



CA Sales Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 2011/143100/06)

Botswana registration number: EX2017/18292

Share code: CAS ISIN: ZAE400000036

("CA Sales" or "the Company")

CONDENSED REVIEWED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND CASH DIVIDEND DECLARED

COMMENTARY

Nature of business

CA Sales operates within the Fast-Moving Consumer Goods industry and delivers route-to-market services to blue chip manufacturers. The service offering includes selling, merchandising, warehousing, distribution, shopper promotions, training and debtor's administration. The group has diverse geographical presence across Southern Africa including in Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia & Zimbabwe.

Financial Highlights

CA Sales is pleased to announce a strong set of results for the financial year ending 31 December 2017. Revenue increased by 17% to over R 4.7 billion through a combination of acquisitions, addition of principals, growth in product offerings and new business development. A continued focus on margin retention and cost containment assisted in attaining a robust increase of 15% in gross profit to R 724 million and over 28% in headline earnings to R 137 million. Total assets increased by 18% to R 2.1 billion.

The group is particularly delighted in achieving this performance against the backdrop of a challenging economic environment and difficult trading conditions. Despite these conditions, all major operations exceeded expectations. The distributor footprint was also further expanded into Zambia, opening a new territory for the group. In addition, an acquisition in the marketing and promotions industry expanded the group's current service offering.

The successful listing on the Botswana Stock Exchange and the 4AX Stock Exchange was a fitting end to an excellent year for the group.

Future Strategy

As part of the group strategy, CA Sales will continue its expansion through a mixture of growing its principal & customer networks and making value-adding acquisitions to widen its footprint further across the African continent. Although it is expected that the challenging economic environment and demanding trading conditions will prevail for the time being, the group believes that it is well positioned with its strong balance sheet and a diverse geographical presence across Southern Africa to take advantage of any opportunities that might arise.

The pleasing maiden results as a listed entity provide a solid foundation and ensure a confident future outlook.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Reviewed) 12 months ended 31 December 2017	(Audited) 12 months ended 31 December 2016
R'000		
Revenue	4 715 905	4 030 606
Cost of sales	3 992 271	3 401 698
Gross profit	723 634	628 908
Other operating expenses	(520 051)	(445 768)
Other operating income	27 680	12 105
Operating profit	231 263	195 245
Share of profit of investments accounted for using the equity method	464	(5 274)
Profit before financing	231 727	189 971
Finance income	13 265	4 889
Finance costs	(16 174)	(16 210)
Profit before income tax	228 818	178 650
Income tax	(56 970)	(42 227)
Profit for the year	171 848	136 423
Other comprehensive income:		
Currency translation differences net of taxation	(3 998)	(12 300)
Share of other comprehensive income of associated companies net of taxation	(1)	295
Total comprehensive income for the year	167 849	124 418
Profit attributable to:		
- Owners of the parent	144 738	109 882
- Non-controlling interest	27 110	26 541
Total profit for the year	171 848	136 423
Total comprehensive income attributable to:		
- Owners of the parent	140 761	98 093
- Non-controlling interest	27 088	26 325
Total comprehensive income for the year	167 849	124 418
Earnings per share (cent)	35.14	27.10
Diluted earnings per share (cent)	34.46	26.84

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Reviewed) 31 December 2017	(Audited) 31 December 2016
R'000		
Assets		
Non current assets	696 142	682 331
Property, plant and equipment	100 807	97 129
Intangible assets	566 592	533 939
Investments accounted for using the equity method	16 273	29 261
Deferred income tax assets	12 470	6 002
Loans and advances	-	16 000
Current assets	1 397 804	1 089 679
Inventories	313 551	277 777
Trade and other receivables	878 388	627 840
Income tax receivable	1 725	1 184
Cash and cash equivalents (excluding overdrafts)	204 140	182 878
Total assets	2 093 946	1 772 010
Equity and liabilities		
Equity	1 183 869	1 025 820
Stated capital	841 526	708 944
Other reserves	14 398	14 042
Retained earnings	286 146	236 122
Non-controlling interest	41 799	66 712
Non current liabilities	27 532	29 145
Long term borrowings	23 307	24 484
Deferred income tax liabilities	4 225	4 661
Current liabilities	882 545	717 045
Trade and other payables	595 743	593 372
Income tax payable	5 557	6 832
Borrowings	281 245	116 841
Total equity and liabilities	2 093 946	1 772 010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Shareholders equity contributions	Other reserves	Retained earnings	Total attributable to the owners	Non- controlling interest	Total
Balance as at 31 December 2015 (Audited)	371 231	337 713	21 901	121 322	852 167	54 522	906 689
Total comprehensive income for the year	-	-	(11 787)	109 882	98 095	26 323	124 418
Profit				109 882	109 882	26 541	136 423
Other comprehensive income			(11 787)		(11 787)	(218)	(12 005)
Currency translation differences net of taxation			(12 082)		(12 082)	(218)	(12 300)
Share of other comprehensive income of associated companies net of taxation			295		295		295
Transactions with owners:							
Subscription shares	337 713	(337 713)			-		-
Share-based payment costs			3 928		3 928		3 928
Acquisition of subsidiary					-	5 410	5 410
Change in ownership				4 918	4 918	(11 268)	(6 350)
Dividends paid					-	(8 275)	(8 275)
Balance as at 31 December 2016 (Audited)	708 944	-	14 042	236 122	959 108	66 712	1 025 820
Total comprehensive income for the year	-	-	(3 977)	144 738	140 761	27 088	167 849
Profit				144 738	144 738	27 110	171 848
Other comprehensive income			(3 977)		(3 977)	(22)	(3 999)
Currency translation differences net of taxation			(3 976)		(3 976)	(22)	(3 998)
Share of other comprehensive income of associated companies net of taxation			(1)		(1)		(1)
Transactions with owners:							
Shares issued net of capitalised listing fees	132 582				132 582		132 582
Share-based payment costs			4 333		4 333		4 333
Acquisition of subsidiary					-	3 641	3 641
Change in ownership				(73 427)	(73 427)	(44 150)	(117 577)
Dividends paid				(21 287)	(21 287)	(11 492)	(32 779)
Balance as at 31 December 2017 (Reviewed)	841 526	-	14 398	286 146	1 142 070	41 799	1 183 869

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Reviewed) 12 months ended 31 December 2017	(Audited) 12 months ended 31 December 2016
R'000		
Cash flows from operating activities		
Cash receipts from customers	4 487 623	3 982 396
Cash paid to suppliers and employees	(4 445 923)	(3 724 109)
Cash generated from operating activities	41 700	258 287
Interest paid	(16 174)	(16 210)
Income taxes paid	(59 250)	(48 875)
Net cash (utilised by) / generated from operating activities	(33 725)	193 202
Cash flow from investing activities		
Acquisition of subsidiaries	(77 031)	(13 998)
Additions to property, plant and equipment	(24 367)	(43 814)
Additions to intangible assets	(3 786)	(1 362)
Proceeds from disposal of property, plant and equipment	3 486	6 684
Acquisition of associated companies	(13 369)	(300)
Loans and advances repaid	16 000	-
Loan repaid by associated company	-	6 000
Proceeds from disposal of associated company	-	10 000
Dividends received	628	1 294
Interest received	13 265	4 905
Net cash outflow from investing activities	(85 173)	(30 591)
Cash flows from financing activities		
Shares issued	61 081	-
Payments to owners to acquire shares	(46 013)	-
Dividends paid	(20 415)	(9 598)
Dividends paid to non-controlling interests	(11 492)	(8 275)
Repayments of borrowings	(37 431)	(115 404)
Proceeds from borrowings	138 046	14 687
Net cash inflow / (outflow) from financing activities	83 775	(118 590)
Net (decrease) / increase in cash and cash equivalents	(35 123)	44 021
Effects of exchange rate changes on cash and cash equivalents	(690)	(1 776)
Cash and cash equivalents including overdrafts at beginning of the year	132 395	90 150
Cash and cash equivalents including overdrafts at end of the year	96 582	132 395

CONDENSED SEGMENTAL RESULTS

	(Reviewed) 12 months ended 31 December 2017	(Reviewed) 12 months ended 31 December 2016
R'000		
Segmental revenue		
Botswana	2 956 226	2 750 408
South Africa	642 459	544 912
Namibia	478 875	202 430
Swaziland	636 288	532 856
Other countries	2 057	-
	4 715 905	4 030 606
Segmental EBITDA		
Botswana	111 449	101 298
South Africa	78 629	69 944
Namibia	23 869	16 379
Swaziland	60 874	56 327
Other countries	148	1 133
Group transactions	(7 329)	(10 866)
	267 640	234 215
Segmental profit after tax		
Botswana	68 702	57 040
South Africa	44 888	40 870
Namibia	22 400	14 200
Swaziland	38 353	32 805
Other countries	(18)	1 133
Group transactions	(2 477)	(9 625)
	171 848	136 423
Segmental assets		
Botswana	1 162 868	1 120 502
South Africa	417 892	286 588
Namibia	255 435	141 465
Swaziland	231 100	191 139
Other countries	3 669	4 104
Group transactions	22 982	28 212
	2 093 946	1 772 010
Segmental liabilities		
Botswana	673 364	638 619
South Africa	64 110	63 315
Namibia	153 426	48 348
Swaziland	118 451	72 914
Other countries	3 097	-
Group transactions	(102 371)	(77 006)
	910 077	746 190
Reconciliation from EBITDA to profit after tax:		
EBITDA	267 640	234 215
Depreciation & amortisation	(35 913)	(44 244)
Net finance cost	(2 909)	(11 321)
Taxation	(56 970)	(42 227)
Profit after tax	171 848	136 423

The significant increases in revenue, assets and liabilities for Namibia is as a result of the step up of A.Wutow Trading (Pty) Ltd from July 2017 after increasing the shareholding from 50% to 100%.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The condensed consolidated financial information for the year ended 31 December 2017, have been prepared in accordance with accounting standard IAS34 *Interim Financial Reporting*. The condensed consolidated financial statements are extracts from the consolidated annual financial statements. The accounting policies applied in the preparation of the consolidated annual financial statements from which the condensed consolidated financial statements were derived are consistent with those accounting policies applied in the preparation of the previous year's consolidated annual financial statements. The financial information is presented in South African Rand (rounded to the nearest thousand), which is considered the reporting currency. The condensed consolidated annual financial statements have been prepared under the supervision of the acting Chief Financial Officer, Mr FJ Reichert CA(SA), and approved by the board on 13 March 2018. These condensed consolidated financial statements for the year ended 31 December 2017 have been reviewed by PricewaterhouseCoopers Inc.

2. Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and other payables resulting from normal business operations. The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

3. Goodwill

Goodwill arose from business combinations and is allocated, at acquisition, to the group's cash generating units. Goodwill is estimated as the difference between the total business value and the carrying value of all identified business assets.

R'000	2017	2016
Opening value	522 292	511 196
Arising on acquisition of subsidiaries	32 891	11 269
Foreign exchange differences	(68)	(173)
Closing value	555 115	522 292

4. Reconciliation of profit after tax attributable to owners of the parent and the headline earnings

	(Reviewed) 12 months ended 31 December 2017	(Audited) 12 months ended 31 December 2016
R'000		
Profit after taxation attributable to the owners of the parent	144 738	109 882
Profit on disposal of assets	(1 479)	(2 418)
Impairment of associated companies	2 537	6 000
Loss on sale of associated companies	-	3 757
Fair value loss / (gain) from step-up from associated company to subsidiary	4 886	(619)
Gain on bargain purchase	(14 221)	-
Unutilised discontinued operations provision	-	(11 438)
Tax effect on above	141	727
Non-controlling interest on above	281	548
Headline earnings attributable to owners of the parent	136 883	106 439
Headline earnings per share (cent)	33.23	26.26
Diluted headline earnings per share (cent)	32.59	26.00
Dividends paid per share (cent)	5.25	3.57
Issued number of shares	444 634 430	405 400 800
Weighted average number of shares	411 939 738	405 400 800
Weighted average number of diluted shares	420 047 838	409 454 850

Shareholders are reminded of the 1 400 : 1 share split that took place in October 2017 ("Share Split"). Adjusted weighted average shares of 405 400 800 (289 572 x 1 400) have therefor been used in the calculation of the previous period results.

5. Acquisition of businesses

On 1 September 2017, Pack 'n Stack Investment Holdings (Pty) Ltd, a subsidiary of CA Sales, acquired 51% of the share capital of Surapax (Pty) Ltd for R 15.5 million and obtained control of Surapax (Pty) Ltd, a sales and merchandising agency business in South Africa. As a result of the acquisition, the group is expected to increase its presence in the hardware sector. Goodwill of R 12.5 million arose from the acquisition.

On 1 April 2017, CA Sales Investments (Pty) Ltd, a subsidiary of CA Sales, acquired 90% of the share capital of Expo Africa group for R 23.7 million and obtained control of Expo Africa group, a marketing and promotions services group with businesses in Southern Africa. As a result of the acquisition, the group is expected to obtain a presence in new markets. Goodwill of R 20.1 million arose from the acquisition.

On 1 August 2014, CA Sales Holdings Ltd acquired 50% of the share capital of A.Wutow Trading Company (Pty) Ltd for R 23.5 million. On 1 July 2017 the group acquired a further 50% of the share capital and obtained control of A.Wutow Trading Company (Pty) Ltd, a Fast-Moving Consumer Goods agency in Namibia. As a result of the acquisition, the group is expected to increase its presence in the market. The group recognised a loss of R 4.9 million as a result of measuring at fair value its 50% equity interest in A. Wutow Trading Company (Pty) Ltd held before the business combination. The loss is included in other operating expenses in the group's statement of comprehensive income for the year ended 31 December 2017. No consideration was paid to obtain the additional 50% of the business as the business was loss making and the valuation as per

the put and call option agreement was based on profits after tax. This resulted in a gain on bargain purchase of R 14.2 million, which was 50% of the carrying value of the net assets of the business. The gain on bargain purchase is included in other operating income in the group's statement of comprehensive income for the year ended 31 December 2017.

On 1 July 2017 Pamstad (Pty) Ltd, a subsidiary of CA Sales, acquired 50% of the share capital of Peo Capital (Pty) Ltd for R 0.6 million. Due to the immaterial amounts, the table below does not include this acquisition's detail.

The following table summarises the considerations paid for the businesses and the carrying value of assets acquired and liabilities assumed at the acquisition date.

The carrying amounts of trade and other receivables are equal to the gross contractual amounts receivable and fairly represent the fair values. All amounts are expected to be collected.

R'000	Surapax	Expo Africa	A. Wutow	Total
Cash consideration	15 455	20 000	-	35 455
Contingent consideration (included in other payables)	-	3 743	-	3 743
Fair value of equity interest held before the business combination	-	-	14 222	14 222
Total consideration	15 455	23 743	14 222	53 420
Recognised amounts of identifiable assets acquired and liabilities assumed:				
Cash and cash equivalents	762	395	(42 985)	(41 828)
Property, plant and equipment	1 299	2 810	3 104	7 213
Intangible assets	4 044	2 942	-	6 986
Inventories	-	-	33 003	33 003
Trade and other receivables	693	400	82 015	83 108
Trade and other payables	(258)	(314)	(35 758)	(36 330)
Borrowings	(682)	(650)	(18 682)	(20 014)
Current income tax assets and liabilities	1 010	(760)	2 727	2 977
Deferred tax assets and liabilities	(1 132)	(824)	5 019	3 063
Total identifiable net assets	5 736	3 999	28 443	38 178
Non-controlling interest	(2 811)	(400)	-	(3 211)
Goodwill	12 530	20 144	-	32 674
Gain on bargain purchase (included in other operating income)	-	-	(14 221)	(14 221)
Total	15 455	23 743	14 222	53 420
Acquisition of subsidiary - cash flow on acquisition				
Purchase consideration - cash portion	15 455	20 000	-	35 455
Cash and cash equivalents acquired	(762)	(395)	42 985	41 828
Net cash outflow on acquisition	14 693	19 605	42 985	77 283
Revenue and profit contribution to the group for the period				
Revenue	4 500	15 700	282 900	303 100
Profit	1 400	2 300	1 400	5 100
The contribution, had a full twelve month results been included in the group annual financial statements:				
Revenue	11 300	22 300	469 800	503 400
Profit	3 300	4 700	900	8 900

On 9 November 2017, the group acquired an additional 16.9% of the issued shares of Pack 'n Stack Investment Holdings (Pty) Ltd for a cash amount of R 25.3 million and equity instruments to the value of R 25.3 million, totalling R 50.7 million. Immediately prior to the purchase, the carrying amount of the existing 32.9% non-controlling interest in Pack 'n Stack Investment Holdings (Pty) Ltd was R 33.9 million. The group recognised a decrease in non-controlling interests of R 17.6 million and a decrease in retained earnings attributable to owners of the parent of R 33.1 million.

On 9 November 2017, the group acquired an additional 18.9% of the issued shares of Logico Unlimited (Pty) Ltd for equity instruments to the value of R 46.1 million. Immediately prior to the purchase, the carrying amount of the existing 38.9% non-controlling interest in Logico Unlimited (Pty) Ltd was R 27.3 million. The group recognised a decrease in non-controlling interests of R 13.3 million and a decrease in retained earnings attributable to owners of the parent of R 32.9 million.

The above effect on the equity attributable to the owners of CA Sales Holdings Ltd during the year is summarised as follows:

R'000	Logico 2017	Pack n Stack 2017	Total 2017	Total 2016
Carrying amount of non-controlling interests acquired	13 267	17 633	30 900	4 291
Consideration in the form of equity instruments	(46 147)	(25 355)	(71 501)	(8 042)
Cash consideration paid to non-controlling interests	-	(25 355)	(25 355)	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(32 880)	(33 076)	(65 956)	(3 751)

Non-controlling interest is measured at the proportional share of identifiable net assets.

On 1 April 2017, Logico Unlimited (Pty) Ltd bought back 10 shares to the value of R 20.7 million, from a minority shareholder. The group recognised a decrease in non-controlling interests of R 13.3 million and a decrease in retained earnings attributable to the owners of the parent of R 7.4 million.

49% of Warbrands (Pty) Ltd was acquired on 1 November 2017 for R 13.4 million. The latest management accounts of the company were used to equity account the investment for the 2 months from 1 November 2017 to 31 December 2017. Control and power to make executive decisions resides with the other shareholders as per the shareholders agreement.

On 31 August 2017 the group impaired its investment of 49% in Bullred Farming (Pty) Ltd with R 2.4 million.

6. Stated capital

On 8 August 2017, the shareholders resolved to split the number of shares in issue on a ratio of 1 400 shares for every share held. In addition, the shareholders also resolved to increase the authorised share capital of the company from 1 000 000 shares to 2 000 000 000 shares.

On 7 November 2017, the company was listed on the 4AX Stock Exchange and on 9 November 2017 on the Botswana Stock Exchange. Additional shares were issued to new shareholders together with shares issued in exchange for increased shareholding in subsidiaries as explained under note 5 above.

The impact of the changes is as follows:

Issued shares	Number	R'000
Balance at beginning of the year	289 572	708 944
Share split	405 111 228	-
Shares issued	39 233 630	138 004
Transaction costs arising on shares listing	-	(5 422)
Balance at end of the year	444 634 430	841 526

7. Events after balance sheet date

CA Sales is finalising the purchase of warehouses in Botswana. These will grow its asset base in Botswana and show its commitment to invest in the country. There were no other significant events that occurred after the reporting date that require adjustment to or disclosure in the consolidated annual financial statements for the year ended 31 December 2017.

8. Declaration of dividend

Notice is hereby given that the final dividend of 5.99 (2016: 5.25) cents (or BWP equivalent) per share in respect of the year ended 31 December 2017 was declared on Friday 23 March 2018, for payment to the ordinary shareholders of the company at the close of business on Friday 20 April 2018. In line with the company's dividend policy, the dividend was maintained at approximately 20% of the headline earnings.

The last date to trade shall be Friday 13 April 2018 and shall commence trading ex-dividend on, 16 April 2018. The record date to appear in the register to participate in the dividend will be 13 April 2018 and the dividend will be paid on Friday 20 April 2018. The South African register will be closed for the purposes of dematerialisation, re-materialisation from 11 April 2018 to 16 April 2018, both dates inclusive, and for transfers between the South African register and the South African and Botswana registers between 11 April 2018 and 16 April 2018, both dates inclusive. The exchange rate applicable for the conversion of ZAR to BWP and tax implications of payment to shareholders on the Botswana Stock Exchange register will be confirmed in a separate announcement to be released on BSE X-news on 3 April 2018, being the finalisation date.

The number of issued shares at the declaration date is 444 634 430. The dividend has been declared from income reserves. The tax registration number of the company is 9390266170.

As per the double tax agreement between Botswana and South Africa, withholding tax of 15% is deducted from dividends distributed to shareholders registered on the Botswana Stock Exchange. This dividend is treated as a foreign dividend. In respect of shareholders registered on the 4AX Stock Exchange, the dividends payable is subject to withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 4.792 cents per share.

For and on behalf of the board

Chairman: JA Holtzhausen

Chief Executive Officer: FW Britz

Johannesburg

23 March 2018

CORPORATE INFORMATION

Directors: *Executive:* FW Britz. *Non-executive:* JA Holtzhausen, PN de Waal, TP Rogers, B Patel. *Independent non-executive:* B Marole, E Masilela, RD Sikalesele-Vaka. *Alternate non-executive:* J Craven.

Registered office: 1st Floor Ou Kollege Building, 35 Kerk Street, Stellenbosh, 7600

Transfer secretaries: Grant Thornton Botswana, Acumen Park, Plot 50370 Fairgrounds, Gaborone

Auditors: PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City, Jukskei, 2090

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