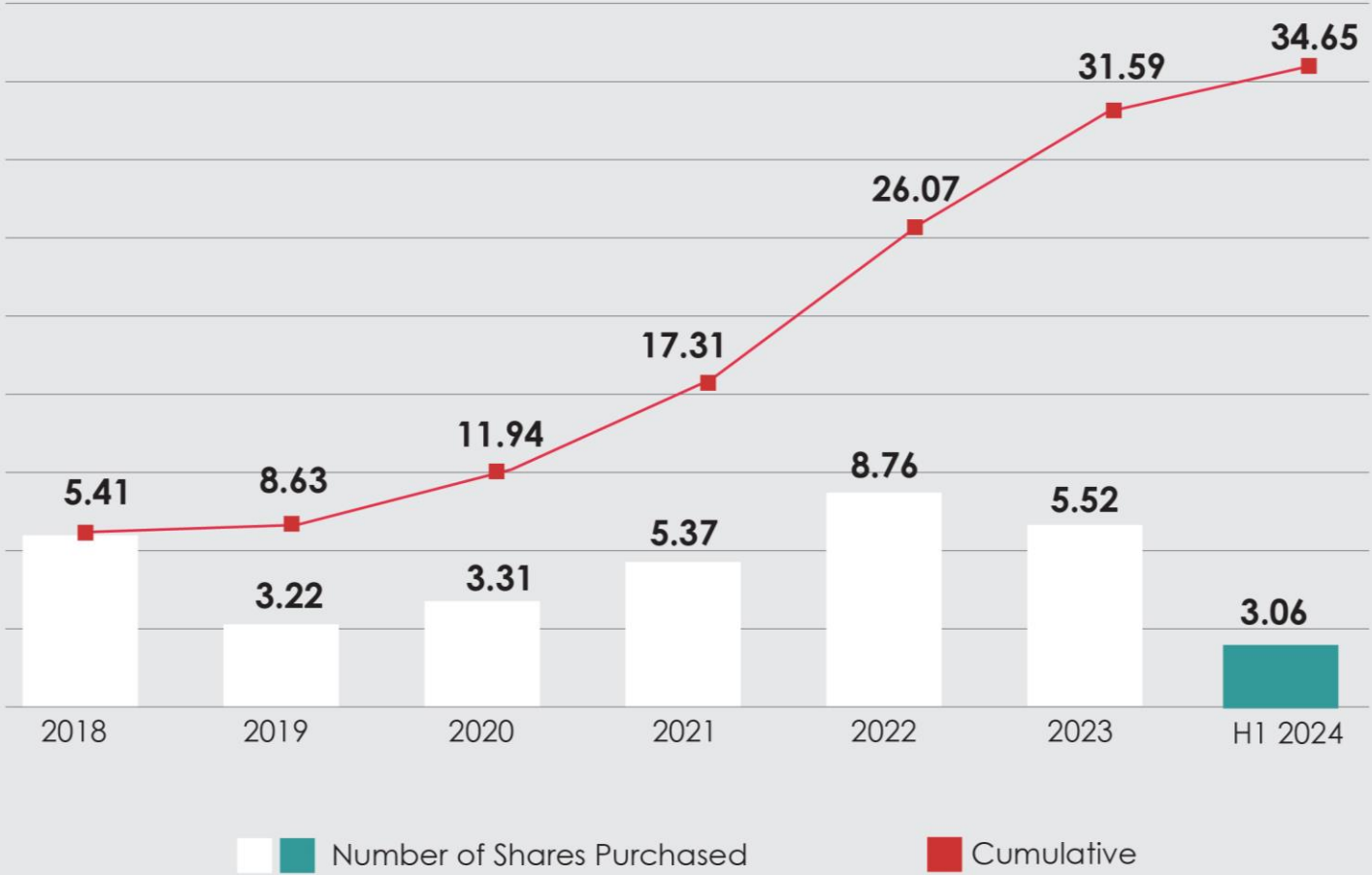
	March 2023	NEW	September 2023
	492	5	497
	154	14	168
	149	3	152
	2	7	9
	43	-1	42

CLIENT ENGAGEMENT VIA SOCIAL MEDIA





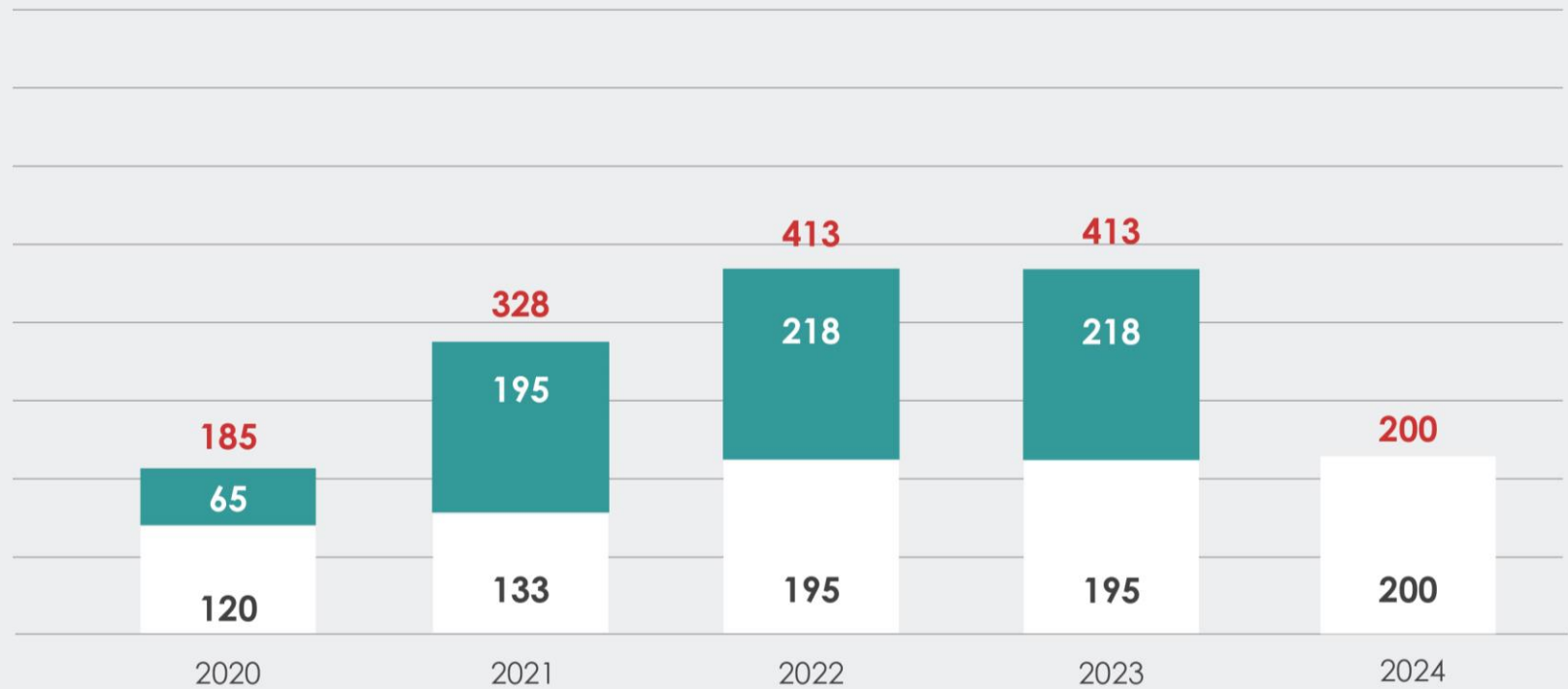
NUMBER OF SHARES REPURCHASED SINCE 2018 (MILLIONS)





DIVIDENDS PER SHARE (CENTS)

■ Dividends per share (cents) ■ Interim ■ Final





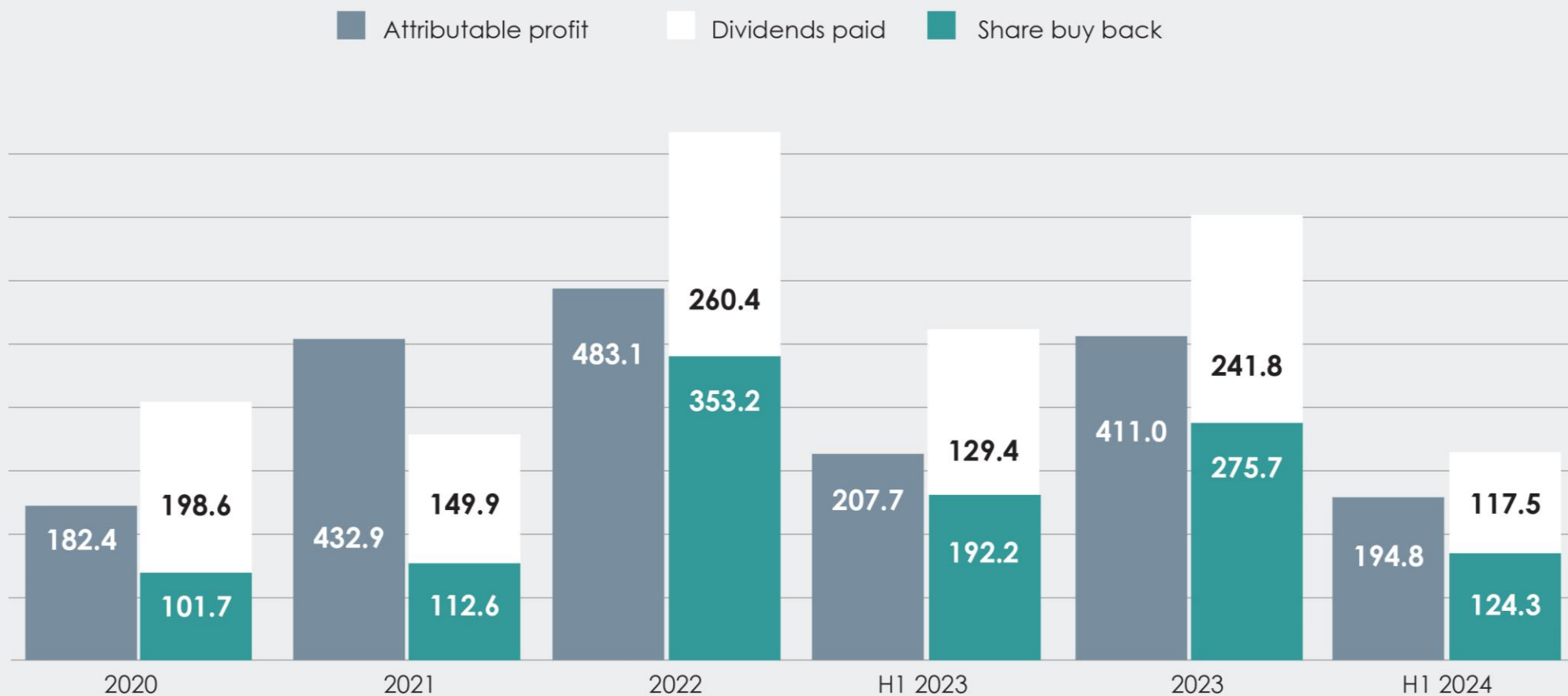
DELIVERING RETURNS TO SHAREHOLDERS

	H1 2024	H1 2023
Return of capital - share buy back (Rm)	124.3	192.2
Return of income - dividends (Rm)	117.5	129.4
Total spent on increasing shareholder returns (Rm)	241.8	321.6
Market capitalisation (Rm)	2 119.5	2 705.5
Return to shareholders (%)	11.4	11.9

DELIVERING RETURNS TO SHAREHOLDERS

	2023	2022	2021	2020	2019
Return of capital - share buy back (Rm)	275.7	353.2	112.6	101.7	98.2
Return of income - dividends (Rm)	241.8	260.4	149.9	198.6	168.1
Total spent on increasing shareholder returns (Rm)	517.5	613.6	262.5	300.3	266.3
Market capitalisation (Rm)	2 340.5	2 951.6	2 195.8	1 370.4	2 494.2
Annual return to shareholders (%)	22.1	20.8	12.0	21.9	10.7
Average return to shareholders over 5 years	17.5%				

RETURNING PROFITS TO SHAREHOLDERS (R'M)



Average % of profits returned to shareholders over the past 4 financial years: 120%
Actual % of profits returned to shareholders during H1 2024: 124%

DEBTOR ANALYSIS

- Debtor Performance
- Gross Debtor Analysis

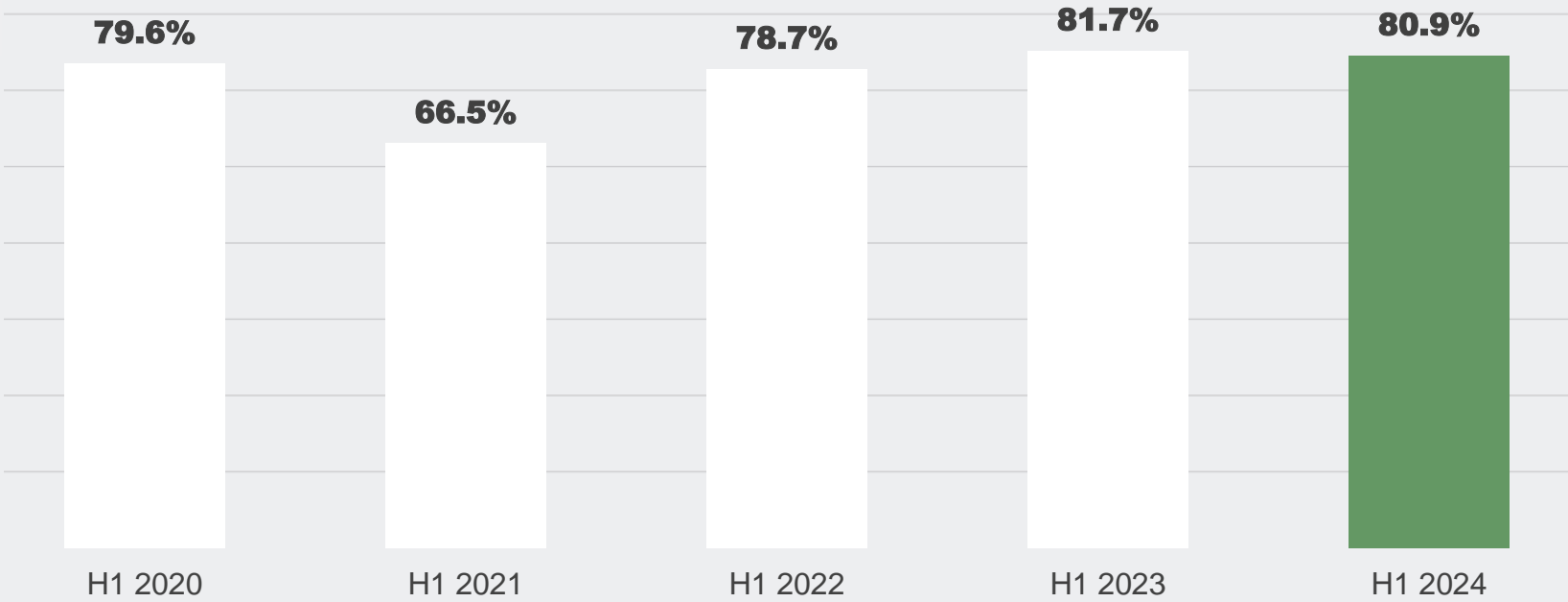
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DEBTOR PERFORMANCE

INSTALMENT COLLECTIONS (%)



DEBTOR PERFORMANCE

	H1 2024	H1 2023
Collections (Rm)		
Collections from instalment sales (+9.9%)	2 564	2 332
Contractual arrears (Rm)	1 707	1 903
% of debtors at gross carrying value	26.6%	32.9%
Debtor costs (Rm)		
Debtor costs (+76%)	446	254
▪ Net bad debts written off	299	271
▪ Debtors' impairment provision	147	(17)
Debtor costs as a % of debtors at gross carrying value	7.0%	4.4%

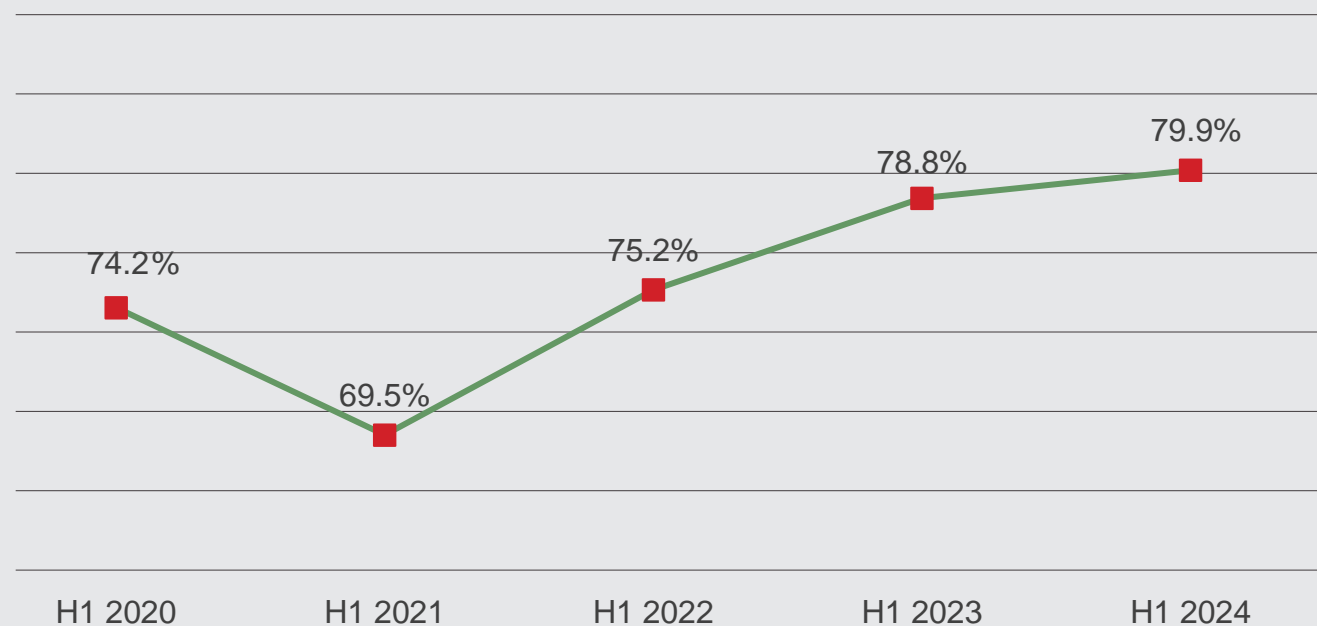
GROSS DEBTOR ANALYSIS

Customer grouping		Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears	
							≤3 months R'000	>3 months R'000
Satisfactory paid	H1 2024	495 613	4 782 969	1 076 177	22.5	627 961	411 463	216 498
	%	79.9	74.7	46.6				
	H1 2023	463 910	4 056 327	844 285	20.8	590 701	372 666	218 035
Slow payers	%	78.8	70.2	38.1				
	H1 2024	77 513	900 076	609 683	67.7	557 794	190 930	366 864
	%	12.5	14.0	26.4				
Non- performing accounts	H1 2023	71 808	799 626	555 731	69.5	545 719	172 069	373 650
	%	12.2	13.8	25.1				
	H1 2024	46 859	724 069	623 652	86.1	521 705	128 183	393 522
Total	%	7.6	11.3	27.0				
	H1 2023	52 803	927 986	815 984	87.9	766 181	140 166	626 015
	%	9.0	16.0	36.8				
Total	H1 2024	619 985	6 407 114	2 309 512	36.0	1 707 460	730 576	976 884
	H1 2023	588 521	5 783 939	2 216 000	38.3	1 902 601	684 901	1 217 700



DEBTOR PERFORMANCE

SATISFACTORY PAID ACCOUNTS (%)



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INCOME STATEMENT

	H1 2024	H1 2023	%
Revenue* (Rm)	3 831	3 537	8.3
Merchandise sales (Rm)	2 174	2 076	4.8
Gross profit margin (%)	40.7	39.3	
Total operating costs* (Rm)	1 775	1 703	4.2
Operating costs*	(1 412)	(1 381)	2.3
Insurance service expenses*	(363)	(322)	12.7
Impairments and capital items (Rm)	(13)	(34)	(61.8)
Operating profit (Rm)	309	288	7.5
Operating margin (%)	14.2	13.9	
Attributable earnings (Rm)	195	208	(6.2)

*Change in presentation and measurement as a result of adoption of IFRS 17

SEGMENTAL ANALYSIS

	Group		Traditional		UFO	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Revenue (Rm)	3 831	3 537	3 617	3 288	214	249
Merchandise sales (Rm)	2 174	2 076	1 964	1 830	211	246
Total Operating costs	1 775	1 703	1 689	1 598	86	105
Operating profit/(loss) before impairments and capital items (Rm)	322	321	318	325	4	(4)
Operating profit /(loss) (Rm)	309	288	319	336	(10)	(48)
Operating margin:						
Before impairments and capital items(%)	14.8	15.5	16.2	17.8	1.6	(1.6)
After impairments and capital items (%)	14.2	13.9	16.2	18.4	(4.7)	(19.7)
Number of stores	868	829	826	783	42	46

BALANCE SHEET OVERVIEW

	H1 2024 Rm	H1 2023 Rm
Property, plant, equipment and intangible assets	629	650
Right-of-use assets	775	743
Inventory	959	1 245
Trade and other receivables*	4 182	3 666
Insurance contract assets*	263	181
Cash on hand	247	241
Other assets	570	582
Total assets	7 625	7 308
Shareholders' equity and reserves ^{*(1)}	4 598	4 664
Trade and other payables	750	780
Borrowings	862	432
Lease liabilities	948	950
Insurance contract liabilities*	94	71
Other liabilities	373	411
Total equity and liabilities	7 625	7 308

*Change in presentation and measurement as a result of adoption of IFRS 17

(1) The remeasurements arising from IFRS 17 resulted in an increase in opening retained earnings at 1 April 2022 of R78.8m



KEY RATIOS

	H1 2024	H1 2023	%
EPS (cents)	355	346	2.6
HEPS (cents)	372	398	(6.6)
ROE – after tax (%) ⁽¹⁾	8.4	8.8	
ROCE – after tax (%) ⁽¹⁾	7.7	7.4	
ROA – before tax (%) ⁽¹⁾	8.9	8.6	
Borrowings ratio (gearing excluding lease liabilities) (%)	13.4	4.1	
Gearing ratio – including lease liabilities (%)	34.0	24.4	
Interim dividend declared (cents)	200	195	2.6

(1) Annualised

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FINANCIAL AND OPERATING TARGETS

	H1 2024	Targets	
	(%) Actual	Year-end 2024	Medium-term
Gross profit margin	40.7	40-42	41-43
Increase in operating costs	4.2	6-10	3-6
Credit sales as a % of total sales	64.4	59-63	52-56
Satisfactory paid customers	79.9	77-80	77-80
Debtor costs as a % of debtors at gross carrying value	7.0	12-16	12-15
Operating margin	14.2	12-16	16-20
Borrowings ratio (Gearing excluding lease liabilities)	13.4	<10	<15
Gearing – including lease liabilities	34.0	<30	<35

OUTLOOK

**Tough
macro-economic
environment**

**Ongoing
Eskom
load-shedding**

**Consumer spending
expected to remain
depressed**

**Improve UFO
performance**

- Proven resilience through previous economic downturns
- Experienced management team

- Extensive cost saving measures
- Exclusive merchandise offerings
- Improved social media strategies

OUTLOOK

New merchandise ranges and well stocked for the festive trading period

Strategically positioned to continue to gain market share

Strong advertising campaigns

Same day delivery remains a competitive advantage

Share repurchase programme to continue

Continue to invest for the future

- Utilise strength of loyal customer base
- Expand customer base by capitalising on social media following and consumer increased demand for credit
- Continue stores expansion programme- plan to open a further 10 stores in H2.
- Refining the Bedzone model



QUESTIONS

THANK YOU