



THE **TRELLIDOR** GROUP

TRELLIDOR
THE ULTIMATE CRIME BARRIER

TAYLOR
BLINDS & SHUTTERS Est.1959

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Decorative Mouldings

TRELLIDOR HOLDINGS LIMITED

HALF YEAR RESULTS ENDING 31 DECEMBER 2019

STRATEGIC OBJECTIVES FOR 2020

🌐 As reported in the 2019 year ended results, key strategic objectives set for the Group were as follows:

- Continue with the share-buy buy program
- Optimising our balance sheet by increasing gearing to finance long-term organic growth
- Ongoing focus on cash generation and return on invested capital
- Enhancement of route to market in South Africa and abroad to facilitate growth
- Improving operational efficiencies and active cost management within the Group
- Introduction of new products both locally and abroad



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

- 🌐 Continue with the share-buy back program:
 - Repurchase of 5 561 547 Group shares out of cash resources at an aggregate value of R22 million at an average price per share of R3.94
- 🌐 Optimising our balance sheet by increasing gearing to finance long-term organic growth
 - Re-financed and increased existing debt facilities which resulted in the Debt/EBITDA ratio increasing to 1.4x from 0.9x
 - The additional debt will be utilised to fund organic growth strategies



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

- 🦁 Ongoing focus on cash generation and return on invested capital
 - Net cash from operating activities grew by 27% compared to the prior period
 - Achieved an 19% reduction in Taylor's inventory over the comparative period while maintaining supply requirements



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

- 🌐 Enhancement of route to market in South Africa and abroad to facilitate growth
 - Our recently acquired Durbanville franchise achieved growth of 24% in the current reporting period
 - Sale and purchase agreements to acquire 3 franchises in the eThekweni Metro area have been concluded in H2 2020 with the aim replicating the success of Durbanville
 - Growth in Africa of 22%, including 19% in Ghana, year-on-year
 - Research on replicating “Ghana Model” in East Africa completed and investment will be limited to supporting the existing franchisee
 - Taylor products sold through the Trellidor network grew by a further 6%



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

🦁 Improving operational efficiencies and active cost management within the Group:

- Gross margins were relatively flat despite a reduction in revenue
- Overheads were well managed below inflation, increasing by 1.5%
- The following measures in Taylor were implemented during the reporting period:
 - Recruitment of a new production manager
 - Redesign of the manufacturing process
 - Changes to the purchasing methodology and suppliers
 - We remain on track to implement phase 2 of the ERP system during H2 2020



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

- 🦁 Introduction of new products both locally and abroad:
 - Both businesses are in the development stages of new products for both the local and international market
 - Product launches are planned for the remainder of the 2020 calendar year



TERRY DENNISON
GROUP CEO



PROSPECTS

🌐 Share-buy back program

- The current share price continues to undervalue the business and so we will continue to apply excess cash to buy-back shares to enhance shareholder value

🌐 Enhancement of route to market in South Africa and abroad to facilitate growth

- The launch of the Durban Sales Branch to drive sales growth including the focused integration of the Taylor product set and brand in the region



TERRY DENNISON
GROUP CEO



PROSPECTS

🌐 Improving operational efficiencies and active cost management within the Group

- The weak economic environment is anticipated to continue and as result the tight control of operational overheads and focus on margin retention will persist
- Group buying strategies of raw materials are expected to start yielding margin improvement in Taylor through the 2020 calendar year
- Implementation of centralized administration for the branches to facilitate cost efficient organic growth



TERRY DENNISON
GROUP CEO



PROSPECTS

🌐 The Group remains focused on its core growth strategies of which the Board believes will position it to benefit from any improving economic conditions:

- Brand leadership
- Diversifying its product range
- Distribution enhancement
- Growth in South Africa, Africa and the UK



TERRY DENNISON
GROUP CEO





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GROUP FINANCIAL OVERVIEW

ADOPTION OF IFRS 16: LEASES

- 🐉 The Group has adopted IFRS 16 from 1 July 2019 using the modified retrospective transition method and therefore comparative figures have not been restated.
- 🐉 These lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

	1 JULY 2019 R'000
Operating leases – as lessee disclosed as at 30 June 2019	18 842
Discounted using the lessee's incremental borrowing rate at the date of initial application	16 673
Less: Short-term leases recognised as expense	(260)
Less: Low-value leases recognised as expense	-
Add/(less): Adjustments as a result of a different treatment of extension and termination options	1 563
LEASE LIABILITY RECOGNISED AS AT 1 JULY 2019	17 976



DAMIAN JUDGE
GROUP CFO



ADOPTION OF IFRS 16: LEASES

	UNAUDITED AT 31 DECEMBER 2019 R'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Reduction of lease rental expense	4 103
Depreciation of right-of-use asset ('RoU')	(3 760)
Finance costs in respect of lease liability	(941)
REDUCTION IN PROFIT BEFORE TAX	(598)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Right-of-use asset	
RoU asset recognised on 1 July 2019	17 976
RoU asset recognised subsequent to 1 July 2019	662
Depreciation for the period	(3 760)
INCREASE IN ASSETS	14 878



DAMIAN JUDGE
GROUP CFO



ADOPTION OF IFRS 16: LEASES

	UNAUDITED AT 31 DECEMBER 2019 R'000
EQUITY	
Retrospective adjustment to opening retained earnings at 1 July 2019	-
Movement for the period	(598)
DECREASE IN RETAINED EARNINGS	(598)
DEFERRED TAX ASSET	
Retrospective adjustment to deferred tax asset at 1 July 2019	-
Movement for the period	(165)
INCREASE IN DEFERRED TAX ASSET	(165)
FINANCE LEASE LIABILITY	
Lease liability recognised as at 1 July 2019	(17 976)
Lease liability recognised subsequent to 1 July 2019	(662)
Add: Finance cost	(941)
Less: Lease payments	4 103
INCREASE IN FINANCIAL LIABILITIES	(15 476)



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GROUP CFO



GROUP FINANCIAL PERFORMANCE

Group financial performance (R'm)	FY 2018	HY 2019	FY 2019	HY 2020	HY 20 vs HY 19
Revenue	539.0	286.2	514.9	274.8	-4%
Gross profit	245.9	128.9	231.9	122.5	-5%
EBITDA	103.5	55.7	81.2	49.1	-12%
Profit after tax	59.6	32.6	43.0	26.8	-18%
Dividends paid	32.9	17.4	27.2	11.7	-33%
Diluted EPS (cents)	54.4	29.8	40.0	25.1	-16%
Diluted HEPS (cents)	54.3	29.8	40.1	25.6	-14%
Gross margin	45.6%	45.0%	45.0%	44.6%	
EBITDA margin	19.2%	19.5%	15.8%	17.9%	
Weighted avg shares in issue (millions)	108.0	107.6	107.2	104.6	

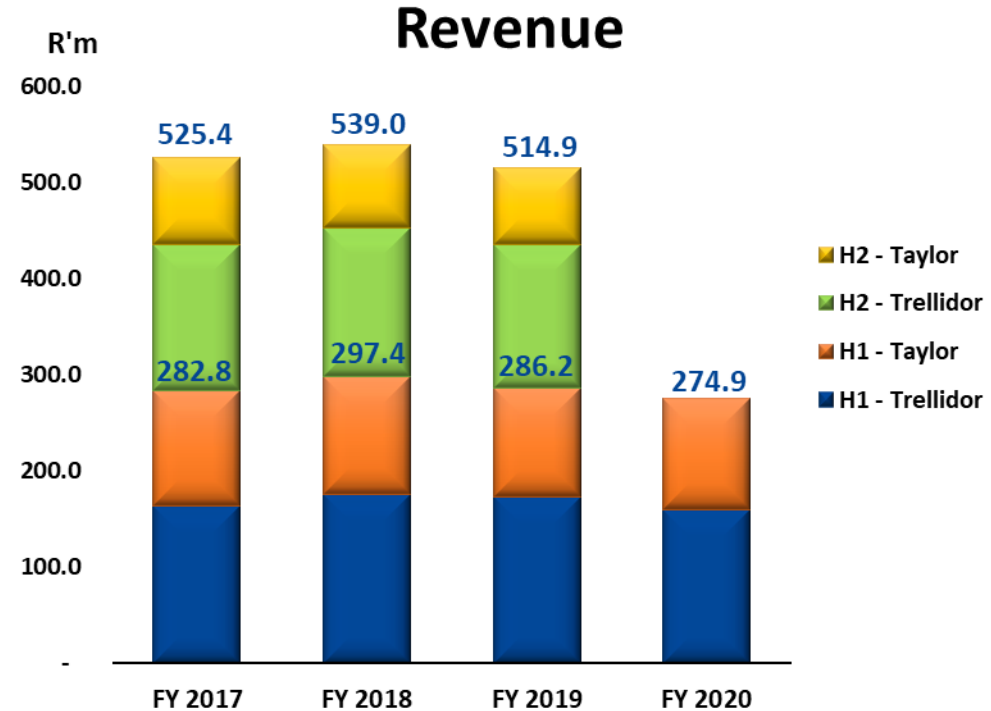


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GROUP CFO



GROUP FINANCIAL PERFORMANCE

- Adverse economic conditions in RSA continue
- As a result the Group revenue is down 4% year-on-year
- The decline highlights the importance of the sales growth strategies being implemented



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GROUP FINANCIAL PERFORMANCE

EBITDA declined due to:

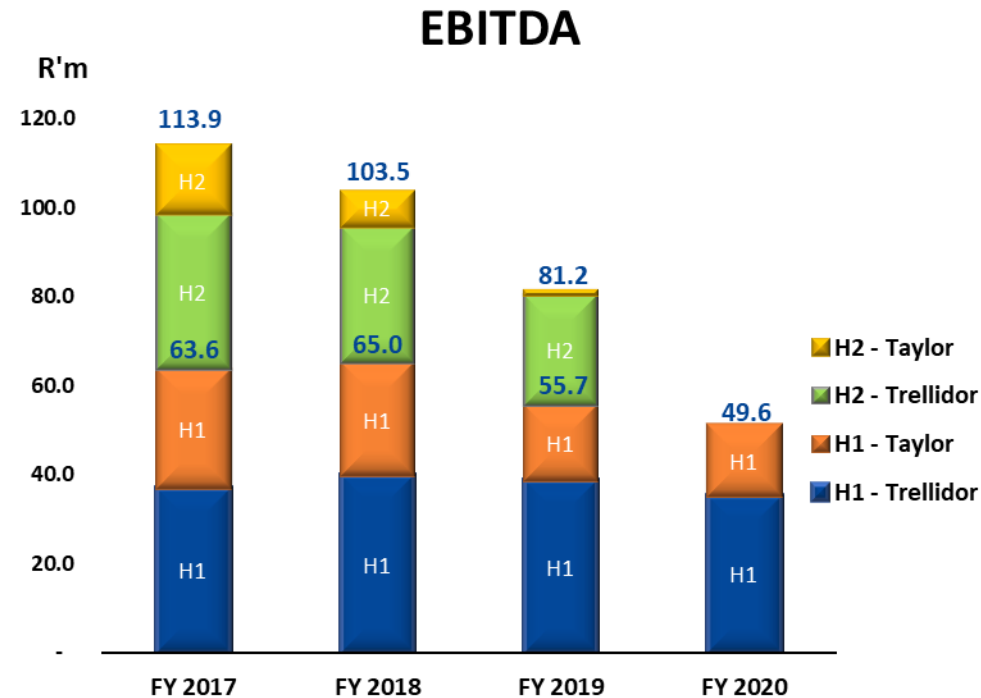
- Lower volumes in tough economic conditions
- Inflationary impact on input costs

Mitigating factors:

- Improved factory efficiencies in Trellidor
- Tighter cost controls across the Group

Future interventions:

- Centralising of IT, payroll and branch accounting to improve controls and lower costs
- Trellidor production and cost system being implemented in Taylor factory
- Group procurement from suppliers with synergy across the operations



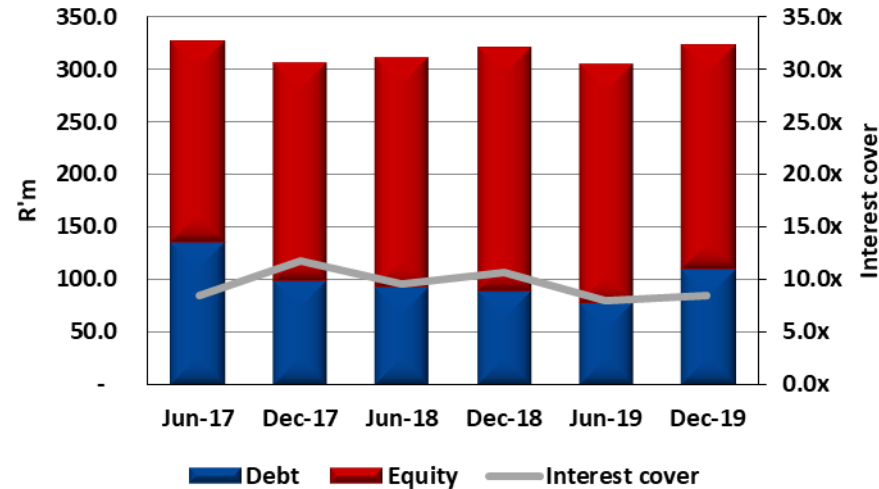
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GROUP CFO



GROUP BALANCE SHEET

- Debt/Equity ratio of 51% (2019: 39%)
- Debt/EBITDA ratio of 1.4x (2019: 0.9x)
- Interest bearing debt of R110m (2019: R90m)

Invested capital and interest cover



Ratios	HY 2018	FY 2018	HY 2019	FY 2019	HY 2020
Debt/Equity	47%	43%	39%	35%	51%
Interest Cover	11.7x	9.6x	10.7x	7.9x	8.4x

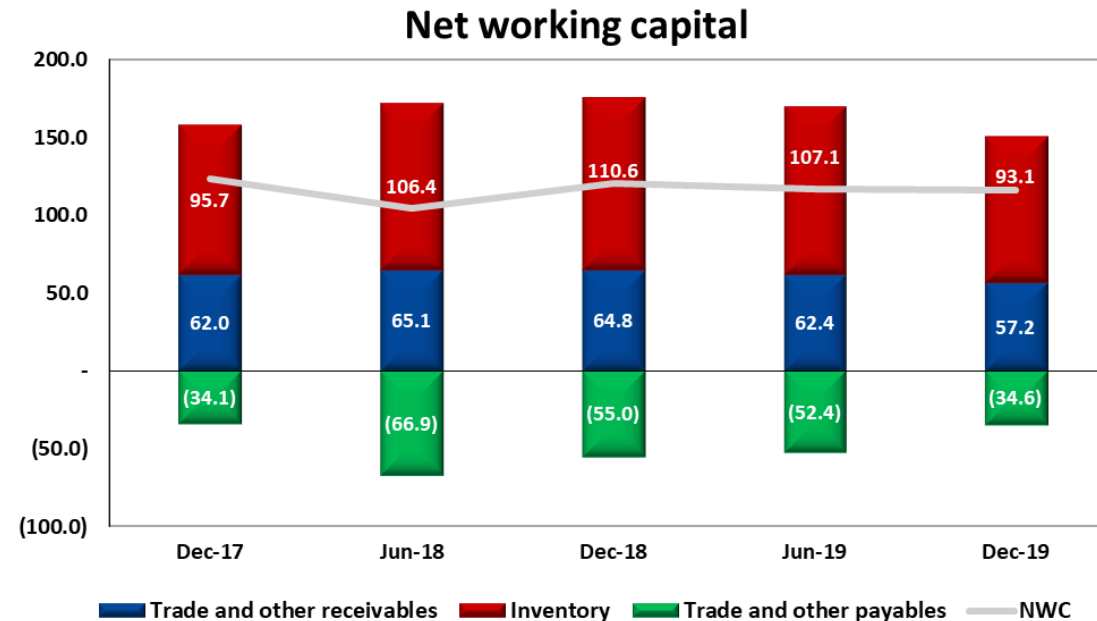


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GROUP NET WORKING CAPITAL

- Reduction in inventory coincides with a reduction in payables
- Accounts receivable are in line with trading
- Group procurement initiative has resulted in a targeted inventory reduction in Taylor

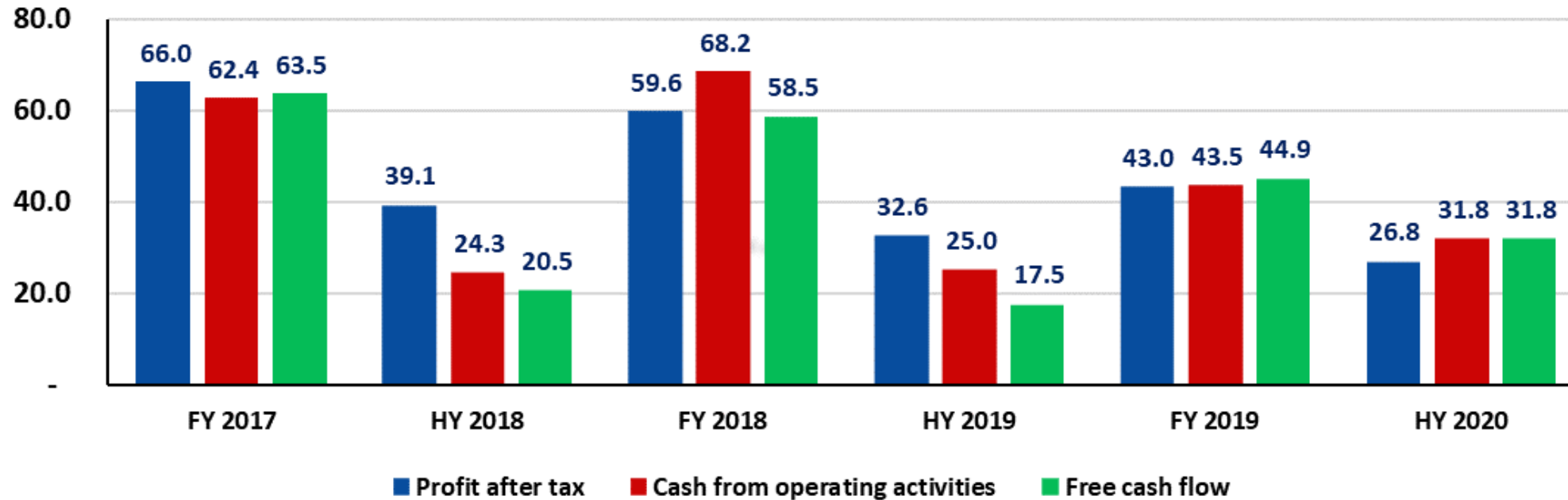


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GROUP SUMMARISED CASH FLOW

Cash conversion (R'm)



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CAPITAL ALLOCATION

- 🦁 Return to shareholders
 - Final dividend of R12m (2019: R17m)
 - R22m spent on the buy-back of 5 561 547 shares at an average price of R3.94 per share
- 🦁 Debt Servicing
 - Paydown interest bearing liabilities prior to refinancing of R11m
 - Net interest R4.5m



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CAPITAL ALLOCATION

🦁 CAPEX

- R3.6m which is in line with our targeted spend and equals depreciation

🦁 H2 2020 Key Capital Commitments

- R11m to acquire four local franchise operations has been deployed



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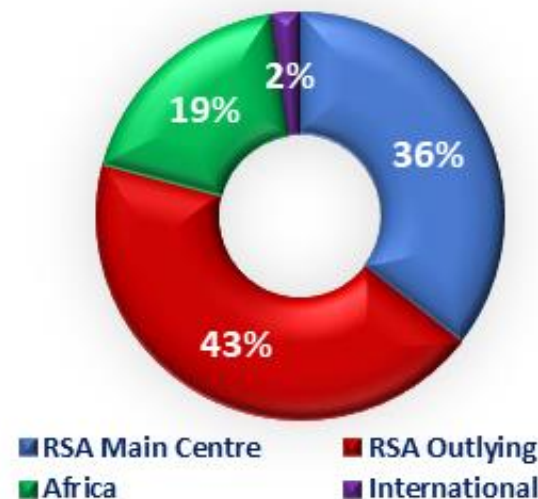
SEGMENTS

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TRELLIDOR – SALES ANALYSIS

- Overall revenue has declined by 7% across the Trellidor markets
- International revenue growth of 6% driven by a strong performance on the African continent with African sales growing 22%
- The Ghana operation showed pleasing results with a 19% growth year-on-year
- There was a weaker performance in the UK which is coming off a strong 2019 base

Geographical presence



Geographical Presence	HY 2019	FY 2019	HY 2020
Main centres (DBN, CPT, GP)	37%	37%	36%
Outlying regions (RSA)	43%	42%	43%
Africa	15%	16%	19%
International (UK, Israel)	5%	5%	2%

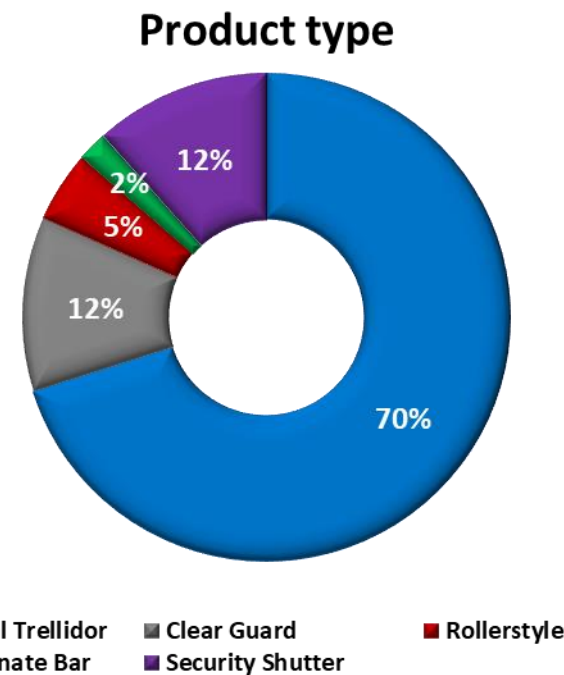


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TRELLIDOR – SALES ANALYSIS

- ➊ Diversified product range spans income groups which mitigates weak middle and upper middle class economy
- ➋ The product mix remains consistent with prior periods
- ➌ It is pleasing to note the relatively improved performance of Traditional Trellidor products which were driven primarily by International sales



Product Type	FY 2018	FY 2019
Traditional Trellidor	68%	70%
Clear Guard	13%	12%
Rollerstyle	5%	5%
Polycarbonate Bar	2%	2%
Security Shutter	11%	12%

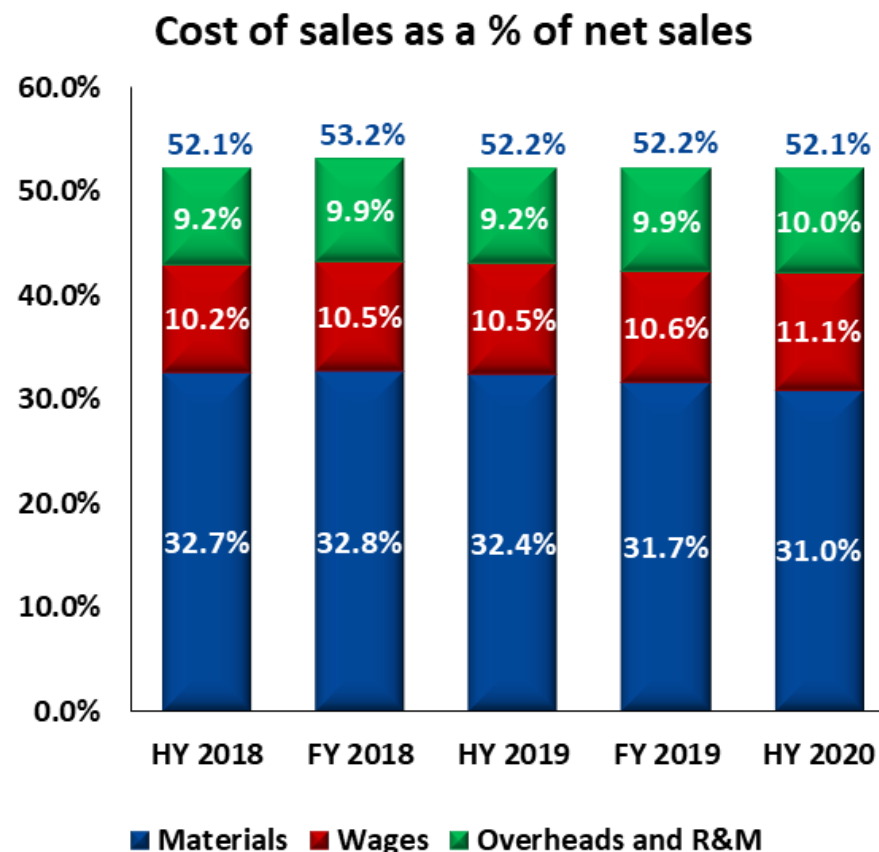


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TRELLIDOR – TRADING MARGIN

- Improved trading margin despite muted sales
- There has been a slight increase in wage cost % as result of semi-variable costs not being fully recovered
- Slight materials efficiency achieved through the mix of sales in line with the improved performance of Traditional Trellidor product



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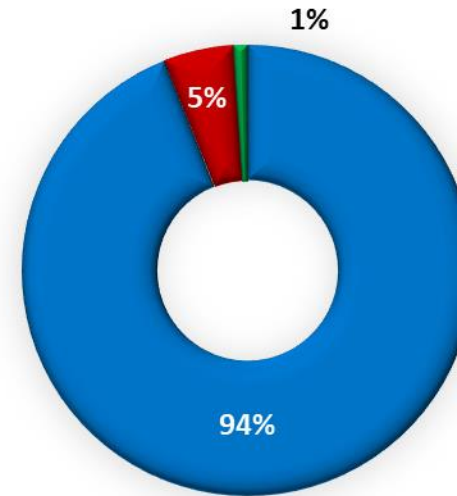
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TAYLOR – SALES ANALYSIS

- 🌐 A slight recovery in the Western Cape economy has resulted in Taylor showing revenue growth of 1.3%, despite weaker sales in Gauteng
- 🌐 Sales of Taylor products through the Trellidor Franchise network grew 6%, reflecting the continued success of this initiative

Geographical Presence



■ Main Centres (incl. WC) ■ Outlying regions - Taylor
■ International - Taylor

Geographical Presence	HY 2019	FY 2019	HY 2020
Main centres (incl. WC)	94%	95%	94%
Outlying regions (Taylor)	5%	4%	5%
International (Taylor)	1%	1%	1%

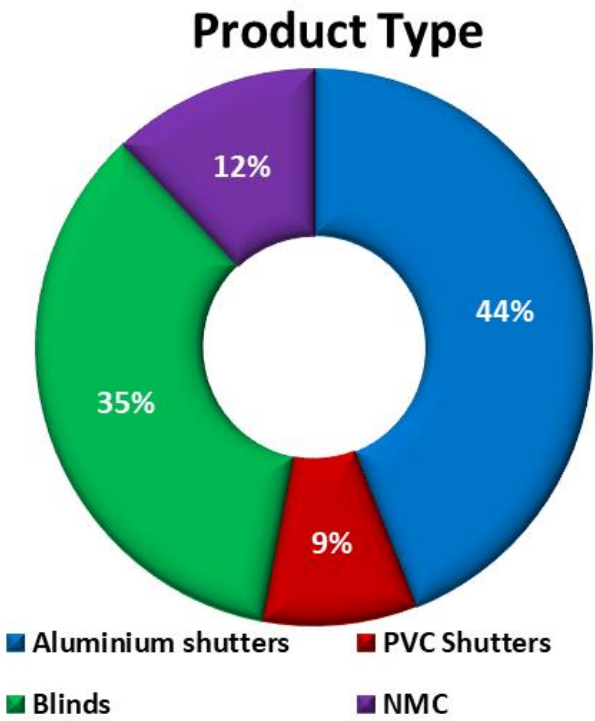


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TAYLOR – SALES ANALYSIS

- 🦁 Turnover well spread across product types
- 🦁 Constant innovation and development to keep up with trends
- 🦁 It is pleasing to note an increase in blind sales year-on-year



Product Type	HY 2019	FY 2019	HY 2020
Aluminium shutters	45%	43%	44%
PVC Shutters	11%	10%	9%
Blinds	32%	34%	35%
NMC	13%	13%	12%

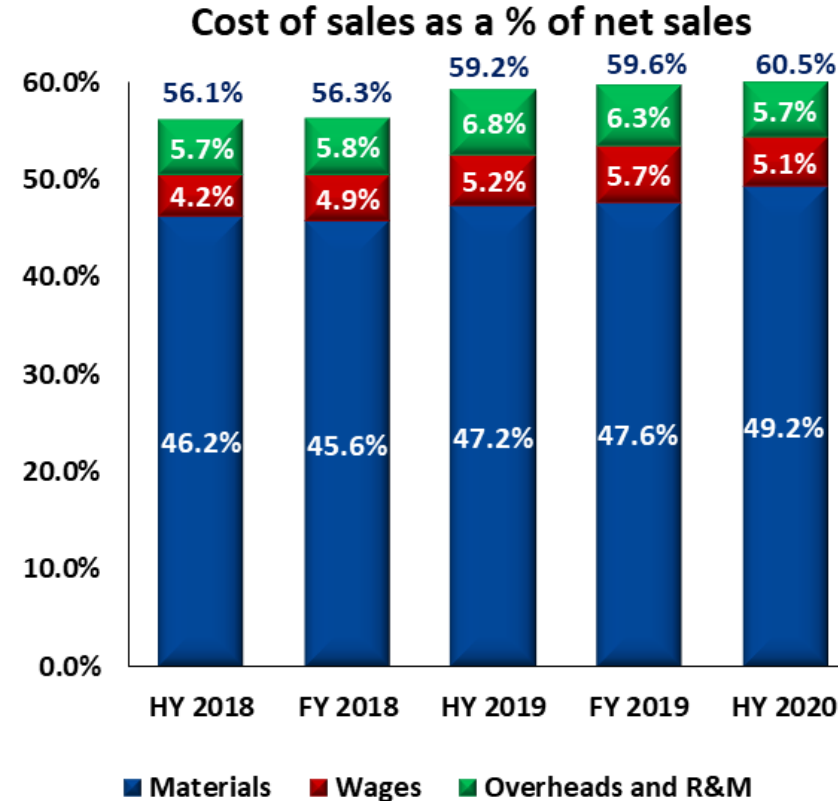


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TAYLOR – TRADING MARGIN

- Cost control measures implemented have been successful in managing manufacturing costs and wages
- Group buying strategies have been implemented and savings are expected through the course of H2 2020
- Improvements in the Taylor factory process are ongoing with key strategies being implemented through H1 2020



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ADDITIONAL INFORMATION

GROUP SUMMARISED CASH FLOW

Group summarised cash flow (R'm)	FY 2018	HY 2019	FY 2019	HY 2020
EBITDA	103.5	55.7	81.2	49.1
Movement in non cash items (incl provisions)	3.4	1.1	3.1	-1.9
Net working capital movement	0.1	-16.0	-13.6	-0.6
Inventory	-12.3	-4.2	-2.2	14.0
Accounts receivable	0.9	-0.8	2.5	3.1
Accounts payable	11.4	-11.0	-13.9	-17.7
Cash generated from operations	107.0	40.8	70.7	46.7
Tax paid	-30.6	-11.8	-19.1	-11.2
Net Cash from operations (excl finance costs)	76.4	29.1	51.6	35.5
Net Investment in PPE	-17.9	-10.5	-6.6	-3.9
FCF	58.5	18.6	44.9	31.6
Net interest costs	-8.2	-4.1	-8.1	-3.6
Acquisition of subsidiary	0.0	0.0	0.0	
Repayment/raising of debt & equity	-45.5	-6.1	-28.3	-10.2
Investing and financing activities	-53.6	-10.1	-36.4	-13.8
Cash available to shareholders	4.9	8.4	8.5	17.7
Dividend paid to shareholders	-32.9	-17.4	-27.2	-11.7
Cash movement for the year	-28.1	-9.1	-18.6	6.1
Opening cash balance	55.2	27.2	27.2	8.4
Closing cash balance	27.2	18.1	8.5	14.5



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GROUP SUMMARISED BALANCE SHEET

Summarised balance sheet (R'm)	FY 2018	HY 2019	FY 2019	HY 2020
Non current assets				
Property, plant and equipment	61.2	66.1	64.9	78.2
Goodwill and other intangibles	116.8	116.4	113.5	111.7
Deferred Tax	3.4	2.6	1.6	0.5
Other financial assets	0.7	0.0	0.8	0.7
	182.1	185.2	180.8	191.1
Current assets				
Inventories	106.4	110.6	107.1	93.1
Trade and other receivables	61.4	62.1	58.4	55.3
Cash	27.1	18.1	12.6	21.8
Other (Tax + Other)	3.8	2.7	4.0	5.8
	198.6	193.5	182.1	175.9
Non current liabilities				
Debt	71.4	66.4	29.5	87.7
Deferred tax	2.6	2.4	1.0	1.1
	74.0	68.8	30.6	88.8
Current liabilities				
Debt	21.7	23.4	49.1	22.2
Trade Payables	65.7	54.7	52.1	34.3
Other (Tax + Other)	1.2	0.3	0.3	0.3
Bank overdraft			4.1	7.3
	88.6	78.4	105.6	64.0
Equity	218.2	231.5	226.7	214.2



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GROUP CFO



GROUP FINANCIAL PERFORMANCE

Core HEPS (R'm)	FY 2018	HY 2019	FY 2019	HY 2020	HY 20 vs HY 19
Profit attributable to ordinary shareholders	58.8	32.1	42.9	26.3	-18%
Adjusted for:					
Profit on disposal of property, plant and equipment	(0.1)	-	0.3	0.5	
Headline earnings	58.7	32.1	43.0	26.8	-17%
Adjusted for:					
Amortisation of customer database - Taylor	4.9	2.4	4.9	2.4	
Acquisition costs - Taylor	-				
Fair value adjustment on consideration - Taylor	-	-	-		
Non-controlling interest	(0.3)	(0.1)	(0.3)	(0.1)	
Tax effect thereon	(1.4)	(0.7)	(1.4)	(0.7)	
Core Headline earnings	61.9	33.7	46.3	28.4	-16%
Weighted average number of ordinary shares	108.0	107.6	107.2	104.6	
Earnings per share (cents)	54.4	29.8	40.0	25.1	-16%
Headline earnings per share (cents)	54.3	29.8	40.1	25.6	-14%
Core headline earnings per share (cents)	57.3	31.3	43.0	27.2	-13%



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GROUP CFO



SALIENT POINTS

25.6c Headline earnings per share (2019: 29.8c)

8.0c Final dividend declared per share (2019: 9.1c)

R49m EBITDA (2019: R56m)

R32m Cash from Operating Activities (2019: R25m)

15% Return on Invested Capital (2019: 20%)



DAMIAN JUDGE
GROUP CFO





TERRY DENNISON
GROUP CEO



DAMIAN JUDGE
GROUP CFO

THE **TRELLIDOR** GROUP

THANK YOU