

TFG delivers a solid performance, taking further market share in a challenging economic environment

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HIGHLIGHTS

- Revenue up 8,9% to a record R60,1 billion
- TFG Africa retail turnover up 10,4%, with year-long market share gains across all major merchandise categories
- Online retail turnover up 22,0% to R5,6 billion, contributing 9,9% to total retail turnover, the growth largely attributable to the South African performance of its Bash platform
- Positive operating leverage with operating profit before finance costs up 9,9% to a record R5,9 billion
- Headline earnings up 0,8% to R3,1 billion
- Cash generated from operations up 76,5% to R12,5 billion, used to repay debt, pay dividends, and fund growth & acquisitions
- Final dividend declared of 200 cents per share, an increase of 33,3%
- Achieved a Level 2 B-BBEE compliance, the highest of any major retailer

TFG announced its annual financial results for the year ended 31 March 2024, demonstrating the Group's continued operating strength despite macro-economic headwinds in all territories.

Commenting on the results, TFG CEO, Anthony Thunström said, "I am pleased that the Group was able to deliver a very strong performance in another challenging year. Through our aggressive growth of revenue, at the expense of our competitors, and the effective management of costs, we have delivered compelling positive operating leverage. In many cases, revenues, margins, gross profit and EBIT have been at record levels in Rand terms across all of our territories, demonstrating the strength of our diversified business."

Delivering operating leverage

TFG Africa's retail turnover grew by 10,4%, driven largely by clothing, with a particularly strong performance in Sport and Womenswear, as well as Homeware. Following the continued investment in the e-commerce platform, Bash, online retail turnover grew 44,4% and now contributes 4,2% to retail turnover. The business saw a record gross profit of R16,1 billion and record EBIT performance, growing 24,9% to R4,2 billion.

Despite TFG London experiencing continued elevated inflation and interest rates, putting the UK consumer under pressure, it delivered a retail turnover of R7,6 billion up 10,4% (in Rand terms). Gross profit margins were maintained at a record level of 62,1% through careful inventory management and an increase in own-channel mix, delivering a record gross profit of R4,7 billion.

TFG Australia also experienced higher inflation and interest rates, impacting consumer confidence and demand. Set against a strong post-COVID-19 recovery base, revenue was up slightly by 0,2% to a record R9,4 billion (in Rand terms). Online retail turnover grew 7,5%, now contributing 7,3% to TFG Australia's retail turnover.

Market share gains

In his presentation, Thunström highlighted that TFG Africa had delivered year-long market share gains across all key categories, outpacing competitors across the board. He added, "In a low growth environment, this ability to continue to grow at the expense of competitors is critically important and speaks to the strength of TFG's unique retail ecosystem."

Delivering against balance sheet guidance

Earlier in the year, the Group committed to achieving greater working capital efficiency, reducing costs and paying down debt. Through rigorous management of the balance sheet, TFG has exceeded all of those



targets. A highlight was the cash generated from operations of R12,5 billion (up 76%) that, in part, drove the decrease in the Group's net debt by 31,3% to R4,9 billion, reflecting the improved working capital position.

A notable achievement was the efficiency realised in reducing Group inventories by 11,6%, whilst still delivering top-line outperformance.

Actively building out stores

During the year, the Group continued its build-out and optimisation of stores, opening 272 new stores, optimising almost 100 stores through enlargements, revamps, relocations or reductions, and closing 106 unprofitable stores. Thunström added that the Group had managed to increase trading densities by 10% across its more than 3500 Africa stores in the year alone.

Bash: Best online

Bash continued its outstanding growth during the year and Thunström confirmed that breakeven for the e-commerce platform had been brought forward. Bash is now the number one South African fashion and lifestyle app and saw a 45% increase in first time shoppers. Significantly, full price sales increased 63% and multiband sales increased 83%, demonstrating the cross-shop opportunity and power of a single platform for customers to shop the Group's much-loved brands.

Outlook

"The Group has purposefully strengthened its balance sheet and, given the ongoing tough consumer environment, we see significant opportunity to build out our investment and brands, particularly in the value segment. We will also seek out strategic adjacencies and high-quality acquisitions to bolster our retail portfolio. We are confident in our strategy and are keenly focussed on its execution to capture additional market share from competitors and continue to deliver profitable growth," concluded Thunström.

ENDS

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About TFG Limited

TFG is the leading speciality fashion and lifestyle retailer in South Africa, with a growing presence in the UK and Australia. TFG holds a diversified portfolio of speciality retail assets across various product categories and consumer segments. The Group has a portfolio of 34 leading retail brands, with over 4700 outlets in 23 countries on five continents, offering customers a variety of speciality products including fashion apparel, jewellery, cosmetics, sporting apparel, electronics, homeware and furniture.

With its vision to Create the Most Remarkable Omnichannel Experiences for its Customers, TFG's Bash, the Number 1 South African fashion and lifestyle shopping app, is an e-commerce offering where the Group's sought-after retail brands and loyal customers come together seamlessly on one virtual platform.

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