

AUDITED SUMMARISED CONSOLIDATED RESULTS for the year ended 29 February 2016

GROUP OVERVIEW

The HoldSport Limited group comprises the retail divisions Sportsmans Warehouse and Outdoor Warehouse and Performance Brands, a wholesale business that includes the First Ascent and Capestorm brands.

Total sales increased by 11.8% to R1 727.4 million and retail sales increased by 12.4% to R1 678.8 million.

Operating profit increased by 15.8% to R308.9 million. Core headline earnings amounted to 548.7 cents per share, a 21.3% increase on the previous year.

During the current year the aggregate foreign exchange adjustment was a profit of R8.4 million compared to an aggregate profit of R1.4 million during the prior year. Core headline earnings excluding the effect of foreign exchange adjustments increased by 18.8% to 534.5 cents per share.

TRADING DIVISIONS

External sales for the various trading divisions were as follows:

	Number of stores	Sales R'm	Increase in sales %
Sportsmans Warehouse	37	1 278.6	12.8
Outdoor Warehouse	23	400.2	10.9
Retail sales	60	1 678.8	12.4
Performance Brands	-	48.6	(4.1)
Total sales	60	1 727.4	11.8

Like-for-like retail sales grew by 9.4% while the retail divisions experienced price inflation of approximately 8.1% for the year. The time weighted trading area increased by 6.1% relative to the prior year.

The **Sportsmans Warehouse division** now trades out of 37 stores. The division opened two stores and closed one store during the year. Like-for-like sales increased by 10.7%.

The **Outdoor Warehouse division** comprises 23 stores. The division opened two stores and relocated two stores during the year. Like-for-like sales increased by 5.3%.

Performance Brands' external sales were 4.1% lower than last year but sales to the group's retail divisions increased by 46.8%.

CASH FLOW

The group's net debt increased to R36.6 million at the end of the year from R0.2 million at the end of the previous year.

The aggregate investment in working capital increased by 25.8% due to the increase in trading space and the effect of the weaker exchange rate on the cost of imported stock, coupled with slightly earlier imports than the previous year. As a result cash generated from operations decreased by 2.6% compared to the previous year.

The group incurred R73.5 million in maintaining and expanding its operations in the year.

During the year the group purchased and awarded R15.1 million of HoldSport shares in terms of and subject to the rules of the 2011 HoldSport Forfeitable Share Plan (FSP). The forfeitable share plan is expensed over the vesting period and the expense of R11.6 million for the current year is R1.9 million higher than the prior year.

REFINANCING OF DEBT

The group's term debt of R130 million is repayable on 31 August 2016 and accordingly has been disclosed as a current liability on 29 February 2016. HoldSport intends to refinance this debt on similar terms.

SHARE BUY-BACKS

The group purchased 987 412 HoldSport shares during the year for R51.8 million in accordance with the general authority granted by special resolution of the company's shareholders passed at the company's annual general meetings held on 13 August 2014 and 12 August 2015 and in compliance with the relevant provisions of the JSE Listings Requirements and the Companies Act (71 of 2008).

HoldSport holds 2.96% of its issued shares in treasury at 29 February 2016.

PROSPECTS

The group signed lease agreements for a further two new stores to be opened in the next financial year and will relocate one store.

FINAL DIVIDEND ANNOUNCEMENT

The directors declared a final gross dividend of 200.0 cents per share in line with its dividend policy to have dividends covered approximately 1.5 to 2 times by the core headline earnings for the year. The dividend is payable on Monday, 13 June 2016 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 10 June 2016.

Sales ↑ 11.8% to R1 727.4 million

Operating profit ↑ 15.8% to R308.9 million

Core headline earnings per share ↑ 21.3% to 548.7 cents

Final gross dividend ↑ 21.2% to 200.0 cents per share

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 3 June 2016. The HoldSport Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 6 June 2016 and the record date, as indicated, will be Friday, 10 June 2016.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 6 June 2016 to Friday, 10 June 2016, both dates inclusive.

In terms of the withholding tax on dividends which became effective on 1 April 2012, the following additional information is disclosed:

- the dividend has been declared out of total reserves;
- the South African tax dividend rate is 15%;
- the net local dividend amount is 170.0 cents per ordinary share for shareholders liable to pay dividend tax, and 200.0 cents per ordinary share for shareholders exempt from the dividend tax;
- the issued share capital of HoldSport at the date of declaration is 43 150 220 ordinary shares; and
- HoldSport's tax reference number is 9618595152.

Certificated ordinary shareholders are reminded that all entitlements to dividends with a value less than R5.00 per certificated shareholder will be aggregated and the proceeds donated to a registered charity of the directors' choice, in terms of the memorandum of incorporation of the company.

Signed on behalf of the board

SA MULLER
Chairman

KG HODGSON
CEO

Cape Town
3 May 2016

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. KPMG Inc., the group's independent auditor, has audited the consolidated financial statements for the year to 29 February 2016 and has expressed an unmodified opinion on the consolidated financial statements. The summary financial statements have been audited and an unmodified opinion has been expressed on the summary financial statements. The summary consolidated financial statements presented in this announcement have been summarised from the audited consolidated financial statements.

Their audit reports are available for inspection at the company's registered office.

The summary 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 applicable to summary financial statements. 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 the 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 consolidated financial statements from which the summary financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

These audited summarised consolidated results have been prepared under the supervision of the group's Chief Financial Officer, JP Loubser (CA(SA)).

2. These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has control.

	Year ended 29 Feb 2016 Audited R'000	Year ended 28 Feb 2015 Audited R'000
3. Trading expenses		
Depreciation on property, plant and equipment	47 407	38 856
Amortisation of intangibles	12 963	12 963
Occupancy cost	151 624	132 638
Straight-lining of leases	7 578	4 328
Staff costs	201 103	183 795
Foreign exchange gains	(11 315)	(559)
Other operating costs	116 024	111 915
	525 384	483 936

	Year ended 29 Feb 2016 Audited R'000	Year ended 28 Feb 2015 Audited R'000
4. Cash generated from operations		
Operating profit	308 925	266 744
Adjustments for:		
Depreciation	47 407	38 856
Amortisation of intangibles	12 963	12 963
Profit on sale of property, plant and equipment	(593)	(7 054)
Fair value gain on derivative instruments	(1 339)	(471)
Forfeitable share plan expense	11 621	9 667
Straight-lining of leases	7 578	4 328
Changes in working capital:		
Decrease/(increase) in trade and other receivables	1 625	(837)
Increase in inventories	(93 795)	(10 960)
Increase in trade and other payables	22 579	12 358
Cash generated from operations	316 971	325 594
5. Earnings per share and net asset value per share		
Earnings per ordinary share (cents)		
- Basic	514.9	436.5
- Headline	513.9	423.4
- Core headline	548.7	452.3
- Core headline before foreign exchange effect	534.5	450.0
Ordinary shares in issue ('000)	43 150	43 150
Weighted average ordinary shares in issue ('000)	42 488	43 044
Net asset value per ordinary share (cents)	2 332.4	2 180.9
Net tangible asset value per ordinary share (cents)	1 038.8	895.4

Reconciliation to core headline earnings

The group uses core headline earnings as a consistent measure of performance for management purposes. Core headline earnings exclude exceptional once-off costs, the amortisation of trademarks and the lease straight-lining expense and is presented below:

	Year ended 29 Feb 2016 Audited R'000	Year ended 28 Feb 2015 Audited R'000
Basic earnings	218 776	187 895
<i>Adjusted for (net of taxation):</i>		
Profit on sale of assets	(427)	(5 636)
Headline earnings	218 349	182 259
<i>Adjusted for (net of taxation):</i>		
Amortisation of intangibles	9 333	9 333
Straight-lining of leases	5 456	3 117
Core headline earnings	233 138	194 709
<i>Adjusted for (net of taxation):</i>		
Foreign exchange gains	(8 147)	(402)
Foreign exchange adjustments in cost of sales	2 124	(599)
Core headline earnings before foreign exchange effect	227 115	193 708
6. Dividend per share		
Dividend declared per share (cents)		
- Interim	120.0	85.0
- Final	200.0	165.0
Normal dividend	320.0	250.0
- Special	-	99.0
Total dividend	320.0	349.0
Normal dividend cover (by core headline earnings)	1.7	1.8



AUDITED SUMMARISED CONSOLIDATED RESULTS

for the year ended 29 February 2016

HOLDSPORT LIMITED

SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	29 Feb 2016 Audited R'000	28 Feb 2015 Audited R'000
ASSETS		
Non-current assets		
Property, plant and equipment	145 429	121 287
Goodwill and other intangibles	594 410	607 373
Total non-current assets	739 839	728 660
Current assets		
Inventories	459 191	365 396
Trade and other receivables	23 994	25 619
Cash and cash equivalents	93 363	129 846
Taxation	–	618
Derivative instruments	1 726	387
Total current assets	578 274	521 866
Total assets	1 318 113	1 250 526
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	229 312	229 312
Share-based payment reserve	(21 726)	(18 278)
Treasury shares	(63 895)	(12 084)
Retained earnings	832 912	735 755
Equity attributable to owners of the company	976 603	934 705
Non-current liabilities		
Loan	–	130 000
Deferred taxation	28 070	35 674
Straight-lining lease liability	36 496	28 918
Total non-current liabilities	64 566	194 592
Current liabilities		
Trade and other payables	143 808	121 229
Loan	130 000	–
Taxation	3 136	–
Total current liabilities	276 944	121 229
Total liabilities	341 510	315 821
Total equity and liabilities	1 318 113	1 250 526

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

	Sportsmans Warehouse R'000	Outdoor Warehouse R'000	Performance Brands R'000	Corporate R'000	Group R'000
Year ended 29 February 2016					
Total sales	1 278 569	400 210	145 400	–	1 824 179
Less inter-segment sales	–	–	(96 743)	–	(96 743)
External sales	1 278 569	400 210	48 657	–	1 727 436
External interest received	–	–	306	6 285	6 591
External interest paid	–	–	(6)	(11 382)	(11 388)
Depreciation and amortisation	(31 411)	(10 273)	(4 061)	(14 625)	(60 370)
Profit/(loss) before taxation	281 406	58 227	28 481	(63 986)	304 128
Capital expenditure	42 219	21 600	7 315	2 366	73 500
Segment assets	393 761	143 820	134 420	646 112	1 318 113
Segment liabilities	111 705	26 955	10 386	192 464	341 510
Year ended 28 February 2015					
Total sales	1 133 594	360 590	116 537	–	1 610 721
Less inter-segment sales	–	–	(65 877)	–	(65 877)
External sales	1 133 594	360 590	50 660	–	1 544 844
External interest received	–	–	187	5 193	5 380
External interest paid	–	–	(23)	(10 262)	(10 285)
Depreciation and amortisation	(25 702)	(7 669)	(3 850)	(14 598)	(51 819)
Profit/(loss) before taxation	234 089	55 454	21 762	(49 466)	261 839
Capital expenditure	34 411	9 596	739	2 356	47 102
Segment assets	328 096	114 743	109 220	698 467	1 250 526
Segment liabilities	85 600	24 180	5 602	200 439	315 821

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 29 Feb 2016 Audited R'000	Year ended 28 Feb 2015 Audited R'000
Sales	1 727 436	1 544 844
Cost of sales	(899 421)	(809 883)
Gross profit	828 015	734 961
Other income	6 294	15 719
Trading expenses	(525 384)	(483 936)
Operating profit	308 925	266 744
Finance income	6 591	5 380
Finance cost	(11 388)	(10 285)
Profit before taxation	304 128	261 839
Taxation	(85 352)	(73 944)
Profit and total comprehensive income for the year attributable to equity holders of the company	218 776	187 895

SUMMARISED CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 29 Feb 2016 Audited R'000	Year ended 28 Feb 2015 Audited R'000
Cash flows from operating activities		
Cash generated from operations	316 971	325 594
Finance income	6 591	5 380
Finance costs	(11 388)	(10 285)
Dividends paid	(121 619)	(141 684)
Taxation paid	(89 202)	(80 837)
Net cash inflows from operating activities	101 353	98 168
Cash flows from investing activities		
Additions to property, plant and equipment	(73 500)	(47 102)
Proceeds on sale of property, plant and equipment	2 544	43 306
Net cash outflows from investing activities	(70 956)	(3 796)
Cash flows from financing activities		
Treasury shares acquired	(51 811)	(12 084)
Share-based payment award	(15 069)	(10 019)
Net cash outflows from financing activities	(66 880)	(22 103)
Net (decrease)/increase in cash and cash equivalents	(36 483)	72 269
Cash and cash equivalents at the beginning of the year	129 846	57 577
Cash and cash equivalents at the end of the year	93 363	129 846

SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital Audited R'000	Share- based payment reserve Audited R'000	Treasury shares Audited R'000	Retained earnings Audited R'000	Total equity Audited R'000
Balance at 1 March 2014	229 312	(17 926)	–	689 544	900 930
Share-based payment award	–	(10 019)	–	–	(10 019)
Share-based payment expense	–	9 667	–	–	9 667
Treasury shares acquired	–	–	(12 084)	–	(12 084)
Dividends paid	–	–	–	(141 684)	(141 684)
Total comprehensive income for the year	–	–	–	187 895	187 895
Balance at 28 February 2015	229 312	(18 278)	(12 084)	735 755	934 705
Balance at 1 March 2015	229 312	(18 278)	(12 084)	735 755	934 705
Share-based payment award	–	(15 069)	–	–	(15 069)
Share-based payment expense	–	11 621	–	–	11 621
Treasury shares acquired	–	–	(51 811)	–	(51 811)
Dividends paid	–	–	–	(121 619)	(121 619)
Total comprehensive income for the year	–	–	–	218 776	218 776
Balance at 29 February 2016	229 312	(21 726)	(63 895)	832 912	976 603



TO VIEW THE RESULTS ONLINE VISIT
www.holdsport.co.za

HOLDSPORT LIMITED
("Holdsport" or "the company" or "the group")
Executive directors: KG Hodgson, B Moritz, JP Loubser
Non-executive directors: SA Muller (Chairman), B Hopkins, P Matlakala, KR Moloko, KA Hedderwick
Company secretary: R Thomas
Registered office: The Mill House, 1 Canterbury Street, Cape Town, 8001
Registration number: 2006/022562/06
Share code: HSP | ISIN : ZAE000157046
Transfer secretaries: Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001
Sponsor: UBS South Africa (Proprietary) Limited