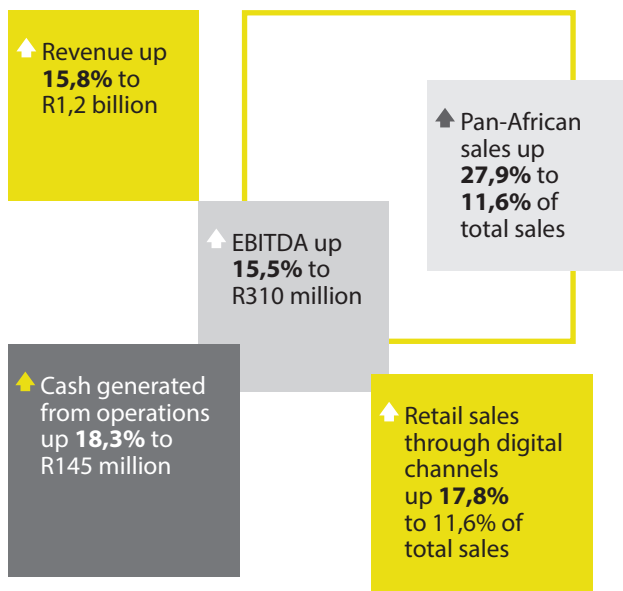


HOMECHOICE INTERNATIONAL PLC

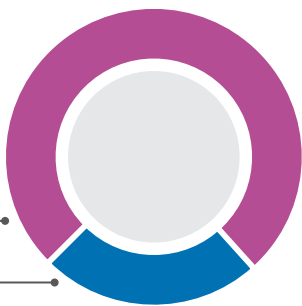
Unaudited results for the six months ended **30 June 2016**



Group revenue

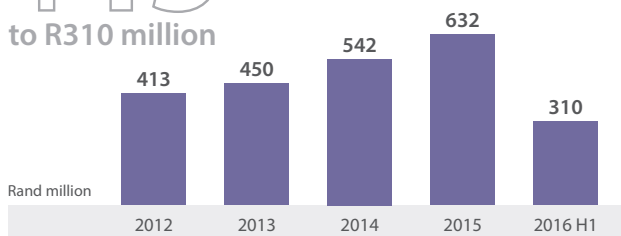
+16%
to R1,2 billion

RETAIL: 76%
FINANCIAL SERVICES: 24%



EBITDA

+15%
to R310 million



Registered office

93 Mill Street, Qormi, QRM3012, Republic of Malta

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001 | PO Box 61051, Marshalltown, 2107

Sponsor

Rand Merchant Bank, a division of FirstRand Bank Limited
1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196

Company secretary

George Said

Directors

S Portelli* (Chairman), G Lartigue*** (Chief Executive Officer), P Burnett*** (Financial Director), A Chorn*, R Garratt**, E Gutierrez-Garcia**, R Hain*, S Maltz****, C Rapa*

* Independent non-executive ** Non-executive *** Executive

HomeChoice International PLC

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

OVERVIEW

HomeChoice International PLC (HIL) is an investment holding company incorporated in Malta and listed in the General Retailers sector on the JSE Limited. Through its operating subsidiaries the group sells innovative homewares, apparel, personal technology and loan products to the rapidly expanding mass middle-income market in southern Africa.

TRADING AND FINANCIAL PERFORMANCE

The environment in southern Africa remains challenging for consumers where rising living costs are outpacing wage increases. The unsecured credit environment also remains constrained and the National Credit Regulator's prescribed affordability assessment regulations introduced in September 2015 have required significant process and systems changes, and continue to negatively impact on access to credit.

Despite this challenging economic environment, the group has delivered good results for the six-month period:

		30 Jun 2016	30 Jun 2015	% change
Group				
Revenue	(Rm)	1 152	995	15,8
EBITDA	(Rm)	310	268	15,5
Operating profit	(Rm)	280	255	9,8
Operating profit margin	(%)	24,3	25,7	
Headline EPS	(cents)	188,2	169,8	10,8
Basic earnings per share	(cents)	188,2	169,8	10,8
Cash generated from operations	(Rm)	145	123	18,3
NAV per share	(cents)	1 816	1 571	15,6
Retail				
Revenue	(Rm)	875	762	14,9
Retail sales	(Rm)	579	499	16,2
EBITDA	(Rm)	172	155	11,1
Financial Services				
Loan disbursements	(Rm)	583	542	7,4
Revenue	(Rm)	277	233	18,8
EBITDA	(Rm)	127	103	22,9

Group revenue increased by 15,8% to R1,2 billion, with strong growth in both the Retail and Financial Services businesses. Retail sales increased by 16,2% to R579,2 million, reflecting the benefits of product innovation and range development, particularly in the core bedding ranges which have seen strong volume growth.

The gross profit margin has been well managed considering Rand volatility, declining by only 30 basis points from 49,1% to 48,8%. The impact of Rand weakness was limited by selective price increases, enhanced operating efficiencies across the supply chain and continuing to reconfigure product offers to ensure products remain affordable.

Group debtor costs increased by 18,1% to R217,9 million, driven by new Retail customer acquisition during the past six months and challenges in late stage collections impacted by the high volume of debt activities in the market. Other trading expenses were well managed, however exceeded revenue growth due to depreciation and amortisation costs increasing from R13,6 million to R27,8 million. Technology platforms were brought on-stream late in 2015 and the estimated useful life of software was revised at December 2015, which has impacted the amortisation on a comparable basis. EBITDA increased by 15,5% to R310,1 million and cash generated from operations increased by 18,3% to R145,0 million.

Strong customer engagement through digital platforms has resulted in Retail sales via digital channels increasing from 11,0% to 11,6% of total sales. The KwikServe® platform continues to service over 80% of Financial Services customers via her phone, whilst the mobi platform now serves one-quarter of the customer base as she adopts smartphone technology. Digital self-service accounts for 69% of Financial Services repeat loan transactions.

Sales into neighbouring African markets have also shown strong growth of 27,9% for the period. Further expansion into Africa remains a strong growth opportunity over the medium term.

OUTLOOK

The trading environment is expected to remain largely unchanged for the remainder of the financial year, with continued financial pressure on consumers and increasing compliance headwinds in the changing regulatory landscape. In this environment tight credit policies will be maintained, with cash collections and cost control remaining key focus areas.

The group's strong management team and focused strategies for growth continue to position the business to take advantage of opportunities in both the South African and pan-African markets.

This short-form announcement is the responsibility of the directors and is a summary of the information in the detailed interim results announcement released on SENS on 30 August 2016 and does not contain full or complete details. The full announcement is available on the group's website at www.homechoiceinternational.com. The announcement is available for inspection, at no charge, at the company's registered office and offices of the company's sponsor during office hours. Any investment decision in relation to the company's shares should be based on the full announcement.