



Cashbuild – 1H FY24 Results

Date: 11 March 2024

Key message: *We did some on the ground market research – until meaningful demand recovery occurs, margins are likely to stay low.*

- Cashbuild released 1H FY24 results. Diluted HEPS declined 22% to 550c and a final dividend of 325c was declared. P&L goodwill and trademark was impaired by 137m. Customer transactions were flat (existing stores down 1% and new stores +2%) and product inflation was 3.2%. Revenue increased by 2% for the six months with Cashbuild SA stores up 4% and P&L Hardware down 7%. Revenue for existing stores increased by 1%, while the 9 new stores contributed 1% growth.
- The gross margin declined to 24.7% (from 25.3%) with management having to use margin to remain competitive. Operating expenses increased 7% (existing stores 5% and new stores 2%) and the negative operational gearing reduced the operating margin (excluding impairments) to 3.3% (from 4.8%). Operating profit declined by 81% (down 30% adjusting for impairments).
- To better understand the dynamic in the hardware market, we did some on the ground research in Polokwane. Cashbuild is under pressure from well-established stores stocking equivalent products and stores stocking cheaper non-compliant products. Until government (SABS) intervenes or economic growth substantially improves, margins are likely to remain low to combat market share pressure.
- Cashbuild does not have a high cost base and cost reduction is difficult without reducing employee costs (headcount was reduced by 10%). With expense growth outpacing revenue, margins have declined, and a meaningful recovery will probably only occur when demand recovers.
- While the operating environment remains tough, continued work on P&L (one P&L has been converted to a Cashbuild store with a positive outcome) should bear fruit. FY24 will have a 53rd week which will provide an approximate 2% revenue boost.
- While the core business model remains (low-cost store stocking the basics, low number of SKU's from preferred suppliers, ability to extract cost benefits or rebates), the weak external environment and uneven playing fields (non-compliant products) is having a negative ST impact. Declining cement GP's to increase footfall will be a drag on margins.
- On this back of our market study we reduce our FY24 and FY25 HEPS forecasts by 33% and 26% respectively – largely on lower operating margins. Our Target price is reduced to R154 (from R204).

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Rating:	Neutral
Price (11/03/2024):	R134
Target Price:	R154
Dividend yield:	4.0%
Total return:	30%

Market cap	R3.27bn
Shares in issue	22.551mn

Financial summary

ZARmn (year to June)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	11145	10653	11141	11957	12763
EBITDA	1254	624	603	832	873
Net income	474	106	83	255	286
Headline EPS (diluted)	1924	1218	919	1181	1322
PE Ratio	12.3	35.7	14.9	11.6	10.4
Dividend	1264	732	552	710	795
Dividend yield (%)			4.0%	5.2%	5.8%

Source: Factset, Company data, Chronux Research estimates

Figure 1 Financial summary

Financial year to June	FY22	FY23	FY24E	FY25E	FY26E
ZAR/USD exchange rate	15.26	17.69	18.70	18.50	18.91
Per share data					
Earnings (diluted)	2,089	456	383	1,181	1,322
Headline earnings (diluted)	1,924	1,218	919	1,181	1,322
<i>HEPS growth</i>		-36.7%	-24.6%	28.6%	11.9%
NAV	103.77	90.97	100.74	123.89	147.84
Dividend	1,264	732	552	710	795
Valuation ratios					
P/E ratio	12.3	35.7	14.9	11.6	10.4
EV/EBITDA	4.9	4.8	6.2	4.5	4.3
P/B	2.48	1.79	1.36	1.11	0.93
Dividend yield			4.0%	5.2%	5.8%
Income Statement (ZARmn)					
Sales	11,145	10,653	11,141	11,957	12,763
<i>Sales growth</i>		-4.4%	4.6%	7.3%	6.7%
Cost of Goods Sold (COGS)	(8,217)	(7,948)	(8,395)	(9,009)	(9,607)
Gross Income	2,928	2,705	2,745	2,948	3,156
<i>Gross margin</i>	26.3%	25.4%	24.6%	24.7%	24.7%
SG&A Expense	(2,267)	(2,497)	(2,589)	(2,568)	(2,740)
Other Operating Income/Expense	214	25	15	16	16
EBITDA	1,254	624	603	832	873
<i>EBITDA margin</i>	11.3%	5.9%	5.4%	7.0%	6.8%
Depreciation & Amortisation	378	391	432	436	441
EBIT (Operating Income)	876	233	171	396	432
<i>EBIT margin</i>	7.9%	2.2%	1.5%	3.3%	3.4%
Nonoperating Income - Net	0	0	0	0	0
Net Interest Expense	(89)	(55)	(30)	(7)	2
Equity in Earnings of Affiliates	0	0	0	0	0
PBT	787	178	141	388	434
Income Taxes	(308)	(63)	(62)	(128)	(143)
<i>Tax rate</i>	39.1%	35.5%	44.0%	33.0%	33.0%
Consolidated Net Income	479	115	79	260	291
Minority Interest	(5)	(9)	4	(5)	(5)
Net Income	474	106	83	255	286
Cash flow statement (ZARmn)					
Changes in working capital	(389)	(39)	(46)	31	32
Cash from operating activities	387	470	620	882	919
Capital expenditure	(260)	(145)	(122)	(126)	(130)
Other	144	101	120	126	133
Investing cash flow	(116)	(44)	(2)	1	3
Changes in borrowings	(180)	(230)	(242)	(242)	(242)
Dividend paid	(667)	(255)	(145)	(140)	(162)
Other	(37)	(297)	0	0	0
Financing cash flow	(883)	(781)	(387)	(383)	(404)
Change in cash	(612)	(355)	231	500	517
Balance sheet (ZARmn)					
Total assets	6,637	6,273	6,827	7,465	8,125
Cash and equivalents	1,939	1,582	1,813	2,313	2,831
Other current assets	1,680	1,833	2,241	2,332	2,426
Non-current assets	3,018	2,858	2,773	2,819	2,868
Total liabilities	4,272	4,317	4,651	4,789	4,931
Long-term liabilities	1,444	1,405	1,270	1,271	1,272
Current liabilities	2,827	2,912	3,381	3,518	3,660
Total shareholders' funds	2,365	1,956	2,176	2,676	3,193
Net debt/(cash) - excl ROU	(1,939)	(1,582)	(1,813)	(2,313)	(2,831)

Source: Factset, Company data, Chronux Research estimates

Valuation

Figure 2 Sum-of-the-Parts Valuation – FY23 EBITDA

ZAR'000	Multiple range	Comment	FY24 EBITDA	EV/EBITDA Multiple	Enterprise Value
Cashbuild SA	4-6x	Low end multiple	638,619	4.5x	2,873,785
P&L	3-5x	Low end multiple	10,894	3.0x	32,683
CMA	4-6x	Low end multiple	50,237	4.0x	200,950
Other Africa	4-6x	Low end multiple	47,031	4.0x	188,123
			746,781	4.4x	3,295,540
Other assets		From balance sheet			39,953
Minorities		From balance sheet			-16,503
Net (debt)/cash		From balance sheet			8,150
Equity value					3,327,140
Number of shares ('m)					21,600
Valuation (ZAR per share)					154

Source: Company data, Chronux Research estimates

- We have adjusted our HEPS forecast as per the table below. The significant decline is largely due to lower operating margins as top line growth remains muted and cost inflation, despite management best efforts, is at least matching the top line.

Figure 3 Forecast HEPS Adjustments

	<u>FY24E</u>	<u>FY25E</u>
Previous forecast	1379	1587
Current forecast	919	1181
% change	-33.4%	-25.6%

Source: Company data, Chronux Research estimates

- With the big-volume cement sales being discounted to increase footfall in stores (falling cement GP margins are having the biggest impact on margins), short-term pressure will remain as Cashbuild no longer has any advantage in purchasing cement (Cashbuild has successfully used new entrants into the cement market to secure well-priced cement in recent years).
- Cashbuild has the balance sheet to able to weather a period of low margins – pressure in the hardware store market will likely lead to some consolidation but patience will be required. The management team is sticking to the core business model and any meaningful demand recovery should result in operating margins moving back towards the targeted 5%.
- Our valuation on a PE basis is shown in the following table. We believe that Cashbuild should trade at a 13-15x PE multiple.

Figure 4 PE Valuation

	<u>FY23A</u>	<u>FY24E</u>	<u>FY25E</u>
HEPS	1218	919	1181
CSB PE	10.8	14.4	11.2
TP Fwd PE	12.6	16.8	13.0

Source: Company data, Chronux Research estimates

Operational Overview

- Revenue growth in 1H FY24 (2%) was impacted by the tough trading environment and declining demand.
- Revenue growth for existing stores was 1% with new stores contributing 1%.
- The quarterly revenue breakdown is shown in the following table.

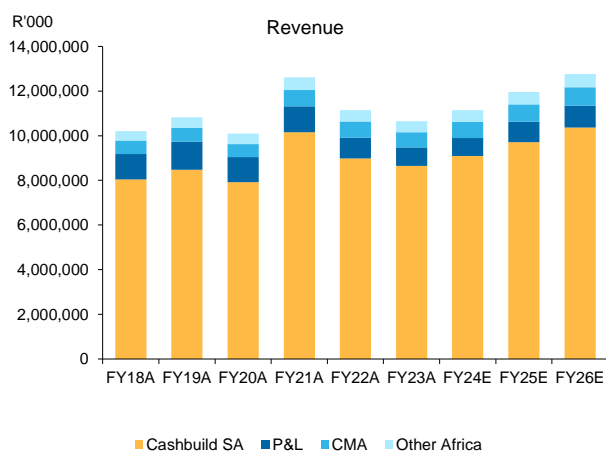
Figure 5 Revenue Growth

Rm			Total	Total	Group		Cashbuild SA Stores			P&L Hardware Stores		
	FY24	FY23			New	Existing	Total	New	Existing	Total	New	Existing
Quarter 1	2,782,000	2,782,000	0%	0%	2%	-2%	1%	2%	-1%	-9%	0%	-9%
Quarter 2	3,010,350	2,867,000	5%	5%	2%	3%	6%	2%	4%	-5%	1%	-6%
H1	5,792,350	5,649,000	2%	2%	1%	1%	4%	2%	2%	-7%	1%	-8%
Quarter 3		2,432,430	-100%									
Quarter 4		2,571,570	-100%									
53rd week												
H2	-	5,004,000	-100%									
Total	5,792,350	10,653,000	-46%									

Source: Company data, Chronux Research estimates

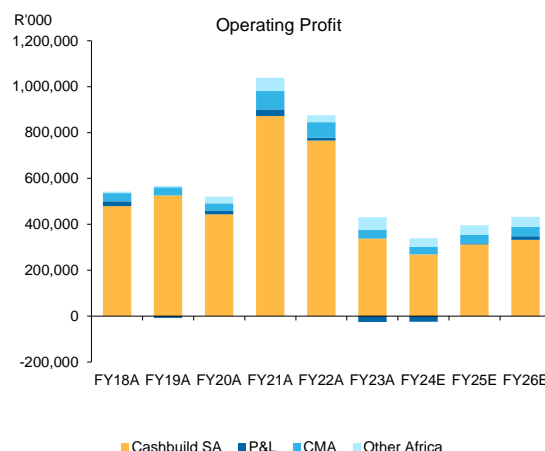
- The gross margin declined to 24.7% (from 25.3%) with management having to use margin to remain competitive. Operating expenses increased 7% (existing stores 5% and new stores 2%) and the negative operational gearing reduced the operating margin (excluding impairments) to 3.3% (from 4.8%). Operating profit declined by 81% (-30% adjusting for impairments).
- IT costs are going to increase into 2H.

Figure 6 Revenue



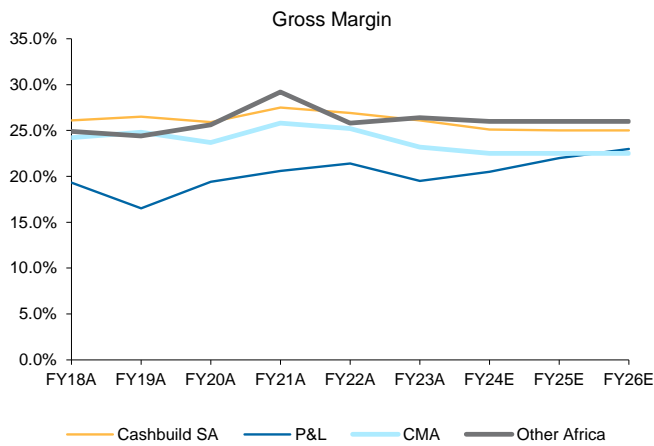
Source: Company data, Chronux Research estimates

Figure 7 Operating Profit



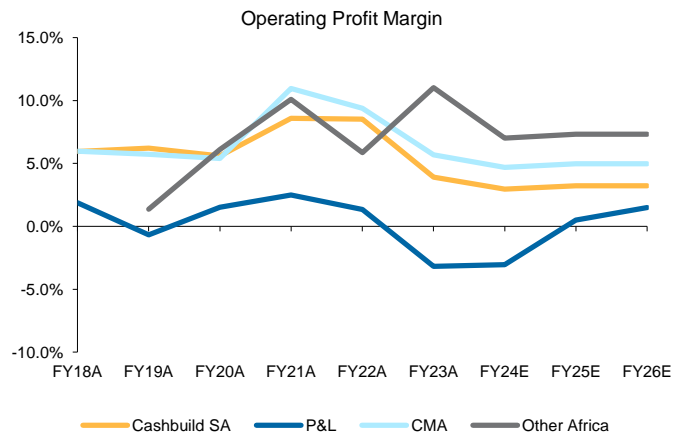
Source: Company data, Chronux Research estimates

Figure 8 Gross Margin



Source: Company data, Chronux Research estimates

Figure 9 Operating Profit Margin

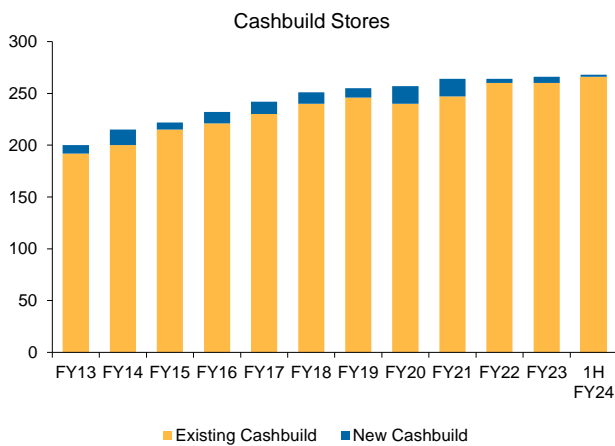


Source: Company data, Chronux Research estimates

Stores

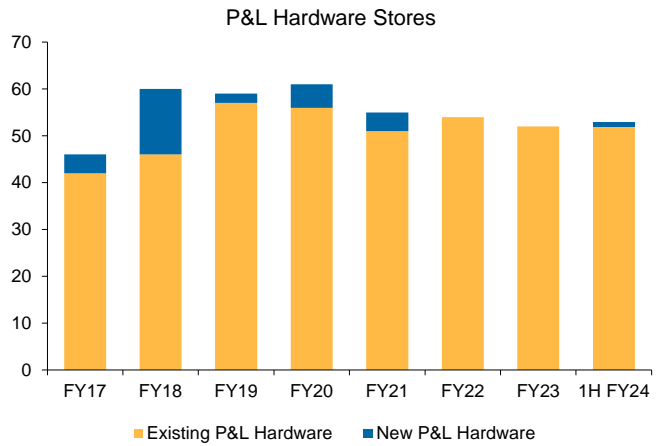
- Store growth is shown in the following charts.

Figure 10 Cashbuild stores



Source: Company data, Chronux Research estimates

Figure 11 P&L Hardware stores



Source: Company data, Chronux Research estimates

- Store growth for Cashbuild stores has slowed down over recent years, with some not opening again after the KZN riots.
- P&L store growth is negative, with 10 stores planned to be converted to Cashbuild stores by June 2024 (to what are called Small Model Stores – SMS).
- Management is delaying refits at present longer than normal as the return on investment is not currently justified. 10-15 refits are planned by June 2024.

Notes from the results

- The market is very competitive, and Cashbuild needs to be aggressive to retain market share. There is pressure on gross margins as a result. Management believe that GP's can be held at current levels, although the unknown factor is the level of rebates that will be secured (could be low in a weak volume market).
- Cashbuild continues to benefit from the buying power it has from stocking a limited number of SKU's from preferred suppliers – this provides purchasing power. However, other buying groups (like Elite Star Trading) have emulated this model and CSB no longer get any significant advantage.

- Competition from independent hardware stores is growing, with increasing penetration of cheap inferior products. P&L has the ability to stock some of the cheaper items. Cashbuild is rather trying to educate customers on the pitfalls of non-compliant products. No assistance or interest is being seen from government or SABS to stem the flow of non-compliant products into the country.
- While many independent DIY stores have gone under since the post-Covid DIY boom, new stores have opened at a similar rate and the market competitiveness will likely remain high.
- Cement purchases are also spread over more suppliers (CSB historically received good rebates from certain cement producers through volume agreements – this practice is no longer).
- Cement price increases of 4.5% were instituted in Jan/Feb 2024. The pressure on gross margins for cement has had the biggest impact on overall GP margins as DIY stores compete on cement pricing to get people into their stores.
- Costs will continue to be managed. Operating expense growth of 5% or lower is targeted. Personnel cost has been well managed with a 10% headcount reduction (wage inflation was 7%). The focus is on reducing the people required to operate a store – a minimum of 14 people has been reduced to 13 as footfall has declined.
- Rental freezes have been negotiated with landlords.

P&L

- P&L is outsourcing deliveries - this cost was higher than the Cashbuild benchmark.
- A plan to convert up to 10 P&L stores to Cashbuild (under what is called Small Model Store) has started with the first conversion in Queenstown proving successful (sales increased by 50% post-conversion). 2 further stores will be converted in Kirkwood and Limpopo. Not all 53 P&L stores can be converted as some are too close to existing Cashbuild stores.
- Core P&L stores are showing good growth with lossmakers due to be closed.

CMU

- The CMU trading is in line with the Cashbuild SA stores.

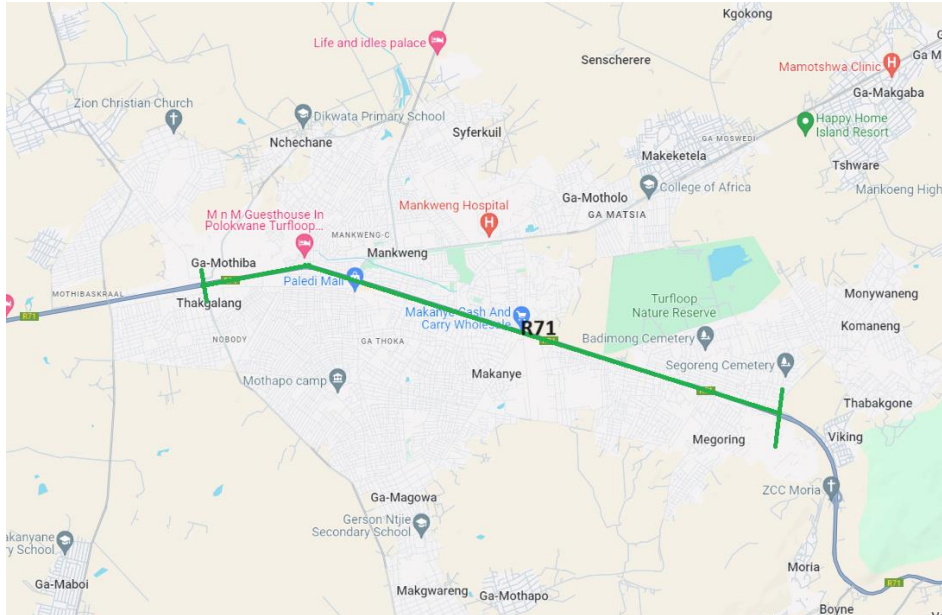
Other Africa

- The 2 stores in Malawi have been hit by the 40% depreciation of the kwacha.
- Botswana has seen a R30m fall in profitability and will maintain at low profit levels for the remainder of the year.

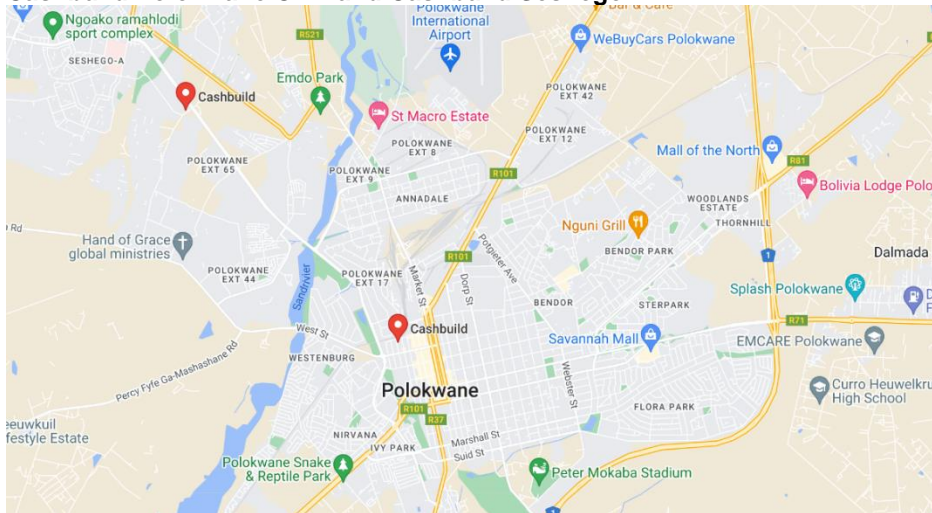
Research into the Polokwane DIY Market (Karabo Langa)

- From the 19th to the 21st of February, we conducted an in-depth analysis of independent hardware stores along the R71 route east of Polokwane. This study aimed to discern the competitive landscape introduced by independent stores in the hardware and DIY sector, particularly their impact on established players like Cashbuild. While cheap and nasty non-SABS approved building materials have historically pressured volumes and margins, our findings suggest that the newfound ability of smaller stores to procure similar materials at competitive prices may be pivotal.

R71 east of Polokwane:



Cashbuild Polokwane CBD and Cashbuild Seshego:



Methodology:

- The research encompassed interviews with store owners, employees, and customers to gauge market sentiment, pricing dynamics, and product quality of building materials. Stores along the R71, spanning from Ga-Mothiba to Moring, were analyzed and compared against Cashbuild outlets in Polokwane CBD and Seshego. Pricing benchmarks from only Polokwane CBD were utilized for comparisons due to negligible price differentials.

Store	Cashbuild	Build & Save	Builder's First Choice	Laduma Hardware	S.A Hardware	Discount Hardware	Hardware City / Dhira & Sons
Region	Polokwane CBD	Mothiba	Nobody	Nobody	Mankweng	Mankweng	Makanye
Size	Large chain	Medium independent	Medium independent	Large chain	Small	Very small	Small

Key Observations:

- Market activity was uniformly sluggish across surveyed stores compared to the same period last year.
 - All store owners and employees reported slower volumes than previous first quarters of the year. Stores seemed slightly overstaffed in expectations of higher volumes, with only Laduma and Cashbuild having staff occupied with restocking, the smaller stores had little to no activity.
- Laduma exhibited the highest footfall.
 - Laduma attracted the most activity in the region. Cashbuild and the smaller independent stores would also have one bakkie driver outside the store offering to transport your purchases if your vehicle was unable to do so. Laduma stores had numerous drivers inside and outside the store.
- The smallest independent stores offered questionable products at lower prices.
 - The smallest stores in the region often offered high and numerous discounts to secure a sale. While large chains and medium sized stores often operated in a certain price band, the smallest stores often offered seemingly unsustainable prices and at times had defective products on display. This, however was at a smaller scale than expected with SABS approved products generally available in the region.
- Cement prices demonstrated minimal variance across stores.
 - Larger chains and smaller stores had a similar range of products and prices.

Cement

Store	Cashbuild	Build & Save	Builder's First Choice	Laduma Hardware	S.A Hardware	Discount Hardware	Hardware City / Dhira & Sons
PPC 42.5N	119,85	120,00			119,90		
Mamba 42.5R	115,45		117,00			115,00	110,00
Lafarge 42,5N		112,00	110,00				108,00
BB Cement 42,5N				104,90			
Afrisam 42,5N				107,95			
Pharaoh 42,5N					105,00		100,00
Sephaku 32.5R	107,65						
Sephaku Falcon 32,5	97,75						
KBC 32,5		95,00				107,00	92,00
BB Cement 32,5N				95,90			
Pharaoh 32,5N					90,00		

- Suppliers in the region do not produce SABS approved timber.
 - Non-SABS approved timber is widely available in the region but of inferior quality, eliciting dissatisfaction among store operators with numerous complaints of receiving wet and unusable bent timber. SABS approved timber sourced from non-local suppliers is available in Cashbuild and Laduma at the same price.

Timber

Store	Cashbuild	Laduma Hardware	S.A Hardware	Discount Hardware	Roadside Timber Factory	Build & Save	Builder's First Choice
38mm x 114mm x 6m	159,95	160,00	115,00	140,00	105,00	135,00	120,00
	SABS approved		Non-SABS approved				

- Inferior underground pipes were available with defective products on display.
 - Only Cashbuild had SAPPMA (South African Plastic Pipe Manufacturers Association) Non-SABS approved underground pipes. The cheapest pipes available were brittle and damaged.
 - Laduma seems to have an advantage in sourcing SABS approved underground pipes.

Underground pipe 110mm x 6m

Store	Cashbuild	Build & Save	Builder's First Choice	Laduma Hardware	S.A Hardware	Hardware City / Dhira & Sons
SABS	264,95	270,00			239,90	
Non-SABS	209,95	185,00	180,00		175,00	170,00
questionable quality			105,00			

- Roofing sheeting presented consumers with options of varying quality, underscoring the susceptibility of price-sensitive consumers to potentially inadvertently purchase subpar products.

Roof sheeting IBR 0,4 x 6m

Store	Cashbuild	Build & Save	Builder's First Choice	Laduma Hardware	S.A Hardware	Discount Hardware	Hardware City / Dhira & Sons
6m	534,95	480,00	510,00	480,00	420,00	480,00	400,00

Conclusion:

- The current market landscape appears to be tailored to accommodate an unprecedented surge in demand, stemming from the aftermath of the Covid-19 pandemic. Within this environment, smaller hardware stores are positioned to capitalize primarily on localized clientele. While they may offer competitive pricing, it is often at the expense of product quality and variety. Nonetheless, there exists a segment of consumers less discerning about quality, gravitating towards the most economical options available.
- Contrastingly, established regional retailers such as Laduma have strategically navigated this dynamic environment by sourcing high-quality products at competitive prices. This strategic positioning enables them to effectively compete with larger, established brands like Cashbuild across all dimensions, thereby strengthening their market presence and fostering sustained growth.

Figure 12 Divisional Forecast

			FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	10,206,730	10,821,235	10,090,910	12,615,629	11,145,107	10,653,193	11,140,539	11,957,046	12,763,463
Cashbuild SA	8,043,313	8,475,594	7,919,278	10,154,307	8,984,025	8,643,699	9,095,415	9,708,062	10,362,801
P&L	1,136,053	1,258,394	1,125,009	1,158,633	922,337	826,110	799,897	919,881	981,921
CMA	606,637	613,587	579,031	732,188	724,830	690,482	726,566	775,506	827,808
Other Africa	420,727	473,660	467,592	570,501	513,915	492,902	518,661	553,597	590,933
Revenue growth		6.0%	-6.7%	25.0%	-11.7%	-4.4%	4.6%	7.3%	6.7%
Cashbuild SA		5.4%	-6.6%	28.2%	-11.5%	-3.8%	3.2%	6.7%	6.7%
P&L		10.8%	-10.6%	3.0%	-20.4%	-10.4%	-5.0%	15.0%	6.7%
CMA		1.1%	-5.6%	26.5%	-1.0%	-4.7%	3.2%	6.7%	6.7%
Other Africa		12.6%	-1.3%	22.0%	-9.9%	-4.1%	3.2%	6.7%	6.7%
53rd week							1.9%		
Gross profit	2,570,130	2,721,410	2,526,279	3,386,604	2,929,330	2,707,415	2,745,257	2,947,813	3,156,441
Cashbuild SA	2,099,305	2,246,032	2,051,093	2,792,434	2,416,703	2,256,005	2,282,949	2,427,015	2,590,700
P&L	219,258	207,635	218,252	238,678	197,380	161,091	163,979	202,374	225,842
CMA	146,806	152,170	137,230	188,905	182,657	160,192	163,477	174,489	186,257
Other Africa	104,761	115,573	119,704	166,586	132,590	130,126	134,852	143,935	153,643
Gross Margin	25.2%	25.1%	25.0%	26.8%	26.3%	25.4%	24.6%	24.7%	24.7%
Cashbuild SA	26.1%	26.5%	25.9%	27.5%	26.9%	26.1%	25.1%	25.0%	25.0%
P&L	19.3%	16.5%	19.4%	20.6%	21.4%	19.5%	20.5%	22.0%	23.0%
CMA	24.2%	24.8%	23.7%	25.8%	25.2%	23.2%	22.5%	22.5%	22.5%
Other Africa	24.9%	24.4%	25.6%	29.2%	25.8%	26.4%	26.0%	26.0%	26.0%
Excl impairments						2,302,581			
Operating expenses	2,026,935	2,162,385	2,005,967	2,347,785	2,053,609	2,474,190	2,574,140	2,552,170	2,724,296
Cashbuild SA	1,620,529	1,719,992	1,607,649	1,920,310	1,651,335	1,918,476	2,014,400	2,115,120	2,257,770
P&L	197,870	216,128	201,144	209,771	185,105	187,415	188,353	197,770	211,108
CMA	110,540	117,096	106,017	108,627	114,639	120,913	129,377	135,846	145,007
Other Africa	97,996	109,169	91,157	109,076	102,530	75,776	98,509	103,434	110,410
Impairments - Intangibles (P&E)						155,909	136,802		
Impairments - PPE (P&E)						9,200	2,100		
Impairments - PPE (CSB)						6,500	4,600		
Excl impairments									
Operating expenses growth		6.7%	-7.2%	17.0%	-12.5%	20.5%	4.0%	-0.9%	6.7%
Cashbuild SA		6.1%	-6.5%	19.4%	-14.0%	16.2%	5.0%	5.0%	6.7%
P&L		9.2%	-6.9%	4.3%	-11.8%	1.2%	0.5%	5.0%	6.7%
CMA		5.9%	-9.5%	2.5%	5.5%	5.5%	7.0%	5.0%	6.7%
Other Africa		11.4%	-16.5%	19.7%	-6.0%	-26.1%	30.0%	5.0%	6.7%
Excl impairments						404,834	314,619		
Operating profit	543,195	559,025	520,312	1,038,819	875,721	233,225	171,117	395,643	432,145
Cashbuild SA	478,776	526,040	443,444	872,124	765,368	337,529	268,549	311,895	332,930
P&L	21,388	-8,493	17,108	28,907	12,275	-26,324	-24,374	4,604	14,733
CMA	36,266	35,074	31,213	80,278	68,018	39,279	34,101	38,643	41,250
Other Africa	6,765	6,404	28,547	57,510	30,060	54,350	36,343	40,501	43,232
Impairments - Intangibles						-155,909	-136,802		
Impairments - PPE (P&E)						-9,200	-2,100		
Impairments - PPE (CSB)						-6,500	-4,600		
Excl impairments									
Operating Margin	5.3%	5.2%	5.2%	8.2%	7.9%	2.2%	1.5%	3.3%	3.4%
Cashbuild SA	6.0%	6.2%	5.6%	8.6%	8.5%	3.9%	3.0%	3.2%	3.2%
P&L	1.9%	-0.7%	1.5%	2.5%	1.3%	-3.2%	-3.0%	0.5%	1.5%
CMA	6.0%	5.7%	5.4%	11.0%	9.4%	5.7%	4.7%	5.0%	5.0%
Other Africa		1.4%	6.1%	10.1%	5.8%	11.0%	7.0%	7.3%	7.3%
Operating profit growth		2.9%	-6.9%	99.7%	-15.7%	-73.4%	-26.6%	131.2%	9.2%
Cashbuild SA		9.9%	-15.7%	96.7%	-12.2%	-55.9%	-20.4%	16.1%	6.7%
P&L		-139.7%	-301.4%	69.0%	-57.5%	-314.5%	-7.4%	-118.9%	220.0%
CMA		-3.3%	-11.0%	157.2%	-15.3%	-42.3%	-13.2%	13.3%	6.7%
Other Africa		-5.3%	345.8%	101.5%	-47.7%	80.8%	-33.1%	11.4%	6.7%

Source: Company data, Chronux Research estimates

Figure 13 Income Statement – Forecast

Cashbuild Limited													
	06/2014	06/2015	06/2016	06/2017	06/2018	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024	06/2025	06/2026
Sales	6781	7693	8670	9730	10208	10821	10091	12616	11145	10653	11141	11957	12763
Cost of Goods Sold (COGS) incl. D&A	5276	6596	7312	7383	7777	8239	7921	9594	8592	8340	7963	8573	9166
Gross Income	1505	1097	1358	2347	2431	2582	2170	3021	2553	2314	3177	3384	3597
SG&A Expense	1152	1466	1821	1740	1908	2010	1668	1963	1853	1945	2858	2998	3175
Other Operating Expense	4	-826	-1002	0	0	0	0	0	0	0	163	6	6
EBIT (Operating Income)	349	457	539	606	523	572	503	1058	699	368	156	380	416
Nonoperating Income - Net	27	47	81	54	47	46	97	55	93	142	142	163	172
Interest Expense	1	1	1	3	3	3	191	162	162	156	157	155	155
Unusual Expense - Net	-5	-	-	-	-28	2	15	-17	-156	0	0	0	0
Income Taxes	111	139	177	188	169	180	121	298	308	63	62	128	143
Equity in Earnings of Affiliates	0	0	0	0	0	0	0	-	-	0	0	0	0
Consolidated Net Income	269	363	442	469	425	432	273	670	479	110	79	260	291
Minority Interest	4	4	5	4	5	5	5	5	5	9	-4	5	5
Net Income	266	359	437	465	421	427	267	665	474	101	83	255	286
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income available to Common	266	359	437	465	421	427	267	665	474	101	83	255	286
Per Share													
EPS (recurring)	11.21	15.37	19.20	20.47	17.66	18.87	12.22	28.81	16.08	11.77	3.73	11.51	12.88
EPS (diluted)	11.37	15.37	19.20	20.47	18.51	18.80	11.76	29.33	20.89	4.56	3.83	11.81	13.22
Earnings Persistence	62.00	75.25	64.05	77.52	80.10	67.21	68.37	81.85	81.22	84.43			
Dividends per Share	5.28	7.12	10.01	9.30	8.42	8.55	7.07	29.35	12.64	7.07	5.52	7.10	7.95
EBITDA													
EBITDA	450	577	668	741	661	710	857	1427	1075	759	588	817	857

All figures in millions of South African Rand except per share items.

Cashbuild Limited													
	06/2014	06/2015	06/2016	06/2017	06/2018	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024	06/2025	06/2026
Rental Expense	171	198	227	272	323	310	9	3	3	1			
Stock Option Comp Exp (Net of Tax)	10	7	6	3	6	10	12	18	21	18			
Foreign Currency Translation Gains/Losses	-	-	-	-	-	-15	-10	-45	16	16			
Tax Rate	29.2	27.7	28.6	28.5	28.4	29.4	30.8	30.8	39.1	35.5	44.0	33.0	33.0
Headline EPS	11.45	15.28	18.92	20.45	18.67	19.10	11.39	28.73	19.29	12.22	8.95	11.51	12.88
Headline EPS (diluted)	11.34	15.09	18.91	20.44	18.67	19.10	11.38	28.70	19.25	12.18	9.19	11.81	13.22

All figures in millions of South African Rand except per share items.

	06/2014	06/2015	06/2016	06/2017	06/2018	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024	06/2025	06/2026
Price / Sales	0.4	0.9	0.9	0.8	0.7	0.6	0.3	0.5	0.5	0.3	0.3	0.2	0.2
Price / Earnings	10.9	19.3	18.5	17.1	17.8	14.2	12.1	9.2	12.3	35.7	14.9	11.6	10.4
Price / Book Value	2.6	5.6	5.6	4.8	4.0	2.8	1.5	2.4	2.5	1.8	1.4	1.1	0.9
Price / Tangible Book Value	2.7	5.8	7.7	6.3	5.1	3.5	1.9	2.9	3.0	2.1	1.5	1.2	1.0
Price / Cash Flow	3.3	11.1	11.9	16.2	11.3	395.4	1.7	5.1	12.7	6.3			
Price / Free Cash Flow	4.7	14.8	16.1	26.7	17.7	-	1.9	6.1	28.9	8.7			
Dividend Yield (%)	4.2	2.4	2.8	2.7	2.6	3.2	5.0	10.8	4.9	5.2	4.0	5.2	5.8
Enterprise Value / EBIT	7.0	14.6	13.6	11.9	12.9	10.0	5.9	5.1	7.5	9.8	23.5	9.7	8.8
Enterprise Value / EBITDA	5.5	11.5	11.0	9.7	10.2	8.0	3.4	3.8	4.9	4.8	6.2	4.5	4.3
Enterprise Value / Sales	0.4	0.9	0.8	0.7	0.7	0.5	0.3	0.4	0.5	0.3	0.3	0.3	0.3
EBIT / Interest Expense (Int. Coverage)	348.0	460.0	554.3	177.5	171.2	172.2	2.6	6.5	4.3	2.4	1.0	2.5	2.7

Source: Factset, Company data, Chronux Research estimates

Figure 14 Balance Sheet and Cash Flow – Forecast

	06/2014	06/2015	06/2016	06/2017	06/2018	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024	06/2025	06/2026
Assets													
Cash & Short-Term Investments	704	939	776	801	953	590	1952	2546	1939	1582	1813	2313	2831
Short-Term Receivables	84	86	91	122	118	118	104	129	136	90	109	113	118
Inventories	933	1073	1226	1289	1513	1541	1267	1546	1520	1698	2087	2172	2259
Other Current Assets	35	43	16	19	25	29	49	20	24	44	45	47	49
Total Current Assets	1757	2141	2108	2232	2609	2279	3371	4241	3618	3415	4055	4645	5257
Net Property, Plant & Equipment	794	836	929	979	1100	1129	2395	2464	2443	2384	2383	2433	2486
Total Investments and Advances	0	0	2	0	0	28	58	73	70	70	40	40	40
Long-Term Note Receivable	-	-	-	-	-	-	-	-	-	-	0	0	0
Intangible Assets	42	39	400	397	433	426	423	423	425	271	137	143	149
Deferred Tax Assets	-	0	19	25	44	66	99	130	80	134	152	158	165
Other Assets	37	69	81	80	86	66	0	0	0	0	30	13	-4
Total Assets	2630	3085	3539	3713	4273	3995	6346	7332	6637	6273	6797	7433	8092
Liabilities & Shareholders' Equity													
ST Debt & Curr. Portion LT Debt	0	0	28	1	1	0	183	202	233	254	333	346	360
Accounts Payable	912	1141	1289	1281	1407	911	1600	1785	1522	1535	3014	3136	3263
Income Tax Payable	29	43	72	62	74	28	19	109	58	28	34	35	37
Other Current Liabilities	336	415	500	488	664	644	921	1130	1014	1095	0	0	0
Total Current Liabilities	1277	1600	1889	1832	2146	1583	2723	3226	2827	2912	3381	3518	3660
Long-Term Debt	0	0	2	1	163	187	1433	1468	1380	1347	1256	1256	1256
Provision for Risks & Charges	-	-	0	-	0	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	14	17	31	37	42	37	35	33	46	39	14	15	16
Other Liabilities	100	106	151	160	0	0	0	17	19	20	0	0	0
Total Liabilities	1391	1722	2074	2030	2351	1807	4191	4744	4272	4317	4651	4789	4931
Common Equity	1224	1342	1443	1660	1894	2157	2117	2552	2337	1928	2159	2660	3177
Total Shareholders' Equity	1224	1342	1443	1660	1894	2157	2117	2552	2337	1928	2159	2660	3177
Accumulated Minority Interest	15	20	22	23	28	31	38	36	28	27	17	17	17
Total Equity	1239	1363	1465	1683	1921	2187	2155	2588	2365	1956	2176	2676	3193
Total Liabilities & Shareholders' Equ	2630	3085	3539	3713	4273	3995	6346	7332	6637	6273	6827	7465	8125
Per Share													
Book Value per Share	48.58	53.29	63.59	72.89	83.31	94.87	93.18	112.58	103.77	90.97	100.74	123.89	147.84
Tangible Book Value per Share	46.91	51.74	45.99	55.45	64.24	76.11	74.56	93.90	84.89	78.20	94.38	117.28	140.96
Operating Activities													
Net Income / Starting Line	380	502	619	657	594	613	394	968	787	0	234	415	445
Depreciation, Depletion & Amortization	101	121	129	134	138	138	355	368	376	0	432	436	441
Other Funds	-50	-123	-143	-182	-140	-203	-145	-241	-314	40	0	0	0
Funds from Operations	431	500	604	610	592	547	604	1095	849	610	666	851	886
Changes in Working Capital	452	133	78	-118	71	-532	1242	102	-389	0	-46	31	32
Net Operating Cash Flow	882	633	682	491	663	15	1846	1197	460	571	620	882	919
Investing Activities													
Capital Expenditures	-270	-169	-190	-198	-249	-204	-170	-196	-263	-159	-122	-126	-130
Net Assets from Acquisitions	0	0	-379	-6	-73	0	0	0	0	0	0	0	0
Sale of Fixed Assets & Businesses	7	20	27	17	8	8	34	23	3	0	0	0	0
Purchase/Sale of Investments	126	0	0	0	0	0	-30	0	0	0	0	0	0
Other Funds	0	0	0	0	0	0	0	0	72	0	120	126	133
Net Investing Cash Flow	-136	-149	-542	-187	-314	-196	-166	-173	-189	-145	-2	1	3
Financing Activities													
Cash Dividends Paid	-108	-144	-193	-234	-201	-179	-197	-230	-652	-249	-145	-140	-162
Change in Capital Stock	-56	-107	-149	0	1	0	0	-14	-37	0	0	0	0
Issuance/Reduction of Debt, Net	0	0	0	-1	-1	-1	-136	0	0	0	-242	-242	-242
Other Funds	-3	-1	-1	-1	-1	-2	-1	-2	-15	-5	0	0	0
Net Financing Cash Flow	-167	-251	-342	-237	-202	-182	-334	-426	-883	-781	-387	-383	-404
Exchange Rate Effect	1	2	13	-15	5	-1	15	-3	5	-1	0	0	0
Net Change in Cash	581	235	-190	52	152	-363	1361	595	-608	-356	231	500	517
Free Cash Flow													
Free Cash Flow per Share	26.41	20.37	22.10	13.13	18.66	-8.21	73.80	44.37	8.92	18.82	23.04	35.02	36.52
Free Cash Flow Yield (%)	21.1	6.8	6.2	3.8	5.7	-3.1	52.0	16.4	3.5	11.5	16.8	25.6	26.7

Source: Factset, Company data, Chronux Research estimates

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