



HOMECHOICE INTERNATIONAL PLC

financial results for the year ended 31 December 2017

		31 Dec 2017	31 Dec 2016	% change
Group				
Revenue	(Rm)	3 003.2	2 664.2	12.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(Rm)	800.6	701.4	14.1
Operating profit	(Rm)	751.9	648.1	16.0
Operating profit margin	(%)	25.0	24.3	
Headline earnings per share	(cents)	509.4	414.6	22.9
Basic earnings per share	(cents)	501.9	414.8	
Cash generated from operations	(Rm)	358.7	277.0	29.5
Final dividend declared/paid	(cents)	109.0	87.0	25.2
Retail				
Revenue	(Rm)	2 337.5	2 082.7	12.2
Retail sales	(Rm)	1 749.2	1 497.6	16.8
Gross profit margin	(%)	51.2	49.3	
EBITDA	(Rm)	474.7	420.2	13.0
EBITDA margin	(%)	20.3	20.2	
Financial Services				
Loan disbursements	(Rm)	1 467.6	1 249.0	17.5
Revenue	(Rm)	665.7	581.5	14.5
EBITDA	(Rm)	313.8	260.7	20.4
EBITDA margin	(%)	47.1	44.8	

Retail sales
+ 16.8%
to R1.7 billion

Loan disbursements
+ 17.5%
to R1.5 billion

R1.2 billion
group credit
extended on
digital channels

Cash generated from operations
+ 29.5%
to R358.7 million

Final dividend
+ 25.2%
to 109.0 cents

Headline earnings per share
+ 22.9%
to 509.4 cents

HomeChoice International PLC is an investment holding company listed on the JSE Limited primarily consisting of two trading operations, HomeChoice (Retail) and FinChoice (Financial Services). The group has operated for more than 30 years in southern Africa and has developed considerable expertise in both retail and credit management targeted at the mass market LSM 4 – 8 consumers.

STRONG TRADING AND FINANCIAL PERFORMANCE

The group has delivered a robust financial performance in what continues to be a challenging retail and credit market. Group revenue increased by 12.7% to R3.0 billion, bolstered by above market growth in Retail sales of 16.8%, as well as a strong contribution from Financial Services loans disbursements growth of 17.5%. The group also achieved excellent credit performance, with group debtor cost growth of 5.3% well below revenue growth, reflecting prudent credit risk management and improved credit performance in both businesses.

More than 20 000 new customers per month were acquired during the year, contributing to 7.0% growth of the group's active customer base to 796 000.

The Retail division's EBITDA increased by 13.0% to R474.7 million, driven by innovations in the core homeware textiles range and further expansion of the branded goods offering. Financial Services delivered strong growth in loan disbursements and customers have responded well to the roll-out of the group's suite of funeral insurance products and MobiMoney™, a new credit facility product available only on customers' mobile phones.

Group operating profit increased by 16.0% to R751.9 million with an improvement in operating margin from 24.3% to 25.0%.

Excellent progress was achieved in digital transformation of the group. Credit extended via digital channels across the group has increased to R1.2 billion, primarily driven by the strong digital Retail sales growth of 48.2% and 44.9% growth in digital loan disbursements. Credit extended from digital now accounts for 32.4% (2016: 27.4%) of total group credit.

OUTLOOK

Recent political developments have provided improved consumer and business confidence, as well as cautious optimism for growth within the South African economy.

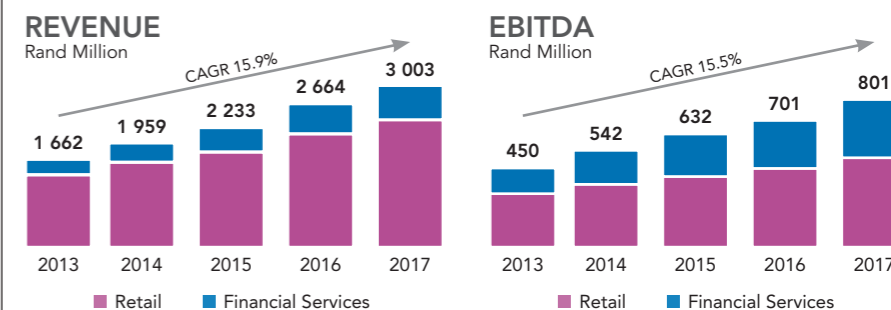
We are continuing to see good demand across the group. The group is well positioned to take advantage of any improvement in economic conditions over the next year.

RETAIL

- An omni-channel shopping retailer offering a rapidly broadening range of curated, quality household textiles, homewares, personal electronics, clothing and footwear
- An overwhelmingly female customer base
- Shopping on her terms with delivery to her

FINANCIAL SERVICES

- A fintech business selling innovative credit, insurance and value-added financial services products designed with "her" in mind
- Serves the female-biased Retail customer base
- Developing markets in Botswana and Namibia



The contents of this short form announcement are the responsibility of the directors and is a summary of the information contained in the full announcement, published on SENS on 8 March 2018 and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement, which is available for viewing on SENS and on the group's website. Investors and/or shareholders may request copies of the full announcement by contacting the company secretary at the details below.

For a more detailed discussion of our financial results and outlook, please refer to the investor section on our website, at www.homechoiceinternational.com

Directorate
Non-executive directors
 S Portelli* (Chairman), A Chorn*, R Garratt, E Gutierrez-Garcia, R Hain*, C Rapa*, A Ogunsanya (alternate)
 * Independent

Executive directors
 G Lartigue (Chief Executive Officer), P Burnett, S Maltz

Company secretary
 G Said

Transfer secretaries
 Computershare Investor Services Proprietary Limited
 Rosebank Towers, 15 Biermann Avenue
 Rosebank, 2196
 PO Box 61051, Marshalltown, 2107

Sponsor
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HomeChoice International PLC
 (Incorporated in Malta)
 Registration number: C66099
 JSE share code: HIL | ISIN: MT0000850108

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