



HARDWARE WAREHOUSE
ALWAYS THE LOWEST PRICES!



June 2008 Year End Results
25th 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

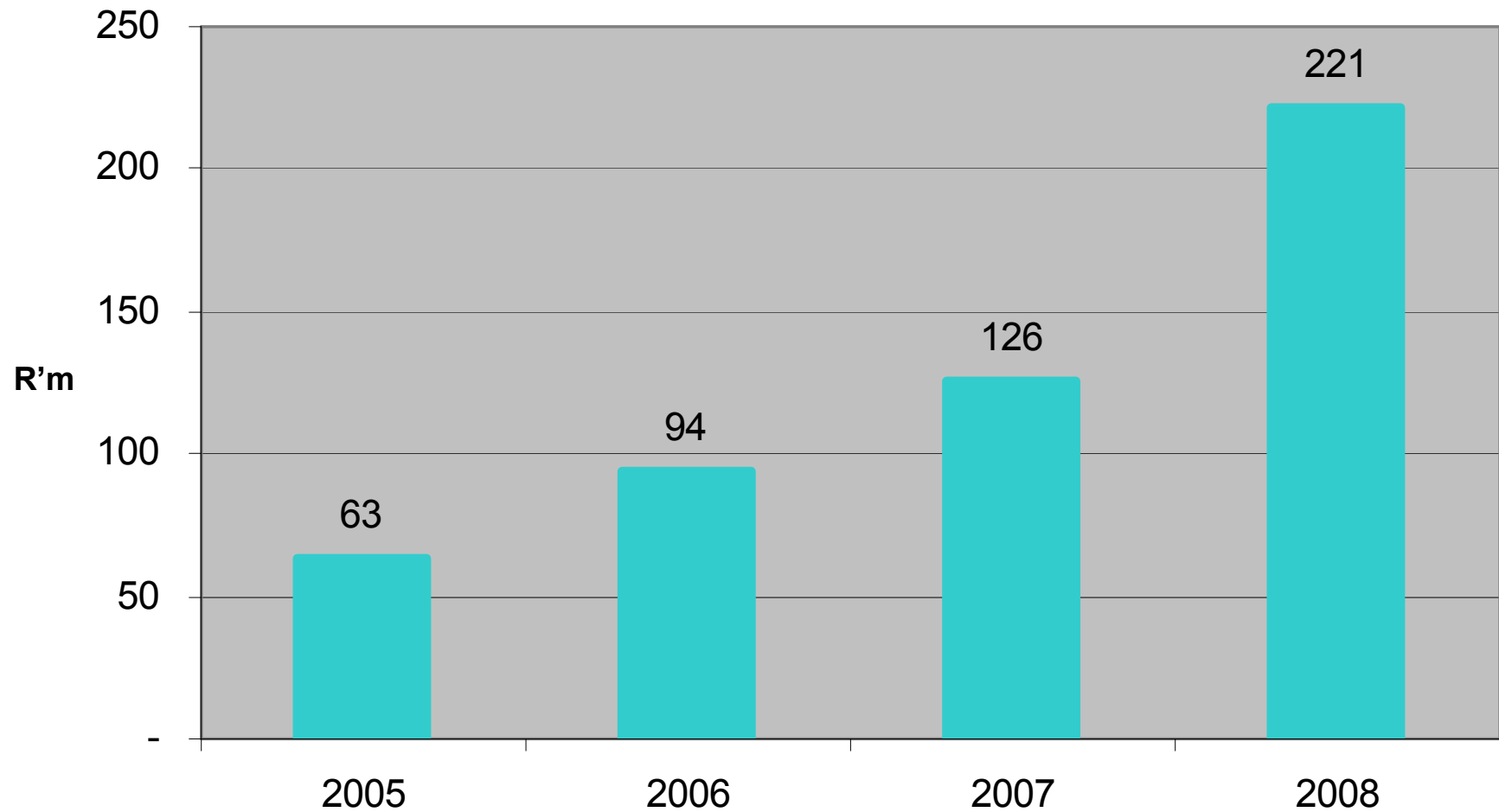


2008 FINANCIAL HIGHLIGHTS

- 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)



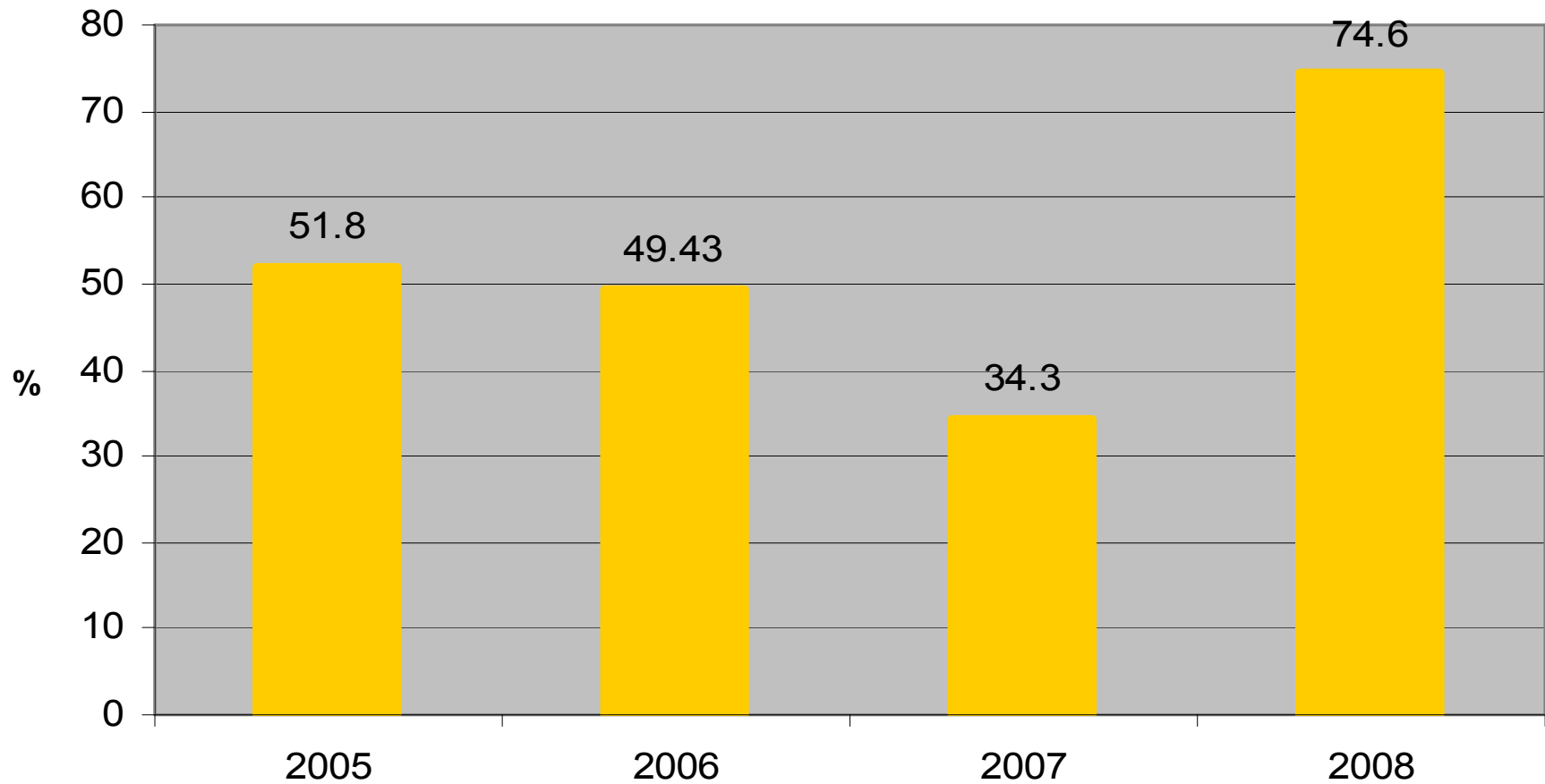
REVENUE GROWTH IN RANDS



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
REVENUE	220,504	126,285
Growth in revenue	74.6%	34.3%
Gross profit margin	22.5%	22.2%
OPERATING PROFIT	15,280	9,673
Growth in operating profit (76.2% if adjusted)	58.0%	33.5%
HEADLINE EARNINGS	10,325	5,272
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

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



BALANCE SHEET – EQUITY IN R'000

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



BALANCE SHEET – LIABILITIES IN R'000

	2008	2007
NON-CURRENT LIABILITIES	3,744	2,276
Interest bearing borrowings	3,733	2,202
Deferred tax	11	74
CURRENT LIABILITIES	50,402	35,788
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
TOTAL EQUITY AND LIABILITIES	83,073	45,536



BALANCE SHEET RATIOS

INDICATOR	2008	2007
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



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Thank you

Questions

