

NU-WORLD HOLDINGS LIMITED
Registration No. 1968/002490/06
(Incorporated in the Republic of South Africa)
JSE share code: NWL ISIN code: ZAE000005070
("Nu-World" or "the Group" or "the Company")

PRELIMINARY REVIEWED CONSOLIDATED ANNUAL RESULTS, DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL HIGHLIGHTS

CASH GENERATED FROM OPERATIONS	R 311,9	MILLION	
NET ASSET VALUE PER SHARE	6 113,1	CENTS	+ 7.3%
EQUITY HOLDERS COMPREHENSIVE INCOME	R 170,0	MILLION	- 1.4%
HEADLINE EARNINGS PER SHARE	635,5	CENTS	- 16.0%
DIVIDEND PROPOSED	R 44,2	MILLION	

	% Change	Year ended 31-Aug 2020 R000	Year ended 31-Aug 2019 R000
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME			
Revenue	-13,3	2 627 705	3 031 951
Net operating income	-9,2	205 562	226 313
Depreciation – property, plant and equipment		2 795	2 821
Depreciation – right-of-use asset		15 004	
Finance charges – right-of-use asset		6 039	
Interest paid		13 195	15 473
Income before taxation		168 529	208 019
Taxation		42 072	46 795
Income after taxation		126 457	161 224
Share of associate company income		63	129
Net income for the year		126 520	161 353
Attributable to:			
Equity holders of the Company	-18,7	132 736	163 272
Non-controlling interest		(6 216)	(1 919)
		126 520	161 353
Other comprehensive income:			
Exchange differences on translating foreign operations		39 149	8 700
Comprehensive net income for the year		165 669	170 053
Total comprehensive income attributable to:			
Non-controlling interest		(4 349)	(2 501)
Equity holders of the Company	-1,4	170 018	172 554
		165 669	170 053
Headline earnings reconciliation:			
Determination of attributable earnings and headline earnings:			
Basic earnings		132 736	163 272
Loss/ (profit) on disposal of property, plant and equipment and impairment of trademarks		3 968	(171)
Total tax effects of adjustment		3	48
Headline earnings	-16,2	136 707	163 149

	Year ended 31-Aug 2020 R000	Year ended 31-Aug 2019 R000
% Change		
OTHER GROUP INFORMATION		
Dividend – proposed / paid	44 245	65 312
Earnings per share (cents)	617,0	756,7
Headline earnings per share (cents)	-16,0 635,5	756,1
Diluted earnings per share (cents)	617,0	758,9
Dividend per share (cents)	195,4	288,4
Dividend cover (times)	3,0	2,5
Interest cover	7,0 15,4	14,4
Shares in issue (total issued)	22 646 465	22 646 465
Shares in issue (less treasury shares)	21 513 366	21 513 366
Shares in issue – weighted	21 513 366	21 576 570
Operating income as percentage of revenue	7,8%	7,5%
Negative debt to equity ratio (%)	-14,2%	-0,3%
Effective taxation rate	25,0%	22,5%
Net asset value per share (cents)	7,3 6 113,1	5 695,9
Intangible assets		
Goodwill and amortisation		
Balance at beginning of year	31 432	32 758
Translation of foreign operations	3 552	(1 326)
Balance at end of year	34 984	31 432
Patents and trademarks		
Balance at beginning of year	31 706	31 706
Amount impaired during year	(3 980)	
Balance at end of year	27 726	31 706
Total intangible assets	62 710	63 138

SEGMENTAL ANALYSIS

	Year ended 31-Aug 2020 R000	Year ended 31-Aug 2019 R000
% Change		
Geographical revenue		
South Africa	1 954 170	2 281 372
Offshore subsidiaries	673 535	750 579
	-13,3 2 627 705	3 031 951
Geographical income		
South Africa	83 064	107 776
Offshore subsidiaries	49 672	55 496
	-18,7 132 736	163 272
Attributable income as percentage of turnover (%)	Operating Profit % 2020	Operating Profit % 2019
South Africa	4,3%	4,7%
Offshore subsidiaries	7,4%	7,4%
	5,1%	5,4%

	Year ended 31-Aug 2020 R000	Year ended 31-Aug 2019 R000
CONDENSED GROUP STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets	175 036	109 497
Property, plant and equipment	22 162	22 656
Right-of-use assets	58 496	
Intangible assets	62 710	63 138
Investment in associates	567	503
Deferred taxation	31 101	23 200
Current assets	1 482 992	1 604 719
Inventory	745 029	863 539
Trade and other receivables	550 865	544 396
Cash and cash equivalents	187 098	196 784
Total assets	1 658 028	1 714 216
EQUITY AND LIABILITIES		
Total equity	1 322 730	1 237 320
Ordinary shareholders' funds	1 315 144	1 225 385
Non-controlling interest	7 586	11 935
Non-current liabilities	65 600	
Lease liabilities	65 600	
Current liabilities	269 698	476 896
Bank overdraft	26	192 605
Lease liabilities	14 560	
Trade and other payables	255 112	284 291
Total equity and liabilities	1 658 028	1 714 216

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Year ended 31-Aug 2020 R000	Year ended 31-Aug 2019 R000
Balance as at 1 September	1 225 385	1 131 599
Total attributable income for the year	132 736	163 272
Dividend paid	(65 312)	(74 167)
Movement in foreign currency translation reserve	37 283	9 282
Treasury share movement		(4 601)
Adoption of IFRS 16 - Leases	(14 948)	
Balance as at 31 August	1 315 144	1 225 385

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Year ended 31-Aug 2020 R000	Year ended 31-Aug 2019 R000
Net cash flow from operating activities	191 189	7 706
Cash generated from operations	311 919	154 109
Investment income		436
Interest paid	(13 195)	(15 472)
Dividend paid	(65 312)	(74 167)
Normal tax on companies	(42 223)	(57 200)
Cash flows from investing activities	(2 278)	(2 860)
Purchase of tangible fixed assets	(2 336)	(3 247)
Proceeds on disposal of fixed assets	58	387
Cash flows from financing activities	(20 139)	(4 601)
Purchase of treasury shares		(4 601)
Repayment of lease liabilities	(20 139)	
Net increase in cash and cash equivalents	168 772	245
Cash and cash equivalents at the beginning of the year	4 179	(7 461)
Effect on exchange rate changes on the balance of cash held in foreign currencies	14 121	11 395
Cash and cash equivalents at end of the year	187 072	4 179

COMMENTARY

Introduction and review

Nu-World is a company incorporated and domiciled in South Africa with subsidiaries in Australia, Brazil, Dubai, Hong Kong and Lesotho. The main business of Nu-World and its subsidiaries includes the importing, assembling, marketing and distribution of branded consumer goods.

The Board presents the Nu-World summary results for the twelve months ended 31 August 2020.

The Group's results to 31 August 2020 were reasonable, taking into context the COVID-19 pandemic and the lockdown in South Africa as well as all the other countries in which we trade. The first level 5 lockdown in March 2020 came on top of a severely distressed SA economy. The lockdown had the greatest negative impact on the Group's Q3 2020 results, however Q4 2020 had a strong resurgence as the National Lockdown was lifted and moved to alert level 2.

In SA, the loss of revenue and income during the lockdown period come on top of recessionary economic realities. The combination of weaker volume growth, subdued selling price inflation and drastically reduced consumer discretionary expenditure, impacted negatively on the results.

Despite the effects of the pandemic and the distressed world economy, the Group managed to trade through these challenging times.

Accounting policies and basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The condensed consolidated financial statements are presented in Rand rounded to the nearest thousand ('000).

The condensed consolidated financial statements have been prepared under the supervision of Graham Hindle CA (SA) in his capacity as Financial Director.

Auditor's opinion

These condensed consolidated financial statements for the year ended 31 August 2020 have been reviewed by RSM South Africa Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report.

COMMENTARY

Operating review

The Board is pleased to report satisfactory results for the year ended 31 August 2020 despite the extremely tough economic climate. General business conditions are challenging with consumer goods, sales volumes and profitability remaining under pressure during H2 2020. The Group increased the net asset value per share by 7,3% to R 61.13 and generated cash from operations of R 311,9 million.

South Africa

Revenue decreased in the South African business operation by 14,3%. Attributable income as a percentage of turnover increased to 5,8% during H2 2020 (3,2% H1 2020). The rebound of the business operation during the last quarter of our financial year was a direct result of the National Lockdown being lifted and moving to alert level 2.

Sales

Consumer electronics

There was a noticeable contraction in this segment of the market due to the struggling economic environment. New ranges of models and features keep our brands at the cutting edge of technology innovation. Retaining market share in this competitive environment is crucial, despite the market shrinking considerable during H2 2020.

Seasonal products

The Group showed strong revenue growth in both summer and winter seasons. Additional seasonal product line-up managed to increase revenue considerably.

Appliances – Small domestic appliances (SDA) and white goods

The Company continues to introduce new cost effective product ranges, with focus on overall improvement in quality and "ease of use". The refrigeration offering has been substantially increased.

Fast moving consumer (FMC) division – liquor and other

Liquor – due to the National Lockdown and ban of alcohol sales during alert levels 5, 4 and partly 3, this had a significant negative impact on this division's sales.

Personal protective equipment (PPE)

The South African operation invested resources and funding at the beginning of H2 2020 to source, import and license, through Health Regulator SAHPRA, a range of approved PPE products to assist South Africa in fighting and preventing the spread of the Corona virus. Nu-World holds medical licenses in various classes of medical devices including IVD. Nu-World supplies Government, NGO's and Corporates with approved PPE equipment, ex stock, at most competitive pricing. The company has also been approved for the supply of Rapid Anti-Body Test Kits, giving test results within 10-15 minutes. The PPE catalogue offering also includes hand sanitisers, alcohol wipes, dispensing for sanitisers, a range of medical and non-medical face masks (3-6 layers) and face shields, protective clothing and disposable medical wear, IR thermometers, temperature control and face recognition devices, a range of disinfectors and sterilizers (including UV sterilization lights), non-invasive ventilators and oxygen concentrators.

Offshore operations

Australia

Tough economic conditions persist in the Australian market. As an FOB importer from China which does not carry stock, Yale was overly exposed to "just in time" production from Chinese factories to meet local demand. Turnover was drastically impacted when factories off shore were closed from February to April 2020 due to the COVID-19 pandemic. Due to these conditions, Yale showed negative returns resulting mainly from the devaluation of the ZAR against the AUD in the last quarter of the trading year, plus the actual trading losses resulting from the devastating affect of the COVID-19 pandemic and National Lockdown of the entire Australian continent.

Other Offshore Markets

The Group is working towards increasing market share and opportunities in these markets. Additional brands and product categories are being offered to the various distributors. The opportunities in some of these markets is reaching finalisation, although many markets are experiencing economic slowdown. Nu-World, however, remains positive for future growth.

FINANCIAL PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Group revenue decreased by 13,3% to R 2 627,7 million (August 2019 – R 3 032,0 million).
Attributable income to equity holders of the company decreased by 18,7% to R 132,7 million (August 2019 – R 163,3 million).

STATEMENT OF FINANCIAL POSITION

The balance sheet strengthened considerably during the year under review, mainly due to the further reduction in stock holding and the resultant generation of cash from operations of R 311,9 million.

Inventory levels of R 745,0 million decreased by 13,7% from August 2019 (R 863,5 million).

Directors and management remain focused on maintaining and improving working capital management and stock turn rates even further.

Trade and other receivable of R 550,9 million remained constant with prior year (August 2019 – R 544,4 million).

Trade and other payables decreased by 10,3% to R 255,1 million (August 2019 – R 284,3 million).

Net asset value per share has increased by 7,3% to 6 113,1 cents (August 2019 – 5 695,9 cents).

SEGMENT REPORTING

The South African business operations contributed 74,4% of the Group's revenue and 62,6% of the Group's attributable income. Offshore operations account for 25,6% of turnover and 37,4% of income.

BOARD OF DIRECTORS

There were no changes during the year under review.

CORPORATE ACTIVITIES

There were no corporate activities during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS

The Group complies with the Code on Corporate Governance Practices and Conduct as contained in the King IV Report on Corporate Governance. Nu-World is committed to transparent and integrated reporting in the spirit of King IV and the Global Reporting Initiative (GRI).

Nu-World continues its community support and corporate social investment.

DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final gross dividend of 195,4 cents per share was declared on 21 October 2020, payable to shareholders recorded in the register of Nu-World at the close of business on the record date appearing below. The dividend is payable out of cash reserves.

- Dividends have been declared out of profits available for distribution.
- Local Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 195,4 cents per ordinary share.
- The net cash dividend amount is therefore 156,3 cents per ordinary share.
- The Company has 22 646 465 ordinary shares in issue as at the declaration.
- The Company's income tax reference number is 9100/085/71/2.

The salient dates pertaining to the final dividend are as follows:

Declaration announcement:	Wednesday, 21 October 2020
Last date to trade "cum" dividend	Tuesday, 2 March 2021
Date trading commences "ex" dividend	Wednesday, 3 March 2021
Record date	Friday, 5 March 2021
Date of payment	Monday, 8 March 2021

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 3 March 2021 and Friday, 5 March 2021, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 8 March 2021.

ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING (AGM)

The 2020 Integrated Annual report and the notice of AGM will be mailed on 27 November 2020 to those shareholders that are registered on the share register on Friday, 20 November 2020. The annual general meeting will take place at 10h00 on Wednesday, 10 February 2021, at the registered office of the Company. The last date to trade in order to be eligible to participate in and vote at the AGM will be Tuesday, 2 February 2020 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM will be Friday, 5 February 2021.

PROSPECTS

The outlook for the retail sector remains gloomy, with a weakness in disposable income of many households due to lost or reduced income, restrictive fiscal policy, labour market uncertainty, as well as muted consumer confidence levels. Wholesalers on the other hand expect a marked improvement in business conditions in the fourth quarter of 2020 with lockdown restrictions now greatly relaxed and the crucial Black Friday and Christmas shopping on the horizon. The Group looks towards maintaining their current market share. The focus of management is to grow both local and offshore market share in the consumer electronics and branded consumer durables sectors. This, coupled with the expanded offshore territories that the Group trades in, should increase the contribution from these businesses in future years. The Group is exploring new markets for their products as well as introducing new line-ups into their existing markets.

The Group continues to focus its target market on recognized International brands for consumer electronics and consumer durables, both locally and offshore.

Any reference to the Group's future financial performance contained in this announcement has not been reviewed or reported on by the Company's auditors.

SUBSEQUENT EVENTS

No events material to the understanding of this report have occurred during the period between 31 August 2020 and the date of this report.

BASIS OF PREPARATION

The financial information contained in this report is extracted from audited information, but is itself not audited. This announcement does not include the information required pursuant to paragraph 16A(i) of IAS34. This preliminary report is available on our website (<http://www.nuworld.co.za>), or at our offices upon request. The Directors take full responsibility for the preparation of this report and the financial information contained therein. The condensed consolidated financial statements were reviewed by RSM South Africa Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report.

NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP

IFRS 16 – Leases

The Group adopted IFRS 16 from 01 September 2019 and elected the modified retrospective approach. The impact of the application of IFRS 16 resulted in the recognition of lease liabilities in the amount of R 94,3 million, right-of-use assets in the amount of R 73,5 million and an adjustment to retained earnings in the amount of R 14,9 million on 01 September 2019.

On behalf of the Board

J.A. Goldberg
Chief Executive Officer
21 October 2020

G.R. Hindle
Financial Director

COMPANY INFORMATION

Nu-World Holdings Limited

Registration number 1968/002490/06

(Incorporated in the Republic of South Africa)

JSE share code: NWL

ISIN code: ZAE000005070

('Nu-World' or 'the Company' or 'the Group')

Registered office

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Transfer secretaries

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Rosebank Towers, 15 Biermann Avenue,

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Company secretary

B.H. Haikney

Sponsor

Sasfin Capital (a member of the Sasfin Group)

Auditors

RSM South Africa Inc.

Directors

M.S. Goldberg (Executive Chairman),

J.A. Goldberg (Chief Executive),

G.R. Hindle (Financial Director)

Independent Non-executive directors

J.M. Judin (Lead)

D. Piaray

R. Kinross

F.J. Davidson

www.nuworld.co.za

21 October 2020