

# Trellidor Holdings Limited

## 30 June 2023

### Final Results Presentation

28 September 2023 | 10:00 | Hosted by PSG Capital

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# WELCOME

We will begin shortly

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# TRELLIDOR HOLDINGS LIMITED

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023



THE **TRELLIDOR** GROUP



# SALIENT POINTS

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**R502 million**  
(2022: R513 million)

Revenue for the year

**38%**  
(2022: 38%)

Gross Profit Margin  
for the year

**4.2 cents**  
(2022: 0.4 cents)

Headline earnings per  
share for the year

**R39 million**  
(2022: R39 million)

Cash from operations  
for the year  
*Excluding the Labour Appeal Court  
settlement*



**TERRY DENNISON**  
GROUP CEO



# STRATEGIC OBJECTIVES FOR F23 AND PROGRESS MADE

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## Focus on rebuilding franchise selling capacity

- Sales consultants are been actively recruited in main centres with additional heads being added in Cape Town and Johannesburg during F23.
- Trellidor has completed its initial Sales Internship program and 5 graduates have been absorbed into the three branches during F24 Q1.

## Drive Trellidor's recovery in the African market sector

- Excellent results with sales into Africa having increased 32% from F22.
- The Trellidor International team has been remanned and is being lead by an experienced Sales and Marketing executive.
- As result of the increased internal capacity, additional franchises in new areas are being actively pursued.



**TERRY DENNISON**  
GROUP CEO



# PROGRESS ON STRATEGIC OBJECTIVES

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## Recruitment of additional selling resources in Trellidor UK

- The UK operation has been focused on expanding its customer base, both commercially and in the residential sector.
- Listing as a preferred supplier has been achieved with two new retail chains with the first orders received through H2.
- A successful pilot digital advertising campaign has yielded encouraging results with sales to the small business and residential markets being achieved.
- To ensure we maintain our service levels and prepare for future growth, additional selling and installation resources have been hired.
- Sales to existing customers were slow in the period, with project type work being delayed due to alternate priorities. Reactive work (response to crime) has however been robust.
- Significant orders for project type work have since been received during F24 Q1 and the team is well equipped to fulfill these orders following our investment in resources through F23.



**TERRY DENNISON**  
GROUP CEO



# PROGRESS ON STRATEGIC OBJECTIVES

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## Rebuilding the fundamentals of the Taylor business

- The new management structure was fully populated during F23 H1 and the results through F23 are very encouraging.
- Despite softer revenue, gross profit margins have improved by 3.9% to 28.9% (F22: 25.0%). Overheads have been well managed and have decreased 9.0% year-on-year.
- As result EBITDA has increased to R11.8m (F22: R2.9m).



**TERRY DENNISON**  
GROUP CEO



# PROGRESS ON STRATEGIC OBJECTIVES

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## Introducing new products focusing on expanding our product offering into the commercial property space in South Africa

- The first sectional door product, Coroview, was launched during F23. This specific product is targeted at the automotive and emergency service industries.
- The second sectional door product, Corosteel, which will be launched through F24, will be marketed primarily to warehousing and industrial applications.
- During F23, Trellidor launched a new Traditional Trellidor range as well as a new security mesh screen product.



**TERRY DENNISON**  
GROUP CEO





# PROSPECTS

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- Sales in July and August are marginally ahead of prior year, although demand remains subdued locally.
- Trellidor's UK business has been awarded a significant contract to manufacture security products through to Q3 F24 and has started supplying against orders received.
- Trellidor is focused on margin improvement through F24.
- Market segmentation in South Africa will continue with an established B2B team in each of the main centres, targeting the commercial and retail sectors.
- The Group will continue to focus on rebuilding the franchise selling capacity in South Africa through economic support and investment in training facilities and material.



**TERRY DENNISON**  
GROUP CEO





# PROSPECTS

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- Except for Corosteel, no new products are anticipated to be launched through F24 and focus will be on bedding down the products recently introduced.
- The Trellidor owned and managed branches in three of the major cities in South Africa continue to show positive results. The further acquisition of one of the Cape Town franchises, namely Milnerton, was executed in July 2023 and will provide additional scale.
- In response to the subdued local economy, cost control is a priority.
- Taylor's management team, having re-established the fundamentals of the business, will be focusing on incremental market share growth through increased brand visibility, active engagement, support, lead allocation and training with the trade network through F24.
- The executive team are also focused on materially reducing the Group's debt levels by the end of F25, to reduce the interest and debt servicing burden.



**TERRY DENNISON**  
GROUP CEO





# GROUP FINANCIAL PERFORMANCE

**TRELLIDOR**  
THE ULTIMATE CRIME BARRIER

**TAYLOR**  
BLINDS & SHUTTERS Est.1959

**nmc**

DESIGN  
ELEMENTS



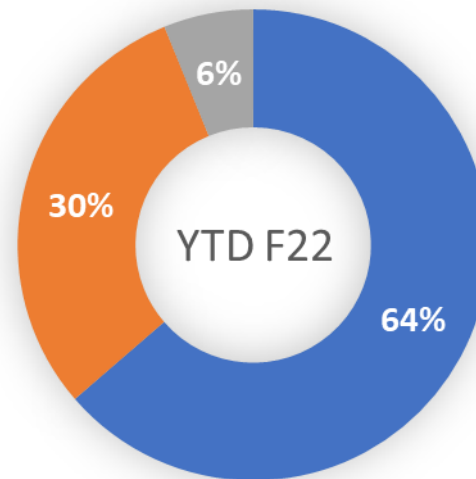
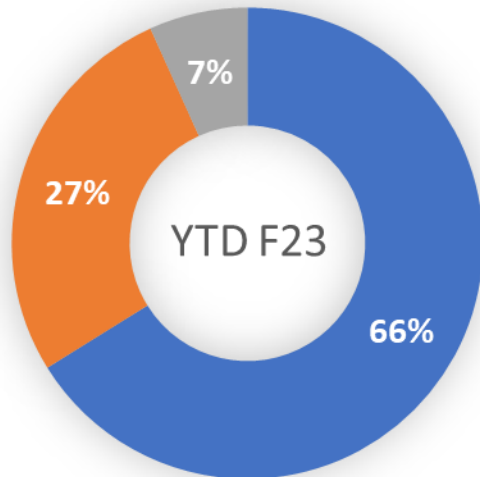
THE **TRELLIDOR** GROUP



# SALES ANALYSIS – GROUP CONTRIBUTION

Group revenue has decreased by 2.1%

- Trellidor is up 0.9% driven mainly by recovery in the Rest of Africa.
- Taylor is down 9.6% as result of softer sales in both the Western Cape and Gauteng.
- NMC has increased 3.4% on the back of increased sales in Cape Town and Durban.



**DAMIAN JUDGE**  
GROUP CFO





# SALES ANALYSIS – GEOGRAPHICAL PRESENCE

Trellidor revenue has increased 0.9%:

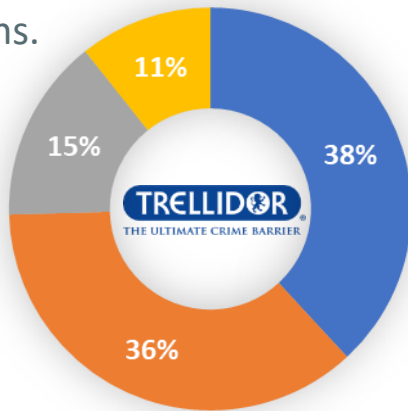
- A key driver in the growth has been the Rest of Africa whose contribution increased from 14% to 15% with sales up 32% from F22.
- Volume through the RSA franchises in the major cities has improved because of the increased focus on the retail and commercial sectors in these regions.

Taylor revenue has decreased 10%:

- The Western Cape continues to be Taylor's strong hold although sales did soften by 5% vs F22.
- The sales contribution from Gauteng has declined from 21% to 14%.

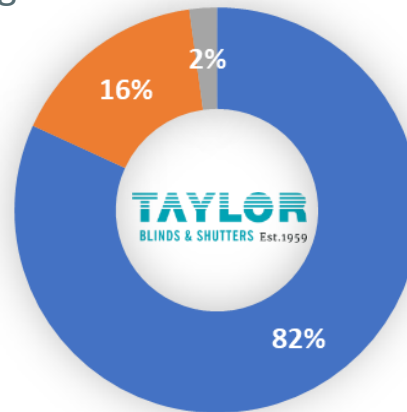
NMC revenue has increased 3.8%:

- Cape Town is the standout performer for NMC with sales increasing 41% vs F22. Durban is up 11%
- Johannesburg has however struggled and given its contribution to overall sales has largely offset the Cape Town gains.

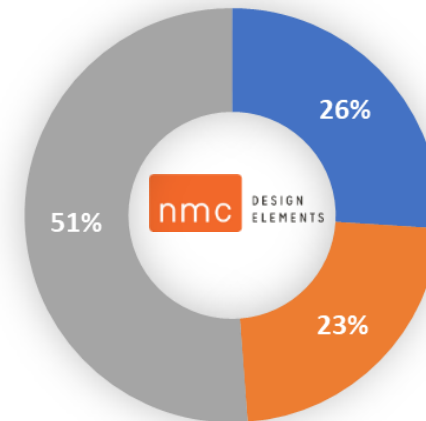


■ RSA Major Cities   ■ RSA Outlying Regions  
■ Rest of Africa   ■ Rest of World

THE **TRELLIDOR** GROUP



■ Western Cape   ■ Gauteng  
■ Rest of World



■ Durban   ■ Cape Town  
■ Johannesburg



**DAMIAN JUDGE**  
GROUP CFO



# SALES ANALYSIS – PRODUCT TYPE

Trellidor’s Traditional product has shown growth:

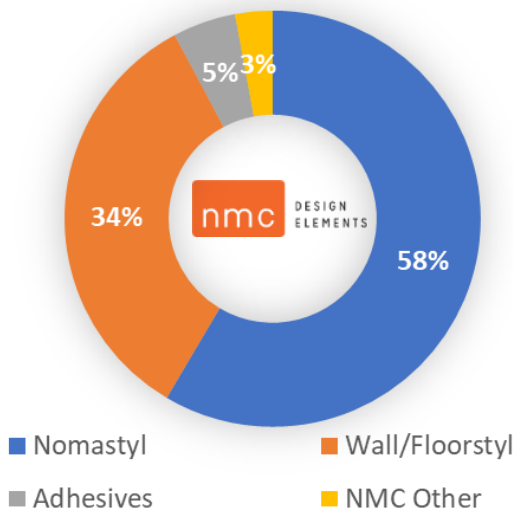
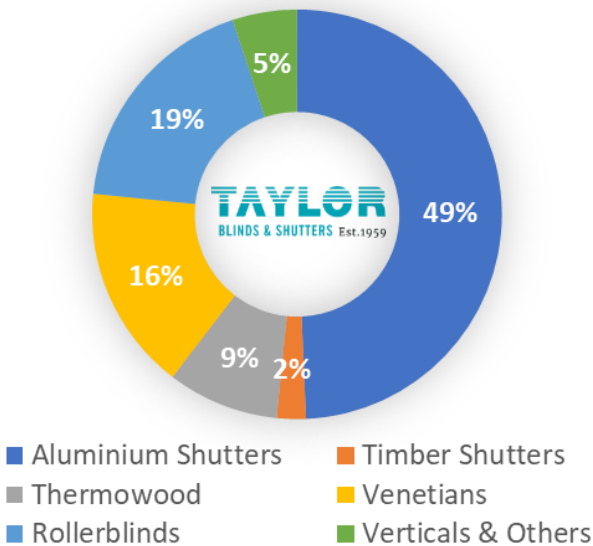
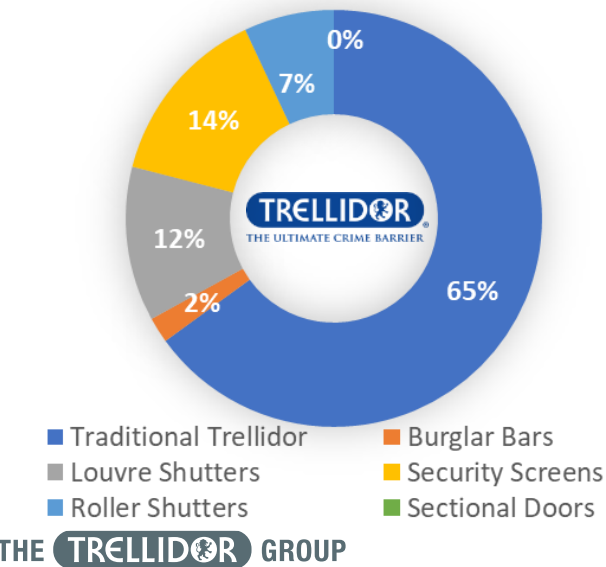
- The contribution of the Traditional Trellidor product set has increased 9% vs F22.
- Rollerstyle’s contribution has declined from 13% to 7% in F23 as result of subdued demand in the UK which is expected to improve through F24.

Taylor’s Aluminium Shutters remain the major contributor:

- Aluminium Shutters continue to be the major component of turnover in Taylor with a marginal decline in contribution from 51% to 49%.
- Venetian Blinds have increased from 11% to 16% as result of commercial project work.

NMC Nomastyl cornices still the top seller:

- The Nomastyl cornice product set is still the largest contributor although it has decreased by 5% driven by reduced demand in Johannesburg and growth in the Floorstyl ranges.

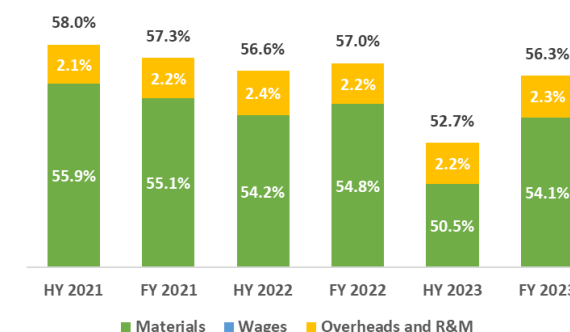
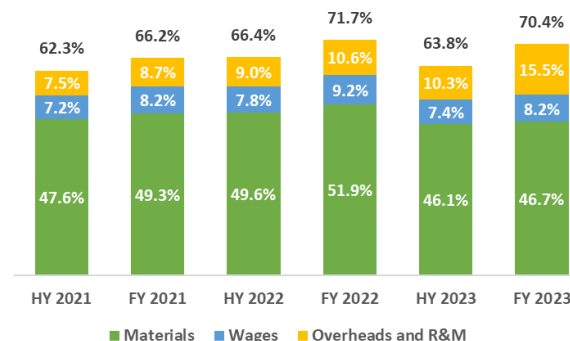
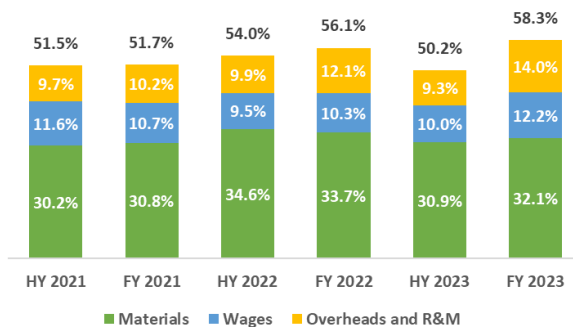


DAMIAN JUDGE  
GROUP CFO



# TRADING MARGIN – COST % OF NET SALES

- The Group's GP% has remained flat at 38% vs F22
- Improvement has been across the business units:
  - Trellidor's material consumption has improved to 32.1% of Net Sales from F22, but are still behind pre-Covid levels;
  - Taylor has improved its material consumption to below pre-Covid levels at 46.7%;
  - NMC was proactive in responding to significant price increases from Europe in F23 H1 and has seen the benefit level out in F23 H2 although still at improved levels vs prior years.
- As result of a softer topline, there is still opportunity to improve margins further with improved recoveries of fixed and semi-variable costs specifically in Trellidor and Taylor



**DAMIAN JUDGE**  
GROUP CFO



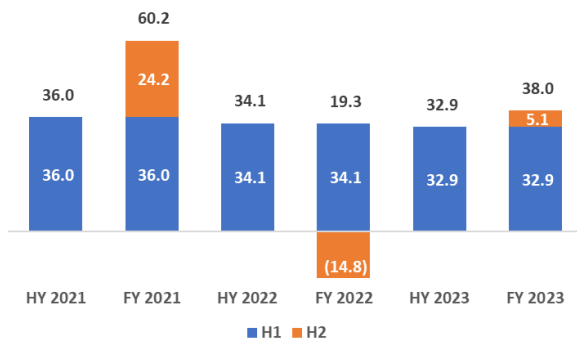


# EBITDA

- The Group's EBITDA has decreased to R41.5m (F22: R61.4m excluding the Labour Appeal Court provision).
- Overheads have increased 10% year-on-year which include:
  - Inflationary increases;
  - The addition of the Hillcrest and Southern Suburbs franchises during the year; and
  - Strategic investment in selling resources in the UK, Gauteng and B2B.
- Sales improvement relating to the replacement of lost capacity did not materialise in 2023.

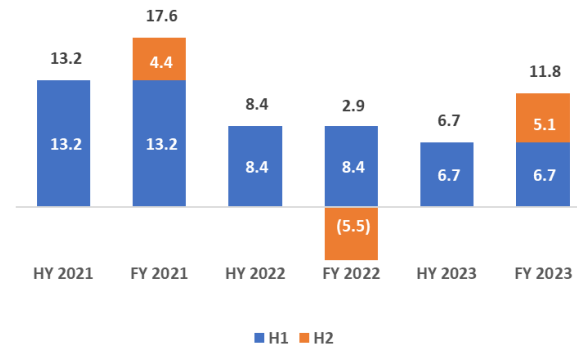


**DAMIAN JUDGE**  
GROUP CFO

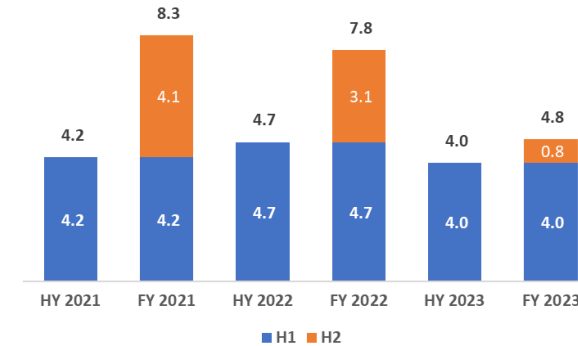


**TRELLIDOR**  
THE ULTIMATE CRIME BARRIER

THE **TRELLIDOR** GROUP



**TAYLOR**  
BLINDS & SHUTTERS Est.1959



**nmc** DESIGN ELEMENTS



# GROUP FINANCIAL PERFORMANCE

	HY 2020	FY 2020	HY 2021	FY 2021	HY 2022	FY 2022	HY 2023	FY 2023	HY 23 vs HY 22	FY 23 vs FY 22	5 YR CAGR
Revenue	274.8	421.5	281.6	518.4	283.5	513.2	273.3	502.3	-4%	-2%	-1%
Gross profit	122.5	175.5	125.6	219.4	113.7	197.2	119.5	193.4	5%	-2%	2%
EBITDA	49.1	11.6	57.8	85.4	46.5	29.3	42.0	41.6	-10%	42%	29%
Profit after tax	26.8	-24.5	31.2	40.3	24.5	0.3	24.3	3.5	-1%	922%	
Dividends paid	11.7	11.7	-	17.7	10.5	-	-	-	-100%		
Diluted EPS (cents)	25.1	-20.8	30.6	40.7	25.4	0.4	25.5	3.7	1%	737%	
Diluted HEPS (cents)	25.6	13.8	30.6	40.8	25.4	0.4	25.5	4.2	1%	876%	
Gross margin	44.6%	41.6%	44.6%	42.3%	40.1%	38.4%	43.5%	38.5%	8%		
EBITDA margin	17.9%	2.7%	20.5%	16.5%	16.4%	5.7%	15.4%	8.3%	-6%		
Weighted avg shares in issue (millions)	104.6	102.4	99.3	97.7	95.2	95.2	95.2	95.2			



**DAMIAN JUDGE**  
GROUP CFO



# EARNINGS PER SHARE

	HY 2020	FY 2020	HY 2021	FY 2021	HY 2022	FY 2022	HY 2023	FY 2023	vs HY 22	FY 23 vs FY 22
<b>Profit attributable to ordinary shareholders</b>	<b>26.3</b>	<b>-21.3</b>	<b>30.4</b>	<b>39.8</b>	<b>24.1</b>	<b>0.4</b>	<b>24.3</b>	<b>3.5</b>	<b>1%</b>	<b>732%</b>
Adjusted for:										
Profit on disposal of property, plant and equipment	0.5	(0.1)	(0.0)	0.1	(0.0)	(0.0)	-	0.5		
Impairment of goodwill		34.6	-	-	-	-	-	-		
Impairment of PPE		1.0	-	-	-	-	-	-		
<b>Headline earnings</b>	<b>26.8</b>	<b>14.2</b>	<b>30.4</b>	<b>39.8</b>	<b>24.1</b>	<b>0.4</b>	<b>24.3</b>	<b>4.0</b>	<b>1%</b>	<b>876%</b>
Weighted average number of ordinary shares	104.6	102.4	99.3	97.7	95.2	95.2	95.2	95.2		
Earnings per share (cents)	25.1	-20.8	30.6	40.7	25.4	0.4	25.5	3.7	<b>1%</b>	<b>732%</b>
Headline earnings per share (cents)	25.6	13.8	30.6	40.8	25.4	0.4	25.5	4.2	<b>1%</b>	



**DAMIAN JUDGE**  
GROUP CFO





# COVENANTS

- As at 30 June 2023 Group's debt/EBITDA ratio of 5.1x (excluding IFRS 16) breached the required covenant of 2.0x
- Total senior debt service cover of 0.8 breached the covenant of 1.3.
- Detailed performance and operating plans for the next 12 to 24 months have been prepared and submitted to the lenders.
- These plans focus on improving profitability, rectifying the breaches and reducing debt levels by implementing the following:
  - Fulfilment of significant manufacturing and supply contract of roller shutters in the UK;
  - Strategic product positioning and price being implemented in Trellidor;
  - Overhead levels being maintained in line with inflation through F24; and
  - Material reduction in debt levels.
- The directors consider these financial and operational plans to be appropriate in the context of the economy and have concluded that the Group will continue to trade as a going concern for at least 12 months from the date of this report.



**DAMIAN JUDGE**  
GROUP CFO



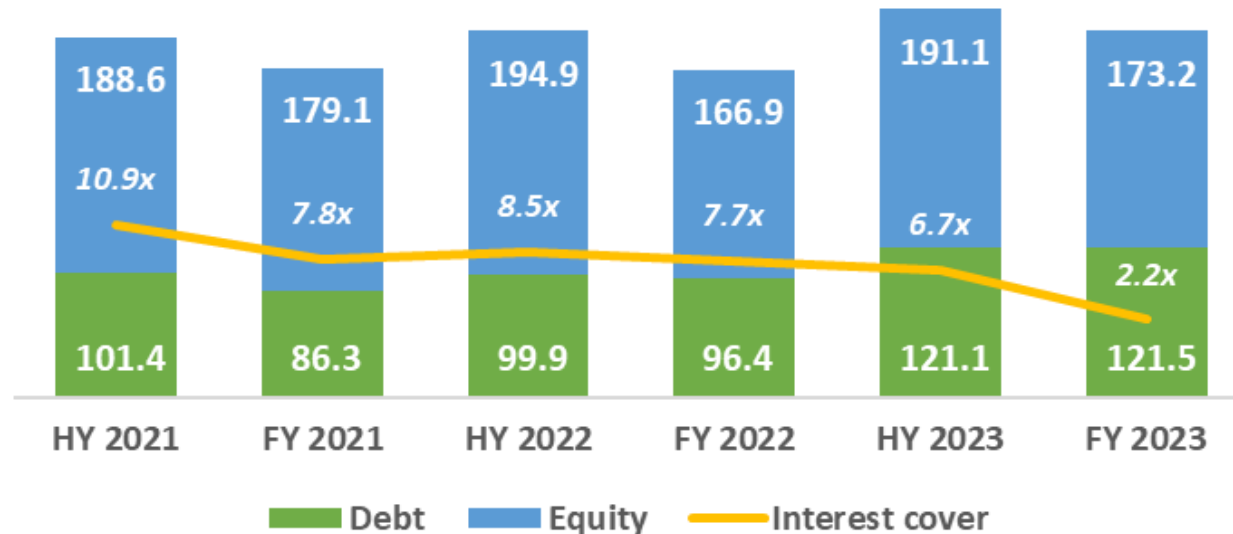
# GROUP FINANCIAL POSITION



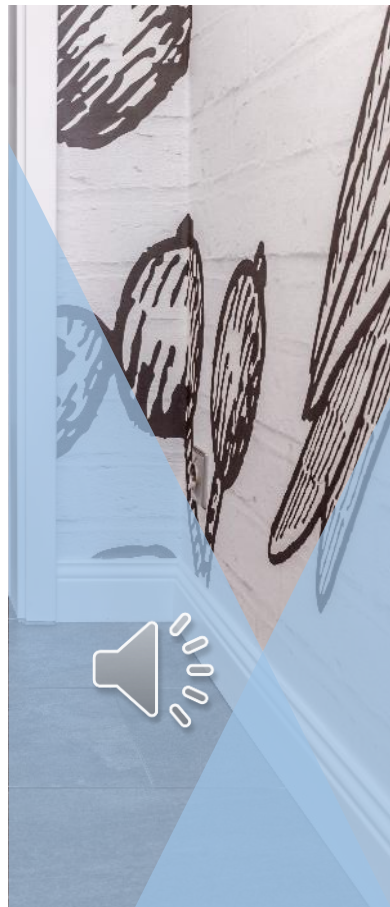


# GROUP BALANCE SHEET

- Debt/Equity ratio of 70% represents an increase from F22 at 58%.
- Key driver for the increase is the debt raised to settle the Labour Appeal Court judgement.
- Interest cover ratio of 2.2x (F22: 7.7x excluding the Labour Appeal Court provision) has decreased as result of reduced profitability and significantly higher interest rates.



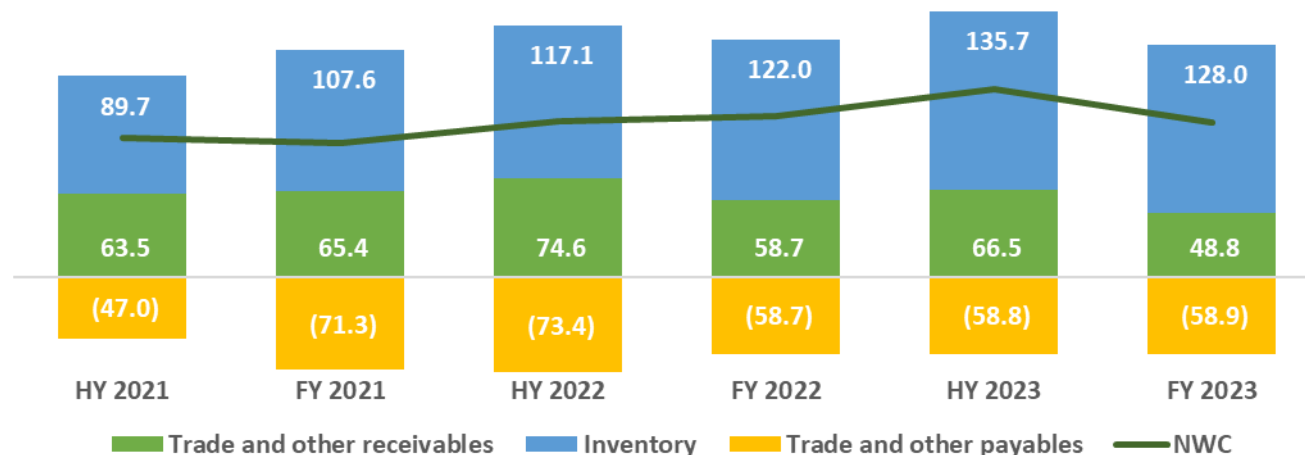
**DAMIAN JUDGE**  
GROUP CFO



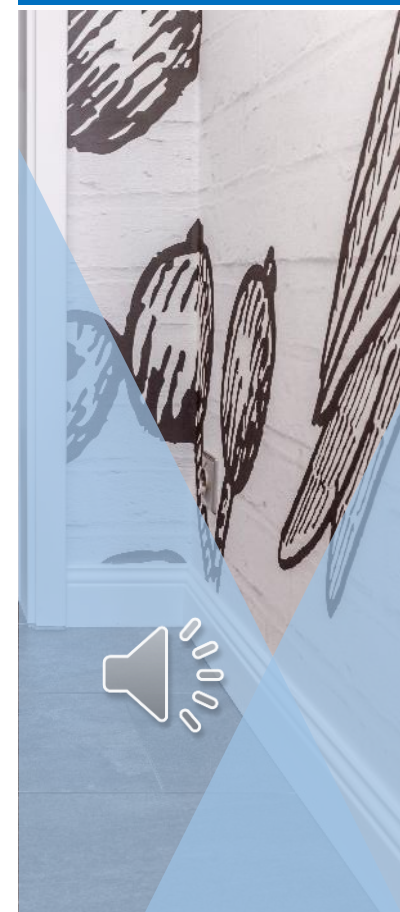


# GROUP NET WORKING CAPITAL

- Investment in inventory has increased from F22 by R6.0m although this has decreased R7.7m from F23 H1.
- Steel and Aluminium on average are still 69% and 36% more expensive then pre-Covid levels and these increases are now embedded in our stock holding.
- Debtors' levels have decreased in line with reduced demand.
- Excluding the settlement of the Labour Court judgement, Payables have remained well managed from F22.

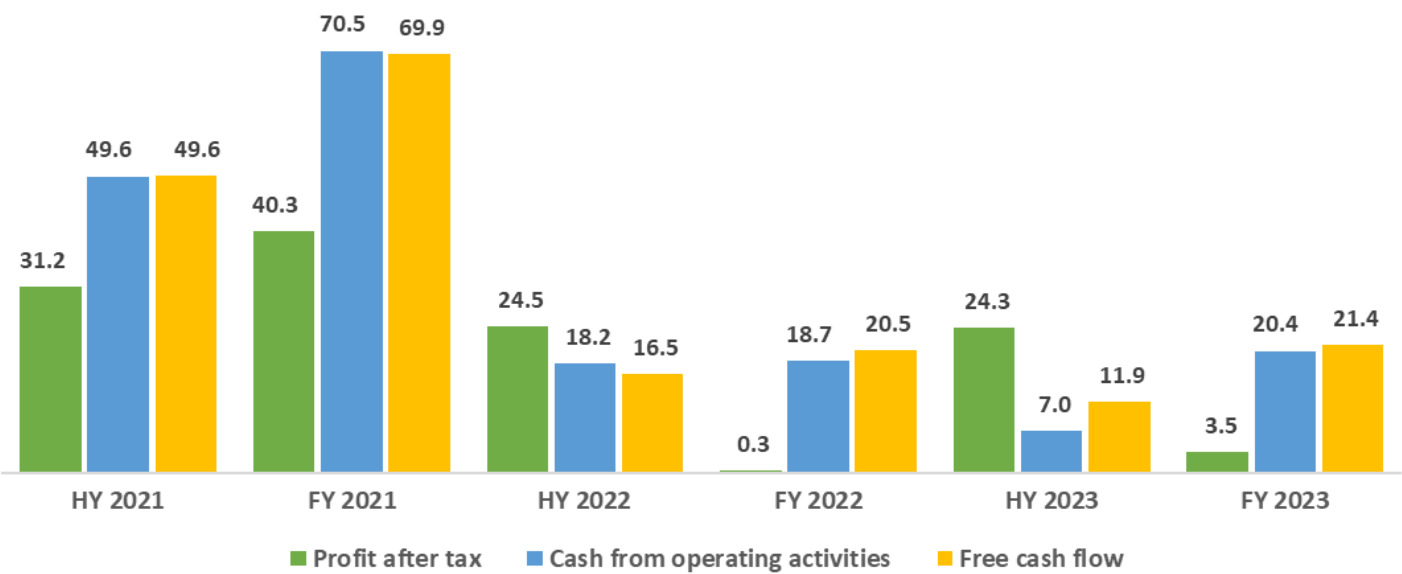


**DAMIAN JUDGE**  
GROUP CFO

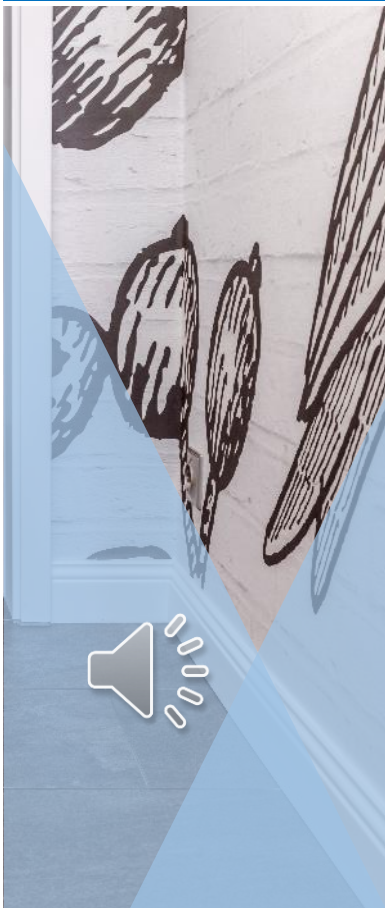


# GROUP SUMMARISED CASH FLOW

- Cash from operating activities have improved 9% from F22 after adjusting for the Labour Appeal Court Provision.
- Free Cash Flow has improved 4% to R21.4m.
- Improvement driven by reduced investment in net working capital in F23 compared to F22.
- Current cash generation levels remain significantly behind historic levels.



**DAMIAN JUDGE**  
GROUP CFO



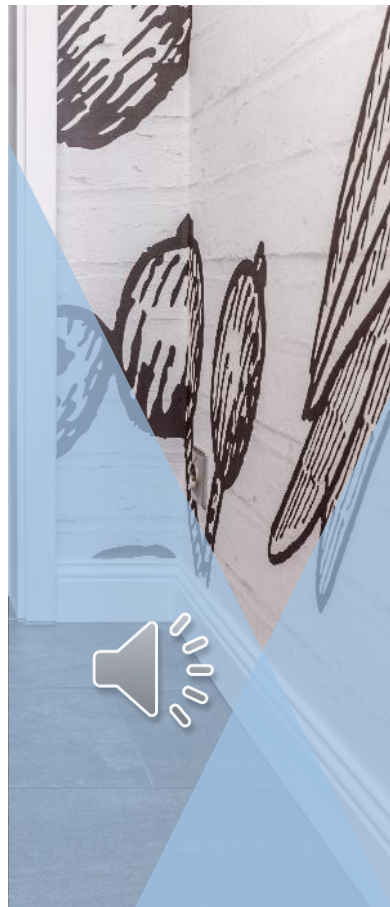
# CAPITAL ALLOCATION

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- **Debt Servicing**
  - Paydown of interest-bearing term liabilities of R28.0m including interest (F22: R21.2m).
  - Debt reduction key focus area for management during F24 and F25.
- **CAPEX**
  - R17.1m which includes Cape Town branch showroom and additional equipment to produce a new range of Trellidor Traditional products.
  - Capex will remain in line with depreciation levels through F24.
- **Acquisitions**
  - The acquisition of the Hillcrest franchise was purchased during F23 Q1.
  - The Milnerton franchise was purchased during F24 Q1.
- **Dividend**
  - Given the current operating environment, weak financial performance and the current debt levels, the Board has deemed it prudent not to declare a final dividend in respect of the 12 months ended 30 June 2023.



**DAMIAN JUDGE**  
GROUP CFO



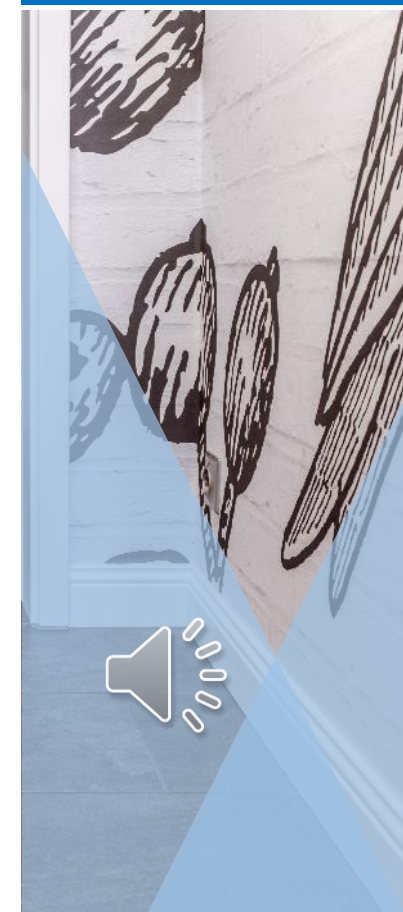


# GROUP SUMMARISED BALANCE SHEET

	HY 2020	FY 2020	HY 2021	FY 2021	HY 2022	FY 2022	HY 2023	FY 2023
<b>Non current assets</b>								
Property, plant and equipment	57.2	56.8	58.2	57.6	60.5	59.9	63.3	69.0
RoU Assets	21.0	19.6	20.0	15.4	47.1	42.2	40.0	40.6
Goodwill and other intangibles	111.7	82.7	89.6	88.5	94.2	99.4	101.3	105.8
Deferred Tax	0.5	3.1	3.2	7.6	7.8	16.2	17.0	16.7
Other financial assets	0.7	3.3	4.8	4.8	2.7	3.3	3.2	6.5
	<b>191.1</b>	<b>165.5</b>	<b>175.9</b>	<b>173.8</b>	<b>212.3</b>	<b>221.0</b>	<b>224.8</b>	<b>238.6</b>
<b>Current assets</b>								
Inventories	93.1	93.1	89.7	107.6	117.1	122.0	135.7	128.0
Trade and other receivables	55.3	53.0	60.2	61.5	74.6	55.3	66.5	48.8
Cash	21.8	23.4	34.2	17.8	22.1	13.5	10.5	7.4
Other (Tax + Other)	5.8	5.3	4.9	4.1	4.6	3.4	3.2	7.8
	<b>175.9</b>	<b>174.8</b>	<b>189.0</b>	<b>190.9</b>	<b>218.4</b>	<b>194.2</b>	<b>215.9</b>	<b>191.9</b>
<b>Non current liabilities</b>								
Debt	78.8	81.5	76.6	63.7	83.7	81.8	108.3	0.0
Lease liabilities	8.9	9.2	9.3	7.4	35.8	31.2	31.4	29.8
Deferred tax	1.1	0.3	0.2	0.4	0.4	0.8	0.8	1.6
	<b>88.8</b>	<b>91.0</b>	<b>86.2</b>	<b>71.4</b>	<b>119.9</b>	<b>113.8</b>	<b>140.5</b>	<b>31.4</b>
<b>Current liabilities</b>								
Debt	10.2	17.5	24.8	22.6	16.2	14.6	12.8	121.5
Lease liabilities	11.9	12.1	11.3	7.6	10.0	10.3	5.5	10.2
Trade Payables	34.3	42.6	46.7	70.9	73.4	58.4	58.5	58.9
Other (Tax + Other)	0.3	8.6	0.3	0.5	3.2	29.9	1.9	2.6
Bank overdraft	7.3	7.3	7.0	12.6	13.0	21.4	30.3	32.6
	<b>64.0</b>	<b>88.1</b>	<b>90.2</b>	<b>114.2</b>	<b>115.8</b>	<b>134.6</b>	<b>109.1</b>	<b>225.9</b>
<b>Equity</b>	<b>214.2</b>	<b>161.2</b>	<b>188.6</b>	<b>179.1</b>	<b>194.9</b>	<b>166.9</b>	<b>191.1</b>	<b>173.2</b>



**DAMIAN JUDGE**  
GROUP CFO





**TERRY DENNISON**  
GROUP CEO



**DAMIAN JUDGE**  
GROUP CFO

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# THANK YOU

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THE **TRELLIDOR** GROUP