

TRELLIDOR HOLDINGS LIMITED

INTERIM RESULTS FOR THE PERIOD ENDING 31 DECEMBER 2020



THE **TRELLIDOR** GROUP

STRATEGIC OBJECTIVES FOR 2021

🌐 The Group prioritised its key strategies for F21 as follows:

- 🌐 Cash preservation and generation
- 🌐 Focus on improving operational efficiencies and active cost management within the Group
- 🌐 Enhancement of route to market in South Africa and abroad to facilitate growth
- 🌐 Introduction of new products both locally and abroad
- 🌐 Continue with the share buy-back program



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

🌐 Cash preservation and generation:

- 🌐 Cash generation has been excellent
- 🌐 Cash from operation is up 50% to R48m from R32m in prior period
- 🌐 Particularly pleasing is the 89.1% improvement in Taylor's cash generation

🌐 Focus on improving operational efficiencies and active cost management within the Group:

- 🌐 Gross Profit margins have been maintained despite once-off restructuring costs and the material weakening of the Rand
- 🌐 Operating expenses have been well managed, decreasing 1.5% year-on-year which includes the operating expenses of the recently acquired Durban and Johannesburg West branches, as well as two months of the newly acquired Trellidor UK business.



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

- 🌐 Enhancement of route to market in South Africa and abroad to facilitate growth
 - 🌐 The Durban and Johannesburg West branches are now fully integrated, and the results have been excellent
 - 🌐 Comparative sales through the Trellidor branches have increased 27%
 - 🌐 The acquisition of the Trellidor UK business has been completed effective 31 October 2020 and performance is in-line with forecast
 - 🌐 Further details of the acquisition are disclosed in note 2 of results release booklet



TERRY DENNISON
GROUP CEO



STRATEGIC OBJECTIVES UPDATE

🌐 Introduction of new products both locally and abroad

- 🌐 4 new products and will be launched through H2 F21 to meet changing customer needs, and improve market penetration in certain sectors, primarily being gated estates

🌐 Continue with the share-buy buy program

- 🌐 Since the buy-back programme commenced in F18, 11.6m shares have been repurchased and cancelled
- 🌐 During H1 2.2m shares at an average price of R1.73 were repurchased and cancelled
- 🌐 In January 2021, a further 1.3m at an average price of R2.51 per share were repurchased and subsequently cancelled
- 🌐 Currently we have 96.7m shares in issue



TERRY DENNISON
GROUP CEO



PROSPECTS

- 🌐 Sales in January and February are in line with prior year. Assuming the economy remains open and consumer confidence is sustained we anticipate sales to significantly exceed prior year by year-end.
- 🌐 The Trellidor owned and managed branches in three of the major cities in South Africa have shown positive results and we will be looking to increase the size of these branches over the short to medium term by continuing the acquisition of main centre franchises as they become available.



TERRY DENNISON
GROUP CEO



PROSPECTS

- 🌐 H2 will benefit from a full 6 months of performance from the Trellidor UK business. The UK business has a strong brand and loyal customer base that has been developed over more than 25 years. This branch is key to our growth strategy within the UK and over time it will provide a base for growth outside the UK
- 🌐 Product innovation remains a key strategy for both Trellidor and Taylor. During the second half of the year both businesses will be introducing four new products to meet changing customer needs in the local and international market. Two of the four have already been launched with the other two following in April and May.



TERRY DENNISON
GROUP CEO



PROSPECTS

- 🌐 Sales into Africa are expected to improve through H2 F21 following the relaxation of border closures in response to the Covid-19 Pandemic
- 🌐 Dividend
 - 🌐 An interim dividend of 10c per share has been declared, and we anticipate returning to our normal dividend policy for the full year
- 🌐 Share-buy back program
 - 🌐 The current share price continues to undervalue the business and we will continue to apply excess cash to buy-back shares to enhance shareholder value



TERRY DENNISON
GROUP CEO



GROUP FINANCIAL OVERVIEW



DESIGN
ELEMENTS

THE **TRELLIDOR** GROUP

GROUP FINANCIAL PERFORMANCE

Group financial performance (R'm)	FY 2018	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021	HY 21 vs	CAGR
							HY 20	
Revenue	539.0	286.2	514.9	274.8	421.5	281.6	2.5%	-1.4%
Gross profit	245.9	128.9	231.9	122.5	175.5	125.6	2.5%	-2.2%
EBITDA	103.5	55.7	81.2	49.1	11.6	57.8	17.7%	-2.9%
Profit after tax	59.6	32.6	43.0	26.8	-24.5	31.2	16.1%	
Dividends paid	32.9	17.4	27.2	11.7	11.7	8.0	-31.4%	
Diluted EPS (cents)	54.4	29.8	40.0	25.1	-20.8	30.6	21.9%	
Diluted HEPS (cents)	54.3	29.8	40.1	25.6	13.8	30.6	19.5%	
Gross margin	45.6%	45.0%	45.0%	44.6%	41.6%	44.6%		
EBITDA margin	19.2%	19.5%	15.8%	17.9%	2.7%	20.5%		
Weighted avg shares in issue (millions)	108.0	107.6	107.2	104.6	102.4	99.3		

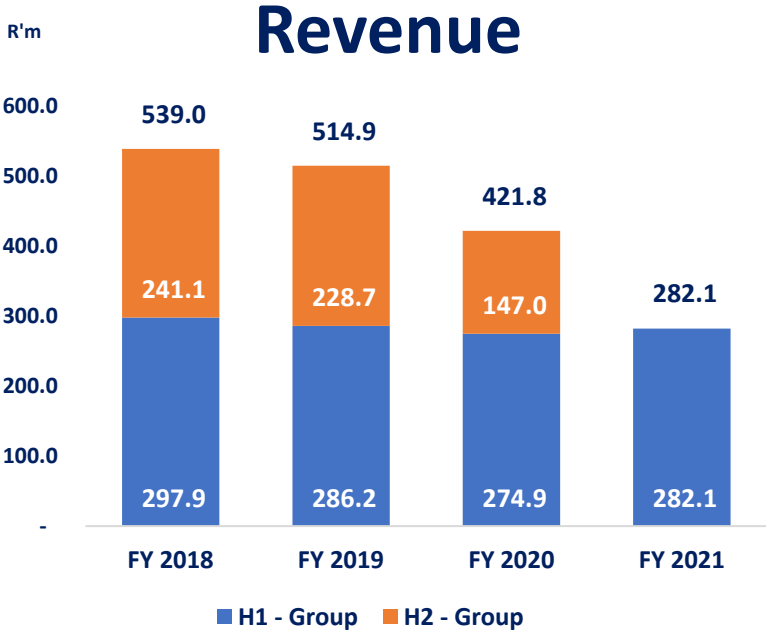


DAMIAN JUDGE
GROUP CFO



GROUP FINANCIAL PERFORMANCE

- Top line has been resilient following the National Lockdown
- As a result, the Group revenue is up 2.5% year-on-year
- A 27.5% increase year-on-year in the Trellidor Branches is a highlight for the 6 months



- H2 FY2020's performance was significantly impacted by the Covid-19 National Lockdown



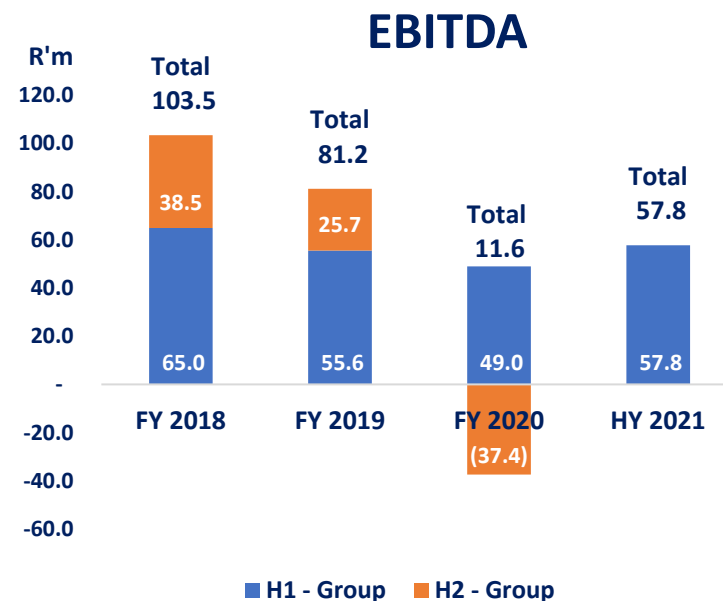
DAMIAN JUDGE
GROUP CFO



GROUP FINANCIAL PERFORMANCE

EBITDA increased and is up on F20 and F19 due to:

- Improved volumes in tough economic conditions
 - Production overheads and expenses being well managed
- Focus on maintaining margin and tight overheads control will continue



- H2 FY2020's performance was significantly impacted by the Covid-19 National Lockdown and a R37.4m impairment of Goodwill in Taylor



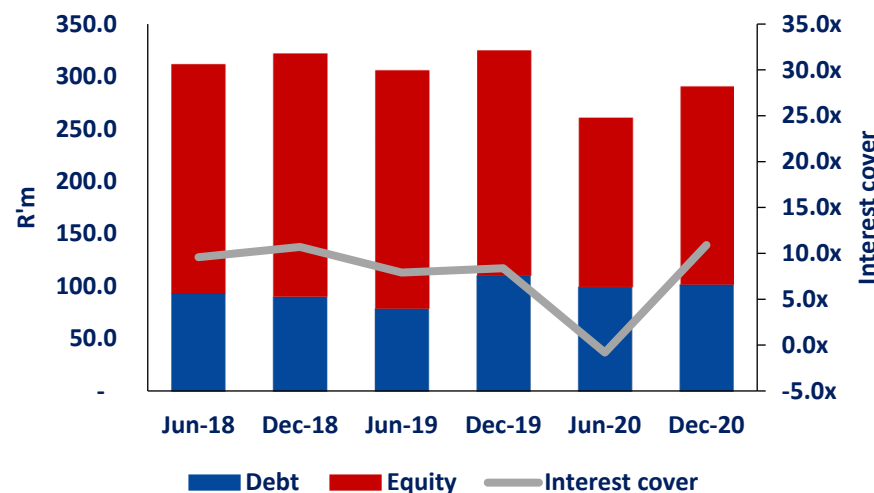
DAMIAN JUDGE
GROUP CFO



GROUP BALANCE SHEET

- Debt/Equity ratio of 47% (F20: 42%) – change driven by a 12% decrease in equity as a result of the prior year loss and share buy-backs
- Interest cover ratio of 10.9x (F20: 8.4x) – which has improved and in-line with F18 and F19 levels
- Interest bearing debt of R88.8m (F20: R99.0m)

Invested capital and interest cover



Ratios	HY 2018	FY 2018	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021
Debt/Equity	47%	43%	39%	35%	42%	61%	47%
Interest Cover	11.7x	9.6x	10.7x	7.9x	8.4x	-0.8x	10.9x
Debt/EBITDA		0.9x		1.0x		0.0x	

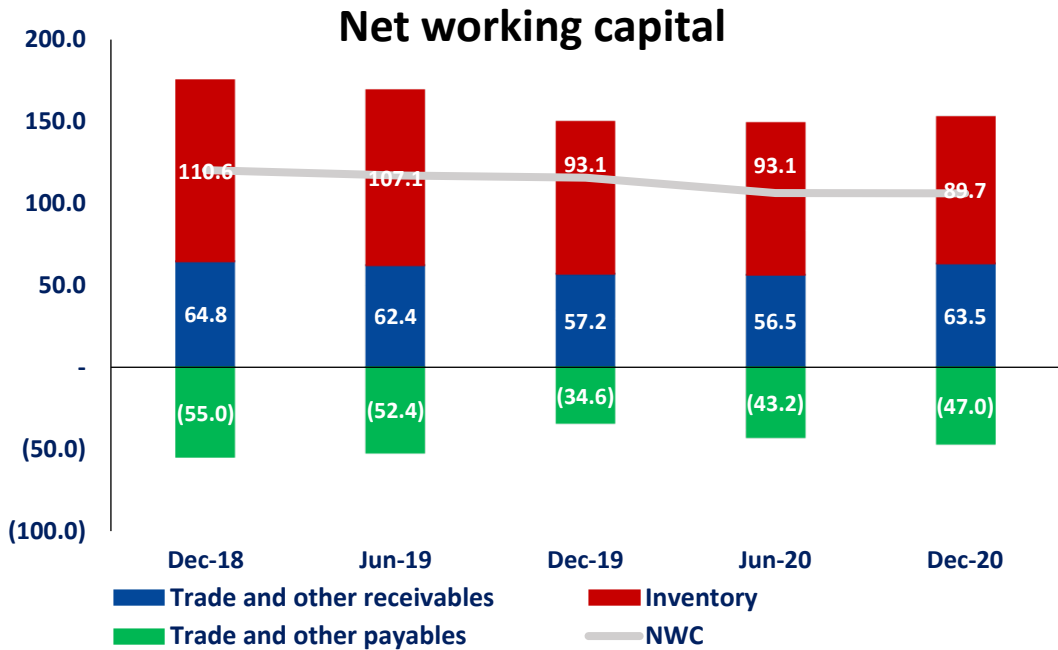


DAMIAN JUDGE
GROUP CFO



GROUP NET WORKING CAPITAL

- Reduction in inventory is in line with a strategic objective to reduce stock holding in Taylor in particular
- Increase in Receivables in line with increased trading through Q2 F21
- Overall net working capital is slightly reduced mainly driven by the decline in inventory

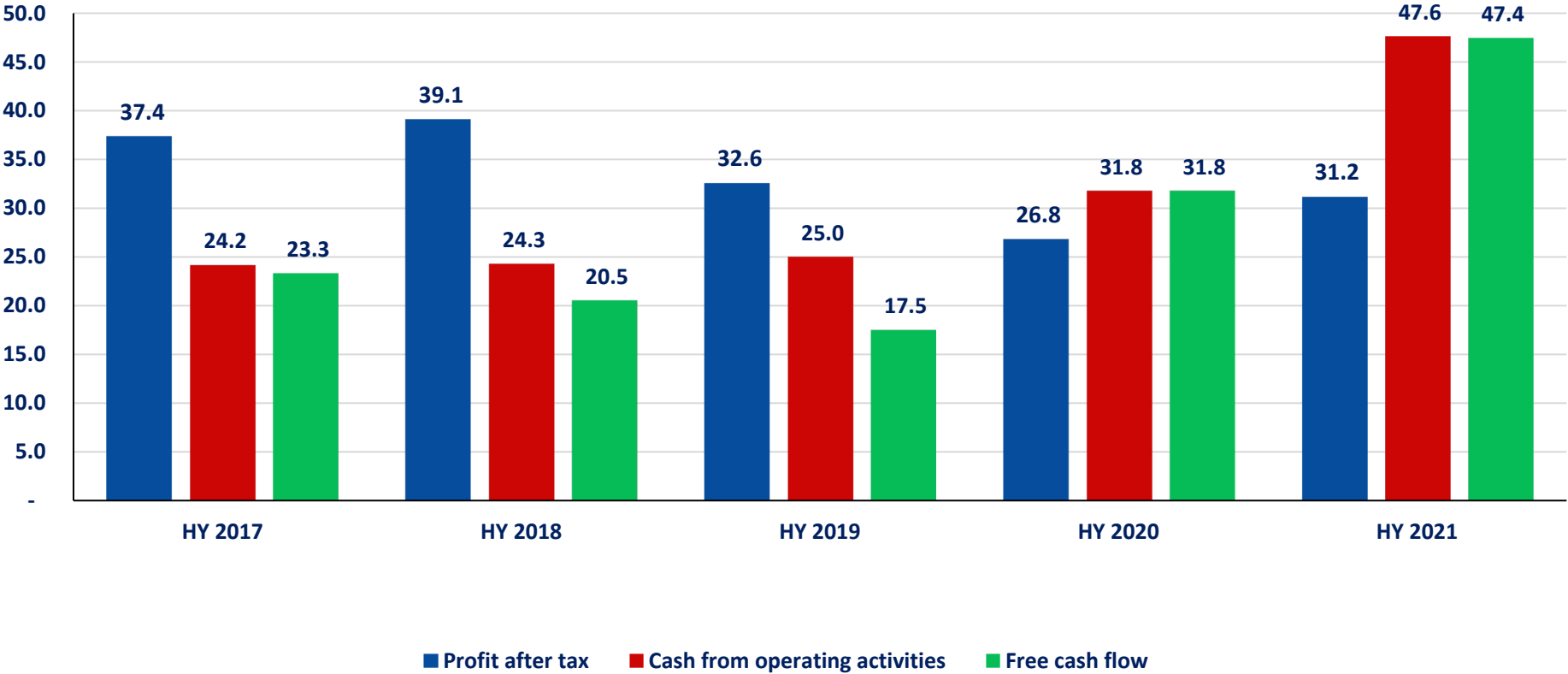


DAMIAN JUDGE
GROUP CFO



GROUP SUMMARISED CASH FLOW

Cash conversion (R'm)



DAMIAN JUDGE
GROUP CFO



CAPITAL ALLOCATION

🦁 Return to shareholders

- 🦁 FY20 Postponed Interim dividend of R8m (2019: R17m) was paid
- 🦁 R3.5m spent on the buy-back of 2 188 160 shares at an average price of R1.73 per share

🦁 Debt Servicing

- 🦁 Paydown interest bearing liabilities of R8.9m
- 🦁 Net interest R3.5m

🦁 CAPEX

- 🦁 R3.7m which is in line with our targeted spend and is in line with depreciation of R3.9m






DAMIAN JUDGE
GROUP CFO







CAPITAL ALLOCATION

UK Franchise Acquisition

-  100% of the shares in UK Franchise was acquired for R33.0m
-  The purchase price net of cash is R17.5m
-  R6.9m was deployed from SA cash reserves to part fund the first purchase price instalment

H2 F21 Capital Allocation

-  F21 interim dividend of 10.0c per share has been declared
-  R6.3m will be deployed for the second purchase price instalment for the UK franchise out of cash reserves
-  Excess cash will be applied for Share Buy-Backs
-  No further major CAPEX is planned



DAMIAN JUDGE
GROUP CFO

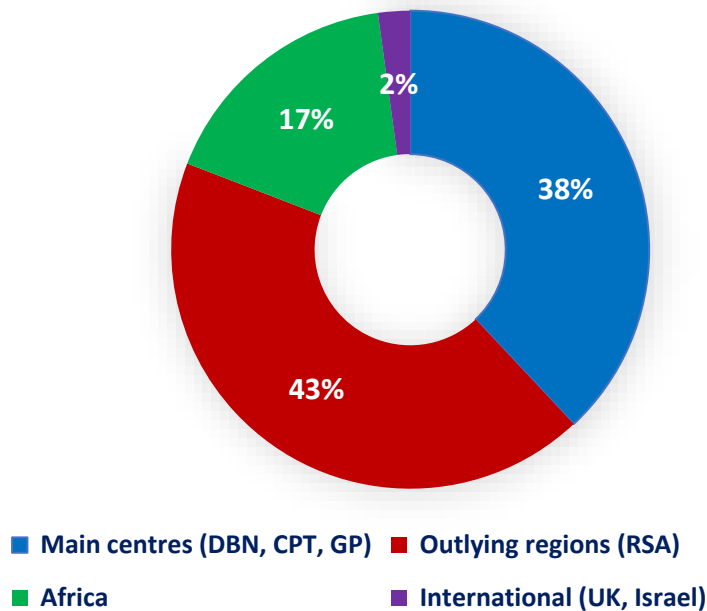


SEGMENTS



- Overall revenue has increased by 3.5% across the Trellidor markets
- Main centres' contribution to up 2% to 38% driven mainly by the 27% growth in the Trellidor branches
- Overall, the Outlying regions continue to make the largest contribution to sales

Geographical presence



Geographical Presence	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021
Main centres (DBN, CPT, GP)	37%	37%	36%	32%	38%
Outlying regions (RSA)	43%	42%	43%	43%	43%
Africa	15%	16%	19%	21%	17%
International (UK, Israel)	5%	5%	2%	4%	2%



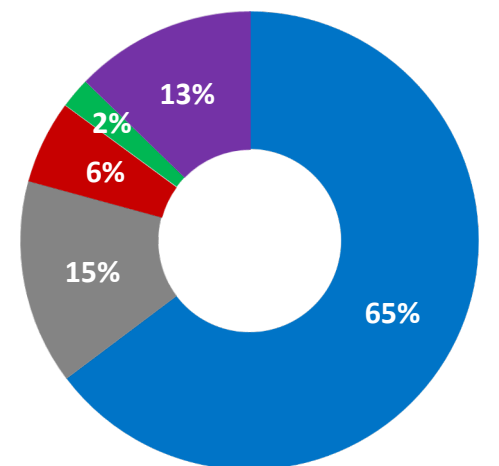
DAMIAN JUDGE
GROUP CFO



TRELLIDOR – SALES ANALYSIS

- 🌐 Diversified product range spans income groups which mitigates weak middle and upper middle-class economy
- 🌐 The decline in sales into Africa has impacted the sale mix as this is predominately a Traditional Trellidor market
- 🌐 It is pleasing to note that the Clear Guard product range increased contribution H1

Product type



■ Traditional Trellidor ■ Clear Guard
■ Rollerstyle ■ Polycarbonate Bar
■ Security Shutter

Product Type	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021
Traditional Trellidor	69%	70%	66%	68%	65%
Clear Guard	12%	12%	13%	12%	15%
Rollerstyle	5%	5%	6%	6%	6%
Polycarbonate Bar	2%	2%	2%	2%	2%
Security Shutter	12%	12%	13%	12%	13%

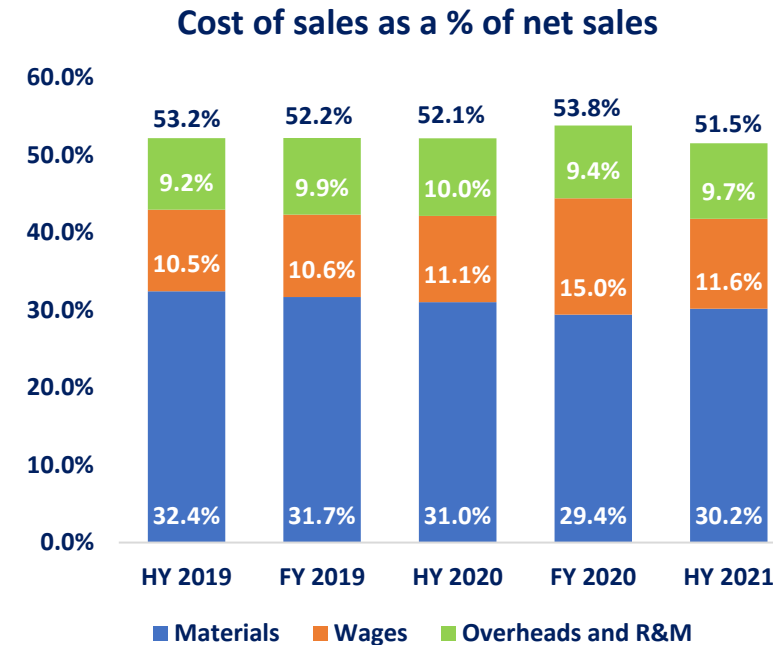


DAMIAN JUDGE
GROUP CFO



TRELLIDOR – TRADING MARGIN

- Overall improvement in the % of costs to net sales
- Wages have been well-managed and include the once-off costs of a restructuring program
- Materials has decreased from the prior period following improved efficiencies in waste management

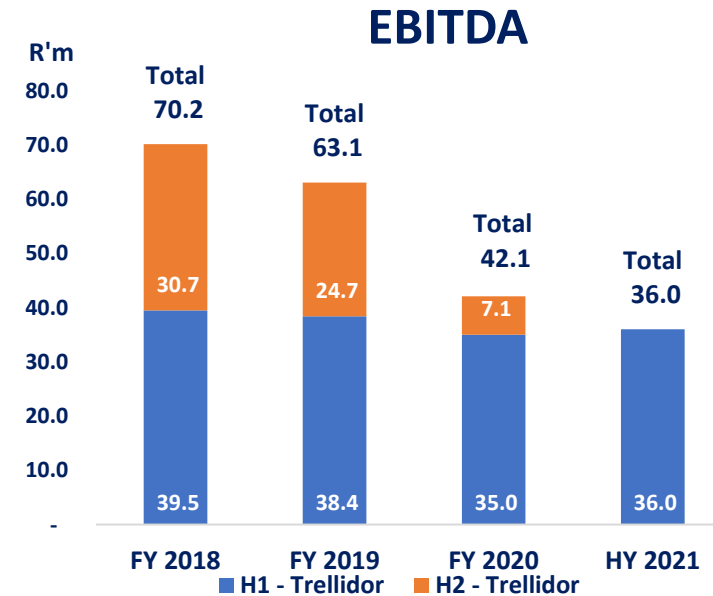


DAMIAN JUDGE
GROUP CFO



🦁 EBITDA increased and is up on F20 due to:

- 🦁 Improved volumes in tough economic conditions
- 🦁 Production overheads and expenses being well managed
- 🦁 Includes the additional overheads and expenses of the Durban, Johannesburg and UK branches



- H2 FY2020's performance was significantly impacted by the Covid-19 National Lockdown.



DAMIAN JUDGE
GROUP CFO



SEGMENTS

TAYLOR
BLINDS & SHUTTERS Est.1959

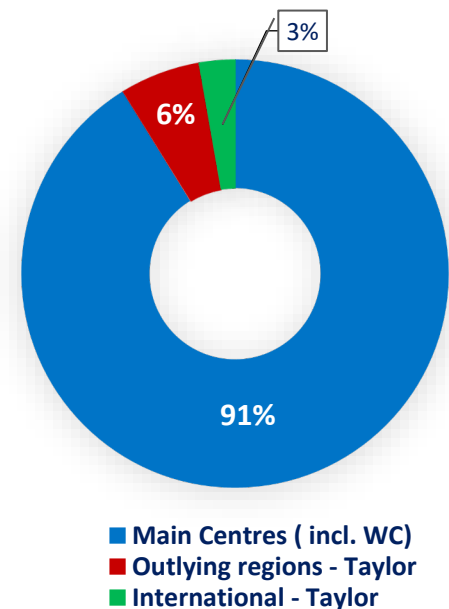
nmc DESIGN
ELEMENTS



THE **TRELLIDOR** GROUP

- 🌐 An increase of 1.4% from FY20 driven by improved performance in Gauteng
- 🌐 It is pleasing to note that sales through the Trellidor network continues to grow with a 29% increase year-on-year in HY1
- 🌐 The Western Cape continues to be the major contributor to sales

Geographical Presence



Geographical Presence	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021
Main centres (incl. WC)	94%	95%	94%	93%	91%
Outlying regions (Taylor)	5%	4%	5%	5%	6%
International (Taylor)	1%	1%	1%	2%	3%

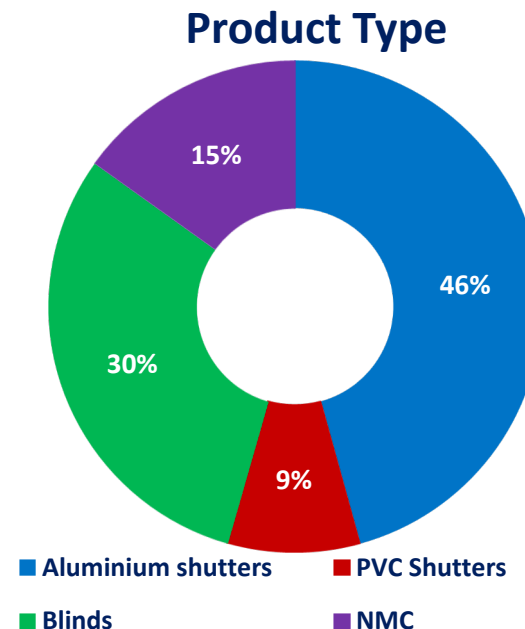


DAMIAN JUDGE
GROUP CFO



TAYLOR – SALES ANALYSIS

- Turnover well spread across product types
- Aluminum Shutters has increased its contribution during H1.
- It is pleasing to note the contribution of NMC sales has been maintained through H1.



Product Type	HY 2019	FY 2019	HY 2020	FY2020	HY 2021
Aluminium shutters	45%	43%	44%	41%	46%
PVC Shutters	11%	10%	9%	7%	9%
Blinds	32%	34%	35%	38%	30%
NMC	13%	13%	12%	15%	15%



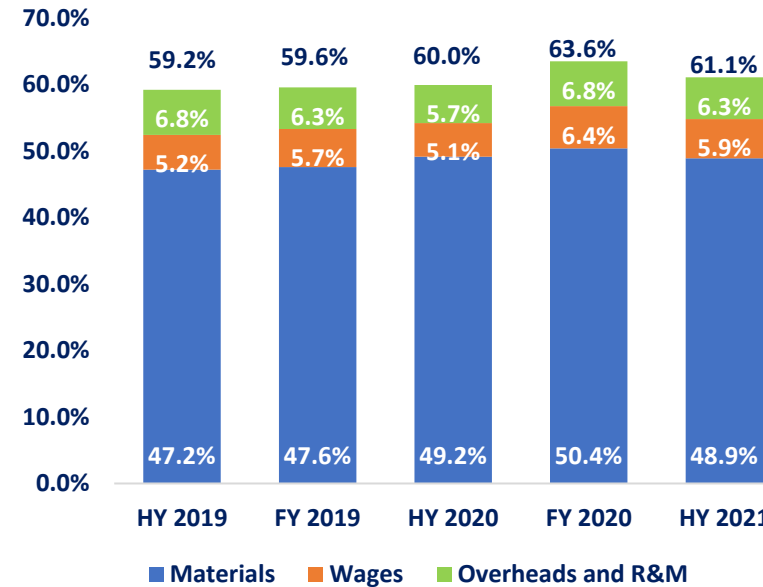
DAMIAN JUDGE
GROUP CFO



TAYLOR – TRADING MARGIN

- Group buying strategies have been implemented and savings were expected through the course of H1 F21
- However, the supply of raw materials from the East has been problematic due to a knock-on effect of Covid-19
- The delays in delivery negatively impacted wages through increased working hours being required
- Improvements in the Taylor factory process are ongoing with savings expected through H2 F21

Cost of sales as a % of net sales

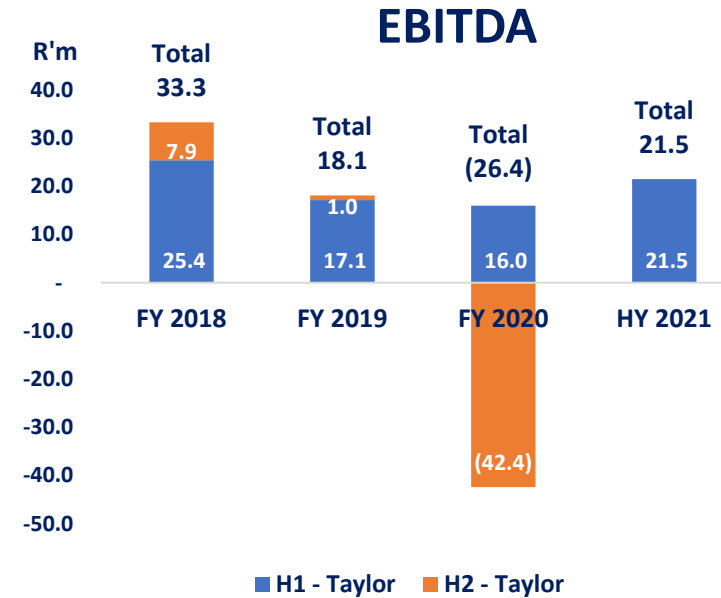


DAMIAN JUDGE
GROUP CFO



TAYLOR – EBITDA

- EBITDA increased and is up on F20 and F19 due to a reduction in costs following the prior year restructuring program



- H2 FY2020's performance was significantly impacted by the Covid-19 National Lockdown and a R37.4m impairment of Goodwill



DAMIAN JUDGE
GROUP CFO



ADDITIONAL INFORMATION



GROUP SUMMARISED CASH FLOW

Group summarised cash flow (R'm)	FY 2018	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021
EBITDA	103.5	55.7	81.2	49.1	11.6	57.8
Movement in non cash items (incl provisions)	3.4	1.1	3.1	(1.9)	45.4	(1.4)
Net working capital movement	0.1	(16.0)	(13.6)	(0.6)	(2.0)	7.5
Inventory	(12.3)	(4.2)	(2.2)	14.0	11.0	6.4
Accounts receivable	0.9	(0.8)	2.5	3.1	(3.7)	2.1
Accounts payable	11.4	(11.0)	(13.9)	(17.7)	(9.3)	(1.0)
Cash generated from operations	107.0	40.8	70.7	46.7	55.0	63.9
Tax paid	(30.6)	(11.8)	(19.1)	(11.2)	(8.8)	(12.8)
Net Cash from operations (excl finance costs)	76.4	29.1	51.6	35.5	46.2	51.1
Net Investment in PPE	(17.9)	(10.5)	(6.6)	(3.9)	(15.8)	(3.7)
FCF	58.5	18.6	44.9	31.6	30.4	47.4
Net interest costs	(8.2)	(4.1)	(8.1)	(3.6)	(9.2)	(3.5)
Repayment/raising of debt & equity	(45.5)	(6.1)	(28.3)	(10.2)	(1.9)	(18.5)
Business combinations	-	-	-	-	-	(6.3)
Investing and financing activities	(53.6)	(10.1)	(36.4)	(13.8)	(11.1)	(28.3)
Cash available to shareholders	4.9	8.4	8.5	17.7	19.3	19.1
Dividend paid to shareholders	(32.9)	(17.4)	(27.2)	(11.7)	(11.7)	(8.0)
Cash movement for the year	(28.1)	(9.1)	(18.6)	6.1	7.6	11.1
Opening cash balance	55.2	27.2	27.2	8.4	8.5	16.1
Closing cash balance	27.2	18.1	8.5	14.5	16.2	27.2



DAMIAN JUDGE
GROUP CFO



GROUP SUMMARISED BALANCE SHEET

Summarised balance sheet (R'm)	FY 2018	HY 2019	FY 2019	HY 2020	FY2020	HY2021
Non current assets						
Property, plant and equipment	61.2	66.1	64.9	57.2	56.8	58.2
RoU Assets	-	-	-	21.0	19.6	20.0
Goodwill and other intangibles	116.8	116.4	113.5	111.7	82.7	89.6
Deferred Tax	3.4	2.6	1.6	0.5	3.1	3.2
Other financial assets	0.7	0.0	0.8	0.7	3.3	4.8
	182.1	185.2	180.8	191.1	165.5	175.9
Current assets						
Inventories	106.4	110.6	107.1	93.1	93.1	89.7
Trade and other receivables	61.4	62.1	58.4	55.3	53.0	60.2
Cash	27.1	18.1	12.6	21.8	23.4	34.2
Other (Tax + Other)	3.8	2.7	4.0	5.8	5.3	4.9
	198.6	193.5	182.1	175.9	174.8	189.0
Non current liabilities						
Debt	71.4	66.4	29.5	78.8	81.5	76.6
Lease liabilities	-	-	-	8.9	9.2	20.7
Deferred tax	2.6	2.4	1.0	1.1	0.3	0.2
	74.0	68.8	30.6	88.8	91.0	97.5
Current liabilities						
Debt	21.7	23.4	49.1	10.2	17.5	24.8
Lease liabilities	-	-	-	11.9	12.1	0.0
Trade Payables	65.7	54.7	52.1	34.3	42.6	46.7
Other (Tax + Other)	1.2	0.3	0.3	0.3	8.6	0.3
Bank overdraft	-	-	4.1	7.3	7.3	7.0
	88.6	78.4	105.6	64.0	88.1	78.8
Equity	218.2	231.5	226.7	214.2	161.2	188.6



DAMIAN JUDGE
GROUP CFO



GROUP FINANCIAL PERFORMANCE



DAMIAN JUDGE
GROUP CFO



EARNINGS PER SHARE (R'm)	FY 2018	HY 2019	FY 2019	HY 2020	FY 2020	HY 2021	HY 21 vs HY 20
Profit attributable to ordinary shareholders	58.8	32.1	42.9	26.3	-21.3	30.4	16%
Adjusted for:							
Profit on disposal of property, plant and equipment	(0.1)	-	0.2	0.5	(0.1)	(0.0)	
Impairment of goodwill					34.6	-	
Impairment of PPE					1.0	-	
Headline earnings	58.7	32.1	43.0	26.8	14.2	30.4	13%
Weighted average number of ordinary shares	108.0	107.6	107.2	104.6	102.4	99.3	
Earnings per share (cents)	54.4	29.8	40.0	25.1	-20.8	30.6	22%
Headline earnings per share (cents)	54.3	29.8	40.1	25.6	13.8	30.6	20%



TERRY DENNISON
GROUP CEO



DAMIAN JUDGE
GROUP CFO

THANK YOU

