

PRESENTATION OF FINANCIAL RESULTS

For the year ended 09 January 2016



Edgars Stores
Limited



The Elephant in the Room.....



The Year after Extended Credit

	TRUWORTHS		EDGARS	
CALENDER YEAR*	Turnover Growth %	PAT Growth %	Turnover Growth %	PAT Growth %
F2012	9.8	16.8	17.8	8.7
F2013	2.5	9.8	7.6	11.6
F2014	(18.1)	(152.6)	11.3	22.3
F2015	9.9	162.9	(13.6)	(11.9)

**For January to December.*

**MORE
STYLE
LESS
PRICE**



**Edgars Stores
Limited**

AGENDA:

**STRATEGIC AND OPERATIONAL
UPDATE**

KEY FEATURES OF THE YEAR



SALES

Challenging economic environment plus
High Base following Extended Credit

- Retail Sales ↓ 13.6%
- Cash Sales ↓ 7.9%
- Credit sales ↓ 15.8%
- Unit Sales ↓ 8.9%



RESULTS

Profit for the year of \$3.9m.
Positive Operating Cash flow - \$4.1m

- Gross profit ↓ 14.2%
- Profit After Tax ↓ 11.9%
- Operating Cash flow ↑ 284%



STRATEGY

Focus on Customer Centricity & Value Preservation.

- Differentiation of Chains & Products.
- Improved Product assortments.
- Business Process Re-Engineering.
- Reducing Costs.
- Leaner Business Model by 0617

KEY STRATEGIC INITIATIVES: 3 YEARS

PEOPLE

- Critical skills preservation
- Talent Management
- Upskilling Staff
- Performance Management
- Incentivising Productivity
- Restructuring to enhance accountability, productivity and succession planning

SERVICE

- Convenience & Revamps (medium term)
- Store Rationalisation (short term)
- New Stores, particularly Jet (MT)
- Customer Centric Service & Thinking
- Increased focus on the “Customer Service Continuum”

INTERNAL PROCESSES

- ERP implementation for improved information systems to aid in informed and timely decision making
- Reengineering processes to enhance productivity and efficiency
- More efficient supply management system to reduce lead times.

PRODUCT

- **Compelling** Value, Brands, Prices, Fashionability, Freshness, Quality in assortments
- Diversification of Assortments.
- Buying Right, Buying Smarter
- More efficient stock management

NEW PRODUCTS & BUSINESS - F2015

In 2015, the Group launched the following products:

- Jet credit was rolled out to all stores across the chain.
- Rollout of credit for the informal sector in Jet chain.

In 2014 Edgars Chain introduced Extended Credit which boosted sales but provided a very high base for the chain in 2015



THE CLUB & CSR

CLUB – Corporate Social Responsibility

- \$ 12,000 in cash and \$ 12,600 in Gift Vouchers were won by Club members.
- Each Club member who won selected a rural school of choice for the Club to make a donation in every issue.

Number of Issues	5
Number of Schools	15
Value of Donations	\$ 50,000

In total, more than \$145000 CSR spend on:

- Boreholes for waterless communities
- Anti Litter campaigns
- Environment and wildlife
- Orphanages
- Feeding the hungry
- Education

We also nurtured and trained young Zimbabwean Designers



Edgars
club

April
May 2016

Zimbabwe

**TWO YEAR
BIRTHDAY
CELEBRATION**

*All things are festive in this issue.
Enjoy our refreshed bumper Food,
Decor, Travel and Beauty pages.*

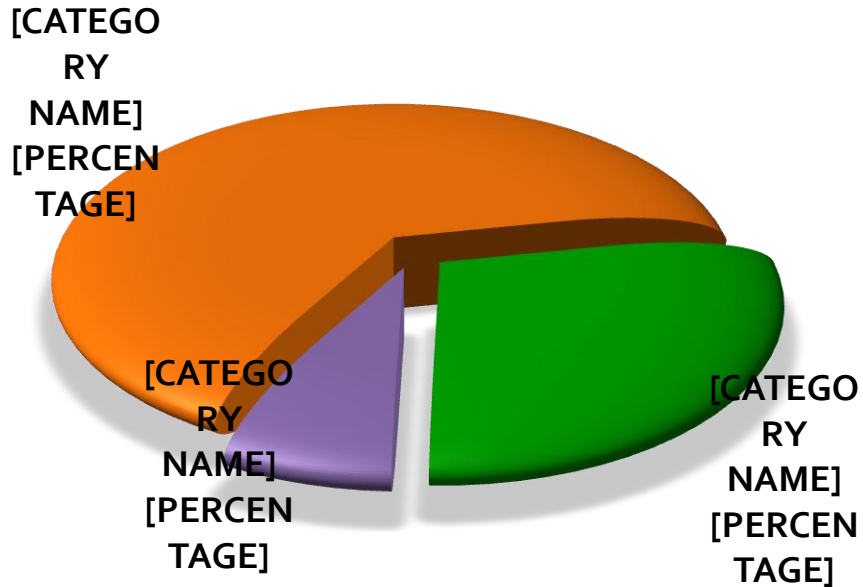
**NOT FOR
SALE**

**FASHION FOR
MOMS YOUNG
& OLD!**

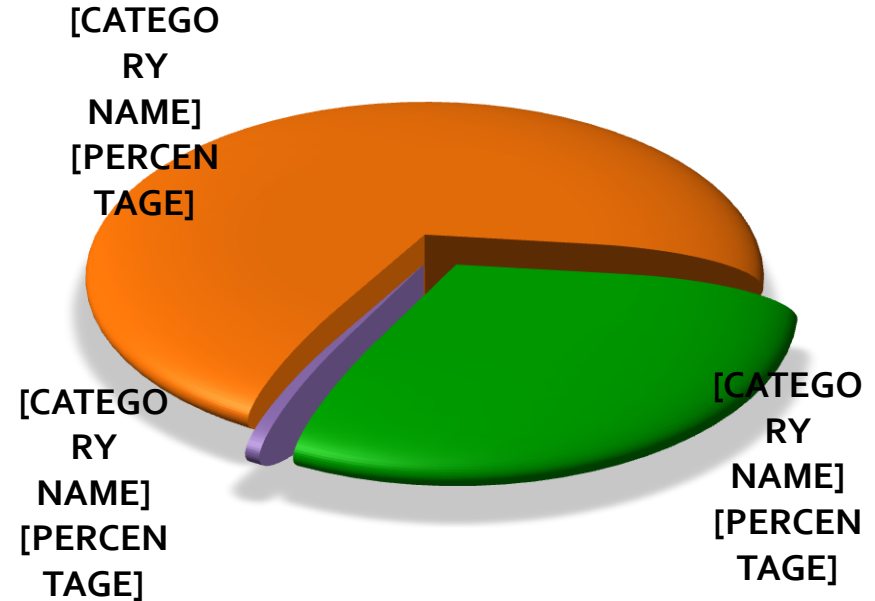
Our Gifts CASH CHALLENGE, GIFT VOUCHER & DISCOUNTS*
*Ts & Cs Apply

SEGMENT ANALYSIS – TURNOVER CONTRIBUTION

Unconsolidated



Consolidated



- Jet Chain contribution grew 8.9% with the full rollout of credit in F2015
- Edgars chain contribution declined.

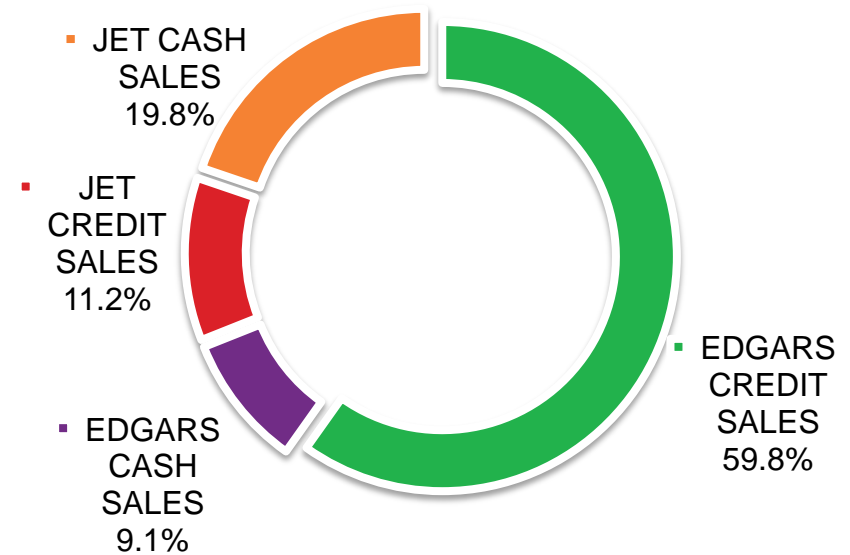
- Carousel third party sales grew by 10.7% over F2014.

TURNOVER SPLIT

CASH vs CREDIT



BY CHAIN



- Credit Sales decline of 15.8%.
- Cash Sales were lower than last year by 7.9%

Average Dollar Purchase per Account

F2015



-14.5%

F2014

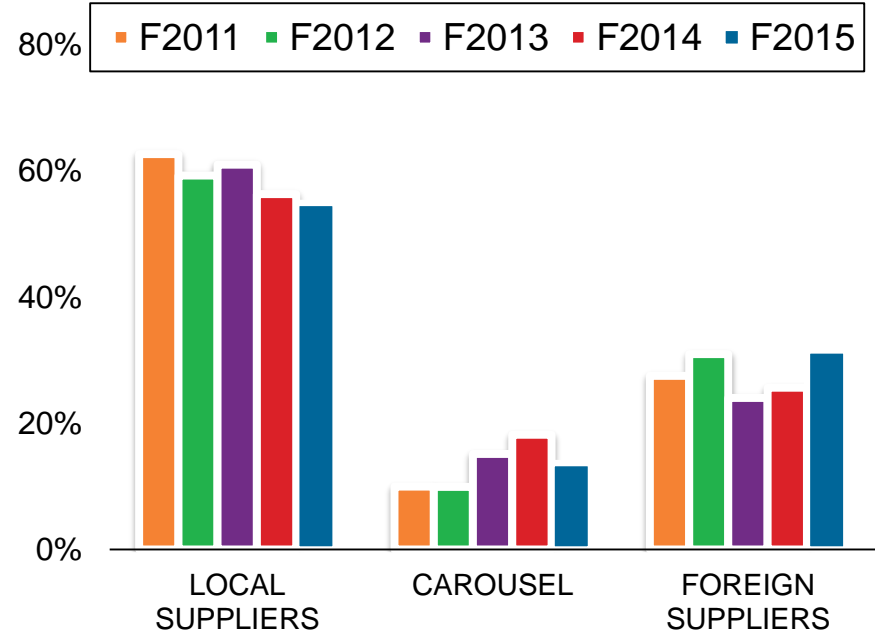
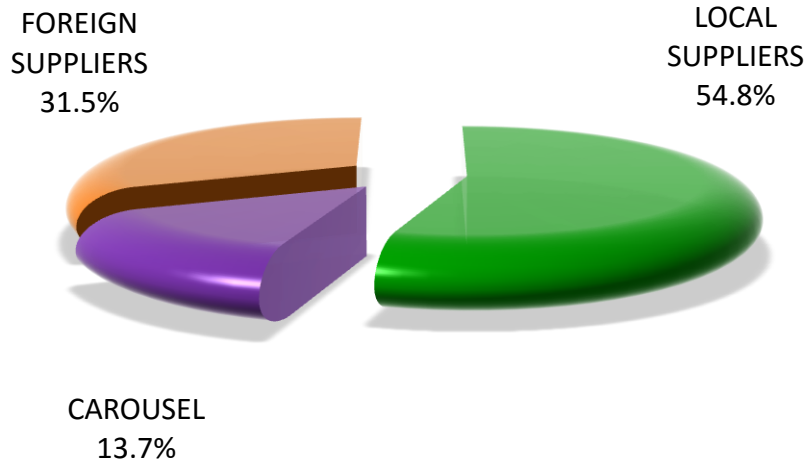


5.9%

NIXON 



MERCHANDISE - PROCUREMENT



- Total merchandise purchases declined by 9.1% over F2014.
- Merchandise purchases from foreign suppliers grew by 11.8% over F2014.
- Procurement from local, external suppliers remained in the same range as last year.

11



-31.6%

**Carousel
Purchases**

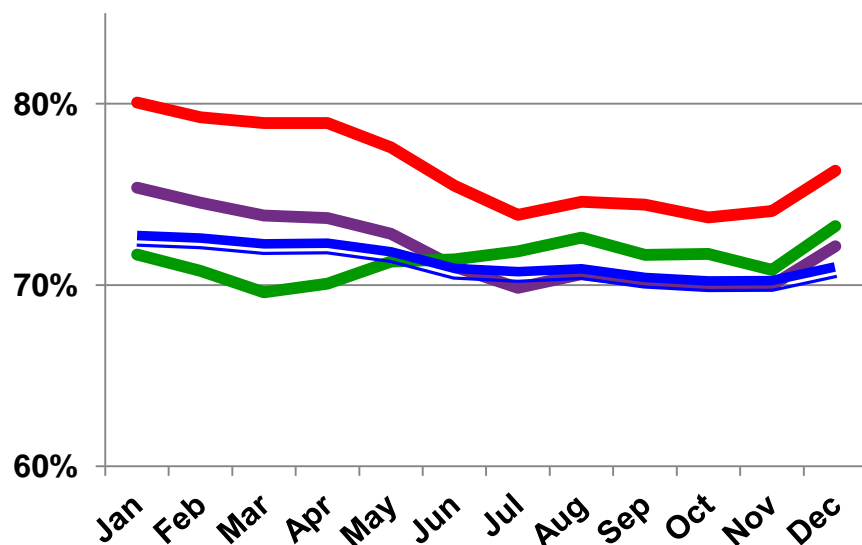


Quality Men's and Ladies'
watches available at selected
Edgars stores.

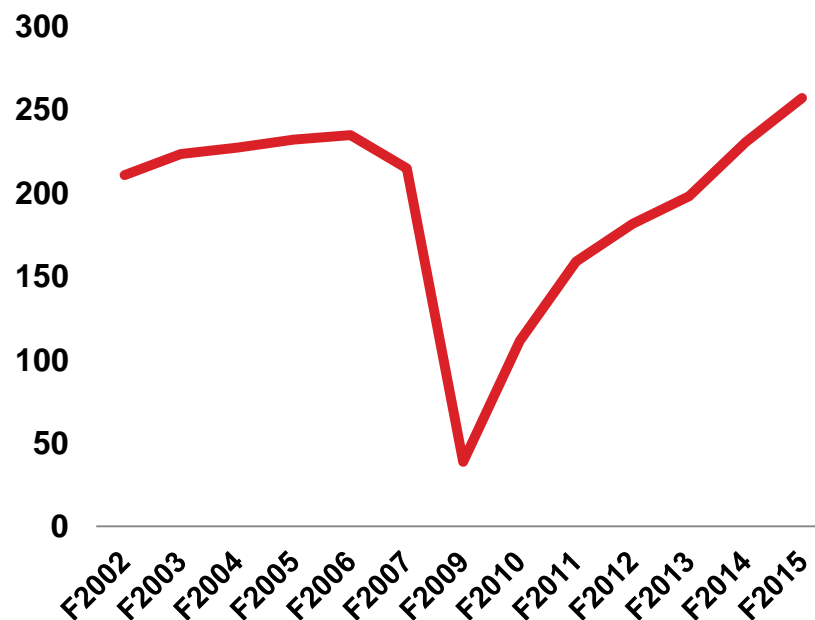
ACCOUNTS PERFORMANCE

ACTIVE ACCOUNTS %AGE

— F2012 — F2013 — F2014 — F2015



TOTAL ACCOUNTS (000s)



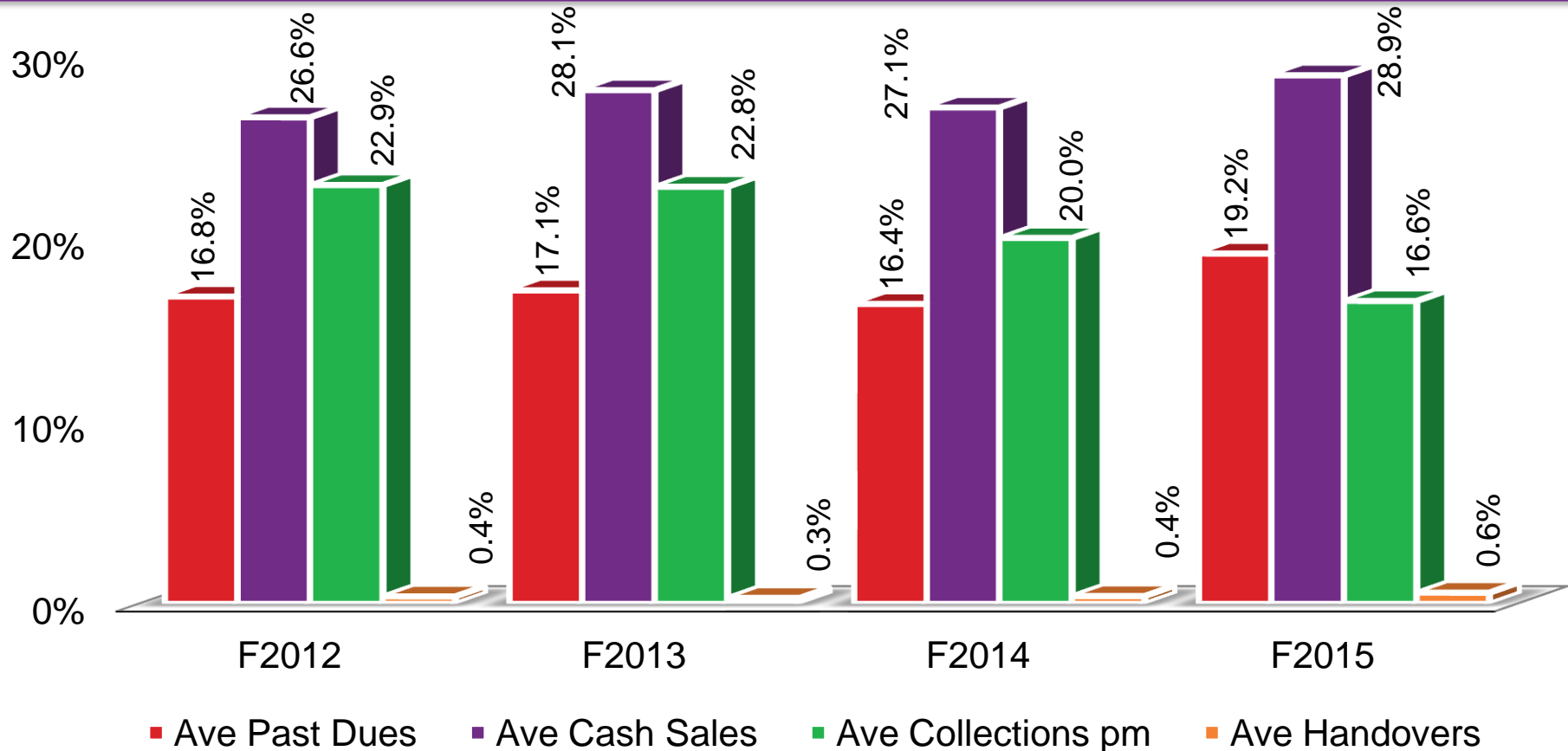
- Average number of new accounts per month = 3,975 accounts (7.6% growth).
- Accounts growth spurred by the full roll out of Jet Credit.
- Average active accounts percentage = 71.2%
- Our SME. financial Inclusion project performed within expectations



11.6%

Total
Accounts

CREDIT MANAGEMENT – DEBTORS STATISTICS



- F2014 and F2015 ratios include Jet Chain which launched full credit in F2015.
- Overall collection rates came down due to introduction of longer term credit to customers. Collections grew 3.3%
- Doubtful Debt Provisions increased from 2% to 6% YOY

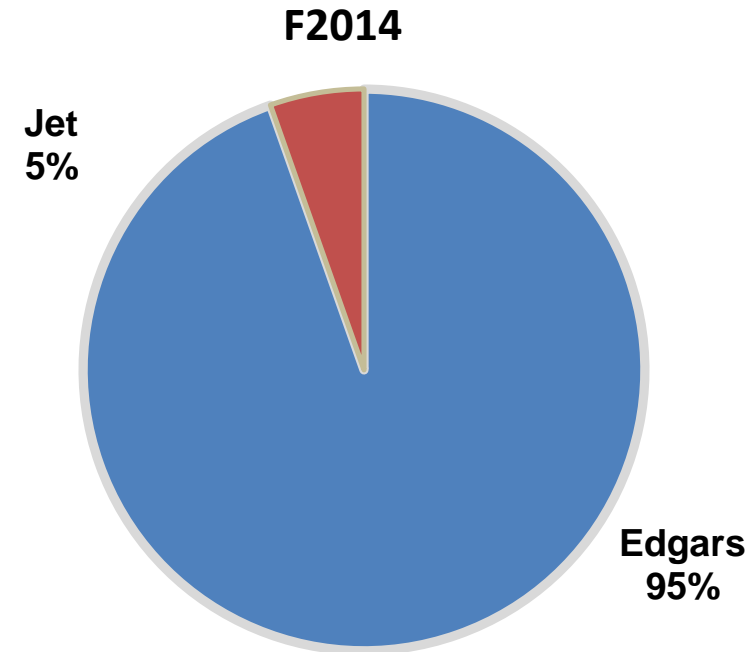
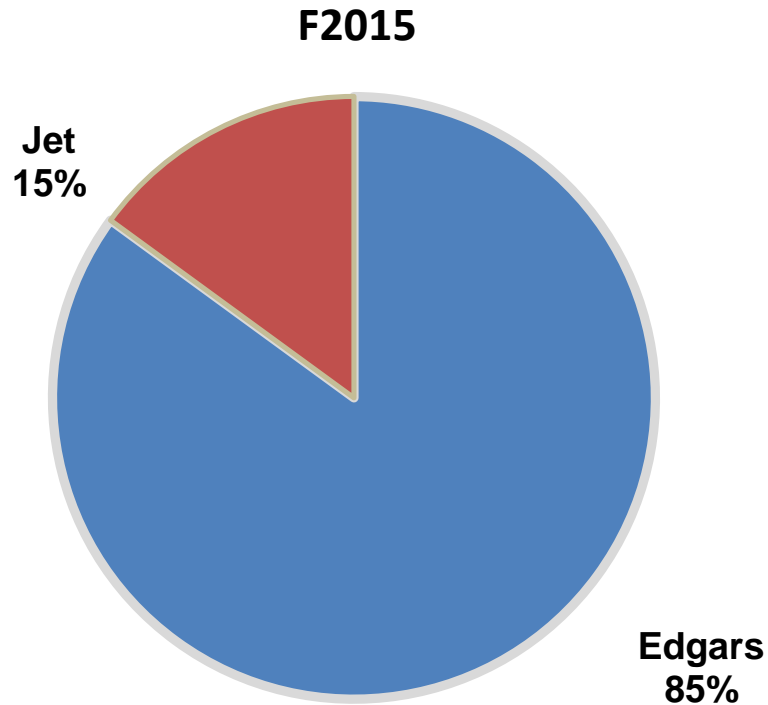


3.3%

\$ COLLECTIONS

DEBTORS AND STATISTICS

DEBTORS SPLIT BY CHAIN



3.3%

COLLECTIONS

AGENDA:

FINANCIAL REVIEW



Edgars Stores
Limited



CHAIN STATISTICS

	EDGARS CHAIN			JET CHAIN		
	F2015	F2014	% change	F2015	F2014	% change
No. of stores	28	28	-	25	25	-
Trading space (sqm)	28,486	28,486	-	11,796	11,796	-
Turnover per sqm (\$)	1,498	1,968	(23.9)	1,628	1,322	23.1
Turnover per Employee (\$)	120,570	121,093	(0.4)	95,055	74,972	26.8
Unit sales '000	2,159	2,862	(24.6)	2,091	1,806	15.8

 **Edgars**



10.8%

CANNIBALISATION

Je

FINANCIAL HIGHLIGHTS

	FY2015	FY2014	% change
Retail Sales	62,272,354	72,071,863	(13.6)
Net Profit Margin %	6.4	7.2	(11.6)
Earnings per Share (cents)	1.77	2.02	(12.3)
Trade and Other Receivables \$	32,344,417	34,315,693	(5.7)
No. of Accounts	257,003	230,381	11.6
Gearing	0.66	0.89	26.2
Net Equity per Share (cents)	9.07	7.48	21.3
Cash flow from operations \$	4,102,291	(2,231,255)	283.9
Borrowings @ year end \$	18,024,941	20,342,034	(11.4)

STATEMENT OF COMPREHENSIVE INCOME

\$ 000	FY2015	FY2014	% change
Retail Sales	62,272	72,072	(13.6)
Gross Profit	28,669	33,421	(14.2)
Gross Profit Margin %	46.0	46.4	(0.8)
Other (Losses)/Gains	(24)	(28)	12.2
Credit Management & Debt Collections	(6,104)	(3,788)	(61.1)
Store Expenses	(12,620)	(13,286)	5.0
Depreciation	(1,213)	(994)	(22.1)
Other Operating Expenses	(10,409)	(11,029)	5.6
Finance income	10,511	5,123	105.2
Finance costs	(2,735)	(1,944)	(40.7)
Profit before Tax	6,073	7,475	(18.8)
Taxation	(2,108)	(2,292)	8.0
Profit after tax	3,964	5,184	(23.5)
Other Comprehensive Income	605	-	100.0
Total Comprehensive Income for the period	4,569	5,184	(11.9)



AGENDA:

LOOKING FOWARD



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OUR FORECAST FOR 2016

2016 Targets

Turnover Growth

Around 0% or more but
dependent on Civil Service
Layoffs / Bonuses

Finance Costs

< 4.2%

Borrowings @ year
end

+/- \$17m

No. of Accounts

300,000

Gearing

+/-0.60



QUESTIONS



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