TRELLIDOR HOLDINGS LIMITED

AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2016





TRELLIDOR®

THE ULTIMATE CRIME BARRIER

OVERVIEW

- Trellidor is the market leading manufacturer of custom made barrier security products
- Distribution through dedicated and skilled owner operated franchisees in South Africa and throughout Africa
- Further representation in Israel, UK, parts of Europe and Australia
- Products manufactured at the Group’s modern facility in Durban, supported by assembly shops in parts of Africa including the Group’s subsidiary in Ghana
- Acquisition of Taylor Blinds and Shutters and NMC South Africa business post year end diversifies revenue

BUSINESS MODEL

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Route to market

- 71 franchise outlets throughout SA
- 18 African franchise outlets in 17 African countries
- Franchise model most effective to install custom made products
- No royalties paid

Marketing & Sales

- Continuous marketing & advertising campaigns – all media, shows etc.
- Franchisees obliged to contribute to marketing investment
- Majority of leads through customer base
- Leads conversion rate of 63%
- 24 hour turnaround for quotes
- All products designed to specification
- Detailed management of franchisee performance stats

Manufacturing

- Modern plant in Durban, assembly plants in strategic African countries
- Comprehensive IT system – franchisee tracking of order
- Roll forming, fabricating, painting, assembly and packaging
- Order dispatched 7 – 15 days from receipt of order
- Overnight delivery to franchisee in SA via road transport – outsourced

Installation and after sales service

- Franchisee conducts installations
- 3 – 5 year warranty
- Franchisee follow-up any service calls – warranty or repair
- Warranty claims < 0.5% of turnover

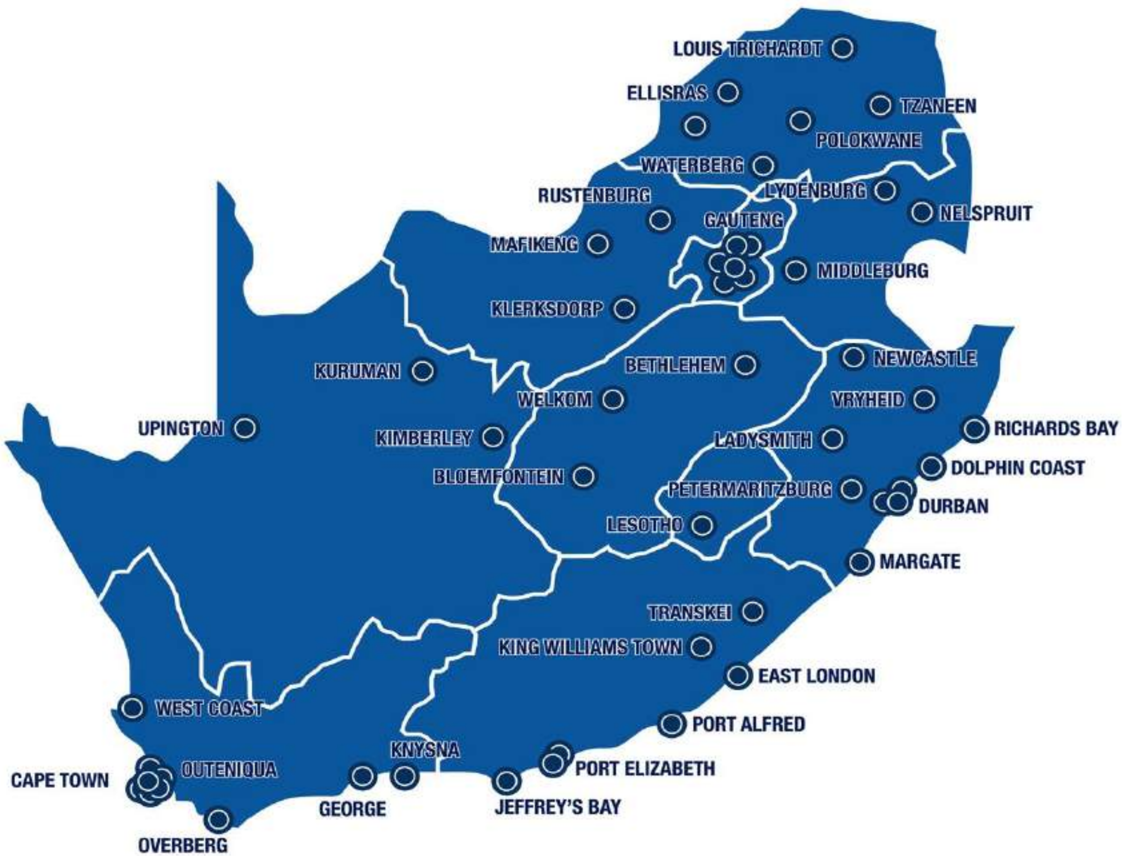
Price & demand drivers

- Product custom designed
- Price not easily comparable
- Trellidor dominant player – price setter
- Price increases in line with input price increases achieved – **maintaining & improving margins**
- Demand driven by need to be safe from crime
- Of late large growth in rural areas – non-title homes

Input cost drivers

- Steel, aluminium, fasteners, paint
- No material stockholding – JIT system
- Major input prices fixed till Aug '16
- Significant value-add to materials
- Imports form significant input
- Labour (manage disruption risk)
- Load shedding – not affected
- Durban property owned

FOOTPRINT – RSA



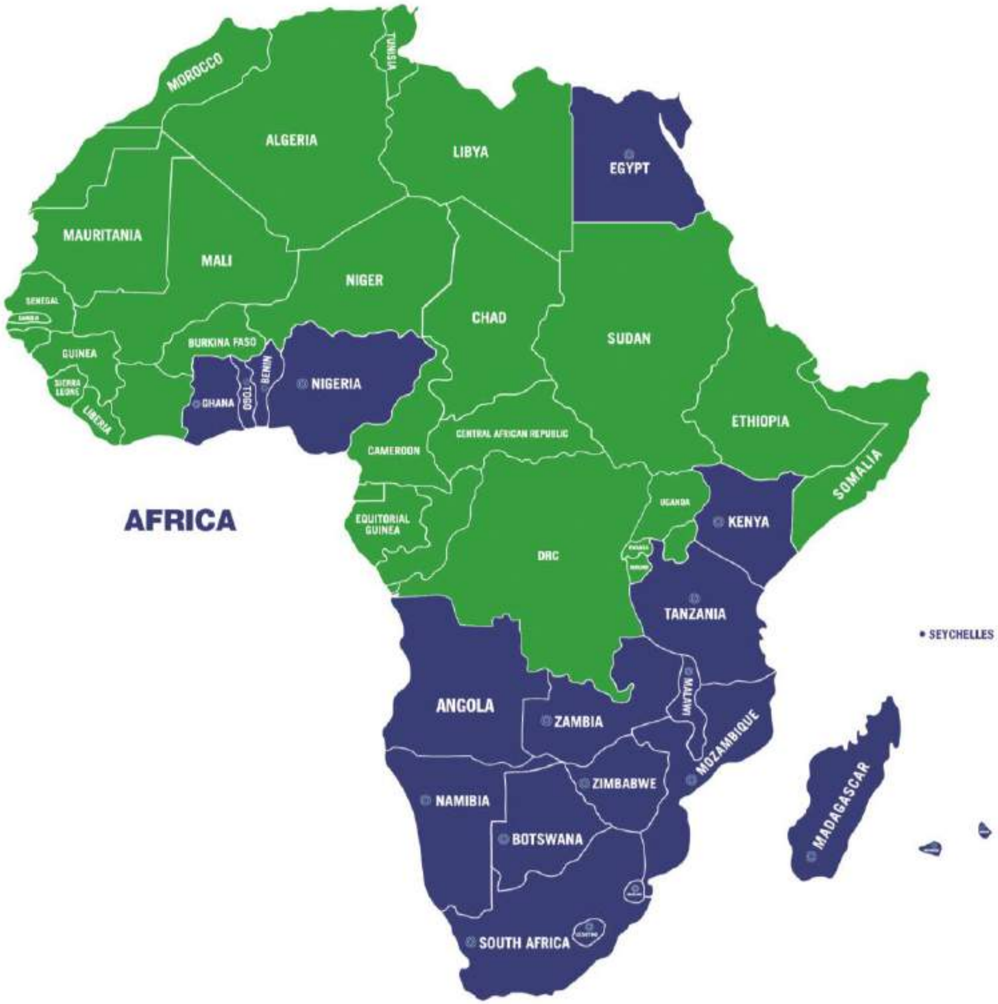
71 Franchises

- **62** Franchise owners
- **103** Sales consultants
- **98** Installers
- **88** Administration staff

- National distribution network vs. regional focused competitors in main centres
- The franchise network is well-established, loyal and extremely effective
- Not a royalty based model, franchisees contribute to marketing spend
- Opportunity to grow Gauteng presence
- Establish new franchisees where demand supports

Unique capacity of franchise network to design, measure to fit and install

FOOTPRINT – AFRICA



African franchisees

- 18 franchisees in 17 African countries
- Company owned assembly plant in Ghana – services West Africa

- Select assembly shops – shorten lead times, reduce duties and transport costs. Owned and operated by the franchisees

- Drive to increase African representation

  - New franchises appointed in Nigeria (Abuja, Lagos) and the DRC

- Low capex, low risk expansion – partnering with select distributors

- Limited international, non-African exposure, but recently appointed a franchise in Sweden

THE ULTIMATE CRIME BARRIER

FINANCIAL OVERVIEW

HIGHLIGHTS

19%
Profit after tax

12%
Earnings per share – 50.8c

11%
Headline earnings per share – 50.3c

Final dividend declared - 15.8 cents per share
Total dividend for the year post listing of 25c per share

FINANCIAL PERFORMANCE

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	Audited Jun-13 R'm	Audited Jun-14 R'm	Audited Jun-15 R'm	Audited Jun-16 R'm	Jun-16 v Jun-15
Revenue	266.3	295.5	293.7	313.4	7%
Gross Profit	128.5	145.9	148.9	157.3	6%
EBITDA	60.0	68.3	72.8	81.5	12%
Profit after tax	36.0	42.2	45.5	54.2	19%
Dividends paid	20.0	40.8	43.5	20.0	
EPS (cents)	36.0	42.2	45.4	50.8	12%
Heps (cents)	36.4	42.2	45.4	50.3	11%
Gross Margin	48.3%	49.4%	50.6%	50.1%	
EBITDA Margin	22.5%	23.1%	24.8%	26.0%	
Weighted avg shares in Issue (millions)	100.0	100.0	100.0	105.6	

EBITDA growth of 12%, notwithstanding difficult trading conditions

Gross profit margin has been largely maintained

Maintaining trading margins and improving operating margins

FINANCIAL PERFORMANCE

- Final dividend declared of 15.8 cents per share

- Despite tough trading conditions and a weakened rand gross margin of 50.1% achieved

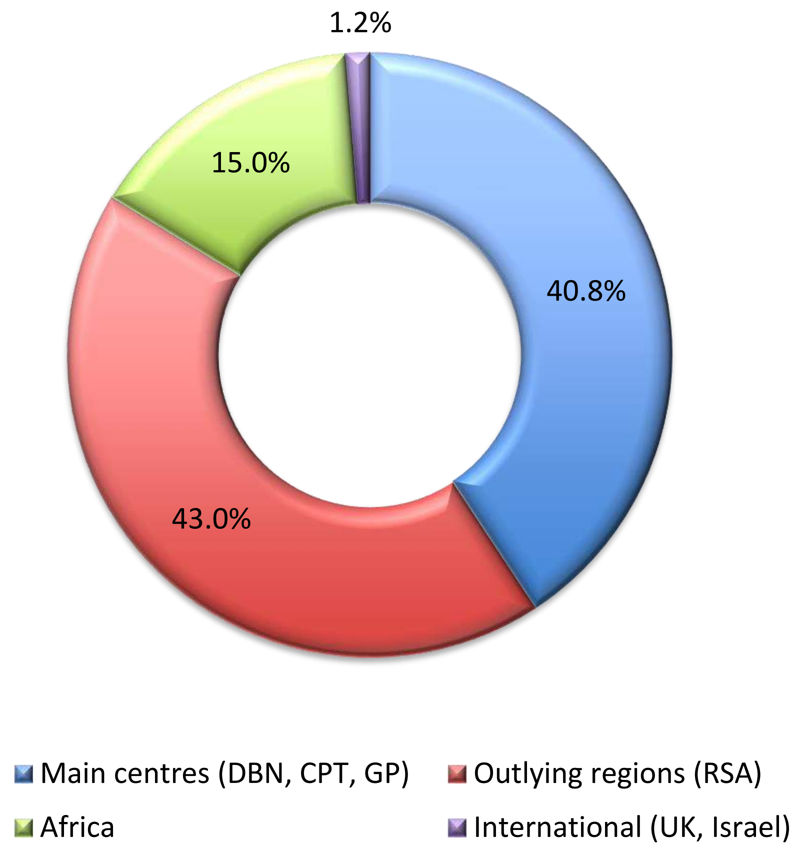
- Tight management of overheads, and a stable gross margin boost EBITDA margin to 26%. Forex gains of R2.3m help offset the increase in imported materials cost

- Export sales in hard currency provide a natural hedge for about 60% of hard currency import requirements

SALES ANALYSIS

- Africa sales growth underpinned by a 63% revenue growth in Ghana (Rand)
- African economies reliant on oil and commodities – weak, mainly Nigeria, Angola, Zambia and Botswana
- Good revenue growth in the Indian Ocean Islands and Kenya

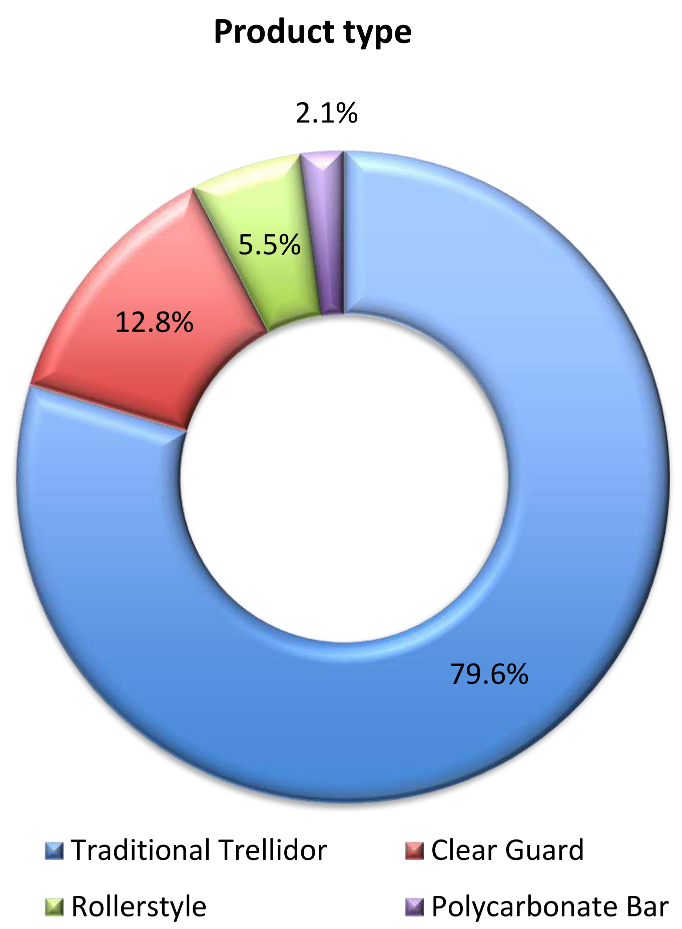
Geographical presence



Africa growth of 15%, underpinned by a 63% growth in Ghana

SALES ANALYSIS

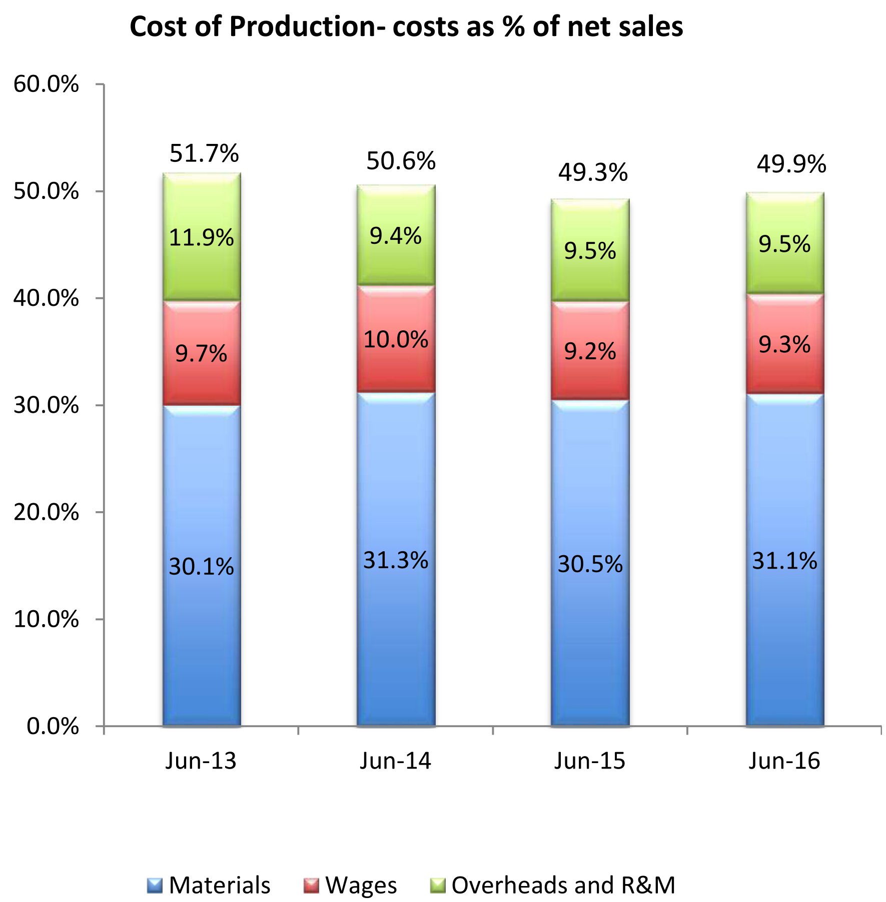
- Growth in new product sales of 18%
- Polycarbonate Bar - first full year of sales met expectations
- Further new product introduced July 2016 – Trellidor Security Shutter
- Diversified product range spans income groups which mitigates weak middle and upper middle class economy



New product sales now 20% of revenue

TRADING MARGIN

- Stable trading margin despite rand devaluation and muted sales growth
- Super inflationary labour costs continue, mitigated by improved utilisation
- Significant flexibility in cost base – 35% of costs are variable or semi variable
- Manufacturing overhead cost contained
- Imported materials have been exposed to rand devaluation but now stabalising



Highly profitable sustainable trading margin

SUMMARISED BALANCE SHEET

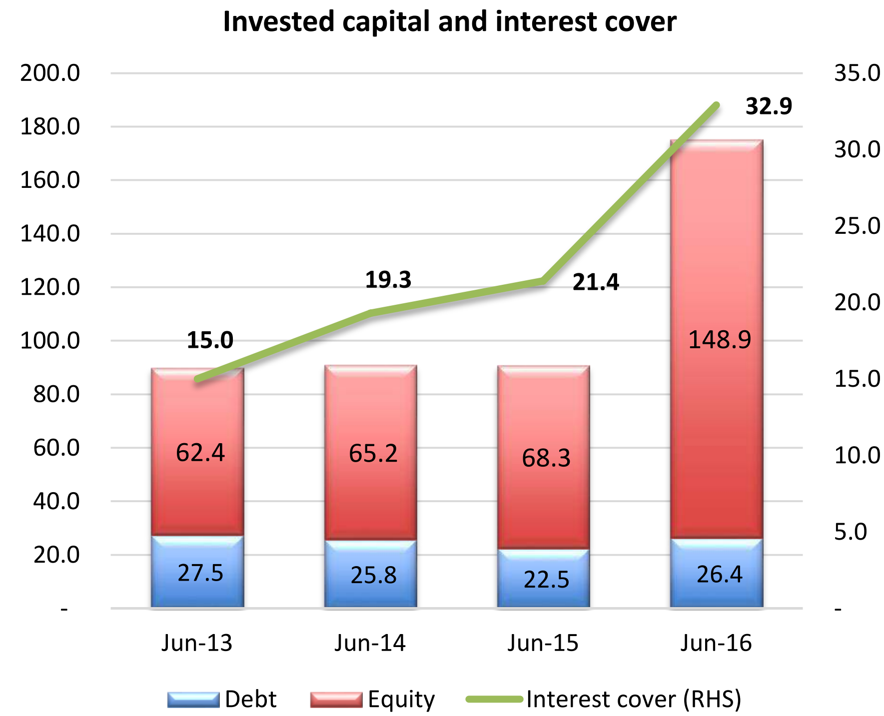
THE ULTIMATE CRIME BARRIER

	Audited Jun-13 R'm	Audited Jun-14 R'm	Audited Jun-15 R'm	Audited Jun-16 R'm
Non current assets	49,6	49,1	47,7	50,7
Property, plant and equipment	46,2	44,7	41,5	42,6
Goodwill and other intangibles	3,3	3,2	3,1	4,0
Deferred Tax	-1,0	0,5	2,7	3,7
Other financial assets	1,1	0,7	0,4	0,4
Current assets	66,5	77,2	78,6	166,2
Inventories	20,0	22,3	21,4	30,8
Trade and other receivables	29,7	43,4	40,7	44,4
Cash	16,0	11,1	15,4	89,4
Other financial assets	0,8	0,4	1,1	1,6
Non current liabilities	26,5	25,6	24,4	23,4
Debt	24,5	22,2	18,8	23,4
Provisions	2,0	3,4	5,6	0
Current liabilities	27,2	35,5	33,6	44,6
Debt	3,0	3,6	3,7	3,0
Trade Payables	22,9	28,5	27,7	37,5
Other (Tax + Other)	1,3	3,4	2,2	4,1
Equity	62,4	65,2	68,3	148,9
Profitability				
ROIC	41%	46%	50%	31%
Financial Risk				
Debt/Equity	44%	40%	33%	18%
Debt/EBITDA	46%	38%	31%	32%
Debt/FCF	1,5	1,4	2,2	1,6
FCF/PAT	113%	87%	111%	80%

Cash raised on listing and gearing opportunity utilised in July 2016 for the purchase of the Taylor and NMC business

BALANCE SHEET

- Low financial risk
- Balance Sheet largely ungeared and reserved for acquisition strategy at year end
- Utilised R51m cash and debt of R70m to acquire the Taylor group in July 2016

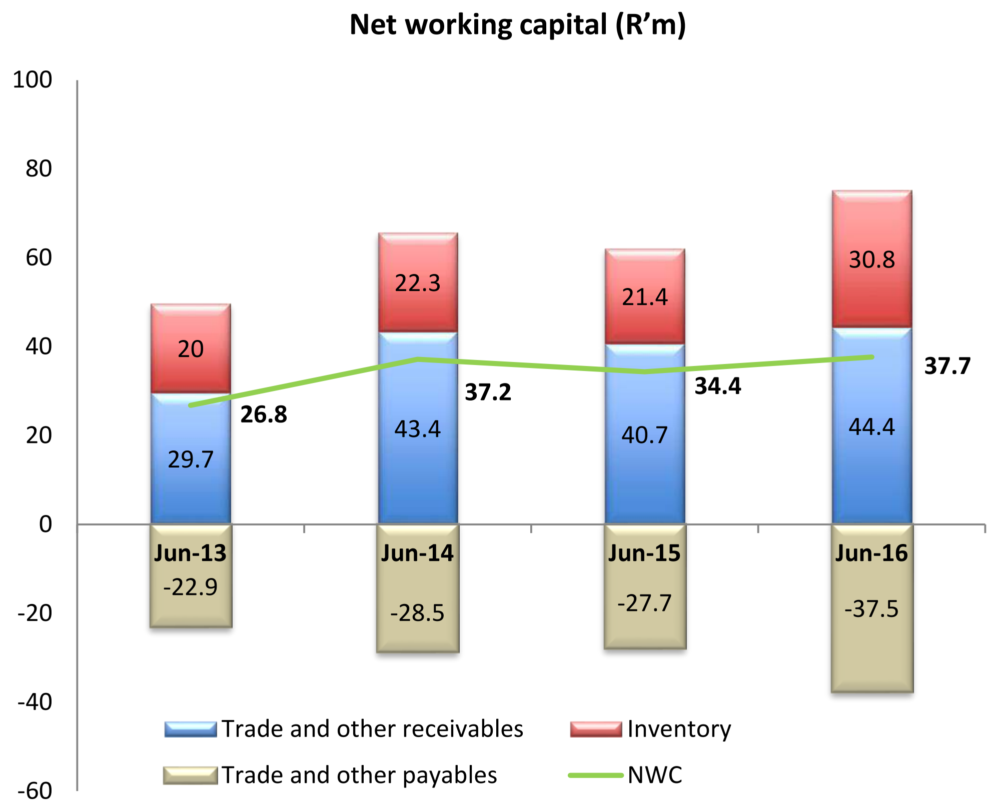


Cash and gearing deployed on earnings enhancing acquisition in July 2016

NET WORKING CAPITAL

Working capital investment has increased mainly due to higher inventory levels, which is predominantly due to:

- the impact of a weaker currency;
- Increased inventory and trade receivables in our Ghanaian subsidiary due to growth
- a change of strategy on purchase of certain components to benefit from lower prices
- the holding of materials for our newly introduced products



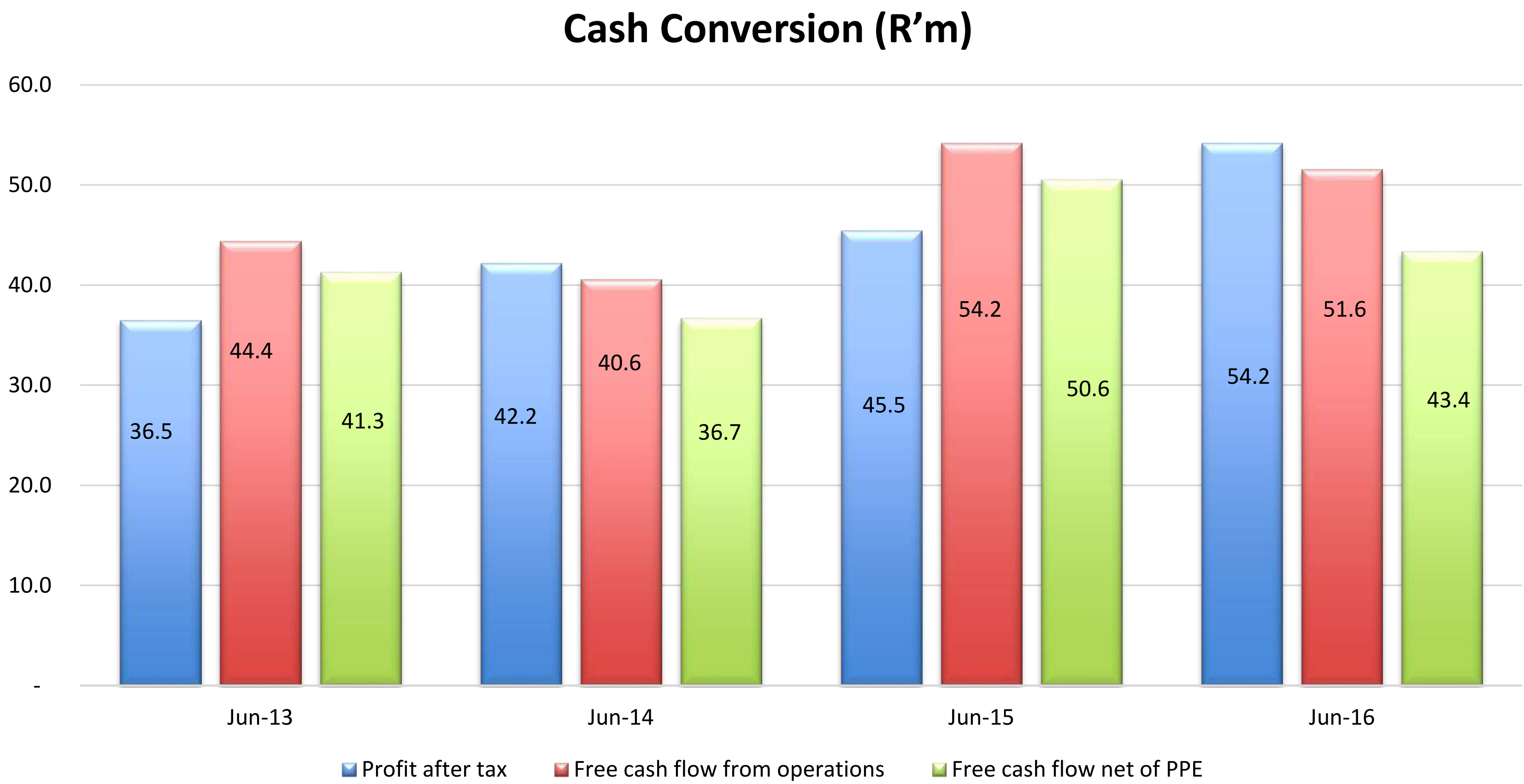
Future working capital investment in line with sales growth

SUMMARISED CASH FLOW

	Audited Jun-13 R'm	Audited Jun-14 R'm	Audited Jun-15 R'm	Audited Jun-16 R'm
EBITDA	60,0	68,3	72,8	81,5
Movement in non cash (incl provisions)	1,1	2,0	2,9	-5,9
Net working capital movement	0,7	-10,4	2,8	-3,3
Inventory	-3,7	-2,3	0,9	-9,4
Accounts receivable	-1,0	-13,7	2,7	-3,7
Accounts payable	5,4	5,6	-0,8	9,8
Cash generated from operations	61,8	59,9	78,5	72,3
Net finance costs	-3,1	-2,9	-2,8	0,4
Tax paid	-14,3	-16,4	-21,5	-21,1
Net Cash from operations	44,4	40,6	54,2	51,6
Net Investment in PPE & Intangibles	-3,9	-4,7	-3,2	-7,5
Net repay/advance financial assets	0,8	0,8	-0,4	-0,7
FCF	41,3	36,7	50,6	43,4
Repayment/raising of debt & equity	-15,9	-0,8	-2,8	50,6
Investing and financing activities	-15,9	-0,8	-2,8	50,6
Purchase and sale of franchises/other	3,5	0,0	0,0	0,0
Cash available to shareholders	28,9	35,9	47,8	94,0
Dividend paid to shareholders	-20,0	-40,8	-43,5	-20,0
Cash movement for the year	8,9	-4,9	4,3	74,0
Opening cash balance	7,1	16,0	11,1	15,4
Closing cash balance	16,0	11,1	15,4	89,4

Cash conversion rate before PPE of 95% for the year

SUMMARISED CASH FLOW



Highly cash generative

New Product

- Trellidor Security Shutter launched July 2016
- In-house designed and developed
- Premium product targeted at the upper income groups
- Popular product set in gated communities
- Sales volumes expected to reach Trellidor Clear Guard levels in a few years
- Highly factory efficiency, margins in line with existing product basket

Substantive in-house developed product launched

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NEW PRODUCT

Substantive in house developed product

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Taylor/NMC acquisition

TAYLOR
For the best in blinds!

nmc

TAYLOR/NMC ACQUISITION

- Transaction completed early July 2016 with an effective date of 1 May 2016
- After tax earnings for May and June of R7,7m is offset against goodwill
- No earnings included in profit and loss for FY16
- Total revenue for FY16 was R231m
- The business will be housed in a newly formed subsidiary, Trellidor Innovations (Pty) Ltd
- The business has strong brands and a premium product range focused on lifestyle products
  - Blinds, Shutters, Cornicing and Skirting
- Strong market share in the Western Cape and Gauteng – weaker in the rest of the country and current limited exposure to Africa
- Separate distribution channels provides diversity
- Synergies exist in markets that are not currently serviced by the Taylor group
- Other synergies to be extracted over time

TAYLOR/NMC ACQUISITION

- Taylor Blinds and Shutters is based in Cape Town with a modern factory manufacturing a wide range of blinds and shutters
- Brands include Shutterguard, the market leading aluminium shutter product in South Africa
- Significant spare capacity exists in the Blind manufacturing division
- Distribution is through distributors and branches. Branches are situated in Cape Town and Gauteng, and distributors are well established in the Western Cape, and to a lesser degree in Gauteng and other areas

- NMC is an import distribution business under license to NMC Belgium (for South Africa and the majority of sub-Saharan Africa)
- Branches in Gauteng, Durban and Cape town service the trade and retail markets
- The products are bulky but easy to transport – which opens synergies to the Trellidor franchise network particularly in Africa

TAYLOR/NMC ACQUISITION

- Effective purchase consideration for 92.5% - R121m, funded by cash of R51m and new debt of R70m
- A second tranche of up to R30m (100%) is due if the business achieves a PAT of R33m before the cost of debt for the 12 months ending 30 April 2017, this payment reduces by R5,50 for each R1 short of target
- The MD of Taylor will contribute proportionally for his 7.5% share of the second tranche
- The second tranche is payable either in cash or new Trellidor Holdings shares issued at R6 each, at the option of the sellers
- Debt raised at prime -0,5%, repayable over 60 months in equal payments

Expected to materially enhance the Group’s earnings

PROSPECTS

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- Trellidor Security Shutter launched – highly synergistic incremental revenue
- Africa – 2 new franchisees appointed in Nigeria and a further one in the DRC. Training is in progress and sales are expected to commence later in the calendar year
- The acquisition of the business of Taylor Blinds and Shutters and NMC is expected to be materially earnings enhancing
- Tough trading conditions are expected to continue, but with strong brands, a well established distribution network and the above initiatives the Group’s resilience in a weak economy is expected to continue

Growth strategies implemented

Thank You

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