CA SALES HOLDINGS

(Incorporated in the Republic of South Africa)
South Africa registration number 2011/143100/06, Botswana registration number EX2017/18292
Share code: CAS, ISIN: ZAE400000036

REVIEWED CONDENSED ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER **2017**
AND CASH DIVIDEND DECLARED

HEADLINE EARNINGS PER SHARE	TOTAL DIVIDEND PER SHARE	NET ASSETS VALUE PER SHARE	REVENUE	EBITDA
(cents)	**(cents)**	**(cents)**	**(Rm)**	**(Rm)**
33.2	**5.99**	**256.9**	**4 715.9**	**267.6**
▲ 26.6%	▲ 14.0%	▲ 8.6%	▲ 17.0%	▲ 14.3%

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 and 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 R4.7 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 R724 million and over 28% in headline earnings to R137 million. Total assets increased by 18% to R2.1 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 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

	12 months ended 31 December 2017 R'000	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/(loss) of investments accounted for using the equity method	464	(5 274)
Profit before financing	**231 727**	189 971
Finance cost	(16 174)	(16 210)
Finance income	13 265	4 889
Profit before taxation	**228 818**	178 650
Taxation	(56 970)	(42 227)
Profit after taxation	**171 848**	136 423
Attributable to:		
Owners of the parent	144 738	109 882
Non-controlling interest	27 110	26 541
Other comprehensive income:		
Items that will be reclassified to profit or loss net of taxation	(3 999)	(12 005)
Foreign currency translation differences	(3 998)	(12 300)
Share of other comprehensive income of associated companies	(1)	295
Total comprehensive income	**167 849**	124 418
Attributable to:		
Owners of the parent	140 761	98 093
Non-controlling interest	27 088	26 325
Earnings per share (cent)	35.14	27.10
Diluted earnings per share (cent)	34.46	26.84

RECONCILIATION BETWEEN **PROFIT AFTER TAXATION, ATTRIBUTABLE TO THE OWNERS OF THE PARENT AND HEADLINE EARNINGS:**

	12 months ended 31 December 2017 R'000	12 months ended 31 December 2016 R'000
Profit for the period	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 (gain)/loss 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2017 R'000	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

	31 December 2017 R'000	31 December 2016 R'000
Opening balance	1 025 820	906 689
Total comprehensive income for the year	**167 849**	**124 418**
Profit	171 848	136 423
Other comprehensive income net of taxation	(3 999)	(12 005)
Currency translation differences	(3 998)	(12 300)
Share of other comprehensive income of associated companies	(1)	295
Transactions with owners:		
Shares issued	132 582	-
Share-based payment costs	4 333	3 928
Acquisition of subsidiary	3 641	5 410
Change in ownership	(117 577)	(6 350)
Dividends paid	(32 779)	(8 275)
Closing balance	**1 183 869**	**1 025 820**

CONDENSED **SEGMENTAL RESULTS**

	31 December 2017 R'000	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)
	R171 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 consolidation of A.Wutow Trading (Pty) Ltd from July 2017 after increasing the shareholding from 50% to 100%.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December 2017 R'000	12 months ended 31 December 2016 R'000
Cash generated from operations	247 901	235 930
Working capital changes	(222 376)	6 147
Taxation paid	(59 250)	(48 875)
Net cash flow generated from operating activities	(33 725)	193 202
Net cash flow used in investment activities	(85 173)	(30 591)
Net cash flow used in financing activities	83 775	(118 590)
Net movement 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 at the beginning of the period	132 395	90 150
Cash and cash equivalents at the end of the period	96 582	132 395
Bank overdrafts	107 558	50 483
Cash and cash equivalents reported per the statement of financial position	204 140	182 878

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The condensed consolidated financial results are extracts from the reviewed condensed consolidated financial statements. This extract has not been reviewed by the auditors. 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 financial statements for the year ended 31 December 2017 have been reviewed by PricewaterhouseCoopers Inc and have been prepared in accordance with accounting standard IAS 34 *Interim Financial Reporting*. Any investment decisions by investors and/or share holders should be based on consideration of the complete set of the condensed consolidated financial statements which is available for inspection at the offices of CA Sales Holdings Ltd and on its website: www.casholdings.co.za.

2. Change in ownership transactions

The major transactions for the year are detailed below:

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 R25.3 million and equity instruments to the value of R25.3 million, totalling R50.7 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 R46.1 million.

3. 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.

4. 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, Stellenbosch, 7600

Transfer secretaries: Grant Thornton Botswana, Acumen Park, Plot 50370 Fairgrounds, Gaborone
Auditors: PricewaterhouseCoopers Inc. 4 Lisbon Lane, Waterfall City, Jukskei, 2090