

PREMIER GROUP LIMITED

(formerly Premier Group Proprietary Limited)
(Incorporated in the Republic of South Africa)
Registration number 2007/016008/06)
JSE share code: PMR
ISIN: ZAE000320321
(Premier, the "Group" or the "Company")

GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL OVERVIEW

- Revenue increased by 23.4% to R17.9 billion
- Earnings before interest, tax, depreciation, amortisation and impairment losses (Adjusted EBITDA)* increased by 16.2% to R1.7 billion
- EPS increased by 90.7% to 630 cents per share
- HEPS increased by 39.8% to 634 cents per share
- Normalised HEPS** increased by 22.7% to 552 cents per share

* Prior year EBITDA adjusted by adding back an impairment loss

** Normalised headline earnings per share have been adjusted for foreign exchange gains on cash and loans of a funding nature and the once off reversal of the accrued withholding tax on preference dividends when the redeemable preference shares were converted to ordinary shares

COMMENTARY ON PERFORMANCE

Premier delivered a robust performance for the year ended 31 March 2023, under dynamic market and trading conditions. Recognising the substantial pressure on our consumers, Premier has invested in efficiency and capacity to produce basic foods at affordable prices. The new mega-bakery in Pretoria reached full production levels within budget, delivering cost savings and improved bread quality. The Group successfully concluded the acquisition of a bakery in the Western Cape of South Africa, further expanding its footprint in that region. In addition, synergies were extracted through the integration of the Mister Sweet acquisition and the changes to Premier's sales and merchandising structures were bedded down.

The Group's revenue increased by 23.4% to R17.9 billion for the year, driven by increases in revenue in both the Millbake and Groceries and International categories of 25.4% and 14.5% respectively.

Earnings per share (EPS) increased by 90.7% to 630 cents and headline earnings per share (HEPS) increased by 39.8% to 634 cents compared to the prior year. Normalised headline earnings per share increased by 22.7% to 552 cents.

The improvement in EPS, HEPS and Normalised HEPS is a result of the growth in the Group's operating profit and the after-tax effect of the net finance costs being reduced as a result of the shareholder funding exchanged for equity during the year.

During the year, the Brait shareholder loan of R1.5 billion was ceded for equity and the redeemable preference shares of R1.8 billion were converted to equity. As a result, 224 686 additional ordinary shares of the Company, being the number of shares prior to the subdivision of the ordinary shares in a ratio of 1:200, were issued to Brait as settlement of the shareholder funding.

The Group refinanced its long-term debt and increased its drawn debt by R1.04 billion with lower interest rates, increased flexibility and a bullet repayment profile. R934 million of the proceeds was distributed to its shareholders on 4 November 2022.

A voluntary capital repayment on borrowings of R294 million was made during the year. This capital repayment is available to be drawn in the future as part of the refinanced debt.

DIVIDENDS

The Company started trading on the Johannesburg Stock Exchange six days prior to the financial year-end. Consequently, no dividends were declared by the board of directors for the year ended 31 March 2023. The Company's current intention is to declare a maiden dividend following the release of its FY2024 results.

MILLBAKE

The Millbake division delivered a robust performance for the year. Despite evident macroeconomic headwinds it is well positioned to drive further growth through a relentless focus on efficiencies and being the lowest cost producer. The new state-of-the-art mega-bakery in Pretoria was fully commissioned during the year and several of the Millbake facilities have been upgraded to establish best-in-class operations to ensure efficient and reliable delivery of top-quality product.

GROCERIES AND INTERNATIONAL

The Groceries and International division delivered an encouraging performance supported by good growth in Sugar Confectionery and Home and Personal Care. The Group's business division in Mozambique, CIM, had a tough year with the Mozambican economy continuing to experience several economic challenges. Management is focusing on innovation, operational efficiencies and capital investment to unlock continuous improvement opportunities, automation and category growth.

OUTLOOK

Premier is proud of the strong performance achieved for the year. Improving distribution, product availability and forward share management will remain a strategic priority to increase market penetration, as well as a focus on innovation and product renovation to strengthen product margins and brand equity. Premier's intention is to continue leveraging its infrastructure and capabilities through investment in its assets, its people, brands and production capability, as well as ongoing business integration and optimisation in pursuit of being the lowest cost producer.

Despite a softening in raw material input cost inflation in recent months, operational cost inflation is anticipated to prevail given the rise in interest rates and the local inflationary impact of the weakened exchange rate. Loadshedding continues to impose multiple operational challenges, but future performance of the Group is not expected to be materially impacted. Premier will continue to take the necessary steps to protect its margins across the various categories.

Any forward-looking information contained in this announcement has not been reviewed or reported on by the Group's auditors.

ABOUT THIS ANNOUNCEMENT

The contents of this short-form announcement are the responsibility of the directors of the Company and have not been reviewed or audited by the Group's auditor.

Shareholders are advised that this short-form announcement represents a summary of the information contained in the full announcement and does not contain full or complete details as published on the Stock Exchange News Service and on Premier's website, <https://www.premierfmcg.com/investors/results-reports> on 6 June 2023.

With respect to the consolidated financial statements for the year ended 31 March 2023, the auditors, PricewaterhouseCoopers Inc., have issued an unqualified audit opinion in terms of International Standards on Auditing. The auditors' unqualified audit report, along with their key audit matters and the audited Annual Financial Statements, are available on Premier's website, <https://www.premierfmcg.com/investors/results-reports>

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement as a whole which is available for viewing at <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/PMRE/06062023.pdf> or on the Group's website set out above.

The full announcement is available for inspection at the Group's registered office and at the offices of its sponsor at no charge, during office hours of 08h00 to 16h30, Monday to Friday. Investors and/or shareholders may also request copies of the full announcement by contacting the company secretary at retha.stoltz@premierfmcg.com.

Independent Non-executive directors

CJ Roodt (Chairperson), FN Khanyile, H Ramsumer and W Sihlobo

Non-executive directors

RM Hartmann, PRN Hayward-Butt (alternate director to RM Hartmann), JER Matthews and I van Heerden.

Executive directors

JJ Gertenbach (Chief Executive Officer), F Grobbelaar (Chief Financial Officer)

Company secretary: M Stoltz

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Date of release: 6 June 2023