



**HARDWARE WAREHOUSE**  
ALWAYS THE LOWEST PRICES!



June 2008 Year End Results  
25<sup>th</sup> September 2008



# AGENDA

- Our way
- Our position
- Accomplishments since listing
- Financial highlights
- Creation of Bath & Tile Warehouse brand
- Acquisitions
- New property
- Prospects & growth strategy



## OUR WAY



*Providing affordable building materials to rural communities*



## OUR POSITION





## ACCOMPLISHMENTS SINCE LISTING

- High growth - branches increased from 11 to 16 (45% increase)
- Expansion outside Eastern Cape into Kwa-Zulu Natal
- Urban & product diversification – Gonubie / East London
- Creation of “Bath & Tile Warehouse”
- Formal government supply and alliance division
- In-house financing - credit to customers on a limited basis
- Re-branding
- Appointment of Tony Long as non-executive director and chairman of Audit Committee

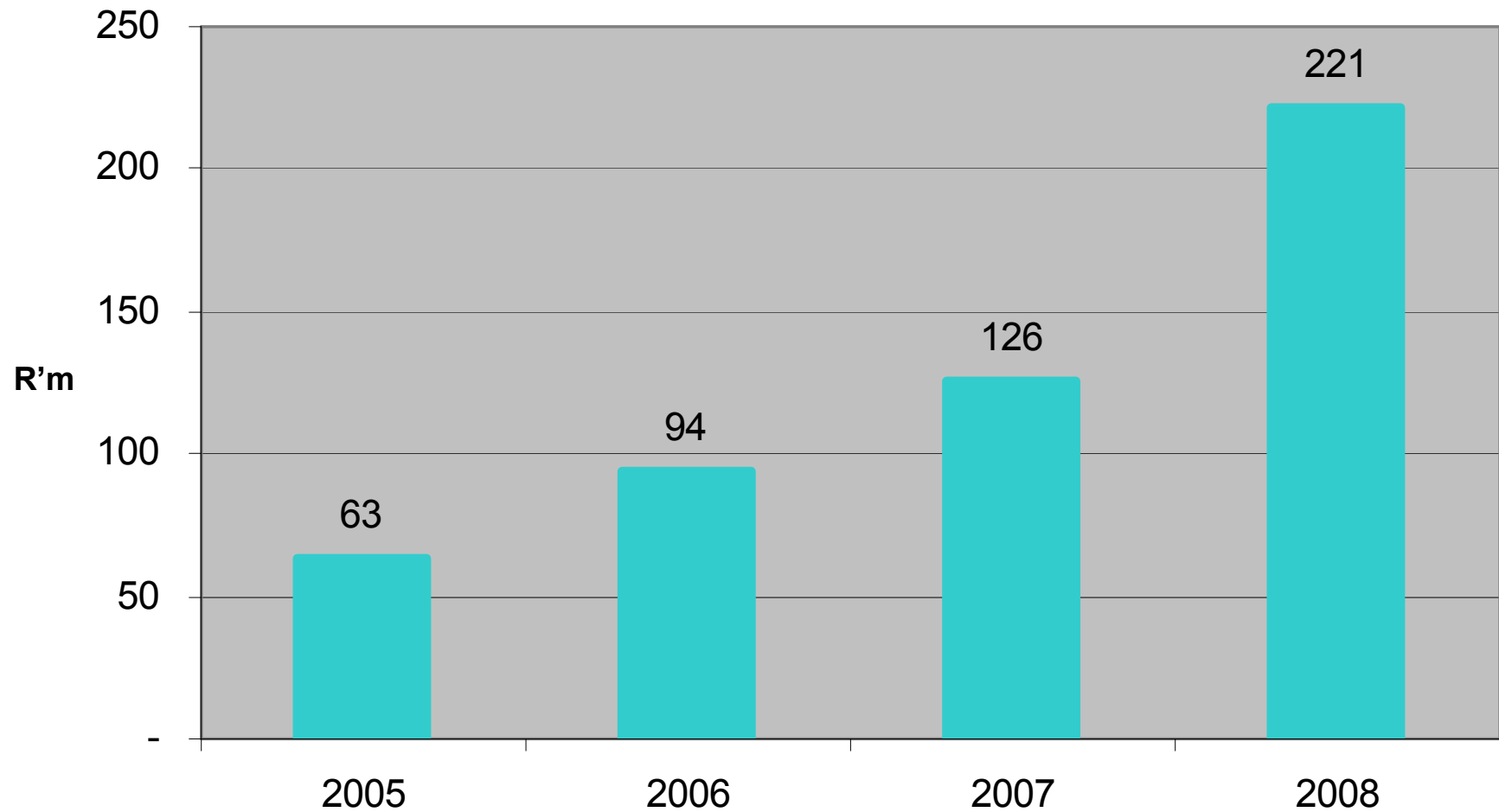


## 2008 FINANCIAL HIGHLIGHTS

- Revenue growth of 74.6% to R220,5 m
- Profit attributable to ordinary shareholders 70.4% to R10,5 m
- Gross Margin 22.5% (2007: 22.2%)
- Operating Profit increased by 58% (adjusted = 76.2%)
- Headline Earnings growth of 95.9% to R10,3 m
- Headline earnings per share up 47% to 15,5 cents per share
- Total Assets increased by R37,5 m
- Interest bearing debt: equity ratio of 0.54:1 (2007 = 1.10:1)



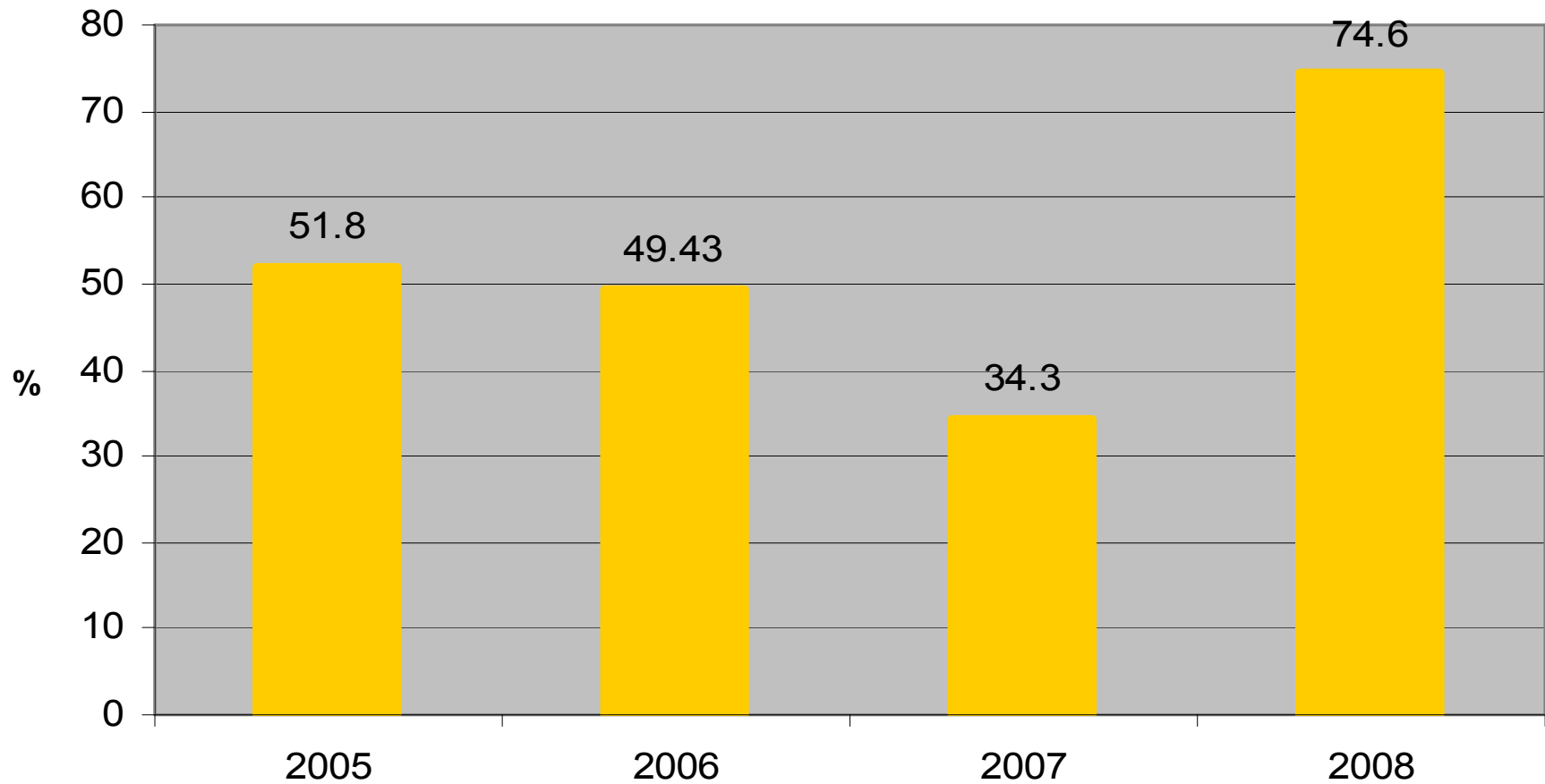
## REVENUE GROWTH IN RANDB



2005 - Revenue adjusted for 12 months trading, AFS were for 16 months



## REVENUE GROWTH IN %



2005 - Revenue adjusted for 12 months trading, AFS were for 16 months



## INCOME STATEMENT IN R'000

	2008	2007
<b>REVENUE</b>	<b>220,504</b>	<b>126,285</b>
Growth in revenue	74.6%	34.3%
Gross profit margin	22.5%	22.2%
<b>OPERATING PROFIT</b>	<b>15,280</b>	<b>9,673</b>
Growth in operating profit (76.2% if adjusted)	58.0%	33.5%
<b>HEADLINE EARNINGS</b>	<b>10,325</b>	<b>5,272</b>
Growth in headline earnings	95.9%	n/a
HEPS (cents)	15.5	10.5
HEPS (growth %)	47.0%	n/a



## BALANCE SHEET – ASSETS IN R'000

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
<b>NON-CURRENT ASSETS</b>	<b>21,155</b>	<b>8,552</b>
Property, plant & equipment	11,664	6,052
Goodwill	9,491	2,500
<b>CURRENT ASSETS</b>	<b>61,918</b>	<b>36,984</b>
Inventories	55,485	32,905
Trade and other receivables	5,672	2,663
Cash and cash equivalents	761	1,416
<b>TOTAL ASSETS</b>	<b>83,073</b>	<b>45,536</b>



## BALANCE SHEET – EQUITY IN R'000

	2008	2007
<b>Equity</b>	<b>28,927</b>	<b>7,472</b>
Share capital	14	10
Share premium	10,991	-
Retained earnings	17,922	7,462



## BALANCE SHEET – LIABILITIES IN R'000

	2008	2007
<b>NON-CURRENT LIABILITIES</b>	<b>3,744</b>	<b>2,276</b>
Interest bearing borrowings	3,733	2,202
Deferred tax	11	74
<b>CURRENT LIABILITIES</b>	<b>50,402</b>	<b>35,788</b>
Interest bearing borrowings	2,226	1,061
Operating lease liability	752	589
Related party loans	1,555	-
Taxation payable	4,123	3,287
Provisions	1,780	1,145
Trade and other payables	30,285	24,787
Bank overdraft	9,681	4,919
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83,073</b>	<b>45,536</b>



## BALANCE SHEET RATIOS

<b>INDICATOR</b>	<b>2008</b>	<b>2007</b>
Debt: Equity Ratio (Interest bearing)	0,54:1	1,10:1
Current ratio	1.23:1	1.03:1
NAV per share in cents	40	15

2008: shares in issue / 2007: pro forma number of shares per prospectus



## BATH & TILE WAREHOUSE STORES

- First stand alone store opened in November 2007
- Strong demand for renovations – bathroom, sanitary ware and flooring
- Some stores will be store-within-a-store, others to be totally independent, stand alone stores
- 2 more fully independent branches branded Bath & Tile Warehouse before Easter 2009
- Completion of at least 5 store-within-a-store concepts by mid 2009





## ACQUISITIONS - GONUBIE

Gonubie (East London) July 2008

- Purchased existing granite top, cladding & upmarket tile business
- In line with urban customer & product diversification strategy
- Re-branded Bath & Tile Warehouse
- Incorporating hardware range to complement bath & tile renovations
- Store received Double Gold Award at East London Home Expo





## ACQUISITIONS - QUEENSTOWN

Queenstown (Eastern Cape) May 2008

- Purchased 20 year old, well run family hardware store
- Store re-branded Hardware Warehouse





## PROPERTY PURCHASES FOR NEW STORES

### Mdantsane (East London)

- Prime location
- Renovations to be done
- Store expected to commence trading by Easter 2009

### Nongoma (Kwa-Zulu Natal)

- Difficulties experienced due to property transfer process
- Should commence trading in 2009



## PROSPECTS & GROWTH STRATEGY

- Niche market, minimal effects from interest rate & power outages
- Not severely affected by slow down in retail sector sales
- Overheads consistently well controlled
- Expand into urban areas within current regions of operation
- Expansion of range into products relevant to home/household

*Intention to grow organically and through acquisitive actions*



# PROSPECTS & GROWTH STRATEGY

- Short term - expand operations to
  - Kwa-Zulu Natal
  - Mpumalanga
  - Limpopo
  - Lesotho / Swaziland
- Medium term - establish presence in
  - Namibia
  - Botswana
  - Mozambique

*Confident of steady growth in demand for products*



**HARDWARE WAREHOUSE**  
ALWAYS THE LOWEST PRICES!

Thank you

Questions

