

Ellies delivers consistent growth through innovation

- Revenue up 16.6% to R1.9 billion
- Profit after tax increased by 36.8% to R224.8 million
- HEPS up 35.9% to 74.00 cents per share
- NAV per share up 25.6% to 315.80 cents

Introduction

Johannesburg, 23 July 2013 – Ellies Holdings Limited (“Ellies”) a leading South African manufacturer, wholesaler, importer and distributor in diversified sectors servicing the local and African markets, today released final results for the year ended 30 April 2013, with a satisfactory increase of 35.9% in headline earnings per share to 74.00 cents. “We are pleased with the results achieved by the Group for the full year, especially when one considers that consumer spending has not improved and infrastructure development has been low,” said Wayne Samson, Ellies CEO.

Consumer Goods division

This division continues to show growth with a 14.1% increase in revenue to R1.3 billion compared to the R1.1 billion achieved in the prior comparable period. Profit before interest and taxation (PBIT) increased by of 51.5% to R249.3 million (R164.6 million : 2012), with improved gross profit margins largely due to the contributions of the “Green shop within a shop” concept, the expansion of the domestic and commercial lighting ranges and Phase 1 of the Eskom Project Power Save Programme. “Ellies is proud of the initiatives taken by the Consumer Goods division to consistently deliver growth, through innovation, in a tough operating environment,” commented Samson.

Infrastructure division

The Infrastructure division, operating as Megatron Federal, reported a satisfactory increase in revenue of 23.0% to R687.9 million compared to R559.2 million in the prior comparable period. Less satisfactory was the decline in PBIT of 9.9% to R82.1 million (R91.1 million : 2012). This decline was primarily due to a decline in gross margins and a significant increase in additional staff and resources in the Telecommunications and Compliance sectors as well as the additional staff as a result of the Andrews Towers acquisition. Numerous projects in a variety of sectors were completed during the period. Post year end the division acquired Botjheng Water, a company whose core focus is water and wastewater bulk infrastructure construction, to further increase its footprint in water infrastructure.

Overall group performance

The Group achieved an overall pleasing increase in revenue for the year of 16.6% to R1.9 billion (R1.1 billion: 2012) mainly as a result of continued growth achieved in the Consumer Goods division and various infrastructure projects completed. EBITDA grew by 27.4% to R348.3 million (2012: R273.3 million). A satisfactory increase in profit after taxation of 36.8% to R224.8 million compared to the R164.4 million in the prior period, was delivered by the group, with an operating profit margin of 15.7% as compared to 13.4% in the full year to 30 April 2012.

“At Ellies we continuously strive to grow the business along with the expanding needs of existing and possibly new customer bases, and this has been achieved during the year with the expansion of our lighting division through increased product availability and diversification of product lines,” said Wayne Samson.

The Group’s statement of financial position remains solid, with a 52.3% increase in land and buildings to R86.1 million due to the group’s strategic investments into purchasing property as part of its expansion plan. The group experienced growth in NAV and TNAV of 25.6% and 36.2% to 316 cents and 241 cents, respectively.

While the cash flows from operations remained fairly neutral, a total of R73.4 million was invested in property, plant and equipment, to increase local production and swop rental expense for interest paid which will benefit the Group

in the long term. A net positive cash movement of R33.3 million was achieved over the period, compared to the net decrease in cash of R67.6 million at the end of April 2012.

Prospects

Consumer goods and services division

Although South Africa has seen further delays in the Digital Terrestrial Television migration roll out programme, Ellies remain well positioned to participate and benefit from the roll out, and are hopeful that with recent departmental changes the implementation of the DTT migration will be imminent.

In October 2013, a new media and visual entertainment provider, OVHD (Openview HD), a free to view satellite broadcaster, will enter the local market, creating further opportunities for Ellies to grow its satellite division.

On the back of the success of the “Green shop within a shop” concept Ellies has launched Ellies Connect, which will use the shop within a shop concept to expand media, visual entertainment and internet connectivity to Ellies customers, making these services easy to access by new and existing customers.

Through the expansion into the commercial energy efficient lighting market Ellies has attracted interest from existing as well as new commercial clients, and management anticipate that this business-to-business sector will be a significant future opportunity.

Infrastructure division

As previously reported Megatron Federal is a preferred equipment supplier for several solar and wind projects within the South African Renewable Energy Independent Power Producer’s program. With Megatron’s products now successfully tested to SABS specifications the division expects new projects to be contracted.

A number of power distribution projects have been secured by the division on the back of the improvement in the residential building sector.

With the “proof-of-concept” testing for the Diesel Generator Optimisation (“DGO”) product completed and its performance especially well received in Nigeria, which is expected to be the largest market for product roll-out, it is anticipated that the DGO product will be a substantial contributor to future revenue.

The existing order book, including tenders won, remains at record levels.

“As the Ellies strategy of growing with our customers continues, we are prepared for the coming year which will see new products and projects rolled out and new sectors explored. We hope to continue the diversification and growth we have experienced over the past three years, and look forward to reporting back next year,” concluded Wayne Samson.

-Ends-

Issued for:	Ellies Holdings Limited
Contact:	Wayne Samson, Chief Executive Officer (CEO)
Tel:	011-490-3840
Email:	wayne.samson@ellies.co.za
Website:	www.elliesholdings.com

Issued by:	Keyter Rech Investor Solutions
Contact:	Lynne van der Schyff
Tel:	(011) 447-2993 or 082-920-4395
Email:	lynne@kris.co.za
JSE Code:	ELI

Date:

23 July 2013

Editors note:

Ellies Holdings Limited (“Ellies”), is a leading listed South African manufacturer, wholesaler, importer and distributor in diversified sectors, including consumer goods, renewable energy, and power and telecommunications infrastructure serving the local and African markets.

Below is a selected list of products and services:

- Terrestrial TV reception products
- Accessories
- Remotes
- Appliances
- Satellite TV reception products
- Electrical
- Alternative power solutions
- Solar geysers
- Solar PV panels
- Electrical & Instrumentation
- Civils and Construction
- Renewable Energy
- Power Projects
- Integrated Power System
- Off-Grid Green Solutions
- Drop Down Sites
- Knock Telecoms
- Data Centres
- Mobile Trailer
- Towers