

## **Ellies delivers solid set of results**

- Revenue up 30% to R1.7 billion
- Excellent performance from the Infrastructure division
- Headline earnings per share up 73% to 54.45 cents
- NAV per share up 28% to 251.36 cents
- Dividend of 10c declared

### **Introduction**

*Johannesburg, 23 July 2012* – Ellies Holdings Limited (“Ellies”), the 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, today released final results for the year ended 30 April 2012, posting a 75% increase in profit for the period.

“We are more than pleased with the results achieved, especially the outstanding performance from the Infrastructure division, which exceeded our expectations. Megatron Federal (“Megatron”) not only performed above expectation financially, but from a technological perspective, it is a leader in its market, always providing cost effective, leading edge solutions, some of which have received international recognition,” said Ellies CEO, Wayne Samson.

### **Infrastructure division**

This division delivered a stellar set of results, reporting a 158% growth in revenue to R559.2 million (2011:R216.5 million) and an increase in profit before interest and tax of 299% to R91.1 million in the current period (2011: R22.8 million). The improved earnings growth is mainly attributable to the improvement in product offerings across various sectors in which Megatron operates. To further enhance market penetration, the division upgraded production facilities and extended its skills base which has resulted in increased orders. The segment contributed a total of 33% to group revenue, compared to the 16.5% contributed in the corresponding period.

### **Consumer Goods and Services division**

The consumer goods division achieved a full year profit before interest and taxation growth of 32% to R164.6 million (2011:R124.8 million). The Ellies Renewable Energy division had successfully completed a third of phase one of the Project Power Save initiative by year end, with a total of 170MW currently removed from the national grid.

### **Performance at group level**

Overall the group grew revenue by 30% to R1.7 billion from the previous year’s R1.3 billion. EBITDA rose impressively by 71% to R273.4 million (2011:R159.8 million). Ellies boasts an EBITDA margin of 15.9% compared to 12.1% for 2011. The increase is primarily as a result of improved margins in the Infrastructure division. PBT rose by 73% to R230 million (2011:R133.3 million) as a results of improved gross profit margins and capacity utilisation, despite a loss from an associate amounting to R4.4 million. Headline earnings per share saw a notable increase of 73.3% to 54.45 cents compared to the prior period of 31.42 cents.

“We have worked hard to ensure sustainable and responsible results for our shareholders. Our results show that a company can be green and encourage green practises and still report good results,” said Wayne Samson.

The group’s NAV and NTAV have shown steady growth increasing by 28.0% and 44.2%, respectively.

Cash flow from operating activities saw a decline in the period under review, as a result of working capital requirements to ensure sustainable growth in Megatron as well as the correctly positioning stock demands for Project Power Save.

Wayne Samson explains the pressure on cash flow as Ellies being extremely proud to have helped Eskom to remove a significant amount of power usage from the national grid. "Projects such as this are not successfully completed without cash flow and working capital requirements. Post 31 April 2012 cash flow has improved," said Samson. "It was these positive inflows of cash that lead the board to declare a final dividend of 10 cents per share," added Samson.

## Prospects

Ellies remains prepared for the upcoming Digital Terrestrial Television ("DTT") roll out in both South Africa and Southern Africa, with established strategic partnerships in place. "Although there are no new developments to report, Ellies is looking forward to being involved in this project which will form a major part of our business activities for the coming year or two," said Samson.

The Ellies Renewable Energy ("ERE") division has proved to be highly successful and continues to roll out additional "shop within a shop" renewable energy stores throughout the country, increasing market share in this space. "We are exceptionally pleased with what ERE has achieved in this financial year, and look forward to the possibilities for the coming year," confirmed Samson.

Megatron's continued success is rooted in its strong order book, positioned towards sustainable earnings, as well as the pursuit of opportunities in South Africa and the rest of Africa. The division is finalising the sale of its first Bladeroom data centre. With interest from various sectors increasing, Bladeroom is poised for growth in the coming financial year.

"Ellies will continue to seek new opportunities, in the markets in which we operate, as well as expand on existing relationships and core businesses skills to ensure increased shareholder value," Mr Samson concluded.

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