

Press Release

For immediate release

30 July 2021

## ELLIES TURNS TO PROFIT AND CONTINUES GROWTH PATH

### Highlights

- Revenue increased from R1,193 billion to R1,206 billion
- EBITDA increased from a loss of R2,6 million to a profit of R76,0 million
- Operating profit increased to a profit of R57,1 million from an operating loss of R21,1 million
- Total Comprehensive Profit increased from a loss of R196,1 million to a profit of R30,4 million
- Earnings per share increased from a loss per share of 28,97c to earnings of 7,25c
- Headline earnings per share increased from a headline loss per share of 18,66c to earnings of 9,19c

Ellies Holdings Limited today released its results for the year ended 30 April 2021 showing improved key metrics despite the challenges posed by the ongoing pandemic and other economic challenges.

“The newly structured and repositioned Ellies has produced a solid set of results despite the unprecedented global pandemic. The main contributor to this successful turnaround has been a company-wide focus on executing the strategy and while we have been opportunistic to some degree, our costs have been well managed due to the prevailing uncertainty,” said Ellies CEO, Dr Shaun Prithvirajh.

In a year characterised by prohibitive trading restrictions, Ellies achieved an increase in revenue of 1,1% to R1,2 billion. EBITDA improved to R76,0 million and operating profit increased to R57,1 million. “As an executive team we are pleased to report a profit of R30,4 million from a loss of R196,1 million in the previous financial year, largely attributable to the significant changes we have implemented,” said Prithvirajh.

During the year under review, Ellies migrated the Johannesburg logistics and warehousing operations to Value Logistics which also required an integration into Value’s IT systems. This has resulted in a marked improvement of governance and internal controls which have plagued Ellies in the past.

This change has generated a decrease in operating expenses of 4,3% in the nine months of operation. Earnings per share for the year amounted to 7,25 cents compared to a loss per share in the previous year of 28,97 cents. Similarly, headline earnings per share amounted to 9,19 cents per share compared to a headline earnings loss of 18,66 cents per share in 2020.

**Directors:**

Executive Directors: S. Prithvirajh (CEO) C. Booyens (CFO)  
Non-Executive Directors: T. Fearhead (Chair) M. Kuscus  
E. Raff F. Olivier S. Lehapa

**Company Secretary:**

Acorim (Pty) Ltd

Another milestone includes the order for liquidation of the manufacturing segment which has been a financial strain on Ellies for many years. While every attempt was made to sell the segment, no sale was realised and the High Court granted the final liquidation order on 12 April 2021. “With the continued downward trajectory of Ellies Industries, the Group could no longer sustain the financial support to keep the business afloat. Even though it was a difficult decision to make, it was the responsible one for the Group,” said Prithvirajh.

Ellies’ focus on diversification and its move into the solar sector has proven satisfactory. “With challenges related to Eskom and low consumer and business confidence in energy security, we have grown from a single product offering to a range of alternative energy solutions for both consumers and businesses. As consumers become more knowledgeable about solar, Ellies is well positioned to take advantage of this growing necessity,” said Prithvirajh. Further diversification opportunities are being explored.

Ellies continues to focus on the four pillars outlined in its turn-around strategy. These include a continued focus on governance, where it has already made excellent strides; operational efficiencies, as reflected in the Value Logistics partnership; cost management, as incurred in the head office relocation and; profitable growth. While concerns remain regarding the growth of the economy, and lower levels of disposable income based on many COVID-related job losses, Ellies’ leadership remains focused on delivering on these strategic pillars.

Additionally, the business has announced its proposed B-BBEE transaction with Imvula Education Empowerment Fund Trust which will significantly improve Ellies’ prospects of reaching a compliant Level 4 B-BBEE status as a minimum. “Once finalised, this will be a viable relationship for both Ellies and Imvula, and we look forward to welcoming Imvula to the Ellies family,” said Prithvirajh.

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### **About Ellies Holdings**

Ellies Holdings, founded in 1979 is an investment holding company for businesses involved in the manufacture, trading and distribution of a diverse range of products and services, inclusive of satellite television products and related accessories, electrical, alternative energy, solar power, signal distribution, residential and commercial LED lighting solutions, fibre connectivity, sound and audio-visual equipment distribution and installation.

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