



HOMECHOICE INTERNATIONAL plc

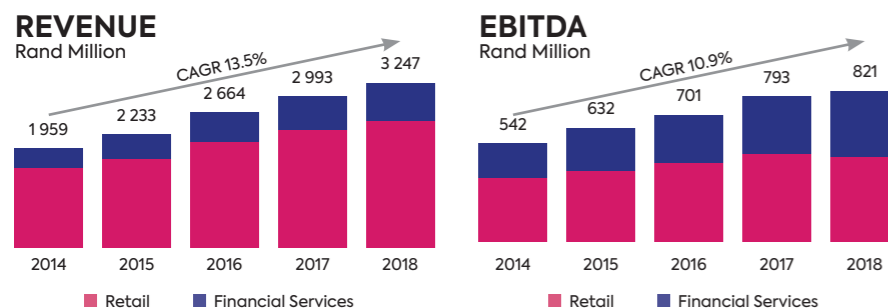
financial results for the year ended 31 December 2018

HomeChoice International plc is an investment holding company listed on the JSE Limited. The group is a leading participant in the retail homeware and financial services sectors to the expanding urban middle-income mass market in southern Africa. It has serviced this market for more than 30 years and has built up a loyal, primarily female, customer base of more than 870 000 active customers. The group operates through two trading operations, Retail and Financial Services.

		31 Dec 2018*	31 Dec 2017 (restated)**	% change
Group				
Revenue	(Rm)	3 247	2 993	8.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(Rm)	821	793	3.6
Operating profit	(Rm)	763	744	2.6
Operating profit margin	(%)	23.5	24.8	
Basic earnings per share	(cents)	506.8	496.4	2.1
Headline earnings per share (HEPS)	(cents)	507.7	504.1	0.8
Cash generated from operations	(Rm)	474	359	32.0
Final dividend declared/paid	(cents)	99	109	(9.2)
Total dividend	(cents)	194	191	1.6
Retail				
Revenue	(Rm)	2 501	2 328	7.4
Retail sales	(Rm)	1 860	1 749	6.3
Gross profit margin	(%)	49.6	51.2	
EBITDA	(Rm)	453	467	(2.9)
EBITDA margin	(%)	18.1	20.1	
Financial Services				
Loan disbursements	(Rm)	1 784	1 468	21.5
Revenue	(Rm)	746	665	12.2
EBITDA	(Rm)	357	314	13.7
EBITDA margin	(%)	47.8	47.2	

* IFRS 9, Financial Instruments, adopted effective 1 January 2018. IAS 39 applied for 2017 financial year.

** Restated based on the application of IFRS 15, Revenue from contracts with customers.



www.homechoiceinternational.com



Revenue
+8.5%
to R3.2 billion

Earnings per share
+2.1%
to 506.8 cents

Total dividend
+1.6%
to 194 cents

Loan disbursements
+21.5%
to R1.8 billion

Cash generated from operations
+32.0%
to R474 million

+43.9%
group credit extended on digital channels to R1.6 billion



STEADY GROWTH IN A DIFFICULT RETAIL ENVIRONMENT

Group revenue increased by 8.5% to R3.2 billion, benefiting from a solid contribution from the Financial Services business, with loan disbursements up 21.5%. This was diluted by disappointing Retail sales of 6.3%.

After a strong sales growth for the Retail business of 18.9% in H1, H2 sales were impacted by significant delays in SAPO delivery of catalogues and parcels resulting in lost sales and poor customer experience. This lasted for four of the six months. Digital sales contribution improved to 16% (2017: 15%).

Financial Services continues to grow as a leading FinTech platform in the mass market. Loans to existing customers increased to 84.5% (2017: 79.1%) of total disbursements, with strong acceptance of the three-month digital-only facility product, FinChoice MobiMoney™. Insurance has demonstrated strong growth with the current funeral product offering. Gross written premiums increased by 70% over 2017.

Cash was well managed with cash generated from operations increasing by 32.0% to R474 million, and a cash conversion rate of 57.7% (2017: 44.8%).

Pleasingly, the group continues to attract new customers with more than 20 000 acquired monthly. The group's customer base increased by 10.0% over the period.

Gross trade and loan receivables increased by 10.5% to R3.5 billion. Debtor costs remain within the group's acceptable risk tolerances, with conservative non-performing loan coverage in both books.

The group invested R126 million in strategic initiatives to broaden customer reach, improve customer experience and accelerate digital transformation. A second distribution centre, opened in Gauteng, has reduced delivery times for customers and the roll-out of four Retail showrooms and two ChoiceCollect containers will significantly enhance the purchasing experience for our customers.

CASH DIVIDEND DECLARATION

The board of directors declared a final dividend of 99.0 cents, bringing the total dividend for the year to 194.0 cents per share, up 1.6% on the previous year. The dividend is payable on 15 April 2019.

OUTLOOK

We will continue to invest in product innovation, digitalisation and enhancing the customer experience to deliver an engaging and consistent retail and financial services offering across all channels. We are well positioned to capitalise on growth.

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 18 March 2019 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 governance@homechoiceinternational.com.

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

RETAIL

- **Omni-channel** retail providing shopping convenience with home delivery
- Curated range of **quality own-brand** textiles and homeware merchandise
- Selected range of well-known **external brands** supplements our private label
- **Affordable and accessible** credit enables sales
- Empowering customers to **create a home they love**

Revenue **R2 501bn**
Operating profit **R399m**



FINANCIAL SERVICES

- A **FinTech business** offering a range of personal lending, insurance and value-added financial products **primarily on digital platforms**
- Customers **sourced from Retail customer base** with increasing external acquisition
- Putting customers in **control of their financial well-being**

Revenue **R746m**
Operating profit **R292m**



1% operating profit attributable to property segment

CUSTOMERS

+10%
increase in customer base to 874 000

REGISTERED FOR DIGITAL ACCESS



PRODUCTS

120+ external brands
70% growth in insurance

CUSTOMER EXPERIENCE

5 Showrooms
2 ChoiceCollect containers

DIGITAL TRANSFORMATION

Retail transactions on digital **24%**
Loan transactions on digital **81%**